



Survey of PRSP Stakeholders

Global Results

As part of the OED and IEO evaluations of the PRSP process and the PRGF, a survey of PRSP stakeholders was administered in each of the ten countries where a case study was undertaken. The objective of the survey was to obtain perceptions of the PRSP process and the role of the World Bank and IMF in supporting the initiative.

A standard survey of 39 questions was administered in each country. The full questionnaire can be found on both of the evaluation websites: www.worldbank.org/oed/prsp and <http://www.imf.org/external/np/ieo/2002/prsp/index.htm>. The survey consists of four main components: information on respondents; the PRSP process (covering ownership, results orientation, comprehensiveness, partnership orientation, and long-term perspective); World Bank performance; and the role of the IMF. In most cases, respondents were asked to indicate the extent of their agreement with statements on a five-point scale.¹ The survey was translated, into local languages, where necessary, and pre-tested. A local consultant with survey experience was engaged in each country to assist with administration of the survey. Survey results were coded by the local consultant and sent back to Washington, and an outside contractor, Fusion Analytics, was hired to analyze the data.

The survey was targeted at key groups within the three main categories of PRSP stakeholders: government, civil society, and international partners.²

¹The five-point scales used in most questions offered a range from 1: “Completely Disagree” to 5: “Completely Agree.” Respondents could also mark 0 for “Don’t Know or Unsure.”

²Fourteen stakeholder groups were identified: government—central government, line ministries, and sector agencies, local government, parliament; civil society—local NGOs, business sector, labor unions, academia, media, religious organization, political party; and other international partners—donor, I-NGO.

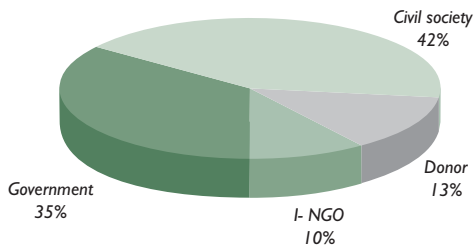
Within each group, the survey sought to obtain an *institutional view* and was targeted at the most knowledgeable individuals. Respondents were asked to define the nature of their involvement in the PRSP process, and their level of familiarity with the PRSP document, the Bank, and the IMF. Given the targeted nature of the survey, respondents who were “Not Aware” of the PRSP process were excluded from the results. The specific samples were selected using three main inputs: information gained through the country case study mission; participants listed in the PRSP document; and input from the local consultant. In some cases, samples were circulated to obtain broader input on their composition. The study teams also identified a set of highly relevant respondents in each country for whom a survey response was required. These included core ministries and agencies (such as finance, economy, and central bank), key PRSP-related ministries (such as health, education, agriculture), and major donors. Survey questionnaires were tracked in order to ensure responses were obtained from key groups; however, individual respondents could choose to remain anonymous.

The following section presents aggregate findings from the survey applied in *all ten countries*. Section A provides an overview of the survey respondents, including the nature of involvement and familiarity with the process. Section B provides an aggregated snapshot of stakeholder perceptions of the PRSP process across each of five main subcategories. Section C provides the mean results for all questions concerning the role and effectiveness of Bank and Fund support. Section D presents results for questions with the most positive and negative responses and questions where there was the greatest consensus or disagreement on issues.

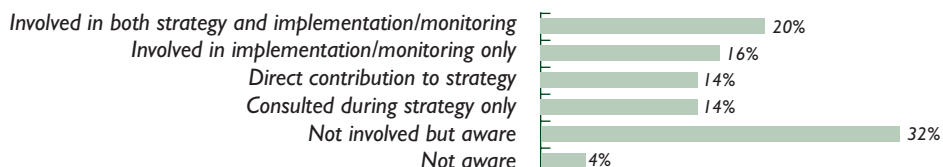
Results at the stakeholder group level will be presented in the aggregate analysis across all countries.

A. Respondent Characteristics

1. Composition of respondents
(n = 779)



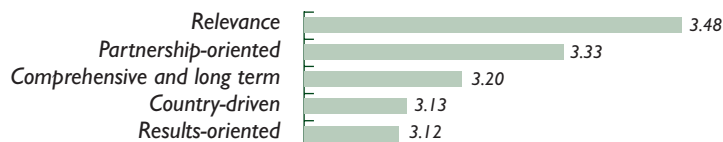
2. Nature of involvement
(In percent)



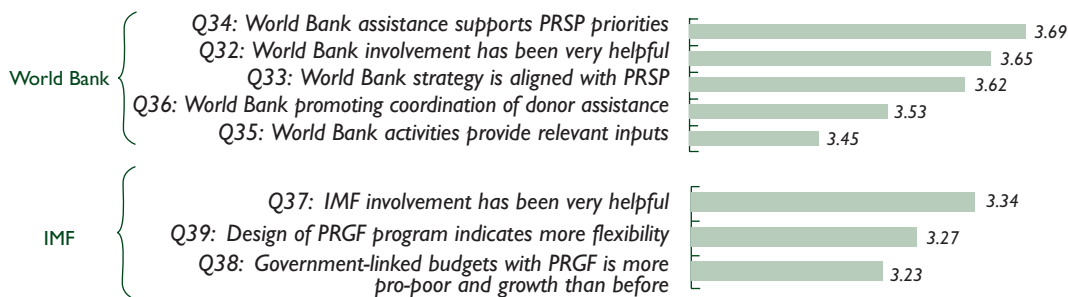
3. Level of familiarity

PRSP document	56 percent
World Bank	51 percent
IMF	33 percent

B. The PRSP Process¹



C. World Bank and IMF¹



¹Based on a five-point scale, where 1: "Completely Disagree" to 5: "Completely Agree." Respondents could also mark 0 for "Don't Know or Unsure."

D. Composite Results Table

	Percent “Agree” or “Completely Agree” (4 or 5)	Percent Neutral (3)	Percent “Disagree” or “Completely Disagree” (1 or 2)	Mean	Standard Deviation	Percent “Don’t Know or Unsure” (0)
Most positive						
Q8: Relevance: PRSP is a good model	59	30	11	3.69	1.06	7
Q9: Relevance: PRSP adds value	58	28	14	3.64	1.08	9
Q10: Relevance: PRSP improves on past modalities	57	30	13	3.61	1.05	11
Q25: Partnership-oriented: Donors supported formulation	56	24	20	3.57	1.15	16
Q16: Results-oriented: Outcomes benefit poor	55	26	19	3.56	1.15	8
Most negative						
Q18: Results-oriented: Structure to monitor results	28	31	41	2.84	1.17	21
Q19: Results-oriented: Results feedback	31	32	37	2.96	1.16	24
Q22: Comprehensive: Macroeconomic framework participatory	38	27	35	3.03	1.25	17
Q17: Results-oriented: Realistic targets and plans	38	28	34	3.14	1.16	9
Q21: Comprehensive: Alternatives fully explored	35	32	33	3.01	1.12	18
Most polarized						
Q15: Country-driven: Government continues to engage stakeholders	48	19	33	3.23	1.42	13
Q13: Country-driven: Your stakeholders were consulted	45	22	33	3.20	1.33	11
Q14: Country-driven: Final document was modified to accommodate viewpoints	44	25	31	3.16	1.29	19
Q22: Comprehensive: Macroeconomic framework participatory	38	27	35	3.03	1.25	17
Q12: Country-driven: PRSP driven by national stakeholders	42	28	30	3.24	1.25	8
Greatest consensus						
Q30: Partnership-oriented: Quality of Bank-Fund collaboration	52	32	16	3.44	1.01	46
Q28: Partnership-oriented: Current donor coordination	34	39	27	3.03	1.02	18
Q29: Partnership-oriented: Coordination between World Bank and IMF improved	46	35	19	3.36	1.04	48
Q10: Relevance: PRSP improves on past modalities	57	30	13	3.61	1.05	11
Q8: Relevance: PRSP is a good model	59	30	11	3.69	1.06	7
Most unfamiliar						
Q29: Partnership-oriented: Coordination between World Bank and IMF improved	46	35	19	3.36	1.04	48
Q30: Partnership-oriented: Quality of Bank/Fund collaboration	52	32	16	3.44	1.01	46
Q19: Results-oriented: Results feedback	31	32	37	2.96	1.16	24
Q27: Partnership-oriented: Donor coordination improved	52	26	22	3.43	1.11	22
Q18: Results-oriented: Structure to monitor results	28	31	41	2.84	1.17	21

Note: The percentages of those who “Agree,” are “Neutral,” or “Disagree” relate to the total that responded to each question. The percentage of “Don’t Know or Unsure” is calculated on the basis of the total respondents in the survey (779). “Most Positive” were chosen on the basis of the highest percentage who agreed or completely agreed, picking the top five means—but with the number of respondents in each case determining the ranking. Likewise, “Most Negative” were selected on the basis of the highest percentages who disagreed or completely disagreed and the five lowest means. The “Most Polarized” responses and those indicating “Greatest Consensus” were those with the five highest and lowest standard deviations, respectively. “Most Unfamiliar” were the highest percentage of responses indicating that they “Didn’t Know or Were Unsure.”

ANNEX 2

Results from Survey of IMF Staff¹

Methodology

The survey was undertaken during December 2003 and January 2004. It targeted mission chiefs and resident representatives for PRGF-eligible countries. A total of 75 IMF staff responded, about 40 percent of the targeted universe. The questions focused on the formulation of the PRGF-supported program, the role of the Fund in the implementation of the PRSP/PRGF initiatives, JSAs and Bank-Fund collaboration, and internal IMF procedures and incentives.

Main messages

- While there was broad consensus among staff on the impact of the PRSP/PRGF initiatives on the Fund's way of doing business, that is, that it meant a better orientation toward poverty reduction (Figure A2.1), positions were generally more divergent with regard to issues of attribution—notably the causes of the policy gaps and slow implementation of the various facets of the new approach.
- The staff's overall assessment of the various aspects of the PRSP/PRGF process is positive.

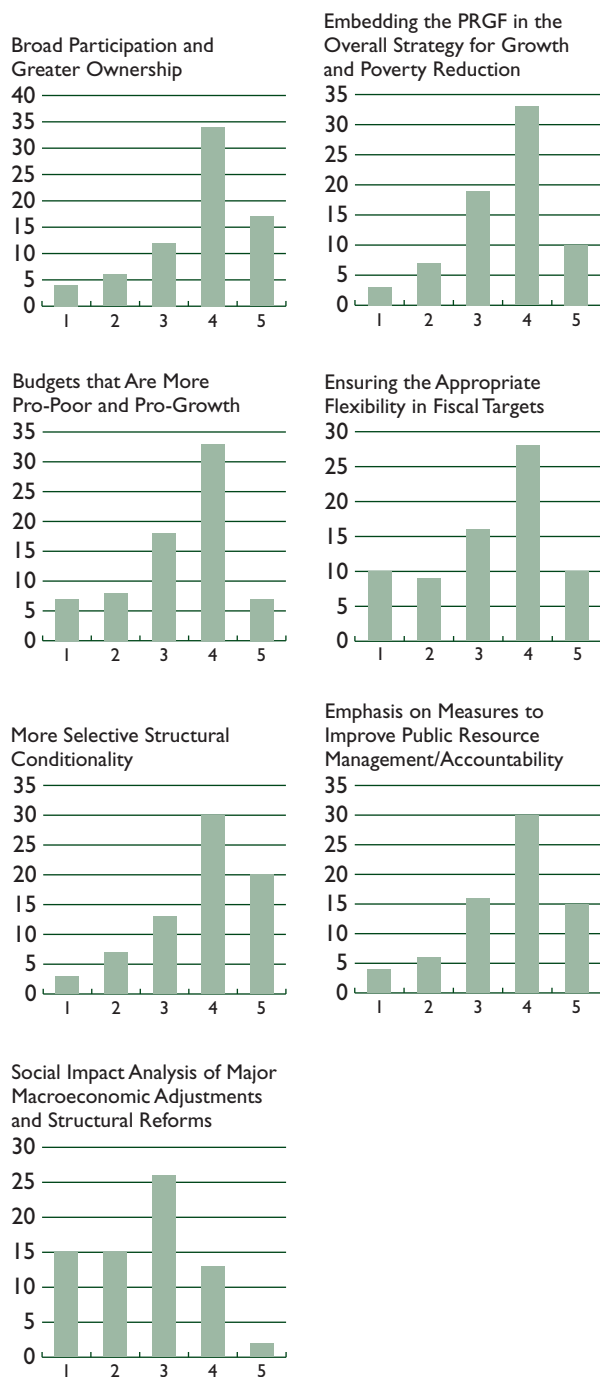
¹Most questions featured a five-point scale, where 1 was the lowest degree and 5 the highest. A "Don't Know/Not Applicable" category was also available for cases where the respondent's own experience did not allow for a response. This annex summarizes the results. A more detailed presentation will be put on the IEO website as a background document when the main report is published.

However, on a number of issues considered integral to the process, such as a participatory approach or PSIA, IMF staff indicated a lack of clarity as to the level and extent of IMF involvement.

- Staff perceived that the PRSP/PRGF process had, as a whole, improved the manner in which they conduct Fund business, both within the IMF itself—poverty issues are now highlighted to a greater degree in the process of program design—and in their collaboration with the World Bank and interaction with the broader donor community during program implementation. Notably, the factors driving these processes were seen by staff to be broader than the mere streamlining of conditionality.
- Respondents indicated that further progress is impeded by the slow change in IMF institutional culture. Missions are still constrained in terms of size and time, and the new approach has not led to more policy space for country-driven options. Generally, respondents did not support the view that the PRSP/PRGF process had led to a significant change in the way initial policy positions are discussed and established within the IMF.
- JSAs were found by IMF staff to be useful in providing feedback to the authorities and as an independent expert assessment of the PRSP to third parties, notably civil society and donors. Moreover, the majority of staff considered them to be candid.

Figure A2.1. IMF Staff Responses on the Impact of the Key Features of PRGF-Supported Programs on Their Conduct of Fund Business¹

(1=No impact; 5=Highly significant impact)



Source: IMF staff survey database for this evaluation.
¹Y-axis represents number of responses.

ANNEX
3

PRSP Sourcebook: Does It Provide Adequate Space for Policy Flexibility, and Is It Based on Strong Empirical Evidence?

Policy Prescription in the PRSP Sourcebook ¹	Does the Policy Prescription Allow an Appropriate Degree of Flexibility in the Policy Space? ²	Is the Policy Prescription Well Supported by Empirical Evidence on the Links Between Policies and Growth or Poverty Reduction? ³
A. Macroeconomic stability		
1. Macroeconomic stability is necessary for growth. (12.2.2)	Yes (statements are very general).	Yes—but debates about what stability “thresholds” should be.
2. Macroeconomic instability hurts the poor – Inflation hurts the poor (a regressive tax) and, beyond certain thresholds, curbs output growth. (12.2.3) – Economic crises/instability have a longer-term adverse impact on poverty (e.g., through hysteresis effects). (12.2.3)	Yes (acknowledges substantial “gray area”). Yes.	Robust cross-country evidence is limited, but statements are quite contrary.
3. For countries where macroeconomic imbalances are not severe, a range of possible macroeconomic targets is consistent with the objective of stabilization. (12.2.5 and 12.3)	Yes.	Yes.
4. In adjusting to external shocks, since there is inevitable uncertainty about whether they are temporary or permanent, it is usually wise to assume that an adverse shock will persist. Countries in macroeconomic crisis typically have little choice but to stabilize quickly, but for countries in gray area of partial stability, finding the right pace may prove difficult. In some cases, a lack of financing will drive the pace of stabilization. (12.3.2)	Partial (overly prescriptive on how to respond to shocks).	Too country-specific to generalize.
5. In some cases, lack of financing will drive the pace of stabilization. Where financing is not a constraint, policy makers will need to weigh various factors on a case-by-case basis when choosing the most appropriate pace of stabilization. (12.3.3)	Yes—quite general, but acknowledges critical role of financing availability.	Yes.
B. Fiscal policy		
1. There are no rigid predetermined limits on what would be an appropriate fiscal deficit, which should be assessed on the basis of the medium-term outlook and the scope for external budgetary assistance. (12.4.1 and 12.4.2)	Yes.	
2. Governments can reduce the procyclical nature of their fiscal policies by saving the windfalls that follow positive shocks and using the savings as a buffer for expenditure against negative shocks. A cautious approach would be to treat every favorable shock as temporary and every adverse one as permanent.	No (too prescriptive on the fiscal policy response to shocks).	No.

Policy Prescription in the PRSP Sourcebook ¹	Does the Policy Prescription Allow an Appropriate Degree of Flexibility in the Policy Space? ²	Is the Policy Prescription Well Supported by Empirical Evidence on the Links Between Policies and Growth or Poverty Reduction? ³
3. There is a strong case for allowing higher grants to translate into higher spending, to the extent that those grants can reasonably be expected to continue, but there may be absorptive constraints. In the absence of medium-term commitments, policymakers should be cautious in aid projections. (12.4.2)	Yes.	
4. Tax policy should move toward a system of easily administered taxes with broad bases and moderate marginal rates. (12.4.2 and Box 12.4)	No (the description of the contents of the “best tax systems” is quite detailed and does not discuss potential trade-offs).	Considerable case study experience on components of an effective tax system, but poverty effects of decisions on coverage etc. can be very country specific (e.g., Ethiopia PSIA of tax reforms).
5. Governments should take into account the extent to which public sector borrowing crowds out the private sector’s access to credit, but at times public sector borrowing can “crowd in” private investment by financing critical infrastructure. Domestic budgetary financing should take account of the relative productivity of public and private investment. (12.4.2)	Broadly yes—but no acknowledgment of risks that speed of response of private sector may be overstated.	
C. Monetary and exchange rate policies		
1. Set a single objective for monetary and exchange rate policy: the achievement of low and stable inflation (i.e., a single-digit rate, the precise target depending on a country’s inflation history and level of development). (12.4.3)	Broadly yes; single-digit threshold for inflation.	Yes—although there is some debate on the precise inflation threshold linked to good growth performance, and evidence on poverty links are less robust.
2. Credibility can sometimes be enhanced by imposing restrictions on policy (e.g., limiting the discretion of the monetary authorities, including through various nominal anchors) or by adopting specific institutional arrangements. In the long run, however, only policies to which the authorities are fully committed can be credible, and imposing restrictions on policy in the absence of such commitment can be disastrous. (12.4.3)	Yes.	
3. The pros and cons of fixed versus flexible exchange rate regimes need to be assessed carefully—there is no universal right answer. (12.4.3).	Yes.	Very general statement.
D. Policies to insulate the poor against shocks		
1. The resources allocated to social safety nets should be protected during adjustment, when fiscal tightening may be necessary. (12.4.4)	Yes.	
2. It is important that safety nets be operating before an economy is hit by a shock. However, if they are not, “second best” social protection policies may be necessary. (12.4.4)	Yes.	
3. Relaxing foreign currency controls in a well-managed fashion can give the poor access to safer assets, such as foreign currency, that can protect them from shocks that lead to devaluation. (12.4.4)	No (overly prescriptive—goes beyond the evidence).	No.
4. Severe financial repression, such as controlled interest rates, can impede the ability of the poor to save. Properly managed, financial liberalization policies can have the additional benefit of increasing self-insurance for the poor. (12.4.)	Partial (broader risks associated with a mishandled sequence of financial liberalization are not emphasized).	

¹The policy prescriptions described here are a summary of those contained in Chapter 12 (“Macroeconomic Issues”) of the PRSP Sourcebook. The policy recommendation assessed is the more complete description contained in the Sourcebook and not just the summary given here. Section references are to the Sourcebook chapter.

²The purpose is not to provide a judgment on the merits of the policy advice per se, but to assess whether it can be interpreted as signaling a reasonable degree of policy flexibility to guide a homegrown policy debate.

³In some cases, no entry is made on the “supporting evidence” because the policy prescription in the preceding column is very general and essentially calls for a case-by-case assessment.

ANNEX
4

Assessment of the Adaptation of the IMF's Internal Policy Process

Table A4.1. An Assessment of the Adaptation of the IMF's Internal Policy Process Between the ESAF and the PRGF Based on Briefing Papers for a Sample of 23 PRGF-Eligible Countries Between 1999 and 2003

Issues for Assessment	Comments on Changes in Policy Approach as Indicated by Comparisons of ESAF- and PRGF-Related Benchmark Briefing Papers	Average Rating of ESAF and PRGF Benchmark Briefing Papers and Highest Scoring Briefs ¹			
		ESAF		PRGF	
		Average rating of brief (1–4)	Percentage of briefs scoring 3 and above	Average rating of brief (1–4)	Percentage of briefs scoring 3 and above
A. Briefing papers					
1. Does the brief discuss links between the PRSP and the PRGF objectives?	Not done under ESAF. PRGF links to the PRSP are discussed in detail by majority of PRGF briefs.	n.a.	n.a.	3.18	82
2. In resolving the key issues identified by the mission does the brief leave room for discussions on the specific policies to be adopted to achieve the objectives of the poverty reduction strategy (i.e., are a range of possible policy options considered in key areas?)					
1. Macro stabilization	Overall, PRGF briefs did not present a broader range of possible policy options to the authorities than those of the ESAF nor did they leave room for discussion on specific policy issues. PRGF briefs were generally prescriptive and change was incremental at best.	2.1	38	2.2	35
2. Public finance		1.7	9	2.3	35
3. Financial sector		1.9	9	2.2	31
4. Macro-critical ²		2.2	50	2.1	21
5. Structural areas ³		1.7	6	1.8	9
Overall		1.9	22	2.1	26
3. Are alternative macroeconomic frameworks and the trade-offs between them considered?	Given the complex nature of the actual and potential shocks facing the sample countries, alternative macroeconomic frameworks were not fully fledged and trade-offs were rarely sufficiently discussed.	1.4	4	2.1	39
4. Does the brief discuss how the program will protect key objectives in the event of unanticipated negative shocks?	A large number of PRGF briefs address the issue of protecting key objectives in the event of unanticipated shocks, including adjustments in the expenditure framework.	1.8	30	2.3	52
5. Does the brief allow for flexibility to use additional concessional external financing if available?	Considerable flexibility in the use of additional concessional external financing was already achieved under the ESAF, and there was not much change under the PRGF.	2.4	57	2.3	52
6. Is a participatory process in resolving key issues considered?	Key policy discussions were generally confined to official circles and there was very little attempt to seek input from other stakeholders.	n.a.	n.a.	1.9	22

Table A4.1 (concluded)

Issues for Assessment	Comments on Changes in Policy Approach as Indicated by Comparisons of ESAF- and PRGF-Related Benchmark Briefing Papers	Average Rating of ESAF and PRGF Benchmark Briefing Papers and Highest Scoring Briefs ¹			
		ESAF		PRGF	
		Average rating of brief (1–4)	Percentage of briefs scoring 3 and above	Average rating of brief (1–4)	Percentage of briefs scoring 3 and above
7. Does the brief identify policy issues where poverty and social impact analysis (PSIA) inputs would be necessary/useful? (Explain precisely what was proposed/done on PSIA in comments section.)	The importance of PSIA is highlighted by many briefs. However, inputs during implementation were assumed to come from the government and other agencies, while methodological and capacity constraints were not discussed.	n.a.	n.a.	2.6	57
B. Review departments' comments					
8. Is the need for more “policy space” for homegrown options recognized in the review process? (The focus of this question is not on the magnitude of adjustment but on how prescriptive review comments were.)	The review process did not put much emphasis on creating policy space for homegrown options—by, for example, encouraging a more participatory approach to policy formulation. This was then mirrored in the briefs' relatively inflexible approach to policy formulation, as indicated above.	1.2	4	1.9	22
9. Are poverty issues discussed or their absence highlighted in review departments' comments?	Review departments insisted on raising the profile for poverty and social expenditure issues, including PSIA, in the majority of briefs, explaining to a large extent the increased emphasis on poverty and related issues seen in the PRGF briefs.	1.8	26	2.5	52
10. Did review departments press for more or less conditionality (prior actions, performance criteria, structural benchmarks) in the policy areas specified by the mission?	Compared to the ESAF briefs, PRGF briefs were less inclined to press for more conditionality. However, this is mostly true for countries that had established credibility with the IMF (via a successful ESAF program, for example). For “early stabilizers” conditionality did not decline by much.	1.4	13	2.4	48

¹The ranking scheme is based on the degree of consistency with the PRSP/PRGF approach: 1 = Highly inconsistent; 2 = Inconsistent; 3 = Consistent; 4 = Highly consistent (see Table A4.2 for the criteria used in the ranking).

²Including governance (financial transparency and anticorruption), trade liberalization, and debt sustainability.

³Including privatization and SOE reform, public sector reform, private sector development, capacity building, agricultural sector and land reform, forestry sector policy, industrial sector reform, and other reforms.

Table A4.2. Coding Scheme for the Cross-Country Task on Briefing Papers and Department Reviews¹

Numbers in Parentheses Refer to Assessment Reached	
Section I. Briefing paper	
A. Issues and timing	
(i) Key policy issues to be addressed by the mission (specify in each case, with a focus on major issues).	Examples of policy issues (but add specifics in “comments” section): Fiscal policy Trade liberalization Privatization Civil service reform Public expenditure reform Monetary policy Financial sector reform Governance
(ii) Was PRGF launched before full PRSP?	Yes/No; provide date of full PRSP.
B. Contents of briefs	
(i) Does the brief discuss the links between the PRSP and the PRGF objectives?	(1) No linkage (mere mention of poverty not enough). (2) Discussion of poverty issues and references to PRSP but no indication of how the two are linked. (3) Some discussions of PRSP strategy and objectives and of links with PRGF proposals, but not comprehensive. (4) Comprehensive discussion of key objectives and strategy of PRSP and of how proposed PRGF program will be integrated with them.
(ii) In resolving the issues identified in A above does the brief leave room for discussion, based on domestic policy debate, on the specific policies to be adopted to achieve the objectives of the poverty reduction strategy? (i.e., are a range of possible policy options considered in key areas?) (specify for each policy issue).	(1) Brief leaves no policy space (i.e., sets objectives and specifies policies). (2) Brief leaves room for discussion of a narrow range of policy alternatives. (3) Brief leaves room for discussion of a broad range of policy alternatives. (4) Policy options not restricted in discussions of objectives and analyses of key trade-offs.
(iii) Are alternative macroeconomic frameworks and the trade-offs between them considered?	(1) No discussion of alternative frameworks. (2) Limited discussion of an alternative macroeconomic framework (but no discussion of potential trade-offs). (3) Alternative macroeconomic framework and trade-offs discussed but implications for PRSP objectives not analyzed in depth. (4) Alternative macroeconomic frameworks, potential trade-offs between them, and their implication for overall PRSP objectives clearly analyzed.
(iv) Does the brief discuss how the program will protect key objectives in the event of unanticipated negative shocks?	(1) No discussion of potential shocks or of how program would adapt to them. (2) Risk of shocks is discussed but no discussion of trade-offs between adjustment and financing or how to protect key objectives. (3) Potential shocks are identified and mix of financing and adjustment discussed, but no significant discussion of implication for key objectives and how to protect them. (4) Potential shocks are identified; trade-offs between adjustment and financing clearly analyzed; and potential strategy for preserving key objectives is set out.
(v) Does the brief allow for flexibility to use additional concessional external financing, if available?	(1) Brief proposes a specific fiscal deficit target, with no flexibility for use of additional concessional financing. (2) Some limited flexibility to accommodate additional inflows. (3) Proposed program allows for significant flexibility in accommodating additional financing, but no systematic discussion of implications for key PRSP objectives. (4) Brief discusses implications of different levels of external financing for achievement of PRSP objectives, and lays out an explicit strategy on how the program will accommodate additional inflows.
(vi) Is a participatory process in resolving key policy issues considered?	(1) Not discussed. (2) Consultations with donors, NGOs etc., by Fund staff are suggested but no indication of how the results will be incorporated into program design. (3) Discusses a broad strategy for seeking views of all key stakeholders on the major program design issues. (4) Clear recognition that program design issues should draw upon a participatory process included in the PRSP and sets out a clear strategy for Fund participations in such a debate.
(vii) Does the brief identify policy issues where poverty and social impact analysis (PSIA) inputs would be necessary/useful? (Explain precisely what was proposed/done on PSIA in comments section.)	(1) No discussion of PSIA. (2) Identifies broad policy issues where poverty/social impact may be significant, but no discussion of actual impact or of how PSIA will be brought to bear on these issues. (3) Areas where PSIA is needed are identified, but no comprehensive strategy for use of PSIA is set out. (4) PSIA undertaken, even if in limited manner, before policy decisions are taken.

Table A4.2 (concluded)

Numbers in Parentheses Refer to Assessment Reached	
Section 2. Department Reviews²	
(i) Is the need for more “policy space” for home-grown options recognized in the review process? (The focus of this question is not on the magnitude of adjustment but on how prescriptive review comments were.)	<ul style="list-style-type: none"> (1) Review comments remain highly prescriptive in content. (2) Reviews suggest some limited alternative policy options, but no recognition that authorities should be given more “policy space.” (3) Significant range of alternative policy options suggested. (4) Explicit recognition in review comments that approach should be one of identifying broad objectives and helping authorities implement homegrown options to achieve these objectives.
(ii) Are poverty issues discussed or their absence highlighted in review department comments?	<ul style="list-style-type: none"> (1) Not discussed. (2) Poverty issues mentioned but discussion shallow. (3) Review comments on macro and related policies are explicitly linked to the broader poverty objectives. (4) Staff urged to be more proactive in the poverty reduction strategy (e.g., references to “key features of PRGF-supported program”).
(iii) Did departments press for more or less conditionality (prior actions, performance criteria, structural benchmarks) in each of the areas specified in A? (specify) ³	<ul style="list-style-type: none"> (1) More conditionality demanded, with no indication of priority or streamlining. (2) Recognition that streamlining (to the Fund’s core areas) required, but wide conditionality pressed for in core areas and requests that Bank strengthen its conditionality in other areas. (3) Strong emphasis on streamlining conditionality, but no link to ownership or consideration of aggregate level of Bank-Fund conditionality. (4) Review departments recognize that ownership and streamlined conditionality are linked, and that any conditionality should be closely associated with PRSP core objectives. Aggregate level of Fund-Bank conditionality explicitly considered.

¹The grading scheme had the following scale: 1 = Highly inconsistent; 2 = Inconsistent; 3 = Consistent; 4 = Highly consistent.

²Coverage of review department comments will be mainly on the basis of PDR, but comments from other departments (such as PDR, FAD, MFD, and RES) where substantive program design issues are raised are also noted.

³“Not applicable” could be used here to indicate that conditionality was not discussed at all.

ANNEX 5

Modalities of Participatory Processes: How Broad-Based Has Participation Been?

Many of the countries concerned had no tradition of participatory policy formulation (e.g., Albania, Cambodia, and Tajikistan). Others did have a participatory tradition or experience, but a separate participatory process was launched nonetheless, in order to comply with HIPC/BWI conditionality (e.g., Mozambique and Vietnam).

The participatory process was generally organized by the authorities according to modalities of their own choosing. However, in practice, donors—including the World Bank, but not the IMF (which rarely intervened in discussions on modalities of the participatory process) frequently had a strong influence on the process, primarily because they funded it, but sometimes also because the authorities themselves did not show much interest, at least initially (e.g., Nicaragua and Vietnam), and/or did not know how to proceed, especially in the absence of organized representation of civil society (e.g., Albania, Tajikistan, and Vietnam).

Who Participated?

In all the country case studies, good efforts were made to involve government stakeholders beyond the department coordinating the process, as well as the donor community. The involvement of civil society was generally more patchy. It is to be expected that country choices vary with respect to the involvement of specific interest groups (such as religious organizations and indigenous groups) according to their relevance in each country. However, the following crosscutting issues surfaced from both our case studies and broader evidence from outside sources:

- (i) Parliaments were generally not significantly involved.¹

¹In Ethiopia and Nicaragua, the authorities view parliamentarians as key stakeholders, but in the latter case opposition parties refused to engage for political reasons. In Guinea, Tanzania, and Vietnam, parliaments were given an opportunity to review the final document. This finding is consistent with those of external literature (see, for instance, Stewart and Wang, 2003).

- (ii) Criteria for selecting civil society representatives lacked transparency and/or a clear rationale, giving rise to criticism of poor representativity and pro-government political bias of the stakeholders chosen (especially in Guinea and Mauritania).
- (iii) The involvement of the business sector was often unsatisfactory, either because they were not called in to participate in the participatory process (in Tajikistan) or because they felt that the modalities of their involvement did not allow them any substantive role (in Albania, Mauritania, and Nicaragua), leading to their withdrawal. In some cases, however (Guinea and Ethiopia), private sector representatives were relatively satisfied with both their involvement and their contribution to the process.
- (iv) Involvement of stakeholders at the decentralized level was sometimes neglected (e.g., in Mauritania).
- (v) Also left out of the process in most cases were the poor themselves. As a result, some commentators have characterized participatory processes as opening up policy space only to the benefit of a technocratic elite expert in development issues, but little qualified to speak for the poor.²

These limits are echoed by the results of the survey of PRSP stakeholders, with government stakeholders and donors broadly agreeing that their respective interest groups were adequately consulted, and civil society in mild disagreement with that view.

How Was Participation Organized?

In most cases, several modalities of consultation were used in combination. The most commonly used

²See, for instance, Bretton Woods Project (2003).

Table A5.1. Summary Evaluation of the Types of Participation in Macroeconomic and Related Areas¹

Country	PRSP Design Stage ²				PRSP Implementation Stage ³			
	Information sharing?	Consultation?	Joint decision making?	Initiation and control by stakeholders?	Information sharing?	Consultation?	Joint decision making?	Initiation and control by stakeholders?
IEO case studies								
Guinea	Partial	Yes	No	No	Limited	No	No	No
Mozambique	Yes ⁴	Yes	No	No	Yes	Yes	No	No
Nicaragua	Yes ⁴	Yes	No	No	Yes	Partial	No	No
Tajikistan	Yes	Yes	No—but detailed recommendations by civil society	No	Partial	Limited so far	No	No
Tanzania	Yes	Yes	No	No	Yes	Yes	Partial—some institutionalized feedback	No
Vietnam		No ⁵	No	No		No ⁵	No	No
OED-only case studies ⁶								
Albania	Partial	Yes	No	No	Partial	No	No	No
Cambodia	Partial	Partial	No	No	n.a.	n.a.	n.a.	No
Ethiopia	Yes	Yes	No	No	Yes	Partial ⁷	Partial ⁷	No
Mauritania	Partial	n.a.	No	No	n.a.	n.a.	n.a.	No

¹This table summarizes the IEO assessment of the extent to which different types of participation were implemented in each of the case studies. It draws upon the detailed discussion of the participatory process described in the individual country reports, but uses the categories of possible intensities of participation discussed in McGee and Norton (2000). In each case, the assessment is of the extent of participation in macroeconomic and related areas (including the composition of budgetary expenditures). Assessments of the intensity of participation would probably be higher in some social sector policy areas (e.g., health and education).

²McGee and Norton (2000) propose a more detailed disaggregation of the stages of the “design” cycle into “Diagnosis,” “Formulation,” and “Approval.” However, the intensity of the participatory process does not seem to have varied widely between such potential subcategories, so we have used a simpler classification.

³Includes monitoring and evaluation.

⁴In the case of Mozambique and Nicaragua, information about the fiscal consequences of banking crises—which had important implications for macroeconomic policy design and key trade-offs—were not shared with a broader group of stakeholders.

⁵Consultation on fiscal/monetary policy was limited in Vietnam, but this seems to have partly reflected a mutual agreement that the more pressing issues were elsewhere. Debate on key issues such as pace of state enterprise reform was significant, but took place within the traditional framework of the party.

⁶We have drawn upon the descriptions in the four country case studies undertaken by the OED alone to make an assessment of the degree of participation in the macroeconomic policy area. However, the summary judgments provided here are the responsibility of the IEO alone. In some instances, there is not enough information in the case study to make such a judgment and these have been indicated as “n.a.”

⁷In Ethiopia, the private sector influenced PRSP implementation via business organizations but there was no institutionalized dialogue mechanism for civil society.

format was large attendance workshops and conferences held at the national and, in most cases, also at the regional level, with large variations in stakeholder coverage and number of workshops organized. In several countries, a lot of background work for the PRSP—and some of the material subject to broader consultation—was prepared in working groups involving at least two of the three main stakeholder groups (i.e., government, civil society, and donors). While in Guinea and Mauritania these groups were ad hoc and ceased to meet after the formulation of the PRSP, a permanent structure has been put in place in Tanzania, building on the preexisting PER working groups. In Nicaragua, such a group was recently constituted on an ad hoc basis, to explore tax reform issues.

Several countries made attempts to hold direct consultations with NGOs and grassroots organizations, but these efforts were often impaired by the lack of organization of the sector. However, where

civil society already had a form of institutional representation (e.g., miscellaneous government sponsored NGO umbrella groups in Guinea, CONPES in Nicaragua, and mass organizations in Vietnam) consultation of these institutions formed a core part of the participatory process. In others, such CSO umbrella organizations were established for the occasion of the PRSP, either by the government (e.g., in Albania) or independently of it, with donor support (e.g., in Ethiopia, Nicaragua, and Tajikistan). In many of these cases, these (or other) civil society groups managed to prepare substantive inputs into the PRSP. Such inputs, while rarely called for, were welcomed in most cases (though not always taken into consideration). However, in Nicaragua, it was dissatisfaction with the official participatory process that led certain groups (in particular an NGO umbrella group and a group of municipalities) to develop their own alternative version of the PRSP.

Qualitative Appraisal of Joint Staff Assessments

The IEO undertook a desk review of the 28 JSAs of full PRSPs issued through May 2003, involving a systematic analysis of their contents in areas of interest to the evaluation team. The table below pre-

sents the criteria used in assigning quality ratings to selected aspects of JSAs, as well as the average and median ratings obtained by JSAs in our sample for each of these aspects.

JSA Assessment Matrix: Coding Scheme	Mean	Median
1: Highly unsatisfactory 2: Unsatisfactory 3: Satisfactory 4: Highly satisfactory		
Analysis of Risks to Successful PRSP Implementation	3.18	3
1. Risks to PRSP implementation not discussed		
2. Discussion of risks is limited		
3. Risks adequately discussed but no remedial actions suggested		
4. Risks exhaustively discussed along with remedial actions		
Clear and Candid Assessment of the Following Key Areas:		
A. Ownership and Participation	2.43	2
1. Little or no description of participatory process and no discussion of ownership at all		
2. Incomplete discussion of country ownership and participation		
3. Good description of participatory process and discussion of ownership		
4. Extensive description of country ownership and participation and its impact on the content of the strategy		
B. Targets, Indicators, and Monitoring	3.36	3.5
Criteria: (i) Realism, (ii) Consistency with priorities, (iii) Transparency/ Participatory methods for monitoring the PRSP, and (iv) Feedback into policy decisions		
1. Partial description without assessment		
2. Good description but no assessment		
3. Good description and some assessment (1 or 2 criteria met)		
4. Full description and good assessment (3 or 4 criteria met)		
C. Priority Public Actions		
C1. Macroeconomic Framework	3.04	3
Criteria: (i) Soundness, (ii) Realism, (iii) Trade-offs, and (iv) Robustness		
1. No assessment at all		
2. Assessment of soundness only		
3. Assessment of soundness and some qualitative assessment		
4. Assessment covers soundness, realism, robustness, and discussion of trade-offs		
C2. Fiscal Choices	3.14	3
Criteria: (i) Internal consistency, (ii) Quality of data and cost estimates, and (iii) Administrative capacity to deliver		
1. No discussion at all		
2. Assessment covers only one criterion		
3. Assessment covers two criteria		
4. Assessment covers all three criteria		

JSA Assessment Matrix: Coding Scheme	Mean	Median
<p>C3. Financing Plan Criteria: (i) Realism, (ii) Sustainability, (iii) Alignment, and (iv) Contingency plans</p> <ul style="list-style-type: none"> 1. No discussion at all 2. Assessment covers only one criteria 3. Assessment covers two criteria 4. Assessment covers three or four criteria 	2.79	3
<p>Due Consideration of Country Situation</p> <ul style="list-style-type: none"> 1. No discussion of initial conditions 2. Limited discussion of domestic context with respect to the PRSP 3. Discussion of the country situation is adequate, but weakly linked to PRSP 4. Country situation is well discussed as well as its links to the PRSP 	2.81	3

Determinants of Targeted and Actual Fiscal Adjustment

This annex presents details of regression analyses that underlay some of the results discussed in Chapter 4. The regressions were based on data from 88 new arrangements approved by the IMF under either the ESAF or the PRGF during 1995–2003; 47 of the arrangements were approved as ESAFs and the rest as PRGFs.

Methodology

In order to examine the relative importance of various factors in the setting of targets for fiscal adjustment in ESAF- and PRGF-supported programs, we estimated a regression model of the size of the targeted change in the government balance excluding grants, over the first and first two years of the program—that is, changes between $T-1$ and T , and between $T-1$ and $T+1$, respectively. We used the following as regressors: (i) the initial level of the government balance [$g_{bal}(T-1)$]; (ii) the targeted change in the external current account balance [Δcab]; (iii) the initial level of grants in the government budget [$grants(T-1)$]; (iv) the projected change in the level of grants [$\Delta grants$]; and (v) projected growth [$growth$].¹

We postulated a two-way relationship between targeted fiscal adjustment and targeted external cur-

rent account adjustment, and employed two-stage least squares (with robust standard errors) to account for the endogeneity of the targeted change in the external current account.

We replicated the regressions using outturn data in place of targeted/projected data in order to compare the determinants of targeted and actual fiscal adjustment.

Results

We obtained broadly similar results for targeted fiscal adjustment under ESAFs and PRGFs over a two-year horizon: the targeted magnitude of fiscal adjustment was inversely related to the initial level of the fiscal balance and to the projected change in the level of grants (top half of Table A7.1). Specifically, over the two-year horizon, the targeted fiscal adjustment reflected a near-halving of the initial fiscal deficit and a full adjustment to projected change in the availability of grants.

The estimations using outturn data indicated significant influence of the initial fiscal balance and change in the level of grants as determinants of actual fiscal adjustment, but only for the initial program year of ESAFs (bottom half of Table A7.1). The limited number of observations for outturns under the PRGF suggest caution in interpreting the results for the PRGF, but the influence of the initial level of fiscal balance is no longer significant.

¹All variables were measured as ratios to GDP, except growth, which was measured in percent a year.

Table A7.1. Determinants of Targeted and Actual Fiscal Adjustment in ESAFs and PRGFs

	ESAFs		PRGFs	
	Horizon T	Horizon T+1	Horizon T	Horizon T+1
Dependent variable: targeted fiscal adjustment				
Constant	-1.60*	-2.6	0.56	2.53
<i>gbal</i> (T-1)	-0.25**	-0.46***	-0.29	-0.52**
Δcab	0.33	0.32*	0.52	0.22
$\Delta grants$	-0.43**	-0.98**	-1.04*	-1.11***
<i>grants</i> (T-1)	-0.16	-0.51**	-0.43	0.65
<i>growth</i> (T)	0.19	-0.08	-0.08	0.48
<i>growth</i> (T+1)		0.47		-0.96
N	44	43	40	39
Dependent variable: actual fiscal adjustment				
Constant	-1.6**	-1.97	-5.15	-6.37
<i>gbal</i> (T-1)	-0.32**	-0.14	-0.60	-0.31
Δcab	-0.13	-0.36	1.02	0.89
$\Delta grants$	-0.46**	-0.52	1.23	0.32
<i>grants</i> (T-1)	-0.27	-0.11	-0.20	0.46
<i>growth</i> (T)	0.13	-0.06	0.14	0.14
<i>growth</i> (T+1)		0.29		0.29*
N	45	45	32	23

Note: The asterisks denote levels of statistical significance: * = 10 percent, ** = 5 percent, and *** = 1 percent.

Composition of Targeted Changes in Expenditures and External Financing in IMF-Supported Programs

The Composition of Programmed Fiscal Adjustment

As discussed in Chapter 4, *PRGF-supported programs target, on average, greater increases in revenues and smaller expenditure cuts than their ESAF counterparts*. These results are reinforced by looking at the distribution of targeted changes in expenditures in ESAF- and PRGF-supported programs. Figure A8.1 shows that whereas most ESAF arrangements project expenditure reductions (Panel A), a majority of PRGF-supported programs accommodate higher expenditures (Panel B).

Another way of studying the evolution of projected revenues and expenditures in PRGF-supported programs is to regress the programmed change in expenditures (or revenues) on a number of variables that might be expected to affect these targets (i.e., previous expenditure/revenue levels, GDP growth, targeted fiscal adjustment, etc.) and include a dummy variable to measure the impact of PRGF-supported programs. The dummy variable should capture changes in programmed expenditures (or

revenues) due to the introduction of the PRGF, controlling for other factors that might be expected to influence the setting of expenditure (or revenue) targets. The results of this exercise suggest that, *holding all else constant, PRGF-supported programs target total expenditure levels about 1.6 percent of GDP higher than their ESAF counterparts*. Similarly, controlling for all else, PRGF-supported programs target a similar increase in revenues.

The Availability of External Financing

Figure A8.2 shows that there is a great degree of variability in the projected amounts of net external public sector financing in both ESAF- and PRGF-supported programs. However, the center of the distribution shifts substantially to the right in the case of PRGF-supported programs. On average, while PRGF-supported programs project increases in the availability of external budget financing in the first two program years, they project a strong decline in the third year.

Figure A8.1. Distribution of Programs According to the Targeted Change in Expenditures

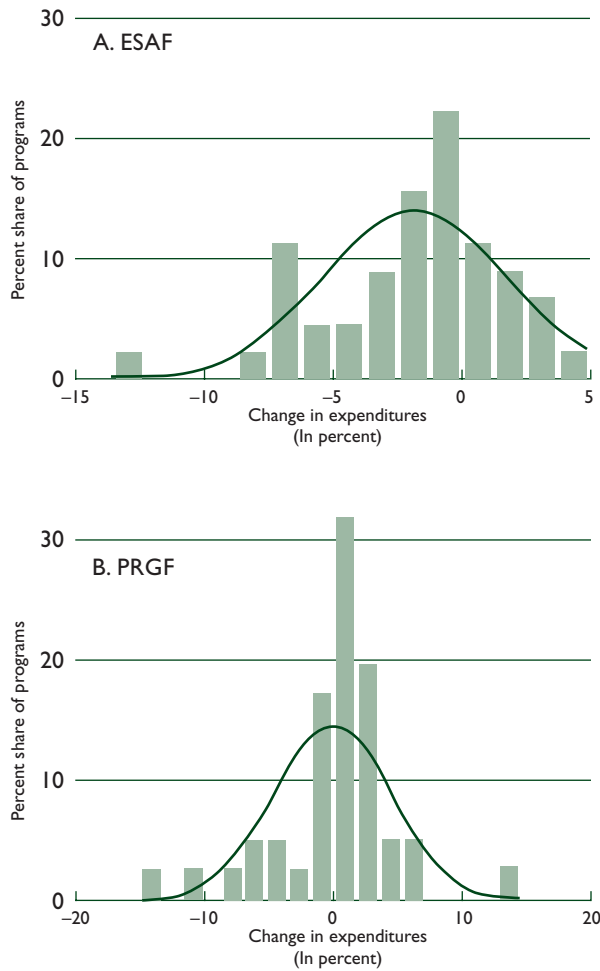
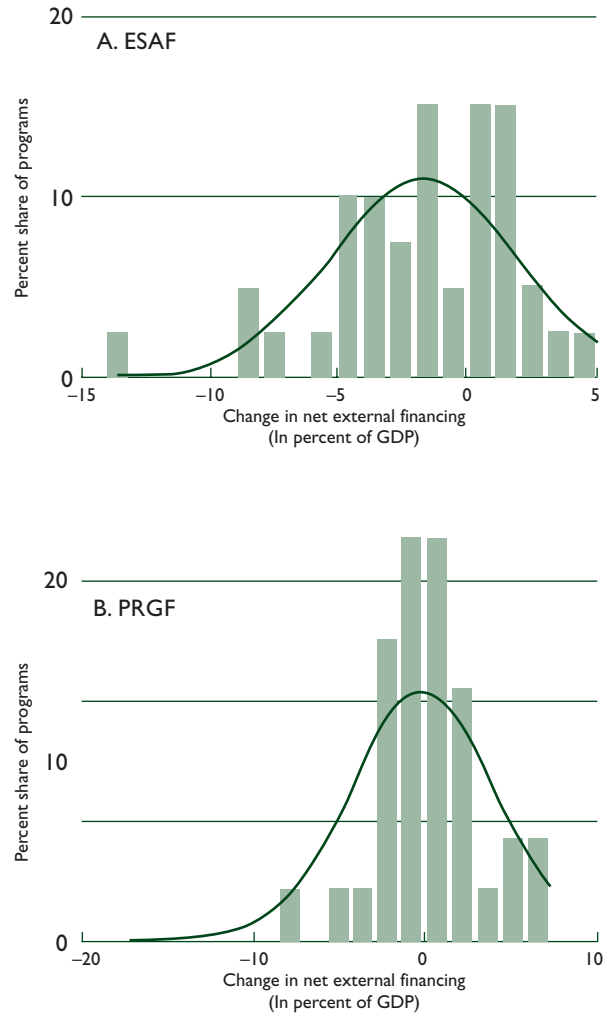


Figure A8.2. Distribution of Projected Changes in the Availability of Grants and Concessional Loans in ESAF- and PRGF-Supported Programs



Changes in Domestic Policy Processes and Institutions: Evidence from Case Studies

Table A9.1. What Happened to Domestic Policy Formation Under the PRSP Approach? Some Examples from the Case Studies

Country and Policy Issue	Did a Broader-Based Policy Debate Take Place on the Issue?	Did the Debate Lead to a Broadened Policy Space, e.g., Considering Additional/ Alternative Options?	Outcome
Guinea			
1. State enterprise reform	No.	No.	Still no country-owned strategy that could be supported by the IFIs.
2. Governance	Yes, initially under the pressure of donor conditionality. Debate started prior to PRSP process but was substantially amplified by it.	Yes. Debate led to large range of solutions being considered, taking a very broad view of governance problems.	Comprehensive strategy defined, emphasizing decentralization and capacity building as a solution. Very limited progress in implementation. Governance problems remain pervasive, at all levels of government. Local CSOs supported BWI conditionality in this area.
Mozambique			
1. Petroleum tax increase	No broad-based debate but the IMF and the authorities agreed to await the outcome of a PSIA on the impact of the measure before its implementation.	The PSIA considered two main scenarios on updating the specific tax that had not been adjusted for five years: (i) increase the tax in line with exchange rate movements (a 100 percent increase in the tax); and (ii) increase the tax in line with domestic inflation (a 65 percent increase in the tax).	The PSIA concluded that “the aggregate short-term impact of a rise in fuel tax on poverty is modest.” The tax on petroleum products was increased by an average of 62.5 percent in May 2003.
2. Rationalization of tax incentive and exemptions	No broad-based debate; the measures were recommendations of an IMF technical assistance mission.	No.	The government initially complained to the IMF that the recommendations were “unhelpful” but was subsequently persuaded to implement some of the measures.
Nicaragua			
1. Growth strategy	Not initially, but consultation later on pushed by donor community (see Box 2.1).	Initially, the debate was not opened up, as the new government chose not to “rock the boat” (and delay progress on HIPC debt relief) even though it disagreed with the growth strategy in the PRSP. Subsequently, however, a broader debate did begin.	New growth strategy endorsed at Consultative Group meeting and work in progress to determine how to modify PRSP.
2. Tax reform	Debate took place in the context of a technical commission comprising representatives of various domestic stakeholders.	Yes, IMF showed greater flexibility to reform design, provided expected net revenue was maintained.	Tax reform approved. Passage of reform in assembly eased by IMF flexibility to design considerations.
3. Bank restructuring	No—but proposed approach was “owned” by key government officials.	No—although some debate did take place ex post on the choices made on “burden-sharing.”	Strategy for bank restructuring was determined by the authorities.

Table A9.1 (concluded)

Country and Policy Issue	Did a Broader-Based Policy Debate Take Place on the Issue?	Did the Debate Lead to a Broadened Policy Space, e.g., by Considering Additional/Alternative Options?	Outcome
Tajikistan			
1. Gas tariff reform and compensation to poor households	No broad-based debate.	No.	Provision was made in the budget for some compensation to poor households. However, the initial compensation scheme was ill-designed. It would have been better to have undertaken a proper PSIA before implementation of the tariff increase.
2. Limit on external borrowing to finance PIP	No broad-based debate.	No. Although not part of the formal conditionality in the PRGF-supported program, it is generally understood to be an important condition for completing program reviews.	The authorities went along with the limit, albeit reluctantly, because they thought it constrained their use of available concessional loans for growth-promoting public investments.
Tanzania			
1. Macroeconomic program design	Yes—but not as part of initial PRSP. Debate took place later within domestic framework (PER system).	Yes. A serious debate on fiscal and monetary policy design ensued, involving government, donors, and the IMF. Civil society largely uninvolved.	Substantial changes to program design were eventually made (see Box 4.2).
2. Trade policy	No. The bulk of trade-related reforms were undertaken before the launch of the PRGF and PRSP in 2000. Subsequently, no trade policy debate that was distinct from the broader macroeconomic issues has emerged.	Trade issues were mentioned with very little specificity in the PRSP, although the importance of ensuring that the poor shared in the benefits of globalization was stressed. In the absence of a broad domestic discussion—even the broadly participatory PER process has given it less attention than other issues—no alternative policy approaches were discussed.	Trade policy remains amenable to protectionist pressure from local producers. IMF staff have argued against such measures, but PRGF-supported programs have not included any trade-related conditionality.
3. Fiscal federalism	Although under implementation for close to a decade, local self-governance received renewed impetus under the PRS process—seen as a key point of departure for poverty eradication. Financial decentralization and the need to create local capacity for the management of public funds were natural consequences.	The IMF adopted a cautious stance on fiscal decentralization, warning that capacities at the local level were still very weak, and that expanding the process would have implications for the integrity of the central budget. The IMF did not press the government to abandon its plans, but did warn against rapid implementation and pushed for introduction at local levels of a more transparent and efficient financial management system.	Capacities at the local level have remained low, affecting the ability to monitor priority expenditures. The government has embarked on the training of local-level staff, with the assistance of local NGOs.
Vietnam			
1. State enterprise reform	The PRSP represented an “action plan” for the implementation of the five-year socioeconomic development plan that was approved at the Party Congresses in which various “mass organizations” were represented. Meaningful discussion affecting policy formulation did not take place in the context of the PRSP participatory exercise.	No, but the policy debate and resulting options were clearly country-driven.	Bank and Fund came to accept the authorities’ approach to SOE reform, albeit not until after pressing a privatization/equitization agenda at the start of the PRGF-supported program and in the context of the first PRSC.

Table A9.2. Institutional Changes: Evidence from Case Studies

Country	Macroeconomic Policymaking	PRSP Links to Budget	Monitoring and Evaluation
Guinea	Analysis and discussion of macroeconomic conditions and policies are conducted within a very narrow circle around the Minister of Finance and Governor of the central bank.	There are no systematic links between the PRSP policy matrix, sectoral strategies, expenditure plans of line ministries, and regional poverty reduction strategies. Nevertheless, budget allocations to designated priority sectors have been relatively protected from ad hoc cuts.	PRSP itself did not provide much detail on institutional arrangements for Monitoring and Evaluation. But a group was set up in October 2002 to: (i) determine set of indicators to be monitored; (ii) arrange for their production if not already available; and (iii) propose institutional arrangements for publication of indicators and for providing feedback from monitoring to updating and improving the PRSP.
Mozambique	There continues to be little public discussion of macroeconomic policy issues. Donors providing general budget support have formed a macroeconomic working group that discusses macroeconomic policy issues, but membership is limited to the donor community.	Integration of the PARPA (Mozambique's PRSP) into the government's planning, budgeting, and reporting processes is under way but at a slow pace. An annually updated MTEF is the main instrument for translating PARPA priorities into budgetary allocations. But PEM system needs strengthening to ensure that budgeted funds reach spending units and that funds are spent as budgeted.	Targets vary considerably in scope and precision. In a few areas targets are yet to be specified (e.g., anticorruption). Weak institutional capacity is adversely affecting the quality of monitoring. A Poverty Observatory has been established to review PARPA implementation annually, with a focus on drawing lessons and making recommendations for improving implementation. Role of nongovernment actors in PARPA monitoring not yet well defined.
Nicaragua	No significant movement toward opening up debate on the macroeconomic framework and alternative policy trade-offs. Recently, there seems to be some movement in the context of the new development plan.	Little linkage between the PRSP and the budget process. Poor PEM system is a major hindrance to implementation of the PRSP. Fragmentation of policymaking has generated problems for coordination and control over public finances.	The PRSP included a comprehensive set of targets and indicators for monitoring the impact of policies on the poor. Links between goals and intermediate indicators are clearly set out in the social area, but there are no intermediate indicators for the economic/production sectors. A comprehensive system for monitoring and evaluation of PRSP implementation is being set up (SECEP, SINASIP).
Tajikistan	There was some public discussion of macroeconomic policy issues during the formulation of the PRSP process. But macroeconomic policy formulation on an ongoing basis seems to revolve around discussions between IMF staff and a handful of government and central bank officials.	There is a disconnect between the PRSP, the PIP, and the government budget process. In particular, the PRSP and the PIP appear to have different priorities (the former heavily tilted to social sectors and the latter to infrastructure). Initial effort at an MTEF was based on only three sectors. Efforts are under way to broaden its coverage.	Five of nine main poverty reduction targets are linked to the MDGs. The PRSP policy matrix contains some 200 indicators, most of which refer to processes and policy measures, rather than to outcomes. Work is under way to develop a more focused set of intermediate indicators. A PRSP Implementation and Monitoring Unit has been established in the Presidency to coordinate monitoring and evaluation activities.
Tanzania	Macroeconomic policies now more frequently and openly discussed in broadly inclusive forums, but little impact of nongovernment actors on policy choices.	The PRS has provided a poverty-focused policy framework for budgeting that was lacking before. But spending within sectors is not always well targeted. Establishing a realistic mechanism for implementation at the subnational level remains a major challenge.	The PRS process has substantially enhanced national processes for poverty monitoring, although there are some inconsistencies in the follow-through of actual PRS targets. There is a major gap between PRS monitoring and feedback to policy formulation. IFMS is a major instrument for improving PEM and accountability.

Table A9.2 (concluded)

Country	Macroeconomic Policymaking	PRSP Links to Budget	Monitoring and Evaluation
Vietnam	Limited public discussion of macroeconomic policy issues.	<p>The CPRGS (Vietnam's PRSP) is linked to the socioeconomic development plans—the SEDPs (products of Vietnam's indigenous planning process). However, the CPRGS falls short of being an “action plan;” in some important areas (e.g., SOE reform) the strategy is not sufficiently operational.</p> <p>There is no fully costed and prioritized MTEF.</p>	<p>Institutionalization of CPRGS monitoring and evaluation of implementation is at an early stage. An interministerial steering committee has been established, headed by the Deputy Prime Minister. Each ministry has responsibility for monitoring a specified set of indicators and to report back to the steering committee.</p> <p>The CPRGS contains an extensive system of 136 indicators to monitor economic developments and poverty reduction at both program and aggregate levels.</p> <p>At end-2003, there was not yet in place a framework of indicators for monitoring the linkages between policy measures and outcomes. Also, for about one-third of the indicators, information was either not available or of poor quality.</p>