

***Desk Study of Good Practice in the Development of PRSP
Indicators and Monitoring Systems***

Initial Review of PRSP Documentation

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List of acronyms

AIDS	Acute Immune Deficiency Syndrome
CWIQ	Core Welfare Indicators Questionnaire
CSPIP	Civil Service Performance Improvement Programme (Ghana)
DFID	Department for International Development (UK)
DHS	Demographic and Health Survey
EC	European Commission
IDA	International Development Association (World Bank)
JSA	Joint Staff Assessment
HIPC	Highly-Indebted Poor Countries
IFI	international financial institution
IMF	International Monetary Fund
iPRSP	Interim Poverty Reduction Strategy Paper
M&E	monitoring and evaluation
MIS	management information system
MTEF	Medium-Term Expenditure Framework
OED	Operations Evaluation Department (World Bank)
PEAP	Poverty Eradication Action Programme (Uganda)
PPA	Participatory Poverty Assessment
PRGF	Poverty Reduction and Growth Facility (IMF)
PRSP	Poverty Reduction Strategy Paper
SDA	Social Dimensions of Adjustment
SPA	Strategic Partnership with Africa

Summary

Introduction

This report reflects the first stage of a desk study of good practice in the development of PRSP indicators and monitoring systems. The first set of PRSPs and Interim PRSPs for sub-Saharan Africa was “interrogated”, together with the corresponding Joint Staff Assessments, to establish a baseline and identify issues for further investigation. The report explains the initial concerns that informed the documentary review, and reports the findings. It begins with monitoring systems and goes on to discuss the selection and use of indicators in that context.

Roles of monitoring and information in a PRSP context

Approach

The report argues that thinking about monitoring systems for PRSPs needs to be focused and realistic. It should be driven by an understanding of what is new and challenging about the PRSP initiative. The process conditionality introduced under HIPC2, and now a general feature of IMF and World Bank concessional lending, is significant because of the way it opens up debate on approaches to poverty reduction that are 1) rooted in a national process, 2) more comprehensive, and 3) more outcome oriented. The key thing is the way these three features may come to interact with each other, with new processes generating new pressures to be comprehensive, pay attention to policy outcomes, etc.

It follows that monitoring for PRSPs is not “business as usual” but a response to a challenging set of new needs. At the same time, proposals must be realistic about the nature of the policy process (policy formulation + implementation) in general and in the countries concerned. Much of the writing and training in the monitoring and evaluation field takes a “rationalistic” view of the policy process. A well-coordinated decision process is assumed, and the formulation and implementation of policy are seen as distinct steps. That is, policies drive implementation and – subject to technically adequate monitoring arrangements – implementation experience feeds back into policy improvement.

The literature on the policy process, on the other hand, is clear that things are almost never that simple. Policy is what policy does – the most important decisions are those taken in the so-called implementation process. Information is power and, except under quite unusual conditions, it is not used primarily for learning. Policy does not work on the rationalistic model anywhere, and certainly not in low-income Africa.

Some of the guidance material currently being made available on monitoring for PRSPs is focused and realistic in the above ways. Some is not. It is all too easy to

slip from encouraging a systematic approach to monitoring to giving succour to completely unrealistic notions about how the real world works. This results in an underestimation of the degree to which information is a “political” as well as a technical matter. Questions about who gets what, when, and what they are likely to do with it, are central to a sound approach to PRSP monitoring.

It is suggested that five main areas, and a number of issues within each, are all of importance to PRSP monitoring:

- input monitoring (budget reforms and expenditure tracking);
- timely monitoring of implementation processes, including intermediate outputs and outcomes (by both established and innovative means);
- measurement of final poverty outcomes or impacts (by surveys and participatory assessments);
- measures to enable PRSP stakeholders to have and use information;
- steps to enhance the use of available data for analytical purposes.

This is used as a template with which to describe the content of the sample of documents. The report finds very uneven coverage of the corresponding issues.

Findings

Effective input monitoring implies making progress with outcome-oriented budgeting, which is uneven across the countries covered. More surprisingly, the degree to which actual improvements in the management and tracking of public expenditures are recognised as key components of a poverty-reduction strategy varies between countries.

At the other extreme, it appears that the measurement of final poverty outcomes/impacts is about to take a substantial leap forward in most countries. New household surveys are under way in many countries, and the use of participatory poverty assessments is also much more established than it was. This rather strong emphasis on final outcome/impact monitoring seems to reflect one fact – that, broadly speaking, we know how to do it – and one misconception: that outcome-orientation in planning implies focusing the lion’s share of monitoring attention on poverty outcomes. The new JSA Guidelines do not do enough to combat this misconception.

On the other hand, monitoring of implementation processes and intermediate outputs/outcomes has a long way to go, and is generally neglected by comparison. This is very regrettable, as what PRSP monitoring most needs to deliver is *quick* feedback on results that can be easily *attributed* to specific actions. Poverty monitoring – in the sense of measurement of final outcomes – cannot normally provide that.

At the same time, a blind eye is being turned to well-known facts about the unreliability of the official reporting systems and administrative data on which implementation monitoring depends. This is not picked up even in JSAs. The potential for using known shortcut techniques, such as participatory beneficiary assessments and facilitated staff self-assessments, to provide quick feedback on critical implementation issues is not being explored creatively enough.

This needs to become a major topic, especially as it becomes clear that stakeholders mobilised in PRSP design processes are continuing to be involved as recipients and users of monitoring information after HIPC completion. Arrangements for facilitating this key dimension of PRSP monitoring are not specified closely in the current set of PRSP documents, despite encouragement from the JSAs.

In the short run, more attention may have to be focused on light and agile instruments for sharing information and using it to reflect on policy. This should not be seen as an argument for ending the long and difficult task of improving routine information systems. Accepting indefinite reliance on alternative sources would not be appropriate, particularly in view of the policy and management demands for detailed disaggregated information discussed in the report.

The analytical use of data of all kinds, for diagnostic and evaluation purposes, is a familiar lacuna from the last major expansion of data availability under the Social Dimensions of Adjustment initiative in the early 1990s. All the indications are that this is still a problem. In confronting it in the PRSP context, we need to remember that capacity to use data is about incentives as well as skills. Interest in line ministries in making more analytical use of data will increase only as public sector reforms begin to link incentives more closely to results.

Choosing indicators: rationale, credibility and realism

Rationale

The choice of indicators for PRSP monitoring needs to be linked to the content of the strategy. Particularly at the level of intermediate outputs and outcomes, indicators included in PRSPs and iPRSPs are at present not very purposeful in this sense. This mainly reflects the fact that, as strategies, most current PRSPs have a “missing middle” – they do not discuss why the proposed actions are likely to work better than comparable actions have done in the past, and what are the critical things that need to happen.

A closer look at the indicators actually selected suggests that they are the result of bringing together those already agreed for different projects, programmes and concessional loans. They are not integrated by an overall rationale. This is not altogether surprising, given a) a realistic view of the policy process, and b) the highly constrained and rather instrumental context in which the documents are being

drafted. However, it is one of the things that needs to change as new policy dynamics begin to be produced by the medium-term process of the PRSP.

Monitoring does not provide a solution to strategy design problems. But assuming continued stakeholder involvement, it can provide a way back into the discussion of design issues. For example, most iPRSPs and PRSPs in the set include only very general and aggregated economic indicators, along with a range of typical social indicators. It could reasonably be argued in many cases that the GDP growth rate should be replaced by the growth rate of the agricultural sector or specific crop estimates, and that data on price movements, including interest rates, that particularly affect poor people should be used instead of the general inflation rate.

Credibility and realism

Much greater recognition is needed of the problematic quality of the administrative data on which the selected indicators rely, and this should be more strongly reflected in the available guidance material. The definition of what is a “good” indicator ought to include reliability, and steps should be taken to improve data quality where it matters.

Two areas which can pose serious difficulties and which at present receive little attention are regional differences in the reliability of reporting, and the notorious “denominator problem” (we may know what services are being used, but we don’t know the base population). Where improvements in data quality are achieved, due consideration must be given to possible problems of comparability, and care must be applied to the interpretation of apparent trends which may simply reflect those improvements.

New major investments in management information systems that have already proven very resistant to change will require careful planning and implementation. There is a case for exploring alternatives, possibly in parallel to the gradual improvement of existing systems, and using shortcut methods where these are fit for their purpose. Indeed, there may be considerable advantages in terms of the reliable interpretation of trends if explicit triangulation of information sources is encouraged wherever practicable. At the moment, the documents contain some references to “client satisfaction” instruments, but a wider range of methods for tapping the views of beneficiaries and stakeholders would be relevant. Together with the selection of intermediate indicators, this is an area on which further work to illustrate good practices would pay dividends.

Two further areas are identified in the report as worthy of further attention. One is the targeting of PRSP indicators and information needs to particular groups that have been identified as being of strategic importance. The other is the relevance of new thinking in the evaluation field. This suggests that using existing and regularly updated knowledge on causal links between specific intermediate variables and final outcome indicators can provide a cheap and practical method of evaluating

programmes. If this applies in the evaluation field, there is a further argument for not making PRSP monitoring depend heavily on the measurement of final outcomes.

Conclusion

Many of the limitations noted in the report are only to be expected, given what we know about policy processes and the incentive structure created by HIPC completion. The promise remains that PRSP processes will, in due course, generate elements of a new political dynamic, in which there are pressures to use information in new ways for accountability and learning. Phase 2 of the study will explore the issues raised in this report within that perspective.

1 Introduction

1 This report is the first output of a study intended to synthesise information on good practice in the development of PRSP indicators and monitoring systems. The study has been commissioned by DFID on behalf of the SPA's Poverty Monitoring Task Team. It is scheduled for completion by the end of 2001.

2 As a whole, the exercise will draw on both actual lessons from PRSP processes so far, and other international experience and thinking that has potential application to PRSPs. Two main areas will be covered:

- choosing realistic indicators to monitor progress of a PRSP across a variety of relevant domains;
- establishing effective poverty monitoring systems, including the institutional, procedural and financial requirements.

3 It is recognised that the scope of such a study is potentially quite broad, and that there is a need to identify more closely the specific issues that will be explored in depth. For this reason, the study is being undertaken in two phases.

4 Phase 1 is based on an initial interrogation of PRSP documentation – particularly PRSPs, Interim PRSPs (iPRSPs) and the corresponding Joint Staff Assessments (JSAs) – with a view to identifying the broad patterns in current practice and thinking in the two main areas of interest. This is seen as a fairly crude and preliminary exercise that serves the limited purpose of informing the formulation of hypotheses and modes of enquiry for Phase 2.

5 The empirical results of the review are much influenced by the availability of documentation, in particular by the relatively limited sample of full PRSPs and the uneven quality of the available iPRSPs. Complete coverage of the three types of document for sub-Saharan Africa was intended, and almost achieved. Some gaps were found in the DFID archive which were not able to be remedied by the deadline for the draft report (as shown in Annex 3).

6 A limited amount of PRSP documentation for other world regions is being reviewed, along with PRGF papers for a sample of the African countries and the EC study for the SPA of HIPC Completion conditionalities (2000). However, these additional sources are not used to any significant extent in the report.

7 The “interrogation” of the documents is structured in definite ways. It is directed by the terms of reference of the study (Annex 4). It is also influenced by the available guidance material, thinking and debate on PRSPs and their monitoring, as interpreted and assessed by the consultants. This includes the guidance and training materials available on the World Bank website and other Internet sources, papers presented at recent international workshops and meetings, and other experience with indicators and information systems. The consultants have made a deliberate and explicit effort to look

for particular features in the documents and look out for particular gaps and weaknesses.

8 We take the two main areas of the study in reverse order. We focus first on the institutional and procedural questions about monitoring *systems*. We examine the degree to which there appears to be relevant thinking or specific initiatives in some eight areas of monitoring activity that seem likely to be important to a PRSP process in the actual policy contexts of sub-Saharan Africa. The choice *indicators*, and the technical and institutional issues this raises, is taken second, so that it is framed by a realistic appreciation of what the functions and structure of the monitoring arrangements are likely to be.

9 The approach taken to the review of monitoring systems has a rationale, derived from:

- ❖ some generally accepted notions about what distinguishes the PRSP concept from previous approaches to development cooperation and concessional lending;
- ❖ how expectations need to be moderated by the actual realities of policy processes, in general and in sub-Saharan Africa in particular; and
- ❖ the different functions that a monitoring system can be expected to fulfil in this context.

This is explained in the first part of Section 2 of the report.

10 The approach taken to the choice of indicators starts from a reflection on what might be considered a “good” indicator for PRSP monitoring, given what is known about the actual condition of, and feasible improvements in, information systems in countries of the region. Some preliminary discussion is devoted also to:

- the need to define clearly the purpose for which an indicator is to be used;
- why attention should not be overwhelmingly focused on measuring outcomes and impacts; and
- taking data quality seriously in choosing indicators.

These arguments are set out in the first part of Section 3.

11 The results of the interrogation are presented in Annexes 1 and 2, and summarised in the second parts of Sections 2 and 3 respectively.

12 As may be expected, the review throws up a number of questions about both in-country processes and the emphasis of current IFI and donor policy. In a few areas, despite the rough and ready nature of the exercise, it is possible to say with some certainty that further thought or a change of direction is needed. In others, there are good ideas, either in the country plans or in the JSAs, or both, that suggest lines of

enquiry that might be pursued in the second phase of the study. The main points and their implications are reviewed in the concluding section.

2 Roles of monitoring and information in a PRSP context

2.1 Approach to the review

13 The PRSP initiative has a distinct and in some respects quite unprecedented rationale. The approach taken to monitoring and information issues needs to be correspondingly innovative. A major danger that needs to be averted is that the discussion of indicators and monitoring for PRSPs will be overly influenced by the professional routines and habits of thought associated with previous traditions of development planning and financing, with insufficient thought to the particularity of the task in hand.

14 To be sure, there is potentially much to be learned from the established fields of project planning and, particularly, sector programming. But the point of departure needs to be a clear understanding of the change of gear that the PRSP initiative is meant to facilitate, and the real obstacles and possibilities this opens up. We should start from what a PRSP is meant to be, not from the accumulated wisdom of the Monitoring and Evaluation profession, or indeed from the more recent field of poverty monitoring.

The PRSP challenge: not business as usual

15 Realism is needed in stating what is new in PRSPs and how much difference it makes to the constraints and possibilities facing actors in poor, highly-indebted and aid-dependent countries. In some respects, the changes are strictly limited. For example, no one should be under the illusion that the coming of PRSPs implies the end of old-style conditionality and performance benchmarks. It would be a mistake even to assume that it guarantees a reduction in the number and complexity of such conditions.

16 But the role of PRSP processes in the Enhanced HIPC decision and completion procedures, and in the broader panorama of IDA and IMF activities, does bring something new into the incentive structure facing policy makers in countries of the region. It implies a leavening of traditional conditionalities with a new form focused on in-country *processes*.

17 Process conditionality is, in its turn, a means of opening up discussion among stakeholders within developing countries about ways and means of addressing poverty reduction goals that are:

- more “owned” by the country – that is, more rooted in national processes of policy dialogue and accountability;
- more comprehensive, both sector-wise and in their effort to coordinate the full range of available national and international resources; and
- more performance based or outcome oriented in the way they allocate resources.

18 The essential premise is that poverty-reduction policies and policy processes that combine all three of these features have a better chance of succeeding than those pursued in recent decades. This premise is supported negatively by evidence that programmes that are not nationally owned do not work; that building externally-funded anti-poverty programmes in parallel with government systems is ineffective; and that goals are unlikely to be met so long as resource allocation is based on providing inputs to implementing organisations without regard to their performance.

A realistic view of the policy process

19 The positive case for the PRSP approach, and therefore the framework for thinking about PRSP monitoring, needs to be mature and realistic about the way the different elements in the scenario fit together. Attention has to be paid to the substantial literature on the nature of the policy process (policy formulation + policy implementation), including the parts that apply to virtually all countries and the parts that deal specifically with Africa.¹ Taking into account what is known from these bodies of research and analysis, it is important not to slip into a naïve vision of the conditions under which the changes promoted by the PRSP initiative are likely to occur.

20 Specifically, a realistic view of the policy process does not allow the assumption that formal commitment to a set of objectives on the part of senior government officials implies an ability, or even necessarily a willingness, to deliver all of the consequent actions by all of the relevant actors. On the contrary, commitments made on behalf of government are frequently not even binding on all parts of government, even at the policy-making level, and typically, implementation issues are not seriously considered when policy commitments are being entered into. It follows that “implementation” is far from being a merely technical operation of carrying out decisions; it is typically more realistic to view the implementation process as where the most important decisions are made.

21 More concretely:

- commitments are to be believed only when they are carried through at least to basic decisions about resource allocation, starting with the national budget;
- more important than initial earmarking is whether resources reach their intended destination and whether they are used effectively in terms of stated objectives;
- policy design typically ignores why similar initiatives have failed in the past, and one of the principal ways in which policy processes improve is by developing at least a limited capacity for learning from experience;
- information feedback from the “implementation” process is a critical ingredient in this respect; however, information is not a neutral commodity but a highly “political” one: implementers do not necessarily have an interest in providing accurate information, and it makes a difference *who* receives any information generated, whether they receive it in time, and what they are likely to do with it;

¹ As reflected, for example, in Hill (1993) and Turner and Hulme (1997) respectively.

- incentives to use information for policy improvement are stronger where programmes have a learning-process design than when they reflect a “blueprint” approach.

22 It is important to note that these things are to a greater or lesser extent true of *all* policy processes. The particular difficulties facing pro-poor policy in Africa are different in degree rather than in kind, although the very strong incentives to largely instrumental behaviour imparted by the aid relationship generally, and the Enhanced HIPC framework in particular, is certainly an additional constraint of some significance.

Monitoring and evaluation is about politics, not technics

23 Most of the conceptual vocabulary of the monitoring and evaluation field reflects what is known in the literature as a rationalistic model of the policy process, not the realistic one just described. This does not mean that M&E is not relevant in the real world of policy. But it does mean that the emphasis on different aspects of its role needs to be different from the traditional one. Among other things, it gives grounds for paying special attention to the parts of the literature that work with a more realistic perspective, such as that concerned with “process monitoring” (Mosse et al., 1998).

24 Some parts of the guidance material provided by the IFIs on PRSP monitoring respond better than other parts to this need to be realistic about the possible roles of M&E. There is a tendency in much of the material to treat PRSP monitoring as a technical activity, not as a fundamentally political one with technical dimensions. This is reflected in the tendency to focus on indicators, rather than more broadly on relevant information, which is even reflected to some degree in the terms of reference of this study.

25 To its credit, the master thinking from the IFIs has consistently emphasised “mechanisms for broad-based monitoring of intermediate proxy indicators ... to ensure that action programs and resource management processes are not only well designed but also effectively implemented” (IMF/IDA, 1999: Box 6). “Broad based” refers here to the participation of a range of stakeholder interests, which is important because of the way it contributes to transparency and the sustained implementation of an anti-poverty strategy.

26 The M&E chapter of the Bank’s PRSP Sourcebook, too, argues that “strong country demand at all levels” is a precondition for developing a national monitoring and evaluation system, and looks for the creation of such demand in a participatory PRSP design process (Prennushi et al., 2000). This recognises that what is at issue is building a new politics or political economy of information.

27 On the other hand, both the Sourcebook itself and some of the training material that is now being undertaken on PRSP M&E may be giving a somewhat different impression. In an effort to be clear and straightforward, while also encouraging rational thinking and action, it is easy to give succour to the rationalistic picture of the policy

process. Some of the training materials do a good job of explaining how one might best proceed in an ideal world. But their emphasis is questionable as an approach to the real world.

PRSP monitoring for the real world

28 The following account of the functions of a monitoring system appropriate to a PRSP is based on the three distinctive ingredients of the PRSP concept, itemised in the square bullet points above, bearing strongly in mind the characteristics of the typical policy process. It takes rather seriously the ways in which the three elements – outcome orientation, comprehensiveness and country ownership through widened participation – depend on each other for their effectiveness. It assumes that an overall rationality of means and ends is a desirable end, but not that the real world is close to operating in this way. This affects the weighting given to the different elements necessary to constitute a monitoring “system”.

29 The premise of the framework we have used to interrogate the PRSP documentation is that a more outcome-oriented approach to policy implies a more systematic and rigorous handling of *all* of the steps needed to reach the goal, and that all of these steps need to be monitored. Contrary to the impression that is sometimes given, an outcome-oriented approach to monitoring does not imply a particular focus on final-outcome or poverty monitoring.²

A note on terminology

The language conventions in the field we are discussing are a mess. As a result, there are some substantial man-traps waiting to catch the unwary. Early drafts of this report did not entirely succeed in avoiding them, and we are not certain that there are not more round the corner. The main issue we are aware of is that different meanings are given in different contexts to the word “outcome”, and thus also “impact”.

The DAC and the M&E profession typically work with the convention that, in the field of poverty-reduction policy, outcomes are “specific results and the utilisation of means/services by beneficiaries”. Movements in measures of poverty are referred to as impacts. However, in the broader social-science fields concerned with poverty-reduction strategies and poverty information it has been conventional to speak of the final goal of policy as to influence poverty outcomes, or outcomes for the poor. There is also an understandable tendency to associate the word “impact” with the activity of evaluation, implying that an impact is not just a final result but one that can be attributed to a specific intervention.

We have tried to avoid being misunderstood by qualifying everything. This results in unpleasantly unwieldy expressions and the frequent use of slash marks. However, it seems preferable to ambiguity or getting diverted into conceptual disputes. Thus, we distinguish between intermediate outcomes, which we see as closely linked to intermediate outputs, and final outcomes or poverty outcomes. In deference to the DAC convention (even though it risks confusing others), we often write “final outcomes/impacts”.

30 Improved poverty outcome data are important for several purposes, including the sort of basic analysis of the causes of poverty that is essential to good policy design (or is so to the extent that policy is evidence-based). In the latter connection, it matters whether steps are being taken to guarantee that the data produced will be put to some genuine use. This issue – what might be called “poverty monitoring” as opposed to “PRSP monitoring” – has a certain importance. But in most countries the focus for both learning and accountability needs to be on notorious problems of a much more “upstream” sort. While it is commendable to address gaps in the basic poverty data, the belief that this is the main or a peculiarly important prerequisite for policy (design + implementation) improvement under current conditions is mistaken.

31 Policy is likely to improve, and/or become more outcome oriented, only if new incentives come into play. That will happen only to the extent that enhanced accountability of public servants to each other and to other stakeholders, comes into the picture. Stronger accountability can be enhanced by, and depends on, greater production of an access to relevant and timely information. But information will work in this way only if it is demanded and capable of being used by stakeholders with some clout, so that those responsible for policy are held to account in a new way.

32 Information on the final outcomes or impacts of policy rarely has practical implications of this sort, a) because it typically arrives too late and with too many difficulties of attribution to reflect directly on current policy; and b) because new policy is not typically evidence-based anyway. Paradoxically, this means information on upstream issues of performance may be more powerful in influencing policy processes to become more oriented towards outcomes, than final-outcome monitoring can hope to be.

33 This is one key issue in deciding what the scope and balance of a PRSP monitoring system should be. Another concerns the rather widespread problem that reliable data on intermediate output and outcome issues are very hard to come by in most countries, even on an untimely basis. This raises as a central question what kind of relevant feedback of other sorts already exist, or could be instituted, to help to fulfil either the accountability or the learning functions of PRSP monitoring.

Accountability and donors

34 The above assumes that the principal role of PRSP monitoring is learning by and accountability to domestic stakeholders. This is sound but it needs some supplementary comment regarding donor requirements.

35 Experience suggests that even well-funded and well-organised donors have limited influence on issues of structural change compared with the more powerful domestic stakeholders. On the other hand, donors can do quite a lot to undermine the

² See note on terminology.

influence of national stakeholders on central policy processes, notably by building parallel structures and funding official bodies to undertake activities off-budget. The importance of the comprehensiveness dimension of the PRSP concept – of including all resources under the umbrella of the PRSP – arises from this fact.

36 The role of a PRSP monitoring system in providing for accountability to donors is not unimportant against this background, because nothing discourages donors more from pooling their funds in sector programmes or general budget support than the perception that accountability requirements will not be satisfied. On the other hand, the best bet for enhanced accountability for pooled funding is undoubtedly one that also serves enhanced responsiveness to domestic stakeholders within formal and informal structures of accountability.

Five areas of interest to PRSP monitoring

37 With these arguments in the background, we have interrogated the current PRSP documentation about five main areas of activity, and a total of eight sub-headings, that are potentially significant to good practice in PRSP monitoring. These are:

- Input monitoring, which, in an outcome-oriented framework, implies two types of progressive change:
 - a reform of the budget process that reorients allocations in terms of programmes, or plans to achieve specified public goals, within a medium-term fiscal framework that reconciles overall policy priorities with the requirements of macro-economic balance (unless this first step has been taken, the other elements of an outcome-oriented monitoring make little sense);
 - specific studies to track what happens to budget allocations, beginning with actual releases (their scale and timeliness) and ending with the delivery of funds to their ultimate destinations (e.g. primary schools in rural areas); or to estimate the benefit-incidence of particular lines of expenditure on different population categories.
- Timely monitoring of implementation processes and intermediate outputs and outcomes, which might be expected to draw on some combination of:
 - efforts to improve the completeness and reliability of relevant administrative reporting systems and data, including sectoral Management Information Systems and the local government/village government information interface;
 - efforts to overcome the insuperably difficulties this typically poses in the short and medium term, while also injecting a more dynamic element into PRSP implementation by using well-established shortcut methods for detecting and raising the profile of key implementation bottlenecks such as participatory beneficiary assessments and facilitated brainstorming by staff and officials.
- Measurement and assessment of poverty outcomes or impacts, which might be expected to entail both of:

- the carrying out of a suitable mix of household-consumption, human-development (e.g. DHS) and lightweight welfare surveys at appropriate intervals, as well as a population census, with due attention to normal standards of rigour and comparability;
 - the collection of participatory and other qualitative or contextual information with which to validate, enrich and interrogate the survey results, and enhance their impact on policy makers and other stakeholders.
- Measures to make relevant information available to the group of stakeholders that has participated in the PRSP design process, to enhance their ability to use information for policy dialogue and otherwise to engage them in an ongoing process of mutual learning and accountability.
 - Steps to enhance the use of information, particularly but not exclusively of the final outcome sort, for analytical purposes, including basic diagnostic studies and policy-design work, and both prospective impact assessment and retrospective impact evaluation.

2.2 The current situation according to the documents

38 A strong overall impression confirmed by the review of PRSPs, iPRSPs and JSAs, is that thinking and practice are at quite an early stage on many of the issues raised in the terms of reference. Some topics (e.g. the financing of sustainable monitoring systems, and coordination of donor support for this) are understandably hardly covered at all. On the range of activities and the allocation of institutional responsibilities to be undertaken, the details given in the documentation vary from thin to comprehensive but still incomplete (Uganda).

39 For this reason, the review is largely concerned with a set of rather elementary questions about each area of potential activity: is anything said on the subject? are actual steps being taken to initiate activity? does this make good sense? what other good ideas are suggested that might be worthy of emulation or further investigation? These questions are applied to the documents as a group, with distinctions being made where appropriate. The details are presented in Annex 1 and reviewed in the remainder of this section.

Input monitoring and budget reform

40 The case for including outcome-oriented budget reforms and public expenditure tracking within a discussion of PRSP monitoring is not completely obvious and it could easily be contested. In the available guidance material and training, input monitoring, usually with reference to indicators of expenditure on particular items such as primary education, is acknowledged as an important step. But input monitoring can be more or less crude. It is not as generally recognised as it should be that the usefulness of this type of measure depends on the way budget line items are defined, and thus on the

nature of the prevailing budget system. The degree to which actual releases are determined by initial allocations, and how far funds reach their destinations within the sector in question, are other critical questions.

41 This is recognised in a certain proportion of the documents, although it tends to be more prominent in JSAs than in the country-produced papers. In all four full PRSPs reviewed, the status of a budget reform process intended to introduce a greater degree of programme budgeting is raised as an issue. Progress in this respect is quite different across the four cases, which affects the way it is discussed.

42 A key step in outcome-oriented budget reform, the establishment of a Medium Term Expenditure Framework (MTEF) has been taken in Uganda and Tanzania, with some progress towards the preparation of budgets on a programme basis in line ministries and local government. While the Ugandan authorities see this as providing the framework for their Poverty Eradication Action Plan-cum-PRSP, Tanzania makes little of this and other improvements in public expenditure management systems in presenting its PRSP – a point picked up by the JSA.

43 In Burkina Faso, significant headway has been made in linking funding to performance, in the context of the conditionality reform exercise being piloted in the country, and the proposal to introduce an MTEF-based reform of the budget process has been discussed in this context. In Mauritania, the introduction of programme budgeting is scheduled to start in 2002. The JSA for Mauritania suggests that the country has some way to go before the gap between the budget and the bulk of targeted project expenditure on poverty begins to close.

44 Something is said about MTEFs or budget reform, either as an actuality (Benin, Ghana, Guinea, Kenya, Malawi, Mali, Rwanda, Senegal) or as a desideratum (The Gambia, Niger, Zambia) in most iPRSPs. JSAs frequently emphasise the impossibility of setting overall priorities and assessing trade-offs in poverty-reduction strategy in the absence of the realistic expenditure ceilings provided by an MTEF. While not strictly a monitoring issue, this is a basic sense in which the reform of public expenditure management is a sine qua non for further thinking about monitoring.

Public expenditure tracking

45 Without a budget reform and the technical improvements in public expenditure accounting that are often introduced simultaneously, it is not usually practical to take the step of comparing budget allocations systematically with releases according to sectoral and sub-sectoral priorities. There is little discussion of this issue in the documents, although Uganda has relevant experience.

46 Public expenditure tracking studies have, however, been undertaken in a number of countries, usually in the context of joint Public Expenditure Reviews. Uganda reports that such exercises are now a routine part of PEAP monitoring, and that some key physical inputs are also to be tracked to their final destination. The tracking exercises

undertaken in the framework of Tanzania's rolling PER/MTEF process is another issue not highlighted in the PRSP and treated as relevant only in the JSA.

47 Other countries are evidently at very different stages in this respect. Some specifically declare an intention to undertake tracking studies (Guinea, Rwanda). Others have not completed the more basic step of systematically reviewing public expenditure in priority sectors, and many report nothing on the subject.

48 A final word is necessary in this section on the case of Kenya. The Kenyan iPRSP includes what many would regard as a summary of the ideal poverty monitoring system. It locates the national poverty reduction effort squarely within high-level arrangements for monitoring and tracking prioritised public expenditures, with a stakeholder committee meeting monthly and transmitting its concerns through a committee of Permanent Secretaries to cabinet.

49 In the way it integrates financial and implementation issues and guarantees a hearing for stakeholder assessments of monitoring data at the highest policy level, the Kenyan proposal provides a model of what might be done in all countries. However, for few countries is such arrangement within reach at this stage. And its implementability in Kenya must at least be open to doubt.

50 To sum up on input monitoring, this seems to be recognised widely enough as a necessary component of an effective PRSP monitoring system, though more by the IFI staffs than by those drafting country plans. On the other hand, countries are at different levels in terms of their ability to provide the necessary elements, and this too is reflected in the variety of the initiatives described.

Implementation monitoring with administrative data

51 A key dimension of performance monitoring is the monitoring of intermediate outputs and outcomes, and other, more process-based, aspects of policy implementation. The current set of PRSP documents cannot be accused of neglecting this aspect of monitoring if the criterion is the volume of indicators identified for the purpose. However, this would clearly not be an appropriate criterion.

52 As we show in Section 3, the indicators identified are both numerous and rather unselective on a number of counts, among them the problem of obtaining reliable data on them at reasonable cost. The question that concerns us at this point is the degree to which the plans for monitoring described in the text of the PRSPs and iPRSPs and commented on in the JSAs include steps for bringing administrative data and/or sectoral management information systems closer to the required quality standards. We go on to ask whether the plans visualise or actually describe alternative means of acquiring quick feedback for learning or accountability purposes from implementers or other stakeholders, including the nominal beneficiaries of pro-poor policies.

53 Overall, these concerns are very striking by their absence – particularly in comparison to the fulsome attention provided to final poverty outcome/impact measurement (below). As our preliminary argument suggested, we think this is a rather serious problem that needs to be addressed by the international community as well as within countries.

54 The iPRSP and PRSP documents almost invariably include a commitment to make arrangements for monitoring plan implementation using official statistics. Occasionally, data deficiencies are mentioned as a problem and the institutional and technical arrangements for coordinating data from different sources are fairly frequently discussed. But the possibility that there might be fundamental obstacles to using routine data to monitor progress on account of severe problems of unreliability is not acknowledged at all.

55 It is particularly surprising, perhaps, that this is not picked up in the JSAs. While JSAs and the contributions to in-country discussions by donors (e.g. in Ethiopia) do concern themselves with reducing the number and increasing the specificity of targets and indicators, there appears to be little concern about data quality in this connection. This is a gap that might be worth addressing in revising the Guidelines for JSAs on full PRSPs, which in their current form seem to direct the lion's share of attention to monitoring poverty-reduction outcomes.

Alternative feedback mechanisms

56 It is not surprising, therefore, that the coverage of “other” forms of feedback on implementation is also slight. There are two reasons for paying attention to the possibilities of what in Annex 1 we call quick and dirty methods, such as participatory beneficiary assessments, implementer self-assessments using focus-group methods, “exit polls” and light-weight service-delivery surveys. One is that they provide an indispensable rough check on information reported, slowly and unreliably, through official channels. The other is that they can provide a more dynamic type of input into the political process of the PRSP, a means of highlighting problems while there is still time to act on them and mobilise public interest and pressure at the same time.

57 There are hints of such possibilities in some PRSPs/iPRSPs. In general, they are not fleshed out sufficiently to justify confidence that they will be pursued (in the absence of strong donor pressure and offers of funding). But it would be interesting to investigate further the regular stakeholder opinion polls (Burkina Faso) and the participatory monitoring arrangements (Tanzania, The Gambia) mooted in a number of countries.

58 It is striking that where service-quality enquiries and self-assessments have been used to set benchmarks for public service reforms predating the PRSP, these are not necessarily considered relevant by the drafters. In Senegal's iPRSP, a mechanism of this sort is mentioned; the equivalent arrangements in Ghana under CSPIP do not figure in Ghana's monitoring proposals. These mention the CWIQ surveys, which cover

service use and user satisfaction, but otherwise concentrate on measuring poverty outcome trends.

59 Let us sum up on implementation monitoring. Judging by the documents insufficient attention is being given, by any reasonable criterion, to improving the monitoring of implementation processes, as opposed to producing lists of indicators relevant to this level. Evidence is generally lacking that this is being dealt with seriously, either by addressing the big problems of data quality, or by exploring alternative means of generating feedback on policy implementation.

Measurement of final poverty outcomes/impacts

60 The big story under this heading is that the PRSP initiative will, if it does nothing else, produce a dramatic improvement in the quality and general availability of survey-based household-consumption data. Many new surveys are currently under way. This will not overcome all of the problems of data shortage and comparability that have prevented serious analysis of poverty trends, and even in some cases the construction of national poverty profiles, in recent years. But the coverage is set to experience the same sort of qualitative leap that was caused by the wave of support to Social Dimensions of Adjustment a decade ago.

61 Of course, the problems of sustainability that eventually affected the SDA round of surveys will also affect this one. This is, however, anticipated in some of the discussion in the documents, with several countries experimenting with light surveys for more frequent use, allowing a sensible spacing of large surveys (and censuses). The other problem of whether the new surveys are to any degree responding to a national demand, and can be expected to feed into new arrangements for analysing the data for policy purposes, is discussed further on.

62 The strengths and limitations of household survey data for understanding national poverty profiles are a great deal more widely appreciated than they were a decade ago. This is reflected in a good many of the country plans, with firm declarations to the effect that non-income dimensions of poverty need to be looked at and that participatory poverty assessments will therefore need to be undertaken.

63 Details are generally lacking at this point. But the use of PPAs – including the notion that they can be coordinated with household surveys in ways that benefit both – is more of an “established” idea than the use of quick-and-dirty methods for implementation monitoring. Arguably, the latter is where the value added of PPAs lies in countries that have already had several rounds.

64 Zambia is one country that has a strong tradition of qualitative/participatory work for both beneficiary assessment and poverty assessment, with formal arrangements for linking PPA results to the survey. This is not picked up in any of the PRSP documentation for Zambia. But this may reflect the relatively early stage reached in Zambia’s PRSP process.

65 To sum up, household survey work for poverty measurement is one clear growth area within the panorama of PRSP monitoring. This is both good and important. A major concern, however, is that this not be allowed to represent a sufficient response. While the inclusion of non-survey enquiries will tend to help, an exclusive focus on outcome assessment in the continuum of monitoring tasks would be a limitation for participatory work too.

Increased access to information by stakeholders

66 Information is power. PRSPs are explicitly intended to empower a range of actors, within and outside government, to engage in constructive debate about why poverty reduction has proven so difficult in a given country, and what can be done about this. It is at least arguable that this is the main thing that monitoring systems for PRSPs should be designed to do: to provide relevant information to the places where it will have this sort of effect.

67 This is not an easy thing to achieve. Even taking the first steps must be regarded as a big challenge. Governments throughout the world are secretive, and even in highly institutionalised democracies the incumbent authorities share information with their political rivals only when they are compelled to do so by law or convention. In all countries, non-governmental actors often lack the necessary expertise to make intelligent use of official statistics. In the sub-Saharan African countries we are concerned with, political and civil society is at present poorly equipped to assume the role assigned it in the PRSP concept.

68 It is outside the scope of this review to assess the quality of the participatory or consultative processes that have been organised for the PRSP exercise. We are limited to the question whether the arrangements for monitoring the PRSP visualise a continuing role for the stakeholders mobilised for the design process, and whether their information needs are catered for in any way.

69 The brief references on this subject in the documents are difficult to evaluate without independent knowledge of the country situation, which we have for some but not all of the sample. However, it seems that there is potential for substantial improvement in this area.

70 The details of Uganda's PEAP process, which entails an ongoing dialogue across political and civil society on poverty-reduction priorities, are quite well known. This example probably represents the apex of current African achievement in this area, at least as regards the openness of the process and the willingness of the government to make relevant information available and reasonably accessible. That said, the arrangements are much better for final outcome information (whose content is generally encouraging) than for intermediate performance indicators. Many of the details of the monitoring arrangements in Uganda remain to be hammered out, as the JSA notes.

71 The Ugandan model depends on the centralisation of the analysis and dissemination of poverty-related information in a unit within the Ministry of Finance, whose leadership has been strongly committed to openness and not averse to the use of official information for advocacy purposes. In other countries, the institutional framework may be less favourable, as it is in a few that we know. Nevertheless, the documents contain some declarations of support for ongoing monitoring by stakeholders, and this is one area in which JSAs are consistently supportive.

72 A worry in several cases, is that the stakeholder monitoring committees that are proposed sound like bilateral forums for government and donors. Although this no doubt reflects in part the weakness of representative national bodies in those countries, this is an issue that needs to be watched, as increasing bilateral dialogue alone is obviously not the point of the PRSP initiative.

73 In sum, the theme of stakeholder access is weakly developed in the documents until now. It will be an issue that deserves more and better attention as more countries move into the full PRSP stage, and others begin to undertake their first annual reviews.

Use of information for policy improvement

74 Understandably, the focus of most of the documents at this point is on improving the availability of raw data, in order to take quite elementary decisions about priorities and targeting for poverty reduction. However, discussion needs to begin soon on the further analytical uses to which good survey data might be put. The point can be quite rapidly reached where the national statistical bureaux feel that their outputs are being severely under-utilised. The question then arises of which institutions in the country actually have an incentive to use the available data for purposes that serve policy improvement.

75 This is raised as an issue in the Uganda PRSP. Existing survey data would, it is claimed, support specific studies that could improve the targeting and effectiveness of the programmes of a number of line ministries. While approving in its general messages, the JSA adds that the links between the costings, the outputs and the expected outcomes of many of the existing sector programmes need much closer attention than they have received so far. However, under prevailing conditions (an incomplete transition to performance budgets for line ministries, and an incomplete results-based public service reform) line ministries do not have strong incentives to commission the analytical work that is both possible and necessary.

76 Incentives for data use are, of course, a long-standing lacuna in arrangements for poverty monitoring in Africa. The documents suggest that this remains a big problem, and one that is not widely recognised within PRSP countries – even those that have reached the full PRSP stage. A few specific initiatives are mentioned that are of some interest, and JSAs are often good at spelling out the sort of analytical work that would help the formulation of policy objectives. However, this is a field that PRSP monitoring discussion needs to dwell on much more than it has so far.

In summary

77 This review of the documentation as it relates to monitoring systems suggests a number of areas of promise and some not unexpected but quite serious areas of neglect. Across the region, input monitoring is heading in the right direction, but unevenly. Monitoring of implementation processes and intermediate outputs and outcomes, on the other hand, has a long way to go. Well-known data problems are apparently not being addressed, either directly or by means of creative thinking about shortcut options that might be more appropriate and effective in the PRSP context. Poverty outcome/impact monitoring is making big advances on the data collection side. This reflects both a justified renewal of interest and donor funding, and also, perhaps, a conception of what PRSP monitoring should ideally consist of that is unduly skewed towards final results.

78 Plans for making information available to PRSP stakeholders on an ongoing basis are, relatively speaking, poorly developed. This is understandable, but needs to be addressed, because it is the key to what is believed to make PRSPs different from previous efforts to link external funding to poverty reduction. The analytical use poverty-related data is also still a weak area, confirmed as such by the documentation. This needs to change, although realistically it cannot be expected to change very much until current reforms affecting institutional incentives in the public sector get closer to completion.

79 We now take a closer look at the issues posed by the choice of indicators for PRSP monitoring, and the questions raised by the handling of these issues in the documents. Some of the above concerns are deepened by this discussion. The implications are explored in the concluding section.

3 Choosing indicators: rationale, credibility and realism

3.1 Approach to the review

PRSP indicators: what are they for?

80 We start, here, with an obvious but fundamental point. Even for the purposes of a descriptive stock-taking such as this, it is important not to detach the question of the choice of indicators from the aims and content of the planning exercise of which they are a part. In even a preliminary assessment of a country's approach to indicator choice, the *purpose* of each of the proposed indicators needs to be a primary consideration. The quality of the indicators can only be assessed in terms of the role(s) they are expected to play.

81 What indicators are supposed to track is progress towards certain objectives, which presupposes both that the objectives are clear and that the intermediate steps necessary to achieve them have been identified. Initial experience with PRSPs and iPRSPs tends to confirm what is expected in this regard. That is to say, the setting of objectives is easy enough. What is more of a challenge is identifying credible intermediate steps – given that similar objectives have proven difficult to achieve in the past.

82 Like many donor country strategies, most PRSPs so far (Uganda is a partial exception) have a “missing middle”. They do not spell out how the identified activities can be expected to result in the achievement of the identified goal – and, in particular, why they should be expected to do better than comparable activities have done in the past.

83 We are not surprised to find this because we do not assume a rationalistic model of the policy process. To the extent that improvements are possible in this regard, they will arise from the social and political dynamics of the PRSP process in the medium term. They cannot be expected to spring full-armed from the heads of PRSP drafting teams, least of all when these are operating under the extremely constrained conditions of HIPC completion.

84 We suspect that the “missing middle” problem explains quite a lot about current approaches to PRSP monitoring. It is one of the reasons for the concentration of attention on final outcome/impact measurement.³

85 All of this leads us to expect that, in the current PRSP documentation, there will be a certain purposelessness where indicator selection is concerned. If the strategy for

³ Another is that, broadly speaking, we know how to do that (all it takes is money), whereas, as discussed further below, implementation monitoring remains extremely difficult by conventional means

reducing poverty is weak at the “action plan” level, the rational basis for selecting indicators will also be limited. The choices will reflect other considerations (which targets can we meet, for certain, before or soon after HIPC completion, and what are the corresponding indicators?) or none at all.

What is a “good” indicator?

86 Our interrogation of the documents begins, therefore, with the purpose of the selected indicators. What else should it consider?

87 In the terms of the Monitoring and Evaluation chapter of the World Bank PRSP Sourcebook, a “good indicator”:

- is a direct and unambiguous measure of progress - more (or less) is better;
- measures factors that reflect the objectives;
- varies across areas, groups, over time, and is sensitive to changes in policies, programmes, institutions;
- is not easily blown off course by unrelated developments and cannot be easily manipulated to show achievement where none exists;
- can be tracked (better if already available), is available frequently, and is not too costly to track (Prennushi et al., 2000: Box 2).

88 This is sound as far as it goes. While few would disagree that the above qualities are all desirable, reflection on the *reliability* of the indicators which are “available frequently” in most of the countries considered in this review, suggests that this aspect of quality may be of primary importance.

89 It is clearly not useful to track over time variations in indicators whose margin of error is greater than the expected changes. There may well be a need to trade off reliability against other qualities and adopt “second-best” indicators in many instances.

Alternative data sources: reliability and cost

90 The Sourcebook also promotes the need for disaggregated indicators, in terms of location, gender, income level, and social group, without which “it is hard to design good policies and programmes”. Such disaggregation is typically also essential for effective project and programme management. This requirement, coupled with those for timeliness and affordability, would seem to imply a need to focus on indicators that can be derived from administrative sources. While surveys can often in principle provide “better” indicators in terms of the qualities listed above, the frequent generation of reliable estimates, at the level of disaggregation proposed, would make excessive demands on limited national statistical resources.

91 This, however, raises again the question of the quality of available administrative data. Routine data sources in most countries suffer from well-known limitations, often in spite of many attempts at improvement. This implies the need for expectations to be

limited, and second-best options to be explored. For example, while such basic indicators as service utilisation, access and cost are not ideal, they may provide a reasonable basis for predicting beneficial final outcomes and be either usable at present or at least susceptible to improvement in the short run and at minimal resource cost.

92 The use of such indicators would, however, often be unsatisfactory in the absence of supporting information on the quality of services available. Knowledge of satisfactory performance on both types of indicator – for example, high levels of utilisation of *good quality* reproductive health services at low cost – would be a sound basis for expectations that programme objectives in this area would be met. Absence of any one of these indicators might give cause for concern. Regular, though not necessarily comprehensive or frequent, quality assessments, using qualitative and participatory approaches, could play an important role in delivering this contextual information. As a minimum, reliable audit indicators that allowed assessment of the adequacy of supervisory activities could provide some degree of quality assurance.

3.2 The current situation according to the documents

93 A full record of the monitoring indicators identified in the current set of PRSPs and iPRSPs for sub-Saharan Africa is given in Annex 2. A detailed commentary is provided there for the full PRSPs, reflecting the concerns just outlined. The following sections provide an overview of the main findings and issues in respect to indicator choice.

Rationale for indicator selection

94 The review confirms the expectation that the selection of indicators lacks a clear rationale, in iPRSPs and even full PRSPs. In particular, the sense that they have been chosen as means of monitoring critical steps towards an overall strategic objective is lacking. The authors of many of the plans have listed a wide range of traditional indicators in a fairly indiscriminating way. Selection seems to have operated on the basis of relevance to the various projects and programmes which have been included within the PRSP framework. As a result, it is often difficult to see how the indicators could be effectively used to consider broader strategic issues.

95 In many instances, the indicators cover economic growth, macro-economic stabilisation, human resource development and other general measures of development performance, alongside indicators specifically related to poverty reduction. Without denying the importance of macro stability and growth for sustained poverty reduction, one might question whether such general indicators are the best to select. Of course, the discussion about indicators needs to be driven by a discussion about strategy, not vice-versa. But surely there would be a strong case, in many of the countries covered, for the growth rate in the agricultural sector, and price movements and interest rates that particularly affect poor people, to be substituted for the broader measures.

96 We are conscious of the finding of the EC study for the SPA (2000) that PRSP targets and HIPC completion point conditions do not coincide closely. Nevertheless, it seems likely that some targets and indicators in the current sample of documents have been selected primarily because they figure as conditionalities, for HIPC completion or a PRGF. It could be that, in this sense, the selection is less arbitrary than it appears.

97 In our view, however, such indicators should be clearly identified and distinguished from those that spring from the national strategy process. Indeed, for every indicator it should be standard practice to specify explicitly the intended primary uses and users. Such an approach would facilitate the categorisation of indicators by purpose and in particular allow the designation of a limited number of “core indicators” to monitor overall PRSP performance.

98 The Conditionality Reform Test Exercise described in the Burkina Faso PRSP is clearly of considerable interest in this regard. In this case the various donors have formally stated their interest in a small core set of performance indicators and have agreed to limit their attention to that set. The degree to which this process involves wider stakeholders in a national dialogue remains an important issue.

The basis for distinguishing inputs, outputs, outcomes and impacts

99 The meaning of the standard distinctions between inputs, outputs, outcomes and impacts emerges from the documentary review as being somewhat problematic in a PRSP context. Donor agency discussions on input, output, outcome and impact indicators are often based on simple project examples, which make the distinctions appear obvious. However, indicators can only be so classified in relation to a particular objectives and goals. In the PRSP lists of indicators, there is obvious confusion as to whether each should be classified as related to a specific component project or programme, or in terms of the strategy as a whole.

100 Many countries rightly include in their plans activities, such as reforms in local government or the legal system, which are important in creating an enabling environment for poverty reduction. They also include measures that work quite directly on dimensions of poverty, such as primary education programmes and nutrition projects. How should the notional Logical Framework of the PRSP integrate the Logical Frameworks of these very different component activities?

101 In Burkina Faso, for example, satisfaction with reforms in government tendering procedures is seen as an important outcome indicator of the reform programme. Should it be given the same status as satisfaction with health or education services, within the PRSP? Can the standard language of monitoring and evaluation handle this problem?

The quality problem in administrative data

102 Many of the indicators proposed in the PRSPs and iPRSPs derive from routine administrative/facility returns or management information systems. Given that such sources are generally agreed to be often at best highly unreliable and at worst unusable, the documents often appear to be highly optimistic as to the possibilities for measuring short-term indicator movements from such data. Although not entirely unexpected, this must be regarded as a major problem arising from our initial review.

103 The problem is particularly serious where regional disaggregation is required. As a general rule, administrative data quality depends on the quality of administrators, and both tend to be correlated with per capita incomes. The poorest areas typically have the least reliable data.

104 This is of obvious concern in terms of indicators derived from health information systems, which are also subject to the pressures associated with the provision of highly marketable goods and services. Rural health workers (given that their government salaries are sometimes barely sufficient to purchase basic food and clothing) have been forced to become very adept at providing information that satisfies higher levels of administration while not limiting their alternative income generating activities.

105 It should be noted that variations in the quality of data, particularly administrative data, between regions may also influence national estimates, as these are often based on partial coverage. Poorer regions not only tend to provide less reliable data; they often fail to provide data on time. As national estimates are sometimes based on “grossing up” the information available when estimates are required, biases which tend to underestimate poverty indicators may be introduced.

The denominator problem

106 Many of the selected indicators relating to education, health and more general access to services, require overall or age-specific population estimates, sometimes at regional level. These will reflect the well known “denominator problem” of indicator construction – the fact that the base populations are not known.

107 The influence of changing populations structures, particularly via migration, may need to be considered in the interpretation of trends over time. The influence of such changes on enrolment, access and utilisation measures can be substantial. Poor regions may be particularly affected by both push and pull migration factors.

108 The use of population estimates also raises issues of data availability. Population estimates in years removed from that in which the census is taken will be derived from demographic models, often based on parameters estimated from DHS data. This is reasonably reliable at the national level but is not intended for sub-national estimation and provides little evidence on internal migration. It may also be necessary to consider that adjustment of existing demographic models to allow for the

unprecedented impact of the AIDS pandemic is a relatively new, and to some extent uncertain, methodological exercise.

Community involvement in indicator choice?

109 The need for participatory approaches to the design of the PRSPs has been the subject of lengthy discussion. However, it is very difficult to identify any evidence of community involvement in the list of proposed indicators. In general they follow standard guidelines, not only in the areas of economic growth and stabilisation, but in education, health and other areas of social policy.

110 The inclusion of a number of “client satisfaction” indicators appears to be the only diversion from this norm, and even in this case there is a tendency to suggest a simplistic “opinion poll” approach, which may not be the most useful approach to the tapping the views of beneficiaries and stakeholder. One important role for community involvement that is under-explored in the documents is that of identifying factors relating to the failure (or potential failure) of projects and programmes to deliver intended benefits.

Data improvement versus data on improvement

111 Almost all of the PRSPs and iPRSPs stress the need to build statistical capacity and increase the quality of information available. This is clearly an appropriate objective. It should be noted, however, that it poses a practical problem that PRSP monitoring will need to take into account.

112 It is often difficult in practice to distinguish between improving measurement procedures and real trends in economic and social variables. For example, a more systematic approach to determining all sources of income or non-market consumption may result in artificial increases in related indicators. Improved disease surveillance systems usually lead to higher reported prevalence rates.

113 This should not be seen in any sense as a justification for maintenance of the status quo. But it does imply that those developing or using indicators should be aware of the possibility that apparently dramatic increases or decreases in trend or comparative information may in some instances be partly a consequence of improved data quality. It is simply one more example of the need for careful and considered interpretation.

Targeting information needs to particular groups?

114 For many countries, indicators relevant to specific target groups have been included in the PRSP list. Apart from those relating to broad regional groupings and obvious disaggregations in terms of rural/urban and male/female, indicators have been proposed for groups such as “shanty town dwellers”, those living in arid or drought-prone areas, prisoners, the disabled and victims of conflict situations.

115 Such indicators are usually clearly linked to projects or programmes that are seen as part of the overall PRSP framework. A similar situation arises where countries propose the use of yield and price indicators relating to individual crops on the basis that these may be by far the most important determinants of the nutrition and standard of living of specific target groups.

116 This raises interesting questions about the structuring of indicators within the PRSP. For example, would it be useful to classify indicators by target group rather than by project or programme area, bringing together all those economic, health, education, etc. indicators relevant to that group?

Some more reasons not to focus on poverty outcomes/impacts

117 Finally, let us return to a major theme of the report, the dangers of an excessive focus on the final outcome/impact level. As argued, such an emphasis may downgrade the essential role of input and intermediate output and outcome indicators in implementation management and basic PRSP learning processes. It may also be less necessary than is imagined from the point of view of impact evaluation and the more sophisticated learning tasks.

118 Opportunities are arising for making more use of indicators relating to outputs which are generally accepted as causally linked to beneficial outcomes/impacts. For example, it is typically very difficult and expensive to demonstrate the impact or even outcome of a given health project or programme.

119 Even in the simplest case of immunisation, because both morbidity and “cause of death” statistics are so difficult to obtain, it is usually impossible to infer in a particular instance that expenditure of \$X on measles vaccination lead to a decline of Y% in under five morbidity or mortality. However, it is often perfectly reasonable to rely on past evidence of such a causal link. Effective use of donor and government resources (measured in terms of output indicators), on activities which are mutually agreed (on the basis of previous experience) to be causally linked to increased welfare of the poor would seem to be a rational basis on which to assess performance.

120 The Theory-Based Evaluation approach (Weiss, 1998) which has been used in recent exercises by the World Bank OED suggests an interesting way forward in the PRSP context. This requires the specification of a chain of theoretical “cause and effect” linkages which allows the likelihood of beneficial outcomes and impacts and sustainability to be assessed.

121 Final outcome/impact indicators would still have a very important strategic role to play. They could be seen as either as confirmatory – good performance on a range of activities indeed having the intended impact – or as warning signals. In the latter case, they would indicate either that the assumed causal links were not operating as expected or that previously unconsidered external factors needed to be taken into consideration.

The key quality of such indicators would be their ability to reliably determine trends over time and differences between localities and groups.

In summary

122 We have raised a number of problems in discussing our approach to the document review, and the review itself has suggested some further topics of concern. Overall, indicator selection in the documents looks to be less closely linked to ideas about strategy than it should be, though this principally reflects weaknesses in the strategies. It also seems to be naïve in a number of respects. The iPRSP/PRSP documents appear to make extremely rash assumptions about data quality. It has also been suggested that this issue deserves more attention than it has had in some of the guidance material on indicator selection.

123 Developing a theme from the earlier sections, the scope for second-best options for implementation monitoring, including participatory beneficiary assessments, seems to be under-explored generally. While, as noted earlier, there are some examples of client consultations of the opinion-poll sort, the potential for involving communities in the selection of critical factors that affect programme success and failure is not yet recognised in any of the documents.

124 Picking up another earlier theme, the current attention to improving final outcome/impact data may be built on some false hopes about the scope for impact evaluation. Even with good data, evaluation is expensive and difficult, and in some respects improving data quality can make evaluation more difficult. But short-cut evaluation techniques now being developed deserve further consideration. There may also be possibilities that are worth exploring for using more indicators that relate to specific target populations, rather than whole countries.

4 Conclusions and implications for further work

125 This report has “interrogated” the current set of PRSP documents from a particular angle. It could be said to have taken a robustly realist approach on two accounts. First, the criteria applied to describing and assessing the content of the documents in respect of monitoring systems reflect not just established M&E principles, but a vision of the policy process that is more realistic and less rationalistic than the norm in this field. Second, our discussion of indicators and data sources is equally stringent in not ignoring what is generally known about the real condition of African countries’ information systems. In our view, anything less than this would do poor service to the cause of more effective anti-poverty action in the region.

126 What the review concludes is that the thinking reflected in the documents on the topic of monitoring is very patchy. It needs to be allowed, of course, that most of the documents are only Interim PRSPs and that (to continue being realistic) they currently have a strongly instrumental purpose – to permit access to HIPC2 relief and IDA/IMF lending. This adequately explains most of the unevenness. However, our purpose is not to criticise, but to identify topics on which action, or different actions, might be taken, or further enquiries would be justified.

127 It seems clear that all concerned are currently turning a blind eye to the problem of the quality of administrative data. This matters in the sense that it is the intermediate output/outcome level (in addition to input monitoring and tracking) that is likely to be the most fruitful for generating information that is capable of changing behaviour and ways of doing things. The current enthusiasm for household surveys, and for monitoring final outcomes/impacts, is in many ways justified. But it will be a pity if it provides an alibi for not tackling the, in many ways more fundamental, issue of quick feedback on implementation processes. JSAs might be expected to pay more attention to this issue than they do. The Guidelines on JSAs should be less ambiguous on the subject.

128 Two important questions arise: how can the improvement of administrative reporting and MIS be best addressed, given the limited achievements of numerous previous attempts; and how should this activity be balanced against the development of other monitoring procedures? There are various alternatives to the MIS approach, some of them already fairly well institutionalised within some of the better public service reform programmes, others reflecting a decade of work by participation specialists at the Bank and elsewhere, and yet others pioneered by NGOs. NGO experience on impact assessment (e.g. Roche, 1999) may have clues as to worthwhile shortcuts in monitoring. A systematic look at these alternatives, and at comparable experiments in industrial countries, would be worth while.

129 How indicators could be selected more “strategically” is another obvious topic for further work. However, it is hard to see how this could be pursued far as a mere monitoring question. We have argued that the appearance of randomness that the current indicator listings give arises in good part from the fact that the poverty-reduction

strategies to which they relate have a “missing middle”. Most PRSPs to date fail to identify which critical changes need to occur for the identified actions to produce the desired results. Ideally, a monitoring system should focus particularly on detecting quickly whether such key changes are occurring or not.

130 A point of entry into this topic from the perspective of good practice in the development of monitoring systems is the question of the continuing involvement of PRSP stakeholders in monitoring activities. If non-governmental stakeholders remain mobilised after HIPC completion and can receive feedback on implementation issues, fresh thinking on strategic bottlenecks and priority actions may be stimulated. Further work to document the lessons of early experience on this point would clearly be justified.

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Annex 4: Terms of Reference

Terms of Reference for a Desk Study: Good Practice in the Development of PRSP Indicators and Monitoring Systems

Background and Purpose

1. The introduction of PRSPs presents a challenge to established approaches to poverty monitoring. First, PRSPs shift the basis for lending agreements from indicators of macroeconomic stability to indicators of "good performance" in the realm of public action for poverty reduction. Second, PRSPs emphasise process as much as content, and include the requirement for some form of engagement between government and civil society in the process of poverty diagnosis, policy formulation, and impact monitoring.
2. Few countries will have poverty monitoring systems which are sufficiently developed to meet the full information requirements of an effective national poverty reduction strategy. These range from quickly produced leading indicators for monitoring progress in implementing poverty reduction strategies to analysis of public service delivery to assessment of final poverty outcomes. Most of all, an effective PRSP will require timely, policy relevant monitoring information that can provide a firm basis for sound decision making and policy management. Of equal importance is the requirement that poverty monitoring systems provide other stakeholders (community based organisations, civil society groups, legislative bodies and other government departments, media, research institutes, etc.) with the information they need to exert genuine influence over policy and planning processes.
3. This range of information goes beyond the traditional remit of national statistical offices. There is, nevertheless, a certain amount of knowledge available as to good practice in the production of this kind of information. The purpose of the study is to identify, analyse and distil this knowledge, in order to produce a policy guidance document for use by DFID country staff, country governments, international financial institutions, Northern and Southern statisticians, and national/local stakeholders.

Objective and Scope of Work

4. The objective of the study is to identify and gather from various sources information on good practice in relation to two main areas:

Choosing Realistic Indicators, to monitor progress of the PRSP across a variety of relevant domains, including wellbeing of individuals and households, public expenditure and budget management, service delivery, sector programmes, and macro economic and structural programmes. Areas of focus include:

- range and type of indicators identified by governments preparing I/PRSPs, and their appropriateness/feasibility relative to existing or planned poverty monitoring systems;
- the uses and value of input/output, outcome, impact and process indicators;
- the development of appropriate "families" or hierarchies of indicators that can be built up over time to provide an overview of progress from policy initiative to final outcome/impact for each domain;
- good practice in setting leading or proxy indicators that can be generated quickly;

- what to avoid as bad practice - i.e. over-ambitious or distorting indicators;
- good practice in the use of local/community-based indicators;
- a small number of sector-specific examples using case study material.

Instruments for generating data to fill the indicators noted above should also be commented upon.

Establishing Effective Poverty Monitoring Systems, including the institutional, procedural, and financial requirements for producing the data to fill the indicator “boxes” identified above. Scope of work in this area will likely include:

- analysis of different institutional arrangements for effective poverty monitoring to serve PRSP requirements, including: the location of poverty monitoring capacity within government, organisational structures for generating and disseminating information, linkages across government and with key non-government and international stakeholders, and decision-making and managerial processes;
- examples of successful practice in sustainable financing of poverty monitoring systems, including mechanisms for donor coordination;
- good (and bad) practice in relation to national and local stakeholder involvement in poverty monitoring systems, including data collection and use;
- institutional mechanisms for incorporating different types of data (quantitative, qualitative, and participatory) into monitoring systems, including key challenges and innovative solutions;
- positive and negative examples of the effectiveness of poverty monitoring systems in: contributing to policy development and review; influencing policy and planning processes; and promoting accountability of government and private sector.

5. Because the scope of work is potentially quite broad, and because the aim of the study is to inform PRSPs, the project will begin with an initial, desk-based “interrogation” of PRSP documentation, in order to establish a baseline of what kinds of indicators are being thought of, and to identify key issues linked to indicator choices and monitoring systems. This documentation would include PRSPs, IPRSPs, PRGFs, and JSAs (Joint Staff Assessments) by the World Bank and the IMF. Available reviews of HIPC indicators will also be used as background information.

6. Because the scope of work is potentially broad, the specific topics and issues to be covered and the methodology for the study will remain flexible. Overall, two main phases of work are envisaged:

Phase 1

Comprising an initial, PRSP document-based review of the issues outlined in Item 4 above, and presentation of these findings to DFID and the SPA Technical Group. Based on these findings, the TOR for Phase 2 will be revised and agreed.

Phase 2

Completion of the study, comprising a review and synthesis of good practice, according to the revised TOR.

Outputs and Time frame

7. The outputs of the project will be divided according to the two phases of the study.

Outputs for Phase 1 include:

- report on findings of the review of PRSP documentation - *to be submitted by Friday 20 April 2001*
- presentation of findings to the spring SPA Technical Group meeting in Washington DC, on behalf of the SPA Poverty Monitoring Task Team – *early May 2001 (date to be confirmed)*
- proposed TOR for Phase 2 focus and activities – *to be submitted by Friday 27 April 2001.*

Outputs for Phase 2 include:

- summary report on best practice in setting realistic indicators and establishing effective poverty monitoring systems, aimed at providing policy guidance for both developing countries and donors – *first draft to be submitted by Friday 14 September 2001 and final draft (taking on board any comments following SPA meeting) to be completed by Friday 21 December 2001.*
- appendices to the summary report including the results of Phase 1 work, as well as case study examples and background information that illustrate the main conclusions of the summary report – *first draft to be submitted by Friday 14 September 2001 and final draft (taking on board any comments following SPA meeting) to be completed by Friday 21 December 2001.*
- presentation of the findings of Phase 2 work to the winter SPA Technical Group meeting in Washington, on behalf of the SPA Poverty Monitoring Task Team – *October - December 2001 (date to be confirmed).*

8. The work will be undertaken by a team of consultants of not less than two people, and will comprise a total of 65 person-days, to include the presentation of findings at the specified meetings. This includes 20 days for Phase 1 and 45 days for Phase 2.

9. Consultants will consult various sources for information, including published and "grey" literature, DFID country programme staff with relevant experiences, researchers from relevant institutions in the North and the South, and other researchers, policy-makers or programme staff as required.

10. The study will be co-managed by the Statistics Department and the Africa Policy and Economics Department (Social Development Adviser). Co-managers will oversee the project to ensure delivery of the agreed outputs, and will, if required, provide a quality assessment of the work.

END