



Economic Commission for Africa

# **Second Meeting of the African Learning Group on the Poverty Reduction Strategy Papers**

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***Summary Report***

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## Acronyms

ACBF	African Capacity Building Foundation
AfDB	African Development Bank
AERC	Africa Economic Research Consortium
CG	Consultative Group
ECA	Economic Commission for Africa
ESAMI	East Africa Management Institute
EU	European Union,
HIPC	Heavily Indebted Poor Countries
ICT	Information and Communication Technology
IT	Information Technology
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
LG	Learning Group
MTEF	Medium Term Expenditure Framework
NGOs	Non-Governmental Organizations
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OSSREA	Organization for Social Science Research in Eastern and Southern Africa
PRSP-LG	African Learning Group on the Poverty Reduction Strategy Papers
PRS	Poverty reduction strategy
PRSP	Poverty Reduction Strategy Paper
PRT	Policy Relevance Test
SPA	Strategic Partnership with Africa
SWAP	Sector Wide Approach
TAS	Tanzania Development Strategy
UK-DFID	United Kingdom- Department for International Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's fund
WARF	West African Rural Foundation

## Executive Summary

This report summarizes the main outcomes of the Second Meeting of the African Learning Group on the Poverty Reduction Strategy Papers (PRSP-LG) as well as synthesizes the major conclusions of the ten background country studies prepared for that meeting. In many ways, this report echoes the main findings of the first meeting of the Learning Group (LG), thus underscoring their importance for the success of the PRSP process in Africa.

The PRSP-LG is an initiative of the Economic Commission for Africa (ECA). Its primary purpose is to promote and enhance African ownership of the poverty reduction strategies and to facilitate the articulation of an African voice on the PRSP process. The LG provides a forum for the examination of critical issues and challenges that African countries are encountering as they prepare their PRSPs, share best practices, formulate recommendations on action to foster mutual accountability for policy outcomes and mitigate constraints such as the unpredictability of aid flows. Furthermore, the LG provides an opportunity for early identification of implementation issues.

Like the first LG meeting, the second meeting considered five clusters of issues important for the process - content and comprehensiveness of growth strategies; costing, budgeting and financial management; institutionalization of participation; national capacity needs; and harmonization of donor policies – and came up with a number of conclusions and recommendations for carrying the PRSP forward.

### A. General Conclusions

- Participants generally agreed that the PRSP is a useful framework for addressing poverty. It enables governments to clarify their approach to poverty reduction and assign tasks. In some countries, it is beginning to serve as a coordinating device for government policies and programmes, facilitating coherence across government departments and agencies. In addition, the PRSP process has expanded the political space and the opportunity for social dialogue on development policy as it has invited a broad spectrum of social actors to participate in the formulation, implementation and monitoring of policies and programmes.
- While recognizing that these are still early days to assess the effectiveness of the PRSP in transforming government systems and procedures and reducing poverty, participants agreed that the quality and depth of PRSPs prepared by African countries have significantly improved. However, even the good PRSPs remain broad strategic statements that need to be operationalized. In several countries, policy commitments are yet to find expression in concrete annual goals against which progress can be measured; the link between poverty reduction strategies and concrete results remains weak in all the countries reviewed.
- Tensions exist between the imperative of growth and the emphasis on increasing social sector expenditures to enhance the access of the poor to basic social services such as housing, nutrition and education. Furthermore, the meeting expressed concerns that there is a risk that countries could fall into the “social sector trap” where expenditures are concentrated on the social sector with little left for

other sectors.

- Progress in alignment and harmonization of donor support in a manner that is consistent with the PRSP has been disappointingly slow. Donors are still reluctant to provide direct budget support although a limited number of countries - Rwanda, Ghana and Tanzania – report some progress in this area. The requirements of donor-specific reporting and the poor link between official development assistance (ODA) disbursements and the recipient country’s budget cycles stymie implementation and may undermine the principle of “national ownership”.
- Aid flows and their disbursement remain unpredictable, undermining national efforts to improve the efficiency of public expenditure and limiting the ability of governments to plan and sequence poverty reduction expenditures effectively. This is an especially serious problem in countries dependent on ODA for more than 50 per-cent of their budget.
- There is an urgent need to begin to address post PRSP or implementation issues fully.

## B. Specific Points

- The comprehensiveness of growth strategies: The meeting agreed that growth is necessary but not sufficient for poverty reduction and that the social sector is not the only sector that can make a difference in poverty reduction. To have a demonstrable impact on poverty, growth has to be pro-poor. Growth strategies, no matter how comprehensive and well implemented, are unlikely to reduce poverty if they only focus on per capita income growth. Deliberate measures to reduce income inequality must be part of the policy package and growth must make it possible to improve access of the poor to basic social services such as housing, nutrition and health care. The meeting also agreed that new sources of growth need to be explored.
- Costing, budgeting and financial management: Inadequate costing remains a shortcoming of many African PRSPs. Evidence from the ten case studies shows a high degree of variation in the way countries have approached the costing of their strategies. In some countries, the costing exercise was either superficial or incomplete. In those where the exercise was completed, large financial gaps were identified. But the PRSPs are largely silent on how the financing gaps will be closed. There are also shortcomings in the public financial management architecture. A number of countries are yet to put in place a medium-term expenditure framework (MTEF) and where the MTEF exists, the link between the MTEF, the PRSP, the budget process and sector plans remains weak, and in some cases, problematic. Participants agreed that it is imperative for governments to ensure consistency between the PRSP and the MTEF. On the donors’ side, there is need to support governments with capacity building in the area of public financial management and to provide direct budget support.
- Institutionalizing participation: The meeting noted that experience on the institutionalization of participation - defined as consisting of four components: rights, stable structures, legitimacy and capacity - is fragmentary. There is some tension between the ad hoc nature of the participatory process of the PRSP and the fledgling institutions of representative democracy in many African countries. In many cases, parliaments were not involved in the PRSP process. Participants underscored the importance of dealing with this tension as a prerequisite for institutionalizing the broad-based participation needed for legitimization of the PRSP.

- **National capacity needs:** Participants acknowledged that inadequate capacity in important areas was limiting the ability of African countries to prepare good and responsive PRSPs and constraining almost all aspects of national development planning --policy analysis, design, coordination and implementation. Capacity gaps are thus having a detrimental impact on realization of the objectives of the PRSP. Participants further stressed that whereas there is a need to build new capacities in areas such as poverty monitoring and analysis, budgeting and costing, it is also crucial that African governments take urgent steps to make better and proper use of existing capacities.
- **Harmonization of donor policies:** Despite strong expressions of willingness to change, donors remain slow in altering their practices and procedures in a manner that is consistent with the PRSP. In the near term, prospects for harmonization of donor policies, practices and procedures with poverty reduction strategies and systems of recipient governments are not very encouraging. The number of conditions for macroeconomic, structural as well as social policies has not decreased, reporting requirements of donors are yet to be harmonized and ODA flows remain unpredictable.

## Background

The Africa Learning Group on the Poverty Reduction Strategy Papers (PRSP-LG) is an initiative of the ECA designed to promote and enhance African ownership of the poverty reduction strategies. The Learning Group (LG) provides an annual forum for Africans to share experiences on how the PRSP process is unfolding in their countries, identify best practices that can be replicated, flag institutional and capacity constraints, recommend actions to remedy these constraints, and propose actions to be taken by Africans and donors in order to tap the full potential of the PRSP process in transforming the partnership between African countries and their donor partners. The annual event is also designed to stimulate increased dialogue and partnership in the reform of recipient and donor aid practices for increased aid effectiveness and poverty reduction in Africa.

This report summarizes the main outcomes of the second meeting of the PRSP-LG held in Brussels, Belgium 18 - 22 November 2002, and synthesizes the major conclusions of the ten background country studies prepared for the meeting.

The second meeting of the LG was organized around five thematic sessions (see the agenda in Annex 1):

- **Nature, comprehensiveness and scope of the growth strategies in the PRSPs.** The purpose of this session was to examine the extent to which growth strategies ensure that they benefit the poor and cover macroeconomic, social and structural policies;
- **Costing, financing and expenditure management of the PRSP in national budgets.** This session investigated the degree to which the PRSPs have been adequately costed, and the extent to which resources are now available to fund the proposed strategies;
- **Participation:** A key element offering the opportunity to enhance African ownership of the national poverty reduction strategies and to reduce the gap between the needs of the poor population and the policies implemented by the PRSP;

- National capacity needs: both in terms of human resources, statistical data and budgeting methods to equip African countries with the necessary tools for the effective formulation, implementation and monitoring of the PRSP; and
- Harmonization of donor practices.

The meeting was attended by senior policy makers from a number of African countries, African experts as well as experts from the AfDB, European Union, International Monetary Fund (IMF), OECD, UNCTAD, UNDP, UNICEF, UK-DFID, the World Bank and the Strategic Partnership with Africa (SPA) Secretariat. The complete list of participants is presented in Annex 2.

Overall, the meeting provided new insights into the scope and nature of the challenges African countries are encountering as they prepare and implement national poverty reduction strategies. What follow are the summary of the main outcomes of the meeting and the major findings from the country studies.

### **Session I: Comprehensiveness of Growth Strategies**

This session examined how growth strategies in the PRSP can be translated into broad-based poverty reduction goals. In addition, the session considered various points of views on what constitutes pro-poor growth and the challenge of designing comprehensive pro-poor growth strategies. While participants agreed that rapid and broad-based economic growth is critical for poverty reduction, they expressed concern that in many African countries growth has been well below the 7 per-cent rate required for reducing poverty by half by 2015. On the other hand, growth projections in most PRSPs are extremely optimistic and these targets are unlikely to be met.

Participants also reinforced the view that pro-poor growth is growth that is deliberately biased in favour of the poor and that places a greater welfare weight on the well-being of the poor than of the non-poor. Another feature of pro-poor growth is that it should be labour absorbing and embed by policies that mitigate inequalities and facilitate income and employment generation for the poor, particularly women. Hence, the meeting concluded that the effectiveness of poverty reduction strategies depends in large part on the comprehensiveness of the growth strategies--including macroeconomic, social and structural policies.

The ten case studies indicate that significant attempts have been made by African countries to develop comprehensive growth strategies to underpin the national poverty reduction efforts. There is a great deal of commonality in the choice of policy interventions to deepen and sustain growth among the countries reviewed. These include, among others:

- Rural development and agricultural transformation: By improving access to productive assets, especially land; providing greater access to markets and credit; increasing productivity; promoting gainful employment; and focusing on disadvantaged groups with respect to agricultural services.

- Human development: By enhancing access to primary health care, universal primary education, better nutrition and clean drinking water. With respect to health, policies are aimed at expansion and improvement in the coverage of primary health care through special programmes geared toward target groups such as women and children.
- Economic infrastructure: By improving the road network and the provision of electricity, better communication, and water through enhanced financing of basic infrastructure facilities and development of new technologies to promote the availability of non-wage factor inputs at competitive cost.
- Good governance: By strengthening democracy and decentralization; improving governance and the quality and efficiency of state institutions; modernizing and reforming the central administrative apparatus; and simplification of bureaucratic procedures and “red tape”, and fighting corruption.
- Private sector development: By creating an environment within which the private sector can expand and become dynamic through the promotion of domestic and foreign investment. This will entail removing the constraints on private sector competitiveness such as the lack of infrastructure and commercial justice reform with respect to enforcing contracts.
- Social capital to support vulnerable groups: Strengthening the asset based and livelihood opportunities of poor people by enacting policies that would directly facilitate their ability to address their basic needs. These include health, nutrition, education and skills, water supply and sanitation, roads, markets, land and other physical assets. These assets may be used directly or for social or economic exchange.

In addition, almost all the studies treated crosscutting issues such as gender, environment, and HIV/AIDS. These crosscutting issues are supposed to be mainstreamed into sector strategies.

The first observation made by country representatives was that, in all the ten countries studied, the PRSP approach has focused more on stimulating growth and less on complementary policies to reduce structural inequality. Participants reiterated that no amount of growth would reduce poverty unless governments took appropriate actions to bring down the level of inequality in their respective countries. With the notable exception of Zambia’s PRSP, none of the others explicitly recognized the urgency of reducing the high level of inequality that characterizes income and asset distribution in their respective countries.

Country representatives also acknowledged that there are tensions between the central emphasis of stimulating growth on the one hand, and the efforts to increase access to basic social services on the other. Despite this unavoidable tension, participants insisted that growth stimulation and increased access to basic social rights have to be developed in parallel since they are complementary to a pro-poor growth strategy. A good illustration of this was the effort of the South African Government to tackle the skewed distribution of assets and income inherited from the apartheid period through deliberate interventions to reduce inequality while at the same time pursuing a strategy to accelerate the rate of economic growth. Established in 1997, the Poverty Relief Fund was designed to reduce poverty in the poorest areas of the country, by providing jobs, infrastructure and capacity development through the

involvement of the communities. Similar attempts have been made in Rwanda and Tanzania.

In Rwanda, a prepayment health scheme introduced to pool risk at health facility catchments areas has resulted in significant improvements in access to healthcare for members of the scheme. Providers receive capitation payments and bonuses if service provision and quality targets are met. This has demonstrably improved the availability of drugs at lower cost while increasing revenue mobilization. Similarly, in Tanzania, where the Government has introduced cost-sharing of pre-payment premium for community health facility membership in the poorest districts, there has also been a significant improvement in quality of care and in drug supplies at public health centre level. The programme has since been expanded to nine other rural districts.

At the time of the meeting, the PRSPs do not contain an assessment of vulnerability of different communities. Similarly, social safety nets are not based on assessment of vulnerability of different groups (e.g. widows, the sick, the old, etc.). The experience of Sierra Leone stresses that there is a need to distinguish between several forms of poverty, such as structural poverty and ‘conflict induced’ poverty. The determinants of poverty are different in post-conflict and non-conflict countries and thus the remedies should be different.

Following a rich discussion, participants agreed that governments must avoid formulating pro-poor policies without grounding them in good poverty diagnostics and without clearly specifying outcomes. It is important to think broadly about determinants and causes of poverty and how different combinations of reform levers must come into play in order to initiate the right balance of sectoral/spatial policies to tackle them. On the basis of specified diagnosis, priorities are established, with specified timetable for implementation and achieving results. This must be supported by a strong institutional base for monitoring and evaluating performance.

The clearest message that came out of this session is that pro-poor policy requires strong government political commitment to fight poverty at all levels as well as strong community involvement. Specifically, policies must be deliberately targeted to the poorest areas and seek to redistribute resources to the bottom income quintile. In addition, a critical mass of project management skills in government departments and good cooperation between national and provincial authorities, and non-governmental actors responsible for delivery on the ground are crucial factors if pro-poor policies are to work.

The final and most important issue that came out of this session was the realization that new sources of growth need to be identified. In this regard, greater effort must go toward exploring which sectors are growing and to determine their relative impact on employment creation and poverty reduction. Given the fact that the majority of the poor in Africa live in rural areas, it was emphasized that unless growth strategies address issues related to agricultural productivity and rural development, the benefits of higher growth may not touch the lives of the poor. There was a consensus on the need to balance strategies for growth stimulation with the new emphasis on expanding access to basic social services, and that equal attention should be given to both sectoral policies and the macroeconomic framework. It was also agreed that the social sector was not the only one that would make a difference on poverty reduction.

## RECOMMENDATIONS

- **Improve data gathering and analysis:** Pro-poor policies require specific diagnosis and a clear idea of the desired outcomes. To better understand the links between policy and poverty, governments must invest heavily on data gathering and analysis. Countries with poor research and data collection infrastructure are unlikely to produce a good macroeconomic policy framework and a realistic budget to support it. Good quality data is also a prerequisite for further tightening of the PRSP priorities with greater specification of concrete pro-poor programmes and activities and their sequencing over the PRSP time frame.
- **Link PRSP targets to the MDGs:** The targets and indicators of monitoring need to be refined and, in particular reflect a better correlation with the Millennium Development Goals (MDGs). The latter receive only a passing reference in the PRSP.
- **Ensure the integration of cross-cutting issues:** There should be better integration of cross-cutting issues notably HIV/AIDS, gender, water, etc. in the various programmes.
- **Greater attention to social safety nets:** While the importance of growth for poverty reduction is widely recognized, greater attention must be given to social safety nets in the PRSPs, particularly in the early stages of the reform process.
- **Greater emphasis to legal reform:** In many PRSP countries, there is a lingering private sector concern about corruption and the enforceability of contracts. Efforts must be made to accelerate judicial sector reform (commercial law, labour legislations, banking regulation, etc.) in order to shore up business confidence in the Government's economic development strategy.

### **Session II: Costing, budgeting and financial management**

The session considered whether the PRSP approach has made a difference to budgetary processes, to what extent the MTEF is being used as an input into the budget, challenges in costing the PRSPs, and how donors can contribute to improving the process. Overall, participants agreed that the PRSP approach has improved budgetary practices. However, translating PRSP objectives into fully costed programme and policy actions has not been easy.

An important objective of the PRSP is to direct resources to priority areas that have a significant impact on poverty. This objective thus assigns an important role to the budget in efforts to reduce poverty. Governments are expected to ensure that the PRSPs are duly integrated into their budgets and are fully costed. Budgets also have to consider the likely inter-temporal tradeoffs of the current emphasis on achieving quick results-- by redirecting public expenditure to social sectors--for sustaining poverty reduction programmes over the long term. This, the participants agreed, is a break from past practices. However, the effectiveness of the PRSP as a planning tool is undermined by critical capacity constraints in the area of costing the PRSP. Results from the ten country studies showed that there has been a wide array of experiences. Although governments were initially not inclined to cost their programmes in order to access HIPC funds, a number of studies indicate that governments now

accept costing as a necessary component to make the poverty reduction objectives consistent with the budget.

Malawi, Ethiopia, Zambia, Ghana and Rwanda have attempted to cost their programmes although the quality of costing varies from country to country, and from sector to sector. Of the ten countries reviewed, only Rwanda and Zambia have done costing through an iterative process whereby projects were ranked and final cost derived. In the case of Rwanda, ministries were asked to provide unit costs and quantities for each input. The costing was scrutinized for technical accuracy and policy coherence in light of the prioritization criteria (see Box A). In Sierra Leone, the costing exercise was attempted during the preparatory phase of the PRSP itself. On the other hand, there is no evidence that the PRSP was adequately costed in Kenya. In all ten countries reviewed, the financing gap identified through the costing exercises is so wide that the PRSPs are considered as a wish list since no attempt is made to balance priorities with affordability. The costing of programmes has been done as a first phase approximation, and the major challenge now is how to improve them in the next phase of PRSP revision.

The message that came across from the country studies is that African governments are struggling with the problem of translating PRSPs into fully costed programmes and policy actions. Where it has been attempted, the quality varies from sector to sector. It thus becomes difficult to institutionally link the PRSP with the annual budget cycle and the MTEF, and complicates the pace and quality of implementation of programmes. This implies that achieving the PRSP targets will take longer than was initially assumed.

The key constraints to costing have been serious lack of technical capacity in government ministries, poor assimilation and internalization of costing guidelines and methodologies, inadequate consultations with stakeholders, and lack of political will to make hard spending decisions. The lack of up-to-date and reliable data makes it even more difficult to quantify resource needs. While central governments are anxious to ensure that the PRSP and the MTEF are brought into alignment with each other, getting sector ministries and departments to cost objectives and to prioritize their expenditure within a resource constraint remain a huge and critical challenge. In the absence of proper unit costings, it is difficult to judge the extent to which the expenditure patterns on the ground have improved over the past.

#### Box A: Criteria for Prioritizing Expenditure in Rwanda

To be prioritized, expenditures:

- Must contribute, directly or indirectly, to poverty reduction;
- Will be directed to activities the private sector cannot be expected to undertake;
- Will target activities which have a high socio-economic impact;
- Will target activities that communities have identified as important for them;
- Will be directed to well-planned activities for which realistic and modest unit costs have been identified, and where there is a well-developed expenditure proposal;
- Will have to reduce future recurrent costs – for instance bed-nets, non-wage funds (books, materials and teacher training) to schools, road maintenance, and water supply;
- Will have to support labour-intensive activities and create infrastructure for development;

and

- Should favor disadvantaged groups, including activities addressing gender or age-based inequities, protect the right of children, and be directed to activities that reduce inequalities.

The costing exercise is further complicated by the lack of integration of stand-alone donor-funded projects into the central government budget. Many participants expressed their frustration with donors who insist on “off-budget support” in the form of projects and this, they insisted, reduces accountability and transparency in the use of these resources, and hinders the effectiveness of the MTEF as a vehicle for resource allocation. It is critically important that greater effort be made to enhance aid coordination so that alignment becomes a practical reality. However, not all donors are ready to align their assistance with the PRSP.

In this regard, there was a great deal of interest from participants to learn more about the Rwandan experience and how to deal with problems related to the practice of extrabudgetary flows by donors and their integration into the PRSP. In Rwanda, the Government has started to address the challenge of coordination starting with implementing what it calls “the lead agency arrangement” whereby the Government assigns leading donors in respective sectors (usually to the sector where they provide the largest support) to coordinate the integration of resources coming into that sector with the PRSP. The practice normally works in the context of SWAPS. Ghana provides the best example where SWAPs in the health sector.

Another critical factor compounding the problem of costing and budget prioritization is the debt sustainability ratio used to determine HIPC debt relief eligibility. Participants pointed out that the 150 per-cent threshold, which is generally based on optimistic export projections, has failed to materialize in many PRSP countries. The projected resources for financing the PRSP are often unrealistic, creating contradictions between the PRSP objectives and the actual budget.

The session also considered the following issues:

a) Linking the PRSP to budgets: A crucial point for the African Learning Group was that the PRSPs should be linked to the national budget if they are to be implemented and benefit from available resources. In all the ten countries reviewed, the institutional link between the PRSP and the budget process is found to be weak. This problem is largely the result of weak government capacity to translate PRSP objectives into fully costed programmes. The problem is further exacerbated by the inability to consolidate all government expenditure and revenue flows, including “off-budget” donor financed projects, into the MTEF and budgetary process.

b) Expenditure tracking: Monitoring and tracking of public expenditure is key to successful implementation of PRSP objectives. All the PRSPs reviewed note the importance of expenditure tracking, but the proposed link is not well elucidated--particularly in Ethiopia, Rwanda, and Zambia--countries that lack a developed monitoring system. In countries that have preliminary monitoring systems, such as Malawi, the link is better specified but remains highly imperfect in practice. The Integrated Financial Management Integration System (IFMS) in Malawi, under the direction of the Treasury, still needs to be brought under the control of the National Steering Committee. It was also recognized that a large part of poor financial management and erratic budget discipline in many

countries is attributed to poor morale in the public service. In order to tackle this problem, governments are urged to develop strategies to secure the services of accountants, procurement experts and auditors. This can only happen with comprehensive civil service reform and the restructuring of incentives comparable with the prevailing market rates.

c) Domestic resource mobilization: The extent to which the objectives laid out in the PRSP will be met depends also largely on sustainable and long-term availability of resources. In all the countries reviewed, nothing definitive can be said about the overall relation between the priorities identified in the PRSP and the projected resource envelope. The domestic resource mobilization assumptions were found to be weak, and the emergence of a large resource gap appears to be the impetus for downward revisions in estimated financing needs. This was also true for Rwanda and Zambia, the two countries that have done the most to establish realistic cost estimates. The problem is unlikely to improve in the near future because of low tax base, limited government administrative capacity for revenue collection, and fragile growth foundations. Consequently, progress towards poverty reduction is unlikely to be rapid. The weak domestic resource base thus implies an enhanced scope for donor support and perhaps for donor conditionality.

Participants agreed that domestic resource mobilization requires a frontal attack on corruption, improved tax assessment and collection, improved public procurement policies and procedures, reduced project costs, and prioritized programmes. These are daunting tasks that are very difficult to implement in the short term. In this respect, participants concluded that the PRSPs represent a process, not an end in themselves, and they generate learning experience. They are above all a development exercise and not a fundraising exercise under the HIPC Initiative.

## RECOMMENDATIONS

- Strengthen capacity in costing and budgeting: With the introduction of the PRSP approach, countries have made some progress in linking budgeting with planning at the national level. The MTEF is a good instrument and resources are projected for both domestic and donor resources. Nevertheless, costing the PRSP programmes and their presentation in a medium-term framework remains a major problem. Low wages and poor working conditions make it difficult to deal with capacity constraints in government institutions. Therefore, civil service reforms linked to transparent medium-term pay and employment strategies could be part of the solution. The second alternative would be to focus capacity development by donors in a few critical areas such as costing and budgeting and only in a few critical bureaus and agencies. This could be done by securing advisory services in the field of costing and budgeting from African and non-African institutions.
- Strengthen financial management systems: Establishing transparent budgeting and auditing systems, including the modernization of financial accounting system is an indispensable part of good economic management. Yet, the majority of countries examined suffer from weaknesses that hinder fiscal transparency and accountability. There is a huge gap between the scale of the problem and the institutional requirements for a more efficient, reliable and transparent system of budget management and administration. Greater efforts must, therefore, be made to narrow this gap by strengthening capacity in financial control, simplifying procurement procedures, and by introducing an enhanced use

of information technology. More critical, however, is the urgent need to manage human resources--such as securing the services of good accountants and auditors--through an attractive incentive structure.

- Strengthen capacity for monitoring and tracking expenditures: It is a matter of urgency to put in place a broad-based and participatory mechanism for expenditure tracking and monitoring outcomes. Enhanced efforts to strengthen the oversight functions of the accountability institutions, such as the office of the Auditor General, the Internal Revenue Service and the anti-corruption bureau as well as the relevant parliamentary budget committees will go a long way to bring about accountability and measuring outcomes. This will also require enhanced investment in data gathering and analysis to bring about greater transparency in the use of public expenditures.

### **Session III: The challenge of institutionalizing participation**

Countrywide participation in PRSPs presents a paradigm shift from ineffective donor-led, conditionality-driven aid to a system that puts the national government in the driver's seat. The emphasis on participation and ownership is expected to improve policy design and reduce the risk of non-implementation of policies and programmes. Participation, therefore, is a mechanism through which these stakeholders effectively engage in the formulation, implementation and monitoring of the PRSP.

The review of the ten country studies concluded that genuine participation of local stakeholders is a challenge and the process does not often work smoothly, particularly in countries where prior dialogue between stakeholders and government has been lacking. Despite growing experience and good progress, there is still a long way to go for many countries to reach broad-based and institutionalized participation.

In the majority of countries surveyed, ordinary citizens and community groups, other than influential non-governmental organizations (NGOs), did not participate. In Malawi, for example, government officials, trade union authorities and influential people at local levels dominated district level meetings while elected representatives such as councilors and Members of Parliament were excluded from the process. The Government did not enter the process with the idea of consultation and joint decision-making and participation, while strong in initial phases tapered off later. In Ghana, the key problem with regard to the quality of consultation involved the limited time allowed for discussions and the late release of critical draft papers to civil society organizations. In Burkina Faso, the involvement of sectoral ministries, decentralized administration, and civil society groups in the PRSP formulation process was less than satisfactory as the Government rushed the process in order to secure early debt relief under the enhanced HIPC Initiative. The limited participatory process favored the position of the development partners and a limited number of central government officials who were closely involved in driving the PRS process.

On the other hand, Ethiopia, Rwanda, Kenya and Zambia made serious efforts to expand the scope for the participation of a wide spectrum of stakeholders. Paradoxically, most democratic participatory process took place in Rwanda where participatory government structures are least entrenched. The Government solicited the views of ordinary people via the National Poverty Assessment study involving

1000 persons, a community action planning process (locally referred as ‘ubudehe’) where communities developed action plans to solve the problems identified, and a policy relevance test (PRT) in 38 of 100 districts where 10,000 people participated in focus groups. The PRT looked more specifically at existing policy and those proposed in the I-PRSP. Using stratified socio-economic focus group discussions, the policies were assessed for their relevance to individuals and to their communities on the basis of their effectiveness and inclusiveness. In Ethiopia, consultations took place in 171 districts. The district consultations were complemented with consultations at the provincial levels, which were then followed with consultations at the federal level.

Part of the reason for poor or declining participation in the poverty reduction strategy (PRS) process is due to with weak capacity of societal actors to engage constructively throughout the policymaking cycle. The absence of a strategy to disseminate information to all societal actors, including government departments, was a major impediment to eliciting views from the different stakeholders for inclusion into the PRSP. This implies that support for societal actors has to be improved, and institutionalized participation should not ignore parliaments. The cyclical policymaking process—as the formulation of the budget—offers significant opportunities to gradually improve the role of parliaments. On the other hand, there is no doubt that civil society and the private sector can contribute a lot to poverty reduction.

Participants noted that the depth and scope of government commitment to a participatory process itself is a critical factor determining the nature of participation. They also reemphasized the point that participation as required by PRSP is meant to support the democratic process, not challenge or undermine it. They also called for efforts to enhance the participation of parliaments and parliamentarians in the PRSP process.

The key lessons drawn from this rich discussion is that the PRSP is a learning process and that working with diverse stakeholders is time-consuming and risky since it may not lead to expected results. This is particularly true in countries where prior dialogue between stakeholders and government has been lacking. Differences in expectations between government and civil society have an important influence in shaping the quality of participatory processes.

An additional lesson that came out of this session was that governments need to move away from interpreting participation as an event to institutionalizing it across the policy process. This requires institutionalizing participation in sector plans, the budget process, district PRSPs and MTEF, and in the implementation and monitoring of the PRSP.

Finally, participants pointed out that genuine participation requires strengthened capacity in civil society organizations so that they can effectively contribute to the policy process. This will also require the governments to release critical information ahead of local consultations so that the discussions between public officials and non-state actors can be constructive and a consensus can be reached around the choices proposed in the PRSP.

## RECOMMENDATIONS

- Institutionalize participation across the policy process: We need to move away from participation as an event to institutionalizing it as part and parcel of policy decisions. This entails institutionalizing participation in (a) sector plans, which are the foundation for the PRSP; (b) in the budget process--i.e, in resource allocation through the MTEF; (c) in district PRSPs; and (d) in the implementation and monitoring of the PRSP .
- Strengthen capacity of civil society organizations: The number of civil society institutions with adequate capacity in policy research, analysis, budgeting, lobbying and advocacy are few in many African countries. Capacity therefore needs to be built in CSOs to enable them engage meaningfully and productively in the PRSP process. Capacity building entails leadership training for both men and women, building locally based research capacity, dissemination of information, networking and lobbying skills.
- Give prominent role to elected institutions: In many countries, parliaments have not been actively involved in the PRSP process. Despite their weaknesses, institutionalized participation may be impossible without the involvement of parliaments. The cyclical policymaking process--like the preparation of the budget --offers significant opportunities for parliaments to ensure accountability and transparency in decision-making and in the efficiency of public expenditures. A number of donors have initiated support programmes to train parliamentarians in economic policy and budget analysis to enable them more ably carry out their functions. While this is a promising start, such support should also be extended to provincial and district administrators who are on the frontline of policy implementation. National service colleges and government-run public management training institutions could be called upon to undertake such training.
- Encourage south-south learning on participation: Many developing countries are preparing the PRSP. The variation in country experiences provides enormous scope for South-South Learning on the PRSP which should be encouraged.

### Session IV: National capacity needs

Enormous gaps exist in most African countries in the capacity to undertake poverty analysis, design and implement anti-poverty programmes, and monitor their impacts. Gaps also exist in the area of budget preparation and financial management. For PRSPs to be effective anti-poverty tools there is a need to strengthen capacity in these countries. This session focused on how efforts can be scaled up to establish better statistical systems for monitoring and evaluating progress in poverty reduction and to identify capacity needs in the technical areas for effective implementation of the PRSP.

There was an agreement among participants, that most African countries lack regulatory and legal capacities, technical capacities, extractive or taxation capacities and administrative capacities. This results in weaknesses in policy design, coordination and implementation. Key specific skills gaps identified include:

- Macroeconomic policy analysis and management;
- Economic forecasting, and debt management;
- Public finance and accounting, budgeting and public finance management and accountability;
- Capacity for establishing comprehensive and coherent budgets and medium-term expenditure plans, technical capacity for auditing and accounting--the backbone of government accountability--also requires greater emphasis;
- Human resource management; and
- Public administration and management, project cycle management, good governance, transparency and accountability.

The Learning Group stressed that whereas there was a need to build new capacities, such as in the area of budgeting and costing, it was also crucial that African governments learn to make proper use of existing capacities. The institutionalized relationship established between the Ethiopian Government and the Economics Department at Addis Ababa University was given as a good illustration of a best practice for utilizing local capacity. Workshop participants specifically mentioned tapping into the expertise of Africans in the Diaspora although there was little agreement on how to realize this important objective. Furthermore, participants agreed that greater emphasis must be given to building the infrastructure for information gathering, analytical skills, data analysis and establishing monitoring mechanisms in light of the fact that the PRSP is a rolling three-year document that has to be revised regularly.

## RECOMMENDATIONS

- **Improve capacity utilization and retention:** Whereas there is an urgent need to build new capacities, such as in budgeting, costing and information technology, it is also crucial that African governments learn to make proper use of existing capacities. Capacity utilization and creating new capacities must be an on going process of human resource development. A critical starting point for effective human resource management is civil service reform. Furthermore, greater efforts must be made to attract skilled Africans in the Diaspora through innovative strategies.
- **Invest heavily on information technology (IT) infrastructure:** Many aspects of the strategy to improve the efficiency and responsiveness of the public sector can be enhanced by significant investment in information and communication technology (ICT). In the majority of African countries, ICT for delivery of government and public services is limited. Public sector reform initiatives in the PRSP should articulate a national ICT policy. While initial efforts should be directed at strengthening ICT applications for financial management and economic coordination, the long-term effort should be on enhancing information disclosure and exchange of ideas across government agencies and with the private sector and civil society.
- **Strengthen the capacity of the accountability institutions:** Corruption is a constant problem for the poor as is access to the law and legal enforcement. Public sector reforms aimed at improving the efficiency, responsiveness and accountability of public institutions requires correspondingly the strengthening of key accountability institutions, such as the judiciary, customs and excise department, the anti-corruption bureau, immigration, internal revenue, parliamentary finance committees, etc.—to

enable these organs to exercise their oversight functions properly. This effort will be aided by similar measures to strengthen the media and other civilian watchdog groups.

- **Strengthen capacity in public financial management:** Capacity development support should be directed at the government's own effort to improve public financial management and control, particularly at the district level. This will provide donors with sufficient assurances to disburse funds through the budget system (auditing, procurement, assessment, and revenue collection, etc.).
- **Improve capacity in economic coordination:** In many African countries, economic policy formulation and execution responsibilities are distributed between a number of ministries, agencies and departments, raising a serious coordination problem. It is of utmost importance that governments and development partners develop modalities for strengthening institutional and analytical capacity in the powerful ministries with reform responsibilities—Ministries of Finance, Planning and the Office of the President—focusing on fast-track measures to enhance capacity for macroeconomic policies and programme formulation. It will also require significant investment in cost-effective computerization and information-sharing programme to enable managed electronic discussion and information sharing between these institutions.

### **Session V: Harmonization of donor policy**

This session examined the degree to which donors are supporting poverty reduction strategies through their country programmes and the extent to which their policies are being aligned to support country owned PRSPs. The evidence from the ten country studies indicate that progress in harmonization of donor policies and programmes with the PRSP objectives has been far from satisfactory. Country representatives expressed frustration in dealing with donors and identified a range of difficulties – These include:

- Excessive number of conditions accompanying aid programmes which also creates a heavy burden on government for additional information and reporting;
- Donors' preference for direct project support as opposed to budget support, which brings with them inordinate amounts of reviews and reporting requirements;
- A preference of most donors to set up separate procedures rather than to work jointly, and the lack of transparency about donor activities and plans;
- Variation of donor procedures for procurement, environmental assessments, and so on;
- Unwillingness of donors to use government systems –whether at the level of policy, priorities, financial procedures, and performance monitoring;
- Excessive and at a times uncoordinated missions, often resulting in multiple requests for the same information from different donors, and which are at times unrelated to the country's own information and monitoring systems set up to monitor the implementation of the PRSP; and
- Insufficient aid predictability and disbursements, making the factoring of expected ODA into the budget difficult.

Despite the problems mentioned above, a number of donors are considering, albeit with a lot of circumspection, shifting from project support to broader programme support. In Burkina Faso, for example, the development partners have constituted themselves into a PRSP budget support group.

The group is made up of the European Union (EU), the Netherlands, Belgium, Sweden, Denmark and Switzerland. In Ethiopia, four donors Sweden, the World Bank, the United Kingdom, and the EU already give budget support, while others such as Belgium, Ireland, the Netherlands and Norway are considering following suit.

Three critical factors determine the extent to which donors are likely to go forward with budget support. These are: (a) the willingness and capacity of national governments to translate medium-term indicators, targets and policy commitments into annual goals against which progress could be measured; (b) progress in deepening governance reforms and the extension of human rights; and (c) the establishment of transparent and reliable financial management systems that satisfy the fiduciary concerns of donors.

Of the ten country studied, only Rwanda has attempted to develop a national strategy to address the broader question of changing donor-recipient relations in the direction of greater ownership. A joint government and donor document “Guidelines for Productive Aid Coordination in Rwanda” has been prepared which proposes concrete long-term and short-term measures for effective coordination to support implementation of the PRSP.

The Rwandan strategy echoes the one that has been in place in Tanzania since 2001. The Tanzanian framework for relationship with development partners is contained in what has come to be known as “Tanzania Development Strategy (TAS)”. This strategy seeks to promote good governance, transparency, accountability, capacity building and effectiveness of aid. The government and its development partners agreed on eighteen points of behavior, which will be monitored through the Consultative Group (CG) process. In Malawi, a donor coordination mechanism focusing on monitoring and evaluation is emerging. Many other African countries can learn a great deal from the Rwandan and Tanzanian experiences about the complex challenge of setting up a sound donor coordination modality without losing national ownership of the PRSP process. This involves a difficult balancing act since many PRSP countries are heavily dependent on donor funding and they stand to lose future assistance if they press too much on the issue.

Participants agreed that harmonization is a two-way street. On their part, Africa government must be seen as credible, they must translate the PRS into operational plans. This will require substantial changes in the way governments work and in systems and procedures. Of critical importance in this area is the need to ensure consistency of the PRSP with the MTEF and translate medium-term indicators, targets and policy commitments into annual goals against which progress can be measured.

As for donors, significant changes are required in assistance strategies, particularly, in their a willingness to align their procedures and support government-led strategies and processes. In the absence of such a shift in donor policy, there is a risk that budget support will produce the desired result results.

## RECOMMENDATIONS

Current arrangements for supporting poverty reduction strategies are cumbersome, involving extensive conditionality, burdensome information requests, and uncoordinated missions. Putting countries in the ‘driver’s seat’ is more easily said than done. This session recommended the following:

- **Institute a common approach in aid delivery:** In order to reduce or eliminate excessive and often contradictory donor-reporting requirements and help streamline conditionality, it is recommended that donors align their procedures and support behind the government's PRS process and budgeting cycle. This will help reduce the burden on governments while providing solid foundations for an effective policy dialogue between donors and recipient countries. Without a clear commitment to support a government-led strategy, there is a risk that budget support could reproduce the same problems.
- **Improve predictability of aid flows:** As part of the annual PRS review process, donors should be prepared to offer firm indicative figures of their support for the coming financial year so that these pledges can be included when establishing the macroeconomic and fiscal framework. They should also indicate clearly specified periods when disbursements would be made during the fiscal year so that planned expenditures on poverty reduction projects and programmes can be executed effectively and in a timely fashion.

While predictability of aid flows is important, additional actions are necessary. For example, donors can contribute to poverty reduction efforts if they improved Africa's access to trade and investment opportunities.

- **Streamline conditionality:** The number of conditions attached to aid programmes needs to be reduced to engender compliance and to improve access to resources. It is critical for donors to develop a common framework of conditionality, which should seek to reduce their number.
- **Alignment of disbursements with annual budget cycle:** A number of countries are attempting to synchronize the annual review of the PRSP with their financial calendar so that implementation of the PRSP objectives feeds into sectoral allocations of the MTEF and to specific budgetary allocations and targets. For this exercise to become useful, donors need to synchronize their disbursement with the government's financial calendar so that these resources can be available when they are not needed.
- **Enhanced emphasis on capacity building:** There is a need to support governments in their efforts to build capacity in the areas where the aid recipients themselves have identified gaps. One key area is support to governments in their efforts to improve public financial management, controls and auditing. Improvements in this area will reduce the reluctance of donors to provide budget support since questions regarding fiduciary responsibility would not arise if systems of financial control were put in place. The second area that needs greater support from donors is 'costing' of programmes and projects. This is very critical for establishing realistic expenditure thresholds compatible with the PRSP objectives and for managing expectations.

## **Session VI: The way forward**

The PRSP process is providing governments the opportunity to distill and articulate their approach towards poverty reduction, to improve coherence across government departments, improve the effectiveness of service-delivery mechanisms and the way in which development assistance is delivered. There are now noticeable shifts in the way governments conceptualize and execute national poverty reduction strategies, and in the content of policy dialogue between donors and recipient governments.

However, a lot more work remains to be done to ensure that the PRSP approach becomes sustainable. Pursuant to this, participants requested ECA to consider taking the following steps:

- **Invite more countries and societal actors to the LG meetings:** Participants appreciated ECA's decision to invite non-HIPCs such as Nigeria and South Africa to the Second Meeting of the Learning Group but emphasized the need to deepen and expand the scope of the experience sharing among African countries and societal actors. In particular, they urged ECA to increase substantially the number of countries participating in the meeting. They also suggested that other societal actors such as research centres, think tanks, Chambers of Commerce and Industry, trade union congresses, and others be invited to the annual meeting. This will allow for more in-depth discussion around thematic issues, perhaps using breakout sessions. It would also offer an opportunity for the creation of a shared ownership of the findings of the studies and outcomes of the meeting and enhance African participation and active engagement in the agenda of the Working Groups of the SPA.
- **Establish an ECA PRSP Institute:** Conditional on funding, ECA could on a quarterly basis, organize a PRSP training institute in collaboration with regional and sub-regional training institutions, such as the East Africa Management Institute (ESAMI), the Africa Economic Research Consortium (AERC), Organization for Social Science Research in Eastern and Southern Africa (OSSREA), and other policy think tanks and training institutes supported by African Capacity Building Foundation (ACBF).
- **Enhanced Knowledge exchanges among country-PRSP focal points:** Participants recognized the limited scope for PRS peer learning in Africa and concluded that the annual meetings of the PRSP-LG are not enough. They, therefore, recommended that ECA should, in addition to the PRSP-LG, facilitate knowledge exchange, networking and peer learning through electronic medium. This would link country PRSP focal units in a yearlong process of experiences and lessons exchange. African research centres could also be part of this network.
- **Establish an ECA PRSP Outreach Initiative:** Participants urged ECA to take the PRSP dialogue to the sub-regions. In this regard, they suggested that ECA's five sub-regional offices should become more engaged in the Learning Group. A PRSP-LG meeting at the sub-regional level could be useful in advancing the agenda.
- **Strengthen relations with private sector associations:** Participants agreed that the private sector is very important for the continent's growth and development. Participants therefore proposed that ECA should invite representatives of the African private sector to future meetings of the Learning Group.

## Annex I

### PROGRAMME OF WORK

The second Meeting of the African Learning Group on Poverty Reduction Strategies Papers (PRSP-LG) was held in Brussels, Belgium, from November 18 – 19, 2002. The PRSP-LG is an initiative of the Economic Commission for Africa (ECA). Its aim is to provide African countries with a forum for the exchange of ideas, lessons learned, and other information on the PRSP process. It also aims to provide a forum for the articulation of an African voice on poverty reduction strategies. Through these activities, the Learning Group hopes to contribute to the design and implementation of appropriate anti-poverty policies and programmes in Africa.

November 18, 2002

9.00-9:30

Registration

Opening Remarks: Ms. Elene Makonnen, Principal Advisor, Cabinet Office of the Executive Secretary

9:30-11:00

Session I: Comprehensiveness of Growth Strategies underpinning the PRSPs

Chair: Ms. Elene Makonnen Principal Advisor, Cabinet Office of the Executive Secretary

Rapporteur: Ms. Jane Kiringai, KIPPRA and University of Nottingham

Rapid and broad based economic growth is critical poverty reduction. Yet, growth in many African countries has been well below the 7% GDP growth rate required to reduce poverty by half by 2015. Growth strategies can succeed in reducing poverty if they are pro-poor and lead to rapid and sustained improvements in human capacities (health and education) and generate greater opportunities for income generation (through access to markets). Hence, the effectiveness of poverty reduction strategies depends in large part on the comprehensiveness of the growth strategies---including macroeconomic, social and structural policies---pursued.

This session will examine the following issues:

- What does it mean for economic growth to be pro-poor?
- How to design comprehensive and pro-poor growth strategies?
- How to incorporate long--term growth strategies (such as trade and industrial policy, private sector development, technology and innovation, manufacturing incubators) into PRSPs?
- How to better integrate sector plans in health, education and gender into PRSPs?

Presentations:

- “The Missing Middle”---Getting from Growth to Poverty Targets.  
Mr. Patrick Asea, Director Economic and Social Policy Division, ECA.
- “Lessons for PRSPs from South Africa’s national poverty reduction strategy” Mr. T. Holele, Deputy Director, Poverty Relief Programmeme,  
Dept. of Social Development, South Africa
- “How Pro-poor are the Growth Strategies: The Experience of Zambia” –  
Mr. James Mulungushi, Director of Planning, Ministry of Finance, Zambia.

11:00-11:30

Coffee Break

11:30-13:00

Session II: Costing, Budgeting and Public Financial Management  
Issues in PRSPs

Chair: Professor Sam Wangwe, Economic and Social Research Foundation,  
Tanzania

Rapporteur: Abebe Haile-Gabriel, Addis Ababa University

An important objective of the PRSP is to direct resources to priority areas that have a significant impact on poverty . This objective thus assigns an important role to the budget in efforts to reduce poverty. Governments are expected to ensure that the PRSPs are duly integrated into their budgets and fully costed. Budgets also have to consider the likely inter-temporal tradeoffs of the current emphasis on achieving quick results – by redirecting public expenditure to social sectors – for sustaining poverty reduction programmes over the longer term.

Specifically, the meeting will examine:

- To what extent are PRSP objectives fully costed?
- How realistic are the costing scenarios underlying the PRSPs ?
- What are the trade-offs between macroeconomic stability and higher public expenditures to meet PRSP goals?
- Whether and to what extent the MTEF serves as an institutionalized vehicle for medium-term public expenditure planning?

Presentations

- “Costing the PRSP: Lessons from Country Case-Studies” – Kasirim Nwuke, Senior Economic Affairs Officer, ECA
- “ Costing the PRSP and macroeconomic stability in a post-genocide economy--The Rwanda experience” – Mr. V. Karega, Director of Strategic Planning & Poverty Reduction Monitoring, Ministry of Finance,
- “Costing the PRSP: Lessons from Ghana” - Prof. G. Gyan-Baffour, Senior Technical Advisor, National Planning Commission, Ghana

13:00-14:00 Lunch

Afternoon session:

14:00-15:30 Session III: The Challenge of Institutionalizing Participation

Chair: Hon. M. Daramy, Minister, Ministry of Economic Development & Econ. Planning, S/Leone

Rapporteur: Prof. V. Seshamani, University of Zambia

Country-wide participation in PRSPs presents a paradigm shift from ineffective donor-led conditionality-driven to a system that puts the recipient in the drivers seat. The emphasis on participation and ownership should improve policy design and reduce the probability of non-implementation of policies. Participation, therefore, is a mechanism through which these stakeholders effectively engage in the formulation, implementation, and monitoring of the PRSP.

This session will examine:

- Is country—wide partnership in development planning working in practice?
- To what extent are the concerns of the poor consistent (or at variance) with the policy components of PRSPs ?
- To what extent has the quest for broad-based participation replaced or undermined the fledgling institutions of representative democracy?
- How best to institutionalise participation in order to ensure that the variance between the aspirations of the poor and the policy content of the PRSP is minimized.

Presentations:

- “Reflecting the concerns of the poor in PRSPs –Lessons from Uganda,” Patrick Asea, Economic Commission for Africa
- Invited paper - “Institutionalizing Participation in the PRSP”. Walter Eberlei, University of Duisberg, Germany
- “Broadening Participation: What Lessons from Ethiopia?” - Ato. Getachew, Government of the Federal Democratic Republic of Ethiopia.

15:30-16:00 Coffee/Tea Break

16.00-17.00 Discussion

November 19 (Day 2)

09:00-10:30

Session IV: National Capacity Needs

Chair: Mr. Hakim Ben Hammouda, Director, ECA-Office, Central Africa

Rapporteur: Mr. Arsene Kouadi, CREA, Cote d'Ivoire

Enormous gaps exist in most African countries in the capacity to undertake poverty analysis, design and implement anti-poverty programmes, and monitor their impacts. Gaps also exist in the area of budget preparation and financial management. For PRSPs to be effective anti-poverty tools, there is a need to strengthen capacity in these countries. This session will thus consider the following issues:

- What are the key areas, based on country experiences, where capacity needs to be strengthened;
- What can countries themselves do to mitigate constraints?
- How can African think-tanks and research centres contribute to improving capacity?

Presentations:

- “Capacity needs in a post-conflict country: Ethiopia”- Ato Getachew Adem, Head, Economic Policy and Planning, Ministry of Finance & Econ. Development, FDR Ethiopia
- “Capacity Needs in a Post-Conflict Country: Rwanda” – Salifu Sledge, Coordinator, Joint Programmeme Ecoliers du Monde, Rwanda
- “Capacity Needs in Ghana”- Kofi Adu, Director, Ghana Association of Private Voluntary Organizations

10:30-11:00

Coffee/Tea Break

11:00-13:00

Session V: Harmonization of Donor Policies

Chair: Prof. Sam Wangwe, Economic and Social Research Foundation, Tanzania

Rapporteur Benedict Walker, ECA Economic Justice Network

It has long been recognized that income levels in Africa are too low to generate the domestic resources needed for rapid growth-with-poverty reduction and that this gap can be filled by official financing especially in those countries which are so resource poor that they are unlikely to be the destination of private foreign capital. PRSP now serves as a framework for donor assistance.

However, for aid to be effective, it must be aligned with and be

- supportive of domestic policies. In this session, we will examine:
- Overall donor support for the PRSP process, especially the degree to which donors are making their aid policies, practices and programmes consistent with country PRSP;
  - Whether aid is used as a conditionality to exert a major influence on domestic policy design;
  - The quantity and composition of donor resources; and
  - The cost to recipient countries of reporting on donor assistance.

The outcome of this session will be a set of recommendations on how best to increase the efficiency and effectiveness of donor resources.

#### Presentations

- “Donor Harmonization: Lessons from Country Missions” – by SPA Secretariat
- “Donors and the PRSP in Senegal” – Ms. N. C. Fall, Programme Director, West African Rural Foundation (WARF), Senegal

13:00-14:30

Lunch

14:00-16.00.

Session VI: Lessons learned and where we go from here

Chair: Ms. Elene Makonnen, Principal Advisor, Office of the Executive Secretary, ECA

Super Professor Fantu Cheru, American University

Rapporteur:

This session will wrap up the meeting and summarize the major lessons teased out from the various country experiences. It will also examine the issues that may frame the next meeting of the Learning Group.

16.00

Close

## Annex II

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