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2005 CDF PROGRESS REPORT

http://www.worldbank.org/cdf

The World Bank
Washington D.C.
July 2005
LEXICON OF POVERTY REDUCTION STRATEGIES AND TRANSITIONAL RESULTS MATRICES

Albania: National Strategy for Socio-Economic Development (NSSED)
Armenia: Poverty Reduction Strategy Paper (PRSP)
Azerbaijan: State Programme on Poverty Reduction and Economic Development (SPPRED)
Bangladesh: Unlocking the Potential: National Strategy for Accelerated Poverty Reduction (forthcoming)
Benin: Document de Stratégie de Réduction de la Pauvreté (DSRP)
Bhutan: Cover Note to the Ninth Plan Main Document (PRSP)
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Bosnia and Herzegovina: Medium Term Development Strategy (MTDS)
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Cambodia: National Poverty Reduction Strategy (NPRS)
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Cape Verde: Growth and Poverty Reduction Strategy Paper (GPRS)
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Timor-Leste: National Development Plan (NDP)
Uganda: Poverty Eradication Action Plan (PEAP)
Vietnam: Comprehensive Poverty Reduction and Growth Strategy (CPRGS)
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Zambia: Poverty Reduction Strategy Paper (PRSP)
FOREWORD

This study is about the Comprehensive Development Framework (CDF) and the Poverty Reduction Strategy (PRS) process. The CDF principles—long-term holistic vision, country ownership, country-led partnership and results focus—have underpinned the PRS process since its inception;\(^1\) in low-income countries, the PRS has become the instrument for implementing the CDF. In Low-Income Countries Under Stress (LICUS), Transitional Results Matrices (TRM) help launch a PRS approach.\(^2\)

The study assesses the operational application of the CDF principles through the formulation and implementation of PRSs and TRMs in 59 countries. It identifies good practice examples from which countries in the process of consolidating a long- and medium-term country-owned development framework can learn, and draws some operational implications for external partners to help deepen the use of the CDF principles to make better use of development resources. Volume I provides an overview of CDF implementation progress. Volume II presents profiles of the 59 countries, prepared as background to document progress on 20 indicators, presented in Volume I Box 5, to assess CDF implementation. A summary of implementation of the CDF principles by country is also included in the CD.

The profiles build on desk research drawing on country specific long-term vision statements; PRSs; PRS Progress Reports; Joint Staff Assessments and Joint Staff Advisory Notes; TRMs; Consultative Group and Roundtable meeting documents; PRS reviews or case studies prepared within and outside the World Bank; loan and grant documents; the OECD/DAC Survey on Harmonization and Alignment; websites; and the assistance strategies prepared by the main development assistance agencies active in each country. The desk research was supplemented with interviews or written comments from World Bank country staff, and written responses to a questionnaire, presented in Annex 1, sent to the heads of other key development assistance agencies active in the countries.

The profiles reflect information available through end-March 2005, with the exception of the profiles on Haiti, Liberia, Sudan and Timor-Leste, which were prepared at a later stage with inputs from World Bank country staff, and reflect information available through end-May 2005.

A preliminary draft of this study was discussed at the Roundtable “Unleashing and Strengthening Capacities in Partner and Donor Countries” during the High Level Forum on Aid Effectiveness,

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1. IMF and World Bank (1999), *Building Poverty Reduction Strategies in Developing Countries: Development Committee Communiqué* and *Poverty Reduction Strategy Papers-Operational Issues*, Washington DC.
2. TRMs have been piloted in the Central African Republic, Haiti, Liberia, Sudan and Timor-Leste. See UN Development Group and World Bank (2005), *An Operational Note on Transitional Results Matrices. Using Results-Based Frameworks in Fragile States*, available at [http://siteresources.worldbank.org/INTLICUS/PoliciesandGuidance/20330632/Operational%20Note%20on%20TRMs.pdf](http://siteresources.worldbank.org/INTLICUS/PoliciesandGuidance/20330632/Operational%20Note%20on%20TRMs.pdf)
held in Paris in February/March 2005, and the seminar “Unleashing Capacities to Achieve the MDGs” hosted by UNDP in Bergen, Norway, in May 2005. An e-discussion was held from March 14 to April 8, 2005, to invite comments on the conclusions, implications and country profiles before finalizing them. The study contributed to the forthcoming Joint World Bank/IMF 2005 Review of the Poverty Reduction Strategy Approach: Balancing Accountabilities and Scaling-Up Results. It also contributed to the formulation of the targets, assessment criteria and definitions for two of the twelve progress indicators in the Paris Declaration on Aid Effectiveness.

The study was prepared by a team led by Janet Entwistle (OPCS), and comprising Filippo Cavassini, Eva Natali, and Claudia Zambra (OPCS). Pablo Guerrero (OPCS) provided invaluable guidance, encouragement, and support. Engilbert Gudmundsson (CFP) contributed extensively to the country assessments. Shobha Kumar and Jeeyeon Seo (WBI) gave invaluable assistance during the e-discussion. Saydeh Shammas (OPCS) provided strong logistical support. Cynthia Delgadillo (OPCS) and Tomoko Hirata (GSD) helped with the publication.

The authors would like to thank the World Bank country teams and the representatives of ADB, AFD, AfDB, Belgian Ministry of Foreign Affairs, Canadian Ministry of Foreign Affairs, CIDA, Commonwealth Secretariat, DANIDA, DFID, EBRD, EC, French Ministry of Foreign Affairs, German Ministry of Foreign Affairs, GTZ, IDB, IPA, Japan Ministry of Foreign Affairs, JBIC, JICA, KfW, MCC, Netherlands Ministry of Foreign Affairs, SDC, SIDA, SNV Netherlands Development Organization, UNDP, UNICEF and USAID, for their invaluable contributions to the country profiles. A detailed list of those who contributed is presented in Annex 2.
ACRONYMS

ADB Asian Development Bank
AECI Agencia Española de Cooperación Internacional
AFD Agence Française de Développement
AFRISTAT L’Observatoire Economique et Statistique d’Afrique Subsaharienne
BiH Bosnia and Herzegovina
BMZ Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
CAF Corporación Andina de Fomento
CARTAC Caribbean Regional Technical Assistance Center
CBO Community-based organization
CDC Centers for Disease Control
CDB Caribbean Development Bank
CDF Comprehensive Development Framework
CFAA Country Financial Accountability Assessment
CG Consultative Group
CIDA Canadian International Development Agency
CPAR Country Procurement Assessment Review
CSO Civil Society Organization
CWIQ Core Welfare Indicators Questionnaire
DAC Development Assistance Committee
DANIDA Danish International Development Agency
DFID Department For International Development
DCI Development Cooperation Ireland
DSRP Document Stratégique de Réduction de la Pauvreté
EBRD European Bank for Reconstruction and Development
EC European Commission
EIB European Investment Bank
EIU Economist Intelligence Unit
EU European Union
FAO Food and Agriculture Organization
GEF Global Environment Facility
GF Global Fund for Aids, Tuberculosis and Malaria
GNI Gross National Income
GTZ Deutsche Gesellschaft für technische Zusammenarbeit
HIPC Heavily Indebted Poor Countries
IDB Inter-American Development Bank
IEO Independent Evaluation Office
IFAD International Fund for Agriculture and Development
IFC International Finance Corporation
ILO International Labor Organization
IMF International Monetary Fund
IPRS Interim Poverty Reduction Strategy
ITC International Trade Centre
JBIC Japan Bank for International Cooperation
JICA Japan International Cooperation Agency
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<td>KfW</td>
<td><em>Kreditanstalt für Wiederaufbau</em></td>
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<td>KIPPRA</td>
<td>Kenya Institute for Public Policy Research and Analysis</td>
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<td>LICUS</td>
<td>Low-Income Country Under Stress</td>
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<td>M&amp;E</td>
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LONG-TERM HOLISTIC VISION

The overarching long-term vision is EU membership through the SAp, alongside other visions like NATO membership. Recently, political parties agreed to embark on a long-term visioning exercise with the support of the Carter Center. The expected outcome of this exercise is a long-term vision that will consolidate both long-term development goals and the political and institutional goals of the SAp.

Albania has several medium-term strategies, and efforts are underway in 2005 to integrate the various strategies under a single framework in line with the long-term vision. Of the ongoing strategies, only the National Strategy for Socio-Economic Development (NSSED) maps out a detailed plan for development. The SAp lays out a political, institutional and economic orientation plan, which must be implemented prior to consideration for accession to the EU. The NSSED is Albania’s PRS, comprising a Growth and Poverty Reduction Strategy (GPRS) initially covering the period 2002-04, and an updated Action Plan for 2004-07, included in its most recent Progress Report. The Government has incorporated the attainment of the MDGs into the NSSED through the Action Plan.

The strategy is well-balanced, as it incorporates the social sectors, namely health and education, and places a strong emphasis on private sector development, energy, infrastructure, and cross-sectoral issues like gender, the environment and decentralization. Efforts are underway to improve the NSSED’s consistency with the SAp; these coincide in the areas of improved governance, fiscal discipline, and economic and social transformation.

The NSSED is the only strategy that is linked to the budget process through a MTEF. A MTEF has been in place since the adoption of the NSSED. The MTEF, however, proved to be inadequate with its optimistic expenditure projections, weak links both to a Medium-Term Budget Plan and the annual budget, and no contingency plans for revenue shortfalls. The MTEF exercise has been updated during the finalization of the second Progress Report (Action Plan 2004-07) of the NSSED. It has also led to better prioritization in sectoral allocations in annual budgets in line with the NSSED priorities, through use of priority

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3 The NSSED was completed in November 2001. The second Progress Report, which includes the Action Plan 2004-07, was completed in April 2004, and the first in May 2003.
coefficients. Although these procedures are in place, there is little progress in linking M&E with the budget process.

**Country ownership**

The Minister of Finance had a lead role in the NSSED’s formulation and implementation, and chairs the Inter-ministerial NSSED Group, which organized governmental participation during initial formulation and Progress Report preparation. During formulation, a Steering Committee and Sector Technical Working Groups were set up. A NSSED Department was formed within the Ministry of Finance to coordinate all NSSED matters, including M&E during implementation. The Government recently established a Technical Secretariat (including NSSED, Ministry of Economy, Ministry of European Integration and Department of Policy Administration) to improve policy coordination during NSSED implementation and to facilitate development assistance coordination.

Consultations with stakeholders continue to take place during implementation of the NSSED. The Carter Center and other external partners led consultations during formulation of the NSSED and the first Progress Report. The NSSED Department coordinated 25 sectoral and regional consultations for the second Progress Report through the Inter-ministerial NSSED Group and through the coordination of external partner facilitators, like the OSCE, the Carter Center, OXFAM, the Soros Foundation, etc. The Government hosted a national conference and two roundtables with stakeholders, to discuss methods for implementing a more participatory M&E system.

The Government is increasing its efforts to involve civil society in NSSED formulation and implementation. CSOs participated in NSSED formulation through the Steering Committee and the Sector Technical Working Groups. Four sectoral civil society advisory groups worked with ministry working groups on sector strategies. A National Civil Society Advisory Group (NCSAG) was created with selected members from the sectoral groups. The Carter Center organized consultations for CSOs in twelve different sites. Upon completion of the draft GPRS, the Government presented it to the NCSAG for review and comments. CSOs also participated in progress report consultations.

The private sector has had steady participation in consultations for the NSSED. The private sector was involved in two rounds of GPRS consultations, led by the Ministry of Economic Cooperation and Trade. Private sector representatives also participated in the consultations and discussions on the two progress reports on the NSSED.

Members of Parliament participated in consultations for NSSED formulation and Progress Report preparation, but they have not substantiated this role since the formulation phase. Consultations were held exclusively with members of Parliament, with OSCE cooperation, to discuss the enlargement of the NSSED’s scope. The Parliamentary Committee on Economy, Finance and Privatization has become a part of the M&E process. The Committee, however, is not included formally in any of the established M&E mechanisms. Parliament did not approve the NSSED or its progress reports. Approval of development planning is not a constitutional requirement, although Parliament is required to approve the budget on a yearly basis. Frequent Parliamentary dissolutions in past years have made it difficult for Parliament to
establish itself as a substantial partner during NSSED implementation.

Capacity is a major obstacle to the NSSED’s implementation, fueled by political instability and rival party loyalties at every level of government. There is some capacity for policy formulation, but less so for implementation and analysis. Capacity enhancement is a Government priority, and progress is underway, particularly in the area of decentralization.

**Country-led partnership**

The Government is beginning to take the lead in coordinating external assistance and has assigned this responsibility to the Ministry of Finance. A new Joint Technical Secretariat is in place, comprising the Government’s Technical Secretariat and the Donor Technical Secretariat, currently chaired by the EC and including the World Bank, the OSCE and UNDP. The Joint Technical Secretariat is working on the integration of the Government’s development strategy, coordination and alignment of external partners around an integrated strategy, and lastly, harmonization of procedures. The Government is also designing an Integrated Planning System, which will improve the management of domestic and external investment in line with the integrated strategy, as well as the MTEF. The World Bank and the EC co-chaired the last CG, which was held in Brussels in 2001.

External partners coordinate their activities mainly through a newly created scheme for external partner coordination. This scheme is based on more than 25 external partners’ Thematic Groups, the Donor Technical Secretariat, and a quarterly meeting of the Ambassadors and heads of agencies. The Deputy Prime Minister and key government officials participate in the quarterly meetings, and also maintain close contact with the Donor Technical Secretariat through regular meetings of the Joint Technical Secretariat.

The absence of an integrated national development strategy has hindered external partners’ alignment. The five major external partners are the World Bank, the USA, Greece, the EU and Italy, accounting for approximately 79 percent of gross ODA in 2002-03. ODA accounted for 5.4 percent of GNI in 2003. The World Bank’s Country Assistance Strategy FY02-05 supports the NSSED, and the updated strategy will continue to do so. Assistance strategies prepared by the EC, Italy and Germany explicitly support the SAP. USAID’s FY05 Congressional Budget Justification also provides explicit support for the SAP. In 2004 Albania was selected to apply for a Threshold Program, managed by the MCC and USAID, to help countries work toward MCA eligibility.

Partnerships are beginning to form around financial and analytical support. A pilot transport sector SWAp is under discussion by the Government and the Infrastructure Steering Group (EC, EIB, EBRD, the World Bank, etc.). The World Bank is providing budget support through a series of PRSCs; three have been approved so far. The EU is planning to approve its first budget support to the Government in 2005 in coordination with the World Bank.

There is no overall capacity-building strategy jointly supported by external partners, and capacity support is fragmented and often duplicative.

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4 See [OECD/DAC Aid Statistics](http://www.oecd.org/dataoecd/55/36/23730449.gif)
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European partners are providing capacity building support consistent with governance and decentralization initiatives in accordance with the SAP. The World Bank started work on statistical capacity building efforts, namely a Statistical Master Plan under STATCAP, which will involve all external partners and the Government. The Government plans to formulate a joint capacity-building effort to support the Integrated Planning System.

The Government has shown interest in working with external partners toward harmonization with country systems. The Joint Technical Secretariat is the forum for discussion on harmonization, but there are no serious attempts by the Government to lead the effort prior to the development of an integrated strategy. There are few initiatives to harmonize procedures, and these are led by external partners within individual projects. Harmonization with country systems will require upfront improvements in procurement and financial management procedures.

External partners’ decision-making takes place at the centralized level. The World Bank’s Country Director is based in Washington. Efforts are underway to strengthen its country office in Tirana. The EC has a strong country presence in Tirana and other cities; however, decision-making is still centralized. Italian Cooperation and USAID also have large country offices and are attempting to decentralize decision-making to Tirana.

Results focus

Data collection remains an important obstacle to NSSED implementation in terms of poor data quality and a lack of institutional coordination. The Institute of Statistics (INSTAT) serves as the central data collection agency, however, the quality and timeliness of information is inconsistent and efforts to coordinate with other agencies are in their early stages. Economic and budget data in the latest Progress Report and national accounts is inconsistent. A Living Standards Measurement Survey was carried out in 2003 and 2004, and a new survey is planned in 2005. There is no integrated financial management system.

The public’s awareness of the NSSED, although improving slowly, remains low. There are casual attempts by the Government to disseminate NSSED-related information. The NSSED is available on the website for the Ministry of Finance in Albanian and English. In 2001, when the NSSED was officially introduced, UNICEF helped the Government run a public campaign with brochures, posters, radio and television ads and talk shows, all in Albanian. Currently, there are no plans for launching another similar communication campaign.

The M&E system has peripheral improvements, but much room for progress in its overall coordination and alignment with development targets. In 2003, the NSSED Directorate introduced a standard methodology for the ministries’ reports in the preparation of the Progress Report. The Government has made progress by helping sixteen line ministries to develop M&E matrices for the latest Progress Report. The number of indicators remains high, and unrealistic in many cases. The greatest challenge to M&E systems is the adoption of adequate indicators, and efforts in this direction are starting to materialize. The Government’s efforts are focused on aligning indicators with the MDGs and designing a joint or complementary M&E system for the NSSED and SAP.

5 http://www.minfin.gov.al/skzes/skzes.htm
Long-term holistic vision
Action has been taken to develop a long-term vision that serves as a reference point for policymakers. The PRSP\(^6\) is seen by the Government as an overarching development strategy which contains a long-term vision with a twelve-year timeframe, as well as an ambitious medium-term strategy through 2006 for reducing poverty and inequality. It strives toward targets that are fully in line with the MDGs. Separately, the Ministry of Trade and Economic Development - with the support of UNDP - is developing a Sustainable Economic Development Policy (SEDP) Paper, which proposes a strategy of economic development up to 2015, aiming toward possible membership in the EU.

The PRSP identifies five major priority areas for intervention: 1) promoting sustainable economic growth through macro-economic stability and private sector development; 2) enhancing human development and improving social safety nets; 3) implementing prudent fiscal policies; 4) improving public infrastructure; and 5) improving the delivery of core public sector functions and services. Gender inequality is addressed with reference to the MDGs, while environmental policy is discussed in more detail, with particular emphasis on sustainable use of forestry resources and improvement of land use management. A PRSP Action Plan - which outlines the activities needed to achieve PRSP goals, as well as its monitoring mechanisms - has been developed and implemented over the course of 2004, and a second PRSP Action Plan is being developed by the Government.

Action has been taken to ground PRSP priorities into the budget. In 2004, the first year of PRSP implementation, the Government developed a MTEF which incorporated a number of priorities identified in the PRSP, and allocated funds in the 2004 budget for these areas. Public expenditures for social security, social insurance, health care, education, and infrastructure - under the 2004-06 MTEF and the 2004 Annual Budget - were planned according to PRSP priorities and the targeted public expenditures in this sector. The 2005-07 MTEF also reflects the priorities laid out in the PRSP.

Country ownership
The Ministry of Finance and Economy (MFE) took the initiative on the PRSP. In May 2000 the Government appointed a Steering Committee (SC) - headed by the MFE - in charge of organizing and coordinating PRSP formulation, and in

\(^6\) The Concept Paper on a Sustainable Economic Development Policy for Armenia was developed in 2003. The PRSP was completed in August 2003 and a first PRSP Progress Report was finalized in December 2004.
April 2001 it established a Working Group (WG) - under the direct supervision of the SC - responsible for the day-to-day management of the process, for drafting the PRSP, and ensuring transparency and participatory consultations both at the national and regional level.

Sectoral working groups formed within and across different agencies - under the overall coordination of the MFE - have developed PRSP Implementation Plans that put emphasis on participation in PRSP M&E. In the fall of 2004, the Government substituted the SC with a Participatory Steering Committee (PSC) - in charge of ensuring a participatory process also within the PRSP implementation phase, and of running the consultative process leading to the formulation of a proposal for MCC assistance. The Government appointed a PRSP Secretariat which - together with the WG - is responsible for organizing implementation activities. The PRSP Coordination and Monitoring Unit within the MFE coordinates PRSP M&E, together with the PRSP Secretariat and the WG. Specifically, the WG monitors PRSP intermediate and target indicators and it assesses the impact of PRSP policies. A PRSP Joint Analysis Group - designed by the WG - is responsible for implementation, analysis, and assessment of the PRSP.

The Government has taken steps to involve stakeholders in the formulation of development strategies. In November 2001, the SC selected fifty independent experts to develop the PRSP Terms of Reference, which were completed in October 2002. In February 2003 the Government formed a PRSP finalization Expert Group which revised the strategy based on comments and suggestions received by several stakeholders through opinion surveys, workshops, and discussion seminars held in every province.

The Government engages in periodic public opinion sessions and sector surveys during PRSP implementation. Following the finalization of the PRSP, Government-stakeholder dialogue resulted in a written and legally binding Partnership Agreement on joint responsibility for implementation and further development. A renewed SC and a renewed WG have much wider and more credible stakeholder participation.

Civil society was an active participant in PRSP formulation. NGOs are represented in the PSC and they also participate in the sectoral working groups charged with drafting PRSP Implementation Plans. NGOs submitted their comments and recommendations on the draft PRSP throughout its various stages of development. The NGO Human Rights and Democracy Institute was selected by the SC in May 2002 to systematize public participation in PRSP development, organize public discussions and regional seminars - together with the governmental Analytical-Informational Center for Economic Reforms. Academics, trade unions, local communities, and members of the Armenia Diaspora were also consulted during PRSP formulation, and a PRSP Partnership was formed among civil society organizations, trade unions, and churches to identify PRSP short-term priorities and develop implementation mechanisms.

The private sector was also involved in the consultation process, and contributed to PRSP formulation through its representatives in the WG and the Expert Group. Private sector representatives also participated in three
round-tables aimed at discussing PRSP economic policies, specifically for associations of businessmen, farmers and industrialists. The Prime Minister chairs a High Business Council - established in 2002 - which is composed of various groups, including Government representatives, and meets periodically. The business community is also a part of the PRSP Partnership.

Parliamentary involvement in policy formulation has been significant. Committees of the National Assembly were represented in the SC, in the Expert Group, and are now represented in the PSC. Deputies were also invited to - and actively participated in - seminars and workshops organized by the Government. The National Assembly discussed and endorsed the PRSP in late 2003. The Constitution does not require the National Assembly to approve a national development plan. However, it does require its approval of the annual National Budget - designed in accordance with the vision and intent of the PRSP - and supervision of its implementation. In April 2003 the National Assembly passed a law that requires the MTEF to be approved by the Government before the start of annual budget formulation activities.

The Government is taking action to continually improve upon implementation capacity through stronger coordination of policies and actions. Implementation capacity is much stronger than formulation capacity. Still, there is a need to enhance financial management capacity to implement coordinated social and economic policies that target poverty reduction. Efforts are underway in a number of key Ministries (Health, Education, Social Assistance, and Trade and Development) to develop and implement program budgeting that will integrate the single-year budgeting approval cycle with multi-year program commitments. This is likely to result in improved capacity to coordinate social and economic policies to achieve poverty reduction targets and outcomes.

**Country-led partnership**

Despite the existence of an office within the MFE in charge of development assistance coordination, external partners are taking primary responsibility for managing and coordinating their own activities. The World Bank chairs CG meetings which are sometimes held in-country, the last of which was organized in July 2001. There are currently no plans for a new CG. There are fourteen sector-based Partner Groups, and an umbrella Donor Coordination Group, which is chaired on a rotational basis by the World Bank, UNDP and USAID. The World Bank also chairs periodic local meetings for external partners in which the Government is not represented.

External partners are aligning their development assistance strategies with PRSP priorities. The five major external partners are the USA, the World Bank, the IMF, the EU, and Germany, accounting for approximately 89 percent of gross ODA in 2002-03. UN agencies, the UK, and the Netherlands are also active. ODA accounted for 8.5 percent of GNI in 2003.

The 2002-06 EC Country Strategy Paper builds on the IPRSP, the 2000-04 UNFPA Country Cooperation Framework supports the PRSP process, and the UN has developed a new 2005-09 Development Assistance Framework in line with PRSP objectives and priorities. The FY05-08 World Bank Country Assistance Strategy reflects the priorities outlined in the

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PRSP, and the 2004-08 USAID Integrated Strategic Plan, although not directly based on the PRSP, is in line with its priorities. The GTZ program is partly aligned with the PRSP, but continues to be comprised mainly of projects developed before the PRSP. The IMF PRGF program has been concluded, and the Government has requested a follow-up program; discussions are due to start in March 2005. Armenia is a MCC eligible country since 2004 and Government proposals for funding within the MCA include implementation of programs in line with PRSP priorities in education, health, and social protection.

External partners are starting to work in partnership by providing some joint financial support to the PRSP. In November 2004 the World Bank approved a series of PRSCs aimed at 1) consolidating macroeconomic discipline and strengthening of governance; 2) sharpening competition and entrenching property rights; 3) mitigating social and environmental risks; and 4) modernizing the rural economy. The Dutch Government is co-financing the PRSCs, its support for capacity building being mainly focused on improvement of public financial management instruments in co-operation with other external partners. KfW provides parallel financing to World Bank PRSCs, and the EC provides budget support through its Food Security Program. There is little joint analytical work. A PER in April 2003 and CPAR in May 2004 were prepared by the World Bank. SWAps are not currently envisioned.

There is some degree of coordination and collaboration amongst external partners on specific aspects of capacity building. However, there is no comprehensive capacity building agenda and capacity support is largely fragmented.

The Government and external partners are taking some preliminary steps to harmonize policies and procedures around country systems. In some instances - as in the case of environmental rules and procedures - local regulations and policies are incorporated into USAID regulations.

Some development assistance agencies are increasing their presence in the country to better take part in daily decision-making. The World Bank Country Director is stationed in Washington - with a Country Manager based in Yerevan - while the USAID Country Director is stationed in Yerevan and enjoys highly decentralized decision-making powers.

**Results focus**

Action has been taken to improve the quality and availability of data on poverty and expenditures. The National Statistical Service conducts regular household surveys, the last of which was conducted 2004. The last Census was completed in 2001. Armenia participates in the IMF General Data Dissemination System (GDDS) and the Government’s dissemination practices - in terms of data periodicity, timeliness, integrity, and access by the public - generally meet and often exceed GDDS recommendations. An integrated financial management system is under development.

Stakeholder access to development information is good. The Government has developed an open forum - managed independently of the Government - that helps ensure access to information. The population is largely aware of the PRSP, due to public discussions and seminars organized by the Government and NGOs,
and to broad TV and radio coverage. The PRSP was originally drafted in Armenian and translated afterwards into English. The regional and national press also publishes articles on the PRSP, and the Government created a specific website for it. The PRSP and the Progress Report can also be found on the Ministry of Finance and Economy webpage, which includes information on the budget, the MTEF, and development assistance programs.8

The Government is developing a country-level M&E system and UNDP and GTZ are supporting this effort. The Poverty Assessment Indicators System is expected to obtain an integrated picture of poverty and allow for better management, monitoring, and coordination of PRSP implementation and it is establishing a system to monitor field offices and district centers. This process is still ongoing. The second PRSP Action Plan is likely to identify clearer indicators.

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8 www.prsp.am; http://www.mfe.am/mfeengweb/indexeng.htm
Long-term holistic vision

Azerbaijan has taken steps to design a comprehensive, articulated, and well-developed long-term vision linked to a medium-term development strategy. Its long-term prospects are heavily contingent upon the development of its hydrocarbon reserves, as reflected in the Oil Strategy developed under the late President - Mr. Heydar Aliyev - and embarked upon in 1994 with the signing of the “Contract of the Century” - the main production sharing agreement with major foreign companies on development of Azerbaijan’s oil and gas potential. The strategy aims at developing the hydrocarbon reserves in an optimal and beneficial way for the Azeri people. To ensure that future generations will benefit from the considerable oil and gas revenues, the State Oil Fund was established in 2000. The long-term vision for Azerbaijan was further refined in 2004 with approval of the Long-Term Oil Revenues Management Strategy. Considerable external partner support has contributed to the analysis and refinement of the long-term vision.

Action has been taken to develop a medium-term strategy. The State Programme on Poverty Reduction and Economic Development (SPPRED) is the PRS - which covers the period 2003-05 - and its strategic objectives are in line with the MDGs. The SPPRED was based on detailed sector policy notes and implementation plans developed by 15 Sector Working Groups (SWGs). The Government is now in the process of adapting the MDGs to its specific circumstances and stage of development and of setting country-specific goals and targets. On the basis of the SPPRED and the long-term objectives, the Government developed a State Program on Socio-Economic Development of Regions covering the period of 2005-08, which was approved by the President. It aims at developing the non-oil sector and promoting job growth not only in Baku, but also in other regions. With the SPPRED coming to an end this year, the Government is developing a new ten-year program, which is intended to be linked to a widely shared long-term development vision focused on achieving and surpassing the MDGs.

The SPPRED is focused on six strategic priorities: 1) facilitating an enabling environment for growth of income-generating opportunities; 2) maintaining macroeconomic stability; 3)
improving the quality of - and equity in access to - basic health and education services; 4) improving infrastructure; 5) reforming the existing system of social protection for the most vulnerable; and 6) improving the living conditions and opportunities of refugees and internally displaced persons. It also addresses gender inequality and environmental issues. However, the SPPRED provides only limited prioritization and sequencing of actions in its policy matrix.

The Government is taking action to develop a link between the strategy and the budget. A new Budget Systems Law introduced in 2002 - and its 2003 amendments - established a necessary legal framework for the introduction of a four-year MTEF, which was put together for the first time as part of the 2003 budget formulation process. The MTEF is updated annually and supports the objectives outlined in the SPPRED. Significant progress in prioritizing public expenditure in the State Budget has been achieved in recent years; however, much work remains to be done. The Cabinet of Ministers has defined five critical priority programs, and is implementing Regional Development Strategies under the MTEF and the Public Investment Program. Both are prepared under the guidance of the 2002 Budget Systems Law.

**Country ownership**

There is limited inter-ministerial coordination on policy formulation. The Ministry of Economic Development is the main locus of initiative. The SPPRED was formulated in the period 2001-02. In 2001, a SPPRED Secretariat was set up at the Ministry of Economic Development with the task of leading and coordinating work on the SPPRED and organizing consultations. There was some inter-ministerial coordination through the 15 SWGs that included members from Government agencies and other stakeholders.

During SPPRED implementation the Ministry of Economic Development leads the preparation process of SPPRED Progress Reports. The SPPRED Secretariat - which includes a Poverty Monitoring Unit set up with the help of UNDP - is in charge of monitoring changes in the poverty level and analyzing the impact of the poverty reduction strategy.

Some steps have been taken toward a sustainable stakeholder participation structure. The SPPRED formulation phase - as well as the first year of implementation leading to the first Progress Report - was characterized by a participatory approach, whereby consultations were held with a diverse range of stakeholders. The Government held a launch workshop in July 2001; it organized several roundtables for the SWGs, a number of regional workshops, focus group discussions and individual interviews to capture the opinion of the poorest throughout the country. SWGs’ Sector Policy Notes and implementation plans were discussed at various national and regional seminars and then consolidated into a final draft. The SPPRED was then presented at an international conference held in Baku in October 2002 and received final approval through the February 2003 Presidential Decree.

The Government is carrying out an even broader participatory process for SPPRED implementation. The SWGs continue to be functional, providing inputs for the Progress Reports and updating their sector-related poverty indicators. Since February 2003, the SPPRED Secretariat has organized consultations
through regional workshops and Town Hall Meetings for the preparation of the 2004 Progress Report, with the participation of some members of relevant SWGs. They also update their Sector Policy Notes to serve as a basis for formal sector programs that are used in the budget formulation process.

Civil society was significantly involved in the formulation of the SPPRED and it is now active in the implementation phase. NGOs, scientific foundations, and other members of civil society are represented in the SWGs. They took part in the July 2001 national workshop, in the roundtables and regional workshops. The National NGO Forum established a working relationship with the Government - which is being further developed during the SPPRED implementation - through the submission of proposals to the Secretariat.

The private sector is strongly involved in the SPPRED process. Both individual businessmen and Azerbaijan Entrepreneur’s Association were involved in consultations for the SPPRED formulation and for the preparation of the Progress Report, both through the Regional Workshops and in the framework of SWG discussions.

The Parliament (Milli Mejlis) played a significant role in the SPPRED formulation, too. Although the legal practice precludes approval of state programs and strategies such as the SPPRED by Milli Mejlis, parliamentarians were represented in the SWGs and participated actively in regional Town Hall Meetings, especially on topics related to municipalities and agriculture. Parliamentarians were also actively involved in the workshops held in Baku on economic and social policies. The institutional support by Milli Mejlis to the PRSP process was demonstrated through the establishment of a formal Group for Support of SPPRED, which comprises deputy heads of parliamentary commissions. This group, although not significantly active during the first year of SPPRED implementation, has been instrumental in ensuring that the SPPRED objectives and priorities were reflected in the 2005 budget discussions. The Constitution - which does not require Milli Mejlis to approve a national development plan – requires its approval of the budget, including allocations for national development plans approved by the Government.

The Government's economic policy planning and implementation capacity remains a challenge. Capacity to analyze, monitor, and evaluate policies is weak, as well as capacity to effectively deliver targeted social assistance.

**Country-led partnership**

Government leadership of external assistance coordination needs to be strengthened. The establishment of the Ministry of Economic Development in 2001 as the key Government agency in charge of development assistance coordination was an important step in advancing the Government’s role. UNDP is taking the lead in bringing together external partners around the PRSP process. Issues related to SPPRED implementation have been on the agenda of the Poverty Thematic Group meetings convened by UNDP on a regular basis, with the participation of all concerned external partners. The Ministry of Economic Development has expressed interest in establishing a solid partnership with UNDP and the World Bank to work on the proposed ten-year development program, with the MDGs as the main thrust. The authorities are preparing to
convene a CG or development partners’ meeting in the spring of 2005, when an even more detailed financial plan for the SPPRED will have been developed.

External partners are working to align their development assistance strategies with the priorities expressed in the SPPRED. The five major external partners are Japan, the World Bank, the USA, the EU, and the IMF accounting for approximately 91 percent of gross ODA in 2002-03. ODA accounted for 4.4 percent of GNI in 2003.\textsuperscript{10} The EC is committed to supporting the SPPRED in focus areas such as support for regional integration and cooperation, food security and sustainable rural development as specified in the 2002-06 Country Strategy Paper, as well as in the 2004-06 National Indicative Program. The EBRD is developing a new Country Strategy to be approved in May 2005, which will be closely aligned with the SPPRED. The FY03-05 World Bank Country Assistance Strategy is also in line with the SPPRED. ADB is aligning its development assistance strategy with the objectives and priorities outlined in the SPPRED, and it will soon be developing a five-year Country Strategy and Program with a particular focus on poverty reduction.

Alignment of financial and analytical support is materializing. The World Bank is supporting the SPPRED action plans through a series of proposed PRSCs as well as through investment projects, technical assistance and analytical work. The ADB, UNICEF, UNDP, UNHCR, FAO, WHO and other external partners have also supported a number of analytical studies, including a Poverty assessment conducted jointly with the Government and the World Bank in April 2003. ADB is supporting SWAps in urban water supply and sanitation, as well as in transport.

There is no comprehensive capacity-building strategy. However, external partners have provided substantial assistance to the SPPRED through technical assistance and capacity building activities both in the Secretariat and in the line ministries. For example, GTZ funded the staff of the Secretariat as well as experts on gender and civil society participation. USAID has funded regional Town Hall Meetings for about three years, covering both the implementation and preparation periods. The participation process has also been assisted by OXFAM. A grant from the Swiss Trust Fund was made available to the Ministry of Economic Development through the World Bank, and it serves the purpose of funding sector specific work and a SPPRED financial plan. The World Bank is supporting implementation capacity building across the Government through a Second Institution Building and Technical Assistance project.

Harmonization with country systems and procedures is still limited. The Government adopted a new Public Procurement Law in December 2001 and the World Bank conducted a CPAR in June 2003. The World Bank also completed a PER in April 2003 and a CFAA in September 2003 - in consultation with the IMF, USAID, and other external partners - and is supporting the development of the Government’s capacity to prepare the annual MTEF and Public Investment Program.

Elements exist for stronger in-country partnership structures. Some development assistance agencies are increasing their presence in the country to be better involved in daily decision-making. The

\textsuperscript{10} See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/55/43/1867265.gif
World Bank Country Director is based in Washington, DC, with a Country Manager based in Baku. Most of the key active external partners have field offices located in the country and in November 2004 the ADB opened a Resident Mission in Azerbaijan, under the leadership of a Country Director.

**Results focus**

The Government is taking action to strengthen its information management systems. The State Committee for Statistics has improved data collection and analysis, and is carrying out quarterly household income and expenditure surveys. Macroeconomic statistics meet and in many cases exceed IMF General Data Dissemination System recommendations on periodicity and timeliness. Source data are generally comprehensive, with elaborate data collection programs. Since 2001, the analysis of the poverty profile in the SPPRED has been done on the basis of quarterly per capita consumption expenditures, derived from the 2001 Household Budget Survey (HBS). The World Bank’s Poverty Assessment was also based on the results of the 2001 HBS. The authorities made some changes to the subsequent survey methodology for the 2002 HBS - which constitutes the basis for the Progress Report - in order to achieve consistency with EUROSTAT, as well as to keep in line with officially revised poverty lines. The changes to survey methodology were introduced as a result of technical assistance to the State Statistics Committee from the ADB and the World Bank. Also, ongoing work under the Public Expenditure Management Reform is contributing to improve the timeliness and quality of expenditure data. A project on treasury computerization is underway with assistance from the World Bank and USAID.

The general public is largely aware of the SPPRED, due to extensive public campaign activities, such as regional Town Hall meetings, seminars, workshops, and the extensive media coverage of the process. The Government, with financial support from GTZ, has developed and maintains an informative website for the SPPRED, where major documents are posted in three languages - Azeri, Russian and English.\(^{11}\) Data on annual budget execution is expected to be available on the Ministry of Finance website which is under construction. Among other activities, SPPRED publicity stands were organized in the Baku, Barda, Ganja, Nakhchivan, Sumgait, Astara, Shaki, Masally and Guba regions of the country for the purpose of providing the population with more detailed information on the SPPRED, thus encouraging more active participation in the implementation process. The SPPRED Secretariat produced CDs and audio tapes, as well as 1000 posters about challenging people to fight poverty, with financial support from OXFAM.

A country-level M&E system is a work in progress. The further elaboration of country-specific development targets hinges heavily on improved capacity for statistical data collection. ADB has placed a resident advisor and three national experts to help develop implementation reports, and the government is gradually expanding the core set of poverty indicators in line with the MDGs.

\(^{11}\) [www.economy.gov.az/prsp](http://www.economy.gov.az/prsp)
**Bangladesh**

**Long-term holistic vision**

Some work has been done to develop a long-term vision. In 2000 the Government identified the reduction of poverty as the main thrust of its development strategy through 2010, embedded in a Partnership Agreement on Poverty Reduction with ADB. Elements of a long-term vision are also embedded into Bangladesh’s medium-term strategy, described in “A National Strategy for Economic Growth, Poverty Reduction and Social Development,” the IPRS for 2003-05, and a draft “Unlocking the Potential: National Strategy for Accelerated Poverty Reduction” for 2005-07, which is expected to become Bangladesh’s PRS. The IPRS and the draft PRS include preliminary long-term targets showing a strong link with the MDGs. The Government is setting higher goals in areas like poverty reduction, and adhering to MDG targets in most other areas.

The IPRS and the draft PRS are comprehensive in scope, and contain five core elements: pro-poor economic growth, human development, women’s advancement and closing of gender gaps, social protection and participatory governance. Environmental sustainability is another cross-cutting issue that is integrated into social protection policies. Sector strategies were completed in education and transport, and the Government has nearly finalized a health sector strategy.

A Medium Term Macroeconomic Framework (MTMF) allocates funds towards I-PRSP priorities. The MTMF has FY03 as its benchmark. However, it was not created alongside a detailed budgetary framework and an expenditure pattern linked to poverty reduction targets. Sector MTEFs are being put in place in the post-primary education, agriculture, social welfare and women and children affairs sectors. In the health sector, the MTEF is not yet tied to a strategy. Expenditure allocations in the FY05 budget are widely acknowledged as more pro-poor than previous budgets.

**Country ownership**

The Government formulates policy through a well-coordinated, centralized mechanism involving all relevant ministries. The Planning Commission and other ministries, through an Inter-Ministerial Task Force, comprised of the finance and planning, agriculture, education, health, local government, disaster management, environment and forest, women and children affairs, social welfare, energy, fisheries and livestock ministries, led the IPRS and PRS

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12 The Interim Poverty Reduction Strategy was completed in March 2003. Completion of the full PRS “Unlocking the Potential” is expected mid-2005.
Enabling Country Capacity to Achieve Results

formulation process. IPRS formulation was conducted in two stages, consisting first of twenty-one preparatory consultations at upazila (sub-district), division and national levels. Government officials, including ministry functionaries, were in attendance at their respective levels. The second stage commenced in April 2002, upon completion of the draft IPRS. At this stage, twelve mid-term consultations were held with strong representation from line ministries.

The National Poverty Focal Point, under the General Economics Division of the Planning Commission, coordinates PRS formulation under the supervision of the Minister of Finance. PRS formulation is overseen by a National Steering Committee (NSC), created in July 2003, consisting of twenty-one members formed under the Chair of the Principal Secretary to the Prime Minister. The NSC appointed twelve thematic groups to contribute to the PRS. The General Economics Division has consolidated the Thematic Group reports and prepared a PRSP draft that was reviewed by the NSC.

The National Poverty Reduction Council (NPRC), made up of ministers and civil society and chaired by the Prime Minister, was established in 2003 to address PRS implementation issues, including M&E efforts, with plans for extensive consultations with stakeholders. The National Poverty Focal Point is expected to become the Poverty Monitoring Unit, acting as the Secretariat for the NPRC.

In formulating the full PRS, consultations with stakeholders have maintained or increased the momentum during its formulation as they did during IPRS formulation. Consultations for PRS formulation included one national and six divisional level meetings. Wider consultations are now underway prior to launching the PRS.

Civil society has participated in PRS formulation. The Bangladesh Rural Advancement Committee, a leading NGO, organized and facilitated all consultations during the first stage. Other NGOs, occupational groups, women’s groups, academics, and religious leaders participated in IPRS and PRS consultations. A separate consultation was held in the first round for the urban poor in Dhaka. Civil society is also represented in one of the PRS’s permanent structures, the NPRC, which includes representatives from NGOs, women’s organizations, human rights organizations, research institutes, journalists, trade unions, professional organizations, and notable personalities like academics.

Participation from the private sector was also extensive during consultations. The private sector, through professional groups, business leaders and the various Chambers of Commerce and Industry, participated in IPRS and PRS consultations. Like civil society, the private sector is also represented in the NPRC.

Parliament’s role in PRS formulation is consultative. The draft IPRS was circulated to all members of Parliament (MPs), who did not, however, discuss or formally endorse the strategy. The constitution does not require parliamentary approval of development planning. The government plans to share the draft PRS with MPs and civil society prior to its official launch.

The Government faces a capacity shortage, especially with regard to policy implementation. Weak government institutions and endemic corruption pose
great constraints to the success of development programs. Rural areas suffer most because of the slow progress of decentralization efforts. Civil society, on the other hand, is well established, organized, and has a history of cooperation with the Government in the area of poverty reduction.

**Country-led partnership**

Development assistance coordination is a Government priority, and efforts are underway to strengthen its role. The Government coordinates external assistance through a Local Consultative Group, which is chaired by the World Bank. The Government hosts a yearly Bangladesh Development Forum (BDF); the last BDF was held in Dhaka in May 2004, and was attended by thirty-two development assistance agencies. The Government singled out education and health as the priority sectors for assistance coordination.

Alignment is expected to take place upon the Government’s completion of the full PRS. The five major external partners are Japan, the World Bank, ADB, the UK and the USA, accounting for approximately 85 percent of gross ODA in 2002-03. ODA accounted for 2.6 percent of GNI in 2003. The revised draft PRS was discussed with the development partners in late November/early December 2004; already at the last BDF most external partners pledged their commitment to it. DFID and the ADB have aligned their country strategies for 2003-06 and 2005-06, respectively, to the IPRS. The World Bank’s upcoming Country Assistance Strategy FY05-07 is being designed to facilitate the forthcoming PRS’s implementation.

Partnerships have started to form on the basis of joint analytical and financial support. Joint analytical work with the government includes a CFMA conducted by the UNDP and the World Bank and a PER prepared jointly by the World Bank and ADB in 2001. The World Bank completed a CPAR in partnership with ADB in 2002. In 2003, eleven external partners including JICA, the World Bank, DFID, and ADB, agreed to support a SWAp for the Primary Education Sector Development Program over the next six years. A Health, Nutrition and Population Sector SWAp is planned this year.

There is no overall capacity building strategy, but external partners jointly support capacity building in some sectors, particularly in procurement and anti-corruption. In consultation with five external partners, the Government has formulated a set of guidelines for externally funded, project-related foreign training.

The Government has recently undertaken efforts to promote harmonization with country systems, and is working to finalize an action plan on harmonization. Most of the ongoing efforts are in the areas of account pooling, procurement procedures, performance-based financing, and common audit and reporting requirements. The Aid Governance Initiative, a joint venture between the Government and external partners, is working to strengthen the administrative and implementing processes of externally funded activities. In 2003, the Government introduced a procurement regulation around which partners are harmonizing. The most progress on harmonizing with country systems has been made in the health and

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education sectors, where the Government has laid out its strategic plans clearly and SWAps are in place or underway. External partners support pool-funding in the education and health sectors, and have harmonized around the Government’s reformed national procurement system in the education SWAp. Harmonization is also occurring around the Government’s M&E systems, which external partners are using in the health and education sectors.

Some development assistance agencies are increasing their in-country presence to facilitate their day-to-day decision making. The World Bank’s Country Director is based in Dhaka, and Dhaka also hosts the ADB’s first Resident Mission. Other development assistance agencies have been slow in decentralizing their operations.

Results focus

Bangladesh has well-established systems for gathering poverty data, and the Government is working to strengthen the coordination between different institutions. The Bangladesh Bureau of Statistics (BBS) carried out a Household Income and Expenditure Survey in 2000, and is currently carrying out another one. Data from this survey is expected to be available by the first quarter of 2006. The BBS also carries out Poverty Monitoring Surveys, health and demographic surveys and labor force surveys. The Ministry of Planning hosts the National Data Bank, another element of the Government’s Management Information System. There is a need to better coordinate these data gathering efforts. The process to develop an integrated financial management system has started with the setting up of Financial Management Units in four ministries.

The Government’s dissemination efforts have been weak, but progress is underway to strengthen them. Information on the IPRS and upcoming PRS is not widely available, but can be found on the Ministry of Finance’s website. Stakeholder consultations are the most frequent venue for informing the general population about strategy.

A country-level unified M&E system is still in the planning stage. The National Poverty Focal Point plans to develop a M&E system to track PRS success by tracking indicators, conducting consultations, disseminating results to the general public, and acting as the Secretariat for the NPRC. A set of preliminary poverty indicators and targets are included in the IPRS, but indicators are being refined for inclusion in the full PRS.

**Long-term holistic vision**

Benin has a long-term strategic vision, known as “Benin 2025: ALAFIA” (Peace and Happiness), developed through a broad consultative process under the leadership of the Ministry of Planning and with the assistance of UNDP. To carry out Benin 2025, the Ministry of Planning prepared a Government Action Plan (GAP), which covers the period 2001-06 and strives towards the same goals outlined in the long-term vision.

The *Document de Stratégie de Réduction de la Pauvreté* (DSRP), Benin’s PRS, separate from the GAP, covers the period from 2003-05. The DSRP is consistent with and builds on the GAP, as well as Benin 2025 and the national population policy. The DSRP provides a stronger poverty focus than the GAP, with an elaborated strategy that is considered by the Government and development partners alike, as the sole reference point for focusing national policies and the activities of all of Benin’s development partners.

The DSRP includes detailed indicators, with country-specific considerations. The MDGs are incorporated into the goals, including the target of halving poverty by 2015. The DSRP sets less ambitious targets in striving for universal primary education, but more ambitious targets than the MDGs for universal access to safe drinking water.

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The DSRP’s overall balanced approach is encompassed by four pillars:
1) strengthening the macroeconomic framework over the medium term;
2) developing human capital and environmental management;
3) strengthening good governance and institutional capacity;
4) promoting employment and strengthening the ability of the poor to participate in decision-making and production processes. The DSRP recognizes gender equality as a priority for poverty reduction, and includes an “Action Program for the Promotion of Women,” which details specific plans at the ministry level.

A MTEF covers all sectors and is channeling budget expenditures towards priority sectors for poverty reduction in line with the DSRP. Launched in 2001, the MTEF is a triennial budgetary framework that is updated on a yearly basis to build on detailed program budgets for priority sectors that link quantitative result targets, policies and actions, and expenditures. The use of the MTEF and

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15 Benin 2025: ALAFIA was completed in June 2000, at the same time as the IPRSP. The Government Action Plan was completed in July 2001. The DSRP was finalized in December 2002, and a Progress Report is expected mid-2005. A revised PRSP is expected in early 2006.
program budgets is helping line ministries to improve budget formulation; however, there is scope for strengthening the planning of budget programs and sectoral and intra-sectoral arbitrage. The 2005-07 MTEF has been completed and the 2005 budget submitted to Parliament, together with detailed multi-year expenditure projections for priority sectors. Reflecting DSRP priorities, the Government has increased budget allocations for priority sectors from 10.9 percent of GDP in 2000-01 to 12.1 percent of GDP in 2003-05, falling slightly short of the 12.4 percent target.

**Country ownership**

Overlapping responsibilities within the executive have hampered country ownership. During DSRP formulation, the Ministry of Planning and Development and the Ministry of Finance and Economy were the loci of initiative for its content. A Permanent Secretariat located in the Ministry of Finance and Economy and reporting to the Ministry of Planning took responsibility for DSRP formulation, overseen by the Council of Ministers. The Government also set up a Technical Committee within the Ministry of Planning, which included mostly heads of planning units in sector ministries. Based on a solid tradition of consultation, between 2001 and 2002 the Government organized small orientation meetings and consultation workshops in six districts, three national thematic workshops, and two regional workshops to identify sectoral priorities and establish poverty profiles.

Under a revised institutional framework, established by decree in February 2004, the Government established the National Commission for Development and Fight Against Poverty (CNDLP) under the Ministry of Finance and Economy, to head DSRP implementation. The CNDLP is presided by the Minister of Planning and its Vice President is the Minister of Finance and Economy. The CNDLP is comprised of a Plenary Assembly, a Ministerial Committee, a Permanent Secretariat, a Social Change Observatory and Departmental Monitoring Committees. The Permanent Secretariat coordinates DSRP implementation and prepares Progress Reports. The Social Change Observatory centralizes information needed for M&E and plans household surveys. The Ministry of Finance and Economy presides over the Ministerial Committee and coordinates among ministries for DSRP implementation.

Although stakeholders participated in DSRP consultations for formulation, their involvement is scarce during DSRP implementation as a result of poor dissemination of the DSRP and an M&E system that is not fully operational. Municipal and departmental monitoring committees were set up to involve stakeholders in M&E under the CNDLP, but municipal committees were discarded. All departmental monitoring committees were established by late 2004. NGOs, development associations, women’s organizations, professional associations, and religious institutions participated in the district, regional, and national workshops organized for DSRP preparation. *Espace Libre* - a federation of civil society organizations - drafted a comprehensive contribution to the DSRP that was discussed with the authorities. The Economic and Social Council - an independent body in charge of providing advice to the Government on its economic and social policies - was also consulted and provided feedback on the DSRP. Because of time constraints, the Permanent Secretariat drafted the first
Progress Report with limited input from stakeholders. However, stakeholders were invited to attend the first annual review of the Progress Report in December 2004, which was later discussed with external partners in February 2005. Efforts are underway to permanently involve stakeholders during budget preparation by circulating the yearly budget proposal in town hall meetings, and presenting the suggestions gathered therein to the National Assembly.

Like civil society, the private sector has limited dialogue with the Government during DSRP implementation. The private sector, namely business associations, participated in the national formulation workshops, and the Chamber of Commerce provided some feedback on DSRP drafts. The private sector and civil society worked together to prepare an action plan and set up technical working groups to monitor the implementation of the DSRP with respect to their concerns and priorities.

Some members of the National Assembly took part in the district and regional level consultations, and the Government submitted the DSRP to the National Assembly for information after it was finalized and approved by the Council of Ministers. The National Assembly is required by the Constitution to approve the budget, but there is no constitutional requirement for its approval of development planning.

Capacity to formulate a participatory strategy is adequate. Institutional capacity for implementation suffers from severe shortcomings, however. Duplicative efforts in DSRP implementation, due to poor inter-ministerial coordination, also hinder its progress, but efforts are underway to assign ministries with more specific responsibilities.

Country-led partnership

There are limited efforts by the Ministry of Finance and Economy to take the lead in overall development assistance coordination. Most coordination takes place among external partners. The UNDP used to chair RT meetings in Cotonou; however, they have been discontinued. External partners meet on a monthly basis around twelve sectoral or thematic working groups. On the suggestion of external partners, the Government has started to take the lead in some working groups, chaired by the relevant ministries.

Overall, external partners have aligned their assistance programs to the DSRP. The five major external partners are France, the EU, the World Bank, the USA and Germany, accounting for approximately 73 percent of gross ODA in 2002-03. ODA accounted for 8.5 percent of GNI in 2003.\(^\text{16}\) The 2002 EC cooperation strategy and the World Bank’s Country Assistance Strategy FY04-06, completed in 2003, reflect DSRP priorities. Denmark approved a new strategy in 2004, also aligned with the DSRP. The UN Development Assistance Framework has been fully aligned with the DSRP, as have the French and USAID strategies. Since 2004, Benin is eligible to receive funds from the MCC.

External partners are forming partnerships in providing financial and analytical support. The EC, AfDB, Switzerland, Denmark, and the Netherlands, are engaged in budget support operations through a three-year

\(^{16}\) See [OECD/DAC Aid Statistics](http://www.oecd.org/dataoecd/56/2/1867453.gif)
Joint Approach Agreement, in close coordination with the World Bank’s PRSCs. Moreover, in the context of the World Bank’s PRSC preparation process, a first joint mission comprising the EC, the Netherlands, Switzerland and Denmark was carried out in September 2004. The Government and external partners agreed to use a unique policy matrix to monitor the implementation of main structural and sectoral reform programs. The same coordination effort is underway at the sector level both in terms of sector strategies, programs, and on technical assistance and institutional support to these programs. The main partners providing budget support are steadily strengthening coordination of their interventions under increased Government leadership. In September 2004, several partners conducted a joint budget support review. Several analytical and advisory assistance tasks are undertaken jointly with other development assistance agencies and the Government. The UN - with active participation of the World Bank - completed a Common Country Assessment in 2002 which reviews and analyzes the national development situation. Joint sector reviews are in place in the education and water sectors. A SWAp is envisioned in the education sector. The AFD, KfW and the World Bank jointly support the establishment of a municipal development fund for urban areas.

Development assistance agencies are harmonizing their procedures around their use of country procurement, budgetary and financial management procedures, particularly in the transport and water sectors, where there is a basket funding mechanism.

Action has been taken to develop strong partnership structures, particularly through efforts to decentralize operations to the country level. The World Bank has a country office, although its Country Director is based in Washington. Most of the largest partners are taking steps to decentralize decision making to the country. The AFD program is managed by an office in Cotonou.

**Results focus**

Data for monitoring expenditures and poverty is available, and the Government continues to work with external partners to strengthen capacity in this area. The National Statistics Institute provides data collection and analysis. To improve data collection, the Government is taking measures to establish a Poverty Reduction Information System. A CWIQ and a Poverty Assessment were conducted in early 2003. Some progress has been made in the area of monitoring household living conditions and income poverty incidence. A joint Government/external partner methodological workshop was organized in March 2004 to discuss a program of household surveys that addresses the methodological weaknesses identified in past household surveys. This program would include an annual CWIQ and a national integrated household survey every three to five years. An integrated financial management system, SIGFIP, is in place but needs to be strengthened.

Information about the DSRP is disseminated in an informal manner. The
Government designed a comprehensive dissemination plan, which included widespread circulation of the DSRP, media coverage, and public workshops - at both the national and local level - to inform the public about the content of the DSRP, its objectives and expected results. After repeated delays, the joint dissemination of the DSRP and the Poverty Assessment started in December 2004. The DSRP, which is available on the Government’s website¹⁷, was originally drafted in French and translated into English. It has not been translated into local languages.

The Government is taking concrete measures to improve a country-level M&E system. Mechanisms for M&E are being strengthened with the support of external partners. A joint mission helped the Government to prepare two “arrêtés,” clarifying the roles of the Permanent Secretariat and the Social Change Observatory. Development partners are also closely working with the Social Change Observatory to draft a triennial M&E program. The task of monitoring progress towards the MDGs belonged to the National Statistics Institute, but this responsibility was recently transferred to the Social Change Observatory, which is in charge of monitoring and evaluating the DSRP.

**Long-term holistic vision**

The notion of Gross National Happiness (GNH) guides Bhutan’s distinctive approach to development, based on four pillars: the promotion of equitable and sustainable socio-economic development, the preservation and promotion of cultural values, the conservation of the natural environment, and establishment of good governance. The notion emphasizes the need to find an appropriate balance between material, spiritual, emotional and cultural well-being. “Bhutan 2020: A Vision for Peace, Prosperity and Happiness,” was prepared through a consultative process and seeks to translate the notion of GNH into a series of national objectives emphasizing: (i) human development, (ii) cultural heritage, (iii) equitable development, (iv) good governance, and (v) environmental conservation. These precepts guide policymaking, and are a central part of all government programs.

The Poverty Reduction Strategy Paper is the medium-term strategy for 2002-07, linked to the long-term vision. The PRSP is considered by the Government and external partners alike as the single ongoing framework for development programs. It consists of the Ninth Five Year Plan and a Cover Note that provides an update on the Plan and elaborates on some areas, including a preliminary MTEF, the consultative process and M&E. Sectoral, district and block strategies serve as inputs to the Ninth Plan.

The PRSP builds on Bhutan 2020, and both the vision and the strategy are consistent with the MDGs in many areas. The vision and strategy establish more country-specific targets, as well, such as lowering the infant mortality rate from 60 per 1000 live births in 2003, to below 30 in 2007; providing electricity to 50 percent of the rural population; and ensuring that 75 percent of the rural population live within a half day’s walk from the nearest motorable road by 2012. Given strong economic performance in recent years, the Government expects to reach some MDGs before the 2015 target date.

The PRSP defines a comprehensive poverty reduction strategy, developing sector strategies in education, health, and infrastructure. The strategy also addresses cross-cutting issues, such as gender, the environment, improved governance, and decentralization. For the first time, the

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18 “Bhutan 2020: A Vision for Peace, Prosperity and Happiness,” was finalized in May 1999. The Ninth Five Year Plan was completed in April 2002, and the Cover Note was completed in August 2004.
Ninth Plan also includes separate strategies at the district and block levels.

There is scope for strengthening the fiscal framework, and the Government is working to implement a MTEF. In an effort to prioritize the strategy, the Cover Note introduced a provisional MTEF for 2003-06, but it has not yet taken off. In particular, the budget continues to be prepared on an annual basis. To this end, the Government called for the implementation of multi-year rolling budgets in the revised budget manual (2002), and is seeking assistance from development partners in this effort.

**Country ownership**

Institutional mechanisms for development planning and implementation are strong as a result of a tradition of creating five-year development plans. The Department of Planning (DoP), formerly named the Planning Commission, under the Ministry of Finance, is the lead PRSP agency. The DoP led the consultations underpinning the Ninth Plan and the Cover Note. Separate strategies for districts and blocks were prepared by the *Dzongkhag Yargye Tshogdue* (District Development Committee), and *Gewog Yargye Tshogchung* (Block Development Committee); these committees participated in consultations with one elected representative of each block and one member from each municipality in each district. After an initial review of the Eighth Plan, the DoP issued guidelines for Ninth Plan preparation, leading to the preparation of sectoral, district and block strategies. The DoP is also responsible for coordinating PRSP implementation, and the proposed country-level M&E system, once established, will reside within it.

Participation and consultation are a central part of the planning tradition in Bhutan, and the PRSP was developed through extensive consultation with communities and stakeholders, including the private sector, down to the block level.

There was strong participation from the National Assembly in PRSP preparation. National Assembly members representing each district were members of the District and Block Level Committees, and helped formulate district and block strategies. Upon the Ninth Plan’s completion, it was sent to the National Assembly for its approval.

Capacity for policy formulation is adequate, but constraints are significant in implementation capacity, especially at the local level. As a result, much of the implementation of government programs is undertaken centrally, generally by the concerned ministry, and further decentralization will only be possible with further technical assistance and capacity building efforts at the local level.

**Country-led partnership**

The Government, through the Department of Aid and Debt Management unit in the Ministry of Finance, leads the coordination of external development assistance. The Government co-chairs RT meetings with UNDP and the World Bank approximately every three years. In November 2000, the Government held a RT meeting in Thimphu for the first time. The most recent meeting, in February 2003, was held in Geneva to discuss the Ninth Plan, co-chaired by the Minister of Finance, the Assistant Secretary General of the UN and the Regional Director for Asia and the Pacific of UNDP. Between these meetings, informal gatherings of development partners are organized regularly by UNDP.
Overall, external partners’ activities are reasonably well aligned with the Ninth Plan. Besides India, the six major external partners are Japan, Denmark, ADB, the World Bank, Switzerland and the Netherlands, accounting for approximately 81 percent of gross ODA in 2002-03. ODA accounted for 13.2 percent of GNI in 2003. Denmark’s assistance for 2003-07 is aligned with the PRSP, and the ADB’s Country Strategy and Program Update for 2004-06 also states its commitment to the PRSP. ADB is formulating a results-based Country Strategy and Program based on the Ninth Plan. The World Bank’s Country Assistance Strategy for FY00-02 supports Bhutan 2020 and a Country Assistance Strategy is being prepared in FY05 to align Bank assistance with the PRSP. The UN’s Country Cooperation Framework for 2002-06 reflects the development priorities outlined in Bhutan 2020.

There are few examples of joint analytical work or budget support to date. The Government has been developing SWAPs since 2002, in sectors like health, the environment and urban development. External partners are considering using these instruments, and Denmark has been providing support through these sector strategies. Denmark has recently made a switch to budget support in two sectors.

Capacity building efforts are undertaken mostly in an uncoordinated manner, but partners are pursuing some joint initiatives. The PRSP stresses the importance of capacity building, and programs are underway in areas like debt management (ADB), public expenditure management (UNDP/World Bank/ADB), and strengthening of statistical systems (ADB/UNDP).

With few exceptions, external partners have not yet taken significant steps to decentralize their operations to country offices in Bhutan. Given the small size of the country program, neither the World Bank nor the ADB operate an office in Thimphu. Other external partners, like Denmark and the Netherlands, have decentralized decision-making to their local offices.

Results focus

The Government has taken concrete steps to strengthen its capabilities in gathering data for monitoring purposes. A National Statistics Bureau (NSB) is the lead agency for data production; however, its mandate needs to be strengthened in order to improve coordination, improve survey implementation, and ensure that data are used effectively to underpin policy. The Government launched two pilot surveys in 2000, a Household Income and Expenditure Survey and a Poverty Assessment and Analysis. The NSB conducted a Bhutan Living Standard Survey in 2003 with support from the ADB and UNDP, and the first census to be conducted following internationally accepted guidelines is scheduled for 2005.

In seeking to improve results, the Government is also taking steps to strengthen financial management. With financial assistance from the Netherlands, the Government’s 1987 Financial Manual was revised to form the Financial Rules and Regulations 2001 (FRR-2001), which covers procurement, budgeting, accounting, property management, revenue accounting and the like. Following the revision, the computerized Government Budgeting and Accounting Systems (BAS) was developed with technical assistance from the ADB. The BAS is used for the production and reporting of budgeting and accounting.
information by all the spending agencies of the Government.

Information about the PRSP is not yet widely available to the public. The Ninth Plan and the PRSP are posted on the Government’s website in English, but not in the official Dzongkha language, and dissemination of information to the public is otherwise weak.\(^{20}\) Once a Poverty Monitoring and Assessment System is established, it will be responsible for communication and dissemination of progress in improving social development indicators and poverty reduction.

An integrated country-level M&E system is a work in progress. The Planning Information Network of the DoP coordinates existing monitoring systems in collaboration with the National Statistics Bureau, the Planning and Policy Divisions in the ministries, and the Planning Units in the Dzongkhags. A Poverty Monitoring and Assessment System is still under development, and plans are to maintain responsibility for M&E within the DoP in coordination with the NSB.

The Poverty Monitoring and Assessment System will integrate existing M&E systems in government agencies and ministries, and create a standardized reporting framework at the Dzongkhag level. Preliminary indicators are included in the PRSP, and the DoP is finalizing these indicators with information from the 2003 Bhutan Living Standards Survey. To date, monitoring data is not fully reflected in the budget, but the Government is working to strengthen the budget preparation process.

Bolivia

Long-term holistic vision

A long-term vision widely agreed within the country has not yet materialized. In 2004 the Government of President Mesa, which came to power in October 2003 after the resignation of President Sánchez de Lozada, drafted an Estrategia de Desarrollo 2005-15, developed around three components: productive sectors, social sectors and cross-cutting issues. The Estrategia de Desarrollo has not yet been widely shared within the Government and discussed with national stakeholders. Since the Government is also setting up a constitutional assembly to draft a new constitution, the validation of long-term development objectives may suffer delay.

Some work has also been done to update and revise Bolivia’s poverty reduction strategy. In 2003 the Government of President Sánchez de Lozada prepared a draft revision of the Estrategia Boliviana para la Reducción de la Pobreza (EBRP) 2001-06, Bolivia’s PRS. In 2004 the Government of President Mesa prepared a draft Estrategia Boliviana de Desarrollo 2005-07. However, the Estrategia Boliviana de Desarrollo only partially built on a National Dialogue launched in 2004 for its formulation and was not approved by the Government. The Government is in the process of preparing two Plans of Action 2005-07, one economic and one social, building on the National Dialogue. However, it is not yet clear whether the Plans of Action will feed into the Estrategia de Desarrollo. National development plans, Programa General de Desarrollo Económico y Social (PGDES), are mandated by the Constitution, although not each Government is required to prepare one. A PGDES has not yet been prepared to update the PGDES 1997-2002. The Government is preparing a National Rural Development Strategy and an Education Reform Program through 2010, linked to the operational program for 2004-08, Programa Operativo Multianual (POMA). The National Rural Development Strategy and the Education Reform Program will feed into the Estrategia de Desarrollo and the work of the constitutional assembly.

There are also five-year development plans prepared by the 9 departments, Programas de Desarrollo Departamentales, and 324 municipalities, Programas de Desarrollo Municipales, linked to annual action plans (Programas Operativos Anuales). The 324 municipal
governments elected in December 2004 prepared their legally-required municipal plans based on the Estrategias Integrales Productivas Municipales agreed upon in each municipality during the National Dialogue. These plans however vary in their quality and degree of implementation. Departmental plans, which are not mandatory, are not yet fully coordinated with the municipal plans, and do not always build on the Estrategias Integrales Productivas Departamentales agreed upon in each department during the National Dialogue. The Government envisages introducing elections for the department heads, who are presently appointed by the Government, and make the preparation of departmental plans mandatory.

Some efforts are being made to identify comprehensive long-term development objectives linked to the MDGs. The Plans of Action will focus particularly on the productive sectors while safeguarding progress made in the social areas. The 2003 draft revision of the EBRP identifies the MDGs as Bolivia’s long-term goals for 2015, and makes limited attempts to link the MDGs to a set of policy actions to foster broad-based growth. It focuses on the productive sectors, and envisages a stronger role of the State in supporting infrastructure. The overall goal is to provide growth opportunities for micro, small and medium enterprises in labor intensive industries that would generate employment and thus increase incomes and reduce income poverty. The Government has also plans to address cross-cutting issues like gender, the environment, and good governance - which are only partially addressed in the EBRP - in the Estrategia Boliviana de Desarrollo. Mixed results have been obtained so far in meeting development objectives. Progress has been made in the majority of the social sectors, but Bolivia still lags behind many Latin American countries and poverty has increased.

The link of the strategy to the budget remains an open challenge. The Government has not yet prepared a MTEF given the uncertain fiscal impact of a new Hydrocarbons Law and the possible reform that would grant financial and administrative autonomy to some regions. However, it is making some progress in formulating a MTEF in the education sector.

Country ownership

President Mesa supports the focus of the new EBRP on the productive sectors. The Government of President Sánchez de Lozada established a Secretaría Técnica del Diálogo to organize a National Dialogue, which is meant to provide inputs from national stakeholders to the Estrategia Boliviana de Desarrollo. The Technical Secretariat has had links to the Ministry of Popular Participation and has received technical and administrative support from an existing government unit for economic analysis, Unidad de Análisis y Políticas Económicas (UDAPE). The Ministry of Economic Development prepared preliminary drafts of the Estrategia de Desarrollo and the Estrategia Boliviana de Desarrollo, with limited inputs from other ministries. It is currently responsible for the preparation of the economic Plan of Action, while the Ministry of Education is responsible for the preparation of the social Plan of Action. Planning responsibilities may be transferred to the Ministry of Finance, which now chairs a national economic and social council, Consejo Nacional de Política Económica y Social (CONAPES). CONAPES is composed of the ministries responsible for social and
economic activities; UDAPE acts as its technical secretariat. CONAPES, which was first established in March 2003 but was then temporarily disbanded, replaces two councils that had handled economic and social issues separately.

Some work has been done toward establishing a sustainable structure for continuous government – stakeholder dialogue. A National Dialogue Law, approved by Congress in July 2001, has established a legal framework for conducting popular consultations on the EBRP every three years. The National Dialogue, launched in February 2003 and completed in December 2004, was structured into municipal pre-dialogues, and municipal, departmental, and national roundtables carried out by existing local government structures. It built on and strengthened the participatory mechanisms established for the National Dialogue 2000 and the formulation of the EBRP, which have been embedded at the local level. The methodology was devised by working groups comprised of government and stakeholders’ representatives. The National Dialogue was overseen by a 22-member National Dialogue Board composed of government and stakeholder representatives. It was an important effort by the Government to consult with national stakeholders; however, participation could have raised expectations to levels that exceed the capacity and resources of the public sector to deliver. The Technical Secretariat is currently working with UDAPE to integrate the inputs emerged from the National Dialogue into the draft Estrategia Boliviana de Desarrollo.

Civil society organizations have played a key role in the National Dialogue. CSOs participated in the roundtables, and were represented in the National Dialogue Board (two local government associations, the five indigenous organizations recognized by law, and a women’s organization). However, the representativeness of the National Dialogue Board has been called into question by some segments of civil society and the population at large. CSOs at the local level participate in Oversight Committees as part of a Social Control Mechanism, established as a result of the National Dialogue 2000 to supervise poverty-related local expenditures. However, Oversight Committees are often unable to understand or monitor budget allocations. Their members can also easily fall prey to capture given that there are no limits to their mandates and are poorly paid.

Producer associations have also been involved in the National Dialogue as part of civil society, but participation of medium and large enterprises has been limited. A coordinating body of the association of microenterprises participated in the roundtables and was represented in the National Dialogue Board. Small farmers and artisans participate in development councils, Consejos de Desarrollo Económico, Productivo y Social, (CODEPES), also established as a result of the National Dialogue 2000, to supervise poverty-related local expenditures in cooperation with the Oversight Committees. However, due to financial constraints and social unrest there has been a significant delay in the creation of these Councils, which only started to operate in some municipalities in early 2004.

Parliamentary involvement is limited. Representatives from the decentralization and popular participation committees of the Senate and the Chamber of Deputies participated in the National Dialogue Board as observers. The Government is constitutionally required to submit the PGDES to Congress, and is planning to
present the *Estrategia de Desarrollo* to Congress. The Congress examines and approves the budget.

Frequent cabinet changes significantly hamper planning, coordination, and implementation capacity within government as well as government capacity to interact with civil society, the private sector and external partners. The Government is strengthening the civil service’s professionalism, but limited progress is being made with the exception of the Office of the Comptroller of the Republic, the Central Bank, the Internal Revenue Service, the National Roads Service, and the Customs Service. At the local level, departments and municipalities still have insufficient structures and capacities to effectively implement policies and programs. While greater spending authority has been devolved to municipal governments, insufficient ability to raise taxes constrains planning and implementation capacity. Civil society organizations have limited capacity to consult with their members and elaborate policy proposals.

**Country-led partnership**

The Government has started playing a more active role in coordinating external development assistance, following the transition period from the Sánchez de Lozada to the Mesa administration where many strides on Government leadership made during the first EBRP were discontinued and external partners made some efforts to maintain coordination. The Vice Ministry for Investment and External Financing in the Ministry of Finance leads coordination of both bilateral and multilateral development assistance agencies. The Government and external partners co-chair working groups established in 2004 to coordinate external support in five areas: 1) EBRP formulation and National Dialogue, 2) the constitutional assembly, 3) enhancing competition and productivity, 4) fiscal policies, and 5) harmonization. The Ministry of Education chairs an inter-agency committee embedded within its structures, to coordinate the support of all external partners in the education sector. In 2001, a CG meeting was chaired by the Minister of Finance and held for the first time in Bolivia instead of Paris. The 2003 CG meeting took place in Paris due to the unstable Bolivian political situation. The Government has postponed a mini CG due to take place in January 2005.

The Government has started moving toward the establishment of public-private partnerships. The draft National Rural Development Strategy envisages the creation of alliances between small producers, market agents and local governments to strengthen local infrastructure.

External partners are attempting to move toward aligning their support around country development objectives, but assistance is still fragmented because of uncertainty over what these objectives are. The five major external partners are Germany, the USA, IDB, the World Bank and Spain, accounting for approximately 79 percent of ODA in 2002-03. CAF, the Netherlands, Denmark and Sweden, among others, also play an active role in Bolivia. ODA accounted for 12 percent of GNI in 2003. In 2004 Bolivia was selected as one of the countries eligible for support through the US Government’s MCA. IDB is basing its support on the draft revision of the EBRP and the country’s commitment to meet the MDGs. The World Bank plans to

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update its assistance strategy, either through a new Country Assistance Strategy or an update of the Country Assistance Strategy FY04-05, to align it with the priorities identified in the new EBRP. UNDP is supporting the preparation of the EBRP.

Partnerships in external financial and analytical support are emerging, but action is at an early stage. External partners are conducting some analytical work jointly with the Government. IDB and the World Bank prepared a CFAA and a joint PER, both in close cooperation with the Government. DFID, the EC, Germany, IDB, the Netherlands, SIDA, and USAID have signed a Memorandum of Understanding with the Government, providing for multi-donor budget support for the implementation of the EBRP and the improvement of financial management. External partners are coalescing around government sector strategies through preparation and implementation of SWAps, including some that are pooling funds. The EC is supporting a SWAp in water and sanitation, and CIDA and Germany will join in 2005. The Netherlands, SIDA, DANIDA and the World Bank are preparing to support a SWAp in education. External partners and the Ministry of Education will jointly prepare a sustainability study for the implementation of the Multi-Annual Operational Program.

Capacity building to local governments and some key decentralized institutions that provide non financial public services is still fragmented but elements exist for alignment with country priorities, even in the absence of a comprehensive capacity-building strategy. For example, in 2003 GTZ prepared a comprehensive *Programa de Apoyo a la Gestión Pública Descentralizada y Lucha contra la Pobreza* to support capacity for poverty reduction of twenty-five government institutions at the central and local level in line with the EBRP.

Bolivia is a pilot country under the 2003 Rome Declaration on Harmonization, and the Government and the development assistance community are working closely to prepare a harmonization action plan to be presented at the 2005 High-Level Forum on Aid Effectiveness. In the education sector external partners are undertaking joint missions and joint reviews.

Most external partners have decentralized their decision-making processes or strengthened their presence in the country to better participate in day-to-day dialogue. UNDP has recently deepened its decentralized decision-making processes. The World Bank has established a Public Information Center in Bolivia and is translating documents and information in Spanish as well as in other local languages. The World Bank’s Country Director had been decentralized to Lima, but is now based in Washington with a strengthened Country Office in La Paz.

**Results focus**

The quality and availability of poverty-related data has improved. However, action is still needed to strengthen information reliability, timeliness and comprehensiveness. A census was completed in 2001 and since 1999 the National Statistics Institute has undertaken regular surveys on the improvement of living conditions, carried out according to internationally-agreed guidelines for the region, known as MECOVI. The Government is preparing a national statistical development strategy, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by
the World Bank. Government information management has improved since the introduction of SIGMA, which captures approximately half of central government expenditures in real time and with substantial desegregation. The system, however, does not yet track expenditures of prefectures, municipalities and other decentralized public institutions, which account for the majority of all public expenditures.

The draft revision of the EBRP is posted on the UDAPE website, and the draft Estrategia Boliviana de Desarrollo is on the website of the Ministry of Economic Development. During the National Dialogue 2004, there was a dedicated website with information on the National Dialogue and a timetable for municipal roundtables. The Government conducted an information campaign on the National Dialogue in local languages relying on local radio and television stations.

A country-level M&E system is not yet in place. The revised draft EBRP reduces the number of indicators presented in the 2001 EBRP, and identifies seven intermediate result indicators and five input indicators. There are several monitoring systems - sectoral and functional - whose use and effectiveness vary considerably, and they are not yet integrated. UDAPE and the National Statistics Institute are responsible for coordinating EBRP monitoring and evaluation, collecting information at the national, regional and municipal levels from census, surveys, and administrative records. The National Statistics Institute has been developing a data collection methodology for local governments and piloted the use of information technologies for M&E in fifteen municipalities.

Bosnia and Herzegovina’s long-term vision is EU integration and accession through the SAp. After the adoption of the Dayton Agreement in 1995, Bosnia and Herzegovina (BiH) consists of two Entities, the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS). Alongside the vision of EU integration, the Government is increasingly working to integrate a vision for social and economic development.

The Government has prepared a Medium Term Development Strategy (MTDS) 2004-07, BiH’s PRS, whose three goals are components of the long-term vision and incorporate social and economic development components: laying the groundwork for sustainable and balanced economic development, poverty reduction, and acceleration of EU integration. Several sector strategies stem from the MTDS in areas like social welfare, education, health, environment, energy, infrastructure, etc. With UNDP assistance, the Government successfully integrated the MDGs into the MTDS’s objectives, with consideration for country-specific circumstances.

The MTDS presents a balanced and long-term approach to development. Priority sectors are: fiscal reform, private sector growth, reduction of the informal economy, social protection and education reform. The strategy also focuses on cross-cutting issues like anti-corruption initiatives, protection of human rights and enforcement of the Law on Gender Equality. There is still a need to better prioritize the strategy.

The MTDS has links to the budget through the use of MTEFs in each entity, which are directing expenditures towards priority sectors. MTEFs were prepared by each entity, FBiH and RS, for FY04-06. The MTEFs were the basis for the 2004 budget and were a major consideration in drafting the plan for fiscal reform. Both entities have updated their MTEFs for the period 2005-07, and revised MTEFs have been used to guide preparation of the respective 2005 budgets. A Medium Term Macroeconomic Framework is in place, and its macro projections include baseline and optimistic scenarios. Planned budget expenditures broadly reflect priorities identified in the MTDS.

Country ownership

Despite the increased number of Government institutions resulting from the Dayton Agreement, the Government takes leadership in policy design through an integrated structure that depends not only on inter-ministerial, but also intra-entity coordination. The locus of initiative for the MTDS comes from the
BiH Council of Ministers and the two entity Governments. During formulation, strategic decisions were made by the Coordination Board of Economic Development and EU integration, which includes the Chairman of the BiH Council of Ministers, other BiH ministers, as well as the prime ministers and finance ministers of both entities. A total of eighteen inter-ministerial working groups, represented by the Council of Ministers, entity governments, and government at the canton and municipality levels, defined proposals and priorities in different sectors. Technical coordination was entrusted to the Office of the BiH Coordinator for Preparation of the MTDS and to entity MTDS preparation offices. The Coordination Board decided on the final priorities of the strategy after the three rounds of consultations, and met a total of eighteen times.

The Government intends to maintain the same institutional framework during MTDS implementation. The plan includes dialogue with key stakeholders during MTDS implementation. The Government has already involved stakeholders by sharing the first draft implementation progress report. MTDS M&E will be carried out by the new Office for Coordination of Economic Research and Monitoring of the Implementation of the BiH Medium-Term Development Strategy (EPPU). The EPPU plans to solicit feedback from stakeholders regarding consultations for the first progress report, in order to improve the preparation of future progress reports.

Structures for stakeholder involvement are in place, but consultation is not systematic. At the local level, responsibility for stakeholder participation falls on the Office of the MTDS Coordinator in RS, FBiH, and the Brcko District. At the state level, the Office of the BiH MTDS Coordinator leads thematic, youth, private sector, and trade union consultations. An estimated 300 roundtables took place during MTDS formulation, with several thousands participants. Consultations took place in three stages during formulation for each draft of the MTDS.

Civil society involvement was an important component of MTDS formulation, as the Government sought to create a strategy that would be acceptable to the three main constituent ethnic groups. NGOs were represented in the working groups that helped to formulate the strategy. Youth groups and trade unions from both entities were active in consultations, as members of the relevant working groups and as participants in public discussions and implementation of the strategy. The Government sought advice from experts and scholars during consultations, and formed a Council of Scholars for the Preparation of the MTDS. The Council’s twenty-two scholars from local universities provided support and advice to the working groups by attending working group deliberations and public debates. Another team of twenty-eight experts was established to conduct research for the working groups and revise drafts.

The private sector played a role in MTDS formulation. Business associations were involved in the working groups, and foreign investors participated in consultations. At the state level, consultations with the private sector involved Chambers of Commerce and business associations in both entities.

The BiH Parliament and the entity parliaments were exceptionally involved in the consultation process. Each draft of the MTDS was presented to the relevant committees of the BiH Parliamentary
Assembly for discussion. The final version of the MTDS was approved by Parliament, although it is not a constitutional requirement that Parliament approve national development plans. The final implementation progress report was presented to Parliament. The BiH Council of Ministers must present a progress report to the BiH Parliament every six months as agreed by both entities in the MTDS, although it is not a constitutional requirement.

Existing capacity for policy formulation is hindered by institutional and political obstacles. Ministries have capacity for planning, but limited capacity for implementation because of high levels of decentralization. The entity and canton governments have less capacity for planning and implementation. Political and ethnic tensions continue to run high, and the autonomy of the entities as well as the Brcko District, make it difficult to implement a truly national strategy. Inefficiencies abound by a constant duplication of efforts.

**Country-led partnership**

The Government is placing increasing emphasis on development assistance coordination and developing a new state-level coordination mechanism, pursuant to the conclusions of the CG held in Sarajevo in September 2004, co-chaired by the EC and the World Bank. While there is no mechanism at the national level, Aid Coordination Units were established at the state and entity level.

External partners are progressively aligning their assistance with the MTDS, as the links between it and the SAP become clearer. The six major external partners are the EU, the World Bank, the USA, Japan, Sweden and the Netherlands, accounting for approximately 80 percent of gross ODA in 2002-03. ODA accounted for 7.4 percent of GNI in 2003. The World Bank’s Country Assistance Strategy for FY05-07 was derived from the MTDS and supports its three specific goals. The EC’s assistance is in line with the SAP and MTDS. SIDA is also providing development assistance in line with the MTDS, as is the Netherlands. While USAID makes no explicit reference to the MTDS or SAP in its strategy, its assistance is directed towards the achievement of similar objectives in the areas of improved governance, human rights, and economic development.

There is some joint analytical and financial support. A European Fund for Bosnia and Herzegovina was set up in 1998, co-financed by the EC and other bilateral partners, and led by KfW. The World Bank and EU have collaborated in the preparation of economic reports and the World Bank has also worked jointly with DFID in the preparation of analytical work related to private sector development initiatives. In addition, CIDA, DFID, EBRD, the EC, EIB, KfW, NORAD, Switzerland and USAID have been working in close partnership in support of an electric power reconstruction project. More joint financial and non-financial assistance is envisioned. For example, external partners expressed interest during the September 2004 CG in developing SWAPs around the Government’s sector strategies.

Capacity building strategies are built into most partners’ assistance programs, but efforts remain fragmented. The EC’s assistance has a strong focus on capacity building in the public sector, seeking to harmonize legislation, public finance, and

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other practices with those of the EU. It is expected that joint capacity building efforts will materialize around SAP reforms.

The Government is not yet pursuing harmonization of development assistance agency procedures with country systems. External partners agreed at the September 2004 CG that the MTDS and SAP are appropriate frameworks for harmonization, given their complementary nature.

External partners are undertaking measures to decentralize decision-making, albeit gradually. The World Bank’s Country Director is based in Washington, with portfolio management decentralized to the Country Office in Sarajevo. The EC is also strengthening its country presence, and SIDA has decentralized decision-making to the country office. Since 1996, the Netherlands has implemented a model for decentralizing responsibility to its country office.

Results focus

The quality of poverty-related data is inadequate. The last population census took place in 1991, prior to the war. The MTDS stresses the importance of improving statistical methods and institutions. A Living Standards Measurement Survey survey was carried out in 2001 by the BiH Statistics Agency, as well as the FBiH Statistics Bureau and the RS Statistics Bureau, with technical assistance from the World Bank. Since the end of the war, there is no integrated financial management system in place to track expenditures, and this problem was exacerbated by the duplication of government bodies and ministries in the two entities.

Information about the MTDS is widely available, and the full text of the MTDS can be found on the Government’s website in Bosnian and in English.26 The Government organized a media campaign to encourage citizens’ participation in the debates and public consultations. The media is actively involved in the implementation process by disseminating information relevant to the MTDS, namely though press releases and press conferences.

Efforts are underway to fully establish a country-level M&E system. The EPPU will work closely with the Directorate for European Integration toward this end. This is the first time that BiH has a strategy focused on poverty issues. However, the strategies that existed before the war were monitored by the relevant Ministries and reports were regularly prepared for the relevant authorities of the Socialist Republic of Bosnia and Herzegovina or Socialist Federal Republic of Yugoslavia directly by the line ministries. In addition to monitoring MTDS progress by building on existing systems in line ministries, the EPPU will conduct research for future policy development, and produce monitoring reports for public dissemination. Indicator prioritization and redefinition is still a work in progress, as indicators must reflect updated poverty data.

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Long-term holistic vision

The Government set its long-term development vision in its Letter of Intent for Sustainable Development Policy in 1995, which provides a conceptual framework for the country’s medium-term strategies. This vision focuses on human security, defined as economic security, access to education and health, food security, environmental security, and lastly, individual and political securities. The long-term vision was derived through a consultative process, which stems from a tradition of participatory, long-term sector planning in the 1980's.

Burkina Faso’s medium-term strategy is the Cadre Stratégique de Lutte contre la Pauvreté (CSLP) II for 2004-06, Burkina Faso’s second PRS, whose policy actions are guided by a matrix contained in a Priority Action Plan for 2004-06 (PAP). The CSLP is the sole ongoing medium-term strategy, stemming from the long-term vision. The CSLP pursues the MDGs as well as more country-specific objectives, such as agriculture-led growth and development of rural infrastructure. The MDGs are tailored to country-specific circumstances and their achievement is linked to the four priority sectors of the CSLP: education, health, drinking water, and agriculture and livestock. Yearly reviews allow for adjustments to the targets in accordance with lessons learned and the availability of resources. For example, deadlines for the attainment of universal education, poverty reduction and the elimination of gender disparities in education have been updated to extend beyond 2015 due to a low starting base and limited capacity.

The updated CSLP II rests on the same four pillars as the first CSLP: accelerated and equitable growth, better access to social services for the poor, increased employment opportunities, and good governance. The strategy was fine-tuned to place greater emphasis on cross-cutting issues like gender integration, particularly in education, also regional integration, small business development, and the environment. CSLP II includes thirteen regional development plans alongside the national plan, tailored to fit the specific circumstances of each region. Ten-year development plans, developed in parallel to the first CSLP in sectors like basic education, health, and budget expenditure reform, are ongoing.

The Government has linked the strategy to the budget by adopting a three-

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year rolling MTEF, which is now integrated with the budget cycle. For the first time, the 2003-05 MTEF was prepared in time for its attachment to the budget circular, prior to the finalization of the 2003 budget. A 2004-06 MTEF was also finalized, with links to the PAP. To date, budgetary allocations are consistent with the PRSP in that expenditures have increased for priority sectors like education, infrastructure, agricultural support, and health. However, the MTEF still needs to be complemented by results-based program budgets at the sectoral level and disbursements should be linked more closely to the outcome of the M&E system. The finalization of a Health MTEF in 2005 and the new PAP are positive steps in that direction. Yearly CSLP reviews have also brought improvements to the MTEF exercise, and line ministries are starting to prepare prioritized sector plans in line with the CSLP.

**Country ownership**

Acting upon the perceived limitations of the first CSLP, the Government developed and formalized a new institutional mechanism for CSLP implementation. The Ministry of Economy and Development (MED) retained its leadership in coordinating CSLP formulation and updates. An Inter-ministerial Steering Committee guides policy and is responsible for keeping sector approaches in line with the strategy. The mechanism also includes sectoral and thematic groups, of which six are active. An Executive CSLP Secretariat - the Secrétariat Technique pour la Coordination des Programmes de Développement Economique et Social (STC-PDES) within the MED - is in charge of regional councils, national consultations, and a partnership framework with the private sector and civil society. The STC-PDES is in charge of M&E and progress report preparation.

Through its new institutional mechanism, the Government has taken action to create a permanent structure for stakeholder involvement. Consultations for formulation of the first CSLP and its progress reports, led by the MED, were inclusive, but inconsistent. Consultations for CSLP II took place over a period of seven months, and ranged from consultations to review the old strategy, to final consultations to review the draft CSLP II. CSLP II formulation was enriched by ten regional consultations for the creation of regional strategies, which also fed into the national strategy. However, participation of stakeholders was limited during PAP formulation. Under the new framework, yearly participatory CSLP revisions are to take place at the national and regional levels, and regional councils serve as a permanent venue for dialogue with stakeholders.

CSOs, namely NGOs, women’s groups and academics, participated in all the consultations for the CSLP II. NGOs held workshops in 2003 to discuss possibilities for increased participation in CSLP implementation, and their conclusions were included in CSLP II. Civil society also maintains dialogue with the Government through representatives in the Economic and Social Council, an advisory government body.

Private sector participation is increasing as the Government has expressed greater interest in adding the private sector’s inputs to the strategy. Agricultural producers’ groups and other members of the private sector participated in consultations for the CSLP and in the workshops to review the updated strategy.
The Government met exclusively with the Chamber of Commerce and other business associations to discuss priorities for private sector growth to include in the CSLP II. The Economic and Social Council has various private sector representatives who were involved in formulation.

Upon completing CSLP II, it was submitted to the Economic and Social Council for review and comments. The CSLP II was then submitted to the National Assembly for approval. Despite having approved the CSLP and CSLP II, the National Assembly does not discuss Progress Reports. The Constitution requires Parliamentary approval of national development plans, and allows for their previous review by the Economic and Social Council.

Capacity to implement the strategy falls short of formulation capacity. Central ministries involved in sector and thematic groups are building capacity to develop and implement projects to achieve CSLP goals. The central government is strengthening local governments as part of an initiative to decentralize, also in accordance with the objectives of the CSLP. At the local level, however, Development Committees are successfully coordinating CSLP-related programs. Efforts to improve budget control systems are still necessary.

**Country-led partnership**

The Government has made increasing efforts to take the lead in development assistance coordination, particularly after launching CSLP II. With the UNDP, the Government co-chairs RT meetings to coordinate assistance from various multilateral and bilateral partners; the last meeting took place in March 2004 in Ouagadougou, where the Government presented the updated CSLP II and PAP to external partners. The Government has identified lead agencies in a number of sectors, for example, CIDA in education and the World Bank and EC in budget support.

The Government is taking steps to consolidate strong public/private partnerships through the institutionalization of a framework for private sector/civil society involvement. With the private sector in particular, the Government is studying legal reforms to facilitate their participation in expanding economic opportunities. The Government also envisions a partnership with civil society, and intends to provide capacity building for local organizations in order to increase their effectiveness. CSOs are active in the implementation of sector strategies, particularly education. The government continually encourages CSOs to organize on a national level and get involved in the implementation of other sector strategies.

Overall, external partners have aligned their assistance with the PRSP. The five major external partners are the World Bank, France, the EU, the Netherlands and the AfDB, accounting for approximately 74 percent of gross ODA in 2002-03. ODA accounted for 10.8 percent of GNI in 2003. The Government has identified the CSLP as the single framework for all external partners’ budgetary and project support. The World Bank’s Country Assistance Strategy FY00-03 and the Country Assistance Strategy Progress Report FY04-05 stem directly from the first PRSP, as do the strategies of the EC for 2001-07, the Netherlands and other donors. The World Bank is preparing a

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28 See [OECD/DAC Aid Statistics](http://www.oecd.org/dataoecd/62/24/1877725.gif)
new Country Assistance Strategy consistent with the CSLP II. AFD activities for 2005-07 support CSLP objectives. In 2005 Burkina Faso was selected to apply for a Threshold Program, managed by the MCC and USAID, to help countries work toward MCA eligibility.

Joint analytical and financial work is encouraging partnerships among external partners and with the Government. In 2002, a joint World Bank/SPA CFAA was completed along with other partners like Belgium, France, Germany, Japan, the Netherlands, Switzerland and the IMF. In 2004, the World Bank and the IMF worked jointly to update the Accountability Assessment and Action Plan on the tracking of poverty expenditures under the HIPC Initiative. The World Bank joined France, Germany and the UK to carry out a study on Operationalizing Pro-Poor Growth in several countries, including Burkina Faso.

In January 2005, the government approved a Memorandum of Understanding for joint budgetary support to implement the PRSP along with eight other partners: the EC, the World Bank, the AfDB, France, Denmark, Sweden, the Netherlands, and Switzerland. The World Bank is supporting this framework through a series of PRSCs, the first of which was in 2001. The Government has prepared a number of SWAPs in education, HIV/AIDS and water supply sectors, supported by most external partners. An example is the 10-year Education Program, for which the Government signed a partnership agreement with thirteen external partners for their support of basic education programs.

The Government is taking action to coordinate capacity building efforts on a national level. Efforts are underway to develop a national capacity building plan in consultation with external partners. The Government has developed a joint statistical capacity building strategy with assistance from external partners.

External partners are working towards harmonization around strengthened government systems in financial management, including auditing and accounting systems. In 2002, the inter-ministerial council designed a new plan for budget reform, the Plan de Réforme de la Gestion Budgétaire, in order to strengthen the transparency, reliability and efficiency of the budget process as suggested by the PRSP. External partners including the EC, UNDP, France and the AfDB aligned their programs to this initiative. Harmonization of external partners’ procedures may take the form of joint annual PRSP reviews and common project performance indicators.

External partners are undertaking initial efforts to decentralize their operations through a more substantial country presence, thus improving their daily interactions with the Government and each other. Efforts are underway to strengthen the World Bank’s Country Office, whose Country Manager is stationed in Ouagadougou, and the Country Director is based in Washington. UNDP has decentralized its decision-making to its Country Office. The AFD program is managed by an office in Ouagadougou.

Results focus
The Government is taking action to improve its systems for data collection. The National Institute of Statistics and Demographics (NISD) is the lead statistics agency, and is responsible for coordination between line ministries and
the Poverty Observatory. The NISD conducted three Living Standards Measurement Surveys, in 1994, 1998 and 2003. The World Bank and AFRISTAT aided in the creation of a statistical master plan, and the Government has completed a national statistical development strategy, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank. There is greater ongoing analysis of budget implementation and execution of program budgets in relation to priority sectors, and there is tracking of ministry expenditures.

The Government has plans to launch a communications campaign to disseminate information about the CSLP. Dissemination of the CSLP was widespread during consultations, partly by way of media coverage of the consultations and partly by way of CSOs and their exposure to the CSLP at various stages. A copy of the CSLP II can be found on the website of the Prime Minister’s Office. 29

A country-level M&E system is under development. The CSLP inherited the M&E system in place from the Conditionality Reformulation Test Exercises, initiated in 1997, that focused on health, education, and budget management. The National Poverty and Sustainable Human Development Observatory (ONAPAD) and Employment and Occupational Training Observatory were created with assistance from UNDP to monitor poverty reduction indicators in priority sectors. In particular, ONAPAD is in charge of the design of the M&E system, building on past systems, which responds to the CSLP. The STC-PDES within the Ministry of Finance is responsible for coordinating all M&E activities, and consolidating reports from regional and sectoral groups for progress report formulation. The STC-PDES shall submit yearly reports to the Inter-ministerial Steering Committee for CSLP II and PAP yearly revisions. The Government has dedicated great effort into redefining the set of indicators. The revised set, which was narrowed down to include 28 indicators, is included in the PAP.

Burundi is recovering from a civil war marked by ethnic violence between Tutsi and Hutu factions started in 1993. The peace process has advanced since the signing of the Arusha Peace Accords in August 2000, leading to cease-fire agreements, the creation of a three-year Transitional Government with a successful transition of the Presidency from a Tutsi to a Hutu at its 2003 mid-point, and the incorporation of the larger non-signatory armed group into the Arusha process. While most of the country remained relatively calm throughout 2004, sporadic attacks took place in the western province of Bujumbura-Rural, the stronghold of a faction of the Forces Nationales de Liberation (FNL), the only group that has not signed a ceasefire agreement with the Government. Thirty percent of the population continues to be displaced. General elections are scheduled to be held during the summer of 2005.

Long-term holistic vision

Some preliminary steps toward developing a long-term vision have been taken. Spurred by the Arusha Peace Accords, the Government - with the support of external partners - launched a long-term economic and social development program, focused on remedying the economic difficulties and reversing the intensification of poverty. A preliminary long-term vision of development is contained in the Interim Strategic Framework for Accelerating Economic Growth and Reducing Poverty, which is the IPRSP, and whose targets for 2015 are in line with the MDGs, though not all of them can be met. The vision considers poverty as one of the underlying sources of conflict and bad governance, and strives towards its eradication, sub-regional economic integration, broad access to education, health and hygiene, industrialization, and institutional transparency. A Cadre Stratégique de Croissance et de Lutte contre la Pauvreté (CSLP), Burundi’s PRS, is under preparation.30

Following the end of the war, the former authorities prepared a post-conflict development strategy - Government Transitional Strategy (GTS) - focused on short-term humanitarian relief and emergency assistance, which also addressed medium-term reconstruction and longer-term reconciliation and development. The GTS covered the period 2001-03 and was presented at a meeting among external partners held in Paris in December 2000. It underscored the need

30 The Interim Strategic Framework for Accelerating Economic Growth and Reducing Poverty was completed in November 2003. The CSLP is expected end-2005.
for social inclusion and a participatory approach to development, and aimed at reducing poverty through employment in the reconstruction and rehabilitation of economic and social infrastructure.

The IPRSP - which was approved by the Cabinet - incorporates a medium-term development strategy for 2003-06, based on six pillars: 1) strengthening the processes of consolidating peace and democratic governance; 2) reintegrating the victims of the crisis and other disadvantaged groups into the economy; 3) promoting private sector development; 4) adopting social policies aimed at improving human capital; 5) undertaking HIV/AIDS prevention activities and providing treatment for infected persons; and 6) advancing the role of women in development. The Government is developing more detailed sector strategies to elaborate concrete plans to achieve these objectives. In early 2004 it presented to external partners a strategy to encourage the resettlement of internally displaced persons and the return of refugees, known as the National Program for the Rehabilitation of Affected People, to be implemented over 2004-06. The Government has also designed an anti-corruption strategy, with the support of the World Bank and Transparency International, and a participatory coffee sector development strategy.

Preliminary action has been taken to develop a link between the budget and the national development strategy. A MTEF is not in place yet, but the Government is planning to prepare one in FY06 in line with the priorities identified in the IPRSP. The FY04 and FY05 budgets reflect IPRSP priorities in their structure and content, and the share of capital expenditure increased significantly for programs aiming at poverty reduction. The Government is also planning to prepare periodic Public Investment Programs - both at the macroeconomic level and at the individual budgetary sector level - and a division within each ministry is in charge of planning, programming, and budgeting.

**Country ownership**

The Arusha Peace Accords envisioned an Inter-Ministerial Reconstruction and Development Unit - composed of representatives from the Ministries of Planning, Finance, and Reintegration - to prepare a medium and long-term development plan, as well as an emergency reconstruction plan. The current Government includes a Ministry of Development Planning and Reconstruction. The formulation of the CSLP was launched in May 2004 under the leadership of the Head of State. A Permanent Secretariat for Monitoring Economic and Social Reforms has been created in the Vice President’s Office and chairs an Équipe d’Organisation et de Coordination sur le Processus Participatif (EOCCP) - with Government and stakeholder participation - charged with managing the CSLP process. It is composed of a core consisting of the Planning, Finance and Reintegration ministries, with the involvement of Education, Health, Agriculture and Livestock, Women’s Promotion, Communal Development, and Public Infrastructure ministries, as well as other stakeholders. An inter-ministerial Comité Technique de Suivi de Politique Économique et Sociale is in charge of developing indicators for M&E.

Involvement of national stakeholders in strategy formulation has increased over time. Despite the difficulties related to intense fighting, the Government conducted nationwide consultations in the capital Bujumbura and in four regions -
from July 2000 to January 2002 - involving about 3,400 persons, out of which 30 percent were women. It also organized thematic seminars and workshops, which included representatives of sectoral ministries, such as Planning and Finance, as well as other stakeholders. The Government is taking measures to establish an Economic and Social Council - a consultative organization planned by the Interim Constitution, which is expected to be composed of representatives of different socio-professional sectors, and whose consultation will be mandatory on every economic development plan and regional integration project.

The Government has been conducting even broader consultations since May 2004, asking every grassroots community to choose municipal and regional representatives in the formulation of the CSLP. Consultations are being finalized. The CSLP consultation process has been partially decentralized by the Government, which has encouraged the establishment of a Poverty Reduction and CSLP Drafting Provincial Committee (chaired by Provincial Governments), and of a Poverty Reduction and CSLP Drafting Communal Council (chaired by Communal Governments), as well as of Community Development and Poverty Fighting Committees (CDCs), which are community bodies charged with overseeing efforts for sustainable development. They are being established in all the provinces after their election by local communities, and during CSLP implementation they are likely to achieve formal legal recognition. CDCs are key institutions for the devolution of power to local communities: they will provide regular updates of Community Development Plans and will identify and manage the necessary resources for implementation and monitoring of activities at the local level.

Civil society has been well represented during CSLP formulation. CSOs, including NGOs, religious denominations, youth and women’s associations are represented in the EOCCP and took part in the nation-wide and regional consultations for IPRSP and CSLP preparation, as well as in the thematic seminars and workshops. CSOs are represented in the Comité Technique de Suivi de Politique Économique et Sociale and the Government has plans to involve them in dialogue during CSLP implementation. They are represented in the decentralized committees and councils.

The private sector is involved through its representation in the EOCCP and Comité Technique de Suivi de Politique Économique et Sociale, as well as through its participation in the workshops organized by the Government for IPRSP formulation. Its role has been strengthened in consultations for the CSLP through more effective dialogue with the public sector - promoted by existing “dialogue committees” on taxes, procurement, customs and fraud. The dialogue committees have become inactive, but their role is expected to be revamped through further private sector consultations on the CSLP.

Parliamentary involvement in strategy formulation is strong. Some members of the National Assembly were involved in the consultations for IPRSP formulation and the Government has plans to have parliamentarians represented in CSLP Drafting Provincial Committees. The Arusha Peace Accords require that the National Assembly approve the long- and medium-term development plan, and the 2004 Transitional Constitution states
that laws should determine the objectives of the Government’s economic and social action. The National Assembly has not approved the IPRSP. The Transitional Constitution also requires the National Assembly to approve the annual budget. The National Assembly has taken its responsibilities assiduously, linking the budget to the IPRSP and holding the Government accountable for its actions.

The Government’s capacity to design and implement pro-poor economic reform programs is limited. Capacity of the central administration has been weakened by a decade of conflict; however, CDCs are able to execute plans and programs at the grassroots level. Public affairs management capacity needs to be strengthened at all levels: macroeconomic, sectoral and decentralized administrative capacities, as well as the capacities of grassroots communities and civil society.

In 2001 the Government set up a Ministry of Good Governance and Privatization, which is working towards reconstituting institutional and human capacities weakened by the crisis.

**Country-led partnership**

The Government does not yet take leadership over development assistance coordination. The latest RT meeting was held in January 2004 in Brussels and chaired by UNDP. In theory, the Ministry of Finance is responsible for follow-ups and coordination of external partner activities within the context of informal working groups, but development assistance agencies usually take the lead in this field. For example, the EC organizes monthly general information meetings for European external partners, aimed at improving overall coordination of development assistance.

NGOs are strongly involved in activities funded by external partners. The Government is envisaging participation of the private sector in CSLP monitoring and implementation.

External partners are aligning their development assistance strategies with the I-PRSP. The five major external partners are the EU, the World Bank, the USA, Belgium, and Norway, accounting for approximately 78.5 percent of gross ODA in 2002-03. France, AfDB, and the Netherlands are also active. ODA accounted for 33.8 percent of GNI in 2003. In 2002 the World Bank approved a FY02-04 Transitional Support Strategy (TSS) which supports the CSLP process, and it is finalizing a second FY05-07 TSS which will focus on the priority needs outlined in the IPRSP and in the forthcoming CSLP. In 2003 the EC adopted a 2003-07 Country Strategy Paper which is in line with the IPRSP, as is the 2005-07 UN Development Assistance Framework. The 2003-05 USAID Integrated Strategic Plan for Burundi is aligned with the IPRSP and with the Arusha Peace Accords.

Some partnerships are materializing through joint analytical and financial support. SWAps are currently under development. A health SWAp is at an advanced stage, while implementation of those in education and agriculture is likely to begin in the next two years. The Government, the World Bank, AfDB, and France conducted a CFAA in June 2004 and a CPAR is planned for FY06. The World Bank, the EC, France, and Belgium have plans to support the Government in its implementation of the CFAA recommendations. The World Bank, the EC, and the IMF collaborated on a coffee

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sector reform, with broader support by UNDP, FAO, and France in the agriculture sector.

Capacity building is still fragmented, but some partnerships are emerging. Since 2004 the World Bank has been supporting a multi-sector capacity building project, aimed at supporting capacity building for economic management and the implementation of institutional and policy reforms, strengthening public administration and the transitional institutions for improving governance, and supporting the formulation and implementation of the poverty reduction strategy. Action Aid, AfDB, the EC, France, and UNDP support this effort. France is involved in mid-career macro-economic and fiscal training. The IMF provides training to the Central Bank and the Ministry of Finance, and in November 2004 it conducted a multi-sectoral mission for comprehensive statistics diagnosis for more efficient and focused technical support.

Some development assistance agencies are pursuing harmonization activities with each other, but there has not yet been a move toward harmonizing with country systems. The World Bank and BMZ are undertaking joint funding and monitoring of the demobilization and reintegration program, which started in December 2004. The UN, the Netherlands, Belgium, and France are key players in providing technical and financial support to the establishment of a national police force tasked with ensuring internal security.

A number of development assistance agencies are taking steps to increase their presence in the country to better participate in daily decision making. The World Bank’s Country Director is based in Washington, with a Country Manager based in Bujumbura to facilitate policy dialogue with the authorities and other stakeholders. The World Bank has plans to strengthen its Country Office to facilitate its involvement in the outer provinces. Belgium, France, the EC, the Netherlands, and the UK have strong offices in the country. USAID has a contract representative.

**Results focus**

Data quality is weak as a result of capacity constraints, as well as the inability to access parts of the country where violence is ongoing. Several institutions are responsible for producing and analyzing economic, financial, and social statistics, including the Central Bank, the National Statistical Institute (ISTEEBU), and the Permanent Secretariat for Monitoring Economic and Social Reforms. However, there is an urgent need to modernize these institutions and their statistical collection methods, and the Government is improving their coordination. A household survey based on the CWIQ was conducted in 2002, and a Public Expenditure Tracking Survey will be conducted with support from the World Bank. The Government is planning to undertake comprehensive poverty assessments every five years and shorter surveys every two years. The latest general census of the population was conducted in 1990, and the Government has plans to conduct a new one in 2006. There is a financial management system, which is not yet fully integrated and computerized, and is weakened by some overlapping of responsibilities between the Ministry of Finance and the Ministry of Good Governance and Privatization. The Government has started addressing these issues by introducing a
computerized system, with the support of DFID, UNDP and the World Bank.

Information on the Government’s policies is easily accessible. Radio and television broadcasts covered the CSLP process, as well as articles published in the private and public press. The Government has a website dedicated to the CSLP process, where the IPRSP can be found in English and French. The CSLP Preparation Status Report and other information on the consultation process and the budget are also available on the website. While the IPRSP has not been translated into Kirundi, the participatory consultations for CSLP formulation and IPRSP implementation are conducted in Kirundi at the community level, and in French at the Sectoral/Thematic level.

The Government places particular emphasis on monitoring and evaluating poverty reduction activities, and it has plans to establish a three-year operational program aimed at producing indicators for monitoring the poverty reduction strategy, as well as the achievement of the MDGs. IPRSP targets are clearly specified and a matrix of actions identifies progress indicators. However, in some instances, objectives are left vague and are not tied to an explicit strategy or timeframe. AFRISTAT has helped develop a database containing the indicators. An envisaged country-level M&E system is expected to be supported by the World Bank and UNDP working in partnership. However, M&E plans are constrained by limited capacity and the difficulty in attracting qualified staff at civil service pay scales.

http://www.cslpburundi.org
Cambodia gained independence from France in 1953. In April 1975 - after a five-year civil war - Communist Khmer Rouge forces captured the capital Phnom Penh and began to enforce a program of radical revolutionary transformation. Over 1.5 million died from starvation, overwork and violence over the next four years. In 1978, a Vietnamese invasion drove the Khmer Rouge into the countryside; they, along with two non-communist guerilla movements, regrouped on the Thai border and conducted a running civil war against the Vietnamese-installed Government over the course of the 1980s. A peace accord was signed in Paris in 1991, mandating a UN-supervised ceasefire and democratic elections, which were held in 1993. The resulting coalition foundered in inter-party fighting in 1997. National elections were held again in 1998 and led to the formation of another coalition Government and a measure of renewed political stability, helped by the surrender of the last elements of the Khmer Rouge in 1999. Elections in 2003 were relatively peaceful, but in searching to defend or gain political advantage the parties took a year to negotiate a coalition Government, which was eventually formed in July 2004.

**Long-term holistic vision**

Cambodia has developed several long-term visions. Following the 1998 elections, the Government presented a Triangle Strategy which focused on peace, demobilization, and regional economic integration for the next decade. A Financial Sector Development Vision and Plan (FSD) has been elaborated for 2001-10. The coalition Government announced a 2004-08 Rectangular Strategy for Growth, Employment, Equity and Efficiency, which serves as the political mandate for the current term and focuses on good governance, peace, social order, macroeconomic stability, partnership, and economic integration.

Similarly, there are several medium-term development strategies. A Governance Action Plan was prepared in 2000 to address emerging concerns about governance issues. The country adopted a system of five-year plans, with the first Socio-Economic Development Plan (SEDP) for 1996-2000 prepared with the support of ADB. During preparation of the Second Five-Year Socio-Economic Development Plan for National Economic Growth and Poverty Reduction Strategy for 2001-05 (SEDP 2), attempts were made to reach an agreement that it - with some new features - would serve for the World Bank and IMF as Cambodia's PRS. Although this wasn't in the end possible, there was an effort to articulate the complementarity and distinction between
it and the National Poverty Reduction Strategy (NPRS) 2003-05, Cambodia's PRS. The Government and the major external partners have agreed that the SEDP 2 and NPRS would be replaced by a single medium-term strategy for the planning period 2006-10, to be supported by all development assistance agencies. Preparations for the National Strategic Development Plan (NSDP) 2006-10 began in December 2004. It is hoped that the NSDP will lay out concrete policies and investments needed to realize the vision contained in the Rectangular Strategy.

The NPRS noted the importance of developing specific Cambodia Millennium Development Goals (CMDGs). These were formulated with UN support in 2003 and published as the Cambodian Millennium Development Goals Report (CMDGR). The NSDP will incorporate the CMDGs and will create consensus around a practical, unified framework for monitoring and evaluating national-level implementation and outcomes. This single M&E and reporting framework will take the CMDGs to define the ultimate outcome goals. Cambodia is a UN Millennium Project pilot country.

The NPRS focuses on three pillars: 1) growth through exports, tourism, and agriculture development; 2) governance and public expenditure management; and 3) infrastructure and human development. It also addresses cross-sectoral matters like gender inequality, HIV/AIDS, private sector development, and environmental issues. It also built upon well-developed medium-term sector strategies in health and education - although the linkages between sector-level and overarching medium-term strategies need to be improved.

Aligning the annual budget and the MTEF to medium-term strategic priorities remains a key implementation challenge. The initial promise that NPRS implementation might contribute to this plan-budget linkage was never fully realized, partly because of post-election impasse and changes in political positions involved in the formation of the Government, and partly because of more deep-rooted institutional weaknesses, especially in terms of unclearly defined roles and relationships between the Ministry of Planning (MOP) and Ministry of Economy and Finance (MEF). MEF is now embarking on a Public Financial Management reform program, endorsed by the Prime Minister, which aims to make the budget credible as a policy instrument. The Government is preparing a 2005-07 MTEF, seeking to prioritize expenditures based on strategic objectives, including that of sustaining a reallocation of resources from defense and security to priority areas such as education and health. The Government has plans to prepare sectoral MTEFs starting in 2006. Initiatives for performance budgeting and management are mainly confined to the education and health sectors. The MEF plays a central role in monitoring budget execution and MTEF implementation.

Country ownership

The locus of initiative for strategy formulation shifted over the course of SEDP 2 and NPRS preparation. The IPRS process was led by the MEF. After the completion of the IPRS, the MOP became responsible for both NPRS and SEDP 2

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33 The Triangle Strategy was developed in 1998. The Financial Sector Development Vision and Plan was approved in 2001. The First SEDP was finalized in 1996, and the Second SEDP was completed in 2001. The NPRS was finalized in December 2002, and a Progress Report was completed in August 2004.
preparation. In December 2000 the Government created a Council for Social Development (CSD) - an inter-ministerial body chaired by the Minister of Planning - which was given responsibility for NPRS formulation and implementation. The CSD functioned well in coordinating with its planning counterparts in the line ministries during NPRS formulation. However, several line ministries were not sufficiently engaged, and the effectiveness of the CSD function declined over the course of 2003-04. The CSD is assisted by a General Secretariat (GSCSD) - established in August 2001 - which is chaired by an Under Secretary of State of the MOP. A Supreme National Economic Council attached to MEF drafted the first Progress Report on the implementation of the NPRS and recommended necessary adjustments.

Action has been taken towards a sustainable structure for stakeholder involvement in policy formulation and implementation. The GSCSD organized a series of participation activities for the formulation of the NPRS. These included five national workshops (in April 2001, April, May, August, and November 2002); three provincial consultation meetings; and direct consultations with the poor. Four key line ministries - Agriculture, Forestry and Fisheries; Health; Education, Youth and Sport; and Rural Development - were also actively engaged in NPRS formulation and held extensive consultations to prepare their strategic plans. In December 2003, the Supreme National Economic Council organized a consultation workshop on the implementation of the NPRS and recommended necessary adjustments.

Civil society was involved in NPRS formulation and implementation, both as critics and contributors. Civil society organizations and NGOs participated in the five national workshops, in the provincial consultations, and in the consultations organized by line ministries. CSOs also offered their contribution to Progress Report drafts. There is a NGO Forum which consists of local and international NGOs active in development-related activities. In October 2000, 85 NGO representatives participated in a National NGO Workshop that followed several meetings with tribe and poor community leaders. In June 2002 the NGO “Women for Prosperity” conducted consultations with poor women in four different provinces, and in October 2002 - in collaboration with the NGO Forum - it organized a roundtable on "Gender issues in the NPRS." NGOs provided feedback on NPRS drafts through the NPRS Advisory Group. After the August 2002 national workshop, a number of trade unions formed a Union Committee for the NPRS, which also provided comments on NPRS drafts.

Private sector participation in NPRS formulation was limited. The private sector participated in the April 2001 national workshop, and it had a focal person liaising with GSCSD and assisting it in the organization of dissemination meetings.

Parliament was involved in NPRS formulation, although it has not had a strong role in pursuing implementation or monitoring. Some parliamentarians participated in the national workshops held for NPRS formulation, and in October 2002 the Government organized a
workshop specifically for the Assembly. Despite no constitutional requirement for the legislature to approve a national development plan, the Assembly approved the Triangle Strategy, the SEDP, the SEDP 2, and the NPRS. The Government plans to submit the National Strategic Development Plan 2006-10 to the Assembly for approval. Both the Assembly and the Senate should play a significant role in linking policies and strategies to the budget, and in reviewing NPRS implementation progress.

Planning, budgeting, and financial management capacity is limited; however, the Government is starting to undertake civil service reforms to strengthen these capacities. The Governance Action Plan, amongst many other initiatives, contains many provisions which commit the Government to directly address root causes of corruption. The Government is also drafting an Anti-corruption Law that is expected to be submitted to the National Assembly for adoption during 2005.

Country-led partnership

The Government is taking increasing leadership in development assistance coordination. It established a Council for the Development of Cambodia - which is charged with coordinating all development assistance and foreign direct investment - and an Inter-ministerial Steering Committee to Strengthen Development Partnership. The Government also created a Government-Donor Coordination Committee, which is an important forum to review progress on a quarterly basis. The Government, with the support of its external partners, is preparing a manual of basic principles of ODA management which are planned for implementation starting December 2005. CG meetings have been held in Phnom Penh since June 2002, facilitating civil society and private sector participation. They are chaired by the World Bank. The Minister of Economy and Finance and the World Bank Country Director co-chaired for the first time the last CG meeting - which was held in December 2004 in Phnom Penh - on Promoting Good Governance for Poverty Reduction.

Since 1999 the Government meets with external partners for mid-term reviews between full CG meetings. Mid-term reviews have been chaired alternatively by UNDP and ADB. In October 2003, the Prime Minister approved a proposal to restructure working groups which operate under the CG mechanism. Seventeen Technical Working Groups are now co-chaired jointly by Government and external partners, and they presented their action plans at the December 2004 CG meeting. The Government is taking the lead in the Government-Donor Partnership Working Group - established in December 2002 under the CG mechanism - dealing with substantive issues on governance, natural resources and environment. The Government-Donor Partnership Working Group is chaired by the Council for the Development of Cambodia, and co-chaired by UNDP and Japan.

Most external partners support the Government’s plans to merge SEDP 2 and the NPRS into one development strategy, and are taking measures to align their development assistance with these strategies. The five major external partners are Japan, ADB, the World Bank, the USA and France accounting for approximately 77 percent of gross ODA in 2002-03. The EU is also important. ODA accounted for 12.5 percent of GNI in 2003.34 The UN is using the NPRS as

34 See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/1/15/1879774.gif
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the basis for its country-level planning, the 2000-03 EC Country Strategy Paper is fully supportive of the NPRS process and the 2003-05 ADB Country Strategy and Program is based on SEDP 2. ADB is also finalizing its 2005-09 Country Strategy and Program, which is closely aligned with the Rectangular Strategy. The World Bank, ADB, DFID, and UN agencies have followed a joint process for preparing their country assistance strategies, which has resulted in the March 2005 adoption by the World Bank of a Country Assistance Strategy - most sections of which are shared with ADB, DFID, and UN agencies’ country strategies - which is aligned with the Rectangular Strategy and aims at supporting NSDP development. USAID is preparing a new Integrated Strategic Plan to align its development assistance strategy with the NPRS and the SEDP 2.

External partners are working in partnership in providing both financial and analytical support to the NPRS. The World Bank and ADB are conducting joint portfolio reviews with the Government. SWAps have been under preparation since 2000, and are operational in education, health, as well as in the decentralization program, which aims to promote local governance and achieve poverty reduction through decentralized local planning processes. ADB is supporting SWAps in education and health, and USAID supports the health SWAp, giving particular attention to the HIV/AIDS and child survival components. The EC supports the education, health, and decentralization SWAps. Work is on-going in the areas of Private Sector Development and Land Management with the support of the EC, and the Government is planning on expanding the application of SWAps in agriculture and infrastructure - specifically in transport, energy, and water - starting in mid-2005. A SWAp in Public Financial Management was launched in late 2004. The World Bank is considering budget support through a series of PRSCs. In 2003, ADB, the IMF and the World Bank - with significant contributions from other external partners - finalized a joint Integrated Fiduciary Assessment and PER. In 2004, The World Bank completed a CPAR in close cooperation with ADB.

Capacity building support is still largely fragmented, but efforts are underway to reduce fragmentation, particularly through a multi-donor public financial management SWAp, which is helping in implementing key recommendations of the 2003 Integrated Fiduciary Assessment and Public Expenditure Review. The EC capacity development contributions are fully in line with the NPRS, and USAID supports capacity development in health and education in ways that are broadly consistent with the NPRS. However, there are issues of overlap, and coordination needs to be improved.

The Government has taken action toward harmonization of different development assistance agency procedures with country systems. Cambodia is a pilot country under the 2003 Rome Declaration on Harmonization, and in 2004 the Government and the World Bank jointly sponsored four harmonization workshops, which led to the preparation of a National Action Plan for Harmonization and Alignment 2004-08. The Plan - which was presented to external partners at the December 2004 CG for endorsement - is focused on ownership and leadership, capacity building, alignment, and harmonization and streamlining. The Government and external partners -
including the World Bank, UNDP, Australia, and Japan - finalized the draft during the fourth workshop held by the Council for the Development of Cambodia in October 2004. During the workshop, the Government and external partners also drafted a Cambodia Declaration, expressing their willingness to implement the Harmonization Action Plan 2004-08 through improved predictability of resources, renewed commitment to SWAs, broader use of sectoral Technical Working Groups in technical assistance and analytical work, and greater Government transparency in procurement and financial management. The Cambodia Declaration was signed in December by twelve of Cambodia’s major development partners. To facilitate harmonization, the Government - with the support of external partners, including ADB - has prepared a comprehensive Public Finance Management Program to strengthen fiscal management, and it is has started to review and upgrade its procurement system.

Several development assistance agencies are increasing their presence in the country to better participate in daily decision-making. The World Bank Country Director is stationed in Thailand, and a Country Office was established in Cambodia in 1997. Its staff has expanded to 30 over the course of 2003-04. ADB country strategy and programming, as well as portfolio management and review, are fully delegated to the Resident Mission. The USAID Mission enjoys delegation of authority that allows for effective responsiveness to changing circumstances in the field. The EC opened a Cambodia Delegation in 2002 and it is supporting a strong decentralization of project implementation. The AFD program is managed by an office in Phnom Penh.

Results focus

Action is being taken to strengthen data analysis capacity. The National Institute of Statistics - with assistance from the World Bank and UNDP - is conducting a Cambodian Socio-Economic Survey 2003-04 on multiple dimensions of poverty, and it is planning a Demographic and Health Survey for 2005 with the support of USAID. During 2005, the Cambodian Development Research Institute and the Ministry of Planning - in collaboration with NGOs and external partners – is undertaking new research on poverty issues including a PPA in the Tonle Sap region supported by the ADB and a Moving out of Poverty study examining the dynamics of poverty supported by the World Bank.

Some elements exist for increasing stakeholder access to development information. The Government is starting to conduct awareness campaigns through the media and public education. The NPRS was prepared in English; it was summarized, translated into Khmer, and disseminated nationally as a short pamphlet. The Government’s website - where the NPRS can be found in English - is accessible both in English and in Khmer. 35

A country-level M&E system is a work in progress. The Poverty Monitoring and Analysis Technical Unit within MOP is undertaking poverty analysis to develop and monitor quantitative and qualitative indicators of poverty. The National Institute of Statistics has compiled a database of indicators to monitor NPRS, MDGs, and other policy frameworks outcomes.

35 http://www.nprs.gov.kh/default.aspx?IDPage=1 00&IDPageCat=100
Key line ministries are strengthening technical units for monitoring their own performance, collect necessary additional data, and work closely with GSCSD to ensure the effectiveness of NPRS implementation. USAID support of M&E is limited to the tracking of project-specific indicators, related to specific geographic areas.
Long-term holistic vision

Cameroon has taken significant steps to develop a long-term vision linked to a strategy. The Government adopted a Poverty Strategy Declaration in 1998 following an extensive process of consultation, and developed a long-term vision for 2015 in the context of the preparation of the Document de Stratégie de Lutte contre la Pauvreté (DSRP), Cameroon’s PRS. The 1998 Declaration expresses the Government’s commitment to guarantee sustainable and equitable economic growth, reallocate substantial public resources to basic social and economic areas, efficiently manage human resources, and undertake specific actions for women and structurally vulnerable groups.

The DSRP - which is widely perceived as Cameroon’s long-term development vision - endorses and is linked to all the MDGs. It is an evolving strategy that will be fine-tuned as new sector strategies are being prepared and implemented, and the Government intends to make of it an empirical expression of an integrated framework for durable human development in the medium term, that would progressively lead toward the achievement of the MDGs. Specifically, the Government sees the DSRP as a single framework for: (i) integrated development; (ii) short- and medium-term financial coherence; (iii) coordination of Government action and external assistance; (iv) consultation with civil society, the private sector and development partners; and (v) orientation of analytical work to support development management.

The DSRP articulates a medium-term strategy through 2005 around seven strategic pillars, namely: 1) promotion of a stable macroeconomic framework; 2) diversification of the economy; 3) development of the private sector as the main engine of growth; 4) development of basic infrastructure and natural resources, as well as protection of the environment; 5) acceleration of regional integration in the framework of the Central African Economic and Monetary Community; 6) capacity building and strengthening of human resources; and 7) improvement of the institutional framework and fostering of good governance. The DSRP addresses cross-cutting issues such as the environment and gender equality, expressing a commitment to enhance the living conditions of women and their socio-legal status. The Government has developed sector strategies in education, health, rural development, forestry, and gender equality promotion. It has

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36 The DSRP was completed in April 2003, and a first Progress Report was finalized in April 2004. A second Progress Report is expected mid-2005.
Cameroon completed a draft industrial development sector strategy and is preparing other sector strategies - consistent with the DSRP - aimed at improving infrastructure, creating employment, decentralization, social development, and facilitating the inclusion of women, youth and vulnerable groups in mainstream development activities.

The Ministry of Economy and Finance has prepared a global MTEF consistent with the strategic priorities laid out in the DSRP. However, it has not taken hold yet and budget alignment with DSRP priorities needs to be improved. Capital expenditure fell short of DSRP objectives in 2004; however, the budget approved in December 2005 led to an increasing share of the investment budget allocated to social sectors, such as education and health. The Government is currently strengthening its effort to establish an MTEF in priority ministries that have approved sectoral strategies. Sector-level 2004-15 MTEFs have been prepared in education, health, and road infrastructure, and the Government is developing one in the rural sector.

**Country ownership**

The Technical Monitoring Committee of Economic Programs (CTS) - a committee under the supervision of the Ministry of Economic Affairs, Programming, and Regional Development (MINEPAT) at the time of the DSRP - was responsible for the coordination of DSRP formulation. MINEPAT is providing assistance to sector ministries to help them elaborate their respective strategies consistent with DSRP objectives.

Stakeholder participation in strategy implementation is being institutionalized. A structure charged with supervising DSRP participatory implementation has been in place since September 2003 to encourage stakeholder involvement in execution, monitoring, and evaluation. This structure consists of a Comité Interministériel chaired by the Prime Minister and aimed at supervising DSRP implementation, and a Comité Technique de Suivi et d’Évaluation du DSRP (CTSE/DSRP). CTSE/DSRP is assisted by a Technical Secretariat comprising a Central Coordination Unit and five thematic groups in charge of the follow-up of governance, infrastructure, production, indicators, and macroeconomic planning. Stakeholders also participate in a HIPC Consultative and Follow-up Committee, established by the Prime Minister in December 2000, to monitor allocation of HIPC resources.

The DSRP formulation process has been participatory. The Government carried out an iterative and consultative process, soliciting comments from stakeholders at various stages. It held a launch workshop in January 2000 in Kribi; it conducted a first round of direct consultations in March and April 2000, and a second round in January 2002, involving various segments of society from the main geographical regions. The DSRP was presented during a national seminar in Yaoundé, which saw the participation of all stakeholders. During the drafting stage, the Government also organized two working retreats - in July and December 2002 - for a multidisciplinary team to draft the DSRP. Development Committees - which are longstanding participatory bodies, composed of civil society and private sector representatives at the level of districts, divisions, and provinces - were re-activated in 2003 and are making investment proposals according to community needs. The Government aims at having a significant percentage of
projects listed in the investment log (journal des projets) emanate from these committees.

The CTSE/DSRP, Development Committees, and a National Participatory Development Program - drawn up with a view to reducing poverty and promoting sustainable development in rural areas by organizing beneficiaries and building their capacities - constitute the operational mechanism of participatory implementation. In December 2003 the Government also appointed Provincial Development Committees for participatory follow-up of the DSRP. They convened local authorities, administrative officials and other stakeholders, and held four thematic workshops on social infrastructure, production and governance, as well as discussions in plenary sessions. The CTSE issues semi-annual reports on DSRP progress, often based on consultations with stakeholders. The first semi-annual participatory evaluation review of the DSRP was conducted in March 2004 through extensive provincial consultations.

Civil society participation is well established. The Constitution mandates the existence of an Economic and Social Council, whose composition, duties, and organization are elaborated by law. NGOs, labor unions, religious groups, professional organizations, community-based groups, Groupements d’Initiative Commune, youth and women’s associations were all involved in the various steps of DSRP formulation. They are represented in the CTSE/DSRP, and in the Development Committees. They took part in the 2000 Kribi workshop, as well as in the January 2002 and December 2003 provincial and divisional sessions held by Development Committees. Civil society experts participated in the multidisciplinary team in charge of drafting the DSRP together with Government advisers, and CSOs also had a chance to make comments on the DSRP draft after it was reviewed by the CTS. The Réseau National de Réduction de la Pauvreté - a NGO forum for dialogue and information exchange on poverty reduction activities - is under development and will aim at facilitating a lasting partnership between the Government and civil society.

Private sector participation in policymaking is being strengthened. Community credit unions and savings and loan cooperatives were involved in DSRP formulation consultations and these organizations had several chances to comment on the draft DSRP, including after the revisions made by the CTS. The Chamber of Commerce, the Chamber of Agriculture, GICAM (employers’ business association), and the Movement of Businessmen are represented in the Development Committees.

Parliamentary involvement remains limited. The National Assembly as an institution was not directly involved in DSRP formulation. Its individual members took part in the consultations for DSRP formulation, and some of them are involved in participatory DSRP follow-ups. The National Assembly oversees the DSRP indirectly through its annual budget approvals. In addition, the National Assembly is required by the Constitution to identify the objectives of the economic and social sectors.

Capacity is a major challenge to the DSRP’s implementation. The institutional capacity to execute public expenditure programs is weak, as well as statistical capacity. Administrative and infrastructural capacity needs to be
strengthened, as does technical capacity to monitor the DSRP.

**Country-led partnership**

Government leadership in external partner coordination and development assistance management has been weak. The *Direction de la Coopération Économique et Technique* is not playing a strong enough role, and inter-ministerial coordination is still largely ineffective. There are no regular in-country meetings between the Government and development assistance agencies. External partners participate as observers in the HIPC Consultative and Follow-Up Committee, which is the only external partner-Government forum. External partners started to coordinate among each other in 2004, through the creation of the *Comité Multi Bailleurs* (CMB), which meets on a bi-monthly basis. In February 2005 the World Bank and France organized a meeting in Yaoundé with other external partners, aimed at launching a discussion on ways to strengthen alignment and harmonization efforts. While this is a step forward, external partner coordination and alignment is still in its infancy.

External partners are aligning their strategies with the DSRP. The five major external partners are France, Germany, the EU, Canada, and the World Bank, accounting for approximately 84 percent of gross ODA in 2002-03. ODA accounted for 7.4 percent of GNI in 2003. 37 The FY04-06 World Bank Country Assistance Strategy is aligned with the DSRP, aiming at reducing poverty by strengthening the institutional framework for pro-poor economic management and service delivery, and by supporting private sector development to diversify the economy and accelerate growth. The 2001-07 EC Country Strategy Paper is also aligned with the DSRP - following a mid-term review that took into account the strategic goals outlined in it - as is the 2002-07 UN Development Assistance Framework. In 2003 CIDA modified its Country Development Programming Framework to reflect DSRP priorities: good governance and human resources development - two of the DSRP pillars - are among its focus areas of intervention. France, too, has modified its Country Strategy Paper to support DSRP objectives.

Joint financial and analytical support in line with the country’s priorities is starting to materialize. The World Bank and the Government completed a CFAA in June 2002, whose purpose and findings were discussed with other external partners, and the World Bank is also planning to conduct a participatory PER and a Poverty Assessment for FY05. The World Bank has started to prepare a PRSC - focused on health, rural development, and private sector development - scheduled for FY06. Multi-donor budget support, spearheaded by DFID and the World Bank, is currently under preparation in the forestry sector. However, other external partners, such as the EC and CIDA, perceive the Government’s limited financial capacity as an obstacle preventing them from fully engaging in budget support.

Although still fragmented, capacity building is being conducted by external partners in an increasingly coordinated manner. The EC is supporting a program aimed at improving public financial management, and Canada is sponsoring a project aimed at supporting CSOs. The Government - with the support of the World Bank - is preparing a Transparency

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37 See OECD/DAC Aid Statistics at [http://www.oecd.org/dataoecd/1/16/1879783.gif](http://www.oecd.org/dataoecd/1/16/1879783.gif)
and Accountability Capacity Building Project, which is aiming at consolidating the public finance agenda in preparation for the forthcoming PRSC.

Commitment to harmonizing rules and procedures with country systems is emerging, but concrete actions have not yet been taken. Following a CPAR released in January 2003 based upon a joint review conducted in October 2000 by a World Bank team and a national committee representing all sectors, the Government has completed a reform of public procurement - with the support of the EC, France, and the World Bank. With the technical support of the World Bank and as part of its efforts to improve the efficiency of external partner-assisted projects, MINEPA T is currently reviewing ways to harmonize and simplify national policies and procedures in the hope that they would progressively apply to all external partner-assisted programs. Canada is envisaging the possibility of harmonizing its operational policies with country systems in the forestry sector.

Several development assistance agencies are increasing their presence in the country to better take part in daily decision-making. The World Bank Country Director is stationed in Washington. The World Bank has a Country Office in Yaoundé and a regional IFC Office in Douala. Among the other major external partners, France, Germany, the EC, CIDA, and the UN have decentralized their decision-making processes and increased their presence both in the country and in the region.

**Results focus**

Action has been taken to improve the quality and availability of data. The National Institute of Statistics is not yet operational; however, the Department of Statistics and National Accounting has been planning a series of surveys - including an ongoing General Population and Housing Census - aimed at collecting appropriate statistical documentation on poverty reduction. In order to produce the necessary building blocks of the DSRP, the Government undertook - from 2000 to 2001 - a household survey to update the poverty profile and conduct a dynamic analysis of poverty from 1996 to 2001, a study on the sources of growth led by the private sector and academics, as well as an in depth macro-economic model and associated poverty module to produce the macro-framework, conduct a risk analysis and project their impact on poverty. A budget tracking survey and beneficiary assessment in the health and education sectors was conducted in 2004. MINEPAT has initiated a study that is expected to lead to the establishment of a specific statistical base for the monitoring and evaluation of the DSRP and the tracking of progress toward the MDGs. A draft report of the study - presented before a Government and external partner audience in December 2004 - points out the weaknesses of the current statistical system and proposes a series of activities to support the DSRP implementation process, including: (i) strengthening of the capacity of the NIS and sector ministries; (ii) conducting the third general population and housing census; and (iii) carrying out special statistical operations on employment, the informal sector, agricultural statistics, and resource mobilization. The Government has developed an integrated public finance management system, SIGEFI, which allows for computerized processing and monitoring of public expenditure from commitment to payment. The Government also regularly produces monthly Treasury
balances, and a Government flow-of-funds table.

Stakeholder access to information is limited. However, the Government plans to disseminate information on progress toward DSRP indicators through a wide range of channels and media, including the General Data Dissemination System, Poverty Mapping (focused on providing geographical visualization of poverty data), and the National Poverty Reduction Network. References to the DSRP are to be found on several government websites but none of them include the full document.\(^\text{38}\) The DSRP has not been translated into local languages. There are over 200 local dialects, and the official languages are French and English.

A country-level M&E system is under development. External partner coordination to jointly support the M&E system is under discussion. The DSRP contains clearly quantified targets that use MDGs as benchmarks, with explicit timetables for achievement. It contains quantitative baseline data for 2001 and projected targets for 2015, defined for 19 indicators covering all 8 MDGs. The Government has provisionally identified four different categories of indicators for methodical and coherent follow-up and evaluation of the implementation of global and sector strategies of poverty alleviation. These categories of indicators are: 1) indicators relating to the mobilization and use of resources; 2) indicators which have to do with the physical and financial execution of programs and projects; 3) indicators of results; and 4) indicators of impact. The M&E system being envisaged for the DSRP builds on existing country M&E systems that will be strengthened and aligned to the DSRP, with support from multiple external partners. Once completed, it is expected to be used to prepare DSRP Progress Reports, reports on the MDGs and the quarterly and yearly reports for country policy makers.

**Long-term holistic vision**


Action is being taken to strengthen the link between long- and medium-term development strategies. The Government of Prime Minister Neves, which came into power after the 2001 elections, prepared its Grand Options of the Plan, a strategic medium-term framework for economic and social development required by the 1999 amended constitution, building on the long-term national plans. Based on the Grand Options of the Plan, the Government also prepared a constitutionally-mandated National Development Plan for 2001-05. The Growth and Poverty Reduction Strategy Paper (GPRS) 2004-07, Cape Verde’s PRS,\(^3^9\) is the government strategy for poverty reduction. It is in line with the Grand Options of the Plan and includes the sectoral programs identified in the National Development Plan, which remains the general framework for public policies. However, the relation between the GPRS and National Poverty Alleviation Plan has not yet been clearly spelled out.

A set of long-term and medium-term development objectives is being identified. The national sectoral strategies and plans identify actions and objectives, in line with the MDGs and linked to the country’s needs. The GPRS identifies medium-term objectives for growth and poverty reduction in line with the long-term national objectives and the MDGs.

A comprehensive approach to development is emerging. The GPRS, the Major Planning Options and the National Development Plan focus on five priority areas: good governance; growth and

\(^{39}\) The Government completed the GPRS in September 2004.
competitiveness; human capital; poverty; infrastructure and land-use management. Cross-cutting issues like gender, the fight against HIV/AIDS and environmental protection are taken into consideration and addressed through targeted action plans. The GPRS aggregates into a common framework sectoral programs and a macroeconomic program, identifying a set of core policies for growth and macroeconomic stability, decentralization, employment, agricultural development, redistribution and social protection.

A MTEF is under development. The GPRS is helping the Government strengthen the link between the medium-term strategy and the budget, but action is at an early stage. The Government prepared a pilot MTEF for three sectors, including medium-term sectoral expenditures projections for the 2005 budget and the outer years. Allocations are in line with priorities and policy actions identified in the GPRS.

**Country ownership**

The Ministry of Finance and Planning (MoFP) led the preparation of the GPRS as the government institution responsible for national planning. The Government involved central and line ministries in GPRS formulation through a GPRS National Coordination Commission comprised of the directors for planning from the ministries of health, education, agriculture, poverty and employment, and finance; the director of cooperation from the ministry of foreign affairs; and a member of the National Statistics Council. The Offices for Planning and Studies within each line ministry identified objectives and policies coherent with the national sectoral strategies and the National Development Plan, which fed into the GPRS and became the basis for the GPRS performance indicators. An existing Poverty Observatory within the General Directorate of Planning of the MoFP became the Technical Secretariat of Support for Development, coordinated GPRS formulation, and acted as the secretariat of the National Coordination Commission.

The Government is establishing a coordination mechanism for implementation. The National Coordination Commission is being transformed into a National Board for Poverty Reduction, a permanent inter-ministerial mechanism to oversee and monitor implementation. The General Directorate of Planning and the Technical Secretariat of Support for Development will provide coordination and technical support. At the sectoral level, the Offices for Planning and Studies within each line ministry will be responsible for the follow-up of sectoral programs for GPRS implementation. The Government is also envisaging the establishment of a Strategic Team within the Office of the Prime Minister to coordinate the implementation of a proposal, prepared in August 2004, for access to the MCA FY04 assistance, for which Cape Verde became eligible in May 2004. The relationship of the Strategic Team to GPRS structures has not yet been clearly spelled out.

Action is being taken toward establishing a sustainable structure for government – stakeholder dialogue. The GPRS National Coordination Commission conducted consultations through municipal commissions of partners established in 1997 for the formulation of the National Poverty Alleviation Plan. The commissions are composed of representatives of local institutions and stakeholders and are responsible for preparing and overseeing the implementation of municipal poverty
reduction plans. They will become part of Regional Poverty Reduction Boards, responsible for monitoring GPRS implementation at the local level. There is also a Council for Regional Affairs composed of two representatives of each island elected by the local parliamentarians and by the members of the municipal assembly of each island. The Council is required by the Constitution to advise on the National Development Plan. The Government is also envisaging the establishment of a Stakeholder Group, composed of Government, civil society and private sector representatives, to monitor implementation of MCA assistance. The relationship of this Group with the Regional Poverty Reduction Boards as well as the Council for Regional Affairs has not yet been clearly spelled out.

Civil society organizations were involved in GPRS formulation and action is being taken to involve them in implementation. Umbrella NGOs participated in the GPRS National Coordination Commission, and will participate in the National Board for Poverty Reduction. At the local level, CBOs participated in GPRS formulation through the municipal commissions of partners, and will participate in the Regional Poverty Reduction Boards.

The private sector was included in GPRS formulation and action is being taken to involve it in implementation. The two Chambers of Commerce present in the country participated in the National Coordination Commission for GPRS formulation, and will participate in the National Board for Poverty Reduction. At the local level, private sector representatives participated in GPRS formulation through the municipal commissions of partners, and will participate in the Regional Poverty Reduction Boards.

Parliamentary involvement is materializing. The National Assembly approved the Grand Options of the Plan and the National Development Plan as required by the Constitution. The Government did not submit the GPRS to the National Assembly. The Executive presents to the National Assembly a constitutionally-mandated annual report on the implementation of the National Development Plan and the Grand Options of the Plan.

Capacity for planning is well-developed but action is needed to address implementation bottlenecks. The Government has significant experience in economic forecasting, planning and management because National Development Plans have been prepared since 1978. The Government is setting up an integrated development and policy planning system based on the Threshold 21 model. However, insufficient administrative capacity jeopardizes implementation. Decentralization reform has not been followed by adequate transfer of resources to municipalities. Use of IT is limited.

**Country-led partnership**

Efforts are being made to strengthen Government leadership of external assistance, which remains diffuse. The MoFP coordinates multilateral development assistance agencies and the Ministry of Foreign Affairs deals with bilateral partners. In 2003 the Government established a steering committee composed of representatives of the MoFP and the Ministry of Foreign Affairs, a permanent secretariat, and four inter-ministerial technical committees to coordinate the preparation of a
Consultation Meeting. However, these structures were disbanded after the Consultation Meeting. After the 1997 Consultation Meeting, which took place in Brussels and was sponsored by UNDP and the EC, the 1999 and 2003 Consultation Meetings were held in Cape Verde. The 2003 Meeting was led by the Government, with the support of UNDP and the World Bank.

Elements exist toward aligning external assistance with country priorities. The five major external partners are Portugal, the World Bank, the EU, Japan, and Luxembourg, accounting for approximately 78 percent of gross ODA in 2002-03. ODA accounted for 17.6 percent of GNI in 2003. The AfDB and the Netherlands are also active. The World Bank Country Assistance Strategy FY05-08 supports GPRS priorities. AfDB, the EC, Portugal, Luxembourg, and the Netherlands agree that the GPRS will be the platform for their future assistance. In 2004 Cape Verde was selected as one of the countries eligible for support through the US Government’s MCA, and the MCA proposal is expected to support activities in infrastructure and irrigation, broadly in line with the GPRS.

Elements exist for building partnerships in external financial and analytical support. The Netherlands, the EC, and the AfDB are providing budget support, and the World Bank launched a PRSC in 2004, and plans to channel sixty percent of its lending through budget support. The World Bank organized joint missions with the Netherlands to prepare the PRSC. The World Bank, the Netherlands, the EC and the AfDB are preparing a Memorandum of Understanding to harmonize budget support. PERs in health, education and agribusiness and a CFAA were conducted jointly by the Government with the EC, the Netherlands, and the World Bank. The World Bank and the MCC jointly undertook a road assessment mission. External partners channel most of their development assistance through stand-alone projects.

Capacity building is starting to coalesce around government priorities. Capacity building and governance reform are integrated in the Grand Options of the Plan and the National Development Plan. The CFAA also identifies an action plan linked to capacity building for procurement and financial management. External partners are providing support in line with the Government’s priorities.

Harmonization efforts to move toward the use of country systems for project implementation are at early stages. The Government is giving priority to a progressive elimination of project implementation units and encouraging a shift to existing institutions for project implementation. It is also developing a legal framework for procurement around which external partners could harmonize their procedures.

External partners maintain a limited presence in the country. Since 2000 the World Bank program is coordinated by a Country Director based in Senegal. UNDP and other UN agencies have a presence in the country.

**Results focus**

Elements exist to strengthen the quality and availability of poverty-related data. The National Statistics Institute conducted a census and a population and housing survey in 2000, and a household survey in 2002, which was the basis for the poverty profile of the GPRS. The Government is

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40 See [OECD/DAC Aid Statistics](http://www.oecd.org/dataoecd/1/17/1879792.gif)
preparing a national statistical development strategy, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank. An integrated financial management system has not yet been developed. Public accounts are released with substantial delays.

Information on Government policies is becoming more widely available. The Government organized a dissemination campaign on the GPRS. The Grand Options of the Plan and the National Development Plan are posted on the government website, but the GPRS is not. The National Statistics Institute has a well-designed website with information on national accounts, household surveys, and the evolution of poverty.\footnote{http://www.governo.cv/ and http://www.ine.cv} A summary of the MCA proposal is available in English and Portuguese on a non-governmental website.\footnote{http://virtualcapeverde.net/news2/modules.php?name=News&file=article&sid=125}

Development of a country-level M&E system is at its early stages. The GPRS identifies 37 indicators linked to GPRS objectives, with targets for 2005, 2006 and 2007. The GPRS identifies baselines for 28 indicators. The Government is requesting all external partners to use the GPRS indicators as the monitoring framework for their programs and projects. It is not yet clear whether the GPRS M&E will feed into the constitutionally-mandated government annual report on the implementation of the National Development Plan and the Grand Options of the Plan, leading to a single progress report for the GPRS, MDGs and national plans.
Central African Republic - rich in diamonds, uranium, and gold - gained independence from France in 1960. After three decades of chaotic misrule by military governments, civilian rule was established in 1993. A series of uprisings staged by soldiers in the mid-1990s led to protracted internal conflict, which intensified in May 2001 when army officers came dangerously close to deposing the elected President, Ange Félix Patassé. The Government was able to foil the coup, but the situation remained unstable, and the systematic attacks carried out by the Government security forces on the ethnic group of the former head of State, General André Kolingba - who claimed responsibility for the attempted overthrow - resulted in widespread looting and killing. In March 2003 General François Bozize succeeded in overthrowing the Patassé Government and has since established a Transitional Government. However, its control of the countryside - where pockets of anarchy persist - is limited. Parliamentary and Presidential elections were held on March 13, 2005. Run-off elections are being held to determine the winner between the two top candidates.

Long-term holistic vision

Protracted internal conflict has caused difficulties in the adoption of a long-term strategic vision. A National Poverty Reduction Plan (NPRP) developed by the Government in 1999 - with the support of UNDP - yielded a strategic plan covering 1999-2015. The NPRP incorporated five sector studies aimed at benefiting the poorest, and provided the basis for an IPRSP which covers the period 2000-03. Neither the NPRP nor the IPRSP are reference points widely guiding policy makers. The current administration is developing a PRS - known as Cadre Stratégique de Lutte contre la Pauvreté (CSLP).

In March 2004 the Government prepared a TRM as a way to guide short-term actions and build a solid track record that could help move toward the development of a medium-term strategy. As a short-term planning instrument, the TRM includes specific measures - in the areas of security, governance, economic management, and social service delivery - essential to restore capacity and ensure the success of the transitional Government. The administration is taking measures to ensure close coordination between the TRM and the CSLP.

Little action has been taken to develop a link between the budget and national development strategy. It is expected that - following the installation of new institutions after the elections are concluded and the finalization of the

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43 The IPRSP was completed in December 2000. The CSLP is expected end of September 2005.
CSLP - the Government will prepare a MTEF, the *Cadre de Dépenses a Moyen Terme*.

**Country ownership**

The Ministry of Economy, Planning, and International Cooperation and the Prime Minister’s Office (CTP-PAS) are the locus of the initiative for the preparation of the IPRSP/CSLP and the TRM respectively. In April 2000, the Government appointed a Steering Committee composed of seven thematic groups specializing in high priority areas (education, public health, governance, rural development, urban development and rehabilitation, public finances and the economy, competitiveness and sources of growth), in charge of leading a participatory process for the formulation of the IPRSP and the CSLP. In 2002, the Government also created a Technical Secretariat, an inter-ministerial committee, and local steering committees at the community level. CTP-PAS - through its representatives located in line ministries - held several meetings during the TRM formulation process. Each line ministry prepared an action plan, all of which were consolidated by the CTP-PAS unit. For monitoring of economic and social performance indicators, national, regional, and local committees are being set up to monitor poverty alleviation under the aegis of a national council, the *Observatoire National de Lutte contre la Pauvreté*. Existing committees which are presently working on CSLP formulation will be the core of the monitoring committees.

Despite an initially strong consultative process, stakeholder participation in CSLP finalization has been slowed down by the conflict. The Steering Committee conducted extensive consultations and the Government took several initiatives aimed at broadly involving the population, on the basis of the experience gained through NPRP formulation workshops and participatory activities. In September 2001, the Government held a National Economic Forum (NEF) - with about 500 participants - to launch the CSLP process. In December 2001 the Head of State chaired a participatory conference on the economy and public finances (*Etats Généraux des Finances*); the Steering Committee organized meetings with target groups to identify their priority needs; and in February 2002 it held an open-door day on the CSLP. In the preparation of the TRM stakeholder voices were incorporated by building on the conclusions reached during a National Dialogue Conference held in September 2003 for governance and the management of natural resources.

Civil society participation is materializing. NGOs, religious organizations, women’s groups, village leaders, youth associations, and trade unions are all represented in the CSLP Steering Committee. They participated in the September 2001 NEF and in the December 2001 conference on public finances and had a significant impact on the adoption of final recommendations - such as audit of public finance and regular payments of salaries.

The private sector is not playing a major role. Based on the NEF recommendations, the CSLP legal framework was amended so that private sector representatives - such as the Chamber of Commerce, the National Federation of Livestock Holders, and the organization of small-scale miners - are members and active participants in the thematic groups, such as “Growth and private sector.”
There is some parliamentary involvement in national development strategy formulation. Documentation on the CSLP process, TORs for thematic groups, and a note on the IPRSP were submitted to the National Assembly. In May 2002, it actively discussed the CSLP process. Subsequently, a Parliament-like National Transitional Council has been appointed. The Government has plans to submit the CSLP to the Parliament - elected in March 2005 - in compliance with the December 2004 Constitution.

Institutional capacity is weak both within and outside the administration. The state’s organizational capacity is minimal. The main problem is enforcing state policies, considering low capacity in rural areas and a lack of commitment by underpaid or unpaid workers. Most political parties are generally capable of forming coalitions, but not a real public consensus. The Government has shown little interest in seriously combating corruption.

**Country-led partnership**

The extremely fragile economic, social, and political situation has prevented the Government from taking the lead in coordinating activities undertaken by external partners. However, the Government intends that the CSLP, once finalized, be the main reference for collaboration with its external partners - especially in the areas of transport and trade. A formal framework for consultation and collaboration between the Government and its external partners - *group de contact* - was created in 2004. Development assistance agencies hold frequent informal meetings with each other.

NGOs have a key role in service delivery at the community level. For example, faith-based organizations have been active in delivering education and health services.

Elements exist for stronger alignment of external partners’ development assistance strategies with country priorities. The five major external partners are France, Japan, Germany, the EU, and UNDP, accounting for approximately 83 percent of gross ODA in 2002-03. UNHCR is also active. ODA accounted for 4.2 percent of GNI in 2003. Most external partners are using the TRM, or work undertaken for the CSLP, as a coordination and monitoring tool to align their reengagement strategies, after a fourteen-month suspension of disbursements started in January 2002 due to accumulation of arrears. In August 2001 the EC revised its Country Strategy Paper for 2002-07 to reflect the IPRSP and presented it at a conference organized in Libreville in April 2002 for the Government and other external partners. The EC is supporting elements of the TRM and at the same time reevaluating its strategy. A February 2002 National Indicative Programme for the use of the European Development Fund has been approved. In July 2004 the World Bank prepared a Country Reengagement Note whose priority areas are in line with the TRM. UNDP and the Government jointly prepared a Country Programme Outline that draws on work undertaken for the CSLP. The 2003-06 UN Development Assistance Framework supports the CSLP process. Germany and France are aligning their development assistance strategies with the TRM. The IMF is implementing an Emergency Post-Conflict Assistance Program in line with the TRM.

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44 See *OECD/DAC Aid Statistics* at [http://www.oecd.org/dataoecd/1/18/1880001.gif](http://www.oecd.org/dataoecd/1/18/1880001.gif)
Joint analytical work is materializing. In February 2004 a Joint Assessment Mission (JAM) led by the World Bank and comprised of a number of external partners and Government representatives launched analytical and capacity building work. The JAM provided significant inputs for the preparation of the TRM, and follow-up technical meetings among development assistance agencies took place in May 2004 to assist the Government in identifying which TRM actions could realistically be implemented in light of its weak capacity.

The CSLP permanent secretariat has elaborated a plan to develop a comprehensive capacity-building strategy in the context of CSLP preparation. No financial support for this strategy has been provided yet. However, there are some coordinated efforts by external partners to support capacity building in the short term. For example, France is providing security support and, together with the EC, assistance to restore the public financial management functions of the Government. The World Bank is focusing on leadership capacity building - targeting senior leaders responsible for the implementation of the TRM - economic management, and supporting the demobilization and socio-economic reintegration of ex-combatants into their home communities, in collaboration with the EC and UNDP as part of a multi-country demobilization and reintegration.

Little action has been taken to harmonize with country systems and procedures, reflecting recognition of the necessity to implement the TRM as a first priority.

Elements exist for stronger partnership structures operating in-country. Some development assistance agencies are increasing their presence in the country to better take part in daily decision-making. The World Bank Country Director is stationed in Washington, with a Country Manager operating out of Cameroon. To facilitate coordination with Government and other external partners, the World Bank is planning on recruiting a liaison officer in order to establish a greater field presence in the country. The EC Delegation in Bangui has been given more decentralized authority since June 2004. UNDP has a Service Center as of January 2005. The AFD program is managed by an office in Bangui.

Results focus

There is an unreliable and inadequate poverty database, but steps are being taken to improve it. In 2003, the Government completed two Household Surveys in rural and urban areas, after the completion of a Census and of a CWIQ. These are the only accurate data available on poverty. The CSLP Steering Committee has plans to define a program for producing key statistics in the medium term and the Government is strengthening the Statistics Division of the Ministry of Economy, Planning, and International Cooperation. It also established a National Statistics Council which, however, is not yet operational. No integrated and transparent financial management system is available yet.

The Government had taken steps to increase stakeholder access to development information during early stages of the CSLP process. In December 2001, the Government finalized a plan for increasing CSLP awareness of local stakeholders, and in February and March 2002 it organized awareness campaigns for the whole country. In May 2002, the Government arranged radio and television broadcasts - as well as press conferences -
to explain the CSLP process. There is not an official Government website devoted to the CSLP or TRM. The Government has plans to translate the draft CSLP into local languages prior to broad consultations.

A country-level M&E system has not been designed. The CTP-PAS is monitoring progress on achieving the targets set in the TRM on a quarterly basis.
Chad - whose main natural resources are petroleum and uranium - has been involved in internal discontinuous armed conflict since its independence from France in 1965. The country has been largely stable since the beginning of the 1990s. The presidential elections of 2001 were the second multi-party presidential elections, resulting in the election of the incumbent, President Idriss Déby, for a second five-year term. The Government has promoted national reconciliation and encouraged opposition leaders to return. Overall, there has been steady recovery over the past decade from the preceding period of episodic civil war. Nevertheless, the threat to political stability has not been entirely eliminated. Chad has a long history of rebellions, and some neighboring countries, such as the Central African Republic and Sudan, face recurrent instability; most recently, the crisis in the Darfur province of Sudan has led to an inflow of refugees to Chad. Further, by raising the potential stakes associated with political power, the impending oil revenues risk making the maintenance of political stability even more of a challenge.

**Long-term holistic vision**

Action has been taken to develop a long-term vision that serves as a reference point for policymakers. The *Stratégie Nationale de Réduction de la Pauvreté* (SNRP), Chad’s PRS, embeds a long-term vision through 2015 and a medium-term strategy covering the period 2004-06. It draws on a 1998-2005 Orientation Plan, which first set the goal of halving poverty by 2015, and incorporates sector strategies in health, education, infrastructure, and rural transport. The SNRP’s long-term vision and medium-term strategy are in line with the MDGs.

The SNRP gives coherence to the sector approaches formulated in the 1998-2005 Orientation Plan, and focuses on five strategic pillars: 1) improving the social, legal, political, and economic environment, whose stability is particularly important in the new oil era; 2) promoting strong and sustainable economic growth; 3) improving human capital; 4) improving living conditions of vulnerable groups and HIV/AIDS victims; and 5) restoring and protecting ecosystems. The SNRP addresses the status of women in the country, and gives extreme importance to the necessity of respecting and protecting the environment. While developing the SNRP, the Government also elaborated sector strategies in agriculture, pastoral hydraulics, and local development; however, their implementation status differs from one sector to another. A pre-

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45 The SNRP was completed in June 2003, and a draft Progress Report was prepared in December 2004.
existing National Governance Strategy has also been annexed to the SNRP, and the Government is also planning to formulate sector strategies in social protection, employment promotion, and private sector development.

Some progress has been made in prioritizing the budget and monitoring expenditures, and the Government is committed to promote transparency and accountability in public expenditure management in order to ensure that oil revenues are used for poverty reduction. A Petroleum Revenue Management Law identifies priority sectors, such as education, health and social affairs, infrastructure, rural development, environment and water resources, and is expected to facilitate prioritization. Budget resources allocated to these priority sectors have increased regularly since 2000, and a link with the SNRP is increasing but not yet strong. The Government is conducting annual PERs in priority sectors and, in April 2002, it launched the preparation of a MTEF and program budgets for priority ministries. A first round of this work was completed in preparation for the 2004 budget, and influenced the 2005 budget. The Government is also developing sector expenditure programs in close consultation with external partners.

**Country ownership**

The Ministry of Planning, Development, and Cooperation is the locus of initiative for the content of the SNRP. In 2000, the Government set up a Steering Committee, the Comité de Pilotage de la Stratégie Nationale de Réduction de la Pauvreté (CP), charged with the preparation of the SNRP. During SNRP formulation, the CP was supported by a Sécrétariat Permanent - composed of four full-time professionals - which, however, is no longer active in SNRP implementation. The final SNRP was adopted by the High Inter-ministerial Committee, chaired by the Prime Minister and responsible for the approval and monitoring of reform programs. The SNRP was also ratified by the Council of Ministers. The CP is being converted during SNRP implementation to an M&E mechanism, which collaborates with Regional, Departmental, and Sub-prefectural units. Their structure reflects that of the CP. Comités de coordination locaux are also undertaking M&E activities.

The CP conducted extensive consultations during SNRP preparation to build consensus and progressively refine the SNRP in every region, both in the main town and in secondary localities. It is also adopting a participatory approach during SNRP implementation. It held a launching seminar in April 2000, 10 thematic and sectoral studies in May/July 2000, a civil society forum in November 2000, country-wide participatory consultations in December 2000/January 2001, and a national seminar to define strategic areas and priority actions in May 2001. In October 2003 - following SNRP finalization - the CP organized SNRP information and sensitization missions in seventeen regions, which led to the establishment of regional follow-up committees. The Government also organized a number of consultative events that fed into the Progress Report, and in order to sustain stakeholder involvement throughout implementation, regional SNRP committees have been established.

Civil society played a significant role in the formulation of the SNRP, through representation in the CP and consultations with the Government. NGOs, youth and women’s organizations, religious groups, local communities, and public and private media, all took part in the 2000 launching
Enabling Country Capacity to Achieve Results

Seminar. A civil society forum was established for NGOs and associations to propose strategic orientations, and civil society was also involved through surveys on perceptions of well-being and poverty. The Government is striving towards close cooperation and dialogue between the CP and civil society in implementation at the national and local level. It has held consultations on topics such as the judicial system and other structural policies, and it has invited NGOs to participate in the October 2003 information sessions.

Private sector involvement in policy formulation and implementation is materializing. The private sector is young and is represented in the CP. It participated in the 2000 launching seminar. The Chamber of Commerce, Industry, Agriculture, Mining and Crafts is working on improving its capabilities to promote dialogue and consensus-building between the private and the public sector. Comités de coordination locaux - composed of civil society and private sector representatives - are monitoring progress in implementation.

Parliamentary involvement has been limited. Two members of the National Assembly from the ruling party were represented in the CP and the Government briefed the National Assembly Plenary on the SNRP. The National Assembly votes on the budget every year, but is not required by the Constitution to approve a national development plan, and did not approve the SNRP.

The CP has significant planning capacity; however, overall implementation capacity is weak. Capacity to implement SNRP priority programs is insufficient both at the national and local levels. The public administration’s capacity to fulfill its mandate, particularly as regards the allocation and planned use of human resources, is insufficient and - in order to enhance it - the Government created a National Capacity Building Secretariat (SENAREC).

Country-led partnership

The Government sometimes takes the lead in development assistance coordination. The Ministry of Planning, Development, and Cooperation is in charge of coordination and UNDP and the EC are providing technical assistance to strengthen its capacity. Most coordination is informal and arranged by development assistance agencies which meet periodically, sometimes with, and at the suggestion of, the Government. In 1998 a Donors RT on Sector Strategies was held in Geneva. In May 2002 the EU organized a seminar on the SNRP for external partners. The Government and UNDP also organized a Donors RT in 2003 after the completion of the SNRP.

The SNRP is considered by external partners as the reference point for their development assistance strategies. The five major external partners are the World Bank, France, the EU, the AfDB, and Germany, accounting for approximately 85 percent of gross ODA in 2002-03. The IMF is also active. ODA accounted for 10.2 percent of GNI in 2003. The World Bank’s FY04-06 Country Assistance Strategy is aligned with the SNRP. The 2001-07 EC Country Strategy Paper is aligned with the I-PRSP and recognizes the necessity to create a link with the SNRP, which is being done operationally in the approval of new projects and programs. GTZ considers the PRSP as a guideline for its assistance.

See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/1/19/1880010.gif
Some partnership in financial support from development assistance agencies is materializing. The Government is developing a SWAp in rural water and sanitation that will be supported by several external partners including the World Bank. The World Bank plans to support a series of PRSCs starting in FY06, provided that certain standards in public expenditure management are met. To determine whether a PRSC would be appropriate, the World Bank is conducting a CFAA and a PER. Other external partners may jointly support these initiatives.

Capacity-building support is still largely fragmented. In August 2002 SENAREC elaborated a Stratégie National de Bonne Gouvernance, but an overall capacity-building strategy to guide all support has not been prepared.

The Government is designing an institutional framework to improve external partner coordination and harmonization. France and Germany are harmonizing with country systems. A new Public Procurement Code has been adopted to facilitate harmonization. A CPAR is planned for 2006 to allow for time to elapse and assess experience under the new code.

Many development assistance agencies are taking steps to strengthen their participation in daily decision making. For example, although the World Bank Country Director is based in Washington, a Country Manager is active in Ndjamena. The AFD program is managed by an office in Ndjamena. The EC is taking steps to decentralize its decision-making process by giving more power to its country delegation.

Results focus

Quantitative data on economic and social indicators, living conditions, and poverty are sparse; however, the Government has prepared a national statistical development strategy - with the support of a multi-donor Trust Fund for Statistical Capacity Building managed by the World Bank - aimed at improving data quality. The last general census was conducted in 1993. A National Institute for Statistics and Economic and Demographic Studies Research (INSEE) - with the support of the World Bank and in collaboration with the ministries concerned - is organizing a varied list of surveys to collect data on progress achieved. A Participatory Poverty Study was conducted in April/June 2000. Between March 2003 and March 2004 it collected data for the second Enquête sur la Consommation des Ménages et le Secteur Informel. Data analysis will start in June 2005 and it will be used to revise SNRP indicators for 2006. The Government is also planning to elaborate a Poverty Map in 2005. A computer-based integrated fiscal and accounting information system is under preparation.

The CP has undertaken several initiatives aimed at making the population well-aware of SNRP objectives. In January 2001 it produced a movie on Poverty in Chad, which was broadcasted on Télé Tchad in June 2002. The SNRP was transmitted to the Secretary General Office of every ministry, and in March 2003 the CP elaborated a SNRP communication plan. The SNRP was prepared in Arabic and French - the two official languages - and distributed to stakeholders. Key SNRP messages have been recorded in local languages and have been disseminated through seven radio stations, whose audience is estimated to be around three million people. A
Government website is under development.

A country-level M&E system is under design by the CP. The SNRP proposes tracking a list of indicators covering poverty and inequality; governance, economic growth, education results, health conditions, housing, and infrastructure. The INSEED evaluated SNRP indicators during implementation and has identified the most relevant ones to evaluate poverty trends.
The history of the Democratic Republic of Congo has been one of civil war and poor governance. After independence from Belgium in 1960, the country immediately faced an army mutiny and an attempt at secession by its mineral-rich province of Katanga. In 1996 a rebel movement supported by neighboring countries began an offensive which led to the 1997 overthrow of Mobutu Sese Seko and the installment of Laurent Kabila as Head of State. A resurgence of civil war in 1998 led to hundreds of thousands of civilian deaths and the continued decimation of the country. The war had an economic as well as a political side. Fighting was fueled by the country's vast mineral wealth - mainly cobalt, copper, petroleum, diamonds, gold, silver, and uranium - with all sides taking advantage of the anarchy to plunder its natural resources. A ceasefire - known as the Lusaka Peace Agreement - was signed on July 10, 1999 by the Government, armed rebel groups, and neighboring countries, but sporadic fighting continued. After the assassination of Laurent Kabila in January 2001, his son, Joseph Kabila, succeeded to the Presidency. He was able to reach an agreement with all warring parties to end the fighting, which led to the establishment for 24 months of a Transitional Government of National Unity in June 2003. The Transitional Government is drafting a new Constitution with general elections - the first since independence from Belgium in 1960 - scheduled to be held in 2005. Despite coup attempts and sporadic violence, a fragile peace has held since the formal end of the war. But the Kinshasa Government has no control over large parts of the country and tensions remain high in the east with localized fighting by numerous uncontrolled armed factions.

Long-term holistic vision

Protracted conflict has obstructed the development of a long-term vision, but the Government recognizes the importance of developing one and the Ministry of Planning - with assistance from UNDP - is working on a Vision 2025 which focuses on reconciliation and reconstruction, and will incorporate the views of stakeholders. The medium-term strategy is contained in an Interim Poverty Reduction Strategy Paper (IPRSP), which covers the period 2002-05 and - in reference to the MDGs - considers unattainable the goal of halving poverty by 2015.

A Minimum Partnership Program for Transition and Recovery (PMPTR) - prepared in November 2004 by the Government in collaboration with the World Bank and UNDP - complements the IPRSP and constitutes the recognized framework for short-term recovery. The
Government is in the process of preparing a *Document Stratégique de Lutte contre la Pauvreté* (DSRP), the full PRS, which is expected to draw on strategic and sectoral input from the PMPTR. The strategic goal of the PMPTR - which will be updated on an annual basis to enable the adjustment of sectoral objectives and priorities to be achieved within a ten-year horizon - is to consolidate peace, political reconciliation, and economic recovery on a sustainable basis, also focusing on accelerating equitable economic growth, improving governance, and strengthening institutions.

The IPRSP considers the restoration of peace and good governance, economic stabilization and pro-poor growth, as well as promotion of Community Dynamics, as the main goals of the development process. The IPRSP - which builds on the willingness to restore peace and rebuild the state expressed in the Lusaka Agreement - also identifies three phases to achieve these goals: 1) stabilization from 2001 to 2002; 2) transition and reconstruction aimed at passing prerequisite reforms for poverty reduction, from 2002 to 2005; 3) growth aimed at sustained poverty reduction from 2005. The IPRSP expresses the Government’s commitment to manage efforts to clean up the environment.

Linking the strategy with the budget is a major challenge. The IPRSP provides a general statement of priorities for the use of public resources, but it does not include detailed information on the composition of expenditures. Starting in 2003, some attempts have been made to prioritize budget execution and to restrict nonessential spending. Efforts to improve public expenditure management have resulted in modern budget-execution procedures, such as the harmonization and functional classifications of the budget nomenclature to improve the process of tracking Government expenditure, and in particular pro-poor spending, and the adoption of a double-entry accounting framework by the Ministries of Finance and the Budget.

**Country ownership**

The President is the locus of initiative for IPRSP preparation and the Ministry of Planning - which chairs an inter-ministerial committee - is now coordinating the preparation of the DSRP. A Poverty Reduction Strategy Technical Committee (CTSRP) - within the Ministry of Planning - was charged with IPRSP preparation and implementation and is now responsible for preparing, implementing, monitoring and evaluating the DSRP. The preparation of the PMPTR is the result of the joint work of the Ministry of Planning and a group of consultants financed by the World Bank. Line ministries all presented proposals to the Ministry of Planning, which chaired a final meeting with the Cabinet during which the final draft of the PMPTR was approved.

In February 2003, the CTSRP set up a multi-partner think tank on DSRP questions called *Cellule de Reflexion pour le DSRP*, and in December 2003 a Government Decree set up a steering committee, *Unité de Pilotage du Processus et d’Exécution du DSRP* (UPPE-SRP), which includes both national and provincial technical committees; the Decree also defined the composition of a Inter-ministerial Commission on the Implementation of the National Poverty Reduction Strategy established in April 2002. In June 2003, the Government Established a Pro-Poor

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47 The IPRSP was completed in March 2002. The DSRP is expected in early 2006.
Spending Monitoring Committee, tasked with monitoring the execution and evaluating the impact of pro-poor spending.

Stakeholder participation is limited, largely due to limited access within the country. However, the Ministry of Planning organized a participatory seminar in April 1999 for IPRSP formulation and eventual focus group questionnaires in three major provinces. Participatory workshops were also held at the community level, both in urban and rural areas. In April 2002 the IPRSP was endorsed by all parties represented in the Inter-Congolese Dialogue, established following the Lusaka Peace Agreement to foster national reconciliation between the Government, rebel groups, unarmed opposition and other stakeholders. The Government consulted a significant number of stakeholders for the formulation of the PMPTR in each of the provinces, and it has plans to ensure their maximum participation in PMPTR implementation.

CSOs were crucial in helping the Government carry out IPRSP consultations at the provincial level. The Government hired the Conseil National des Organisations Non Gouvernementales de Développement to hold consultations in eleven provinces on their behalf. The Government also solicited help from various churches during consultations, as their presence is widely established, particularly the Catholic Church which reaches about 60 percent of the population. IPRSP consultations involved national and international NGOs, as well as institutes of higher and university education, and student organizations. Civil society organizations and universities are represented in the CTSRP, and in October 2004 their number increased, leading to a stronger involvement in the DSRP’s formulation. CSOs are also actively involved in the Inter-Congolese Dialogue, they were consulted for PMPTR formulation, and they are participating in its implementation together with religious networks and basic communities. Scholars, NGOs, civil society and religious organizations are also providing crucial inputs for the formulation of Vision 2025.

The private sector, through the Federation des Entreprises du Congo, is represented in the CTSRP and is playing a stronger role in the formulation of the DSRP due to an increased number of delegates. The Government meets on a regular basis with the Federation des Entreprises du Congo to discuss strategies for enhancing private sector development. Usually these meetings include external partners and follow meetings held exclusively with external partners. Representatives of the private sector were also consulted for PMPTR formulation, and the Government is likely to involve them in its implementation.

Parliamentary involvement has been limited, but is increasing. Some members of the Chambre de Représentants were involved in IPRSP consultations. In particular, a member of Parliament took part in a training workshop organized by AfDB on the DSRP participatory process. In March 2004 the Parliament appointed a working group to participate in the DSRP process. Its members have been individually involved in the process, and the Government has plans to involve the Parliament in the consultations for the DSRP. The Constitution does not require the Parliament to approve a national development plan, however, it requires it to approve the budget. The Parliament engages in noteworthy debates on the annual budget and, in 2004, it held up the
financial plan proposed by the Government based on the perception of insufficient attention to social sectors.

Capacity is a major challenge. Apart from the Ministry of Planning and the Central Bank, the Government has little capacity to formulate strategy or policy and to implement programs. Line ministries are weak, as is administrative and statistical capacity, and capacity for participatory M&E. An extremely weak infrastructure hinders implementation capacity and IPRSP dissemination, and also poses security problems. To ensure proper coordination in addressing capacity enhancement, the Government has created a Secrétariat National pour le Renforcement des Capacités, with the support of the African Capacity-Building Foundation, AfDB, and UNDP.

**Country-led partnership**

The Government is working to overcome its limited experience and capacity to lead development assistance coordination. The Ministry of Planning is in charge of coordinating external partners, and the Government is setting up a *Cellule de Suivi pour une Meilleure Absorption des Ressources Extérieures* which will be charged with overseeing the use of external funds. It chairs monthly Investment Program meetings, during which only the financing of projects consistent with the PMPTR is approved. In May 2002 the World Bank hosted a meeting in Paris in which the Government met with its major external partners. That same year, the World Bank chaired the first CG meeting since the end of the conflict, and also chaired a CG meeting in December 2003 in Kinshasa. The Government has a strong leadership role in the dialogue at CG meetings, and the Ministry of Finance co-chaired with the World Bank a CG meeting for the first time in November 2004. In 2004 Belgium - in collaboration with the Government - organized four sectoral RT conferences in agriculture and food security, health, education, and basic infrastructure. These meetings included the participation of external partners and country stakeholders and were chaired by relevant ministries. Informal working groups are undertaking sectoral and thematic studies that will feed into the DSRP. They are chaired by external partners which, sometimes, invite the Government to participate. UNDP chairs a thematic group on institutions and capacity support.

With little Government capacity, the responsibility for service delivery effectively rests almost entirely on NGOs, particularly in reunified provinces where the public administration is either weak or does not exist. NGOs are actively involved in the fight against HIV/AIDS, school and health centers for rehabilitation, as well as support to refugees.

External partners are coming together around the IPRSP and the shorter term PMPTR, after an initial period of little coordination caused by the absence of external assistance during the height of the conflict. The five major external partners are the USA, France, Belgium, the IMF, and the World Bank, accounting for approximately 74 percent of gross ODA in 2002-03. The Netherlands, the EU, and the UK are also key partners. ODA accounted for 101.3 percent of GNI in 2003.\footnote{See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/18/31/1901167.gif} In 2003 the EC adopted a new 2003-07 Country Strategy Paper which is in line with the IPRSP, as is the FY04-06 World Bank Transitional Support Strategy. The 2004-08 USAID Integrated Strategic Plan supports the DSRP process,
as does Belgium’s development assistance strategy.

External partners are undertaking some joint analytical work. In May 2004 the Government and the World Bank completed a CPAR in partnership with CIDA. The Government is envisaging the possibility of preparing SWAps in health and education. The Government also carried out a HIPC Poverty Tracking Expenditure Exercise with the World Bank and the IMF.

Capacity building programs are largely fragmented. However, external partners are jointly supporting capacity building training programs for the main participants of the UPPE-SRP, for the thematic and sectoral groups, and for the bodies responsible for the participatory consultations, as well as the Civil Service Reform being implemented by the Government. A UN Capacity Building Unit supports development of the DSRP, and is working directly within the Ministry of Planning. It is supported by a number of development assistance agencies.

Preliminary discussions are underway to design an action plan for harmonization with country systems, and a working group on harmonization is in place. Country systems were decimated during the civil war, but some are now being built up from those designed by external partners for Project Implementation Units for use within the broader ministerial system. The Ministry of Education has approved the national “Education for All by 2015” plan, within the framework of technical assistance programs funded by the Fast Track Initiative, but this has not yet led to harmonization with country systems in education. The World Bank is coordinating with other external partners to provide additional technical support for analytical work on the education sector, in order for the Government to develop a realistic budget and financing strategy for Education For All. If successful, this will be developed as an integral part of a financing strategy for the entire education sector, which could serve as a focal point for strategy alignment and then harmonization of external partner support with country systems in education. The Government has plans to organize a meeting on harmonization around country systems in the health sector, and it has launched a reform of public procurement on the basis of an action plan prepared with support from the World Bank.

Action is being taken to develop stronger in-country partnership structures. The World Bank Country Director is based in Washington, with a strong Country Office in Kinshasa. Other external partners, including UNDP, USAID, France, Belgium, and the IMF have decentralized their decision-making processes and increased their presence in the country.

Results focus

The availability of data for monitoring poverty indicators is a major obstacle, and the Government - with the support of a multi-donor Trust Fund for Statistical Capacity Building managed by the World Bank - is preparing a national statistical development strategy aimed at overcoming these difficulties. There is little information on social indicators, and it is difficult to account for regional differences. To collect the statistical data needed to establish an accurate poverty profile, the National Statistical Institute is conducting, in the parts of the country it can access, a consumption budget survey and is collecting data on employment, household consumption, and the informal sector through a National Poverty Survey.
There is no integrated financial management system.

Action has been taken to increase access to development information. The IPRSP and the full DSRP preparation process have been publicized through posters and media campaigns since July 2003. The IPRSP was originally drafted in French and translated into English. Consultations were held in local languages, but the IPRSP has not been translated into any of them. However, the IPRSP has been printed and distributed to civil society both at the national and provincial levels, and the Government has plans to translate the DSRP into local languages. The Ministry of Finance has a website, 49 and the press is becoming more and more interested in following the budget process, after the status of budget execution has been made available to stakeholders by the Parliament.

A few elements for a country-level M&E system are in place. The Government - supported by UNICEF and UNDP- has established a MDGs monitoring program. The Government has plans to use it to prepare DSRP Progress reports, reports on the MDGs, and reports for country policy makers in one unified format. The IPRSP identifies progress indicators, however, monitoring efforts are held back by inaccurate data and limited access to many parts of the country. The full DSRP will develop a more concise set of intermediate indicators and a set of monitorable outcome indicators.

49 www.minfinrdc.cd
The Republic of Congo endured three episodes of civil war in the 1990’s. Despite its richness in oil, which makes up 95 percent of exports, the cycle of conflict has exacerbated poverty and unemployment. Ceasefire agreements were signed in November and December of 1999, however, it was only in March 2003 that the Government of President Denis Sassou-Nguesso signed a peace agreement with the last rebel group. Sporadic outbreaks of violence continue to take place in the Pool region.

Long-term holistic vision

The Republic of Congo has yet to develop a long-term vision. The *Nouvelle Espérance* program was launched by the Government as a seven-year plan that corresponds with the presidential term of President Sassou-Nguesso. The medium-term strategy is the *Document Intérimaire de Stratégie de Réduction de la Pauvreté* (DSRPI), the Republic of Congo’s IPRS, which covers development programs and objectives from 2004-07, and coincides with the first phase of the *Nouvelle Espérance* program. The DSRPI’s strategic objectives are in line with those of the MDGs, NEPAD and the *Nouvelle Espérance* program.

The DSRPI sets out preliminary indicators and targets in line with the MDGs, including the reduction of poverty by 50 percent by 2015. The DSRPI also sets out interim goals for 2007.

The strategy is well balanced in its approach to development, consolidated into five pillars: 1) consolidation of peace and promotion of good governance, 2) consolidation of macro stability and the promotion of key economic sectors, 3) access to social services and social protection, 4) infrastructure development, and 5) strengthening the fight against HIV/AIDS. The strategy also focuses on cross-cutting issues like gender integration and environmental protection.

A MTEF has not been developed to link the DSRPI to the budget in a systematic way. The Government devised a triennial budget program to direct expenditures toward poverty programs in priority sectors. A Public Investment Program is also in place to channel expenditures toward priority sectors.

Country ownership

A central PRSP unit has taken leadership in policy formulation, but without a strong mechanism for inter-ministerial coordination. The *Comité National de Lutte contre la Pauvreté* (CNLP), which is jointly chaired by the Minister of Planning, Land Administration and Economic Integration and the Minister of the Economy, Finance and Budget,

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50 The DSRPI was completed in September 2004. A full DSRP is expected in December 2006.
supervised DSRPI preparation. At the local level, the CNLP is represented by departmental and local committees, the Comité Départemental de Lutte contre la Pauvreté (CDLP) and the Comité Local de Lutte contre la Pauvreté (CLLP). Eleven sectoral and thematic groups were established to assist in DSRPI formulation. The CNLP is also responsible for coordinating and overseeing the implementation of the DSRPI, including the design of a country-level M&E system, as well as formulation of the full DSRP.

The Government involved stakeholders in DSRPI formulation, but has yet to devise a permanent structure for government-stakeholder dialogue. A Permanent Technical Secretariat within the CNLP, with assistance from UNDP, the World Bank, the EU and France, conducted consultations for DSRPI formulation with various stakeholders at the central and local levels, as well as consultations at the sector level. Community consultations were held in eleven country departments.

Civil society was involved in DSRPI formulation through central and local consultations, and also has eight representatives in the Permanent Technical Secretariat, as well as two more representatives from the Economic and Social Council in the Technical Secretariat. At the local and departmental level, religious groups, community organizations, women’s groups, youth groups and NGOs participated in consultations.

The private sector, namely trade unions, also participated in consultations, but has no representatives in the Permanent Technical Secretariat. The private sector is represented through the Economic and Social Council. The Economic and Social Council was consulted on the Government’s Public Investment Program.

Parliament participated in DSRPI formulation through its four members in the Permanent Technical Secretariat. The Constitution requires that Parliament approve all economic and development planning, as well as the annual budget. In May/June 2004, the draft DSRPI was submitted to Parliament for information and comments. In December 2004/January 2005, the final DSRPI was presented to Parliament as required, since it represents not only the national development plan, but also the programmatic basis for the 2005 budget.

Capacity is a major constraint in policy formulation, and for DSRPI implementation. Institutions are weakened at all levels from the prolonged conflict. Weak human capacity is also a constraint, as is corruption, particularly in the oil sector. Decentralization is a priority in the DSRPI, and the Government has taken concrete steps in this direction through a modernization program in all municipalities, as well as large investments for infrastructure rehabilitation.

**Country-led partnership**

The Government has taken preliminary steps toward increasing its leadership role in coordinating development assistance. It established in 2004 a directorate within the Ministry of Planning, the Direction Générale pour la Coordination des Programmes et des Projets en Coopération, as the agency responsible for this task, shifting responsibility away from the Permanent Technical Secretariat. However, coordination still largely takes place at the level of individual ministries, or through the Ministry of Finance. The
Government participates in CGs, the last of which was held in Paris in September 2004 and chaired by the World Bank.

External partners intend to align their strategies in the future with the DSRPI, as most strategies were developed prior to its completion. The five major external partners are France, the World Bank, the EU, UNHCR and the USA, accounting for approximately 86 percent of gross ODA in 2002-03. ODA accounted for 2.6 percent of GNI in 2003. Through its *Stratégie de coopération et Programme Indicatif* 2002-07, the EC makes explicit its intent to align its sector strategies with the IPRSP. The World Bank’s Transitional Support Strategy FY03-05, also lays a foundation for assistance around the IPRSP. UNDP and France provided a great deal of support for DSRPI formulation, and their assistance is broadly in line with its objectives.

Limited partnerships have materialized through joint analytical work. The Government, UNDP and the World Bank jointly finance an ongoing poverty survey.

The Government has not developed a coherent capacity building strategy to bring together external partners’ fragmented initiatives.

With the return of peace and increased political stability, development assistance agencies have been increasing their country presence. The AFD program is managed by an office in Brazzaville. The World Bank is working to strengthen its Country Office, with its Country Director based in Washington.

### Results focus

The availability of poverty-related data for M&E is weak. The National Statistics Office leads data collection efforts under the supervision of the Permanent Secretariat. The Government has plans to strengthen capacity and coordination between the National Statistics Office and the Directorates for Studies and Planning in various ministries, as well as the General Directorate of Planning and Development. The Government is preparing a multi-year statistical development program, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank. The last official census was conducted in 1984. In order to obtain data for updating indicators in the upcoming PRSP, a CWIQ is under preparation with assistance from the World Bank and DFID. A Household Survey is planned for 2004-05.

The Government has plans for a communication/dissemination campaign. This campaign includes the establishment of Local Councils of Poverty Reduction in districts and villages in 2005, to strengthen dissemination at the grassroots level. The DSRPI is available on the Government’s website.

A National Observatory of Poverty Reduction is being established within the National Statistics Office to jointly monitor DSRPI implementation and the MDGs. The Government is emphasizing the need to redefine indicators and targets as updated, reliable data becomes available.

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52 [www.mefb-cg.org/dsrpi.htm](http://www.mefb-cg.org/dsrpi.htm)
Cote d’Ivoire has been plagued by growing political instability since the early 1990s. This culminated in a military coup in December 1999 - which overthrew President Bedie’s Government - and a failed coup attempt in September 2002 - aimed at deposing President Gbagbo - which led to civil war and the division of the country into a rebel-held north and a Government controlled south. The rebellion has escalated into the worst crisis since independence in 1960. In January 2003, the major political parties and the New Forces signed the Linas-Marcoussis Accord (LMA), agreeing to a power-sharing national reconciliation Government to include rebel New Forces representatives. Delays in the implementation of the political reforms called for by the Marcoussis Accord and the July 2004 Accra Accords - reaffirming the LMA goals - have led to escalating tension with renewed fighting in November 2004. Following the resurgence of violence, the UN Security Council issued an immediate arms embargo on Cote d’Ivoire. The country remains split into two parts with the south held by the Government and forces of President Gbagbo, and the north under the control of the rebel New Forces.

Long-term holistic vision

There has been an effort to develop a long-term vision and complementary medium-term strategy. In 1997 the Government developed “Cote d’Ivoire 2025,” which set the framework for an Interim Poverty Reduction Strategy Paper (IPRSP). 53

A draft Poverty Reduction Strategy Paper (PRSP) was prepared in August-September 2002; however, the civil conflict significantly changed the social situation and the PRSP process was interrupted. It was restarted in mid-2003 in consultation with the World Bank, the IMF and other external partners. During 2004, the Government continued work on the PRSP to take into account the post-conflict situation, new expenditure priorities, and the World Bank’s emergency assistance program. However, following the periodic resurgence of violence and the military confrontations in November 2004, the full PRSP was put on hold again.

MDG targets are more ambitious than IPRSP targets, and the Government has plans to use the MDGs in the full PRSP as reference points for measuring progress. The IPRSP rests on six pillars: 1) promoting macroeconomic stability; 2) improving the climate for private sector and rural development; 3) increasing access and quality of basic social services; 4) advancing decentralization; 5) 53 The IPRSP was completed in January 2002.
promoting good governance and capacity building to allow for better resource allocation; and 6) strengthening the security of people and property. The IPRSP also considers gender and environmental issues high priorities; however, its proposals are not illustrated in detail.

There have been some efforts to develop a link between strategy and the budget. In 2003, the Government envisaged reforms in public expenditure management that included the development of a MTEF. However, implementation was not successful due to outbreak of civil war, when priorities shifted towards concerns with national integrity and security. Key poverty reduction expenditures are likely to be identified and subsequently financed with HIPC funds.

**Country ownership**

The Office of the Prime Minister and the Ministry of Planning and Development took the lead in preparation of the PRSP. In July 2000, the Government created a National PRSP Consultative Committee, responsible for ensuring a participatory approach and validating the IPRSP and the PRSP. It is endowed with a technical body, the PRSP Supervision Committee, specifically responsible for formulating, assessing, and monitoring the IPRSP and the PRSP. The National PRSP Consultative Committee and the PRSP Supervision Committee are in charge of monitoring PRSP implementation. The IPRSP also envisages the creation of regional and local PRSP monitoring committees.

Stakeholders were involved in IPRSP formulation; however the conflict has prevented them from fully engaging in the PRSP process. The PRSP Supervision Committee drafted a plan for the IPRSP and during its formulation the Government consulted with all segments of society both at the central and regional level. It held a launch workshop in Abidjan chaired by the Prime Minister in May 2001, and ten regional consultations throughout the country in July 2001. In August 2001, it established a drafting committee, and in November 2001 it organized technical workshops. The National PRSP Consultative Committee validated the IPRSP in January 2002. In order to adopt a more participatory approach in PRSP implementation and in the monitoring of development programs, the Government plans to replace the PRSP Supervision Committee with a permanent coordination unit appointed by the Prime Minister. It also plans to create a Technical Committee to support this unit, as well as regional and local consultative committees. Following thematic discussions organized in February and March 2002 with the World Bank’s support, the office of the Prime Minister held a national workshop to launch the preparation of the full PRSP.

Civil society organizations were involved in IPRSP formulation. They are represented in the National PRSP Consultative Committee, in the PRSP Supervision Committee, and in the drafting committee. NGOs, professional organizations, associations, academics, and trade unions work closely with Government representatives in the PRSP Supervision Committee. They participated in the national and regional workshops, and they were requested to comment on IPRSP drafts. The intent is to include CSOs in the Technical Committee, as well as in the National Capacity Building Secretariat.

The private sector also played a role in strategy formulation. It was represented
in the National PRSP Consultative Committee, in the PRSP Supervision Committee, and in the drafting committee. It took part both in the national and regional workshops, and it is now represented in the Technical Committee. The President of the Economic and Social Council - a constitutionally mandated and well-established structure for dialogue between the public and the private sector - was asked for comments on the draft IPRSP in December 2001 and was actively involved in preparing the draft full PRSP.

Parliamentary involvement has been limited. Individual parliamentarians participated in the workshops held by the Government during IPRSP formulation, and the President of the National Assembly was also requested to give feedback on the draft IPRSP. The IPRSP was not submitted to the plenary. The National Assembly approves the budget and is required by the Constitution to approve programmatic laws identifying economic and social development objectives.

The Government’s capacity is weak and has been deteriorating, especially for formulating and implementing long-term strategies. Capacity in the northern areas under the control of the ex-rebels is particularly weak due to the departure of many administration officials and civil servants at the onset of the war. The worsening economic situation - caused by delays in the cocoa campaign, the slowdown due to the exodus of investors and business owners crucial to the economy, as well as the Government’s increased spending on military expenditures prior to the embargo - has limited its capacity to undertake priority social expenditures and to service its external debt obligations.

Country-led partnership

The Government’s capacity to manage development assistance coordination is weak. In October 1999, the Government and the World Bank jointly chaired a meeting with the AfDB and the EC, during which it was agreed that the Government would hold regular and informal meetings with its external partners. Subsequently, external partner coordination was put on hold, but re-intensified during the past two years despite the difficult country conditions. During the recent crisis, external partner responses were coordinated under the framework of the ad-hoc Special Crisis Committee of Donors and External Partners chaired by the World Bank. The first in-country CG was held in Abidjan in May 1998; prior to that, CGs were held in Paris. The second in-country CG meeting was envisaged at end-2001, but could not take place. In 2004, a proposed multi-donor assessment mission - which would have led to an external partner coordination forum including the World Bank, UN agencies, external partners, Ivorian authorities and civil society - had to be postponed due to the deterioration of the political situation. The EC organizes ad hoc local external partner coordination meetings related to key sectors and themes, such as poverty and HIV/AIDS. Round table meetings on issues such as environment, health, and education have also been held and there are plans to organize further round table meetings on capacity building, private sector development, and poverty reduction.

Some external partners are aligning their development assistance strategies with IPRSP objectives. The five major external partners are France, the World Bank, the USA, Canada, and Germany, accounting for approximately 84 percent of gross ODA in 2002-03. The EU and the
IMF are also active. ODA accounted for 1.9 percent of GNI in 2003.\textsuperscript{54} In November 2004 the World Bank revised a draft Interim Transitional Support Strategy prepared in 2003 - which is in line with the IPRSP - and it is delaying the preparation of its Country Assistance Strategy until the PRSP is complete. The 2003-07 UNFPA Country Programme supports the IPRSP and the Government’s efforts to reduce poverty.

Some joint analytical work is materializing. There is active dialogue on fiscal - especially public expenditure - governance and social sector issues. Collaboration between the World Bank, the IMF and other external partners such as the EC has been strong, including the preparation of a PER finalized in November 2003, and the ongoing audit of the cocoa regulatory framework. The World Bank and AfDB also completed a CPAR in 2004. The proposed joint multi-donor assessment mission and joint financing of a disarmament and demobilization program are likely to further strengthen collaboration among external partners. Additional coordination efforts for budget support and the PRSP/HIPC are on hold until the suspension of World Bank disbursements, in place since November 2004 when Cote d’Ivoire was placed in non-accrual status due to outstanding debt service obligations.

Concrete actions aimed at supporting capacity building in a coordinated way have not been taken yet. However, capacity building is one of the main goals stated in the IPRSP and the National Capacity Building Secretariat has plans to work closely with the National PRSP Consultative Committee to elaborate a comprehensive capacity building plan to be included in the full PRSP.

Some preliminary steps have been taken toward the use of country systems. Harmonization in the context of post-conflict financial assistance and consultations on sector issues is expected to intensify during and after the first joint multi-donor assessment mission, which will be launched when security conditions are met and arrears are cleared. The Government has developed a new Procurement Code to eliminate discriminatory procedures, increase competition, and reinforce transparency and accountability procedures.

Several development assistance agencies are increasing their presence in the country to better take part in daily decision-making. The World Bank Country Director is based in Abidjan and has remained in the Country Office even after the recent evacuation of non-essential staff due to the security situation. Other external partners, such as UNDP, ILO, UNICEF, WHO, France, and GTZ have decentralized or are in the process of decentralizing their decision-making process. Regular consultations in the Abidjan office and headquarters among development partners are ensuring coordination and exchange of information.

**Results focus**

The quality and availability of data had been improving until the resurgence of the war in 2002. Some further improvements were made in 2003 but the revival of violence in 2004 caused priorities to shift to the issues of national security and made most MDGs no longer attainable. The Government prepared a national statistical development strategy with the support of a multi-donor Trust Fund for Statistical Capacity Building. Based on the strategy,
the National Statistics Institute is responsible for coordinating the collection of statistics, including sector studies and household surveys, such as the Survey on Household Living Conditions completed in 2001, whose results were incorporated in the IPRSP. However, availability of poverty data is limited and there is a strong necessity to build a database on poverty. A new household survey is envisaged for the preparation of a full PRSP to assess the impact of the crisis and the need for expenditure adjustments. Following the identification of key poverty-reducing expenditures, the Government has plans to use the SIGFIP - an integrated financial management system - for executing and monitoring budget expenditures. However, the shift of priorities within the Government has put these plans on hold.

Stakeholder access to development information is limited. However, the Ministry of Planning and Development is developing a website to maximize public information and allow continuous dialogue between key players in the PRSP process. The PRSP team is also working towards making evaluation results available to the public through the creation of a portal on the website.

A country-level M&E system is under development. The World Bank is supporting the advancement of a full Poverty Impact Monitoring System, which takes stock of the existing country system and gives priority to the education and debt components. Partnerships around M&E have not yet developed. The IPRSP lists a series of performance indicators to be monitored.
Long-term holistic vision

Action is being taken toward establishing a long-term vision that serves as reference for policy makers. The Document Stratégique de Réduction de la Pauvreté (DSRP), Djibouti’s PRS, is the country’s long-term development vision through 2015. In 2000 the Government prepared a long-term strategy for the education sector that fed into the DSRP.

The medium-term strategy builds on long-term objectives. The DSRP presents a medium-term strategy for 2004-06 as the first stage in the implementation of the vision. It builds on a series of sectoral strategies for government reform, health, HIV/AIDS, education, water, gender, urbanization, environment, decentralization and justice, and provides the overall framework for their implementation. The Government has also prepared a National Road Strategy to further implement the DSRP.

Long-term development goals have been identified. The DSRP sets goals and targets consistent with the MDGs, but adapted to country circumstances.

The strategy starts by addressing a comprehensive set of issues, and identifies priorities in line with the country size and geographical situation. The strategy focuses on four priority areas: 1) economic growth; 2) human resource development; 3) regional development and basic infrastructure; 4) good governance. It analyzes cross-sectoral linkages for the reduction of gender disparities and the fight against HIV/AIDS.

\[55\] The Government completed the DSRP in March 2004.

The Government has not yet prepared a MTEF. Sector ministries are only marginally associated with budget preparation, and spending is not monitored on a regular basis. Some progress has been made toward strengthening public financial management. In 2004 the Government started publishing semi-annual reports on social spending. It has started implementing a treasury cash management system which is helping enforce budgetary discipline and bring government spending in line with available resources.

Country ownership

The Prime Minister took the lead in the formulation of the DSRP, with the political support of the President, and chaired an inter-ministerial committee to coordinate participation of central and line ministries during DSRP formulation. The Minister of the Economy, Finance and Planning (MoEFP) presided over the work of a special commission created within an existing governmental advisory body, and
coordinated DSRP formulation. Representatives of line ministries and government agencies participated in the commission as well as in a permanent secretariat and eight thematic sub-committees that formulated the strategy. DSRP implementation will be coordinated by an inter-ministerial committee for steering government action under the leadership of the Prime Minister’s Office and linked with existing units within MoEFP.

Stakeholder involvement in DSRP formulation materialized through ad-hoc mechanisms, but action is being taken to establish a sustainable mechanism for government-stakeholder dialogue. The DSRP special commission organized national and regional workshops to consult with a wide range of stakeholders. The final draft of the DSRP was submitted to stakeholders at a national validation workshop. The Prime Minister’s Office is consulting with stakeholders to identify mechanisms for their involvement in DSRP implementation.

Some civil society organizations have been involved in DSRP formulation. Some NGOs and trade unions participated in the thematic sub-committees. CSOs were consulted during national and regional workshops.

The role of the private sector in DSRP formulation was significant. The private sector participated in DSRP formulation through business associations like the Chamber of Commerce, which participated in the thematic sub-committees. Private sector representatives had an impact on the content of the DSRP and its focus on the development of the port and port-related activities.

Parliamentary involvement was significant during DSRP formulation. Parliamentarians participated in the thematic sub-committees. Parliament is mandated by the Constitution to approve the budget and vote the programmatic laws determining the social and economic objectives of the country. It approved the DSRP. The opposition is not represented in Parliament as a result of an electoral system that allocates all the seats to the majority party.

There is a relatively competent and well-paid civil service. However, planning and implementation are sometimes hampered by insufficient coordination and poor communication between central and line ministries. The DSRP process has helped address some of these shortcomings by providing a framework for government coordination.

Country-led partnership

Elements exist for further progress in strengthening Government leadership of external assistance coordination. The MoEFP takes the lead in coordination and regularly updates a database with information on external partners’ activities. The Ministry of Education holds regular meetings with all external partners supporting the sector. The Ministry of Health is establishing similar practices. The next CG meeting will be chaired by the World Bank in Paris or Dubai, and tentatively held in mid-2005.

The Government is moving toward strengthening its relationship with the private sector. The port is managed through a public-private partnership and similar partnerships are being considered for the management of the international rail link between Djibouti and Addis Ababa.

External partners are moving toward aligning their assistance strategies with DSRP objectives. The five major external partners are France, the World Bank,
Japan, the EU and Arab countries, accounting for approximately 82 percent of gross ODA in 2002-03. ODA accounted for 12.1 percent of GNI in 2003.\textsuperscript{56} UNDP and the AfDB also play an active role. The World Bank Country Assistance Strategy FY06-08 is based on the DSRP. The AfDB Country Strategy Paper, prepared in 2004, is aligned with the DSRP. France and the EC focus their assistance on specific sectors.

Partnerships in external financial support are at an early stage. External partners are taking steps toward a SWAp in education. The World Bank, AfDB and France support programs in line with the education strategy, implemented by existing units within the Ministry of Education, staffed with civil servants, and are discussing joint financing for the sector. USAID is considering joining the other external partners in supporting the education sector.

The DSRP has a strong focus on capacity building and external partners are recognizing the need to align with the needs identified in the strategy. For example, the integrated framework for trade-related technical assistance – a joint initiative of the IMF, the World Bank, the ITC, UNDP, UNCTAD and WTO - is being prepared in line with the DSRP.

Some development assistance agencies have strengthened their presence in the country to participate in daily decision making. The IMF, the EC, UNDP and France have country offices in Djibouti. USAID opened a Mission in Djibouti in 2004. The World Bank’s program is managed by a Country Director based in Egypt and supported by a Country Office in Yemen.

Results focus

Elements exist for further progress in enhancing the quality and availability of poverty-related data. In 2002 the Government carried out two national surveys, one on poverty and socio-economic indicators, and another on health and population indicators. However, the quality of poverty data is significantly hampered by the lack of a recent and reliable population census. The Government plans to conduct a household survey in 2005 and is taking steps to streamline its information system. There were two statistical agencies that have been merged into a new Directorate for Statistics and Demographic Studies (DISED) attached to the MoEFP. The Government is also participating in the IMF’s General Data Dissemination System. An integrated financial management system is not yet in place.

Some work is being done to better inform the public on Government policies. The DSRP was prepared in French and is being translated into Arabic, the other official language. The Government is preparing a communication strategy in partnership with NGOs and the media to inform citizens on the objectives of the DSRP. The DSRP is posted on the website of the MoEFP, together with the minutes of the national validation.

\textsuperscript{56} See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/15/5/1885249.gif
workshop. Access to the internet, however, is limited in the country. Illiteracy is high, particularly among women, for whom it is estimated at about 85 percent.

M&E of government policies to inform decision making and policy review is at an early stage. The DSRP identifies detailed progress indicators only for 2004. The Government is planning to create a commission for growth and poverty reduction and a technical unit for M&E within the DISED to track progress in DSRP implementation. The Government is also conducting a feasibility study for the establishment of an independent poverty observatory comprised of government and stakeholders’ representatives to assess the impact of poverty reduction policies.

57 http://www.ministere-finances.dj/DSRP/index.HTM.
DOMINICA

Long-term holistic vision

Dominica’s Interim Poverty Reduction Strategy Paper (IPRSP), which is not linked to a long-term vision, is linked to other medium-term strategies and serves as an input to the Government’s overall policy making. Where relevant, the IPRSP’s goals are linked to the MDGs, although Dominica has already achieved many of the MDG targets. A set of country-specific long-term targets is being developed.

The IPRSP’s approach is well balanced in its considerations of both fiscal and structural reforms, as well as the need to redistribute spending on social programs and channel funds towards the most effective programs, and also those that target the neediest groups. The main objectives of the IPRSP include economic growth, job creation, raising the standard of living among the poor, and maximizing the effectiveness of the government’s financial resources dedicated to pro-poor programs. It includes a structural reform matrix for 2003-06.

The IPRSP is not linked to the budget through a MTEF, but there is a three-year rolling Public Sector Investment Program. Budget projections are included in the IPRSP, indicating no additional spending, but a reshuffling of current social expenditures. The PRSP will include a continuation of the three-year macroeconomic framework used to guide the development of the FY04-05 budget. The development of a detailed, full multi-year budgeting MTEF is part of the Government’s medium-term agenda, as the limited institutional capacity of the government is currently focused on debt restructuring, strengthening of financial management and public investment planning and execution, and public sector reform. Long-term technical assistance for multi-year budgeting is expected to be provided by CARTAC and DFID.

Country ownership

Inter-ministerial coordination during policy formulation is achieved through the Cabinet and Committee of Permanent Secretaries’ roles in overseeing the preparation of the upcoming PRSP. The National Poverty Assessment Coordinator chairs a Technical Working Group, which is responsible for drafting the PRSP and coordinating consultations with stakeholders.

There is no permanent structure for stakeholder participation, but the Government continues its efforts to involve stakeholders in policy formulation. Extensive consultations for IPRSP preparation involved a series of
stakeholders through various meetings and workshops, and stakeholders are similarly involved in PRSP formulation.

The Government is taking action to consistently engage in dialogue with civil society. Civil society was consulted on a quarterly basis during IPRSP preparation through an Economic Stabilization Consultation Group (ESCG), which also included Government representatives. The ESCG expanded its role to become the Independent Monitoring Group, a civil society group including religious organizations, which monitored the Government’s performance on ongoing poverty reduction programs. The Independent Monitoring Group has been disbanded as its original term – one year – has expired. Civil society participated in broad-level consultations for the IPRSP, including the media and opposition political parties. PRSP consultations, ongoing since January 2005, include civil society, trade unions and other members of the private sector, media and political parties.

The private sector participated in IPRSP consultations through the ESCG. Although the ESCG is no longer active, the private sector maintains dialogue with the Government through the new Economic Advisory Council. The Economic Advisory Council was created by the Government as a mechanism for stakeholder participation that includes civil society as well as the private sector. In 2004, the Government conducted its third round of yearly budget consultations with the private sector.

The Parliament was not involved in IPRSP consultations, and is not required to approve a national development plan. The Government is expected to table the final version of the PRSP to Parliament along with the FY05-06 budget.

There is capacity for policy formulation, but less so for implementation. As a small island state, Dominica is limited to a small public sector. Given the broad scope of the strategy, a small public sector poses a capacity constraint for the successful implementation of the forthcoming PRSP.

**Country-led partnership**

As part of the stabilization and structural reform program launched in 2003, the Government has made some effort to coordinate development assistance through a series of meetings aimed at mobilizing external support for its program. The Government also participates in the Caribbean Group for Cooperation and Economic Development (CGCED) meetings, the last of which was held in Washington in 2000. The next CG meeting (re-named Caribbean Forum for Development), currently being organized by the CDB, will be held in May 2005.

Most external partners’ activities are broadly in line with IPRSP objectives, but alignment is at an early stage. The five major external partners are Japan, the CDB, the EU, the IMF and the UK, accounting for approximately 89 percent of gross ODA in 2002-03. ODA accounted for 4.6 percent of GNI in 2003. China is also a major partner. The World Bank plans to finalize an OECS Country Assistance Strategy in 2005, which will be aligned with the PRSP. It is expected that other development assistance agencies will align their country assistance strategies with the priorities laid out in the PRSP, to the extent that it becomes clear that the Government plans to use the PRSP as the framework guiding external assistance.

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DFID, the EC and the CDB provide support for many of the IPRSP’s strategic sectors, with similar goals to those expressed in the IPRSP.

Several external partners, including the World Bank, the IMF, CARTAC, CIDA, DFID, the EC and UNDP, provide coordinated technical assistance to the Government in the areas of financial and public expenditure management, public sector reform and social security. Analytical work on economic growth and competitiveness issues (two World Bank studies have been completed, covering the whole Caribbean region and the OECS countries, respectively) is ongoing with financial support from the EC. Discussions are also ongoing with the EC for channeling future EC budget support through a World Bank-managed trust fund in support of a reform program to achieve PRSP objectives, and designed and implemented by the Government with World Bank support.

The government is not leading an effort to harmonize around country systems.

Given the small size of country programs, most external partners conduct their programs in Dominica from outside the country. The World Bank’s Country Director is based in Washington. Other development assistance agencies have country offices located in Barbados.

**Results focus**

While data on poverty is not collected regularly, ongoing assistance is aimed at strengthening poverty data collection and analysis. A Poverty Assessment was completed in 2003 with the support of the CDB, and is informing the preparation of the PRSP. An integrated financial management system is in place, whereby revenue and expenditures can be tracked, and efforts are ongoing to strengthen the system.

The Government made information about the IPRSP widely available in addition to extensive consultations during its preparation. The Government plans to broadly disseminate information about the upcoming PRSP.

M&E takes place largely at the project level, but there are plans to design a country-level M&E system. The IPRSP does not identify intermediate indicators. Efforts are underway to define intermediate indicators to include in the full PRSP.
Long-term holistic vision

A long-term vision of growth and transformation guiding medium-term strategy development is the Agricultural Development-Led Industrialization (ADLI). It considers agriculture as the primary stimulus to generate employment and income for the poor, as well as a catalyst for the development of other sectors. Several Sectoral Development Programs (SDPs) elaborated by the Government, including programs in education, health, and roads, complement the long-term vision. After elections in May 2000, the ruling party EPRDF adopted the constitutionally-required Second Five-Year Development Plan 2000-05, which elaborates policy and institutional measures needed to achieve the ADLI. The Sustainable Development and Poverty Reduction Program (SDPRP) is the PRS, a medium-term program covering the period 2002-05 informed by the SDPs also with links to the ADLI. An updated SDPRP will be incorporated into the Five-Year Development Plan 2006-10.

The SDPRP focuses on four pillars: 1) growth - private sector development, rural development, vulnerability, and roads; 2) human development outcomes - education, health, and water; 3) public sector institutional outcomes; and 4) democratic governance and decentralization. Specific actions included in these four pillars are articulated in a Policy Matrix. The SDPRP clearly integrates rural, industrial, and social development targets, and it includes explicit gender and environment issues. MDGs are integrated into the SDPRP, which shares some of the same targets, such as halving poverty by 2015. However it does not fully articulate the link between the achievement of MDGs and policy interventions. Ethiopia is a UN Millennium Project pilot country and the Ministry of Finance and Economic Development is charged with supervising the integration of MDG targets into national development planning, specifically into the 2006-10 Five-Year Development Plan.

Action has been taken to develop a link between the budget and SDPRP priorities. The Government is in the process of preparing a MTEF; however, the progress has been slow due to the highly devolved level of fiscal authority of sub-national administrations. The Government is envisaging a macro-fiscal framework with a three-year horizon, to be used to set overall and sector ceilings in the early stages of budget preparation. The pro-poor orientation of budgets at the federal and regional levels is robust and

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60 The ADLI was completed in 1992. The SDPRP was completed in July 2002, and a SDPRP Progress Report was finalized in December 2003.
consistent with SDPRP priorities, and recently attempts have been made to introduce Public Expenditure Programs regionally. Poverty-reduction spending is defined at the sectoral level and includes spending on education, health, roads, agriculture, and water. Resources devoted to poverty sectors based on SDPs further SDPRP implementation.

**Country ownership**

Country leaders across the executive have played a crucial role in strategy formulation. The Ministry of Finance and Economic Development (MOFED) is the locus of initiative for the content of the SDPRP. The Government established a Steering Committee composed of Ministers and a National Technical Committee composed of poverty-oriented professionals, as well as a Secretariat, in charge of conducting consultations for SDPRP formulation. A similar structure was adopted at the regional level. Following SDPRP completion, four inter-ministerial working groups were created to refine matrices contained in each of its four main pillars. The Government has revitalized a Welfare Monitoring Unit - created in 1996 - to meet M&E requirements of SDPRP implementation.

Stakeholder participation in policy formulation has been significant; less so during strategy implementation. For SDPRP formulation, the Government organized various consultative fora starting at the woreda (district) level, and later at the regional and federal levels. The Government developed a social mobilization strategy for SDPRP implementation - aimed at enhancing community participation in urban areas following the new municipality restructuring - and it held consultations for the SDPRP Progress Report.

Action has been taken to involve civil society in policy formulation. Civil society representatives moderated the consultations for SDPRP preparation at the district level. NGOs discussed the draft SDPRP with the Government during the district, regional, and federal consultations, and they established an independent NGO task force - known as Poverty Action Network (PANE) - aimed at monitoring the consultative process. A draft of the SDPRP Progress Report was circulated among the NGO community.

The private sector was also involved in the consultations for the formulation of the SDPRP. The National and City Chambers of Commerce were the lead private sector organizations involved in SDPRP formulation, and the Chamber of Commerce established sectoral working groups to feed into the consultations. A public-private sector consultative forum - established prior to SDPRP formulation and led by the Minister of Trade and Industry - was used to address major problem areas identified by the private sector during SDPRP formulation, and the Government has committed itself to increasing the private sector’s role in strategy implementation.

Some members of the Parliament participated in local, regional, and national consultations, and the Parliament extensively discussed the draft SDPRP. The Constitution requires Parliament to approve general policies and strategies of economic and social development, fiscal and monetary policy, and to ratify the Federal Budget. As a consequence, the legislature endorsed a number of policy and institutional reforms - as well as the annual budget - consistent with the SDPRP framework.

The Government has strong capacity to formulate policy; however,
implementation capacity varies across ministries and across regions, and the administration is working on ensuring standards and further enhancing capacity in strategic planning.

**Country-led partnership**

There are some signs of stronger Government leadership in development assistance coordination. In October 2002 MOFED organized a workshop with local external partners where it expressed its preference for more flexible development assistance instruments, such as direct budget support and sector support. In 2003 the Government - in collaboration with external partners - established a High Level Forum (HLF) to enable better policy dialogue and mutual accountability. The HLF - which meets quarterly - is chaired by the Minister of Finance and Economic Development and co-chaired by the head of the Development Assistance Group (DAG). The World Bank coordinates overall development assistance in the CG context. In December 2002 the World Bank chaired the first in-country CG meeting since 1996. The World Bank and the UN Resident Coordinator co-chair the DAG, which is composed of heads of development assistance missions and meets on a monthly basis. In September 2001 a DAG Core Group was established as a subgroup of the DAG to support the SDPRP in a coordinated manner.

Many external partners’ development assistance strategies are aligned with the SDPRP. The five major external partners are the USA, the World Bank, the EU, Japan, and the UK, accounting for approximately 81 percent of gross ODA in 2002-03. The AfDB is also active. ODA accounted for 22.9 percent of GNI in 2003. The 2002-07 EC Country Strategy Paper explicitly reflects the priorities laid out by the Government in the IPRSP, and the FY03-05 World Bank Country Assistance Strategy is in line with the SDPRP. The AfDB 2002-04 Country Strategy Paper fully takes into account the SDPRP and USAID has aligned its 2004-08 Integrated Strategic Plan with SDPRP objectives, particularly in the area of food security.

Partnerships revolving around financial and analytical support are well developed. A group of eight external partners - the World Bank, AfDB, the EC, DFID, CIDA, SIDA, Ireland, and KfW - known as the Joint Budget Support (JBS) group, has made significant progress in terms of building strong trust and partnership with the Government as well as improving the quality of development assistance delivery. The percentage of ODA in the form of budget support has increased sharply from less than 10 percent to about 30 percent over the course of 2002-04. The coordination of the JBS group has been effectively leveraged through World Bank PRSC operations.

The Government has been working for several years on SWAps in health, education, water, and roads, showing good progress in road construction and primary school enrollment. An agriculture SWAp is under preparation. The AfDB is currently supporting SWAps in education, health, and transport. The Government is preparing a Memorandum of Understanding aimed at establishing a common relationship with external partners providing budget support. There are some examples of joint analytical work. The World Bank, together with

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other external partners - including the EC, DFID, SIDA, Ireland, and Norway - completed a CFAA in June 2003. A CPAR was completed in 2002 and a PER was completed in 2004.

A comprehensive capacity-building program supported jointly by external partners is in place. The Government has developed a National Capacity Building Strategy and has embarked on a large multi-sector capacity building program to modernize its accountability and financial systems. The Ministry of Capacity Building - created in 2001 to guide the formulation, implementation, monitoring and evaluation of capacity building programs - has outlined several important steps to be taken in collaborating with external partners to provide joint capacity building support to the health and education sector programs. A Public Service Capacity Building Program - supported by the World Bank, the EC, DFID, CIDA, SIDA, Ireland, and Germany - aims at enabling federal, regional and local institutions to deliver efficient services. The EC, USAID, DFID, AfDB and UNDP are supporting a private sector development capacity building project with implementation scheduled to commence in 2005.

Some progress has been achieved towards harmonization and use of country systems. The agenda of enhanced partnership gained momentum when Ethiopia was selected as one of the three pilot countries for harmonization in June 2002. The subsequent SPA mission of September 2002 - co-led by the EC and DFID, and including the World Bank, Finland, France, Ireland, Japan, SIDA, and AfDB - provided impetus for the development of a unified framework for harmonization. In October 2002 a joint Government-external partner Task Force developed a Harmonization Framework whose building blocks are: 1) instituting a comprehensive Government-external partner dialogue architecture; 2) reaching a consensus on policy framework for budget support, and 3) a developing a Harmonization Action Plan. Such an Action Plan was endorsed by the Government and external partners in December 2004 and implementation started formally in January 2005.

The most progress toward harmonization has been through budget support. Since 2003, the JBS group has followed common procedures and timing to undertake missions and engage in a dialogue with the Government. The Government-JBS partnership gained momentum when the Government officially introduced a planning and budgeting calendar in December 2003. In February 2004, the JBS group and the Government reached agreement on an alignment framework aimed at streamlining JBS processes and timing with the SDPRP/budget cycle. The progress in harmonization of budget support was clearly reflected in the September 2004 PRSC II/JBS appraisal mission, which led to: a) the adoption of commonly agreed ToR and timing; b) the successful conclusion of the first Joint Budget Aid Review; c) and the drafting of a Memorandum of Understanding to be used as a code of conduct.

Several development assistance agencies have increased their presence in the country to better participate in day-to-day decision making. The World Bank Country Director is based in Addis Ababa. The AFD, CIDA, AfDB, the EC, and DFID are among the external partners that have increased their presence in the country. The AfDB is strengthening its Country Office, which will be given appropriate responsibility and authority to
enlarge project supervision and portfolio management in the country.

**Results focus**

Data collection has improved in terms of timeliness, coverage, quality, and accessibility. The Central Statistical Authority (CSA) is the main data collection agency; however, several other ministries collect socio-economic data to monitor SDPRP implementation. A wide range of household surveys are being carried out in accordance with the Medium-Term National Statistical Program 2003-08, including a Welfare Monitoring Survey started in 2004 and a Household Income and Consumption Survey started in January 2005. A PPA is currently ongoing. The CSA and the Welfare Monitoring Unit are initializing preparations for the data/information management and dissemination systems development. The Government has prepared an Aid Management Platform aimed at managing information on development assistance flows, and is also commencing the development and implementation of an Integrated Financial Management Information System.

Public awareness of poverty issues has increased substantially through the wide-ranging SDPRP consultations and awareness workshops organized by the Government, and development information is increasingly being made available. The SDPRP has also been translated into local languages.

The Government is taking several steps to develop a country-level M&E system. To strengthen and sustain M&E of the SDPRP - with the technical assistance of the World Bank - it has developed a SDPRP M&E Action Plan, which foresees an M&E system managed by MOFED. A Memorandum of Understanding has been signed by MOFED and DAG members to support the implementation of the SDPRP M&E Action Plan. The SDPRP provides a clear set of indicators and targets for monitoring and evaluating implementation in the social sectors. The inter-ministerial working groups charged with refining the SDPRP policy matrix reduced its 449 indicators to 127 for PRSC and budget support purposes.
Long-term holistic vision

Action is being taken toward developing a long-term vision widely agreed within the country. The Gambia’s Vision 2020, prepared in 1996, identifies the country’s development goals through 2020. The Government is currently revising and updating Vision 2020 with the support of UNDP.


Some national development goals have been identified, with links to international targets. The SPA II identifies development targets for health and education in line with the MDGs, adapted to country circumstances. It furthers and operationalizes the link with international development goals already identified in Vision 2020.

The strategy starts addressing a comprehensive set of issues. The SPA II has the objective of creating a policy environment for sustainable economic growth, enhancing productive capacity and social protection for the poor, and supporting decentralization. It addresses cross-cutting issues like gender, the fight against HIV/AIDS, and environmental protection.

The Gambia – 2005
CDF Assessment Diamond

Each axis depicts the simple average of the assessments for each of the individual criteria. A country which has all criteria “Substantially in Place” for a given axis would therefore be marked at the boundary of the diamond for that axis.

The link between the strategy and the budget is at its early stages. The SPA II identifies the need for a MTEF, but the Government has not yet developed one. In 2003 the Government appointed a MTEF advisor, and prepared an implementation action plan. However, it is postponing the implementation of the MTEF, scheduled for 2005. Line ministries still prepare annual budgets that only marginally reflect the priorities identified in the SPA II.

Country ownership

The Department of State for Finance and Economic Affairs spearheaded SPA II formulation and provided political leadership. The locus of initiative for the SPA II content was within the country and the focus of the strategy on education, health, agriculture, community-driven development and decentralization stems from consultations between government agencies, local governments and stakeholders.

Coordination mechanisms for SPA II formulation built on structures established

for SPA I formulation and embedded in government institutions. The Strategy for Poverty Alleviation Coordination Office (SPACO), then a semi-autonomous government agency and now integrated into the Department of State for Finance and Economic Affairs, coordinated SPA II formulation. SPACO was supported by a National Task Force, comprised of representatives of the ministries of Health, Education, Works, Trade and Finance, the Office of the President as well as stakeholder representatives. SPACO, however, was mainly staffed with national consultants who left after its integration into the Department of State for Finance and Economic Affairs, with a significant loss of institutional memory.

Coordination mechanisms for implementation build on formulation structures. The Department of State for Finance and Economic Affairs coordinates SPA II implementation, and together with the Central Statistical Office is responsible for monitoring the implementation of SPA II. It reports to an inter-ministerial High Level Economic Committee, a cabinet sub-committee, which approved SPA II and is now responsible for supervising SPA II M&E.

Stakeholder participation in SPA II formulation built on participatory mechanisms utilized during SPA I formulation. The National Task Force supporting SPACO prepared a draft SPA II based on an assessment of SPA I implementation, conducted through workshops with local governments and stakeholder representatives. The draft SPA II was discussed in workshops and focus groups held in all six divisions involving local government structures, such as district development committees. Proposals that emerged from the workshops were prioritized by “users groups”, comprised of government, stakeholder and external partner representatives.

Action is being taken to establish a sustainable structure for continuing government - stakeholder dialogue. The Department of State for Finance and Economic Affairs conducts pre-budget consultations with stakeholders, held for the first time in 2001, and is organizing training programs on budgetary analysis for stakeholders. SPACO is organizing focus groups for the preparation of community planning. The National Task Force has not been disbanded but is playing a limited role in SPA II implementation. The Government is establishing a Stakeholder Monitoring Group comprised of stakeholder and government representatives, which should act as a M&E quality assurance group and report to the High Level Economic Committee.

Civil society organizations were involved in consultations for SPA II formulation and action is being taken to strengthen their participation in implementation. An umbrella NGO – TANGO – cooperated with the Government in organizing workshops and focus groups. Approximately 900 representatives of religious leaders, CBOs, women’s and youth associations were consulted through focus groups. CSOs successfully lobbied for a wider consultation process based on the assessment of SPA I. NGOs participate in the National Task Force. CSOs will participate in the Stakeholder Monitoring Group. There is also a NGO, the Pro-Poor Advocacy Group, which will cooperate with the Stakeholder Monitoring Group in monitoring SPA II implementation.

Continuous private sector involvement has not yet materialized. Farmers and businessmen participated in
workshops and focus groups. The Chamber of Commerce participates in the National Task Force.

Parliamentary involvement is not yet underpinning strategy development and implementation. Parliamentarians participated in a seminar on the role of Parliament in SPA II preparation. The National Assembly held a working session on the SPA II final draft. Parliamentarians will participate in the Stakeholder Monitoring Group. The National Assembly holds a working session on the SPA II final draft. Parliamentarians will participate in the Stakeholder Monitoring Group. The National Assembly approved the budget and in 2005 it engaged in an active dialogue with the executive during budget formulation. The National Assembly is not constitutionally mandated to approve socio-economic development plans.

Capacity for planning and implementation is hampered by high turn over in central and line ministries, leading to many unfulfilled positions. SPACO, for example, had to hire an external consultant to prepare the draft SPA II.

**Country-led partnership**

The Government has not yet established an overall framework for external partners’ coordination, and different government agencies deal with different development assistance agencies. For example, the Office of the President coordinates projects and programs funded by UNDP. The Department of State for Finance and Economic Affairs coordinates assistance from multilateral development agencies. Bilateral development agencies deal directly with sector ministries as well as with the Department of State for Finance and Economic Affairs, which plans to establish a unit responsible for external assistance coordination. External partners established thematic working groups involving government representatives. However, the working groups are not yet functioning. The SPA II was presented to external partners at a RT Conference chaired by UNDP in Geneva in September 2002. The next RT Conference is tentatively scheduled for the second quarter of 2006.

External partners are aligning external assistance with country objectives. The five major development partners are the World Bank, the AfDB, Japan, the EU, and Arab development agencies, accounting for approximately 80 percent of gross ODA in 2002-03. DFID and UNDP also play an active role. ODA accounted for 14.5 percent of GNI in 2003.  

The World Bank’s Country Assistance Strategy FY03-05 focuses on improving public expenditure management, enhancing the equity and quality of service delivery, and promoting private sector-led growth in line with some of the objectives identified in SPA II. The EC Country Support Strategy 2002-07 is aligned with SPA II priorities. DFID conducted a comprehensive review of its program in 2002 to align it with SPA II objectives. The UN Development Assistance Framework 2002-06 is consistent with SPA II and Vision 2020.

Partnerships in external financial and analytical support are at an early stage. External partners are conducting joint analytical work in partnership with the Government. In 2003 AfDB, DFID, the EC and the World Bank prepared a CFAA in consultation with the Government. In 2004 DFID, the World Bank, and UNDP prepared with the Government a PER focusing on the general budget, public expenditure management and governance, education, and health. In 2005 the World Bank, DFID and other external partners will conduct a PER follow-up in

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63 See *OECD/DAC Aid Statistics* at [http://www.oecd.org/dataoecd/21/38/1881058.gif](http://www.oecd.org/dataoecd/21/38/1881058.gif)
Enabling Country Capacity to Achieve Results

The Gambia partnership with the Government. The SPA II envisages a series of SWAps in health and education. The Gambia joined the Education for All Fast Track Initiative, and the Government has completed an education strategy. However, the preparation of a SWAp in education is still ongoing. Little action has been taken to move toward joint budget support.

Elements exist to start aligning and coordinating capacity development around government objectives. The SPA II does not include a strategic framework for capacity building. The Government is addressing this issue in cooperation with external partners for specific sectors. The CFAA identifies priority areas for capacity building in public expenditure management. The World Bank is planning to strengthen planning and monitoring capacity of the Department of Health and the Department of Education through a Health Sector Support Project and an Education Project, toward the establishment of SWAps in these sectors. There is not yet a move toward the use of country systems.

Some external partners have established a presence in the country. DFID assistance is coordinated by an office in Banjul. In 2000 the World Bank relocated the Country Director to the region. In 2002 it established a liaison office in Banjul. The EC also has a liaison office in Banjul.

Results focus

Some work is being done to improve the quality and availability of poverty-related data. In 2003 the Central Statistics Department collected data for a household survey and a census, which are being processed and analyzed. In 2005 it conducted a multiple indicator cluster survey with the support of UNICEF. There is no single system for tracking revenue and spending. The Government is tackling this issue and introducing an Integrated Financial Management Information System that should collapse all existing systems into a single data management framework. However, progress has been slow.

Some efforts are being made to strengthen stakeholder access to information on government policies. Few government departments have internet websites and the SPA II is not available on a government-run website. A media campaign was conducted during SPA II formulation, and SPA II summaries were translated into local languages. Use of local media to inform on SPA II implementation is sporadic.

Elements exist to move toward a country-level M&E system. SPA II M&E will build on the National Poverty Monitoring System developed in 1997, and aims at integrating poverty-related data into a web-based database. The Department of State for Finance and Economic Affairs and the Central Statistical Office are preparing a common matrix to monitor SPA II objectives and the MDGs. They are also consulting with national stakeholders to prepare joint performance assessments of progress in implementation. However, the system is still at an early stage of development and not yet fully funded.
Long-term holistic vision

The Government of Georgia - which came to power in January 2004 as a result of the Rose Revolution - immediately focused on restoring fiscal discipline, tackling corruption, and paying arrears in pensions and salaries. The Government’s longer-term vision had its beginnings in the Government’s Report to the June 2004 Brussels Donors’ Conference - and focuses on building prosperity through accelerated economic growth and job creation, reducing poverty and protecting the vulnerable. The vision took greater form in days prior to the Prime Minister’s death in February 2005. The new Prime Minister in his confirmation speech before the Parliament on February 17 further articulated the vision. The focus in the coming two years will be on resolving the Government’s energy crisis, rehabilitating infrastructure, completing privatization, introducing a poverty benefit, and investing in education and health, all against the backdrop of a continuing fight to improve governance and reduce corruption.

The vision is consistent with the Economic Development and Poverty Reduction Program (EDPRP)\(^\text{64}\) which is the PRS prepared by the previous Government prior to the Rose Revolution, with a twelve-year horizon through 2015. The new Government recognizes the importance and validity of the work by the previous Government on the EDPRP but it does not yet consider the EDPRP as the primary policy framework guiding policymakers. The prospect of EU membership - which is considered more likely by the Government after the June 2004 inclusion of Georgia into the European Neighborhood Policy - encourages sustainable and long-term democratic reforms. The Government has plans to update the EDPRP on a periodic basis to reflect its vision and current developments in the country, and it intends to prepare a three-year action plan envisaged by the EDPRP. While drafting a first EDPRP Progress Report - which reviews progress in the first year, but is also a forward looking document that outlines the Government’s areas of emphasis within the framework of the EDPRP with policies and programs covering the period 2005-07 - the Government started working on an updated program matrix to reflect its vision. It also has plans to develop sectoral strategies in full conformity with the sectoral priorities outlined in the EDPRP.

\(^{64}\) The EDPRP was completed in June 2003. A first Progress Report was completed in January 2005. A second Progress Report is expected mid-2005.
The new Government has clearly endorsed the MDGs that were featured in the EDPRP with adaptations for national priorities and local conditions in respective areas. The EDPRP focuses on achieving progress in six priority areas: 1) governance; 2) macroeconomic policies; 3) the business environment; 4) human capital; 5) vulnerability of the poor; and 6) the natural environment. The EDPRP also addresses gender issues and stresses the importance of tackling the needs of post-conflict zones, science and information technology. The new Government’s emerging priorities are fully consistent with the EDPRP and its priority areas, though the Government recognizes that the emphasis on individual initiatives within those priorities will likely shift as it reviews progress and adjusts the reform program accordingly.

The EDPRP does not have a commanding influence on the establishment of the national budget. The Budget System Law - adopted in 2003 and effective since January 2004 - introduced a more detailed budget schedule and clearly outlined the competencies of budget organizations and the Ministry of Finance in developing draft budgets. The structure of the 2004 state budget was developed in a way to accommodate social protection measures to the maximum, including priorities outlined in the EDPRP. Defense, public order and state security expenditures increased and some social protection measures failed to receive funding. As in 2004, the budget law for FY05 assigns substantial funds for financing social protection measures, and also concentrates heavily on financing national defense measures. The Government is committed to preparing annual medium-term Indicative Plans which contain three-year macroeconomic and fiscal projections, and it is proceeding with a phased introduction of a MTEF, with a view to ensure a closer linkage between expenditure planning and Government priorities. The Ministry of Finance has developed key principles and mechanisms for medium-term expenditure planning. It has prepared an MTEF for the period 2006-08 that is expected to be adopted by the Cabinet.

Country ownership

In July 2001 the Government created a Commission chaired by the President, and five thematic Sub-Commissions - comprised of relevant ministries and experts - to prepare the EDPRP and organize a participatory process. Their activities were coordinated by a Secretariat to the Governmental Commission. While the Commission actively oversaw the work of the Sub-Commissions, and encouraged a participatory approach, key sectoral ministries played a limited role in EDPRP development, and the Ministry of Finance only became involved in the process at a later stage.

A Communication and Participation Plan, developed with the support of external partners, led to several consultations in 2002. A Joint Editorial Board composed of Sub-Commission members held consultations at the national and regional levels through technical workshops, public hearings, and roundtables. The previous Government sought to institutionalize the participatory process during EDPRP implementation through consultative mechanisms similar to those used in formulation. The current Government has established an EDPRP Coordination and Monitoring Bureau within the Ministry of Economy, and has assigned a deputy Minister to handle monitoring and coordination of EDPRP implementation. The EDPRP
Coordination and Monitoring Bureau is also in charge of ensuring civil society participation in M&E and updating the EDPRP. One of the key priorities identified by the current Government in 2004 is fostering an increase in public participation in decision making processes. Consultations were held in December 2004 to prepare the Progress Report.

Civil society participation in policy formulation and implementation has been active. During preparation of the EDPRP, two coalitions of NGOs organized several debates and workshops aimed at discussing EDPRP development. NGOs were represented in the five Sub-Commissions, and participated in the technical workshops organized by the Joint Editorial Board, together with trade union representatives and academics. In the process, the Government created a database of 750 NGOs to allow for continuous consultations with civil society during the implementation of the EDPRP. More recently, consultations with civil society organizations have been built into the preparation process for the Progress Report.

The private sector was also involved in the formulation of the EDPRP, as business associations - mostly employer organizations - participated in the workshops organized by the Government. Business associations, such as the Alliance for Business Environment Development, are also being consulted for the preparation of the Progress Report.

The Parliament was involved in the formulation of the EDPRP, as some of its members were represented in the sub-commissions. The Parliament - which is not required by the Constitution to approve a national development plan - is playing a significant role in implementation through its approval of the budget.

Central ministries have moderate capacity for planning and implementation. Prior to the Rose Revolution, the Government adopted a program for the Reform for Reorganization of the Central Executive Government and the Public Sector as one of the main anti-corruption directives. To strengthen capacity to implement this reform program, the new Government undertook an initial round of restructuring of each sectoral ministry aimed at rooting out corruption, eliminating and streamlining overlapping structures, and improving capacity. The Government intends to supplement these initial reforms with a comprehensive civil service reform aimed at developing an efficient and professional civil service.

**Country-led partnership**

After the Rose Revolution, the Government made an effort to take more of a lead in donor coordination. For instance, the Government chaired its first external partner meeting in March 2004 - less than three months after coming to power - to outline its priorities within the context of the EDPRP. This meeting led to a decision to hold a follow-on CG meeting in Brussels in June 2004, under the co-chairmanship of the World Bank and the EC. Georgia’s inclusion in the EU Neighborhood Policy and the MCC is an important aspect of the new Government’s engagement with development partners. Since the Brussels meeting, the Government has held two follow-up meetings with external partners on the introduction of the MTEF and on financing needs for restructuring the Ministry of Finance. A third meeting chaired by the Prime Minister focused on progress in the Government’s fight against corruption. The World Bank, together
with UNDP, coordinates the activities of the Donor Framework Group, which includes the IMF, the EU, the USA, the UK, Japan, the Netherlands, and Germany, and aims at providing uniform development assistance to the Government.

External partners are working with the Government to align their development assistance strategies with the priorities expressed by the Government. The five major external partners are the USA, the World Bank, Germany, the EU, and Japan, accounting for approximately 85.5 percent of gross ODA in 2002-03. The IMF is also active. ODA accounted for 5.7 percent of GNI in 2003. The World Bank and the Government are currently developing a FY06-09 Country Assistance Strategy which will support implementation of the Government’s priority programs and reforms with continued development policy assistance and investment lending. Germany’s development assistance strategy also covers a good part of the Government’s policy priorities, including democratization and civil society, market economy reforms, and the improvement of energy supply. Georgia has been a MCA eligible country since FY04 and the Government is developing a proposal for funding which is consistent with its evolving strategy.

Steps have been taken to build partnerships through financial and analytical instruments. A PER and a CPAR were undertaken in 2002 and a CFAA was completed in February 2003 in close consultation with the former Government. The PER is being followed by a series of annual programmatic PERs, the first of which is under preparation.

There is no comprehensive capacity-building program supported by external partners. However, one of the main objectives of the Donor Framework Group is that of strengthening the Government’s capacity and an initiative is now underway to establish an external partner working group on governance issues.

Harmonization with country systems and procedures is still in its infancy. The Government is beginning to harmonize its legislation with that of the EU.

Some development assistance agencies are increasing their presence in the country to be more involved in daily decision-making. The World Bank Country Director is stationed in Washington, with a Country Manager based in Tbilisi. USAID has a regional office in Tbilisi and GTZ and KfW have opened regional offices in the capital, as well.

Results focus

Data quality and availability are limited, although some progress has been made in improving statistics. The State Department of Statistics prepares quarterly household surveys within the framework of the Living Standards Measurement Survey. However, its capacity still needs to be strengthened. The most critical areas where additional staff and financial resources are needed are national accounts and balance of payments statistics. There is no integrated financial management system.

The public is largely aware of the EDPRP, due to substantial media coverage of the process, stakeholder meetings, and Government publications. The EDPRP communication strategy envisages dissemination of information publicly on results. Publication of fiscal data is a legal requirement. The EDPRP is

in Georgian and English, but it is not available on a Government’s website.

Action has been taken toward developing a country-level M&E system. The EDPRP provides a comprehensive set of targets and outcome indicators on progress in implementation, which are explicitly linked to the MDGs. In 2003 work was launched to pull this set of indicators into a single system and make it accessible for users. The DevInfo database program - originally designed to monitor progress towards the MDGs - was chosen to be used for the assessment of progress against both EDPRP and MDG programs. Several adjustments and revisions have been introduced and the process of combining MDG and EDPRP indicators is almost complete.
Long-term holistic vision

Action has been taken toward developing a long-term vision widely agreed within the country. There is a constitutionally-mandated Coordinated Program for Economic and Social Development through 2012, approved by the Kufuor Government in December 2002 after consultations with stakeholders. Following elections in December 2004, where President Kufuor won a second term, the Government is preparing a new Consolidated Program for Economic and Social Development, as required by the Constitution, building on the one approved in 2002. Vision 2020, completed by the Rawlings Government in 1995, was officially rejected as a long-term development framework. The Government has also identified NEPAD as an overall policy framework for long-term development and is conducting consultations with national stakeholders on NEPAD implementation.

The medium-term strategy builds on the long-term vision and sector strategies underpin its implementation and revision. An Agenda for Growth and Prosperity - Ghana Poverty Reduction Strategy (GPRS) 2003-05, Ghana’s PRS, is the medium-term development strategy linked to the Coordinated Program for Economic and Social Development. In 2003 and 2004 the Government prepared sector strategies underpinning GPRS implementation, organized around three pillars coherent with GPRS objectives. For the growth and employment pillar, there are (i) a National Medium Term Private Sector Development Strategy (PSDS), (ii) a Financial Sector Strategic Plan (FINSSP); (iii) a Power Sector Reform Strategy (PSRS); and (iv) a Food and Agriculture Sector Development Policy (FASDEP). In addition, the Cabinet approved a National Trade Policy Framework. For the human development pillar, there is an education sector strategy, and water and social protection strategies have been proposed. For the governance and public sector management pillar, there is a National Decentralization Action plan, and a Public Sector Reform Strategy. The Government is revising the GPRS to take into account progress in each sector and tackle open challenges. The Government plans to integrate the revised GPRS into the new Consolidated Program for Economic and Social Development under preparation.

GPRS implementation is geared toward the achievement of the MDGs. Ghana is a UN Millennium Project pilot country and the Government is identifying specific areas for scaling-up such as child malnutrition and maternal health, through
the preparation of a needs assessment that will feed into the revised GPRS.

The GPRS addresses productive and social sectors, and preliminarily identifies priority areas and cross-cutting issues. It has the overall goal of reducing poverty through actions in five thematic areas: economic growth and private sector development, good governance, human development, agricultural modernization, and special programs for the vulnerable and the excluded. It focuses on health, education, agriculture, and infrastructure as priority areas for pro-poor growth. Cross-cutting issues underpin the Ghana development process. The Government is taking initiatives aimed at reducing gender-related gaps in education and health. There are scholarships to enable girls to complete primary education, and fee exemptions for maternal deliveries. Also, there is a Women’s Development Fund, which supports employment for women. The Government is also implementing a HIV/AIDS Strategic Framework. There is concern that limited attention is paid to environmental issues.

A MTEF is in place and action is being taken to strengthen its link to the strategy. The Ministry of Finance and Economic Planning (MoFEP) prepared a MTEF through 2008, improving the link between the GPRS and the budget. The 2002 and 2003 budgets increasingly focused on GPRS priorities. The Government further improved the link between GPRS priorities and spending allocations in the 2004 budget by drawing on GPRS M&E structures. Key recommendations from the 2003 GPRS Progress Report with budgetary implications have been highlighted and distributed to the ministries and government agencies. Examples include increasing spending on child nutrition programs and improving access to safe water, to address problems with infant and under-5 mortality rates. This process began as early as May 2004 when the 2005 Budget Preparation Committee had its first meeting. A series of meetings ensued culminating in Government workshops involving budget officers from the MoFEP. The upcoming budget hearing will be used to further ensure that the Progress Report has fully informed the budget estimates from each ministry and government agency. The revised GPRS will underpin preparation of the FY05 budget.

Progress has been made toward strengthening public financial management. The budget statement discusses the main assumptions underlying the budget and provides an overview of the implementation of fiscal policies for the previous year and the objectives for the current year. It includes an outline of GPRS targets. The MTEF mirrors the budget with overall and sectoral allocations. However, the coverage of external funds in the annual estimates is not yet complete, and annual estimates are not yet fully translated into appropriations, expenditure authorization and cash releases. Internal and external audits are not yet conducted regularly, resulting in insufficient oversight and a major backlog of audit reports.

**Country ownership**

The locus of initiative for the thematic areas of the GPRS comes from the National Development Planning Commission (NDPC) – a small government unit that is constitutionally independent and responds directly to the President. NDPC was responsible for GPRS formulation under President Rawlings and remained the coordinating unit when the Government of President Kufuor came into power in 2001. The
Government of President Kufuor maintained the same five thematic areas identified by NDPC, but its political platform influenced some of the priorities within these areas and strengthened the GPRS focus on agricultural development.

NDPC coordinates GPRS implementation. There are four Intra-Agency Poverty Monitoring Groups, established in 2003, chaired by sector ministries and composed of government officials and external partner representatives. The Intra-Agency Poverty Monitoring Groups discussed and validated the data presented in the GPRS Progress Report. In 2003 the Government also established a Ministry for Regional Cooperation and NEPAD, which is now responsible for coordinating the NEPAD African Peer Review Mechanism. However, cooperation between NDPC and the new Ministry for Regional Cooperation on development planning has not yet materialized. Coordination between NDPC and the MoFEP as well as involvement of sector ministries in GPRS implementation needs further strengthening.

There is a sustainable structure for continuing government-stakeholder dialogue. Under NDPC leadership, five Core Teams, created for GPRS formulation, oversee GPRS implementation. The Core Teams are co-chaired by a government official and a representative from a lead development assistance agency and include officials from government institutions as well as stakeholder representatives. NDPC involves CSOs in the Intra-Agency Poverty Monitoring Groups, and empowers the Regional Planning Coordinating Units as Regional Poverty Monitoring Groups. In this new function, the Regional Planning Coordinating Units would include the Regional Heads of the Ghana Statistical Service, regional Government representatives, CSOs and a representative of the Regional House of Chiefs. There is also a National Economic Dialogue, a government-stakeholder forum established in May 2001 to discuss economic issues, comprised of around 200 representatives from Government, NGOs, Parliament, the private sector, think tanks, and academia. The National Economic Dialogue discusses GPRS implementation at times, but does not convene regularly throughout the year.

Civil society organizations have been involved in GPRS formulation and implementation. Umbrella organizations such as the Ghana Association of Private Voluntary Organizations in Development (GAPVOD) and CIVISOC sought to integrate the views of grass-roots NGOs and communicate them to the Government. Labor unions were represented by the Trade Union Congress, which attended a consultation workshop with civil society in September 2001. Representatives from think tanks and academia participated in the Core Teams, and provided advice to NDPC throughout GPRS formulation. NGOs based in the capital with a history of working with the government, think-tanks and academics participate in the Core Teams and the National Economic Dialogue. NGOs outside the Core Teams and CSOs outside the capital are not yet fully involved in GPRS implementation. GAPVOD is participating in the preparation of the government proposal for MCA assistance.

Private sector participation has not yet solidified. Umbrella business organizations participated in the consultations for GPRS formulation at a meeting organized by the NDPC Core Teams in May 2001. Private sector representatives participate in the National Economic Dialogue, but were only
marginally involved in the preparation of the Progress Report. The Government has established a Ministry of Private Sector Development to interface with the private sector and reform legislation to foster private sector development. There is also a Ghana Investors’ Advisory Council to promote improvements of the business climate. Two business associations - the Private Enterprise Foundation and the Federation of Associations of Ghanaian Exporters - are participating in the preparation of the government proposal for MCA assistance.

Parliamentary involvement is substantially in place. In 2002 Parliament formed a GPRS special committee, and several workshops were held to discuss the GPRS. The committee presented a report with comments on the draft GPRS, but did not bring about any substantial change in the final document. Parliament approved the Coordinated Program for Economic and Social Development in December 2002, in line with the constitutional requirement that “within two years after assuming office, the President shall present to Parliament a coordinated program of economic and social development policies”, and the GPRS in early 2003. There is a special committee on poverty reduction assembling parliamentarians from different standing committees to report to the plenary on the focus, content and adequacy of the GPRS. The Executive is constitutionally required to present the budget statement to Parliament no later than end-November to allow sufficient time for discussion. However, only revenue and expenditure estimates are typically submitted on time and the budget statement is usually presented to Parliament after the start of the fiscal year.

Skills and resources for planning across government institutions need strengthening and action is being taken toward this end. The MoFEP has insufficient personnel to coordinate the work of all ministries in charge of undertaking specific programs and projects, faces financial constraints, and has not yet developed sufficient capacity to efficiently coordinate the allocation of funds and track progress. Parliament’s impact on poverty-related expenditures and budget discussion has been strengthened through capacity development in the Finance and Public Accounts Committee.

Country-led partnership

The Government takes overall leadership in coordinating development assistance. The MoFEP takes the lead in coordination and a multi-donor budget support initiative has significantly strengthened its role. The Government and the World Bank co-chair quarterly mini-CG meetings. There are 18 Sectoral Partner Groups comprised of sector ministries and external partners acting as focal points. Some of the Partner Groups are well established (agriculture, health, HIV/AIDS, education, roads, water) while others are more informal and ad hoc in character (public financial management, public sector reform, vulnerability). Most of these informal groups are now in the process of being formalized. Over half of them (agriculture, decentralization, education, governance, health, HIV/AIDS, private sector development, roads, water) are chaired by government institutions. In health, HIV/AIDS, education and roads the government takes a clear leadership role, but less so in the others, which convene more sporadically. External partners have no defined process for rotating leads. Membership is generally open to interested external partners. Since 1999, when Ghana started piloting the
CDF, CG meetings are held in the country. The last CG was co-chaired by the Government and the World Bank and was organized in Accra in April 2002. The last mini-CG was held in Accra in March 2005. The next CG is scheduled for the last quarter of 2005 to discuss the GPRS update.

Under the Government’s leadership, external partners’ strategies are aligned with the GPRS. The five major external partners are the World Bank, the UK, the Netherlands, the USA and the IMF, accounting for approximately 69 percent of gross ODA in 2002-03. The AfDB also plays an active role. ODA accounted for 12.1 percent of GNI in 2003.67 The World Bank’s Country Assistance Strategy FY04-07 is based on the GPRS. DFID’s Country Assistance Plan for 2003-06 supports objectives in line with the GPRS. The Netherlands’ draft Multiannual Strategic Plan 2005-08 broadly supports the GPRS objectives. USAID’s Country Assistance Plan for 2004-10 explicitly supports the poverty-reduction objectives identified by the Government in line with the GPRS. In 2004, Ghana was selected as one of the countries eligible for support through the MCA. The Government proposal identifies projects for funding in four principal areas: water and sanitation; education; governance (public policy development and implementation); and private sector development. The latter is the broadest area of all, with proposals ranging from rural enterprise development programs, to technology parks and venture funds, in line with the GPRS. AfDB’s country assistance strategy is aligned with the GPRS.

Partnerships in external financial and analytical support are strong. In 2002, AfDB, DFID, ILO, OECD and the World Bank jointly prepared a CPAR. CIDA, DFID and the World Bank completed an update of the CFAA. In 2003 a Memorandum of Understanding for multi-donor budget support was signed between the Government and fourteen bilateral and multilateral external partners, providing for alignment of budget support around a common policy matrix with detailed expenditure priorities for the period 2003-05, which are consistent with GPRS priorities. The Netherlands channels approximately 70 percent of its development assistance through sectoral and general budget support. DFID disburses approximately 50 percent of its development assistance through budget support and approximately 25 percent through SWAps. In 2004 the World Bank launched a second PRSC and now provides approximately 50 percent of its lending through budget support. There are well-established SWAps in health, education, roads, and agriculture.

A coherent capacity building strategy is not yet in place, but action is being taken around government sector strategies. The GPRS identifies capacity constraints and bottlenecks but falls short of proposing a comprehensive capacity building strategy. Capacity building is being provided by external partners in specific sectors in line with government sectoral policies, for example in health, education and public financial management.

Harmonization with country systems is taking place through budget support and SWAps, which are helping the Government enhance its fiduciary systems. For example, there is a common reporting format for financial management and auditing guiding assistance to the health sector, with full use of the Government’s procurement

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system which has been strengthened through the enactment of a revised procurement law in December 2003. The MoFEP established a committee to spearhead implementation of these procurement rules. In 2003 the Government also adopted a Competitive Bidding Law for concessions in the timber sector to improve transparency.

A number of development assistance agencies have taken steps to increase their presence in the country to better participate in daily decision making. The World Bank Country Director is based in Accra. DFID and the Netherlands have decentralized their decision-making processes and established a stronger presence in the country. DFID has organized the internal structure of the Accra office around the GPRS pillars and its Country Assistance Plan.

Results focus

The quality and availability of poverty-related data is improving. In 2003 the Ghana Statistical Service conducted a CWIQ Monitoring Survey and a Demographic and Health Survey. A census was held in 2000. The Government prepares regular reports on poverty-related expenditures. However, ministries and government agencies use different data collection systems, which create inconsistencies and time lags. Reporting on achievements on different sets of indicators for a number of strategies and programs – GPRS, multi-donor budget support, MDGs – is straining the already weak information management system. The accounting system does not yet report on activities, outputs and objectives, thus reducing the scope for monitoring performance against budget targets.

Information on Government policies is easily accessible and disseminated regularly. A simplified version of the GPRS was circulated in local languages. There has been broad dissemination of the Progress Report by NDPC, to parliamentarians and ministries and government agencies, and extended in the second half of 2004 to regional planning and information officers. Also, in a joint effort by NDPC and the Ministry of Information, there was broad dissemination of the Progress Report to rural communities, with the outreach including radio broadcasts and Government vans with displays and video presentations. The Government has developed a Development Communication Enhancement Program aimed at informing citizens on progress in achieving development goals and exposing possible failures in service delivery, and posts draft bills and policy proposals on its website for consultation with stakeholders. The Government is also preparing a public information campaign on NEPAD. The final draft of the GPRS is posted on the website of the MoFEP together with the documents presented at the 2002 CG meeting and the 2002 budget statement.68 However, neither the Coordinated Program for Economic and Social Development nor the Progress Report is posted on the website.

Development of a country-level M&E system is in its early stages. During GPRS formulation Government and stakeholders identified 52 indicators to monitor progress. GPRS revision is expected to narrow down the number of indicators. There are different M&E systems in line ministries which are being developed with coordinated support from external partners. Ghana also participates in the African Peer Review Mechanism to

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ensure that polices and practices conform to the principles of the Declaration on Democracy, Political, Economic and Corporate Governance. A Review Team visited the country in 2004.
Long-term holistic vision

Guinea has a well-developed long-term vision linked to a medium-term strategy and to coherent long-term development goals. This vision - known as “Guinea Vision 2010” - was elaborated in 1996. It is based on the principles of justice, accountability, solidarity and participation, and it focuses on improving the living conditions of the population through a National Human Development Program (PNDH) created by the Government to make the vision operational. The vision also contains a medium-term development strategy covering the period 1998-2000, which was used as a basis for the 2001-03 plan laid out in the IPRSP, and for the 2002-05 strategy elaborated in the Stratégie de Réduction de la Pauvreté (SRP), Guinea’s PRS.  

The Government is in the process of updating the medium-term strategy laid out in the SRP.

SRP targets are largely in line with the MDGs, though considerable extra efforts are required to reach them, particularly in education and infant and maternal mortality. The SRP strategic framework rests on three main pillars: 1) sustaining faster economic growth and creating employment opportunities, particularly for the rural poor; 2) improving and extending access to basic services and infrastructure; and 3) improving governance and strengthening institutional and human capacity. Some cross-sectoral issues, such as gender equity, are also addressed in the SRP.

The Government is taking steps to link the SRP to the budget. Following a PER conducted in 1996, it espoused a systematic program budgeting and evaluation approach, through the adoption of a MTEF - known as Computer-Based Management System (CBMS) or chaîne de dépenses - which improved the budget management system. The CBMS is linked to the poverty reduction targets laid out in the SRP - through budget lines identifying the allocation of HIPC resources - and has helped to focus the budget on priority expenditures identified in the SRP. However, adherence to the MTEF is hindered by weaknesses in the budget, such as weak tax revenue projections and the only partial capture of externally financed project information. Extra-budgetary expenditures in 2003 also undermined the MTEF’s effectiveness. Although strict compliance with the MTEF is not yet a reality, the implementation of the March 2004 economic recovery measures shows positive signs.

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69 The SRP was completed in January 2002. A Progress Report was finalized in April 2004, and a second one is expected mid-2005.
Country ownership

A strong role in the preparation of the SRP has been played by country leaders across the executive. The Government established a steering group - led by the Ministry of Economy and Finance - comprised of priority sector ministers and representatives of external partners to oversee preparation, as well as a SRP Permanent Secretariat within the Ministry of Economy and Finance to carry out the technical work. It also set up an inter-ministerial committee responsible for the SRP. The Government established nine thematic groups, comprised of Government and stakeholders, within the SRP Secretariat.

In November 2004 the institutional structure for coordinating SRP implementation was redesigned. The SRP Secretariat’s nine thematic groups have been reduced to four - macro-economy and sub-regional integration, social sectors, governance and reinforcement of institutional and human capacity, and monitoring and evaluation. In the new set-up, fourteen sub-thematic groups - known as working groups or commissions - help reflect a broader picture. While these thematic groups were all active in SRP formulation, two groups remain particularly active to date. One is the communication and culture thematic group created in February 2001 - included as a working group in the social sectors thematic group in November 2004. It had supported the SRP process at the regional level in 2003, by formulating and implementing a communication strategy adapted to the local context. The other one is the M&E thematic group created in October 2002, now the fourth thematic group within the redesigned structure.

Building on a well-established participatory tradition, the Government undertook an intensive consultative process for the formulation of the SRP. However, more effort is needed to deepen the consultative process during SRP implementation, to improve the reporting of results and to increase community-level participation. In March 2000, the Government organized grassroots consultations in Conakry and in all the regions to obtain a better understanding of poverty perceptions at the community level. In May/June and November 2001 the Government organized two national workshops to discuss SRP drafts, and it also held several seminars with specific stakeholder groups to gather feedback on preliminary drafts of the SRP. In January 2002, the Government finalized the SRP and in May 2002 it held a third national workshop to launch the implementation stage. It organized one more workshop in August/September 2002 to adapt SRP national objectives to specific regional priorities, which were finalized in September/October 2003. To strengthen and institutionalize participation, the Government created development councils in four prefectures (Coyah, Mamou, Macenta, and Kérouané), comprised of stakeholders and charged with debating the prefecture’s programs and budgets. The Government has plans to extend these councils to all the prefectures in the country.

Civil society participation on shaping SRP content is largely developed. CSOs - including NGOs, universities, trade unions, members of the press, student and professional associations - were deeply involved in the formulation of the SRP. NGOs and members of the press are represented in the SRP Secretariat, in the thematic groups, and they participated in each of the national workshops organized by the Government, having a significant impact on the SRP content. Their role is
being enhanced with the establishment of the development councils in each prefecture.

The Government has taken action to involve the private sector in dialogue when developing SRP content. Some of its representatives - including professional arts and crafts associations - took part in the various workshops and consultations held to gather feedback on preliminary drafts of the SRP, under the supervision of the Economic and Social Council. The Economic and Social Council - a constitutionally-mandated mechanism including the private sector and NGOs - is fully involved in the dialogue with the Government, particularly on governance and corruption issues.

The National Assembly is in the SRP process, through individual parliamentarians’ participation in the thematic groups. The Government submitted the finalized SRP to the National Assembly which approved it. According to the Constitution, the National Assembly is required to approve the budget, and to legislate on economic and social action plans.

Planning and implementation capacity constraints are mostly related to financial shortcomings. The decentralization process initiated by the Government is likely to make capacity constraints at the local government level more pronounced. Despite the overall low level of revenues, the Government has been channeling an increasing share of the tax proceeds to local authorities in support of the decentralization of government and basic services since 2001.

**Country-led partnership**

The Government has taken some action to lead development assistance coordination, principally through the Ministry of Finance for multilateral assistance and the Ministry of Cooperation for bilateral assistance. It chairs *ad hoc* meetings with external partners, but its plans to convene a RT on the SRP to strengthen external partner coordination have been postponed due to weak macro-economic performance and the consequent postponement of the HIPC completion point. The World Bank chaired the last CG meeting held in Paris in June 1998. External partners have formed several thematic and discussion groups to facilitate dialogue and informal coordination.

External partners are aligning their development assistance strategies with the SRP. The five major external partners are the EU, the USA, the World Bank, France, and Japan, accounting for approximately 76 percent of gross ODA in 2002-03. UNHCR is also active. ODA accounted for 6.7 percent of GNI in 2003. The FY04-06 World Bank Country Assistance Strategy builds on the objectives laid out in the SRP. The EC 2002-07 Country Strategy Paper does not directly mention the SRP but its support, principally in the rural sector and in road infrastructure, is in line with the SRP objectives. The UN Development Assistance Framework 2002-10 contains two main pillars - poverty reduction and good governance - built entirely on the SRP goals. France is also aligning its development assistance strategy with SRP objectives.

There are some elements of joint analytical work undertaken by external partners. In 2002, the AfDB and the World Bank jointly prepared a CPAR to measure the impact of reforms and evaluate the revised Public Procurement

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Code adopted in June 2003. In June 2004, the Government, the World Bank, the AfDB, the IMF, and the EC completed a PER/CFAA. The World Bank is considering moving towards support through PRSCs, provided the prior achievement of adequate public expenditure and fiduciary arrangements.

The Government has taken some initial measures to develop a comprehensive approach to capacity building and good governance with support of the African Capacity Building Foundation. In 2000 it set up a National Secretariat for Capacity-Building (SENAREC) responsible for coordinating capacity-building initiatives. However, external partner coordination to provide support to this capacity building approach has been undermined by pending governance and corruption issues. GTZ organized five capacity-building seminars during the period 2003-04 to train 65 Guinean experts - from both public sector and civil society - on participatory programs and project evaluation, with emphasis on poverty reduction policy.

Harmonization with country systems is still in its infancy, but a dialogue has been instituted.

A number of development assistance agencies are increasing their presence in the country to better take part in daily decision-making. The World Bank Country Director is stationed in Cote d’Ivoire, with a Country Manager based in Guinea. Most of the UN agencies and the EC have offices in the country.

**Results focus**

The quality of data is improving. The National Statistics Directorate is undertaking quantitative and qualitative surveys on socio-economic indicators - including the Basic Comprehensive Survey to Evaluate Poverty (EIBEP), and a Survey based on the CWIQ. The EIBEP is being finalized with the support of the World Bank, and Germany is supporting the finalization of a poverty map. The Government is also working on a poverty database to supplement the IMF General Data Dissemination System with the support of AFRISTAT, and is conducting public expenditure tracking surveys. The database will be linked to the websites of the National Statistics Directorate and the Standing Secretariat for Poverty Reduction. Work is also in progress to establish an Integrated Statistical Information System for Poverty Reduction (SISRP).

The public is largely aware of SRP content due to comprehensive media coverage in local languages - through newspapers, TV, and the radio - as well as the communication strategy formulated by the SRP Secretariat communication and culture thematic group. The SRP was circulated all over the country and all participatory workshops were videotaped. In 2003 the Government created a specific web page to make SRP information and its background documentation available on the internet.71

The Government has taken steps to create a country-level M&E system. The SRP sets out several key indicators for monitoring the effectiveness of the poverty reduction strategy. Based on these indicators and on the MDGs, the SRP Secretariat thematic group on M&E elaborated 62 more indicators to monitor the DSRP and 61 supplemental indicators to analyze and explain developments in poverty. These indicators have been reduced to 56 and comprehensive meta-information has been compiled. The SRP Secretariat is also involved in the

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preparation of a poverty profile, based on the 2003 EIBEP. The capacity-building seminars conducted by GTZ resulted in the creation of an independent professional team of evaluators, the *Association Guinéenne des Évaluateurs*, which received official certification in March 2005 and will be responsible for evaluating the first phase of the SRP. The evaluation results will serve as orientation for updating the SRP. Once established, the SISRP will become the foundation of the M&E system, incorporating all of the key information for analyzing, monitoring and evaluating poverty.
Guinea-Bissau experienced civil strife and political instability in the 1980s and early 1990s, which culminated in a civil war in 1998/99. A peace agreement led to the election of President Yala in 2000. In September 2003 a military coup ousted the government of President Yala, and established a transitional government to prepare for new elections. In the legislative elections held in March 2004, the former political opposition to President Yala won a simple majority in the National Assembly. Transition to peace and democracy remains fragile, however, following an army mutiny that caused the death of the army’s chief of staff in October 2004. Presidential elections are scheduled to take place in the second quarter of 2005.

Long-term holistic vision

A long-term vision widely agreed within the country does not yet guide policy makers. Government and stakeholders, with the support of UNDP’s African Future Program, prepared a National Long-Term Perspective Study in 1996, which was meant to form the basis of a national long-term vision. Civil strife and political instability have impeded the formal adoption by the Government of a long-term vision. In 1996, however, the Government did prepare a ten-year strategy for primary education as part of a National Education Plan for Human Development.

Transition and sectoral strategies are helping the country set the pace for medium-term development and move toward the preparation of a full development strategy. Following the 2003 military coup, the transitional Government prepared an Emergency Economic Management Plan with the support of external partners. In 2004 the newly-elected Government endorsed the Emergency Economic Management Plan and used it as the basis for a constitutionally-mandated Program for 2004-08. There is also a National Health Development Plan for 2003-08, and an Education For All Action Plan prepared in 2003 by the Ministry of Education. The Government is making significant efforts to align sector strategies with a National Poverty Reduction Strategy (NPRS), Guinea Bissau’s PRS, currently under preparation.72

Some development objectives have been defined, primarily linked to specific sectors. The health and education strategies identify targets linked to the MDGs, such as primary education coverage and the fight against malaria, tailored to the country’s circumstances.

72 The Government of President Yala completed an Interim NPRS in September 2000. A full NPRS is expected mid-2005.
The health and education strategies identify poverty reduction as the overall rationale and include cross-sectoral issues like gender.

Post-conflict strategy focuses on some key short-term priorities, but a broader approach to development is being considered. The Emergency Economic Management Plan focuses on rebuilding the public administration, providing access to basic social services and preparing for the presidential elections. The draft NPRS, still under discussion, broadens this perspective and identifies four main pillars: (i) improving the macroeconomic framework and promoting private sector and business development; (ii) improving access to basic services and infrastructure; (iii) support for vulnerable groups; and (iv) good governance and institutional development.

Some progress has been made in ensuring that budgetary allocations are made on the basis of negotiations between the Ministry of Finance and line ministries. Expenditure control has improved since the establishment in 2003 of a treasury committee, responsible for the implementation of a cash-rationing system for the implementation of the Emergency Economic Management Plan. An MTEF has not yet been introduced.

**Country ownership**

The Ministry of National Solidarity and Fight Against Poverty, with the technical support of the Ministry of Finance, is responsible for overall coordination and preparation of the NPRS. The involvement of line ministers remains limited, however. In 2003 the IMF, the World Bank, and the AfDB jointly assisted the Government in the preparation of the Emergency Economic Management Plan.

Elements exist toward establishing a sustainable structure for government-stakeholder dialogue. In August 2004 the Ministry of National Solidarity and Fight Against Poverty conducted several rounds of consultation, which fed into the draft NPRS. The Government is establishing a National Commission which will oversee NPRS implementation; the National Commission will be chaired by the Prime Minister and composed of civil society and private sector representatives.

Elements exist toward enhancing parliamentary involvement. In July 2004 the National Assembly approved the Government Program for 2004-08, as required by the Constitution. There are no constitutional requirements for the National Assembly to approve development plans and the budget.

Capacity for strategy formulation is still an open challenge. Civil war and political turmoil have depleted human and technical resources. Capacity for planning at the central level is significantly undermined by insufficient coordination between central and line ministries. Capacity for implementation is weak and is exacerbated by insufficient communication between the ministries and their decentralized structures responsible for implementing policies and programs.

**Country-led partnership**

Government leadership of development assistance coordination is limited. NPRS formulation is helping improve coordination, primarily under the auspices of external partners. The Ministry of Finance is the government institution responsible for coordination. A RT is planned for 2005, tentatively after the
presidential elections, and will be chaired by UNDP.

Elements exist to align development assistance with country priorities. The five major external partners are Italy, the EU, the World Bank, Portugal and the AfDB, accounting for approximately 84 percent of ODA in 2002-03. The Netherlands and France are also active. ODA accounted for 63.5 percent of GNI in 2003. External partners have broadly aligned their support around the Emergency Economic Management Plan and intend to revise their assistance strategies to align them with the NPRS once it is finalized. The World Bank, for example, is preparing a Transitional Support Strategy in line with the priorities identified in the sector strategies and is advising the Government to better integrate the NPRS process with sector priorities.

There are some elements for partnerships in external financial and analytical support, which have yet to materialize. In 2003 the World Bank conducted a PER in close collaboration with the Government. External partners continue to support projects, mainly implemented by Project Implementation Units. In some sectors, however, some progress has been made toward a program-based approach, particularly in the health sector. The World Bank is supporting some components of the National Health Development Plan, and implementation is being carried out by existing units within the Ministry of Health. The EC is providing budget support for the health sector. There is, however, no formal arrangement to harmonize missions and reporting procedures.

Efforts are being made to align all external partners’ technical assistance support under a master plan with the support of the IMF. Some external partners are already supporting capacity building related to the implementation of sector policies. For example, the World Bank is assisting the Government in establishing a health information system and strengthening financial and administrative management within the Ministry of Health. The IMF is providing technical assistance to the Ministry of Finance. The EC and UNDP also assisted the government with the preparation of the 2005 budget.

Despite lingering political instability, external partners have maintained a presence in the country and are now strengthening it. In 2000 the World Bank relocated the Country Director to the region. In 2002 it established a Liaison Office in Bissau. In 2003 the AfDB also opened a local office in Bissau.

**Results focus**

Quality and availability of poverty-related data needs strengthening. Political turmoil has severely disrupted data collection. The National Statistics Institute conducted a light household survey in 2002. Revenues are not fully tracked, spending by line ministries is not comprehensively accounted for, external funds, which finance the bulk of social programs, are outside government control, and internal and external auditing is insufficient.

Access to information on Government policies remain an open challenge. There is a thick network of community radios broadcasting in Crioulo and the NPRS process was launched through an extensive media campaign. However, since then information on the NPRS has been circulated piecemeal.

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73 See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/21/44/1881312.gif
Elements exist to move toward a country-level M&E system. The Ministry of Health, for example, is identifying a set of key indicators, whose achievement will be monitored by local health facilities. The system will be integrated into the NPRS M&E system, currently under development.
**Guyana**

**Long-term holistic vision**

The National Development Strategy (NDS) is the unofficial long-term vision, developed by the Government and various stakeholders with assistance from the Carter Center. The NDS is a key reference point for policy-makers. The medium-term strategy is the Guyana Poverty Reduction Strategy Paper (PRSP), which was partially derived from the long-term vision.74

The PRSP identifies objectives that are linked to the MDGs, but many of the targets have been scaled back to reflect country circumstances and there is a lack of explicit, time-bound targets beyond 2005. The PRSP embeds a medium-term strategy through 2005 and rests on seven pillars, constituting a balanced development strategy. The pillars are: broad-based, job-generating economic growth; environmental protection; stronger institutions and better governance; investment in human capital, with emphasis on basic education and health; investment in infrastructure to support better services in water, sanitation and housing, as well as roads, power and irrigation; improved safety nets; and special intervention programs to address regional pockets of poverty. Other cross-cutting issues include gender and the rule of law.

A shortcoming is the absence of medium-term budget plans to channel expenditures toward priority sectors in the PRSP. Also, further improvements in the monitoring of social spending and their incorporation in the budget process would help to ensure that the targets in the PRSP are met and the recent decline in social spending reversed. While an MTEF is not being developed, the government is developing a medium-term Public Sector Investment Program, incorporating all planned large-scale projects.

**Country ownership**

A central coordination unit leads policy formulation with assistance from various line ministries. Most line ministries, however, have yet to make explicit reference to the PRSP in their programs. The Office of the President, through the Policy Coordination and Program Management Unit (PCPMU), formerly the PRSP Secretariat, is the locus of initiative for PRSP formulation, coordination of implementation, and M&E. Other units worked with the PRSP Secretariat during PRSP formulation, namely a PRS Steering Committee and Resource Teams. During preparation of the PRSP and the PRSP Progress Report, the PCPMU led broad-

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74 The NDS was completed in 1996, and revised and updated in 1998 and 1999. The PRSP was completed in November 2001. A Progress Report was completed in December 2004.
based consultations, including workshops and seminars held at various locations. The institutional structure adopted during PRSP formulation remains, except the Resource Teams were replaced by PRS Focal Points in line ministries and by Regional Committees. The PRS Steering Committee’s main function is to guide PRSP policy during implementation.

Civil society participated in consultations for the PRSP and during implementation for Progress Report formulation. The Steering Committee’s membership was reconstituted in 2003, and comprises country stakeholders, including NGOs that represent faith based groups, people with disabilities, youth and gender, the labor movement, the private sector and four Government officials.

The private sector has similarly participated in PRSP consultations at various stages, through individuals and leaders of business associations. The private sector also helps guide implementation through its representation in the Steering Committee.

Parliament’s participation in the formulation and implementation of the National Development Strategy and PRSP has been minimal. Parliament did not formally approve the PRSP, though some members did participate in consultations. Parliament is not constitutionally required to approve national development plans. Debate is ongoing on the question of whether or not the Economic Services Committee should discuss the NDS and the PRSP. While pending approval by Parliament, discussion of the NDS may be added to the Economic Services Committee’s agenda.

There is a shortage of Government capacity for policy formulation and especially implementation. The PRSP Progress Report was completed later than expected due to capacity constraints. In 2002, outbreaks of crime and ethnic-related violence, as well as a one-month parliamentary boycott, placed further limitations on PRSP implementation. The Progress Report confirms that absorptive capacity is low and that several PRSP targets were not met as a result.

**Country-led partnership**

The Government has taken preliminary steps towards increasing leadership of coordination of development assistance. The Office of the President leads development assistance coordination efforts and chairs a High level donor coordination group. It also established five thematic groups, each one chaired by the relevant Government ministry. Some groups meet irregularly, but the groups on Water, Governance and Education have been active over the past year, meeting every 6-12 weeks. There is also a newly formed Presidential Commission on HIV/AIDS and a HIV/AIDS theme group. The five thematic groups were formerly a single group, the Donor Coordination Unit (DCU), which worked with the PRSP Secretariat during PRSP formulation. These groups were established to assist in the coordination, planning, implementation and monitoring of PRSP-related projects and programs. Efforts are underway to direct external assistance coordination to the Ministry of Finance, in order to bring together the efforts it currently undertakes in conducting individual review sessions with external partners. Guyana participates in a joint Caribbean CG, the last of which was held in Washington in 2000. The next CG meeting (re-named Caribbean Forum for Development), currently being organized by the CDB, will be held in May 2005.

The PRSP mentions the private sector as a key partner in PRSP implementation.
as the desired engine of growth. Private sector participation, however, has been limited in implementation, and efforts are underway to coordinate with both the private sector and civil society in service delivery and other areas of implementation.

Most external partners have aligned their assistance with the PRSP. The five major external partners are the IDB, the World Bank, the UK, the USA and the CDB, accounting for approximately 80 percent of gross ODA in 2002-03. ODA accounted for 12.4 percent of GNI in 2003. The IDB’s Country Strategy Paper for 2002-05 directly supports the PRSP’s poverty reduction objectives, as does DFID’s Regional Assistance Plan 2004-07. The EC’s Country Strategy Paper for 2002-07 relies on the PRSP as a framework for its assistance policies. Lastly, the World Bank’s Country Assistance Strategy FY2002-05 was designed to support the PRSP. USAID’s Country Strategic Plan 2004-08 uses the NDS and the PRSP as frameworks for planned development assistance.

External partners are moving towards the establishment of partnerships, mostly in the provision of technical assistance and analytical work. There are no examples of joint budget support to date. The World Bank is providing budget support through a series of PRSCs, the first of which was disbursed in 2002. DFID is taking the lead in supporting the Government to develop a SWAp in the water sector, but this has yet to take off the ground; SWAs are not yet envisioned in any other sector.

Efforts to coordinate capacity building aligned with country priorities and supported by multiple partners are ongoing. In particular, the World Bank’s Public Sector Technical Assistance Credit is making good progress in supporting these efforts in partnership with the IMF, the IDB and CARTAC for different initiatives.

The Government is only beginning to show interest in harmonizing external partners’ procedures with country systems. Some external partners are already making use of country systems in certain areas. One example is DFID, which uses Government procurement systems (Guyana Central Tender Board) for its Government-related programs. Among themselves, external partners are making an effort to harmonize their M&E and reporting systems.

The major external partners have country offices to better participate in day-to-day decision making. The World Bank’s Country Director is based in Washington, but a Country Office is located in Guyana. Other external development assistance agencies have field offices (IMF, IDB, DFID, USAID, EC, CIDA and UN agencies).

Results focus
The Government’s capabilities for gathering data on poverty and expenditures remain weak, but efforts are underway to strengthen the relevant institutions. The Bureau of Statistics is the main source for data collection. The 2001 Census was completed in 2002 with external support. Initial headline numbers have been released and more detailed data are expected later in 2005. A Household Income and Expenditure Survey is planned for 2005, the first household survey since 1999. External partners are providing joint assistance to carry out the survey. Poverty-related expenditures are

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A country-level M&E system is in the early stages of development. The PRS M&E Unit is working to coordinate monitoring with the Steering Committee, the PRS Focal Points, the Regional Committees and the Thematic Groups, and also to incorporate stakeholders, namely the poor, through consultations. The M&E system being developed is linked to existing M&E systems in line ministries with coordinated support from external partners. It will be used to prepare PRSP Progress Reports, reports on the MDGs and reports for country policy makers. The PRS M&E Unit already provided inputs for the first PRSP Progress Report. Also, regional PRS committees, which have been set up as pilots in five of Guyana’s ten regions, will monitor PRS implementation at the local level. The PRSP includes poverty indicators, which are under revision by the Government.

76 http://www.povertyreduction.gov.gy/
HAITI

A former French colony, Haiti is the poorest country in the western hemisphere. Independent since 1804, the country’s history has been fraught with political violence and instability, at one point leading to a US military occupation from 1915 to 1934. Elected president in 1957, François Duvalier - also known as Papa Doc - established a repressive dictatorship until his death in 1971. His son, Jean-Claude Duvalier - or Baby Doc - succeeded him to power but was forced to flee to France in 1986 by a wave of popular unrest. Democratic presidential elections held in December 1990 resulted in a victory for Jean-Bertrand Aristide and his Lavalas party. In September 1991, Aristide was overthrown in a military coup led by General Raoul Cedras. The brutal military regime established by Cedras resulted in a three year embargo until a US-led multinational force reinstalled Aristide and restored Constitutional rule. Rene Preval was subsequently elected president in 1995 but his administration grappled with a lengthy political crisis and sharp divisions within its own party. Against a backdrop of increasing political division and gridlock and contested legislative elections, Aristide was then reelected president in the November 2000 elections, which were boycotted by the opposition. His second term in office was also mired in political and institutional crises. Demonstrations calling for his ouster intensified in 2003. Amid growing chaos in early 2004, insurgents seized control of the country’s fourth largest city. As the insurgents marched toward Port-au-Prince with little or no resistance from the Haitian National Police, Aristide resigned and left the country in February 2004. The UN Security Council immediately authorized the rapid deployment of a Multinational Interim Force to stabilize the country. In accordance with Haiti’s Constitution the President of the High Court, Boniface Alexandre, became President on an interim basis, and in March 2004 a Transitional Government led by Prime Minister Gerald Latortue was appointed. A UN Mission to Stabilize Haiti (MINUSTAH) was deployed in June 2004, but has made little progress with disarmament efforts. Parliamentary and presidential elections are scheduled to take place in October and November 2005. The security situation remains volatile.

Long-term holistic vision

The Transitional Government has taken initial steps to develop a long-term development vision with the support of an Ad Hoc Advisory Group on Haiti - created in May 1999 and reactivated in July 2004 - within the UN Economic and Social Council. In July 2004 the Minister
of Planning, Environment and External Cooperation presented to the UN Economic and Social Council a preliminary long-term vision with a ten to fifteen-year horizon focused on five priority areas: 1) property rights; 2) education; 3) liberalization of the economy; 4) environmental protection; and 5) infrastructure. In April 2005 a mission of the Ad Hoc Advisory Group on Haiti visited the country to start planning with the national authorities activities for the completion of the long-term vision.

In April 2004, the Transitional Government in coordination with the World Bank, the UN, the EC, and IDB launched the preparation of a Cadre de Coopération Intérimaire (CCI). The CCI provides a balanced short-to-medium term development framework with priority actions outlined in a Transitional Results Matrix (TRM), including clear outcomes and objectives. The CCI covers the period July 2004 - September 2006, exceeding the date of the expected transfer of power to allow the authorities elected in November 2005 to have financial resources and programs underway during the first months of their administration. The Transitional Government expects that the CCI could provide the basis for a participatory PRS covering the period 2006-09, and has begun its preparations expecting it to be completed following the elections. The Transitional Government has also developed sector strategies to support CCI implementation. For example, it validated national plans in health, population, risks and disasters, HIV/AIDS, and administrative reform. It recognized a Plan National d’Éducation et de Formation, under implementation since 1997, as the guiding framework for the education sector. It integrated into the CCI a Plan d’Action pour l’Environnement, prepared in 1998, as the sector strategy for environmental protection.

The Transitional Government has embraced the idea of establishing a plan of action to implement the MDGs by 2015 as part of the process of preparing its long-term vision. Haiti’s first MDG report was finalized in April 2005. The CCI links the activities and objectives of the transitional program with support toward meeting the MDGs. Since 2003, a UN interagency committee in Port-au-Prince, which also includes government officials, has been working on orientation strategies and policies focusing on the MDGs. However, progress has been hampered by weak and poorly implemented policies, as well as under-funded and poorly managed programs.

The CCI focuses on four main pillars: 1) strengthening political governance and promoting national dialogue through increased security, demobilization, disarmament, and reintegration; 2) strengthening economic governance and contributing to institutional development and decentralization; 3) promoting economic recovery, macroeconomic stability, and private sector development; and 4) improving access to basic services, including urgent humanitarian aid, health and nutrition, education, and water and sanitation. Cross-cutting issues like crisis prevention, environmental protection, gender, human rights promotion, local development, and HIV/AIDS are also addressed.

Some progress has been made to develop a link between the budget and the CCI. Under the budget for FY05, approved in September 2004, the Transitional Government increased recurrent and capital expenditures for

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77 The CCI was completed in July 2004.
security and access to basic services, drawing on the priorities identified in the CCI. Progress has also been made toward strengthening public expenditure management. The government operated without a budget for five years until 2002. Transparency of public expenditure has increased with the share of government expenditures channeled through difficult to track discretionary accounts declining from about 60 percent in FY03 to less than 10 percent in FY05. The Transitional Government also incorporated information on projected external partners’ disbursement in the budget for FY05.

Country ownership

External partners have been involved directly and intensely in the preparation of the CCI. During the preparation of the CCI, an Inter-Ministerial Committee took the lead in coordinating government reviews and validating the final version of the program. This Inter-Ministerial Committee was composed of four Ministers: Economy and Finance; Planning and External Coordination; Agriculture, Natural Resources and Rural Development; Industry, Trade and Tourism. It was charged with facilitating CCI preparation, ensuring an integrated vision of sectoral priorities as well as an interactive approach with PRS development.

The Inter-Ministerial Committee guided the work of ten Thematic Groups, which were responsible for identifying priority interventions in critical areas and preparing more detailed thematic reports and transitional results matrices. These reports and matrices were subsequently synthesized and incorporated into a CCI synthesis report by a Groupe de Pilotage (GP). The GP was composed of two government representatives, one from the Prime Minister’s Office and another from the Ministry of Planning, and four external partner representatives, from the IDB, World Bank, EC, and the UN. The GP was assisted by: 1) a team of experts on cross-cutting topics not specifically addressed by the Thematic Groups; 2) a team coordinated by the Ministry of Finance, charged with providing an estimate of costs; 3) a communication team charged with informing weekly the press, political and social actors on the progress achieved by the GP; and 4) a reflection team, open to bilateral partners, charged with developing recommendations for improving coordination of development assistance.

The Thematic Groups were composed of national and international experts and their work was coordinated by a Government representative, with the support of a focal point from the international community. The themes covered included: 1) political governance and national dialogue; 2) economic governance and institutional development; 3) rapid job creation and safety nets for social protection; 4) protection and rehabilitation of the environment; 5) regional, urban and local development and decentralization; 6) health and nutrition; 7) education and culture; 8) agriculture and food security; 9) infrastructure; and 10) development of the private sector and small- and medium-size enterprises and industries. Each Thematic Group identified the main intervention priorities and established a follow-up mechanism until 2006. They also estimated intervention costs and financing needs.

For the implementation of the CCI, the Thematic Groups have been converted into sectoral tables and the GP has been folded into a Joint Committee for the Implementation and Monitoring of the CCI. The Joint Committee is chaired by
the Prime Minister, with participation of other representatives from the Transitional Government, national stakeholders, and the international community. It supervises the utilization of resources, monitor implementation, and approve any modification in the implementation of the CCI. A Unit for Implementation and Follow-up of the CCI serves as a secretariat of the Joint Committee, provides operational support and oversees the collection and sharing of information on progress in implementation.

Consultations and validation workshops underpinned the preparation of the CCI. Under GP guidance, the Thematic Groups held consultations with various stakeholders, including sectoral committees of external partners, starting in March 2004. Over 250 national stakeholders and international experts from 26 bilateral and multilateral agencies, including UN agencies, participated in the consultations. The Government conducted regional workshops in Cape Haitien, Gonaïves and Les Cayes from June 3 to June 7, 2004, as well as a National Consultation Workshop on June 11, 2004. The CCI envisages the establishment of municipal consultation structures, as well as the creation of a national council for regional, urban and local development and decentralization.

For many years Haiti has had a very dynamic and active civil society. Although the country still faces significant challenges in reducing exclusion, the Transitional Government has increased its outreach to civil society and promoted dialogue to increase transparency, enhance participation and strengthen implementation of the CCI. For example, NGOs and civil society representatives participated in the regional workshops and the National Consultation Workshop for the preparation of the CCI. In a clear break with the past, the Transitional Government consulted and briefed civil society on its proposed annual budget prior to submitting it for Cabinet approval. A CSOs—the Civil Society Initiative—participates in the Joint Committee for the Implementation and Monitoring of the CCI.

Business associations participated in the formulation of the CCI and took part in the three regional workshops, as well as in the National Consultation Workshop. A business association—the Professional Association of Artisans—and a financial and economic consultancy—the Groupe Croissance—participate in the Joint Committee for the Implementation and Monitoring of the CCI.

Parliament has not convened since January 2004, when the mandates of all members of the Chamber of Deputies and several senators expired. Parliament is mandated by the Constitution to approve the budget. There is no constitutional requirement for Parliament to approve economic and social plans.

Poor governance and weak public sector capacity are major bottlenecks for CCI implementation. Brain drain has decimated the ranks of both professional and technical skills. Decentralization efforts have suffered from the absence of a regulatory framework.

**Country-led partnership**

External partners have played a substantial role in coordinating development assistance. In 1994 the World Bank convened an informal external partner meeting to prepare for a resumption of lending and later in January 1995 chaired a CG meeting. Since the political crisis of 1997, it has continued to convene regular informal meetings in Washington for development assistance
agencies to exchange information and views on programs in Haiti. In March 2004 it organized an informal meeting with external partners in Washington, to start coordinating support for the post-conflict phase. At the country level, UNDP has coordinated monthly informal meetings in Port-au-Prince.

The CCI is providing a basis for strengthening government leadership of development assistance coordination. In April 2004, the Transitional Government launched the CCI process in Port-au-Prince during a meeting with external partners and was responsible for external partner coordination for the preparation of the CCI. The Joint Committee for the Implementation and Monitoring of the CCI defines the orientation and general policies for development assistance coordination. The Unit for Implementation and Follow-up of the CCI collects information on external partners’ disbursements. For each of the CCI pillars, the Transitional Government and external partners have identified a development assistance agency and a line ministry to act as focal points and coordinate assistance at the sectoral level. For some pillars, for example economic governance, government leadership of coordination is emerging. An external partner-government meeting was organized in June 2004 to review the CCI process and to prepare the International Donors Conference on Haiti, which was held in Washington in July 2004 and jointly organized by the World Bank, IDB, the UN, and the EC.

Some development assistance agencies have aligned their assistance with the CCI. The five major external partners are the USA, the EU, France, Canada, and Japan, accounting for approximately 86 percent of ODA in 2001-02. ODA accounted for 4.3 percent of GNI in 2002. The World Bank, IDB and the UN also play an active role. USAID’s Strategic Plan, prepared in 2004 before the CCI, supports some of the sector strategies pre-dating the CCI and integrated into it. CIDA’s assistance program for 2004-06 is aligned with the CCI. The World Bank and IDB have both prepared transitional support strategies that are aligned with the CCI and seek to support a successful transition and pave the way for longer-term sustainable development. The UN Development Assistance Framework and UNDP’s Cooperation Framework for 2002-06, prepared before the CCI, aim at promoting sustainable development by combating poverty, promoting social inclusion and strengthening the rule of law through the promotion, respect and protection of human rights. In March 2003, the UN prepared an Integrated Emergency Response Program, to adapt the UN Development Assistance Framework to the evolving political and economic situation.

External partners are starting to conduct some joint analytical work. The World Bank and IDB are planning a Public Procurement and Financial Management Review for FY06 and will explore opportunities to undertake analytical work jointly with other external partners. The World Bank is preparing a review of the rural sector for FY05, in coordination with IDB. In April 2005 the IDB and the World Bank held a joint mission to start consolidating their support for governance reform.

Several external partners are providing capacity building support and efforts are ongoing to better coordinate these efforts, especially in the area of

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economic governance where government leadership of coordination is stronger. IDB, USAID, CIDA, AECI, the EC, the IMF, the AFD and the World Bank are coordinating capacity development for economic governance. The World Bank is providing support to strengthen institutional capacity and human resources management and lay the groundwork for civil service reform. Different external partners are taking the lead in providing capacity support for selected sectors. IDB has plans to support the creation of a Capacity Building Facility to strengthen executing capacities.

Harmonization with country systems is at an early stage. Harmonization of fiduciary and environmental safeguards is hampered by inadequate government policies in these areas. Project Management Units are used in all externally financed projects to facilitate implementation. The World Bank is supporting the Transitional Government’s efforts to strengthen procurement and financial management systems, in coordination with IDB and other external partners. The Transitional Government has developed and is implementing an anti-corruption strategy and has established an Independent Anti-Corruption Unit, as a key pillar of its economic governance reform.

Some external partners have strengthened their presence in the country to better participate in day-to-day discussions and monitoring. The World Bank has transferred management of the Haiti portfolio from Santo Domingo to Port-au-Prince to strengthen dialogue with the Government, other external partners, and civil society. IDB has maintained an uninterrupted presence in Haiti through its Country Office, which is being strengthened to meet the demands of its growing involvement in the country. USAID and EU have decentralized their decision-making process.

Results focus

The quality and availability of data is improving. The Haitian Institute of Statistics and Informatics conducted an *Enquête sur la Consommation et le Budget des Ménages* in 2000, an *Enquête sur les Conditions de Vie en Haïti* in 2002, and a Household Living Conditions Survey in 2003. The Anti-Corruption Unit is starting a survey on corruption perception and causes. An integrated financial management system known as SYSDEP is under development, but not yet deployed in all ministries.

The Government is preparing a communication strategy aimed at better informing relevant stakeholders and the wider public on the objectives and implications of the Transitional Government’s actions in the area of economic governance. One key aspect of the communication strategy will be the dissemination of information on budgetary allocations and disbursements to the beneficiaries, through the mass media. Information generated through SYSDEP is not yet available to the public. With UNDP technical support, the GP created a CCI website where the CCI synthesis report and background documentation are available in English and French.79

Monitoring indicators and activities are presented in the CCI’s TRM based on semi-annual timelines. Each pillar of the CCI includes several themes, for each theme the TRM identifies one priority objective, gives a baseline, and then articulates targets and monitoring indicators for six-monthly intervals until

79 [http://haiticci.undg.org](http://haiticci.undg.org)
September 2006. The Unit for Implementation and Follow up of the CCI regularly updates information on the implementation of the CCI for M&E by the Joint Committee.
Long-term holistic vision

The Estrategia para la Reducción de la Pobreza (ERP) 2001-15, Honduras’ PRS, is the country’s long-term vision. In 2004 the Government adopted a poverty reduction law, the Ley para la Gestión de la Reducción de la Pobreza, identifying the ERP goals as the objectives for the country’s social policy through 2015.

The ERP integrates a master plan for reconstruction and national transformation, the Plan Maestro para la Reconstrucción y la Transformación Nacional, prepared in 1999 after Hurricane Mitch, and informs the constitutionally-mandated Government Plan for 2002-06 presented by President Maduro, who took office in February 2002. In 2004 the Government prepared an ERP Implementation Plan for 2004-06, which integrates sectoral plans in health, education, water and sanitation, and agro-forestry. The central government is assisting municipal governments with the preparation of strategic municipal development plans in line with the ERP. There are currently 104 plans completed; the government’s goal is to have plans completed in all 298 municipalities by the end of 2004.

Goals identified for 2015 are consistent with the MDGs, but tailored to Honduran circumstances. Some goals, such as those for poverty and access to water, were revised downward in the

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revision has helped to improve the monitoring of Honduras’s poverty reduction efforts. In 2004 the Government adopted a law reforming the budget process, the *Ley Orgánica de Presupuesto*, which provides for the formulation of a MTEF, starting in 2005, based on sectoral plans in line with the ERP. It established a virtual fund, tracking poverty spending through tagging of specific expenditures, which was incorporated in the 2004 and 2005 budgets. There is an inter-ministerial technical commission - the Social Cabinet - chaired by the Ministry of Finance to ensure that the budget mirrors the sectoral priorities identified in the ERP. The Social Cabinet, in coordination with a technical unit in the Ministry of the Presidency, the *Unidad de Apoyo Técnico* (UNAT), and other line ministries and government agencies, is developing ERP indicators and aligning them with specific programs and projects with funding from the IDB, World Bank, SIDA and DFID.

**Country ownership**

The Ministry of the Presidency, the political arm of the President, takes the lead on all aspects of the ERP. UNAT is the key group leading strategy development, coordination of implementation and M&E and drafted the ERP, the Progress Reports and the ERP Implementation Plan. Inter-ministerial coordination is developing.

Action is being taken toward establishing sustainable structures for continuing government–stakeholder dialogue. In 2003 the Government established an ERP Consultative Council, institutionalizing the consultative structures for ERP formulation and oversight. In 2004, membership of the ERP Consultative Council was broadened and its functions formalized through the *Ley para la Gestión de la Reducción de la Pobreza*, thus fulfilling the constitutional requirement for participation of social and economic stakeholders in development planning. The ERP Consultative Council includes six central government representatives (Presidency, Finance, Education, Environment, Governance, Health and Agriculture), a local government representative and twelve stakeholder representatives. Representatives are nominated in sectoral assemblies and confirmed by the President. Consultations with stakeholders were carried out during 2003 and 2004 for the ERP Progress Reports and the ERP Implementation Plan through the ERP Consultative Council, and contributed to a stronger focus of ERP implementation on decentralization and transparency. The 2004 ERP Progress Report includes a matrix with all stakeholder proposals.

Civil society organizations have been involved in ERP implementation. Since 2004 the ERP Consultative Council includes representatives from the following sectors: labor, peasants, women, youth, the elderly, the social sectors, the disabled, neighborhood and community organizations, ethnic organizations and NGOs. During consultations for the ERP Progress Report and the ERP Implementation Plan, workshops were directed toward a different civil society group to ensure broad-based participation.

The private sector has been involved in ERP implementation. Since 2004 a large business association - the *Consejo Hondureño de la Empresa Privada* - and a representative of micro and small enterprises participate in the ERP Consultative Council.
Parliamentary involvement is solidifying. The National Congress is constitutionally mandated to approve government development plans. The ERP was discussed in plenary sessions in the National Congress, and several congressmen from various political parties were involved in the consultations for ERP formulation. The National Congress approved the 2002-06 Government Plan as part of the Ley para la Gestión de la Reducción de la Pobreza, as well as the ERP Progress Report and the ERP Implementation Plan without substantial changes. The presentation of ERP Progress Reports to the National Congress has been made mandatory through the Ley para la Gestión de la Reducción de la Pobreza. The congressional budget committee oversees the alignment of the general budget with the ERP, as required by the Constitution. Representatives of all five political parties represented in Congress meet every two months with external partners to discuss the legislative agenda and priorities for economic, social and political reform. The National Congress is mandated by the Constitution to approve credits and projects financed with external resources.

Action is being taken to strengthen capacity. There are plans within the ERP to devolve more spending responsibilities to municipalities and increase fiscal transfers to meet the benchmark of 5 percent of national revenues by the end of 2005. The Ministry of Governance and the Social Investment Fund are working to improve the financial management and planning capacity in municipal governments and improve local expenditure control, with the support of the World Bank, IDB, USAID and JICA. However, weak financial management and institutional capacity in the line ministries, the judiciary and the supreme audit agency could adversely affect implementation of the ERP. A number of high-profile corruption cases have been recently dropped by the Office of the Attorney-General and district attorneys protesting the decision have been dismissed.

Country-led partnership

The Government is increasingly leading development assistance coordination and streamlining its coordination structures. UNAT is responsible for coordinating external assistance and ensuring that it is in line with the objectives of the ERP, and the Ministry of Finance is responsible for managing all development assistance, incorporating the functions previously shared with the Presidency’s Technical Secretariat for Cooperation (SETCO), which is to be disbanded. An office for project monitoring has been established under the Presidency to help unblock project implementation bottlenecks.

Dialogue and exchange of information between external partners takes place through a coordinated framework known as the G-17, comprising a Group of Ambassadors, a Technical Follow-up Group and Sectoral Boards, and chaired by its members on a rotating basis. The Technical Follow-up Group maintains permanent relations with UNAT. Government officials participate in the Sectoral Boards. Between 2003 and 2004 the Government and external partners jointly organized a series of workshops known as the Zamorano process to spearhead ERP implementation. The Government has established six roundtables, one for each of the sectors where SWAp could be developed, to ensure regular exchange of information and improved coordination of activities financed by development assistance. The Government has already
prepared diagnostics, sector plans and cost estimates for education, health, water and agro-forestry. However, each roundtable follows its own working procedures and there has been little coordination among them. A CG meeting was held in June 2004 in Tegucigalpa, and chaired by the Government. The next CG meeting is expected to take place in Honduras after March 2005, when Honduras reached the HIPC Completion Point.

External partners are aligning their assistance with the ERP. The five major external partners are the USA, the World Bank, Japan, IDB and Spain, accounting for approximately 84 percent of gross ODA in 2002-03. ODA accounted for 6.8 percent of GNI in 2003. In 2004 Honduras was selected as one of the countries eligible for MCA funds. The USAID Country Plan for 2003-08 identifies economic growth and poverty reduction as primary goals, reinforcing ERP objectives. The MCA proposal will support the ERP Implementation Plan and focus on infrastructure development. The World Bank and IDB coordinated with each other and the government on the formulation of their respective assistance strategies and aligned them with the ERP. DFID has identified poverty reduction and support for national strategies as a key priority of its Latin America Regional Assistance Plan 2004-07, which was updated in a 2004 Project Memorandum to support the ERP. The EC Country Strategy Paper 2002-06 is in line with the ERP and the 2007-2011 is currently under preparation. The 2001 UN Development Assistance Framework is in line with the ERP. The Government has been negotiating to restructure a number of existing operations to ensure greater coherence between them and ERP priorities. Other external partners – including Japan, Sweden and Canada – have reformulated their assistance strategies in line with the ERP.

Some partnerships in external financial and analytical support are emerging. The World Bank and IDB have jointly carried out a CFAA and a CPAR while DFID and SIDA collaborate on poverty and social impact analyses and ERP workshops. External partners are moving toward program-based budget support. The World Bank launched a PRSC in 2004, and the EC is planning to provide budget support for decentralization. There is a SWAp in education with some pooling of funds and joint supervision missions, and the Zamorano process may lead to other SWAsps. For example, external partners including the World Bank, IDB and the MCC are moving toward jointly supporting the Government agro-forestry strategy. However, most development assistance is still channeled through projects. In 2004 there were 269 projects, mostly implemented by Project Implementation Units outside government structures.

Action is being taken toward strengthening capacity building coordination and coherence. There is a multi-donor fund to finance technical assistance in areas directly linked to the ERP. The World Bank is supporting capacity building in public sector and public expenditure management in line with the ERP in partnership with IDB. IDB is preparing a performance-driven loan to support capacity building in the Ministry of Health in line with the ERP in coordination with other external partners. SIDA, IDB, SDC, DFID and UNDP are jointly providing capacity building for CSO participation in ERP M&E. Most

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capacity building support, however, is still fragmented.

Some progress has been achieved toward harmonization and use of country systems. In October 2004 the Government and external partners identified key actions to support harmonization and agreed on the need to work on an action plan to speed up progress. The Government has approved a revised Procurement Law and is piloting e-procurement in six ministries and government agencies. It has adopted a national anti-corruption strategy to increase transparency of fiduciary systems, and enacted a Financial Systems Law.

External partners are decentralizing their operations to better participate in day-to-day decision making. CIDA has delegated full responsibility to its field office and operates under a decentralized initiative known as Pro-Mesas, SIDA has delegated some decision making to the field, and DFID opened an office in Honduras in 2003. In 2002 the EC devolved responsibility for the management of programs and projects in Honduras to its delegation in Nicaragua, and is planning to strengthen its liaison office in Tegucigalpa in 2005. The World Bank has strengthened its Country Office, which includes staff for poverty reduction, human development, education, and water and sanitation.

**Results focus**

The quality and availability of poverty-related data is improving. The National Statistics Bureau (INE) coordinates the National Statistics System and conducts population census and household surveys. A census was completed in 2001. A first Living Standards Measurement Survey was conducted in 2004 and will result in a poverty targeting map, expected in 2005. INE and UNAT are also preparing a Poverty Assessment, with the support of the World Bank. The Government is preparing a national statistical development strategy, with the support of a multi-donor Trust Fund for Statistical Capacity Building managed by the World Bank. There is an integrated financial public administration system (SIAFI), which has been fully operative for about two years and is currently undergoing considerable enhancements both to improve accessibility through a web-based environment and to establish computer interfaces with the government procurement and debt management systems. These enhancements to SIAFI are expected to be fully operative in 2005. SIAFI incorporates the tracking of ERP budget planning and reporting on budget execution by programmatic area, including the ability to track HIPC debt relief. The various information systems currently used in the government – including the National/International Cooperation System (SINACOIN), the Public Investment System (SISPU), and the National Municipal Information System (SINIMUN) – will be integrated into SIAFI to streamline information management and reporting.

Information on government policies is easily available. There is a dedicated website with information on ERP implementation, the ERP document, the Progress Reports, details of consultations with country stakeholders as well as the Ley para la Gestión de la Reducción de la Pobreza and the Government proposal for MCA funds. Information on the ERP and funding for its implementation is also
A country-level M&E system is materializing. There is an ERP Information System (SIERP) developed in 2004, managed by UNAT, and now functioning. SIERP monitors the impact of programs and projects toward the achievement of ERP goals, and is being integrated with the financial public administration system. SIERP will be used to prepare a unified report serving as the ERP Progress Report, report on the MDGs and report for country policy makers. The Government has already validated first generation ERP indicators, which are those that are already collected by ongoing surveys and regular monitoring systems, and is preparing second and third generation ERP indicators at the municipal level, building on administrative records to be incorporated in future monitoring activities. The Government has also prepared a SIERP Master Plan to guide monitoring activities through 2015, and adopted an agenda for impact evaluations which will be conducted by UNAT through 2006 on tax reforms, fuel prices, salary policies, the free trade agreement, and government subsidies. The evaluation studies will feed into national decision-making through SIERP.

Long-term holistic vision

The Government of President Moi launched a National Poverty Eradication Plan in 1999, integrating a development vision through 2015, and a complementary draft PRS in 2002. The Government of President Kibaki, elected in December 2002, has marked a clear departure from the previous government’s policy initiatives.

The Kibaki Government prepared an Economic Recovery Strategy for Wealth and Employment Creation (ERS) for 2003-07 linked to an Investment Programme (IP-ERS), Kenya’s PRS. The ERS builds primarily on the winning coalition’s manifesto and the post-election action plan, as well as many of the specific priorities developed in the National Poverty Eradication Plan. There are also medium-term water, roads, legal reform, and energy strategies linked to the ERS. In March 2004 the Government completed a Strategy for Revitalizing Agriculture 2004-14. It also prepared a Kenya Education Sector Strategic Plan 2005-10, a National AIDS Strategic Plan 2005-10, and is developing a health strategy.

The ERS internalizes the MDGs and identifies a results-based approach for their achievement. Kenya is a UN Millennium Project pilot country. ERS objectives are fully in line with the MDGs and linked to an IP-ERS results matrix whose targets are benchmarked against the MDGs. In 2004 stakeholders within and outside government and external partners endorsed the ERS as the business plan to achieve the MDGs. Substantial progress is being made in education and the fight against HIV/AIDS. The Ministry of Planning and National Development is conducting a needs assessment to identify the resources needed to achieve the MDGs.

The ERS identifies key issues for country development. It builds on three pillars: economic growth, equity and poverty reduction, and governance. It has a strong focus on improving the rule of law to foster investment and economic growth, and identifies a multisectoral approach to fight HIV/AIDS. It begins to tackle issues like environment and gender.

A MTEF was introduced in 2000, and covered fiscal years 2000/01-2002/03. It has been updated each year but has so far been only partially successful in shifting budgetary allocations to priority areas, and made limited headway into the budget process. Ten percent of expenditures are

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84 The Government completed the ERS in June 2003 and the IP-ERS in March 2004. A draft IP-ERS Progress Report was prepared in April 2005, and is expected to be finalized in the third quarter of 2005.
funded through revenues outside the budget. Ministerial budgets and actual expenditures diverge significantly, reflecting frequent use of in-year budget reallocations.

Some action has been taken to address these challenges. The Kibaki Government is undertaking annual ministerial PERs, which identify programs and activities linked to the IP-ERS results matrix, form the basis for three-year sectoral financing plans and feed into the MTEF. Following the introduction of a new budget process in September 2004, a Budget Outlook Paper 2005-06 was approved by the Cabinet at the end of 2004, providing for sectoral ceilings and laying the ground for more detailed sectoral work undertaken through the 2005 PER. Subsequently, a Budget Strategy Paper was completed in March 2005, articulating the link between the IP-ERS and the budget. Procedures for in-year reallocation have been also tightened.

The Ministry of Planning and National Development established a MTEF Secretariat to coordinate the ministerial public expenditure reviews and the MTEF. However, coordination between the Ministry of Planning and National Development and the Ministry of Finance, which is responsible for the preparation of the budget, is still developing. In recognition of the need to strengthen the links between the ERS and the budget, in 2004 the MTEF Secretariat was transferred to the Ministry of Finance.

Country ownership

The ERS policy content reflects the electoral manifesto on which the winning coalition ran, and was developed under the leadership of the Ministry of Planning and National Development. It includes substantive inputs from the Ministry of Finance as well as sector ministries.

ERS implementation is overseen by the Cabinet Committee of Economic Management, chaired by the Vice President, and coordinated by the Ministry of Planning and National Development, which is also responsible for ERS M&E. There is a Committee of all Permanent Secretaries, chaired by the Head of Public Service, to monitor ERS implementation. Some cooperation across government institutions is emerging in ERS implementation and monitoring. The Strategy for Revitalizing Agriculture was developed jointly by the Ministry of Agriculture and the Ministry of Livestock and Fisheries Development. The Strategy was also endorsed by the Ministry of Cooperative Development and Marketing. The three ministries have established an Agricultural Sector Coordination Unit to coordinate strategy implementation. The draft IP-ERS Progress Report was jointly endorsed by the Minister of Planning and National Development and the Minister of Finance. The Presidency has been less involved.

Government involved stakeholders in ERS formulation. The Ministry of Planning and National Development presented a first draft of the ERS to stakeholders at a national workshop in February 2003, followed by a series of smaller meetings to collect proposals. The final draft of the ERS was presented to stakeholders at a national workshop in June 2003. The draft IP-ERS was presented to stakeholders at a National Investment Conference in November 2003.

Action is being taken to establish a sustainable structure for continuing government–stakeholder dialogue. The Ministry of Planning and National
Development has established Sector Working Groups to conduct consultations with stakeholders at the sectoral level during ERS implementation and ensure that ERS priorities are given adequate funding. The Sector Working Groups also participate in the MDG needs assessment. In late 2004 the Government also established a National Economic and Social Council composed of experts from the public and private sector to provide an independent view on ERS implementation and advise on emerging policy concerns. It has also established a National Monitoring and Evaluation Steering Committee which includes representatives of external partners, civil society and the private sector to guide the preparation of ERS reviews, and coordinated consultations for the draft IP-ERS Progress Report.

Civil society organizations participated in ERS formulation. NGOs, trade unions, religious groups and women’s organizations participated in the workshops and meetings and gave feedback on the draft ERS.

Professional associations, industry groups, financial organizations participated in the workshops and meetings leading to ERS formulation. The 2003 National Investment Conference was jointly organized by the Government and the Kenya Private Sector Alliance, a private sector umbrella organization. The Kenya Private Sector Alliance has established 30 private sector governing councils and 17 sector and thematic working groups to stimulate private-public partnerships in the implementation of ERS policies. With inputs from the Kenyan private sector, the Government is taking steps toward fostering public-private partnerships in infrastructure and service delivery. It is developing a private sector participation strategy, through a grant from a multi-donor Public-Private Infrastructure Advisory Facility.

Parliamentarians participated in the workshops and meetings leading to ERS formulation. The Government briefed the Committee on Finance and Planning on the objectives of the 2003 National Investment Conference. The National Assembly approves the budget but the 1963 Constitution and subsequent amendments, currently being revised, do not require parliamentary approval of development plans, and the ERS was not submitted to the National Assembly.

Planning and implementation capacities have been weakened by neglect for civil service reform and poor incentives to improve performance. The legacy of corruption and mismanagement of public resources have significantly undermined efficiency and effectiveness of government institutions. Local districts play a limited role in planning and implementation, with the notable exception of the Arid Lands whose development is a major priority of the IP-ERS. The Government is systematically addressing some of these issues. In 2003 it established a commission to investigate looting of the central bank’s funds, passed two anti-corruption laws and replaced a large number of judges and magistrates. It has also established specialized agencies to address corruption including the Kenya Anti Corruption Authority, and prosecution units within the Attorney General’s office. However, the ability of these institutions to enforce the anti-corruption laws remains to be seen.

**Country-led partnership**

There is clear responsibility for coordinating external assistance, with more specialized mechanisms for government-led coordination
materializing at the sectoral level. The Ministry of Finance coordinates all external partners, who also maintain bilateral relations with individual ministries. The Government is preparing a National Aid Policy to further clarify the role it envisages for development assistance in support of the ERS. Improved dialogue among external partners is helping the Government developing stronger leadership. There is a Donor Coordination Group, composed of external partners’ representatives and chaired by the World Bank, and seventeen formal sub-groups, linked to ERS priority sectors, and composed of external partners and government representatives. In some sub-sectors such as education, ministries are taking an active role in coordinating external assistance. In November 2003 the Government presented the draft IP-ERS to external partners at a CG meeting held for the first time in Nairobi, and co-chaired by the Government and the World Bank. The next CG meeting will be held again in Nairobi in April 2005, and again co-chaired by the Government and the World Bank.

External partners are aligning their assistance with the ERS. The five major development partners are the USA, the World Bank, the UK, Japan and the EU, accounting for approximately 74 percent of gross ODA in 2002-03. ODA accounted for 3.5 percent of GNI in 2003. In 2004 Kenya was selected to apply for a Threshold Program, managed by the MCC and USAID, to help countries work toward MCA eligibility. USAID’s Integrated Strategic Plan 2001-07 focuses on democratization, economic growth and the fight against HIV/AIDS, and recognizes the ERS as a credible reform program in its 2003 annual report. The World Bank Country Assistance Strategy FY04-07 builds on the ERS and presents a policy matrix aligned with the IP-ERS results matrix. DFID’s Country Assistance Plan 2004-07 focuses on poverty reduction and support to ERS implementation. The EC Country Strategy Paper 2003-07 is broadly in line with the ERS. UNDP’s Country Program Action Plan 2004-08 supports ERS implementation.

Partnerships in external financial and analytical support are emerging. Joint analytical work in support of the ERS is significant. In 2001 the World Bank and DFID jointly prepared a CFAA. The World Bank, DFID and the IMF undertake annual reviews of the Government’s public expenditure management framework. The World Bank, DFID, USAID and SIDA support the Government’s annual public expenditure review through a donor technical group. The World Bank and UN Habitat conducted a joint analysis on poverty eradication in urban areas. The World Bank is working with SIDA and the Central Bureau of Statistics to prepare poverty maps. In 2004 the World Bank started a Portfolio Improvement Process based on the IP-ERS results matrix, and conducted in close partnership with the Government; ministries are taking responsibility for portfolio review and there are quarterly meetings with ministries’ permanent secretaries to assess progress. It conducted an investment climate assessment in partnership with a local think tank – the Kenya Institute for Public Policy Research and Analysis.

Multi-donor budget support and SWApS are emerging as preferred financial modalities. In 2005 the World Bank plans to provide budget support through an ERS Support Credit and a

Financial Sector Support Credit, co-financed with DFID, and is working toward a jointly-financed PRSC for 2007 with possible support from the EC, SIDA, DFID and the AfDB. The EC is also envisaging budget support for public expenditure management reforms in close coordination with the World Bank. A large number of external partners are supporting the Government’s move toward SWApS to support the National AIDS Control Council, the Justice, Law and Order and Security Sectors as well as the Government’s Statistical Master Plan. A number of external partners including the World Bank are supporting the Government in the preparation of a health strategy with the objective of moving toward a SWAp. The World Bank and sixteen other external partners are supporting the Government’s launch of an education SWAp. In September 2004 they undertook a joint review of the education sector, and in January 2005 they held a joint pre-appraisal of the Kenya Education Sector Strategic Plan. External partners have also established a basket funding mechanism to start supporting implementation of the Strategy for Revitalizing Agriculture. The EC and other external partners are supporting the Government in the launch of a decentralization SWAp.

Harmonization with country systems is limited. External partners have not yet started moving toward using local procurement and financial management systems pending government action to combat corruption. However, the recent approval of the National Audit Bill and Financial Management Bill as well as a revised Procurement Bill, building on the findings of an independent procurement review and currently before Parliament, lays a clear and effective legal basis for progress in this area. DFID and the World Bank have adopted a common procurement system for the implementation of education projects. The experience with common financial management arrangements being used in SWApS could facilitate a move toward relying on country systems over time. The Government is preparing a Harmonization Action Plan.

The ERS identifies capacity bottlenecks but does not present a comprehensive capacity building strategy. The Government is developing capacity building action plans for specific government institutions with particular priority given to the Justice, Law and Order and Security Sectors. It is also developing a Public Sector Reform Program around which external partners could align their support for capacity development. DFID, SIDA, EC, CIDA, USAID, NORAD and the World Bank are considering joint support for an Institutional Reform and Capacity Building Technical Assistance Project, to support preparation and implementation of the Public Sector Reform Program.

A number of development assistance agencies have started increasing their presence in the country to better participate in day-to-day decision making. The World Bank program is managed by a Country Director based in Nairobi. USAID, DFID and the EC have strengthened their presence in the country. The AFD program is managed by an office in Nairobi. The IMF and World Bank Joint Advisory Note of the IP-ERS includes the view of other external partners.

Results focus

A program is in place for improving the quality and availability of poverty-related data. In the past Government capacity to
produce timely and relevant statistical information has significantly declined due in part to reduced allocations to the Central Bureau of Statistics. Welfare monitoring surveys were conducted in 1992, 1994 and 1997, but none since then. A census was conducted in 1999. When available, information has been rarely used to inform decision-making. The Government has substantially increased budgetary allocations for statistics. It is tackling the long-term issues through a five-year strategic plan to strengthen the national statistics system, with the support of DFID, Denmark, USAID, SIDA, KfW and the EC through a multi-donor Trust Fund for Statistical Capacity Building, led by the World Bank. With the support of GTZ, DFID and the World Bank, the Government is also launching a participatory poverty assessment to benchmark perceptions of service delivery. It is developing an Integrated Financial Management and Information System, building on the IP-ERS results matrix. Roll-out of the system, however, has been delayed by administrative issues.

Information on Government policies is easily available. The ERS is posted on the website of the Ministry of Planning and National Development, together with some of the procedures of the consultation process. The website also includes an overview of the 2003 and 2004 PERs. In 2003 the Government prepared a simplified version of the ERS, and translated it into Swahili, an official language.

The Ministry of Planning and National Development has developed a M&E system to track progress in ERS implementation and identified, in consultation with stakeholders, a list of 31 key indicators with baselines to monitor progress. It is piloting Participatory Impact Monitoring, involving local governments in monitoring progress in some poverty-related indicators, supported by GTZ. Kenya also participates in the African Peer Review Mechanism to ensure that polices and practices conform to the principles of the Declaration on Democracy, Political, Economic and Corporate Governance. A Review Team visited the country in 2004. The M&E system, jointly supported by a number of external partners, is being structured as a three-tier system integrating ERS, the African Peer Review Mechanism and MDGs. However, stronger links between the M&E system, the public expenditure review process and policy makers across government are needed to ensure that progress in implementation informs national decision making.

86 http://www.planning.go.ke/.
Political tensions rose between December 2004 and January 2005, as the opposition staged public demonstrations in support of opposition leaders who had been refused registration as candidates for a February/March 2005 parliamentary election. Tensions further escalated after the elections, when accusations of vote rigging and fraud triggered protests and demonstrations throughout the country, which led to the sudden collapse of the Government of President Akayev, who fled the country. In March 2005, the outgoing parliament appointed a caretaker government, composed of opposition leaders, to prepare for new presidential elections, scheduled for July 2005. The outgoing parliament later stepped down and legislative power was transferred to the newly-elected parliament.

**Long-term holistic vision**

Action has been taken to establish a long-term vision widely agreed within the country. The Kyrgyz Comprehensive Development Framework (KCDF) 2000-10 is the long-term development vision in the Kyrgyz Republic, prepared under President Akayev. It was formulated through a strong participatory process, and builds on existing development visions like the *Araket* National Program for Poverty Alleviation, based on the UN Sustainable Human Development Strategy.

The medium-term strategy builds on the long-term vision. Expanding the Country’s Capacities - National Poverty Reduction Strategy (NPRS) 2003-05, the Kyrgyz PRS, 87 is the medium-term development strategy guiding KCDF implementation. Sector strategies and action plans are being aligned with the KCDF and the NPRS. For example, there is a rural development program, comprehensive frameworks for tourism development, state employment and education through 2010, and a national strategy on information and communication technologies for development. The Government has been preparing an employment strategy for 2005-09, and a comprehensive long-term strategy for the health sector, linked to a medium-term work program. The Osh region, or *oblast*, has been preparing a regional poverty reduction strategy.

The strategy identifies some development objectives. The NPRS sets a series of goals consistent with the MDGs whose achievement is set for 2010. There is some progress in attaining the MDGs in both economic and social areas.

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The strategy starts addressing a comprehensive set of issues which are key for development within the country. The NPRS focuses on the formation of an effective state, building a fair society, and promoting sustainable economic growth. It identifies gender specific actions for each of the priority areas.

A link of the strategy to the budget is materializing. In 2004, the Government prepared a Medium-Term Budget Framework for 2005-07, which focuses on the overall macro-economic and fiscal framework. Links between NPRS policy actions and annual budgets have been so far been limited to health, education, labor and social protection, and agriculture and this will be progressively rolled out across sectors.

**Country ownership**

The President launched the KCDF and the NPRS. Coordination for NPRS preparation moved from the Ministry of Finance to a CDF Secretariat within the Presidential Administration, staffed with civil servants and supported by external consultants. NPRS implementation is coordinated by the CDF Secretariat.

Stakeholders’ participation in NPRS formulation materialized through a mix of existing participatory mechanisms and specially convened roundtables and working groups. Local government institutions consulted on the NPRS with stakeholders through traditional village assemblies and ad hoc roundtables. Twenty-three working groups comprised of government and stakeholder representatives drafted the NPRS.

Action is being taken to put in place a sustainable structure for continuous government – stakeholder dialogue. There is a National CDF Council, chaired by the President and composed of government and stakeholder representatives, which approved the KCDF and the NPRS, and now oversees NPRS implementation. In 2003 the CDF Secretariat organized a series of national and regional fora to discuss with stakeholders progress in NPRS implementation, which fed into the 2004 Progress Report. The CDF Secretariat gets regular feedback from communities through existing NGO resource centers and meetings. The working groups drafting the NPRS are still functioning but convened less frequently.

Civil society organizations were involved in NPRS formulation and their participation in implementation is continuing. At the Government’s initiative, two NGOs with strong links with grass-roots organizations circulated questionnaires and drafts of the NPRS among local CSOs and collected comments and proposals. CBOs and grass-roots NGOs in villages and towns consulted with their members and formulated proposals that were reflected in the final strategy such as the need to improve social infrastructure and strengthen participation and accountability at the local level. NGOs also prepared a Matrix on Partnership and Participation, which became part of the NPRS. Representatives of NGOs, academia and think-tanks based in the capital participated in the working groups drafting the NPRS. Civil society representatives participate in the National CDF Council.

The private sector has been involved in NPRS formulation and some work has been done to involve it in dialogue during implementation. Micro and small businesses participated in consultations organized by CBOs and local governments. Individual businessmen based in the capital participated in the
working groups drafting the NPRS. Private sector representatives have established a regular dialogue with the Deputy Prime Minister responsible for Economic Development, Trade and Investment on possible public-private partnerships. Private sector representatives participate in the National CDF Council.

Parliamentary involvement is strengthening. Individual parliamentarians and parliamentary officials took part in the working groups drafting the NPRS. The Committee on Budget and Policy of the House of National Representatives organized a public hearing on financing the NPRS at the regional level. The Speakers of the two Parliamentary Chambers participate in the National CDF Council.

Capacity at the central and local level is developing. Central government capacity to plan and implement policies and programs is hampered by duplication and overlapping of functions between different ministries and between different units, departments and agencies under individual ministries. Since a reform launched in 1996 local executive bodies in villages or groups of villages own and run schools and hospitals, and prepare four-year social and economic development plans. Increased responsibilities are not always matched by sufficient resources and capacity for implementation. The Government has launched a Village Investment Project to support community driven initiatives through existing Community Development and Investment Agency. First year implementation results show significantly increased mobilization of citizens in community development.

Country-led partnership

There is diffuse responsibility for development assistance coordination, which is conducted by different government institutions. The CDF Secretariat within the Presidential Administration, the Prime Minister’s Office, the Ministry of Finance, and the Ministry of Economic Development all have major roles for different parts of development assistance programs. The NPRS has, however, strengthened awareness of the need for a stronger and more proactive government role. There are joint Government/external Partners Thematic groups on governance, energy, and health. A 2002 CG meeting discussed the draft NPRS. It was held for the first time in the Kyrgyz Republic and co-chaired by the Government and the World Bank. A November 2004 CG meeting was again held in Bishkek and co-chaired by the Government and the World Bank. The CG assessed NPRS implementation (including future actions for its implementation), and achievements in good governance, anti-corruption, and harmonization, and looked at future steps to meet the objectives identified in the KCDF.

Given the Government’s diffuse responsibility for development assistance coordination, external partners are stressing development assistance coordination through a Donors Coordination Council (DCC) as well as a number of ad hoc or more formalized sectoral coordination mechanisms. External partners hired and are jointly funding a Coordination Specialist who acts as a Secretariat for the DCC and manages a website with updated
information on external partners’ activities. The five major external partners are the USA, the World Bank, ADB, the IMF, and Japan, accounting for approximately 77 percent of gross ODA in 2002-03. The EU and the UK also play an active role. ODA accounted for 11.8 percent of GNI in 2003. ADB, DFID, EC, UNDP and the World Bank have prepared assistance strategies in line with NPRS priorities. Virtually all the active external partners and other international agencies consider the NPRS when formulating their development assistance programs of development assistance.

Some work is being done toward establishing partnerships in external financial and analytical support. Analytical work is being conducted in partnership with national institutions and stakeholders and multiple development assistance agencies. ADB and UNDP conducted sector studies in partnership with local think-tanks, and the World Bank and the National Statistics Committee jointly prepared a poverty assessment, which fed into the NPRS. The World Bank, in close collaboration with the Government and other external partners, is planning to launch a series of programmatic public expenditure reviews to provide analytical basis for strengthening public resource management.

External partners are moving toward budget support. The EC is providing budget support through a food security program, which is expected to shift from policy conditionality to result-based performance indicators by 2007. Switzerland is supporting social security through the government’s budget. The World Bank envisages a move toward programmatic support with other external partners, including a series of PRSCs. DFID and Switzerland are participating in the preparation of a PRSC and planning to support the PRSC program through technical assistance and budget support co-financing. ADB provides budget support through a corporate governance and enterprise program.

SWAps in the health and social protection sectors are being discussed with possible support from the World Bank, WHO, Switzerland, DFID, USAID. For the water sector the Government is developing sub-sectoral strategies external partners could start coalescing around. ADB and the World Bank, and DFID and the World Bank are undertaking joint missions for the health, education, and governance sectors. ADB, the World Bank, and EBRD conducted a joint assessment of financial reporting and auditing. In 2003 ADB and the World Bank conducted a joint portfolio review. In 2004 a joint portfolio review was undertaken by the Islamic Development Bank, KfW, ADB and the World Bank. However, external partners are still channeling their support primarily through projects and rely on Project Implementation Units outside government structures.

The NPRS identifies critical areas for capacity building, and external partners started coordinating capacity development in the health and governance sectors, where coordination is stronger. Also DFID is supporting capacity building for data collection and statistics. The EC is strengthening the CDF Secretariat’s capacity for coordinating and monitoring.
NPRS implementation. However, support for capacity building remains fragmented.

Government commitment to harmonization is supporting a move toward using country systems. The Kyrgyz Republic is a pilot country under the 2003 Rome Declaration on Harmonization. In November 2004 the Government adopted an Action Plan identifying procurement, financial management, and project management and implementation as harmonization priorities. It chairs a steering committee and a working group that includes representatives from development assistance agencies, to support harmonization in procurement, financial management and auditing. The Government, ADB and the World Bank have agreed on a common set of procurement documents. ADB and the World Bank have harmonized the procurement procedures and bidding documents used in the country. They are moving toward harmonizing these procedures and bidding documents with the Kyrgyz public procurement law and are developing an implementation action plan.

A number of development assistance agencies have started strengthening their presence in the country to better participate in daily decision making. Since 2001, the World Bank program is managed by a Country Director based in Kazakhstan and a Country Office in Bishkek. In 2003 the EC and DFID established a stronger presence in the country. The EC program is coordinated by project managers based in the country, who are responsible for the whole program cycle. USAID has two offices in the country - Bishkek and Osh - and has substantially decentralized strategic planning to its Country Mission. The ADB program is managed by a Country Director based in Bishkek.

**Results focus**

The quality and availability of poverty-related data is improving. Household survey data on unemployment and labor market conditions are not collected and analyzed on a regular basis, weakening the analysis of the impact of macroeconomic policies, sectoral policies, and social policies on the evolution of poverty. In 2003 the National Statistics Committee started an integrated budget and manpower household survey, including labor market and unemployment trends. Since 2004 the National Statistics Committee has shifted to extended household budget surveys. The Government has completed a national statistical development strategy with the support of a multi-donor Trust Fund for Statistical Capacity Building managed by the World Bank. An integrated financial management system is not yet in place.

Availability of information on Government policies is improving. The NPRS Progress Report and regular updates on progress in implementation are posted on a dedicated government website.\(^90\) Information on budget expenditures is publicly available and published in the quarterly Financial and Economic Bulletin. The Ministry of Justice has developed a public database of Kyrgyz laws and regulatory documents.

A country-level M&E system has been designed and is supported by a number of external partners, but it is not yet fully functioning. Some progress has been made in identifying intermediate indicators linked to the MDGs. The key elements of the M&E system have been posted on the website of the CDF Secretariat.

**Long-term holistic vision**

Action has been taken to develop a long-term vision that reflects broad agreement within the country and constitutes a reference point for policymakers. It was introduced in 1996 - at the Sixth Congress of the People’s Revolutionary Party - when Lao PDR identified sustained growth with equity as the main instrument to exit the group of Low Income Countries by 2020. In 2001, the Seventh Party Congress stressed again poverty eradication by 2020 as one of the Government’s goals, and the 1996 and 2001 Party Congress guidelines were eventually incorporated in a National Long-Term Development Framework (NDF).

The Government is taking steps to create effective links between its long-term vision and medium-term strategies for its implementation. Every five years, the Government formulates a constitutionally required National Socio-Economic Development Plan (NSEDP), aimed at addressing development priorities, including poverty alleviation. The National Growth and Poverty Eradication Strategy (NGPES), Lao PDR’s PRS, builds on the 2001-05 NSEDP. Focusing on successive efforts to achieve the goal of poverty eradication by 2020, the NGPES translates the NDF development objectives for 2005, 2010, and 2020 into an operational format, and includes a set of sectoral action matrices through 2010. The Government is planning to incorporate NGPES policies into the NSEDP for 2006-10. Some sectoral action plans such as the Integrated Agricultural Development Master Plan have been prepared, and others, including the Action Plan for Rural Roads and Road Infrastructure, and the Education Action Plan, are under preparation.

The NGPES strives towards targets that are more ambitious than the MDGs, for example its goal to eradicate mass poverty by 2010. The three pillars of the NGPES aim at: 1) fostering economic growth with equity; 2) developing and modernizing social and economic infrastructure; and 3) enhancing human resource development. The NGPES also addresses cross-cutting issues such as private sector development and the business environment, regional integration, gender equality, and natural resource management.

The Government is taking initial steps to develop links between a MTEF and the NGPES. The budget is not traditionally a policy instrument; however, the Ministry of Finance has defined an expenditure framework through a FY04-06 MTEF. The Government plans to

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91 The NGPES was finalized in June 2004.
prepare sectoral MTEFs - including in the education sector - to help focus expenditures on priority areas identified in the NGPES. The Ministry of Finance has plans to update the MTEF and sector expenditure programs annually and it has prepared a Public Expenditure Management Strengthening Program, which prioritizes and sequences the Government’s initiatives taking into account NGPES implementation requirements.

**Country ownership**

The Committee for Planning and Investment - chaired by the Deputy Prime Minister - is in charge of preparation and implementation of the NGPES. A National Steering Committee is responsible for overall coordination of NGPES implementation; the Government has also selected ten pilot districts with implementation coordinated by local authorities. A Technical Working Committee, headed by the Director General of the Department of General Planning is working on NGPES operationalization. Line ministries were involved in NGPES preparation through participation in the Steering Committee and they provided inputs on their specific sectors. The National Statistical Office is tasked with poverty M&E, and the Government has also established a Taskforce to monitor the progress achieved towards the MDGs, which complements NGPES monitoring.

Stakeholder participation in strategy formulation and implementation is limited. The Government followed a Participation Action Plan, through which it developed a participatory consultation process to involve civil society at various levels in NGPES formulation. Since March 2001, the Government organized several consultations on sectoral and cross-sectoral issues, and in December 2002 it held national consultative workshops with the poorest districts and provinces to identify poverty issues and suitable policy responses. In March and April 2003, the Prime Minister chaired the First National Poverty Conference to assess progress, discuss future needs, and define further guidelines.

Few steps have been taken to involve civil society in policy formulation. National NGOs are not legally permitted to operate, but the role of civil society is slowly expanding. National planning for poverty reduction is supported by an extensive network of mass organizations - such as the Lao Women’s Union; Lao Youth Organization; the Lao Front for National Reconstruction; and the Lao Federation of Trade Unions - which carried out an important part of the participatory activities for NGPES formulation at the grassroots level. The Government did request international NGOs and Universities to offer feedback on the draft IPRS which preceded the NGPES, and it included them in the April 2003 consultative meetings held for the formulation of the NGPES.

Private sector participation in policy formulation and implementation is marginal and limited to the consultative workshops. The private sector was involved in NGPES formulation, through the April 2003 talks.

Parliamentary involvement is largely developed. The National Assembly approved the NGPES in February 2004. The Government, however, did not involve the National Assembly in NGPES formulation until October 2003, when it organized a four-day workshop for parliamentarians. The Constitution requires the National Assembly to approve the strategic plans of socio-
economic development and it gives it responsibility for approving the annual budget proposals submitted by the Government. The executive has plans to involve the National Assembly more intensely in strategy formulation and budget preparation.

Capacity is limited in most areas, including macroeconomic management, and policy formulation and implementation. Administrative capacity is lacking both at the central and provincial levels. Public service delivery is weak, especially in the health and education sectors.

Country-led partnership

The Department of International Cooperation within the Ministry of Foreign Affairs has started to take the lead in development assistance coordination. The Government and UNDP jointly chair a Round Table Meeting (RTM), whose venue rotates between Geneva and Vientiane. Between February and May 2003 - prior to the last RTM held in September 2003 - line ministries, external partners, international NGOs, and other stakeholders held a set of workshops - including a mini RTM in May 2003 - to discuss the first draft of the NGPES. The Government plans to increasingly use a number of sector meetings to enhance coordination between sectors and with development assistance agencies. It hopes to build on an Aid Coordination Mechanism established in 2004 by external partners, comprising eight working groups whereby one development assistance agency acts as facilitator for each group. The Government welcomes this initiative, but it is not yet represented in all the groups. It is gradually participating in some of the working groups, which are aimed at exchanging information, carrying out a policy dialogue, and agreeing on common sector strategies.

External partners have taken action to align their assistance strategies with country objectives. The five major external partners are Japan, ADB, the World Bank, Sweden, and France, accounting for approximately 82 percent of gross ODA in 2002-03. Australia is also active. ODA accounted for 16.1 percent of GNI in 2003. France is aligning its Country Strategy Paper with the NGPES, and in March 2005 the World Bank prepared a new Country Assistance Strategy in line with the NGPES. ADB’s Country Strategy and Program Update, prepared in 2004, explicitly reflects the NGPES. This Country Strategy and Program is envisaged to be completed in 2006, aiming at full alignment with the NGPES through a three-year rolling plan with annual updates designed to be flexible and accommodate evolving development needs. JICA acknowledges the significance of NGPES objectives and priorities and this is reflected in its development assistance strategy. The NGPES also constitutes the platform for the 2004-08 development assistance strategy adopted by SIDA in 2004, and is the basis of EC assistance.

Partnerships in financial and analytical support are starting to materialize. The Government is preparing SWApS in health and education, and is considering them in provincial and rural infrastructure and rural development and agriculture. SIDA is supporting a feasibility study on SWApS, and the World Bank and ADB are discussing support. In 2005, the Government and other development assistance agencies, including the EC, Japan and the World

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Bank, jointly prepared a proposal for a series of budget support operations, aimed at making monitorable progress in realizing NGPES objectives. In 2002, the Government, the World Bank, ADB, and the IMF prepared jointly an integrated PER/CFAA. The ADB and the AFD are providing joint financing of urban development projects.

Capacity building is largely fragmented. Several external partners - including UNDP, Germany, and Japan - have undertaken assessments of Government capacity and provide capacity support. However, there is no overall capacity-building umbrella program and these assessments have not been linked. Capacity needs are featured throughout the NGPES, which, however, does not articulate an integrated strategy to address capacity bottlenecks. Capacity development is a key component of the Government’s public expenditure management strengthening program, which is being supported jointly by ADB, the AFD, the EC, JICA, UNDP and the World Bank. UNDP has been providing assistance to the National Assembly to help it carry out its legislative, and representative functions effectively, by improving understanding and skills needed for legislative drafting; capacity for budget review; and facilitation of better public consultations.

The Government places great importance on harmonization; which, however, is still at an early stage. The Government is taking the lead in initiating the harmonization process, requesting development assistance agencies to focus on harmonizing procurement, financial management, M&E, social and environmental safeguards around existing Government regulations and systems. The EC has started to work on common guidelines for EU countries on local cost financing, per diem, and salaries.

The Government has started strengthening country fiduciary systems. It established a State Audit Organization and is planning to undertake financial audits of state-owned enterprises consistent with international standards by 2006 and audits of the consolidated government financial statements by 2009. The Ministry of Finance has approved a procurement decree and internal regulations, and is revising standard bidding documents and a procurement manual, providing a framework for a more transparent and efficient procurement system.

Some development assistance agencies are increasing their presence in the country to be more involved in day-to-day decision-making. The World Bank Country Director is stationed in Thailand. The ADB Country Director is stationed in Vientiane, and many core functions have been decentralized to the Resident Mission. JICA is promoting the decentralization of its decision-making authority from headquarters to its Laos Office. The AFD program is managed by an office in Vientiane.

Results focus
Generating reliable data is a difficult task. Between March and October 2000, the National Statistical Center carried out a countrywide PPA to gain further insights into people’s perceptions of poverty, and - in collaboration with the World Bank, SIDA and ADB - it is taking measures to improve poverty measurement and analysis, and is undertaking a Poverty Assessment Project for the period 2004-05. The National Statistical Center has not been given sufficient staffing and budgetary resources to undertake a
number of routine statistical activities, such as business and household surveys. A population and housing census is conducted every ten years, with the last one taking place in 1995 and the next one scheduled for 2005. Expenditure and Income Surveys are conducted every five years and the Government is currently preparing a Public Expenditure Tracking Survey in primary health and primary education whose findings will feed into a PER for FY06. An integrated financial management system is not yet in place, although some progress has been made in introducing computerized processing and accounting systems for four central agencies; the computerized system is being extended across central and provincial governments.

Access to information is limited. In May 2003 a first draft of the NGPES was distributed to stakeholders in Lao PDR; however, it is not on the Government’s website. The Government plans to develop a communication strategy that increases the use of local languages in its dialogue on the NGPES.

A country-level M&E system to track progress in medium-term strategy implementation is a work in progress. A Poverty Monitoring Project is underway.
**Long-term holistic vision**

A long-term vision has been developed through a participatory approach. The Government launched a National Vision 2020 in June 2004, developed by a National Steering Committee. The vision focuses on poverty reduction and aims at achieving a stable democracy, as well as a united and prosperous nation at peace with itself and its neighbors. Well-developed human resources, a strong economy, a well-managed environment, and well-established technology feature prominently.

A medium-term strategy for the implementation of the vision is in place. In December 2004 the Cabinet approved a 2005-07 Poverty Reduction Strategy Paper (PRSP), which aims at reducing extreme poverty and promoting equity-based growth by ensuring synergy with the National Vision 2020. Lesotho has a national planning tradition - and prepared a separate document to articulate National Goals and Objectives as an interim planning framework between the IPRSP and the completion of the PRSP. The National Goals and Objectives were approved by the Cabinet in May 2003. An annex to the PRSP makes the relationship between the PRSP and these national goals explicit. The PRSP has largely replaced the tradition of development planning which continued through the preparation of the Seventh National Development Plan for 2000/01-2002/03 that overlapped with the IPRSP. There are also sector strategies for health, education, water, food security and HIV/AIDS.

The PRSP is based on eight pillars: 1) employment creation; 2) food security; 3) infrastructure development; 4) deepening democracy, governance, safety, and security; 5) access to health services; 6) increasing human resource capacity; 7) managing and conserving the environment; and 8) improving public service delivery. The PRSP also addresses cross-cutting challenges like HIV/AIDS, gender inequalities, and youth issues.

The Government presented the 2004/05 budget as part of a MTEF piloted for the education and health sectors, for which Parliament voted provisional budget allocations through 2006. The Minister of Finance and Development Planning’s Budget Speech for FY05-06 draws on the PRSP priorities. A PER Task Team and a MTEF Task Force have been established by the Government to take the lead in rolling out the MTEF.

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93 The PRSP has not yet been presented to the IMF and World Bank Boards. An Interim PRSP was completed in December 2000.
Country ownership

The Ministry of Finance and Development Planning - created in 2003 through the merger of the Ministry of Finance and the Ministry of Development Planning - is the locus of initiative for the content of the PRSP. In February 2000, the Government established a Poverty Reduction Technical Working Group (TWG) - chaired by the Principal Secretary of the then Ministry of Development Planning - in charge of coordinating the PRSP process. Two subgroups - Poverty Monitoring and Consultation - were established to deal with the development of a poverty monitoring framework and the development and implementation of a participatory consultative process respectively, and advise the TWG accordingly. During PRSP formulation, the TWG met on a weekly basis to manage PRSP development, and ensure broad participation and involvement of all stakeholders. In October 2002 a Poverty Core Group was established to provide technical assistance to facilitate PRSP preparation, and ensure its consistency and completeness. The PRSP Core Group met on a weekly basis from March to June 2003. Twelve Thematic Groups ensured that cross-cutting issues were fully addressed, and eleven Sector Working Groups developed sector position papers which were incorporated into the PRSP. These groups were chaired by the Principal Secretaries from the relevant line ministries.

Action is being taken to integrate PRSP coordination structures into existing government coordination mechanisms. The Ministry of Finance and Development Planning is responsible for coordinating PRSP implementation. A PRSP Secretariat, headed by the Director of Sectoral Programming within the Ministry of Finance and Development Planning, supported PRSP formulation and provides policy guidance and facilitates consultations across government institutions during implementation. The TWG reports to the Committee of Principal Secretaries, which is chaired by the Government Secretary. However, after approval of the PRSP, the TWG, the Thematic Groups and the Sector Working Groups have rarely convened. The Government is establishing a Cabinet-level Budget and Planning Committee to strengthen inter-ministerial coordination of government policies, including PRSP implementation; the Committee is to be co-chaired by the Deputy Prime Minister and the Minister of Finance and Development Planning, with the Ministry of Finance and Development Planning acting as secretariat.

The PRSP Secretariat carried out a broadly participatory process for PRSP formulation. Consultations for PRSP formulation were held in 200 communities covering all parts of the country and involving 20,000 people. They started in February 2001 at the village level, and were completed in May 2002. At the central level, the Prime Minister launched a Participatory National Dialogue on Poverty Reduction in February 2002, and from June through October 2002, the Sector Working Groups held hearings to improve the quality of their inputs for the preparation of a “zero” draft of the PRSP.

The Government is planning to continue dialogue with civil society and the private sector throughout PRSP implementation to renew and build on the connections established during PRSP preparation. For example, it is establishing a National AIDS Commission, composed of government and stakeholder representatives, to coordinate the fight against HIV/AIDS.
Civil society involvement in PRSP formulation has been significant. International NGOs and the National University of Lesotho were represented in the TWG during the formulation of the IPRSP. Their representation in the TWG and in the Sector Working Groups expanded during PRSP preparation, which included some trade unions, and the Lesotho National Council of Women. In November 2000, the Lesotho Council of Non-Governmental Organizations established a Civil Society Poverty Reduction Forum, which has been a key instrument for PRSP consultations at both the national and the district level. Some NGOs are also involved in assessment initiatives in conjunction with the Ministry of Local Government.

There are some elements of greater private sector inclusion in shaping policy content. The Business Network of Lesotho and the Lesotho Chamber of Commerce and Industry have been active in PRSP formulation. They are represented in the SWGs and in the TWG, which was also expanded to include the Lesotho Wool and Mohair Growers Association, and provided inputs to the “zero” draft of the PRSP. Partnership between the Government and the private sector is being further fostered by the Poverty Core Group.

There has been some parliamentary involvement in PRSP formulation. In July and November 2001, the Government held two separate briefing sessions to discuss the PRSP with the Senate and the National Assembly respectively. A parliamentary sub-committee endorsed the draft PRSP. The Parliament is not required by the Constitution to approve development plans. However, it examines and approves the budget, and an executive summary of the PRSP was presented to Parliament as a background document to the Budget Speech for FY05-06 in February 2005.

Capacity to formulate strategy is weak. The Government has launched a Public Sector Improvement and Reform Program, and it is developing a decentralization model to ensure a cost-effective use of available resources and an improvement in service delivery. Local elections took place in April 2005. However, implementation of the Public Sector Improvement and Reform Program is still at an early stage and the Government has not yet identified a clear focal point to coordinate its implementation. Planning and finance functions within the Ministry of Finance and Development Planning are not yet fully integrated.

**Country-led partnership**

Capacity to coordinate development assistance is limited, but the Government is taking steps to play a leadership role. The Ministry of Finance and Development Planning intends to create a unit responsible for development assistance coordination and plans to hold quarterly meetings with external partners to coordinate alignment of development assistance with government policies. The last RT meeting was held in Geneva in 1998. Most development assistance coordination is conducted by development assistance agencies. UNDP often brings together external partners through formal and informal in-country meetings. Member countries of the EU meet on a monthly basis, sometimes with Government involvement. There are informal coordination meetings chaired by line ministries to coordinate external partner support for health and education.

External partners are largely planning to align their development assistance
strategies with the PRSP. The five major external partners are the World Bank, the EU, Ireland, the IMF, and the AfDB, accounting for approximately 75 percent of gross ODA in 2002-03. ODA accounted for 5.9 percent of GNI in 2003.\footnote{See \textit{OECD/DAC Aid Statistics} at \url{http://www.oecd.org/dataoecd/63/38/1878276.gif}} Lesotho has been eligible for MCA funds since 2004. The Government submitted a final proposal for MCA funding in March 2005, which will support an infrastructure project consistent with PRSP objectives and aimed at providing water for industrial and residential use. In 2002 DCI approved a new Country Strategy Paper in concert with the Government - with plans to support the PRSP. In 2005 the World Bank launched a revision of its Country Assistance Strategy to align it with the PRSP. GTZ revised its strategy to align it with the IPRSP. UNDP designed its Country Cooperation Framework 2002-04 in response to the Government’s engagement in pro-poor policies and in the PRSP process, and its 2005-07 Country Program for Development is aligned with the PRSP.

Strong sector strategies in education and health are paving the way for possible SWAPs. A water strategy is under development and there are discussions to develop a water SWAp. Analytical work is still largely done by individual external partners. A multi-year public expenditure review is under preparation jointly by the Government and the World Bank.

There is an effort to reduce fragmentation in capacity building support. The Public Sector Improvement and Reform Program, developed by the Government with the support of DFID, the EC, GTZ and DCI, could become a basis for stronger coordination of public sector capacity development. The World Bank is also considering supporting the Program. Work is ongoing to align existing and planned external partner commitments with this program and to set up and seek approval for the institutional mechanisms for its implementation.

Little action has been taken by external partners to harmonize their policies and procedures around country systems. Despite several discussions on harmonization, progress has been limited.

Some development assistance agencies are increasing their presence in the country to better participate in daily decision-making. The DCI program is managed by an office in Maseru. GTZ maintains a strong presence in Lesotho with daily intensive interactions. The EC has a fully-staffed Delegation in Maseru. Most UN Agencies have a strong presence in the country and a Regional Service Center has been opened in South Africa. The World Bank Country Director is based in South Africa, with a Liaison Office in Maseru which has been strengthened. The USAID program is managed by the US Embassy in Lesotho; technical assistance is provided through regional offices in South Africa and Botswana.

**Results focus**

Efforts are underway to improve data quality, on the basis of a national statistical development strategy developed by the Government, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank. The Bureau of Statistics directed a Core Welfare Indicators Questionnaire, and it conducted a full survey in June 2002. In September 2002, it also initiated a Household Budget Survey to establish the poverty line.
There has been some media coverage of the PRSP process. In December 2001 the Government Secretary, the Principal Secretary of the then Ministry of Finance and the Principal Secretary of the then Ministry of Development Planning participated in a phone-in nationwide program at Radio Lesotho to brief the nation about the PRSP process and respond to questions. However, the flow of information through the press is very limited, and the PRSP is not available on the Government’s website.

A country-level M&E system is under development, not yet linked to the Institutional Capacity Building Program for Poverty Monitoring in Lesotho - initiated by the Government and UNDP in 2002 to build a poverty monitoring system for reporting on progress toward the MDGs. Between July 2003 and June 2004, the TWG established a series of key performance indicators, baselines and targets for 2006-07, which will be used to monitor PRSP implementation.
The only West-African country never to have had formal colonial status, Liberia experienced more than a century of relative stability and economic growth fostered by timber and maritime revenues, under the control of the descendants of American freed-slaves. Tensions between the ruling elite and the indigenous population erupted in 1980 when a coup led by indigenous members of the armed forces overthrew the government and established a military regime. Since then on-off civil war has ravaged the country until a peace agreement was signed in 1996 in Abuja, under the aegis of ECOWAS and the UN, providing for disarmament of all warring factions and preparation for elections. In 1997 Charles Taylor was elected president, failing however to bring peace and stability to the country. Under increased pressure from the armed opposition and UN sanctions for his support for the civil war in neighboring Sierra Leone, Taylor fled the country in 2003.

A Comprehensive Peace Agreement was signed in Accra in August 2003 providing for the establishment of a National Transitional Government of Liberia (NTGL), to address the most urgent short-term needs and prepare for elections. The NTGL is composed of representatives of the former warring groups, political parties and civil society organizations. There is also a National Transitional Legislative Assembly, composed of representatives of the former warring factions, political parties, one representative from each of the fifteen counties, interest groups and civil society. A UN Mission in Liberia (UNMIL) is overseeing the peace process, and completed a disarmament program for former combatants at the end of 2004. Elections are planned for October 2005. The security situation remains volatile.

Long-term holistic vision

Preparation of a long-term vision is at an early stage. The NTGL has started consultations with national stakeholders and external partners for the preparation of a ten-year MDG Plan to integrate the MDGs into a comprehensive development framework through 2015.

The NTGL prepared a Results-Focused Transition Framework (RFTF) as the overarching transition strategy for 2004-05. The NTGL, with the support of the UN Development Group and the World Bank, has conducted a revision of the RFTF to take into account changing needs and guide implementation through March 2006. To address longer-term

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95 The RFTF was adopted by the NTGL in February 2004. The NTGL completed a RFTF Progress Review Report in September 2004 and a revised RFTF in April 2005.
institutional and reconstruction issues, the revised RFTF envisions the preparation of a participatory Interim Poverty Reduction Strategy for 2006-07, and two full Poverty Reduction Strategies for 2008-11 and 2012-15 as the medium-term strategies for the implementation of the envisaged MDG Plan. Sector actions plans guide implementation of RFTF priorities and objectives and preliminarily identify policies and programs beyond 2005. The Ministry of Health and Social Welfare has launched the preparation of a Master Health Plan. With the support of UNDP, it completed a National HIV/AIDS Strategy for 2004-07, integrated into the revised RFTF and building on an existing National HIV/AIDS Strategy for 2001-04. The Ministry of Education has developed an Education for All Action Plan as well as national policies for primary and higher education. It is planning to revise a ten-year Master Plan for Education, developed by the Government with the support of UNESCO in 2000 but never implemented due to renewed hostilities, to guide education policies through 2015. With UN support, the Ministry of Gender completed a National Plan of Action on Gender.

The revised RFTF includes national MDG targets for health, education, poverty, food security, the environment, education, gender equality, HIV/AIDS and malaria. In 2004 the NTGL completed a MDG Report, with funding from UNDP and technical support from the UN Country Teams, USAID and the EC; the MDG Report identifies restoration of productive capacities and peace building as key national objectives to create an enabling environment for achieving the MDGs.

The RFTF provides a strong basis for a comprehensive approach to post-conflict reconstruction, addressing political, economic, social and cross-cutting issues. The RFTF completed in 2004 pivoted around 10 clusters: security (including peacekeeping and armed forces restructuring); disarmament, demobilization, rehabilitation and reintegration of ex-combatants; refugees and internally displaced persons; governance, democratic development and rule of law; elections; basic services; restoration of productive capacity and livelihoods; infrastructure; economic policy and development strategy; coordinated implementation. It started addressing gender, HIV/AIDS, environment, human rights and support for the development of the media. It includes a results matrix with expected outcomes on a 6, 12, 18 and 24-month timeframe. The revised RFTF streamlines the 10 clusters to strengthen synergies and integrate cross-cutting issues into 6 revised clusters: security; governance, democratic development and rule of law; elections; social development and community revitalization; infrastructure; economic management, development strategy and coordination. While the RFTF completed in 2004 did not include humanitarian assistance, the revised RFTF presents an Integrated RFTF Humanitarian Appeal, thus incorporating all needs and priorities for the country’s transition from relief to development.

The RFTF identifies financial needs for each of the clusters. However, critical sectors have not yet been fully funded. The NTGL completed the budget for FY04-05 in September 2004. The budget allocates 52 percent of resources for personnel and 15 percent for security, with limited allocations for RFTF priority areas like healthcare, education, water and roads. It does not yet include important sources of off-budget expenditure such as maritime revenues. Expenditures are
authorized in an ad hoc fashion, with limited transparency. Some work has been done to strengthen public expenditure management. Revenue collection has been centralized in the Ministry of Finance and financial and management audits have been conducted in key revenue generating agencies - the Bureau of Maritime Affairs, the Forestry Development Program, the National Port Authority, the Petroleum Refinery and the Roberts International Airport. However, revenue collection is a challenge and most revenues do not reach the budget.

**Country ownership**

External partners have been involved directly and intensely in the preparation of the RFTF. The Chairman and senior members of the NTGL participated in a Joint Needs Assessment undertaken by the UN Development Group and the World Bank in November/December 2003, and contributed to the design of the RFTF. Sector teams composed of external partner representatives and NTGL officials prepared thematic reports for each of the original 10 clusters, identifying immediate needs and priority areas, which formed the basis of the RFTF.

There is a RFTF Implementation and Monitoring Committee (RIMCO), which oversees RFTF implementation and revision. RIMCO is chaired by the Chairman of the NTGL, co-chaired by the World Bank and the Deputy Special Representative of the UN Secretary General, with the Minister of Planning and Economic Affairs acting as Secretary. The Minister of Planning and Economic Affairs also participates in the NTGL-UN-ECOWAS Coordination Mechanism on Liberia, established in September 2004 to oversee implementation of the 2003 Comprehensive Peace Agreement.

A RIMCO Support Office within the Ministry of Planning and Economic Affairs is staffed with two civil servants and supported by an international adviser; a Liberian is being recruited for the position of Director. There are 6 RFTF Working Clusters - one for each of the RFTF clusters – replacing the original 10 Working Clusters, chaired by line ministries and composed of external partner and stakeholder representatives, to coordinate and monitor implementation of cluster-level activities. The RFTF Working Clusters’ chairs include the ministries responsible for implementation and are creating some basis for interministerial coordination at the sectoral level. For example, the RFTF Working Cluster on Infrastructure is chaired by the Ministry of Public Works and co-chaired by the Ministry of Rural Development and the World Bank.

Consultations for RFTF formulation were conducted among members of the National Transitional Legislative Assembly, the former warring factions, representatives of the political parties and CSOs, involving approximately 200 Liberians (total population was estimated at 3,390,000 in 2004). However, given the difficult security situation, limited consultations were held in the 15 counties and 65 districts during the preparation of the RFTF.

Stakeholder participation is strengthening during RFTF implementation and revision. The improved security situation has allowed for more extensive consultations during RFTF revision. In March 2005, three one-day regional stakeholder meetings were held in Tubmanburg, Gbargna and Harper. The regional meetings were followed by a two-day national stakeholder workshop in Monrovia. Participation structures are being established in areas that were
previously difficult to reach. Seventeen District Development Committees have been established in three counties to support development initiatives at the district level and mobilize local communities.

CSOs, CBOs, women and youth organizations, mayors, chiefs, county superintendents, development superintendents and district commissioners participated in the regional stakeholder meetings for RFTF revision. Major concerns expressed by stakeholders at the regional level, including the need for clean water and power generation, roads and access to health facilities, have shaped the priorities identified in the revised RFTF. The Bar Association, political parties and the religious community participated in the national stakeholder workshop for RFTF revision. Women’s groups provided inputs for the preparation of the National Plan of Action on Gender. Civil society organizations participate in the RFTF Working Clusters.

Private sector representation is fragmented. Business associations have not yet taken hold and the involvement of the private sector in RFTF implementation and revision has been limited.

The National Transitional Legislative Assembly participated in the national stakeholder workshop for RFTF revision. According to the 2003 Comprehensive Peace Agreement, the National Transitional Legislative Assembly is mandated to approve all polices and programs of the NTGL as well as the budget. It approved the budget for FY04-05. Representatives of the National Transitional Legislative Assembly participate in the RFTF Working Clusters.

Civil war and political instability have substantially eroded capacity for planning and implementation. Line ministries have insufficient resources to plan and manage programs and projects. Local governments lack human and financial resources. A viable system for paying civil servant salaries at the local level is not yet in place, thus thwarting the return of doctors, teachers and civil employees to the counties. The judiciary has been undermined by years of corruption and neglect for the rule of law.

**Country-led partnership**

External partners have played a substantial role in coordinating development assistance. They have facilitated coordination, especially in the early phases of post-conflict reconstruction. In February 2004 the USA, the UN and the World Bank co-hosted an International Reconstruction Conference in New York. The World Bank and the UN co-hosted a RFTF Review Meeting in Washington in September 2004, and a Conference to discuss the revised RFTF in Copenhagen in May 2005.

RFTF implementation and revision is providing a basis for strengthening government leadership of development assistance coordination. The RIMCO Support Office is now responsible for external partner coordination. In addition, at the sectoral level RFTF Working Clusters are strengthening the NTGL coordinating role. For example, the RFTF Working Cluster on Infrastructure meets weekly under government leadership and includes all multilateral development assistance agencies, the NGOs working in the sector as well as the civil and military arm of UNMIL; sub-groups on water, power and roads host technical-level discussions.

Some public-private partnerships are emerging during RFTF implementation.
For example, local NGOs and CBOs are involved in the construction of wells and water facilities.

External partners are aligning their assistance with the RFTF. The major external partners are the USA, the EU, UNHCR, the Netherlands, the World Food Program and France, accounting for approximately 78 percent of gross ODA/OA in 2002-03. Sweden and the World Bank also play an active role. ODA accounted for 28.3 percent of GNI in 2003. The EC, France, the Netherlands, Sweden, USAID, UNHCR, the World Food Program and the World Bank support the implementation of the RFTF. Some external partners maintain support for programs and projects outside the RFTF.

Partnerships in providing external financial and analytical support are emerging. In 2003 the UN Development Group jointly conducted a Joint Needs Assessment, which saw also the involvement of the IMF, the USA, the EC, ECOWAS, the African Union, France, Ireland, Japan, Sweden and the UK. For a number of RFTF clusters, external partners are jointly supporting projects and programs. For example, USAID, the World Bank and UNDP finance the RIMCO Support Office. The WHO, UNICEF, UNFPA and UNDP are supporting the preparation of the National HIV/AIDS Strategy. UNMIL and USAID are supporting road rehabilitation. UNDP and the World Bank jointly conducted a Rapid Social Assessment to inform the design of community-driven development projects. However, development assistance is mainly channeled outside the government budget, mainly through standalone projects.

The RFTF identifies capacity development activities for local government, health, education, economic policy and development strategy, and external partners are coordinating many of their activities in these areas. A technical assistance plan for strengthening planning capacity for the education sector has been developed by the Ministry of Education and UNICEF, in line with the RFTF. The EC, USAID and UNMIL jointly support capacity development for the National Electoral Commission. The US and the World Bank have supported capacity development for public expenditure management through advisors integrated into the structures of the Ministry of Finance. The UN, the EC, the World Bank, the IMF, the US and ECOWAS are jointly preparing an economic governance action plan to strengthen capacity for economic reform, aligned with the RFTF.

While harmonization with country systems has not yet started, some work has been done to strengthen fiduciary systems. The NTGL completed a draft Procurement Manual. It established a Commission for Contracts and Monopolies to streamline public procurement and developed Interim Procurement Procedures. An Executive Order issued in November 2004 requires that all government institutions apply the Interim Procurement Procedures. However, evidence of compliance is limited. Corruption is pervasive. The NTGL has started addressing this issue and established a Task Force on Corruption. Some project implementation units are being integrated into ministerial structures. However, external partners retain direct responsibility, in most cases, for project implementation.

Some external partners are moving toward strengthening their presence in the country to better participate in day-to-day

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decision making. The UN agencies and USAID have a strong presence in the country. The World Bank program is managed by a Country Director based in Ghana and a Liaison Office in Monrovia, which is being strengthened. Germany has opened a representation in the country, and the IMF is planning to appoint a Resident Representative.

**Results focus**

Some elements exist to improve data quality and availability. A data collection needs assessment was conducted by a UNDP-led team of national and international consultants in 2002. Based on the needs assessment, in June 2004 the National Transitional Legislative Assembly enacted legislation providing for the establishment of a National Bureau of Statistics. The NTGL also prepared proposals for conducting living condition surveys. Efforts to establish an integrated financial management system are at an early stage. A cash management system is being developed through the establishment of a Cash Management Committee within the Ministry of Finance, to monitor monthly expenditures.

Some work is being done to strengthen access to development information. With the support of external partners, national and local media are playing an active role in informing the public on development activities. For example, local radios covered discussions for the preparation of the Rapid Social Assessment. The NTGL disseminated the revised RFTF, which is posted on a dedicated website. Access to the website, however, is restricted through the use of a password.

M&E is conducted through multiple systems and institutions. RFTF implementation is monitored by the RIMCO Support Office, which receives Activity Tracking Sheets from each of the RFTF Working Clusters. External partners also support M&E systems for stand-alone projects.
**MADAGASCAR**

**Long-term holistic vision**

A long-term vision is embedded in the Document de Stratégie pour la Réduction de la Pauvreté (DSRP), Madagascar’s PRS, which has a ten-year horizon and is widely considered as the national framework for long-term development. Madagascar Naturellement – which constitutes one of the pillars of the Politique Générale de l’Etat 2005 adopted by the Council of Ministers and the President of the Republic in late 2004 - contains a long-term vision through 2015 focused on strengthening rural and industrial development, and protecting the environment. Its priorities are likely to be reflected in the updated version of the DSRP for 2005-06. In the 1990s the Ministry of Economy, Finance and Budget (MEFB) had undertaken a National Long Term Perspective Study in collaboration with the UNDP African Futures Institute.

The DSRP builds on the 1999 medium-term Stratégie National de Lutte Contre la Pauvreté which was never finalized. It incorporates a medium-term strategy through 2006. It is subject to annual updates and has been refined on the basis of the Politique Générale de l’Etat 2005. It makes explicit references to the MDGs, striving towards even more ambitious targets such as halving poverty by 2013. Three strategic pillars underpin the DSRP: 1) improving governance; 2) promoting broad-based economic growth; and 3) providing human and material security.

The DSRP also addresses gender inequalities and environmental issues. The Government has prepared sector strategies in rural development, infrastructure, health, education, private sector development, and governance, which are in line with the DSRP. It is also preparing national programs for the various sectors.

The Government is making efforts to link the DSRP with the budget. In 2004 the Government established a program budget and it adopted a public expenditure management reform - the Priority Action Plan - aimed at allocating resources in priority sectors. A limited degree of alignment of the budget with DSRP priorities is materializing in the education and transport sectors. Budget allocations to key sectors for DSRP implementation such as decentralization, agriculture, and the judiciary are not yet in line with DSRP priorities.

**Country ownership**

The MEFB is the locus of initiative for the DSRP, and takes a leading role in setting broad strategic directions. At the

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97 The DSRP was completed in July 2003. A first Progress Report was finalized in July 2004, and a second one is expected mid-2005.
beginning of 2000, the Government created a Cellule Technique - chaired by the Prime Minister - in charge of leading the DSRP process and coordinating consultations. The Government also formed a Secretariat Technique de l’Ajustement (STA) to assist the Cellule Technique in the DSRP process. The Cellule Technique also ensures organization and coordination of technical monitoring activities with the collaboration of ministries and other stakeholders. In the fall of 2000 the Government appointed six thematic working groups responsible for drafting sector strategies.

The DSRP is the result of a participatory process on a regional and national scale. In September and November 2000, in November 2001, and March 2003, the Government organized several national workshops for DSRP formulation, with more than 500 participants each. It also organized several thematic workshops between February and August 2001 - as well as in November 2002. At the end of 2001 it held regional workshops in the six main provinces to discuss a first draft of the DSRP.

The Government is also consulting stakeholders during DSRP implementation. The STA has put in place a participatory M&E system, and it ensures organization and coordination of technical monitoring activities through participatory workshops held in each provincial capital every 6 months, and quarterly thematic workshops to monitor sector achievements. Between January and June 2004 the Cellule Technique, the STA, and several ministries held a series of thematic and regional workshops to receive feedback on the impact of policy measures, and to discuss an Intermediate DSRP Progress Report covering the first six months of implementation.

Civil society participation in the DSRP process has increased over time. DSRP consultations include significant participation of women. Academics and local councilors are represented in the Cellule Technique and NGOs are represented in the STA and in the six thematic working groups. They participated in the national, technical, and regional workshops organized by the Government; and in 2001 several CSOs formed a DSRP Monitoring Group whose activities, however, were discontinued after the 2002 political and economic crisis caused by a presidential election dispute.

Private sector involvement in policy formulation and implementation is becoming stronger, fueled by a Public-Private Partnership that has enhanced dialogue through the creation of a committee to support the launch of private enterprises, the Comité d'Appui au Piloteage de l'Entreprise. The private sector is also represented in the Cellule Technique, in the STA, and in the six thematic working groups, and it participated in the national, technical, and regional formulation workshops. The Government calls periodically all employers associations to discuss development policy, focusing particularly on private sector development.

Parliamentary involvement is largely developed, but has been stronger in formulation than during implementation. The DSRP was discussed and approved by the National Assembly in July 2003 - based on a Constitutional clause that requires the law to determine the policies and goals of State action in economic areas - and some members of the Parliament are represented in the Cellule Technique. The National Assembly is also required by the Constitution to approve the annual budget. Progress Reports are
sent to the National Assembly for information and efforts are undertaken to enhance Parliament’s role in the DSRP during its implementation.

The Government suffers from capacity constraints. However, strategic planning capacity is more effective than implementation capacity. The establishment of a high council against corruption, the *Conseil Supérieur de Lutte Contre la Corruption*, in July 2003, the creation of the *Bureau Independent de Lutte contre la Corruption* in September 2004 and several laws reflect important efforts to improve governance. Several decrees are also being developed to move towards decentralization.

**Country-led partnership**

The Government is increasingly taking a leadership role in development assistance coordination, primarily through its efforts to lead dialogue on a common policy framework for budget support, although coordination is largely still managed by external partners. The Government is taking less of a role in coordinating sector assistance, where the World Bank often takes the lead, with UNDP also highly involved. Different external partners rotate in chairing sectoral level groups, and monthly meetings are being re-established after they were discontinued during the 2002 political and economic crisis. Development assistance agencies are finalizing a Partnership Agreement with the Government.

The private sector is emerging as key to support DSRP implementation. The Public-Private Partnership that is enhancing dialogue between the Government and the private sector has led to private management of key public enterprises.

External partners are strongly supporting the DSRP, and they are working with the Government to align their development assistance strategies with it. The five major external partners are the World Bank, France, the EU, the USA and Germany, accounting for approximately 90 percent of gross ODA in 2002-03. The IMF is also active. ODA accounted for 10 percent of GNI in 2003. Madagascar was included among the countries eligible for MCC assistance in 2005 and the signing of a Compact in line with the DSRP is scheduled for April 2005. The FY04-06 World Bank Country Assistance Strategy is specifically designed to support the implementation of the DSRP, and it puts emphasis on analytical work to support its goals. The EC 2002-07 Country Strategy Paper is also supportive of the DSRP process, as is the USAID FY03-08 Integrated Strategic Plan. The AFD is also aligning its development assistance with DSRP objectives.

Development assistance agencies are increasingly supporting the DSRP through partnership approaches. The World Bank is providing a series of PRSCs since July 2004 together with the AfDB and the EC based on the policy framework being developed by the Government. An environment and transport SWAp is functioning well, and the Government is also developing SWAps, supported by many of the main development assistance agencies, in the education, health, water, and agriculture sectors. Some analytical work is being done through partnerships. For example, the World Bank completed a CFAA with the participation of the EC, IMF and AfDB. Joint supervision

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98 See *OECD/DAC Aid Statistics* at [http://www.oecd.org/dataoecd/18/57/1901327.gif](http://www.oecd.org/dataoecd/18/57/1901327.gif)
missions helped to bring Madagascar to the HIPC completion point.

Some elements of coordinated capacity-building support are materializing. The Government has prepared a comprehensive governance program primarily in public financial management, to implement the conclusions of the CFAA and the CPAR, and also to support anticorruption efforts, legal and judicial reform and monitoring and evaluation activities. UNDP, the EC, the AFD, GTZ and USAID are coalescing around this strategy. Other capacity-building support is still largely fragmented.

Harmonization with country systems and procedures is still in its infancy. The Government is taking steps to address harmonization in the context of the Environmental Program, and the 2004 Priority Action Plan foresees the adoption of a new Country Procurement Code. The environment SWAp is also leading to unified M&E in the environment sector.

Action has been taken to develop appropriate partnership structures. Many development assistance agencies have taken steps to increase their presence in the country and to delegate decision making locally in order to participate actively in day-to-day dialogue. For example, the World Bank Country Director is stationed in Antananarivo. The AFD program is managed by an office in Antananarivo. The USAID decision-making process is highly decentralized.

**Results focus**

The Government is taking action to improve the quality of data collection and analysis, but its capacity to collect and analyze data is limited. The National Institute of Statistics (INSTAT) is completing various studies and surveys - including the ongoing *Enquête Permanente des Ménages*, which updates poverty estimates. In 2004 it completed a Demographic and Health Survey, as well as a household and commune based survey in 75 localities to identify more precisely the factors of poverty. The INSTAT is also in charge of conducting the General Census of the Population and the Habitat, and validating DSRP indicators.

The DSRP has a high degree of public visibility. The Government held regional information sessions and awareness campaigns on the DSRP, the process was extensively discussed in the papers, and the final DSRP - as well as the Progress Report - was distributed widely across the country. The DSRP - which was drafted in French and English - and the Progress Report are also available on the STA website since June 2003. The Government has plans to develop a DSRP communication plan.

A DSRP country-level M&E system is embedded into existing M&E systems. The DSRP includes key baseline indicators and targets which provide a benchmark for subsequent reviews. It also includes sector-specific monitoring indicators to measure progress toward achieving the MDGs. During the DSRP refinement, on the basis of the *Politique Générale de l’Etat 2005*, the Government introduced an annual results-based framework with a clear set of indicators in line with Madagascar Naturellement. The baseline for 2003 and targets until 2006 permit a review within the existing monitoring and evaluation capacity of the Government.

99 [http://www.simicro.mg/sta/](http://www.simicro.mg/sta/)
**Malawi**

**Long-term holistic vision**

The long-term vision is captured in Vision 2020: National Long-term Development Perspective for Malawi, prepared by the Government with assistance from UNDP and the World Bank. The medium-term strategy is the Malawi Poverty Reduction Strategy Paper (MPRSP) for 2002-05, which was derived from the long-term vision. The MPRSP is widely recognized as the only national development strategy. The Government continues to work with individual ministries to realign their strategies with the MPRSP. So far, only a few ministries, for example the health ministry, have fully aligned their policies with the MPRSP.

Many of the targets and priorities of the MPRSP are relevant to attaining the MDGs. However, there has been little effort to provide closer links to the MDGs through tangible policy actions in the MPRSP. The MPRSP rests on four strategic pillars: sustainable pro-poor growth, human capital development, improving the quality of life of the most vulnerable, and good governance. These pillars are balanced by a focus on cross-cutting issues like HIV/AIDS, gender, the environment, and science and technology. Systematic efforts are underway to mainstream HIV/AIDS into ongoing sector strategies. While this effort has led to improvements, the mainstreaming progress has been slow in other cross-cutting issues.

Attempts to implement a MTEF have been hindered by underlying weaknesses in budget preparation, execution and reporting processes. Although the link between the budget and the MPRSP remains weak, the Government has made progress in shifting resources towards priority pro-poor activities in line with the MPRSP. However, MTEF projections included in the MPRSP provided no alternatives in case of external shocks or economic downturns, and the allocation of pro-poor funds has therefore been substantially lower than called for in the MPRSP. There continue to be discrepancies between approved budgets and actual expenditures.

**Country ownership**

Leadership in developing policy content at all levels of government was consolidated through a Ministerial Committee, which led MPRSP formulation and was responsible for providing political direction and policy guidance. A National Steering Committee of Principal Secretaries managed MPRSP preparation.

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Enabling Country Capacity to Achieve Results

Preparation was overseen by the MPRSP Technical Committee, led by the Ministry of Finance, with officials from the Ministry of Economic Planning and Development and the Reserve Bank of Malawi. The final MPRSP drafting team comprised members of the government Technical Committee, and comments from all stakeholders were solicited at various stages and fed into subsequent drafts. The final draft went to the Principal Secretaries and the Cabinet for review. The MPRSP official launch ceremony in April 2002 was attended by the President of Malawi, parliamentarians and government officials.

The Ministry of Economic Planning and Development coordinates MPRSP monitoring, and chairs the MPRSP Monitoring and Evaluation Committee, which was formed after the launch of the MPRSP. Thematic Working Groups were set up to evaluate the various areas of implementation. A Poverty Profile and Monitoring Working Group (PPMWG) provides recommendations for the M&E Committee and assists in the identification of medium-term indicators. The first Progress Report, covering the first six months of implementation, was finalized in October 2003, following consultations. The Progress Report was revised to cover the whole of FY02-03 in the spring of 2004. Consultations for the revised Progress Report were inclusive, although they were largely limited to the capital, Lilongwe. A similar process has been set up to prepare the second Progress Report, covering implementation during FY03-04.

The preparation phase of the MPRSP involved soliciting contributions from 19 thematic working groups and conducting broad bottom-up consultations. The working groups were composed of relevant government officials and other stakeholders. Consultations with a wide array of stakeholders were held in all 27 districts over a period of 15 months.

The MPRSP, in its formulation and implementation stages, has seen the involvement of key societal stakeholders including government officials, NGO representatives, religious leaders, community elders, and academics. The MPRSP drafting team included representatives from civil society. Consultations for MPRSP formulation and for Progress Report preparation were attended by local NGOs, traditional leaders, political party leaders, trade unions, and ordinary citizens. Civil society leaders attended the official MPRSP launch ceremony in April 2002. Academics, NGOs and religious organizations, participated in the various Thematic Working Groups, including the PPMWG. CSO representatives are members of the MPRSP Monitoring and Evaluation Committee, and the Government is piloting with community-based expenditure tracking.

The private sector participated in MPRSP formulation and follow-up, but is under-represented, with only the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) participating in the taxation thematic working group. Because the private sector felt that the MPRSP did not adequately address their concerns, they subsequently assisted the Department of Economic Planning in formulating the National Growth Strategy for Malawi in 2003, which focuses on constraints to private sector development.

Members of Parliament were involved in MPRSP consultations, and a separate workshop was held for Parliament in October 2001. Parliamentary approval of a national development strategy is not required by the Constitution. The parliamentary
Budget Committee signed a Memorandum of Understanding in 2003 with the Malawi Economic Justice Network, an umbrella NGO, to support the Budget Committee and its research department through independent budget analysis.

Capacity for planning, and particularly implementation, is low mainly due to the public sector’s inability to retain highly skilled and qualified professionals. Decentralization is a key objective of the strategy for consolidating democracy and implementing poverty reduction activities, but progress is limited. The preparatory process for devolution is now complete, and of the ten ministries that were planned for phase one of devolution, seven have prepared Sector Devolution Plans with associated financial budgets. As elsewhere in the public sector, weak administrative capacity at the Department of Local Government headquarters and at district levels is a serious challenge to the implementation of the Decentralization Policy.

**Country-led partnership**

Coordination of external development assistance is fragmented. The Ministry of Finance, through its Debt and Aid Management Division, is responsible for coordination of external assistance, and chairs monthly Aid Coordination meetings to discuss priority development issues and exchange views on the Government’s programs. The MPRSP Monitoring and Evaluation Committee also has responsibilities related to development assistance coordination. The Government co-chairs a number of development assistance coordination groups along thematic lines or at the sectoral level, including participants from relevant line or central ministries. The more active groups meet on a monthly basis. For example, there is a Donor-Government Gender Group, a Health Sector Group, an HIV/AIDS Technical Working Group, a Group on Financial and Economic Management, and a Water and Sanitation Group. Some of the coordination groups, like the Donor Committee on Food Security and Agriculture, have predominantly external partner membership, with Government participants invited from time to time. The last CG meeting was held in Lilongwe in 2000, and the next CG meeting is planned for 2005.

The Government expects civil society and the private sector to play a large role in MPRSP implementation, particularly in the provision of basic services. This is already a fact in the health sector, where over one third of health facilities are provided by an NGO – Christian Health Association of Malawi. This public-private partnership is formally recognized in the framework of a Health Sector SWAp, and is expected to deepen in the coming years. Private participation in education is less substantial, and the framework for public-private partnership is not well developed.

Many of Malawi’s external partners specifically support the PRSP through their country strategies. The five major external partners are the UK, the World Bank, the EU, the USA and Japan, accounting for approximately 76 percent of gross ODA in 2002-03. ODA accounted for 29.5 percent of GNI in 2003. 101 DFID’s Country Assistance Plan 2003-06 supports MPRSP objectives, and the World Bank’s Country Assistance Strategy FY04-06 is similarly aligned with the major thematic pillars of the MPRSP. The EC has also aligned its assistance with the MPRSP and has

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disseminated its Country Strategy Paper for 2001-07. In 2005 Malawi was selected to apply for a Threshold Program, managed by the MCC and USAID, to help countries work toward MCA eligibility. USAID’s Country Strategic Plan FY01-05 makes no direct reference to the MPRSP as a framework for assistance, but its assistance has similar goals.

Some partnerships are consolidating around joint initiatives for financial and analytical support. The EC, Norway, Sweden and the UK jointly provide a small share of their assistance through budget support and have established a Common Approach to Budget Support (CABS) group. External partners are supporting SWAps in health and HIV/AIDS, where thematic groups are among the strongest, as well as developing SWAps in education, agriculture, justice and financial and economic management. In 2003, the first SWAp arrangement was agreed to support the fight against HIV/AIDS. CIDA, DFID, NORAD, SIDA and the World Bank are pooling funds with the Government to support the SWAp. AfDB, CDC, the GF and UNDP support it through parallel financing arrangements. USAID provides technical assistance through it. Agreement on a health SWAp has been reached in support of a common plan for the sector over the next six years. DFID, NORAD and the World Bank are pooling funds with the Government to support the SWAp. AfDB, CDC, the GF and UNDP support it through parallel financing arrangements. The Education Sector SWAp is in the initial phase of implementation, but with relatively fewer partners compared to the health SWAp. A joint CFAA was completed in 2002 with the Strategic Partnership for Africa.

External support for capacity-building has been generally provided through isolated interventions, rather than through a coordinated framework. External partners have a strong focus on enhancing good governance and promoting transparency. Discussions around the possible financial and economic management SWAp are helping to overcome the fragmented approach to capacity-building in this area. In the health sector, coordinated efforts are underway to support an emergency human resource program, in view of the critical capacity weaknesses in that sector.

Government support for harmonization with country systems has increased, but mostly at the sectoral level. The Government has indicated that it wishes to be more proactive in promoting use of harmonized mechanisms, whether through SWAps and pooled accounts or through budget support. The Government passed new legislation in 2003 which reformed the framework for public finance, public audit, and public procurement, and is now implementing these reforms throughout the public sector.

Many of the largest partners are decentralizing decision-making to their local offices. The World Bank has a Country Office with the Country Director based in Washington. Most other development assistance agencies like DFID, USAID, the EC, NORAD and CIDA are decentralized. The program of SIDA, which does not have a presence in the country, is managed through the NORAD office.

**Results focus**

Capacity for gathering data on poverty and expenditures is weak. The National Statistics Office carried out the most
recent census in 1998, and the most recent national household survey is also from 1997-98. A new national household survey is underway and the data should become available in mid-2005; plans are underway to prepare a Poverty Assessment based on this data. The Government adopted a national statistical development strategy, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank. The government is in the process of piloting an integrated financial management system, but progress has been slow.

Dissemination of MPRSP information is strong as the result of consistent efforts by the Government and other stakeholders. The MPRSP and related materials are readily available on the Government’s website. tracking Priority Poverty Expenditures (PPEs) of line ministries has been achieved through electronic means, and these figures are being published in local newspapers and the government’s website on a quarterly basis. The media ran a radio campaign prior to the launch of the MPRSP, and the Malawi Economic Justice Network continues to disseminate information on the MPRSP through the radio, newspapers, and training programs.

The MPRSP Monitoring and Evaluation Committee developed a monitoring framework Master Plan for the MPRSP, which was approved by the Cabinet and launched in November 2004. It builds upon existing M&E systems within line ministries. The Master Plan also refines the indicators set out in the MPRSP.

Long-term holistic vision

Action has been taken to develop a long-term vision to guide policymakers across the political spectrum. “Mali 2025: National Perspective Study” details Mali’s long-term vision, and was created by the Government with technical support from UNDP. The Cadre Stratégique de Lutte contre la Pauvreté (CSLP) for 2002-06, Mali’s PRS, was adopted as the sole medium-term strategy, which incorporates the main pillars for development of the long-term vision and integrates various sector strategies.103

Targets within the CSLP were set in reference to the MDGs. However, limited capacity and a low starting base of 64 percent poverty, led the government to scale back on some of the MDGs and set realistic targets tailored to country circumstances. The CSLP addresses a broad set of priorities. A central element of the CSLP is the need to overcome institutional and macroeconomic constraints, for example limited capacity of local administrations. The CSLP rests on a pre-requisite pillar of macroeconomic objectives, and three additional pillars: 1) institutional development and improved governance and participation, 2) human development and strengthening the access to basic social services, and 3) development of infrastructure and support for key productive sectors. The CSLP emphasizes a move from sector to multi-sector, cross-cutting approaches in areas like education and HIV/AIDS.

The Government is taking action to link the CSLP to the budget. A MTEF - which is in place since 2003 and is updated on a yearly basis - provides a three-year forecast of expenditures by sector for all the line ministries. The Macroeconomic Framework provides key macroeconomic targets, such as growth rates and inflation rates, and corresponding macroeconomic projections which underlie the MTEF and the budget. However, these various instruments are not always consistent. The Government intends to strengthen the consistency of these planning instruments, to ensure greater transparency of sectoral allocations and execution of public expenditures. Two key ministries for poverty reduction – Education and Health – are fully engaged in the medium-term planning process through their sectoral MTEFs. The Ministries of Equipment and Transport, of Agriculture and of Animal Husbandry and Fishing are in the process of preparing their first sectoral MTEF.

103 The CSLP was completed in May 2002. A first Progress Report was completed in April 2004. A second Progress Report is expected mid-2005.
**Country ownership**

The Ministry of Economy and Finance and the Prime Minister coordinated CSLP formulation through six formalized participation mechanisms: 1) The National Technical Committee (NTC) was formed by the MEF to oversee consultations and implementation of the CSLP, as well as to facilitate the integration of sector agencies; 2) The NTC hosts thirteen thematic working groups, each chaired by a ministerial department, and has plans to start nine regional groups; 3) A Policy Committee consists of nine ministers and is chaired by the Prime Minister; 4) The Mali-Development Partners Joint Committee of government representatives and external partners was set up to evaluate the outcomes of the consultations; and 5) The Steering Committee is made up of the chairmen of the thematic groups and other stakeholders.

The sixth mechanism is the Technical Secretariat, which is represented by the National Planning and Development Department (NPDD) under the Ministry of Planning; the Secretariat is in charge of CSLP implementation. The CSLP Coordination Unit within the Secretariat is the agency responsible for coordinating M&E. The CSLP Progress Report was prepared on the basis of the preliminary reports of the thematic groups, and finalized by the NPDD.

The Government has taken action to set up permanent structures for stakeholder participation. During CSLP and Progress Report formulation, the Ministry of Economy and Finance led broad consultations nationally and regionally through seminars, workshops and videoconferences. Stakeholders provide direct input to policymakers through representation in the Steering Committee, the Policy Committee and thematic groups. Moreover, stakeholders engage in dialogue with the Government through the Economic and Social Council, a pre-established consultative institution.

Civil society participated in CSLP formulation. Seven members of civil society from employers’ organizations, unions, agricultural organizations, and NGOs are part of the Policy Committee. CSOs are also involved in the Steering Committee. Lastly, civil society was involved in CSLP formulation consultations through the Economic, Social and Cultural Council, which had an advisory role to the Parliament.

The private sector was modestly involved in consultations for CSLP formulation, and the Government has increased its efforts to deepen the private sector’s inclusion during implementation. The Government is clarifying the mandate of, and strengthening intermediation institutions like the Private Sector Moderator and the National Investment Promotion Center (CNPI). The Government is increasing its dialogue with the private sector by reinforcing the Cadre de concertation Etat/Secteur privé. In addition, the private sector participates in the thematic groups and assisted in the preparation of the preliminary draft of the Progress Report. The Economic and Social Council also has large representation from the private sector.

The National Assembly had some involvement in CSLP formulation, and formally approved the strategy, even though the Constitution does not require the National Assembly to approve a national development plan. Parliament was involved in the seminars and workshops organized by the government at different stages of CSLP formulation.
Capacity is a major obstacle for ministries and local authorities, particularly due to insufficient leadership at top political levels. Although decentralization is a main objective of the CSLP, it is only in the preliminary stages and hinders CSLP implementation in priority sectors.

**Country-led partnership**

The Government consistently leads efforts to coordinate external development assistance. The Minister of Economy and Finance chairs meetings of the Mali-Development Partners Joint Committee and external partners also meet separately on a monthly basis. Since 1999, the Government has been making an effort to put in place a joint institutional mechanism to coordinate all incoming development assistance. At the sector level, the Ministry of Education leads coordination efforts with external partners through thematic working groups, and chairs a joint monitoring and evaluation mission of education programs twice a year. The Ministry of Health is taking its first steps towards the development of a similar coordination mechanism for its 2005 programs. The Government chairs RT discussions, whose location alternates between Geneva and Bamako. The last RT took place in Geneva in March 2004.

The CSLP has decisively brought external partners’ strategies in alignment around a common framework. The five major external partners are the World Bank, France, the EU, the USA and the Netherlands, accounting for approximately 75 percent of gross ODA in 2002-03. ODA accounted for 12.7 percent of GNI in 2003.\(^\text{104}\) During the RT meeting in March 2004, external partners confirmed their commitment to the CSLP. The World Bank’s FY04-06 Country Assistance Strategy draws directly from the CSLP, as do the EC’s 2003-07 Country Strategy Paper and UNDP’s 2003-07 strategy. USAID’s FY03-12 Country Strategic Plan stresses its alignment with the CSLP, particularly in the health and education sectors. In 2004, the AFD revised its program of activities to align it with the CSLP. Mali has been eligible to receive MCA funds since 2004, and a MCA proposal is being developed in line with the CSLP. The Arab Bank for Economic Development in Africa, the Islamic Development Bank, the AfDB, and the West African Development Bank aligned their strategies to the CSLP.

Partnership has gone forward between the Government and external partners as they deepen their practice of joint financial work. The Government has prepared SWAps in the two sectors with the most developed sector strategies, health (PRODESS) and education (PRODEC). Budget support is provided by the Netherlands, SIDA and the EC in an uncoordinated manner, and France and CIDA are taking it into consideration. At the macro level, a working group is in place to prepare a Memorandum of Understanding of common budgetary support to the CSLP. This initiative is expected to be effective in 2006.

While most partners support capacity building and a capacity building strategy is implicit in the CSLP, efforts are still fragmented.

SWAps are leading to harmonization of indicators used by external partners with those of the country, and harmonized M&E systems. Harmonization with country systems is envisioned in the health and education sectors. External partners are taking advantage of the

preparation of the second phases of these two sectoral programs to better harmonize their support with national procedures. External partners are already making use of national M&E systems in the two SWAps.

Appropriate partnership structures are materializing as major external partners increase their presence in the country. The World Bank has a Country Office in Bamako, with the Country Director based in Washington. The AFD program is managed by an office in Bamako. Other external partners are starting to decentralize their decision-making to their country offices.

**Results focus**

Availability and quality of data are limited. A statistical system is in place, but is generally weak as a result of insufficient coordination between line ministries and parallel monitoring systems. The National Statistics Department is in charge of data collection along with the statistics departments of line ministries. Efforts are underway to implement a comprehensive statistical capacity program developed in 2002. The NSD undertook a Malian Survey of Poverty Evaluation, which became available in 2003.

The Government has made limited progress as regards diffusion of economic and social information. The CSLP Coordination Unit, under the Ministry of Economy and Finance, is in charge of publishing and distributing monitoring reports to regions, NGOs, thematic groups and external partners, as well as coordinating with the media. Dissemination is poor, however, and seldom reaches ministry officials or the public. A quarterly note on budgetary execution is published through a website; however, the CSLP and the Progress Report are not translated into local languages and are not published online by the Government.

A country-level M&E system is in place, and is strong at the sector level. However, poor coordination results in duplication of efforts. The Observatory of Sustainable Human Development, under the Ministry of Social Development, Solidarity and Older Persons, is conducting evaluations of CSLP implementation and monitoring performance indicators. A National Workshop was held in July 2004 to review CSLP indicators at the macro and the sectoral levels, and produced a consensual list of indicators which is now available.
**MAURITANIA**

**Long-term holistic vision**

The Cadre Stratégique de Lutte contre la Pauvreté (CSLP) for 2001-04, Mauritania’s PRS, embeds a preliminary long-term strategic vision through 2015, with ambitious targets for poverty reduction and growth. In 2005, a reflection on National Long Term Perspective Studies will be launched and is expected to refine the country’s long-term vision. The CSLP is the single ongoing medium-term strategy. An updated CSLP for 2005-08 is under preparation with an expected completion date in mid-2005, and with explicit links to the revised long-term vision.

Efforts have been made to tie the CSLP’s goals more closely to the MDGs. In February 2003, the Government launched a revision of their public policy with regard to the MDGs, and revised their goals to account for realistic and country-specific circumstances, particularly macro-economic shocks. As a result of this exercise, the updated CSLP should demonstrate stronger links between the MDGs, and its objectives and indicators. The CSLP presents a balanced approach to poverty reduction in its considerations of thematic and sector issues like education, health, infrastructure, private sector and rural development, and also an emphasis on cross-cutting issues like gender and HIV/AIDS.

A link between the CSLP and the budget has taken hold. Sectoral MTEFs have resulted in a substantial reorientation of public expenditures towards priority sectors - urban development, education, health, and water supply - in line with the CSLP. The Government prepared a global MTEF for 2004-06, which was used for the elaboration of the 2004 Budget Law, as well as new sectoral MTEFs in transportation infrastructure, rural development, fisheries and energy, in an effort to prioritize expenditures consistent with the CSLP. A global MTEF for 2005-07 has been launched but not yet finalized and integrated into the 2005 Budget Law. Due to low absorptive capacity, projected costs for CSLP programs have tended to exceed expenditures, particularly for the health and education sectors, although in 2003 the execution rate of CSLP planned expenditure reached 82 percent.

**Country ownership**

Support and initiative for the content of the CSLP comes directly from the highest levels of Government, including the President and the Prime Minister. The Prime Minister chaired an Inter-

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105 The CSLP was finalized on December 13, 2000. The first and second Progress Reports were completed in March 2002 and June 2003, respectively. The third Progress Report is expected end-2005.
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ministerial Poverty Reduction Committee, under the Ministry of Economic Affairs and Development (MAED), to lead consultations for CSLP formulation. The Government also formed a Technical Committee, a Donors Committee, and a Consultative Committee. The Commissioner for Human Rights, Poverty Reduction and Insertion (CDHLCPI) is the coordinating agency for CSLP implementation.

Structures for stakeholder participation remain in place, although broad participation has waned. During CSLP formulation, the MAED led consultations through four regional and two national workshops, and two General Assemblies on Poverty Reduction. The CSLP-related committees, which include stakeholder representatives, regularly reconvene in the first half of each year for the preparation and consultation of CSLP Progress Reports, and are reconvening now in the preparation and consultation of the 2005-08 CSLP.

Civil society is widely consulted by the Government on matters related to the CSLP. The Technical Committee consists of twelve thematic groups including 94 NGOs and 120 civil servants. Civil society takes part in the Consultative Committee, which also includes top officials, local officials, labor unions, lawyers’ associations and the media.

The private sector took part in CSLP formulation consultations through employers associations’ participation in the Consultative Committee. The Government is stepping up efforts to involve the informal sector through the Commissariat’s programs that work directly with the poor.

Parliamentarians participated in consultations, and as a body, approved the CSLP in July 2001 through the Loi d’Orientation for poverty reduction. Parliament passed legislation for CSLP implementation through Regional Poverty Reduction Programs for each of thirteen wilayas, or provinces. Mauritania’s Constitution requires that Parliament approve the objectives of the economic and social actions of the state.

There is some capacity for policy formulation at the central level. Capacity is weak at the local level, and the Government has stepped up its efforts at decentralization by launching the National Good Governance Program in 2003. Without a strong umbrella NGO, NGOs have low capacity and their poor organization hinders their participation in CSLP implementation.

Country-led partnership

The Government is assuming greater leadership of development assistance coordination. The MEAD is the sole government ministry leading these efforts, and chairs several Donors Committees. Thematic groups are active, but are still an externally-driven initiative. The MEAD chairs CG meetings every three years in Paris. At the last CG meeting in December 2001, the Government presented the CSLP to its external partners for their support. A CG is planned for mid-2005 upon launching the updated CSLP and discussions are underway to determine whether it will be held in-country or in Paris.

Most external partners have explicitly aligned their strategies to CSLP programs and priorities. The five major external partners are the EU, the World Bank, France, Japan, and Germany, accounting for approximately 73 percent of gross ODA in 2002-03. Spain is also active. ODA accounted for 20.3 percent of GNI
in 2003.\textsuperscript{106} The World Bank’s FY03-05 Country Assistance Strategy is aligned with the CSLP. The EC, by far the largest partner, supports the CSLP as elaborated in its 2001-07 Country Strategy Paper. France and Japan have aligned their assistance with the CSLP as well.

Partnerships among external partners and the Government are evidenced by examples of joint analytical and financial work. The Government is encouraging partnerships through its coordination with external partners in the preparation of SWApS in the health and education sectors. The World Bank plans to move towards budget support through a series of PRSCs, the first of which is tentatively planned for 2005. The AfDB envisages budgetary support, perhaps in collaboration with the World Bank, should a future PRSC be prepared. Some economic and sector work has been undertaken jointly by partners in collaboration with the Government, such as a CFAA with collaboration from AfDB, IMF, the World Bank, the EC, UNDP, GTZ and France.

There is some coordination of capacity building programs, but these efforts are still in the early stages of development. External partners support capacity building strategies that are integrated within the CSLP, and draw from national strategies, such as the National Good Governance Program, which is supported by UNDP, the World Bank, France and GTZ.

Most efforts at harmonization are among external partners, but not yet with country systems. The principal harmonization efforts relate to preparing for future budgetary support to the CSLP.

The level of decentralization of external partners’ activities differs, but action is being taken to enhance partnership structures. Efforts are underway to strengthen the World Bank’s Country Office, but its Country Director is based in Washington. The UNDP takes decisions at the decentralized level. The EC’s procedures on clearance and approval rest in their headquarters in Brussels. The AfDB is weakly decentralized with all important decisions taken at the headquarter-level. The AFD and GTZ are well represented in Nouakchott, from where they directly execute their programs.

\textbf{Results focus}

The statistical base is inadequate, and data quality on poverty and expenditures remains a constraint which the Government is attempting to overcome. Efforts are underway to strengthen the National Statistics Office. In 2000, the Government conducted a household survey, and launched targeted surveys for the period 2003-04. A national household survey is underway and results are expected by mid-2005. The Government is currently working to strengthen its management information systems, which rely on decentralized ministerial capabilities.

The Government makes an effort to disseminate information about the CSLP and is designing a communications strategy. The CSLP is publicly available on the Government’s website in French, English and Arabic, the official language.\textsuperscript{107} The Government distributed the completed CSLP to NGOs and all mayors’ offices. Internet cyber forums were created for civil society during

\textsuperscript{106} See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/18/59/1901353.gif

\textsuperscript{107} http://www.mauritania.mr/fr/index.php?niveau=3&codecateg=1&coderub=5
consultations. The media does not often cover the CSLP, and knowledge of the CSLP remains limited.

Plans for a country-level M&E system have been developed, but the system is not yet in place. An integrated M&E system, based on pre-existing M&E systems in line ministries, is one of the Commissioner for Human Rights, Poverty Reduction and Insertion (CDHLCPI)’s top priorities. A study was completed in November 2004 by an international consultant on the design of an integrated M&E system with focus on the regionalization of the CSLP. The CDHLCPI is refining CSLP indicators during the elaboration of the second 2005-08 CSLP.
Moldova

Long-term holistic vision

In 2000 the Lucinschi Government finalized a long-term vision through 2020, the National Strategy for Sustainable Development, identifying EU integration as a key long-term objective. UNDP supported the process as part of its Global Capacity 21 Program. Several of President Lucinschi’s advisors participated in the team preparing the National Strategy for Sustainable Development. However, participation among stakeholders outside government was limited to a few consultants. The newly elected Voronin Government did subscribe to the long-term objective of EU integration, but policy makers rarely refer to the National Strategy for Sustainable Development.

Action has been taken to develop a national development strategy. In 2001 the Voronin Government formulated a constitutionally-mandated Program for 2001-05, known as “Revival of the economy – Revival of the country”, based on its electoral program, and later completed an Economic Growth and Poverty Reduction Strategy Paper (EGPRSP), Moldova’s PRS. The EGPRSP is the Government’s development strategy for 2004-06 and partially incorporates the long-term objectives identified in the 2001-05 Program. The Government also prepared sector strategies, which fed into the EGPRSP. EGPRSP policies and programs represent a significant departure from those presented in the 2001-05 Program, especially with respect to the role of the state in the market economy and EU integration, which was not part of the 2001-05 Program. The Program still guides government policies for those areas like foreign policy and home affairs which are not covered by the EGPRSP.

Elements exist to start addressing key issues for country development through a sequenced approach. The EGPRSP identifies development objectives linked to the MDGs, and adapted to Moldova’s circumstances, with indicative targets for 2006, 2010 and 2015. The EGPRSP focuses on three medium-term priorities: 1) sustainable and inclusive economic growth; 2) reduction of poverty and inequality, and increased participation of the poor in economic development; and 3) human resources development. It underscores the importance of improving the business environment as a key factor to foster growth, and focuses on health and education as priority areas to support human development. It tackles cross-cutting issues such as good-governance, corruption, and environmental protection.

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The Government started implementing a MTEF in 2002, limited to strategic allocations in health and education for the 2003-05 budgets. The Government has started synchronizing the budget and the MTEF with the EGPRSP. Preparation of the 2005 annual budget and the MTEF 2006-08 was lengthy - from April to January - to allow for better development of sectoral expenditure policies within line ministries. An inter-ministerial committee led by the Ministry of Finance and composed of deputy ministers coordinates the preparation of the MTEF. The medium-term macro-fiscal framework is prepared jointly by the National Bank, the Ministry of Finance and the Ministry of Economy, which takes a lead role in EGPRSP implementation.

**Country-ownership**

The locus of initiative for the policy content of the EGPRSP lies in the Ministry of Economy, which played a key role in shaping the EGPRSP. The Presidency realized the importance of having a public debate on economic and social issues, and was key in mobilizing other ministries and government institutions. In 2001 the President established a National Council for Sustainable Development and Poverty Reduction, composed of two President’s advisors, some parliamentarians, government officials, and some civil society representatives invited by the President, to oversee EGPRSP formulation. In September 2002 a Participation Council was set up, composed of government officials and national and international stakeholders to ensure wide participation. At the same time, an Inter-ministerial Committee for Sustainable Development and Poverty Reduction, composed of government officials, was set up under the leadership of the Ministry of Economy, to coordinate EGPRSP drafting. The Inter-ministerial Committee for Sustainable Development and Poverty Reduction established nine Sector Working Groups, composed of line ministries’ officials, local consultants and stakeholders’ representatives. A Secretariat to the Participation Council was created in May 2003 to provide assistance in organizing participation activities, and administer trust funds supporting EGPRSP formulation.

Mechanisms for EGPRSP implementation are being embedded into government structures. The Government is currently establishing an Economic Growth and Poverty Reduction Strategy (EGPRS) Implementation and Monitoring Unit – based on the existing Department of Macroeconomics and Development Programs and the Poverty and Policy Monitoring Unit in the Ministry of Economy. Monitoring Units in each line ministry are being created to monitor implementation of sectoral policies and integrated into the ministry’s structures. The EGPRS Implementation and Monitoring Unit is also coordinating with the Department of Statistics and Sociology and its Territorial Statistical Offices for the collection of data at the central and local level.

Consultations on EGPRSP formulation followed a plan approved by the Participation Council in September 2003. Consultations started with roundtables on the objectives of the process and a needs assessment. At the local level, the Government organized 25 roundtables in 23 localities, in which local government officials and stakeholder representatives participated. Each roundtable was dedicated to a particular sector and collected inputs and proposals on draft sector strategies presented by line ministries’ representatives. At the national
level the Government organized 32 seminars, roundtables and workshops, seeking inputs on the overall EGPRSP framework and objectives. In April 2004 the Government organized a National Forum to present the pre-final draft of the EGPRSP to national and international stakeholders. The National Forum was followed by national workshops to finalize the strategy, and incorporate proposals and feedback submitted at the National Forum.

Action is being taken to establish a sustainable mechanism for continuing government-stakeholder dialogue. The National Council for Sustainable Development and Poverty Reduction, chaired by the President, continues to oversee the EGPRSP process, and coordinate other strategic planning activities for social and economic policies. The Inter-ministerial Committee for Sustainable Development and Poverty Reduction, which is now chaired by the Prime Minister, remains the executive body of the National Council for Sustainable Development and Poverty Reduction. The Participation Council coordinates stakeholders’ participation in EGPRSP implementation, M&E. In response to the interest expressed by various stakeholders, the membership of the Participation Council was enlarged in 2004. Before presentation to Parliament, the draft annual budget is discussed by an advisory committee under the Prime Minister, composed of representatives of business associations, trade unions, professional associations, academia and civil society. Macroeconomic forecasts are discussed during budget preparation in a forum composed of representatives of the Ministry of Economy, the Ministry of Finance, the National Bank, local governments, trade unions and employers’ associations.

Civil society organizations have been involved in EGPRSP formulation and are being involved in implementation structures. NGOs, academics, trade unions, and media representatives participated in the national and local consultations for EGPRSP formulation. The Participation Council selected an umbrella NGO - the Forum of Women Organizations of the Republic of Moldova – to facilitate the organization of roundtables, and workshops. Among the twenty members of the Participation Council, ten are representatives of CSOs.

Individual entrepreneurs took part in national and local consultations for EGPRSP formulation. A representative of the Association of Domestic Producers, one of the largest business associations, participated in the Participation Council, with however, limited impact on EGPRSP formulation. The Foreign Investors Forum and the Small Business Association have representatives in the renewed Participation Council.

Parliament has been involved in EGPRSP formulation and some agreement is emerging across the political spectrum on EGPRSP objectives. Parliamentarians participated in some of the central level activities. However, their impact was limited. The opposition was also invited in the Participation Council during EGPRSP formulation. However, later in the process they declined to participate. In December 2004 Parliament approved the EGPRSP. From the two opposition factions in the Parliament, one voted for the EGPRSP together with the ruling party (a rare circumstance) and another faction abstained from voting. Parliament approves the budget and is mandated by the Constitution to approve and exercise control on external loans and credits. The Ministry of Finance presents to Parliament monthly summaries of
budget execution, although there is no legal requirement to do so. Parliamentarians participate in the National Council for Sustainable Development and Poverty Reduction. The Chairman of the Social Protection Committee, a member of the opposition, and the Vice Chairman of the Budget Committee, a majority member, are on the Participation Council.

Government capacity for planning and implementation faces significant bottlenecks at the central and local level. Low salaries imply high staff turn-over, that significantly undermine government capacity. Local governments have been entrusted with substantial responsibilities, which however have not been matched by adequate transfer of resources. The Government strengthened the power of local governments to raise revenues. However, progress in strengthening local government’s capacity to meet its responsibilities has been limited.

**Country-led partnership**

There is diffuse government responsibility for external partner coordination. The Ministry of Finance and the Ministry of Economy share responsibility for development assistance coordination. The Ministry of Economy is the National Coordinator of Technical Assistance and chairs four sectoral committees on coordination and supervision of technical cooperation. In addition, the Ministry of Foreign Affairs is the Coordinator for EC Assistance. The coordination mechanism is currently being revised to ensure a better coordination of technical assistance under the EGPRSP umbrella. The new system will include the participation of other stakeholders, not only external but also internal partners. With EC support, the Ministry of Economy has established a database known as IDEA, collecting information on on-going externally-financed projects. The Government is planning to establish an inter-ministerial committee on project implementation, comprised of representatives of each ministry and external partners. External partners hold monthly meetings to share information on on-going activities and established eight thematic groups, which meet when a particular need emerges. Government representatives are sometimes invited to participate. The World Bank also chairs a social protection group, which meets quarterly. However, government representatives do not participate. A CG meeting was held in Paris in 1997 and was chaired by the World Bank. The Government wishes to organize a CG meeting to discuss the EGPRSP immediately after the March 2005 elections.

Some external partners are aligning their assistance with the EGPRSP. The five major external partners are the USA, the World Bank, the EU, the IMF and Japan, accounting for approximately 82 percent of gross ODA in 2002-03. ODA accounted for 5.1 percent of GNI in 2003. USAID assistance for 2004-05 focuses on private sector growth, support for local government and civil society, and safety nets for the vulnerable and the poor; no reference is made to the EGPRSP in its 2005 Congressional Budget Justification, and USAID did not participate in EGPRSP formulation. The World Bank Country Assistance Strategy for 2005-08 focuses on interventions at the local and community level and reflects EGPRSP priorities; it presents a results-based framework to assess outcomes linked to EGPRSP priorities. EC assistance to Moldova is expected to

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109 See [OECD/DAC Aid Statistics](http://www.oecd.org/dataoecd/18/62/1901379.gif)
increase in the framework of the EU Neighborhood Policy and the EU-Moldova Action Plan is currently being prepared, in line with the EGPRSP. The UN Common Country Assessment 2007-11 will focus on the national priorities set out in the EGPRSP.

Elements exist to move toward stronger partnerships in external financial and analytical support. Analytical work is being prepared jointly with the Government and multiple external partners. For example, DFID and SIDA are conducting joint analytical work in the area of social protection in cooperation with the Government. UNDP, ILO, SIDA and DFID are jointly providing policy advice to the Government on pro-poor policies. In 2003 the World Bank and the Government prepared a policy note on health sector reform. In 2004 it conducted a Poverty and Social Impact Analysis in partnership with Agape, a local NGO, a Trade Diagnostic Study and a Poverty Assessment in cooperation with Government and national stakeholders. The World Bank and the USA are conducting joint analytical work in agriculture. In 2003 the World Bank completed a CFAA in cooperation with the Government. The World Bank and the EBRD jointly prepared a CPAR in cooperation with the Government. The World Bank, the EC, and the UK are also collaborating with the Government to design more efficient fiduciary systems, including public expenditure management, treasury, tax and customs administration, and they are going to jointly finance a Public Financial Management Technical Assistance Project. External partners channel their assistance through projects. The EC is providing some budget support through the EU Food Security Program. Development assistance agencies are not supporting SWApS and external partners mostly rely on Project Implementation Units for project implementation.

Capacity building is still fragmented. Since 2001 there has been a Technical Assistance Program prepared by the Ministry of Economy, identifying Government priorities for capacity building, which is currently being updated. However, external assistance to support the program has been limited in scope.

Harmonization with country systems is limited. Investment projects financed by foreign loans and grants are generally implemented through Project Implementation Units which remain outside the government structures and use special accounting and reporting mechanisms; as of December 2004 10 such Project Implementation Units existed. In 2004 a working group comprised of the ILO, SIDA, UNDP and DFID prepared a harmonization action plan. UN agencies are consolidating their assistance planning instruments around a Common Country Program that should facilitate a move toward larger use of country systems.

Some external partners have started decentralizing decision-making and management of their program. The World Bank Country Director is based in Ukraine, and the program is managed by a Country Office in Chisinau. UNDP and UNICEF have strengthened their presence in the country and increased national and international staff based in the country. FAO, UNFPA, ILO and UNIFEM have opened offices in the country.

Results focus

The quality and availability of poverty-related data needs strengthening. Since 1997 the Department of Statistics and
Sociology has conducted annual Household Budget Surveys and Labor Force Surveys, which are however based on a 1997 electoral list. The Government is addressing these issues. It held a population census in 2004. The Department of Statistics and Sociology, with the support of external partners, has strengthened the use of information technologies. There is a 2004-06 Government Master Plan to guide statistical activities of all government institutions. The Plan is in line with the EGPRSP, but it is not yet fully funded.

Access to information on Government policies is improving. The Government produced information programs on the EGPRSP which were broadcast on national television. It prepared leaflets and posters on the EGPRSP in Romanian and Russian, which were circulated at workshops and roundtables, and created a database with about 800 electronic addresses of NGOs and sent regular updates via email on EGPRSP formulation. It also published four EGPRSP bulletins in Romanian, and Russian, which were circulated through local newspapers. Consultations were covered by national and local mass media. The Romanian, Russian and English versions of the EGPRSP are posted on a dedicated government website with information on the consultation process and the institutional framework for implementation. Approved local government budgets are published in the local press. Monthly summaries of the national budget execution are posted in Romanian on the government website.

A country-level M&E system is at an early stage. The EGPRSP presents a list of approximately 140 indicators. For the majority of them baselines are only available for 2002. The EGPRS Implementation and Monitoring Unit is establishing an integrated database of strategic economic and social development indicators (MDG, EGPRSP, EU, etc.). It has not yet been decided whether data collected for ECPRS M&E will be consolidated into a single report for EGPRSP and MDGs monitoring embedded into national decision-making processes.

110 http://www.scers.md/
111 http://moldova.md/
Long-term holistic vision

Some work has been done toward developing a long-term vision widely agreed within the country. In 1998 the Government adopted a Mongolian Action Program for the 21st Century, known as MAP-21, linked to a Sustainable Development Strategy through 2021, developed with UN support. The Action Program and the Strategy were not implemented due to frequent government changes, and policy makers rarely refer to them. In February 2005 the Academy of Sciences and the Mongolian Development Institute – a local think-tank – completed a development plan through 2021, with the mining sector expected to play a lead role, prepared at the initiative of the President. The plan has not yet been widely shared within the country.

There are two medium-term strategies. The Economic Growth Support and Poverty Reduction Strategy (EGSPRS), Mongolia’s PRS, identifies a set of policies through 2006. It is rooted in the main policy directions of the previous Government which left office in June 2004. In 2004, a Government composed of the former ruling party and the former opposition groups, adopted a constitutionally-mandated Action Plan for 2005-08 and prepared Guidelines for Economic and Social Development for 2005, also required by the Constitution as the annual implementation framework for the Action Plan. The Government is now updating the EGSPRS. The EGSPRS builds on a set of medium-term sector strategies. There is a National Household Livelihood Capacity Support Program, launched in 2001 and building on a National Poverty Alleviation Program 1994-00, a National Program on Gender Equality, a Social Sector Development Master Plan. There are also sector strategies in health, education, environment, rural development, energy and information and communication technology.

Development goals linked to the MDGs are being identified. The EGSPRS incorporates national development goals linked to the MDGs, with intermediate targets for 2005. In 2004 the Government prepared a national report on the status of MDG implementation, identifying bottlenecks and policy actions to achieve them. The revision of the EGSPRS is strengthening the link between EGSPRS objectives and the MDGs.

The EGSPRS takes into consideration macroeconomic stability, private sector-led growth, and the distribution of the fruits of economic growth including gender and governance reform. The Government Action Plan maintains the broad objectives identified in the

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112 The Government completed the EGSPRS in July 2003.
EGSPRS, and proposes a new social and economic development policy with greater emphasis on improvements in the social sector, which is now underpinning EGSPRS revision.

A MTEF is under development and the EGSPRS was only consistent with the macroeconomic medium-term budgetary framework adopted in 2003. Its alignment with the budget is limited. Sector policies are not yet fully linked to the budget due to limited mutual understanding between central and line ministries on overall strategic priorities. Some progress is being made in strengthening expenditure discipline. In 2001 the Government established a Treasury Single Account that captures all extra budgetary allocations and expenditures. In 2004 Parliament passed a Public Sector and Finance Management Law addressing growing inadequacies in public sector management and reasserting budget discipline. Many of the current expenditure and revenue policies are being aligned with this Law.

**Country ownership**

The Ministry of Finance and Economy took the lead in the preparation of the EGSPRS. It chaired an inter-ministerial steering group supported by a technical committee and a UN-funded Poverty Research Group. Working groups were established in each ministry and Ulaanbaatar city to identify sectoral policies based on existing government strategies. Ministers and Vice-ministers were responsible for coordination at the sectoral level. The working groups oversee EGSPRS implementation and are now conducting EGSPRS revision. Inter-ministerial coordination remains, however, an open challenge partly due to the fragile coalition supporting the Government.

A sustainable structure for continuing government stakeholder dialogue is emerging. The Poverty Research Group and a national NGO – the Social Development Center – organized seven regional consultations to collect proposals for EGSPRS formulation. The Poverty Research Group summarized the main issues that emerged during the consultations, which fed into the work of the ministerial working groups. Stakeholder representatives participated in the ministerial working groups during EGSPRS formulation and are being involved in the ministerial working groups during EGSPRS revision. In April 2004 the Poverty Research Group was integrated into the main structure of the Ministry of Finance and Economy to coordinate EGSPRS implementation and revision. There is also a Household Livelihoods Capacity Support Committee headed by the Prime Minister, established in 2001 to oversee the implementation of the National Household Livelihood Capacity Support Program. It coordinates Household Livelihoods Capacity Support Councils in each of the 21 aimags (provinces) and 360 soums (counties), headed by aimag and soum governors. In mid-2004 the Government established a National Council for the MCA, comprised of government officials and stakeholder representatives, to coordinate formulation and implementation of Mongolia’s proposal for the MCA. The National Council remained in place after the change of Government and conducted extensive consultations for the MCA Proposal, with the support of the Asia and Soros Foundations. However, the relation of these structures with EGSPRS structures, or their participation in EGSPRS revision, is not yet clearly spelled out.
Civil society organizations participated in EGSPRS formulation and are being involved in EGSPRS revision. A local think-tank - the Social Development Center - participated in all of the technical committee meetings. It established a working group comprised of 12 NGOs, which helped the Poverty Research Group organize the regional consultations. CSOs participated in the regional consultations and organized independent consultations with various groups to solicit inputs on the EGSPRS process. NGO groups prepared reports and comments on various drafts of the strategy, which fed into the final strategy. CSOs participate in the ministerial working groups overseeing EGSPRS implementation and revision.

Private sector representatives participated in the regional consultations, but the role and impact of the private sector was limited. Private sector representatives participate in the working groups involved in updating the EGSPRS.

Parliamentary involvement in policy-making is in place but interruptions due to political instability have weakened its impact on the EGSPRS. Parliamentarians participated in regional consultations. They also took part in a roundtable discussion with the Cabinet on EGSPRS priorities and implementation. Since the elections of June 2004, the involvement of parliamentarians in the EGSPRS process has been minimal, due to political problems over the formation of the Government and the dissolution of some of the political groups supporting the Government. As required by the Constitution, Parliament approved the Government Action Plan for 2005-2008, and the Guidelines for Economic and Social Development for 2005.

Government capacity for planning and implementation is significantly hampered at the central level by fragmentation, duplication and overlapping of administrative and management structures. Strategy implementation is also undermined by bottlenecks at the local level. Local governments deliver almost 70 percent of social services. However, they have limited revenue autonomy, and the allocations they receive do not always mirror local needs.

Country-led partnership

The EGSPRS process is strengthening the Government’s role in coordinating external assistance. The Ministry of Finance and Economy leads coordination. Although some attempts were made in late 2004 to split the responsibility with the Ministry of Trade and Industry and the Ministry of Finance and Economy, these attempts did not materialize. There are three informal working groups composed of government officials and external partners’ representatives jointly chaired by government and external partners, to coordinate support for the social sectors, infrastructure, private sector development and multi-sector issues, including governance, financial management, procurement and EGSPRS/MDGs implementation and monitoring. The last CG outside the country took place in Tokyo in 2003 and was co-chaired by the Government and the World Bank. Henceforth all CG meetings are expected to take place in the country. A CG is expected to take place in the summer of 2005 and will be co-chaired by the Government.

External partners’ strategies are aligned with the EGSPRS. The five major external partners are Japan, ADB, Germany, the World Bank and the USA, accounting for approximately 85 percent of gross ODA in 2002-03. ODA
accounted for 20.8 percent of GNI in 2003.\footnote{See OECD/DAC Aid Statistics at \url{http://www.oecd.org/dataoecd/23/4/1882335.gif}} Mongolia has been eligible for MCA assistance since FY04. The MCA proposal, completed in November 2004, makes explicit reference to the EGSPRS and supports private sector-led growth and human development in line with the EGSPRS and the Government Action Plan. ADB is currently updating the Country Strategy Paper 2005-06 prepared in 2003, to align its support with EGSPRS priorities. The World Bank Country Assistance Strategy FY05-08 is aligned with the EGSPRS and supports a subset of EGSPRS priorities. ADB and the World Bank are coordinating their portfolio reviews. USAID approved its Strategic Plan for 2004-08 in September 2003. Although it was approved prior to the finalization of the EGSPRS, it is broadly in line with EGSPRS objectives on the acceleration and broadening of sustainable, private sector led growth and more effective and accountable governance. The UN Development Assistance Framework 2002-06 is being updated to reflect ESGPRS priorities, especially on governance and human development.

Partnerships in external financial and analytical support are emerging. In 2003 the World Bank prepared a CPAR in cooperation with the Government and ADB. ADB, Germany, Japan and the World Bank are jointly carrying out analytical work in rural development and decentralization, in partnership with the Government. The World Bank and ADB conducted a joint assessment on gender. The World Bank is conducting poverty and household surveys in close collaboration with the Government and UNDP. It is conducting participatory poverty assessments with ADB and UNICEF. The World Bank launched a PRSC in 2004, which could provide a solid basis for joint budget support with ADB, the EC and Sweden. ADB and the World Bank are coordinating their support in the education and transport sectors, which could lead to SWAps. They are conducting a similar effort in the health sector around a master plan funded by Japan.

External partners are moving toward aligning support for capacity building in line with some of the bottlenecks identified in the EGSPRS, but a coherent capacity building strategy is not yet in place. The ADB and the World Bank are providing joint support for civil service reform, procurement and financial management.

Harmonization with country systems has not yet materialized but elements exist for further progress. The Government and external partners examined a harmonization action plan at the 2003 CG meeting, and are now considering steps for its implementation. A World Bank Financial Sector Adjustment Credit and ADB’s Financial Sector Reform Program were processed concomitantly and linked to the government’s medium-term financial sector reform strategy.

A number of development assistance agencies have strengthened their presence in the country and the region and delegated project management to the field to better participate in daily decision making and improve dialogue and cooperation. USAID and UN agencies maintain a strong presence in the country. ADB has strengthened its Resident Mission. The World Bank program is coordinated by a Country Director based in China and a Country Office in Ulaanbaatar. The UN system maintains a
large in-country presence. In 2003 the World Bank solicited feedback from all development partners when preparing the Joint Staff Assessment of the EGSPRS.

**Results focus**

The quality and availability of poverty-related data is improving. A census was conducted in 2000 and the Government conducted a Household Income and Expenditure Survey in 2002. However, surveys and the overall functioning of the National Statistics Office are hampered by insufficient funding. The Government is preparing a national statistical development strategy, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank. A Financial Management Information System is being implemented with the support of the World Bank. In 2002 the Government updated its debt database in line with UNCTAD Debt Management and Financial Analysis System linked it to the Bank of Mongolia’s unified system, thus improving debt management and reporting process.

A Human Resource Management Information System (HRMIS) is also being implemented with World Bank assistance.

Information on Government policies is easily accessible. The Government has an updated website with information on Cabinet meetings and other relevant government documents, including the Government Action Plan. Information on EGSPRS revision and implementation will be made available to the public through a website that is being created.

Development of a country-level M&E system is at an early stage. The 2002 Household Income and Expenditure Survey will serve as the baseline for poverty monitoring, but a full set of indicators has not yet been defined. The Poverty Research Group will coordinate M&E, but the roles of line ministries, local governments and the National Statistics Office have not yet been clearly identified. The Poverty Research Group is developing detailed indicators for integrating gender issues into monitoring EGSPRS policies.

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Long-term holistic vision

A long-term vision shared by policymakers across the political spectrum, Agenda 2025, was prepared by a civil society group, known as Committee of Advisors, through a participatory process and with the support of UNDP and the Carter Center. While Agenda 2025 sets broad general goals, a strategy and an action plan to achieve them are not discussed in detail. The 2001-05 Action Plan for the Reduction of Absolute Poverty - Plano de Acção para a Redução da Pobreza Absoluta (PARPA), Mozambique’s PRS\(^{115}\) - which is widely considered as the country’s national development strategy - satisfies this necessity through the strategy it outlines and its operational matrix. The Government is currently updating the PARPA for 2006-10, expected end of 2005, and has plans to undertake PARPA revisions every five years, while updates of the matrix are likely to be elaborated annually.

The PARPA is based on the Action Guidelines for the Eradication of Absolute Poverty outlined by the Government in 1999, on the IPRSP PARPA 2000-04, and on other sectoral strategies, such as education, health, transport, water, and roads. Promoting human development and broad-based growth is the main goal of the PARPA, which emphasizes the need to intervene in six priority areas: 1) education; 2) health; 3) agriculture; 4) basic infrastructure; 5) good governance; and 6) macroeconomic and financial management. Cross-cutting issues such as gender inequality and HIV/AIDS are also addressed. Every year the Government prepares a constitutionally-required economic and social plan, the Plano Económico e Social (PES) and its progress report - Balanço do Plano Económico e Social- which, as of 2004, also serves as the PARPA Progress Report, and is expected to include annual revisions of the PARPA operational matrix. Agenda 2025, the PARPA, and the PES all target the MDGs. Sector ministries are updating sector strategies, and the Government is integrating sector plans into the PES. Several pilot projects aimed at decentralization planning have been conducted, and Consultative Councils have approved five-year plans in their respective districts. This number is expected to rise to twenty-four by 2005, and this might gradually allow for an incorporation of Integrated Participatory District Planning within the national planning process.

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\(^{115}\) Agenda 2025 was completed in December 2003. The PARPA was finalized in April 2001. A PARPA Implementation Evaluation Report was completed in February 2003 and a Review of the Economic and Social Plan for 2003 was finalized in March 2004. Another Progress Report is expected mid-2005.
The strategy is increasingly being linked to the budget, the *Orçamento do Estado* (OE), through a 2001-10 MTEF known as Medium-term Fiscal Scenario. The MTEF is used to streamline public expenditure around the projected macroeconomic framework and the overall objectives of the PARPA. Priority spending as a share of primary Government spending was 64.1 percent in 2003, and it increased even more in 2004. For the first time, the 2005 draft budget assigns resources to the districts.

**Country ownership**

Country leaders across the executive have taken the lead in shaping the PARPA. The Ministry of Planning and Finance (MPF) took the initiative on PARPA preparation and had been in charge of PARPA updating. The President, elected in February 2005, has substituted the MPF with two separate Ministries: the Ministry of Finance, and the Ministry of Planning and Economic Development. The National Directorate of Planning and Budgeting in the MPF had been in charge of PES and OE preparation, execution and monitoring, in accordance with the PARPA and the Performance Assessment Framework (PAF) - a matrix of dialogue between the Government and external partners providing direct budget support. The MPF led an inter-ministerial taskforce - known as the Economic Council - charged with drafting the PARPA. The Economic Council is a smaller Council of Ministers, which includes the most relevant ministers - agriculture, education, health, industry and trade, women and social affairs, higher education, science and technology, justice, public administration - the governor of the Central Bank, and other Ministries when needed. The Economic Council approved the PARPA in April 2001 before the Council of Ministers approved it, and it coordinates and monitors the PARPA, the PES and the OE. Line ministries were significantly involved in PARPA formulation to incorporate in it sector strategies they had previously developed.

A participatory process was adopted by the Government when formulating the PARPA. The MPF established a Consultation Technical Unit with a technical coordinator, in charge of facilitating contacts during PARPA formulation between the central Government and stakeholders at the national, provincial, rural, urban, sectoral, and local community level. Consultations for the formulation of the PARPA started at the sectoral level - as a part of the regular consultations traditionally carried out by the Government on key sectoral priorities - focusing mostly on health and education. Consultations took place on a PARPA draft through meetings and seminars held at the provincial level in April and May 2000 - as well as through Integrated Participatory District Planning. These consultations culminated in the holding of meetings at central level, such as the National Dissemination Seminar on the PARPA and the Provincial Poverty Profiles in June 2000, aimed at sharing conclusions and recommendations from the provincial dissemination seminars with various stakeholders.

Limited efforts have been made to engage stakeholders in dialogue during PARPA implementation. In April 2003, the MPF created a broader consultative forum for discussion and dissemination of the PARPA - known as *Observatório de Pobreza* (OP) - which gathered in April 2003 and May 2004. The OP meets once a year - even though expectations exist that it may increase its meetings to twice a year - and aims at sharing views amongst stakeholders as well as discussing the
previous year PARPA implementation. The OP has a specialized secretariat which is charged with organization, but does not engage in substantive discussions. Being a one-day meeting, the OP is not an entirely efficient vehicle for participation. The Government has plans to establish provincial observatories as well as sector or cross-sector groups to conduct participatory discussions to be incorporated into the annual meeting of the OP.

Civil society participation has been noticeable during PARPA formulation. Less so in the implementation phase. NGOs, media, youth and student organizations, trade union representatives, and religious bodies participated in the sectoral consultations for PARPA formulation; they were involved in the Integrated Participatory District Planning and took part in the National Dissemination Seminar on PARPA and the Provincial Poverty Profiles. CSOs take part in the 2003 and 2004 OP. However, civil society was not consulted for the preparation of the 2003 and 2004 Progress Reports, the PES being developed entirely by the MPF and the National Directorate of Planning and Budgeting, with information and data being provided by sector ministries and by the MPF provincial agencies. Civil society conducted a poverty reduction perception survey in the provinces, whose results show that people perceive a reduction in poverty, and presented it to the OP.

Party representatives, churches, associations, and individuals with no affiliation were represented in the Agenda 2025 Committee of Advisors, which coordinated work done by 12 sector groups. Even though the Committee of Advisors has formally ceased to exist, it has remained active after the completion of Agenda 2025 and is raising concerns about the links between Agenda 2025, the PARPA, PES and the OE. A foundation or a civil society organization may be formed to keep track of these links, and update Agenda 2025 regularly.

The Government has taken action to involve the private sector in policy formulation. Some business associations - such as the Technical Confederation of Associations (CTA), which aggregates most of the producers and traders associations - participated in the National Dissemination Seminar, and they were represented in the sectoral seminars and working meetings, as well as in the OP.

Parliamentary involvement is getting stronger. The Assembly of the Republic was not involved in the initial conceptualization phase of the PARPA which was presented officially to the Parliament for the first time in mid-2004. The Assembly of the Republic endorsed Agenda 2025 and the Constitution requires it to approve the Economic and Social Plan - as well as the State Budget - on an annual basis. The Government prepares quarterly budget reports and semi-annual PES - which contain PARPA monitoring information - for the Parliament.

Capacity to formulate strategy and to implement the PARPA is adequate. It is much stronger at the central level than at the provincial and district levels. The PARPA envisages a strengthening of the capacity of provincial and district governments through the adoption of appropriate legislation, participatory district planning, and the consolidation of the 33 municipalities.

Country-led partnership

The Government has taken some action toward leading development assistance coordination. Even though the Ministry of
Foreign Affairs and International Coordination is legally in charge of development assistance coordination, the MPF had been coordinating ODA through its coordination of the PARPA, PES, OE, and budget support Performance Assessment Framework (PAF) processes. Specifically, the MPF had been co-chairing with a rotating external partner the Joint Reviews and Mid-Year Reviews held in Maputo to assess performance of the PES, PARPA and PAF. All external partners participate as observers. The World Bank and UNDP both play a leading role. They jointly chair in-country monthly meetings of a Development Partners Group, which is considered the highest level external partner coordination body in the country. The World Bank also chairs CG meetings, which are held alternatively in Maputo and Paris. The most recent CG meeting was held in Paris in October 2003.

Civil society and the private sector are active in PARPA implementation. Most of the Government procurement is supplied by the private sector. There are many private schools and clinics in the countries and some NGOs are providing services in health, education and HIV/AIDS that are procured and paid by the Government.

Most external partners are aligning their development assistance strategies with the PARPA. The five major external partners are France, Italy, the World Bank, the USA, and Germany, accounting for approximately 73 percent of gross ODA in 2002-03. The EU and the UK are also active. ODA accounted for 25.2 percent of GNI in 2003. In March 2003 USAID adopted a FY04-10 Country Strategic Plan and DFID adopted a Country Assistance Plan for 2004-07. Both are in line with the PARPA, as are the World Bank FY04-07 Country Assistance Strategy and the 2001-07 EC Country Strategy Paper. Also the AFD has aligned its development assistance strategy with the objectives and priorities identified in the PARPA, and in 2004 MCC approved a Compact aligned with the PARPA.

Partnerships revolving around financial and analytical support to the PARPA are largely developed. The G-15 – also known as the Budget Support Group, composed of Belgium, Denmark, the EC, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland, the UK, and the World Bank – provide a significant portion of their ODA through the regular budget. The World Bank’s support is channeled through a series of PRSC, the first of which was approved in July 2004. Based on the PAF - a multi-year matrix of 50 actions and indicators associated with direct assistance to the budget - a Program Aid Partners Performance Assessment (PAPPA) monitors external partners’ commitments under a Memorandum of Understanding signed in April 2004. All the G-15 work is coordinated by a troika, composed of the current chairing external partner, the past chair, and the following year chair, as well as the World Bank and the EC. The PAPPA - which is foreseen to be an annual exercise - was prepared by consultants paid by external partners, and its results were discussed and agreed with the Government. Several sectors - including health, education, roads, water and agriculture - have well-established sector-wide programs, with their own sector-based evaluation procedures. These SWAPs are widely supported by most external partners. France supports the

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health SWAp, and USAID supports the health and agriculture SWAps.

External partners engage increasingly in joint analytical work. The World Bank, Norway, and SIDA completed a CFAA in December 2001, and a PER was conducted by the Government, in partnership with the World Bank, SIDA, Norway, Denmark, Switzerland, DFID, the Netherlands, the EC, and the IMF. The PER had two phases; the first one was completed in December 2001 and covered mainly the overall fiscal policy, main structural problems and ways to improve public finance management and comprehensiveness. The second phase was completed in September 2003 and covered public expenditure issues in education, health, roads and water. A CPAR was completed in May 2002 and a Legal and Judicial Assessment was finalized in 2004. Both were conducted by the Government in partnership with external partners.

The Government is taking steps to reduce fragmentation in capacity-building efforts. The UN - in collaboration with the African Capacity Building Foundation - is planning to undertake a capacity needs assessment to serve as a baseline for future monitoring. Several external partners, including the World Bank, are taking measures to support capacity building through a public sector reform program.

Harmonization with country systems is taking place, facilitated by budget support and SWAps. The public financial management system does not require a procurement law; however, in order to facilitate harmonization, the Government committed in 2004 to review procurement regulations. Germany is harmonizing its policies and procedures with country procurement, financial management, and monitoring and evaluation systems. France is harmonizing with country procedures in the health sector. USAID is harmonizing with the Government’s performance monitoring system in HIV/AIDS and health. In March 2003 the Government agreed to become an Education for All Fast Track Initiative pilot, facilitating harmonization in education.

Action has been taken to develop adequate in-country partnership structures. The World Bank Country Director is stationed in Maputo, and many other external partners have decentralized decision-making to field offices. In particular, the EC has granted more decentralization powers to its Delegation. Also the AFD has an office in Maputo. Most decisions related to program implementation - including procurement, project design and approval, budget planning and execution, and financial management - are delegated to the USAID Mission Director.

**Results focus**

Information systems are being strengthened, although they are still faced with some weaknesses. The Government has prepared a national statistical development strategy - with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank - aimed at improving data quality. The National Statistics Institute is responsible for qualitative indicators surveys, household surveys - the last of which was conducted in 2002/03 - PPAs, Rural Participatory Diagnoses, national accounts, and some sector statistics. Most IMF General Data Dissemination System recommendations are met in terms of data periodicity and timeliness. However, financial statistics from state enterprises and local governments are not collected.
systematically. In 2001 the Government designed an Integrated Public Financial Management Information System (SISTAFE) to strengthen public expenditure management, carry out and record all expenditure authorizations in a centralized database, and produce real time fiscal statistics; however, its implementation has been delayed. SISTAFE was rolled out to the MPF and all of its provincial directorates in November 2004. Its implementation is expected to take place in all ministries by the end of 2005, becoming the only instrument to conduct all Government financial transactions. Its rollout is expected to improve efficiency and transparency in the use of public resources as well as in creating a strong database on the MDGs.

The Government is making some effort to make development information available publicly. The MPF hired a consultant that prepared a communication strategy, and the PARPA was published and disseminated in Maputo and in a number of provinces. It was drafted in Portuguese and then translated into English, and it is available on the Government's website in Portuguese.\footnote{http://www.govmoz.gov.mz/parpa/index.htm}

Monitoring and evaluation systems are well developed. The PARPA M&E system has been integrated into existing Government mechanisms to avoid a multiplication of reports. The monitoring of activities and programs of the sectors involved in the PARPA is reflected in the semi-annual and annual Balanço do PES, which is the main monitoring tool for all Government activities, and the instrument that reports on progress toward achieving the MDGs. The Government also prepares quarterly budget execution reports. The monitoring of the PARPA - which is being integrated into the regular system of quarterly and annual reports which are the basis of decision making within the Executive and Parliament - is focused on three areas: 1) sectoral results and programmed activities in accordance with the operational matrix prepared in 2002; 2) budgetary execution to track the allocation of resources to priority sectors and all remaining budget expenditures; and 3) impact and welfare of households and communities through national statistical surveys and participatory qualitative evaluations. Most sector Ministries have M&E systems which should be better linked to PES indicators, and timed to provide input into the Balanço do PES.
Long-term holistic vision

Action has been taken to develop a long-term vision providing guidance for policymakers across the political spectrum. The long-term vision was introduced as an addition to the Ninth Five-Year Plan in 1997, with a 20-year perspective on development and poverty reduction targets for the year 2016. The single ongoing medium-term strategy is the Tenth Plan - Poverty Reduction Strategy Paper (PRSP) 2002-07, Nepal’s PRS. The PRSP is linked to the long-term vision, and presents a strategy that follows from the lessons learned from the Ninth Plan.

The goals of the PRSP have been updated through the progress report to establish a stronger link with the MDGs. In addition, the PRSP presents a clear list of targets that are updated regularly. The strategy presents a comprehensive approach to development by focusing on four pillars: 1) broad-based economic growth, 2) social sector development, 3) social inclusion and targeted programs for the extreme poor and deprived groups, and 4) good governance. Cross-cutting issues include gender, redefining the State’s role, including the private sector in implementation of key activities and service delivery, promoting local management, and decentralization. However, there is little mention in the PRSP of the ongoing conflict in Nepal, which weakens the strategy and the Government’s capacity to implement it.

The PRSP guides the annual MTEF preparation, and this is helping to focus expenditures on PRSP priorities and providing a basis for inter-ministerial coordination. Developed prior to PRSP finalization and introduced in FY03, the MTEF identifies priority sectors and resource requirements on a rolling 3-year basis, and divides all projects and programs into three priority groups. It presents normal case and alternative case scenarios, and links resource allocation to expenditure reporting and performance. For the first time, a 5-year plan was developed with a reasonable fiscal framework, to force more rigorous prioritization. However, successful implementation of the MTEF is limited to few areas of the country that are not deeply affected by the conflict. The Government is working to implement an Aid Integration Process, which will synchronize external development assistance with the annual budget formulation process. However, after the political events of February 2005, many external partners are reluctant to make

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118 The Tenth Plan - PRSP was completed in May 2003. A first Progress Report was completed in May 2004. A second Progress Report is expected mid-2005.
long-term commitments, turning synchronization into an even bigger challenge.

**Country ownership**

Structures for inter-ministerial coordination are in place, but in practice need strengthening. The PRSP preparation process is well-established, in that it largely follows the planning process put in place in 1956. The National Development Council (NDC) is the locus of initiative for the PRSP and approves the preliminary framework for the plan, the Approach Paper. The NDC - whose vice-chairman has the overall leadership for the PRSP process - consists of all the Ministers, Secretaries of line Ministries, Vice Chancellors, and other stakeholders. Responsibility for subsequent drafting goes to the National Planning Commission, in consultation with the Ministry of Finance. The National Planning Commission houses a Steering Committee for strategic leadership, and technical committees headed by line ministry Secretaries, to coordinate sector strategies and programs. During PRSP implementation, the Government retains the same structure, with the National Planning Commission as the head of implementation, monitoring and evaluation. The Poverty Monitoring Section is the body in charge of M&E within the National Planning Commission.

Stakeholders’ involvement in PRSP preparation was strong, but has weakened as the conflict has intensified since the PRSP was completed. Stakeholders are represented at the national level through the NDC, but there are no sustainable structures in place at the local level to maintain constant dialogue with the Government. In June 2001 the Government incorporated regional consultations into the planning process for the first time. Five regional consultations were held, and another discussion in October 2001 in collaboration with the Association of District Development Committees of Nepal, with representatives from all 75 districts. The NDC met in January 2002 to review the finalized draft PRSP.

Civil society participated widely in PRSP formulation. The five regional consultations for preparation of the Tenth Plan were attended by representatives from ethnic minorities, rural communities and areas, academia, NGOs and CBOs. Two of the five consultations were held exclusively for women. Civil society, namely ethnic minorities, labor unions, academia, political parties, women, NGOs and CBOs are members of the NDC.

The private sector, namely members of business associations, also participated in PRSP consultations, and also forms part of the NDC.

Parliamentary participation in PRSP formulation and implementation was cut short by political turmoil and its subsequent suspension. An exclusive consultative meeting was held for parliamentarians in 2001, and parliamentarians from PRSP-related committees participated in the Nepal Development Forum in 2002. Subsequent discussion of the PRSP was not possible due to Parliament’s dissolution in May 2002, after which elections have not yet been held. Parliament did not approve the PRSP. The constitution does not require parliamentary approval for development planning.

Political unrest continues to hinder the Government’s capacity for PRSP implementation. The NDC has been unable to meet because some of its members are part of the parliamentary opposition. Central ministries, namely the
National Planning Commission and the Ministry of Finance, have capacity for policy planning; however, implementation suffers from ongoing civil conflict, political instability, low capacity of line ministries and a slow move to decentralize. Efforts are underway to increase capacity, especially at the local level, by decentralizing implementation and monitoring responsibilities, and also stepping up anti-corruption efforts. Over the past three years, the Government has encouraged community-based approaches to development in education, drinking water, health, rural roads, rural electrification and other areas, increasing the percentage of the total budget controlled by communities from 1 percent in FY2001 to 6 percent in FY2005.

**Country-led partnership**

The Government is strengthening its role in development assistance coordination. The responsibility to chair the Nepal Development Forum (NDF) every 18-24 months has shifted from the World Bank to the Government over the last three NDFs. The last NDF was held in May 2004 in Kathmandu, and was chaired by the Government. It was attended by representatives from twenty countries, six international development assistance agencies, and UN agencies. The main topics were PRSP implementation and harmonization of external partners. At the local level, there is a two-tier external partner coordination mechanism. At the heads of agency level, the Secretary of the Ministry of Finance chairs a meeting of development assistance agencies in Kathmandu, every other month, or more often if required. Under the apex structure, there are twelve thematic groups. Some thematic groups are chaired by the Government, others are chaired by an external partner, and yet others are co chaired. The frequency of meetings and the level of activities vary.

External partners have largely agreed to align their assistance under the PRSP framework. The five major external partners are Japan, the World Bank, Germany, the UK and the USA, accounting for approximately 72 percent of gross ODA in 2002-03. ODA accounted for 8 percent of GNI in 2003. Most external partners have pledged their support to the PRSP. JICA’s ongoing Country Program is based on the PRSP. DFID aligned its 2004-08 Country Assistance Plan with the PRSP, the ADB its 2005-09 Country Strategy and Program, and the World Bank its FY04-07 Country Assistance Strategy.

There are numerous examples of partnerships resulting from joint analytical and financial work. A small number of external partners that are considering budget support have created a Reform and Development Group, with members from the National Planning Commission and the Ministry of Finance. This group monitors closely progress in the implementation of reform programs and public service delivery. Among these partners, the World Bank provides budget support through PRSCs, the first of which was approved in November 2003. Some discussions have been held on possible co-financing for a second PRSC. Eleven external partners support a SWAp for basic and primary education. Five of them (Denmark, Finland, Norway, the UK and the World Bank) provide funding through a joint financing arrangement to support the Government budget directly. A SWAp is also underway in health, with DFID and the World Bank pooling their funds to provide direct budget support, and

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discussions are ongoing over a possible irrigation SWAp. A CFAA was conducted jointly by the Government, ADB, DFID, and the World Bank.

There is no coherent capacity building strategy and assistance is generally fragmented, but some external partners are beginning to undertake joint initiatives. External partners support capacity building, especially in the area of M&E, where the Poverty Monitoring and Assessment System (PMAS) is the overall framework. Partnership is developing around the rationalization of statistical surveys, under the leadership of the National Planning Commission. Capacity building has fallen outside of SWAps, although there is an effort in the education sector to bring more coherence to capacity building support, by giving the Ministry of Education the lead role in defining its own needs and pooling some of the external partners’ funds for technical assistance under the management of the Ministry itself. For PRSP implementation, DANIDA, DFID, Norway, and the World Bank have pooled resources to support the joint National Planning Commission–Ministry of Finance’s strategic communication program.

Concrete efforts at harmonization are ongoing under the Government’s leadership. External partners have harmonized around the Government’s procurement rules under the SWAps in education and health and the Government is drafting a new procurement act, based on the CFAA recommendations. It presented an ambitious harmonization framework to its external partners at the May 2004 Nepal Development Forum, including its planned Aid Integration Process. The Government’s goal is to bring allocation decisions on external assistance into the MTIP starting FY05-06, in hopes that development assistance partners will begin to align external funds more closely with PRSP priorities over time. Under the Aid Integration Process, the Government will provide external partners with a list of projects and programs on a yearly basis, in line with the budget process, from which external partners can choose projects for financing. The Government is expected to present its priority list in early 2005.

External partners are taking action to strengthen their country presence. The World Bank’s Country Director is based in Kathmandu. The ADB’s Country Director is also based in Kathmandu, where the Resident Mission operates in a decentralized manner. DFID, NORAD and DANIDA are decentralizing decision-making to their field offices, and JICA is in its early stages of decentralization.

**Results focus**

Systems for data collection are in place, but are still fragmented. The principal data collection agency is the Central Bureau of Statistics (CBS). Project Implementation Units within the line ministries also collect data, as does the newly established Poverty Monitoring Section of the National Planning Commission. The Government is preparing a statistical capacity building program, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank. The CBS carried out a Nepal Living Standards Survey (NLSS) in 2003-04, and will carry out annual Public Expenditure Tracking Surveys. The Financial Comptroller’s Office has an integrated financial management system.

Information on the PRSP - including the PRSP in Nepali - is publicly available through the National Planning...
Commission’s website. \(^{120}\) Efforts are underway to begin implementation of the National Planning Commission’s strategic communication program.

M&E systems are beginning to yield positive results in shifting the focus from inputs to outcomes. In primary education and health, where SWAps have developed, this change is quite clear. Other ministries are also beginning to develop more outcome-focused programs. Previously existing M&E systems continue to be used until a PRSP M&E system is established. In March 2004, the Government and UNDP jointly designed a Poverty Monitoring and Analysis System (PMAS) to serve as the main M&E system for the PRSP. The PMAS is to track expenditures and monitor PRSP performance, and produce periodic progress reports for the National Planning Commission to present to the National Development Council. The PMAS is expected to work in connection with previously existing M&E systems in Project Implementation Units and the Central Monitoring Division of the National Planning Commission. The Poverty Monitoring Section is in charge of progress reports that will also serve as MDG progress reports. The PRSP has clear intermediate Poverty Monitoring Indicators, and since its publication, these have been refined by line ministries with assistance from the National Planning Commission.

\(^{120}\) [www.npc.gov.np/tenthplan/the_tenth_plan.htm](http://www.npc.gov.np/tenthplan/the_tenth_plan.htm)
Long-term holistic vision

Action is being taken toward developing a long-term vision widely agreed within the country. The Estrategia Reforzada de Crecimiento Económico y Reducción de la Pobreza 2001-05 (ERCERP), Nicaragua’s PRS, was prepared under the Alemán Government and identifies long-term development objectives through 2015. In 2003 the Bolaños Government formulated a draft Plan Nacional de Desarrollo (PND) as the country’s long-term vision through 2028, building on the ERCERP and strengthening the focus of the development process on the productive sectors. The PND has not yet been finalized but has already been used by the Government as a framework for developing and adopting sectoral policies.

The formulation of a national development strategy is a work in progress, with the existence of more than one and the link of local plans with national objectives still developing. In 2004 the Government prepared a draft Plan Nacional de Desarrollo Operativo (PNDO) as the strategy for the implementation of the PND for 2005-2009. The Government is currently revising the draft PNDO, which is expected to become Nicaragua’s revised PRS.

The Government is in the process of formulating and implementing sector strategies, and some of them are in line with the drafts of the PND and PNDO. In September 2004 the President launched a National Health Plan through 2015 in line with the draft PND, and the Ministry of Health is finalizing an Implementation Plan for 2005-09, which however does not feed into the draft PNDO. The Ministry of Transport and Infrastructure prepared a Competitiveness Plan for 2004-06 in line with the draft PND. There are also an Institutional Reform Strategy 2004-07 in line with the draft PND and a Common Work Program in Education. The Ministry of the Environment is finalizing a National Plan for Environmental Protection, and the Ministry of Agriculture has prepared an agriculture and forestry sector strategy and budget framework to implement the PNDO in the sector.

Departmental development committees prepare five-year development plans. Municipalities also prepare multi-annual strategic plans and annual investment plans, on the basis of which financial resources are allocated. However, the alignment of local development plans with the ERCERP and the draft PND remains an issue, and little

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121 The Alemán Government completed the ERCERP in July 2001. The Government of President Bolaños, who was Vice President with the Alemán Government, prepared two Progress Reports in November 2002 and November 2003.
attempt has been made to ensure that they reflect national priorities.

The ERCERP links medium-term goals to the achievement of the MDGs, and identifies annual targets through 2005. The draft PND maintains social long-term targets through 2015 broadly in line with the MDGs.

Strategy sequencing and balance are not yet clearly defined, with the relation between different development strategies still developing. The ERCERP builds on four pillars: broad-based economic growth, investment in human capital, better protection of vulnerable groups, and good governance. It incorporates decentralization and the environment as cross-cutting issues. It also addresses gender. The draft PND focuses on economic growth and identifies export-oriented strategic sectors in selected geographical areas as key to foster growth. It also includes policy proposals for human capital and good governance, updating some of the ERCERP policy proposals.

The Government is planning to prepare a MTEF for 2006. In 2002 and 2003 it increased spending in health, education, housing and water, broadly in line with the priorities identified in the ERCERP. For the 2005 budget the Government prepared an annual Public Investment Program based on 5-year projections for public investment submitted by line ministries and departmental development committees through a national public investment system, known as SNIP. However, the Public Investment Program has been only marginally modified through the implementation of the ERCERP and the drafting the PNDO. There is a Technical Investment Committee composed of the Ministry of Finance, the Central Bank and the Ministry of External Affairs, responsible for the Public Investment Program. The Secretariat of Coordination and Strategy of the Presidency coordinates the preparation of the Public Investment Program and manages the SNIP.

**Country ownership**

President Bolaños influenced the policy content of Nicaragua’s development strategy, and advocated a stronger focus of ERCERP implementation on economic growth and good governance and launched the PND. The Secretariat of Coordination and Strategy (SECEP) of the Presidency coordinated ERCERP and PND formulation and is responsible for their implementation. There is an ERCERP Commission that meets on an ad-hoc basis and makes recommendations on the ERCERP Progress Reports. Involvement of line ministries is developing.

Action has been taken to establish a sustainable structure for continuing government – stakeholder dialogue. Participation in development policy planning and implementation has been institutionalized through a Citizen Participation Law, approved in 2003. There is a constitutionally-mandated National Council for Social and Economic Planning (CONPES), established in 1999 and comprised of country stakeholders, that advises the President on social and economic policies. The Government has launched a Program for Appropriation, Follow-Up and Evaluation of the ERCERP, known as PASE, to link national and local institutions in policy implementation and enhance the role of local stakeholders in decision-making through the establishment of Departmental Development Councils in all departments and regions. There is also a National Council for Sustainable
Development (CONADES), established in 1997 with UNDP support and comprised of government officials and stakeholders’ representatives, providing inputs on draft laws concerning water, fisheries, mines and forestry. CONADES meets sporadically.

Consultations for PND formulation built on the structures for ERCERP implementation. SECEP and CONADES organized regional fora in each department and autonomous region with local governments and local stakeholders. The fora provided inputs for the territorial objectives of the PND. At the national level, SECEP and CONPES organized seven thematic fora with mayors, youth, women, environmental, indigenous and non-governmental organizations, the private sector and trade unions. Consultations for the PND took place in parallel to the drafting of the PNDO.

Civil society organizations have been involved in ERCERP implementation and PND formulation. Youth and women associations, trade unions, academia, think tanks, religious associations, associations of local governments participate in CONPES and CONADES. CONPES participated in ERCERP formulation, and was consulted for the preparation of the ERCERP Progress Reports, but its impact was limited. Civil society representatives participated in the regional and thematic fora for the formulation of the PND, accounting for more than forty percent of the participants.

The private sector has been involved in ERCERP implementation and PND formulation. Associations of big and small enterprises, farmers, fishermen, non-traditional producers, chambers of commerce participate in CONPES and CONADES. Private sector representatives participated in the regional and thematic fora for the formulation of the PND. They accounted for twenty percent of those invited, but less than half of those invited participated.

Parliamentary involvement is limited. The National Assembly is constitutionally mandated to make recommendations on national economic and social plans. In 2004 the National Assembly established a special commission for monitoring the ERCERP. However, the Executive did not consult with the National Assembly, where it does not hold a majority, for the formulation of either the PND or the PNDO. The Government is currently planning to hold meetings with the National Assembly’s ERCERP Commission to discuss the completion of the PNDO. However, it is not yet known if the Government has plans to submit the PNDO to Parliament for approval.

Ministries and local governments have insufficient capacity to prepare technical and economic evaluations of programs and projects. Corruption is perceived as widespread. The Government has started tackling these issues. In 2003 it approved a Civil Service Law, which limits the number of political appointees and establishes procedures for competitive hiring, merit-based evaluation and permanent training. However, its implementation is being delayed due to insufficient financial resources. Training is being provided to community leaders for the preparation and implementation of local development plans.

Country-led partnership

The Government has started playing an active role in coordinating development assistance. The Ministry of External Relations leads coordination. In 2003 the President established a global and six sectoral roundtables on education, health,
good governance, production and competitiveness, infrastructure and social protection, chaired by sector ministries. Progress in the work of the roundtables has been mixed. Some of them, like the education roundtable, which has an operating manual and result-oriented work plan, is fostering coordination of external assistance for the sector. Others, which have less structured working arrangements, are more a forum for dialogue and exchange of information. It is expected that each roundtable will have a results-oriented work plan and an operating manual by the end of 2005. There are also annual coordination fora, organized by the Ministry of External Relations and comprised of government officials and external partners’ representatives, to assess progress in coordinating external assistance. A CG meeting was held in 2003 in the country and chaired by IDB.

External partners are aligning their assistance with country development objectives. The five major external partners are the IDB, the World Bank, Germany, the USA and Spain, accounting for approximately 71 percent of ODA in 2002-03. The EU and Sweden also play an active role. ODA accounted for 21.3 percent of GNI in 2003. The IDB Country Strategy for 2002-05 supports the objectives identified in the ERCERP. The World Bank Country Assistance Strategy FY03-05 is based on the ERCERP and supports its strongest focus on economic growth. Germany development cooperation focuses on poverty alleviation; in 2003 development assistance was significantly scaled up to support civil society and local government participation in ERCERP implementation.

The USAID Country Plan for 2003-08 focuses on governance, economic development, health and education; no reference to the ERCERP or the PND is made. In 2004 Nicaragua was selected as one of the countries eligible for MCA assistance, and the MCA proposal is being developed in line with the PND. The EC Country Strategy Paper 2002-06 focuses on local government, education and good governance in line with the ERCERP. SIDA’s assistance strategy supports the implementation of the ERCERP.

Partnerships in external financial and analytical support are emerging. In 2003 the World Bank and IDB jointly prepared a CFAA. In 2004 the World Bank prepared a CPAR in cooperation with the Government and IDB. In 2003/04 the World Bank, the Government, the National Institute of Statistics and Census jointly prepared a Poverty Assessment, carried out according to internationally-agreed guidelines known as MECOVI.

Multi-donor budget support is being considered. In 2004 the World Bank launched a PRSC. The EC and the Netherlands are providing budget support for ERCERP implementation. A budget support group composed of the Netherlands, SIDA, the World Bank, the EC, Switzerland, Germany and Norway prepared a draft joint financial arrangement and a common performance assessment matrix to be used by both Government and external partners. The financial arrangement and the performance assessment matrix have not yet been signed by the Government.

The Government is preparing some SWApS. The World Bank, the Netherlands, DFID, SIDA and DANIDA are implementing a Common Work Program in Public Sector Management through a Multi-Donor Trust Fund.
managed by the World Bank. A single Performance Monitoring Plan has been prepared and will be monitored by the Joint Monitoring Committee co-chaired by the World Bank and one representative of the other external partners. The World Bank, IDB, SIDA, Finland and the Netherlands are jointly supporting a health SWAp. The World Bank, CIDA and DANIDA are supporting an education SWAp, based on a Common Work Program, with joint performance indicators, joint financial management, joint financial reporting mechanisms and joint supervision of implementation progress. The World Bank, the EC, GTZ, Finland, USAID, FAO, IDB, GEF, IFAD are interested in jointly supporting an agro-forestry program, and are conducting joint missions and sharing terms of references and aide-memoires. However, external partners still channel most of their assistance through projects; in 2004 there were about 533 projects accounting for approximately eighty percent of all external assistance.

Partnerships in capacity development are emerging around the ERCERP. JICA, SIDA, DFID, the World Bank, IDB, USAID, UNFPA and UNDP are coordinating their capacity building efforts for census and statistics system. Capacity building for public sector management is jointly provided by the World Bank, the Netherlands, DFID, SIDA and DANIDA.

Action is being taken to harmonize with country systems. Nicaragua is a pilot country under the 2003 Rome Declaration on Harmonization. In 2004 the Government adopted a Harmonization Action Plan and participated in an OECD/DAC joint country learning assessment to advance the implementation of the 2003 Rome Declaration. In the health and education sectors, external partners are working toward a common fiduciary framework, with the aim of harmonizing financial management and procurement around country systems.

Some external partners have decentralized their operations to better participate in day-to-day decision making. The EC is decentralizing its decision-making processes. Germany and SIDA coordinate their program from country offices in the country. USAID has a strong presence in the country. The World Bank Country Director is based in Washington and the program is coordinated by a country office in Managua.

**Results focus**

The quality and availability of poverty-related data is improving. In 2001 the National Institute of Statistics and Census conducted a Living Standard Measurement Survey (LSMS) and a Demographic and Health Survey (DHS). New LSMS, DHS and a new census will be carried out in 2005. The Government is preparing a national statistical development strategy, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank. There is an Integrated System for Financial Management and Auditing, known as SIGFA, currently used by 38 government institutions, i.e. about 70 percent of all government and autonomous entities, including public enterprises. SIGFA is the basis for the preparation of the budget execution reports sent to the National Assembly. There are also systems to track official development assistance (SysODA) and payments from non-governmental organizations (SysONG). However, SIGFA, SysODA and SysONG are not yet integrated.
Information on Government policies is easily available through electronic media but dissemination is limited. There is a wide array of government websites with information on development vision and strategies, and the budget. However, the ERCERP is only mentioned on the website of SECEP, and the document is not available. The draft PND has not yet been widely circulated either on paper or electronically. Given that the PNDO has not yet been finalized, there have been only limited attempts to disseminate its content.

Action is being taken to establish a country-level M&E system. In 2001 the Government identified 33 indicators to monitor progress in ERCERP implementation, and 29 of them were measured in 2002 and 2003. In 2002, 5 new indicators were added to the poverty indicators identified in 2001. MDGs do have targets through 2015. The ERCERP identified intermediate targets only until 2005. The draft PND starts identifying targets beyond 2005. The Government is moving toward integrating the ERCERP M&E system into a computer-based National System to Monitor Development Indicators, known as SINASIP.
**Long-term holistic vision**

Action has been taken to develop a long-term vision that constitutes a reference point for policymakers. Niger’s Poverty Reduction Strategy (PRS) for 2002-05 refines the long-term vision developed for the previous poverty reduction program, the *Programme Cadre National de Lutte contre la Pauvreté* (PNLCP), which was prepared in 1997 in collaboration with UNDP. A long-term perspective study is in place in 2005 to redefine the long-term vision and assist in the preparation of an updated PRS. The Government has prepared detailed sector strategies consistent with the PRS in education, transport infrastructure and the rural sector, with a health sector strategy completed and approved in February 2005. A ten-year education development plan known as PDDE guides detailed implementation for 2003-13, and the finalized comprehensive health sector strategy includes specific sector targets. Local development programs are not well coordinated with sector strategies.

The PRS’s goals mirror the MDGs, but in most cases are less ambitious taking into account country conditions. During implementation, the Government reinforced education as a priority and revised goals in education upwards consistently. The Government’s ongoing study on sources of growth and a poverty analysis may result in further fine-tuning of development targets. The PRS identifies poverty reduction as the principal objective, and encompasses macroeconomic objectives, the productive sector, social sectors and capacity building. It has four strategic pillars: 1) increasing economic growth and stability while improving standards of living, 2) developing productive sectors while preserving the environment and reducing fluctuations, 3) improving access to basic social services including water, education and health, and 4) strengthening human and institutional capacity to improve governance. Cross-cutting themes are gender, good governance and the redefinition of stakeholders’ roles.

The use of a global MTEF has resulted in a link between the PRS and the budget. The government is revising its global MTEF as laid out in the PRS and preparing sectoral budget programs toward full costing of the PRS. The MTEF helped focus expenditures on priority areas identified in the PRSP in the 2004 and 2005 Budget Laws. Advances were made in budget implementation through the 2003 Finance Law, as well as with the adoption in July 2002 of a new

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123 The PRS was completed in January 2002. The first Progress Report was completed in July 2003. The second Progress Report was completed in late 2004.
budget nomenclature and the introduction of new chart of accounts, which was expanded to regional offices.

**Country ownership**

The locus of initiative for PRS content has been with the Prime Minister and Minister of Finance. The Prime Minister chairs a National Steering Committee, and the Prime Minister’s Office coordinates the PRS process through a PRSP Secretariat. The Minister of Social Development, Population, Advancement of Women and Child Protection (MD/SPPF/PE) chairs a Committee for Domestic Dialogue and Joint Action, which includes a wide variety of stakeholders. At the Regional level there is a Regional Steering Committee comprised of government representatives and other stakeholders, as well as a Sub-regional Committee for Domestic Dialogue and Joint Action.

The government does not systematically request feedback from stakeholders during PRS implementation, but has led consultations during PRS and Progress Report formulation. The MD/SPPF/PE organized stakeholder involvement in PRS formulation through thematic groups, workshops, public debates in each region, and seminars. Consultations for the PRS Progress Report, like the PRS, were held at various stages, which culminated in a national workshop in July 2003. The Progress Report consultations were led by the Permanent Secretariat through a national validation workshop.

Action has been taken to involve civil society in PRS formulation and implementation. Trade unions, students and CSOs participated in the PRS formulation seminars. The government invited representatives of the poor to the public debates and CSOs are represented in the Regional Steering Committee. Many CSO’s participated in Progress Report consultations, with two umbrella CSOs - CONGAFEN and GAP - grouping more than 80 others; CONGAFEN groups 34 NGO's working on women and children promotion issues, and GAP groups 49 NGO's working on various development issues.

The private sector is small, but has had some involvement in PRS formulation and implementation. The local Chamber of Commerce and some local company representatives participated in the consultations for formulation of the PRS. The private sector, mainly private professional organizations, participated in the consultations for the PRSP Progress Report.

The National Assembly had limited participation in PRS consultations. However, it serves as a M&E body for the PRS. The National Assembly is not required by the Constitution to approve a national development plan and it did not formally approve the PRS. However, the Minister of Finance presented it to the National Assembly for comments after the World Bank and IMF endorsed the PRS. The PRS Progress Report was submitted for information to the National Assembly in the second half of 2003. The Constitution requires that the national budget be approved on a yearly basis by the National Assembly.

Capacity for formulation and implementation are weakened by low education levels and limited administrative capacity. Outbreaks of ethnic and religious conflict around the country have also weakened the Government’s ability to implement reforms.
Country-led partnership

The Government is taking action to strengthen its leadership of development assistance coordination. The Ministry of Finance, through the PRS Secretariat, chairs a permanent structure for dialogue with external partners, the Government/Donors Committee. The World Bank and UNDP are co-chairs. The government held and chaired a Donors Forum in Niamey in June 2003, the first in Niger and the first since 1998, when the Forum was held in Geneva. Since 2003, external partners have been operating in the education sector under a signed protocol on coordination. External partners chair thematic groups; education, decentralization and rural sector (France); health (Belgium); water (Swiss and multilateral partners); private sector development (UNDP); road maintenance (EC); and budgetary reforms (World Bank). Both the government and development assistance agencies participate in these thematic groups, which are activated for the annual review of the PRS and sectoral consultations.

External partners have fully endorsed the PRS as the basis for their assistance. The five major external partners are France, the World Bank, the EU, the AfDB and the IMF, accounting for approximately 81 percent of gross ODA in 2002-03. ODA accounted for 16.7 percent of GNI in 2003. The World Bank’s FY03-05 Country Assistance Strategy is fully aligned with the PRS, as is the UN Development Assistance Framework 2004-07. The EC and AfDB adopted their strategies before the finalization of the PRS; however they are consistent with the PRS. The AFD revised its strategy to align with the PRS.

External partners are generally supporting a gradual transition from project to program financing, and forming partnerships through joint analytical and financial work. Key first steps are to build government capacity to plan and manage development programs, including strengthening the fiduciary framework, and stronger consensus around sectoral strategies and expenditure programs. The World Bank plans a series of annual PRSCs starting in 2006-07. There have been limited discussions for a joint budget support initiative, but an agreement is in place for a joint program with the EC in the context of the preparation of the ongoing World Bank Public Expenditure Adjustment Credit (PEAC III). A SWAp is under preparation in the Health sector, led by the World Bank. The Government led a joint Public Expenditure Management and Financial Accountability Review, carried out in partnership with the World Bank, the EC, France, UNDP and AfDB.

There is no comprehensive capacity building strategy supported jointly by various development assistance agencies. Some steps have been taken toward a strategy; the PRS emphasizes improving capacity for basic service delivery, particularly at the local level, and in budget management. Some partnerships around capacity support are forming. For example, CIDA, the EC, the World Bank and UNDP are supporting capacity development for PRS M&E systems.

The Government is taking an active interest in harmonization with country systems. Through the PRSP Secretariat, the Government developed an action plan for harmonization jointly with external partners, but has yet to formally adopt the framework. Niger is one of the pilot countries of the Education for All Fast Track Initiative. It also is a pilot for the
UN first generation interagency harmonization program. The Government is advancing the harmonization agenda by having adopted a new Procurement Code.

A number of development assistance agencies are increasing their presence in the country to better participate in daily interactions with the Government and each other. For example, the World Bank has an office in Niamey, and its Country Director is based in Dakar, Senegal. The EC is enhancing its Delegation’s technical capacity. The AFD Program is managed by an office in Niamey.

**Results focus**

Data on poverty and poverty-related expenditures is limited. The National Statistics Institute has plans to prepare a master statistical plan to consolidate data from different sources and provide a strategic vision for the statistical system. A Poverty Observatory is under development to assist in gathering data for monitoring and evaluation. Preliminary data from the 2001 census is available, and a household survey was planned for 2003 to update old poverty data, but has been repeatedly delayed. An integrated financial management system is being developed but needs to be expanded to line ministries and other agencies.

The Government’s efforts to disseminate PRSP information are limited. A communication plan guided wide publicity during PRS formulation, including through seminars to which the media was invited. Information about the PRS can be found on the Government’s website. The PRS has not been translated into local languages.

The government has formulated a proposal for a poverty M&E framework that integrates PRS indicators. The PRS M&E system under development is being built on existing M&E systems, and will report on progress toward the MDGs. Once adopted, the framework will be made operational through a central M&E system, while previous M&E work has been undertaken separately by sectoral and regional departments. In particular, the M&E department within the Ministry of Finance and the PRSP Secretariat, have been instrumental in the preparation of PRS and MDG progress reports. The government has plans to refine the PRS indicators, and has already done so for health and education.

http://www.niger-gouv.ne/
**Long-term holistic vision**

A long-term vision guiding policymakers until 2015 is embedded in the most comprehensive of Pakistan’s medium-term strategies for development, the Poverty Reduction Strategy Paper (PRSP) for 2003-08, entitled Accelerating Economic Growth and Reducing Poverty: The Road Ahead. It draws on a detailed IPRSP completed in 2001, as well as sector strategies prepared by most of the line ministries. The PRSP is the first of its kind in that it encompasses poverty reduction strategies at the federal and provincial levels. It reflects PRSs, some still in draft, prepared at the provincial level as an input to the national PRSP. The PRSP is overriding Pakistan’s traditional ten-year development plan, prepared by the Planning Commission, which has a national coverage but includes development expenditures only at the federal level. While there are no explicit links between the PRSP and the ongoing Ten-Year Perspective Development Plan that covers the period from 2001-11, the Government is linking its traditional five-year investment plans for the federal government to the PRSP. Previously these five-year plans had been based on the traditional ten-year development plan. The Government is updating its five-year plan, the Medium-Term Development Framework (MTDF) for 2005-10, which is expected by May 2005, detailing a federal level public investment plan that is fully consistent with the broader strategy in the PRSP. Pakistan embarked on a decentralization process in 2001, and the PRSP reflects critical next steps in furthering devolution and strengthening elected local governments.

The PRSP strives towards the MDGs with goals for 2015 and 2020, and its targets are largely in line with the progress necessary to meet these goals. The thrust of the PRSP is a set of policies to accelerate and sustain rapid growth as the main vehicle to reduce poverty in Pakistan. It provides the overall framework for consolidating and advancing structural reforms, maintaining macroeconomic stability, and bridging the social gap, including an explicit recognition of the need to address the wide gender disparities that persist across most social indicators. The PRSP is a comprehensive strategy for addressing poverty in its various dimensions. It emphasizes policies to sustain rapid growth as the main vehicle for poverty reduction and is grounded on four pillars: 1) achieving sustained high and broad-based economic growth, focusing particularly on the rural economy, while maintaining macroeconomic stability; 2)

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126 The PRSP was completed in December 2003. A Progress Report is expected in August 2005.
improving governance and consolidating devolution, both as a means of delivering better development results and ensuring social and economic justice; 3) investing in human capital, with a renewed emphasis on effective delivery of basic social services; and 4) targeting the poor and vulnerable, to bring the marginalized sections of the population and backward regions into the mainstream of development, and to make marked progress in reducing existing inequalities. Many policies are crosscutting in nature, and thus are expected to have an economy-wide impact on all sectors.

The Government has taken action to align its budget with PRSP priorities. The PRSP expenditure framework projects significantly higher expenditure allocations for education, health, and capital investment. Detailed expenditure frameworks, that precede and became part of an IPRSP and then the PRSP, have been influencing budget allocations since 1997. The FY04-05 Federal Budget is consistent with the PRSP and balances the twin objectives of enhancing public allocations for poverty and growth related expenditures, and of reducing the public debt burden further. There is room for improvement in tying allocations to outcomes; next steps are to complete annual PRSP progress reports in time to serve as a basis for budget decisions. Medium-Term Budget Frameworks (MTBFs) are in place in some of the more developed provinces, which are also in the initial stages of moving towards performance-based budgeting.

Country ownership

The PRSP Secretariat in the Ministry of Finance is the focal point for the PRSP and is overseeing its implementation. This constitutes a change from the traditional planning process, whereby the Planning Commission produced the MTDFs. The responsibility for producing the upcoming 2005 MTDF still rests within the Planning Commission. The Secretary General of Finance chairs a National PRSP Steering Committee, composed of Secretaries of relevant Ministries and the Planning Commission as well as heads of institutions and Additional Chief Secretaries of the provinces, which oversee PRSP formulation and implementation. Inter-ministerial coordination takes place mainly at the Cabinet level through the Cabinet Committee on Economic Affairs and the constitutionally-mandated National Economic Council, which discussed the PRSP in its various draft stages. The Cabinet approved the final draft of the PRSP. Prior to finalizing the PRSP, the PRSP Secretariat organized a series of consultative seminars and workshops at the provincial and national levels, and through an NGO – the Rural Support Program Network – in 49 districts.

The National PRSP Steering Committee meets every six months with external partners to review progress in implementation. The National Economic Council, chaired by the Prime Minister and the Minister of Finance, decides on and monitors PRS implementation. Thematic sub-groups meet more regularly. The PRSP Secretariat heads M&E of the PRSP and PRSP expenditures, and quarterly reports are posted on its website.

The Government has made some progress in involving civil society in dialogue during strategy formulation and implementation, where prior to the PRSP there had been no tradition for civil society involvement in policy making. CSOs participated in the later stages of PRSP formulation through the workshops and seminars organized by the PRSP Secretariat and the Rural Support Program
Network. CSOs are included in the thematic sub-groups that report to the National PRSP Steering Committee.

The private sector has been more deeply engaged in the preparation of national development strategies and policies. The Government and private sector have a pre-established tradition of consultation through various advisory bodies, such as the Economic Advisory Board. These advisory bodies are regularly consulted to help guide economic reforms in areas like industrial policy, tax administration, and privatization. Organized groups within the private sector, such as labor unions and the textile and garment sectors, influence policy decisions, and were consulted during PRSP formulation.

The National Assembly is not required by the Constitution to approve a national development plan, but it does require its approval of annual budgets. In reviewing the budget, parliamentary debates often center on its consistency with the PRSP. For example, the PRSP was presented to the Senate and the National Assembly along with the FY04-05 budget. The parliament discussed and debated the PRSP’s key parameters and broad strategy. In addition, the Government organized a specific workshop with Parliamentarians to discuss the PRSP process and its contents. This year’s forthcoming PRSP Progress Report is expected to be presented to Parliament only after the discussion and approval of the FY05-06 budget, but in future years the government hopes to be able to time data collection so that the Progress Report can be presented alongside the budget submission.

The Government’s implementation capacity differs by region. At the central level and in more developed provinces and larger cities, capacity is high. While some government institutions are well staffed and capable, others, in particular at the local level and in some of the poorer provinces as well as in the social sectors, are weaker. Local district governments that emerged as a result of the devolution process, have very limited capacity and most have yet to take on development planning as a primary responsibility. Efforts are underway, financed by external partners, to enhance the capacity of the public sector for policy formulation as well as implementation, including at the district level, and also to successfully monitor PRSP outcomes.

Country-led partnership

The Government leads coordination of policy dialogue and program support within the framework of the PRSP. The Government’s Economic Affairs Division (EAD), under the Ministry of Finance, takes the lead in development assistance coordination. The National Economic Council approves all national investment decisions, including those financed externally. Since 2001, the Government hosts an annual Pakistan Development Forum (PDF) - which is usually held in Islamabad. The next PDF will take place in Islamabad in April 2005, chaired by the Government. Civil society and private sector representatives are invited to the PDF and are playing an active role in PRSP-related discussions. The thematic sub-groups that report to the National PRSP Steering Committee are led by government officials and include external partners and civil society. In developing the MTDF, the Government recently organized a series of sectoral brainstorming meetings, which included external partners. Following from these meetings the Government has set up
sectoral working groups to prepare sectoral strategies and plans.

Partnerships between the Government and domestic stakeholders for PRSP implementation are strengthening as NGOs increasingly take an active role in service delivery in areas with limited capacity.

External partners are broadly aligning their strategies to the PRSP. The five major external partners are the USA, the World Bank, the IMF, Japan and France, accounting for approximately 84 percent of gross ODA in 2002-03. The UK is also active. ODA accounted for 1.5 percent of GNI in 2003. The World Bank’s FY03-05 Country Assistance Strategy was designed to support PRSP goals and, based on the FY04 CAS progress update, the FY03-05 CAS remains fully aligned with the PRSP. The ADB 2002-06 Country Strategy and Program is also in line with PRSP priorities. Other external partners, such as DFID, USAID, Japan, and Germany are supporting similar goals and aligning their assistance strategies with the PRSP.

External partners are undertaking some joint analytical work in partnership with the Government. In 2003 the World Bank, DFID, and ADB completed jointly a CFAA. Two economic reports, Devolution in Pakistan (District Assessment) Report and Punjab Economic Report, were prepared as joint products of the World Bank, ADB, and DFID. The upcoming NWFP Economic Report is being prepared in collaboration with DFID and the Sindh Economic Report is being prepared in collaboration with the ADB.

Financial support is increasingly being provided in partnership. For example, the World Bank has been providing budget support through a series of PRSCs since 2004, and regularly provides budget support to the provinces through development policy credits (DPCs). The UK and the USA are aligning their budget support with the Bank’s PRSCs and the UK possibly also with the North-West Frontier Province DPCs. In addition, the EC and several other bilateral partners are providing budget support but not under a common framework. For example, the ADB provides sectoral budget support, mainly in agriculture, an area not covered under the Bank’s PRSCs. SWAs have been discussed in health and education but are held up pending clarification of the policy environment.

External partners collaborate in capacity building efforts under the Government’s leadership. The EAD coordinates all foreign provided training and participation at conferences. While there is no national capacity building strategy, the EAD’s guidance is increasingly strategic. There are also a number of capacity building initiatives under implementation. For example, a public sector capacity building project, financed by the World Bank, focuses on the broad-based professional development of public sector officers, through professional training programs for middle and senior officers, as well as strengthening in-country training capacity through support of training institutions. With the support of the ADB, the Government is conducting a capacity building program for local governments, while the World Bank-supported Project for Improvement in Financial Reporting and Accounting (PIFRA) program is modernizing financial management.

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systems at the federal, provincial, and district levels. The ADB Decentralization Support Program focuses on the institutional strengthening and capacity building of local governments, as well as providing technical assistance to improve fiscal decentralization, through support to the Provincial Finance Commissions. ADB has established a Results Management and Development Effectiveness Unit for building capacity for results-based monitoring within the Government. DFID has a large and expanding capacity building effort, focusing on the MTBF and the health, education, and population sectors. DFID is also working with local governments to enhance their capacity to deliver services, particularly in health, and municipal services.

There are now strong efforts to harmonize with country systems, with a large percentage of development assistance disbursed as budget support once a year following the approval of the national budget. There have been efforts to improve the procurement and financial management systems of some line ministries and at the provincial level. With the move toward SWAps and an expected increased use of country systems within investment projects, development assistance agencies are first taking steps to harmonize their procedures, focusing on environmental safeguards, financial management and accountability, monitoring and evaluation, and procurement. The World Bank and DFID, in collaboration with other external partners, are harmonizing environmental assistance and safeguard approaches through a Country Environmental Analysis pilot. A comparison between the World Bank's and ADB procurement rules was undertaken in 2004 as part of the harmonization exercise and as a result, harmonized procurement documents are available for use. A similar exercise is underway in the area of financial management. In addition, external partners have agreed to put together a joint Portfolio Issues Paper focused on key generic portfolio management issues faced by externally financed projects, for discussion with the Government.

External partners are strengthening their presence in the country to better participate in day-to-day activities, and there are elements of decentralized decision-making within several development assistance agencies. The World Bank’s Country Director is based in Islamabad, as are the directors for DFID and the ADB. USAID has re-established its presence in country. The AFD has an office in Pakistan but with few staff, and with a stronger regional office based in India. ADB has strengthened its Resident Mission to manage core operational functions, and the EC office is expanding.

**Results focus**

The Government is taking action to improve upon its well-established federal statistical system - including the Federal Bureau of Statistics (FBS) - to provide better information on economic, demographic, and social trends, and to improve the quality and reliability of data. The FBS has launched the Pakistan Social and Living Standards Measurement Survey (PSLSM). This survey consists of a CWIQ, which for the first time is gathering data at the District level, and a Household Income and Expenditure Survey (HIES), which is provincially representative. Results of the CWIQ are expected by May 2005. The HIES will provide poverty estimates, at the national and provincial levels and its results are expected by November 2005. The CWIQ
and the HIES will provide key information on whether the economic reforms of the past 5 years have translated into improved economic and social outcomes. The PRSP Progress Report is expected to draw on the findings of the CWIQ. The government is also increasingly making use of independent third party assessments to assess progress in achieving project outcomes. The Sindh and NWFP adjustment credits and Punjab Education Adjustment credit all make use of such evaluations to ensure that programs are on track.

The Government is undertaking efforts to modernize and strengthen its integrated financial management system to make it more efficient, transparent and reliable. The Controller General of Accounts (CGA) office is being strengthened and annual final accounts for the Federal Government have been produced six months prior to the end of the year, resulting in improved data reliability and availability. The medium-term objective is to implement a new public chart of accounts and financial reporting requirements under a nationwide computerized accounting system supported by the World Bank-funded Project for Improvement in Financial Reporting and Auditing (PIFRA). There has also been considerable progress in improving the timeliness of audits over the past two years with audit reports starting to become available within six months of the end of the fiscal year. An Annual Audit Program that sets out specific goals and targets has been published. The Government has revitalized legislative oversight through the Public Accounts Committees (PACs) of the National and Provincial Assemblies, which review the findings of audit reports.

The PRSP Secretariat has developed a comprehensive communication strategy to disseminate PRSP information at key levels of society, and ensure transparency in PRSP implementation. The communication flow includes briefings, information packs, media coverage, workshops, translation of the PRSP into national languages, and implementing feedback and policy adjustments. The PRSP is available on the Government’s website in English, as is expenditure data, semi-annual PRSP progress, and quarterly reports on health and education outcomes. The media publishes the national budget.

A country-level M&E system is in place since the completion of the IPRS, building on existing M&E systems in the line ministries. The PRSP Secretariat leads the M&E process, and is responsible for tracking budget and non-budget poverty expenditures. The Secretariat works closely with provincial monitoring units through identified focal points within their Planning and Development Departments, which evaluate progress on poverty indicators. The FBS and the Planning Commission also cooperate with the Secretariat in helping to consolidate reports on progress toward the MDGs and PRSP implementation every six months. The government has also developed an action plan and begun to implement a program to improve the monitoring of health and education intermediate outcome indicators and, in conjunction with the provinces, to monitor PRSP-related expenditures. These are being reported in quarterly reports. The Government has also initiated a program, with assistance from ADB and the World Bank, to strengthen its M&E capacity and systems towards a more ‘results-based’

M&E. Additional efforts are required to set up a system to monitor progress in areas such as gender, environment and governance, and to improve the capacity for M&E at the provincial and district levels. Intermediate indicators were developed by the Government through a collaborative process with stakeholders, including district and provincial governments, and are included in the CWIQ survey. They will be updated once the survey analysis is complete.
Political turmoil over power sharing, and repeated outbreaks of ethnic violence between the Tutsis and the Hutus have marked the history of the country. These conflicts triggered the displacement of tens of thousands of Tutsis to neighboring countries starting in the 1950s through the early 1990s, when a rebellion by the Rwandan Patriotic Front culminated in the 1994 genocide. Between April and June of that year, 800,000 Tutsis and moderate Hutus were killed and about 2 million people fled to neighboring countries. In July 1994 - following the Arusha Accords - a Transitional Government of National Unity was formed under the presidency of the Hutu Pasteur Bizimungu. In April 2000, President Bizimungu resigned and Vice President Paul Kagame became the first Tutsi President. A new Constitution was enacted in June 2003. The first multi-party presidential and parliamentary elections since independence were held in August and September 2003, resulting in the election of President Kagame. Despite the establishment in 1995 of a UN-appointed tribunal - based in Tanzania - aimed at indicting and sentencing high-ranking people responsible for the atrocities committed in 1994, it is difficult to eradicate the legacy of the genocide. A Commission for National Unity and Reconciliation has been set up to promote peace, tolerance and respect, but time and effort will be needed in order to achieve a true reconciliation. The country is currently secure and most refugees have resettled.

**Long-term holistic vision**

A vision widely considered as a valid reference point for development planning is in place. Vision 2020 - prepared with the support of UNDP following extensive consultations with stakeholders - is the long-term vision of Rwanda and the goals stated in the vision, including national reconciliation, poverty reduction, rural and human resources development, provide the framework for the PRSP which sets development targets for 2020. The vision undergoes yearly revisions coordinated with PRSP revisions. A full review of the PRSP is scheduled for 2005. PRSP goals are in line with the MDGs, with clear targets for poverty reduction over time.

The medium-term strategy builds strongly on the long-term vision. The PRSP embeds a development strategy for 2002-04 and focuses on six pillars: 1) the transformation of the agricultural economy as a necessary goal to reduce poverty; 2) human development through

129 Vision 2020 was first published in 1998. The PRSP was completed in June 2002. A first Progress Report was finalized in June 2003, and a second Progress Report was completed in October 2004.
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improved education and health; 3) economic infrastructure; 4) human resources and capacity building; 5) private sector development; and 6) good governance. Macroeconomic stability, decentralization, and an effective partnership between Government, civil society, the business community and development assistance agencies are also crucial elements. The PRSP addresses gender disparity, education, HIV, environmental and private sector development issues. It does not fully articulate a strategy to stop environmental degradation; however it does clearly address private sector development issues. The Ministry of Economic Planning and Finance (MINECOFIN) has produced guidelines for Government agencies to develop poverty-focused sector strategies, which will feed into the 2005 PRSP review. Education and HIV/AIDS sector strategies have made significant progress, however formulation has been slower than expected in some other sectors, due to financial and human resources constraints. The Education Sector Strategic Plan is expected to be rolled out to all provinces by 2008. An agricultural transformation and rural development sector strategy was developed in 2004 - together with a Health Sector Strategic Plan - and will be fully elaborated in 2005. In 2004 ninety-five percent of districts developed five-year development plans. However, district development plans are not yet fully coherent with national priorities. The Government is addressing this challenge through a Decentralization Implementation Program 2004-08 and the preparation of a Sectoral Decentralization Plan to guide development planning at the local level.

An MTEF, in place since 2002, has taken hold and is helping to focus expenditures on priority areas identified in the PRSP. The National Investment Strategy - which outlines the overall path of public and private investment, as well as the funding gaps in certain sectors to reach PRSP objectives - and the 2005 Budget Framework explicitly state the crucial importance of the PRSP. The MTEF for 2005-07 is considered a key instrument for focusing public actions on poverty reduction, and specific budget priority programs are proposed in every area identified in the PRSP. In order to strengthen the MTEF and overall public financial management, the Government has been working to improve predictability in budget financing - most importantly to priority activities - and the coordination of public financial management reforms. Completion of Progress Reports is aligned with the budget cycle. An Organic Budget Law was drafted in 2003 and the Government adopted a Financial Accountability Review and Action Plan whose implementation will be coordinated by a Public Financial Management Reform Steering Committee. Significant progress has been made in the development of sub-national government budgets and their incorporation into the MTEF process. Ministries have explicitly linked their budget submissions with strategic planning choices outlined in their Strategic Issues Papers, which also address linkages between ministerial and sector-wide activities. They prepare ministerial MTEFs that are used to prepare a macro MTEF, in turn used as an input for the preparation of the Background to the Budget document to be submitted to Parliament. All districts have completed a three-year MTEF, feeding into the national MTEF.
Country ownership

Country leaders across the executive have contributed to the PRSP. MINECOFIN and the Prime Minister have shaped the PRSP, which has been broadly supported by the Government as a whole. An Inter-Ministerial Committee on Poverty chaired by the Prime Minister involves nine line ministries in strategy formulation. A Steering Committee, made up of Secretary Generals from all key ministries and other stakeholders, was charged with monitoring.

A temporary structure was established to ensure stakeholder participation in PRSP formulation. In 2000, MINECOFIN created a National Poverty Reduction Program (NPRP) to conduct extensive consultations with the poor in the formulation of the PRSP. Between April and August 2001 consultations were first conducted by the National Unity and Reconciliation Commission (NURC) - charged with holding consultations at the local level to foster good governance and reform the economy - which identified poverty, bad governance and lack of justice as the main causes of disunity. Consultations built on the decentralized structures established in 2000; cellules, the most decentralized level of government, prepared draft local PRSPs, which were then consolidated at the level of secteurs, districts and provinces and transmitted to MINECOFIN. MINECOFIN consolidated the various local drafts into a zero draft PRSP, which was presented at a national validation workshop held in October 2001, to which representatives of all stakeholders were invited. In addition, national level sector consultations were held in Kigali.

There is a sustainable structure for continuing government stakeholder dialogue. In October 2002 the Government created the Strategic Planning and Monitoring Directorate, also known as the Poverty Observatory - by merging NPRP with the Department of Strategic Planning - in charge of monitoring and assuring consistency in PRSP implementation. While preparing the first PRSP Progress Report, the Poverty Observatory explored the degree of satisfaction of the population through participatory surveys and stakeholder seminars. In addition, consultations conducted by the NURC, which involves frequent meetings at all levels and is widely considered as a permanent consultation mechanism to resolve lingering tensions, fed into the first PRSP Progress Report. Efforts are underway to consolidate dialogue held by the NURC and that conducted by the Poverty Observatory specifically for the PRSP.

Civil society organizations have been fully involved in consultations for PRSP formulation and implementation. Teachers, religious groups, elders, youth, and women’s associations took part in the consultations organized by NURC, and the Government has made concerted efforts to include Hutu and Tutsi stakeholders. Civil society was highly involved in the preparation of the 2004 PRS Progress Report, and an NGO Secretariat ensures its participation in a number of thematic working groups. CSOs are also represented in the Steering Committee. In 2004, the Government and some leading CSOs organized a National Summit on Civil Society, aimed at discussing modalities to further strengthen their cooperation during PRSP implementation.
The private sector has been included in PRSP formulation and implementation - including the preparation of the PRS Progress Reports - through a Fédération des Enterprises formed with the assistance of the Government. The Fédération meets frequently with the Government to discuss relevant sector strategies and is frequently consulted during budget preparation. The private sector is also represented in the Steering Committee.

Parliamentary involvement is significant. The National Assembly approved the PRSP and considers it an integral part of the national reconciliation process, even though the Constitution does not require the legislature to approve a national development plan. The Deputy Speaker of the National Assembly is represented in the Inter-Ministerial Committee on Poverty and several National Assembly members were involved in PRSP formulation consultations. Some Parliamentarians also participated in the consultations held for the 2004 Progress Report. The National Assembly set up the NURC, it rules on financial accounts every year, and has to authorize any budgetary transfer by law. Parliamentary debate on the budget and its links to the PRSP takes place yearly, and discussions on the Background to the Budget document are open to the public. Once adopted by the National Assembly, the budget becomes law.

Despite the impact of the war and genocide that took place, the Government remains organized and has capacity for policy formulation and somewhat for implementation. The situation remains fragile, however, and weakened social capital and the weak capacity at all levels of the Government and the private sector, are considered potential obstacles to the successful implementation of ongoing programs. Ministries, departments and agencies are only partially responsive to needs of local communities, lack the capacity to formulate and effectively implement sector policies, prepare and implement investment projects, execute budgets and monitor and evaluate programs. At the cellule, secteur and district levels, there is little sense of a fixed budgetary envelope, which significantly undermines planning; local government structures are insufficiently staffed.

Country-led partnership

The Government has a strong role in coordinating external development assistance. MINECOFIN, through the Central Projects and External Finance Bureau (CEPEX), is the agency responsible for coordination. Annual RT meetings are held in Kigali, chaired by the Government, and open to civil society and private sector participation. The last meeting was held in November 2004, and the next meeting is expected to take place in November 2005. The Government co-chairs the Development Partners Coordination Group, which is the major coordination forum with external partners and meets on a monthly basis. The Government - in collaboration with UNDP - organized eight sector clusters between Government agencies and ministries to improve coordination amongst external partners. Each thematic cluster is led by the respective ministry and facilitated by a development assistance partner.

The Government is strengthening its relationship with the private sector, which it considers as the main engine of development. It has forged strong partnerships with the private sector for power and telecommunications service delivery.
Under the Government’s leadership, external partner strategies are aligned with the PRSP. The five major external partners are the World Bank, the USA, the EU, the UK, and the Netherlands, accounting for approximately 77 percent of gross ODA in 2002-03. ODA accounted for 20 percent of GNI in 2003. In November 2001 - during a conference held in Kigali - external partners indicated their support for PRSP implementation, and have revised their assistance strategies to align with the PRSP. The FY03-05 World Bank Country Assistance Strategy is largely based on PRSP priorities - as well as the EC 2002-07 Country Strategy Paper, the 2003-06 DFID Country Assistance Plan, and the 2004-09 USAID Integrated Strategic Plan. Also the Netherlands modified its development assistance strategy to align with the PRSP.

Partnerships in external financial and analytical support are solidifying. An education SWAp has played a major role in promoting external partner coordination, and the Government is planning a SWAp in health. The EC supports SWAps in health and education. CIDA, DFID, SIDA, SDC, and the Netherlands have created a basket fund which supports joint analytical work in the area of HIV/AIDS, in collaboration with the Ministry of Health. In November 2003, the Government - in collaboration with the World Bank, DFID, and the EC - carried out a Public Expenditure Management Review. Again in November 2003 the Government and its external partners signed a Partnership Framework for Harmonization and Alignment of Budget to improve development assistance coordination and reduce transaction costs. The resulting Harmonized Budget Support Group - composed of DFID, the EC, SIDA, the World Bank, AfDB, and the IMF - meets three times a year. During these meetings, the topic of harmonizing support with the budget cycle is also dealt with. The World Bank contributes through a series of PRSCs, the first of which was approved in September 2004.

Institutional capacity building is one of the six priority areas in the PRSP. The Government developed a Multi Sector Capacity Building Program (MSCBP), with assistance from the World Bank, aimed at strengthening capacities at the central and local government levels and providing a capacity building framework around which all development assistance agencies can coalesce. Under this program, a Human and Institutional Capacity Development Agency was established in November 2004. So far, the African Capacity Building Foundation and the World Bank are providing financial support to the MSCBP, and others have expressed interest. A Capacity Development Fund - which is a pooled funding mechanism among several external partners, including SDC, CIDA, and the Netherlands - is providing funds for locally identified priorities in the area of capacity building. UNDP is identifying and addressing capacity gaps in the formulation of SWAps.

Action has been taken toward harmonization with country policies and procedures. A Rwanda Harmonization and Alignment Initiative Working Group (RHAI), created following the adoption of a harmonization action plan in December 2003, aims at harmonizing budget support, exploring opportunities for harmonization with country systems within health and education sector programs, as well as food security and

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130 See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/63/19/1878421.gif
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environmental safeguards. the government is implementing a financial accountability review and action plan (farap) as part of the public expenditure management review process, in order to promote dialogue and action on financial accountability toward eventual use of country systems. undp pursues what is known as the national execution modality, therefore relying on government operational policies and procedures in the areas of procurement, financial management, m&e, and reporting. the ec is harmonizing its procedures with country systems in the areas of procurement, financial management, and m&e. cida, dfid, sida, sdc, and the netherlands are conducting a case study on external partner harmonization.

a number of development assistance agencies are taking steps to increase their presence in the country to better participate in daily decision making. the world bank country director is stationed in washington, with a country manager based in kigali. other partners like dfid, usaid and the netherlands are decentralizing decision-making to their local offices. undp is already fully decentralized and the ec is undergoing a similar process within its delegation in order to better respond to country needs.

results focus

the quality and availability of poverty-related data is improving. the minecofin department of statistics is responsible for the general coordination of surveys, data collection and analysis, in partnership with the poverty observatory. it is responsible for conducting larger surveys every five years and providing annual monitoring data. the government has also established a rwandan national institute for statistics, which will become responsible for surveys and will help to strengthen the link between data collection, analysis and policymaking. the latest household survey was conducted in 2001 and the next one is planned for 2005. a national poverty assessment at the district level was undertaken in 2001, and the latest census was carried out in 2002. public expenditure tracking surveys were undertaken in 2004 in the health, education, water, and agriculture sectors. the ministry of finance has created a computerized budget system known as sibet, aimed at monitoring transactions in budget preparation and execution. work is ongoing to connect key departments - including cepex - to the sibet system, through an information system known as public books.

information on government policies is easily accessible. the public is generally aware of the prsp - which was drafted in french and english, with a summary version translated into kinyarwanda - and is mentioned on the government’s website. fiscal data are also published on the minecofin website. dissemination of the prsp is strong, despite the lack of a formal communication strategy. the national unity and reconciliation commission has been instrumental in disseminating information through meetings, pamphlets and radio programs broadcast around the country, which are carried out on a frequent basis.

action has been taken toward the development of a country-level m&e system. the poverty observatory is creating a system that will monitor progress for the prsp as well as vision 2020. the intermediate indicators to be

monitored are included in the PRSP, and are comprehensive and updated on a yearly basis. The Poverty Observatory has plans to commence training and data collection in eight districts, which is expected to be extended to all districts with support from the World Bank, Japan, the Netherlands, and UNICEF. A Decentralization and Community Development Project is helping the government to initiate a nationwide M&E system, aimed at tracking the impact of community development on poverty reduction through PRSP indicators. The EC encourages the development of a single M&E system, by tying disbursements to indicators contained in the PRSP Progress Report, and not requiring separate reporting. Rwanda also participates in the African Peer Review Mechanism to ensure that polices and practices conform to the principles of the Declaration on Democracy, Political, Economic and Corporate Governance. A Review Team visited the country in 2004.
SAO TOME AND PRINCIPE

Long-term holistic vision

São Tomé and Príncipe has a long-term vision, the National Long-Term Perspective Study (NLTPS), which was finalized in 1998 with assistance from UNDP and the World Bank. The Government has yet to fully endorse this vision, although there is some support for it within the country as a strong roadmap for development. With the prospect of new incoming oil revenues, there is renewed interest in consolidating a long-term vision that accounts for the country’s potential source of wealth. In January 2005, new legislation came into effect under the Oil Revenue Management Law, designating a large percentage of oil revenues towards poverty reduction programs and ongoing national development plans.

The medium-term strategy is the Estratégia nacional de redução da pobreza – National Poverty Reduction Strategy (NPRS), São Tomé and Príncipe’s PRS, which covers the period 2002-05. An update covers the period 2005-07. The NPRS is not explicitly derived from the long-term vision, but it embeds a long-term vision insofar as it presents targets for the year 2015. While the NPRS and its Action Plan are largely recognized as the development strategy, the NPRS Action Plan has yet to be implemented and ministries’ action plans are not yet tied to the Action Plan.

The NPRS’s goals were set in reference to the MDGs. Some goals are more ambitious than the MDGs, for example, the objective to halve poverty by 2010 instead of 2015. The NPRS presents a balanced approach to development, and bases the strategy on five pillars: 1) reform of public institutions, capacity building and good governance; 2) accelerated and redistributive growth; 3) increased employment opportunities for the poor and diversification of the economy; 4) universal access to social services; and 5) adoption of mechanisms for monitoring and evaluation with feedback mechanisms to update the strategy. The strategy also considers cross-cutting issues like gender and the environment.

A MTEF has not been developed to link the NPRS to the budget, but the Government started to partially implement the NPRS in its FY03-04 budget. Overall, the link between the budget and sector priorities is weak, and ministries are not aligning their expenditures with the NPRS. A Public Investment Program led by the Ministry of Finance is project-based, and is loosely aligned to the NPRS in the health and education sectors.

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132 The NPRS was completed in December 2002. An update of the NPRS was completed in January 2005. A revised NPRS is expected in 2005.
**Country ownership**

The Ministry of Planning and Finance (MoPF), under the supervision of the Prime Minister, has made some efforts to take leadership of policy development. Coordination at the ministerial level remains weak. For NPRS formulation, the Government set up a Steering Committee, chaired by the Prime Minister. An Elaboration Committee under the Ministry of Planning and Finance was responsible for drafting the NPRS, assisted by six thematic groups. Responsibility for NPRS implementation falls under a Permanent Secretariat. Efforts are underway to implement mechanisms that will facilitate sectoral NPRS implementation under a central NPRS unit. The NPRS M&E Unit under formulation resides within the MoPF.

Permanent structures for stakeholder participation are not yet in place, although the Government did involve stakeholders during NPRS formulation. The MoPF conducted consultations with stakeholders during formulation, and these are expected to take place again for the next phase of the NPRS.

Civil society participated in consultations through representatives in the thematic groups, and through a Coordination Committee for the Government, civil society and the private sector, chaired by the MoPF. Regional consultations took place at the district level in Sao Tome and in the autonomous region of Principe, with participation from NGOs, religious groups, labor unions, political parties, etc. The private sector participated in consultations through the same venues.

The National Assembly’s involvement was limited, and overall, members of the Assembly are unaware of NPRS content. The NPRS was not submitted to the National Assembly. Parliamentary approval of development planning is not a requirement under the constitution. However, under the oil revenue legislation, the National Assembly will have to approve all expenditures emanating from the oil revenue account, including those for development plans. The January 2005 update of the NPRS was approved by the Council of Ministers.

The Government suffers from low human capacity at all levels for planning and implementation, especially due to a sharp decline in human development indicators in the last decade. The Government plans to increase capacity as part of the NPRS by strengthening economic management, enhancing policy formulation capabilities, improving budget preparation and execution, and undertaking a comprehensive civil service reform program.

**Country-led partnership**

The Government's development assistance coordination efforts need considerable strengthening. The World Bank worked closely with UNDP in supporting a RT meeting in October 2000. The next RT meeting is planned for 2005. The Ministry of Foreign Affairs has a Committee of Aid Coordination; however, this committee seldom meets and has yet to channel incoming external assistance toward NPRS priorities.

External partner programs are broadly aligned with the NPRS, and most recognize it as the framework for development assistance. The six major external partners are Portugal, France, Germany, the EU, the World Bank and the AfDB, accounting for approximately 84 percent of gross ODA in 2002-03. ODA accounted for 75 percent of GNI in
2003. The World Bank’s Country Assistance Strategy FY2000-05 is aligned with the main principles of the Interim NPRS, and it will be updated in 2005 to align with the NPRS. The EC’s Cooperation Strategy and National Indicative Program 2002-07 also works in accordance with the principles for poverty reduction set forth in the Interim NPRS. France and UNDP also support NPRS objectives, and UNDP’s upcoming Country Cooperation Framework for 2007-11 will be fully aligned with the NPRS. A Sachs Action Plan was prepared in 2004. In 2004 Sao Tome and Principe was selected to apply for a Threshold Program, managed by the MCC and USAID, to help countries work toward MCA eligibility.

Most partners, like the World Bank, still have their country director based in their headquarters or nearby countries.

**Results focus**

The Government is undertaking initiatives to strengthen statistical capacity and data. The National Statistics Institute is in charge of the existing statistical system. A poverty survey was completed in 2001 with technical support from the ILO, UNDP, the World Bank and AfDB, and two other surveys are underway. There is no integrated financial management system.

The Government has made some efforts to distribute NPRS content, mostly during NPRS consultations. The NPRS includes a general plan for disseminating information on development programs.

Preliminary steps have been taken to establish a country-level M&E system. Most M&E takes place at the project level. There is no pre-established M&E system within line ministries, and their inability to prepare, or untimely preparation of Annual Plans and Annual Audit Reports, is slowing down the establishment of the NPRS M&E Unit. A comprehensive set of indicators is included in the NPRS, with a strong focus on education, health and infrastructure. Efforts are underway to update and improve the set of indicators in the upcoming NPRS.

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**SENEGAL**

**Long-term holistic vision**

A single long-term vision widely agreed within the country is not yet in place. The New Partnership for African Development (NEPAD) is the long-term vision cited in the *Document de Stratégie de Réduction de la Pauvreté* (DSRP) 2003-05, Senegal’s PRS. The DSRP also makes reference to the 20/20 Initiative for universal access to basic social services, endorsed at the 1995 World Summit for Social Development. A long-term perspective study supported by UNDP’s African Future Program – Senegal 2025 – is currently under preparation.

Medium-term development strategy is articulated through both the DSRP and the constitutionally-mandated five-year 10th Economic and Social Plan. The DSRP and the 10th Plan are complementary, incorporate existing sector strategies and now guide their update. For example, the second phase of the health sector strategy has been developed to meet the medium-term targets identified in the DSRP. A series of large presidential infrastructure projects, however, lie outside these strategies, and the 10th Plan has not yet been approved by the President. The Government is currently preparing a revision of the DSRP.

Some long-term and medium-term development objectives addressing both social and productive sectors are clearly identified. The DSRP includes long-term goals consistent with the MDGs, well linked to short- and medium-term objectives. It focuses on private sector development and better access to social services to reduce poverty, and partially addresses broader issues like public sector reform and expenditure management, which are primarily tackled in the 10th Plan. Senegal is a UN Millennium Project pilot country.

Action is being taken toward strengthening the link between medium-term objectives and the budget. The Government is using the DSRP as the basis for budgetary reform, and moving toward including in the budget the totality of spending and enhancing fiscal discipline. It has launched sectoral MTEFs in education, health, justice and environment, linked to the objectives identified in the DSRP, in preparation of a MTEF for the 2005 general budget. In 2003 the Government also approved two action plans supporting public expenditure management reform and made substantial progress in budget preparation and internal control.

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Country ownership

DSRP preparation was coordinated by an existing planning unit within the Ministry of Economy and Finance (MEF), the Directorate of Forecasting and Statistics, staffed with civil servants and supported by a Technical Committee comprised of line ministries and a local research institute. However, inter-ministerial coordination emerged as a challenge during strategy formulation.

Attempts are being made to broaden government participation in implementation. Implementation is coordinated by another unit in the MEF, the Cellule de Suivi du Programme de Lutte contre la Pauvreté (CSPLP) under the direction of a participatory Steering Committee comprised of government officials from different government institutions. An inter-ministerial council presided by the Prime Minister oversees implementation.

Action is being taken to establish a sustainable structure for continuing government – stakeholder dialogue, building on strong stakeholder participation in strategy formulation. Most stages of the consultation process were marked by validation seminars, where measures were amended and adopted by various stakeholders. Stakeholders are now represented in the Steering Committee, which met in June 2004. Through the Steering Committee, stakeholders were consulted during formulation of the Government proposal for MCA funds. Regional Steering Committees have been established in all 11 regions. In 2003 and 2004, stakeholders participated in regional meetings convened by the MEF to provide feedback on progress in implementation. National stakeholders are preparing proposals for the revision of the DSRP.

There is also a constitutionally-mandated Economic and Social Council, to which all draft social and economic programmatic laws as well as the Economic and Social Plan are submitted for advice. The Economic and Social Council was disbanded in 2000. In 2005 it was reconvened as Conseil de la République pour les Affaires économiques et sociales.

Civil society organizations were involved in DSRP formulation and their participation in implementation is materializing. As part of DSRP preparation, CSOs identified the timetable and terms of reference for consultations in partnership with the government, and joined together in an umbrella organization that significantly influenced the focus of the strategy on issues like gender and locally-based M&E. There is an umbrella organization, CONGAD, which assembles mostly large national NGOs, and a federation of women associations – the Groupements de Promotion Féminine – with a strong presence at the local level, which consulted with their members prior to engage with the Government. During DSRP formulation, small CSOs established an umbrella organization – the Collectif – to better channel their proposals and recommendations. Trade Unions were also consulted during DSRP formulation. CONGAD, the Collectif, the Groupements de Promotion Féminine, and Trade Unions are regularly consulted during implementation and participate in the Steering Committee and the Regional Steering Committees. CONGAD also participates in the Conseil de la République pour les Affaires économiques et sociales.

The private sector participated in DSRP formulation and its involvement in implementation is materializing. Trade
unions, small business organizations and groups representing the informal sector joined the *Collectif* since its creation, participated in DSRP formulation, and are consulted during DSRP implementation. Employers’ associations also participated in consultations. They participate in the Steering Committee and the Regional Steering Committees.

There has been little parliamentary involvement. National Assembly members participated in thematic groups that discussed the pillars of the strategy. They also participated in regional, departmental and local consultations, and were particularly active within their respective constituencies. The Finance Committee of the National Assembly discussed the DSRP, but did not approve it. The National Assembly is required by the Constitution to approve the budget, the programmatic laws identifying the country’s economic and social objectives, and the Economic and Social Plan. The 10th Economic and Social Plan has not yet been submitted to the National Assembly and the preparation of the budget has not yet triggered discussion on poverty-related polices and objectives.

Capacity for planning is strong at the central level and still developing at the local level. In 2003 twenty-four line ministries prepared sector operation programs identifying actions to meet DSRP targets, with timetable and budget. In August 2003 the Government organized a national workshop to harmonize and coordinate them. Since 1996 responsibilities for local planning and delivery of basic social services have been transferred to decentralized entities. However, new responsibilities have not yet been accompanied by a sufficient reallocation of financial and human resources.

**Country-led partnership**

Government leadership in coordinating external assistance is emerging, especially through the preparation of several budget support operations. In 2003, for example, the Government and the World Bank jointly organized a workshop with government institutions and external partners in preparation of the World Bank’s PRSC. However, most coordination activities are led by external partners. External partners lead working groups with government participation that informally convene at the sectoral level, notably in public sector reforms and social sectors. The World Bank chaired the most recent CG meeting held in Paris in June 2003. The DSRP is helping to increase coordination; it was presented at the 2003 CG by the Government as the frame of reference for assistance to Senegal.

In partnership with the Government, external partners have started coalescing around DSRP objectives. The five major external partners are France, the World Bank, the EU, the USA and Japan, accounting for approximately 82 percent of gross ODA in 2002-03. ODA accounted for 7 percent of GNI in 2003. In 2002 the AFD revised its program of activities to align it with the DSRP. The World Bank Country Assistance Strategy FY03-05 is based on the DSRP. The EC Cooperation Strategy and Indicative Program for 2002-07 was prepared in parallel to the DSRP, and reflects DSRP priorities. The Directorate of Forecasting and Statistics of the MEF participated in the working group set up by the EC for its preparation. Senegal has been eligible for MCA assistance since FY04; the funds released through the MCA would support an infrastructure

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Senegal

Project broadly in line with NEPAD and DSRP objectives. In 2003 UNDP introduced a *Programme d’Appui à la Réduction de la Pauvreté*, which supports the objectives identified in the DSRP, and is revising its support strategy in close consultation with the Government. A few external partners, however, maintain support for programs and projects outside the DSRP.

Partnerships in external financial and analytical support are emerging. In 2004 the MEF and the World Bank jointly produced a report on poverty. In 2003 a CFAA was conducted jointly by the Government, AfDB, EC, France, the Netherlands, UNDP and the World Bank. A CPAR was also conducted jointly by the Government, AfDB, and the World Bank. The Government approved two action plans based on the CFAA and the CPAR, which were endorsed by all external partners. A special working group was established to support the implementation of these actions plans both at the technical and financial levels. In early 2004, a multi-donor trust fund was created to support public management reforms. The World Bank has launched a PRSC for 2004-06, whose coordination and monitoring will be managed by the *Cellule de Suivi du Programme de Lutte contre la Pauvreté*. The EC is planning a multi-annual budget support program through 2007. CIDA is planning a budget support pilot for the education sector.

Some partnerships are forming around Government priorities for capacity development. The DSRP includes capacity building as one of the key development objectives and identifies specific needs in education, health, water, environment, social capital and good governance. The World Bank Country Assistance Strategy supports capacity building in the education and health sectors in line with the needs identified in the DSRP. It also proposes to support capacity building for government and stakeholders in cross-cutting issues such as good governance, jointly with UNDP. The EC provides capacity building in education, health, water and good governance. The World Bank and UNDP are supporting capacity for data collection within the Directorate of Forecasting and Statistics.

Use of country systems has not yet materialized. Senegal is a harmonization pilot country for the SPA and a pilot country under the 2003 Rome Declaration on Harmonization. The Government is considering the possibility to prepare a harmonization action plan. The Government actions plans based on the CFAA and CPAR aim at substantial fiduciary reforms, which could create the conditions for a move toward the use of country systems.

A few development assistance agencies are taking steps to strengthen their presence in the country to better participate in daily decision making. Since 2000 the World Bank program is managed by a Country Director based in Dakar. The EC has a strong presence in the country. The AFD program is managed by an office in Dakar.

**Results focus**

The quality and availability of poverty-related data is improving. A household survey and a census were conducted in 2001/2002. A demographic and health survey was conducted in 2004 with the support of USAID. The Government is preparing a national statistical development strategy, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank. The Directorate of Forecasting and
Statistics is developing new statistical tools to better capture changes in living standards. The Government is transforming the Directorate of Forecasting and Statistics into a National Statistics Institute that is expected to strengthen data collection and analysis at the national level. However, the process has been slow and the necessary legislative framework was put in place only in August 2003.

Action is being taken to establish a country-level M&E system. A M&E system to track progress in DSRP implementation is being developed and integrated with a National Poverty Observatory, originally supported by UNDP. In 2003 Regional Monitoring Units were established to track progress in implementation at the local level. In consultation with national stakeholders and external partners, the MEF narrowed down the list of DSRP indicators to facilitate data collection. Indicators have been identified on the basis of the statistical capacity to track them as well as the existence of data over the last 10 years.

Information on Government policies is accessible and efforts are being made to inform the public on development objectives. There is a website with information on DSRP implementation, maintained by the MEF. However, the Progress Report has not been posted on the MEF website and a French version is not yet available. Some religious groups have been distributing summaries of the DSRP in local languages.

136 http://www.finances.gouv.sn
Long-term holistic vision

The long-term vision guiding policymakers across the political spectrum is EU membership, and the Government is taking steps to sign a Stabilization and Association Agreement with the EU, as well as to define a long-term development vision aimed at laying the foundation for medium-term socio-economic strategies.

There are several medium-term strategies, one of which is the Poverty Reduction Strategy Paper for the Union of Serbia and Montenegro (PRSP) for 2004-10. The PRSP includes two parts: 1) the PRSP for Serbia and 2) the Development and Poverty Reduction Strategy (DPRS) for Montenegro. The PRSP is not fully aligned with the long-term vision of EU membership or with other medium-term strategies. In Serbia, for example, the PRSP is aligned with “Serbia on the Move,” presented in November 2003 as a strategy for private sector development, and the Republic of Serbia Reform Program, which outlines Serbia’s economic strategy. However, explicit links to the SAP are not made in the PRSP. In Montenegro, the DPRS co-exists with another medium-term strategy, the Economic Reform Agenda (ERA), which was adopted in 2002. The ERA is under revision, and could potentially incorporate the DPRS.

The PRSP incorporates the long-term goals derived from the MDGs, and both Governments are attempting to forge stronger linkages between the targets and planned policy actions. The PRSP presents three main strategic directions in Serbia: 1) economic growth and development; 2) prevention of new poverty; and 3) efficient implementation of new and existing programs for poverty reduction. The goals of Montenegro’s DPRS are economic development, infrastructure development, and environmental protection. Common priority sectors are education, employment, health and social protection, as well as support for SMEs. The strategy is balanced by focusing on cross-cutting issues like minority rights, the environment, gender, corruption, and decentralization.

Links between the PRSP and the budget are weak in both Serbia and Montenegro. Serbia developed a MTEF, which has yet to be rolled out. The MTEF was designed to meet fiscal requirements, including budget ceilings for line ministries, with the intention of directing increased expenditures towards priority sectors. Montenegro has not developed a MTEF, but increased efforts are underway to link the DPRS to the budget.

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137 The PRSP was completed in February 2004. A first Progress Report is expected end-2005.
Country ownership – Serbia

The PRSP Management Unit within the Ministry of Social Affairs was in charge of organizational support for PRSP preparation. The Ministry of Social Affairs also coordinated an Inter-Ministerial PRSP Steering Committee, which provided policy guidance during strategy formulation. Seven Advisory Committees were formed, including members from local governments and representatives from line ministries. An Advisory Board had representatives from the Advisory Committees, an Expert Task Force, and the Government, with the task of disseminating information and collecting and organizing comments from the Advisory Committees to present to the Steering Committee. The Expert Task Force drafted the PRSP based on information gathered by the Steering Committee, as well as the results of broad-based consultations.

A Central unit within the Cabinet of the Prime Minister, and under the Deputy Prime Minister, was set up to oversee PRSP implementation. The PRSP team within the Deputy Prime Minister’s office has initiated a discussion on a process of gradual integration into the General Secretariat/Central Government Office.

Stakeholders participated in consultations for PRSP formulation, and there are plans to solicit feedback from stakeholders during implementation. Consultations, held at the national and local level, were led by the various institutions of the PRSP formulation mechanism at every stage of the drafting process. Moreover, stakeholders have representatives in the Advisory Committees and the Expert Task Force.

Civil society enjoyed ample representation during PRSP formulation. There was an Advisory Committee for civil society and one for labor unions, and civil society also had representatives in the Expert Task Force. NGOs, local institutions, the media, and religious groups attended the various consultation meetings and forums.

The private sector took part in PRSP preparation through a Business Community Advisory Committee, which included the Employers’ Union, the Association of Economists of Serbia, the Association of Joint-Stock Companies of Serbia, the Bakers’ Union, the Regional Center for Development of Small and Medium Enterprises and the Council for Foreign Investments. The private sector also participated in the consultation meetings and forums.

Action has been taken to strengthen Parliamentary involvement in PRSP formulation. A Poverty Reduction Committee was established in the National Assembly as one of the seven Advisory Committees and Parliamentarians were also involved in consultation meetings and forums. The Assembly did not approve the PRSP; development planning is not under its jurisdiction in accordance with the Constitutional Charter.

The Government is still undergoing fundamental institutional changes since the culmination of the war in Kosovo and the end of the Milosevic regime. Capacity for implementation is low, and efforts are often either duplicative or disjointed as a result of limited coordination with the Government of Montenegro. In addition, implementation has slowed down by a recent change in Government.

Country ownership – Montenegro

The Ministry of Labor and Social Affairs (MLSA) coordinated DPRS preparation through its Management Unit. The
MLSA also coordinated the Inter-ministerial Steering Committee, which provided policy guidance. Six Advisory Committees were formed, including members from local governments and representatives from line ministries. An Advisory Board had representatives from the Advisory Committees, an Expert Task Force and the Management Unit, and disseminated information and collected and organized comments from the Advisory Committees to present to the Steering Committee. The Expert Task Force included representatives from line ministries, and drafted sector strategies based upon information gathered by the Steering Committee, as well as the results of broad-based consultations. The Management Unit is responsible for DPRS implementation.

Inclusive consultations involved line ministries, local governments, and other stakeholders. During PRSP formulation, stakeholder consultations were organized by the Advisory Board, and the Management Unit has plans to consult with stakeholders also during PRSP implementation.

Civil society participated in DPRS preparation through the Civil Society Advisory Committee. Consultations involved academics, NGOs, the media, and associations of minority groups.

Private sector involvement was limited, but private sector representatives took part in DPRS preparation through the Private Sector, Trade Unions and other Social Partners Advisory Committee.

The Parliamentary Advisory Committee included representatives from DPRS-related parliamentary committees. This Committee met directly with representatives from vulnerable groups. Montenegro’s Assembly did not approve the DPRS, and at the Union level, the Federal Assembly did not approve the PRSP.

Capacity building for implementation is low, and the Government is still undergoing fundamental institutional changes as the country transitions to democratic rule after the end of the Milosevic regime. Capacity for implementation is low, and efforts are often either duplicative or disjointed as a result of limited coordination with the Government of Serbia. In addition, implementation has slowed down by a recent change in Government.

Country-led partnership

The Governments of Serbia and Montenegro are working to strengthen their coordination of external development assistance; this is a challenge that is handled separately by each state. In Serbia, the Ministry of International Economic Relations, through its Development and Aid Coordination Unit, coordinates and tracks external development assistance. Working groups are in place, and meetings with external partners are led by the EC and the World Bank. In Montenegro, the Ministry of International Economic Relations, through its Donor Assistance Coordination Unit, coordinates and tracks external development assistance. In Montenegro, however, the responsibility for coordination is still shared by various ministries.

External partners have yet to fully align their strategies with the PRSP and the DPRS, but many of their ongoing programs are complementary to the strategies. The five major external partners are the USA, Germany, the UK, the EU and France, accounting for approximately 85 percent of gross ODA in 2002-03. ODA accounted for 7 percent
of GNI in 2003. EC assistance is in line with the SAP, and therefore, with some elements of the PRSP. The World Bank is planning its first FY05-07 Country Assistance Strategy to support PRSP goals together with the SAP. DFID’s Country Assistance Plan explicitly aims to support both the PRSP and the SAP. The USAID FY05 Congressional Budget Justification makes no mention of either the PRSP or the DPRS, but its objectives in the areas of economic, institutional, and public sector reforms complement the requirements of the SAP.

External partners and the Government are slowly starting to work in partnership to perform joint analytical or financial work. In 2002, the Government, the EBRD and the World Bank jointly completed a CPAR/CFAA and a Public Expenditure and Institutional Review. In Serbia, the Government and its major partners are beginning to explore the prerequisites for SWAps.

Capacity building efforts are fragmented. The Government of Serbia, with support from DFID, the EC, UNDP and the World Bank, is working to develop a capacity building strategy that would work towards developing institutions in line with EU requirements.

The Government is leading harmonization efforts, and in January 2004, presented a harmonization framework to its external partners. In Serbia, the Government has chosen to focus first on policy harmonization rather than system harmonization. An environmental assessment harmonization program has been defined by the Government, the EBRD and the World Bank.

External partners are making limited progress in increasing their country presence to strengthen their interactions with the Government. The World Bank is working to strengthen its Country Office; its Country Director is based in Washington. Other development assistance agencies, including major partners, are slow to decentralize their decision-making to the country offices.

**Results focus – Serbia**

Data quality is weak, and not inclusive of many of the targeted groups in the PRSP. The main sources of data for M&E are the Federal Statistics Office (FSO) and Republic Statistics Office (RSO), as well as the health care system, the National Bank of Serbia, and line ministries. A Living Standards Measurement Survey was carried out in 2002-03, and its results will provide data for redefining indicators in the first progress report.

Information about the PRSP is not widely available. During PRSP preparation, the media was involved in the consultations, and covers PRSP implementation to a limited extent.

The M&E system is in its early stages of development, and will be linked to existing M&E systems within line ministries. The Government plans to create a Central Team for Monitoring and Evaluation within the Deputy Prime Minister’s Office. The Central Team would coordinate sectoral reports, prepare reports for Parliament, and coordinate information dissemination. Efforts continue to include the MDGs and SAP indicators within the M&E system. Preliminary poverty monitoring indicators are included in the PRSP and based on the MDGs. They are constantly under review.

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as the Government accounts for additional data from recent surveys.

Results focus – Montenegro

Data quality in Montenegro is also weak, but the Government is taking measures to improve its systems. The main source of data is the statistics office, MONSTAT. The last Living Standards Measurement Survey was undertaken in 2002-03, and MONSTAT plans to reform its Household Budget Survey methodology.

A Monitoring Team has been set up within the Ministry of Labor and Social Affairs to supervise M&E and devise a DPRS M&E system. Other authorities responsible for monitoring are line ministries, the Central Bank of Montenegro, the Institute for Public Health, and research institutions. Preliminary poverty monitoring indicators are included in the DPRS, and these are undergoing review.

During DPRS preparation, the media was involved in the consultations. The media continues to cover DPRS implementation to a limited extent.

Information about the DPRS, as well as the full text, is available on the Government’s website in Serbian.  

Diamond-rich Sierra Leone has experienced political instability and military coups since independence from the UK in 1961. A civil war broke out in 1991. A civilian government headed by President Kabbah was elected in 1996 and started peace negotiations, which were interrupted by a new military coup that unseated him. President Kabbah returned to power in 1998 and a Peace Agreement was signed in Lome in 1999, followed by the formation of a National Unity Government comprised of President Kabbah and the other parties to the conflict. In January 2002 the conflict was officially declared over and demobilization of combatants started. The enforcement of the Peace Agreement is supervised by a UN Peacekeeping Mission (UNAMSIL). President Kabbah won the presidential and parliamentary elections that were held in May 2002. Local elections were held in May 2004, the first in 30 years.

Long-term holistic vision

In 2003 the Government completed Sierra Leone Vision 2025, prepared through a national dialogue launched in 2001 with the support of UNDP.

The country is consolidating post-conflict recovery through the development of a medium-term development strategy. The Poverty Reduction Strategy Paper: A National Programme for Food Security, Job Creation and Good Governance 2005-2007 (PRSP) \(^{140}\) is the medium-term strategy for the implementation of Vision 2025. The PRSP builds on the 2001 Interim Poverty Reduction Strategy Paper (IPRSP), which already incorporated a medium-term development strategy for 2003-05. It also builds on a National Recovery Strategy that the Government prepared in October 2002 based on a needs assessment of previously inaccessible areas, to address the essential needs of the population and guide the transition from short-term humanitarian assistance to medium-term development strategy. There are also medium-term sector strategies in education and health, which feed into the PRSP. The Government has a National Environment Action Plan, completed in 1994, but interrupted by the war, the update and implementation of which is included in the PRSP.

Some long- and medium-term development goals are being identified. The IPRSP identified development goals in the area of education, health, water and sanitation compatible with the MDGs. However, the IPRSP did not project quantified targets beyond 2005. The PRSP addresses this issue and sets intermediate targets to track progress toward achieving

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\(^{140}\) The Government completed the PRSP in March 2005.
the MDGs, and projects them to 2015 and 2025, adapting them to the conditions of the country and a longer time-frame, in line with Vision 2025.

The strategy addresses key issues for country development beyond the post-conflict agenda. The IPRSP set the stage for addressing long-term issues, including security, by focusing on access of the poor to education and health, accelerating economic recovery, resurrecting agriculture, developing mining resources, and strengthening government institutions. The PRSP furthers the IPRSP focus and builds on three pillars: 1) good governance, security and peace-building; 2) pro-poor sustainable growth; 3) human development. The Government has also started to address cross-cutting issues such as gender, the environment and the fight against HIV/AIDS.

The Government introduced a MTEF in 2001 for a poverty reduction program for 2002-04 in line with the IPRSP objectives, which however had limited impact on budget allocations. In 2003 the Government launched a public expenditure tracking survey covering for the first time all areas of the country and tracking expenditures in education, health and agriculture. In 2003 the Government also established budget oversight committees at the district level to monitor proper use of allocated resources. However, bottlenecks and shortcomings still hamper budget formulation. Allocations are not based on projected costs of clearly articulated policies. Sector ministries and the Ministry of Development and Economic Planning are only marginally involved in the formulation of the budget, prepared by the Ministry of Finance. In September 2004 the Government completed a new Government Budgeting and Accountability Act, which addresses some of these issues.

**Country ownership**

As PRSP formulation has unfolded, the Government has taken a lead role, reinforced by the fresh mandate received in the 2002 elections. The Ministry of Development and Economic Planning (MODEP) prepared the IPRSP. In 2002 the Government established a Poverty Alleviation Strategy Coordinating Office (PASCO) within the MODEP, to coordinate PRSP formulation. The Government also established an Inter-Ministerial Committee, chaired by the MODEP, and a Poverty Reduction Steering Committee, also chaired by the MODEP and composed of representatives of key ministries and external partners. Four Poverty Reduction Sector Working Groups (governance and national security, macroeconomic policy and private sector development, transport and infrastructure, social sector development), comprised of key ministries’ representatives, external partners and national stakeholders, acted as focal points for PRSP formulation. In February 2004 the coordination structure was modified to address administrative and technical constraints delaying the preparation of the PRSP. The Government established a Technical Working Group, comprised of the Director of the Development Assistance Coordinating Office, the Statistician General, the Director of Economic Policy of the Ministry of Finance, and PASCO National Coordinator, to supervise and spearhead PRSP formulation.

Building on the formulation structures, the Government is establishing a coordination mechanism for PRSP implementation, backed by high-level leadership. Following the Cabinet’s approval, the Vice President replaced the MODEP in chairing the Inter-Ministerial
Committee, which will oversee PRSP implementation. PASCO has been moved to the Office of the Vice President and transformed into a Poverty Reduction Strategy (PRS) Secretariat. The Technical Working Group is being replaced by a National Technical Committee comprised of the technical heads of ministries and government departments, representatives of a National Commission for Social Action - the government agency responsible for community-driven rural development and community financing - as well as stakeholder representatives, which will be responsible for developing sectoral results frameworks, reviewing annual plans and district reports, and promoting civil society participation in implementation. The Committee will be chaired by the PRS Secretariat, supported by the MODEP and the Ministry of Finance, and report to the Inter-Ministerial Committee.

Building on extensive consultations for PRSP formulation, action is being taken toward establishing a sustainable structure for government-stakeholder dialogue. Consultations for formulation of the PRSP were coordinated by PASCO with the support of the National Commission for Social Action. They built on the participatory structures established under the 1996 Strategic Planning and Action Process and were conducted through workshops, focus group discussions, and participatory poverty assessments. A national consultative conference on the draft PRSP pillars was held in early May 2004 and district level consultations on the same pillars were conducted in June 2004. Four workshops were organized with stakeholders’ representatives at the regional level in August 2004, to validate the final draft of the PRSP.

The elected District Councils have established Development Planning Committees or District Development Committees, chaired by the District Council Chair and comprised of district/town councilors, district representatives of line ministries, representatives of national stakeholders and external partners. These Committees will coordinate PRSP implementation at the district level, prepare regular progress reports and an annual operational plan and budget. There are also District-level Budget Oversight Committees, composed of fifteen members selected through a participatory process at the local level. The Committees provide feedback to the Ministry of Finance on public expenditures at the local level.

Civil society organizations are involved in strategy formulation and implementation of poverty-related policies. NGOs, CBOs, village communities and chiefdoms participated in focus group discussions, participatory poverty assessments and validation workshops. Consultations on mainstreaming gender into the PRSP were held with the Poverty Reduction Sector Working Groups and a Gender Advisory Committee set up within the Ministry of Social Welfare, Gender and Children’s Affairs. A three-day dialogue with stakeholders was also held in April 2004 to develop a Poverty Reduction Gender Action Plan. The participants included gender activists, professionals, social workers, NGOs, private sector and civil society representatives. The Women’s Forum also held a two-day workshop with women’s associations in June 2004 on the draft PRSP. CSO representatives participate in the National Technical Committee and the Development Planning Committees or District Development Committees. They also participate in the District-level Budget Oversight Committees.
Private sector involvement is still limited. Private sector representatives participated in focus group discussions, participatory poverty assessments and validation workshops.

Parliamentarians participated in focus group discussions, participatory poverty assessments and validation workshops. The Executive submitted to Parliament the new Government Budgeting and Accountability Act. Parliament is mandated by the Constitution to pass the budget but has no mandate to approve national development plans.

Capacity is rising in the National Revenue Authority and the Accountant-General Department. However, a limited number of civil servants have sufficient skills to implement and monitor policies. The Government has launched an institutional reform to strengthen government institutions and increase efficiency and transparency by decentralizing service delivery. The 2004 Local Government Act provides for transfer of responsibility for education and health to the District Councils. The Government also established 25 District Finance Offices to improve management of the health system. However, capacity of local government structures remains limited.

**Country-led partnership**

Efforts are being made to strengthen Government leadership of external assistance. Since 2003 the Vice President co-chairs with the World Bank and UNDP a joint Development Partnership Committee to coordinate and manage external assistance, including humanitarian assistance. The Development Partnership Committee meets bi-monthly in Freetown. Since January 2004 there is a Development Assistance Coordination Office within the Office of the Vice President, which acts as the Secretariat of the Development Partnership Committee and coordinates financial and technical assistance from bilateral, multilateral and non-governmental organizations. The Government plans to integrate the Development Assistance Coordination Office into the PRS Secretariat. There are also sector working groups to coordinate assistance at the sectoral level. A CG meeting was held in Paris in 2002 and co-chaired by the World Bank and UNDP.

External partners are moving toward aligning their assistance with the PRSP. The five major external partners are the USA, the UK, the World Bank, the IMF, the EU, accounting for approximately 71 percent of gross ODA in 2002-03. ODA accounted for 38.9 percent of GNI in 2003. USAID has a Transition Strategy through 2006 focusing on reintegration of combatants and democratization; no reference is made to the IPRSP or PRSP preparation. In 2002 DFID signed with the Government a poverty reduction framework arrangement for 2002-12; the arrangement provides support for the priorities identified in the IPRSP and supports the formulation of the PRSP. The World Bank Transitional Support Strategy for 2002-04 is based on the IPRSP; the Country Assistance envisaged for 2005 is to be based on the full PRSP. The EC Country Strategy Paper and National Indicative Program for 2003-07 focuses on infrastructure and good governance in line with the IPRSP and supports the Government in the preparation and implementation of the PRSP.

Some partnerships in external financial and analytical support are emerging. The

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World Bank and DFID jointly prepared a mini-CFAA and a full CFAA in cooperation with the Government. The World Bank and DFID conducted a legal and judicial assessment. DFID, the EC, UNDP and the World Bank jointly supported the Government and CSOs in conducting a governance diagnostic assessment. The World Bank and the AfDB agreed on a Memorandum of Understanding for a joint Country Portfolio Performance Review, to be undertaken in 2005. The Government, AfDB, UNDP and the World Bank jointly prepared an Issues Paper on Public Procurement. AfDB, DFID, the EC and the World Bank are developing a common framework for Multi-Donor Budget Support for the period 2006-08. The framework is expected to be negotiated in the first half of 2005.

Some capacity building support is being provided through partnerships and in line with government priorities but most is still fragmented. The Government has an Institutional Reform and Capacity Building Program, based on the 1997 National Governance Strategy, and focusing on decentralization and accountability, integrated into the PRSP. Some partnerships are forming around this program. For example, DFID, the EC and the World Bank coordinate capacity development for public financial management.

Some work has been done toward harmonizing with country systems. The World Bank and other external partners are conducting joint missions and adopting common implementation arrangements to support the Government’s Institutional Reform and Capacity Building Program. The Government developed a comprehensive reform program for public procurement including the enactment of a new procurement law, which could facilitate a move toward the use of country procurement systems overtime. There is an Anti-Corruption Commission, which has completed a National Anti-Corruption Strategy.

Some development assistance agencies have started decentralizing their structures to better participate in day-to-day decision making. The World Bank Country Director is based in Ghana, and the program is coordinated by a Country Office in Freetown. DFID, the EC and USAID also have a presence in the country.

**Results focus**

Elements exist for improving the quality and availability of poverty-related data. In 2002 the Ministry of Health conducted an HIV/AIDS survey. In March 2003 two PPAs were conducted in 42 communities in all the districts. Additional assessments were done in 14 communities in March 2004. The exercises covered four communities per district, including the Western, Urban, and Rural areas. The selection of communities was based on criteria such as geographical location, levels of deprivation, economic activity, ethnicity, language and remoteness. A total number of 8,591 community members participated in the PPAs nationwide. In 2003 the Government also conducted a Household Income Expenditure Survey, and is conducting a Poverty and Social Impact Analysis. It is preparing a national statistical development strategy with the support of a multi-donor Trust Fund for Statistical Capacity Building managed by the World Bank.

An integrated financial management system is not yet in place but the Accountant-General Department has established a computerized Financial
Management System, which is significantly improving availability of financial data. An Integrated Financial Management System is planned and expected to be developed in late 2005.

Information on Government policies is being made available. The Government conducts periodic information campaigns in villages and local communities on budgetary provisions and service delivery at the local level. The PRSP is not yet posted on any government website.

Elements exist for developing a country-level M&E system. The IPRSP focused on a limited number of monitorable indicators. The MOPED is expanding the monitoring indicators for the PRSP to include qualitative indicators identified during focus group discussions and PPA consultations. Intermediate indicators were developed to track implementation of poverty-related policies and programs, and included in the draft PRSP. External partners are working toward supporting the Government to establish a common M&E system to track progress in decentralization and embedded into government structures.
Long-term holistic vision

The new Government of Sri Lanka has officially withdrawn the existing PRS, “Regaining Sri Lanka: Vision and Strategy for Accelerated Development”, which outlined a long-term vision. A revised PRS is under preparation. Preparations for the revised PRS have been severely affected by the tsunami, however, and the Government’s priority is to cope with its aftermath. Three task forces have been established to handle recovery and relief, reconstruction and internal security. An additional challenge will be to integrate the post-tsunami reconstruction program with the revised PRS, as some of the affected areas were also among the poorest.

Some elements of the withdrawn strategy are expected to be retained, but others revised. The new strategy is expected to be more pro-poor, but also much more state-led. The PRS worked alongside the other medium-term strategy, the Framework for Relief, Rehabilitation and Reconciliation (RRR), which focuses on relief efforts and post-conflict intervention with three immediate priorities: 1) de-mining; 2) return of internally displaced persons; and 3) restoration of essential social services. The RRR framework is still in place but has been largely overtaken by the Needs Assessment for the Conflict Affected Areas, prepared jointly by the World Bank, ADB and the UN in May 2003.

The goals of the upcoming PRS are being tailored to provide a stronger link to the MDGs. Because the country is close to attaining many of the MDGs, for example in the area of universal education, the PRS places greater emphasis on the country’s previous and effective social sector investments by focusing more on private-sector led-growth. It also attaches priority to achieving gender integration and environmental goals.

A link between the budget and the PRS is lacking. However, the Government is moving towards the adoption of multi-year, performance-oriented budgeting. The Government relies on the sector and program approach as a way to channel expenditures towards priority sectors. In 2003, the Fiscal Responsibility Act was passed, including a three-year budget with poverty reduction programs.

Country ownership

The National Council for Economic Development (NCE), chained by the Secretary of the Ministry of Finance and Planning, has replaced the Ministry of

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Policy Development and Implementation (MPDI), chaired by the Prime Minister, as the lead PRS agency during formulation and implementation. The MPDI has now been closed down, and planning for the upcoming PRS has been delegated to the Ministry of Finance and Planning. Consultations for the original PRS were led by the former MPDI over a period of three years, during which time the MPDI also posted the draft PRS on its website for comments. The NCED has eighteen sector clusters working on PRS formulation, and has plans to consult with stakeholders in the formulation of the updated strategy.

Stakeholders contributed to the formulation of the first draft PRS through meetings and national workshops. However, most of the consultations took place in English, restricting the participation of many groups. In addition, the stakeholders involved were not representative of society as a whole, leaving out groups that represented the political opposition at the time.

Civil society was involved in PRS formulation, namely through the participation of think tanks and women’s groups in the national workshops and meetings organized by the MPDI. The new Government has postponed its plans to consult with civil society and academia in January 2005 to revise the updated draft PRS. A few academics participate in policy formulation as members of the National Council for Economic Development (NCED).

The private sector participated in the workshops and meetings for the formulation of the first PRS, and individual businessmen led most of the Steering Committees. A few members of the private sector remain involved in PRS formulation as part of the NCED, and there are plans to consult with the private sector upon completing a first draft of the updated strategy.

Parliament was not involved in PRS consultations, and it did not approve the strategy. There is no constitutional provision that requires parliamentary approval of national development planning, although Parliament has the exclusive right to turn development plans into law. Many of the reforms resulting from the PRS were approved as legislation in Parliament, but with little debate on their substance.

There is capacity for planning, but less so for implementation. Political tensions and rivalry remain high after parliamentary elections in April 2004, and the cease-fire has yet to find a political resolution. It is difficult, therefore, for the Government to integrate the North and the East, where livelihoods have been severely disrupted. The Government is making an effort to strengthen the capacity of line ministries and especially of new institutions, like the NCED, created to support the PRS.

Country-led partnership

A new Government-led external partner coordination mechanism is underway, but still at an early stage. There is a main group that holds quarterly meetings chaired by the Minister of Finance and Planning, with three Government-led sub-groups on Access to Services, Governance and RRR, and Economic Reform and Development, which meet every 1-2 months. Three partners serve as deputies to these groups (UNICEF, the Netherlands and the IMF), and an externally-financed Trust Fund supports the process. The Government had plans to lead a CG meeting in late 2004 in Colombo, but the meeting was postponed due to lack of
progress in the peace process and the withdrawal of the PRS. Another meeting is tentatively scheduled for mid-2005 if the peace talks resume and the new PRS is available. A Donors Forum in January 2005 to discuss the PRS was replaced by meetings that focused instead on post-tsunami reconstruction and recovery efforts.

Alignment of external partners around a medium-term strategy is on hold as the revised PRS has yet to be finalized. Partners were, however, slowly starting to align their assistance with the previous strategy. The six major external partners are Japan, ADB, the World Bank, the IMF, Germany and Norway, accounting for approximately 90 percent of gross ODA in 2002-03. ODA accounted for 3.7 percent of GNI in 2003.\textsuperscript{143} The World Bank’s FY03-06 Country Assistance Strategy is aligned with the former PRS, and the ADB’s 2005-06 Country Strategy and Program mirrors PRS goals in some areas. In 2004, Sri Lanka was selected as one of the eligible countries to receive MCC assistance.

External partners are undertaking some joint analytical work, but have yet to work in partnership to provide financial support. Some examples of joint analytical work are an Assessment of Needs in the Conflict-Affected Areas, completed in 2003 by the World Bank, UN and ADB; a Sri Lanka Investment Climate and Productivity Study, prepared in 2004 by ADB and the World Bank; and a Preliminary Damage and Needs Assessment, completed in early 2005 by ADB, the World Bank and Japan. The Government received budget support from the World Bank through PRSCs, the first of which was approved in 2003.

\begin{footnote}
\textsuperscript{143} See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/0/7/1878751.gif
\end{footnote}

Capacity building is still largely fragmented. Although most external partners support capacity-building initiatives, the Government does not have a coherent strategy around which they can align their efforts.

The Government is taking the initiative towards harmonization with country systems, but has yet to devise a concrete action plan. External partners have agreed to harmonize procedures around sector strategies. The first targeted sector is the environment, where external partners plan to harmonize environmental assessments and programs.

External partners are increasing their presence in the country in an effort to strengthen their relationship with the Government and facilitate day-to-day interactions. The World Bank’s Country Director is based in Colombo, and efforts are underway to strengthen the Country Office. The ADB’s Resident Mission is headed by a Country Director, and carries out most operations in a decentralized manner. Similar efforts are underway in other development assistance agencies.

\section*{Results focus}

Efforts are underway to increase the frequency of data collection, and also to expand it to the provincial level, as well as the North and East of the country, where information is scattered and outdated. The Department of Census and Statistics (DCS) is responsible for maintaining a database for monitoring poverty reduction targets. The two largest data collection agencies are the DCS and the Central Bank of Sri Lanka. The Government lacks a source of annual data because household surveys are conducted at five year intervals. The last Household Income and Expenditure Survey was
conducted in 2000, and the next one is expected in 2005.

The Government’s plans for PRS dissemination through the Program Management Committee were abandoned. There will be a renewed effort at communications when the revised PRS is developed. The media is often involved in political debates, including discussions of the PRS. The Government is required by law through the Fiscal Responsibility Act, to report on expenditure performance and budget execution every six months. The reports go to Parliament, and they are posted on the Ministry of Finance website.144

M&E systems are being designed with the intent to provide a stronger link with the MDGs. The National Operations Room of the MPDI, in charge of coordinating M&E efforts, was closed down, and its responsibilities transferred to the Ministry of Finance and Planning. With the support of the World Bank’s STATCAP program, the Government has started redefining indicators and increasing the capacity of line ministries and agencies in data collection and analysis.

144 http://www.priu.gov.lk/index.html
Africa’s largest country, Sudan has a wealth of assets ranging from oil to a vast agricultural and livestock resource base. Its potential growth has been hampered by a devastating civil war that is ongoing since 1983. The negative effects on Sudan’s economy include a ruined infrastructure base, severe loss of life and diminished human capital, food insecurity, and weak governance structures. Among the main issues fueling the conflict are the distribution of resources - namely oil revenues - and power, as well as factors of religion and ethnicity. Consolidating the peace talks that began in 2002, a Comprehensive Peace Agreement (CPA) was signed on January 9, 2005 by the Government of Sudan and the Sudan People’s Liberation Movement (SPLM), the major rivaling parties in the conflict. The key elements of the CPA include a Power Sharing Agreement whereby a new Government of Southern Sudan (GoSS) has been granted important powers, a Wealth Sharing Agreement which inter alia gives the South 50 percent of revenues, a Security Protocol that will incorporate the various armed factions into an institutionalized national army, and specific considerations for the Three Areas where much of the conflict took place. While the situation between the North and South has improved, violence has escalated in the western province of Darfur between what are believed to be government-backed militias – the Janjaweed - and the Sudan Liberation Army (SLA), resulting in what the United Nations has deemed to be the world’s worst humanitarian crisis. The ongoing conflict in Western Sudan remains a threat to the peace agreement between the North and South.

Long-term holistic vision

Ongoing civil war has prevented the Government from undertaking an inclusive national long-term vision exercise.

The Government has begun the process of preparing an IPRS with assistance from the World Bank and UNDP. A draft IPRS was completed in early 2004 by the National Government, with no involvement of the SPLM. The National Government subsequently worked directly with the SPLM as part of a Joint Assessment Mission (JAM), and the parties agreed on a Poverty Eradication Strategy Concept Note, setting out how a PRS initiative could be undertaken for the country as a whole. A medium-term strategy was completed in March 2005, the Framework for Sustained Peace, Development and Poverty Eradication, based on the findings of the JAM and Poverty Eradication Strategy concept note. A new Government of Southern Sudan (GoSS) has been granted important powers, a Wealth Sharing Agreement which inter alia gives the South 50 percent of revenues, a Security Protocol that will incorporate the various armed factions into an institutionalized national army, and specific considerations for the Three Areas where much of the conflict took place. While the situation between the North and South has improved, violence has escalated in the western province of Darfur between what are believed to be government-backed militias – the Janjaweed - and the Sudan Liberation Army (SLA), resulting in what the United Nations has deemed to be the world’s worst humanitarian crisis. The ongoing conflict in Western Sudan remains a threat to the peace agreement between the North and South.

145 An IPRS is expected end-2005.
broad-based human and economic development in two phases. The first phase of the Framework covers the transitional and critical years from 2005-07, and the second phase, the medium-term period 2008-11.

The Framework incorporates medium-term targets in line with the MDGs; it is expected that the initial peace consolidation phase will set the groundwork for the second phase of the strategy to focus specifically on development issues and accelerating progress towards the MDGs. The targets are tailored to country and region-specific circumstances, with a different set of indicators for the North and South to account for the vast development gap between the regions, and also within the Northern region, which incorporates the Three Areas.

The Framework is well-balanced in its considerations and sequencing of development programs. The JAM’s work leading up to the Framework consisted of eight cluster groups, each of which conducted the relevant research and designed prioritized interventions for specific topics – namely institutional development and capacity building; governance and the rule of law; economic policy and management; productive sectors; basic social services; infrastructure; livelihoods and social protection; and information. Underlying the Framework is an explicit acknowledgement of the need to consolidate the peace and resolve governance and resource distribution issues that could generate conflict in the future. The first and transitional phase, Consolidating the Peace, focuses mainly on issues like security, reconciliation, peace building, food security, return of displaced persons, provision of basic services, governance – including the implementation of institutions and processes under the CPA – and more equitable resource distribution among the different regions. The successful implementation of the transitional phase will allow the second phase, Accelerating Progress toward the MDGs, to take off. Given the wide disparities within the regions, particularly in terms of capacity, the Framework differs slightly in the North, South and the Three Areas. In this medium-term second phase, the National Government also focuses on private sector development, and increasing overall poverty reduction expenditures. The Framework, at both the regional and national level, encompasses a variety of cross-cutting issues, including gender integration, institutional development, environmental protection, decentralization, HIV/AIDS and conflict prevention.

The Framework includes detailed costed projections for the transitional phase, 2005-07. An important share of the cost – about two-thirds – will be financed domestically. Beginning in 2005, the national budget demonstrates a commitment to the priorities identified by the Framework in its increased expenditures towards poverty reduction programs and an increased share of budget allocations toward the Three Areas and Southern Sudan. The cost estimates of the Framework cover 20 sub-sectors within the eight clusters. The cost analysis includes projections for the medium-term, 2008-11. However, the projected costs of strategy implementation do not include costs related to debt relief, rehabilitation of the Darfur region which remains in conflict, humanitarian operations, and a Disarmament, Demobilization and Reintegration program.
Country ownership

External partners have been involved directly and intensely in the preparation of the Framework. The National Government and the SPLM aided in the formulation of the Framework through their participation in the JAM, which was co-led by the World Bank and the UN. A Joint National Transition Team (JNTT) was formed to coordinate matters related to the Framework and its implementation. The JNTT comprises both the National Government and the Government of Southern Sudan (GoSS), and coordinates the monitoring framework through its M&E Technical Unit. The Government also established a Higher Committee at the ministerial level, overseen by the Council of Ministers, to help in the formulation of the Framework. The finalized Framework was approved by the National Government’s Council of Ministers, as required by the Constitution, and the SPLM Leadership Council.

Civil society and the private sector were involved in preparing the JAM Framework, both through frequent workshops and stakeholder consultations. In addition, reference focal points were appointed for each JAM cluster to provide links between teams and the external partner/NGO community, and a series of stakeholder consultations were organized in both Khartoum and Nairobi, to give CSOs and other stakeholders the opportunity to provide input to the emerging JAM strategy and priorities.

Sudan’s Constitution requires that the National Assembly approve national programs in all areas. The National Assembly has not yet approved the Framework.

Capacity remains an overwhelming constraint for the implementation of the Framework. War-torn areas of the country are in dire need of infrastructure and basic social services. Education levels are extremely low in the South, and human capacity is extremely weak. The Three Areas maintain a militia presence, which points to the fragility of the peace and constrains development efforts in those areas. The Darfur province remains in conflict and the situation of Internally Displaced Persons (IDPs) and refugees continues to worsen. The Government itself is weak and requires assistance for its institutions to carry out their mandates and lead reconstruction efforts.

Country-led partnership

The Government provides limited leadership over development assistance coordination. In May 2003, a meeting was held in Nairobi and chaired by the World Bank - with the participation of both the National Government and the SPLM - during which external partners including USAID, the UN, and the IMF started the work of a Joint Planning Mechanism to assist in developing priorities and drawing up action plans. The JAM drew extensively on the engagement of external partners, with a total of about ten bilateral, seven multilateral and seventeen UN agencies involved in the assessment. Strong participation in the JAM by national authorities helped facilitate and institutionalize regular meetings with external partners. External partners coordinate many of their activities through the JAM, and established a Core Coordination Group within it, chaired by the Government of Norway, as the decision-making body. The last JAM meeting in Kenya, in March 2005, gave the JAM – including the Government – a chance to present the finalized Framework.
Discussions are underway to establish a Sudan Consortium, which would bring together external partners, the Government – National and GoSS – and civil society twice a year.

There are elements of alignment among external partners in the provision of external assistance, and these efforts will likely increase with the introduction of the Framework around which partners can focus their assistance. The five major external partners are the USA, the EU, Arab Countries, Norway and the UK, accounting for approximately 84 percent of gross ODA in 2002-03. ODA accounted for 3.8 percent of GNI in 2003.\(^{146}\) External partners are gradually providing increased support as a result of the CPA, and the USA and the UN have been supportive of development programs, mostly in the areas of IDPs, refugee resettlement, and infrastructure and institutional development. The World Bank and the UN, as the leading external partners behind the JAM, are tailoring their assistance strategies to the Framework, as are other partners like Norway, the EC and DFID.

External partners have taken action to create partnerships through joint analytical and financial work. The JAM consisted of a one-year effort, led by the World Bank and UN with multiple external partners involved, to develop an in-depth analysis of the economic and development situation in Sudan and to design a coordinated reconstruction response in partnership with the Government and alongside the CPA. External partners have agreed to provide financing through two Multi-Donor Trust Funds (MDTFs) in accordance with the Wealth Sharing Protocol of the CPA, through which they will pool their funds to carry out the transitional strategy. One MDTF is destined for the National Government, including the Three Areas, and the other for the GoSS; both MDTFs will be administered by the World Bank. Most external partners continue to provide assistance outside the MDTFs as well.

There are elements of coordination around the provision of capacity building, which constitutes one of the main topics analyzed by the Framework. One of the aims of the MDTFs is to coordinate external technical assistance and focus intensely on local capacity building programs. Many external partners are focusing strongly on capacity building efforts at the institutional level, in order to facilitate the implementation of the CPA.

Little to no action is being taken to harmonize divergent procedures and policies of external partners with country systems. Stronger efforts are in place to harmonize among external partners. Sudan is one of the pilot countries in a recent OECD initiative to harmonize international engagement in fragile states. Italy and Norway are leading an initiative to develop a Memorandum of Understanding with the National Government and the SPLM on development assistance modalities, with the goal of avoiding the current duplication of delivery mechanisms in the North and South of the country.

External partners are slowly increasing their presence in the country in order to better participate in day-to-day activities and interactions with the Government. The World Bank and the UN have increased their presence through the JAM. The World Bank’s Country Director is based in Addis Ababa, since its Country Office in Sudan was closed in 1993 due to significant arrears on past debt-servicing obligations.
As part of the Country Reengagement Strategy, a Country Manager will be based in Khartoum. A World Bank sub-office is also being established to coordinate the implementation of the Framework in Southern Sudan.

**Results focus**

The availability of data on poverty and expenditures is limited and varies by region. In war-torn areas and in the South, poverty statistics are limited in scope and their reliability questionable. The last Population and Housing Census was conducted in 1983 by the Department of Statistics and the last Household Income and Expenditure Survey was conducted in 1978. In 1989/90 a Demographic Health Survey was conducted by the Ministry of Economics and National Planning, covering 80% of the total population, but excluding the three conflict-affected regions in the South and the nomadic population in the North. The Central Bureau of Statistics (CBS) in the North, and the New Sudan Center for Statistics and Evaluation (NSCSE) in the South, are the main agencies in charge of gathering poverty-related data. The Framework includes a strategy to integrate these in the future, as well as other statistical databases within line ministries, into a unified system. In 2005, the CBS has plans to carry out a Family Health Survey and the NSCSE will carry out a Multiple Indicators Cluster Survey. A national census is also in the planning stages. A well-developed cash-based financial management system exists at the national level and in the northern States, with a monthly reporting system to closely monitor government accounts and to avoid overspending.

A plan for disseminating information about the Framework, as well as the CPA, is under discussion. The Government plans to work in partnership with civil society in its dissemination efforts. The full text of the Framework, including the cluster reports, can be found on the JAM website.\(^{147}\)

A Monitoring Framework is under design and included in the Framework. M&E was designed around the eight clusters of the JAM, and within each cluster the teams identified key indicators and agencies to monitor progress. M&E will be monitored at the level of the implementing agencies, which will in turn report to core M&E agencies within the National Government, the GoSS and the JNTT. The Government has yet to build a central M&E Unit within the JNTT, as well as cross-sectoral M&E units for the National Government and GoSS. Indicators have been identified within each of the eight cluster groups relating to progress on reconstruction, development and poverty eradication through 2007.

\(^{147}\) [http://www.unsudanig.org/JAM/drafts/index.jsp](http://www.unsudanig.org/JAM/drafts/index.jsp)
Long-term holistic vision

There is a constitutionally-mandated long-term Socio-economic Development Plan prepared by the Executive and approved by Parliament. The Poverty Reduction Strategy Paper (PRSP), Tajikistan’s PRS, identifies long-term goals through 2015.

The PRSP identifies medium-term objectives linked to a set of policies through 2006. While it is not yet fully integrated with the long-term Socio-economic Development Plan, efforts are underway to link the two very closely. The Government is currently preparing a comprehensive medium-term energy strategy, linked to a compensatory mechanism to cushion the effects of increases on energy tariffs for the poor, and has initiated a reform of the health-care and education systems in line with the PRSP. It is piloting a reform of the Ministry of Labor and Social Protection, and is developing a comprehensive public administration strategy. The Government also prepared a Public Investment Program for 2004-06 to guide external support for the implementation of the first phase of the PRSP. However, the Public Investment Program is not fully coherent with the PRSP objectives.

PRSP goals are consistent with the MDGs and tailored to country circumstances, with intermediate targets set for 2006. Tajikistan is a UN Millennium Project pilot country. The UN Country Team conducted an initial MDG needs assessment, focusing on education, health, and water and sanitation. In 2005 other sectors and MDG goals – poverty reduction, gender equality, food security and improved international cooperation – will be included in the analysis.

The strategy is addressing key issues for country development. The main elements of the PRSP are 1) labor-intensive, export-oriented and socially-fair growth, 2) fair and efficient provision of basic social services, 3) targeted support to the poorest and 4) efficient governance and security. The PRSP also addresses gender issues.

The Government prepared a MTEF, but implementation has been slow due to insufficient inter-ministerial coordination in public investment programming and lack of capacity. The Government has, however, made some progress in linking PRSP education objectives with the budget. Public expenditure in education has increased and substantial progress is being achieved in guaranteeing better quality and access to basic education for the poor.

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Country ownership

The Office of the Presidential Administration took the lead in launching PRSP formulation, set up the consultation mechanism, maintained control over PRSP content, and is now the central focus for PRSP implementation. In line with the objective of mainstreaming the PRSP with the SEDP the Government is now planning to move the PRSP unit to the Ministry of Economy and Trade, which has been also responsible for the Socio-economic Development Plan.

PRSP formulation was coordinated by a Presidential Working Group (PWG) composed of line ministries’ officials and academics and chaired by the State Advisor to the President on economic policy. The PWG convened nine working groups for the formulation of the PRSP, and organized throughout the country fifty-six seminars and roundtables with stakeholders. PRSP implementation is coordinated by a PRSP Monitoring Department in the President’s Office. Participation of line ministries is limited.

A sustainable structure for continuing government – stakeholder dialogue is gradually emerging. The working groups established by the PWG have been replaced by an Expert Consultative Group, comprised of representatives of government, parliament, NGOs, CBOs, and local government. However, the Expert Consultative Group has been slow to become a fully functioning body. In December 2004 the PRSP Monitoring Department organized a seminar for local government representatives to discuss their role in PRSP implementation.

Civil society organizations have been involved in PRSP formulation but their involvement in implementation is limited. NGOs, trade unions and academics participated in the working groups set up for PRSP formulation (about eight percent of their members came from civil society). Two national NGOs, supported by an international NGO, formed a coalition – NGO Against Poverty – and conducted twenty roundtables throughout the country with representatives of grass-roots NGOs, CBOs, and local government. They consolidated qualitative data on poverty as well as proposals for further action collected during the roundtables into a poverty assessment, which fed into the PRSP. Since then, however, little action has been taken to involve them in monitoring and implementing PRSP policies.

Private sector involvement is limited. The National Association of Small and Medium-Size Businesses, a NGO established to protect the legal interests of small and medium enterprises, participated in the PRSP formulation working groups.

Tajik legislation requires parliamentary approval of socio-economic programs, and parliament approved the PRSP in 2002. Its involvement in PRSP preparation was limited to a few parliamentarians participating in the working groups and most parliamentarians were unaware of PRSP content and objectives.

Planning capacity is not yet developed and significant bottlenecks undermine implementation. Institutional weaknesses and poor governance limit the utilization of committed resources. Corruption and lack of transparency in government agencies undermine private sector development, identified in the PRSP as key to support sustainable growth and poverty reduction. The Government has taken some steps to streamline administrative practices, but significant barriers remain.
Country-led partnership

There is diffuse responsibility for development assistance coordination, but the PRSP has strengthened awareness of the need for a stronger and more proactive government role. Besides responsibilities for coordination within the Ministry of External Trade and the Ministry of Finance, an Aid Coordination Unit was established in 2001 in the President’s Office to coordinate development assistance. The Aid Coordination Unit is becoming the focal point for coordination with the support of external partners. External partners hold regular coordination meetings for the health, education and agriculture sectors, in which government officials participate. In May 2003 a CG meeting was held for the first time in Tajikistan and co-chaired by the Government and the World Bank. A first follow-up meeting was held in Dushanbe in November 2003. A second meeting was held in London in February 2004, co-chaired by the Government and the World Bank. In November 2004, a CG meeting was held in Tajikistan, co-chaired by the Government and the World Bank.

External partners are aligning their assistance with the PRSP. The five major external partners are the USA, the EU, Japan, ADB and the World Bank, accounting for approximately 79 percent of gross ODA in 2002-03. ODA accounted for 11.9 percent of GNI in 2003. ADB, the EC, and the World Bank have prepared assistance strategies in line with PRSP priorities. In March 2004, the ADB and the World Bank undertook a joint portfolio review to better align their existing programs with country objectives. The USAID assistance portfolio for FY04 does not refer to the PRSP.

There are some partnerships in external financial and analytical support. The World Bank is working with ADB on a Governance and Institutional Review. Some external partners including DFID are providing support for community-linked development initiatives through a National Social Investment Fund. The World Bank envisages a PRSC in FY06. External partners largely maintain stand-alone projects with different reporting, monitoring and implementation procedures.

Capacity building is largely fragmented. The Government has designed a technical assistance program for capacity building in line with PRSP priorities, but progress in aligning external partners’ capacity building with the program is slow.

External partners have started decentralizing their structures to better participate in day-to-day decision making. In 1999 JICA established an office in the region to coordinate its program, followed by ADB, which opened a Resident Mission in the country in 2003. The World Bank program is managed by a Country Director based in Kazakhstan and a Country Office in Dushanbe; teams based in the country and the region deal with portfolio management and operations.

Results focus

Elements exist for improving the quality and availability of poverty-related data. A census was conducted in 2000, and the World Bank conducted a living standards survey in 2003. However, little data are available on social indicators at the local level. There is no official poverty standard and different methods are used to measure

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149 See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/24/20/1882885.gif
poverty. The Government is addressing some of these issues and prepared a national statistical development strategy, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank. Some progress has been made in improving financial management information. Since the enactment of a 2002 Law on State Finance, budget documents are more comprehensive and provide detailed estimates for the budget year as well as information on forecasts for the next two following years. However, there is no single system to track expenditures across different government institutions. Accounting and financial reporting is still insufficient. There is no integrated computer system and many government departments have little access to information technology.

Information on Government polices is not yet easily accessible. The PRSP is not posted on a government-run website. There was substantial media coverage of the seminars and roundtables held during PRSP formulation. The PRSP includes a list of the members of the working groups without, however, identifying the institutions they represent. Limited action has been taken in informing national stakeholders on PRSP implementation.

A country-level M&E system is at early stages. Monitoring indicators were reduced from 136 to 94 during the preparation of the Progress Report. The PRSP Monitoring Department contributed to a separate government report on progress towards achieving the MDGs, prepared by a working group including government officials, UN agencies and NGOs. Different government agencies use different methodologies and parameters to track indicators.


**Long-term holistic vision**

Vision 2025, developed by the Planning Commission under the auspices of the President’s Office with the support of UNDP, Japan, the EU and Ireland and adopted in 1999, is recognized by policy makers as Tanzania’s long-term vision. It identifies development objectives through 2025 and focuses on high quality of livelihood, peace and stability, good governance, a well-educated society, and a competitive economy. At the same time as it was preparing Vision 2025, the Vice President’s Office developed a National Poverty Eradication Strategy, adopted in 1998, as a long-term strategy for poverty reduction through 2010, linked to the Vision and identifying strategic interventions in education, health and nutrition, water, agriculture, and rural roads. Objectives identified in the Vision and the National Poverty Eradication Strategy are largely compatible.

A development strategy is in place, has strengthened the long-term visions’ coherence, and its revision is helping the Government move toward a longer medium-term planning time frame. The Poverty Reduction Strategy (PRS) 2000/01-02/03\(^{150}\) is the three-year strategy for poverty reduction and builds on Vision 2025 and the National Poverty Eradication Strategy. The Government has conducted a one-year review of the PRS and prepared a draft five-year National Strategy for Growth and Reduction of Poverty (NSGRP), which was endorsed by the Cabinet in February 2005, to update policies and programs through 2009/10 and continue moving toward the achievement of the Vision 2025 and the National Poverty Eradication Strategy objectives. It has also prepared sector strategies for agriculture, private sector development, secondary education, health, environment, and the financial sector, which have fed into the draft NSGRP. Local governments are responsible for service delivery for primary education, primary health, rural roads and water; they prepare district development plans, which are not yet fully aligned with the PRS and the NSGRP.

The objectives identified in the PRS respond to the country needs and are coherent with the MDGs. The MDGs are used as reference points for measuring progress in education, health and water supply. The draft NSGRP builds on the PRS goals and introduces a policy matrix with development objectives linked to strategies and policies for achieving them.

Implementation and revision of the PRS are helping the Government strengthen a comprehensive approach to

development through an outcome-based approach. The PRS identifies policy objectives and interventions in seven priority sectors: basic education, primary health, water, rural roads, judiciary, agriculture, and HIV/AIDS. The draft NSGRP moves beyond priority sectors and identifies outputs guiding Government policies in three areas: 1) growth and poverty reduction; 2) improvement of quality of life and social well-being; 3) governance and accountability.

The PRS is linked to the budget through a MTEF and participatory PERs, and the Government is moving toward an output-based budget. The establishment of a MTEF dates back to 1998. In 1997 the Government started participatory PERs, which underpin budget formulation and informs the preparation of the MTEF. There is a PER working group, chaired by the Ministry of Finance, and sector working groups on public sector management, local government, justice, education, health, agriculture, water, roads, environment, HIV/AIDS, and gender, composed of sector ministries, national stakeholders and external partners. The MTEF and PERs have allowed for significant improvements in strategic resource allocation in priority areas identified in the PRS. Real per capita spending for PRS priority sectors such as agriculture, education, health, HIV/AIDS, water and roads increased between FY99 and FY03. Between seventy and ninety percent of local government spending is financed through transfers from the central government and approximates overall expenditure in priority sectors for most local government. The Government is using the NSGRP policy matrix as the framework for the preparation of a revised MTEF and the 2005/06 budget.

Country ownership

The Vice President’s Office led the preparation of the National Poverty Eradication Strategy and the PRS. PRS formulation was coordinated by a Steering Committee chaired by the Vice President - composed of central and line ministers and the Governor of the Central Bank - a PRS Technical Committee composed of high-ranking government officials from central and line ministries and supported by a PRS Secretariat within the Vice President’s Office, and an Inter-Ministerial Research and Analysis Working Group. The Ministry of Finance, the Central Bank and some sector ministries such as health and education played a lead role on the policy content of the PRS.

The Vice President’s Office coordinates PRS implementation and the formulation of the NSGRP through the PRS Secretariat and the PRS Technical Committee. However, overall responsibility for planning lies in the President’s Office for Planning and Privatization, and strong links between the President’s Office, the Vice President’s Office and the Ministry of Finance did not develop during PRS implementation. NSGRP formulation is starting to address this issue. The draft NSGRP envisages a lead role of the President’s Office for Planning and Privatization in incorporating NSGRP priorities in the MTEF and budget guidelines.

A sustainable structure for continuous government – stakeholder dialogue is solidly in place. The PRS Technical Committee, supported by the PRS Secretariat, held several national and zonal workshops on key sectoral strategies, and organized a national consultative workshop in July 2001 on the first Progress Report. In September 2002,
October 2003 and November 2004 it organized a series of Poverty Policy Weeks – a regular forum to review progress in PRS implementation involving government officials, national stakeholders and external partners. The 2004 Poverty Policy Weeks provided inputs for the preparation of the NSGRP. In 2004 the PRS Technical Committee also organized a series of consultative meetings with line ministries, local governments and national stakeholders for the formulation of the NSGRP.

Civil society organizations have been involved in PRS formulation and implementation. CSOs participated in the PRS formulation workshops; however their inputs had limited influence on the PRS policy content due to the tight deadline for PRS finalization. NGOs and academics have been, however, actively engaged in dialogue with the government during PRS implementation. CSO representatives took part in the Poverty Policy Weeks. NGOs have established a NGO policy forum, chaired by member NGOs on a rotating basis, which participates in PER working groups and is contributing to the formulation of the NSGRP.

The private sector has been involved in PRS formulation and implementation but a mechanism to represent the different views of private sector leaders is still developing. Individual businessmen and business associations were involved in the preparation of Vision 2025 and the PRS. They took part in the July 2001 workshop on the Progress Report and in the 2002, 2003 and 2004 Poverty Policy Weeks. The establishment of the Tanzania National Business Council (TNBC) has enabled increased dialogue between the Government and the private sector on development issues. Since 2002 the Government has hosted a series of Investors Round Tables, the last of which was held at the end of 2004. The Government has also approved a Business Environment Strengthening in Tanzania (BEST). However, a forum to incorporate the wide range of private sector views into policy making has not yet been established and dialogue with the private sector is fragmented.

Parliament has been involved in PRS formulation and implementation. The National Assembly debated an early draft of the PRS in July 2000, and parliamentarians participated in the July 2001 national consultative workshop on the first Progress Report. The National Assembly approves the annual budget, with the MTEF attached as a background document. The Ministry of Finance regularly presents government accounts to the National Assembly as required by the 2001 Public Finance Act. It is expected that the revised MTEF and the NSGRP will be submitted to Parliament for approval. The National Assembly is not required by the Constitution to approve development plans.

Capacity for planning and implementation has improved across government but bottlenecks at the central and local level remain. Since the end of the 1990s the Government has made significant efforts to increase civil servants’ salaries, rationalize government agencies and staffing, and decentralize responsibilities. Substantive progress has been made in fighting corruption. However, skills and resources are still insufficient at the lower and middle-levels of government. At the local level, planning capacity is still developing and clear guidelines on how to reconcile PRS priorities and targets with local level inputs are not yet in place. Local capacity for implementing and monitoring policies is also insufficient.
Country-led partnership

The Government plays a lead role in coordinating development assistance. The Ministry of Finance leads coordination, and chairs quarterly informal in-country meetings with external partners, who are represented in a Development Partners Group. In 2002 the Government adopted a Tanzania Assistance Strategy (TAS) as the guiding framework for managing development assistance. The Ministry of Finance coordinates TAS implementation through a TAS Harmonization Group and a TAS Technical Secretariat, comprised of representatives of sector ministries, the President’s Office, the Vice President’s Office, and the Development Partners Group. External partners participate in the PERs, which have become a well-established framework for continuous policy dialogue between Government and external partners. CG meetings were held in country from 1997 until the last CG meeting in December 2002. Given the well-established coordination framework and continuous dialogue between government and external partners, another CG is not planned.

Under the Government’s leadership, external partner strategies are aligned with the PRS, and external partners are taking steps to align with the NSGRP. The six major external partners are the World Bank, the UK, the EU, the Netherlands, the USA and Denmark, accounting for approximately 78 percent of gross ODA in 2002-03. Japan also plays an active role. ODA accounted for 17 percent of GNI in 2003. The World Bank Country Assistance Strategy FY01-03 is in line with the PRS. DFID’s Country Assistance Plan 2003-04 is aligned with the PRS, as is the EC Country Strategy Paper 2001-07. The DANIDA Country Strategy 2001-05 is based on the PRS and the TAS. Japan’s assistance strategy is consistent with the PRS and will support the implementation of the NSGRP. The Development Partners Group and the Government are developing a Joint Assistance Strategy, which will merge the individual country strategies into a single strategy aligned with the PRS and NSGPR. The Joint Assistance Strategy will also identify comparative advantages between different development assistance agencies and allow external partners to focus on selected sectors. The Government is currently drafting a concept paper identifying the guiding principles of the Joint Assistance Strategy. In 2004 Tanzania was selected to apply for a Threshold Program, managed by the MCC and USAID, to help countries work toward MCA eligibility.

Partnerships in external financial and analytical support are solidly in place. Analytical work is increasingly conducted jointly by multiple development assistance agencies. For example, a World Bank-DFID CFAA was completed in 2001, a UN-World Bank portfolio review was held in May 2003, a joint AfDB-World Bank CPAR was completed in April 2003, and annual PERs routinely involve multiple external partners.

External partners provide the bulk of their development assistance through budget support. Canada, Denmark, the EC, Finland, Germany, Ireland, Japan, the Netherlands, Norway, Sweden, Switzerland and the UK provide budget support through a joint Poverty Reduction Budget Support (PRBS) mechanism. In 2004 the World Bank approved the second of a series of PRSCs supporting PRS implementation. The AfDB also provides budget support through a Structural Adjustment Loan. External

151 See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/24/21/1882894.gif
partners have agreed with the Government on a common performance assessment framework. Eighty-six percent of budget support is provided in the form of multi-annual commitments.

There are a number of well developed SWAps. For example, DANIDA, Germany, Ireland, the Netherlands, NORAD, Switzerland and the World Bank support a SWAp under the Health Sector Development Program (HSDP) and they are undertaking a joint procurement, financial management and disbursement assessment for multi-donor pooling through national systems. Belgium, the EC, CIDA, Finland, France, Ireland, the Netherlands, NORAD, SIDA and the World Bank are supporting a SWAp in education, and the Government is developing a SWAp in agriculture supported by Denmark, the EC, Japan, Ireland and the World Bank.

Capacity building is increasingly in line with government priorities and needs. Capacity development is addressed through a series of government programs for financial management, public service, local government, anti-corruption, legal sector, which are jointly supported by external partners. In 2003 the Government also prepared an action plan for building capacity for PRS implementation. External partners also provide joint capacity support through SWAps.

Harmonization with country systems is well developed. The national budget is the principal instrument through which development assistance is channeled. Disbursements are increasingly made through the government Treasury system. In 2003, 71 percent of external partners providing budget support made commitments in time to be taken into account for the preparation of the budget. There is a well established cycle of policy and consultative processes agreed upon by Government and external partners, which allows for ‘quiet times’ during budget preparation and discussion. Timing of external partners’ reporting is being synchronized with national processes. Tanzania is a pilot country under the 2003 Rome Declaration on Harmonization, was the first country to approve a Harmonization Action Plan, and is actively involved in supporting the harmonization agenda. In November 2004 the Government hosted an Africa Regional Workshop on Harmonization and Alignment for Development Effectiveness and Managing for Results sponsored by the AfDB and the World Bank.

Most development assistance agencies have a strong presence in the country and participate in daily decision making. DFID, the EC, DANIDA and USAID have decentralized decision making to in-country offices. The World Bank program is managed by a Country Director based in Dar el Salaam.

**Results focus**

The quality and availability of poverty-related data is increasing. The National Bureau of Statistics is responsible for collecting data and regularly conducts surveys and census. A PPA was carried out throughout the country in 2002 to gather views from the grassroots level on efforts and challenges encountered in the fight against poverty. A Population and Housing Census was carried out in 2002, an Agriculture Survey in 2003, and a Demographic and Health Survey in 2004. In 1996 the Government introduced an Integrated Financial Management System, improving control over expenditure management through timelier and more detailed reporting.
Information on government policies is easily available, and action is being taken to strengthen access to it. The government has developed a Dissemination, Sensitization, and Advocacy Strategy focused on poverty reduction policies and related issues. It circulated simplified versions of the PRS and the 2001 Progress Report in English and Swahili. However, the 2003 and 2004 Progress Reports were prepared only in English. Following national stakeholders’ requests, the Government is planning to translate the draft NSGRP into Swahili. Vision 2025, the National Poverty Eradication Strategy, the PRS and the Progress Reports are posted on several official government and national websites. The government also developed and disseminated a user guide to enhance understanding of a Poverty Monitoring Master Plan. There is also a Documentation Center within the Poverty Eradication Division of the Vice President’s Office, which provides documents to the public upon request. Monthly reports on government finance are prepared for use within government institutions, and made also available on request. Local authorities publish information on collected revenues and allocation of funds in local newspapers and notice boards at local council headquarters. However, this information is not always provided in a simplified fashion and insufficiently reaches the general public.

A national M&E system is in place, and external partners are aligning their support around it. In 2001 the Government established a Poverty Monitoring System to track progress in PRSP implementation. It has recently updated the set of indicators for tracking progress in PRS implementation and strengthening their consistency with policy targets. A National Poverty Monitoring Steering Committee, composed of government and stakeholder representatives, oversees the Poverty Monitoring System. There are four Technical Working Groups - Censuses and Surveys; Routine Data System; Research and Analysis; and Dissemination, Sensitization, and Advocacy - which report to the Steering Committee. The Poverty Monitoring Secretariat provides administrative and coordination support to the TWGs and the Steering Committee. The Government has started integrating M&E systems developed by different government institutions, some in connection with externally-financed projects and programs, into the Poverty Monitoring System.

A former Portuguese colony bordering Indonesia’s province of West Timor with access to largely untapped underwater oil and gas resources, Timor-Leste opted for independence from Indonesia, an occupying power since Portuguese withdrawal in 1975, in a UN-supervised referendum in August 1999. The results of the referendum triggered widespread violence which displaced up to three-quarters of the population and destroyed the large majority of the country’s infrastructure. Violence was brought to an end by the deployment of an international peacekeeping force in September 1999, and the establishment of a UN Transitional Administration in East Timor (UNTAET) with full and exclusive powers over the country. UNTAET set up a first Transitional Government, composed of East Timorese and international representatives. Following elections of a 88-member Constituent Assembly, UNTAET appointed a second all-Timorese Transitional Government in August 2001, reflecting the Assembly elections and including independents and minority parties. Presidential elections were held in April 2002. In May 2002 Timor-Leste became formally independent and power was transferred to the newly-elected President Xanana Gusmão, one of the leaders of the pro-independent movement. A Constitution, based on broad popular consultations, was approved in 2002 and the Constituent Assembly transformed into a National Parliament. Executive power is exercised by a Prime Minister, appointed by the President, and a Council of Ministers. UNTAET was succeeded by a UN Mission of Support in East Timor (UNMISET), which concluded its mandate in May 2005 and was succeeded by a small follow-on political mission, the UN Office in Timor-Leste.

**Long-term holistic vision**

Action has been taken to establish a long-term vision widely agreed within the country. In June 2000, UNTAET developed a Matrix of Key Reconstruction Benchmarks, a transitional results matrix, in collaboration with external partners and stakeholders that served as a tool for management of development policy and its dissemination through 2002. In May 2002 the Government adopted a National Development Plan (NDP) building on a Development Vision through 2020, integrated into the NDP and based on broad consultations conducted during the transition period leading to independence. The NDP is the Government’s medium-term development strategy through 2007.\(^{153}\)

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\(^{153}\) The Government is planning to submit the NDP to the IMF and the World Bank as a PRS in July 2005.
Following riots and demonstrations in December 2002, the Government issued Stability Priorities for immediate action in law and order, justice, decentralization, employment creation, and service delivery for poverty reduction. In 2003 the Government adopted a medium-term Road Map for the Implementation of the NDP, incorporating the Stability Priorities. Since August 2002, line ministries have prepared Annual Action Plans for NDP implementation in the respective sectors. The Government prepares an annual Letter of Development Policy and Action Matrix, based on the Annual Action Plans. In 2004 it adopted an Agriculture, Forestry and Fisheries Sector Policy and Strategy and is finalizing a National Education Policy and a Road Strategy. It is also preparing Sector Investment Programs, clarifying goals, strategies, and medium-term expenditure programs for 17 sectors (education; health; agriculture, fisheries and forestry; natural resources and environment; private sector development; power; communications; transport; water supply and sanitation; public sector management; local government and civil society; rights, equality and justice; security, peace building and reconciliation; external relations; other pillars of state; housing; social, civil and heritage protection). The Council of Ministers is planning to undertake a revision of intra- and inter-sector priorities before the finalization of the Sector Investment Programs, expected by the end of FY05. To start fulfilling a constitutional requirement to strengthen decentralization, in 2004 the Government piloted local district plans in three of the thirteen districts in which local government is organized, with the support of the UN Capital Development Fund (UNCDF).

The NDP identifies a comprehensive set of development goals. It sets the pace for their achievement through a phased approach, focusing on five priority areas (education, health, agriculture, economy and employment, infrastructure) and five cross-cutting themes (poverty reduction, gender and help for youth, peace and reconciliation, cooperation among people, democracy and good governance). It addresses the issue of the use of oil and gas revenues to produce a sustainable source of income for future generations. Development objectives are in line with the MDGs, but the NDP does not set local targets for their achievement. The Government completed its first MDG Report in 2004.

The NDP includes a MTEF with indicative budget envelopes by sector for FY03-07. There is a Government Medium-Term Combined Sources budget, consisting of the Consolidated Fund for East Timor (CFET), the un-disbursed parts of a Trust Fund for East Timor, the UN Assessed Contribution for technical assistance posts, and bilateral and multilateral assistance. The CFET is fully aligned with the NDP, but represents less than fifty percent of the Combined Sources budget. Public expenditures are broadly in line with NDP priorities. The Government envisages using the Sector Investment Programs for preparing a Combined Sources Budget fully in line with the NDP, and a MTEF, starting with the FY06 budget.

Action has been taken to strengthen public expenditure management. Budget documents are comprehensive; they include external financing as well as information by agency and program. In 2003 preliminary sector expenditure reviews informed FY04 budget preparation. During preparation of the FY05 budget, broad agreement on
expenditure limits was reached at the Council of Ministers level before budget and planning guidelines were circulated. As a result, government agency submissions were largely in line with expenditure limits, thus strengthening the link between policy priorities and expenditures. The Ministry of Health has prepared a two-year program budget and identified output indicators to monitor budget implementation in each of the 13 districts, 5 hospitals and central specialist services under the Ministry’s responsibility. Budget committees in each line ministry have been established, providing an opportunity to link service delivery planning with the formulation of agency budgets. Budget execution remains, however, an open challenge, mainly due to excessive centralization of expenditure management, tight procurement controls and limited communication between the Ministry of Planning and Finance (MoPF) and line ministries. There is significant under-spending in key priorities areas such as education and roads. In April 2004 the Government established a cross-government commission, chaired by the Prime Minister, to address expenditure execution and oversight issues.

**Country ownership**

A National Planning Commission, staffed with Timor-Leste officials, coordinated NDP formulation under the second Transitional Government. The National Planning Commission has been succeeded by a Planning and External Assistance Management Division (PEAMD) within the MoPF, which coordinates NDP implementation. Government agencies prepare Quarterly Reporting Matrices on progress in implementation of the Annual Action Plans, which are consolidated by PEAMD and submitted to the Council of Ministers. The Government has assigned an economic and social development officer to each of the 65 sub-districts in which local government is organized. The Government has also started establishing working groups to coordinate the implementation of Sector Investment Programs. There is a MDG Committee, composed of Government and UN representatives, to coordinate MDG-related activities, and linked to NDP implementation structures.

Consultations for NDP formulation were conducted by the National Planning Commission and a Civil Society Consultative Commission, which was later disbanded. Before February 2002, meetings with stakeholders were held in each of the 442 villages, and approximately 17,000 men and 11,000 women participated, accounting for approximately 10 percent of the adult population. The National Planning Commission prepared a State of the Nation report that formed the basis for the NDP. Eight technical working groups, composed of government officials and chaired by line ministers of the second Transitional Government, drafted the NDP, which was approved by the Council of Ministers after independence.

The Government has taken action to move toward the establishment of a sustainable structure for continuous government–stakeholder dialogue. The President launched a National Dialogue involving a series of local and national public meetings to consult stakeholders on the future role of the UN in Timor-Leste, local government, justice and veterans. The Council of Ministers meets one week out of every month in a different district and holds discussions with local stakeholders. Between February and November 2000, village councils were elected as part of a Community
Empowerment Project, to identify community projects. In 2004 legislation was promulgated formalizing village councils’ role in community development. Village elections were held between March and June 2005. District elections were held in all eight districts between December 2004 and June 2005. The National Education Policy was prepared following discussions at a National Education Congress, held in October 2003, with the participation of about 600 teachers, headmasters, parents and other stakeholders. In November 2004, the Government launched public consultations on a draft Act establishing a Petroleum Fund, which is expected to be enacted at the end of FY05.

CSOs, including the Catholic Church, played a key role in NDP consultations. They identified education and health as key priorities and shaped the Development Vision. Private schools run by the Catholic Church account for 12 percent of total enrollment. In addition to education, the Catholic Church also provides services in the health and agriculture sectors. Private sector representation was, however, only marginally developed at the time of consultations, and the private sector did not have a strong impact on the NDP.

The National Parliament approved the NDP, as required by the Constitution. It is involved in the implementation of the NDP through approval of the relevant legislation and the budget, as required by the Constitution. However, parliamentary involvement in budget discussion has proved problematic given the tight schedule for budget preparation. The budget is presented to the National Parliament in May, for approval and presidential ratification before the beginning of the fiscal year in July.

Capacity for planning and implementation has significantly improved in a relatively short period of time, given the difficult situation after the withdrawal of the Indonesian administration. However, the Government relies largely on international advisors mainly concentrated in some central ministries, and mainly in the capital, where the majority of civil servants are based. There is a shortage of sufficiently qualified local personnel to occupy senior and middle-level management positions. Less than one third of adults have some secondary education. At the end of 2003, 20 percent of senior civil service posts had not been filled. As UNMISET winds down, there is concern that some government institutions are insufficiently prepared for the hand-over of functions.

**Country-led partnership**

Action has been taken to strengthen the Government’s role in leading development assistance coordination, building on strong coordination among external partners in the early phases of post-conflict reconstruction. Responsibility for coordination is shared by the MoPF and the Ministry of Foreign Affairs and Cooperation. The Vice Minister of Planning and Finance chairs monthly coordination meetings with external partners. The MoPF has also set up a registry of external assistance and regularly requests updated information on external assistance. Sector Working Groups are being established to support coordination at the sectoral level. For example, in November 2004 a Sector Working Group for Agriculture and Rural Development was established and the Ministry of Agriculture is taking the lead in coordinating joint partners’ missions for the sector. The first Development Partners Meeting, held in Tokyo in
September 1999, was co-chaired by UNTAET and the World Bank, and involved from the beginning Timor-Leste representatives and other bilateral and multilateral development assistance agencies. The first in-country Development Partner Meeting was held in Dili on the verge of independence, in May 2002, co-chaired by the second Transitional Government, UNTAET and the World Bank. Development Partners Meetings were co-chaired by the Government and the World Bank in December 2003 and May 2004. The last Development Partners Meeting was held in Dili on April 25-26, 2005, and co-chaired by the Government and the World Bank.

Under emerging Government leadership, external partners are aligning their assistance with the NDP. The six major external partners are Portugal, Australia, the USA, the EU, Norway and Japan, accounting for approximately 89 percent of gross ODA in 2002-03. ODA accounted for 47.9 percent of GNI in 2003. The World Bank and other UN agencies also play an active role. Portugal, Norway, Japan and the World Bank support NDP implementation. The World Bank is finalizing a Country Assistance Strategy in line with the Government development priorities. AusAID’s Country Strategy for 2000-04 supported NDP formulation and early implementation, and AusAID is finalizing a new Country Strategy to further its support for NDP implementation. USAID’s Transition Strategy for FY01-04 supported the transition in line with Government priorities; in 2004 USAID prepared a new Country Strategy for 2005-09, which includes a MCA Threshold Program to help the country work toward MCA eligibility, based on NDP objectives. In 2004 the EC revised its National Indicative Program 2005-06 to strengthen alignment with the Government’s Sector Investment Programs. UNDP’s Country Program Outline 2003-05 realigns assistance from emergency rehabilitation to capacity building in line with the NDP.

Partnerships in providing external financial and analytical support have facilitated consolidation of humanitarian and development assistance since the early phases of post-conflict reconstruction, and are now developing under emerging Government leadership to support NDP implementation. In October/November 1999 a Joint Assessment Mission, including Timor-Leste experts, five bilateral assistance agencies, the World Bank, the ADB, UN agencies, and the EC, identified reconstruction priorities. It was complemented by a concurrent IMF mission to assess the macro-economic framework. A multi-partner Trust Fund for East Timor (TFET) was set up in 1999 and became operative in early 2000 to support reconstruction and development activities, with joint sector missions to determine the work program.

Building on the TFET framework and the NDP, stronger partnerships have formed around budget support, and the beginning stages of SWAs. An important part of external assistance has been channelled through a series of multi-partner Transitional Support Programs (TSP) for FY03, FY04, FY05, agreed on the basis of the Government Letter of Development Policy and Action Matrix, and with benchmarks linked to the NDP. The TSPs build on the earlier Matrix of Key Reconstruction Benchmarks, but provide direct support to the

Government’s budget. They finance about forty percent of the national budget. Australia, Canada, Finland, Ireland, New Zealand, Norway, Sweden, the UK, the USA and the World Bank participate in the TSP. Portugal provides parallel budget support. Besides TSP partners, the ADB, China, Japan, Malaysia, UNMISET, UNDP and UNICEF provide technical assistance through the TSPs. The TSP will be renamed the Consolidation Support Program and provide budget support for FY06-08. The Government’s Sector Investment Programs are providing a strong basis for the preparation of SWAPs. The EC is envisaging support for a SWAp in agriculture, forestry and fisheries as well as natural resources and the environment.

The NDP identifies capacity building needs for each sector. It builds on a ten-year Public Sector Management Program developed by the first Transitional Government with the support of UNDP in 2001. However, external support to capacity building has been fragmented, conducted mainly through stand-alone projects and with little attention to ensuring consistency between the various interventions and follow-up with line ministries. The Government has started addressing this issue. Under the leadership of a Capacity Development Coordination Unit, it is developing a Capacity Building Strategy, based on an assessment of training demands from all Government agencies; the Strategy will shift focus from the use of advisors to on-the-job training and targeted workshops. The Government is also preparing a five-year Public Financial Management Capacity Building Program, with the support of a number of external partners. The Program is being designed around the UNDP-supported capacity building framework currently used by the Ministry of State Administration. It will be articulated in a medium-term framework and an annual capacity-building program, defined in consultation with planning and finance units in ministries and districts.

Some work is being done to strengthen country systems. Procurement procedures for TFET-supported projects are being adapted to ensure enhanced local content. The Procurement Division of the MoPF has assigned two of its staff to every TFET-supported project, thus ensuring capacity building for procurement. Project Implementation Units are being gradually integrated into line ministries and responsibility for project management transferred to line ministry personnel. Cases of corruption have emerged in procurement and customs. The Office of the Inspector General has launched a program of investigations since its establishment in 2000, which led to 13 investigations in 2004. None of them has led to prosecution. In March 2005 the Prime Minister chaired a seminar on Building Integrity in the State to explore corruption and conflict of interest issues and possible actions with senior Government officials and external partners.

Following post-conflict reconstruction, some external partners have moved toward establishing a presence in the country geared toward long-term day-to-day engagement. USAID and AusAID have a well-established presence in the country. The World Bank program is managed by a Country Director based in Sydney and a Country Office in Dili. The EC program is managed by a Delegation based in Indonesia.
Results focus

The quality and availability of data to monitor progress and inform decision making is improving, but its use and circulation across government institutions remain an open challenge. NDP formulation built on a poverty assessment drawing on a village survey, a household expenditure survey and a PPA undertaken jointly by external partners with the support of East Timorese experts. A population census was conducted in 2004. A UNICEF-sponsored multiple indicator cluster survey was conducted in 2002. A Demographic and Health Survey was undertaken in 2003. In October 2004 the National Directorate of Statistics produced the first issue of its national consumer price index. A government-wide integrated financial management system is under development. A financial management information system was installed in the MoFP by UNTAET. First, a treasury, cash and budget management system was introduced, followed by commitment control, procurement and asset management systems. However, these systems are not yet fully integrated, and other government agencies do not yet have access to the system. Line ministries’ financial management systems are still at an early stage and shortage of experienced financial officers is emerging as a major constraint.

Action has been taken to increase access to information on Government policies, but low literacy rates and limited knowledge of one of the official languages pose significant challenges. In 2002 a popular version of the NDP was distributed to every Timor-Leste household. In 2003 the Government also circulated a short popularized publication - “Timor Leste: The Way We Are Now” - providing a summary of the socio-economic situation of the country in English, Portuguese and Tetum. However, many government documents are often only published in Portuguese, which is spoken by a minority of the population, and over fifty percent of the adult population is illiterate. There are eight community radio stations and a national radio station, which are important outlets for debates on development topics. However, forty-six percent of the population has no access to any mass media. There is a MoPF website in English with information on current policies and the budget in English, Portuguese and Tetum, but the NDP is not posted on it. The Government also established a Government Information Office to coordinate information and communication activities.

Action has been taken to establish a country-level M&E system, supported by all external partners. The TSP is providing a strong basis for a M&E system serving both national and external reporting requirements. Qualitative and quantitative indicators for NDP implementation build on the TSP Action Matrices and are monitored through Quarterly Reporting Matrices. The Government prepares a single report for external partners and national institutions. The MoPF has developed a computerized system to facilitate tracking of the Quarterly Reporting Matrices. The National Directorate of Statistics has started identifying baselines for monitoring progress of NDP objectives. There is an external auditor, appointed by the executive, which submits a report on the Government financial statement and management report to the National Parliament and the MoPF. The Government has not yet taken steps to establish an independent Administrative, Tax and Audit Court, as provided by the Constitution.
Long-term holistic vision

There is a long-term vision which serves as a reference for policy makers. The Poverty Eradication Action Plan (PEAP), Uganda’s PRS, is the national vision for poverty eradication through 2017. The Government is participating in the New Partnership for Africa’s Development (NEPAD) and organized a NEPAD preparatory workshop in 2002. In 1999 the Government completed an overview of long-term goals, Vision 2025, with the support of the UNDP African Future Program.

The medium-term strategy is embedded in the long-term vision and regularly updated through implementation. The PEAP is the planning framework guiding medium-term sector plans and district plans. The PEAP is revised every three/four years to reflect progress in implementation and adjust medium-term policies to the achievement of long-term objective. In December 2004 the Government completed a revision of the PEAP, which will become Uganda’s new PRS. There is a Medium-Term Competitive Strategy for the Private Sector, a Plan for the Modernization of Agriculture, and a Strategic Exports Framework, broadly aligned with the PEAP. The Ministry of Gender, Labor and Social Protection also completed a Strategic Investment Plan.

The PEAP sets development targets that are country-specific, but broadly in line with the MDGs, and identifies a results-based approach for their achievement. In 2003 the Government prepared a report on the relation between the PEAP targets and the MDGs and strengthened the links between the two in the formulation of the PEAP revision. It spearheaded a gender assessment that strengthened the gender dimension of the revised PEAP. The revised PEAP also includes a Policy and Results Matrix, mapping out long-term objectives, medium-term outcomes, policies to achieve them as well as indicators to monitor progress.

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The PEAP takes a comprehensive approach, addresses key social, structural and institutional aspects for development, and its implementation revolves around a set of priority actions to achieve medium- and long-term objectives. It is based on four pillars: (1) economic transformation and growth; (2) good governance and security; (3) ability of the poor to increase their incomes; and (4) quality of life of the poor. The PEAP revision launched in 2003 builds on the objectives identified under the four pillars and identifies five key components: (1) economic management; (2) production, competitiveness and incomes; (3) security, conflict-resolution and disaster management; (4) governance; (5) human development. It also addresses cross-cutting issues such as gender and the fight against HIV/AIDS.

The Government introduced a MTEF in 1992 and is moving toward output-based budgeting. PEAP objectives are linked to the MTEF and the budget through a Poverty Action Fund (PAF), introduced in 1998, to identify expenditures in those sectors with a high impact on the poor and protect them against budget cuts. All externally-funded projects are included in the budget. Sector ministries and national stakeholders participate in the preparation of the budget through Sector Working Groups, which prepare Budget Framework Papers on the basis of ceilings set up by the Ministry of Finance, Planning and Economic Development (MFPED). Allocations toward pro-poor sectors such as primary healthcare, rural roads, agriculture, primary education, water and sanitation now cover 37 percent of the budget, up from 18 percent in 1998. However, sectors not included in the PAF, but with indirect impact on the poor such as rural electrification, justice, and law and order, are experiencing large budget cuts. The Government is planning a reform of the PAF. Use of supplementary appropriations also undermines the budget process as an instrument for effective expenditure planning.

Country ownership

The MFPED leads PEAP implementation and coordinates the preparation of PEAP Progress Status Reports and PEAP Revisions. The MFPED was established in March 1992, when the Ministry of Finance and the Ministry of Planning and Economic Development were merged to enhance coordination of government policies.

There is a sustainable structure for continuous government – stakeholder dialogue. Consultations for the 2003/2004 revision of the PEAP built on existing policy-making structures for budget and sector policy formulation. The MFPED established sixteen PEAP sector revision groups chaired by line ministries and stakeholder representatives, to prepare sector submissions for the revised PEAP. Sector Working Groups also submitted proposals. The 1995 Constitution provides for the involvement of stakeholders in the formulation and implementation of development plans. There is a constitutionally-mandated National Planning Authority, created in 2002, composed of central government, local government and stakeholder representatives, to encourage and support national economic development and provides a permanent forum of dialogue between government, civil society and the private sector. The National Planning Authority is not yet fully operational.

Civil society organizations have been involved in PEAP update. The Economic Policy Research Centre, an independent
research institute, conducted a poverty analysis that fed into the revised PEAP. The National NGOs Forum, an umbrella organization, chaired a PEAP sector revision group on civil society. Both institutions participate in the National Planning Authority and the Sector Working Groups for budget formulation. The performance of the PAF is reviewed by CSOs on a quarterly basis. Involvement in policy planning has fostered civil society participation in service delivery, especially in health and education at the local level. However, CSOs participation in the preparation of local development plans remains limited.

Private sector involvement in PEAP implementation is materializing. Private sector representatives participated in the preparation of the Medium-Term Competitive Strategy for the Private Sector, and had an impact on its policy content. The National Chamber of Commerce and the National Farmers Association participate in the National Planning Authority.

Parliamentary involvement is strong. Parliament submitted comments on initial drafts of PEAP progress status reports and revisions and approved them as background documents to the budget. Parliament makes recommendations on the national planning framework through a Finance, Planning and Economic Development Committee, which also participates in the preparation of the budget prior to submission to the plenary since enactment of the 2001 Budget Act. PAF activities are routinely reported to Parliament and are included in the documentation submitted for the adoption of the annual budget. Parliament also approves the appointment by the President of the Chairperson and Deputy-Chairperson of the National Planning Authority. Parliament is also required by the Constitution to approve foreign loans.

Capacity for planning remains an open challenge. The civil service suffers a shortage of skilled professionals and managers. Devolution of service delivery to local governments has further strained already insufficient local capacities for planning and implementation, especially in financial management and information technology. Action is being taken. For example, since 1999 Parliament’s impact on government polices and budget formulation has strengthened through the establishment of a research department staffed with sixteen researchers, who support the work of the different parliamentary committees.

Country-led partnership

The Government plays a strong role in coordinating external assistance. The MFPED is the only institution responsible for coordination. Before its creation, the Ministry of Finance and the Ministry of Planning and Economic Development shared responsibility for coordination, with each ministry having an Aid Coordination Unit with separate, poorly coordinated databases on development assistance commitments.

The Government has issued partnership principles to guide dialogue with external partners. It also established steering committees for the implementation of sector strategies and programs. There is a steering committee, chaired by the MFPED, involving all the partners involved in the implementation of the Plan for the Modernization of Agriculture. There are working groups chaired by external partners, for example a democracy and governance group and a private sector group, to coordinate support to sectors and sub-sectors. Since 1998 CG
meetings are held in the country and co-chaired by the Government and the World Bank. The last CG meeting took place in Kampala in May 2003. The next CG meeting will be tentatively held in mid- or end-2005.

There are well-established public-private partnerships. In the water sector, for example, private firms are partnering with local governments to operate water supply systems in small towns. For the implementation of the Plan for the Modernization of Agriculture, the Ministry of Agriculture is cooperating with the advisory services of the National Farmers Association to develop national agricultural advisory services.

Under Government leadership, external assistance is being aligned with the PEAP. The five major external partners are the World Bank, the USA, the UK, the EC and the Netherlands, accounting for approximately 75 percent of gross ODA in 2002-03. Denmark also plays an active role. ODA accounted for 15.8 percent of GNI in 2003.156 The World Bank’s Country Assistance Strategy FY01-03 supports the implementation of the PEAP. The DFID Interim Country Assistance Plan builds on the 1999 Country Strategy Paper and is in line with the PEAP. The World Bank and DFID, together with Germany, the Netherlands, Norway, Sweden and AfDB are preparing a joint Country Assistance Strategy, expected for mid-2005, which will be based on the revised PEAP. The USAID Strategic Plan 2001-07 supports poverty reduction in line with the PEAP. Uganda is also a focus country for the US President’s Emergency Plan for AIDS relief; funding for FY04-05 will support the Government’s plan for combating HIV/AIDS, broadly in line with the PEAP. The EC Country Strategy Paper and National Indicative Program 2002-07 are based on the PEAP objectives, and were prepared after consultations with stakeholders within and outside government conducted through the PEAP participatory mechanisms. The DANIDA Strategy for Development Cooperation 2004-08 focuses on poverty reduction, private sector development and good governance, and furthers the alignment of DANIDA assistance with the PEAP. In 2004 Uganda was selected to apply for a Threshold Program, managed by the MCC and USAID, to help countries work toward MCA eligibility.

Partnerships in external financial and analytical support are solidifying. In 2003 the World Bank prepared a PER in cooperation with the MFPED. In 2004 the World Bank completed a Country Integrated Fiduciary Assessment in partnership with the Government and in coordination with other external partners. A gender assessment was conducted by the World Bank, in partnership with the Government, and cooperation from the Netherlands, DANIDA and DFID. Budget support has increased from US$20 million in 1998 to US$350 million in 2004/05, partly following the introduction of the PAF, accounting for approximately half of the development assistance channeled to the country. In 2002 external partners agreed with the Government on a common framework for budget support, providing for coordination structures, common disbursement mechanisms and streamlined conditionality. In 2004 the World Bank launched its fourth PRSC and now provides almost half of its assistance in the form of general budget support. The EC is providing a large part of its development assistance through budget support. In December 2004 DFID signed

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156 See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/12/32/1883200.gif
with the Government a new Poverty Reduction Budget Support, which will increase the share of its development assistance provided through budget support from 60 percent to 80 percent in 2006-07. The Netherlands, Ireland, Sweden, Norway and Denmark are also providing the bulk of their assistance through budget support under the common framework.

There are eight SWAps in place and three under development, covering eleven sectors. For example, in health, education, agriculture and water and sanitation external partners are supporting government multi-year programs, financed through sector budget support and a multi-donor trust fund. For the road sector, in 2004 the World Bank, the AfDB, the EC and DANIDA started undertaking joint sector reviews and joint sector reports based on government sector indicators. Implementation is starting to be carried out by government institutions or project implementation units embedded in government structures.

There is not yet an integrated strategy for capacity building but SWAps are strengthening capacity building to tackle sector-wide bottlenecks, and enhancing multi-partner support for capacity development. The Government is strengthening coordination among ministries to provide a coherent single capacity building framework for the public sector through a public sector SWAp, based on a sector program to strengthen capacity for PEAP implementation.

External partners are increasingly harmonizing policies and procedures with country systems largely through the provision of budget support. And review missions are now harmonized with existing government review processes. There is an increased commitment to move toward a larger use of country procurement and financial management systems. Reforms to facilitate the use of country systems in program and project support have been identified by the Government and external partners through the 2004 Country Integrated Fiduciary Assessment.

Most development assistance agencies have strengthened their presence in the country to better participate in daily decision making. DFID has a strong in-country advisory team and the DFID program is fully managed by an office in Kampala. The EC has decentralized most of staff to its Delegation in Kampala. The World Bank program is coordinated by a Country Director based in Tanzania, and the Uganda Country Office has been strengthened through social sector and macroeconomic teams based in the country.

**Results focus**

The quality and availability of poverty-related data is improving. The Uganda Bureau of Statistics conducted a Population and Housing Census in 2002 and a Household Survey in 2003, which fed into the PEAP revision. A PPA was also conducted in 2003-04, which fed into the PEAP revision. The Government adopted a national statistical development strategy, prepared with the support of a multi-donor Trust Fund for Statistical Capacity Building managed by the World Bank. There are several government information systems, for example a Health Information System, a Local Government Information and Communication System and a Local Government Information and Analysis System. The Government has established a National Integrated Monitoring and Evaluation Strategy that will integrate PEAP M&E, sector
ministries’ information systems, and financial management systems under a single framework.

Information on Government policies is easily available and accessible. A Medium Term Communication Plan was launched in 2001. The Government prepared a popularized version of the PEAP, which was circulated in English and five local languages. Drafts of the revised PEAP and information on the consultation process are posted on the MFPED website. The plenary meetings of Parliament are broadcast live throughout the country.

A country-level M&E system is well developed. The National Integrated Monitoring and Evaluation Strategy is establishing a single M&E system for both government and external partner needs. Performance indicators are spelled out in the Policy and Results Matrix of the revised PEAP, and they will serve as the benchmarks for assessing annual progress and feed into the government progress status reports transmitted to Parliament during preparation of the annual budget.

**VIETNAM**

**Long-term holistic vision**

Policy formulation and public actions in Vietnam are guided by a range of well-developed and interconnected strategies and plans. The Government has articulated its development vision for the decade 2001-10 in its Socio-Economic Development Strategy (SEDS), which expresses a strong commitment to growth, poverty reduction and social equity. SEDS, endorsed by the Ninth Party Congress in 2001, lays out a path of transition towards a market economy with socialist orientations. It commits Vietnam to full openness to the global economy over the coming decade, and the creation of a level playing field between state and private sectors. The SEDS emphasizes that the transition should be pro-poor and notes that this will require heavier investment in rural and lagging regions. It gives strong emphasis to poverty reduction and social equity, and a more modern system of governance. The specific actions needed to translate this vision into reality, are described in the constitutionally-required five-year Socio-Economic Development Plan (SEDP) for 2001-05 and sectoral five year plans. These plans detail a large number of targets and indicators.

In early 2001, the Government set out to develop a Comprehensive Poverty Reduction and Growth Strategy (CPRGS), Vietnam’s PRS. The Government describes the CPRGS as an action plan that translates the Government’s SEDS, as well as other sectoral development plans, into concrete measures with well defined roadmaps for implementation. The CPRGS was approved by the Prime Minister in May 2002. In September 2004, the Prime Minister issued a directive to guide the preparation of the five-year SEDP for 2006-10. The instruction states that SEDP and CPRGS will be merged in the next plan and proposes that the preparation of the SEDP should emulate the participatory approaches to planning that characterized the preparation of CPRGS. The guidelines specifically require that the five-year plan should address the 2010 Vietnam Development Goals, motivating a more outcome focused plan.

The CPRGS strives toward the Vietnam Development Goals, which have served as a clear monitoring framework for its implementation. These goals and targets are the results of substantial analytical work that was carried out under the coordination of a Poverty Task Force - which included the majority of Government members at the time of CPRGS formulation, four bilateral

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158 The CPRGS was completed in May 2002. A first Progress Report was finalized in November 2003 and a second Progress Report is expected mid-2005.
assistance agencies, four multilaterals partners, and four NGOs - established to coordinate detailed analysis of poverty in the country. The work drew on the MDGs, assessed their relevance alongside the goals and targets in the SEDS, sector strategies and five year plans, and selected those that most effectively captured progress in reducing poverty and promoting social equity. Some of the selected goals are outside the MDGs, but were added on the basis of their strategic importance for economic growth, poverty reduction and social equity.

The CPRGS is based on three pillars: 1) high growth through a transition to the market economy; 2) equitable, socially inclusive and sustainable growth; and 3) the adoption of a modern public administration, legal and governance system. It gives particular attention to social issues such as growing inequality, poverty affecting ethnic minorities, rural-urban migration, as well as corruption issues. The CPRGS and the SEDP address cross-sectoral issues, such as gender and environment, but some key constraints to the proposed actions, such as the enforcement of the legal framework and the difficulty of providing financial resources to protect the environment, are not adequately analyzed. The Hunger Eradication and Poverty Reduction Program - the Government’s program of targeted assistance to poor households - is an integral part of the CPRGS, which was also expanded in late 2003 to better address issues related to large-scale infrastructure. With this expansion, the CPRGS encompasses all the critical elements of the country’s agenda for growth and poverty reduction. CPRGS goals are being integrated into local socio-economic planning by the Departments of Planning and Investment.

Progress is being made to strengthen budget execution and financial management information systems. While preparing annual budgets, the Government is informed by the SEDP, not by the CPRGS. However, this is likely to change with the merger of the CPRGS with the new SEDP. As an exercise to help strengthen medium-term expenditure planning, the Government is piloting the development of MTEFs in four sectors - education, health, transport and agriculture, and rural development - and four provinces. These MTEFs will be developed within the context of a sustainable medium term fiscal envelope for each sector or province. The Government is taking measures to strengthen the public financial management system. The implementation of the revised Law on the State Budget, which became effective in 2004, is one of the cornerstones of the public financial management reform program. It clearly delineates the roles of the National Assembly and the Provincial People’s Councils in budget approval, it streamlines budget execution processes and it designates the Treasury Department as the lead agency responsible for budget execution and financial management information.

Country ownership

Country leaders across the executive have played a key role in shaping the CPRGS. The Ministry of Planning and Investment (MPI) was assigned the task of drafting the CPRGS and MPI, in turn, established an inter-ministerial drafting committee to generate broad-based input from across Government in the drafting process. An important role was played by the Poverty Task Force which - initially established to coordinate poverty analysis - continued as a mechanism for coordinating support to
the development of the CPRGS. A multi-agency CPRGS Secretariat coordinates the interaction between relevant Government agencies and other stakeholders in monitoring and evaluating progress.

The CPRGS formulation process was participatory and involved extensive consultations. It started from identifying goals, which led to eight core areas of analysis: eradicating poverty and hunger, reducing vulnerability and providing social protection, providing quality basic education for all, improving health status, ensuring environmental sustainability, promoting ethnic minority development, enhancing access to basic infrastructure, and ensuring good governance. Government agencies, domestic stakeholders, and external partners all participated in the working groups established to oversee these analyses. The discussion resulted in a draft list of tentative Vietnam Development Goals to serve as a basis for further consultation across Government. First drafts of the papers were discussed at a 3-day workshop held in September 2001, attended by nearly 100 policymakers within and outside government. Consultations on these drafts - through four national workshops, four regional seminars, and several community level discussions - took place with sectoral ministries, agencies, and other stakeholders over several months.

Stakeholder dialogue with the Government during CPRGS implementation is also well developed. For example, the Poverty Task Force and the CPRGS Secretariat organized five regional workshops in July 2003 to request input into the CPRGS Progress Report.

Civil society involvement in CPRGS formulation and implementation has been significant and marks a change in the approach adopted by the executive towards the incorporation of views from outside the Government into planning processes. Local experts and researchers, as well as international and local civil society organizations, assisted in drafting the CPRGS. The Government involved four international NGOs in the community level consultations that preceded the drafting of the CPRGS and, on the basis of the Grassroots Democracy Decree - which aims at instituting more participative local policymaking and greater accountability at the local level - they are also involved in the implementation phase.

Action has been taken to involve private sector representatives in policy formulation and implementation. Through the Vietnam Business Forum - jointly chaired by the MPI, the World Bank and IFC - the Government engaged in a dialogue with the private sector aimed at improving the legal and institutional framework for different enterprises. The Vietnam Business Forum meets regularly prior to semi-annual CG meetings and provides an opportunity for the business community to interact with the Government in a structured way.

Parliamentary involvement in CPRGS formulation and implementation is strengthening. Some National Assembly delegates were involved in CPRGS preparation and convened various sectoral groups, such as the National Council for the Advancement of Women, which consulted all female National Assembly delegates on the gender aspects of the CPRGS. The National Assembly approved the SEDP - based on a constitutional requirement to do so - after discussion by the Party Congress. It did
not examine the CPRGS in its plenary session. However, it is playing an increasingly assertive role in CPRGS implementation. It is involving poor people directly in legislation, by giving them a chance to express their opinions in the discussions over many laws endorsed by the National Assembly and in the implementation of several projects. A law approved by the legislature in January 2004 reaffirmed the Constitutional power of the National Assembly to approve the overall budget, its composition and the allocations to line ministries, central agencies and to provincial and city level of government; a lively debate in the run up to the 2004 budget proposal has ensued. Legislative involvement in the MTEF is limited to representation at the PER Consultative Meeting. The MTEF is not submitted to the National Assembly, either separately or as part of the Government’s yearly budget submission. The National Assembly will discuss the SEDP 2006-10 before it is discussed by the Party Congress, marking an important step forward in allowing parliamentarians to influence more strongly SEDP content.

The Government’s capacity in designing a participatory strategy is not as strong as in traditional planning processes. Government-organized training courses are enhancing capacity for women and young people and their role in society has advanced significantly.

**Country-led partnership**

Government leadership in overall coordination of development assistance is strong. Recognizing the potential complexities of ODA management processes and faced with rapidly increasing ODA flows, the Government urged external partners to build partnerships to ensure effective use of ODA funds and to reduce the management burden on the country’s administration. To establish the strategic direction for ODA use over the coming five-year period, the Government is developing a Master Plan for ODA Mobilization and Utilization 2006-10. The Master Plan will identify guiding principles, priorities and criteria for ODA utilization in support of the SEDP targets.

Annual CG meetings - held in Vietnam since 1999 and co-chaired by the MPI and the World Bank - support the close partnership between the Government and external partners. The last CG meeting took place in December 2004 in Hanoi. Mid-year informal CGs have been held in Vietnam since 1998. Since then, private sector and civil society participation in CGs has increased significantly. Twenty-three Partnership Working Groups - focused on thematic, sectoral, and geographic issues - are chaired by Vietnamese authorities and meet weekly or monthly. To provide a regular forum for dialogue on issues regarding ODA effectiveness, a Partnership Group on Aid Effectiveness (PGAE), with broad representation of bilateral and multilateral development assistance agencies - including the Like-Minded Donor Group (LMDG: Australia, Canada, Denmark, Finland, Germany, Netherlands, Norway, Sweden, Switzerland, and UK), the World Bank, the ADB, JBIC, KfW, the AFD, the EC, and UNDP - has been established. Some major cities are also taking the lead on coordination of development assistance. For example, the Ho Chi Minh City ODA Partnership, aimed at developing coherent assistance agency-supported plans, has been managed by the Planning Department of the city. External partners also continue to coordinate separately without the Government: a monthly informal external partner discussion -
known as the Donor Group Forum - is managed by UNDP.

Most external partners have aligned their assistance with the CPRGS, as well as with national strategies at the sectoral level. To support further sector coordination and alignment, in various sectors including education, forestry and rural transport, initiatives are underway to formulate a common policy framework supported by joint funding mechanisms. The five major external partners are Japan, the World Bank, ADB, France, and Denmark, accounting for approximately 84 percent of gross ODA in 2002-03. The IMF is also active in providing technical assistance. ODA accounted for 4.5 percent of GNI in 2003. The FY03-06 World Bank Country Assistance Strategy focuses on the same pillars as the CPRGS. Most members of the LMDG have aligned their assistance with the CPRGS, as well as with national strategies at the sectoral level, mostly in the energy sector. The 2004-06 DFID Country Assistance Plan and the 2004-08 SIDA development assistance strategy are based on support for the CPRGS. The 2005-06 ADB Country Strategy and Program reflects the priorities outlined in the CPRGS. The CIDA Country Development Programming Framework approved in 2004 is based on the CPRGS, and the UN is in the process of drafting its next Development Assistance Framework 2006-10, which is likely to support the five-year plan under preparation. The EC - whose next Country Strategy Paper is forthcoming - is promoting alignment with the CPRGS and the next five-year plan through working groups with its members established in mid-2004 in health, education, private sector development and the Central Highlands region.

External partners are increasingly supporting SWAps and providing budget support. The Government is working toward implementing SWAps in education - facilitated by the Education for All initiative - forestry, and rural transport, supported by the World Bank, DFID, the EC, the Netherlands, Norway, and Finland. CIDA supports SWAps in several areas, including the forthcoming one in education.

Seven development assistance agencies - ADB, CIDA, DANIDA, DFID, the EC, JBIC and the Netherlands - are providing coordinated budget support through the World Bank-led PRSC, which is becoming an effective instrument for ensuring a coherent external partner approach to macro-economic, structural and social reform issues, but also increasingly a platform for building agreement on sectoral strategic issues. Policy dialogue for budget support is coordinated through a number of working groups led jointly by the Government and different development assistance agencies.

The Partnership Working Groups are undertaking joint analytical work. Each year, for example, joint analytical work is undertaken through the preparation of the Vietnam Development Report by the Government, in collaboration with the World Bank and other external partners. The Poverty Task Force led the drafting of the “Vietnam Development Report 2000: Attacking Poverty,” together with a Poverty Working Group established at that time as an information-sharing forum which meets shortly after every Poverty Task Force meeting, and whose membership is open to all external partners, international NGOs and local CSOs.

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159 See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/13/14/1883363.gif
Working towards the objective outlined by external partners to align operations with country strategies, priorities and systems, strengthening Government capacity and systems is crucial. A Comprehensive Capacity Building Program to improve ODA management - supported by a large number of external partners, including Japan, the World Bank, the ADB, and the LMDG - is underway under the leadership of the MPI. Its implementation started in September 2004 and the MPI plans to support a move towards the use of country systems by external partners. Capacity building efforts in other areas are not yet done in partnership with multiple development assistance agencies involved. UNDP is actively providing support for capacity building directly related to the planning, budgeting, and M&E aspects of the CPRGS.

The Government has taken action to harmonize the various procedures of development assistance agencies with country systems. To support the aid effectiveness agenda, the Government and external partners have agreed on a Harmonization Action Plan based on the principles of ownership, alignment and streamlining as espoused at the 2003 High Level Forum on Harmonization and Alignment in Rome, under which Vietnam is a pilot country. The 2004 Harmonization Action Plan, prepared by the Government and folded under the broader aid effectiveness agenda developed by PGAE, has been endorsed by the LMDG, and the Five Banks Group - ADB, World Bank, JBIC, KfW, and the AFD. Under the Action Plan, the MPI is in charge of coordinating harmonization of World Bank, ADB and JBIC procurement, financial and portfolio management procedures, and environmental and social safeguards. The five banks are actively involved in supporting the Government’s effort to establish an efficient and consistent public procurement system. While a number of challenges are identified, the long-term goal is for external partners to harmonize with the Government system - which is being articulated by the MPI in a draft Procurement Ordinance - starting with the development of joint common Standard Bidding Documents in June 2004. In order to harmonize and align in the areas of project preparation, as well as the application of environmental and social safeguards, the five Banks are mapping out gaps between the Banks’ and the Government’s procedures to be used as a basis for the development of short-term and longer-term action plans to address the differences. A PER is ongoing. A Joint Portfolio Performance Review was conducted in 2003.

Action is being taken by development assistance agencies to increase their presence in the country to better participate in day-to-day decision making. The World Bank’s decision-making process is decentralized, with Vietnam’s Country Director based in Hanoi. ADB has a Resident Mission in Hanoi headed by a Country Director. In 2003 DFID’s office in Hanoi devolved significant decision making capability to its Head in Vietnam. Japan has initiated a process aimed at improving the effectiveness of its assistance, which includes the need to strengthen its sectoral dialogue, and maximize the involvement of its JICA decentralized office. The AFD program is managed by an office in Hanoi. CIDA has considerably strengthened its presence in the country, even though large-scale decentralization of decision-making has not taken place yet. UNDP decision-making processes are also decentralized.
Results focus

The Government is taking action to improve the quality and availability of data. The General Statistics Office’s capacity to collect and process data is increasing, partially due to the 2003 National Statistics Law’s focus on transparency and high quality of data. There have been several high quality household surveys, and a group of international and local NGOs carried out twelve PPAs in the summer of 2003. UNDP is transferring its Development Cooperation Database to the MPI to help enhance its ability to coordinate development assistance.

Publicly available development information has increased over the last five years. Mass media plays an important role in disseminating information on relevant political, social, and development issues. The media has given significant attention to the SEDS and covered CPRGS consultations and CG meetings. The CPRGS was drafted in Vietnamese. It is not available on the Government’s website.

A country-level M&E system is a work in progress. The Government established a M&E section in the MPI and the Government plans to address the issue of further M&E mechanisms through the SEDP 2006-2010. So far it has piloted in four cities a citizen report card survey to monitor service delivery at the local level. Poverty Observation Stations are being set up to compile precise data on income and expenditures of selected households, and the Government is working closely with external partners to design common indicators for assessing progress towards the strategic objectives set out in the SEDP and the Vietnam Development Goals. The objective is to identify 4-5 strategic level indicators per sector that can be consistently measured by all stakeholders. This work is critical in providing key indicators for improved external partner alignment and will allow the Government to assess relative contributions of each development assistance agency, and how the support provided is aligned with the Government’s desired outcomes. Currently, there are 140 indicators at the national level and a more limited set of 40 indicators which provinces can monitor.
Yemen has a Strategic Vision through 2025, which was adopted by the Government in 2002, and is widely recognized as the reference point for policymakers.

Action is being taken toward streamlining medium-term plans in line with the long-term vision. There is a constitutionally-mandated Second Five-Year Socio-economic Development Plan through 2005, linked to the Vision. The Poverty Reduction Strategy 2003-05, Yemen’s PRS,\(^\text{160}\) refers to the Vision and the Plan. However, it is not integrated with the Plan. The Government is working on a Third Five-Year Socio-economic Development Plan for 2006-10, whose completion is expected for mid-2005, which will become the new PRS. In 2002 the Government completed a Basic Education and Development Strategy 2003-15, broadly in line with the PRS. In 2004 it also prepared a Strategy on Water and Sanitation for 2004-09.

The goals identified in the Vision, the Plan and the PRS are consistent with the MDGs, but tailored to country circumstances. Yemen is a UN Millennium Project pilot country and the Third Plan will be tailored toward achieving the MDGs.

A comprehensive approach to development is emerging. The PRS is based on four pillars: 1) economic growth; 2) development of human resources; 3) basic infrastructure; 4) social safety nets. It mainly focuses on the social sectors, and begins to deal with issues like governance reform, environment and gender.

The PRS was designed in relative isolation from the budget process. It presents a medium-term expenditure program, which is, however, only marginally reflected in the annual budget. A MTEF is not yet in place. Public financial management remains an open challenge. The Ministry of Finance is working with the IMF, the Netherlands and the World Bank to strengthen capacity for budget formulation.

The Ministry of Planning and Development (MoPD) took the lead in the formulation of the PRS, maintained its strong focus on the social sectors, sometimes resisting alternative policy proposals coming from other central ministries and external partners. The MoPD established a PRS Committee comprised of representatives of the ministries of finance, labor and social affairs, health and population, tourism and environment, and education as well as the

\(^{160}\) The Government completed the PRS in May 2002.
Central Statistical Office. The PRS Committee was disbanded after completion of the PRS. The MoPD is responsible for PRS implementation and the formulation of the Third Plan, but the involvement of other central and line ministries is limited and government polices do not always reflect PRS priorities.

Building on broad participation in strategy formulation, continuous government – stakeholder dialogue is emerging during PRS implementation and revision. The PRS Committee organized seminars and workshops to consult with stakeholders during PRS formulation, but retained strong control over the content of the strategy. It circulated drafts of the PRS at four regional workshops organized in cooperation with governatores (there are 19 governatorates). The MoPD is involving stakeholders in implementation, mainly through monitoring service delivery at the local level.

For the preparation of the Third Plan, the MoPD has established five inter-ministerial committees working on water, sanitation, education, health, economic growth and poverty, and rural infrastructure as well as three thematic groups on gender, civil society and decentralization. National stakeholders participate in the committees and the thematic groups. The Millennium Project is providing advice on the conceptual framework. UNDP provides resources and facilities for the committees. The World Bank is providing some support to the work of the committees and is the lead technical advisor on economic growth and poverty.

Civil society organizations had some impact on PRS policy content, and are participating in PRS implementation and revision. The Women’s National Committee participated in the PRS committee along with some other national NGOs, resulting in gender issues being included in the PRS. Local NGOs and CSOs were consulted on already advanced drafts of the PRS during seminars and workshops, and their impact was more limited. CBOs are monitoring service delivery for health, education, and water. NGOs participate in the committees for the formulation of the Third Plan.

Action is being taken to strengthen private sector participation in policy formulation. For PRS formulation, private sector representatives participated in seminars and workshops, with however limited impact on the PRS. Private sector representatives participate in the inter-ministerial committees and thematic groups and are playing a more active role in the preparation of the Third Plan. However, the private sector remains fragmented and has not yet developed an effective means to coalesce and interact with the Government.

Parliamentary involvement was significant in the formulation of the Vision and the Plan, but less so in PRS formulation. The House of Representatives approved the Strategic Vision and the Second Plan as required by the Constitution. The MoPD informed the plenary on PRS formulation at an early stage, but the House of Representatives did not approve the PRS. Some parliamentarians, mainly members of the Economic Affairs Sub-Committee from both the majority and the opposition, participated in seminars and workshops and parliamentary committees were consulted during the formulation of the PRS. There is limited evidence of the House of
Representatives’s participation in the formulation of the Third Plan.

Capacity for planning and implementation in central and line ministries is limited due to insufficient availability of skills and resources. Civil servants are underpaid and poorly trained. Governorates have few financial and human resources, and communication between them and the center is limited.

**Country-led partnership**

The Government is making efforts to lead external assistance coordination, but much coordination is led by external partners. The MoPD leads coordination and holds quarterly meetings with all external partners. Line ministries and external partners co-chair thematic and sector working groups. The last CG meeting was held in Paris in 2002 and was co-chaired by the Government and the World Bank.

Under enhanced Government leadership, some external partners are coalescing around country objectives. The major external partners are Arab countries – Saudi Arabia, Kuwait, United Arab Emirates and Oman - the World Bank, the Netherlands, Germany and the USA, accounting for approximately 85 percent of gross ODA in 2002-03. ODA accounted for 2.4 percent of GNI in 2003.\(^\text{161}\) The World Bank’s Country Assistance Strategy FY2003-05 is based on the PRS. The Netherlands and Germany support the objectives of the PRS. The USAID Strategic Plan for 2003-06 focuses on improving health, education and agriculture in five governorates, and makes no reference to the PRS or the Second Plan. The USAID Strategic Plan is currently being revised to align it with the US Government’s Middle East Partnership Initiative. In 2004 Yemen was selected to apply for a Threshold Program, managed by the MCC and USAID, to help countries work toward MCA eligibility.

Partnerships in external financial and analytical support are materializing. External partners have started conducting analytical work jointly with national institutions. The World Bank prepared a poverty update in cooperation with the Central Statistical Office, which fed into the PRS. The World Bank and the Netherlands jointly prepared a CFAA in cooperation with the Government. The World Bank, the Netherlands and DFID conducted joint analytical work on education in cooperation with the Government. External partners are moving toward program-based support. The Netherlands, Germany, the UK and the World Bank are supporting a SWAp in education for the implementation of the Basic Education and Development Strategy, which is being coordinated by units embedded in the structures of the Ministry of Education. The World Bank envisages a PRSC for FY2005.

Some elements exist for further progress in aligning capacity development with Government priorities. External partners support capacity building in sector ministries (Finance, Health, Education). Since March 2005, capacity development for the preparation of the Third Plan has been provided jointly by seven UN agencies, with financial support from DFID. The World Bank’s Country Assistance Strategy focuses on building governance and civil society capacity.

Use of country systems is at an early stage. In 2004 the Government and external partners signed a Partnership Agreement to

\(^{161}\) See OECD/DAC Aid Statistics at http://www.oecd.org/dataoecd/12/56/1883388.gif
advanced harmonization in the education sector. In 2002 the Government replaced the top management of the Central Organization for Control and Audit with respected professionals. However, since then little action has been taken to fight corruption, which is slowing down external partners’ move toward using country systems.

A number of development assistance agencies have strengthened their presence in the country to better participate in daily decision making. The World Bank has strengthened its Country Office, which has responsibility for some portfolio management and implementation. The World Bank’s documents are being translated into Arabic and circulated widely among government agencies, parliament, and other stakeholders. In 2003 USAID reopened its office in Yemen, closed since 1996. No Arab partner has a presence in the country.

Results focus

The quality and availability of poverty-related data is improving. In 2002, the Central Statistical Office, in cooperation with the PRS Committee, conducted a PPA in 20 districts with high poverty rates, which fed into the PRS. It is preparing a Population Census, and plans to undertake a Service Delivery Survey and a Household Expenditure Survey in 2005. The two surveys, however, will not be completed on time to feed into the Third Plan. The Cabinet of Ministers is examining a PARIS21 strategy and investment program to strengthen capacity for data collection of the Central Statistical Office and line ministries. An Integrated Financial Management System is not yet in place.

Access to information on Government policies is an open challenge. The PRSP was written in Arabic, the official language, and is now posted on the website of the MoPD. Access to internet, however, is limited in the country. The high illiteracy rate (54 percent) limits stakeholders’ access to printed information.

A country-level M&E system is at an early stage. The Government is considering integrating indicators identified to monitor progress in PRS implementation into the Third Plan, but the process has not yet started. The Government is currently fully absorbed in the preparation of the Third Plan, subtracting attention and resources from PRS M&E.

**Long-term holistic vision**

The Government has yet to finalize the long-term vision, Vision 2025, which is being prepared with assistance from UNDP. To this end, the Government has included the vision’s development as a priority in its FY05 budget, as efforts had been stalled since 2001-02.

The Transitional National Development Plan (TNDP) is the medium-term strategy, and the Poverty Reduction Strategy Paper for 2002-04, Zambia’s PRSP, is the poverty focus of the TNDP. The TNDP incorporates other areas besides poverty reduction, such as security and sovereign functions. The Government has plans to make Vision 2025 and the TNDP consistent. The PRSP was prepared under a previous government, and was endorsed by the present government which then prepared the TNDP to include areas addressed in its electoral platform but not in the PRSP. The PRSP has been recently extended through 2005, while the Government prepares an updated version of both the PRSP and the TNDP to ensure their consistency and integrate the PRSP process with existing national planning processes.

The objectives of the PRSP are tied to the MDGs, and the Government identifies the PRSP as one of the strategies towards their achievement. Extreme levels of poverty have led the government to tailor the MDGs to country circumstances, particularly in areas like poverty, hunger, and maternal mortality rates, where the international targets are unlikely to be met. Stronger links are necessary between the targets in the PRSP and action plans to achieve them. The PRSP is wide-ranging in scope, and addresses sectors like education, health, water and sanitation, as well as cross-cutting issues like HIV/AIDS, gender and the environment. In addition, the Government has developed sector strategies in health, education and transport in line with the PRSP, and is developing strategies in the water and rural development sectors.

The Government is increasing its efforts to prioritize spending in line with the PRSP through a MTEF for 2004-06, which is being updated. During the first year of strategy implementation, PRSP-related expenditures were reduced, due to unforeseen external expenditures. Budgetary allocations for PRSP activities were not entirely absorbed as a result of

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163 The PRSP was completed in March 2002. The TNDP was launched in December 2002. A draft Progress Report was completed in March 2004 and another in August 2004, covering the period through June 2004. In January 2005, a final Progress Report was completed, with an addendum covering the period through December 2004.
capacity constraints. In 2003, the Government undertook budget reforms and introduced a MTEF to help prioritize spending. Additionally, the Government is widening its definition of poverty-reducing expenditures to encompass all activities that have a direct or indirect impact on poverty reduction. The Government also introduced Activity Based Budgeting in 2004 to facilitate expenditure tracking.

**Country ownership**

The Ministry of Finance and National Planning (MFNP) coordinates PRSP planning, implementation, and M&E through its Planning and Economic Management Department. Inter-ministerial coordination is weak. Eight working groups with members of government and other stakeholders, worked on sector strategies. A Cabinet Committee on development reports monthly and quarterly to the Cabinet on PRSP implementation. Twelve Sector Advisory Groups (SAGs) have been established to assist in implementation and monitoring and evaluation. The better-performing SAGs meet on a monthly or quarterly basis, and jointly on a biannual basis.

Stakeholders were consulted during PRSP formulation, and the Government is taking action to involve them in dialogue consistently during implementation. Awareness seminars made up the first stage of formulation, and included senior government officials, Ministers and various stakeholders. During formulation, provincial consultations included local governments and other local stakeholders. A national summit was held in October 2001 to discuss the first draft of the PRSP. The Government has established annual poverty reduction conferences, the last of which took place in 2004. Stakeholders were involved in the drafting of guidelines for the preparation of the updated PRSP.

Action has been taken to include civil society in PRSP formulation and implementation. CSOs were involved in consultations for PRSP formulation through the eight official working groups which included representatives from academia, NGOs, the church, professional associations, and traditional leaders at the provincial level. CSOs participated in provincial consultations and the national summit. An umbrella NGO, Civil Society for Poverty Reduction (CSPR), established parallel working groups and created another report, “Poverty Reduction Strategy Paper for Zambia: A Civil Society Perspective,” which was assimilated into the first PRSP draft. CSPR conducts its own independent evaluation of PRSP implementation and posts this information on its website. Lastly, CSOs participate in many SAGs, whose meetings are open to all stakeholders.

Private sector involvement in PRSP formulation and implementation has been limited. The private sector participated in working groups and consultations. Individual businessmen participated in the provincial consultations. The private sector participated in a workshop on diversification that explored public/private partnerships, and remains somewhat involved in PRSP implementation through the SAGs.

Action has been taken toward Parliamentary involvement in PRSP formulation. Parliamentarians were involved in PRSP formulation through awareness seminars, but did not formally approve the strategy. The Constitution does not call for Parliamentary approval of development planning. The MTEF and
PRSP implementation is diluted by a shortage of capacity. Weak fiscal discipline and low absorptive capacity slow down implementation, as do untimely disbursements and weak information dissemination. Capacity weaknesses are more evident at the decentralized level.

**Country-led partnership**

The Government is taking preliminary steps to take leadership in coordinating external development assistance, and with help from several external partners, is developing an external development assistance policy to be led by the Ministry of Finance. Coordination remains weak, however. The last CG meeting was held in Lusaka in July 2002, co-chaired by the Minister of Finance and National Planning and the World Bank. The next CG meeting is scheduled for June 2005.

External partners’ strategies are generally aligned with the PRSP. The six major external partners are Germany, the World Bank, the EC, the IMF, the USA and the UK, accounting for approximately 79 percent of gross ODA in 2002-03. Norway, Sweden and the Netherlands also play an active role. ODA accounted for 13.6 percent of GNI in 2003. The EC’s 2001-07 Country Strategy Paper was completed before the PRSP, but followed most of the formulation process and supports PRSP objectives. DFID’s 2004-07 Country Assistance Plan and the World Bank’s Country Assistance Strategy FY04-07 also support the PRSP. Japan’s recently revised assistance strategy makes reference to the PRSP, but does not explicitly support it.

Partnerships have emerged as a result of joint undertakings of analytical and financial work. External partners support the Government’s SWAps in education and health, and a SWAp is envisioned in the water sector, where the Government has not yet finalized its strategy. There is no joint budget support to date. In 2003, the World Bank, in collaboration with the Government, DFID and the EC, supported a Public Expenditure Management and Financial Accountability Review. As a result, the Government made it a priority in 2004 to establish a Public Expenditure Management and Financial Accountability Program, and a Memorandum of Understanding was signed between the Government and external partners like GTZ, the EU and the World Bank, outlining principles for collaboration.

There are some efforts to provide more coherent capacity building support. The harmonization Memorandum of Understanding includes an initiative to bolster joint capacity building strategies. The Government is working with the World Bank and other partners to develop a Public Sector Reform Program.

The Government has taken action to set a harmonization agenda. In the spring of 2004, the Government agreed a harmonization Memorandum of Understanding with several partners, including DANIDA, Finland, Germany, Ireland, Japan, the Netherlands, Norway, SIDA, the UN, DFID and the World Bank. The Memorandum of Understanding includes the development of an external assistance coordination policy, which is expected to be completed by March 2005. SWAps in health and education are already leading to harmonization on agreed procurement, disbursement, reporting and M&E arrangements, in some cases making use of Government systems. A Like-Minded

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Donor Group (LMDG), including Denmark, Finland, Ireland, the Netherlands, Norway, Sweden and the UK, leads harmonization among external partners.

External partners are improving their ability to participate in day-to-day decision making by with the Government by increasing their country presence. The World Bank’s Country Director is based in Washington, but efforts are underway to strengthen the Country Office in Lusaka. USAID has decentralized responsibilities to its Mission, and other partners are following suit.

**Results focus**

The Government has limited capacity for data collection. The Central Statistics Office collects data through specialized surveys in the areas of health, demographics and education. The Government is preparing a national statistical development strategy, with the support of a multi-donor Trust Fund for Statistical Capacity Building, managed by the World Bank. The last Living Conditions and Monitoring Survey was conducted in 2002-04, and a census in 2000. Management information systems are weak or non-existent in sector ministries. The Government is developing a Public Expenditure Tracking System with external assistance, which is expected to be operational by 2006.

The Government does little to disseminate information about the PRSP outside the open Sector Advisory Group meetings and conferences about the PRSP. Civil society posts information about the PRSP on two websites.¹⁶⁵

M&E systems are under development and were not used in the preparation of the PRSP Progress Report. A Poverty Monitoring and Analysis Framework has been designed to provide feedback to policy-makers on the implementation of the PRSP. The proposed country-level M&E system involves an Input-Output-Outcome-Impact model that integrates all levels of government as well as sector ministries. Sector Advisory Groups, Provincial Development Coordinating Committees and District Development Coordinating Committees are to meet on a weekly, monthly and quarterly basis to monitor implementation and produce reports to the Ministry of Finance and National Planning and the Cabinet, and to disseminate standardized monitoring questionnaires to implementing agencies. The Government is working to establish a core set of intermediate indicators to include in the updated PRSP.

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ANNEXES

ANNEX 1: QUESTIONNAIRE SENT TO EXTERNAL PARTNERS

1. Is the PRS widely considered by country policy makers, civil society and private sector leaders as well as external partners as the country's national development strategy? Is it linked to a widely shared long-term vision? Are there mechanisms in place to implement it, for example through its link to the budget?

2. How strong is the government's leadership of development assistance coordination, and are there effective in-country mechanisms that help strengthen it?

3. Is your organization aligning its support with the objectives, priorities and policies identified in the PRS? Is alignment reflected in your organization's country assistance strategy?

4. Is your organization supporting sector-wide approaches, multi-donor budget support or getting involved in analytical work conducted jointly with other external partners and government institutions?

5. Is your organization supporting capacity development consistent with the PRS in partnership with the government and other development assistance agencies or is capacity support within the country fragmented?

6. Are there examples where your organization has harmonized its operational policies and procedures with country systems, for example procurement, financial management, monitoring and evaluation, or discontinued the use of Project Implementation Units to rely on country structures to coordinate project implementation?

7. Has your organization put in place internal organizational or behavioral changes needed to better respond to country needs, for example by decentralizing decision making to the country or region or strengthening its presence in the country?

8. Is your organization jointly supporting with other development assistance agencies a single country-level M&E system, integrated with existing M&E systems in line ministries, or is your support to M&E still largely at the project level? If you are supporting a single M&E system, once operational, will the system be used for preparing one consolidated report for both government institutions (e.g. Parliament, Council of Ministers, line ministries) and external partners (e.g. PRS Progress Report, MDGs Report)?
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