

The role of donors in PRS monitoring systems:
advantages and disadvantages of the different forms
of involvement

NOTE

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List of Abbreviations

APR	Annual Progress Report (PRSP)
CBO	Community Based Organisation
CEPA	Centre for Policy Analysis (Sri Lanka)
CSO	Civil Society Organisation
DFID	Department for International Development (UK)
EU	European Union
FAO	Food and Agriculture Organisation
GDDS	General Data Dissemination System
HIPC	Highly Indebted Poor Country
IFI	International Financial Institution
IMF	International Monetary Fund
MDA	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MoF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organisation
NORAD	Norwegian Agency for Development Cooperation
ODI	Overseas Development Institute (UK)
PAF	Progress Assessment Framework
PEAP	Poverty Eradication Action Plan
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PIM	Participatory Impact Monitoring
PMAU	Poverty Monitoring and Analysis Unit (Uganda)
PMS	Poverty Monitoring System
PPA	Participatory Poverty Assessment
PRBS	Poverty Reduction Budget Support
PRSC	Poverty Reduction Strategy Credit
PRSP	Poverty Reduction Strategy Paper
PSIA	Poverty and Social Impact Analysis
QUIM	Qualitative Impact Monitoring
SPA	Special Programme for Africa
SWAp	Sector Wide Approach
UNDP	United Nations Development Programme
UNICEF	United nations
WHO	World Health Organisation

1. Introduction

A recent review (Lucas, et al, 2004) argues that “*PRs monitoring presents an original and daunting challenge*” which has been underestimated both by donors and country officials. This challenge involves the need for a monitoring system that can (a) provide up to date information that is sufficiently reliable to allow tracking of relatively small changes over the preceding year; (b) encompass both PRs implementation processes and poverty outputs/outcomes; and (c) persuade possibly sceptical donors of the quality of the information provided, knowing that there may be serious consequences – for example delays in the disbursement of funds – if they are not convinced. While there may be experience of such a list of requirements in terms of specific donor-funded *projects* in partner countries, scaling-up that experience to the PRs is a daunting task.

In an earlier discussion, Booth (2002) argued that the challenge implicit in PRs monitoring “*calls for fresh thinking, not ‘business as usual’* “. The risk that poverty reduction strategies would be seen by some stakeholders in participating countries, and possibly by some donor agency officials, as simply a new label for existing activities was very evident at that early stage. Countries typically had a wide range of donor supported programmes and projects in progress at the time they were developing their Poverty Reduction Strategy Paper (PRSP). It was natural that many of these would simply be re-designated as PRs activities. This had implications for PRs monitoring. It is evident that many of the ‘core indicators’ specified in those early PRSPs primarily reflected a selection from the output or outcome levels of existing project logical frameworks. The mindset that, at least from a monitoring perspective, the PRSP could be regarded as a donor funded ‘super project’ seemed implicit in much of the discussion. Crudely put, PRs monitoring was regarded as primarily intended to reassure *donors* that ‘tax-payers dollars’ were being spent as intended.

At least initially, this task was to be undertaken using sources which typically included routine data systems known to be both highly unreliable and incomplete, and surveys of variable quality, for which resources were often overstretched and funding inadequate or uncertain. The context was one in which monitoring was generally regarded as a marginal activity of interest primarily to donors and where the demand for those with appropriate skills far exceeded the limited supply. To make matters worse, the focus was precisely on the poorest countries and the poorest regions of those countries, where all these problems were typically most acute.

Of the case studies which provide the basis for this review, that of Malawi (Chirwa, 2004) is probably the best illustration of the extent of the challenges to be addressed. Malawi is one of the poorest countries in the world, with a per capita GNP of just \$190. It is highly aid-dependent, with around 50% of public expenditure being met from grants and foreign loans (Jenkins and Tsoka, 2001). It is midway through its first PRs cycle, having produced its PRSP towards the end of 2002. Relations with the donor community have often been difficult. Aid was suspended in 1995, in response to a record budget deficit and 80% inflation (Fagernäs and Schurich, 2004), and again in 2002, when donors cited misappropriation of funds and the government’s failure to act against corruption. In both 2001 and 2002, the IMF suspended payment under a PRGF for reasons which included lack of good governance and excessive spending. Low priority is given to monitoring in general because “*Policy decisions have been traditionally made without recourse to information*” (Chirwa, 2004, p. 21). Line ministries and local governments rarely allocate resources to monitoring and evaluation. Such activities are therefore largely dependent on donor support and have long been regarded as primarily intended to meet donor demand.

Given this context, it is perhaps not surprising that Chirwa is not optimistic as to the possibilities for building genuine national ownership of PRs monitoring and that he identifies the central problem as being that the PRSP itself is seen as primarily a component of donor conditionality – one of the hurdles to be surmounted in order to gain access to funding. Monitoring is seen as essentially driven not by the requirements of national policy makers but by the need to demonstrate the “*successful year of PRSP implementation ... required for the HIPC debt relief to be ‘locked in’*” (Jenkins and Tsoka, 2001, page 21).

A number of the other case study countries reviewed express similar concerns. In Niger, *“The reliance on donor and other external funding for carrying out monitoring activities inevitably weakens country initiative and ownership”*. Again, in Guyana, ministry monitoring and evaluation units are seen as possibly having *“greater incentives to focus their efforts on reporting on donor programs first, rather than on progress achieved in meeting PRS goals”*. In Albania, the development of the monitoring system is to some extent *“being driven by donors, who have facilitated the development of policy analysis tools (especially household surveys) and continue to direct policy-makers to evaluate policies”*. In Mali, *“donors and other agencies finance much of the data collection and analysis ... and even determine the very existence and shape of institutions”*.

Over recent years, there have been considerable efforts to respond to the criticism that PRSPs are essentially ‘donor-driven’. Most recently, in the Paris Declaration (2005) donors committed themselves to partner country leadership and proposed that funding should be linked *“to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy”*. These indicators were to be estimated, to the extent possible, from existing national monitoring systems. The desirability of country ownership, harmonisation between donors and alignment of donor support with country priorities has become a commonplace of the current debate.

Uganda is often held up as a successful example of such an approach. The original Poverty Eradication Action Plan (PEAP) (which preceded the PRSP initiative) was, if not an entirely ‘home-grown’ initiative, strongly supported from the start by both the President and senior officials of the Ministry of Finance (MoF). Indeed, it is now apparently accepted by the government that the creation of the ‘ring-fenced’ Poverty Action Fund was intended to reassure donors of government commitment to link public expenditure to the anti-poverty policy. This meant that the *“poverty reduction strategy had real purchase on practical policy, including the allocation of resources through the budget”* (page 3.). They suggest that it would have been surprising if such an alliance between donors and the MoF had been universally welcomed and note that it was not difficult to find officials in other government ministries, departments and agencies (MDA) who complained that the Ministry had been *“excessively authoritarian, ungenerous to deserving parts of government in its management of the budget process and rather closely associated with donors”*. It is perhaps easy to forget that national populations, government officials, political parties and even donor agencies contain factional groups who compete for power and influence¹. The perception that one of these groups claims ownership of a donor supported PRS will almost invariably lead to criticism from others that it is being donor-driven. In the country study paper, Booth and Nsabagasani argue that, while complaints about ownership and national capacity should not be ignored, it is more important to focus on results – the extent to which PRS monitoring is mainstreamed into the policy process – rather than perceptions. And overall the results in Uganda are very encouraging.

However, more generally there remains a substantial gap between theory and practice. There are continued complaints from many countries that the demand for PRS monitoring information is still very much dominated by the needs of donors and that findings are rarely addressed to or used by national stakeholders. Moreover, this demand is seen as placing considerable burdens on already overstretched information systems.

1.1 Outline of the paper

To address these and related issues, this paper aims to consider the reported activities and experiences of donors in PRS monitoring. It will seek to assess the current position and to provide some guidance as to possible ways forward. It was completed following a review of findings on eleven recent country studies and one regional study² on PRS monitoring. However, the extent to which these studies focus on the role of donors in the monitoring process varies widely. The paper

¹ An often repeated urban legend within the donor community concerns a country based donor agency official who joyfully reported to his colleagues that after a long search he had finally ‘found an owner’ for the PRSP.

² The full list of country studies is attached.

has therefore drawn extensively on the most interesting studies and added material from a range of other sources where considered helpful to the discussion. The note is structured as follows:

1. Introduction
2. Donor engagement with PRS monitoring
3. Budget support
4. Donor demands on PRS monitoring
5. Projects targeted to PRS monitoring
6. Support to data production
7. Support to analysis and dissemination
8. Discussion and recommendations

The next section provides an overview of the rationale for donor engagement with the PRS monitoring process and the forms which this might take. This is followed by examination of the special case of monitoring in the context of budget support. Whatever the aid modalities, and however cordial the relationship between donors and partner countries, the latter will tend to prioritise what they regard as donor demands for monitoring information. Section 4 therefore considers what demands it is reasonable for donors to make on the PRS monitoring system and section 5 the extent to which they should seek to influence the means by which those demands are met and to provide the necessary resources. The next section focuses on some of the specific approaches to data production that donors are supporting. Section 7 then addresses perhaps the least advanced area of PRS monitoring thus far, the intention to use the findings to engage the population, civil society and national researchers in policy debate. The final section provides some thoughts on current best practice.

A series of annex tables are provided. The first considers potential positive and negative characteristics of the various aspects of donor involvement in PRS monitoring discussed in the paper. The second then attempts to identify 'best practice' for each and provides some possible country examples. Tables three and four represent a key stakeholder analysis. The first suggests the possible perceptions of each stakeholder in terms of aims, incentives, influence and risks. The second, their perceptions of critical constraints, whether these are short or long term and how they might be addressed.

2. Donor engagement with PRS monitoring

To what extent should donors seek engagement with the monitoring of PRS implementation? The Paris Declaration emphasised that the primary responsibility for this activity lay with partner country governments, though they might seek donor support in meeting that responsibility. The focus of donors was to be on the use of monitoring information to demonstrate their own accountability, both to partner countries and to their own constituencies. Again, this information was to be obtained, to the extent possible, from partner country PRS monitoring systems, in order to avoid the creation of wasteful and disempowering parallel activities.

However, such an approach can be seen as a high-risk strategy from a donor perspective. Given, as discussed above, the parlous state of information systems in many PRS countries, agreements on the availability of information at some future point in time are easy to make but very hard to enforce. Donors have long experience of being unable to make evidence-based decisions on the design of funding programmes because of the lack of reliable information. The need to fill gaps left by existing information systems is a major reason for the proliferation of donor funded surveys, which will be discussed below. One particularly important aspect of this risk for donors in that countries rarely have systems that can deliver *timely* data on implementation. Surveys and similar snap-shot approaches to data collection may be extremely useful in indicating that serious problems have arisen but usually with a considerable time-lag that makes remedial action much more problematic and expensive. Such considerations have persuaded some donors at least to become much more closely involved in the detailed design and implementation of monitoring systems than the 'arms-length' approach suggested by the Paris Declaration would suggest.

To the extent that partner countries are genuinely interested in using PRS monitoring to support effective policy implementation, there is clearly a potential for a mutually beneficial relationship with the donor community in this area. The latter have thus far made very limited use of PRS monitoring information (GTZ, 2005), at least partly because of its generally poor quality. Selective support aimed at improving in-country monitoring capacity would therefore seem to be very much in their own interest, if only to provide the evidence on effective poverty reduction required by their constituencies to justify future funding streams. Such support could also provide partner country policy makers convinced of the value of effective monitoring with greater leverage in persuading their less enthusiastic colleagues. There is a real possibility of generating a virtuous circle whereby increased support for monitoring generates information which is both of higher quality and more influential, resulting in increased demand and hence further political and financial support from both national and international stakeholders. There is evidence for this process in a number of the country reports, perhaps especially those for Uganda and Tanzania.

What does *engagement* involve? The possibility of donor financial support for key components of the PRS monitoring system is clearly one powerful incentive to improved performance in most partner countries and the specific areas where such support might deliver results are considered in section 6. However, an increased and more transparent *use* of monitoring data by donors could also be an effective inducement. This seems to be confirmed by the attention given to SWAp monitoring systems and to PRSC monitoring indicators in countries with budget support, as considered in section 4. Three areas of application would seem to be of special interest. First, the explicit use of monitoring information in detailed discussions on funding and funding mechanisms. Second, the identification of bottlenecks in the PRS implementation process and associated capacity building needs. Third, evaluating the assumptions used by donors in promoting specific PRS interventions. Evidence-based policy making is strongly promoted by donor governments in their discussions with partner countries on the design and implementation of PRSs. The force of such arguments would be greatly strengthened by a clear demonstration of the use of information in donor decision making in this area.

In the provision of financial support to monitoring systems, some core principles can be defined. First, support must be closely matched to the specific country circumstances. Countries such as Albania, with reasonably advanced information systems will need a substantially different approach (and probably much more limited support) compared to those where they are at a very early stage of development or, in a country such as Sierra Leone, have been severely disrupted. Second, particularly for the latter group, a key concern must be to avoid over-burdening already fragile systems by proposing procedures which simply cannot be implemented effectively given existing human resource constraints, almost irrespective of the financial support provided. Donor and partner country notions of what constitutes a 'simple' or 'basic' monitoring system may differ considerably, often because the latter are based on a much clearer understanding of the actual situation and, in particular, of the perceptions and attitudes of those charged with implementation than the former. Third, it should be recognised that financial support to monitoring will often have to be on a long term basis. Transfer of responsibility to the partner country may be a reasonable objective but may meet considerable resistance, in which case the need to maintain the quality of information should take precedence. Where donors are providing substantial funding to the PRS itself, limited long-term support to the monitoring system could reasonably be regarded as a price worth paying to reduce the overall risk.

Fourth, both strategy and tactics need to be considered. In the longer term, countries need a framework for data gathering and analysis which is embedded within the administrative system. Donor support for PRS monitoring should, to the extent possible, align with activities intended to develop or strengthen information systems at central and local levels in government departments, ministries and agencies. It should also argue the need for an effective oversight body, usually a national statistical office, to promote the overall quality, cost-effectiveness and dissemination of monitoring data. Much useful work in this area has been achieved by the donor funded General Data Dissemination System (GDDS) and PARIS21 consortium, which support the development of medium-term national statistical plans. Similarly, in Burkina Faso and Vietnam capacity building

programmes aligned to the PRS have funded the design and implementation of legal and institutional frameworks for data collection and dissemination. On the other hand, in the short run it may be necessary to emphasise those activities, be they driven by government, donors, NGOs, research institutions or other agencies, which have demonstrated a capacity to deliver timely, reliable information, even if they can be seen as essentially 'parallel' activities which should be replaced or subsumed in the longer term. The demand for monitoring information coincides with the start of PRS implementation. Capacity can and should be built during the PRS period but only alongside the use of those sources which have already proved themselves useful.

Finally, it should be accepted that personal incentives – not necessarily financial – will often determine the success or failure of donor supported monitoring initiatives. This implies that the design of those initiatives will often have to target key personnel and ensure that they have sufficient incentives not only to take on the assigned tasks but to regard them as opportunities to be seized rather than burdens to be managed.

3. Budget support

Donor involvement in budget support or basket funding places additional emphasis on their need for effective national PRS monitoring systems. Parallel monitoring of their individual funding streams, especially if numerous donors are involved, would place insupportable burdens on the partner country and risks undermining the primary objective of promoting national ownership. It is also generally accepted that attribution of outcomes is usually not a feasible aim. On the other hand, the need to provide evidence as to the effectiveness of their operations in terms of the contribution to poverty reduction remains.

The effectiveness of a move from project aid to budget support or a sector wide approach (SWAp) relies heavily on the degree of commitment of the recipient government. Harmonisation and alignment of donor activities with a government lead PRS can clearly only take place if they are convinced that they and the government share a common set of objectives. These are commonly expressed in the form of an agreed Performance Assessment Framework (PAF), which will include selected PRS linked policies, actions and output/outcome indicators. By relating these to aid commitments and disbursement procedures, the PAF document can be seen as setting out the obligations of both sides. This general approach is at a relatively advanced stage in two of the review countries, Uganda and Tanzania, and further evidence of its implications are available for at least Ethiopia, Ghana, and Mozambique. In the last case, donors have recently committed under the PAF to align their support to government priorities, harmonise their procedures, support capacity building and to rely on government PRS monitoring instruments (World Bank/IMF, 2004).

There is clearly a need for such integration of monitoring activities. The main concern of many senior government officials involved in the PRS implementation process is to ensure the timely flow of donor finance. Decisions on IFI release of funds tend to drive all other considerations to one side, especially if, as for example in Uganda and Tanzania, these decisions are coordinated with other general budget support donors. Where a PAF provides the primary instrument on which these decisions are made, it is perfectly rational for national policy makers to regard all other aspects of PRS monitoring as somewhat secondary.

In Uganda, a parallel system for PRS monitoring has developed, strongly influenced by the donors and codified in the PRSC matrix. This has been adopted as the framework for PRS implementation support, aid monitoring and disbursement decisions by all the budget-support group of donors. The case study report describes such systems as "*one of the principal obstacles to progress with the alignment/harmonisation agenda*". Some NGOs take a harder line, describing the Uganda PRSC document as "*barely disguised adjustment conditionality*" (Nyamugasira and Rowden, 2002), arguing that key aspects were not open for discussion during the design phase of the PEAP and that this negates pretensions to broad based national ownership. However, the authors of the case study suggest that in practice the PRSC reviews, which involve four large World Bank missions per year, are key activities in terms of driving PRS implementation forward. They describe the process as "*at worst ... a necessary departure from country-led arrangements*", given that, until the most

recent version, the PEAP monitoring matrix and associated APRs did not allow year-on-year tracking of progress in key areas.

A very similar situation has developed in Tanzania. Donors have come together around an integrated PRSC policy matrix (developed by the Bank) and PAF (previously used by other PRBS donors). Again, this has been criticised as representing donor-driven adjustment conditionality by some and defended by others on the grounds that the PRS does not allow year-on-year progress tracking. Most budget-support donors, while said to be generally well disposed towards the government, argue that differences in objectives remain and that conditionality *“still has a vital role to play in ensuring the proper use of funds”*. The PRSC/PAF remains *“a major source of donor reassurance and also a principle instigator of policy implementation”* and there is a substantial gulf between this and the parallel PRS/APR system.

Should the existence of these parallel monitoring systems be seen as a serious problem? The Tanzania case study cites Nokkala (2004) as proposing that the distinction between them should be accepted but that the PRSC system should be transformed to focus not, as at present, on process but on results. While donors would respond to the achievement of agreed substantive targets, governments would be free to determine, implement and monitor the policy actions required to attain those targets – a model similar to that used in the often quoted Special Programme for Africa (SPA) pilot exercise in Burkina Faso (Sandrine et al., 2003). In theory, this can be seen as an attractive approach in terms of PRS ownership. However, it clearly lacks political realism. The IFIs cannot lend money unless they believe that policies acceptable to them are being followed. Many other donors are genuinely convinced that certain policies are essential to the success of a PRS and will not lightly relinquish the right to press for their implementation. The approach would also seem in some ways a move to a crude and extremely risky form of conditionality. If agreement with donors is restricted to simply identifying targeted outcomes, then there is clearly no shared responsibility if those outcomes are not achieved. The blame would lie entirely with the government, even if donors had expressed sympathy with its intentions and actions and even if it was following agreed international ‘best practice’. At a more pragmatic level, there must be some doubts as to how well many PRS governments would respond to this type of environment. For example, the Tanzanian study indicates that neither donors *nor government* are convinced that the *“pace of policy change would be sustained without the (PRSC) matrix”*.

Revision of the PRS framework such that it can become, possibly in the medium term, a source which can be accepted by the donors as an adequate substitute for the PRSC may be the more realistic option. This would at least emphasise the essential links between policy, implementation and outcomes. If there are agreed strategic policies which specify *“how the specified outcomes are going to be achieved with the specified inputs, and how the obvious obstacles are to be overcome”*, monitoring systems can be designed which will address the associated information needs. These systems should also satisfy donor demands which are at present set out in PRSC policy matrices or similar budget-support performance assessment frameworks, eliminating the need for parallel monitoring. In Uganda, merger between the revised PEAP and PRSC matrices is now being considered by donors. However, the extent to which progress in this areas depends on political, and not simply technical, considerations is emphasised by the current situation in which *“growing inconsistency across government, particularly in respect of the budget rules, and a related weakening of the bond between budget-support donors and some of their domestic allies”* has exposed substantive differences between the objectives of donors, government and other national stakeholders. Under these circumstances, conditionality is still seen by the donors as essential to ensure appropriate use of aid funds and they intend to maintain current arrangements for monitoring progress on policy implementation.

In the Tanzania case study, Booth argues that *“the construction of a real PRS Policy Matrix ... would have the seeds of a significant breakthrough not only for evidence-based policy but also for better alignment of donor monitoring arrangements with country systems”*. He reports that a draft chapter for the second PRS phase sets out a range of activities for the PMS that includes *“monitoring comprehensively the resources, activities and short-term objectives, specific*

aims/outcomes and broad outcomes/goals of the strategy". If such a task could be accomplished, "it would certainly be churlish for budget-support donors to insist on checking-up on policy actions by means of a separate instrument". As in the Uganda study, the problem is said to lie less with those responsible for monitoring than with those responsible for policy. The above system would require that the latter specify not only intended outcomes as at present but a detailed plan of what needed to be done, complete with timetables and benchmarks. While the recent PRS is seen as a considerable advance on what has gone before, for example specifying the main intermediate policy objectives, it does not begin to approach this level of detail. In particular, it still does not have a policy matrix.

Both studies would suggest that as a medium term aim, donors should encourage the evolution of a PRS policy matrix and associated assessment procedures within the PRS monitoring system that meet their objectives. They should commit to full alignment when this position has been achieved. In the short run, reducing the focus on policy implementation in the PRSC matrix would risk reducing its effectiveness, not only for the donors but in terms of driving the implementation process.

4. Donor demands on PRS monitoring

PRS monitoring information is generally regarded as having three main areas of potential use: management of the implementation process; accountability; and institutional learning that can provide the basis for corrective action when necessary. Of these three, perhaps the most problematic is accountability. The PRS literature almost invariably argues that this primarily relates to national stakeholders. The PRSP is seen as a form of contract between the government and its population, and the flow of monitoring information should allow that population to determine if resources are being used as intended and progress achieved as predicted. If such information is available *and* there exist effective procedures whereby concerned members of the population can take action if all is not as it should be, monitoring may play a central role in encouraging widespread ownership of and engagement with the PRS.

In practice, as once again evidenced by the reviewed country reports, many of those charged with undertaking PRS monitoring view accountability predominantly in terms of meeting the requirements of donors, though there is uncertainty as to what those requirements might be. This is perhaps best demonstrated by the fact that many PRS monitoring units appear to regard the Annual Progress Report (APR) as by far their most important (and in some cases only) output and see this as predominantly a document demanded by donors as a check on progress. However, many donors, in particular the International Financial Institutions (IFIs), certainly do not appear to regard the formal PRS monitoring system or the APR as ever likely to meet their primary requirements (ODI, 2004). For example, the Uganda case study reports that, "*budget-support donors are generally quite clear that the outcome monitoring that tends to be prioritised in Poverty Monitoring Systems (PMS) and to predominate in PRS Annual Progress Reports are virtually useless for their own accountability purposes*". For the Bank and donors involved in budget support, the Poverty Reduction Strategy Credit (PRSC) matrix or Policy Assessment Framework (PAF) remains the focus of attention, while others maintain their traditional requirements in terms of regular programme and project monitoring reports.

This situation appears symptomatic of a lack of clarity as to the needs of donors in relation to PRS monitoring. The focus on country ownership can sometimes become a game in which national officials attempt to guess what donors would like them to do and often waste very scarce resources when they guess wrongly. Donors have a valid *interest* in PRS monitoring that derives from their genuine concern that the strategy should be successful – that poverty should be reduced. It might also be suggested that donors have a *duty* to support monitoring. To the extent that a PRSP is a document agreed between government and (at least some) donors, the latter can be said to have some degree of responsibility for the consequences that flow from PRS implementation, especially if aspects of the strategy fail because of incorrect policy prescriptions rather than through inept management. However, it would often be helpful for all concerned if donors clearly spelt out that their basic *need* is to for information with which they can meet the

accountability requirements demanded by their own government or the international community in respect of the funds which they have contributed.

Open acknowledgement of their need to justify their actions to those who provide their funds, together with a precise specification as to what that would entail, seems a reasonable basis on which donors can seek agreement with national government officials as to how their needs can be met. Government officials can be perplexed by attempts to sideline or conflate this issue. Most are extremely familiar with accountability mechanisms and conditionality, not only with respect to donors but in routine dealings with their own finance ministry.

4.1 What do donors need from PRS monitoring?

For a donor perspective, the components of an effective PRS monitoring system might be classified under the following broad headings:

1. a policy matrix to track the timely implementation of specified PRS policy actions;
2. budget transparency, monitoring of disbursement flows, expenditure tracking and auditing;
3. activity and output indicators that can demonstrate the application of funds;
4. intermediate outcome indicators to assess short term impact and allow decisions on the need for additional investment or programme modification; and
5. outcome indicators that can be used to assess the extent of the overall success or failure of PRS components.

Clarity could be achieved by donors openly publishing their 'bottom line' in terms of critical actions, a short list of indicators and review procedures under each of these headings, ensuring that this information would be available to a range of stakeholders not only available to a small group of officials in the ministry of finance³. There would be a clear demarcation between these monitoring outputs and all others, whether established with or without donor support. The compulsory APR, which at present seems to be used by no one, could either be abandoned or converted into a concise document reporting only on the agreed items. The main question remaining would then be one as to the relationship between monitoring to meet these donor requirements and monitoring of the PRS in general.

4.2 'Outcome-orientation'

The emphasis placed by donors in the early rounds of PRSPs on the need for increased 'outcome-orientation' has left a legacy of confusion in at least some countries. Many, influenced by their (mis-) interpretation of donor requirements, initially focused PRS monitoring efforts on outcome and impact indicators. Most have still not addressed the need to move to systematic, comprehensive and integrated monitoring of PRS implementation, and continue to deliver an unstructured miscellany of input, activity and outcome measures. The confusion is perhaps most evident in the continuing tendency to use 'PRS monitoring' and 'poverty monitoring' interchangeably. This is a serious problem if, as indicated above, PRS monitoring aims to promote both accountability and a willingness to learn from experience. Information on long-run outcomes is rarely important in determining short-run decision making because they almost never have direct consequences for the policy-makers involved. Learning is much more likely to take place if policy makers have rapid feedback on the successes and failures of the PRS implementation processes for which they have responsibility, especially if there are associated incentives or penalties.

Creating an environment in which policy makers are accustomed to being held accountable and are aware of the advantages of responding to evidence-based incentives is an objective in which the interests of donors and domestic stakeholders clearly coincide. It would certainly be reassuring to donors engaged in budget support if they have at least the guarantee that mechanisms existed to encourage government officials not only to ensure that funds were disbursed as intended but that those funds were actually producing results. It is sometimes suggested that this state of affairs can only come about if it is possible to follow the 'links-in the-chain' from policy decision to

³ Mozambique provides a very interesting examples of a very open budget support donor relationship with a partner country (Killick, et al. , 2005)

intended outcome and there is much discussion in recent PRSPs, including those for the review countries, on the need for intermediate or ‘missing-middle’ indicators. However, given the context, this seems an extremely ambitious objective. Even if such indicators could be identified, the poor state of routine data systems – usually identified as the primary source – would probably preclude their estimation with sufficient reliability to play this crucial role. It may be more useful to explore how far along the chain of causality it is possible to proceed, given the resources available.

4.3 PRSP and MDGs

A number of the country studies discuss monitoring progress towards the Millennium Development Goals (MDGs) and this again an area where there is often considerable confusion as to donor intentions. Explicit monitoring of the MDG indicators has been supported by the UNDP and other donors in many countries. Given that PRSPs have been identified as national strategies by which the MDGs will be achieved and that a number of donors, for example DFID, now define their activities in terms of MDG attainment, there is a tendency for MDG monitoring to be seen as one aspect of PRS monitoring. In practice there is often limited overlap between the PRS core indicators and MDG indicators and this overlap often reflect ‘the usual suspects’ i.e. traditional sector indicators that were in common use prior to the formulation of the MDGs. There is clearly potential for a conflict of interest if some international agencies pressure countries to produce estimates of those MDG indicators which are not included in the agreed PRS list, on the basis that they have formally agreed to monitor these.

It is certainly not uncommon to hear complaints from local officials about what they feel is a never ending series of demands from the international community for information, with the MDG target indicators being simply the latest imposition. While politicians and senior officials may have signed up to the relevant UN resolution, it was almost certainly without consultation with those expected to undertake the implied monitoring activities and without giving serious thought to the associated resource costs. While donors may offer financial or technical support, the main concern is with the diversion of scarce human resources away from a strict focus on the PRS, which is at least seen to reflect national priorities to a much greater extent. If monitoring MDG targets not included in the PRS is deemed essential by the international community, it seems reasonable that they devise procedures which minimise the burden, for example by decreasing the frequency of estimation or increasing the technical assistance provided.

5. Projects targeted to PRS monitoring

There is a much quoted maxim that “what gets measured gets done”. Applying this to PRS monitoring suggest a potential dilemma for donors in providing support to this activity. Given the resource constraints in most PRS countries⁴, those aspects of monitoring where donors express an interest are very likely to be prioritised to the extent that other areas simply do not “get done”. The potential for donors to drive the monitoring process is thus very high and to some extent may be unavoidable. While donors may genuinely wish the government to take the leading role and seek to reach an agreement on means and ends via negotiation, the underlying issue is the perennial one of the extreme inequality of the negotiating partners.

While, in the spirit of the Paris Declaration, donors may express the aim of reliance “to the extent possible” on national monitoring systems, the finding of an SPA task team on PRS monitoring (SPA, 2002), that “*outstanding problems related to a single issue - national monitoring systems were not sufficiently well developed (both in terms of capacity and the extent of civil society involvement) to gain the trust of donors*”, almost certainly still holds⁵. In the poorest countries such as Malawi, Sierra Leone or The Gambia, serious monitoring activities have almost always been initiated by donors and/or international NGOs, and implemented with their financial and technical support. This is true of routine data systems, surveys, qualitative and participatory studies. In many PRS countries, it is difficult to see that central monitoring units would have been effective or even

⁴ The problem is clearly much more pronounced in the poorest countries than in, say, Albania or Vietnam.

⁵ The ongoing discussions around the development of the National Integrated Monitoring and Evaluation System (NIMES) might be seen as providing a necessary step towards the model proposed by the Declaration.

existed without donor support. The Poverty Monitoring and Analysis Unit (PMAU), which has been absolutely central to the relatively successful monitoring of the PEAP in Uganda is one obvious example. In spite of periodic complaints from some other areas of the Ministry of Finance (MoF) as to the extent of the donor support that it receives, The Uganda case study describes it as “*reasonably well integrated into the line management of the ... Ministry*”,

While it may be a matter for regret, it is probably the case that a substantial proportion of the funding of PRS monitoring will continue to be provided by donors. Given that they are not likely to support what they regard as inappropriate or low quality activities, a substantial degree of involvement in the design and implementation of monitoring instruments also seems inevitable. This does not of course prevent donors seeking to establish genuine partnership arrangements in monitoring as elsewhere. DFID has explored the mechanism of contracting national civil society organizations and non-governmental research institutes to undertake analysis of PRS data, essentially on their own terms, though with some requirements for institutional capacity building to ensure quality. The Institute for Economic Affairs in Kenya provides an interesting example of this approach. Another is provided by the European Union (EU) in Guinea, where the recruitment of local consultants for a recent evaluation of the PRS was jointly undertaken by a panel consisting of equal numbers of donor and government representatives, even though the activity was funded by the EU⁶. In Albania, the possibility of establishing a trust-fund jointly funded by a number of donors to support PRS monitoring is under discussion.

5.1 What should donors support?

The country reports list a wide range of PRS related monitoring activities that are receiving donor support. These include direct funding of selected institutions, for example, central units charged with coordination, and a variety of capacity building activities. Among the latter, the practice of seconding advisors on a long-term basis to key monitoring institutions is one which, given careful selection of individuals and drafting of terms of reference, would seem to have considerable potential for both supporting the establishment of effective monitoring institutions and transferring skills and experience (and knowledge as to how donors function). This approach has been adopted in a number of countries by GTZ, in Sierra Leone by UNDP and in Vietnam by DFID⁷.

One activity that is possibly taken to excess is that of donor funded seminars and workshops, many of which tend to address issues at such a level of generality that they advance discussion minimally if at all (and sometimes add additional layers of complexity). Given the limited number of key players in PRS monitoring, the amount of time they spend on these may not be the most productive use of their talents.

Donors are also funding a range of specific monitoring activities and instruments, including:

- budget reform/public expenditure management;
- public expenditure reviews.
- sector information systems;
- local government information systems;
- qualitative/participatory methods;
- surveys;
- analysis/ dissemination of results; and
- poverty and social impact analysis.

5.2 Harmonisation of donor support

The Paris Declaration commits donor agency to “*Implement, where feasible, common arrangements at country level for ... monitoring, evaluating and reporting to government on donor activities and aid flow.*”. Such actions are deemed necessary because of the high resource costs of

⁶ Jim Bennett, International Policy Advising (IPA), Germany, personal communication.

⁷ It may be worth noting that the UK Overseas Development Institute has for many years operated a competitive junior fellowship scheme for young well qualified researchers which involves similar overseas placement. This has been very successful in providing key government units with highly skilled technical staff who are very happy to work under the policy guidance of senior management personnel.

meeting the requirements of multiple donors. As with ownership, the Malawi case study seems to provide a ‘worst-case’ scenario in terms of the lack of harmonisation between donors which is clearly seen as a serious problem in many countries. The report indicates that while there is considerable willingness on the part of donors to fund monitoring activities, *“different donors are picking particular activities in the Monitoring and Evaluation Master Plan work plan for funding, a problem that may further contribute to the fragmentation of the poverty monitoring system”*. For example, UNDP and UNICEF are funding a project to monitor the MDGs and NORAD is funding Integrated Household Surveys for monitoring poverty outcomes. Both of these will probably be well implemented and contribute valuable information. However, they are essentially isolated activities – ‘monitoring projects’ – not components of an integrated monitoring programme. There is *“no pooling of resources to support the poverty monitoring system.”*

Donors are seen as coming with very different agendas, often related to their previous areas of activity within Malawi or elsewhere. They often have not only a sectoral focus, as might be expected from some specialist international agencies such as the FAO, WHO, UNICEF, etc. but may also focus their attention on monitoring systems in selected districts with which they have established links based on earlier projects. They are said to be unwilling to support basket funding of PRS monitoring activities because they doubt government’s capacity to effectively use or account for such funds. The lack of coordination is seen not only as an inefficient use of resources but also as potentially failing to deliver intended results because of the de facto inter-dependence of the various components and levels of information systems.

The Niger case study similarly notes that *“monitoring initiatives funded and conducted independently from consultation with other donors and national actors have led to a proliferation of studies that, given the constraints faced, contribute to increasing dispersal of efforts”*. It argues that the Routine Data Systems (RDS) of line ministries are often reliant on donor funding and are routinely required to respond to specific data requests from external agencies. This particular problem is also cited in the Albania case study *“Multiple donor reporting requirements are an additional concern, as they take up from staff that could be devoting itself to monitoring and evaluating ministry policies”*. Similarly in Guyana, *“The proliferation of M&E sub-systems and reporting practices by different donors within the same institutions has delayed the adoption of a much-needed unified strategy to tackle institutional systemic weaknesses in M&E at the ministerial level”*. The Inter-American Development Bank is reported to be funding institutional strengthening of the Bureau of Statistics and a variety of other donors are funding stand alone activities to strengthen M&E capacity in different sectors and at different levels. There is said to be no mechanism whereby these activities can be related to the planned PRS monitoring framework. In Mauritania: *“instead of taking advantage of a system of M&E of the PRSP capable of bringing together the different activities of monitoring carried out at the level of the sectors or specific inter-sector programs, the stakeholders of the national poverty reduction strategy face an atomized mechanism”*.

The Kyrgyz Republic case study documents two attempts to create a database of donor assistance which failed either through a lack of sustained funding or technical support. A third attempt is currently underway under the auspices of a Co-ordinating Council of donors. Interestingly, the report suggests that the donors are much more aware of the need for coordination and harmonisation than are government agencies. At present four MDAs are vying for control of the donor coordination process. This *“results in the donors’ applying ... the arrangement with which they either have had previous successful experiences of co-operation, or have personal contacts. This situation will inevitably lead to duplication ... and competition between the co-ordinating structures, leading to delay in the process of harmonisation”*. In Tanzania, a large number of donors are contributing relative small amounts of money to the Poverty Reduction Budget Support (PRBS), while maintaining large programmes outside. *“The obvious danger is that the delivery and monitoring mechanisms of PRBS will increasingly swamp those of the national planning and budgeting systems, despite the commitment of donors in general and budget-support donors in particular to aligning with national policies and using national systems”*.

A range of other international agencies can add to the confusion. In a recent report, consultants for the IMF General Data Dissemination System (GDDS) project made a formal recommendation that the statistics office in Sierra Leone should institute a three programme of rotating surveys – covering different topics each year – almost at the same time that other donors were proposing that *annual CWIQ* surveys should be a key data source for core PRSP indicators. In Cambodia, the TB vertical programme, well resourced by the Global Fund, and with its own detailed reporting system, made clear to the author that it had no incentive to collaborate on PRSP monitoring.

The Uganda and Tanzania case studies focus on perhaps the key issue – the incentives of those involved in monitoring and evaluation within a context in which multiple funding agencies are seeking to undertake independent activities. In Tanzania, a particular problem is created by the continuing large number of donor and NGO-funded stand-alone projects, each with its own monitoring and evaluation system, as they effectively compete for scarce resources and in particular skilled personnel. The latter is a major problem in countries with extremely limited human resource capacity. Recent PRS monitoring plans in The Gambia (which has a very small population), and Sierra Leone (which has seen large scale out-migration of professional and skilled people in consequence of the civil war), have had to contend with a situation in which a handful of suitably qualified individuals are pursued by a variety of agencies and move frequently from one post to another as new and more attractive opportunities arise.

Even within line ministries, the availability of donor funding for monitoring, which may include provision for attractive travel allowances or even salary enhancements in addition to better working conditions and equipment, may have the perverse effect of building up resistance to rationalisation and integration of data collection. Privileged monitoring units will be very wary of strategies which may be seen as reducing their independence or scope of activities. Unprivileged units, which will typically have minimal monitoring budgets, will have a strong incentive to prioritise activities that allow them to earn allowances to supplement their very low basic salaries, irrespective of the efficiency or effectiveness of those activities. They will also resist any attempt at a rationalisation which threatens to take away even the little that they have. The Uganda study notes that such donor funding also has implications for ownership. The desired option of mainstreaming the successful Poverty Monitoring and Analysis Unit within the Ministry of Finance, Planning and Economic Development “*is blocked by the substantial difference remaining between civil-service and donor-project conditions of employment at equivalent levels*”. However, it does also question if this is a serious problem in the short run given that “*other departments of the Ministry continue to rely as heavily on donor-supported TA*”.

The Uganda and Tanzania case studies also provide a detailed consideration of the obstacles to improved coordination and possible approaches to overcome these. Once again, their analysis starts from a consideration of incentives. It is generally accepted that good information systems are ‘demand-led’. If policy makers perceive that there are advantages in having access to high-quality data, then they will be willing to provide the leadership and resources that allow an improvement in the quality. This was one of the objectives which led to the initiative in Tanzania that invited MDAs to justify requests within the Medium Term Expenditure Framework (MTEF) by means of an evidence based sector or district strategy. However, the effectiveness of this ‘challenge function’ is said to be limited “*by the very large volume of donor funding that is not subject to this process*” – for example, support for sector projects.

This can be contrasted with the position in Uganda. Though there are still around 500 donor-funded projects⁸, all with their own monitoring systems, “*involvement of donor advisers in the development of sector strategies has increasingly been linked to contributions to sector funding through the central budget*”. The government has now determined that, over a limited time period, all external funding of sectors and districts should be included within the MTEF framework. The case study argues that this “*seemingly technical requirement has the potentially transformative effect of equalising the incentives facing ministries and departments as between funding of*

⁸ Moving away from a long history of project funding is a difficult task. DFID, a leading proponent of the move to programme and budget support is apparently still initiating around 1,000 projects each month.

activities through the budget process and accepting donor-financed projects". This, it suggests, will encourage an increasing realisation among policy makers that the route to additional resources lies in the development of well argued and evidence-based strategic options.

Incentives are also seen as the driving force for monitoring units. *"Most information systems generate vested interests; those in government systems where salaries are unremunerative and 'allowance culture' prevails are to be taken particularly seriously"*. The studies argue that where attempts at rationalisation appear to threaten such vested interests, the traditional approach of seeking agreement on appropriate solutions by holding meetings of those most fearful of being adversely affected is not the best way to proceed. *"Given typical patterns of donor behaviour, in which almost any plausible-sounding technocratic argument is likely to get financial support"*, the most likely outcome will be proposals for infeasible technical fixes and yet more capacity building. Realistic solutions should be sought in more favourable *"institutional contexts and ... terrains of battle"*.

If it is accepted that PRS monitoring is incentive driven and that donors are to a large extent determining the pattern of incentives, a genuine harmonisation of approach by donors should provide the basis for a transformation of that pattern that will address the evident *"data-gaps, duplication and waste"* in the system. One component of such a transformation is for donors jointly to determine realistic (or perhaps even more limited) objectives to be achieved over a given period. A second, that appears extremely difficult for donors to implement, is simple restraint. The physicians' maxim 'first do no harm' is highly applicable to the development of PRS monitoring systems. The 'overload' issues associated with donor supported surveys have been discussed above. Similar concerns relate to the funding of 'new and better' approaches to routine data systems. These tend to rapidly eliminate activities which, with all their shortcomings, may have been delivering reasonably reliable data on a regular basis. The attraction of new opportunities for training, access to improved equipment and the associated subsistence and travel allowances, will typically result in the rapid departure of the most able individuals from the 'old' system, even if the replacement completely fails to meet expectations.

By supporting, strengthening and coordinating those elements of existing systems which appear to function at least adequately, it will often be possible to compile reasonably reliable monitoring data while more general capacity building takes place and new systems are developed. Any innovation should be piloted in parallel to existing procedures until it demonstrates its superiority.

6. Support to data production

In this section, the focus will be on support to specific types of data production across the range of PRS implementation activities. The first two subsections will be concerned primarily with activities located within government departments, ministries and agencies, while the final subsection will consider the possibilities and limitations of interventions aimed at supporting complementary monitoring systems which are, to a greater or lesser extent, independent of government control.

6.1 Data on resource allocation and expenditures

The obvious starting point, which has probably received more technical support from donors than any other, is that of budgeting and public expenditure. The World Bank and IMF now assume that a capacity-building strategy on public expenditure management will be included in the PRSP (IMF and World Bank, 2003). Substantial donor resources have been committed to budget monitoring, often within a more general programme aimed at strengthening overall legal and regulatory frameworks and building capacity for improved budget formulation and execution. Tanzania, where a new Integrated Financial Management System was introduced with support from the World Bank and IMF, is perhaps one of the most interesting examples.

The allocation and release of funds to key PRS activities – primary schools, primary health facilities, water supplies, etc. – should obviously be a core component of any monitoring system which seeks to link policy to outcomes. However, the possibilities for such monitoring may be highly constrained if it is impossible to disentangle priority allocations from obscure budget lines.

Budget reform is therefore a crucial requirement. This is also one of the few areas in which it should be possible to ensure both that data is timely and reliable and that accountability can be enforced. However, there is sometimes an impression that the effort expended on reform of high-level financial systems – MTEFs, performance budgeting, auditing, etc. – has tended to overshadowed the need to monitor the use of funds.

Considerable expectations in this area have centred on the use of public expenditure tracking studies (PETS) – which have been strongly promoted by the IFIs. In principle, monitoring the size and timeliness of releases and the extent to which they eventually reach their ultimate destination can be seen as the obvious ‘next link in the chain’ in terms of PRS implementation, especially if it can be taken to the point at which benefit-incidence analysis becomes feasible. For example, to determine what proportion of total funding is reaching primary schools/health facilities in the poorest rural districts? The effective use of PETS in Uganda to reduce illicit use of funds has been widely quoted in support of the approach. However, it is not clear to what extent this has been repeated elsewhere.

Two concerns may perhaps be raised. First, the quality of many PETS is debateable. In Sierra Leone, for example, data is gathered entirely via questionnaire surveys of local officials, typically using college students as enumerators. Some follow up activities are possible at the top of the disbursement chain, for example from central to district government levels. However, in general discrepancies between outflows and inflows are simply recorded and published. Given that the initial exercise took place some years ago and that officials are now aware that misreporting essentially has no practical consequences, there must be some doubts as to whether the implementation of the surveys can now possibly influence attitudes or behaviour.

Second, it would seem rational to extend the studies, as has been attempted in a number of countries including Sierra Leone, such that they do not only consider the issue of financial probity. Salary payments to rural schools or health facilities are only of value in a PRS context if the teachers and health workers receiving those salaries are present and providing services. A similar situation arises if the schools have not received teaching materials or the health facilities drugs. Linking PETS and service delivery surveys (SDS) provides one potentially powerful mechanism for generating information on this key aspect of implementation. The latter, which combine facility assessments and key informant interviews with rapid provider and household surveys, have been used successfully in both Uganda and Tanzania.

The Uganda case study is probably the most interesting in terms of the overall extent to which it has moved in the direction of outcome-orient, programme-based budgeting and a results-oriented reform of the civil service. Donor support has clearly been very influential in this process, particularly in the areas of budget reform and public expenditure management (PEM). This can be seen in the early implementation of an MTEF, international guidelines on PEM, Public Expenditure Reviews and Sectoral Budget Framework Papers, which provided the basis for PEAP costings. The initial relative crude incentives to line ministries and local government under the Poverty Action Fund, which offered better access to ring fenced resources if they demonstrate linkages between proposed programmes and PRS goals to a working group of government and donor specialists, has been considerably refined over time. The latest revision of the PEAP seriously attempt to address ‘missing middle’ issues. For each goal it discusses evidence on what is and is not working, and identifies ‘policy challenges’. Monitoring guidelines are then set out in a matrix which includes columns headed ‘Outcomes’ and ‘Outputs/access/proximate determinants of outcomes’.

6.2 Routine data systems and sample surveys

These are treated together in order to emphasise what should be their close interrelationship. It is unfortunate that they are rarely seen as two components of what should be an integrated national statistical information system. For example, in many countries, household and other surveys which in principle could provide valuable information to ministries of agriculture, health, education etc. are in practice largely ignored by those ministries, even where their findings directly contradict data

which they have published. In most countries the national statistics office has a legal responsibility to promote the availability and quality of both sources of data. However, it typically focuses almost exclusively on the latter. The lack of an effective oversight body is a serious handicap to the establishment of a PRS monitoring system and has received considerable attention by international agencies and projects, for example the GDDS and PARIS21⁹, which are concerned with these issues. A recent survey by PARIS21 (2004), in six countries (Bolivia, Burkina Faso, Cambodia, Moldova, Malawi, and Yemen) found only limited improvements in the availability and quality of national statistics over the past fifteen years. As expected, the most problematic areas were those involving routine data and management information systems. The underlying cause continued to be the low priority allocated to these activities by policy makers and the consequent failure to provide adequate resources.

6.2.1 Routine data systems

As indicated above, PRS monitoring plans invariably identify administrative reporting systems and sector management information systems as primary sources of monitoring data on implementation processes and intermediate outputs/outcomes. In many countries it is difficult to see how timely, affordable indicators disaggregated by location, gender and social group, without which, as the PRSP Sourcebook suggests, “*it is hard to design good policies and programmes*” can be assembled from any other source. While surveys may have many advantages for the analyst, their use for generating highly disaggregated estimates with the frequency required for effective implementation monitoring would place a considerable if not unbearable demand on national statistics offices. However, this raises the perennial issue of the quality of the data generated from administrative reporting systems and whether donor investments in attempting to improve them represent a cost-effective approach to supporting PRS monitoring. More precisely, can routine data systems be improved to the extent that the margins of error involved in the estimation of PRS indicators from this source are sufficiently small in terms of the expected changes which the monitoring system is designed to track?

In the PRSPs, various shortcomings in such systems are often mentioned but typically as ‘problems to be overcome’. The extent and intractability of these problems is rarely acknowledged. There have been extensive efforts to improve the reliability and completeness of such systems for at least the last thirty years. And in many countries there has been very limited progress over that period. One issue is that much of the raw data in these systems has to be provided by relatively low level staff, for example primary school teachers with basic qualifications or health extension workers who often run rural clinics. Many of these may themselves be living below the US\$1 per day poverty line. Given government salary levels, many are simply too busy making a meagre living to acquire new skills or undertake new activities. While possibly attracted in the short run by the prospect of attendance allowances or similar inducements, they are unlikely to respond well if faced with the prospect of undertaking yet more tasks for what they already regard as a wholly inadequate salary. An enormous volume of donor resources has been spent over the years on developing reporting systems and building the capacity of low level service delivery staff to collect, report, interpret and use routine data, often to very limited effect.

From a PRS monitoring perspective, perhaps the most serious problem is that of uneven coverage. Donor support for sector information systems can make a substantial difference within central ministries, where there are typically at least some interested and capable officials. The same may even be true at local government level, particularly in countries where there is a serious commitment to effective decentralisation. However, as a general rule the overall experience and capacity of local officers and their willingness to engage with information systems tends to be inversely correlated to the poverty of the area which they serve. The consequence is that the poorest areas – the most important in terms of the PRS – typically have not only the least reliable

⁹ The General Data Dissemination System Project aims to strengthen the statistical capacity of Anglophone African countries, by helping them to participate in the General Data Dissemination System (GDDS). PARIS21 (Partnership in statistics for development in the 21st century) is a joint donor initiative. One of its task teams has the aim of improving statistical support for monitoring the Millennium indicators,

data but also the lowest propensity to take advantage of donor funded schemes intended to enhance data quality,

How should donors proceed? One obvious comment is that they should take such data quality constraints more seriously¹⁰, lower their expectations as to the range of reliable information potentially available and assess how to deal with second-best solutions. There has been a tendency for specialist agencies such as the WHO, UNESCO, etc. to encourage the implementation of standardised sector information systems which may make excessive demands on the skills and resources available in most PRS countries. As a general rule, donors almost always express a desire for simple, cost-effective data collection and reporting procedures but then fail to resist the temptation to push resources to the limit and beyond. It may also imply increasing substantially the resources allocated to data collection. This might involve establishing procedures for the collection of data from schools, clinics etc. rather than waiting for it to be sent. It should almost certainly involve the use of data audit procedures, complete with appropriate incentives and penalties. Donors may well have to meet the cost of establishing and maintaining such systems.

There is often an assumption that the main sources of routine data for PRS monitoring, sector ministries and local governments will automatically be interested in playing a supportive role. In practice, unless there are serious incentives, both usually have a range of other concerns that will take priority. A review of PRS monitoring in five countries¹¹ by SIDA (2002) reported that “*sectoral ministries remain disinclined to reconsider their work methods from the vantage point of the priorities expressed in the PRS*”. This can be the case even when donors are supporting the implementation or improvement of sector or local government monitoring and information systems. PRS monitoring units will typically have to play a proactive role if they wish to integrate information from these systems and donors may have to support this activity.

6.2.2 Surveys

In most PRSP countries there is a long history of donor-supported and often donor-initiated sample surveys. Few statistical offices can resist proposals for large well-resourced surveys, even if this means diverting their best personnel from other planned activities. Donor preference for survey based data is understandable and may be perfectly rational in the short term. The task of designing, implementing and analysing even a large scale national sample survey under difficult circumstances is much less daunting than attempting to extract reliable data from the routine data systems that exist in many countries. Surveys are typically the only source of data that can be readily disaggregated by population socio-economic characteristics, in some instances even allowing direct comparison of outcomes as between the poor and the non-poor. They can be also be used to enhance the value of routine data systems, for example by demonstrating the links between geographical and socio-economic factors as in poverty mapping.

In a PRS monitoring context, donor support has primarily been allocated to the measurement of outcomes and impacts over a three to five year time horizon using traditional surveys, for example Household Expenditure Surveys and Demographic and Health Surveys (DHS), and annual intermediate outputs/outcomes using light weight surveys such as the Core Welfare Indicators Questionnaire (CWIQ) survey. The CWIQ, which targets utilisation and user satisfaction, has been used in a number of countries including Guinea, Malawi, Rwanda, Senegal, Sierra Leone and Pakistan. It would seem to be one of the few feasible short-term approaches to the reliable estimation of intermediate outcome indicators in country where the quality of routine data cannot be bought to a reasonable level. There is a potential dilemma for donors, which has caused some internal contention, as to the allocation of resources to gathering data via this route rather than to the longer term investments in sector and local government information systems. Clearly both are needed.

¹⁰ It is interesting that very few PRSP JSAs have commented on this issue.

¹¹ Burkina Faso, Benin, Côte d'Ivoire, Mali and Niger

The extent to which external agencies fund surveys is highlighted in the Niger study, which is probably fairly representative of at least the sub-Saharan Africa countries. The report notes that *“surveys that pick up information on income/consumption poverty and other indicators of living standards are financed by donors as is most of the analysis of the information collected. Surveys and data analysis are carried out by the National Statistical Office and other government and academic bodies, but they rely heavily on external funding”*. In Mauritania *“development partners ... often show much more availability to finance heavy surveys than actions aiming at sustainable capacity reinforcement”*. The Uganda study indicates some of the problems raised by the extent of this reliance on typically uncoordinated donor support. *“Dependence on donors generates instability and short planning horizons, both because needed funding is not always forthcoming (e.g. World Bank loans of the type that have funded major surveys in the past may not now be available), and because donor agendas accompanied by readily available funding can divert the Bureau from previously agreed objectives”*.

There has been an attempt to rationalise the large number of surveys undertaken in Tanzania. An integrated survey programme is in principle supervised by a Surveys and Censuses Working Group, chaired by the National Bureau of Statistics. However, the report notes that this Working Group is strongly influenced by the expressed data requirements of donors, and that the executive-agency status of the Bureau makes it very attractive for them to respond, even when this clearly places considerable strains on their capacity to deliver.

This is a problem which affects most national statistical agencies. Each survey undertaken has the potential to provide both enhanced status and access to funding which, as discussed above, not only allows for additional equipment – vehicles, computers etc. – but a range of travel and subsistence allowances for their typically poorly paid staff. There is little risk attaching to over-commitment. Any donor regional statistical advisor could probably detail a long list of serious shortcomings in the planning, implementation and analysis of household surveys, often as a result of the use of ‘second best’ resources because of an over-extended workload, but there are seldom any consequences for the statistical agency responsible. Of even greater concern, there is still a tendency to gloss over such shortcomings and use survey estimates as though they were invariably reasonably accurate and reliable. The clear separation of responsibilities for data collection, by the statistics office, and detailed data analysis, typically by another government agency with TA support, may also be a source of complicity to ignore poor data quality.

Using similar arguments to those raised in the Malawi case study, Booth and Nsabagasani suggest that in Uganda these issues can be best addressed through *“a common-basket funding arrangement ... in which donors would discipline one another to comply with agreed rules”*. They emphasise that *“all significant funders of survey activity”* would have to be bound by such arrangements. The effectiveness of this model would of course also depend on the nature of the *“agreed rules”*. Given the points made above, such rules should probably include provision for capability assessment and quality control, if the problems indicated in the Tanzanian case study, of donor dominance and a tendency for statistical offices to take on excessive workloads are to be avoided.

6.3 Innovative and community based approaches

Many donors, both the World Bank and the bilaterals such as GTZ, DFID and CIDA, have supported, sometimes using NGOs as intermediaries, activities which can be seen as methods of supplementing routine data systems using innovative approaches¹². It is extremely doubtful that any of these would have been undertaken without such support. The review countries, for example, have experience of donor funding for exit surveys, service delivery surveys, citizen report cards, and participatory/qualitative impact monitoring (PIM/QUIM). PIM and QUIM have been mainstreamed within PRSP processes in Kenya, Malawi and Benin. They are of particular interest

¹² Work on PRS related Poverty and Social Impact Analysis (PSIA) by the World Bank and DFID has produced a series of ‘toolkits’ providing details on a wide range of such methods. The key Bank documents are the ‘Toolkit for Evaluating the Poverty and Distributional Impact of Economic Policies’ and the ‘Social Analysis Sourcebook’. More recently, DFID have issued a draft of their “Tools for Institutional, Political and Social Analysis” (TIPS).

because they involve an initial phase of policy analysis and are specifically designed to provide policy feedback (GTZ-SPAS, 2001).

There is also encouraging experience from SWAPs of the effective use of donor commissioned studies, using a range of quantitative, qualitative and participatory approaches to determine the reasons for poor performance (Foster and Mackintosh-Walker, 2001). Similarly, in Uganda, the role of PPAs, originally seen as concerned with exploring perceptions of poverty, appears to have changed over time to focus on specific PEAP implementation issues, with the aim of identifying problems and alerting both policy makers with responsibility for implementation and the population in general. Participatory beneficiary assessments have been used in Malawi and Zambia to identify key implementation bottlenecks.

A central theme of the PRS approach has been the importance of engagement with civil society organisations (CSOs). This is also true in the area of monitoring. The PRSP sourcebook, for example, refers to the “*Critical role of participatory approaches*”. However, many of those involved at the ‘sharp-end’ feel that there is a substantial gap between what donors would like to happen and what can be reasonably expected. “*There is a common expectation, particularly among donors, that NGOs and CSOs can and will carry out some sort of “community level monitoring” of the PRS. ... Such proposals rest on a serious underestimation of the technical challenges of building systems that are rigorous, reach down to the community level and generate data that will be actually used*” (ODI, 2002).

Donors have often funded community involvement with the government PRS monitoring system, often through the agency of an international NGO that is well respected in the partner country and on reasonable terms with the government. A recent review of participatory monitoring in PRSPs (Schnell and Forster, 2003) observes that usually “it can be assumed with some certainty that the PPAs and QIMs (qualitative impact assessments) are government-lead initiatives with strong donor support”. In the case study for Guyana, mention is made of a US\$300,000 grant by UNDP to support community based monitoring and capacity building. In Sierra Leone, the ENCISS project, funded by DFID, is a long term intervention aimed at “*improving the ability of civil society to interact meaningfully with the state*” within the context of the new PRS. The Uganda Participatory Poverty Assessment Project (UPPAP) is also largely funded by DFID, and the networking and training activities of the Uganda Debt Network by a number of external sources, including DANIDA and the international NGO, OXFAM. Action Aid is regarded as the primary source of expertise on participatory activities in The Gambia and has been funded by a variety of donors including CIDA, DFID and UNDP to undertake a variety of community based studies. Donors have also provided limited support to NGO/CBO umbrella organisations in a number of countries in order to encourage their engagement with the PRS monitoring process. This approach is probably one of the few ways to maintain such activities. Funding is unlikely to be forthcoming from government sources and international NGOs have many other, probably higher priority, demands on their resources.

Gould and Ojanen (2003), argue that in some cases domestic CSOs are “crowded out” of policy debates by better resourced and more visible international NGOs. They refer particularly to the case of Tanzania, where international NGOs are said to have gained, often with substantial financial backing from donors, far more significant representation in the spaces for civil society involvement in the monitoring system than local CSOs, raising serious questions as to the true nature of “civil society”. Asche (2003), in a background paper for GTZ, has another concern – that monitoring is being seen as a ‘safe option’ for community involvement. “*In several PRSP countries we are observing a tendency that is supported unwillingly by part of the donor community and that in fact will ultimately lead to participatory monitoring replacing genuine social participation in the implementation of the national PRSP*”.

Civil society involvement should have a number of benefits. It can increase the input and agency of CSOs and improve transparency and accountability. However, all sides must be aware what form of involvement is being offered:

- informing CSOs what government intends to do;
- various levels of meaningful consultation;
- recruitment of CSOs into government activities;
- community control over activities and effective use of findings.

All of the above may be useful activities but they should not be confused. They should also be considered in the context of a serious assessment of the capacity of communities and CSOs to undertake specific activities. The “poverty observatories” supported by UNDP in a number of French speaking sub Saharan African countries may be one mechanism whereby the quality of CSO activities can be monitored. In Burkina Faso the observatory is an agency of the statistics unit but has a mandate to maintain close links to civil society and to oversee qualitative studies, providing technical support as required.

Two related areas of participatory monitoring activity have tended to be the focus of donor support – satisfaction with service delivery and budget allocation/expenditure tracking. The latter, perhaps because of its obvious links to issues of transparency and accountability has been supported in many countries. As indicated above, the Uganda Debt Network has facilitated civil society monitoring of Poverty Action Funds in Uganda. A possibly less successful version has been initiated in Malawi and there are related ‘social audit’ exercises in Nicaragua, Honduras and, the case examined in detail below, Bolivia.

A serious question which arises in relation to such exercises is their perception by national government and by those allocated responsibility for PRS monitoring. Are CSOs supported by donor funding and possibly with technical assistance from an international NGO, seen as welcome partners or as creating a parallel system which is at best a waste of scarce resources and at worst a source of potential confusion and dispute? Recent experience in Sierra Leone provides an example of the potential problem. District level Budget Oversight Committees (BOC) were established by the Ministry of Finance, with support from DFID and other donors, as part of the MTEF. The members must be resident in the district, and represent a cross section of community members. Donors funded training by a Ghanaian NGO on service delivery monitoring and by a budget monitoring group from South Africa. The BOCs were assessed by a DFID consultant as having great potential to contribute to both PRS monitoring and oversight of local financial management. However, recently they complained that they were essentially ignored by the Ministry, not even receiving acknowledgement of complaints or proposals. They were able and willing to undertake their proposed role but were not seen as serious contributors to the government monitoring system.

The Bolivian case study (Zamora, 2004) is of particular interest in this regard because the Social Control Mechanism (SCM), a form of social audit, has a defined legal status. The SCM was established under the Ley del Dialógo, which was one outcome, alongside the PRSP, of the 2000 National Dialogue. The SCM operates at three levels: municipal *Comites de Vigilancia* (CV); departmental committees; and a National Assembly with an executive National Directorate. It was originally intended to ensure that agreed priorities were reflected in HIPC funding decisions. In principle the SCM has the right to insist on audits and can petition for funds to be frozen if serious misuse is suspected. The Catholic Church was very influential in the establishment of the mechanism (Catholic Relief Services, 2003), and was given a leading implementation role by the National Dialogue. However, in elections, the Comité de Enlace, which represents associations of self-employed workers in the informal sector, gained the chair of the national executive, and provides the secretariat.

Those in favour of the SCM cite “*the presence of corruption ... and the ‘dirty politics’ that characterizes the current functioning of most political parties*” as the reason why such structure is required. They claim a number of specific successful interventions. In one state, they “*attained a major switch the allocation of their departmental budget in order to more effectively orient their economic resources to the needs of the poor*” (Zamora, p. 4). The Minister of Health is reported to have credited the SCM with negotiating a solution to a pay dispute involving health workers whose

salaries were covered by HIPC funds. There is also, however, both skepticism and hostility. Zamora (p.3) quotes an analyst with the Unidad de Análisis de Políticas Sociales y Económicas (UDAPE), the PRSP technical secretariat, as arguing that social control is simply a theoretical concept “*an idea very much liked by the International Donor community*”. Others regard it as an attempt to establish a parallel monitoring system at state and national levels (Booth, 2004).

The case study suggests that the nature and role of the SCM is yet to be determined. Over the last three years, it has undertaken a number of relevant activities: monitoring HIPC transfers to municipal bank accounts, negotiating with the UDAPE on the calculation of poverty indices which determining the distribution of funds between municipalities, and monitoring the implementation of a number of local development programs. However, there have been serious problems in terms of creating a single institution that attempts to represent an enormously wide range of existing civil society organisations. This has resulted in serious tensions and divisions both within the SCM and with non-participating CSOs. Booth (2004) describes the SCM as a “*negotiated compromise between different forces, and many take the view that it is, in some respects, an unhappy one*”.

Donor funding has played a major and complex role in the development of the SCM, which as been explored in some detail by the former head of the DFID office (Eyben, 2003). Bolivia is the poorest country of South America and aid dependent to an extent more familiar in sub-Saharan Africa. Some 50% of public investment is externally funded. It has also experienced serious political disruption and social unrest. The case study locates the reasons for this situation as reflecting “problems of social exclusion and poverty that are historically rooted in the Bolivian society” (Zamora, p. 2).

The Catholic Church has considerable status and has played a major role both in moves towards democracy and civil rights and in the provision of social services. As indicated above, it was also the leading campaigner for the introduction of the SCM and raised the issue at a Jubilee 2000 meeting organised by the Bolivian Bishops’ conference just prior to the National Dialogue. One of its main sources of funding in the area of poverty and social justice was the German branch of the Catholic NGO, Caritas, which received funding and technical support from GTZ. Its main rival for control of the SCM, Comité de Enlace, was funded primarily by DFID under its pro-poor growth objective. Though this funding was not linked to activities in the SCM, they saw DFID as “*providing important moral support in the Comité’s struggle with the Church*”.

Eyben’s account reflects on the apparently highly collaborative and yet competitive relationship between donors in Bolivia, particularly with regard to international NGO and domestic CSO links. Attempts to establish basket funding of the SCM, similar to that previously used for the National Dialogue, which had been managed by UNDP, proved extremely problematic. There was “*a clear antipathy to ... supporting Bolivian civil society direct rather than through northern NGOs, an important ‘back home’ constituency for donor governments aid programmes*”. Similarly, local CSOs and NGOs are very reluctant to lose their direct line to a powerful international NGO or donor. While everyone believed in collaboration and harmonisation, they were also strongly aware of the advantages of established one-to-one relationships.

7. Support to analysis and dissemination

As indicated above, there would appear to be a general agreement that, both in the review countries and elsewhere¹³, PRS monitoring reporting procedures are largely targeted at the World Bank and the IMF, on the basis that future disbursements are conditional on production of the Annual Progress Report. With some exceptions, for example Uganda, Tanzania, Kenya, there is little evidence of effective dissemination of findings to national stakeholders and hence very limited apparent impact from those findings in term of the population at large. In some countries, for example Guinea, the first APR was effectively ‘contracted-out’ to a UNDP funded staff member of the PRS secretariat. That this need not be the case is evidenced by the experience in Honduras,

¹³ See, for example, the recent review of monitoring in five countries by GTZ. (GTZ, 2004, [National Monitoring of Strategies for Sustainable Poverty Reduction / PRSPs](#), GTZ, 2004).

where there was substantial CSO involvement in preparation of the APR, and in Albania and Nicaragua, where CSOs prepared an alternative report with government cooperation.

While in most countries there is extensive reporting on the poverty situation, sometimes linked to the MDG indicators and typically based on household surveys or PPAs, the key area in which very limited progress would appear to have been made is that of rigorous, systematic analysis of findings by national stakeholders, whether official or civil society. This is closely linked to the very limited evidence of use of such analysis in decision making in general. The 2005 PRS review argues that for PRS monitoring to influence policy *“the practice of analysis and evaluation needs to be institutionalized. This is a striking deficit in most systems to date”*. (World Bank and IMF, 2005)

In principle, monitoring should be at the heart of the PRS implementation process, with PRS policy reviews and revision processes integrated into the national budget cycle. This requires that the PRS monitoring systems generates findings in a usable form and on a timely basis that allows sector ministries to reflect them in their budget expenditure requests. Some countries, Mozambique provides a good example, appear to have recognised the need for the closest possible links between policy, budget and PRS implementation and monitoring. However, many lack the incentive systems – rewarding good performance, analysis and dissemination – necessary to promote the effective use of monitoring information in policy and budget formulation across the diverse range of actors involved.

There have been some serious attempts to make monitoring data available, though the ease of access leaves much to be desired, with much material only available in printed document format. However, there appear to be limited incentives inside government and limited capacity outside to use this data, either for evaluation/diagnosis or for ex-ante assessment of proposed interventions. In particular, while there has been much discussion of the need for country-lead policy analysis, progress in this area has been disappointing and specific examples of such work influencing policy hard to identify. One encouraging development has been the priority allocated to monitoring activities by applications to the World Bank PRS Trust Fund. Thus far the majority of approved applications have addressed this issue and the 2004 Bank/IMF PRS progress report comments favourably on the example of Tajikistan, where funds will be targeted at strengthening the capacity of government, parliament and civil society.

Uganda, where PEAP documents identify dialogue across political and civil society as a key PRS activity, again stands out in terms of the willingness of government to make relevant information available and accessible. An annual ‘National Poverty Forum’ of government and civil society organisations discusses priorities and strategies. Most interestingly, the government has accepted that Poverty and Social Impact Analysis of policy options should be carried out by independent researchers and CSOs. Curiously, this willingness to engage with civil society is seen as based on the centralisation of the analysis and dissemination of poverty-related information in the Poverty Monitoring and Analysis Unit, whose leadership is committed to openness and accepts the use of official information for advocacy purposes. An interesting example of the work of the PMAU is provided in PRSP Synthesis Note 7 (ODI, 2003a). A study which they undertook into the effects of increased investment into the water sector indicated that there had been almost no impact in terms of the number of safe water sources. These findings are reported to have resulted in the withholding of further resources pending reform of the programme. GTZ (2005) highlights a similar ‘best-practice’ example from Sri Lanka where the Centre for Policy Analysis (CEPA), originally established by the Ministry of Finance for poverty analysis, has been transformed into an independent not-for-profit company which tenders for commissioned studies on poverty issues and provides fee-based training on poverty assessment and monitoring. It has undertaken work not only for international donors but also from government departments and National NGOs.

In the absence of budget systems that are effectively linked to performance, line ministries typically have no incentives to undertake the analytical work required to make use of the data that are available. The Tanzanian study, for example, argues that there is limited internal interest in results based management and that the *“spur of donor pressure, in alliance with like-minded local*

stakeholders, is still the major source of progressive change". Even in Uganda, the case study suggests that there is limited enthusiasm for results-based management of the PRS implementation process. Apart from a limited number of active NGOs¹⁴, national stakeholders, including parliament, show little interest in performance monitoring or improvement. "*Poverty Action Fund prioritisation and donor project funding generates a highly uneven, feast-or-famine pattern of funding ... incentives in government are skewed towards getting or defending access to resources at the margin, not to improving results from the aggregate*". This is seen as primarily a political issue. "*National politicians generally have bigger fish to fry than the details of government performance*".

In the short-run, donor initiated and supported requests for data and information may remain one of the most important mechanisms for generating findings which can then be disseminated to other stakeholders for policy analysis. Greater donor engagement in encouraging and supporting governments to make both monitoring data and findings available in a readily accessible and timely manner could also assist. The use of the internet for this purpose is one obvious possibility. The use of local consultants to undertake donor supported exercises is clearly an obvious way to build capacity that may eventually stimulate national demand. The example mentioned above of DFID's support for local research institutes provides one interesting approach. In Guinea, a local consultancy group has been commissioned to undertake an independent PRS evaluation, which will feed into the design of the next phase. The pilot PSIA studies undertaken by the IFIs and DFID in twelve PRS countries in 2002 (Evans, et al., 2002), which also relied heavily on local consultants, have clearly stimulated considerable interest in partner countries. Some 125 such studies are now reported to have been undertaken in 60 countries over the last few years¹⁵. A number of other donors including GTZ and DGIS have committed themselves to supporting their wider application and it will be important to see if they can be mainstreamed in the PRS countries, providing a conceptual framework that can further promote evidence-based policy making.

¹⁴ For example, the Uganda Debt Network (UDN) and its associates

¹⁵ It should be pointed out that it is very difficult to track down the outputs of many of these studies.

8. Discussion and recommendations

Donor engagement

It has been argued above that there has been insufficient recognition by both donors and national governments of the challenges that PRS monitoring poses to national statistics and information systems and the serious resource constraints that those systems operate under. Generating data which can be used to demonstrate short-run progress on policy implementation and/or poverty reduction across the whole range of PRS activities to a critical audience, including current and potential donors, is a daunting task. Many of the institutions given responsibility for its undertaking face severe limitations, not only in terms of human, financial and physical resources but in terms of status and political leadership.

In this context, an ‘arms-length’ approach to PRS monitoring, which might be seen as the implication of the Paris Declaration, would be a high-risk strategy for donors. The lack of reliable basic data on key issues has often made the design of funding programmes extremely problematic. Surveys and similar snap-shot exercises can be helpful to an extent but the key requirement for effective PRS implementation is for a monitoring system that can track processes and provide the timely, diagnostic information that allows appropriate remedial action to be taken before problems escalate. In many countries this simply will not happen unless donors are willing to engage in (and provide support to) the detailed design and implementation of such systems.

Given the focus on national ownership, they should adopt a step-by-step approach, initially identifying key systems and individuals that can be relied upon to deliver a ‘central core’ of reliable information. More ambitious systems might then be supported over time as the need arises and human and financial resources permit. One key consideration should be ‘to do no harm’. Ambitious attempts to promote radical change in fragile monitoring systems run a high risk of undermining those elements which are currently working. By supporting, strengthening and coordinating those elements of existing systems which appear to function at least adequately, it will often be possible to compile reasonably reliable monitoring data while more general capacity building takes place and new systems are developed. Any innovation should be piloted in parallel to existing procedures until it demonstrates its superiority.

Irrespective of the approach adopted, it will always be possible for some to argue that PRS monitoring is donor-driven or intended to support new forms of donor imposed conditionality. A coordinated approach to monitoring may be seen as a major opportunity by some, because it provides a way of promoting their priority issues, and as a major threat by others, because they see their interests being marginalised. Donors will often have to make considered and politically attuned judgements as to which ‘local owners’ they are willing to support in the interests of encouraging an effective and sustainable monitoring system. Eyben’s (2003) suggestion, presumably taken from personal experience, that “*an appreciation of recipients as political actors who are engaged in significant internal power struggles is remarkably still very new in the global donor community*” is of some concern.

As suggested in the Uganda country study, the issue of ownership should be addressed “*in terms of institutional linkages, not sentiments or perceptions*”. Clearly, the perception among government officials that some currently powerful political figures are actively supporting the initial development of the PRS monitoring system is extremely helpful. However, in terms of sustainability over the long-term, which may even include a change of government, embedding the system in existing procedures, for example the budget cycle, may be much more important.

Budget support

In the medium term, the aim should be to integrate PRS monitoring and assessment procedures linked to decisions on donor funding. Alternative arrangements will always risk the latter being seen as the priority activity by government and other stakeholders. Donors should encourage the evolution of a PRS policy matrix which has assessment procedures integrated within the PRS monitoring system. They should commit to full alignment when this position has been achieved. In

the interim the focus on policy issues in the PRSC matrix or Policy Assessment Framework will have to be maintained to avoid reducing its effectiveness, not only for the donors but in terms of driving the implementation process.

Donor demands

In the short term, data on budget allocations and expenditures, linked to expenditure tracking mechanisms and basic service provision, utilisation and satisfaction indicators could provide the core of an effective PRS implementation monitoring system in many countries. The use of multiple sources of data – routine data systems, CWIQ surveys, service delivery surveys and community based monitoring – each incorporating limited data audit and quality control mechanisms could probably allow estimation of sufficient precision that annual progress could be reliably determined. Outcome and impact assessment could then be based on a longer term cycle of household and DHS surveys.

A key aim should be clarity and openness. All stakeholders should have easy access to donors' 'bottom-line' monitoring requirements in terms of: critical actions; core list of indicators; and review procedures. The compulsory APR, which at present seems to be used by no one, could usefully become a concise document reporting only on these items.

If monitoring MDG targets that are not included in a country's PRS is deemed essential by the international community, it seems reasonable that they should devise procedures which minimise the additional monitoring burden on that country, especially in terms of skilled human resources. This might be achieved by decreasing the frequency of estimation or increasing the technical assistance provided.

Harmonisation

There seems to be some uncertainty within the donor community as to whether the PRS should be considered as *the* national framework for development or as one programme of activities which coexists 'in harmony' with others. It is interesting to note, for example, that in one of the case studies considered here, that for Albania, the largest bilateral donor is Italy, which has been little involved in discussions with the larger donor community around the PRS. How should monitoring arrangement for projects and programmes funded from this source be related to those for the PRS? Similar concerns relate to international agencies such as the Global Fund to Fight AIDS, TB and Malaria. These have mandates which clearly have the potential to impact on the development of an integrated PRS monitoring system and impose their own monitoring requirements. Should they be part of the harmonisation discussions at national level? Similarly, a number of UN agencies, in particular UNDP, have stressed their desire to assist countries in monitoring progress to the MDGs. However, many country statistics offices are now complaining of the addition demands such 'assistance' is placing upon them.

There is a need for a much greater emphasis on harmonisation both *between* and *within* donor agencies. It is not unusual, for example, for donor supported sector or local government programmes with a substantial information system component to largely disregard potential implications for the PRS monitoring system. A related issue is that, if the PRS is intended to provide a comprehensive framework and the rule that 'what gets measured gets done' applies, it might be expected that different departments within agencies will hold rather different perspectives as to what should get measured. It would, for example, be surprising if those with a background in a particular sector, be it health, education, agriculture, water, transport, etc. did not sincerely believe that their area should be prioritised. Policy departments, on the other hand, might be more concerned that their 'cross-cutting issues' – gender, environment, exclusion, HIV/AIDS, etc. – were appropriately addressed. Given this diversity, and possibly long established in-country contacts, speaking 'with one voice' may be a considerable challenge.

Harmonisation of monitoring activities is not simply a technical issue. The more intractable problems that need to be addressed relate to incentive frameworks and the 'political economy' of monitoring – status and power relationships across the relevant national MDAs. Links to donors

play an important role in these relationships. The more importance that donors are perceived to attach to coordination, which will partly depend on the resources they are seen to allocate to this objective, the greater the likelihood that national stakeholders will take the issue seriously.

Donor support to PRS monitoring projects

Donor support is often required to ensure the effective functioning of units which can play key roles in monitoring – the PMAU in Uganda is one obvious example. There is an obvious risk that these units will be perceived as owing their primary allegiance to the donors who are funding them. On the other hand, withdrawal of funding would typically see the departure of the most able staff, who can almost certainly find alternative employment. Given that PRS monitoring is typically driven, at least initially, by a relatively limited number of talented individuals, it may be that, as long these units are perceived by their peers as providing a valuable service, long term support seems the lesser evil.

The suggestion in the Uganda case study for PRS data collection to be supported under “a *common-basket funding arrangement ... in which donors would discipline one another to comply with agreed rules*” is an attractive option. The effectiveness of this model would of course also depend on the nature of the “agreed rules”. These should include provision for quality control and capability assessment if the tendency for statistics and monitoring units to take on excessive workloads is to be avoided. Even if basket funding is not possible, there is much to be said for the development of a memorandum of understanding between donors that would require at least prior consultation on any proposed initiative relating to surveys, monitoring or information systems.

Support to data production

Donors need to take data quality constraints more seriously¹⁶, lower their expectations as to the range of reliable information potentially available and assess how to deal with second-best solutions. There has been a tendency for specialist agencies such as the WHO, UNESCO, etc. to encourage the implementation of standardised sector information systems which may make excessive demands on the skills and resources available in most PRS countries. As a general rule, donors almost always express a desire for simple, cost-effective data collection and reporting procedures but then fail to resist the temptation to push resources to the limit and beyond. It may also imply increasing substantially the resources allocated to data collection. This might involve establishing procedures for the collection of data from schools, clinics etc. rather than waiting for it to be sent. It should almost certainly involve the use of data audit procedures, complete with appropriate incentives and penalties. Donors may well have to meet the cost of establishing and maintaining such systems.

In the longer term, the aim should be to take seriously the concept of a national statistical system which would take responsibility for provision of the data required for PRS monitoring. At present, though most national statistics offices have a legal responsibility to coordinate and oversee all statistics produced within the government system, they have neither the resources nor the political authority to fulfil this role. This is at least in part a consequence of the demands made on them for donor initiated and supported sample surveys and the tendency of donors to marginalise their role in sector specific information projects. Routine data systems and sample surveys need to be seen as sometimes alternative and sometimes complementary routes to a single objective – the timely availability of reliable national statistics on key areas of government policy. This is much easier to achieve if a single agency has both the responsibility to achieve this objective and the authority to pursue it effectively.

Community involvement

There is widespread support for increased community involvement in PRS monitoring and the advantages in terms of ownership, accountability and transparency are evident. There is considerable evidence from SWAps and some from PRS implementation that good qualitative studies undertaken with and by CSOs can be effective in identifying bottlenecks in the PRS

¹⁶ It is interesting that very few PRSP JSAs have commented on this issue.

implementation process. There is little doubt that without donor funding such activities would be greatly inhibited.

Three caveats are worth noting. First, that the ‘terms of engagement’ must be clear. Is the process one of information gathering, information provision, consultation or empowerment? Second, the use of a variety of uncoordinated approaches, funded by different donors may become a cause for concern if they are effectively competing for the often limited number of skilled and experienced national practitioners in community based research. Third, the relationship between national government systems and donor or international NGO supported CSO monitoring activities needs to be carefully considered. For example, how will governments respond to being openly criticised as a result of such activities?

Support to analysis, dissemination and policy analysis

One priority area which donors need to address is that of data analysis, dissemination and policy analysis. In a few countries, where appropriate incentives have been established, there are hopeful signs that some line ministries are taking seriously the need for policy proposals to be evidence-based and are beginning to use the analysis of relevant data to reinforce their claims for additional resources. This clearly needs to be encouraged and reinforced. There is little evidence that this is happening within civil society, except with the encouragement and support of donors or international NGOs.

There should clearly be very close links between PRS monitoring and the adoption of the Management for Results approach suggested by the Paris declaration. If policy makers are clear as to their understanding of the causal chains linking specified inputs to outputs/outcomes, PRS monitoring systems can be designed to track progress along those chains. However, the incentive framework is again crucial. Policy makers will typically not develop and present their plans in this way unless they perceive that there are benefits, for example in terms of budget allocations, in doing so. If they require better quality data to make their case, then they will act to ensure that such data becomes available.

A particular issue raised by a number of the country studies relates to the appropriate role and nature of the PRS Annual Progress Report (APRs). While these are seen by some as intended solely to meet the demands of donors, the case studies suggest that in many cases donors in fact find them wholly inadequate, and have adopted some form of parallel performance assessment framework as their main decision-making tool. A recent GTZ review of monitoring in Albania (GTZ, 2004) provides an extreme example, where it is argued that the annual progress report is based largely on information generated by the IMF and World Bank, and thus “*the reports prepared to date using the PRSP monitoring system have negligible informational value*” (for them). If APRs are not of great value to the donors, they represent a considerable waste of resources, being typically voluminous documents which have taken a considerable time to prepare. Serious thought should be given as to the minimal content required to serve specific purposes – including those of the donors. It is not at all clear, given that they are a mandatory requirement, why there is a reluctance to specify their content. This might allow a reallocation of resources to the wider dissemination to civil society that is so often lacking at present.

In the short-run, donor initiated and supported requests for data and information may remain one of the most important mechanisms for generating findings which can then be disseminated to other stakeholders for policy analysis. Greater donor engagement in encouraging and supporting governments to make both monitoring data and findings available in a readily accessible and timely manner could also assist. The use of the internet for this purpose is one obvious possibility.

The use of local consultants to undertake donor supported exercises is clearly an obvious way to build capacity that may eventually stimulate national demand. DFID’s ‘arms-length’ support for local research institutes provides one example of ways in which greater local ownership might be encouraged. The Centre for Policy Analysis in Sri Lanka, originally established by the MoF but now

a free standing consultancy firm which provides PRS related research and capacity building services to the government and donors is an alternative model of considerable interest.

Another potentially valuable approach is the increased use of donor research funding to promote genuine alliances between national research and consultancy institutions working on PRS priority areas and 'Northern' institutions which can provide technical support.

The pilot PSIA studies undertaken by the IFIs and DFID in twelve PRS countries in 2002 (Evans, Alison et al, 2003) have clearly stimulated considerable interest in partner countries. Some 125 such studies are now reported to have been undertaken in 60 countries over the last few years¹⁷. A number of other donors including GTZ and DGIS have committed themselves to supporting their wider application and it will be important to see if they can be mainstreamed in the PRS countries, providing a conceptual framework that can further promote evidence-based policy making.

¹⁷ It should be pointed out that it is very difficult to track down the outputs of many of these studies.

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Annex Tables

Table 1. Aspects of donor involvement in monitoring: positive and negative characteristics, pre-conditions/constraints

Modality	Positive Characteristics	Negative Characteristics	Preconditions/constraints
Donor engagement	Reduces risk that required data is not available/timely/reliable. Joint identification of bottlenecks/incorrect assumptions. Can support those interested in evidence-based decision-making.	Risk of compromising ownership. Donor supported ‘sophisticated’ interventions compromise existing simple but effective monitoring systems. Risk of excessive demands on monitoring capacity.	Donors allocate sufficient, long-term resources. Donors explicitly use PRS data in their decision-making. Donors harmonise to avoid conflicting messages. Realistic assessment of monitoring capacity. Realistic assessment of necessary incentives.
Budget support (SWAp, etc)	Encourages integration between policy, resource allocation, PRS implementation and reporting. Allows for donors and government to accept joint responsibility on key assumptions and policy decisions – can promote donor accountability.	Primacy of PAF may be seen as donor imposed conditionality. Partner country officials focus all attention on aspects of monitoring linked to fund disbursement. SWAp & PRS monitoring may not be well integrated.	Mutual trust between donors and government. Donors willing to accept limits on their individual data demands. Willingness to move to unified monitoring system. Substantial majority of funds provided through basket funding – limited individual projects. Alignment of PRS and SWAp monitoring.
Donor demands on PRS monitoring	Clearly specified demands demonstrate donors concern with evidence-based decision making. Open acknowledgement by donors of their need for information to satisfy their national or international constituencies can promote useful alliances between donors and government officials.	Risk that officials neglect other aspects of PRS monitoring. Individual donors may tend to support only those monitoring components that that will best meet their needs.	Donors agree to openly publish and justify their ‘basic needs’ in terms of PRS monitoring. Harmonisation of demands between donors. Open discussion of potential conflicts between donor & other demands on the monitoring system.
Donor funded PRS monitoring projects	May be the only way to establish a monitoring capacity in the short run. Can provide direct incentives to those willing to actively promote effective PRS monitoring. Supporting effective and influential new monitoring institutions may have positive demonstration effect.	Officials and agencies primarily interested in competing for project funds. Country ownership may be compromised. Risk of undermining existing institutions. Those engaged on projects seen as donor agents. May induce scarce personnel to abandon equally valuable monitoring activities.	Use project funding to strengthen existing information/statistical systems to extent possible. Agreement between donors to avoid ‘poaching’ of scarce monitoring personnel. Need to balance short term needs and long term strategy. Funding may be required over long term if cost-effective in context of PRS implementation.
Support to data production	Some activities, especially those involving civil society would not exist without donor support. Others, including many surveys, would almost certainly be of inadequate quality without TA. Support for RDS can be highly cost-effective if data is used to improve performance of institutions.	Tendency to focus on easier areas & ‘quick-fixes’, e.g. PEM and surveys, neglecting ‘missing middle’. Reforms to RDS often underestimate serious capacity constraints. Concern to support CSOs may result in simplistic approach – ignoring social/political complexities.	Agreement between donors to provide information on activities and collaborate where possible. Regular donors/government assessment of overall capacity implications of intended activities. Balanced approach between surveys and RDS. More serious approach to ‘participation’ by CSOs.
Support to analysis and dissemination,	Opportunity to encourage evidence-based policy making and build capacity in this area. Promotes engagement in PRS implementation by informing & seeking input from population. Possibility of developing capacity in independent institutions to effectively address policy issues.	Risk of being seen as supporting the opposition if information released is damaging to government. Risk of diverting scarce resources from PRS monitoring to produce marginally useful reports.	An overall strategy agreed by government and donors with emphasis on open access to data. Long term support by donors to build independent agencies with capacity for PSIA. Capacity building of CSO personnel, focusing on need for high quality analysis and dissemination.

Table 2. Aspects of donor involvement in monitoring: good practice and examples

Modality	Good practice	Examples
Donor engagement	Close alignment of donor activities with government PRS monitoring strategy. Harmonisation between donors. Willingness to adopt country monitoring systems and instruments.	Uganda, Tanzania, Mozambique, Burkina Faso
Budget support	Aim should be to integrate PAF/PRSC and PRS monitoring, given a conducive political context. Arrangements should follow Paris Declaration, emphasising country responsibility for monitoring, to the extent possible.	Poverty Action Fund - Uganda Tanzania PAF/PARPA - Mozambique
Donor demands on PRS monitoring	Acknowledgement by donors of their need to use monitoring data to demonstrate their effectiveness. Clear and widely disseminated statement of donor requirements as agreed with partner government.	Burkina Faso, Mozambique
PRS monitoring projects	Supporting legislative and institutional frameworks to support data production and quality control.. Long term donor funded units driving PRS monitoring. Support to development of appropriate incentive systems.	Vietnam, Burkina Faso, Bolivia PMAU-Uganda. Uganda
Support to data production	Capacity building on budget monitoring linked to expenditure tracking and service delivery assessment. Long term support to RDS systems with realistic aims. Annual rapid, simple, outcome-oriented surveys. Participation used to identify implementation issues Support to participatory monitoring and policy feedback.	Integrated Financial Management System - Tanzania. PETS, SDS – Uganda, Tanzania, Bangladesh. EMIS – The Gambia CWIQ surveys – Pakistan. PPAs - Uganda PIM/QUIM – Kenya, Malawi, Benin
Support to analysis and dissemination,	Long term donor funded units (independent to a greater or lesser extent) driving PRS monitoring, capacity building and PSIA. Support to independent PSIA. Support to CSO participation in dissemination and analysis.	PMAU – Uganda, CEPA Sri Lanka Uganda, Rwanda, Mozambique UDN, Poverty Forum - Uganda Poverty ‘observatories’ – Benin, Burkina Faso

Table 3. Stakeholder Analysis 1 (aims, incentives, influence and risks as perceived by stakeholders)

Stakeholder	Aims	Incentives	Influence	Risks
Donors : Head Office	Evidence of success to justify resource allocation. Reassurance that implementation on track Early warning of potential problems.	Success of PRS implementation process generally acknowledged.	Moderate/high	Failure to provide key indicators.
Donors: Country staff	Meet head office requirements. Influence key officials to focus on evidence based policy making.	Reliable data to use in discussions with officials/Head Office. Resources to build local capacity.	High	Overambitious objectives given knowledge of local capacity.
Government	Meet donor requirements to ensure funding flows. Demonstrate success to population.	Funding / Budget support Political support from donors. Popularity.	High	Data casts doubt on implementation progress – government blamed. Opposition uses data to attack policies.
Ministry of Finance	Evidence to support central role PRS implementation Key role in negotiation with donors over PRS M&E. Financial leverage over monitoring institutions. Capacity building.	Status. Funding / Budget Support Capacity building opportunities	High	Data casts doubt on MoFP policies. Loss of control over monitoring.
Line Ministries	Information to justify budget allocation and/or donor support. Capacity building. Avoid disruption of existing activities.	Funding. Capacity building opportunities	Moderate	Information demonstrates serious problems – ministry blamed. Failure to meet requirements leads to loss of funding opportunities.
NSO	Maintain position as overseer of national data and statistics. Seen as key agency in PRS M&E. Capacity building.	Funding. Legal/institutional status. Capacity building opportunities	Moderate	Serious failure to provide reliable data/information as promised. Parallel institutions used to by-pass NSO.
CSOs	Consultation on and involvement in monitoring activities. Invited to participate in analysis, dissemination and policy discussions. Capacity building.	Funding. Higher profile. Links to donors. Capacity building opportunities.	Low	Ignored by government/donors. Other CSOs dominate process. Inability to deliver on agreements.
Research/consultancy institutions	Commissions to provide analysis and capacity building services to government/donors. Capacity building.	Funding. Improved status. Links to donors. Capacity building opportunities.	Low	Failure to gain government/donor attention. Rival agencies take major role. Failure to deliver on agreements.
Poor & Vulnerable	Opportunity to hold government institutions to account. Effective action taken in response to evidence of problems.	Improved incomes/services/etc. Empowerment.	Low	No forum for discussion. Complaints ignored. Situation unchanged.

Table 4. Stakeholder Analysis 2 (critical constraints, short/long term nature and how to address as perceived by stakeholders)

Stakeholder	Critical constraints	Short/Long Term	How to address
Donors : Head Office	Lack of political commitment at highest levels.	Long	Negotiation. Increase funding incentives.
Donors: Country staff	Resource allocation – failure to use existing capacity to best effect. Power struggles among policy-makers/officials	Long	Support/encourage the development of effective incentive systems to reward institutions that perform well and attract key staff. Use donor funds to leverage change.
Government	Lack of resources. Failure of donors to appreciate extent of capacity constraints.	Long	Appeal to donors for additional funding Prepare convincing evidence of willingness to cooperate and need for additional M&E resources.
Ministry of Finance	Monitoring not a government priority. Resources/Capacity.	Medium	Make the case to government that information is required to meet donor demands and allow fund disbursement. Appeal to donors for additional resources to meet their demands.
Line Ministries	Resources/Capacity.	Medium	Seek donor funding on MIS, M&E.
National Statistics Office (NSO)	Government disinterest in information issues. Lack of legal authority to undertake notional lead role on data production. Resources/Capacity.	Medium	Seek alliances with other institutions, e.g. MoFP to argue the case on the importance of reliable information. Seek donor funding on statistical capacity building.
Civil Society Organisations (CSOs)	Government antipathy. Lack of influence. Resources/Capacity.	Long	Demonstrate popular support. Seek alliances within government. Seek International NGO/donor support and funding.
Research/consultancy institutions	Lack of interest within government. Government institutions unwilling to use independent agencies. Resources/Capacity.	Medium	Demonstrate capacity by disseminating findings. Seek influential contacts within government. Seek international NGO/donor support and funding.
Poor & Vulnerable	Lack of commitment by government – national and/or local. Lack of effective accountability framework.	Long	Reform of local institutions to increase transparency. Legislation to enforce accountability.



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