



**UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA**

Summary

**Synthesis Report
Harmonising
APRM-NPoAs and other National Plans
Into a Common Medium Term Expenditure Framework:
Experiences from Ghana, Rwanda, Uganda, and Benin**

By

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1. Background to the APRM

A. *Origins and objectives of the APRM*

Starting in 2003 a number of African countries completed a major initiative in governance, the African Peer Review Mechanism, (APRM). Under its auspices each undertook what was almost certainly the most rigorous assessment of the performance of national institutions in the areas of: democracy and political governance, economic governance and management, corporate governance, and socio-economic development. The findings from these assessments then became the basis of the production of a National Programme of Action (NPOA) intended to address the challenges discovered during the self-assessment. These two documents, together with independent research conducted by the Continental Secretariat of the APRM fed into a Country Review Report prepared by the Secretariat. These documents were then presented to the APRM Forum, the grouping of African Heads of State whose countries had acceded to the APRM, for discussion by heads of state of countries participating in the APRM. The Peer Review of Africa countries accordingly became the highlight and focal point of the process of the APRM.

The origins of the African Peer Review Mechanism (APRM) as a governance instrument lie in an initiative by African governments to design a new development agenda based on overcoming Africa's historical and structural development challenges. This initiative took the form of the New Partnership for African Development (NEPAD) adopted by African governments in 2001. It was designed to eradicate poverty in Africa, promote sustainable development, improve the manner of Africa's integration in the world economy, and accelerate the empowerment of women. To achieve all this required an estimated annual expenditure of US\$64 billion, hopefully to be financed from increased aid, and income from international trade. The champions of the NEPAD project saw the APRM as a way of demonstrating Africa's seriousness and commitment to improved governance. An agenda which the champions believed would be achieved through a series of new partnerships: first between African governments, and between the governments of Africa and their respective citizenries. The core values, principles and processes of the APRM were ready for countries to voluntarily accede to by 2002 and, early in 2003 a number of countries duly acceded to the APRM process.¹ In so doing they undertook to:

- “Adopt the declaration on democracy, political, economic and corporate governance [AHG/235(XXXVIII) Annex I].
- Accept the principles of the African Peer Review Mechanism [AHG/235(XXXVIII) Annex II], and committed ourselves to their implementation.

- Contribute fully to the financing of the African Peer Review Mechanism in order to affirm the African ownership of the mechanism.
- Take all necessary steps to facilitate the development and implementation of a National Programme of Action to improve our performance in the areas of governance and socio-economic development as stipulated in the Base Document of the African Peer Review Mechanism.
- Ensure the participation of all stakeholders in the development of the National Programme of Action including trades unions, women, youth, civil society, private sector, rural communities, and professional associations.
- Sign the Memorandum of Understanding on Technical Assessments, and the Country Review Visit following consultation with all stakeholders.”²

2. Rationale behind the NPoA Studies

It became clear soon after the Peer Review that as important as the task of preparing the CSAR was for the countries involved, the real challenge was in implementing the NPoAs. Among the important preconditions for this, was to: ascertain by how much the NPoAs had added to the nation’s development funding need, determine how the funds to cover the additional costs would be raised and from where, include the NPoA into the national budget and the Medium Term Expenditure Framework, ensure that the NPoA was actually implemented, and finally to properly monitor and evaluate it. In short it was important to establish that the NPoAs had been accurately costed, adequately financed, efficiently implemented, and diligently monitored.

These and other concerns came to the attention of the APRM’s strategic partners (ADB, UNECA and UNDP) who undertook to investigate them. They undertook several field missions to explore the experience of the leading counties in the process with a view to teasing out their lessons for the benefit of the countries that had yet to start their AMRM journey.

The first steps of the Strategic partners in this regard were¹, initial investigation and assessment of in Ghana, Kenya, and Rwanda (the first countries to commence the APRM process) - additional funding need resulting from the NPoA.

The main findings of these preliminary studies, which were conducted from 18th to 25th April 2007, were that:

- There were discrepancies between the costs of the various NPoAs and the information held by the relevant sector ministries and agencies.
- There was weak coordination between those institutions responsible for costing the NPoAs and those responsible for financing the programmes.

¹ *In collaboration with the international development agencies of the UK and Germany*

- It was sometimes difficult, if not impossible, to identify APRM-NPoA programmes and projects in national budgets, therefore making it difficult to assess the financing gap.

Against this background, the strategic partners agreed to deepen the analysis in order to explore synergies between the NPoA and other national development strategies in to avoid duplication and consequently overstretching of scarce financial and human resource capacities of the APRM countries.

In response to that, UNECA as the focal of the exercise designed a series field studies to:

1. Revisit the validation exercise conducted by the earlier AfDB investigation.
2. More closely estimate the financing gap.
3. More closely examine how to harmonise the NPoA into the MTEF and existing national plans.
4. Estimate the cost of rolling out the APRM.

3. Harmonisation A Central Concern of the NPOA

The main tasks needing completion as part of the harmonisation process included creating a common operational and indeed theoretical framework for bringing together the processes and content of the APRM-NPoA and pre-existing national plans. The process issues involved financing, implementation, monitoring and evaluation³, while the content issues involved examining the underlying objectives and strategies of the APRM-NPOA and the pre-existing national plans.

Each visited country had pre-existing plans which included a poverty reduction strategy, the Millennium Development Goals (MDGs), as well as a number of other national and international initiatives. In order to identify them as distinct from the APRM-NPoA, they shall be generically referred to as the National-Poverty Reduction Strategies or N-PRSs. The phrase Medium Term Expenditure Framework will be used to mean the budgetary framework, usually three years, as used in each country to operationalise the financing of national plans.

The countries chosen for this new study were Ghana, Rwanda, Uganda, and Benin, and were visited between April 2007 and June 2009, for between 10 to 14 days each. The countries were chosen on the basis of chronological association with the APRM: Ghana was the first and Rwanda the second country to conduct a Country Self-Assessment, while Benin and Uganda; geography: Ghana and Benin are in West Africa, and Rwanda and Uganda are in East Africa, Official language: Ghana, Rwanda, and Uganda are Anglophone, while Benin is Francophone.

This report is a synthesis of the findings from these four country studies, with additional material from desk research, and will be structured as follows:

- The next section, section 4, gives a brief outline of country context looking at the temporal and institutional background of the participating countries.
- Section 5 sets out the findings of the study missions under the headings: costs and costing frameworks, harmonisation, financing, implementation, and monitoring and evaluation.
- In section 6, some additional perspectives including absorptive capacity and aid dependency are briefly explored.
- Finally section 7 presents some recommendations.

4. Findings And Lessons From The Case Studies

A. Costing issues – Costing Frameworks

- i. There were some variation in the ability of consultants visiting different countries to access the costing frameworks used during the preparation of the NPOAs. In some the consulting could not access costing frameworks, in other however it was possible to see the costing and the costing frameworks, this made for transparency, and allowed validation of the NPOA costing process.

B. Costing issues – Revisions and corrections

- i. There were instances where the costs of maintenance and salaries were significantly underestimated.
- ii. There were a number of instances of inaccuracies in the costing of the NPOA.
- iii. In some cases it proved necessary to make corrections to the published NPOA costs. Some of these corrections were due to typographical errors with material implications for the estimates of the NPOA, while others were due to revisions post publication of the NPOA.
- iv. Nearly all the cost revisions were upwards, indicating systematic under-costing rather than over-costing. The immediate implication of this is that under-costing reduces freedom of movement.
- v. There were also instances of corrections in the headline cost, and corrections in the thematic costs.

- vi. In some instances while the headline costs were not large, the magnitude of corrections to thematic costs were significant.
- vii. The main sources of these cost revisions included:
 - a) maintenance costs
 - b) infrastructure costs
 - c) programme salary costs

C. Costing issues – Double counting

- i. In a number of instances pre-existing government programmes were included in the NPOA, without this being clearly signposted. This had implications for the accuracy of the estimates of the additional funding need necessitated by the NPOA.
- ii. It was difficult to determine the extent of this double costing, however there are indications that it may have been between 30% and 70%. This means that in the countries reviewed, programmes and projects already contained in pre-existing national plans comprised between 30% and 70% of the NPOA.

D. Harmonisation Issues – NPOA and MTEF Roles and identity

- i. There was a tendency for governance projects to morph into capital projects, which tended to blur the distinction between the APRM and pre-existing development projects. This raised the question as to whether the APRM should be distinctly different in character from existing development projects? Should it be expected that in time the APRM will become increasingly governance based?
- ii. It was not clear to what extent the APRM objectives were used as a tool to rank projects on the basis of their contribution to the governance objectives deemed to be most urgently in need of achievement in participating countries.

E. Harmonisation Issues - Institutional links

- i. There were a number of different ways in which the APRM and its' institutions were plugged into the national planning system.
 - a) One involved placing them within existing national planning institutions. So for example in Rwanda, the APRM bureau was part of the national NEPAD secretariat.

- b) Another was to retain the autonomy of the APRM institutions but give them a place within the national planning system, by including them institutionally in the various stages of the planning process. Thus in Ghana, the APRM-NGC was made a member of the ‘Consultative Group on Pillar III – Governance and Civic Responsibility, which has been allocated the task of harmonising all governance programmes – the Growth and Poverty Reduction Strategy (GPRS II), the National Programme of Action, the Results Matrix of Development Partners and the Multi-Donor Budget Support Matrix – into one reference document.’⁴ This placed APRM-NGC in a pivotal position giving it access to information and influence.
- c) A third was to make key members of the national planning system members of the national governing council. In Benin, for example the Director General of Development Policy, in the Ministry of Long Term Development, Evaluation and Public Action was made a member of the national governing council.

F. Harmonisation Issues – Synchronising cycles

- i. There are issues around how best to synchronise the APRM with the pre-existing national plans. If not done properly this could lead to planning, budgeting, and administrative overlaps that could be costly and inefficient in human and financial resource use.
- ii. With respect to the life cycle of national plans, the ideal situation appears to be one where the timing of the APRM is such that it can be rolled into an overarching development plan where one exists.
- iii. Most of the countries reviewed were placing greater emphasis on the growth component of their poverty reduction strategies, which was in accord with the APRM objectives.

G. Harmonisation Issues – Content Overlap

- i. There had not yet developed within countries a common governance standard by which development programmes were assessed.

H. Harmonisation Issues – Budgeting and Performance

- i. One of the most difficult sets of data the country studies faced was to accurately assess the funding gap for the NPoA. Not least because there are a number of funding gaps that emerged from the studied. These included:

- a) The resource mobilisation gap – the funds needed for projects contained in the NPoA, not previously contained in any national plan.
 - b) The project funding gap – the funds required to fund a specific NPoA programme.
 - c) The budget allocation gap – the amount not covered by a budget allocation. There was not always a budget allocation gap, and some allocation appeared to be more than the estimated cost of the NPoA. This gap differed across thematic areas.
 - d) The Disbursement gap – the amount not covered by a disbursement.
 - e) Budget performance gap – the difference between the funds disbursed and the funds actually used to deliver the project.
- ii. In a number of instances the overall amounts budgeted for the NPoA were in excess of the cost of the NPoA as originally published. This may reflect the fact that the budget allocations were compensating for the under-costing that tended to creep into the NPoA.
 - iii. This picture of over budgeting did not as a rule translate into the disbursement figures, where there were a number of instances of under disbursement, leading to a disbursement budget gap.⁵
 - iv. The level of disbursement varied widely according to thematic area.⁶ There seemed to be a tendency for budget allocations not to exactly match the proportions contained in the NPoA. In particular there was a tendency for democracy to be over funded and for some of the other thematic areas to be under-funded in budget allocations.
 - v. In a number of countries the NPOA and pre-existing national plans were being run in parallel apparently without much by way of harmonisation, with possible consequences for identifying APRM projects.

I. Sources of Funding

- i. There was a wide disparity in the proportions accounted for by the different sources of possible funding of the NPoA⁷
 - a) There were strong indications that in Uganda the government sought to finance the full cost of the NPoA from its own funds, as recommended by the APRM.
 - b) In Benin the expected contribution of external sources of funds for the NPoA was 1% from government, with 99% coming from external sources.

- ii. There are issues about the degree to which the APRM institutions are plugged onto the national institutional framework for raising funds. Some appeared to have more latitude than others.

J. Implementation and tracking

- i. There were great disparities in the speed at which the NPoA was implemented. In two of the countries there was some delay which either affected the implementation of the NPoA globally, or delays which affected the implementation of certain projects based on the pre-preparedness of the implementing agency.
- ii. The data in the progress reports make it very difficult to ascertain how much of the NPoA has been implemented, either on a project basis or on the basis of financial accounting. It would help tremendously if progress reports should clearly report this data.

K. Monitoring and evaluating

- i. The ability to monitor or track the implementation of the NPoA was also uneven in the countries.⁸
- ii. Some countries set up parallel monitoring systems which were used not only to record progress with implementing the NPoA, but also to capture public opinion about the various issues of concern to the APRM.⁹
- iii. Other countries have relied to a greater extent on strengthening existing national planning structures and communications systems.¹⁰

L. Cross cutting issues – Economic absorptive capacity

- i. The sizes of the NPoA relative to pre-existing development plans, raises questions about absorptive capacity analysis in the run up to the design of the NPoA. There was little evidence of absorptive capacity studies having been conducted prior to the design of the NPoA. There are however implications for the subsequent success in implementing the NPoA.

M. Cross cutting issues - Aid dependence

- i. Two countries (Ghana and Uganda) were asked to reduce their levels of aid dependence in their respective CRRs, because by implication they had reached or were in danger of reaching levels of aid dependence that were deemed to be undesirable.

- ii. Evidence was found that both countries were making efforts to reduce their levels of aid dependence, that is, the proportion of development spending financed through aid.
- iii. There were differing working definitions of aid dependence. Currently it ranges from a position that it is bad to one where it is regarded as good. In the former approach aid dependent development expenditure is development expenditure that is funded by a certain critical level of aid. How this critical level is established varies from one authority to another. Another approach is to more neutral in that it defines aid dependent development expenditure as development expenditure which would not have occurred unless supported by aid. Here there is no critical level of aid dependence, but also no policy implication regarding its level. Nor is the purpose of aid questioned.
 - a) Is there, should there be an APRM definition of the kinds of purposes for which it is acceptable/unacceptable to commit development expenditure, even if it is supported by aid; and the levels of aid support that are considered detrimental to the recipient country's longer term interests?
- iv. An agreed working definition would be useful in helping countries to determine if the purposes for which aid is being offered are suitable, and if the levels of aid support are also appropriate.

5. Recommendations

Project design and Costing

- A. Every project in the NPoA should be 'owned' by a government MDA, either to implement, or to oversee, implementation of by a non-state agency.
- B. All the costs of the NPoA should be validated by the national NGC, Ministries of finance and national planning bodies. To this end:
 - a. The costing of the NPoAs should be revisited by the NGC and the ministries of finance to make the activities included therein more specific and detailed.
 - b. The costing file with detailed sub-activities should be made available to the department responsible for budgeting to facilitate validation of NPoA cost.
- C. NPoA and budget costing should be done in close alignment and consultation with line ministries.
- D. Those responsible for costing NPoAs should maintain files that are able to clearly demonstrate how the costing was carried out.

- E. Every effort should be made to ensure that, where relevant, full and proper wages, salaries, and maintenance costs are included in the costing.
- F. The NPoA costs should distinguish between costs to be borne by the government and costs to be borne by non-state actors.
- G. The NGC should be fully integrated into the national planning system. Also the value of ongoing projects within the NPoA should be made clear.
- H. Any funding already raised for ongoing projects included in the NPoA should be disclosed in the NPoA.
- I. Inter-departmental committees and working groups, or the members of the planning system, should be members also of the NGC. There is reason to believe that the former may be preferable and more efficient of time and other resources.
- J. The process of design should be separated from that of costing, that is the TRIs should be made responsible for defining the activity to be undertaken, while the state bodies specialised in this area, should be given the responsibility of actually costing the activities, in collaboration with the TRIs and NGC. Such an approach will more clearly indicate the time that has been made available for costing, which under present arrangements tends to disappear and not get properly catered for. More time to conduct the costing should also help to reduce the incidence of arithmetic and typographic glitches creeping into the NPoA.
- K. APRM Participating countries should be encouraged to provide as full and consistent a budgeting picture of the implementation of the NPoA as possible. This should include:
 - i. Budget allocations by government to the NPoA, and as a percentage of NPoA cost.
 - ii. Budget Disbursements to the NPoA.
 - iii. Actual spending by MDA on NPoA projects.
 - iv. NPoA spending by government as a proportion of total government disbursements.
 - v. Spending by private sector and civil society on NPoA projects, and as a percentage of NPoA cost.
 - vi. The level of budget support to government.
 - vii. The level of aid in support or aid for NPoA projects.
- L. In giving their budgeting reports, countries should be encouraged to adopt a common APRM framework, so that the terms used may be unambiguously understood.

Harmonisation

- A. The cycles of the NPoA and PRSPs should be synchronised to ensure the most efficient use of human and financial resources.

- B. NPoA projects should be included in the MTEF in a way which allows for their identification as APRM projects.
- C. Institutional coordination and information flows between NGC, National Planning Body and the Ministry of Finance should be formalised and regularly used.
- D. Budget departments in the Ministries of Finance should be fully sensitised into the importance of integrating the NPoA into MTEF and Budget in a way that allows them to be recognised as APRM projects.
- E. The lead implementing agencies of each NPoA activity should be properly identified whether implementing or overseeing, and the NPoA should be disaggregated by sector.
- F. The national planning body and the NGC should integrate the NPoA into the national plan through sector strategic plans.
- G. NPoA's activities should be coded in the MTEF to facilitate NPoA expenditure tracking and monitoring and evaluation of its implementation.
- H. The APRM –NPoA should strengthen its focus on governance and not be sucked into becoming a capital investment programme. This would mean that the APRM concentrates on the 'why' and 'how' of development projects, and leaves the 'which' to the PRSPs.
- I. The Poverty Reduction Strategies should be integrated into the APRM, rather than the other way round.

NPoA Financing

- A. Government should ensure that they do not leave projects with large disbursement gaps, which are a source of uncertainty for the project.
- B. Countries should provide figures to the continental secretariat showing allocations and disbursements from internal partnership funding sources (the private sector and NGOs) for NPoA projects and programmes.

Implementation

- A. Only those activities that were included in the APRM NPoA should be included in expenditures with an APRM tag on them. The concept of AMPR related expenditures which allows projects and activities which were not originally included in the NPoA to be included in the expenditure figures, makes it very difficult to establish to what extent the NPoA has been implemented.

Monitoring and Evaluation

- A. The monitoring and evaluation systems of the APRM should be hard wired into the NPoA during the design phase. This may be made easier if as part of the input into

the CSAR, benchmarking was conducted for indicators and targets that appear in the NPoA. Given the process of design this may require an iterative planning process.

- B. Where necessary the NGC should be provided with the legal mandate to monitor and follow up on the implementation of the NPoA.
- C. A monitoring mechanism should be developed for expenditure monitoring of the NPoA by the National Planning body and the Ministry of Finance.
- D. Specific time bound indicators to monitor the NPoA should be developed within the national planning authority.
- E. NGCs should use data from implementing agencies, budget allocation and disbursement ministries, and official monitoring ministries and agencies to gain a comprehensive view of implementation progress.
- F. In the face of improved data collection, there needs to be a stronger culture of data evaluation feeding into policy development. While this can be conducted at national level, it may be that the continental secretariat, or strategic partners, with access to data from across the continent, can play a part in undertaking the analysis involved and sharing it with participating national authorities.
- G. An evaluation framework should be developed to assess the performance of the NPoA by the national planning body, the NGC, and the ministry of finance.

Absorptive Capacity

- A. Efforts should be taken to ensure that the APRM-NPoAs contain only governance projects and programmes, and that they focus on the key governance objectives, interventions, and targets that are deemed necessary to implement development projects in accordance with public policy.
- B. Countries that currently conduct investigation into absorptive capacity should be encouraged to share this knowledge with APRM participating countries, through the continental secretariat. This knowledge should be utilised in determining the limits on the size of NPoAs so that they do not result in the commitment of funds which in practice cannot be efficiently utilised.

Aid Dependence

- A. Aid dependency audits should be conducted in APRM participating countries to determine:
 - i. The qualitative aspect of aid dependence – the kinds of programmes for which aid proportions are high.
 - ii. The level of aid support globally for development spending.
 - iii. The actions that might be taken to make development spending less aid dependent or indeed not aid dependent at all.

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² NEPAD (New Partnership for Africa's Development Memorandum of Understanding on the African Peer Review Mechanism: The MOU, section page 5, NEPAD, 2003. NEPAD/HSGIC/03-2003/APRM/MOU. Available at <http://sites.dbsa.org/aprm/index3.php>.

³ Bartholomew Armah, 'Harmonizing the MDGs, PRSs and APRM Initiatives - A Conceptual Framework', UNECA

⁴ NAPRM-GC - First Bi-Annual Progress Report Monitoring And Evaluation Report On The Implementation Of The Ghana National Programme Of Action For The Period January – June 2006 P14

⁵ The study mission to Ghana found that although allocations for NPoA spending were above estimated NPoA cost, actual disbursements were about half the level of these allocations. As the report noted: "Indicative cost and budgetary approval for APRM-NPOA activities in 2006 amounted to approximately US\$1,129,863,400. However, only US\$596,557,400 (52.8 percent) was actually released for implementation of the NPOA activities. This constitutes a shortfall of about \$533.30 million or 47.2% of the planned expenditure. The shortfall was observed particularly in the Democracy and Political Governance -62.1% - and the Corporate Governance - 51.9% - Pillars of the NPOA."⁵ Thus the disbursement gap can be quite sizable and potentially debilitating, as Table 15 highlights.

⁶ Apart from the overall level of allocations, those to specific thematic areas also showed signs of considerable variation, as table 12 shows. The distribution of allocations by thematic area in Uganda showed a decided shift away from socio-economic development on the one hand towards economic governance and management and corporate governance on the other. Thus whilst democracy and political governance accounted for 2.2 per cent of the NPoA total costs, the distribution of funds in the MTEF to this thematic area for each of the three years of the NPoA was about 38%. Similarly while economic governance and management were responsible for 8% of costs in the NPoA, it absorbed an average of 55% of MTEF allocations. Finally socio-economic development which had been allocated 83.1% of NPoA costs, only accounted for 5% a year in the three year MTEF programme.

⁷ From internal sources, these are the government, the private sector, and civil society including NGOs, and from external ones, foreign bilateral, multilateral and philanthropic sources.

⁸ As the Uganda progress report recommends: "NPoA progress indicators and the associated data production costs needed to be accorded due priority within the financing of sector management Information Systems. Effective monitoring of implementation progress on the required NPoA actions requires the identified indicators in the NPoA matrix to be internalised within the management information systems of the respective sectors."

⁹ The Ghana NGC while devising an alternative system also uses the existing monitoring system. The implementing agencies are asked on a regular basis to indicate the progress they are making in taking their projects forward. Their response relies on the monitoring framework that exists at national level. In addition however, the NGC has established a parallel monitoring system to help identify progress being made with project implementation. This decentralised and participatory system, among other things utilises citizen's score cards and public opinion surveys, is used as a vehicle for assessing public perceptions about performance. To date a large number of District Oversight Committees (DOC) comprising individuals and organisations at the district level have been set up. By June 2009 there were 126 such committees set up in the country out of a total of 170 districts.⁹ This is in addition to the surveys of public opinion on various aspects of governance in the country regularly commissioned by the NGC.

¹⁰ In Rwanda and Uganda however the APRM relies mainly on pre-existing public channels of monitoring. For example in Uganda the APRM Secretariat has led the way in organising events to bring together some of the key stakeholders in the planning system, including the NPA Board members and staff, and the NDP's Task Force, to brainstorm the design of the NPoA monitoring and evaluation mechanism as a way of building consensus on strategies for integrating the NPOA into the NDP and other NPA activities.