

PRSP Institutionalisation Study: Final Report

Chapter 1: Overview of PRSP processes and monitoring

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This chapter was drafted by David Booth, Overseas Development Institute, London, who coordinated the study. It draws heavily on the work of the country study teams, whose names appear on the title pages of the eight country chapters that constitute the remainder the Final Report.

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The Overview chapter is in a real sense a collective product. It is intended to reflect as faithfully as possible the evidence and arguments presented in the country studies. It also takes into account the consensus of the synthesis workshops to which most of those mentioned above contributed. However, the responsibility for the final weighing of evidence and formulation of conclusions in the following pages rests with me alone.

This is an independent commissioned study. The SPA and its member organisations should not be held responsible for the accuracy of the information or for the views expressed in any part of the report.

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List of acronyms

ACP	Africa, Caribbean and Pacific (EU development partners)
CCM	Chama cha Mapinduzi (Party of the Revolution, Tanzania)
CDF	Comprehensive Development Framework (World Bank)
CSO	civil-society organisation
CWIQ	Core Welfare Indicators Questionnaire
DAC	Development Assistance Committee (OECD)
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK government)
DP	development plan
ERT	Economic Recovery Team (Kenya)
GTZ	Gesellschaft für Technische Zusammenarbeit (German technical assistance)
GoT	Government of Tanzania
HIPC	Highly Indebted Poor Countries (initiative)
HIPC2	Enhanced HIPC
HS	household survey
HQ	headquarters
IDA	International Development Association (World Bank concessional finance window)
IFI	international financial institution (i.e. World Bank and IMF)
IHS	Integrated Household Survey
IMF	International Monetary Fund
INE	National Statistical Institute (Mozambique)
iPRSP	Interim Poverty Reduction Strategy Paper
(i)PRSP	iPRSP <i>or</i> PRSP
JSA	Joint Staff Assessment (of an (i)PRSP)
MASAF	Malawi Social Action Fund
MEJN	Malawi Economic Justice Network
MINECOFIN	Ministry of Finance and Economic Planning (Rwanda)
MIS	Management Information System
MoEF	Ministry of Economy and Finance (Mali)
MoF	Ministry of Finance (various countries)
MoSD	Ministry of Social Development (Mali)
MP	Member of Parliament
MPF	Ministry of Planning and Finance (Mozambique)
MTEF	Medium-Term Expenditure Framework
MTEFF	Medium-Term Fiscal Framework
NDPC	National Development Planning Commission (Ghana)
NEC	National Economic Council (Malawi)
NGO	non-governmental organisation
NPP	New Patriotic Party (Ghana)
NPEP	National Poverty Eradication Plan (Kenya)
NPRP	National Poverty Reduction Programme (Rwanda)
ODI	Overseas Development Institute (London)
OECD	Organisation for Economic Cooperation and Development
PAP	Poverty Alleviation Programme (Malawi)

PARPA	Action Plan for the Reduction of Absolute Poverty (Mozambique)
PER	Public Expenditure Review
PERC	Public Expenditure Reform and Credit (World Bank)
PFP	Policy Framework Paper
PMS	poverty monitoring system
PPA	participatory poverty assessment
PRBS	Poverty Reduction Budget Support (Tanzania)
PRGF	Poverty Reduction and Growth Facility (IMF)
PRS	poverty reduction strategy
PRSC	Poverty Reduction Support Credit (IDA)
PRSP	Poverty Reduction Strategy Paper
QUIBB	Portuguese acronym for CWIQ
QUIM	Qualitative Impact Monitoring
SAPRI	Structural Adjustment Participatory Review Initiative
SDA	Social Dimensions of Adjustment (initiative)
SNLP	Stratégie Nationale de Lutte contre la Pauvreté (Mali)
SPA	Strategic Partnership with Africa
SWAp	Sector-Wide Approach programme
SWG	Sector Working Group
TA	technical assistance
TAS	Tanzania Assistance Strategy
ToRs	terms of reference
TWG	Thematic Working Group
UN	United Nations
UNDP	United Nations' Development Programme
USAID	United States Agency for International Development
VPO	Vice-President's Office

Summary

This is the final report of a study of early experience with Poverty Reduction Strategy Papers (PRSPs) commissioned by the Strategic Partnership with Africa and carried out by an international team of consultants coordinated by ODI, London. As well as this Overview, the report includes eight country chapters that analyses experience from Benin, Ghana, Kenya, Malawi, Mali, Mozambique, Rwanda and Tanzania.

The nature of the issues and the evidence

The PRSP initiative is considered to be potentially at least a non-trivial change in the way international support to poverty reduction is delivered. However, this is based not on a naïve renewal of belief in rational planning but a sober assessment of the failure of previous frameworks for concessional lending and aid. Traditional IMF and World Bank conditionalities have been associated with a low level of national ownership of poverty-reduction efforts, which has reduced their effectiveness and sustainability. This suggests the hypothesis that a “process conditionality” in which recipient governments are expected to follow certain procedural steps, rather than accept specific policies, might work where other forms have not.

The study is inductive and exploratory. It does not attempt a test of the above hypothesis but investigates the conditions under which it might be testable, and how it ought to be refined. Three main aspects of the PRSP processes are explored:

- the attitudes, plans and commitments of stakeholders at the country level;
- the institutional changes that are being introduced and the prospects for further institutionalisation of the PRSP approach;
- the development of monitoring and information systems.

The country studies are based on wide-ranging stakeholder and key-informant interviews and documentary analysis, carried out in two stages, in late 2000 and the second or third quarter of 2001. The focus is on assessing PRSP processes, not on the quality of the resulting plans and documents, although this aspect is given some attention. Key observations and arguments from the country chapters are brought together in the analytical matrix appended to this chapter, which in turn provides the structure for the Overview.

The country contexts

In several ways, it seems essential to bear in mind the kind of context into which the PRSP initiative has been placed in the countries covered by the study. Section 2 of the report is devoted to this topic. Key country features that are identified include semi-democratised political systems, fragmented policy processes, and the way the aid relationship and typical modalities of aid delivery interact with these. It is suggested that the PRSP process has the potential to

change some of these relationships. However, they also set limits to what can reasonably be expected of the initiative, and could easily overwhelm it.

Another relevant contextual factor is the nature of previous anti-poverty programmes and policies in the countries. While previous efforts have tended to be project-oriented, with a weak transformative vocation, some of them elicited significant national commitment. This affected the way the PRSP was initially received in some countries. National political conjunctures, too, have affected the timing and other aspects of the PRSP experience across countries.

The process and the response

Section 3 of the report reviews stakeholder responses to the PRSP initiative. Among national stakeholders, responses have become more homogeneous since the initial “scoping” stage of the study, as initial upsets reflecting previous histories have been overtaken by the dynamics and demands of full-PRSP preparation. Knowledge about PRSPs is not as narrowly spread as it was to start with, but in most countries it still does not extend across the whole of government or into local government.

Understanding of what is potentially involved in the PRSP initiative is characterised by significant gaps – e.g. it is not generally appreciated that there are HIPC2 triggers, as well as PRGF benchmarks, running in some sense parallel to the PRSP process. There are also some legitimate queries about what this implies for the validity of a country strategy process. While national observers doubt that changes in the scale of external conditionality are on the immediate agenda, they are not highly conscious of the degree to which this matter lies in their own hands.

Doubts persist about the level and nature of governments’ commitments to the PRSP process. But government actions have been substantial and display a significant pattern. Already PRSPs have wrought significant change, by bringing poverty reduction into the mainstream of the policy process, out of the social-sector ghetto and into the same institutional home as the budget and the management of public expenditure.

The arrangements for PRSP drafting have had a somewhat mixed record to date. While in some countries means of easing the strains placed on government capacity by the PRSP exercise have been successfully exploited, the review-process overload has been increasing and needs attention.

The report distinguishes issues of style and substance in assessing changes in IFI conduct. It is only the former that seem likely to change in the near future, with the effect that there will inevitably be tensions between PRSP drafting efforts and commitments that governments have already entered into with the IFIs. However, further changes in style should be expected, including whatever is necessary to ensure that government commitments do not remain secret. It is suggested that more openness would encourage synergies between external conditionality and domestic accountability.

Donors have been supporting PRSP processes on a suitable scale. But the modalities of this support are innovative and well coordinated only in some cases.

The potential for institutionalisation

The degree to which countries have advanced down the road of public-management reform, especially in regard to public-expenditure management, makes a critical difference to the way the PRSP initiative is received, and the likely impacts in the immediate future. Set-backs with budget reform and MTEFs are among the main obstacles to making current PRSPs implementable. Synergies between PRSPs and MTEF processes are notable. In all cases, PRSPs seem to add value, both by boosting the other reforms on which they depend, and by opening new spaces for policy debate.

Meanwhile, donors and IFIs are continuing to take different views as to the preconditions for moving away from project assistance and towards forms of programme support linked to PRSPs. Some, however, are accepting that a measure of risk-taking is necessary if a virtuous circle of change is to be substituted for the recognised weaknesses in the current aid relationship.

The study started its assessment of participatory policy making around PRSPs with the expectation that second-round effects would be a great deal more significant than immediate achievements. The country evidence seems to confirm that expectation, while also providing at least one example of a consultation exercise that was itself quite beneficial. The observed bias towards NGOs, as opposed to political and civil society in the broader sense, is easier to explain and justify in some cases than in others. In all cases, this would seem to call for some further consideration, especially where parliaments and their committees are concerned. More active relations between parliamentarians and the new, advocacy-oriented NGOs are to be expected and encouraged.

On the evidence so far, PRSP consultations can contribute some things to better policy. However, if they are going to come up with sound, hard-hitting policies and programmes, PRSP processes are going to need to establish a different sort of relationship between the technical and the consultative aspects while also making the latter more inclusive.

Monitoring and information for PRSPs

The penultimate section of the report reviews monitoring and information issues. It explains the limited progress that has been made in this area so far, and the issues that need to be considered in the future. Currently, monitoring proposals reflect the main weakness in the strategies themselves, that of being unduly focused on the final objectives and not enough on how they are going to be reached. Supply of information from household surveys and other sources is set to improve, but with a bias towards the measurement of final outcomes or impacts, rather than the intermediate outcomes that are critical to implementation-tracking and policy improvement.

The chronic weakness of domestic demand for poverty information will only be overcome when proposed public-management reforms take effect. But imaginative interim measures could result in information becoming more available, in more accessible forms, and with greater efforts to generate the understanding of poverty-reduction processes that is lacking.

Among the different institutional models currently being tried, those that concentrate the coordinating responsibility close to the locus of decision-making about resources seem preferable. In all cases, there is a crucial ongoing role for the non-governmental stakeholders that have been involved in PRSP design, and for well-delivered donor support.

Conclusions and implications

In its final section, the report returns to the process-conditionality hypothesis and also asks more broadly: are PRSPs making a difference? It goes on to develop the theme that “politics matters”, and assembles some messages for governments, IFIs and donors, on ways in which the PRSP process might be organised or supported better.

The country experience suggests that – if national ownership is seen as having five distinct dimensions – four of these are clearly important in relation to ownership of PRSP processes. Where the initiative comes from does not seem decisive. The political dimension – support of the top leadership as demonstrated by dramatic, up-front actions – is the one that is most likely to be missing at present; but even technocratic commitment is narrowly-based and a source of worry. The dimension of “institutionalisation within the policy system” seems critical, as evidenced by the findings on budget reform, MTEFs and PRSPs.

With those qualifications, the hypothesis that the new approach of the IFIs could result in greater national ownership, and then in better implementation of anti-poverty policies, remains plausible. On the other hand, there remains the possibility that PRSPs will be so weak analytically that effectiveness remains low.

Are PRSP processes making a difference? It is necessary to have realistic expectations in making this judgement. With the exception of just one of the countries, however, it does seem that there have already been gains in terms of the mainstreaming of poverty-reduction objectives. These are more striking where complementary changes in public management have made good headway, but where they have not, PRSPs seem to have directed renewed attention to the sources of these problems. In any case, they have helped to open up policy debates and bring new actors into them.

The PRSP experiment will only work through national political systems, and not by by-passing them. The country chapters agree on this point. It has the implication that PRSP processes may at various times be blown off course in fairly major ways by political developments (although the reverse is also possible). This means that those engaged with the process may on occasion have to bide their time and look to the longer term.

The need to manage expectations about PRSPs, and not to demand major changes in a short space of time, is the report's most important message for all concerned. In addition, two particular action issues are drawn to the attention of each of the main groups of players.

For governments: 1) Do not place responsibility for the PRSP in an enclave that is likely to lack the authority to involve and command the attention of the rest of government, and do consider bringing parliament into the PRSP discussion at an early stage. 2) As soon as practical, take a hard look at the quality of the thinking behind the PRSP: does it have the characteristics it needs, if it is to begin to displace and make redundant externally-imposed disbursement conditions and performance benchmarks?

For IFIs: 1) Take a serious look at merging review processes or taking other steps that would reduce the growing burden on national officials. 2) Review the rules that currently govern the publication and dissemination of information about HIPC2, PRGF and PRSC agreements in-country, taking into account both the damage that can be done by "secret agreements", and the possible synergies between external conditionality and greater domestic accountability.

For donors: 1) Look at whether support to country PRSP processes has been well-directed from the point of view of enhancing participatory policy-making for poverty reduction in the medium and long terms: consider a broader approach to civil and political society, and avoid "instrumentalism". 2) Without being any less careful and selective about choice of aid-delivery instruments, do not miss opportunities to strengthen virtuous circles of change arising out of PRSP processes in particular countries: be prepared to take some risks.

1 Introduction

Are PRSPs making a difference? This study aims to explore that question, assessing the initial evidence on the subject from eight African countries.

We start from the belief that the PRSP initiative represents, at least potentially, a non-trivial change in the way international support to poverty-reduction in developing countries is framed and delivered. We do not assume that this is a claim that is easily tested, or indeed that the outcome is already settled. But we think it is time to assess the range likely results in some of the poorest African countries, settle on the likely timescale of significant changes in practice and identify the main factors that could affect make a difference in the meantime.

Introduced in 1999 as a device to help ensure the proper use of debt relief under the enhanced HIPC facility (HIPC2), the preparation Poverty Reduction Strategy Papers has since assumed wider significance. The PRSP initiative stems from, and is in turn helping to shape, notable shifts in the policy thinking of the International Monetary Fund and World Bank, prompting debates about changing more fundamentally the way those organisations do business. Interim and full PRSPs have taken the place of the former Policy Framework Papers as the required statement of recipient government objectives for the purposes of adjustment lending by the IMF and World Bank credits through IDA. Both institutions have introduced new lending instruments designed to be more in tune with PRSP thinking (the IMF's Poverty Reduction and Growth Facility – PRGF, and the Bank's Poverty Reduction Support Credit – PRSC).

PRSPs pose a substantial challenge to bilateral and multilateral development-cooperation agencies too. The PRSP initiative provides an opportunity for addressing some of the most notorious contradictions and dilemmas of development aid. It could be the solution, in particular, to the chronic tendency of much aid for poverty reduction to undermine the conditions of its own success, by weakening the capacities of governments and other national institutions to act for themselves.

There is a distinct possibility, therefore, that PRSPs will have a greater impact on development practice and outcomes than the debt relief with which they have been associated until now. In other words, HIPC2 may pass into history mainly as the occasion when PRSPs were born.

These are strong claims. Understanding how they can be justified calls for clarity about the situation out of which the PRSP initiative arose, and the kind of challenge it represents. Contrary to some superficial appreciations of the initiative, it does not arise from a naïve assessment of the past and present obstacles to effective poverty reduction in aid-dependent countries. Nor does it imply a renewal of faith in the simple efficacy of “strategic” thinking and its incorporation in official policy documents.

The nature of the issue

The phrase Poverty Reduction *Strategy* Paper has a literal meaning and an aura of solemnity that are potentially deceptive. Some of the language in which PRSPs are currently being discussed is strongly reminiscent of the early days of “development planning”, in the 1950s and 1960s, when the world seemed a simpler place than it does now. The concept of a PRSP might seem to imply that the reduction of poverty is more straightforwardly amenable to rational thinking and action than we know to be the case. Is there not an element of naiveté in the concept, one that could sow the seeds of later disillusionment?

There certainly is some basis for this concern. The possibility raised by PRSPs is not whether the world has changed in some fundamental way, so that the obstacles to a simple-minded “rational planning” approach have suddenly disappeared. No one believes that, once again, all we need is better plans.

The PRSP challenge

On the contrary, the PRSP challenge arises from the observation that the world remains very much as it was. It stems from the almost unreserved failure of all previous instruments and processes to achieve significant breakthroughs in the field of poverty reduction in the poorest countries, especially in Africa. It concerns the possibility that, against this background of failure, a small adjustment in ways of doing certain things might make a significant difference.

The adjustments in question are not so much about “planning” as about appreciating processes of structural change, particularly within the domestic societies and governance institutions of poor countries, and their decisive influence on the outcomes of development efforts. It is by no means suggested that the need to make concessional funding and debt relief conditional upon changes in policies and institutions within recipient countries has disappeared. What *is* claimed is that a shift in the emphasis of conditionality, focusing more on policy processes oriented to particular sorts of outcomes, and less on specific preconditions, just might make a crucial difference.

The origins of the PRSP proposals reflect some combination of:¹

- disappointing poverty-reduction performance in most highly indebted and aid-dependent countries throughout the last 20 years, despite substantial changes in policies and institutions;
- growing recognition of the importance of the national policy context for aid effectiveness;²

¹ A vast literature might be cited under each topic; some representative landmarks would be World Bank (2001), White and Killick (2001), World Bank (1998), Devarajan (2001), Killick (1998) and Foster et al. (1999).

² The particular form of this argument advanced in *Assessing Aid* (World Bank, 1998) using econometric results to suggest extremely low aid effectiveness in unfavourable policy environment, is contested (e.g., Tarp, 2000). However, in a more generic form the proposition is increasingly accepted.

- ❑ increased awareness of the limitations of conventional conditionalities for levering some of the critical changes;
- ❑ a search for new instruments with which to justify a major new debt-reduction initiative.

The PRSP principles extend and largely incorporate the ideas previously developed around the World Bank's proposals for a country-level Comprehensive Development Framework. Key elements are:³

- ✓ policy thinking for poverty reduction should take the form of a *country-led* strategy process, in which government engages in *dialogue* with other constituents of the national society, resulting in greater national ownership of the decisions taken;
- ✓ it should be *results- or outcome-oriented*, starting from the analysis of poverty and its causes and working backwards to the design of appropriate policies;
- ✓ the thinking should be *comprehensive* in its coverage of different macro, sectoral and cross-sectoral issues that affect poverty-reduction processes and prospects;
- ✓ the basis for international support should be a form of *partnership*, in which all funding sources are drawn together in a coordinated way around a strategy developed under the leadership of the recipient government;
- ✓ this is visualised as a *medium- to long-term process*, implying a need for medium term commitments as well as careful consideration of appropriate timing, performance criteria and monitoring arrangements.

Process conditionality?

For at least some advocates of the PRSP initiative, there is a belief that “process conditionality” (Foster et al., 1999) can succeed where previous forms of conditionality, focused on specific policy measures, have failed. The central hypothesis is that refocusing IFI approaches, in the context of HIPC2 and the new lending instruments, will enable the adoption of poverty-reduction policies and programmes that benefit from substantial national ownership. This in turn will lead to greater effectiveness and sustainability in anti-poverty action.

Any study of PRSP experience needs to concern itself with whether this hypothesis seems likely to prove true. This does not mean that we are reaching the stage where a rigorous test is possible – far from it. However, it is reasonable to ask when the conditions for a fair assessment will be in place (whether there has been a sufficiently clear shift towards a new form of conditionality; in what respects national

³ This draws on World Bank (2000) and IMF and IDA (1999, 2000).

ownership has been enhanced) and whether, on current evidence, the hypothesis remains plausible, or needs to be refined.

This study does not shy away from these important issues. However, it also responds to detailed terms of reference drawn up by the SPA Task Teams that commissioned the work (reproduced as Annex 1). These define the scope of the work, its organisation and its methods of research.

Scope of the work

According to the terms of reference, the study investigates the extent to which poverty reduction policies, programmes, practices and monitoring systems are being institutionalised in selected African countries. It is intended to provide some early feedback on the degree to which the new elements introduced into IFI conditionality by the enhanced HIPC framework are leading to poverty-reduction plans that benefit from greater country ownership and, therefore, promise to be more effective.

Attention has been focused on three main topics:

- ❖ the attitudes, commitments and plans of governmental and non-governmental stakeholders, including multilateral and bilateral donor agencies;
- ❖ the institutional changes that are being introduced, especially in respect of:
 - public financial management
 - participation in policy making and other aspects of the governance framework;
- ❖ the development of PRSP monitoring and information systems.

Focus on process

It is worth underlining that the scope of the work does not involve a systematic assessment of PRSP documentation or any other aspect of the *content* of the strategies being developed by countries.⁴ The principal focus is on processes and institutions. This seems justified for the purposes of an initial “scoping” of the PRSP experience. However, it is recognised that the process/content distinction is likely to have a limited shelf life.

The hope is that institutionalising a new approach will result first in a substantial improvement in how governments devise poverty-reduction policies, and then in what they actually deliver in terms of actions and results. Progress in the first respect can be assessed to some degree on its own. In final analysis, however, the quality of the resulting plan content will be the only fair test of the quality of the process. Any apparent gains in terms of process will be severely qualified if the content of poverty-reduction policy does not improve. For these reasons, it would

⁴ The Mozambique study was commissioned separately and had rather broader terms of reference, which are appended to the chapter.

not be wise for any future studies of PRSP experience to be based on a similar process/content distinction. Some parts of this report do, inevitably, concern themselves with issues of content. It should, however, be borne in mind that this has not been done systematically.

The research is based on case studies of the experience of eight countries: Benin, Ghana, Kenya, Malawi, Mali, Mozambique, Rwanda and Tanzania. It has been carried out by an international team coordinated by David Booth at the Overseas Development Institute, London.

Schedule

The topics and issues outlined above have been investigated in two phases, over a fourteen-month period. Phase 1 (Sept 2000 – Jan 2001) was an initial scoping exercise, designed to identify key issues for further investigation, and provide a baseline against which to gauge later developments. This was based on in-country interviews and documentary work of about two weeks' duration. A Report on Progress and Preliminary Findings was presented to the SPA and made available on the World Bank and ODI websites in Nov/Dec 2000.

Phase 2 of the work (Feb – Oct 2001) has involved more extended work in the study countries, with somewhat widened terms of reference and a larger effort of analysis and synthesis. A Third Progress Report was presented in May 2001, including some early findings from Phase 2. The Final Report includes a set of completed country reports, produced as Chapters 2-9, in addition to this Overview.

What sort of evidence?

The study is inductive and exploratory. It is naturally constrained by the selection of case-study countries and by the timing of their HIPC2 and PRSP processes. All of the study countries are in principle eligible for enhanced HIPC relief, except Kenya, where concessional loans were not available for much of the past decade, and a major accumulation of domestic debt took place instead. In 2000, Ghana opted not to seek HIPC2 relief but has now, under a new government, changed its position.

The remaining countries have been preparing PRSPs with a view to HIPC2 relief. All submitted their Interim PRSPs (iPRSPs), satisfying the main conditions for the HIPC2 Decision Point during the middle months of 2000. Tanzania was permitted to proceed quickly to complete and submit a full PRSP in 2000, although at the time of writing HIPC2 completion is still awaited, following the PRSP's first annual review. The other countries have been moving at different speeds towards presentation of their PRSPs during 2001, with the expectation that this process will be finished in nearly all cases by the end of the year.

The research for the study has, therefore, coincided with quite an early stage in the country processes. In most cases, the scoping exercise took place during the culmination of the iPRSP phase, while the follow-up work has coincided with a fairly advanced stage in the consultations and other work on the full paper.

The country teams conducted between 25 and 50 interviews each in the scoping phase. Interviewees were treated both as “key informants” and as stakeholders whose opinions on different subjects are of substantive interest to the study. Some care was taken with the conduct of the interviews and their interpretation. In all cases, the picture that emerged came from the *combined and cross-checked* testimony of the different actors, not from the views of individuals on their own.

The lists of interviewees appended to the country reports include senior government officials with responsibility for the PRSP process or poverty monitoring; officials of other echelons of government (e.g. line ministries); parliamentarians, including members of opposition parties; private business representatives; heads of civil-society membership organisations; leaders of national or international NGOs; independent consultants or academics; technical assistance personnel; and embassy, donor-agency and IFI staff. In all cases, interviews were conducted with individuals in several different categories.

The coverage of relevant stakeholders was by no means complete at the end of the scoping exercise. In Phase 2 of the study, informants have been re-interviewed and efforts have been made to widen the range of stakeholders consulted, with greater efforts to include those living outside the national capital and formal “development” spheres. Coverage of donor perceptions and intentions has also been increased. The chapters include lists of persons contacted in Phase 2 or in the course of the whole study.

Arriving at an overview

An obvious difficulty facing the synthesis of findings in an exercise such as this is that the different countries are indeed different, and much of the interest is embedded in the detail. In our progress reports, we attempted to handle this by entering key information and “pointers” from the country studies in analytical matrices. The main text then provided an overview of the analysis in the country reports, and a discussion of the issues that emerge for at least significant sub-groups of countries.

This procedure has been followed again for the final reporting, with the difference that the matrix entries are now fuller and represent careful summaries of key findings and conclusions (see Annex 2). The entries are intended to match in substance if not in exact wording, the main text or the Summaries of the country chapters. The page and row headings correspond to the section titles used in this chapter.

The remainder of the Overview chapter is organised into six sections. Section 2 discusses background features that supply the essential context for an assessment of the way PRSPs have been received and the impact the PRSP process has had. Parts of this section draw on the general research literature on African politics and aid, for which we make no apology. An understanding of these issues is essential for well-grounded expectations about the range of possible impacts of PRSPs in the eight selected countries, as well as any attempts to generalise beyond those cases.

In Sections 3-6 we report the study's main findings in the three main areas of its terms of reference. The middle topic of the ToRs – prospects for institutionalisation – is split into its two main components, even though it is recognised that the changes described are highly interdependent. Thus we discuss separately the aspects of PRSP processes that relate to the field of public management, including budget reform, and those that concern participation in policy making and the broader governance framework. Monitoring and information systems for PRSPs are dealt with next, in a single section, and not a free-standing chapter as indicated by our terms of reference. This reflects both the relatively modest scale of our findings on the subject, and the desirability of treating it in close connection with the other issues in the institutionalisation of the PRSP approach.

Section 7 outlines the conclusions of the study as a whole. We attempt to spell out their implications by means of a short list of policy implications and messages addressed to governments, donors and IFIs.

2 The country contexts

The challenge that the PRSP experience poses to the international community is context-specific. What matters is not whether the PRSP approach is capable of being institutionalised under ideal conditions, but whether it can work in the real world. The relevant aspects of the real world include the nature of the social and political systems and policy frameworks of the countries concerned. They also include the typical form of the relationship between those countries and the agencies that provide loan- and grant-assistance to them, and hence also aspects of the structure and functioning of those organisations.

This section sets out what seem to be the most salient features under these headings, from the point of view of the PRSP “experiment”. It also provides additional contextual information 1) on the previous history of poverty-reduction policies and programmes in the study countries, and 2) the different ways the timing of the PRSP processes has been affected by the national political conjunctures in the eight countries.

Key institutional features

From a social and political perspective, the country contexts we are concerned with contain some significant contrasts. The commonalities are also very significant from the point of view of a study of the institutionalisation of poverty-reduction strategies.

An initial generalisation would be that in all cases we are dealing with semi-democratised states in which domestic politics tends to be patronage-based, with fragmented party systems and weak civil societies. We could also say that all have quite fragmented policy processes. That is, they are characterised by low coordination both between different centres of decision-making, and between the formulation and implementation of policies. In addition, our countries share high levels of financial and institutional aid dependency. This – we would argue – produces low accountability to domestic actors, and contributes also to the persistence of clientelism and policy fragmentation. At a more technical level, public expenditure and revenue management systems have, at least until recently, been only weakly driven by public policy objectives. Administrative systems have similarly been characterised by low morale and weak performance incentives.

These features are among the problems that the PRSP initiative is intended to address. At the same time, they affect the range of outcomes that can reasonably be expected from PRSPs. In one sense, the central issue for this study is whether PRSP-related changes can get enough of a foot-hold before being overcome by the very structures and processes they aim to transform. As will become apparent, different country experiences to date suggest different answers to this fundamental question.

To what extent does the thumb-nail sketch just given apply uniformly to the eight countries in the study, and why? Let us deal immediately with the domestic

institutional issues, and pick up the propositions about the aid relationship separately.

Semi-democratised states

The majority of our countries participated in the tide of re-democratisation that began in the late 1980s, and several were pioneers of this process in their sub-regions. The outliers in this respect are Mozambique and Rwanda, where in different ways the legacies of regional conflict and civil war still bear heavily on what is politically possible. In the general case, there is a multi-party system, governed by elections, at least at the national level. There is press freedom, and competitive mass media – led in most cases by FM radio – have developed strongly, leading to better public information and debate.

While in these respects the conditions for national dialogue on fundamental issues such as poverty have improved, the quality of the democracy that has been institutionalised is heavily conditioned in almost all cases. In the language of political science, it is a “neo-patrimonial” democracy.

Pure patrimonialism – or “prebendalism”, to use another common term – occurs where the resources of the state are treated as the patrimony of the ruler, not as public wealth in the modern sense. Official servants and their retainers are rewarded by access to the spoils of office – by prebends, rather than salaries. Neo-patrimonialism prevails where similar principles operate to a greater or lesser degree within the context of a bureaucratic state structure, with authoritarian or liberal-democratic constitutional trappings. Characteristics of neo-patrimonialism include presidentialism or the “big man syndrome”, systematic clientelism and the use of state resources for political legitimation (Bratton and van de Walle, 1997: Ch 2).

It is generally considered that African democratisation processes have been heavily influenced by persisting, and even increasing,⁵ patrimonial tendencies. This in turn is reckoned to account for several other features of the actually existing democracies in the region, which are highlighted in several of the country chapters of this report.

One is the tendency for opposition parties to be numerous, unstructured (one-man bands in many cases), non-ideological and beset by regular defections to the governing group. Another is the related infrequency of substantial political change, in which the historically-dominant party or leader is replaced through an election on a programmatic basis. Finally, civil society – in its classic European sense – barely exists, both because the economy is insufficiently differentiated, and because systematic clientelism involves the constant co-optation of independent institutions by politicians and the state. Whether these stand up well as generalisations across the countries covered by this study may be judged from the analysis of the country arguments in Annex 2, page 1, row 1.

The possible exception among our cases, in this respect, is Ghana. Until recently firmly among the countries covered by the description above, Ghana is today an ambiguous or borderline case. On the basis of a hard-fought electoral campaign

⁵ In Tanzania for example – see Chapter 9.

with a fairly programmatic basis, one party has been replaced in power by another. As Chapter 3 notes, neo-patrimonialism may not be dead yet. Doubts arise from the possibility that, whatever the new government's initial intentions, there is a deeper level of political institutionality that will in due course reassert itself. But the case for seeing the neo-patrimonial tradition as clearly dominant over the more inclusive liberal-democratic tendencies no longer exists. In the medium and long term, this may mean that the prospects for pro-poor policy making of a new type are better in Ghana than in most of our other cases. Unfortunately, this does not necessarily apply immediately, as the chapter also explains.

It is not part of the business of this study to contribute to the portrayal of Africa as a region where “nothings works” and there is only conflict, backwardness and decay. Concepts such as neo-patrimonialism and clientelism are general social science terms, not only applied to poor developing countries and not wedded to a particular evolutionary scheme of progress. Their point is to help us to be *realistic* about what is specific to the countries we are dealing with. To borrow the title and the theme of the book by Chabal and Daloz (1999), “Africa works”: African polities and societies may not provide very well for their people but understanding why that is the case passes through an understanding of their own particular principles of operation, including their moral underpinnings;⁶ it is not assisted by an approach that only emphasises the way such societies fall short of supposed international norms.

This may be illustrated by the case of Benin, whose political system is described as based on the association of local and regional elites with the government through dense clientelistic networks. While these relationships reduce the capacity of the state to function effectively in regulatory and administrative spheres, especially at the local level, it has also provided welcome political stability and social peace (Chapter 2, Section 2).

Not only is the way Africa works not just a catalogue of failure, but the structures and processes responsible for undergirding the whole affair are by no means just African. As the country chapters repeatedly argue, the clientelism and “rent-seeking” that typifies the real policy process in all of the study countries to a greater or lesser degree is both cause and consequence of an aid relationship that serves its nominal purposes very poorly. We get to that presently. First, we have a few more words on domestic policy processes and incentive structures.

Fragmented policy processes

If the contributions to this study differ from the mainstream political science literature on Africa (e.g. the Bratton and Chabal sources just cited) it is not primarily on issues of substance. It has more to do with a greater interest in operationally-relevant reform issues. We are interested not just in why things are the way they are, but whether the PRSP initiative might make a difference, and whether there are particular constraints that might be a focus for improved interventions. This implies

⁶ Ekeh (1975) made the classic case that the moral principles the “public” and the private spheres in Africa are comprehensively different, rather than inferior, to those that developed historically in Europe. Gould (1997) explains well how understanding African societies involves steering a course between sentimental traditionalism and performance standards imported mechanically from other realities.

going beyond the general features of the social and political context – though their pervasiveness makes them important – to focus on some of their specific manifestations, which are the site of struggle (for struggles there also are).

Most of these have to do with what we have called generically the fragmentation of the policy process. This has various dimensions. Some, such as the rather general tendency for cabinets not to function as effective decision centres with joint responsibility, are quite direct reflections of the nature of the political system. Where patron-clientism is the dominant form of politics, ministries tend to be more like fiefdoms than centres of delegated authority. Cabinets therefore do not guarantee policy decisions. Permanent Secretaries and their equivalents do not necessarily participate actively in policy discussions within ministries, and so on. Decisions get taken, but there are no guarantees that they are even in principle consistent with each other.

Other features are equally widespread but harder to pin down to specific structural causes. There is typically a large gulf between policy formulation and implementation, with implementation constraints and past failures not generally feeding back into an appreciation of what might constitute good policy. This characteristic is not exclusive to poor African states, and to some extent is a feature of policy processes everywhere. However, it is particularly marked in the countries covered by this study. One source is surely the underlying reality – more acute in Africa than elsewhere – that there may well be rewards of various kinds from having the “right” kind of policies, but quite few from having policies that work in the sense of achieving intended results.

Underlying political incentives and constraints powerfully determine all of the above but not necessarily in a completely deterministic fashion. The disconnection between policies and results has been reinforced in the countries in our sample, as well as in most wealthy countries until quite recently, by the traditional approach to public finance management, and equivalent weaknesses in the management of public services. Given the way the budgets and staffing arrangements of ministries and other official agencies have typically been managed, it is hard to see how incentives to improved performance could ever have prospered, whatever the overarching politics. Budget and civil service reforms of a results-oriented sort are in fact on the public agenda of most African countries, including those in our sample.

The progress and setbacks that such efforts at deliberate change have encountered are very much a part of the country context for PRSPs. The relationship between PRSP processes and public finance reforms in particular is central to this study. As will become clear, the country experiences support the notion that this is a key interface for the purposes of a wider assault on public-policy incoherence. However, it is also clear that to be successful the reform effort needs to be multi-pronged, and to have a strong element of political as well as technical-bureaucratic change.

External finance and the aid relationship

The countries included in the study are all very poor in terms of average living conditions. They are also highly indebted and, with one exception, eligible for debt

relief under HIPC2. Most of the countries face a much more healthy situation, in terms of their basic macro-economic balances, than a decade ago, but several still experience basic stabilisation problems and periodic difficulties in their external financial relations, including Ghana and Kenya. Most have experienced growth but not enough to reduce poverty substantially or quickly.

Apart from being heavily indebted, the countries are highly dependent on aid, both financially and, more important, in institutional terms. Institutional aid dependency is understood here as a loss of capacity to make and implement planning decisions arising from the gross imbalance between domestically-generated revenues and the actual or potential availability of external finance.

It seems likely that high aid volumes, whatever the form of aid delivery, foster institutional aid dependency. Some research – focused on the ability of states to translate a given level of GNP per capita into improvements in human development – suggests that states which rely heavily on aid are less effective than those that draw substantially on other income sources, such as tax revenues (Moore, 1998; Moore et al., 1999). All aid may have the effect of weakening accountability to domestic actors, which in turn may reduce effectiveness in poverty reduction.

The critique of projects

Many other critiques of aid are directed at specific forms or modalities of aid delivery. The loss of public planning and implementation capacity that we have identified as the core of institutional aid dependency is said to arise particularly from the dominance in the aid relationship of the *project* modality. The case for sector support and other forms of programme aid has been built up on the basis of concerns about the project modality in particular.

The dominance of projects was the result of a trend towards building parallel structures and independent accounting arrangements as a means of avoiding the inefficiency and unreliability of government procedures. While the reasons for the continued popularity of projects are not entirely unsound, there is wide recognition that they contribute in a vicious circle to the persistence of the difficulties to which they are a response. Projectised donor funds attract skills and attention away from the mainstream processes of development management, and undermine incentives for officials to spend time on reform and overall strategic thinking at the centre.

The damage is recognised to be worse if project design is supply-driven, that is motivated by incentives to disburse grant or loan funds for particular purposes on the donor side, and/or if the aid is tied. However, these need to be seen as exacerbating factors rather than the principal problem. In a project framework, under conditions where projects are the dominant form of aid, real “national ownership” of poverty reduction efforts is most unlikely to be achieved. Effectiveness in meeting goals is most likely to be reduced as a result.

Project aid has indirect effects on state capacity, as well as direct ones, and the indirect effects may be the more important. We have said that domestic political patterns cannot be considered separately from the nature of the aid relationship. The modal type of patronage-based political system described earlier might well

exist in the absence of aid. Policy processes might still be fragmented (as indeed we have said they are in many parts of the world). On the other hand, it is clear that the social and economic relationships of project aid fit very easily into a system of patron-client relationships and can help to fuel it and strengthen its institutional foundations.

Benin and other countries in our sample are described as *rentier* states, on the basis that public revenues have been dominated historically by rents (e.g. from the international port of Cotonou) rather than taxes on capital or labour. Aid has reinforced this characteristic and generalised it. It may also be argued that aid, particularly in the project form, encourages a culture of rent-seeking across both the public and the private sector, and that this has continued to be the case despite the move to more market-based economies. In turn, this fertilises the ground for the continued growth of social and political relationships based on patrimonial principles.

A vicious circle

It is worth saying again that there are important effects going in both directions. Once firmly established, the patron-client type of social and political order generates a type of policy process and pattern of behaviour among the generality of public servants that provide justification for persisting with projects. In Benin, Tanzania, Mali, Rwanda and elsewhere, there is an almost closed circle of mutual reinforcement, in which lack of trust in government systems leads to the building of parallel systems, which undermines incentives at the centre while doing nothing to build up systems that might inspire greater trust.

Many of these linkages, and the dilemmas they pose, have been widely recognised by both donor and government representatives. This is particularly the case in two of the study countries, Mali and Tanzania. The OECD DAC Aid Review of Mali, which highlighted the very low level of donor accountability to government in that country, has been well received and influential. The 1997 agreement between Tanzania and its main development partners following the Helleiner Report recognised many of the same issues. Moving towards a new form of aid partnership that successfully avoids the troubles outlined above has not proven easy in those two countries or anywhere else. It is in part for that reason that the PRSP initiative poses such an important and difficult challenge.

Previous poverty policies

In none of the eight countries except Rwanda is the PRSP process the first experience in developing a national poverty-reduction strategy. Some initial efforts, particularly in the form of improvements in the availability of basic data on poverty conditions, were already undertaken in response to the Social Dimensions of Adjustment initiative in the early 1990s. A more substantial and sustained effort followed the Copenhagen Social Summit (1995) and was reinforced by the sequence of international agreements on poverty-reduction goals that culminated in the UN's Millennium Summit.

Among the international agencies, UNDP in particular committed itself strongly to facilitating and providing technical support to national poverty strategies, and encouraging international learning from these experiences (UNDP, 2000; Grinspun, 2001). From our country chapters and other sources, it is clear that these efforts did help in various ways to place poverty more squarely on public agendas and promote attempts to tackle it in a more deliberate way.

This forms an important part of the context for PRSPs. However, it would be a serious mistake to see PRSPs as just more of the same. In several important respects, previous poverty-reduction programmes and strategies in the study countries took a form that differs systematically from the PRSP approach as we understand it.⁷

First, poverty reduction was typically handled as a special activity, added-on to existing programmes and thus requiring special structures and activities. Second, the emphasis was on providing a new focus for project funding, not on influencing the processes of public resource allocation through the national exchequer. Thus, Mali created a new Social Development Ministry to host its SNLP. This was not oriented to transforming existing government activities, but to securing funding for new ones. Kenya created a Poverty Eradication Commission in the Office of the President, and Tanzania a National Poverty Eradication Division in the Vice-President's Office, with purposes that were not dissimilar. Ghana's National Poverty Reduction Programme is an UNDP-funded unit, physically located in the planning commission (NDPC), managing a range of "pilot" schemes. In none of the study countries, including Mozambique, Kenya and Malawi, were previous poverty policies integrated with the macro-economic framework or linked institutionally with the budget and the overall management of public expenditure.

Third, where the national poverty-reduction efforts did include strategic policy statements, these showed a tendency to be vague statements of aspirations. They were not based on a thorough assessment of previous policies and approaches. Given the fragmented type of policy process described earlier, it is not surprising that they have typically not been implemented to any significant degree (donor-funded projects excluded). Malawi's Poverty Alleviation Programme (1994), Ghana's "Policy Focus for Poverty Reduction" (1996) and Tanzania's National Poverty Eradication Strategy (1997/98) would be cases in point. Most such documents did not even reach the next step of being translated into a time-bounded action plan. Thinking was results-oriented, but only at the level of final goals.

Those things having been said, previous poverty plans have in a number of cases absorbed considerable national effort. Sometimes, this has included broad participation by non-governmental interest groups and experts. In some cases, previous plan processes are considered to have acquired extensive national ownership, according to the criterion that large numbers of stakeholders are aware of them and have some degree of identification with them. Mali's SNLP is a leading example of this. Broad stakeholder involvement is not the only possible, or perhaps the most important, criterion of national ownership that needs to be applied, as

⁷ Unfortunately, while the recent UNDP evaluation study (Grinspun, 2001) provides much relevant information, it does not highlight these differences.

discussed later. However, the fact that some previous exercises in national poverty planning do benefit from a sense of national ownership at this level is an important feature of the context into which PRSPs are being placed.

The PRSP in the national conjuncture

Politics matters

Underlying this study is a belief that poverty-reduction policy is, for better or worse, embedded in living political systems. This implies that the PRSP “experiment” will work through the political systems and policy processes of the countries concerned, or it will not work at all. PRSPs will either engender new relationships and dynamic processes within countries that result in poverty policies being handled in a new and more effective way, or they will not. What happens in this respect will be a very political issue, in two senses. First, for all their limitations, formal political systems are a powerful influence on what happens in every country. Second and probably more important, the informal arrangements and understandings that determine policy and its implementation are also “political”, not merely technical.

These points formed part of the initial thinking of the study team. However, the perspective was confirmed and reinforced repeatedly as the country evidence came in. That “politics matters” is therefore a theme that returns at a number of points in the report. There are, however, several different ways in which the basic proposition is true. Here we limit ourselves to one of them: how the initiative was *timed* in relation to the national political situation.

The focus here, then, is not on the basic political *structures* of our case study countries, but on the political *conjunctures* into which the PRSP initiative was placed. What was the current political situation in the countries at the time a PRSP process was initiated? How did this affect the reception and potential significance of the initiative?

How politics has influenced timing

The extremes among our cases are well represented by Tanzania and Benin. In *Tanzania*, the timing of the initiative favoured a strong governmental commitment to the PRSP. 2000 was an election year, and the governing party took the opportunity of HIPC2 to present itself as a trustworthy custodian of the country’s international financial relations. HIPC2 and the PRSP probably helped to ensure an electoral victory for Tanzania’s CCM according to the country scoping report. The resulting high-level political backing (added to the fact that several other building-blocks for a credible process were in place) led to a relatively fast-track transition from iPRSP to full-PRSP preparation, and then to what the country chapter characterises as a bullish Joint Staff Assessment of the final document as early as November 2000.

In contrast, in Benin the PRSP initiative became mixed up with electoral timetables with the opposite type of result. The presidential election process effectively delayed everything, and the initial steps towards PRSP drafting did not take place until April

2001. As a consequence, Benin looks likely to be the last country of our set to complete the process.

The study's findings on four other countries underline the point that national political conjunctures have proven critical to the reception and significance of the PRSP initiative. In Ghana, the treatment of the PRSP by the Rawlings government in 2000 was affected by the distracting effects of the elections expected at the end of the year, as well as by its policy of not seeking relief under HIPC2. The transfer of power then brought new distractions. Although the new government reversed the position on "joining HIPC", thereby increasing the stakes in the PRSP process, it found itself preoccupied with re-stabilising the economy and implementing its election pledge to emphasise "wealth creation".

In Kenya, the PRSP process that was developing during late 2000 benefited from the boost to transparent public sector management given by the placing of the Economic Recovery Team of independent Kenyans led by Richard Leakey in key government positions. However, during the second phase of the study, the underlying system of presidential rule reasserted itself with some vigour. The majority of the ERT departed. The PRGF agreement with the IMF was again suspended for non-compliance, signalling the re-emergence of the stop-go cycle of Kenya's external financial relations. This did not necessarily mean that the Kenyan PRSP would have no benefits. It did, however, alter the range of outcomes that could be expected.

In Mozambique and Rwanda, deep political divisions and a violent past history affect in obvious ways the gains that might be made from an enhanced national poverty-reduction effort. They also place constraints on any immediately feasible national consensus. Both governments seem to have embraced the PRSP as an opportunity to move national reconstruction into a new phase. However, in Mozambique the disputed results of the 1999 elections have left a legacy of inter-party relations that will limit the kinds of national agreement on the PRSP that can be achieved. Rwanda's political and strategic situation is similarly constraining, for obvious reasons.

Summing up

In this section, we have argued that it is important in several ways to appreciate the kind of context into which the PRSP initiative has been placed, at the national as well as the international level. Key country features include semi-democratised political systems, fragmented policy processes, and the way the aid relationship and typical modalities of aid delivery interact with these. The PRSP process has the potential to change some of these relationships. However, they also set limits to what can reasonably be expected of the initiative, and could easily overwhelm it.

A different sort of contextual feature that needs to be borne in mind is the nature of previous anti-poverty programmes and policies in each country. While previous efforts have tended to be project-oriented, with a weak transformative vocation, some of them elicited significant national commitment. As we shall see, this affected the way the PRSP was received in some countries. National political conjunctures,

too, have affected the timing and other aspects of the PRSP experience across countries.

3 The process and the response

In the last section, we presented various contextual elements that seem important to either the framing of questions about PRSPs, or interpreting the initial evidence on their impact. We now turn to a cluster of issues to do with the ways countries, IFIs and donors have been responding to the PRSP initiative. In this section, we deal with broad aspects of the response to PRSPs among national stakeholders and donors. The prospects for the institutionalisation of the PRSP approach are taken up in the two sections that follow.

Here, we summarise and discuss the findings of the country studies on *four* issues to do with the initial responses of governments and other stakeholders to the PRSP initiative:

- ❑ the way the initiative has been received by national stakeholders of different kinds across the eight countries;
- ❑ the scale of commitment shown and kinds of action taken by national governments, and governments' capacities in regard to PRSP processes;
- ❑ the degree to which countries' relations with the IMF and World Bank have changed, and how far the behaviour of the IFIs has altered, in the perception of national stakeholders and donors;
- ❑ the ways bilateral and multilateral donors have been participating in or providing support to the PRS process (the focus here is on current activity; medium-term intentions in respect of aid modalities etc. are discussed in Section 4).

On each of these points, many of the findings that emerged in the scoping stage of this study (Nov 2000) have been confirmed and deepened. On the other hand, some of the early concerns that emerged from our stakeholder interviews have been revealed as transitory, reflecting difficulties in the first stages of the PRSP process that have since been overcome.

Stakeholder reactions to the PRSP initiative

Various aspects of stakeholder response are of interest to this study. It is relevant to know whether *sentiments* are on balance positive or negative. The interpretation of such reactions needs to be tempered by an appreciation of the degree to which stakeholders at different levels have accurate *information* about the initiative and, at a somewhat deeper level, what *understanding* they have of the purposes and potential of the PRSP process.

In this report we are more sanguine about reactions at the level of sentiment than it was possible to be at the beginning of the process in late 2000. It seems clear that following a period of understandable confusion and mixed feelings coinciding with the Interim PRSP phase, national stakeholders have settled into a relationship with PRSPs that is at worst one of equanimity and in many cases enthusiastic.

Explaining initial differences

In 2000, we found little outright hostility to the idea of a PRSP but we did notice quite varied perceptions across countries. For at least a couple of countries in our sample (Mali and Malawi), initial reports from the study teams suggested that national stakeholders, particularly those that had been associated with national poverty programmes in the recent past, were somewhat irritated by aspects of the initiative. It appeared to some that the Bretton Woods' institutions were arriving late on the scene and imposing a new approach in a way that was inconsistent with the avowed intention to promote greater national ownership.

In retrospect, it is clear that irritation of this sort was particularly marked where a very large investment in something rather similar had only just been made. In Mali, UNDP had provided support over an extended period to what it and the government of the country considered a flagship exercise in national anti-poverty planning. This exercise had some clear limitations of the sort itemised in the last section. Nevertheless, unless very delicately handled indeed the PRSP initiative in Mali was almost bound to appear as an arrogant attempt to overturn previous efforts that deserved some degree of respect. The handling of the situation by the initial IFI missions seems to have been insufficiently delicate, resulting in a moment of quite tense relations between the Bank and UNDP. This helps to explain the reactions from the Malian officials and other stakeholders reported by the study team.

The other side of this coin is that in other countries initial reactions to the PRSP initiative were much more positive – even though knowledge was still patchy, and understanding variable. In these cases (over and above the kind of political-conjuncture considerations mentioned in the last section) a positive reaction was more likely where previous activities on poverty tended towards the “mainstreaming” model, with a central economic ministry taking the lead, and/or where efforts had been made to shift the aid relationship towards stronger forms of national ownership. In other words, it is possible to discern patterns in the way country stakeholders responded initially to the PRSP idea. The effect of such background factors may well be much more significant than the particular ways the IFIs conducted their dialogue in different countries.

Thus, for example, in Mozambique and Tanzania the PRSP initiative was very much of a piece with what had been happening in national poverty planning and the building of a new-style partnership between government and donors. In Kenya, it was part of a new wave of reformist effort that also included both the drafting-in of senior private-sector figures to clean up the civil service, and steps towards placing the budget in a Medium-Term Expenditure Framework. Although this may have proved short-lived, it provided for some months a context in which the PRSP idea was both easily grasped and welcomed in many quarters. In these countries, the notion of an external initiative aimed at increasing national ownership did not seem inherently absurd, and there was only a friendly irony in the frequent observation that at last the IFIs were “coming on board” and putting poverty-reduction at the centre of their concerns.

Knowledge and understanding

Nearly a year later, the differences between countries seem less marked. The IFIs have mended their fences in Mali. They generally seem to have adopted a subtler as well as a more hands-off posture during the preparation of full PRSPs, as reported further on. But, more significantly still, the irritation at having to “start over” that was found in late 2000 in Mali and Malawi appears to have become more muted as those countries have become more fully engaged in PRSP preparation. As knowledge about the nature of the exercise has spread out across government and non-governmental sectors, and actual activities have been set in motion, a general attitude of acceptance has developed.

Knowledge of what PRSPs involve remains rather patchy in all countries, and extremely so in some. The limitations in this respect reflect the typical features of the way governments have handled the issue described immediately below. They also have to do with the variable qualities of the national consultative processes, which is reviewed further on in Section 5.

At this point, let us just say that there is a tendency for the facts of the PRSP initiative to be fully grasped only by a small core of government personnel who have been directly responsible for carrying it forward. In some cases, a similar a level of understanding is shared by a small numbers of academics or civil-society representatives who have been asked to contribute. However, the availability of even quite elementary information on the subject declines quite steeply as one moves away from these central points. This applies to both the remainder of government, particularly outside the capital, and also to wider constituencies in political and civil society, such as members of parliament, opposition parties, trade unions and associations. Confusion between the PRSP and other donor-inspired poverty-focused initiatives is, as one would expect, fairly widespread.

The distinction between knowledge about and understanding of the PRSP initiative is obviously a relative one. Understanding is almost certain to be weak and variable so long as information is limited. Some interpretations of what PRSPs represent that are relatively widespread in the NGO world – “just a new name for structural adjustment” etc. – reflect inadequate specific and general information as much as anything. However, it is possible to single out a number of areas in which even quite well-informed opinion in the study countries remains either confused, or sceptical, or both. In the cases of confusion, there seem to be elements of both inadequate conceptualisation and explanation, and accurate perceptions of real inconsistencies of principle or conduct that ought to be addressed.

PRSPs and HIPC: gaps and queries

There is very widespread confusion about the relationship between HIPC triggers and both the concept and the content of PRSPs. This arises partly from that fact that many of those involved in PRSP preparation have not been involved in the HIPC1 or HIPC 2 negotiations. They are aware that the preparation of an (i)PRSP is a HIPC conditionality, but not that the HIPC agreements contain other conditionalities. When this becomes clear, a different sort of “confusion” frequently arises. It is not understood how a nationally consultative planning process, including the selection of

indicators to serve as benchmarks of implementation and results, can be reconciled with the prior imposition of conditionalities of a traditional sort covering more or less the same topics.

This kind of query arises also in relation to PRGF conditionalities, but it is particularly “confusing” in the case of the HIPC agreements because these have been strongly associated with PRSPs and appear to operate on exactly the same terrain as PRSP benchmarks. We suspect that the confusion would be even greater if it were generally known that, according to the early evidence collected in the EU study for the SPA (EC, 2001) the differences between HIPC triggers and (i)PRSP indicators are both notable and to some degree random.

The most important issue, however, is the one that is raised most acutely in the Malawi country chapter – that some of the HIPC triggers, as well as the PRGF conditions, are such that they *pre-empt* national discussion within the PRSP process. In some instances, at least, this is not a question of insisting on steps that any reasonable poverty-reduction strategy would necessarily include (e.g. broad fiscal discipline), but rather an insistence upon the implementation of schemes that are both controversial and questionable in the opinion of informed and engaged observers (Chapter 5, Section 3).

We return below to various aspects of the way the traditional conditionalities are being handled below. But there are some further points to be made about stakeholder perceptions of the new emphasis in IFI policy, and more generally about the prospects of PRSPs resulting in substantial behavioural changes.

National stakeholders and the prospects for change

The perceptions of national stakeholders contain is a fairly developed scepticism on two counts. In the first place, there are few who believe that a substantial reduction in the number and complexity IFI conditionalities is on the immediate agenda. It is recognised that, in some countries, bilateral donors and some multilaterals such as the EU are providing budget support on a new basis, in which ex-post performance assessment is taking the place of disbursement conditions). However, in Ghana and elsewhere there is a belief that the overall impact of the new array of financial support instruments will be an even greater “cascading” of conditionalities.

Such expectations may well be justified. It should be remarked, however, that national stakeholders’ views about the relationship between the PRSP process and traditional conditionality are typically somewhat one-sided. There is little appreciation that changes in the scale and form of conditionality are dependent on the seriousness and quality of what is done in-country in and around the PRSP process.

That is, there is an accurate perception that *ex-ante* conditions and performance benchmarks agreed in the framework of relatively narrow, apex-level negotiations around HIPC2 relief, PRGFs and PRSCs is in inherent conflict, or at least tension, with a country-led decision-making process covering the same issues. But so far there is little understanding that a reduction or streamlining of external conditions will

be possible only as and when PRSPs yield up tough policy thinking and monitorable implementation proposals of their own.

The final judgement on this must, of course, await a more systematic examination of the final products of the processes currently under way. We merely note that our material on stakeholder perceptions (with the exception of some of the donor comments reported below) does not suggest any acute awareness that the relationship between PRSPs and conditionality streamlining is a two-way street.

The second subject of scepticism is the ability of governments to change their behaviour. More in some countries than in others, stakeholders doubt whether this well-intentioned attempt to change the basis of the aid relationship will do enough to alter the incentives facing government departments and their officials. This stems from the sorts of issues reviewed in the last section on country context. As we shall see, some of it seems justified by what has actually happened in the PRSP process so far. For the moment, we merely note it as a strong element in stakeholder expectations. It appears strongest where, as in both Ghana and Benin, though for somewhat different reasons, there is very little sign of the PRS process engaging with, or becoming linked to, reforms that attempt to transform the budgetary incentives of ministries and the work incentives of civil servants.

Government commitment, actions and capacities

Levels of commitment

Governments are committed to PRSP processes for different reasons, some narrowly instrumental, others containing some medium-term vision. In several countries, stakeholders perceive the PRSP exercise as being overwhelmingly motivated by getting access to debt relief and having little further significance. By way of contrast, Rwanda's PRSP unit has gone out of its way to downplay or not mention the connection with HIPC relief, in order to encourage national stakeholders to treat the exercise as a real planning endeavour (not an exercise in nominal compliance, or merely a discussion on how to spend additional resources at the margin). Elsewhere there are some strong impressions of nominal compliance (e.g. Ghana, Mali). In Mali, a strong emphasis is being placed considering how to spend the HIPC windfall.

The fact that the relief has been front-loaded, so that the bulk of it has been available since Decision Point (i.e. from endorsement of the iPRSP) does not seem to weaken this perceived linkage. This is partly because substantial new funding is also expected after completion. However (as the Mali study suggests) this may be over-optimistic – partly because of severe aid-absorption problems. In Tanzania, the most advanced of our countries in PRSP terms, those in the know are concerned that the "HIPC factor" has been a strong force driving the PRSP process, and that the energy devoted to it will certainly wane as soon as completion is achieved.

These kinds of concerns notwithstanding, governments in all eight of the countries covered by this study have invested substantial effort in doing what they think to be required to produce a good PRSP. The degree to which such effort signals

commitment at all levels of the political and administrative hierarchy in our countries is difficult to assess. In Kenya, Malawi and Benin, for example, an energetic process has been driven primarily at the technical level, and political commitment is unclear or non-existent. Elsewhere (Mali, Mozambique, Rwanda and Tanzania) political commitment to poverty-reduction goals seems less worrying than the commitment to implement significant change that will be found in the ministries and civil service outside the core team.

We postpone fuller consideration of this to later, in connection with a review of the ownership concept. Nevertheless, the effort currently being invested in the process appears quite substantial even in the countries where the level of commitment at almost all levels seems doubtful, such as Ghana.

Shifts in institutional leadership on poverty

The *kind* of effort being made, and its institutional location, may be as significant as the degree. As suggested tentatively in the preliminary reports from this study, one of the most palpable and important effects of the PRSP process to date has been a shift in the institutional location of the principal responsibility for poverty reduction within government systems.

In most of the eight countries, as well as others we know of, responsibility for guiding and/or implementing anti-poverty measures was formerly located in a weak social-welfare ministry (Mali), in a planning authority without resource-allocation powers (Benin, Ghana, Malawi) or in an appendage of a president's or vice-president's office lacking real authority to convene line ministries and other actors (Kenya, Tanzania). In these cases, the interest of the department or unit in developing a national poverty-reduction *policy* was compromised by the interest in managing poverty-focused donor-funded programmes, as discussed in the last section.

This has largely changed. PRSP preparation has resulted, in one country after another, in the responsibility for poverty-reduction policy being taken over by the Ministry of Finance. One of the two countries in the sample where the institutional division of labour for leading the PRSP process remained unsettled in 2000 (Benin) has now resolved it in the expected way, with Finance taking the lead role and Planning providing support. On the other hand, Ghana confirmed its National Development Planning Commission in the leading role, becoming the only case in our sample to buck the trend. In Kenya, the shift to Finance has taken place, but recent political trends place a question mark over the outcome of the continuing rivalry between Finance and the Office of the President, home of the NPEP.

Mainstreaming poverty: out of the social-sector ghetto

While not universally popular – partly because vested interests are involved – the assumption of a leading role by finance ministries has several positive effects. It means that poverty is more effectively “mainstreamed” within government policy, seen as a policy concern for all sectors and cross-sectoral areas. This upgrades its importance, making it less likely to be treated as exclusively the business of social-sector or welfare institutions. Because Finance holds the purse strings, it means that poverty is more closely linked to central resource-allocation decisions and thus to the

incentives that cascade down from budget decisions. These are steps that were overdue, with the potential to bring important benefits.

Making the linkage effective from poverty planning to public-expenditure management is, of course, not just a question of shifting around responsibilities (Section 4 below). But thanks to the PRSP initiative, the institutional division of labour is now more favourable to that. Together with removing poverty reduction from the limited field of action of the so-called social sectors, and reviving strategic thinking about role of sectors such as agriculture, this is one simple but definite gain from the PRSP initiative that is unlikely to be taken away whatever the subsequent developments.

Not all of our country reports are so unreserved about the benefits of the shift to Finance, or indeed about poverty mainstreaming when the conditions for it are not clearly met. Where projectised pro-poor programmes work well and the fiduciary conditions in the public sector remain doubtful, such a shift may be undesirable or premature. As we discuss in Section 4, many of the doubts and controversies that have surrounded the PRSP in Kenya rest upon such questions.

From other country reports, there are suggestions that it might make sense to regard PRSP preparation as a planning function *par excellence* and therefore the responsibility of the planning arm of government (unless this has already been absorbed by Finance, as is the case in many countries, including Mozambique and Rwanda). This is convincing only up to a point. Where the planning portfolio has a modernised approach and the capacity to engage effectively with resource allocation through the annual budget and/or a medium-term expenditure or fiscal framework (MTEF or MTFF), the case is clear. This is, however, seldom the case.

In the Ghana case, it is clear that a principal factor in the limited impact of the PRSP to date is the fact that it is being led by “a gravely under-resourced administrative enclave of uncertain political and formal status” (Chapter 3, Summary). The only qualification that needs to be added is that in Ghana the Ministry of Finance is not particularly strong, in terms of political standing and technical capacity. In other countries, planning authorities tend to be wedded to old-fashioned planning approaches that sit uneasily with modern budget approaches such as programme budgeting and MTEFs. Even where Ministries of Finance are of low status and do not effectively control budget allocations or out-turns (as in Mali) the budgeting function creates at least the potential for changes of the required sort (Chapter 6, Section 3).

Drafting the PRSP: institutional architecture

One type of reservation that some observers expressed about Ministries of Finance assuming a central role concerns their limited organisational capacity. Would these ministries be capable of organising the scale of deliberation and drafting activity that appeared to be required? Would they be inclusive enough to share information with a range of “national stakeholders” and to open-minded enough to allow a debate with such people to influence their drafting of a key policy document?

The experience is mixed in this regard. In most cases, however, the responsible units have convened a plausible range of Working Groups or Task Forces with mixed compositions and relevant expertise. The degree to which these relatively narrow bodies have reflected in their composition, or had some real interaction with, the wider PRSP consultative processes that have been organised is something we consider later (Section 5). However, in general the instances we reported in connection with iPRSPs, of documents being drafted by a single official or by a visiting mission, have not been repeated at the full-PRSP stage (which is not to say that single officials have not carried very heavy burdens, including the lion's share of reporting and synthesising).

It appears that Working Groups have functioned best where they are modelled on, or even replicate, equivalent bodies established for Public Expenditure Review or MTEF purposes. Working relations develop more easily under such circumstances, and the concept of planning as priority-setting under resource constraints is more easily accepted. This is consistent with our broader finding (Section 4) that the density of public reform effort, and public-finance reform in particular, is a major factor in the successful launching of PRSPs.

Many PRSP working groups appear to have faced rather serious difficulties, casting doubt on how much influence they will have on the final product, in countries where there is little tradition of integrating sectoral planning with macro-economic management and the budget. In Mali and Malawi, some of the Working Groups are reported to have lacked any sense of direction, partly on account of lack of guidance on macro constraints. Where existing sector programmes or even a cluster of large projects provide something to work with, the Groups have been able at least to engage in a constructive repackaging exercise. But in the absence of guidance of either kind, some have remained completely at sea.

One of the striking differences across the cases is in the degree to which donors and IFI country representatives are actively involved in the groups. Despite the precedent set by the PER/MTEF working groups, donors other than the UN system coordinator were not much involved in Tanzania.⁸ In Ghana, donors and IFIs have not been involved at all. In both cases, heavy use has been made of local academics and other experts, although in the Ghana case some of the effort may have been wasted in so far as the Core Teams have not paralleled the structure of government or involved the staff of line ministries to any significant degree.

In contrast, in countries such as Mali, Mozambique and Rwanda donor involvement with government has been so great, and government technical capacities are so limited, that donor staff and donor-funded consultants have been playing quite a heavy role. The country studies suggest that this is unavoidable and, to that extent, positive. They differ somewhat in the confidence they show that the delivery of such

⁸ For a period, there was, indeed, some feeling that donors were being excluded in a way that was inconsistent with the new-partnership principles that had been followed in Tanzania following the "Helleiner process", as not only were donors not invited into the PRSP working groups, but the PRSP led to the shelving for a period of the discussions about the Tanzania Assistance Strategy, a venture in aid coordination under government leadership that predated the PRSP initiative. This phase now seems to have passed, with the TAS having been revived, more or less as a means of implementing the PRSP (Chapter 9 and Tanzania scoping report).

support will be sufficiently disinterested as to not fatally damage the coherence of the PRSP and compromise national ownership. We return to this theme later.

Capacity

Our earliest reports emphasised, the extreme burdens being placed on limited capacity in most countries by the addition of PRSP preparation to other obligations on key senior staff, and the rather tight timetables initially adopted. In most cases timetables have slipped. Even so, the quality of processes and products is generally reported to have been compromised by the time constraints (which is an issue again in our discussion of consultation in Section 5).

In many cases, key responsibilities have fallen to sections that lack their full staffing establishment and have faced chronic problem of staff retention. In cases like Tanzania where a full PRSP has been endorsed and treated to an even “bullish” Joint Staff Appraisal, this was achieved with a civil-service capacity that is considered “surface deep” and highly fragile (post-election transfers left the core PRSP team in place, but it might easily have been otherwise). Drafting in national expertise from outside government can help to solve this problem, but it has its limits. In cases like Kenya, where high calibre civil servants are present in sufficient numbers to get a job such as this done on time – the poor reputation of the government service as a whole notwithstanding – it is reported that getting both the PRSP and a first MTEF in place simultaneously was extremely testing.

It is clear that careful use of extra-governmental technical capacity and well-managed external assistance can mitigate these problems. Kenya and Rwanda are cases where suitable modalities seem to have been found – with a suggestion in the first case that national ownership of the PRSP was actually enhanced as a result. However, the initial experience with PRSPs does nothing to dispel the already familiar refrain from other studies and evaluations: that heavy inputs of TA into special units, whether these are staffed by expatriates or nationally-recruited consultants, is no substitute for addressing the core problems of civil-service staffing, and can easily be counter-productive.

A problem relating to capacity constraints that is more serious because it is new is that of “process overload” arising from the multiplication of donor- and IFI-inspired review exercises. The capacity that exists to undertake more effective anti-poverty planning and coordinate external assistance to this end is seriously over-stretched almost everywhere by the multiplicity of review processes, to which both HIPC2 and the PRSP initiative have contributed additional dimensions. We return to this below.

Shifts in IFI relations and conduct

From the IFI and donor side, the PRSP approach promises relationships and forms of conduct that are more conducive to national ownership of poverty-reduction efforts. One of the things this study is intended to provide is a source of rapid feedback on the degree to which this is happening.

Care is obviously needed in assessing this issue. It is necessary to distinguish at least two types of change that might be observed, which have distinctly different preconditions. In past times, it has been frequently commented that IFI missions typically adopt a *style* that is unfavourable to national ownership. This is not an unimportant issue, and it is clear that changes in working methods are necessary if the PRSP experiment is to succeed. But style is less important than substance, and indeed there may be senses in which style simply reflects the underlying, “objective” character of the relationship

What the PRSP initiative is intended to deliver is a way of directing national policies towards poverty-reduction objectives that works better than negotiation and conditionalities of the traditional sort and which, therefore, is capable of taking the place of such conditionalities. This poses the question of how far changes scale and content of conditionality are already taking place and what indications there are on the timetable for any such changes.

We do not have systematic data on either of these issues. The evidence is anecdotal, and therefore may serve to indicate topics for further exploration. It does not by any means settle the questions raised.

Style: evidence of change

Regarding style, the good news is that the handling of the full-PRSP processes by Bank and Fund missions and staff appears to have been appropriate across the study countries. This is, in some cases, in contrast with the iPRSP phase. It seems clear that IFI involvement in the drafting of iPRSPs was excessive (e.g. Tanzania) and that IFI handling of the SNLP issue in Mali was clumsy. However, it appears generally the case that IFI missions have adopted a much more subtle and discriminating posture on guiding the process and content of full PRSPs than they did with the Interim documents. The PRSP phase seems to have been characterised by fuller and more accommodating discussions between the national authorities and the IFI missions on how to handle the strengths (especially in terms of process) and the deficiencies (especially terms of policy frameworks) of previous poverty-reduction strategies. In some cases, such as Ghana, IFI conduct in relation to the PRS is described “in some ways exemplary” (Chapter 3, Summary).

This refers, however, to missions and relationships that are concerned directly with the PRSP. With some reason, our interviewees tended to regard the question of IFI conduct as including missions negotiating PRGF renewals and other policy-based lending as well. Even if, as is widely recognised, there is not yet a basis for altering the content of those discussions – changing the substance of the relationship – the PRSP process has planted the idea that aspects of style ought to change. And there is little evidence of this from the stakeholder interviews in our eight countries. PRGF negotiations do not appear to be being conducted differently than in the past.

Style: continuities

Three specific examples of undesirable continuity of style are given in the country chapters. First, from Malawi it is reported that there has been no improvement in the transparency of negotiations or in the availability of information about the

agreements finally reached. Those making this observation are by no means suggesting that a point has been reached where domestic accountability mechanisms are capable of taking the place of external conditionalities. But there does appear to have been some modest growth in domestic accountability thanks to the PRSP process. This is currently hampered by the fact that domestic pressure groups do not know what the government has committed itself to with the IFIs. Possible synergies between the two sorts of influence on policy are lost, and those in government who resist desirable changes are able to play off external and internal pressures against each other (Chapter 6, Sections 3-4).

Second, from Rwanda there is a disturbing discussion about the setting of revenue targets within the PRGF discussions. This is a relatively technical area on which this report should tread carefully. However, it is noted with concern that the Rwanda study team found the Fund's insistence on a relatively ambitious revenue target as "high-handed" – particularly in view of the importance within the budget reform/MTEF process of reliable revenue projections leading to realistic expenditure ceilings. This was felt to be symptomatic of a wider failure on the part of the IFIs in their dealings with Rwanda to bring their general practices into line with the partnership spirit promoted in connection with the PRSP (Chapter 8, Section 4).

Lastly, from Tanzania it is reported that the PRGF review process appears to have changed little in style, and that other programme lending is, in some cases, not making the reference that might be expected to the country's Washington-endorsed PRSP. On the first count, it is of particular concern that not enough attention is yet being given to the frequency and timing of missions, especially major reviews. The mission-overload problem mentioned earlier is well exemplified by Tanzanian experience during the period of this study. Although there remains some question about the precise allocation of blame for this result, it is agreed by all that the timing of the PRGF review resulted in a less satisfactory process on the Budget Guidelines for 2001/02 than has been achieved in recent years, from the perspective of domestic accountability and donor partnership. On the second count, it is observed that a proposed education-sector loan from the Bank makes no reference to the education-sector content of the PRSP (Chapter 9, Section 3).

Awaiting changes of substance

As we have already implied, there is, as yet, no strong expectation from among national stakeholders that the "objective" relationships with the IFIs are about to change. Indeed, in several countries, including Kenya and Malawi, some domestic stakeholders take a relatively hawkish position on external conditionality as a *sine qua non* of substantial policy change – particularly when it relates to the macro-economic fundamentals. Some of those taking this position would no doubt be happy to see some "streamlining" of conditionalities of the sort the Bank and the Fund have promised (reduction in overlap, etc.). But nowhere were our interviewees taking the position that significant streamlining was on the agenda soon. This refers to IFI conditionality, and not to the mechanisms of budget support by bilateral donors and multilaterals such as the EU, which we discuss in Section 4.

As noted already, the likely persistence of a relatively dense field of traditional conditionalities in our countries' general relations with the IFIs *is* a source of difficulty

for generating a dynamic of national ownership around a PRSP. However, until such time as PRSPs become real strategic documents backed by a domestic political accountability with real teeth,⁹ it seems to be an inevitable constraint that will have to be accepted.

It is less of a problem in those countries where external conditionalities coincide to a large extent with the views of domestic opinion-leaders on the basic policy parameters. It is more of a problem, as in the case of the privatisation of Mali cotton marketing and different levels of enthusiasm for the Social Action Fund approach in Malawi, where there are solid arguments, as well as mutual accusations about institutional self-interest, on both sides of the debate. As we said with reference to the HIPC triggers above, the national ownership of the PRSP-preparation process is compromised when the government, for the sake of consistency, includes in the strategy policy commitments that it has entered into under some degree of financial duress.

This threatens to reproduce within the PRSP process the same pattern of nominal compliance, leading to non-implementation that has been identified in the research literature as the bane of policy influence by conditionality. It is worth noting that this could happen without any direct involvement of the IFIs or explicit reference to actual agreements. The phrase “self-censorship” is used in the Ghana country report in reference to the work of some of the PRSP Core Teams (which are exclusively staffed by Ghanaians): the teams are, among other things, making judgements about what they think will be acceptable to the IFI Boards.

To conclude, let us say again that in all these cases the damage to the PRSP process will be greater if the agreements in question are not public. Domestic stakeholders can very often live with IFI conditions that they disagree with. There is rather general opposition to agreements that remain secret.

How are donors supporting the process?

This study is concerned with two major sets of questions about donor attitudes and conduct, which we deal with separately. The first concerns how they are responding to the initiative and the process in-country; whether they are supporting it, and if so, how effectively (including the coordination of such efforts). The second covers the broader agenda of changing the aid relationship in the direction of a more equal partnership, and the coordination of aid under recipient-government leadership. In the medium and long term, the second is the more important set of topics. We address it at the end of Section 4. Here we deal only with the first.

Again, our results are non-systematic. In some respects, even a crude questionnaire survey would tell us more. However, the strength of our method may be that it permits some probing beneath what donor informants would readily concede in

⁹ It should be borne in mind here that while we assess the latter aspect to some degree in Section 5, the former has not been included in our terms of reference and would have been difficult to undertake at such an early stage in the process.

response to a questionnaire, by combining the results of open-ended discussions with both donors and other well-placed observers.

Over the period of our research, it seems clear that bilateral donors, the EU and the UN system have all become more closely and consistently engaged with PRSP processes in the study countries. In some cases, clear policy changes at headquarters have led to a much more vigorous posture in-country (e.g. France and the west-African countries), leading to some concerns about the scale of the support compromising ownership. In other cases, heavy inputs of technical assistance have been provided from the beginning, in forms that are considered by our study teams to be supportive of, rather than substitutive for, national commitments (e.g. UNDP and DFID in Rwanda). However, the level of “buy-in” still varies between agencies, and everyone is keen to emphasise that their continued support depends on the “credibility” of the PRSP process and the quality of the final document.

As noted before, the degree to which donors are participating with their own staff, or funding consultants, in the drafting process varies a great deal between the study countries. Here it is the approach of the recipient that matters, not that of the donor.

With regard to effectiveness, our reports say that a sound mechanism of pooling support funds, and disbursing them through the national Treasury, was achieved in Kenya; but that in Mali it was not possible to achieve this, or achieve it in a timely fashion, with the result that donor support to the process tended to reproduce the defects of all other aid to the country. In the Mali case, different donors funded different “clients” to do different things, which has done little to weaken the general tendency – observed particularly strongly but not exclusively in our Mali and Benin chapters – for all aid to contribute to the balkanisation of national institutions and the reinforcement of rent-seeking behaviour among national professionals. These extremes represented by Kenya and Mali probably indicate quite well the range of experience across the eight countries.

Summing up

This section has limited itself to a review of stakeholder responses to the PRSP initiative within countries. Among national stakeholders, responses have become more homogeneous as initial upsets reflecting previous histories have been overtaken by the dynamics and demands of full-PRSP preparation. Knowledge about PRSPs is not as narrowly spread as it was, but in most countries still does not extend across government and into local government. Understanding of what is potentially involved is characterised both by significant gaps – e.g. that there are HIPC2 triggers, as well as PRGF benchmarks, running in some sense parallel to the PRSP process – and also by legitimate queries about what this implies. While national observers doubt that changes in the scale of external conditionality are on the immediate agenda, they are not highly conscious of the degree to which this matter lies in their own hands.

Doubts persist about the level and nature of governments’ commitments to the PRSP process. But government actions have been substantial and display a significant pattern. Already PRSPs have wrought significant change, by bringing poverty reduction into the mainstream of the policy process, out of the social-sector

ghetto and into the same institutional home as the budget and the management of public expenditure. The arrangements for PRSP drafting have had a somewhat mixed record to date. While in some countries means of easing the strains placed on government capacity by the PRSP exercise have been successfully exploited, the phenomenon of review-process overload needs attention.

We have distinguished issues of style and substance in changing IFI behaviour. It is only the former that seem likely to change in the near future, with the effect that there will inevitably be tensions between PRSP drafting efforts and commitments that governments have already entered into. However, further changes in style should be expected, including whatever is necessary to ensure that government commitments do not remain secret. This would encourage synergies between external conditionality and domestic accountability.

Donors have been supporting PRSP processes on a suitable scale. But the modalities of this support are innovative and well-coordinated only in some cases.

4 Potential for institutionalisation 1: PRSPs and public management reforms

One of the earliest observations from our scoping study is also one of the major findings of this final report. This is that the ability of the PRSP initiative to shift national poverty policies in the direction of better design and implementation is critically influenced by the density of previous reform effort. This refers particularly to reforms of public finance management, such as those associated with outcome-oriented budgeting (programme budgeting) and Medium-Term Expenditure or Fiscal Frameworks (MTEFs/MTFFs). It also includes public-sector reforms intended to shift staff performance incentives in a more results-based direction, while also improving transparency and accountability.

This section is devoted to three particular aspects of the interface between PRSPs and public management reforms:

- how does the status of public management reform efforts affect the prospects of institutionalising the PRSP approach?
- granted the importance of these other reforms, what is the added value from a PRSP?
- what evidence is there of donors and IFIs altering their behaviour in the expected ways?

Changes in public finance management

Initial differences again

The degree to which results-oriented reforms of public-finance or civil-service management were already in place and making headway was found in the scoping stage of the study to be a principal determinant of stakeholders' understanding of the purpose of the PRSP exercise. What might be involved in a *national* poverty-reduction *strategy* was clear enough to officials who had already been involved in MTEF discussions, concerned with defining medium-term priorities on the basis of resource ceilings and outcome objectives. In such cases, the notion that resource ceilings should include the totality of public resources, including donor and government funds, and both capital and recurrent expenditures, was accepted in principle. This provided a fertile soil for acceptance of PRSP/CDF principles.

It has to be said that, even in the best of cases, partnership-oriented, results-based thinking was not widely shared outside a core team within the central economic ministry. Where, in addition, some progress had been made towards implementation of results-based principles in civil-service reform, a somewhat wider constituency was involved. In all cases, the foot-hold for these ideas was tenuous. Nevertheless, even such a narrow basis was enough to make a significant difference as against

countries where little or no progress had been made with public-management reforms.

This has been confirmed and reinforced by the larger body of evidence produced in the second phase of the study. As reported in the last section, countries are without exception investing substantial effort in their PRSPs; but understanding of what this is for is really quite uneven, between as well as within countries. The degree to which it is being treated as a new departure, involving a substantial break with the more deplorable features of the aid relationship and its negative interaction with the national political economy (Section 2) varies across countries. Moreover, it seems to vary systematically with the progress that has been made with previous initiatives in public management and especially public-finance management.

Without exception, the countries where PRSPs involve little more than a repackaging of existing poverty-focused projects and programmes are countries where public-management reforms are stalled or otherwise in trouble. This may, of course, reflect something deeper about the countries concerned, their political or social systems and their history of external relations. But let us not overcomplicate the matter.

The importance of the broader reform record is not limited to its effects on the perceptions and understanding of stakeholders. It also, and perhaps more importantly, affects the degree to which the PRSP is likely to be realistic, grounded in a clear sense of priorities and capable of being implemented.

Why budget reform matters

Unless some mechanism is in place for assessing overall resource constraints (including, crucially, the national resources that set limits on the successful absorption of foreign funds) unrealistic wish-lists are likely to take the place of priorities. Unless ministries and local-government authorities have started budgeting by objectives, they lack any mechanism or incentive to contribute or respond to strategic policy making. Unless the Ministry of Finance is capable of enforcing expenditure ceilings and limiting ministries' ability to do their own deals with donors and lenders, PRSP priorities will not begin to be respected. So long as civil servants can get better and more interesting work by selling their skills to projects than by improving and implementing government policies, PRSPs will have no more value than previous unimplementable poverty policies.

The country studies are unanimous on this point. Very little will be achieved by PRSPs if they are not complemented by increased impetus to a range of public-management reforms. PRSPs might in fact be presented as one part of a jigsaw puzzle, of which the centrepiece is the sort of exercise in medium-term financial planning associated with MTEFs. There are both negative and positive cases that support this view of the matter.

Negatively, the doubts expressed in the Benin chapter about PRSP implementation prospects are strongly connected to worries about the slow implementation of the programme budgeting and the failure of Bank-supported accountability reforms to touch the core problems of corruption and arbitrary power. In view of the nature of socio-political relations at the local level, decentralisation too emerges as a

precondition for anything that would count as implementation of an anti-poverty strategy (Chapter 2, Section 4).

In Mali, the inability of the Ministry of Economy and Finance to impose budget discipline on the rest of government is a fundamental stumbling block. In theory, programme budgeting has been being implemented since 1998, but little progress has been made. Lack of some of the requisite technical tools – macro and sectoral models, etc. – seems to combine with the overwhelming availability of project funding to create a wholly unpropitious environment for the PRSP.

MTEFs and PRSPs: obstacles and synergies

In both Ghana and Malawi the stalled implementation of MTEFs, after several years of effort, appears a substantial obstacle to making PRSPs effective in those countries. Not only does it hinder a link being established between the strategy and the budget and its execution, but the enforceability of a range of other public governance reforms is conditional upon the linkage of funding to institutional performance that the MTEF promised.

In the Ghana case, the institutional arrangements are peculiarly unfavourable, however, and even if the MTEF had not been thrown into disarray by fiscal mismanagement and bad luck in 2000, it is not clear that a good relationship between the PRSP and the MTEF could have been established. At present, there is “almost no linkage of PRS to MTEF”. In Malawi, the PRSP and the MTEF are not institutionally disconnected, but fiscal discipline has been seriously undermined by political decisions, and the old line-item approach to budgeting is said to be reasserting itself, reversing the gains made in previous years (Chapters 3 and 5).

Even in Tanzania, where the MTEF is not described as stalled, not enough has yet been done to give confidence that a virtuous circle of interactions between the PRSP and the central resource-allocation processes is about to be created. The fact that cash-limited budgets still have to be resorted to (the Treasury only disburses monies that it has in hand) means that sectoral MTEF ceilings do not lead to predictable disbursements, thereby reducing considerably the incentive-effect on line ministries (and in the near future, districts). This is unquestionably a drag on the implementation of Tanzania’s PRSP. Meanwhile, the sequencing between budget reform and the ongoing fiscal decentralisation and public-service reforms is also potentially troublesome (Chapter 9, Section 4).

Many of the other countries in our sample are at an earlier stage in the implementation of public-finance reforms. But with that qualification in mind, they provide some positive lessons, underlining the usefulness of a close and synergistic relation between PRSPs and MTEFs and associated budget reforms. Kenya, at least until the sacking of key members of the Economic Recovery Team in April 2001, was a good example of MTEF-PRSP synergy, even though the wider field of accountability local-government reform has remained highly problematic. The potential for an integrated evolution of MTEF reforms and efforts towards PRSP design and implementation also exists in Mozambique and Rwanda. But is clear in both cases that much work remains to be done, and that capacity to do it is very limited.

Do PRSPs add value to public management reforms?

We have argued that PRSPs need MTEFs and other reforms of the same type. We have even suggested that MTEFs might be regarded as the centre-piece of a cluster of reforms on which both the likely character and the implementability of a PRSP depends. This naturally raises the question of how much the PRSP initiative contributes as such. If MTEFs and related governance reforms are what really matter, is there added value from having a PRSP as well? The question has particular point where, as we have seen is the case in a few countries, the two exercises are being led by the same over-stretched officials, with possible damage to the quality of each.

We can be relatively sanguine about this. First, it appears that, on balance, the PRSP initiative is helping to push forward and even give new impetus to the other key changes that are needed. Second, the PRSP process is delivering certain things that the other reforms, which are mostly technocratic if not technical in character, cannot possibly deliver.

The impact on other reforms

As regards the impact on other reform processes, the country findings are certainly mixed, but on balance encouraging. Ghana remains an exception; the PRSP seems to be so institutionally segregated that it is having few effects, either negative or positive, on the wide range of other reforms that are under way (which include, ironically, some of Africa's most advanced SWAPs). In both Kenya and Benin, in contrast, it is thought that the joint impact of the MTEF and the PRSP will be stronger than either would have been on its own, including the degree of encouragement provided to donors and IFIs to shift their aid instruments towards budget support. In both those cases and many others, such a change in aid modalities seems essential if poverty-reduction is to be "de-politicised", in the sense of becoming less tied up with particularistic patronage politics.

For Malawi, there seem to be doubts about whether the PRSP, or anything short of a political change at the top, will do anything to revive the MTEF. There is also a suggestion of perverse effects, not from the PRSP (which has contributed to greater openness and thus to the potential for greater accountability), but from the associated HIPC2 funding. This has been channelled through a special account at the central bank, in a non-transparent fashion, which represents regression after a period in which concessional funding was becoming more mainstreamed through the budget (Chapter 5, Section 4).

From both Malawi and Mali, there are indications that even if the PRSP cannot do much for the national budget progress, it may have given impetus to some sector plans, thereby encouraging the development of common-basket funding of the SWAP type. In contrast with previous poverty-policy exercises in most countries, this stimulus may not be restricted to the "social sectors" that have been considered the particular preserve of poverty-reduction efforts. As emphasised in the Tanzania and Mozambique chapters, it may extend to agriculture and cross-sectoral policy areas

such as HIV/AIDS and environmental sustainability. At least, the potential exists for imaginative new approaches in these areas, with governments leading fundamental rethinking rather than being content to allow policy to be driven by offers of project funding.

Opening policy spaces

There is a fair amount of evidence, then, that PRSPs are doing something to propel the other reforms on which their implementation depends. This seems to outweigh any weakening of them as a result of over-burdening the implementing authorities. To that we need to add that those other initiatives could not conceivably provide the most important thing promised by PRSPs.

Given what we rehearsed in Section 2 about the way policy is made in the countries in the study, the essential innovation of the PRSP is to open up public debate on poverty and poverty-reduction issues. Potentially, a PRSP process creates policy spaces in which more voices can be heard and chronically neglected policy bottlenecks can be exposed to a wider national constituency. This is a vital complement to the kinds of rather technocratic processes upon which the other changes rely. How far is this actually happening? We take up that question in Section 5.

Donor and IFI behaviour and commitments

Both PRSPs and MTEF-type reforms are supposed to lead to changes in aid modalities and donor behaviour. That is a strong part of their rationale, given the recognition that established ways of delivering development assistance are in many respects counter-productive.

Expectations on this obviously need to be restrained. From what is known about the condition of public-expenditure management and accountability systems in the study countries, it is to be expected that most donors will have strong reservations about abandoning long-established methods for projectising, ring-fencing, earmarking and otherwise protecting their aid from misuse. They may have good grounds for this, even while recognising that it is at some cost to the overall rationality of the aid system and positively damaging to the prospects of improving government capacities.

As argued in Section 2, however, this understandable caution forms part of a vicious circle that constantly reproduces institutional aid-dependency, *rentier* behaviour and weak capacity. Somehow, the vicious circle needs to be replaced by a virtuous one linking the mainstreaming of aid with government-in-the-driver's seat, and enhanced accountability, capacity and morale. That is unlikely to be achieved if changes are concentrated on only one link in the chain of interacting causes. In other words, donor behaviour needs to change *ahead* of what are normally considered minimum preconditions if there is to be a reasonable chance of setting in place a virtuous circle.

To what extent is this radical argument being accepted? Have PRSPs helped to make it more compelling?

Difference among donors

As explained in some detail in the Benin report, donors typically fall into three different camps when it comes to their willingness to move away from pure project assistance in the direction of more programme-based modalities (SIPs, SWAPs with earmarking, SWAPs without earmarking, budget support, three-year commitments, etc.). In Benin, none of the donor groups is considering going all the way at this point, and the two largest bilaterals are firmly in the conservative camp. Caution may well be justified in the Benin case in view of the country's political economy and the limited progress that has been made with many of the relevant reforms. However, the study team also suggest that these are not the only factors, and that sooner or later the agencies in question will need to ask hard questions of themselves about the reasons for their attachment to the project modality (Chapter 2, Sections 4 and 6).

A somewhat similar story applies in Mali. An additional observation is that the World Bank is among the agencies not willing to channel funds through the national Treasury. Whereas in some countries the Bank provides a good example to bilaterals by channelling all programme and project funding through the Ministry of Finance and avoiding "direct" project funding, in Mali there are still special funds for safety-net purposes, effectively splitting the national budget. Some progress has been made on this issue but not enough (Chapter 6, Sections 4 and 6).

Ghana is once again a rather anomalous case. Donors have in recent years taken substantial steps towards programme funding, in the form of SWAPs in several sectors. However, these changes predate and are in no sense a response to the PRSP, which has yet to have a significant influence on donor intentions in respect of aid modalities.

Agreeing to disagree?

In Kenya, the PRSP initiative prompted a vigorous debate within the local donor community over the wisdom of alternative aid modalities. In this case, the options for donors were closely bound up with alternative national approaches to anti-poverty programming. As noted earlier, the National Poverty Eradication Plan, completed in 1999, provides a ring-fenced fund administered by a unit under the Office of the President. It provides various attractions, including a bottom-up design and implementation process and guarantees against large-scale misappropriation. With the arrival of the PRSP and MTEF, it appeared to some to enshrine many of the limitations of the traditional project approach, including an association with patronage politics (Chapter 4, Box 2). Agencies with known commitments to budget support and project modalities, notably DFID and GTZ respectively, took corresponding positions on whether the NPEP should continue to have an important place within the PRSP framework. Different assessments were made of the risks attaching to each major option.

Kenya must be considered a case where the arguments are finely balanced. It is not obvious that either perspective is wrong, given the facts of the Kenyan situation. What is worth stressing, however, is a point about the way this debate has been conducted.

Our study team found the debate rather unrestrained at the beginning of the PRSP process, with some damaging consequences for the Kenyan institutions involved. Subsequently, it was moderated, with a greater tendency to recognise merits in both points of view, or at least the wisdom of agreeing to disagree while the Kenyan politics of the issue worked itself out. While noting the improvement, the Kenya chapter recommends strongly that, in future, the necessary dialogue between donors on such questions should take place sooner rather than later, to avoid damaging side-effects.

Breaking the circle

The remaining three countries in our sample (Mozambique, Rwanda, Tanzania) are all instances where a larger or smaller group of donors *is* taking on board the argument for assuming a measure of risk in order to kick-start a virtuous circle. The Tanzania case is one in which no less than eight donors are contributing to Poverty Reduction Budget Support and agreeing to do so without all the requisite changes in the fiduciary framework yet being in place. The commitments are being assessed ex-post on the basis of PRSP targets and indicators (Chapter 9, Section 3).

Another group of donors in Tanzania are putting their country programmes “in the framework of the PRSP” in a more conservative sense, by describing their existing priorities and commitments as support to parts of the national strategy. This is, self-evidently, not so helpful to establishing a virtuous circle of change (although it is better if the existing commitments have roots in a genuine Sector Development Programme to which the relevant national stakeholders are committed). In Mozambique and Rwanda, this more risk-averse (or inertia-driven) approach seems likely to remain the majority position, especially because of the questions surrounding the underlying political processes in both countries.

According to our argument, it is important for donors to be doing what they are doing in Tanzania. That gives strong reasons for being concerned, as we were in Section 3, about the quality of the PRSP documents and the commitments they contain. This is rightly a particular concern of the EU, which has adopted this type of strong linkage of its budget support to PRSPs as a general policy principle, to be applied in its relations with all ACP countries. The agencies providing PRBS in Tanzania are worried that the targets and indicators in the PRSP may not prove sufficiently robust to guarantee that money has been well spent. This is going to be a crucial general issue.

As noted in Section 3, it is by no means clear that national stakeholders have sufficiently appreciated the point that PRSPs will only be capable of displacing traditional aid conditionalities if they are of high quality – that is, incorporate tough-minded thinking about ends and means, and realistic assumptions about implementation obstacles. That does not only apply to the eventual streamlining of

IFI conditionalities, as discussed in Section 3. It is also relevant to the current arrangements for budget support by donors.

Summing up

The degree to which countries have advanced down the road of public-management reform, especially in regard to public-expenditure management, makes a critical difference to the way the PRSP initiative is received, and the likely impacts in the immediate future. Set-backs with budget reform and MTEFs are among the main obstacles to making current PRSPs implementable. Synergies between PRSPs and MTEF processes are notable. In all cases, PRSPs seem to add value, both by boosting the other reforms on which they depend, and by opening new spaces for policy debate. Meanwhile, donors and IFIs are continuing to take different views as to the preconditions for moving away from project assistance and towards forms of programme support linked to PRSPs. Some, however, are accepting that a measure of risk-taking is necessary if a virtuous circle of change is to be substituted for the recognised weaknesses in the current aid relationship.

5 Potential for institutionalisation 2: towards participatory policy making?

We have said that a principal part of the value-added from the PRSP initiative – relative to the gamut of other reform initiatives – is that of helping to create a wider domestic constituency for pro-poor policy and its more effective implementation. This is the job of the “consultation” dimension of the PRSP, which is arguably the most important dimension.

If PRSPs prove more effective and sustainable than previous poverty-reduction plans, it will be not only because they are better linked into mainstream resource-allocation processes, but also because they are the product of a more inclusive and participatory style of policy making. We therefore need to know:

- ❑ to what extent the PRSP process itself has generated, or will generate soon, something that could be described as participatory policy-making;
- ❑ the degree to which it may have contributed to medium-term processes that will produce a wider involvement of national stakeholders in debate on the issues that matter to pro-poor policy (taking into account ongoing processes of change of a more general sort in the national policy process and its institutional framework);
- ❑ what are the key limitations of, and constraints on, these processes to which greater policy attention might be given, by governments, IFIs or donors?

PRSP consultative processes: immediate and prospective contributions

The first two bullets will be handled together. In December 2000, we reported limited findings on the basis of iPRSP experience and argued for modest expectations about the depth and quality of the participatory processes that would be involved in the preparation of full PRSPs. On the other hand, we suggested there could be significant second-round effects. That is, as a consequence of the PRSP initiative, NGOs and civil society organisations would be prompted to become organised and develop capacities for policy dialogue, overcoming previous deficiencies in these respects. This could happen in time to permit more effective participation in subsequent policy debates and PRSP reviews.

Both expectations have been confirmed by the completed Phase 2 country studies. However, there are some partial exceptions on both counts.

Current weaknesses

We will not attempt to summarise all the details of the consultation process undertaken in the eight study countries, but only give an overall flavour of what has been involved. In all cases, the full PRSP will have been affected to some degree by a national consultative process. In most cases, this has been in the form of national

and regional workshops (the scale and number of the latter varying considerably from case to case). While in several instances, the process has been unprecedented as an exercise in policy consultation (“the most participatory policy process in Malawi to date”), it has often been less than completely inclusive of interested groups and parties.

Overall, more efforts seem to have been made to include NGOs than membership organisations that might seem in principle to have greater claims to represent civil society. For example, in Mali neither the trade unions, nor the important Cotton Producers’ Association, participated. Private sector input was also notably lacking. The meaning of “CSOs” seems to have been largely restricted to NGOs, despite the fact that, in the assessment of the study team, these are lacking in both legitimacy and technical capacity (Chapter 6, Section 4).

In several cases, non-governmental or private-sector organisations have organised parallel consultations, sometimes with separate donor support (Mali, USAID; Benin, DANIDA, Netherlands). This was out of a sense that either the timetable or the procedures proposed by government were unsuitable, although in the case of Mali it is reported that the NGO exercise was completed in less time than originally scheduled by government. Elsewhere, protests at the narrowness of government proposals in the iPRSP phase led not only to a broader consultative process, but also to the inclusion of NGO-network representatives in thematic or sectoral working groups (Malawi Economic Justice Network).

Parliamentary institutions have generally not been centrally involved in PRSP consultations. At the extreme, Rwanda has no elected national assembly. The participatory poverty assessment and other exercises undertaken in connection with the PRSP are ambitious and innovative in the context. However, they and ongoing efforts to rebuild national unity (with which they are apparently not well-connected) are deliberately working strictly from the bottom-up, starting with base communities rather than institutions of any sort, since even the churches are still felt to be compromised by their role in the genocide (Chapter 8, Section 4).

For Mozambique, too, it is reported that none of the planning instruments used by government are subjected to parliamentary debate. Opposition political views are not solicited by any other means either (Chapter 7, Sections 2-3). While this has to be seen in the context of the delicate and particular post-conflict political situation in that country, the tendency for PRSPs to be seen as technical planning processes that are properly the affair of the government, and not a subject for party-political debate, is rather general.

In many cases, there are currently concerns that the ideas and preferences expressed during the consultations will not figure as centrally as they should in the final drafting of the PRSP, which in all cases is a rather more closed process. We leave on one side for the time being the question of the quality of the inputs that are being offered.

And some strengths

The general picture, then, is that the consultation processes have been more substantial than many observers expected in late 2000, and certainly more so than anything than was done during the preparation of the iPRSP. On the other hand, for most countries the words of the Mozambique report apply: although “a promising start”, “the consultations offered substantially less than full civil-society participation” (Chapter 7: 9).

This somewhat faint praise calls for some qualification. Even experienced national observers of the process in Kenya regard it as having been, by all relevant standards, not only efficiently-organised but wide, deep and strongly “owned” by all of the participant groups, if not by the national political leadership. The Kenya chapter reports that the process generated considerable national attention, partly because the spending of a relatively large sum of money on “just talking” was picked up aggressively by some MPs and by the mass media.

Despite this, and perhaps a little because of it, the process is credited with raising the political profile of poverty issues. The ambitious scope of the consultations outside Nairobi also led to important gains in terms of NGO networking (national NGOs better connected with those operating in the districts); better working relationships between local governments and church and development organisations in some districts; and benefits in terms of self-organisation and raised expectations in some communities. Several of these gains were due to the way the funding served to involve a suitable range of Kenyan organisers and researchers with relevant experience (Chapter 4, Sections 3 and 6).

Second-round effects

The Kenyan case notwithstanding, we maintain our claim that the possible second-round effects are going to be generally more significant. In some countries, second-round effects started relatively early, leading to some concerns that they may not be sustained. The iPRSP process in Malawi stimulated the creation of a new organisation, the Malawi Economic Justice Network, which has been a vocal and effective (which is not to say decisive) actor in the process to date.

In Tanzania, the consultation on the full PRSP was much criticised by the NGOs at the time, but it did prompt a flurry of organisation, communication and coalition-building that significantly improved their capacity to engage in policy dialogue with government and other actors. The first annual review of the PRSP was the occasion for further debate, in which NGOs participated. However, some of the more articulate NGOs – such as the gender network, which benefits from involving both academics and grass-roots’ activists – are becoming critical of the rather “instrumental” approach of both government and donors to encouraging NGO involvement (Chapter 9, Section 4). This suggests that careful thought needs to be given to appropriate means of maintaining the momentum for dialogue and advocacy on policy issues.

In Kenya too, there is a commitment in principle to maintaining the involvement of NGOs and academics after the drafting process is finished. The set-up for PRSP

monitoring (to which we turn in Section 6) is one way of doing this. But it may need to be actively promoted if a discouraging phase of de-mobilisation is to be avoided.

In sum, in most of our countries there seem to have been spin-off benefits for NGOs, including a greater orientation to poverty as a policy issue – not just a focus for projects; more effective networking among those organisations that already have some limited capacity for engagement on policy discussions; and identification capacity-building needs that might be addressed in the coming years if resources are available.

An exception in this respect seems to be Ghana, where a galvanising of NGOs for policy dialogue occurred to some degree under the World Bank's Structural Adjustment Participatory Review Initiative (SAPRI), but has not entered a new phase with the PRSP. This is consistent with the general finding for Ghana that the PRSP has not appeared a very weighty matter in the consciousness of the government and the general public. Although the new administration has devoted somewhat more energy to PRSP preparation than the former government, it did not alter the institutional set-up or give the process a distinctly higher political profile. The NGO response has been correspondingly weak.

What is civil society?

A difficult question is whether – in the cases where they are definitely occurring – the above kinds of spin-offs from the PRSP design process will come to be regarded as significant transformations in the way countries make policy. They could easily be portrayed negatively just as a new means by which donors ventriloquise their ideas about development. This brings us back to the question whether PRSP processes are not currently skewed a little too much in favour of the new “civil society” of donor-linked NGOs, and too little to political and civil society in the traditional European sense – trade and professional organisations, political pressure groups, parties, parliaments and their committees.

The background to this issue is, of course, that the latter are typically poorly organised, under-resourced and often severely compromised – as vehicles for new policy agendas and independent pressure on government – by their involvement in networks of patronage. On the other hand, NGOs are not necessarily any less a part of the “system”. The Benin chapter is eloquent in portraying them as integral to it, while reminding us that in its classic sense, civil society is a sphere that is both non-governmental and non-profit (whereas most local NGOs are for all practical purposes private businesses). In Mali, the president of the National Assembly is famously quoted as not recognising any significant civil society in the country other than that represented in parliament: “*La société civile, c'est moi!*” (Chapter 2, Section 2, Chapter 6, Section 4).

However, it may be necessary to recognise national diversity in addressing these questions, and it is unnecessary to go to extremes in either direction. It would not be sensible to discount the potential of a largely extra-parliamentary process in countries like Kenya that have substantial civil societies and private sectors, independent mass media and a large intelligentsia. As the Kenya chapter says, this does not mean that it was wise for the consultations to have by-passed parliament to

the extent that they did. This provoked some opposition to the PRSP that could and should have been avoided. The best hope is that, as some signs suggest, the response of MPs to their marginalisation from this process will be to enhance recent tendencies for them to demand greater involvement in scrutiny of what government is doing. This could be particularly significant in relation to the budget.

On the other hand, this does not imply that in any case it would be wise for PRSP consultations to be *restricted* to parliamentary parameters. Even in countries where parliamentary institutions function a great deal better, and party politics is more concerned with principles and less with personal loyalties, major changes in policy occur typically through an *interaction* of parliamentary and extra-parliamentary, social movements.¹⁰ If PRSPs are to be a significant innovation, this will have to be true of them too.

Key limitations and constraints

At the end of the first cycle of full-PRSP consultations, it is important to reflect on the way issues have been handled as well as on the types of institutions that have been involved. Have new ideas been generated that might lead to more effective poverty reduction? If, as expected, the results on this score are not particularly encouraging, there needs to be a discussion about whether there is anything that might be done that would significantly improve quality in this regard.

What do PRSP consultations contribute to better policy?

A general observation in the country studies is that PRSP consultations, as they are presently being conducted, generate “shopping lists” or “wish lists”, not careful prioritisations or fresh thinking. This is probably inevitable. It is arguable that all that can be expected is that such expressions should be taken into account, and intelligently assessed; and that the actual design of policies and actions has to take place in the technical working groups.

It may not be particularly important, in that sense, that in mass consultations, the demands that are heard tend to be of a “trade unionist” sort – that is, unrestricted and driven by sectional concerns and interests. What matters is that in such processes some voices are heard that are not usually heard, not heard so loudly or not heard by such senior officials. It would be welcome however if, among the welter of known concerns, there were also to be found some good ideas about how to deal with entrenched problems and what the real obstacles to better performance are.

The more encouraging signs in this respect are modest and anecdotal, but not for that insignificant. From Kenya, it is reported that concerns of pastoralists were articulated more effectively than usual. In Benin, senior planning officials who for the first time travelled outside the capital for the purpose of explaining government

¹⁰ A promising development in several countries is the establishment of regular links between parliamentarians and research-and-advocacy NGOs, with the latter providing briefings to support parliamentary questions or committee work. The Malawi chapter has an example (Chapter 5, Section 4).

policies were surprised to learn that the principal problem in rural primary schools is that teachers do not turn up to work. In Tanzania, primary-school fees were abolished, taking into account the frequency with which school fees were cited as a constraint on poor people during the consultations. In other words, the consultations have to some degree functioned in the way that PPAs have sometimes done, drawing the attention of senior planners to issues of policy or implementation of which they ought to have been aware but perhaps were not.

This sort of thing is not unimportant but it is no substitute for the sort of thorough scrutiny of the problems in a given sector that makes for sound policy. It also presents the danger that politicians will be jumped into making policy “on the hoof” in response to well-expressed public pressure, and will make mistakes as a result.¹¹

A further issue is the tendency noted in a number of our country chapters for the discussion of poverty-reduction policies to be limited to public-expenditure options and other “technical” issues, and to skirt around structural-reform questions and anything that might be deemed political. Thus, issues of family-law reform and land distribution were effectively ignored in Benin, despite the evidence suggesting these as critical to the causation of poverty in the country. Women’s inheritance rights were not come to the fore in the Tanzanian PRSP debate. Nor did corruption and its causes.

How might processes be improved?

The country chapters contain a number of efforts to explain the limitations of the current round of PRSP consultations, drawing on the stakeholder interviews. Cultural factors loom large in this. Government in Ghana is said to have a top-down culture that prevents it effectively listening, even when participatory events are organised. In Rwanda, there is what is termed a “culture of obedience”, as well as no doubt enduring fears about personal security and freedom, that discourages people from expressing their real concerns. In Tanzania, the rural masses are said to have become both demobilised and disengaged during the era of economic and political liberalisation, so that reviving real interest in politics and policy may take a long time.

Similar things could be said about the other countries. However, against this it should be pointed out that many of the limitations pointed out above are fairly general to public consultation exercises everywhere, including in very rich and democratic countries. They could almost be said to be inherent in the more unstructured types of participatory policy making. Recalling that, in addition, we are dealing with societies where taxation, and particularly income taxes, is an insignificant revenue source compared with foreign aid, the level of citizen engagement shown within PRSP consultations is actually quite remarkable.

What this suggests is that reviews of the experience of PRSP consultation should be paying attention to ways of structuring consultation that improve the quality of policy inputs. This is not necessarily a case for making it more formal, and certainly not for

¹¹ An example from an actual country, but not in our sample, is the cancellation of user charges in major hospitals as well as primary health centres, on the understanding that this will favour the poor, which has generated chaos in the referral system and mis-targeted the element of subsidy.

limiting it exclusively to the institutionalised political processes of countries. It does, though, mean addressing seriously the role of parliamentary committees, and the possible synergies between them and advocacy groups. It means making them more broadly political, in the sense of embracing organised as well as unorganised opinion. Whichever institutional framework is used, it involves getting the balance right between political pressure and technical quality. It may be possible to try out some new ways of combining these elements in the framework of PRSP monitoring, to which we are about to turn.

Summing up

We began our assessment of participatory policy making around PRSPs with the expectation that second-round effects would be a great deal more significant than immediate achievements. The country evidence seems to confirm that expectation, while also providing at least one example of a consultation exercise that was itself quite beneficial. The observed bias towards NGOs, as opposed to political and civil society in the broader sense, is easier to explain and justify in some cases than in others. In all cases, this would seem to call for some further consideration, especially where parliaments and their committees are concerned. More active relations between parliamentarians and the new, advocacy-oriented NGOs are to be expected and encouraged.

On the evidence so far, PRSP consultations can contribute some things to better policy. However, if they are going to come up with sound, hard-hitting policies and programmes, PRSP processes are going to need to establish a different sort of relationship between the technical and the consultative aspects while also making the latter more inclusive.

6 Monitoring and information for PRSPs

Monitoring arrangements are an important focus of this study, but they have been generally the last things to be considered within PRSP processes. In most iPRSPs, and even in quite advanced drafts of full PRSPs, the proposals under this heading are usually rather thin and problematic. However, some interesting options and instruments are now beginning to emerge.

We consider the experience on monitoring and information under three headings:

- the general approach to monitoring as evidenced by the selection of core indicators for the PRSP;
- the anticipated relationship between the supply of and demand for poverty-related information;
- the roles donors are assuming in relation to PRSP information requirements.

Approach to monitoring and suitability of indicators

What is PRSP monitoring *for*? What is its purpose? Most African PRSP documents until now are rather unclear on this issue, as reported elsewhere (Booth and Lucas, 2001). One result is that the required selection of indicators to be the basis of monitoring continues to be rather indiscriminate. Although they purport to be strategic, the documents are typically weak in the “middle”. They do not explore very well how the prioritised actions can be expected to be better at achieving the outcome objectives than similar actions have been in the past. The critical intervening variables have not been identified, so it is not clear what are the critical things that need to be monitored.

The case-study countries do not provide any exceptions to these generalisations, with the proviso that the full PRSPs are not yet finished in most cases. For several countries, we report that further work is being done to refine an initial indicator list. However, as observed more generally (*ibid*) there is a rather heavy focus on measuring final outcomes or impacts for poor people – that is on the Goal level in logical-framework terms. Intermediate results get relatively little attention. Consequently, attention is being given to types of information that will be relatively slow to arrive and hard to interpret from a policy-assessment point of view. Sources of quick feedback, which could suggest timely policy correctives, are being neglected.

There is some danger that the emphasis that has been placed on results- or outcome-orientation in propagating the PRSP idea (and the CDF idea before it) has created the impression that it is only the final level of outcomes that is now worthy of serious attention, so that monitoring inputs (e.g. tracking public expenditure) and intermediate outputs and outcomes can safely be downgraded. Alternatively, it may just be that deciding on what needs to happen “in the middle” to achieve agreed goals is always the hardest part. It may be, too, that there is sound and relevant

thinking in the framework of certain sector programmes that is not being sufficiently used, as suggested for Mali.

This insufficiency recalls what we said about stakeholder perceptions of the PRSP initiative, in Section 3. There is, as yet too little general appreciation of the potential role of appropriate and credible progress benchmarks in liberating countries from external conditionality. The difference between this and second-guessing what it is that the IFIs want to see (or, worse, deciding what targets might most easily be achieved) is not at the moment very apparent.

The design of a monitoring and information system cannot, with the best will in the world, entirely solve this problem. It is a planning problem rather than a monitoring problem. Nevertheless, if PRSP stakeholders can remain involved in arrangements for PRSP monitoring, the latter could provide points of entry back into the strategic debate. If neglected and difficult issues are constantly being raised in a relatively high-profile way by the monitoring authorities, incentives to the better conceptualisation and more effective implementation of poverty-reduction efforts could strengthen.

Poverty information: supply and demand

What sorts of monitoring systems are currently being proposed for PRSPs? We can separate this question into two parts. There is the matter of how the necessary information is to be supplied – that is, what instruments are being developed to meet different levels of monitoring. And there is how the demand for, and use of, information is likely to evolve. We consider these in turn.

Improving the supply of information

In principle, a large range of survey- and non-survey data-collection instruments are appropriate to PRSP monitoring. The different instruments have different strengths and weaknesses as applied to the different levels of monitoring (final impacts, intermediate outcomes, outputs, inputs, etc.). Apart from the household expenditure surveys that have led the way on final impact monitoring, there are a range of lighter survey instruments that serve particular purposes, including picking up evidence on intermediate processes. Routine data collected through administrative reporting structures and management information systems have some advantages and some well-known weaknesses. Notably, they are facility-based and hence are bad at measuring the reach of existing services. A range of participatory and more qualitative techniques are also available, including some that have traditionally focused on multidimensional aspects of final outcomes, and others that assess implementation.

It seems clear from our country cases that a large number of new household surveys have been commissioned. The information on poverty profiles and trends is about to improve significantly almost everywhere thanks to PRSP-related initiatives. This is good and particularly important for enabling better diagnostic work that can feed into improved policy designs.

“Light” surveys of different kinds are proposed in several countries (for example, Mali, Mozambique, Tanzania). Uncertainties remain, however, as to whether the CWIQ type of survey that uses a short, machine-readable questionnaire, focusing on service-use rather than expenditure, is going to have a major role to play. Doubts about relative costs, and questions about the usefulness of the service-use results, are still being considered.

Matching the upsurge of household-survey work, participatory poverty assessments are under way in Rwanda and promised in Tanzania. So far, PPAs have focused mainly on assessing impacts and other final-outcome issues such as the meaning of poverty in the eyes of poor people. It is hoped and expected that future generations of PPAs will become progressively more concerned with intermediate processes and policy-implementation issues. The same is true of the units for Qualitative Impact Monitoring (QUIM) that have been set up in several countries (Benin, Kenya, Malawi). In principle there is no reason for such arrangements not to be oriented primarily to providing quick feedback on policies that are being implemented, those that are not, and what immediate difficulties need to be drawn to public attention.

The demand side

There have been previous periods of upsurge in data supply comparable to the one we are observing in connection with PRSPs. The Social Dimensions of Adjustment initiative in the early 1990s led to a significant improvement for a period in the availability of poverty data. It was, however, donor-driven and not sustained. Much of the data was under-utilised. The lack of effective demand from potential users within the country has been a chronic problem.

Demand for information is of course a function of the incentive to use information that is generated by a given kind of public-management system. Once again, the principal constraint on the design of an appropriate monitoring system lies outside the sphere of monitoring. Weak demand for poverty-related information until now is a reflection of the fact that although governments are committed in principle to poverty-reduction objectives, neither ministry budgets nor the employment conditions of civil servants have been closely linked to meeting public-policy objectives.

This is beginning to change, and may have been given an additional fillip by the PRSP initiative, as we suggested in Section 4. The growth of new pressures and demands for accountability from parliamentary and non-governmental sources may also help in the long term. However, the particular challenge that arises, at this point, is how to stimulate new sources of demand for information on an interim basis until the more fundamental solutions have a chance to kick in. What is needed is imaginative stop-gaps that build on whatever strengths the PRSP design process has had to provide a pole of attraction and source of active dissemination for the information that will become available.

A very important point is well articulated in the Rwanda report (Chapter 8, Section 5). What is needed is not simply the analysis and recycling of raw information, but above all better understanding of certain issues. There is, in most countries, a considerable body of dispersed and under-utilised information (Rwanda). There are also data that are in principle available but in practice almost impossible to obtain,

particularly by national researchers and interest groups (Benin). Systematising information and making it available in accessible forms is an important first step. However, what is *most* needed is the building up of a stock of understanding and knowledge about processes that lead to poverty-reducing outcomes. This is a much more challenging analytical task. It is one in which international cooperation has a role to play.

Alternative institutional models

In several countries, poverty *Observatoires* exist or are being set up, with terms of reference that, in some cases, include the full range of tasks just identified. The key question, however, is whether they are set up in such a way as to stimulate data use in a framework of enduring weakness in demand. One approach that has proven its worth in Uganda is to locate a small technical unit very close to the budget office in the Ministry of Finance, so that when the new incentives created budget-reform process begin to generate demand for poverty information, this is immediately noticed and responded to.¹² Mozambique, Rwanda and perhaps Benin seem to be following that model.

In many other countries, the institutional framework has yet to be defined, but poverty monitoring has been historically located away from the Ministry of Finance, in a national statistical bureau, a planning agency or a president's or vice-president's office. The logic that has so far brought PRSPs under the wing of Finance in most countries does not yet seem to have been applied to monitoring. Arguably, that is inconsistent.

It is not a question of centralising all information-generation and utilisation in a single institution. That would be out of the question, and is not a feature of the Uganda model. The monitoring system will always need to involve a network of institutions. That would be expected to include in most cases a statistics department or agency, sectoral planning units, and any non-governmental organisations that have a commitment to participatory monitoring. The question is not whether to have a unit or a network, but whether it is strategic to have a well-resourced and well-placed unit that assumes the principal responsibility for making things happen (as opposed to a mere secretariat, with ultimate responsibilities remaining dispersed).

Most countries have not settled that question, and starting-points vary. At one extreme, in Ghana the statistics bureau has not been involved at all in the PRSP process to date, and the NDPC, which is coordinating it, is considered to have a poor record in monitoring. Neither has any close connection with the MTEF, out of which incentives to use poverty and other performance information might have emerged. Demand for information remains donor-driven. This is one of the reasons the Ghana study team take a very cautious view of the prospects for PRSP implementation.

Tanzania provides an interesting contrast, and a model that seems deliberately to avoid the approach of Uganda. Although the PRSP itself said little on the subject,

¹² In Uganda, poverty-focused public expenditure gets special protection from budget cuts; in preparing their medium-term Budget Framework Papers, sectors of government are invited to make the case that particular programmes should qualify for such protection (see Foster and Mijumbi, 2001, for a full explanation).

the arrangements for monitoring have now been laid out in detail in a Poverty Monitoring Master Plan. Four working groups were convened to cover all aspects of PRSP monitoring, including analysis and research. The agreed arrangements take a broad “stakeholder approach”, in which all interested parties are included and responsibilities are shared out. Ambitious in conception, this may be complex and time-consuming to maintain, and could result in a vacuum of responsibility. Particular doubts arise about whether effective tracking of policies and detection of implementation snags can be delivered by such a system (Chapter 9, Section 5).

A role for PRSP stakeholders

Whichever of these basic models is adopted, it will be important – in the interim before public-management reforms become effective, and probably thereafter as well – to build in the active participation of non-governmental stakeholders. This does not automatically mean NGOs, although in some countries they will be the most appropriate participants. Academics, parliamentary committee people, and trade union leaders, could also be considered. The point is to ensure that PRSP monitoring does not come to be treated as a largely technical business, and that any issues that have arisen in the PRSP design process, whether or not they have figured in the final document, are constantly brought up, and publicised.

The fact that stakeholder committees look like remaining mobilised in some countries after PRSPs have been finalised is potentially very important in this respect. The proposals for monitoring in Kenya seem to point in this direction, although the study team emphasise the continuing need to educate all stakeholders on the potential of monitoring. It is seen as a way of adding credibility to the anti-poverty strategy; as a means of addressing the weak points in the current plan; and as a source of pressure on government to implement what has been agreed (Chapter 4, Sections 5-6).

In Malawi, it does not seem to be settled whether the NGOs will be part of the official monitoring system, or will set up parallel arrangements. The second would provide more guarantees of independence, but might also reduce the influence that can be exercised. Although it is very early to make a judgement, in Benin the proposal is that the committees that presided over the regional consultations will also have a monitoring function (Chapter 5, Section 5; Chapter 2, Section 5).

Donor roles in information systems

The options just rehearsed will, if they are successful, avoid the need for donor-driven poverty monitoring. For the foreseeable future, they will not make it unnecessary for donors to provide funding for data collection and to support research. However, they do underline the importance of revisiting the modalities of donor support for monitoring and information. The case for basket funding, on a grant basis, seems particularly strong, and now that the initial surge of new survey work is over, there is time for this to be organised and to be channelled through the national budget.

To the extent this happens, it should help to prevent the type of unseemly occurrence that has been reported for one country where the sample size of the household survey was determined more by donor disbursement pressure and rivalry than by technical arguments and considerations of sustainability.

There may be a good case for special units, and even projects, to pioneer new methods such as participatory assessment and qualitative monitoring, particularly where the intention is to bring NGOs into a sphere traditionally dominated by government. However, donors should not allow their own delivery mechanisms and convenience to determine this. Nor should they overlook the importance of placing such units where they are likely to have the most influence.

Donors may be able to influence the shape of monitoring and information systems by their contributions to PRSP-related dialogue, as well as by where and how they spend their money. If that is so, they should be offering resistance the current tendency for final-outcome measurement to get all the attention. It has to be recognised that this is related to absorptive capacity (surveys use money quickly and with predictable results; investments in improving MISs typically do not). This applies to PPAs and QUIM as well as to quantitative data: partly because it has been done before, it may be simpler to ask general questions about poverty than to get seriously to grips with why poor people don't use government health services or what to do about crop disease. Renewed efforts are needed to ensure that these more challenging tasks are also tackled.

Summing up

In this section we have reviewed the approach to monitoring and information issues that has been taken in PRSP processes so far, and the issues that need to be considered in the future. Currently, monitoring proposals reflect the main weakness in the strategies themselves, that of being unduly focused on the final objectives and not enough on how they are going to be reached. Supply of information from household surveys and other sources is set to improve, but with a bias towards the measurement of final outcomes or impacts, rather than the intermediate outcomes that are critical to implementation-tracking and policy improvement.

The chronic weakness of domestic demand for poverty information will only be overcome when proposed public-management reforms take effect. But imaginative interim measures could result in information becoming more available, in more accessible forms, with greater efforts to generate the understanding of poverty-reduction processes that is lacking. Among the different institutional models currently being tried, those that concentrate the coordinating responsibility close to the locus of decision-making about resources seem preferable. In all cases, there is a crucial ongoing role for the non-governmental stakeholders that have been involved in PRSP design, and for well-delivered donor support.

7 Conclusions and implications

The previous sections have addressed the main headings of the terms of reference of the study. In this final section, we draw together the more general findings and focus on the major conclusions that can be drawn from them, concluding with a round-up of implications that merit the particular attention of governments, the IFIs and donors. Four topics are discussed:

- ❑ the hypothesis, outlined in the Introduction, that sees changes in IFI policy leading through greater national ownership, to more effectiveness in poverty-reduction efforts;
- ❑ whether, in the light of the country experiences reported, PRSPs may be said to be making a real difference;
- ❑ why it is important to recognise that PRSP processes are political, and what the implications might be;
- ❑ in what additional ways the PRSP process might be organised or supported differently by governments, IFIs and donors.

The basic hypothesis: unpacking the “ownership” factor

In the Introduction, we pointed to the belief held by at least some exponents of the PRSP approach that a “process conditionality” in which recipient governments are expected to follow certain procedural steps, rather than accept specific policies, might succeed in generating commitment to poverty reduction where previous forms of conditional lending and aid have failed. The underlying hypothesis, derived from the literature on structural adjustment, says that national ownership of policies is the crucial missing link. If process conditionality of the sort now leading to PRSPs were to result in anti-poverty strategies that enjoyed more national ownership (while also being results-oriented, comprehensive and medium-term), then there would be a greater likelihood of their implementation. Such programmes would also be more sustainable, because they would enable a new type of partnership between donors and recipients, based on the leadership of the latter.

We do not regard this as a hypothesis that is already capable of rigorous formulation and testing against systematic evidence. We have taken the view that quite a lot of preliminary work is necessary to work up what is at most a preliminary working hypothesis into testable form, and assess what sort of evidence would be needed, over what time scale, to give us firm conclusions.

How much can we say along these lines at this stage? Are the essential preconditions for testing the basic hypothesis now in place? Has the new conditionality already produced policies that are nationally owned? On the basis of evidence so far, is the hypothesis still plausible? Does it need to be refined in any important respect?

The answer to the second question certainly has to be no. Some of the country chapters reach conclusions, on the basis of stakeholder interviews and the

consultants' own observations, as to the degree to which different levels of ownership have been achieved. We summarise these and follow their implications presently. But almost all of this discussion refers to the level of national ownership of the PRSP *process*, which is at most the first step towards the national ownership of particular policies (privatise coffee marketing; provide universal primary health care, etc.).

Naturally, evaluating whether policies have become more effective and sustainable, in cases where they do seem to have become more nationally owned, lies even further down the road. It will pose major methodological challenges. But for the moment the point is that we are at a very preliminary stage of assessing PRSP policy processes.

Reflections on process-ownership may, nonetheless, be of some help in answering our last two questions: is the hypothesis still plausible, and how might it be refined? The concept of "ownership" is central here. If there are variables to do with the way policies are handled within countries that seem likely to affect effectiveness and sustainability, we need to be asking: are they well captured by "ownership"? Does the concept need to be broken down into constituent elements that have, or might turn out to have, quite different significance within the causal chains leading from international policies to effective poverty-reduction processes? The latter does seem to be the case, as we now suggest.

Definitions of national ownership

We do not provide a full review of the research literature on ownership. Instead we focus on one useful overview, which has the virtue of having been applied in a major empirical study. Killick (1998: 86-88) contains a useful short discussion that draws together the well-known contribution of Johnson and Wasty (1993) with suggestions from Haggard and Kaufman (1992) and other sources.¹³ This concludes that four different issues are salient in assessing levels of national ownership:

- ❖ the locus of programme *initiation* (mainly external agency, or mainly recipient government?);
- ❖ the intellectual conviction of key policy-makers or ministries (the *technocratic dimension*);
- ❖ support of the top leadership, as demonstrated by dramatic up-front actions (the *political dimension*);
- ❖ *broad support* across and beyond government, e.g. derived from a broad-based campaign to elicit support;
- ❖ *institutionalisation* of the measures within the policy system ("stabilizing expectations around a new set of incentives and convincing economic agents that they cannot easily be reversed").

Morrissey (2001: 6-8) has argued recently that the focus on ownership is misplaced, as well as being problematic from other points of view (it doesn't translate well into French or Portuguese, etc.). Attention should be concentrated, instead, on levels of

¹³ Moore et al. (1996) have an alternative definition, but one that is more appropriate to the project level.

commitment, with this being understood to encompass both preferences and the political capacity to articulate these.

Morrissey's substantive argument is not inconsistent with the findings of our study. He is primarily concerned to dismiss the notion that intellectual *origination* of policies – their selection and design by government – is a key issue. He maintains that this is both unrealistic and unnecessary: it does not fatally compromise the prospects of a policy's being effectively implemented that it has been taken "off the shelf", e.g. from a donor or international agency source.

We have no trouble going along with this. It implies, among other things, that the fact that the PRSP processes are an external initiative, from the point of view of all the study countries, is not a major issue for the assessment of ownership. However, this does not seem to provide a reason for jettisoning the concept of ownership, and replacing it with commitment. Instead, we can simply agree with Morrissey that the first of Killick's criteria may be less significant than has been thought, so that attention shifts to the next two levels, which are in fact about different sorts of commitment. Lastly, the substitution of the alternative concept of commitment would rule out the fourth criterion, institutionalisation. We have found that to be rather important.

What the country experiences suggest

There are two initial questions that can be asked of the study findings: how do the countries' PRSPs shape up in terms of the different dimensions of ownership identified? And what may be said about the relative weights to be attached to the different dimensions?

Recalling that we are concerned with ownership of the PRSP process and not specific policies, ownership on the first dimension is obviously low in all cases. Even though it may draw on wide international experience, the PRSP initiative came to each country from Washington. That, in itself, does not seem to have been seen as a problem. Mishandling of the Mali sort on one side, governments do not seem to have been unwilling or unable to acquire ownership *ex post*, taking the basic design "off the shelf" in Morrissey's terms.

The findings suggest that ownership on the remaining dimensions is variable within and between countries. In other words, the PRSP initiative and the incentives put in place around it have not (yet) been sufficient to generate full national ownership, even in terms of the process. The consultants also argue in several cases that having plenty of ownership in one or two of these dimensions and not in others is potentially damaging to the coherence and implementability of the plans. That is, effectiveness and sustainability are likely to be compromised.

In all cases, ownership is quite strong in the "technocratic" dimension, but in most cases this has so far been rather narrowly shared. It does not seem to extend very far outside the central economic ministries. In a few cases, such as Ghana, it remains narrowly concentrated in the unit leading the process and is not shared at all by the civil service at large. Nearly everywhere, local governments and regional

authorities have been very lightly involved and can scarcely be considered party to any “intellectual conviction” that exists at the centre.

In one case (Mali), the study team considers that lack of commitment further down the administrative hierarchy, reflecting the poor level of general motivation in the civil service, is a greater worry than commitment at the top. In Mali, national ownership of plans in any thoroughgoing sense is not seen as a realistic objective, given the dominance of donors in the country. Nevertheless, even small steps towards mainstreaming poverty-reduction efforts would be welcome.

The more general case is that the political dimension of ownership does not match technocratic commitment, and this is a potential source of real difficulty, because PRSP implementation will call for accelerated progress with other reforms to which the major obstacles are political. This conclusion emerges loud and clear from the chapters on Benin, Ghana, Kenya and Malawi. For Mozambique and Rwanda, it seems that there is quite strong political support, but this is narrowly based and certainly does not extend beyond the governing party. In Tanzania, high-level political support has been assumed, but many observers doubt whether it will continue after HIPC2 completion.

As implied by our discussion in Section 5, the achievements in terms of building a broad base of support across civil society are modest to date, but it may be too early to assess all the effects. This dimension is important because of the possibility that broadened interest in government policies on poverty could result in government's being held to account more than in the past. At least in Malawi, new structures have emerged that may fulfil this purpose to some degree, although the consultants insist that this will be no substitute for external financial pressure. The same may turn out to be the case in Kenya, with the same proviso.

Finally, the country studies lend support to the idea that the final dimension – institutionalisation – is critical. We take it that the arguments in Section 4 about the value of embedding the PRSP in the MTEF and the budget process, or vice versa, are relevant to this issue. The reports on Kenya, Mali and Rwanda argue particularly strongly that mainstreaming of poverty-reduction, in the sense of articulating the goals of the strategy in the budget, and then using budgetary incentives to force line ministries and districts to pay attention to them, is the most critical dimension of national ownership.

Revisiting the basic hypothesis

It seems to follow from this that at least one refinement of the hypothesis about ownership should be adopted before any more formal testing is contemplated. At least as far as strategy processes are concerned, all five of Killick's dimensions of ownership seem important, with the possible exception of the first. Political ownership at the top is the real challenge, and ownership as institutional mainstreaming is hardly less critical. The hypothesis about the sources of effectiveness and sustainability remains plausible, so long as these qualifications are noted.

What might refute the hypothesis at the end of the day is suggested by the conclusions of our Tanzania study. This suggests that even a PRSP benefiting from a moderately high degree of national ownership may not prove a very effective instrument for achieving poverty-reduction objectives, because it may be too weak analytically.

That remains a serious possibility, one that goes outside the scope of the present study. To the extent that it emerges as a pattern, further questions will need to be asked – about what the sources of these deficiencies are; whether they reflect the fact that the plans still lack genuine national ownership, or factors that are independent of this; and whether these are deficiencies that could be corrected by means of a different kind of design process.

Are PRSPs making a difference?

We are now in a position to consider the more general and informal question with which we started. Are PRSPs making a difference, in that they are helping to shift policies and practices in the right direction? Despite the caution suggested by what we have just said, there seem to be grounds for answering this question positively – but only after reminding ourselves of the scale of the obstacles that have to be overcome.

All of the main messages from our country reports are about the need for realism. The international community must keep its feet firmly planted on the ground and avoid being carried away by its own rhetoric on PRSPs. Realism is needed, moreover, on both sides of the aid relationship. Donors should ensure that they do not set excessively high standards of PRSP performance as preconditions for their support. Governments and other national stakeholders should not overestimate the likely scale of additional resources that are going to be generated. They should be aware that promised improvements in aid modalities are unlikely to materialise without further efforts on the recipient side. These cautions are important because erroneous impressions on these issues are a potential source of future disillusionment.

It seems evident that the adoption of PRSPs has brought some limited but important gains in all cases. The mainstreaming of poverty reduction – its integration with macro policy and with the budget – is a palpable step forward, and it is only perhaps in Ghana that this has not begun to happen.

The gains are much stronger in some countries than in others, but for reasons that can be specified. Where mainstreaming in terms of the national budget is still in doubt, some new impetus may have been imparted either to stalled budget-reform processes or else to sector-development plans and SWAps. In cases like Tanzania, where numerous reform initiatives and changes in donor behaviour preceded the PRSP, the additionality from the PRSP may seem slight. Where there has been little such change, the PRSP could be the instrument that begins to break the vicious circle of off-budget project aid diverting capacity from mainstream tasks.

In some countries, all of the gains of the above type may seem fragile as well as somewhat speculative. But the most important changes may turn out to be different across countries – more to do with central resource-allocation and public management in some countries, more to do with opening new spaces for fundamental policy debate in others.

While the gains in Kenya certainly seem fragile in the first respect, they look substantial in the second. Poverty reduction is considered by the study team to be higher on the national agenda than ever before. Government has been opened up in some significant ways, and new actors have been brought into the aid relationship. The creation of new constituencies for the monitoring of government performance also seems to be a positive factor in Malawi, with the qualification that even more might have been achieved if the IFIs had been more transparent.

How does politics matter?

We have set out as a general theme of this study that policies and practices with relevance to poverty are determined politically in poor, highly-indebted countries, just as they are in more affluent ones. We think that the coming of PRSPs reflects, among other things, growing international recognition of this elementary fact. It is not sensible, from the point of view of effective pro-poor reform, to try to by-pass national political processes. It is not possible to achieve significant results in that way.

The gamble on which the PRSP approach is based is that if governments are obliged to discuss poverty and what they are doing about it with their citizens, they are likely to regard these things more seriously, and to be held to account more effectively. If this happens, it will involve processes that are formally or informally political. Politics matters, and, while nothing is guaranteed, politics *can* work in ways that are favourable to reducing poverty.

What could be the implications for donor and IFI behaviour of recognising these general truths? This requires us to be a little more specific about the kinds of ways in which politics has seemed to matter for the PRSP processes we have investigated.

We indicated in Section 2 how the particular political conjuncture in various countries affected the PRSPs' initial impacts and subsequent timetable. To that we can now add some further sobering observations drawn from the country chapters.

In Tanzania, the bottom line, politically speaking, seems to be that party-competition is not effective, because of the systemic factors that constantly erode and atomise opposition groupings (Zanzibar excluded). This not only means that there is no decisive internal pressure on government to implement its own anti-corruption commitments. It also implies that there is little scope for hard-hitting policy debate. National consultations of the PRSP type are never likely to provide a substitute for that. For comparable though not identical reasons, political arrangements in Malawi do not encourage real policy debate.

In Benin, institutionalising PRSP principles would call for a “regime change” (that is, something more than a change of government or President). That will only come from a political coalition that does not presently exist, although its elements may. Civil society, in the sense of NGO networks as presently constituted, are not the solution to this problem in Benin, as they are in a real sense part of the “regime” that needs to be changed.

The latter is not so true in Kenya. On the other hand, in Kenya there certainly is an institutionalised political system, centred on presidential patronage, that is currently reasserting itself during the selection of President Moi’s successor. The country chapter suggests that until that process is completed, there is little likelihood of the reforms of local government that are called for by the PRSP. A superficially similar conjuncture in Mali, where President Konaré is not seeking re-election in 2002, is, in contrast, creating expectations of greater attention to both poverty reduction and public probity during the coming months.

In Ghana, a political force has emerged that is definitely new, although it has long roots in Ghanaian political tradition. However, it may take some time for the social priorities implicit in the NPP’s politics to become clear, and until that happens, it is hard to be sure whether poor regions and social categories will figure centrally in them. Whether new vigour will be given to a range of basic reforms will depend on this and on the way the debate between the parties takes shape. Despite the fact that Ghana’s PRSP is among the most problematic of those examined, Ghana’s political fundamentals are more promising than those of many countries.

These observations suggest some specific recommendations that we take up below. However, the general implication is that those interested in a successful outcome of the PRSP experiment may need to bide their time and look to the slightly longer term. Overall, there is a need for expectations about PRSPs to be well managed, as suggested in the Tanzania chapter. One aspect of sensible management will be the recognition of the possibility that otherwise promising national processes will be blown off course in quite a major way from time to time by political events. In principle, the reverse is also possible but it would be wise not to expect that to happen very often.

What could be done better? Messages for governments, IFIs and donors

Much of the advice that our findings suggest is country-specific, and is contained in the chapters that follow. We limit ourselves here to recommendations that seem generalisable to some degree, focusing on just two topics for each of the constituencies we are addressing.

What could governments do better?

What PRSPs promise to countries, in terms of their ability to determine their own approach and free themselves to some degree from the tutelage of the IFIs and donors, depends a great deal on what governments do. From the experience we have reviewed, two things stand out particularly:

- There is very little indeed to be gained from placing anti-poverty policy and PRSP drafting in an enclave position relative to the rest of government, especially one that has little connection with the management of public expenditure. While few countries are now following this path, those that are should clearly reconsider. The gains from involving parliaments and parliamentary committees at a much earlier stage should also be looked at more closely.
- Donors and IFIs are being encouraged quite rightly to take some risks in introducing aid modalities that give recipients better value. But in this respect much depends on whether PRSPs give a tough-minded and credible account of what needs to be done to reduce poverty and how this is to be done. Only if they do this can they begin to displace and make redundant externally-imposed preconditions and performance benchmarks. Once the immediate tasks for HIPC completion are completed, this aspect would certainly merit closer attention from those leading government efforts.

What could the IFIs do better?

Two issues seem to be particularly worthy of attention from the side of the IFIs. As emphasised in progress reports of this study, one is the threat or actuality of “process overload”. The other is transparency about conditionality.

- It seems that IFI staffs are now being fairly widely credited with delicate handling of PRSP processes as such. On the other hand, the range of joint reviews involving national officials with the IFIs, other multilaterals and bilateral agencies is regarded as being seriously out of hand – particularly in some of the countries that have gone furthest with PRSPs. Further thought clearly needs to be given to merging review processes or otherwise easing the burden on officials.
- No one is expecting the rapid disappearance of IFI conditionality, and even among national stakeholders there are some who defend it vigorously. However, it seems much less clear that there is any virtue – in the era of PRSPs – in secret conditionalities, or in agreements that are only publicised at government initiative. Synergies between domestic accountability and external conditionality do seem to be possible. The IFIs should consider seriously adopting rules that allow greater openness vis-à-vis the publics of the countries they are negotiating with.

What could the donors do better?

Donors seem to be supporting PRSPs in appropriate ways, with degrees and kinds of involvement varying according to country needs and preferences, not just reflecting agency biases. The country studies suggest two particular areas of concern, one about direct support to PRSP processes and one about changing aid modalities in response to PRSPs.

- The charge of “instrumentalism”, levelled at unnamed bilaterals in connection with their support to NGOs involved in Tanzania’s PRSP, bears further consideration. The point of PRSPs is to institutionalise more participatory policy making, which is not going to be the task of a single day. We have suggested that second-round effects of PRSP consultations are likely to be much more important than first-round ones. A question that this clearly raises for donors is whether their current efforts in support of deeper and richer policy dialogue in PRSP countries have a sufficiently long time horizon. Some consideration might also be given to whether the recipients of support are the right institutions within a medium- and long-term perspective on participatory policy making as distinct from the limited purpose of facilitating the country’s first PRSP.

- The topic of alternative aid modalities is sensitive, and not susceptible to simple treatment. Even enthusiasts of new aid instruments recognise that different approaches are suitable for different conditions at the national and sectoral levels (e.g., Foster and Leavey, 2001). On the other hand, the case has been made in this report that some measure of risk-taking on the donor side is going to be necessary if PRSPs are going to work, as they have the potential to do, to break the vicious circles of institutional aid dependency that have hampered poverty reduction efforts in Africa for so long. In addressing this fundamental challenge, more of the same is not an option.

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Annex 1: Terms of reference

SPA PRSP-Process and Poverty Monitoring Task Teams

Study to investigate the extent to which poverty reduction policies, programmes, practices, and monitoring systems are being institutionalised in selected African countries

Background

1. The Strategic Partnership with Africa (SPA) is the donor forum that co-ordinates support for low-income debt-distressed African countries which have economic reform programmes in place with the International Financial Institutions (IFIs). In January 2000 the SPA began the fifth phase (2000-2003) of its programme, and made poverty reduction a core objective. In so doing, the SPA embraced the decision of the international community to provide assistance to low income countries based on their presentation of Poverty Reduction Strategy Papers (PRSPs) to the Boards of the IFIs. The PRSP framework, and the accompanying guidance announced by the IFIs in December 1999 was fully endorsed.
2. At the December 1999 meeting of the SPA Plenary, approval was given for establishing seven Task Teams to help advance the SPA-5 agenda. For a number of these Task Teams, the PRSP framework provides the main focus. Task teams are responsible for investigating particular technical issues and for generating best practice materials. The mandate of the PRSP-Process Task Team is to monitor the development of the PRSP framework over a three-year period. The mandate of the Poverty Monitoring Task team is to strengthen nationally-owned poverty information systems that can serve the requirements of PRSPs.
3. Under the enhanced HIPC framework, debt relief, access to IDA resources, and PRGFs require recipient countries to present poverty reduction strategies to the Boards of the IFIs. Under the new arrangements, actual financial flows will depend on the joint assessments of country-prepared PRSPs by the staffs of the Bank and Fund (the so-called JSAs).
4. Most African HIPCs have begun preparing poverty reduction strategies (PRSs); and a number have either submitted, or have nearly completed preparing their interim PRSPs (I-PRSPs). In Africa alone, about a dozen or so countries now have I-PRSPs or PRSPs that have been discussed by the Boards.
5. The financial incentive for countries to prepare the interim and full PRSPs is considerable; and will remain high as long as development assistance continues to be made available in *addition* to debt relief. Whilst a framework of conditional assistance remains, there is also the widely-held belief that without good ownership of programmes by countries, substantial progress will not be possible.
6. The new PRSP framework is expected to provide the general basis for setting IFI conditionality associated with specific lending instruments. The changed framework of conditionality and the compulsion on countries to prepare PRSPs, brings the risk that once strategies are approved by the IFIs, implementation (at least in some countries) may weaken. In cases where PRSPs are based on existing national

programmes (e.g. Uganda and Mozambique) a higher level of commitment can be expected. Since in most African HIPCs, a substantial focus on reducing poverty has not been strongly evident, the PRSP requirement could stretch existing capacity.

7. The potential for bringing about substantial changes between partner countries, the IFIs, and donors, through the PRSP framework is enormous. There are already signs that donors will support credible PRSPs, and aim to improve donor co-ordination (regarding finance, procedures and reporting). However, continued support from donors will largely hinge on good country performance (observed through measured changes in outputs and outcomes), and on demonstrable improvements in governance.
8. Given that all HIPCs are required to produce a PRS *paper*, a solid independent assessment of shifts in desired directions is therefore needed, identifying key constraints. Both the PRSP Process Task Team and the Poverty Monitoring Task Team have outlined specific projects that aim to examine different aspects of this shift in a representative set of African HIPCs. In order to maximise efficiency and cost savings, and to avoid “mission overload”, it is proposed that the two Task Teams fold their individual projects into the same framework, and make use of the same consulting expertise to achieve their objectives. Combining project work in this way also ensures that poverty monitoring—an issue that is sometimes relegated to technical experts outside mainstream policy debates—is included as a central part of the PRSP agenda.

Objectives and scope of the combined study

9. In selected African countries, to investigate the extent to which the PRSP framework is being integrated into national policies and programmes, and leading to changes in government practices. The study will focus on assessing how far poverty reduction concerns and PRS processes are being articulated and institutionalised, especially within government.
10. The combined study of in-country PRSP processes will be comprised of three components.
 - 10.1. First, the aim will be to capture attitudes of key stakeholder representatives (government, civil society and private sector)¹⁴ to the new PRSP framework, the changed conditionality associated with the enhanced HIPC framework, and the behaviour of IFIs and donors in the process. This component of the study will include a record of new plans, priorities, and policy and programme changes generally initiated by the government as a result of the PRSP requirement. An attempt will be made to ascertain levels of commitment among key staff in central and local government to PRSP processes. This will also entail assessing staff capacity constraints for preparing poverty reduction strategies and documents.

¹⁴ Key stakeholder representatives will include the following. In government: representatives will be chosen from different levels in finance, economic and line ministries; local and regional government; and various legislative bodies. Representatives from civil society national advocacy organisations will include national, regional and local service delivery organisations, the media; academic organisations; and syndicates and unions. Within the private sector, views from a variety will be sought: big business; agribusiness; small, medium and micro enterprises. To aid comparison, stakeholders will be asked a common set of questions. Where possible the views of donors on in-country PRSP processes will be obtained.

10.2. In order to deepen the assessment of government commitment to PRSPs, the second component will explore how widely and deeply institutional changes are being introduced for reducing poverty (as outlined in key policy documents such as the PRSP).¹⁵ Given that this covers a broad spectrum of activities, the scope will be limited to assessing changes in two main areas.

10.2.1. The fiscal framework and budgetary processes. Here, consideration should be given to general concerns regarding public expenditure management. To assess how far public finance systems have begun to incorporate the medium term budget framework, and to identify problems concerning the budgetary processes (preparation, reviews, execution, adjustments, etc) from a pro-poor perspective. Concerns over the quality of public financial management should also be identified, and should indicate government strategies for tackling these. Government and civil society stakeholders will also be asked what donors should do in order to help improve budgetary processes.

10.2.2. The governance framework, and specifically in respect of consultative and participatory processes entailed in setting priorities, and in establishing accountability norms. This should include a review of the role played by parliament, the press, and other democratic institutions in shaping the poverty agenda. A core concern will be to consider the extent to which participatory evaluation systems are being established, and to identify feedback mechanisms designed to influence policy.

10.3. The third component will assess the present role and status of poverty monitoring and information systems in the PRSP process. This includes an appraisal of how existing systems generate information for - and feed into - pro-policy processes, whether credible monitoring indicators are being identified, and the degree of awareness and participation of different national stakeholders. It also includes an analysis of the extent to which donor requirements promote or constrain the effective functioning of poverty information and monitoring systems, and recommendations for future donor activity in this area. Issues for investigation include:

10.3.1. the nature of demand for and supply of information among key stakeholders, and analysis of the relationship between supply/demand;

10.3.2. the extent to which information produced is incorporated into policy processes, and reasons why it may/may not be incorporated;

10.3.3. the suitability of core indicators being used in-country to track PRSP progress;

10.3.4. the capacity of poverty information systems to deliver reliable information to monitor these indicators and recommendations for action;

10.3.5. the nature of donor information requirements and their impact on the effective functioning of poverty information/monitoring systems.

¹⁵ In several countries it may be too early to assess how widely and deeply institutional changes have been introduced. In these cases consultants will focus on proposed changes, and aim to gauge the likelihood of successful implementation.

11. In component 2 (item 10.2), the emphasis will be on identifying the processes and institutions supporting national poverty reduction strategies. Assessing whether institutional shifts have occurred will require making fine judgements. Most critically, in each of the identified areas, this will need changes to be gauged against two limiting factors: current capacity to transform in the desired direction, and existing knowledge of international good practice that realistically can be implemented.
12. For each of the above areas, likely constraints blocking progress should be identified, and recommendations made for overcoming these (items 10.2.1, 10.2.2, and 10.3); including, where possible, ameliorating actions to be taken by specific agents (including donors).
13. With the exception of the third component (10.3), this study will primarily not focus on technical evaluations and recommendations. Rather, the emphasis will be on tracking *processes*—judging *movements and assessing government commitment* towards known desired outcomes—and pointing out strategies for overcoming difficult constraints.

Method and proposed activities

14. A variety of techniques should be used to address each of the above-mentioned components. These will include: a visit to the country to interview key individuals and collect critical information, a review of press and donor reports of recent changes following implementation of the new PRSPs policy, and an analysis of available (published and unpublished) secondary information (e.g. on poverty monitoring systems, quality of participatory processes, and implementing processes leading to the preparation of MTEFs and good budgeting practices).
15. In order to form a judgement on whether (and how) policies, programmes and practices embody poverty reduction concerns for each of the identified three areas, the team of consultants will be required to have:
 - 15.1. a good grasp of the PRSP policy framework, including—recent policy thinking within IFIs, country-level implementation details, familiarity of debates among donors, academics, NGOs and other stakeholder groupings;
 - 15.2. a good knowledge of a range of African countries (histories, recent policies and programmes, and institutions);
 - 15.3. familiarity with available best practice materials within specialist areas in order to gauge institutional shifts;
 - 15.4. familiarity with other PRSP monitoring exercises that are currently under way (and being conducted separately by donors, IFIs, and NGOs).
16. Good judgement will be needed for teasing out specific poverty policies from policies and programmes that have an indirect bearing on poverty. While consultants will need to consider both, the contents of the PRSP document (and associated national policy documents) should be used as the principal guide for this study.
17. Although there is some scope for determining the selection of countries, the final list should include a mix of Anglophone and Francophone countries that will have only recently embarked on developing poverty reduction programmes, and with I-PRSPs either approved by the Boards of the IFIs, or almost ready for presentation. Given this requirement the following countries are possible case studies: Rwanda, Tanzania,

Benin, Mali, Kenya, Ghana, Malawi, Senegal, and Zambia. Subject to funding, a six to seven countries should be covered. Although consultants are free to determine the allocation of consultants' days, a minimum of forty days per country is recommended (some of which will be spent in-country during both phases).

18. Developments in Mozambique will be reported to the SPA PRSP-Process and Poverty Monitoring Task Teams by a separate study commissioned by Sweden and Norway. Close contact will be maintained between the two study teams to ensure comparable results.

Phases of the study, reporting, and principal outputs

19. The study will be carried out in two phases over a fifteen month period. Phasing will allow an initial survey of responses and a scoping of the central issues to be combined with a substantive investigation of core concerns outlined for this study. The phases will permit consultants to follow in-country developments over a period of time, and capture real shifts as the PRSP process takes root. Both phases will include country visits.
20. Phase one (September to December 2000) will involve an initial scoping exercise to identify key issues for further investigation, and provide a baseline against which to gauge later developments. Given the above-mentioned requirements for this study, consultants will form an initial perception of the PRSP process among key national stakeholders. All aspects identified in 10.1 to 10.3 above will be scoped. Phase two (February to October 2001) will involve a substantive investigation of the priority issues identified by the scoping exercise, but within the terms established for the study.
21. Specific outputs of the respective phases will be as follows.
 - 21.1. **Phase one.** The first progress report (due mid-October 2000) to the SPA Technical Group will be in the form of a ten-page written report and a (20-30 minute) PowerPoint presentation on work conducted and findings obtained to date. This will indicate the likely content of the second progress report that will be for the December 2000 Plenary. Given timing constraints, the first progress report is likely to reflect field visits to a limited number of countries, possibly two to three.
 - 21.2. The second progress report (due mid-November) for the SPA Plenary will be in the form of an updated ten/fifteen-page paper and a *revised* (20-30 minute) PowerPoint presentation. Comments and suggestions made by members of SPA's Technical Group will be taken into account in subsequent drafting. The second progress report will incorporate findings emerging from the scoping work undertaken in all countries investigated. By the time of the December Plenary, it is expected that approximately five to six, and possibly more, countries will have been investigated. A revised and updated (and possibly longer) progress report, incorporating comments and suggestions made by SPA Plenary participants, and peer reviewers (see below), will be submitted to the chairs of PRSP-Process and Poverty Monitoring Task Teams at the end of January 2001.
 - 21.3. **Phase two:** The first output (due mid-May 2001) will be a report containing

the preliminary findings of the substantive study.

- 21.4. The second output (due end September 2001) will be the final report of the study, and a (45-60 minute) PowerPoint presentation to the SPA's Technical Group in October 2001. The final report will be comprised of separate chapters each reporting a country case study, an overview (stand-alone) chapter on poverty monitoring, and an overview (stand-alone) chapter on PRSP processes.
22. **Structure of the final report.** Each case study chapter should clearly identify the development of the national PRSP process, and should include:
 - 22.1. a brief narrative of the process by which the poverty reduction strategies was prepared;
 - 22.2. an account of the attitudes of key agents—to the PRSP agenda, the process, and interactions with donors and IFIs (item 10.1);
 - 22.3. a comprehensive review of the two areas identified for assessing how pervasively poverty reduction concerns are institutionally embedded (items 10.2.1 - 10.2.2).
 - 22.4. a comprehensive review of the nature of demand/supply in poverty information systems across a range of key stakeholders, analysis of the capacity and constraints of such systems to deliver against a set of key indicators, analysis of the choice of indicators to measure progress, and the implications for donor support to strengthening nationally-owned systems (item 10.3).
 - 22.5. a realistic appraisal of the constraints blocking poverty concerns and poverty monitoring from being more firmly embedded in policies, programmes and practices (item 12.0 above);
 - 22.6. a list of recommendations, including messages to governments, donors, and IFIs.
 23. The overview chapters will synthesise case study results. They will highlight general lessons, and identify main messages and recommendations to governments, donors, and the IFIs. It is hoped that the some of the papers produced under this study will be of a sufficiently high standard (subject to review—see below) to warrant publication in an edited book.
 24. In a separate report the consultants will document interesting and innovative experiences developed and identified by people/organisations within the countries surveyed, which have demonstrably improved poverty reduction policies, programmes and practices (within areas identified above). During 2001/2 it is expected that a workshop(s) will be organised to share best practices with participants across the case study countries. At these meeting(s) the consultants will be expected to present the overview chapters.

Project management

25. The principal consultants appointed for this study will manage the study for the sponsoring donors. Based on these common Terms of Reference, each sponsoring donor will establish separate contracts with the consultants. Decisions over the composition of the research team for each case study will be taken by the main managing consultants. Where possible, collaborating African researchers should be included in study teams.

26. On behalf of the SPA, DFID will be responsible for the overall co-ordination of the study, and for maintaining regular contact with the managing consultants. A small reference group (comprised of researchers and policy advisers from Europe and Africa) will be established to provide technical guidance and to review key outputs, especially the second progress report of Phase one, and the two reports generated under phase two.

END