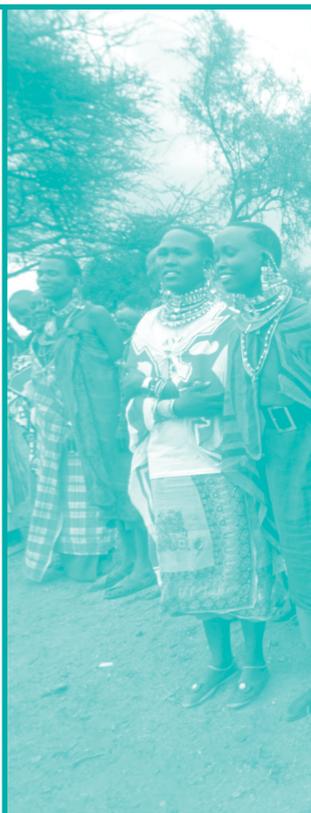


# ALIGNING ASSISTANCE for Development Effectiveness

PROMISING COUNTRY EXPERIENCE





The World Bank  
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## Comprehensive Development Framework Secretariat Operations Policy and Country Services

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February 2003



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*We agreed to take forward the agenda on improving donor alignment behind country-owned strategies, enhancing our results orientation and harmonizing aid practices in partnership with the bilateral community and the multilateral development banks.*

James D. Wolfensohn  
Concluding Statement to the Board of Governors, September 29, 2002

## INTRODUCTION

1. This paper reviews promising country experiences that show external partners are beginning to align development assistance with country-owned poverty reduction strategies. It has been prepared as background for the High Level Forum on Harmonization to be held in Rome February 24-25, 2003, and aims to:

- Stimulate cross-country learning among developing countries and external partners,
- Broaden the focus of the ongoing work on harmonization of operational policies and procedures, and
- Contribute to a common approach for monitoring alignment of development assistance.

2. It is largely based on the results of an assessment of progress in implementing the Comprehensive Development Framework (CDF) principles in 48 low-income countries.<sup>1</sup>

3. At the 2002 Monterrey Conference on Financing for Development, a consensus was reached between developed and developing countries on the need for mutual accountability in achieving sustainable development and poverty reduction in line with the Millennium Development Goals (MDGs). The CDF principles - long term holistic vision and strategy, country ownership, country-led partnership, and focus on development results - provide the generally accepted foundation for implementing this consensus at the country level. Poverty reduction strategies, based on the CDF principles, are a key instrument to pursue the MDGs in low-income countries, which are the focus of this report. The challenge for external partners now is to scale up the impact of their assistance through the alignment of their effort to ensure effective strategy implementation.

4. For purposes of this paper:

- **Partnership** is defined as a collaborative relationship between entities to work toward shared objectives through a mutually agreed division of labor. At the country level, this means engaging, under Government leadership, national stakeholders and external partners in developing, implementing, and monitoring a country's development strategy.
- **Alignment** refers to external partners' actions to increase development assistance coherence, synergy and complementarity with country-owned strategies.

Alignment requires ending the unilateral approach to aid,<sup>2</sup> although the constraints imposed by statutes governing external partners activities are well recognized. The results focus of poverty reduction strategies (PRSs) has the potential to overcome these traditional coordination challenges by focusing external partners' efforts on strengthening country ownership and country capacity.<sup>3</sup>

5. In line with the Monterrey Consensus<sup>4</sup> external partners' alignment at the country level can be examined along six partnership dimensions:

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<sup>1</sup> See, *Comprehensive Development Framework: Implementing the CDF Principles—Status in 48 IDA Countries*, January 27, 2003, (IDA/SecM2003-0027), CDF Secretariat, The World Bank.

<sup>2</sup> James D. Wolfensohn, *Financial Times*, September 26, 2002.

<sup>3</sup> Note from the President of the World Bank to the Development Committee, (DC2002-0007/Rev), April 2002.

<sup>4</sup> During the Monterrey conference, external partners agreed to work toward: (i) using development frameworks that are owned and driven by developing countries, including PRSPs, as vehicles for aid delivery; (ii) improving

- Country Strategies, Programs, and Business Plans,
- Government Leadership in Engaging and Managing Development Partners,
- Instruments,
- Capacity Development,
- Operational Policies and Procedures, and
- External Partners' Organizational Capacity.

6. The World Bank has been tracking and assessing implementation progress of the CDF principles since 1999 based on a number of criteria, which include the six partnership dimensions.<sup>5</sup> While a 2001 assessment<sup>6</sup> showed relatively little progress on partnership, the assessment at the beginning of 2003, shows more encouraging results. This suggests that greater efforts over the last few years, both in-country and internationally, may be beginning to bear fruit. Among the 48 countries being tracked, this paper focuses on promising examples of external partners' assistance alignment in 12 countries, most of which have been implementing a PRSP (Poverty Reduction Strategy Paper) for at least a year.<sup>7</sup>

7. Comparing progress on partnership with overall progress shows that these 12 countries have achieved generally better than average progress in implementing all four CDF principles. This demonstrates the interrelationships between the CDF principles, and reinforces the urgency for external partners to strengthen further their commitment and efforts to broaden country level support from long-term holistic vision through a focus on results on ground.

## PROMISING ALIGNMENT EXPERIENCE

8. The examples set out below, demonstrate how external partners are beginning to align their support (strategies, instruments, capacity development, policies and procedures) with PRSPs under Government leadership.

9. **Country Assistance Strategies, Programs and Business Plans.** The PRSP creates the opportunity for external partners to anchor their support in a country's development objectives and priorities, to base it on a consistent set of results indicators, and to adapt it to country planning and budgeting cycles. But, early experience indicates that strategic policy alignment is not an automatic process; it requires special focus and actions at all levels, including appropriate institutional arrangements and policies. For example:

- 1. Albania:** Moving towards an integrated country strategy framework
- 2. Ethiopia:** A single framework for renewed support
- 3. Niger:** PRSP eliciting external partners' alignment
- 4. Vietnam:** Effective engagement process leading to strategy alignment

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coordination of assistance and enhance country ownership; (iii) using the most suitable aid delivery instruments that are responsive to the needs of developing countries and to the need for resource predictability; (iv) harmonizing operational procedures at the highest standard and make ODA disbursement and delivery more flexible; (v) enhancing countries capacity, and strengthen South-South cooperation; and (vi) improving ODA targeting to the poor, coordination of aid and measurement of results.

<sup>5</sup> See the Annex for more information on tracking and assessment of CDF implementation.

<sup>6</sup> *Comprehensive Development Framework: Meeting the Promise? Early Experience and Emerging Issues,* (SecM2001-0529/1), September 27, 2001, CDF Secretariat, The World Bank.

<sup>7</sup> Albania, Bolivia, Ethiopia, Ghana, Honduras, Malawi, Mozambique, Niger, Rwanda, Tanzania, Uganda and Vietnam.

10. **Government Leadership in Engaging and Managing Development Partners.** In countries where external assistance contributes significantly to GDP, a major task for Governments is to coordinate external partners' support in the formulation and implementation of country strategy. The PRSP process has increased the frequency of coordination activities, which sometimes increases short-term transactions costs. However, these activities are helping build open and transparent dialogue on goal setting, resource allocation and outcomes monitoring. Consultative Group and Round Table mechanisms are evolving into institutionalized processes, that create space for increased Government leadership and more coherent delivery of development assistance. For example:

- 5. **Ghana:** Moving beyond traditional Consultative Group (CG) meetings
- 6. **Rwanda:** PRSP Partnership Framework
- 7. **Uganda:** Ownership and effective partner engagement
- 8. **Vietnam:** Multiple forms of partner engagement

11. **Instruments.** Given current capacity constraints in most low-income countries and development agencies' independent mandates and structures, agreeing on shared responsibilities and outcomes will take time. However, as experience in the relatively most advanced PRSP countries has demonstrated, building consensus on policies and results and increasing the focus on national capacity is becoming a reality. The application of programmatic approaches to support poverty reduction—including sector-wide approaches (SWAs), program-based approaches on non-sector lines, direct budget support and pooling of funding—reflects an increased willingness to scale up support, while at the same time improving the national management and accountability systems. Programmatic support is increasing, providing greater predictability and availability of external support. Projects, however, continue to play a role in the implementation of countries development strategies, particularly where internal reforms are moving more slowly. The provision of program-based support requires increased capacity in countries, including for undertaking analytical work, to foster broad-based national ownership of development policy. Collaboration among external partners and a country, particularly on analytical reports, can produce major cost savings for all involved, including the government. For example:

- 9. **Bolivia:** External partners' alignment behind the Institutional Reform Program
- 10. **Ghana:** Health sector program—a multi-partner approach at work
- 11. **Mozambique:** Coordinated external partner approach to budget support
- 12. **Tanzania:** Joint efforts on country analytical work
- 13. **Uganda:** Mainstreaming budget support and sector-wide approaches

12. **Capacity Development.** Policy formulation and implementation capacity is limited in most countries preparing or implementing PRSPs, reflecting a mixed track record of external support for capacity development. External partners need to help countries in setting capacity development priorities within the PRSP, and to better align their assistance in terms of priorities, sequencing, and delivery forms through a move towards integrated, programmatic capacity development support. For example:

- 14. **Ethiopia:** Country framework for aligning capacity development support
- 15. **Ghana:** Strengthening implementation capacity at the sectoral level
- 16. **Tanzania:** Strengthening capacity on poverty monitoring
- 17. **Vietnam:** Implementation capacity as a central element of country strategy

13. **Operational Policies and Procedures.** Over the past two years, the Multilateral Development Banks (MDBs) and the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD-DAC) have been working toward harmonization of operational policies and procedures. Priority areas have been financial management, procurement, environmental assessment, pre-implementation stages of the project cycle, country analytic work, and monitoring and evaluation.<sup>8</sup> The emphasis is primarily on reducing transaction costs, rationalizing technical requirements across external partners, and strengthening and building national systems and procedures—for both, project and budget support. A set of good practice standards, principles, and products for harmonizing operational policies, procedures, and practices has been developed.<sup>9</sup> This will continue to be an important dimension of alignment around country-owned strategies, as well as alignment within the other partnership dimensions, particularly as the harmonization agenda is expanding toward country harmonization pilots. External partners also need to reevaluate their headquarters' policies and procedures so that harmonization at the country level can be sustained beyond the short-term. For example:

**18. Ethiopia:** Country leadership in expanding the harmonization agenda

**19. Uganda:** Creating an environment for harmonization of operational policies and procedures

**20. Vietnam:** Progress toward harmonization of policies and procedures

14. **External Partners' Organizational Capacity.** In order to better deliver development assistance, several external partners are in the process of adapting their organizational structures and policies. This includes strengthening delegation to country offices, emphasizing partnership, teamwork and integrator skills in hiring and promotion, and innovative action-oriented approaches to staff learning. Although relative progress is encouraging, the process is still in its early stage. For example:

**21. Honduras:** External partners' decentralization strengthens partnership

**22. Malawi:** Norway manages Sweden's assistance program

**23. Uganda:** World Bank multi-sectoral approach

## KEY CHALLENGES AHEAD

15. Despite progress and evolving promising alignment practices, significant challenges remain for governments and external partners. Areas where progress is important include:

- Developing linkages between long-term country visions, medium-term strategies, Medium-term Expenditure Frameworks (MTEFs) and annual budgets and in developing outcome-based PRSPs,
- Institutionalizing the engagement processes linked to PRSP monitoring, planning and policy development,
- Strengthening government leadership capacity for engaging and managing external partners,

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<sup>8</sup> *Harmonization of Operational Policies, Procedures, and Practices: Information note*, Development Committee Meeting, September 28, 2002, (SecM2002-0451/2), September 16, 2002, The World Bank..

<sup>9</sup> *Country Level Harmonization: Emerging Implementation Lessons*, The World Bank in consultation with the OECD-DAC Task Force on Donor Practices, African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, February 9, 2003.

- Improving countries' management and fiduciary systems through common implementation structures and procedures,
- Strengthening government institutions, and developing stronger links between policies, allocation of funds and performance, as well as mechanisms for dealing with disagreements, slippages, including risk analysis and contingency planning,
- Setting priorities for capacity development in cross-cutting areas to address implementation bottlenecks,
- Seeking proactively South-South peer learning mechanisms,
- Speeding up harmonization of operational policies and procedures where possible, focusing on sustainable reforms, and
- Increasing country level collaboration through greater decentralization of authority to external partners' country offices.

## **PROMISING ALIGNMENT EXAMPLES**

### **Country Strategies, Programs and Business Plans**

1. Albania: Moving toward an integrated country strategy framework .....9
2. Ethiopia: A single framework for renewed support .....11
3. Niger: PRSP eliciting external partners' alignment .....13
4. Vietnam: Effective engagement process leading to strategy alignment .....15

### **Government Leadership in Engaging and Managing Development Partners**

5. Ghana: Moving beyond traditional Consultative Group (CG) meetings .....17
6. Rwanda: PRSP Partnership Framework .....19
7. Uganda: Ownership and effective partner engagement .....21
8. Vietnam: Multiple forms of partner engagement.....23

### **Instruments**

9. Bolivia: External partners' alignment behind the Institutional Reform Program .....25
10. Ghana: Health sector program-a multipartner approach at work.....27
11. Mozambique: Coordinated external partner approach to budget support .....29
12. Tanzania: Joint efforts on country analytical work .....31
13. Uganda: Mainstreaming budget support and sector-wide approaches.....33

### **Capacity Development**

14. Ethiopia: Country framework for aligning capacity development support .....35
15. Ghana: Strengthening implementation capacity at the sectoral level.....37
16. Tanzania: Strengthening capacity on poverty monitoring.....39
17. Vietnam: Implementation capacity as a central element of country strategy .....41

### **Operational Policies and Procedures**

18. Ethiopia: Country leadership in expanding the harmonization agenda.....43
19. Uganda: Creating an environment for harmonization of operational policies and procedures....45
20. Vietnam: Progress toward harmonization of policies and procedures.....47

### **External Partners' Organizational Capacity**

21. Honduras: External partners' decentralization strengthens partnership.....49
22. Malawi: Norway manages Sweden's assistance program .....51
23. Uganda: World Bank multi-sectoral approach .....53

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## 1. Albania: Moving toward an integrated country strategy framework

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Albania is moving toward an integrated, strategic framework, which links the country's broad vision-to be reflected in a Stabilization and Association Agreement (SAA) with the European Union-through a medium-term strategy, to budget execution. This movement has been facilitated by efforts of the European Commission (EC) and the World Bank to reconcile the strategic perspectives they bring to their dialogue with Albania. This experience could be relevant for other countries, particularly in Southeastern Europe. Key success factors include:

- Government leadership.
  - Strong dialogue between EC and World Bank, including will to clarify that perceived differences in approach are in fact complementary and overlapping.
  - Growing commitment of other external partners to PRSP process.
- 

### Country Role

- Desire for EU accession anchors long-term vision and provides impetus for work toward SAA; PRSP process provided spark and vehicle for articulating medium-term strategy linked to long-term vision.
- Minister of Finance, together with an inter-ministerial working group, leads and supports work on strategic linkages, including linking vision and strategy to medium-term expenditure framework, and thence to annual budget allocations.

### External Partners' Role

- As part of Western Balkans, Albania is negotiating SAA with EU, to set long-term a political perspective, including the prospect, however distant, of joining EU.
- With support from many partners including the World Bank, Albania prepared a PRSP-the National Strategy for Socio-Economic Development (NSSED)-which sets out medium-term actions and indicators, and can provide basis to monitor progress toward SAA goals.
- EC and World Bank held a workshop in Brussels in June 2002 to clarify purposes of and linkages between SAA and NSSED, and how best to work together to support the country.
- During NSSED development a "core" group of 12 partners met regularly (with Ministry of Finance) to discuss progress, comment on drafts of NSSED document, and offer financial and technical assistance at various phases.

### World Bank

- World Bank actively supported Government during NSSED development.
  - World Bank staff sustained dialogue with EC to help reconcile their advice with parameters of wider Western Balkans process.
  - The World Bank Country Assistance Strategy (CAS), completed May 2002, aims to orient Bank activity in support of NSSED's timing, goals, and indicators. This includes focus on comparative advantage in analysis and support to policy, institutional, and structural reforms, for example through a Poverty Reduction Support Credit (PRSC); whereas for governance and institution building, where many external partners-especially EC-are active, the World Bank will intervene very selectively.
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### Key Challenges Ahead

- Sustaining EC-World Bank dialogue and close work on the ground.
  - Greater alignment of other external partners' assistance programs to the NSSED and the strategy framework.
  - Helping Government implement its NSSED commitments, given fragility of the process and Government's weak capacity, financing constraints, and reliance on external support.
- 

Albania's National Strategy for Socio-Economic Development (NSSED):

[http://poverty.worldbank.org/files/Albania\\_PRSP.pdf](http://poverty.worldbank.org/files/Albania_PRSP.pdf)

Supplement to the NSSED:

[http://poverty.worldbank.org/files/Albania\\_PRSP\\_Supplement.pdf](http://poverty.worldbank.org/files/Albania_PRSP_Supplement.pdf)

Finance Ministry website for the NSSED:

<http://www.minfin.gov.al/initiatives/gprs/gprsindex.html>

EU link to site on EU-Albania relations:

[http://europa.eu.int/comm/external\\_relations/see/albania/index.htm](http://europa.eu.int/comm/external_relations/see/albania/index.htm)

World Bank Country Office in Albania:

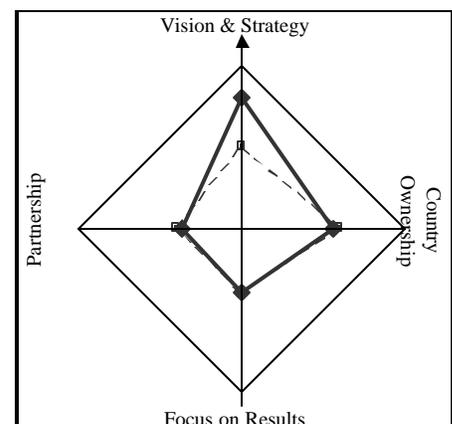
<http://lnweb18.worldbank.org/eca/albania.nsf>

Development Gateway:

<http://www.developmentgateway.org/>

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ALBANIA: Progress with CDF Implementation



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## **2. Ethiopia: A single framework for renewed support**

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External partners have now returned to Ethiopia, in large part aligning their resources around the Sustainable Development and Poverty Reduction Program (SDPRP), Ethiopia's PRSP. The first CG meeting since 1996 was held in December 2002, organized by the Government in cooperation with the Development Assistance Group (DAG), UNDP, and the World Bank. Government presented the SDPRP as the country's primary development program. External partners agreed that it provided a common platform for development and poverty reduction.

External partners expressed strong support for the Government's program and pledged their cooperation in line with the priorities detailed in the SDPRP. Pledging financial resources of \$ 3.6 billion over the next 3-year period. This amount marks a sizable increase in support for Ethiopia, but these pledges will not be sufficient to fill the existing SDPRP financing gap in the short term, as disbursement will inevitably lag. These pledges indicate a gradual shift toward direct budget support, while recognizing the importance of project and sectoral funding. Several external partners are working to prepare a Direct Budget Support Program. Key successes include:

- Strong policy ownership of the SDPRP, based on strong Government leadership. Within the Government, the Ministry of Finance and Economic Development had a very strong role in the SDPRP preparation.
- Strong SDPRP in terms of quality and process provides credible framework.
- The quality of dialogue between Government and external partners has markedly improved over the last 2 years. For example, there are now quarterly high-level meetings between Government, DAG, and joint steering committees for the sector development programs. External partners organized thematic working groups, reviewed the emerging drafts of the SDPRP, and submitted comments to the Government. The next-to-final document was reviewed jointly by the Government and the DAG. Because of their engagement in the process of preparing the SDPRP, external partners are now much more in agreement with the policy direction. Finally, the CG played a critical role in fostering commitment and external partner support for SDPRP.

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### **Country Role**

- The SDPRP continues the broad thrust of policies that have been debated and developed internally in Ethiopia over the past decade to reduce poverty. It is strongly owned domestically and presents a substantial development agenda for the next 3 years. The SDPRP provides a clear set of indicators and targets for monitoring and evaluating the implementation of the strategy in the social sectors.
- The SDPRP consultations have constituted an unprecedented participatory process with deep and wide-ranging consultations at all levels undertaken by the Government. They were the first national consultation on policy, moderated by representatives of civil society and held in over 100 out of 550 "woredas." NGOs established an independent NGO task force to contribute to and monitor the consultative process, while the Chamber of Commerce established sectoral working groups to feed into the consultations. Both have welcomed the process and expressed their satisfaction with it. The draft SDPRP was discussed internally within the Government and the Parliament, as well as with civil society and NGOs.
- Government created a Government/external partner task force in November 2002 to take SDPRP implementation and the wider harmonization agenda forward. The task force will be important beyond the CG.

### **External Partners' Role**

- The UN and the World Bank cochair the Development Assistance Group (DAG) of heads of external partners. The DAG meets on a monthly basis. At the CG the DAG group presented their positions on the Government SDPRP and on the alignment and harmonization efforts. Following the CG discussions, the DAG is now restructuring around the PRSP process to further enhance the partnership.
- External partners renewed their support in alignment with the SDPRP priorities, and major external partners indicated that they would take the future Annual Review of the SDPRP, which will be prepared by the Government, as an important document to update their country assistance strategies annually (e.g. EC, World Food Program).
- At the CG meeting the Government presented a framework for harmonizing external partners' efforts within a sustained effort at improving Government systems. External partners agreed to increasingly align their procedures with Government systems, while supporting the further strengthening of these systems.

### **World Bank**

- At the country level, the World Bank has been working with Government and external partners, under the auspices of the DAG (cochaired by the UN Resident Coordinator and the World Bank Country Director) to develop a framework for coordinated external partner support of the SDPRP and increased external partner harmonization.

- The World Bank is preparing its Country Assistance Strategy for FY03-05 on the basis of the SDPRP. Key focus areas of the CAS reflect the priorities in the SDPRP.
- A significant share of future World Bank support will go directly and indirectly to capacity development.

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### Key Challenges Ahead

- With the December 2002 CG, Government and external partners entered a new phase of active partnership. They agreed on a new relationship based on the principles of mutual obligations and mutual accountability. External partners endorsed the new partnership with Ethiopia that aims at increasing levels of assistance, while improving the effectiveness and speed of assistance delivery. The Government plans to put in place appropriate new mechanisms to achieve these objectives of enabling mutual accountability and better policy dialogue. Government and external partners also agreed to review and monitor the results of their enhanced cooperation. Key success factors include: The Government's capacity to formulate strategy is strong; implementation capacity, however, is variable across ministries and agencies and among regions. Successful implementation and adequate external partner support of the national capacity building program will be crucial.
  - Since many non-state actors were involved in the preparation of the SDPRP, they are also expected to participate in the monitoring process. Government will need to establish mechanisms to institutionalize the participation process.
  - There is a need to refine the SDPRP in the areas of prioritization, specificity, and timing.
  - The Government and the DAG must work out an agenda to continue dialogue and information sharing on priorities and results. The Government has recognized the need to strengthen the existing mechanisms and identify other Government/external partner dialogue mechanisms, and it has established a Government/external partner task force to take the SDPRP implementation and the wider alignment and harmonization agenda forward.
  - The SDPRP offers a new opportunity for external partners to further align their support under a common framework. The SDPRP allows each party to hold the others accountable for meeting their responsibilities; but mechanisms will need to be in place to put this into practice. The annual progress review forum to be held in November each year will provide the SDPRP monitoring and evaluation process and a forum for policy level discussion.
  - On the external partner side, the successful implementation of SDPRP requires not only providing sufficient resources in a predictable and sustainable manner, but also streamlining of different procedures currently being applied in the country.
- 

*Ethiopia's Sustainable Development and Poverty Reduction Program:*

[http://www.worldbank.org/afr/et/prsp/2002\\_07\\_prsp.pdf](http://www.worldbank.org/afr/et/prsp/2002_07_prsp.pdf)

World Bank Ethiopia PRSP web page:

<http://www.worldbank.org/afr/et/prsp.htm>

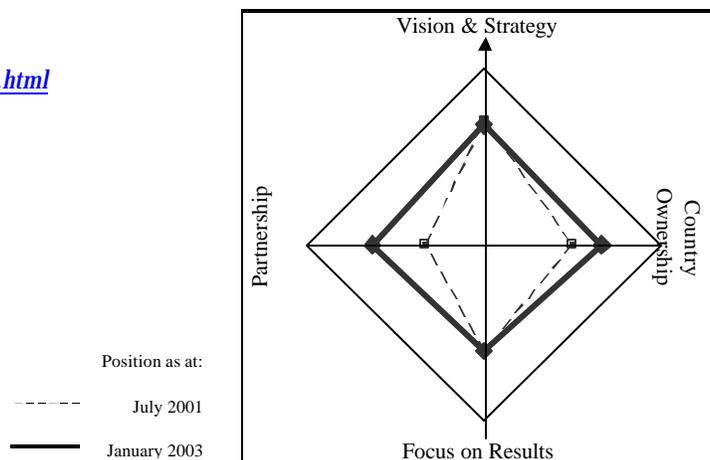
Link to Ethiopia websites:

<http://www.abysiniacybergateway.net/ethiopia/index.html>

Development Gateway:

[www.developmentgateway.org](http://www.developmentgateway.org)

ETHIOPIA: Progress with CDF Implementation



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### **3. Niger: PRSP eliciting external partners' alignment**

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There is a growing consensus among external partners to start aligning their assistance with Niger's PRSP and thus reduce fragmentation in their support. At the sectoral level, external partners are coming together around strategies linked to Niger's PRSP and are reaching agreement on appropriate divisions of labor (particularly in education, rural development, water, HIV/AIDS, health, and judicial sector reform). At the broad level of coordination around the strategic goals of the PRSP, the UNDP and the World Bank are jointly taking the lead in helping the Government's PRSP Secretariat mobilize external partner support and build consensus on the ways to improve coordination. Key success factors include:

- A dedicated unit in the Office of the Prime Minister in charge of formulating the PRSP and coordinating external partner assistance (the Permanent Secretariat).
  - A singularly effective communications and outreach strategy designed with Bank technical support and implemented by the PRSP secretariat significantly enhanced the quality of local participation in the PRSP process.
  - External partners' involvement in PRSP preparation, while respecting country ownership of policies.
  - Strong collaboration among external partners under the leadership of the Government, and willingness of external partners to provide capacity support to make Government leadership possible.
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#### **Country Role**

- The Government has maintained a positive track record of policy performance, and in January 2002 it completed a PRSP through a Permanent Secretariat set up for that purpose within the Office of the Prime Minister.
- Besides involving internal stakeholders in implementing the PRSP, the Government has also involved external partners. It set up a Government/external partners committee as a permanent structure for dialogue with external partners. This committee, which is chaired by the Minister of Finance, receives technical/logistical support from the PRSP Permanent Secretariat and financial support from UNDP and the World Bank.
- In addition to this regular coordination, the Government plans to chair an external partners' forum in April 2003 in Niger to address external partner concerns on the PRSP, present an assessment of capacity development needs in support of PRSP implementation, and further increase external partner support.

#### **External Partners' Role**

- External partner coordination has been slower to coalesce in Niger than in some other countries because of the prolonged political instability of the 1990s, leading many external partners to significantly reduce their assistance programs or to withdraw altogether. Nonetheless, most external partners are in agreement on the need for much closer coordination, and they look upon the PRSP as the anchoring point.
- Lead external partners participate in the Government / external partners committee, the ongoing elaboration of sector strategies, and thematic groups. They also finance activities of the Permanent Secretariat, which is responsible for coordinating external partner assistance.
- The World Bank's recently completed Country Assistance Strategy (CAS) for Niger and the UN system's consolidated strategic planning document, UNDAF, have both been prepared so as to be in alignment with the strategic priorities detailed in the PRSP. At a preparatory meeting for the donor forum, held February 6, 2003, several other external partners, including the EU, France, Canada, Switzerland and Belgium declared that their individual strategies would align with the PRSP.

#### **World Bank**

- The World Bank contributed to the financing of the Permanent Secretariat, and, at the request of the Government, cochaired (with UNDP) the Government/external partners committee.
  - The World Bank's January 2003 CAS is aligned with the PRSP, describing how the World Bank will contribute to the improvement and implementation of the PRSP. The World Bank designed its CAS monitoring indicators with reference to the PRSP. A key topic of the CAS is how the World Bank plans a shift to programmatic support in collaboration with other key external partners, with the PRSP as the reference point.
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#### **Key Challenges Ahead**

- Need for the government to assume a more forceful leadership role in mobilizing and coordinating external partners' assistance.
  - Need for external partners to further align support including the existing portfolio of project support and concerted capacity development support-with the PRSP, and to initiate programmatic lending.
-

Government of Niger:

[www.nigerpauvrete.org/](http://www.nigerpauvrete.org/)

Niger PRSP:

<http://www.nigerpauvrete.org/NigerPRSPEng.pdf>

World Bank link to other Niger PRSP documents:

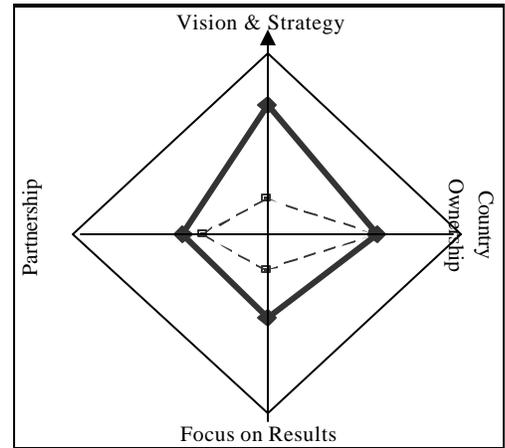
<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=126>

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**NIGER:** Progress with CDF Implementation

Position as at:  
----- July 2001  
———— January 2003



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#### **4. Vietnam: Effective engagement process leading to strategy alignment**

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In the spring of 2002, the Government of Vietnam (GoV) completed the Comprehensive Poverty Reduction and Growth Strategy (CPRGS), a government-owned mid-term strategy. The CPRGS has played a significant role in bringing together the goals of a previously formulated long-term vision document, the “Strategy for Socio-Economic Development: 2001-2010,” sectoral strategies covering the same period, previous poverty reduction initiatives such as the “Five-Year Socioeconomic Development Direction and Plan: 2001-2005,” and the Interim Poverty Reduction Strategy document.

The Ministry of Planning and Investment (MPI) was in charge of the drafting process, which built upon the findings of a consultation process that involved a wide range of stakeholders: agencies and officials at the national, sub national, provincial, district, and local levels, as well as international NGOs, local civil society organizations, and the external partner community. The poorest sectors of the population were also consulted through a research process involving a return to sites where poverty assessments had been undertaken in 1999. The nature of the consultation contributed greatly to the fact that the resulting document was firmly owned by Vietnam. External partners’ involvement in the consultation process was further strengthened by their full participation in over 20 sector-based or thematic Government/external partners partnerships groups. Among these working groups, the Poverty Working Group (PWG) and its core members who form the Poverty Task Force (PTF) were particularly active in supporting the GoV in the development of the CPRGS.

The CPRGS was the centerpiece of the May 2002 midyear CG meeting. The CG built a consensus among external partners that this strategy provided the framework for the alignment of their own assistance strategies for Vietnam. External partners, private sector representatives, and NGOs welcomed this strategy as a step forward, praising both its content and the consultation process, which integrated their views in the drafting process. In response, many external partners stated their intention to align their own strategies and programs to the CPRGS. The implementation of the CPRGS was a central theme of the full CG meeting held in Hanoi in December 2002. Key success factors include:

- The strong Government ownership of the strategy made it clear that the CPRGS should be used as a guide for external partners’ assistance strategies.
- Involvement of many external partners in the wide-ranging, intensive consultation leading up to the CPRGS.
- Willingness on the part of most external partners to consider the CPRGS as the defining framework for their own strategies in Vietnam.

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##### **Country Role**

- The Government drafted a cohesive medium-term action plan, the CPRGS, as a guide for external partners to direct assistance toward national policies and priorities. GoV promoted the CPRGS using a significant consultation process, fully involving external partners such as through the PWG/PTF, and ensuring the support of a wide cross-section of stakeholders in-country.
- GoV used CG meetings to build a consensus on CPRGS and to build external partners’ commitment to align their assistance to CPRGS.

##### **External Partners’ Role**

- External partners’ willingness to participate fully in all the consultation processes involved in preparing the CPRGS.
- External partners’ endorsement of the CPRGS at the CG meetings.
- External partners’ stated intention to align their own assistance strategies to the CPRGS.

##### *World Bank*

- Support of the Government’s initiative to draw up the CPRGS, and both the willingness and capacity to be fully involved in the process.
- Cochairing CG meetings among major external partners in Vietnam, and supporting a transparent and open consultation process that facilitated consensus on the strategy and persuaded many external partners to align their strategies to the CPRGS.

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### Key Challenges Ahead

- Practical implementation by external partners of their commitment to align both content and timing of their assistance strategies to the CPRGS.
  - The integration of the CPRGS with the government's five- and ten-year planning documents, annual and multiyear budget documents and plans, and the Public Investment Program are core linkages and will have to be strengthened over time. As annual budgets and medium-term expenditure plans are drawn up, it will be extremely important that government can demonstrate this link clearly.
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Vietnam Comprehensive Poverty and Growth Reduction Strategy (CPRGS):

[http://poverty.worldbank.org/files/Vietnam\\_PRSP.pdf](http://poverty.worldbank.org/files/Vietnam_PRSP.pdf)

Vietnam Development Information Center:

<http://www.vdic.org.vn/>

Development Gateway:

[www.developmentgateway.org](http://www.developmentgateway.org)

World Bank Country Office in Vietnam:

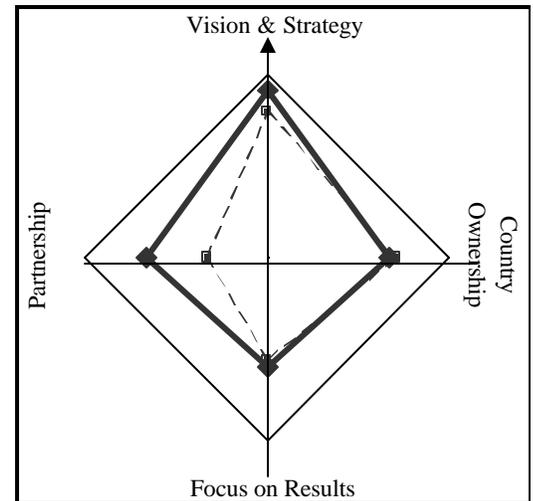
<http://www.worldbank.org.vn/>

World Bank link to other PRSP documents:

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=186>

VIETNAM: Progress with CDF Implementation

Position as at:  
----- July 2001  
————— January 2003



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## 5. Ghana: Moving beyond traditional Consultative Group meetings

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After 9 consecutive CG meetings held in Paris, the first in-country CG took place in Accra in 1999, cochaired by the Minister of Finance and the World Bank Country Director. Following a previous CG meeting in late 1997, the World Bank and the Government of Ghana set up the “Mini-CG” process, in which the Government and external partners meet quarterly under the cochairmanship of the Minister of Finance and the World Bank Country Director. A Mini-CG follows up on CG decisions, reviews the country’s economic situation, and addresses key issues in external partner coordination. In addition to the Mini-CG, the Government has formed 14 CDF sector-coordinating groups, each chaired by the relevant Ghanaian agency, and with “focal point” representatives of different external partners agencies in each group. Key success factors include:

- Government readiness to innovate and lead the external partner engagement and coordination process.
- External partners supporting the changes in the CG process.
- World Bank country director modeling partnership behaviors.

A second in-country CG meeting was held in April 2002, with 300 people attending. The Government presented the Ghana Poverty Reduction Strategy (GPRS), and civil society and private sector representatives participated in two ways: (a) selected representatives fully participated in all the deliberations and made presentations at the meeting; and (b) civil society provided a reality check at a fair with 41 NGOs present. Civil society participants at the fair expressed their satisfaction at the opportunity to establish contacts with external partners. The private sector representatives expressed their support for, and endorsement of, the priorities of the GPRS. Six of the 14 sector coordinating groups-comprising representatives of Government, civil society, private sector and external partners-met during the CG in break-out groups to discuss the GPRS at the sector level. One of the outcomes of the April 2002 CG meeting was a move to further institutionalize the process by setting up a permanent, standing framework for consultation with civil society and the private sector, including broader inclusion in the Mini-CG process. Key success factors include

- Government readiness to innovate and lead the external partner engagement and coordination process.
  - External partners supporting the changes in the CG process.
  - World Bank country director modeling partnership behaviors.
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### **Country Role**

- Government takes the overall lead in coordinating external assistance and has a relatively high capacity to coordinate external partners. The introduction of the Mini-CG process and the CDF sector coordinating groups has led to further strengthening of Government’s capacity in this area.
- Innovative Government approach toward improving the CG process, e.g. by developing effective ways to bring civil society and the private sector into the main CG meeting, and by further institutionalizing the dialogue via the Mini-CG process.
- Civil society and the private sector express strong interest in playing an active role in the CG process.

### **External Partners’ Role**

- External partners fully accept, value, and support the in-country CG meetings and the Mini-CG process. The in-country CG provides an opportunity for external partners to listen to voices not usually heard in such a forum.
- At the CDF sector group level, external partner focal points have been providing important assistance to the Government.
- External partners are financially supporting the Mini-CG process, and they are taking advantage of it as a useful way to exchange information, experiences, and plans.

### **World Bank**

- Active World Bank support for Government in leading coordination of external partners and innovating the CG process.
- At the same time, World Bank stepped back from its traditional role to leave space for the Government (to lead external partner coordination) and for external partners (to provide the focus in the CDF sector groups).

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## Key Challenges Ahead

- External partners need to work together to base future programs of assistance on the GPRS, and to move from the planning stage to the important GPRS implementation stage. The structure and mandate of the groups, and the future shape of coordination at the sector level, including the role of civil society and the private sector in such groups, are being discussed in the Mini-CG.
  - To enhance participation, partnership with civil society and the private sector needs to be deepened and further institutionalized.
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Ghana Ministry of Finance:

<http://www.finance.gov.gh>.

Ghana April 2002 CG – Chairpersons' Report on Proceedings: [http://www.worldbank.org/afr/gh/ghana\\_CG.pdf](http://www.worldbank.org/afr/gh/ghana_CG.pdf)

World Bank link to Ghana PRSP documents:

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=66>

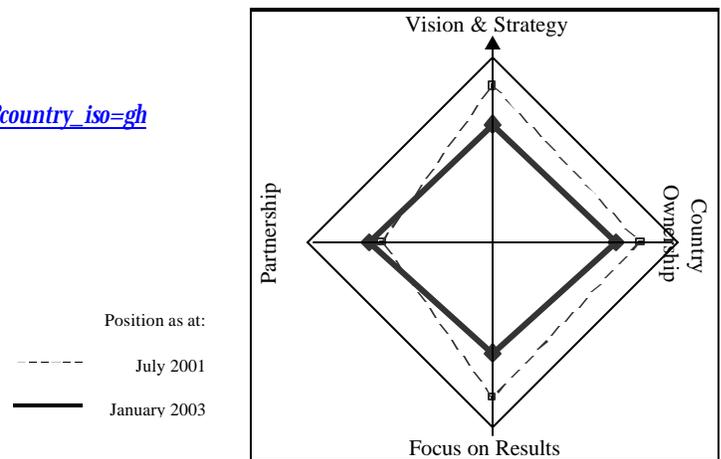
Ghana UNDP website:

<http://www.undp-gha.org/>

Ghana Development Gateway:

[http://www.developmentgateway.org/countryprofile/index?country\\_iso=gh](http://www.developmentgateway.org/countryprofile/index?country_iso=gh)

GHANA: Progress with CDF Implementation



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## **6. Rwanda PRSP Partnership Framework**

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- The PRSP process strengthened country ownership and coordination with external partners.
- Rwanda-Development Partners Conferences chaired by the Government (GoR) with the participation of all external partners, representatives of civil society and the private sector is the institutionalized consultative and assistance coordinating mechanism for the PRSP implementation.
- In the context of the PRSP and medium-term expenditure framework (MTEF), the GoR prepared a new assistance coordination framework based on sector-wide approaches (clusters) and lead ministries that was endorsed at the Third Rwanda-Development Partners Annual Conference (Kigali, 12/2002).
- The concept of lead external partners and lead ministries in each sector, and regular meetings to review progress sector by sector, is being put in place.
- To bring about an alignment of external partners' support around the PRSP and budget cycle, GoR, the Strategic Partnership for Africa (SPA) and other interested external partners agreed to align their procedures with Rwanda's budget cycle as a starting point in streamlining external partner reporting requirements for improved accountability nationally and externally.
- Agreement reached on aligning external partner calendar procedures with Rwanda's budget cycle. GoR is taking the lead in working with external partners unable to provide budget support to align their programs to national priorities (PRSP goals).
- The country is participating in the SPA budgetary support piloting.

Key success factors include:

- High country policy ownership: the PRSP, together with the budgetary and investment measures identified by GoR, provides a major opportunity for changing the way in which external support is provided, covering both budgetary and nonbudgetary assistance.
- GoR leadership in the development of the framework for external partner coordination.
- PRSP is the operationalization of the long-term vision, as part of the national reconciliation process.
- Government built its credibility by achieving macroeconomic stability; introducing a sound MTEF process within a short period of time; directing expenditure to social sectors, especially education; sustaining a revenue-raising effort; establishing a poverty monitoring structure; instituting a credible system to generate quantitative and qualitative information; ensuring timely availability of data for tracking performance (health and education); and introducing a participatory framework in elaborating the PRSP and decentralizing some aspects of Government to the village level.
- GoR assured consistency and coherence in PRSP implementation across ministries, leadership on poverty monitoring by merging the National Poverty Reduction Program with the Department of Strategic Planning.
- The policies and activities articulated in the PRSP are beginning to shape the character of a number of Government processes, including the planning of medium-term expenditure, formulating investment and sector strategies, setting of annual budget priorities, and defining the role of districts within the context of an ambitious decentralization program.
- The National Investment Strategy (NIS), together with the 2002 Budget Framework Paper, put the PRSP at the center of the budget processes.

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### **Country Role**

- The GoR is leading the efforts on PRSP implementation by establishing appropriate governing mechanisms and strengthening the linkages between the PRSP, the MTEF and the annual budget.

### **External Partners' Role**

- The PRSP priorities are the foundation on which external partners base their support. The partnership framework document introduced the nomination of a lead sector agency to manage the preparation of the sector strategy in each sector, with support by a lead external partner for the sector. The lead agency will be the principal contact in the government with external partners and the civil society, while the lead external partner will assist the lead agency in coordinating external partners' activities in the sector, help to harmonize working procedures and practices, and support the sector strategy development process.
- The GoR proposed lead external partners for clusters of key sectors as follows: agriculture, land, habitat, and environment (EU, World Bank); infrastructure and ICT (EU/World Bank); human resource development and capacity building (SIDA); private sector development (USAID); social sector (Belgium/DFID); decentralization and the Community Development Fund (Netherlands); and governance (UNDP). Discussions with the partners on the proposal are under way, and UNDP is helping to coordinate the process.
- The AfDB, the EC, the IMF, the UK, and the World Bank are working toward formulating a shared framework for budget support linked to the budget and the PRSP cycle.
- The cluster approach is intended to bring external partners together within each field in a way consistent with the PRSP by increasing coherence with sector plans, establishing closer links with the budget, and preparing a matrix of indicators to track performance on a yearly basis. There is strong commitment to operationalize the

current medium-term PRSP into more effective annual arrangements external partners with respect to common reporting, auditing, and supervision.

**World Bank**

- The AfDB, EU, the UK, and the World Bank are jointly supporting the assessment and improvement of the public finance management system.
- In the context of the PRSP Partnership Framework, the World Bank is collaborating with other external partners to improve the effectiveness of development assistance by supporting the harmonization of external partners' procedures and the strengthening of the budget process, financial accountability and transparency, and by encouraging external partners to provide more flexible financial support and facilitate the adoption of SWApS.
- The World Bank is working with UNDP, the lead agency for assisting the GoR in coordination of external assistance and resource mobilization, and in supporting the Government in streamlining the framework for external partner coordination.

**Key Challenges ahead**

- Institutional capacity development is identified as one of the six priorities for public actions in the PRSP. The fragile social capital and the Government's limited institutional capacity are considered potential obstacles to the success of the extensive economic and sociopolitical reforms under implementation, and to the successful implementation of the PRSP in general. All external partners are collaborating with the Ministry of Finance and Economic Planning to identify the most pressing needs and avoid overlaps.
- Full operationalization of the MTEF and making it work for the poor is critical for increased support and cooperation of external partners. The MTEF for the budget recently introduced in the context of well-defined sector strategies and clear policies, is the instrument to make the public expenditure management results-oriented and effective. The key challenges include improving accountability, monitoring outcomes, and strengthening implementation and service delivery, as well as the effectiveness of public spending.
- There is general recognition that external partners need to acknowledge, and respect, the transparent and participative process through which the PRSP was prepared. They also need to understand that there is a risk of undermining the broad ownership engendered by the participatory process if parts of the PRS are operationalized through bilateral negotiations with external financiers.
- The World Bank could play more proactive role.

*Rwanda Government:*

<http://www.rwanda1.com/government/>

*Rwanda Ministry of Finance and Economic Planning:*

<http://www.minecofin.gov.rw/>

*Final Communiqué, Development Partners Conference November 2002:*

[http://www.minecofin.gov.rw/ministry/news/2002/annual.devel.partners\\_6-8.nov.2002.htm](http://www.minecofin.gov.rw/ministry/news/2002/annual.devel.partners_6-8.nov.2002.htm)

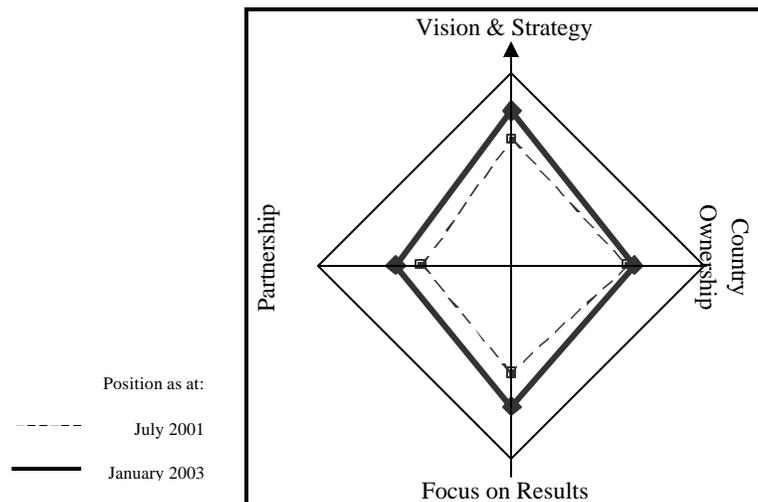
*World Bank link to Rwanda PRSP documents:*

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=142>

*Development Gateway:*

[www.developmentgateway.org](http://www.developmentgateway.org)

**RWANDA:** Progress with CDF Implementation



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## **7. Uganda: Ownership and effective partner engagement**

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The Government of Uganda (GoU) introduced its Poverty Eradication Action Plan (PEAP) in 1997 and revised it in 2000 to reflect new results on different dimensions of poverty. The GoU prepared and revised the PEAP in a highly consultative manner, with extensive involvement of civil society, the private sector, and external partners. Continuous consultations on annual PEAP Progress Reports, including the most recent one completed in March 2002, have led to a high level of ownership by the Government and key national stakeholders.

Volume III of the PEAP, completed in December 2001 and entitled “Building Partnerships to Implement the PEAP,” reflects the GoU’s leadership in and commitment to working with external partners in implementing the national strategy. This document sets out the 20 PEAP partnership principles-10 for the GoU and 10 for external partners-as a guide for managing external partners’ assistance. Originally proposed at the 1999 conference in Stockholm on “Making Partnerships Work,” these principles reflect both donors’ and external partners’ recognition of the need for effective partnerships. Among other things, these principles call for external partners to align their assistance with the PEAP; in cases where proposals are not aligned with the PEAP, GoU counterpart funding is not guaranteed.

Implementation of the PEAP and external partner coordination are also facilitated by a series of Poverty Reduction Support Credits (PRSC). The PRSC supports the implementation of the PEAP, assisting the GoU in its operationalization and prioritization. Several external partners have increasingly shifted to providing budget support, and use the PRSC policy matrix as the framework against which they disburse their assistance. There are regular Government-external partner reviews of progress against the reform program benchmarks and PEAP targets.

GoU’s strong fiscal management-in particular, the aggregate spending control and strategic allocation of funds-has also had positive effects on external partner alignment. The strong leadership of the Ministry of Finance, Planning and Economic Development (MFPED) in standing firmly by the defined budget constraints has resulted in a solid track record of fiscal discipline, as most ministries and districts have operated within their budget ceilings. At the same time, the GoU has engaged external partners in important stages of the budget process. Since 1997, external partner representatives have been part of the sector working groups (SWGs) that draw up the medium-term expenditure framework (MTEF), identifying sector objectives in line with PEAP objectives. As a result, budget allocations have been significantly shifted to those sectors directly supporting PEAP objectives.

External partner support has further been encouraged by important reforms introduced by the GoU to increase transparency in the delivery of funds. GoU’s policy is now to publish details of all funds released to district authorities in newspapers and radio broadcasts. The local authorities are required to display central government allocations on public notice boards. This enables local communities to check funds are actually received and spent as intended.

Overall, the combination of strong ownership, transparency, and improved procedures has encouraged stronger external partner support for Uganda. Key success factors include:

- GoU commitment to the PEAP and its implementation, including the MFPED’s ability to impose fiscal discipline and strict adherence to agreed sectoral expenditure ceilings.
- Highly capable economic team in MFPED.
- Widespread support within the country for the PEAP.

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### **Country Role**

- Uganda’s poverty reduction strategy is homegrown and prepared through extensive consultations.
- GoU issued partnership principles to guide external partner/GoU interaction.
- The rigor of the budget process and the link of the MTEF to the PEAP have strengthened external partner support of the PEAP.
- The decision in 1997 to formalize the membership of the SWGs to external partner representatives and other stakeholders was a key innovation. The pooling of expertise and experience helps ensure that sector objectives and action plans are realistic, linking the action plans to the budgets.

### **External Partners’ Role**

- Respect of GoU’s ownership of the PEAP process and willingness to support the process in practical ways.
- Agreement to align support with the PEAP’s objectives.
- An increasing shift to budget support as the instrument of assistance to the implementation of the PEAP. The reform program supported by the PRSC has emerged as a joint framework for partners providing general budget support.

*World Bank*

- Active World Bank support for Government leadership.
- The introduction of PRSCs enabling more coherent support from external partners.

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**Key Challenges Ahead**

- Greater support is needed at the local level for more effective implementation and greater local accountability.
- External partners need to respect GoU's role as leader and adjust their processes and assistance modalities to reflect that.

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*Uganda Government website:*

<http://www.government.go.ug/>

*Uganda Ministry of Finance, Planning, and Economic Development:*

<http://www.finance.go.ug/>

*World Bank Country Office in Uganda:*

<http://www.worldbank.org/ug/index.htm>

*World Bank link to Uganda PRSP documents:*

<http://www.worldbank.org/ug/prsp.htm>

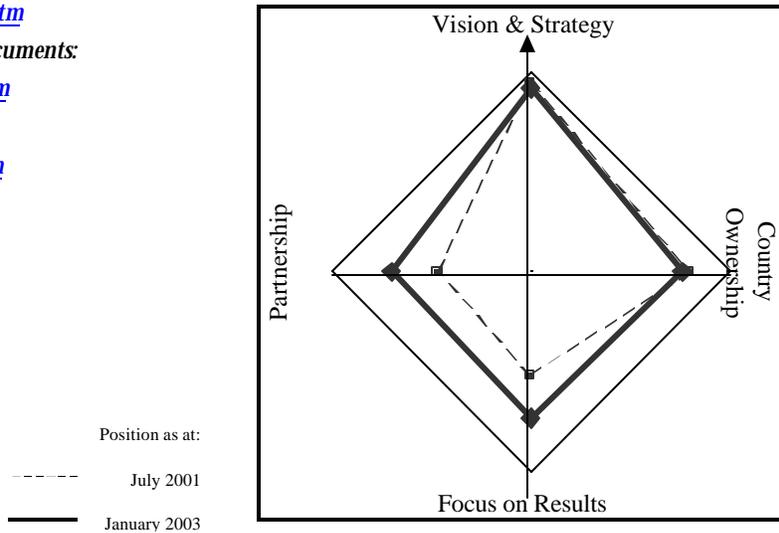
*Uganda PRSC:*

<http://www.worldbank.org/ug/prsc.htm>

*Development Gateway:*

[www.developmentgateway.org](http://www.developmentgateway.org)

**UGANDA: Progress with CDF Implementation**



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## **8. Vietnam: Multiple forms of partner engagement**

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For several years, the Government of Vietnam (GoV) has given significant attention to leading partnerships with other stakeholders, especially with external partners. The regular Consultative Group (CG) meetings that the GoV co-chairs with the World Bank, attended by external partners and increasingly by private sector and civil society representatives, have served as a vehicle for addressing partnership issues. Since 1999, the annual CGs have been held in Vietnam; more informal midyear CGs have also been held in-country since 1998.

At the midyear CG meeting in 1998, the benefits of such partnerships were raised by the GoV itself and discussed among external partners: strong partnerships with stakeholders could raise the level of ownership of development assistance by Vietnamese agencies, enhance transparency, improve financial management, and enhance overall development effectiveness.

At the request of the Government, the Asian Development Bank, UNDP, and the World Bank, worked in partnership to produce the Vietnam Development Report for the CG in December 2000. This report summarized policy discussions and activities of 22 sector-based Government/external partner/NGO partnerships groups.

Some of these successful partnerships include: the Private Sector Forum/Vietnam Business Forum, bringing together over 200 participants in regular meetings establishing working groups that discuss topics such as banking reform, manufacturing, and distribution; the Ho Chi Minh City ODA partnership that links external partners and their activities with the city's planning department officials to add coherence to the relevant external partner-supported programs; the Forestry Sector Support Program; and other working groups in sector areas such as environment, infrastructure, rural development, and legal development.

Another partnership is the Poverty Working Group (PWG) and its core members who form the Poverty Task Force (PTF), currently comprising a majority of Government members, three bilaterals, three multilaterals, three international NGOs, and three Vietnamese NGOs. This group has been exceptionally active, meeting monthly since 1999, creating a forum for dialogue between sectoral government ministries and agencies, supported with analytical input, and providing capacity development opportunities. The PWG/PTF led the way in supporting the Government in developing the Comprehensive Poverty Reduction and Growth Strategy (CPRGS), Vietnam's medium-term poverty reduction strategy (spring 2002), which served as its PRSP.

While the purpose and organizational structure of these partnerships vary greatly, they have a role in bringing different development partners together. They are proof of the increasing mutual commitment between the Government and both external and internal stakeholders to information sharing, joint diagnosis, agreement of principles, detailed action plans, distribution of tasks and funding. Key success factors include:

- Government's clear appreciation of the potential benefits of closer collaboration with external partners and a desire to exploit all such possibilities.
- External partners' clear support of the Government's initiative, manifested by the willingness to participate in various Government-led working groups and readiness to support other forms of collaboration.
- Efficient use of the forum provided by regular CG meetings between Government and external partners to raise key development issues, strengthen partnerships, and receive feedback on progress.

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### **Country Role**

- Government's initiative, clearly articulated from 1998 onwards, to work in close partnership with external partners on a wide variety of areas.
- Government's use of the full and midterm CG meetings as a forum with external partners for reporting on progress and developing strategies for continuing and improving partnerships.
- The GoV has shown its commitment to developing stronger partnerships with internal and external stakeholders by investing a considerable amount of time and resources to make these partnerships so effective.

### **External Partners' Role**

- External partners' support of Government's initiative for closer collaboration by participating in wide range of sector and thematic working groups with the Government, national stakeholders, and other external partners.
- Participation in frequent consultation mechanisms with Government to monitor progress of partnership groups.

### **World Bank**

- Support of the development of partnerships as an active member of a wide range of partnership groups.

- As cochair of the CG meetings, ensuring that the CGs provided a very effective forum for discussion of key development issues, as well as making an important contribution in the drafting of documents for the CG such as the 2001 Vietnam Development Report.
- Facilitation of the production and publication of “Partnership Updates” from all sectors every six months, in association with CG meetings.

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**Key Challenges Ahead**

- Fully institutionalizing the partnership approach so that all parties recognize it as the only way to do business.
  - Clearly measuring the costs and benefits of working in partnership.
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*Vietnam Comprehensive Poverty and Growth Reduction Strategy (CPRGS):*

[http://poverty.worldbank.org/files/Vietnam\\_PRSP.pdf](http://poverty.worldbank.org/files/Vietnam_PRSP.pdf)

*Vietnam Development Information Center:*

<http://www.vdic.org.vn/>

*Development Gateway:*

[www.developmentgateway.org](http://www.developmentgateway.org)

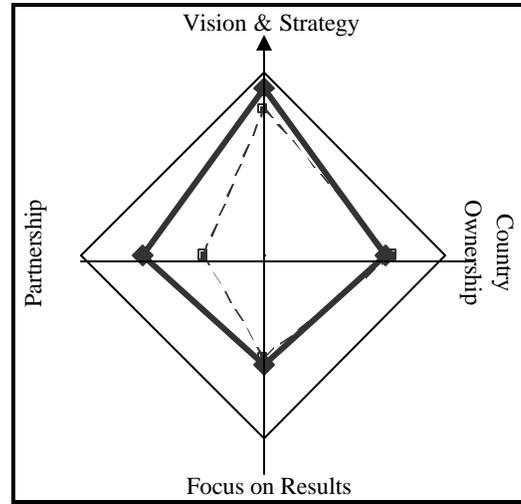
*World Bank Country Office in Vietnam:*

<http://www.worldbank.org.vn/>

*World Bank link to other PRSP documents:*

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=186>

**VIETNAM: Progress with CDF Implementation**



Position as at:

- July 2001
- January 2003

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## **9. Bolivia: External partners' alignment behind the Institutional Reform Program**

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The Institutional Reform Program (IRP) is a comprehensive and coordinated approach to institutional reform that was developed jointly by the Government and key external partners (Denmark, Germany, Netherlands, Sweden, World Bank). External partners have been providing integrated technical and financial assistance to the implementation of the program, through cofinancing and parallel financing. Under the IRP, Bolivia issued a Civil Service Statute, created a Civil Service Superintendency, required 20,000 civil servants to have full and sworn disclosures of their net worth, trained staff in the Comptroller General's office in forensic audits, and created a mechanism to finance institutional reform in public agencies through special agreements with the Government. Key success factors include:

- Government willingness to tackle the institutional issue and to create a special program.
- The progress already made by the country itself in institutional reform.
- The New Relationship Framework.
- The readiness of external partners to align behind the Government's leadership.

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### **Country Role**

- In the area of institutional reform, by the time the PRSP was issued, Bolivia had already adopted a series of institutional reforms aimed toward greater transparency and participation, including: (a) an independent regulatory system that oversees the performance of certain strategic sectors of the economy; (b) the initiation of judicial system reform to promote the effective exercise of the rule of law; (c) the design of a model that modernizes public management based on principles of efficiency and transparency in the operation of public agencies; and (d) the application of a decentralized public management model with a municipal base and citizen participation.
- The previous government also introduced the New Relationship Framework (NRF), the Bolivian form of the Comprehensive Development Framework (CDF) for all external partner assistance, not just the assistance provided to institutional reform. The NRF set the guidelines for relations with external partners, and the previous government organized external partners into four working groups—one for each one of the pillars of the PRSP and 17 subgroups. The particular implementation of the NRF has varied somewhat across different sectors. The experience under the Institutional Reform Program provides a good example of what can be accomplished and is one of the models (education being another) for future work. The new government that took office in August 2002 has announced that it will continue with the NRF, but the particular form of organization has been modified to more closely correspond to the modifications that they are making to the PRSP.

### **External Partners' Role**

- External partners participated actively in the institutional reform group, coordinating their technical and financial support for the program. The other external partners who provide cofinancing to the IRP provide their financing in a single basket. There is an agreement to finance expenditures using grants first before credits. Supervision missions are held jointly, and a single aide-mémoire is prepared.
- External partners meet among themselves and with the Government to update information, exchange ideas, and work out issues. These meetings are held regularly. Nevertheless, special meetings are convened whenever the Government or a particular external partner perceive that a development or policy action may jeopardize the IRP in particular, or the overall development strategy more generally.

### *World Bank*

- The World Bank plays a leading role in convening meetings with the Government and among external partners, especially when issues or problems arise.
- In addition, the World Bank is backing the reform program with a project loan (Institution Reform Project Loan), closely coordinated with the support of other external partners.

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### **Key Challenges Ahead**

- Sustainability of the reforms, once the new national dialogue takes place and the new Government issues its revised PRSP.
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**Bolivia PRSP:**

<http://poverty.worldbank.org/files/bolivaprsp.pdf>

World Bank link to other PRSP documents:

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=21>

World Bank Country Office in Bolivia (in Spanish):

<http://www.bancomundial.org.bo/>

Bolivia Development Gateway:

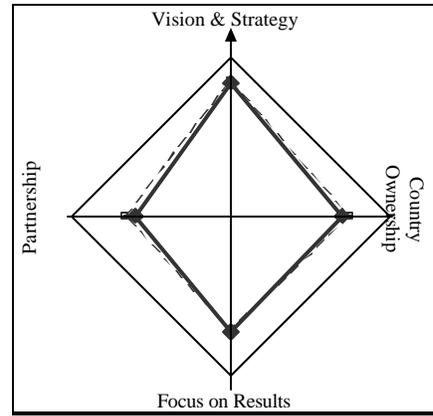
[http://www.developmentgateway.org/country-overview?country\\_id=36674](http://www.developmentgateway.org/country-overview?country_id=36674)

Position as at:

----- July 2001

————— January 2003

**BOLIVIA: Progress with CDF Implementation**



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## **10. Ghana: Health sector program-a multipartner approach at work**

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The Ghana Health Sector-wide Approach (SWAp) is one of the most advanced arrangements of aligned delivery of external partners' assistance at the sectoral level. It led to a much more coordinated approach (a) moving away from a large number of individual, typically external partner-initiated and extra-budgetary projects towards a single sector strategy and expenditure program; and (b) working toward strengthening and using Government systems and procedures for planning, budgeting, and management as well as for procurement, auditing, reporting, monitoring, and evaluation.

In an evolutionary process since the mid 1990s:

- Two successive five-year sector strategies, translated into five-year and annual work programs, have been developed by the Ministry of Health (MoH) and supported by external partners.
- Agreed procurement and financial management systems have been built up over time to satisfy external partner standards. The adoption of a Memorandum of Understanding and common management arrangements has helped formalize the working modalities among partners. As a result, about 60% of the total external financial assistance to the health sector is now pooled into a Common Health Account managed by MoH institutions.
- Common M&E arrangements with a joint appraisal process to evaluate progress and standardized reporting have been designed, and an annual “summit” has been created as a single event one time per year for all external partners (previously there were separate reports and review missions for each of the roughly 30 external partners active in the sector).
- Quarterly and monthly MoH/external partner meetings have been institutionalized.
- Quarterly releases provide more predictable financing.

Key success factors include:

- The SWAp approach was born out of a strong mutual agreement on needed changes, as there was a general and acute dissatisfaction with the results of an overly vertical approach and the “mushrooming” of traditional projects, each with its own procedures and reporting cycles.
- Getting agreement on a joint appraisal process to address external partners' information needs was key to the successful establishment of the common management arrangements. Prerequisites were minimal. Partners adopted an incremental approach and focused their efforts on building up national systems and procedures.
- Strong and patient Government leadership was provided over many years. External partners stepped up to the challenge of significantly changing ways of doing business and following and supporting Government leadership for change.

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### **Country Role**

- The development of the SWAp was country-driven, with strong MoH leadership and vision, but consultative. MoH gradually built a coalition in favor of what was seen as a radically new way of doing business
- MoH gradually built up its financial management, procurement, evaluation, and auditing systems to satisfy external partners. External partners were regularly consulted and asked to provide technical assistance when needed.
- While encouraging external partners to increase the share of their resources pooled into the common health account, the MoH created options for external partners to participate via (a) earmarked funds managed in parallel with the health budget, and (b) specific activities directly managed by external partners.
- All external partner meetings were organized and led by MoH and open to all partners and to representatives of the private sector and the civil society.

### **External Partners' Role**

- The support of a core group of cooperating external partners was essential. These partners agreed on minimal prerequisites and showed readiness to take risks to get the whole process started. They progressively adjusted their internal requirements, although it sometimes took a long time.
- Six major external partners started with basket funding in SWAp I (Denmark, EU, Netherlands, Nordic Development Fund, the UK, World Bank). They were consulted on the strategy and the program and provided both technical assistance and implementation support to the MoH. They share tasks and responsibilities on an ad hoc basis, e.g., without formalizing the distribution of roles or creating “restricted territories.”
- External partners played a key role in supporting the establishment of a single monitoring and evaluation system against a core list of sector-wide performance indicators.

- Other external partners, which did not pool their resources and used their own procedures, participated in the M&E system and adopted a constructive attitude vis-à-vis the SWAp arrangements.

*World Bank*

- The World Bank actively supported the definition of the health policies and strategies, including during the preparation of the health chapter of the Ghana Poverty Reduction Strategy. The World Bank also supported the preparation of the MoH Program of Works and the development of the common management arrangements and the Memorandum of Understanding.
- IDA conducts prior reviews of procurement contracts above certain limits on behalf of other partners. Through regular implementation support, the World Bank played a key role in building up the country's procurement capacity.
- The World Bank also played a key role in encouraging MoH to open the policy dialogue to the private sector and the civil society to the extent possible.

**Key Challenges Ahead**

- Maintain and further improve the dialogue on health policies and strategies.
- Maintain and further improve the MoH systems and procedures while integrating the health sector work into wider context of governance reform programs, particularly decentralization.
- Support MoH in its efforts to implement a more pluralistic approach and to move beyond heavy public sector delivery to further include private sector and NGOs.
- Increase the proportion of pooled funds up to 90% of the total financial assistance of the core group of partners and convince new partners to come on board.

*Ghana Ministry of Finance:*

<http://www.finance.gov.gh>.

*World Bank link to Ghana PRSP documents:*

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=66>

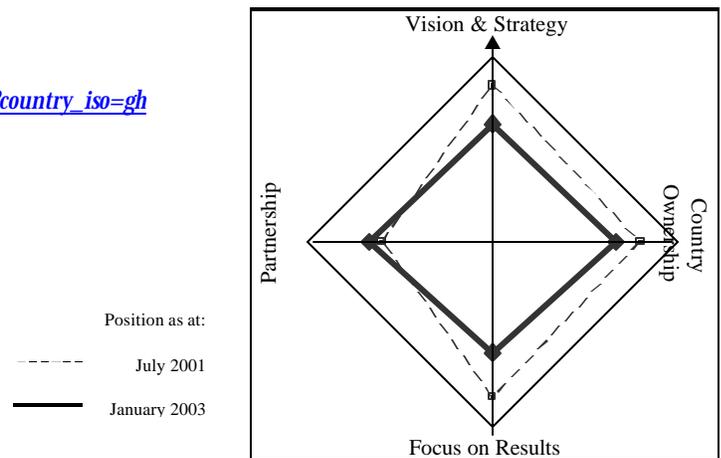
*Ghana UNDP website:*

<http://www.undp-gha.org/>

*Ghana Development Gateway:*

[http://www.developmentgateway.org/countryprofile/index?country\\_iso=gh](http://www.developmentgateway.org/countryprofile/index?country_iso=gh)

**GHANA:** Progress with CDF Implementation



## 11. Mozambique: Coordinated external partner approach to budget support

Ten external partners, known as the G-10 (Belgium, Denmark, EU, France, Ireland, Netherlands, Norway, Sweden, Switzerland, and the United Kingdom), are providing direct budget support to Mozambique, covering about half of the Government budget and supporting the balance of payments. This Unified Budget Support Framework is defined in an aide-mémoire between Mozambique and the G-10, which in turn includes long-term objectives that are consistent with Mozambique's poverty reduction strategy (PARPA) and the macroeconomic programming of the country's program with the IMF. The G-10 regularly monitors the use of the support to make sure that it is used as intended and to check on governance and procedures; representatives from the IMF and the World Bank are observers in these meetings. This framework helps external partners pledge resources to the program well in advance, so that the country's budgeting exercise can be carried out with more predictability. In addition, it sets up a simple mechanism for disbursements. Key success factors include:

- Well-established and trustful relationships between Government officials and external partners.
- Willingness of external partners to join efforts.
- Relatively high degree of autonomy of the Mozambique offices of major external partners, which allowed local offices to establish and implement the program.
- Mozambique's recent record of macroeconomic prudence.

### Country Role

- Mozambique adopted a credible medium-term poverty reduction program of its own in 1999. This program was further modified to become the PRSP (known locally as PARPA) in mid- 2001.
- The key governmental agency behind the program is the Ministry of Finance, which receives budget support and channels it in line with the PARPA.

### External Partners' Role

- External partners, who had already been providing budget support individually, agreed to pool resources and simplify the mechanisms of their support. The pooling reduced the transactions costs, as reporting requirements and other auditing mechanisms were unified.
- Many external partners (Denmark, Norway, Sweden, Switzerland, and the United Kingdom) decentralized decision-making to their field offices.

### World Bank

- The World Bank supported Mozambique in transforming its medium-term program into a PRSP thus helping to provide the basis for the Unified Budget Support Framework.
- It participates in the regular G-10 meetings as an observer.
- It has provided budget support linked to Mozambique's reform program, and technical assistance to help strengthen budget management and transparency.

### Key Challenges Ahead

- The removal of the existing leeway for individual external partners to impose conditionality beyond what is in the aide-mémoire.
- Participation by the remainder of Mozambique's external partners in a Unified Budget Support Framework.
- Enhanced predictability of resources through multiyear donor commitments.

*Mozambique's Action Plan for the Reduction of Absolute Poverty (PARPA 2001-2005):*

[http://poverty.worldbank.org/files/Mozambique\\_PRSP.pdf](http://poverty.worldbank.org/files/Mozambique_PRSP.pdf)

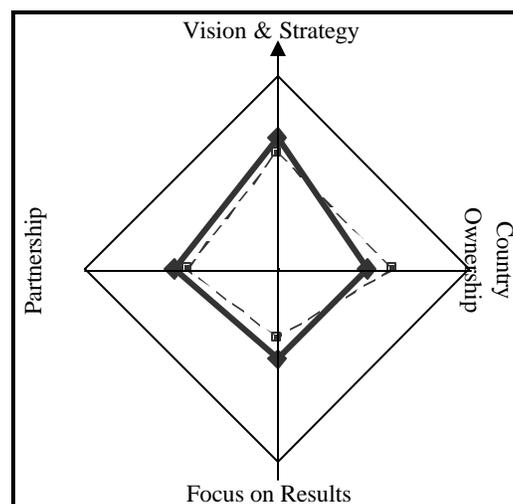
World Bank link to other PRSP documents:

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=119>

Development Gateway:

[www.developmentgateway.org](http://www.developmentgateway.org)

MOZAMBIQUE: Progress with CDF Principles



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## **12. Tanzania: Joint efforts on country analytical work**

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The Government of Tanzania owns and leads the diagnostic work program in public financial management. Budget formulation has been strengthened through an annual cycle of public expenditure reviews (PERs) involving a broad cross-section of stakeholders, including external partners.

In 1997/1998 Tanzania embarked on an annual PER process with the interrelated objectives of supporting the budget process and conducting an external review of fiscal developments. The PER process has since evolved from its traditional role-external evaluation of budget management to support the Government's program-to a role of improving budget management within a medium-term expenditure framework (MTEF). It better supports external partner coordination by ensuring that assistance is consistent with budgetary objectives and priorities and increasingly integrated in the budget. The Tanzania PER Working Group, composed of representatives of the Government of Tanzania, UN agencies, bilateral and multilateral partners, research and academic institutions, and NGOs, determines the agenda for the annual PER process, guides and finances the implementation of the agreed work program, and reviews all outputs. It also represents an important forum for discussion of public expenditures issues between government and a wide array of interested stakeholders in Tanzania.

More recently, the PER has been supplemented by the Country Financial Accountability Assessment (CFAA)-undertaken jointly by the World Bank and DFID, published as a government document, and shared with all external partners-and the Country Procurement Assessment Review (CPAR). In addition, the Public Finance Act, the Public Procurement Act, and accompanying regulations that went into effect in July 2001 were instrumental in enhancing transparency and accountability in public expenditure management.

The diagnostic work program has the following benefits: (a) an opportunity for external partners to share their sector-specific or thematic experience, to the benefit of all who participate, (b) more effective use of resources in undertaking technical studies on budget issues, (c) a higher profile of budgetary issues in the work of all parties, and (d) a platform to support the shift from project to budget support by several external partners.

The continuation of responsible fiscal management and large and steady assistance have enabled the government to affect a substantial increase in the budget allocations and actual expenditures in priority areas of the PRSP. Overall spending in such areas had been budgeted to increase from 6.5 percent in 2000/2001, to 9 percent in 2001/2002, without compromising the overall prudent fiscal policy stance. Key success factors include:

- Government's commitment to responsible fiscal management and accountability.
- Wider country ownership of public expenditure management process through stakeholder involvement.
- Integration of annual PERs into cycle of MTEFs.

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### **Country Role**

- Government willingness to open forum on public expenditure issues to internal and external partners.
- Government willingness to pass the reforms necessary to integrate public financial management diagnostic work into the budget process.

### **External Partners' Role**

- External partners' support of Government's leadership in addressing public finance management through participation in PER process.
- External partners' support of joint analytical work, such as the financial accountability assessment undertaken jointly by the World Bank and DFID.

### *World Bank*

- Support of Government willingness to collaborate with a larger set of actors on public financial management issues.
- World Bank's readiness to engage in joint analytical work, e.g. with DFID on CFAA.
- Support of Government's readiness to address public finance issues, and participation in PER Working Group initiative.

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### **Key Challenges Ahead**

- Continuation of reforms in the public finance area, particularly as concerns transparency in expenditure tracking, and costing of sector programs in the context of the PER/MTEF exercise.
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**TANZANIA: Progress with CDF Implementation**

World Bank link to PRSP documents:

<http://www.worldbank.org/af/tz/prs.htm>

World Bank Country office in Tanzania:

<http://www.worldbank.org/af/tz/index.htm>

Tanzania Development Gateway:

<http://gateway-dev.worldbank.org/node/226014/>

Development Assistance Committee site for Tanzania:

<http://www.tzdac.or.tz/>

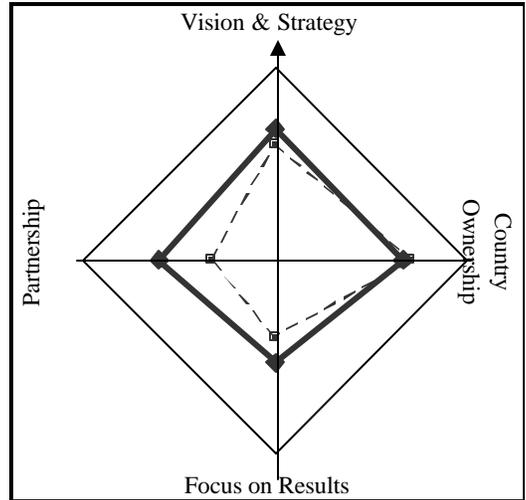
Tanzania Online:

[www.tzonline.org](http://www.tzonline.org)

Position as at:

----- July 2001

———— January 2003



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### **13. Uganda: Mainstreaming budget support and sector-wide approaches**

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The Government of Uganda's (GoU) Poverty Eradication Action Plan (PEAP) conveys clearly a preference for assistance in the form of budget support, and for a comprehensive approach to sectoral development through Sector-wide Programs (SWAp) in which all participating partners think and act in sector-wide terms. A SWAp is typically implemented through a sector policy; a mutually-agreed, long-term, strategic expenditure plan; and an established Joint Sector Review (JSR) mechanism. In Uganda, SWAps were initially developed in roads, health, and education sectors. More recently, SWAps have been established in the water and sanitation and justice, law and order sectors. The plan is to extend SWAp arrangements to other sectors and areas over time. The SWAps have led to a relatively high degree of budget support--for example, in the education and health sector SWAps 50 percent of assistance is in the form of budget support.

In Uganda, budget sector working groups, which include representatives from Government officials, civil society, and external partners, prepare sector Budget Framework Papers (BFP). These BFPs link planned sector objectives, outputs and outcomes to resource availability and proposed spending levels set out in the medium-term expenditure framework (MTEF) for the following three years. This ensures that the implementation of the PEAP, and hence SWAps, are consistent with the resource envelope.

The share of budget support in total annual assistance to Uganda has significantly increased in the past couple of years. The World Bank has increasingly shifted its main instrument of assistance in Uganda to programmatic lending, through a series of Poverty Reduction Support Credits (PRSC) that provide annual non-earmarked external finance to the Government's budget. Other external partners have also adjusted their support modalities and are increasing the share of budget support for PEAP implementation. Key success factors include:

- Progress on key reforms, contributing to the construction of an adequate institutional framework of fiduciary assurance.
- Willingness of a significant part of the external partner community in Uganda to move toward SWAps and budget support.
- External partners agreed on a joint reform program through the PRSC process against which general budget support is disbursed.

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#### **Country Role**

- Government clearly stating in the PEAP its preference for budget support and SWAps.
- Commitment to strengthen the fiduciary framework (financial management, public procurement, transparency) to help persuade external partners to provide budget support.
- The introduction of reforms that have increased transparency in the delivery of funds, particularly to local levels.

#### **External Partners' Role**

- Increasing share of assistance to Uganda provided in the form of budget support.

#### *World Bank*

- The Bank increasingly shifted to programmatic lending through PRSCs that provide non-earmarked support.
- Support to the SWAp approach, and assistance in the development of further SWAps.

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#### **Key Challenges Ahead**

- SWAps, especially in education and health, have resulted in significant improvements. However, different disbursement, procurement, reporting, evaluation, and safeguard procedures and practices still constitute a serious burden on the government. The Uganda PRSCs are helping to make progress in this area.
  - Capacity development at the district level is needed to ensure efficient implementation and quality service delivery.
  - Extending SWAp arrangements to rural development challenging owing to its multi-sectoral nature.
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Uganda Government website:

<http://www.government.go.ug/>

Uganda Ministry of Finance, Planning, and Economic Development:

<http://www.finance.go.ug/>

Uganda Development Gateway:

[http://www.developmentgateway.org/node/322857/interpage/index?iso=---](http://www.developmentgateway.org/node/322857/interpage/index?iso=)

World Bank Uganda website:

<http://www.worldbank.org/ug/index.htm>

Other Uganda PRSP documents:

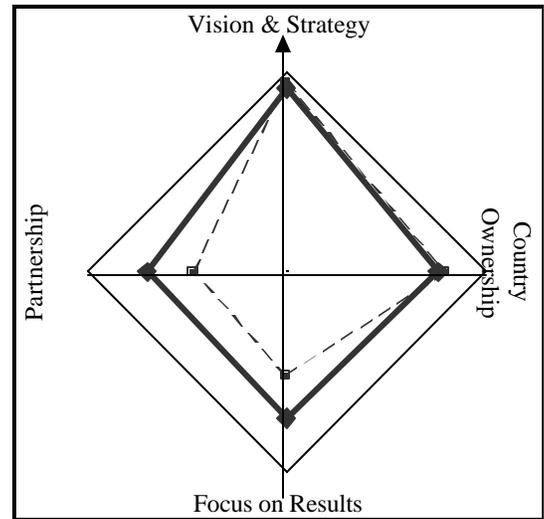
<http://www.worldbank.org/ug/prsp.htm>

Uganda PRSC:

<http://www.worldbank.org/ug/prsc.htm>

UGANDA: Progress with CDF Implementation

Position as at:  
----- July 2001  
———— January 2003



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## **14. Ethiopia: Country framework for aligning capacity development support**

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Acknowledging the prime importance of capacity development, the Government of Ethiopia has developed a comprehensive National Capacity Building Program (NCBP) to provide the framework for the entire spectrum of capacity development across the public, private, and civil society sectors. The program has been incorporated into the Sustainable Development and Poverty Reduction Program (SDPRP); the Government has already initiated delivery in a number of key areas (agricultural extension, civil service reform, justice reform) and is working to secure external support for the entire program. In 2001, following an internal evaluation, the Government created the Ministry of Capacity Building (MCB) to guide the formulation, implementation, monitoring, and evaluation of capacity development programs. The MCB's mandate extends to the NCBP. Key success factors include:

- Government explicitly makes country strategy and policy implementation a key topic. It is fully aware that the country has failed to transform its resources into real development because of the inability to enhance implementation capacity, and that ultimate success depends on speedy and effective implementation.
  - There is a consensus among external partners about importance of capacity development and some movement towards aligned NCBP capacity development support via the PSCAP.
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### **Country Role**

- The NCBP makes serious efforts to identify capacity constraints and the institutions that need strengthening if capacity is to be improved. The Government is giving high priority to this aspect of its development strategy, and among the three pillars of the SDPRP capacity development is considered the core component addressing structural concerns across institutions and sectors.
- The comprehensive scope of the NCBP seeks to address implementation capacity in a holistic manner, comprising systems development, organizational effectiveness, and human resource development. The program covers 14 key areas, clustered in 5 thematic areas (public service delivery, agriculture and rural development, private sector development and pro-poor growth, education and information, and civil society) in which capacity must be built for democratization, economic development and poverty reduction. The Government has also adopted an important new policy focus upon strengthening capacity of sub-regional local governance units (particularly woredas and municipalities) to facilitate democratically decentralized service delivery.
- NCBP has strong Government ownership. The Government is currently requesting funding of the NCBP with the policy that external partner support for the NCBP should be budgetary in nature. This should provide maximum flexibility to the Government in assigning resources to programs and sub-programs as needed. Program resources will be allocated based on performance in meeting objectives, and MCB's role is to coordinate and monitor implementation through the involved federal, regional and local agencies and civil society and private sector.

### **External Partners' Role**

- One of the main concerns expressed by external partners at the CG meeting in December 2002 was the Government's lack of implementation capacity, and they renewed their support for strengthening country capacities.
- Several external partners, including the World Bank, are working together in preparing a large public sector capacity development program (PSCAP), a USD 250 million capacity development program in support of the NCBP. External partner involvement is also expected in a range of other capacity development programs.

### **World Bank**

- Capacity development is a key focus of the upcoming World Bank Country Assistance Strategy (CAS). A common underpinning to all themes of the CAS is the development of effective institutions. Hence, a large part of the Bank's efforts in the CAS period will be devoted to a series of operations to build institutional capacity within the public and private sectors, and in civil society. This will encompass institutional reforms, development of new institutions and systems, and the improvement of skills. The effort will be delivered according to three important principles: that capacity is built in sectors where incentives are "right"; that the delivery be demand driven; and that the supply of capacity-enhancing services be competitive and conducive to building a dynamic knowledge sector in the country.
- World Bank plays a leading role in the various capacity building operations- The Government expressed its interest in having the World Bank take a lead role in supporting the NCBP. Over the CAS period, the World Bank will support public sector capacity development within a coordinated multipartner approach in the Capacity Building for Decentralized Service Delivery (CBDSD) project and the PSCAP. Other capacity development programs in which the World Bank expects to take a lead role will target (a) the private sector; (b) civil society, (c) information and communications technology, and (d) rural development.

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**Key Challenges Ahead**

- World Bank able to effectively work in partnership with other external partners and to catalyze the support of multiple external partners for the NCBP in general and the PSCAP in particular.
  - External partners being ready to move from a multitude of individually supported capacity development projects to fully align with the NCBP, including the move toward budget support for the NCBP.
  - Institutional capacity of MCB- As a new institution, it will be crucial for the Ministry of Capacity Building to develop quickly its own institutional capacity to manage the ambitious capacity development program laid out in the SDPRP.
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*Ethiopia's Sustainable Development and Poverty Reduction Program:*

[http://www.worldbank.org/afr/et/prsp/2002\\_07\\_prsp.pdf](http://www.worldbank.org/afr/et/prsp/2002_07_prsp.pdf)

World Bank Ethiopia PRSP web page:

<http://www.worldbank.org/afr/et/prsp.htm>

Link to Ethiopia websites:

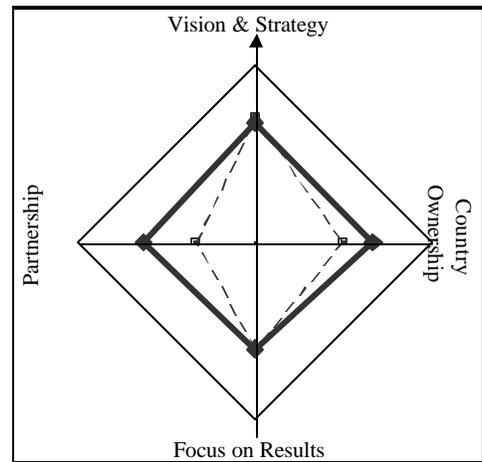
<http://www.abysiniacybergateway.net/ethiopia/index.html>

Development Gateway:

[www.developmentgateway.org](http://www.developmentgateway.org)

**ETHIOPIA:** Progress with CDF Implementation

Position as at:  
----- July 2001  
———— January 2003



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## **15. Ghana: Strengthening implementation capacity at the sectoral level**

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Within the sector-wide approach (SWAp) for health, external partners significantly strengthened the country's implementation capacity by (a) freeing up national capacities through aligned ways of working, and (b) specifically strengthening sectoral implementation capacity in the areas of planning and budgeting, financial management and accountability, procurement, and monitoring and evaluation. Key success factors include:

- Strategic investment in capacity development in key areas like financial management, procurement, and auditing both before and after the SWAp. Training has given balanced attention to both technical competencies and management development.
  - MoH has emphasized building financial management capacity to ensure sound financial management of external partner funds. A detailed program of work on financial management capacity development, including systems development, prepared the ground for common management arrangements with external partners.
  - Low staff turnover in the first few years: key actors stayed in place for several years.
  - Visionary MoH leadership identified talent from districts and built capacity up over time.
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### **Country Role**

- The Government significantly strengthened financial management and procurement capacity so that external partners could rely on Ghanaian systems.
- Planning and budgeting is an area where much of the capacity development has been undertaken internally within the Ministry of Health (MoH) or in the context of the wider public sector reform. A medium-term expenditure framework program was launched in 1997, with the MoH as one of the pilot ministries. The MoH has accredited about 300 health institutions (hospitals and health centers in both the public and the private sectors) as Budget Management Centers (BMCs). These BMCs, which are managing both budget and pooled external partner funds, are regularly audited by the Auditor General of Ghana with support of an independent auditing firm.
- Since 1997, the country has conducted annual sector wide performance reviews and organized bi-annual "health summits" open to the private sector and external partners to discuss results and orientations for action.

### **External Partners' Role**

- Denmark, EU, the UK, the Netherlands, the Nordic Development Fund, and the World Bank are pooling a part of their funds into a common Health Account managed by the MoH in parallel with the Government budget. External partner funds are managed by MOH and the BMCs according to agreed common management arrangements in line with the national procedures.
- By changing their way of operating, external partners have significantly freed up country capacities. For example, previously MoH staff would spend the whole year being visited by accountants and auditors from each of about 30 external partners active in the sector. Now there is only one review mission taking up three weeks a year, and MoH staff have most of the year to do their regular work.
- External partners jointly supported capacity development in key areas. For example, Denmark, the UK, and the World Bank supported capacity development in financial management with substantial inputs via international and national technical assistance, which led to demonstrated success in terms of systems development.

### *World Bank*

- The World Bank played a leading role in supporting the build-up of the country's procurement and financial management capacity, mainly through training courses and day-to-day implementation support to MoH staff.
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### **Key Challenges Ahead**

- There is need for stronger and more coherent linkages with wider public sector reform initiatives (e.g., in planning, finance, and procurement).
  - Spreading the success in the Health sector to other areas—for example, on decentralization, the Ministry of Local Government and Regional Development registers no fewer than 23 different projects of which 16 support capacity development of direct administrations or communities.
  - Despite all the changes, the volume of missions and reporting requirements remain very demanding, straining country capacities.
  - A number of external partners have not yet made any changes to their disbursement mechanisms and procurement procedures in line with the agreed common management arrangements.
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Ghana Ministry of Finance:

<http://www.finance.gov.gh>.

World Bank link to Ghana PRSP documents:

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=66>

Ghana UNDP website:

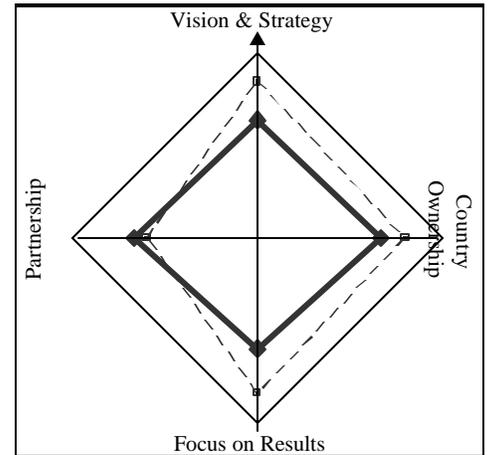
<http://www.undp-gha.org/>

Ghana Development Gateway:

[http://www.developmentgateway.org/countryprofile/index?country\\_iso=gh](http://www.developmentgateway.org/countryprofile/index?country_iso=gh)

**GHANA: Progress with CDF Implementation**

Position as at:  
----- July 2001  
————— January 2003



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## **16. Tanzania: Strengthening capacity on poverty monitoring**

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Under the Government of Tanzania, external partners, civil society, and academia came together to set up the Poverty Monitoring System (PMS). This system provides a common process for undertaking analytical work on poverty, developing joint diagnostic tools for the PRSP and ensuring that all information is collected and analyzed for input to policymakers. The PMS commission's joint analytic work, pools resources for research, and acts as a clearinghouse for data collected by Government institutions.

In December 2001, Tanzania's Poverty Reduction Strategy Ministerial Committee approved a strategy for monitoring poverty reduction initiatives, called the Poverty Monitoring Master Plan (PMMP). The PMMP is operationalized through four poverty monitoring technical working groups, composed of government officials as well as a wide range of stakeholders: civil society representatives, private sector representatives, academic representatives, and external partners. Each of these working groups focuses on a different task:

- Surveys and Censuses, such as the recent 2001/2002 Household Budget Survey, the integrated Labor Force Survey 2001/2002, and the National Population and Housing Census 2002;
- Routine Data, which has focused on capacity building for data collection at local government level;
- Research and Analysis, which has produced the annual Poverty and Human Development Report drawing from sector-specific reviews as well as from the studies commissioned by the group on poverty and vulnerability, macro-micro-linkage, urban poverty, geographic diversity of poverty, and the participatory poverty assessment exercise;
- Dissemination, Sensitization and Advocacy, which has produced a user's guide to the PMMP and popularized versions of the PRSP Progress Report (2001) in both English and Kiswahili. This group has also worked to establish TZ Online, an in-country managed website and repository that allows all stakeholders access to a wide-ranging set of analytic documents, covering development in Tanzania, priorities, progress in poverty reduction, and sector reforms ([www.tzonline.org](http://www.tzonline.org)).

Tanzania is also in the process of integrating the Millennium Development Goals (MDGs) as part of its PRSP process. A report on progress towards the MDGs was published in 2001 and a report on costing the achievements of the MDGs in 2002. Key success factors include:

- Willingness of Government, external partners, civil society, and academia to work together providing joint inputs to the PMS.
- Effective dissemination policy for PMS outputs, including the [www.tzonline.org](http://www.tzonline.org) portal.
- Sharing of expertise and knowledge through a multi-stakeholder approach to monitoring poverty reduction initiatives, with a wide range of stakeholders taking part in technical working groups.

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### **Country Role**

- Government leadership brought together external partners, civil society, and academia to create PMS.
- Government support for TZ Online-together with support from UNDP/UN and local NGOs, such as REPOA (Research on Poverty Alleviation) and the Economic Social Research Foundation-helped ensure effective dissemination of PMS output, thus strengthening country capacity for poverty analysis and monitoring.

### **External Partners' Role**

- External partners' willingness to participate fully in the PMS initiative was an important element of success; for example, UNDP merged its National Human Development Report with the PMS to create the nationally owned Poverty and Human Development Report.
- UNDP/UN's key role in supporting the development of TZ Online, a key part of the wide dissemination of PMS outputs within Tanzania.
- External partners' participation in poverty monitoring working groups allowed for the pooling of expertise in poverty monitoring and analysis, effectively sharing capacity with wide range of internal stakeholders.

### **World Bank**

- Support of the PMMP and of the multi-stakeholder approach to monitoring poverty reduction.
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**Key Challenges Ahead**

- Extending joint analytic work to an increasing number of areas.
  - Ensuring that PMS information is used to strengthen implementation, monitoring and accountability.
  - Enhancing the use of participatory and qualitative poverty monitoring.
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World Bank link to PRSP documents:

<http://www.worldbank.org/afr/tz/prs.htm>

World Bank Country office in Tanzania:

<http://www.worldbank.org/afr/tz/index.htm>

Tanzania Development Gateway:

<http://gateway-dev.worldbank.org/node/226014/>

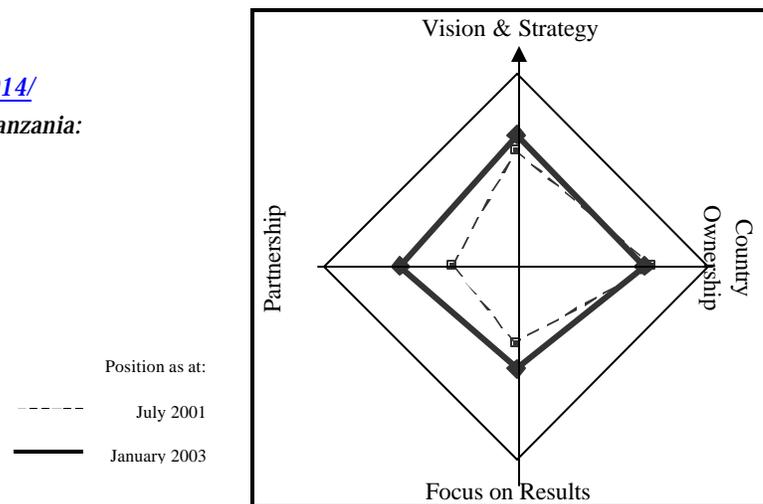
Development Assistance Committee site for Tanzania:

<http://www.tzdac.or.tz/>

Tanzania Online:

[www.tzonline.org](http://www.tzonline.org)

TANZANIA: Progress with CDF Implementation



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## **17. Vietnam: Implementation capacity as a central element of country strategy**

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Vietnam's Comprehensive Poverty Reduction and Growth Strategy (finalized in spring 2002) significantly enhanced Government implementation capacity throughout its preparation, and this capacity development process is deepening and strengthening as the CPRGS is implemented.

Throughout the preparation phase, external partner support for CPRGS-related capacity development was managed and coordinated by the Poverty Task Force (PTF) – a partnership group with majority Government membership, and with representatives of multi- and bi-lateral partners, and international and domestic NGOs. As the CPRGS moves to the implementation phase, the PTF is continuing to provide a mechanism for alignment of external partner support to CPRGS implementation, including in the area of capacity development. Most external partners in Vietnam are now aligning their entire ODA programs with the CPRGS.

In addition, several members of the Like Minded Group in Vietnam (LMDG, currently comprising Canada, Denmark, Finland, Germany, Netherlands, Norway, Sweden, Switzerland and the UK, with Australia in the process of joining) are jointly supporting a capacity development initiative within the Ministry of Planning and Investment aimed at improving ODA effectiveness through enhanced harmonization, and are considering a joint capacity development program for public administration at sub-national level, specifically aimed at supporting the successful implementation of the CPRGS.

To date, significant achievements of the CPRGS process related to capacity development, support for which was coordinated by the Poverty Task Force, include:

- Enhancing the way line ministries and central ministries communicate with each other;
- Improved communication and consultation between national/sub national bodies;
- Enhanced capacity in outcome focused – planning;
- Improved capacity for development of joint monitoring frameworks;
- Increased capacity for prioritization, and linking of expenditure to planning; and,
- Enhanced strategic planning abilities within Government.

Key success factors include:

- Government prioritization of capacity development as a requirement to successfully implement the CPRGS;
- Aligned response to Government's need, particularly by members of the LMDG in Vietnam; and,
- Strong Government ownership of the CPRGS process.

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### **Country Role**

- Strong national ownership and leadership of the CPRGS preparation process from inception to completion of the document;
- Strong Government ownership and management of the CPRGS implementation process; and,
- Effective Government leadership (and majority membership) of the Poverty Task Force provides clear guidance for external partners.

### **External Partners' Role**

- Agreement through the CG process that the CPRGS will form the overall framework for development assistance in Vietnam;
- Alignment of individual external partner assistance programs to the CPRGS;
- Effective but not overly dominant external partner support to the Poverty Task Force;
- Alignment of support specifically for strengthening of implementation capacity in the Ministry of Planning and Investment by members of the Like Minded Group; and,
- Commencement of the development of a program of aligned support by the LMDG in Vietnam for capacity development of public administration at sub-national level directly linked to implementation of the CPRGS.

*World Bank*

- Support to the Poverty Task Force and CPRGS drafting committee throughout the CPRGS drafting process;
- Ongoing capacity-development support (in cooperation with other PTF members) to a range of Government agencies charged with implementation of the CPRGS; and,
- Harnessing of the CG and Partnership mechanisms to ensure external partner alignment with the CPRGS, including in capacity development.

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**Key Challenges Ahead**

- Ensuring that capacity development initiatives at sub-national level are as effective and efficient as possible.
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*Vietnam Comprehensive Poverty and Growth Reduction Strategy (CPRGS):*

[http://poverty.worldbank.org/files/Vietnam\\_PRSP.pdf](http://poverty.worldbank.org/files/Vietnam_PRSP.pdf)

*Vietnam Development Information Center:*

<http://www.vdic.org.vn/>

*Development Gateway:*

[www.developmentgateway.org](http://www.developmentgateway.org)

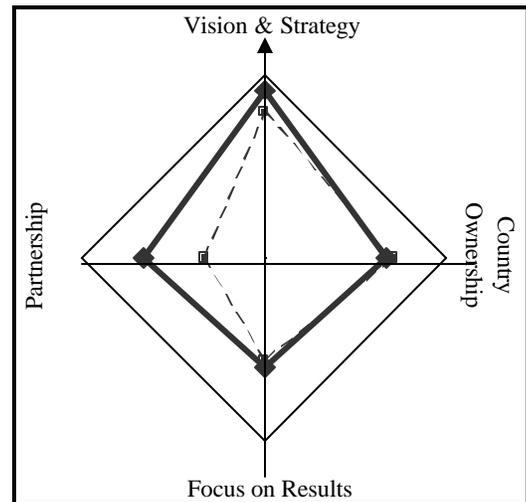
*World Bank Country Office in Vietnam:*

<http://www.worldbank.org.vn/>

*World Bank link to other PRSP documents:*

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=186>

**VIETNAM: Progress with CDF Implementation**



Position as at:

----- July 2001

———— January 2003

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## **18. Ethiopia: Country leadership in expanding the harmonization agenda**

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The Government made alignment and harmonization a top priority, with its external partners, has embarked on a comprehensive harmonization and alignment program that has four components. External partners are requested to

- Align the timing and content of their country assistance strategies with the country's development strategy (SDPRP). They should aim to deliver their support in ways that do not undermine national planning and budget cycles, and they should align their review processes with the annual SDPRP review. Longer-term assistance planning and commitment would facilitate better programming of resources by the Government.
- Align the modality of their support with a move toward budget support. External partners would operate within a common overarching framework that respects policy priorities identified in the SDPRP, adopts a common set of performance indicators, and accepts joint reviews and disbursement procedures. A number of external partners have agreed that budget support represents the best hope for increased harmonization, and have planned to shift their support increasingly to this modality.
- Align their capacity development support with the country's capacity development priorities.
- Harmonize their operational policies and procedures, at the level of budget support, at the sectoral level, and at the project level in areas such as financial management, procurement, disbursements, and reporting and auditing procedures, relying increasingly on and integrating into the Government's systems and procedures.

External partners are already making considerable efforts to harmonize their external assistance to Ethiopia. In the area of sector development programs (SDPs), there is significant harmonization on appraisal, supervision and M&E. In the case of the education and the health SDPs, the Government and external partners do monitoring and evaluation jointly. Several external partners supported a Country Financial Accountability Assessment (CFAA), which includes an action plan to improve accountability and allows external partners to make more use of the country's own systems, which is specially relevant for direct budget support.

In order to take SDPRP implementation and the alignment and harmonization agenda further, in November 2002 the Government set up a joint task force, chaired by the Government and including all major external partners. Key success factors include:

- Strong Government leadership and commitment to the alignment and harmonization agenda.
- A comprehensive harmonization agenda, starting with strategic external partner SDPRP alignment and including alignment on supporting capacity development.
- Strong SDPRP (content and process) as anchor for external partner alignment and harmonization.
- The quality of the dialogue between the Government and external partners has markedly improved over the last two years.
- Previous SWAp experience: Ethiopia has already had several years' experience working with external partners on sector-wide approaches—e.g. in health, education, water, and roads—which allowed Government and external partners to gain harmonization and alignment experience at the sector level.

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### **Country Role**

- There is strong Government leadership for the comprehensive alignment and harmonization agenda, which is expressed in the "Partnership for enhanced aid delivery" paper presented at the recent CG.
- The Government makes harmonization priorities and interests explicit. Rather than establishing parallel systems for foreign support, working within Government systems would substantially improve the effectiveness of resource utilization. In terms of support instruments, the Government prefers to receive support in form of budget support. However, it also recognizes that not all external partners are able to provide budget support in the short term. For such partners, the Government has expressed the continued importance of program and project instruments as long as their procedures are harmonized with existing Government procedures.
- With external partner support, the Government is working on improving its systems. It has encouraged external partners to provide budget support now, while management procedures are still being improved, and not wait for everything to be perfect. Such an approach would mean the need for support to bring the procedures and management capacities of Government institutions up to international standards.

### **External Partners' Role**

- The SPA, the Development Assistance Group (DAG), and World Bank jointly supported the Government in preparing the comprehensive alignment and harmonization.

- Most external partners are committed to the comprehensive alignment and harmonization agenda:
  - At the December 2002 CG meeting external partners pledged to support the SDPRP priorities.
  - Some external partners are moving toward budget support. A Direct Budget Support Program being jointly prepared by the EC, Ireland, Sweden, the UK, and the World Bank, will be aligned with the PRSP and the Ethiopian fiscal calendar and will use one single set of indicators for all external partners. The evaluation of the indicators will be an important part of the Government's annual review of the PRSP. External partners will accept the outcome of the Government's evaluation, provided an agreement can be reached in the coming months on the necessary improvements to the M&E system.
  - External partners are starting to align their capacity development support.
  - Several like-minded bilaterals (including the Netherlands, Sweden, and the UK) are supportive of budgetary support mechanisms. The EC has already approved poverty reduction budget support assistance, the AfDB is considering budgetary support to the Government's SDPRP, and the World Bank is preparing a PRSC.

*World Bank*

- The World Bank, as cochair of the DAG, has been actively engaged since July 2002 in developing the principles for a wider harmonization framework and is participating in the Harmonization Task Force. The World Bank is planning to be one of the "first movers" in providing a significant portion of its assistance through budget support, and is examining ways to simplify its procedures.

**Key Challenges Ahead**

- Implementation of the alignment and harmonization agenda will challenge many external partners, including major bilaterals that are not on board yet concerning budget support. It will require external partners to remain flexible and open to change.
- Implementing harmonization of operational policies and procedures in a phased and prioritized approach- the major areas for work are procurement, disbursement, reporting, and project cycle activities.
- Improving country capacities via external partner aligned support.

*Ethiopia's Sustainable Development and Poverty Reduction Program:*

[http://www.worldbank.org/afr/et/prsp/2002\\_07\\_prsp.pdf](http://www.worldbank.org/afr/et/prsp/2002_07_prsp.pdf)

*"Partnership for enhanced aid delivery" (paper presented at December 2002 CG)*

[http://www.worldbank.org/afr/et/reports/cg/2002.CG.GOE\\_partnership\\_aid.pdf](http://www.worldbank.org/afr/et/reports/cg/2002.CG.GOE_partnership_aid.pdf)

*World Bank Ethiopia PRSP web page:*

<http://www.worldbank.org/afr/et/prsp.htm>

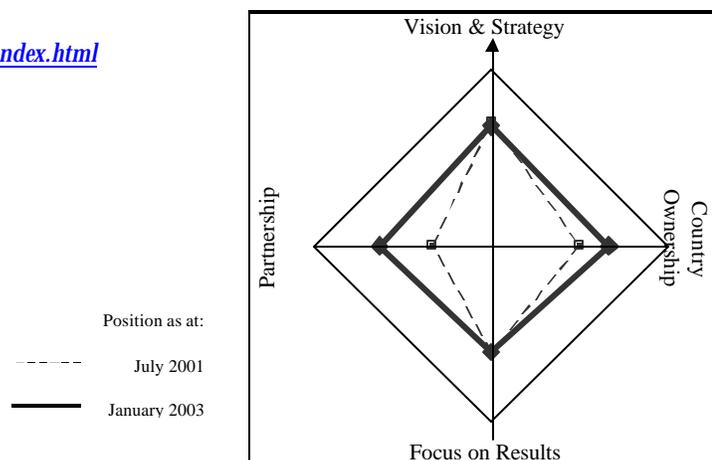
*Link to Ethiopia websites:*

<http://www.abysiniacybergateway.net/ethiopia/index.html>

*Development Gateway:*

[www.developmentgateway.org](http://www.developmentgateway.org)

**ETHIOPIA: Progress with CDF Implementation**



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## **19. Uganda: Creating an environment for harmonization of operational policies and procedures**

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In May 2001, the World Bank introduced a Poverty Reduction Support Credit (PRSC), a new approach to support countries with a sound poverty reduction strategy, a strong budget management system, and reform programs. The PRSC aims to enhance public service delivery by supporting sector-specific and crosscutting reforms, such as public procurement, public service and financial management, monitoring and evaluation, and anti-corruption. A number of other external partners are currently providing parallel financing for the implementation of the PRSC reform program.

The PRSC process has encouraged external partners to harmonize their policies and procedures around national ones. The PRSC avoids setting up parallel external partner structures for service delivery, focusing instead on developing Government's institutional arrangements to deliver services. For example, rather than setting up separate procurement arrangements only to serve the needs of external partners, the PRSC supports a comprehensive reform of Government's public procurement systems. Similarly, to enhance prospects for sustainability of reforms, rather than administering support through Project Implementation Units, assistance is mainstreamed directly in Government ministries and agencies.

The use of SWAps has also led to significant progress in areas of procedural harmonization. For example, most external partners accept the Joint Sector Review (JSR) report, and impose no additional reporting requirements. JSRs are held semi-annually in education, health, and justice, law and order sectors, and annually in the water and sanitation sector. The JSR provides an opportunity for Government, external partners, and other stakeholders active in a SWAp to review strategy and performance, and propose policy and resource allocation shifts for the coming year. Participants view the JSRs essential for an effective SWAp, promoting better strategic alignment and greater selectivity. For example, in the education and health sectors, the number of "undertakings" agreed at each semiannual review has declined sharply over the last two years: from 59 to 7 in education and from 32 to 10 in health. Key success factors include:

- A combination of strong Government leadership and commitment to implementing the national strategy, considerable progress in the establishment of an institutional framework and of fiduciary assurance, and maintaining a sound macroeconomic environment, has provided confidence in national policies and procedures.
- Readiness on the part of many external partners to assist Uganda through budget support and SWAps.

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### **Country Role**

- The Government of Uganda's (GoU) clear preference for budget support and SWAps requires external partners to give attention to the obstacles to harmonizing procedures.

### **External Partners' Role**

- External partners' willingness to accept the JSR review to fulfill their own reporting requirements.

### *World Bank*

- The World Bank, through the PRSC process, is focusing on development of Government's institutional arrangements, and avoids setting up parallel structures only to service needs of external partners.
- The PRSC process is promoting harmonization of procedures of external partners.

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### **Key Challenges Ahead**

- Continuing the harmonization agenda is a challenge in itself, especially in sectors where external partners maintain strategic priorities.
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Uganda Government website:

<http://www.government.go.ug/>

Uganda Ministry of Finance, Planning, and Economic Development:

<http://www.finance.go.ug/>

Uganda Development Gateway:

<http://www.developmentgateway.org/node/322857/interpage/index?iso=ug>

World Bank Uganda website:

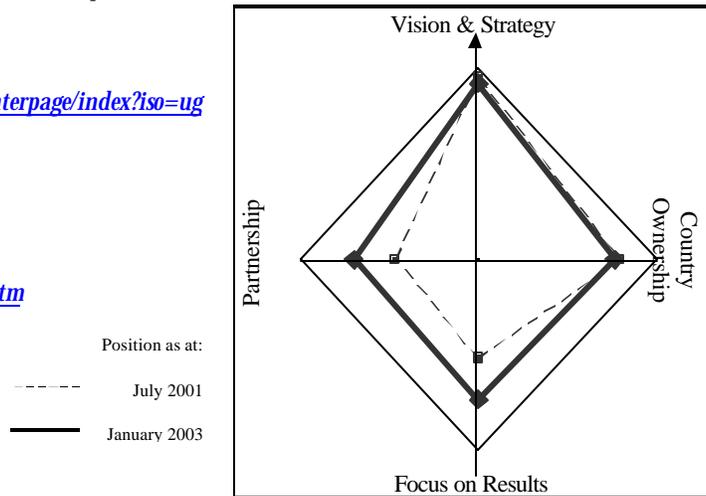
<http://www.worldbank.org/ug/index.htm>

Other Uganda PRSP documents:

<http://www.worldbank.org/ug/prsp.htm>

Uganda PRSC: <http://www.worldbank.org/ug/prsc.htm>

UGANDA: Progress with CDF Implementation



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## **20. Vietnam: Progress toward harmonization of policies and procedures**

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The number of external partners providing assistance to Vietnam has increased from a handful to more than 50. The many procedural requirements of different external partners burdened the Government's capacity and hindered the efficiency and effectiveness of assistance.

In May 2001, the Government of Vietnam (GoV) took measures to streamline the internal aspects of its assistance delivery system. It issued set of decrees outlining its policies for management of external assistance and clarifying certain procurement issues. In particular, the GoV stated that an ODA program or project preparation plan was to identify the discrepancies between national procedures and external partners' procedures, and to outline the necessary measures to achieve the harmonization of these procedures. Furthermore, these decrees clarified the roles and responsibilities of the government entities involved in managing external assistance.

Following from these initiatives, external partners have also been actively working on the harmonization of their policies and procedures. The May 2002 midyear CG meeting, cochaired by the GoV and the World Bank, discussed improving assistance effectiveness and reducing transaction costs, with a particular emphasis on the harmonization of ODA procedures. In this context, two linked initiatives are under way, each with the strong support of the Government.

- In the first of these, the Asian Development Bank (AsDB), the Japan Bank for International Cooperation (JBIC), and the World Bank issued a joint statement setting out their intention to harmonize in the areas of procurement, financial management, environmental and social safeguards, resettlement issues, and portfolio management. The GoV led a joint review of the AsDB, JBIC, and the World Bank portfolios and agreed on an action plan to address some of the "generic" implementation issues. At the December 2002 full CG meeting, the three institutions reported that definite progress had been made and that they were on track to have harmonized in the specified areas by mid-2003.
- In a second initiative, a group of bilateral partners (Canada, Denmark, Finland, Germany, Netherlands, Norway, Sweden, Switzerland, and the UK, with Australia in the process of joining) take a common position on a range of issues. Among other things, they have agreed to share elements of country business plans, including analysis and risk sections, and agreed to design programs to fully support implementation of the CPRGS; and have developed a template document for cofinancing. Several member of the group are co-financing a range of programs including the Poverty Reduction Support Credit, Public Financial Management Reform, and Public Administration Reform.

Key success factors include:

- Efficient use of the CG to raise consciousness of harmonization issues and promote further harmonization agreements.
  - General recognition, both from the GoV and from external partners, that progress on the harmonization agenda is necessary to increase the effectiveness of assistance to Vietnam.
  - Action taken on the part of the GoV to encourage and lead the harmonization process.
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### **Country Role**

- With a series of decrees, the GoV took the initiative to undertake reforms to make the assistance process clearer and more effective. This also provided external partners with a basis from which to work on the harmonization agenda.
- The GoV led a joint review of the portfolios of three of its major external partners, an important step in the harmonization processes these institutions had begun.

### **External Partners' Role**

- Many external partners in Vietnam have been willing to move forward on the sensitive issue of harmonization.
- In areas where a wider grouping has proved more difficult, external partners have nonetheless moved forward in smaller groups and in select areas.

### *World Bank*

- Readiness to engage in harmonization with JBIC and AsDB on procurement issues.
- Efforts to weave together the two groups of external partners working on harmonization.

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**Key Challenges Ahead**

- To implement the stated intentions to move forward in harmonizing policies and procedures among external partners.
  - To bring together the two separate harmonization initiatives of loan providers and grant providers.
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*Vietnam Comprehensive Poverty and Growth Reduction Strategy (CPRGS):*

[http://poverty.worldbank.org/files/Vietnam\\_PRSP.pdf](http://poverty.worldbank.org/files/Vietnam_PRSP.pdf)

*Vietnam Development Information Center:*

<http://www.vdic.org.vn/>

*Development Gateway:*

[www.developmentgateway.org](http://www.developmentgateway.org)

*World Bank Country Office in Vietnam:*

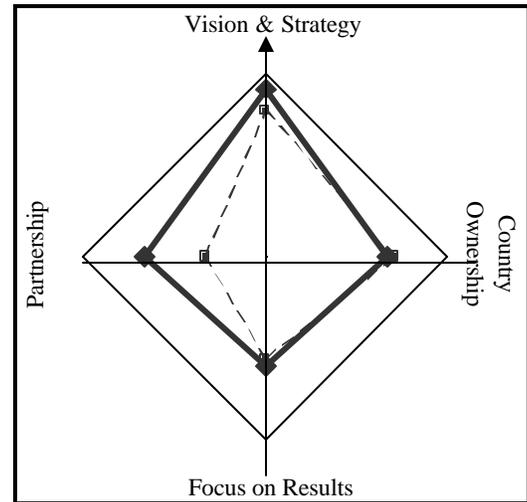
<http://www.worldbank.org.vn/>

*World Bank link to other PRSP documents:*

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=186>

**VIETNAM: Progress with CDF Implementation**

Position as at:  
- - - - - July 2001  
— January 2003



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## **21. Honduras: External partners' decentralization strengthens partnership**

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Many external partners are decentralizing decision-making and enhancing technical capacity in their offices in Honduras to improve their ability to engage in a strong dialogue with the Government and especially to participate in sector working groups and provide support aligned with the PRSP. In addition, many are changing the way they work, in particular by accepting the analytical work of others, or jointly developing it, as the basis of support.

In parallel, and with external partners' support to help strengthen capacity, the Government is taking an increasing role in managing coordination of external partners, especially for the macroeconomic program and the education sector.

As a consequence, there are increasing signs of external partners' alignment with country strategy, and of a move toward harmonized procurement and financial management procedures, and eventually programmatic lending. Key success factors include:

- One Government institution clearly responsible for coordination of external assistance, the Ministry of the Presidency.
- Financing by external partners of a technical unit in the Ministry of the Presidency, responsible for policy formulation and aid coordination.

External partners' willingness to maintain organized collaboration and encourage the Government to take increasing convening responsibility.

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### **Country Role**

- There is strong country ownership and continuity of policy. The PRSP has helped provide some policy continuity: the new Government that took office in February 2002 used the 2001 PRSP, as well as its political platform, as the starting point for its 4-year Government plan, which will be reflected in its revised PRSP.
- The Ministry of the Presidency has a technical unit that is being strengthened to handle overall coordination, and the Government is taking a stronger role in coordination of assistance by:
  - convening the largest 15 external partners (known as the G-15 in Honduras) at its own initiative;
  - raising resources for the education sector and receiving fast-track approval for its EFA program developed through the education sector working group; and
  - determining the schedule and agenda of in-country CGs. The Government plans to hold its next CG meeting to coincide with its development of a revised PRSP, which is being prepared now.

### **External Partners' Role**

- The largest external partners coalesced around the Government's reconstruction efforts in the aftermath of Hurricane Mitch. Since the 1999 Stockholm Declaration, which committed the Governments of Central America and the international community to shared responsibility in the reconstruction and transformation effort, the external partners have maintained strong organized collaboration with monthly meetings at the ambassadorial, technical and sectoral levels.
- While these external partners meet regularly without the Government, they now also encourage meetings convened at the Government's initiative.
- In addition, at the Government's request, they agreed to reduce their 13 sector working groups to make them more effective and manageable 7.
- Some external partners are making dramatic institutional changes to enable this new way of working, while for many others it has implied only changes in the way existing policies are implemented in-country. For example, CIDA has delegated all decision-making on the Honduras budget to the country office, and Sweden plans increased delegation to the local SIDA office in 2003. The IDB, which traditionally has delegated responsibility for projects under implementation to its field office, is working closely with other external partners on a coordinated approach to providing development assistance.

### **World Bank**

- The Bank has provided financial support and collaborated with other external partners in encouraging the Government to take a leading role in coordination of external partners.
- The World Bank is strengthening the technical expertise in its country office.

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**Key Challenges Ahead**

- Government chairmanship of Consultative Group meetings, which are still formally chaired by the IDB, and the sectoral working groups.
  - Strengthened public investment decision-making capacity, including in the sector ministries.
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*Government of Honduras:*

[www.sdp.gob.hn](http://www.sdp.gob.hn)

*Honduras PRSP (in Spanish):*

<http://www.sdp.gob.hn/erp.htm>

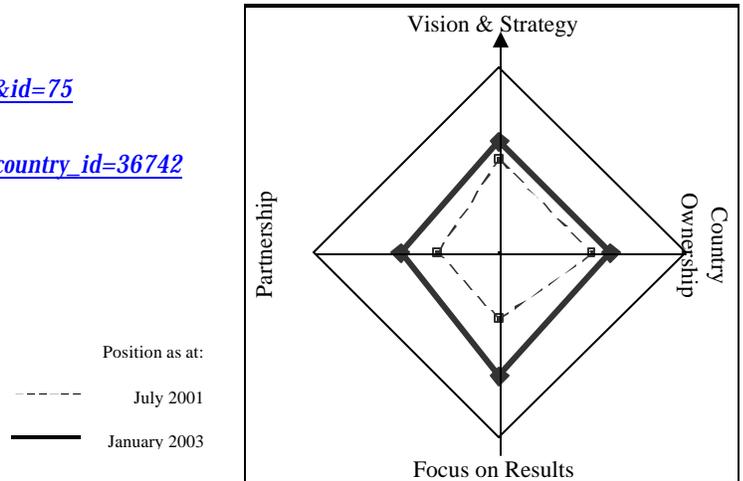
*World Bank link to other PRSP documents:*

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=75>

*Honduras Development Gateway:*

[http://www.developmentgateway.org/country-overview?country\\_id=36742](http://www.developmentgateway.org/country-overview?country_id=36742)

HONDURAS : Progress with CDF Implementation



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## **22. Malawi: Norway manages Sweden's assistance program**

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In June 2001, Norway and Sweden signed a cooperation framework agreement whereby NORAD manages all Swedish assistance to Malawi. The objective is to reduce the administrative burden for the Government of Malawi and to improve the efficiency of the \$14 million development assistance programs the two countries fund in Malawi.

On the basis of a request from Norway, Sweden makes available an annual grant for specific development projects/programs in Malawi. Sweden may offer technical assistance (TA) for studies, reviews, and evaluations of projects, when requested by Norway. Swedish institutions currently provide TA in several projects, and further opportunities to incorporate Swedish TA are being investigated.

Norway manages Sweden's grants in accordance with its own guidelines for development assistance, which are very similar to Sweden's. Norway identifies potential projects, makes appraisals, decides on support, enters into agreements, and monitors, evaluates and reviews each individual project. Norway manages the grants so that disbursement at the end of the financial year reflects the proportionate distribution of contributions decided between the two external partners—normally a 50/50% split, but the parties may agree on any other proportion.

Each year, Norway submits to Sweden a financial overview and a plan that includes project/program budgets. As lead external partner, Norway also provides Sweden with copies of the annual report, audit reports by the Auditor General of Norway, evaluation reports, and other reports requested by Sweden.

Norway has entered into a Memorandum of Understanding with the Government of Malawi, stating the scope of the development cooperation. Norway has the authority to represent both countries within the areas and projects stated in the Agreement. The documentation for each subsidiary project or program also states that it is jointly funded.

Norway's experience with the joint program with Sweden is extremely positive and has spillover effects for its programs in other countries. It has broadened and strengthened the sense of partnership between the two countries' development agencies. Key success factors include:

- Strong will between two external partners to find practical arrangements that would produce results on the ground.
- Similar policies and perspectives on development cooperation, including the role of external partners. Trust between the two partners.
- External partners prepared to act, given similar assistance guidelines, with drive for results as a motivating factor.
- The agreement was written with a perspective of “changing roles” in another partner country. NORAD will approach SIDA in this regard.

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### **Country Role**

- The Government of Malawi has expressed a very positive attitude to this new form of cooperation.

### **External Partners' Role**

- SIDA made a thorough assessment of NORAD's management of development assistance before any decision was made. To ease the transfer of responsibilities of already existing Swedish support to Malawi and to help prepare the new joint program, a Swedish program officer was seconded to the Norwegian Embassy in Lilongwe for three months before the two countries signed their agreement.
- Sweden's readiness to relinquish its active role in Malawi, to become a “silent partner” with Norway.
- Sweden and Norway meet annually to review the program and plan for the coming year.

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### **Key Challenges Ahead**

- An evaluation of the arrangement is forthcoming. The two countries are constantly discussing further possibilities for joining forces.
  - Cooperation is also regularly being sought with other external partners. Generally, several external partners are willing to provide financing as a silent partner in other external partners' programs, but few concrete steps have been taken on a country level.
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Malawi PRSP:

[http://poverty.worldbank.org/files/Malawi\\_PRSP.pdf](http://poverty.worldbank.org/files/Malawi_PRSP.pdf)

NORAD (Norway):

[www.norad.no](http://www.norad.no)

SIDA (Sweden):

[www.sida.se](http://www.sida.se)

World Bank link to other PRSP documents:

<http://poverty.worldbank.org/prsp/index.php?view=ctry&id=105>

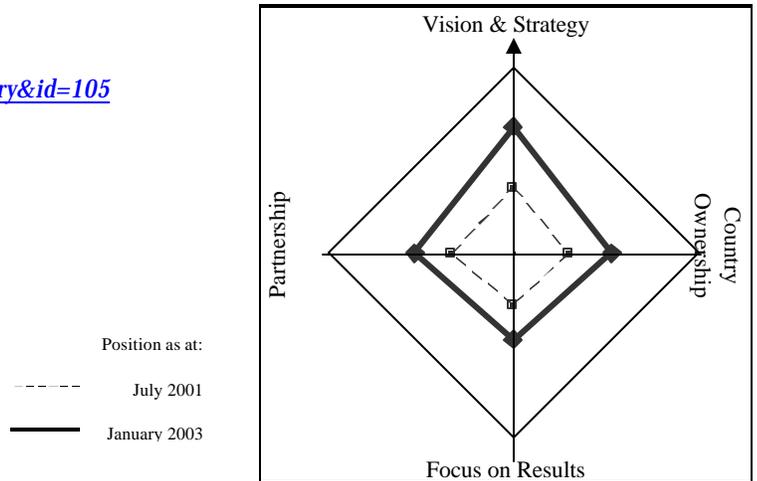
Development Gateway:

[www.developmentgateway.org](http://www.developmentgateway.org)

Further acknowledgements:

- Information from NORAD and SIDA staff.

### MALAWI: Progress with CDF Implementation



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## **23. Uganda: World Bank multi-sectoral approach**

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In May 2001, Uganda became the first country to benefit from a Poverty Reduction Support Credit (PRSC), a series of annual credits to support the implementation of the country's Poverty Eradication Action Plan (PEAP). The Board approved the second annual PRSC in July 2002, and the team is now preparing the third operation.

The reform program supported by the PRSC aims to enhance public service delivery and covers all basic service sectors (education, health, water and sanitation, agriculture) and a number of cross-cutting areas: public procurement, public service and financial management, monitoring and evaluation, and anti-corruption. The recognition that services would only improve if the dialogue with the Government addressed both the cross-cutting and sector-specific reforms led to the establishment of an instrument where a number of sectors and areas are addressed in the same operation. Uganda's sound and participatory budget management enabled the move to the PRSC that provides non-earmarked external finance to Government's budget.

The successful preparation of PRSCs requires close teamwork among the different sector specialists in the Uganda country team. The PRSC has changed the way the Uganda country team does business. A single, integrated team works on the PRSC, rather than a stream of missions to prepare sector-specific investment projects. This collaboration has shaped the reform agenda and brought to the forefront cross-cutting issues, such as public procurement, payroll and financial management, which sector-specific operations could not always address effectively.

The PRSC has also pulled Uganda's external partners together and contributed to change the way they as a group do business. Seven other external partners are providing parallel financing for the implementation of the PRSC reform program, and PRSC missions have become joint external partners' missions. Collaboration among external partners has started to decrease the Government's transaction costs for coordinating external assistance, as it can deal with external partners as a group.

The PRSC has catalyzed a strong policy coordination effort on the Government's side as well. The delivery of the reform program is a collective effort of ministries, since the performance of sectors is tracked through the program and external partner support for the program is dependent on sectors' collective performance.

The PRSC team has been commended for having succeeded in creating a true multi-sectoral team environment with shared responsibility for the final product. It won the World Bank's President's Award for Excellence for its success in building internal and partner capacities. Key success factors include:

- Strong Government leadership, asserting ownership of and commitment to the implementation of its poverty reduction strategy.
- A sound poverty reduction strategy.
- Government's strong budget management.
- Transparent, open, and inclusive management of the PRSC process on the World Bank side, which has helped to pull the Bank team and other external partners together.
- Willingness on the part of other external partners to support the PRSC process by agreeing to common monitoring mechanisms.
- Establishing a common coordination mechanism to enhance collaboration and role definition among all partners

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### **Country Role**

- Government's strong ownership of its poverty reduction strategy, which was prepared through extensive consultations.
- The PRSC is a direct response to the Government's request to take the lead, and its challenge to the Bank to find a new way of doing business in Uganda.
- Reform-minded Government. The country's leadership has worked seriously on the reform agenda, including passing the bill on the leadership code and advancing on the civil service pay reforms.

### **External Partners Role**

- Seven other external partners are providing parallel financing for the implementation of the PRSC reform program.
- Catalyzed by PRSC, there has been a significant shift to budget support among external partners to Uganda.
- Updating of the reform program is a joint effort of the Government, the Bank team, and other external partners. PRSC missions have become joint external partner missions.

### World Bank

- In response to the challenge the Government gave to the World Bank, the Bank has developed a new approach (PRSC) to lending to countries with a sound poverty reduction strategy and strong budget management. The approach is promoting Uganda's ownership of the reform process, and putting the Government's needs at the center to enhance sustainability of reforms.
- Shift to multi-sectoral teamwork to produce a comprehensive framework of support. The team recognized that services in Uganda would only improve if the dialogue with the Government addressed both cross-cutting and sector-specific reforms.

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### Key Challenges Ahead

- Further strengthening Government's capacity for policy coordination.
  - Further enhancing collaboration among external partners.
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Uganda Government website:

<http://www.government.go.ug/>

Uganda Ministry of Finance, Planning, and Economic Development:

<http://www.finance.go.ug/>

Uganda Development Gateway:

<http://www.developmentgateway.org/node/322857/interpage/index?iso=ug>

World Bank Uganda website:

<http://www.worldbank.org/ug/index.htm>

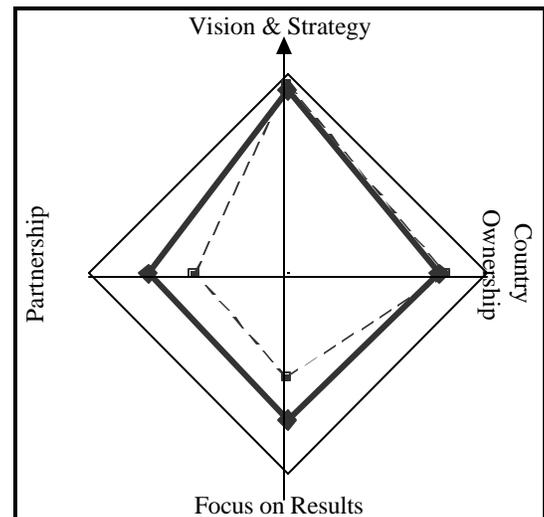
Other Uganda PRSP documents:

<http://www.worldbank.org/ug/prsp.htm>

Uganda PRSC:

<http://www.worldbank.org/ug/prsc.htm>

UGANDA: Progress with CDF Implementation



Position as at:

----- July 2001

———— January 2003

## **CDF Implementation Tracking and Assessment**

The CDF Secretariat **tracks** and makes **assessments** on progress in implementing CDF principles through a CDF tracking system. Through various sources, including publicly available documents,<sup>1</sup> such as PRSPs and Joint Staff Assessments, World Bank country department staff, bilateral and multilateral partners in the field, and developing country officials, it **tracks** progress on 20 criteria (previously 16) to capture *information* on action taken in individual countries toward implementing each of the four CDF principles:

### I. Long-term Holistic Vision:

1. Coherent long-term vision or development agenda.
2. Medium-term strategy, linked to vision and budget.
3. Country-specific development results, drawing on MDGs.
4. Medium-term strategy holistic, balanced and well-sequenced.
5. Strategy ready for implementation, including public expenditure management.

### II. Country Ownership:

6. Vision and strategy home grown, and reflect aspirations of country.
7. Government involved all stakeholders, and continuing to do so.
8. Role of civil society.
9. Role of the private sector.
10. Role of Parliament: formal and informal.
11. Government capacity to formulate strategy and policy.

### III. Country-led Partnership:

12. Government leads coordination and integration of partners.
13. Partners' support aligned with country's strategy.
14. Partners' instruments aligned with country's strategy and budget.
15. Coordinated and aligned support for capacity enhancement.
16. External partners harmonizing their operational policies and procedures.
17. External partners changing their behaviors and organization, to partner effectively.

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<sup>1</sup> The most recent assessment of CDF implementation progress also relied on these references:

- Addai, E., and Gaere, L. 2001. *Capacity-building and Systems Development for Sector-wide Approaches (SWAs): The Experience of the Ghana Health Sector*. Prepared for the DFID Health Systems Resource Centre.
- Annan, Joe, 1999, *Ghana Health Sector-wide Programme*, (A Case Study Prepared for DAC I/CD Network and Policy Branch of CIDA).
- Brown, A., et al. 2002. *Aid Transaction Costs in Vietnam*, Report prepared for the Ministry of Planning and Investment, financed by DFID, managed by UNDP.
- DAC Task Force on Donor Practices, 2002, *Harmonizing Donor Practices for Effective Aid Delivery - Good Practice Papers: A DAC Reference Document*.
- Franz, Brian, and Komich, Carla. 2003. *A Donor Coordination Assessment for USAID/Mozambique*, (processed).
- Multistakeholder Evaluation of the Comprehensive Development Framework, OED, 2003 (forthcoming).
- "Poverty Working Group/Poverty Task Force in Vietnam: The Drive to Partnership – An Informal Report for the -Consultative Group Meeting for Vietnam," Hanoi, December 10-11 2002, (processed).
- Zeballos, Marianella, "Country Strategy Workshop—Coordination Government-International Cooperation—Bolivia," Stockholm, December 2002.

#### IV. Results Focus:

18. Government information systems for strategy and budget implementation, and external assistance coordination.
19. Information on Government Program and Budget implementation accessible for all.
20. Tracking systems for managing for priority development results.

Based on the tracking information, CDF Secretariat staff make qualitative **assessments** of the *extent* of action taken in individual countries toward implementing each of the four principles:

**L - Little or No Action**-Due to a wide variety of circumstances, including political developments, capacity limitations, unforeseen events, action has remained at a virtual standstill.

**E - Elements Exist/Being Considered**-There is some basis for making progress, either through what already exists, or definite plans.

**A - Action Being Taken** -Progress is being made, although not yet enough, and the basis exists for even more substantive progress.

**D - Largely Developed**-Significant action taken already, although some further action is needed.

**P - Substantially in Place**-The activity is virtually accomplished.