

PRSP Monitoring & Synthesis Project

Briefing Note 2¹

Reporting & Monitoring: Post-full PRSP Challenges

1. The PRSP presents a number of direct challenges to donors

- Accepting a common poverty reduction framework (PRSP) means accepting **other common practices**, including policy design, financial reporting, performance monitoring, accounting and audit.
- The PRS process is first and foremost about the **agreement between a government and its own stakeholders** about what it will be held to account for delivering. Donors should therefore base their decisions to provide assistance on the credibility of those commitments.
- Donors' **partnership** with government is a central matter.
- But partnership means **sharing**; sharing with government, CSOs, other donors, and IFIs

2. What might an R&M system in a post full PRSP context include?

(i) Some key principles:

- Country-owned and led ²
- Enhance internal accountability to parliaments/legislatures and citizens on PRSP implementation while providing an adequate basis for external accountability to donors ³
- Medium-term perspective – short-term information needs will not disappear but there should be a medium-term vision to work to
- Enhance coherence across Government by reducing the fragmentation of project-driven reporting and monitoring requirements, coordinating review processes with the Government's annual budget cycle
- Focus on PRSP implementation indicators and targets that have been agreed with a variety of stakeholders at national level. Sectoral or project reporting and monitoring requirements feed into the R&M of the PRS policy matrix.

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Other Briefing Notes in 2001: Briefing Note 1 - *PRSP - Vietnam and Uganda* ; Briefing Note 3 – *Board Responses to PRSPs*.

² Country leadership in discussing financing and reporting mechanisms with donors is critical. Without it and a demonstrable willingness by partner governments to address key institutional issues, it will not be possible to change aid relationships with donors and IFIs. Examples of where African governments are taking such a lead are: Uganda PEAP (the '10 principles' for donor behaviour matching 10 of the GoU) and the Tanzania TAS.

³ Building internal accountability is paramount but changes in donor practices will not simply arise because there is more confidence in a country's PRSP. The move to common frameworks is only possible if donors are confident that partner governments are committed to institutional change and reshaping PFM&A systems.

(ii) Possible ways forward:

- Create an 'apex' review process around the PRS Progress Report and monitoring of the PRS policy matrix building on government's own PRS monitoring system
- Consider a two-yearly cycle for the apex review, with a short (technical) annual output that updates progress against a minimum set of intermediate indicators⁴
- Use the Consultative Group mechanism to underwrite the 'apex review process' and engage a broad range of stakeholders in discussion about progress. The CG (rather than IFI Board discussions) can then act as a trigger for continued financing of joint assistance programmes.
- Consider sectoral and project R&M requirements as building blocks that feed into the apex review. Agree with national stakeholders on a manageable set of data that is required at sectoral and national level for both final outcomes and intermediate information.

(ii) Issues and practice:

- R&M systems should encourage **ownership**.
 - ⇒ **Vietnam** is completing a stocktake of existing R&M requirements around ODA management with an eye to proposing a system. Similar work is being done in with the SPA and ECA, with 9 recipient countries aiming to put their own review cycles at the heart of the national process while also trying to satisfy the information demands of various donors.
- R&M systems should **build on existing national/local institutions** and performance assessment systems wherever possible. This applies not only to poverty and impact monitoring bodies, but routine information systems and national financial management systems.
 - ⇒ In **Uganda**, there are a number of national institutions collecting data of all sorts. For instance, in MFPED, the Budget Dept collects indicators for use in the MTEF and sectoral planning units collect administrative data. There are a number of bodies collecting and analysing information on final outcomes (the Poverty Monitoring and Analysis Unit in MFPED, The Uganda Bureau of Statistics). The bi-annual Poverty Status Reports from the PMAU have informed PEAP iteration processes.
 - ⇒ In **Tanzania**, donors have supported efforts to mainstream the poverty monitoring framework within government systems. Work has also built on existing routine data systems and the work of the National Bureau of Statistics.
- Donor requirements for monitoring PRSP implementation should be coordinated as fully as possible – this includes **linking with other national policy and budget processes** such as the MTEF or PER. Donors should agree as far as possible on a minimal set of R&M requirements around the PRSP itself.
 - ⇒ The Government of **Mozambique** receives joint macro support from the group of 9, with joint reporting and monitoring framework. This group precedes the PARPA, but the platform for GBS is the PARPA. The joint donor group focuses on poverty reduction (using indicators in PARPA), domestic resource mobilisation, and PFM issues.

For the G9, the GoM provides:

 - Quarterly reports on the financial execution of the Joint Donor Programme
 - Quarterly reports on budget execution
 - Annual audit reports 1) of the financial records of the Joint Donor Programme,

⁴ Producing a full apex review each year is too costly for governments, yet two years without any kind of progress report is likely to be too long for most external partners, particularly in poor or difficult policy environments. A compromise would be to produce a full apex review once every 2 years and a short summary update annually.

2) of State Budget execution and 3) of performance of the funds spent in relation to the results obtained (value for money).

However, DFID had separate audit arrangements for its contribution (as of June 2001), the need for which is to be reviewed. Perhaps other donors have similar additional requirements.

- **Sectoral and project** reporting and monitoring requirements should be firmly **nested** underneath the R&M requirements of the PRSP. Sectoral and project R&M systems can provide the building blocks for PRSP R&M if there are appropriate mechanisms to feed information up to the PRSP level. This applies not only to outcomes and impacts but input and output monitoring.
 - ⇒ In **Tanzania**, various donor coordination exercises and review mechanisms are nested to varying degrees. Sector reviews usually exist in 'splendid isolation' and are largely procedural. Other R&M are better linked: Poverty Reduction Monitoring feeds into the PER, and both PRM and PER feed into MTEF, Budget Guidelines, CG, and PRSP monitoring.
 - ⇒ In **Uganda**, the PRSC is shared with the Bank and DFID (other donors are considering joining). It builds existing SWAp mechanisms into its framework while respecting the national budget process. GoU does feel that PRSP and PRSC are working to streamline donor requirements, but there are also associated costs – the R&M requirements of the PRSC are significant.
- Donors should acknowledge that not all information can or should be monitored. A few key elements should be monitored to create a **constrained data set** that is both manageable and informative. These elements should be agreed at national level.
 - ⇒ In **Vietnam**, a workshop comprising various stakeholders agreed to 'localise the MDGs'. For instance, it was agreed that Vietnam would aim to reduce the proportion of people living below the *international* poverty line by 2/5 – and the proportion living below the *national* poverty line by 3/4. These final outcomes would be monitored accordingly. However, there remained concerns as to how these goals were integrated into the PRSP, and how the monitoring process would be managed.
- The information obtained should **provide feedback into policymaking loops** to inform future iterations of the PRS (and future rounds of development assistance). There is a need for clarity on how the information obtained through reporting and monitoring systems will feed into national (*and* donor) decision-making processes. It must be clear who will use the information and how.
 - ⇒ In **Uganda**, household surveys have fed into policy as follows:
 - Included in the Background to the Budget Report;
 - Re-orientation of the Poverty Action Plan;
 - Included in the PMA;
 - Used during the revision of the PEAP;
 - Led to the formation of Poverty Eradication Working Groups;
 - Guided planning at the various administrative levels
 PPAs also fed into the budget. However, this point does not just apply to poverty information but also input and output information.
- The systems should include **participatory methods** with the poor wherever possible/appropriate.
 - ⇒ For instance, it may be appropriate to use service delivery 'report cards' or beneficiary assessments as part of outcome monitoring. In **Uganda**, PPAs have played a large part in formulating the PEAP – and future PPAs are planned through the Ugandan PPA Project (3 years project, various stakeholders including donors, has associated capacity-building function).
- Information obtained should be **transparent**, and easily available and accessible to CSOs/citizens. Existing information demand should be encouraged.

- ⇒ Efforts to 'popularise the PRSP' in Uganda and Tanzania are a step in the right direction. But R&M information also needs to be made 'popular', or at least available where possible.
- ⇒ In **Uganda**, the Uganda Debt Network carries out quarterly expenditure reviews at field level in 13 of 45 districts. It also works with autonomous partners at a variety of levels. Such structures can be encouraged and can serve to fulfil some of donors' information demands.

3. Obstacles and Challenges

Country-level experience suggests that donors are going some way to streamline information demands arising from the PRSP process itself. However, it appears that pre-existing mechanisms for ensuring accountability to donors at sector and project level are not being substantially reduced in line with the increase of demands around PRSPs.

- Historical and political reasons mean that donors may have difficulty changing their R&M requirements, particularly input monitoring arrangements. Donors may not wish to use the standards of another agency, others lack capacity/authority at country level to make the necessary changes.
- There is difficulty in building up demand for information among civil society. Civil society may have been involved to some extent in setting PRSP indicators and targets but often civil ownership of these is low.
- Agreement of national level targets and indicators among stakeholders may conflict with donor requirements for measuring progress against international targets and goals.
- National institutions and systems often do not have the capacity to collect and report on good quality data, and remedying the deficiencies of routine information systems is not usually a national priority. Donor requirements for good quality data mean that donors continue to set up parallel systems for data collection and reporting.