

Research Report *51*

Mainstreaming the Poverty-Reduction Agenda: an Analysis of Institutional Mechanisms to Support Pro-Poor Policy Making and Implementation in Six African Countries

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MAINSTREAMING THE POVERTY-REDUCTION
AGENDA: AN ANALYSIS OF INSTITUTIONAL
MECHANISMS TO SUPPORT PRO-POOR POLICY MAKING
AND IMPLEMENTATION IN SIX AFRICAN COUNTRIES

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Note

This is a version of a paper prepared for the meeting of the Special Programme of Assistance (SPA) working group on poverty and social policy, October 19–21 1999, Paris. Poverty reduction processes and institutions (DFID and Sida). Reflections on early findings from six country studies.

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SUMMARY

The paper uses case-studies from six countries in sub-Saharan Africa (SSA) to illustrate improving practice on policy processes and institutions relating to poverty reduction. It presents these results in a simple analytical framework, which highlights the importance of three factors to the success of process-management mechanisms:

- The constitutional, legal and governance framework
- The structural configuration of consultation processes
- The role of instruments for obtaining and using information on poverty.

The framework is grounded both in the contemporary literature on governance and poverty and in the policy-making context in SSA today. It is hoped that the framework will be useful to policy analysts and policy makers in national governments and the donor community, in the challenge to improve poverty reduction performance.

1 INTRODUCTION

This paper provides preliminary findings from current research¹ on institutional and process issues in national poverty policy. During the last nine months, a small research team has examined policy processes relating to poverty in Benin, Ghana, Mali, Mozambique, Tanzania and Uganda. The studies address a set of what Mr Camdessus has termed 'second generation reforms'. These are the enabling government actions (especially improved governance) that will improve the quality of public expenditure and allow the economy to respond to sound macroeconomic management. Specifically, the research has examined institutional mechanisms for mainstreaming the goal of poverty-reduction into processes of government decision-making. There is no assumption that these institutional innovations will be **sufficient** to achieve the ambitious poverty-reduction objectives, which governments have set for themselves in recent years. But they are at the very least, **necessary**. Moreover, their ultimate impact and replicability will be conditioned to a very large degree by the ability of governments to deploy these poverty-focused mechanisms in ways that complement other governance reforms which are underway across sub-Saharan Africa. In arguing for the suitability of specific mechanisms, therefore, this paper draws explicit links to recent literature on the political conditions, which facilitate 'pro-poor poverty policy-making'.

The results are organised around four areas of government policy where potentially replicable innovations concerning the links between process issues and poverty reduction policies are in evidence:

- 1 National development planning, budget allocation and expenditure management
- 2 Government policy towards economically productive sectors
- 3 Approaches towards the social sectors and safety nets
- 4 Restructuring relations among levels of government.

Section 4 of this preliminary synthesis report analyses the promising innovations in each of these areas.² Each of the examples represents only a part of the larger reform efforts underway in a range of sectors across the six countries. Space constraints prevent us from elaborating on the full set of contextual features, which have influenced the evolution of these procedural mechanisms. Our primary aim is to highlight those factors that make the institutional mechanisms potentially replicable.

In Section 2, we elaborate on the analytical framework used to frame the case-studies research, which serves to frame the results. This is adapted from the study's Terms of Reference (devised jointly by DFID and Sida)³. Section 3 provides some crucial points of context and Section 5 provides a brief conclusion.

It is important to note that these findings⁴ are about processes that are very often at an early stage of development. Their effectiveness in reducing poverty is still untested.⁵ They are examples of 'improving practice', which conform to principles widely believed to increase, substantially, the chances for pro-poor poverty outcomes.

2 ANALYTICAL FRAMEWORK

The Terms of Reference (ToR) for this study identify five focal points for the analysis of institutional and procedural innovations in support of poverty reduction. In adapting the terms of reference for use within the sample of countries ultimately chosen, we have narrowed these down to three:

- 1 Those aspects of the **constitutional, legal and governance framework** which affect pro-poor policy making
- 2 The structural configuration of **consultation processes**
- 3 The role of instruments for **obtaining and using information** on poverty.

Each of these focal points represents an influence on decisional processes (which was the fourth focal point within the ToR), and each of which is discussed in the text in relation to institutional arrangements (which was the fifth focal point).

Our case-studies are based on policies that have tried to promote effective poverty reduction through attention to one or more of these focal points. All three focal points are concerned with ways in which different aspects of governance⁶ influence policy processes around poverty reduction. Governance has been a prominent theme of donor dialogue for at least a decade (World Bank 1989), but as Moore (1994) has noted, poverty-reduction was just one among the 12 themes within the governance agenda. However, academic debates and operational considerations have resulted in a stronger desire to link poverty-reduction objectives to the governance agenda.

Our framework (Figure 1) therefore can be presented as a matrix linking the four areas of policy and three focal points for the analysis of policy processes:

Figure 1. Framework

Policy areas	Elements of a pro-poor policy process		
	Constitutional, legal and governance framework	Consultation processes	Obtaining and using information on poverty
National development planning, budget allocation and expenditure management			
Government policy towards economically productive sectors			
Approaches towards the social sectors and safety nets			
Restructuring relations among levels of government			

This framework is a way of analysing the contribution of three factors to the success of process management mechanisms, designed to orient decision-making on policy matters towards the objective of poverty reduction. That is, it identifies for case-studies from the six countries: the governance context, the role of

consultative processes, and generation and use of poverty information in facilitating the emergence of these mechanisms. It does this for four policy areas of common concern within virtually all African governments.

On the first focal point from the ToR (the constitutional, legal and governance framework) there are now a number of studies that highlight constraints on pro-poor policy adoption. Recent anthropological analysis has cautioned against expecting benefits from the political and economic reform agenda to be readily perceivable in terms of benefits to the poor (Booth, Leach and Tierney 1999). This caution is supported by analyses (Bratton and Van de Walle 1992a and Boone 1998), showing that localised power relations exert an influence on the state, that can be reproduced in, and take control over, reform processes. Nelson (1994 and 1999) argues that confluence of interest between middle strata and the poor is key to the adoption and implementation of pro-poor policies. New political economy perspectives,⁷ linking utility functions to voter behaviour, find pro-poor policies such as targeting (Gelbach and Pritchett 1997) can undermine achievement of redistribution.

As Varshney (1999) points out, relatively little recent work⁸ has been produced on democracy and poverty compared to that written about democracy and growth. What little there is, e.g. Brett (1999) on poverty generally, Davies (1998) on sustainable livelihoods for the rural poor or Whitehead (1999) on an aspect of poverty- social injustice, is not very optimistic. Herring (1999), as others have for India, shows that the type of regime makes a difference to pro-poor commitment. In a similar vein, Harriss and Putzel (1999) review factors likely to lead to pro-poor policy outcomes and their first, and perhaps unsurprising, answer is a political leadership purposively committed to poverty reduction. One easy conclusion for trying to identify good practice is that country selection should be determined by evidence of political commitment to poverty reduction, whether or not this commitment is formally identified in the governance framework. This is a conclusion, which is in fact, reflected in the terms of reference for this study. Such commitment will at least provide an important part of the enabling environment without which little progress on poverty reduction can be expected. Several of the country studies have demonstrated the importance of such commitment in the context of public expenditure management and budgetary management reform. Uganda is an important example where there have been very specific attempts, led from the top, to impose expenditure and budget management practices, which protect pro-poor expenditures and avoid dilution of that focus in circumstances where resource scarcity imposes difficult public expenditure choices.

The process of consultation and decision-making in the policy process is the second focal point identified in the ToR. There are two distinct schools of analysis, which focus on different aspects of these processes. The first concerns the performance of the bureaucracy responsible for the implementation of state policies; here, one major area of enquiry concerns the twin, but perhaps contradictory, notions of autonomy from vested interest and embeddedness in the surrounding social structure (Harriss and Putzel 1999). The second concerns processes of civic engagement with the policy process. Here, the concept of social capital, and its opposite, social exclusion, are important organising themes for analysis of policy process and poverty reduction. These are rich, and expanding, schools of analysis and offer many possibilities for engaging with issues of consultation and decision-making processes. But in practical policy terms for this study, there are two themes: decentralisation and participation. These touch on the terrain of both schools of analysis and

have guided our work. They represent the two most important operational issues of wide contemporary relevance in examining processes of consultation and decision-making on policies for poverty reduction.

A further illustration of the limited studies on governance regarding issues of poverty reduction has been the isolation, until very recently, of thinking on decentralisation issues. This, rather than the more action research orientation of participatory processes of poverty reduction needs assessment, which have themselves very often failed to move beyond locally contextualised understandings of poverty reduction needs. There are however, important exceptions (Tendler and Freedheim 1994), but it is only recently, e.g. the current work of Crook and Manor at IDS, that the consequences of decentralisation for the interests of the poor has become a major focus. Initial research has suggested that failure to control local elite interest may not make decentralisation conducive to the interests of the poor. Indeed, Boone (1998) sees devolution and deconcentration as features of decentralisation in west Africa which are meant to transfer power to local elites. Moreover, Woller and Phillips (1998) show that fiscal decentralisation in LDCs has no apparent impact on economic growth. This is an important finding since, until now, efficiency arguments have been assumed as valid grounds for decentralisation. However, because of donor support, decentralisation is a main focus of policy, and lessons from experience of decentralisation processes conducive to poverty reduction has been a core concern for this study.

In company with this neglect of poverty in decentralisation studies, much of the most effective work, in a local context, on participation in design and implementation of poverty reduction policy has neglected governance issues. **Whose Reality Counts?** (Chambers 1997) is only now being grounded with questions on participation beyond the village. There is a rapid transition occurring in the locus of attention in the use of participatory methods (Booth *et al.* 1998) towards more engagement with policy design and implementation. This implies a focus on civic engagement with the policy process. Crucially it requires understanding of who participates and with what influence of power. The key question is 'to what extent are the interests of the poor better represented in the design and implementation of policies relevant to poverty reduction'.

These different policy processes are well-illustrated in recent work (in which the IDS has been involved) in Shinyanga, northern Tanzania (Shinyanga Regional Government 1998). A key element of the research was the conduct of Priority Programme Areas (PPAs) by local government officials as part of a longer process of capacity strengthening on participatory approaches to poverty reduction programmes. This was a pilot project in the National Poverty Eradication Strategy under the Vice-President's Office. At the same time, major aspects of the decentralisation programme were being introduced through the Prime Minister's Office; this programme, part of the donor governance agenda, had no specific links to the poverty strategy. The key change now, is that these agendas are being brought together. As national priority on poverty reduction becomes a more powerful driver of policy goals, the need to understand how poor peoples' own priorities are represented in the broader policy processes has become more critical.

In practice, a major element of the required understanding concerns the ways in which community participation in government can occur and can thus serve the interests of poor people, who themselves are usually far from homogenous. Effective participation concerns policy design as well as implementation. We

address these concerns by examining the character of participation in both formulation and implementation of policy for each of the four policy areas identified in Section 1.

The questions: who is involved, and with what knowledge about poverty, links closely to the third focal point from the ToR, for the processes for gathering and analysing relevant information. An analysis of these processes has been included in case-study work in several countries.¹⁰ As Robb (1997) discusses, there are important questions surrounding the process of participation in poverty assessment and the nature of the knowledge it generates. The actual use of information is also important; as Goetz (1994) has shown for 'information use' about women and development. Scope for strategic use and interpretation of data will always be a factor in the policy process. Our work here in both west and east Africa, complements other work at IDS (Keeley and Scoones 1999) in the understanding of construction and use of information in policy processes. We focus particularly on poverty assessment and poverty monitoring; what the data represent and how they can be used to inform poverty policy.

We have only, so far, drawn attention to some of the main considerations that have influenced us in the conduct of this study. There are, of course, a number of country-specific conditions that constrain the analysis. Annex 2 lists the policy areas that have been studied in each country. In this paper we present a sample of the results, but before turning to these, we first need to make some broad contextual points.

3 FOUR POINTS OF CONTEXT

There are changing political circumstances in many SSA countries towards more pluralist political structures. As already discussed, part of this change concerns more civic engagement with the policy process. Whilst this study does not directly concern itself with the political processes that have allowed these changes, they are fundamental to the prospects for successful reform and to the likelihood of the reform process engaging effectively with poverty reduction. This is without doubt the most important contextual point for the current policy reforms but there are at least four others, which need to be assessed. They are 'health warnings', in that they are cause for concern, with respect to the probable impact of state reform on poverty reduction.

3.1 Macroeconomic performance

In all six countries there has been renewed commitment to the macroeconomic reform agenda. There has been significant progress in key areas of policy, including trade regime and exchange rate management, money supply and inflation, revenue generation and public debt, and state divestiture.¹¹

Largely as a consequence of this commitment to macroeconomic reform, the growth performance of all six of these economies has undergone a transformation in the second half of the 1990s. Even the worst performers are achieving positive real GDP growth *per capita*. According to Ouattara (1999) the majority of SSA countries are also achieving this level of growth. However, as Killick (1998) emphasises, there are many uncertainties about how well these rates can be sustained and that, in many countries, failure to fully implement needed macroeconomic reform, constrains growth opportunities. In particular, there is reason for thinking that these growth achievements are very much an initial response to improved macroeconomic

management and not necessarily sustainable (Collier and Gunning 1999). Typically, domestic savings rates remain low, transactions costs remain high, the regulatory framework is weak and confidence that the improved macroeconomic management will be sustained is not yet established. A key concern is that growth performance is heavily dependent on natural resources for which prices are both volatile and, very often, in secular decline. This indicates a clear need for African economies to move up the value chain, yet this is very difficult to achieve in a highly competitive global economy. Perversely, some reforms that are good for natural resource production have turned out to be very bad for natural resource processing.¹²

The main thrust of the 'second generation' reforms is precisely around creating the enabling conditions for confident and substantial private sector response to latent growth opportunities. These reforms concern the achievement of prior conditions that are necessary to allow such response, to reduce the perceived risks in the current investment environment. This study recognises of course that in broad terms, a commitment to private sector growth is a core ingredient of poverty reduction strategy. It is unlikely that substantial achievement on poverty reduction will happen without positive growth trends, but the study does not seek to address the more general aspects of the role of policy reform in creating an enabling environment for such growth. The concern is with processes of formulation, implementation and learning and how these processes inform the poverty reduction content of policies.

3.2 Corruption

A major factor undermining opportunities for improved growth performance is the widespread corruption affecting SSA.¹³ There is a mind-set, which pervades much 'entrepreneurial' activity that accepts manipulative and dishonest methods as normal. It is a problem associated with private investment, along with donor funds and public expenditure. It is endemic both in the major abuse of public office and in the petty corruption within and around regular service provision. Despite apparent commitment by some governments to tackle the issue, it is proving very difficult to undermine. It is a problem fuelled by ethnic groupings and by weak regulatory frameworks and poor enforcement. The gravity of the problem can hardly be overestimated as it threatens to undermine the reform process by removing credibility from any policy pronouncements.

3.3 Donor convergence

One of the key issues in the reform process is the degree to which donors can become effective partners. From a period when there were quite deep-seated differences between donor perspectives on policy reforms, there is now much evidence of a growing convergence on the key elements of the current reform process. Following a long period when the state was seen as the major problem, there is now a high degree of consensus around both the core roles and the needed overhaul of the state. This convergence is further strengthened by an almost universal emphasis on poverty reduction as the priority concern in development planning. Indeed, it is commonly argued that poverty reduction is primarily a donor-agenda and that government commitment is more in the nature of acquiescence to ensure financial support. The donor adoption of the Development Assistance Committee (DAC) targets is cited in support of this view and government support for a national focus on poverty reduction is seen as the latest outcome of donor

dependence. This perspective tends to put too much emphasis on the donor-government axis and pays insufficient attention to the government-civil society axis and the pressures emanating from within the country to improve poverty reduction performance. It is also difficult to separate out this 'ownership' issue from issues of capacity building, and the role of the Technical Assistance (TA) in strengthening the capacity for poverty-focused analysis of policy design and implementation. Our view is that it is unhelpful to take an openly cynical view of this ownership issue and that it is more appropriate to champion those cases where, for whatever the initial reasons, there is clear government commitment to poverty reduction. Our case-studies provide some illustration of such cases.

There is however, a 'chicken and egg' problem¹⁴ for donors, in that their accountability for spending taxpayers money in demonstrably poverty-reducing ways has led them to operate via Project Implementation Unit (PIU)s and in regional- and district-based programmes which they effectively control. Whilst they may recognise that such approaches undermine the strengthening of the 'state superstructure' they are reluctant to change until they are convinced that the reform process is both genuine and capable of effective implementation. Moreover, there is a danger that new forms of conditionality around the reform process may actually result in reduced aid flows, if improved state performance is slower than hoped. Clearly there are risks attached, but the case-studies provide several illustrations¹⁵ of donors being able to change their operating methods in ways driven by commitment to the reform process. There is a recognition that partnership, national ownership and long-term commitment are necessary ingredients for successful support, but they need nurturing.

3.4 Poverty concepts

This study is concerned with process issues around poverty reduction and is not producing new evidence on either the dimensions of poverty or on poverty outcomes. In other words it starts from a presumption that there exists some clear sense of what the objectives of policies for poverty-reduction consist of. In many SSA countries, there has been some considerable progress in information collection about poverty levels, characteristics and trends and increasingly, an attempt to find mechanisms to ensure that the evidence on poverty informs the design of policy. However, it is also true that much of the dialogue around reform is not adequately informed regarding the clear identification of the poor. Rather, there is focus on improved state performance for service delivery for the whole community. This is an obvious and natural emphasis when the track record has been so poor and where social and physical infrastructure services, supported by the public purse, have deteriorated to the point that they are often of little benefit to the majority of people. However, this 'community' orientation does raise serious questions about the ability of the reform agenda to effectively address the most needy.

There are important elements of policy, including user charge exemption arrangements and direct employment schemes (safety nets) which clearly do have a focus on the most needy. Overall, we found little evidence that poverty differentials, either between regions or within regions, were driving the reform process. However, there is often a problem with measuring progress against poverty, because relevant benchmarks are not available. Perhaps the most helpful way to reflect on this dilution of focus is to recognise that there is a

sequencing issue. First it is necessary to gain and maintain public support for the overall reform process and to accept that this would not be aided by trying to target service delivery in a rigid manner. Once there are palpable gains through better governance of service delivery, measured for example through achievement on national minimum standards, it should then be possible to strengthen targeted components of such services.

These contextual points could be elaborated upon. There are of course, others: AIDS, growing climatic uncertainty, environmental degradation, the external economic environment, and war, all of which demand analysis. The ones we have focused on are ones which are perhaps more amenable to policy influence, through the reform process. Our concern here is to draw attention to them as potential limitations on the more positive messages emanating from the country case-studies.

4 CASE-STUDY EVIDENCE FROM FOUR POLICY AREAS

This section presents a synthesis of the case-study evidence. It is divided into four sub-sections, each of which provides an overview of the most promising procedural innovations within one of the four policy areas. No attempt is made to include evidence from all six countries for every policy area, for the simple reason that not every country is innovating in every policy area. The case-study material reviewed in each of the four policy areas is evaluated in terms of the three focal points outlined in the analytical framework.

4.1 National development planning, budget allocation, and expenditure management

Perhaps the most fundamental evidence of a heightened focus on poverty reduction in policy concerns the extent to which it is identified as a priority in a country's national development strategy. In most, but not all, of our country studies, poverty reduction has been explicitly identified as the ultimate goal of development strategy. Moreover, the process of formulating these strategies has involved a range of 'visioning' exercises, consultation mechanisms, and grassroots participatory methods. Given the propensity for these sorts of techniques to be short-lived, the mechanisms developed within a number of our case-study countries for institutionalising procedures for consultation and participation are particularly encouraging.

4.1.1 Mali: institutionalising consultation in the planning process

In terms of the constitutional and legal dimension, the Government of Mali has clearly gone furthest in this direction. In October 1996, a law was passed which provided a framework for the processes of consultation, decision-making and monitoring. The need for information that is timely and comprehensive, and which can be made widely available, is explicitly recognised in the framing of the law. This legally binding form, which is of course only as binding as the larger justice system responsible for enforcing it, is relevant in the light of the findings of the IDS Politics of Poverty research team, regarding the **importance of encoding both policy and process commitments within legal instruments**. Under certain conditions, the existence of such commitments, according to Joshi and Moore (1999), tends to catalyse the formation of sustained organisations among the poor. While lapses on the part of government departments to fulfil the consultation

and participation commitments have not resulted in litigation, as programme failures have, in the case of the Maharashtra Employment Guarantee Scheme (one of the cases investigated by Joshi and Moore), there is some evidence that, as a result of Mali's legal provisions, certain associations representing the poor have become more assertive. Thus, sections of the bureaucracy have become more open to influence from such groups.

While national anti-poverty strategies, and consultative processes to help shape them, are welcome, they are not 'concrete actions' designed to achieve the often very ambitious objectives set forth in these key documents. Thus, the research sought out examples of **procedural mechanisms which ensure that commitments and strategies voiced at high levels of abstraction do not get sidelined** in the process of formulating policy and assigning resources. What mechanisms are governments putting in place to 'bind' officials; i.e. planners, budget functionaries, sectoral specialists, and those charged with expenditure management, to the poverty-reduction actions identified in the national development strategy documents? This is, in short, a question of turning principles into programmes.

4.1.2 Uganda: binding planners to poverty-prioritisation criteria

The most promising advances in this area come from Uganda. As in other countries, a National Poverty Eradication Action Plan (PEAP) is in place. A participatory process was used to elicit grassroots understandings of the required needs for poverty-reduction. But, rather than make this a one-off event, the government decided that the PEAP should be continuously revised in the light of findings from the Uganda Participatory Poverty Assessment Programme (UPPAP). While the participatory elements in this process are admirable, the far more interesting innovation has been the creation of a mechanism which forces budget officials to promote the specific strategies outlined in the PEAP, that is, to reorient spending to focus on services for (and institutional capacities in support of) the poor.

Concurrently, the PEAP has been operationalised by translating its objectives into criteria with which to prioritise projects and programmes on the basis of their contribution to eradicating poverty. This has resulted in the five-year Public Investment Plan (PIP), from which annual development budgets are derived.¹⁶ A contribution to **poverty-reduction is now a necessary precondition for the inclusion of projects** in Section 1 of the PIP, that is projects which are protected from budget cuts due to their status as Priority Programme Areas (PPAs).

This is a strong **example of mainstreaming poverty eradication within the linked processes of national development planning and budget allocation**.¹⁷ The direct contribution of a project or programme to poverty eradication has become much more central to its chances of being accepted as a priority on the government's development budget than it was four years ago, when economic viability was more important. Criteria for prioritising donor investments and sectoral development programmes have been distilled from the PEAP, and have been applied to the process of screening new project/programme proposals and restructuring existing projects in the five-year PIP. Now, in effect, the PIP has become Volume II of the PEAP; it indicates how poverty eradication goals are to be operationalised. Unfortunately it

was not possible to assess the effectiveness of this screening process at the time of this study, as the PIP had not yet been published.

Although poverty reduction has always been an implicit part of spending prioritisation processes, the new criteria for identifying core projects represents a clear departure in **putting poverty eradication concerns before concerns with macro-economic stability**. Prior to the current PIP, the three-year Rehabilitation and Development Plan (1993/94–1997/98) representing the 'single most comprehensive statement of the Government's principal social and economic policies' (p 1), listed criteria for new projects (p 78) as follows:

- 1 economic viability
- 2 availability of donor funding
- 3 the necessity for direct Government participation
- 4 project status, i.e. new or ongoing
- 5 macro estimates of available resources over the period
- 6 recurrent cost implications
- 7 Government of Uganda counterpart funding requirements.

As a 1994 IDS study noted: 'Poverty reduction is not explicitly mentioned on this list and would not be captured directly by an analysis of economic viability, even if such an analysis were feasible for human resource projects.'¹⁸ Criteria proposed in collaboration with the government by the World Bank's 1993 Public Expenditure Review (PER) and by an independent **review of public expenditure in February 1994 did mention poverty reduction as one of a dozen criteria**, albeit as a social rather than a sectoral objective. The PER proposal is reproduced in Table 1. In contrast, the **new criteria are clearly centred on poverty-eradication concerns**, as is suggested when Box 1 is contrasted with the earlier project selection criteria.

In addition to these mechanisms for building the anti-poverty focus into the link between the planning and budget-allocation functions, the **Ugandan budget process itself is being redesigned**, partly with the support of World Bank technical assistance. The development of the 1998/99 budget relied heavily on the work of newly created sectoral working groups. These included representatives from both the finance ministry and from relevant line ministries, as well as specifically assigned technical advisors. The purpose was to press line ministries to base their spending decisions on realistic estimations of cost, which could be accommodated with a predefined resource envelope. Having such limits imposed relatively early in the budget-making process, as opposed to the usual practice of sending back absurdly unrealistic plans which would be subject to drastic revisions at the last minute, resulted in most sectoral working groups recognising the importance of prioritising the items on their wish lists. Another benefit was that, on the basis of these

priorities, the working groups were able to frame medium-term budget choices. These had to be consistent with the PEAP, and were ultimately fed into the Budget Framework Paper, itself a mechanism for promoting continuity from year to year, and the annual 'Background to the Budget' document.¹⁹

Table 1. Development investment prioritisation criteria (1993)

Criteria	Comments
Criteria in respect of general economic and sector policies	Government has a declared policy to put high priority on selected social and economic sectors.
A project's consistency with sectoral policy.	Generally, projects should be consistent with the articulated sectoral policy.
A project's consistency with regional development policy.	Projects that extend resources to other regions, such as Northern Uganda Reconstruction programme should receive high ranking on this score.
A project's consistency with social objectives.	Poverty reduction is a major policy objective. Programmes that reduce poverty and benefit disadvantaged groups are important to meet this policy objective.
Economic and financial criteria	
A project's economic worth.	The value of many projects can be expressed in terms of Interim Rate of Return (IRR), Net Present Value (NPV) or cost-benefit ratios.
A project's demands on budgetary funds.	Projects with minimum demands on budgetary funds are preferred to those with heavy demands.
The availability of donor funds.	Grants preferred to loans.
The impact on recurrent expenditures after implementation.	Projects make demands on recurrent expenditures in the future. Project appraisals should provide estimates of these costs.
The contractual and other costs involved in terminating or rescheduling project implementation.	Need to make sure that the costs saved are not outweighed by the penalties involved.
Other criteria	
Implementation status	Is it really worth terminating or scaling down an almost completed project, rather than one which has just started?
Budget Call Circular instructions	The BCC should be used to guide project selection in unusual circumstances. The BCC could set limits on spending within specified sectors.
Political pressures	May be inevitable but implications need to be spelled out. Given a resource constraint, every new political project means fewer resources for existing projects.

Source: World Bank (1993: 57).

Box 1. Revised development investment prioritisation criteria (1997)

Category 1: Project to improve the quality of life of the poor.

These are projects that:

- 1 provide and enable access to basic social services to the masses (basic health, primary education, water, basic legal services)
- 2 provide and improve physical infrastructure for social services (as defined in (1) of Category 1) in rural areas
- 3 facilitate preparedness and quick response to natural or manmade disasters
- 4 eliminate regional disparities in the quality of life
- 5 provide community involvement and participation
- 6 provide help to vulnerable and disadvantaged groups
- 7 improve food security in the country
- 8 reduce gender disparities
- 9 improve security of access to energy and biomass resources.

Category 2: Projects that have the potential for increasing incomes of the poor within the timeframe of the PEAP.

These are projects that:

- 1 have high economic rate of return in the priority sectors of PEAP Vol I
- 2 generate mass employment of unskilled and semi-skilled; increase rural production (including use of irrigation methods, etc.)
- 3 provide and improve 'other' infrastructures, such as marketing and feeder roads
- 4 improve rural technology and skills
- 5 eliminate regional disparities.

Category 3: Projects that will provide and maintain an enabling environment.

These are projects that:

- 1 enhance sustainable development
- 2 ensure macro-economic stability and accelerated economic growth
- 3 promote good governance.

General principles

While evaluating the projects during the selection process, there will be general principles that will have to be adhered to for all projects. These principles are:

- 1 The projects and programmes should be sustainable
- 2 All projects/programmes should not put macro-economic stability at risk
- 3 The projects should not lead to environmental degradation.

Main source: MFPED, Memo: Re: Meeting of the Sectoral Working Groups on the Review of the PIP as part of the Preparation of Volume II of the PEAP, (Kampala, MFPED, mimeo, August 29, 1997).

Representatives of civil-society organisations were invited to participate in a **consultative forum, which evaluated the priorities, spending commitments and impact estimates** for all of the working groups. The MFPED is currently in dialogue with line ministries, NGOs, and donors in an effort to develop a framework for involving civil society organisations earlier in the process for future budget rounds. NGOs will be invited to participate in setting sectoral spending priorities, and to participate in deliberations throughout the lifespan of the budget-making process. This would represent an enormous step forward in the nature of government-NGO relations, providing civil society a more substantial role than simply furnishing views on general priorities and conveying to the government problems with implementation at the grassroots. The combination of the PEAP-to-PIP guidelines, and the presence of NGOs in early-stage sectoral budget working groups furnishes civil society with an opportunity of directly monitoring the extent to which government lives up to its policy and expenditure commitments.

4.1.3 Ring-fencing social-sector spending in Tanzania

Tanzania's experience of linking the process of budgeting to expenditure centres on the provision of ring-fencing to protect sectors which the National Poverty Eradication Strategy (NPES) has highlighted as critical to poverty reduction. **Attempting to protect these earmarked funds from the designs of other bureaucratic interests is a fraught process** and requires high-level support if it is actually to work. Aspiring ring-fencers must also contend with a range of technical arguments against the idea, e.g. that attempts to ring-fence can themselves be sources of distortion in the allocation of resources throughout the economy. Ring-fencing, however, does seem an appropriate strategy given the lack of transparency within the budget-allocation process and the history of giving poverty-reduction objectives short shrift. While Tanzania's NPES document, and the participatory process by which it was developed, is a major accomplishment and a strong signal of prioritising poverty, it will wither unless a cross-section of stakeholders jointly develop mechanisms by which sector expenditures are made to reflect the specific recommendations in the NPES. Efforts in this direction, initiated by various arms of the government, are currently underway.

In the meantime, government and donors are engaged in a sophisticated and carefully monitored process of protecting priority sectors for poverty reduction. (The Tanzania approach was in fact initially based on the Uganda model, and this aspect of cross-country learning is important to note; when so many countries are going through very similar processes of reform, the early starters can provide important lessons on what works and what does not.) This centres on the use of the **Multilateral Debt Fund (MDF)**, an arrangement whereby a group of donors makes payments (on behalf of the indebted government) to offset arrears to the IMF, the World Bank and the African Development Bank (ADB).

Of TSh.33.7 billion in external debt payments in the third quarter of fiscal year 1998, over 55 per cent were paid through this fund. In all, over US\$80million have been provided during fiscal 1998. While donors have recognised the importance of innovative instruments to manage debt, there has often been **difficulty in reconciling different perspectives because of the diversity of interests amongst donors**. For example, Tanzania is currently negotiating a debt buy-back scheme and relief under the Highly Indebted Poor Countries (HIPC), initiative because it has an unsustainably high present value of debt to exports of over 400 per cent before relief, but negotiations are proving to be extremely protracted. The MDF is an important step forward because it has succeeded in bringing together important Tanzanian partners in a single initiative.

The agreement between the donors and the government stipulates that the money freed up by the external support for debt repayments is used to maintain the full level of planned budgetary allocations for health and education spending. Since the government, under Extended Structural Adjustment Facility (ESAF) conditions, is working under a hard cash constraint with respect to budgetary allocations, i.e. it only spends what it brings in, this is an important mechanism for protecting social sector spending. It is **a means to ensure that the inherent fungibility of public funds does not undermine crucial expenditures of special significance to the poor**. Thus, even though revenue collections were nearly 6 per cent less than anticipated in the third quarter of the last fiscal year (upto 30 June 1999) expenditures on health and education were 143 per cent of allocation for Other Charges and 98 per cent of Personal Emoluments.

Health in total received 120.7 per cent of allocation and education 99.9 per cent of their initial budget allocations.

Other initiatives have been taken to support this mechanism for protecting spending areas deemed critical to the success of the national poverty-eradication action plan. Two Government of Tanzania actions are of particular relevance. The Policy Analysis Department of the Ministry of Finance has been charged with producing **quarterly reports that detail precisely the disbursements to the ring-fenced sectors**. In fact, within these protected sectors there are specific priority items identified for MDF financing and the quarterly report details how much has actually been paid out under these budget headings. Second, in support of donor commitments to health and education, the Government of Tanzania has undertaken detailed expenditure-tracking exercises at district and sub-district levels. This is an essential complement to the monitoring of allocation at central level, particularly given the known capacity problems at these levels. This tracking provides valuable information, which is informing the development of the Public Expenditure Management Reforms, by identifying specific causes of resource-management problems.

4.2 Government policy towards economically productive sectors

African governments and international agencies are now operating with a stronger shared appreciation about what is needed to unleash the potential of the productive sectors. Increasingly, there is a recognition of the need for initiatives tailored to address the very specific blockages within local (mainly agricultural) economies if they are to have a substantial anti-poverty impact. This study identified two broad types of problems in realising this commitment.

The first is what we might call the **problem of incentive**. Once a national poverty-eradication strategy is adopted, there is often a shortage of change agents with an incentive to translate principles into practice. Creating binding mechanisms on spending, as we have seen, is one way to remedy this problem. Another way, which has clearly been in evidence in **Benin**, for instance, is the creation of specialised agencies, which then serve as rival centres in the competition to take the lead in addressing poverty issues within the productive sectors. An important role for such organisations is to bridge the informational gaps which can undermine opportunities for marginal, mainly informal-sector, economic actors to take advantage of new market opportunities spawned by the process of sectoral policy liberalisation. Institutional restructuring in Benin, which was introduced to support the 'strategy for the social dimensions of development' (known locally as DSD), involved the establishment of the Agency for Promotion of Local Initiatives (AGePIB). This is a quasi-Social Fund, adapted from models developed mainly in Latin America. But to decrease the chances of it degenerating into a new avenue of patronage, as has been the case in some countries, the AGePIB's role is that of an intermediary with no independent resource-allocation function.

But while the AGePIB's role is nominally just advisory: getting local enterprises and organisations seeking credit in contact with possible sources of finance, and providing technical assistance for the preparation of loan proposals, it also serves two other important functions.²⁰ First, the process by which the AGePIB interacts with small enterprises can, as the programme scales up, **stimulate greater associational activity** by linking together not only borrowers and sources of credit, but also groups of borrowers

themselves, many of whom will have similar interests and similar ideas about how government can harness the market for other social objectives. AGePIB's second function stems from its relatively high profile, and the fact that it competes with other state agencies for attention from the top political leadership. This leadership has shown an increased willingness to promote senior officials who gain public notice for their ability to make explicit links between their organisational missions and the wider principles outlined in the national poverty reduction strategies.

The experience of **Uganda** in the area of microfinance policy supports the generalisation that explicit commitment by the political leadership to the objective of poverty-reduction can generate **competition among bureaucrats (and the organisations they represent) to tout their own actions with regard to eradicating poverty**. The unusual involvement of the Bank of Uganda, helping to pilot a microfinance initiative and drawing together a diverse group of stakeholders to jointly develop a regulatory framework which was alert to the special constraints facing the rural poor, was arguably spurred as much by its officers' desire to win kudos from the president's office (and the donors), as it was by straightforward bank-oversight concerns. This form of healthy intra-bureaucratic competition was intense even within the microfinance policy arena. Another group operating from the Vice-President's office was pursuing a completely different micro-finance programme. Rather than representing 'duplication' of efforts, these multiple sources of competitive policy innovation gave advocates for the poor additional choices in selecting bureaucratic allies.

Apart from the incentive issue, there is another key problem in gearing reforms in the productive sectors to the objective of poverty-reduction; the **tendency for the political processes surrounding them to become reduced to a zero-sum logic by competing lobbies**. Negotiation and compromise often become impossible under such circumstances. The case of Mozambique's adoption of a new land law represents an impressive example of a country overcoming such political pitfalls. Groups representing the interests of poorer population groups played a large part in not only negotiating the law's final form, but also in creating the public awareness necessary for a wider debate on the issues involved.

4.2.1 Mozambique's land law: political accommodations between elites and non-elites

According to one observer: 'The Land Law was a genuinely consultative process, and the campaign on the law was an unprecedented democratic process. The **Land Law might have been the most significant anti-poverty action taken by this government**'

With the adoption of Mozambique's new constitution in 1990, it became necessary to revise many outdated laws and regulations. One of these was the 1979 Land Law that reflected the socialist orientation of the government at that time (all land belonged to the state)²¹ but now needed to reflect the shift towards a market economy that followed the adoption of structural adjustment programmes from the mid-1980s. With the privatisation of state companies and the opportunities that were opening up for investment, the government was keen to attract foreign investors to Mozambique, especially after the signing of the peace accord between Renamo and the Frelimo government in 1992, which paved the way for Mozambique and South Africa to become friendly neighbours and trading partners after decades of hostility. These factors led

to the publication of the Land Law Regulations that recognised the title deed as the only legal proof of transmission of land rights from the state to foreign citizens. To the government and influential donors such as the World Bank and USAID, market liberalisation and attracting foreign investors implied, *inter alia*, privatising rights to land and granting concessions to sizeable tracts of land along the coast for tourism development, and inland for commercial farming (the mega-project involving South Africans establishing large commercial farms in Niassa Province being a case in point).

With the end of the war in 1992, the search for the lands with the highest economic potential began. Within five years, conflicts exploded throughout the country between the owners of title deeds given by the state and the rural families that were returning to their lands to cultivate them. Given the food scarcities provoked by the war, the **lack of secure access to land for rural families began to be a general concern among civil society**, the government and the international community. A new land law responding to the new political, social and economic realities began to be drafted.

The **Ministry of Agriculture prepared the national land policy** and drafted a new Land Bill which recognises the security of land possession for the family sector by demarcating and passing title deeds for the land occupied by the family sector. In other words, as in many neighbouring countries, a solution for the physical division of the territorial space between the family and the commercial sectors was proposed and the dualist economy should have been applied to the dualist physical area, reflecting the dualistic tenure systems inherited from colonial times and a dualistic development strategy (MAP 1995; MAP 1996).

Several voices emerged which did not agree with the proposal and articulated different visions about what to do with the land in Mozambique. From the beginning, there was **broad participation of civil society** in the land debate and non-governmental organisations, churches and associations all discussed how best to guarantee access to and ownership of land by the family sector. Civil society assembled around principles which were defined in the negative: 'We do not want anybody without land, we do not want access to land which is restricted by income and we do not want a family sector confined to marginal areas.' Civil society reacted against World Bank and IMF demands for privatisation of land. Parliament held public hearings.

The new Land Bill²² emerged as a **compromise between different actors**, with diverse preoccupations and interests. The new bill does not privatise the land but gives total security to the investment; does not demarcate the family sector but provides for so-called community land; does not restrict the family sector from its right of access but gives the state exclusive, central authority to allocate land for commercial exploitation; does not allow the sale but gives sufficient space for the integration into the regional market through joint ventures. In short, the new law was designed to be fair while reflecting the complexity of power.

There existed a consensus between members of civil society that the new Bill (Law No.19/97) represented **an advance in relation to the former law** (Law No.6/79) and that it was urgent to pass the information about what had been achieved by it to small farmers all over the country. A group of national and foreign non-governmental organisations (NGO) associates and academics founded a National Committee in order to join forces in the dissemination of information aimed, in particular, at rural families.²³

Thus, the Land Campaign emerged. Key civil society actors on the land issue included ORAM, UNAC, AMRU, *Campagna Terra*, trade unions, women's movements (MUM), Association of Women Lawyers. AMRU is very active in promoting rural development for women: distributing cattle, campaigning on women's rights to land, etc.

The National Committee decided that the **campaign would be decentralised** and that the responsibility of each organisation would be to articulate the campaign at provincial and district levels. It was decided that the Land Campaign would not substitute for the ongoing activities and would not constitute an organ, which defined land policies for civil society organisations. Thus organisations with varied and sometimes opposed political tendencies joined together to run the campaign.

A national conference on land was followed by the drafting in 1996 of a draft law by the Inter-ministerial Commission on Land. This **draft law was publicly debated** in Maputo by representatives of government, NGOs and community associations, as well as private individuals. Thereafter, the debate was taken to rural communities throughout the country by local NGOs, led by ORAM, UNAC and AMRU. These NGOs informed the people about the proposed legislation and collected the reactions of farmers and traditional leaders, which they reported back to the Commission.

There was widespread agreement that the **new Land Bill represented an improvement** regarding security of, access to and possession of land. For rural families, two methods to guarantee the access to and the possession of land were established: the recognition of actual occupation based on oral testimony and the demarcation of community land. The oral testimony of occupation and use are as strong as the written proof, the title deed, which was one of the main innovations of the new bill.

On the other hand, several **aspects of the draft legislation were problematic** for small farmers. In June 1997, when a debate on the law started in parliament, the farmers led a march on parliament to protest that their proposed amendments should be considered, and to resolve land conflicts in rural areas. The revised legislation does take into account many of the farmers' concerns. Perhaps most significantly, it recognises that peasants have rights to land simply by virtue of their occupation of a land area. This provision protects the peasants against occupation of their land by investors, and against the granting of concessions in areas already under cultivation: before any right to exploit land is granted the proposal must be discussed in consultation with the local community. Communities are also invited to participate in the resolution of disputes over land occupancy and rights. The revised Land Law also enshrines women's rights to own and inherit title to land, in keeping with Articles 66 and 67 of the 1990 Constitution which recognise the equality of women and men.

The **main achievements** of the revised Land Law are that it has strengthened security of tenure for peasants and for women, both of whom did not enjoy tenure security before, and that it involves communities in mediating conflicts over land. The law is not intended to discourage foreign investors, but it does ensure that peasants are not disadvantaged because of a lack of title deeds to land that their family might have been farming for generations. Land grabbing and land hoarding are minimised because oral testimony about land occupancy and use was allowed.

The Land Campaign also made concrete **recommendations for a proposed land-use system** in Mozambique. This objective was spurred by concern at the escalating conflict situation, between family and commercial sectors, in neighbouring countries, as well as the concentration of land in the hands of the few.

Recognising that only investment (public and private) can make available the capital necessary to ensure sustainable rural livelihoods and balanced social development, the Land Campaign developed the message of **partnership between the private sector and the family sector**. A campaign called 'Together in Partnership' was launched with the objective of promoting this integration, based on the mutual economic interests between the two sectors when they occupy the same physical area:

Mozambique already has a long tradition of linkage between the business and the family sector which needs to be systematised, opinions on its operational functioning should be collected and concrete proposals should be formulated so that the mistakes of the past will not be repeated and the positive aspects will be developed. The planning of the land use is imperative in order to develop forms of articulation such as happens in the cases of cotton, cashew and tobacco and can be anticipated in the cases of sugar and coffee. Forms of intelligent partnership should be extended to the exploration of forestry and wildlife resources, such as happens already in Tchuma-Tchato, in the Licuati Forest and which is being planned for the Niassa reserve, for the Gorongosa National Park and for the Maputo reserve. Even in the sector of exploration of mineral resources, such as gold, the hypothesis of the small and medium producers being partners of the business investments is being discussed.

(Project text of the Land Campaign, 1997, p 3, Maputo.)

Three 'partnership models' are possible in Mozambique: (1) through production, (2) through income-sharing, and (3) through profit-sharing. There are partnerships which act through production, as in the case of cotton and tobacco which is cultivated by the family sector with promotion from the commercial sector. There are partnerships which act through sharing the revenue of the undertakings, as happens in Tchuma-Tchato and on Bazaruto island, where for each visiting tourist a percentage is distributed to the community for use in its previously defined priorities. Other partnerships are being designed which will act through profits earned in the form of development societies, where the family sector is a shareholder. This is the case regarding 5 per cent of the capital in the Blanchard Mozambique Enterprise and 15 per cent in the Development Society of the Niassa Reserve.

The application of the interactive model of community/private-sector partnerships within the same land areas is directly related to the adoption of a **new rural development paradigm**, which implies an increase in rural families' economic returns as a result of private-sector investments in land, while increasing the security of land tenure for both rural households and private investors. Only the adoption of an interactive model will allow for growth in household savings and investment, combining household food production with the creation of additional cash income sources that are less time consuming and provide higher returns.

It remains to be seen whether Mozambique's new Land Law will deliver the economic benefits hoped for by the civil society groups involved in its formulation. Nevertheless, the unprecedented degree of consultation with civil society, and substantive input from specific sectoral organisations representing the

poor, is a strong indicator **that anti-poverty concerns have begun to permeate a much wider range of policy arenas**. They are no longer ghetto-ised within the specialised programmes devoted to 'alleviating' poverty. Most promising of all, however, was the manifest tendency of sectors within civil society (and the state) to avoid staking out extreme positions. This made compromise possible. Moreover, activists working on behalf of poor and marginalised communities were receptive to the idea that alliances with elite groups would be a critical factor in determining how much of their agenda would find its way into both policy, and the mechanisms for implementing it. This conforms to one of the key findings to have emerged from the IDS research programme on Politics and Poverty. The role of information-dissemination was also important, but in this case the standard model, of governments either obtaining information from user groups or publicising it proposals, was supplemented by the activities of the Land Campaign in distributing literature and holding informational meetings. This proved crucial, in that it helped to re-frame the debate over the Land Bill, moving it from a discussion of technical questions to a consideration of the larger issue of how land-use policy could be made more sensitive to the needs of poor rural families by integrating the commercial and family sectors through a framework for partnerships.

4.3 Approaches towards the social sectors and safety nets

Mainstreaming the concern with poverty reduction into the policy formulation process in the social sectors involves many of the same issues discussed in relation to planning and budgeting. Funds meant for medicine get eaten up in staff costs, vehicle expenses, and so on. Some medicines just disappear, and providing accountability at the level of the individual Primary Health Centre (PHC) often presupposes not only unrealistic levels of local-government capacity, but also fails to grasp the limitations on civil society's watchdog function in such contexts. Fortunately, efforts are underway in a number of countries to build systems capable of offsetting, at least to some degree, these constraints.

4.3.1 Ghana: contracts, performance indicators and low-cost information

Ghana has created performance contracts between the health ministry and local Budget Management Centres (BMCs). These consist of regional and district hospitals, District Health Management Teams (DHMTs) and, most recently, sub-District Teams. BMCs are supervised and monitored but not controlled by Regional Health Management Teams (RHMTs). While the issue of decentralisation is dealt with separately in the fourth and final case-study policy area, it is worth noting that in the case of health reform in Ghana, decentralisation is producing a dynamic in which plans are being made, resources used, and performance assessed, in a far more outcome-oriented way.

There are three links in this chain that deserve special attention:

- The new BMCs sign **performance-improvement agreements** with the RHMTs, who in turn have similar agreements with the Ministry, and these agreements are an increasingly important point of reference in the annual reporting cycle

- The agreements cover not only the attainment of minimum service standards (e.g. opening hours and immunisation coverage), but also, at least in some regions, **improvements in specific outcome indicators** (reduction in guinea-worm or malaria incidence)
- Some RHMTs, including Northern, have pioneered a **low-cost integrated surveillance** system that is capable of providing timely and reasonably reliable indications of improving or deteriorating performance in terms of results for poor people.

These agreements, it is widely believed, are being taken quite seriously by both sides. They are not yet public or in any strong sense enforceable,²⁴ but they are beginning to be referred to in annual reports. As with Ghana's civil-service reform programme, it seems to be the case in health that the performance-contract phenomenon is **more powerful in improving motivation because it is not linked to a mechanical carrot-and-stick system of control**. The intrinsic motivational effects: empowering health workers by strengthening their sense of purpose and job satisfaction, are more important than, and might easily be undermined by, a formal incentives and sanctions system. This is consistent with analyses concerning the conditions under which innovative pro-poor policy innovations stand their best chance of being sustained (Tendler 1997). Besides, planners admit that strict carrot-and-stick systems can easily become sources of perverse incentives (and hence outcomes), given the range of factors other than effort likely to affect changes in performance. Reports from the health sector are also consistent with those from Ghana's budgeting and civil-service reform programmes, where it has been observed that better pay is far from being the only significant lever for improving staff morale and performance.

Within that framework, what the new focus on BMC performance is doing is widening the scope for enterprising and committed health workers to get satisfaction from doing a better job. Anecdotal reports suggest there are such people at all levels. For example, there are enterprising regional Directors of Health who are working hard to see that resources get out to the most deprived areas. A sample of the current year's reports from Joint Monitoring Visits to the regions suggests **advances are being made in some areas in terms of thinking ahead about how to improve health outcomes** (Adogboba *et al.* 1999; Amofah *et al.* 1999). Some district teams are working co-operatively with District Assemblies to try to get them to meet costs of preventative measures. There are, according to some local observations, surprising numbers of staff who advance their own funds to pay for field trips, while nurses have been found paying user charges on behalf of poor patients, turning the more usual attitudes on their head.

As new incentives to performance improvement begin to take effect, **new significance is attached to monitoring systems**. From the point of view of poverty reduction, it is important that the improvements specified in action plans and performance agreements should include a sensible mix of indicators. Indicators of service standards, of the input and output types, need to be complemented with outcome measures which say something about the quality of what is delivered and the level of real access to its benefits. There is some way to go on this. Within the routine Health Management Information System run by the Ministry, the indicators selected are mostly process milestones or input measures: the percentage of funding devolved to districts, levels of utilisation of facilities, equipment use, etc. Nevertheless, in some regions, action plans and

annual reports are beginning to assess progress against outcome targets and there are efforts to collect the kind of data that makes this possible.

Across the board, **data for monitoring poverty-related outcomes** are increasingly essential as government agencies become more conscious of allocating resources and solving implementation problems in relation to poverty-reduction goals. Especially in the context of performance contracts, there is a strong need for relevant and up-to-date information by which to judge progress against objectives. This need is not met either by routine HMIS data or by existing survey instruments. The costs of most conventional monitoring arrangements are prohibitive.

Against this background, there is interest in the experience of Northern Region in setting up an integrated surveillance system for monitoring a small number of key mortality and morbidity indicators in poor communities (GHS 1999). This **relies on Community Volunteers and uses well-designed visual methods that do not require literacy**. It draws on experience with more specialised surveillance within the Guinea Worm Eradication Programme in the region.

Having proven extremely cost-effective in the Northern Region, **integrated surveillance is now being adopted in other parts of Ghana** (Bonsu *et al.* 1999). As a consequence, the action plans prepared by District and Regional Health Management Teams are now able to include outcome targets, with some confidence that relevant data will be available for checking progress on some of the key indicators.

4.3.2 Benin and Mozambique: civil society and poverty monitoring

In addition to Ghana's efforts to build a series of verifiable checks and balances into its system of health provision, our case-study countries displayed a range of innovations in the area of government-NGO relations. In **Benin**, for instance, the heavy reliance on the 'community participation' approach has led to the development by the NGO sector itself of a model 'code of conduct'. This is not, however, a way of allowing the government to over-regulate NGOs that stray from their service-delivery functions into advocacy on behalf of the dispossessed. A **code of conduct**, the development of which is being co-ordinated by Conseil Supérieur des ONG du Bénin, a large umbrella organisation, is also a way of doing two things to protect the independence of the NGO community, which is perhaps **the best way to ensure that it becomes more geared towards representing the interests of the poor**. First, the code sets boundaries on what areas of associational life are legitimate targets for government regulation. Second, by providing a mechanism through which an NGO Forum can police constituent members, it becomes a mechanism for channelling the wrath of reasonably independent-minded NGOs against organisations that are little more than mouthpieces for government policy. The need for some kind of NGO-led voluntary-sector vetting is all the more urgent, given that several senior politicians and civil servants preside over their own 'NGOs'.

Federations of NGOs are also in a position to make much greater use of the poverty-monitoring information that the government of Benin produces. This is because, the **poverty-monitoring unit, the Cellule Technique pour la DSD (CTDSD)**, has a **unique organisational niche** to exploit. It was conceived as the secretariat of what was called a 'social sub-commission' of the National Monitoring Commission for the Structural Adjustment Programme (CNSAPAS). This brought poverty issues to the

heart of what had long been a macro-economics-dominated forum: the CNSAPAS was officially charged with reporting to the president and senior parliamentarians on the country's economic performance. As in other countries within this study, the poverty-monitoring function in Benin has been removed from isolation. The information required to orient policy in a pro-poor direction has been placed where it can have the most influence. Through its co-ordinating role, supporting the analytical and conceptual work of task forces established to frame policy on employment, micro-enterprises, and food security, the poverty monitoring unit is in a strong position to make policy recommendations whose impact-projections will be sufficiently well-modelled to command political attention from the policy and political elite to which it reports. In addition, the poverty monitoring unit's duties include the provision of periodic information on social indicators (for the general public), and the publication of the regular (though not annual) social development situational report.

Mozambique is another country in which **information critical for making poverty-sensitive decisions has become a major focus of reform initiatives**. In this case, mainly with regard to safety net programmes. Mozambique's safety nets are implemented by a large array of government institutions: the Ministry of Education implements the School Social Action Fund and the (now defunct) School Lunch Programme; the Ministry of Health implements the Social Fund for Medicines and Infant Food Supplement; the Ministry of Planning and Finance implement the Wage Supplement; the Ministry of Social Action implements the Food Subsidy Scheme through the National Institute of Social Action; and the Department of Prevention and Combat of Natural Disasters implements Emergency Relief Programmes.

Each programme has its own eligibility criteria and mechanism for identifying and enrolling beneficiaries, as well as its own proprietary management system. Some eligibility criteria, however, are common, such as income, demography of the household, health condition and area of residence. Naturally, **some of the most critical problems during the implementation of safety-nets programmes stem from the lack of clarity** of eligibility criteria and the process of identifying and selecting beneficiaries. For instance, the income established as the minimum to be eligible to the programmes is so low in some cases (the Food Subsidy and School Social Action Fund) that it is often ignored and if it was taken into account, many enrolled beneficiaries would be excluded.

In some programmes, in order to ease the enrolment process, alternative criteria of eligibility have been adopted, although not officially. But, overall, the management of the safety nets is weak and exacerbates the level of leakages. One consequence of this is that there is no single integrated database on the safety nets, even though many of the eligibility criteria are the same. This, in effect, **removes power from the hands of poorer citizens, who must then be subjected to the discretionary whim of each implementing agency**. The lack of an integrated database also makes meaningful impact-evaluation difficult. Only the food subsidy scheme has a reliable information system that gives data on the number of people identified and enrolled, the number of people in the waiting list, the number of drop outs, etc.

In 1995 the government initiated a process which would help in co-ordinating all safety net programmes. The Ministry of Social Action was identified as the ideal Ministry to play the leading role. The Ministry of Planning and Finance recognised that the Ministry of Social Action did not have the appropriate

knowledge on the functioning of the overall safety net. A network established to pursue the recommendations **agreed that an integrated database on safety net programmes should be set up within the Ministry of Social Action**. This would include information on the number of beneficiaries, the amount of allowances paid per beneficiary, the administrative cost per beneficiary, the number of personnel involved in the implementation, total budget allocated, source of funding and other relevant information. This information will be regularly updated and is expected to be central in monitoring emergent problems in safety net programmes.

Using this system to identify common target groups, eligibility criteria and mechanisms of enrolment, **the object has been to institutionalise a more efficient and co-ordinated process**, the fragmentation of the old system being a major drag on its poverty-reducing potential. Though technical problems have delayed the full implementation of the system, the Ministry of Social Action conducted an assessment to identify the mechanisms necessary to integrate the safety nets in terms of target groups, eligibility criteria, and so on. The key conclusion was that the most promising means for making the integrated system responsive to the needs of poorer client groups, was to revise the target groups, eligibility criteria, and enrolment mechanisms within each individual programme before embarking on full-scale integration.

There is a strong commitment from the Ministry of Social Action to make things move, although it still faces the problem of lack of human and financial resources to play the leadership role. The recent experience in designing the Integrated Programme of Social Action, Employment and Youth had a **positive 'demonstration effect'**, advertising the benefits of an integrated and co-ordinated safety net backed with the requisite informational inputs.

4.4 Restructuring relations among levels of government

This section examines the process of re-allocating responsibilities and resources among levels of government, for which the term **decentralisation** is often a poor shorthand. In discussing our two main case-studies (Tanzania and Uganda) in this fourth and final policy area, our central theme is the importance of designing structures and programmes such that they strengthen the hand of local-level civil society advocates for the poor. It is by now widely acknowledged that a deficit of such organisations at the grassroots is a major constraint on the capacity of decentralisation to deliver on its promise of increased responsiveness to the needs of poor and marginalised people.

4.4.1 Uganda: transparency and 'RE-centralisation'

While the Ugandan experience with decentralisation has not been without its difficulties, it also exhibits positive signs, which point to increased mainstreaming of the principles contained in the country's Poverty Eradication Action Plan. These are in four main areas:

4.4.1.1 Transparency in central-local disbursements

Every quarter, the central government publishes an advertisement in the press indicating the actual amounts of Ugandan Shillings disbursed to each of the country's districts. When centrally imposed conditionalities

mean that certain funds within these groups are earmarked for specific poverty-reduction purposes, the exact amounts released are also published. This appears in an easy-to-read tabular form. The main objective of this system is indirectly to put pressure on district authorities to account for the funds they receive. This sort of **transparency in expenditure management** places a valuable weapon, government-approved information, in the hands of groups which comprise a nascent civil-society presence at the local level. Armed with this data, local associations are in a position to counter the excuse, invoked by district governments for their poor performance at channelling resources towards fighting poverty, that the central government has not released the agreed funds. There are reports of the fund-disbursal information being cited at council meetings by associations of aggrieved (unpaid) teachers and the parents who support them.

4.4.1.2 Central poverty conditionalities, including incentives for good performance

The District Development Programme is explicitly designed as a pilot for decentralising the development budget, the aim being to **test procedures for participatory planning, allocation and investment management**. Funded by the United Nations Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP), it is in this sense donor driven. But in another very important respect it is more than this. The DDP, unlike the earlier wave of adopt-a-district programmes, does not create separate, parallel organisational structures. It works through existing local government institutions. Thus, what are now donor-imposed conditionalities will, in due course, become 'owned' by the Government of Uganda, in that the central government will impose them on the district governments.

When funds are obtained through the DDP, district and sub-county planning, allocation and investment-management functions are subjected to a set of **performance measures**, which stress financial accountability, but also pay particular attention to the **district or sub-county's 'focus on poverty eradication'**. In order to score positively on this measure, districts and sub-counties must provide evidence that at least 80 per cent of LDF resources were directed to PPAs. These performance measures, unlike most others so far introduced in sectoral plans, are linked to future resources. The Ministry of Local Government (MOLG) has carefully worded the 'assessment considerations' associated with the poverty-eradication indicator to clarify that it is operating within the Local Government Act: 'Under decentralisation, central government can no longer direct councillors to allocate resources according to national priorities. However, it can encourage councils through performance measures'.²⁵

The MOLG states that the insistence on a poverty-eradication focus, 'with incentives for good performance and penalties for poor performance, is to ensure that investments by lower governments are in line with those of the National Government'.²⁶ The **performance measurement score at the end of the first year of the programme will determine the funding received in year two**. Districts will receive a funding increase of 20 per cent if they receive a passing score of more than half of the performance measures; a reduction of 20 per cent if they meet less than half; and the same amount if they meet exactly half. The obvious shortcoming of this method is that districts can do extremely poorly with respect to poverty reduction, and yet still be rewarded with funding increases if they receive passing scores on five of the remaining seven measures. While a poverty focus should not be a sufficient precondition for incentive

rewards, it should at least be necessary. In addition, a system of rewarding past performance carries the risk of penalising districts with the weakest institutional capacity. This could also be overcome, to some extent, by giving a higher weight to the indicator that measures the proportion of resources directed to PPAs: maintaining a high percentage of PPA expenditure does not necessarily require particularly impressive capacity.

4.4.1.3 Information sharing on local government budget performance

The MOLG also conducts assessments of the performance of local governments, particularly with respect to the discharge of their financial duties. Again, it will be some time before the impact of these assessments can be properly evaluated. The information generated through these assessments, however, is of immediate practical value, in two ways.

First, the analyses performed by MOLG or DS help to **identify deviations on the part of local governments from national policy priorities** or accepted procedural norms. These analyses are distributed widely to central government departments, local governments themselves, civil society organisations, parliamentarians and the donor community. Two recent publications, which are scheduled to be updated on a regular basis, serve as a sort of 'report card' on the planning function performed by local governments. The first, the DS's Status Report on the Implementation of the Decentralisation Programme, while also serving as a semi-annual report of the DS's own activities, assesses the financial performance of district councils during the previous fiscal year.²⁷ MOLG officials expressed the hope that, in addition to shaming poorly performing local governments, the indicators used in preparing the report will contribute to the methodology eventually to be developed by the central government bodies charged with determining how national resources would be shared among Uganda's 45 districts.

From the perspective of mainstreaming, the national government's stated priority of eradicating poverty, the indicators used in these exercises represent a welcome step forward. They not only evaluate activities indirectly related to poverty reduction, such as the quality of auditing procedures and the functioning of District Tender Boards, but also **pay close attention to districts' performance in terms of budgeted expenditure on poverty measures**. The fourth question/indicator asks: 'Were the PPAs adequately provided for?' One drawback to the structuring of this indicator, however, is that it is not assigned a specific score for weighting within the entire inventory. Rather, PPA provision is one of five indicators folded within the 'Budgeting' category, which receives an aggregate weighting of 15 per cent in determining a district's final score for 'financial management'. Compensating for this somewhat is the inclusion of a separate indicator for whether expenditure is 'done in accordance with the budget'. This recognises that budgets do not always reflect the actual expenditures. The next step, which is under consideration by the Local Government Finance Commission, is to incorporate a 'downstream' link in the chain of accountability, that is to conduct a baseline service-delivery survey which could then be periodically updated to assess the views of ordinary citizens.

The second MOLG publication which assists in keeping poverty-reduction at the centre of the policy agenda, *Analysis of Districts' and Urban Councils' Budgets for 1997/98 Financial Year*, is also planned as an

annual exercise. One of its main objectives is 'to ascertain whether Districts have adequately addressed Priority Programme Areas'.²⁸ Presented in tabular form, the comparisons among districts reveal striking contrasts. PPA allocations range from a high of 55 per cent in the Gulu district, to a low of 1 per cent in the Rukungiri district. The analytical section of the text, however, helps to place these statistics in perspective. In violation of the law, the districts with the two highest proportions of PPA allocations, Gulu and Kotido, presented deficit budgets. In reality, then, the PPA allocations are not likely to be available. It is also worth noting that there is in fact a poor correlation between levels of donor funding and proportion of PPA budget allocations. Of the 11 districts with the highest proportion of donor funding (as a percentage of the district budget), only three have PPA expenditures (again, as a percentage of the district budget) which are above the national average of 22 per cent, and two of these are the two budget-deficit districts mentioned above. In fact, the top three donor-funded districts of Rakai (72 per cent of district revenue), Lira (68 per cent) and Masindi (66 per cent) are all near the bottom of the league table in terms of PPAs as a percentage of total expenditure, with 7 per cent, 5 per cent, and 6 per cent, respectively, going into these critical areas.

Releasing information of this sort is a positive step in the direction of transparency, **allowing a range of actors to bring pressure to bear on governments at various levels** to improve their performance. The failure of the central government to live up to its funding promises, for instance, has been commented upon in the press²⁹ and in parliament. Since the data is provided by an arm of the central government, the MOLG, public critiques based on it have greater weight, and cannot easily be dismissed as politically biased.

4.4.2 Decentralisation in Tanzania: learning from and reforming the district rural development programmes

Tanzania is also engaged in a substantial local reform programme, which has six major components: Institutional and Legal Framework; Restructuring of Local Authorities; Governance; Finances; Human Resources Development and Management; and Programme Management. There are important linkages to, and overlap with the three other major areas of reform there: civil service reform; sector reform and public sector financial management. Whilst this reform has been mooted since the election manifesto of the CCM in 1995, there has had to be a lot of preparatory work and the pilot phase in 35 districts is only just about to be initiated. The complexities of the tasks are substantial and delays in implementation, for a variety of political, resource, and capacity reasons, has actually allowed useful reformulation of plans which should improve the final outcome. Also quite a lot of analysis of the proposals is informed by experience in Uganda, which has several common elements in its decentralisation agenda; the delays may allow an easier assimilation of experience there. However, Tanzania does have a very particular history of decentralisation, which has informed the current initiative (Liviga and Mfunda 1999). A key feature of earlier initiatives was the effective reduction of village and community-based institutions to passive recipients of development plans, resources and policies. By contrast, **the current proposals put a central emphasis on participation and inclusion.** As the 1999 appraisal notes, this focus is reflected in provision of:

- Orientation seminars for civic associations and NGOs
- Civic education extended to village/grassroots-level
- Public discussion groups at grassroots level
- Restructuring at sub-district levels including wards and villages
- A new legislative framework establishing entities down to the village level.

The documentation of the local government reform agenda has an emphasis on transparency and accountability to the people they are supposed to serve as a recurring theme. There is strong emphasis on participation in planning and execution of development programmes and of partnership with civic groups. Indeed, the legislation allows for the contracting of serviced provision to such groups.

The stated *raison d'être* of the programme is improved local capacity for delivering services to the people; specifically, health, education, drinking water, rural roads and agriculture have been placed under the local government structure. This has been criticised by some for being too narrow and paying insufficient attention to governance issues. In fact, the difference is really one of language; as emphasised above, governance issues are given strong weight but are seen as process outputs, which are **means** to physical quality of life **ends**. The combination of these service delivery concerns **with** the transparency and participation plans for design and implementation, serve to reinforce the message that the legitimacy of local government derives from its capacity to provide adequate services.

This reform agenda was developed prior to the elaboration of the National Poverty Eradication Strategy, which was promulgated by the President over a year later than the first enabling legislation for the Local Government reforms. However, **the National Poverty Eradication Strategy has reinforced both the participatory process approaches of the Local Government reform agenda and established the legitimacy, from a poverty policy perspective, of basic service delivery as a focal point for local government.**

There are many problems, notably with financial resources, which are grossly insufficient for the national minimum standards identified. In recent years in Tanzania, most financial resources beyond the recurrent budget (and sometimes even including that) have come from donors. This dependence will inevitably continue for the medium term. As with the multilateral debt fund discussed above, a group of donors are supporting the local government reform agenda and it is the government's hope that similar arrangements will begin to operate for service delivery through local government. This will involve a major change in operating procedures for many donors. This is most evidently the case for those supporting national service delivery programmes, immunisation for example, which ultimately will be decentralised. But, many donor programmes by-pass line ministries and operate directly at district-level. Several of these are district rural development programmes, which have poverty-reduction as their goal. It may seem that this would be good for the local reform agenda by making resources available locally. In practice it is more complicated.

The donors have very often been using participative methods dealing directly with village groups and the district government has been more of a paid service delivery agent. Certainly, these programmes have

often involved capacity building at district-level but not in an holistic manner and not often in a manner that reflects strengthening of local government as a core priority beyond the immediate needs of the donor. Some influential donors are now recognising that long term commitment to effective poverty reduction requires more effective commitment to the governance agenda; to the superstructure of the state. UNCDF's development fund in Mwanza district is one case, cited by the Local Government Reform Team (LGRT), as an important example of good practice; in effect they are providing important pilot experiences for the LGRT. This comes from their commitment to learning how to ensure the transparency and accountability of local government to the grassroots. At the same time, they are doing this, not to achieve certain output targets, but to promote real ownership by local government, for example by incorporating funding into local government budgets as unconditional block grants. Government staff readily acknowledge that this responsibility is very different to their usual roles.

Nor is the government neglecting the experience of other donors with grassroots development experience through their district rural development programmes. The LGRT recognise that, though the reform agenda has a strong commitment to transparency and accountability of local government at village level, the precise mechanisms to achieve that are not widely understood. So, whilst they wish existing grassroots programmes (there are at least six major programmes and many smaller ones) to engage more effectively with the local government reform agenda like UNCDF has done, they also recognise that their grassroots experience is particularly valuable for energising the desired implementation style in the local government reforms themselves. There is already a lot of early evidence (one example from Shinyanga was cited earlier) of these changes from both sides. This early experience with the local government reform agenda demonstrates **significant learning from grassroots programmes and realignment of these programmes to provide commitment to local government reform. Given the process approaches being adopted and the output goals being set for the local government reform agenda, these changes could make a significant impact on longer-term local capacity for poverty reduction.**

From both these experiences with decentralisation it is worth noting the connections between the features of these mechanisms and the conditions which have been identified in the comparative literature as helpful in **making these mechanisms political feasible**. First, in keeping with the view expressed by Kurtz (1999) that for policy making to retain initial commitments to poverty reduction, elements of centralisation will be necessary. The use of performance budgets, national minimum standards, financial management and conditional grants all retain strong elements of central control. Second, neither country has (Kurtz 1999) followed a policy which places undue hope in the prospect for inter-regional resource transfers, grasping that political conflicts over inter-regional redistribution can obscure efforts to effect redistribution towards less well-off people, regardless of where they live.

5 CONCLUDING REMARKS

The presentation of this case-study material has deliberately tried to find evidence of improving practice. It has also tried to focus on areas where there might well be opportunities for replication elsewhere. It has done this through developing a simple analytical framework in which to locate the complex issues around policy formulation for poverty reduction. As a summary illustration of how the framework has been used, four of the case-studies are included in Figure 2.

Figure 2. How the framework has been used (four case-studies)

Policy areas	Elements of a pro-poor policy process		
	Constitutional, legal and governance framework	Consultation processes	Obtaining and using information on poverty
National development planning, budget allocation and expenditure management	✓	✓	✓
Government policy towards economically productive sectors	✓	✓	
Approaches towards the social sectors and safety nets	✓	✓	
Restructuring relations among levels of government		✓	✓

Each case has addressed one or more, as marked, of the three focal points. These are cases where the policy process has provided a useful example of pro-poor focus. We believe that this framework can be of wider application in reviewing the poverty reduction focus of policy processes. Both the literature reviewed above and the country experience suggest that it offers a useful device for pro-poor policy analysis.

The most important result of the paper is of course that it has been possible to point to a lot of examples, and there are more in the country papers, of where national governments are trying effectively to deliver on their commitment to poverty reduction. The framework will be of value if it assists in drawing the lessons from these experiences and assists policy analysts and policy makers in government and the donor community in improving performance on poverty reduction.

ANNEX 1

Terms of reference

Creating a framework for reducing poverty: institutional and process issues in National Poverty Policy in selected African countries

Background

- 1 The Special Programme of Assistance (the SPA) is the donor forum which co-ordinates support to the economic reform programmes of low income, debt distressed African countries. The SPA donors have agreed that poverty reduction should be the central objective of the fourth phase of SPA, which covers the 1997-99 period. The poverty and social policy working group (PSPWG) of the SPA has the main responsibility for advising on how to implement this commitment to place poverty reduction at the centre of donor supported economic reform programmes.
- 2 In carrying out this task, the PSPWG recognises the need to closely involve and learn from our partners in African Governments.

Objective

- 3 The objective of the study is to review the process by which policies relevant to poverty reduction are formulated, implemented and reviewed in a sample of African countries, in order to learn lessons by comparing and contrasting different country approaches, and to identify examples of current good practice. The focus of the study will not be on the content of policy, but on identifying institutional and management arrangements to support a more effective approach to reducing poverty.

Scope of the work

- 4 The study will cover six or so African SPA countries selected because they have useful experience of designing and implementing either an overall anti poverty strategy, or major structural policy reforms with poverty reduction as a core objective. The countries to be covered will be agreed with the sponsoring donors before commencement of the study, but should include both Anglophone and Francophone countries. Possible countries might include Malawi, Zambia, Ghana, Mozambique, Tanzania, Ethiopia, Uganda, Mali, Burkina Faso, Benin, though consultants are free to propose alternative SPA countries.
- 5 In each country, the consultants will review key aspects of Government policy bearing on poverty, with a central focus on the process of policy formulation, covering overall economic and social development policies, but with the focus on the macro and national levels of policy reform rather than intra-sectoral

issues. The consultants will be expected to take into account different social groups among the poor in their analysis, whether constituted by gender, ethnicity, regional or other attributes. The poor are not a homogenous group in any country and specific policies and processes will impact on different groups in varying ways. The consultancy will particularly focus on:

- The processes for gathering and analysing relevant information, and mechanisms for ensuring that the analysis informs and influences policy formulation
 - Processes for consultation with interest groups, including gathering information on the perceptions of different groups at risk of poverty, and the effectiveness of mechanisms by which stakeholder views are taken into account. Specific groups of the poor (by gender, age, region etc.) which are more or less included/excluded in processes of consultation should be identified
 - The constitutional, legal and governance framework within which civil society institutions of most relevance to the poor are able to operate, and the implications for the influence of the concerns of the poor on policy and practice. This should include reforms to political, legal and institutional structures to give more control over resources and over decisions affecting them. The degree of decentralisation in the economy should be analysed as well as the ways in which customary/informal leadership structures are incorporated into government policy-making
 - Processes for decision making. This will consider who is involved in decisions including the role of those who must implement them and the other stakeholders involved, how decisions are made and communicated, how they are given effect, e.g. in the legislative and regulatory programme and in the allocation and management of resources, how the results are monitored and the implementing agencies held responsible for results achieved
 - The institutional arrangements. This will include analysis of the institutions involved at local and national level and including formal and informal community-based organisations, their responsibilities, the skills they need, how they are organised and financed, and how they relate to each other in undertaking the key functions identified above. The analysis should also focus on how institutions integrate their decision-making processes with the norms and practises that have their basis in customary or indigenous institutions. The consultants should also report on any lessons to be learned from efforts to create sustainable capacity within the relevant institutions.
- 6 A key judgement for the consultants will be how to maintain an exclusive focus on the issue of poverty policy, while recognising the broader institutional and Governance framework within which decisions are made and implemented. In each country, the consultants will identify lessons which may be learnt from aspects of the approach which the Government has taken to the processes and management systems by which poverty policy is developed, implemented, and reviewed. It is recognised that virtually all policies are in some sense relevant to poverty reduction, and that poverty issues are embedded in broader economic and social policy: there may be no such thing as a policy on poverty as such. The focus of the study, however, should be on identifying approaches to enable Governments to organise to ensure that

the interests of the poor are taken into account and acted upon. A key criterion in selecting countries for study will be to identify for study, Governments which have demonstrated by their actions a significant commitment to improving the poverty reduction impact of their policies and programmes.

- 7 The study is not expected to undertake original research into the impact of policy reform on poverty. The main contribution from the study will be to review the approaches which different countries have taken to the formulation, implementation, monitoring and review of policies bearing on poverty, and to make information on those experiences and the lessons which can be derived from them more widely available. Information on final impact will therefore be limited to a brief overview of findings based on secondary sources. It is recognised that this implies that judgements on good practice will be tentative, and largely based on assessment of whether the process is producing well-informed policy decisions linked to realistic action to implement them.
- 8 The output from the exercise will be:
 - A report which will focus on what can be learned from the way in which different countries have organised themselves to address poverty reduction as an objective of public policy. It should mainly take the form of presenting case-studies of particular experiences and approaches likely to be of interest and use to other African countries facing similar issues. The report should not attempt to provide a comprehensive evaluation of poverty policy in each country, but will provide sufficient background to make the analysis comprehensible. The report should also identify the conditions, in terms of institutional structures in civil society and their relationships with governments, which make processes, which take account of the interests of the poor in policy formulation, more likely to evolve. The intention is that the report should form the starting point for a collection of case-studies on aspects of poverty policy, a collection which might be subsequently expanded. Particular care should be taken to devise a presentation which is reader friendly and enables sections of the report bearing on specific issues to be swiftly identified whether in paper or electronic format
 - The final report should include an overview chapter, in which the consultants will have the opportunity to highlight any general lessons which emerge from their study
 - The consultants will identify, in a separate document, Africans closely involved with some of the more interesting and innovative experiences covered in the report, and who would be willing to make presentations based on their experience to a subsequent workshop or meeting of the PSPWG to which both donor and African participants would be invited. The consultants would also be asked to make a presentation of their overview chapter to the same meeting.
- 9 The consultants will be given considerable flexibility to decide which aspects of the policy process bearing on poverty are of greatest interest in each country, but the emphasis throughout should be on the processes and institutions supporting national level strategy.

Skills required

- 10 The consultancy team will have substantial relevant experience of the analysis of policy with respect to its impact on poverty. It will include members with skills in institutional, economic, and social analysis, and at least one national of the country will be involved in each of the country studies. Each country visit will be led by a consultant with sufficient seniority to be a credible interlocutor for African officials dealing with policy formulation at the highest level. The team will have direct experience of Africa, including recent knowledge of policy development in some of the countries to be covered by the study. If the study is contracted to European-based consultants, they are encouraged to work in collaboration with an organisation based in Africa.

Conduct of the work

- 11 It is recognised that the potential coverage of the study is wide, and it will be important to narrow the focus of the study at an early stage. There will therefore be an inception phase, during which the selected consultants will undertake an initial trawl of relevant literature, and will consult the sponsoring donors and the World Bank in Washington to discuss recent policy developments in each country. The inception phase will enable the consultants to obtain an overview of poverty policy in each country, and to select for each country the topics on which the remainder of the study will focus. These topics should be discussed and agreed with relevant authorities within the country. An inception report with proposals for the conduct of the remainder of the study will be prepared within one month of the starting date of the study. The main study will require a more focused review of the literature on each country, and a visit by the full country team. Respondents will institute a Steering Committee of academic and donors which will meet for two (1 day) workshops, the first will be held to discuss the inception report and the second will be held when the draft final report is completed.
- 12 It is for the consultants to make a reasoned proposal setting out the inputs which they believe will be required in order to complete the assignment, but it may be helpful to provide an indication of the scale of effort which is envisaged. The inception phase is expected to require approximately 15 days of senior consultant time overseas plus 15 days of senior consultant time and 30 days of research assistant time in the consultants' home base. Each country study is expected to require 30 days of overseas time from the expatriate consultants, plus 15 days from a locally-based consultant, and a further 5 days of research assistant time to track down literature. Report writing and responding to comments on the draft is envisaged to need a further 45 days or so. This suggests that the consultancy may need in the order of 350-400 person days to complete, of which around 250 days of expatriate consultancy time, roughly 90 days inputs from African consultants, and the balance from research assistants.
- 13 If the proposed workshop goes ahead, attendance by the consultants will be separately contracted.

Reporting

14 DFID will take responsibility for managing the study on behalf of the sponsoring donors. The consultants will provide an inception report within three months of starting work, and a draft final report within six months of receiving approval of the interim report. They will provide five hard copies of the inception and draft final reports, and will also e-mail copies to addressees to be specified by DFID. The sponsoring donors will provide written comments within two weeks of receipt of the inception report and within three weeks of receipt of the draft final report. The consultants will revise the draft final report to take account of comments, and provide 50 hard copies of a final report, plus e-mail copies to specified addressees, within a further three weeks of receiving the comments.

ANNEX 2

Policy process and poverty reduction: background information

Country and collaborators	Policy case-study areas
<p>Uganda</p> <p><i>Anne Marie Goetz</i> IDS, University of Sussex</p> <p><i>Rob Jenkins</i> Birkbeck College, University of London</p> <p><i>Tenkir Bonger and Godfrey Bahigwa</i> Economic Policy Research Centre, Makerere University</p>	<ul style="list-style-type: none"> • National public expenditure management • Health sector reform • Fiscal decentralisation • Micro-finance • Agricultural reform (stand-alone study)
<p>Tanzania</p> <p><i>Martin Greeley</i> IDS, University of Sussex</p> <p><i>Dr Festus Limbu</i> Professor of Economics, Dar Es Salaam University</p>	<ul style="list-style-type: none"> • National poverty eradication strategy • Local government reform agenda • Health sector reform • Direct poverty reduction interventions – Local development funds • Agricultural reform (stand-alone report)
<p>Mali</p> <p><i>Renata Serra</i> Post-Doc Researcher, Department of Economics and Statistics, University of Milan and Fellow, Centro Studi Luca d'Agliano, Milano</p> <p><i>Bakary Diakité</i> Deputy Director at the Malian Institute for Research Applied to Development, IMRAD, Bamako</p>	<ul style="list-style-type: none"> • Anti-poverty national strategy • Budget-related institutional mechanisms (Public expenditure review and programme budget; Follow-up to the initiative; Review of international system of aid). • Health sector reforms • Rural sector reforms (accompanying paper)
<p>Benin</p> <p><i>Susan Joekes</i> IDS, University of Sussex</p> <p><i>Renata Serra</i> Post-Doc Researcher, Department of Economics and Statistics, University of Milan and Fellow, Centro Studi Luca d'Agliano, Milano</p> <p><i>Thomas Houedete</i> Professor, Department of Economics, Universite Nationale du Benin</p>	<ul style="list-style-type: none"> • Strategy for the Social Dimension of Development (DSD) • Community participation approach as applied in the sectors of: Health Urban services Water supply • Programme of administrative decentralisation
<p>Ghana</p> <p><i>David Booth</i> Overseas Development Institute, London</p>	<ul style="list-style-type: none"> • Resource allocation/MTEF process • Civil service performance • Health sector reform • Decentralisation and poverty reduction
<p>Mozambique</p> <p><i>Stephen Devereux</i> IDS, University of Sussex</p> <p><i>Alessandro Palmero</i> IDS, University of Sussex</p>	<ul style="list-style-type: none"> • Agriculture and land reform • Human resources and health sector reform • Safety nets in poverty reduction

NOTES

- 1 The research is supported by DFID's Africa division and Sida's Policy Analysis Division, for the SPA. The research is continuing; so far five of the six country studies have been written, but four of them are still going through in country review. This paper was prepared after a Workshop held at IDS on 21 and 22 June, 1999, which was designed to review the analytical framework of the study and attempt a preliminary synthesis of results from the six countries. A much more preliminary paper on the results was presented at a workshop in July, hosted by the African Development Bank in Abidjan. The findings are based on work by all the research teams listed in Annex 2 and their contribution is gratefully acknowledged. The authors are also grateful to Sally-Anne Way, Research Assistant, for her help in preparing this paper and to Jeanne Grant for secretarial support. Jeanne Grant can be contacted via e-mail at: JeanneG@ids.ac.uk for copies of country studies and, eventually, the final report.
- 2 These examples are just **part** of the evidence of improving practice and readers are referred to the country reports for more detail.
- 3 See Annex 1.
- 4 Annex 2 lists all the policy process areas reported on in the six country studies.
- 5 Getting the policy-to-poverty outcome relationship clearer would require research with at least the following components: (1) Analysis of poverty and poverty correlates using household-level data, preferably panel data sets, which allow examination of changes over time (the quality of the data sets being a key consideration); (2) Household-level fieldwork that addresses the impact of policy actions on the livelihood strategies of poor households; (3) Tracking of policy implementation (which could involve expenditure tracking or tracking the implementation of processes such as marketing reform); (4) A political economy analysis of specific sectoral reform agendas and their concern with poverty considerations with respect to objectives, design and implementation. The key challenge would be to establish a convincing linkage between these policy processes and poverty outcomes.
- 6 Governance as defined in World Bank (1989) is the 'exercise of political power to manage a nation's affairs'. However, contemporary analysis would insist on a broad interpretation of this definition to include a wider appreciation of state-society relations and of processes of participation and exclusion.
- 7 New political economy perspectives in general are associated with an earlier development orthodoxy and have not made a central contribution to contemporary analysis of governance and poverty (see Toye 1993, ch. 5).
- 8 Redistribution is associated with democracy in the long-run; the issue here concerns shorter-term processes of reform and pro-poor impact.
- 9 This is in part a consequence of the increased influence of social development advisors in developmental assistance, and their refinement of participatory research methods, and of stakeholder analysis, to help the understanding of the poverty impact of policy processes (Norton and Bird 1998).
- 10 There are important links here to current World Bank research on the use of poverty assessments, where the WB have been involved, and to operational work DFID is supporting.
- 11 A brief summary of these developments is contained in articles in the March issue of **Finance and Development** (see Outtara 1999 in references).
- 12 Cashew nut processing in both Tanzania and Mozambique is a classic example of where the domestic processing industry has lost out to India, after export taxes were reduced or removed as a part of the reform process.
- 13 **Business Africa** (June 1999) contains a useful major survey on corruption.
- 14 Ben Ndulu used this phrase to describe the issue in the Tanzanian context. A recent (1999) report for Tanzania by Gerry Helleiner has examined donor responsiveness on these issues and shown that they have made enormous strides in reforming the ways in which they work with government.
- 15 Particularly in relation to debt funds and in sector-wide approaches.
- 16 An indication that the linkage from PEAP to PIP to Annual Budget is holding relatively firm is the fact that the 1998-99 Budget (sub-titled, significantly, 'Budgeting for Poverty Eradication') included a 100 per cent increase in recurrent expenditures under priority programme areas.
- 17 It is being supported by simultaneous efforts to protect priority spending at the District level. These initiatives, which involve the linkage between budgets and actual expenditure, are discussed in the section on decentralisation (Section 4.4).
- 18 Goetz, A.M., Maxwell, S. and Manyire, H., 1994, SPA Poverty and social policy working group consultancy on poverty assessment and public expenditure issues: Uganda Country Study, mimeo, IDS, Brighton, p 22.
- 19 GoU/MFPED, **Background to the Budget 1998/99 - Budgeting for Poverty Eradication**, Kampala: MFPED, June 1998.
- 20 Both of these relate to the conditions identified under which pro-poor policy initiatives are pursued, as identified in the IDS study on Politics and Poverty.

- 21 During the period of the centrally planned economy, the Government's 'Prospective Plan', its development strategy for the 1980s, included such ambitious (and ultimately doomed) schemes as the creation of a state company to manage a 400,000 hectare cotton plantation on state land in northern Mozambique.
- 22 Bill No.19/97 of 1 October, 1997 that was in force as of January, 1998.
- 23 The group comprised UNAC, the National Peasant Union; ORAM, the Association of Mutual Assistance; AMRU, the Rural Women's Union; CEA, the Centre for African Studies; CEP, the Centre for Population Studies; NET, the Nucleo for Studies in Land and Development; Action Aid; KEPA, the Centre of Cooperation Services for Development; MS, the Danish Association of International Cooperation; OXFAM UK/Ireland and Oxfam's Joint Advocacy Programme.
- 24 The Ministry is said to be working on performance standards and agreements covering contractual arrangements with the private health sub-sector.
- 25 Ministry of Local Government, Sub-County Performance Measures for the Local Development Fund, p 8.
- 26 Ministry of Local Government, District Performance Measures for the Local Development Fund (n.d.), p 13.
- 27 Ministry of Local Government, Decentralization Secretariat, **Status Report on the Implementation of the Decentralization Programme for the Period 1 January - 30 June, 1998** (Kampala, July 1998), pp 14-15 and Appendix 9b.
- 28 Ministry of Local Government, **Analysis of Districts' and Urban Councils' Budgets for 1997/98 Financial Year** (Kampala, May 1998), p 1.
- 29 See, **The Monitor** 28 August, 1998.

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