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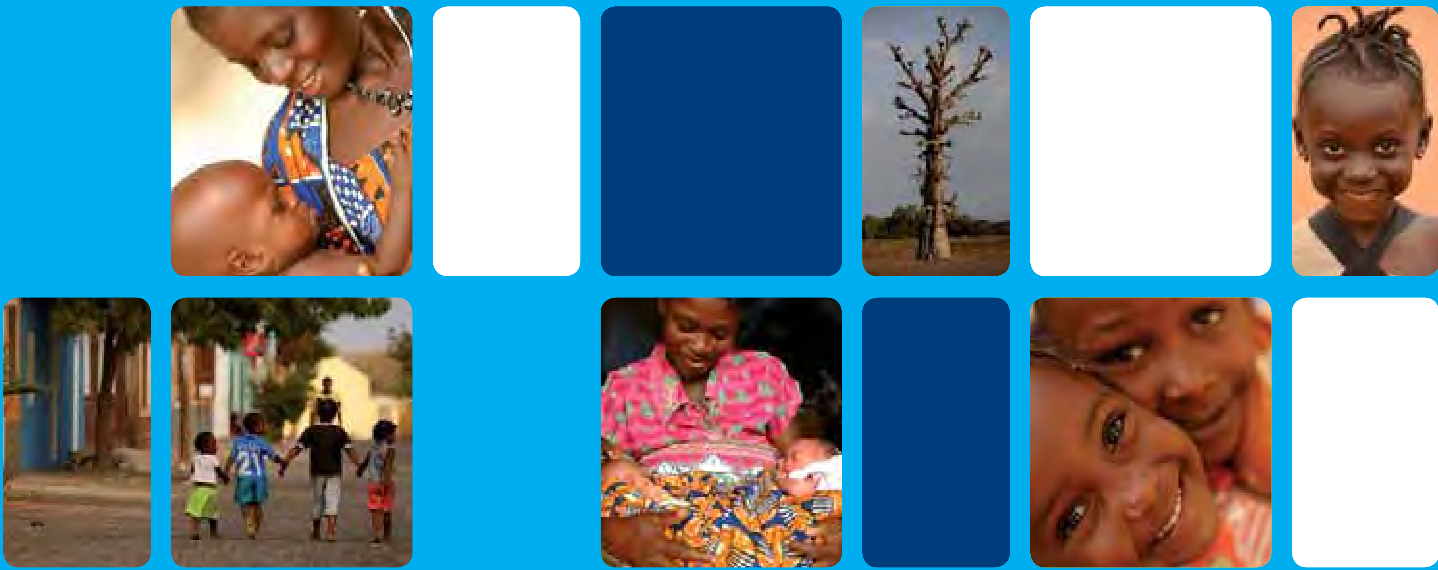

CHILDREN IN POVERTY REDUCTION STRATEGY PAPERS AND BUDGETS

WEST AND CENTRAL AFRICA

Oxford Policy Management

unicef

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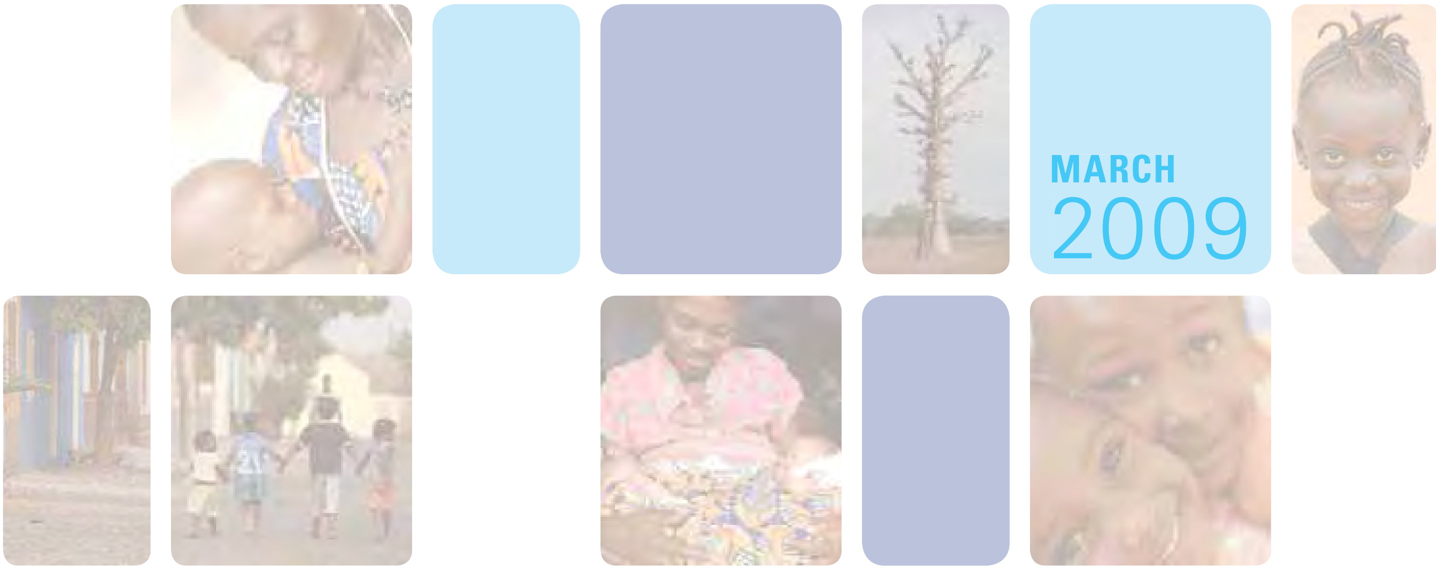

MARCH 2009

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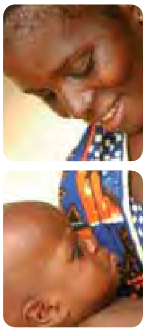

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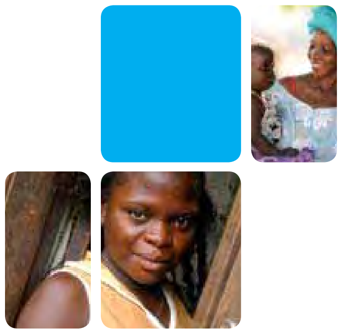

Abbreviations

APR	Annual Performance Review
ARI	Acute Respiratory Infections
ARV	Anti Retro Viral
BWIs	Bretton Woods Institutions
CABRI	Collaborative Africa Budget Reform Initiative
CAR	Central African Republic
CCA	Common Country Assessment
CDF	Comprehensive Development Framework
CEDAW	Convention on the Elimination of Discrimination Against Women
CPIA	Country Policy and Institutional Assessment
CRC	Convention on the Rights of the Child
DHS	Demographic and Health Survey
DRC	Democratic Republic of Congo
GBS	General Budget Support
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Country
IEC	Information, Education and Communication
IFI	International Financial Institution
IMF	International Monetary Fund
JSA	Joint Staff Assessment
MDBS	Multi Donor Budget Support
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
M&E	Monitoring and Evaluation
MTEF	Medium-Term Expenditure Framework
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD-DAC	Organisation of Economic Cooperation and Development-Development Assistance Committee
OPM	Oxford Policy Management
PETS	Public Expenditure Tracking Surveys
PFM	Public Finance Management
PHC	Primary Health Care
PIU	Parallel Implementation Unit
PLWHA	People Living With HIV/AIDS
PPA	Participatory Poverty Assessments
PPP	Purchasing Power Parity
PRSP Paper	Poverty Reduction Strategy
SWAps	Sector Wide Approaches
U5MR	Under-Five Mortality Rate
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
WCARO	West and Central Africa Regional Office
WHO	World Health Organisation


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Executive summary

This report is one of six produced by a regional study on children, Poverty Reduction Strategy Papers (PRSPs) and budgets in West and Central Africa. Commissioned by UNICEF's West and Central Africa Regional Office (WCARO) and carried out by Oxford Policy Management (OPM) between November 2007 and February 2009, the study included a regional review and five country case studies on Burkina Faso, Chad, Ghana, Mauritania and Sierra Leone. This is the final report of the regional review.

The objective of the study was to deepen understanding of the impact on children of the PRSPs, the evolving fiscal environment and related reforms in public finance management (PFM) systems and aid modalities in West and Central Africa.

PRSPs and children

PRSPs have become the main framework for national development planning in almost all low-income countries. Their introduction represented an important shift in the development policy paradigm, away from the previously narrow focus of structural adjustment programmes on liberalisation and macroeconomic stabilisation to a broader awareness of the human objectives of development, the centrality of poverty reduction and the social dimension of development. Since 2000, interim or full PRSPs have been adopted or are in the process of development in 22 out of the 24 countries in West and Central Africa, and several countries are now in their second round of PRSPs.

As macro-level planning instruments, PRSPs offer an opportunity to orient development policy and resources (both domestic and external) towards child poverty reduction. The justification for a strong child focus in PRSPs in West and Central Africa lies not just in the global development commitments, in particular the Millennium Development Goals (MDGs), but also in the demographic weight of children in the region: 51.5% of the population is under 18 years old and 17.3% is under 5 years old. In addition, it makes strategic sense for PRSPs to emphasise investments in children, which, by improving life-course opportunities, help to break the cycle of chronic poverty, including the inter-generational transmission of poverty.

The seriousness of the situation of children in the region reinforces the argument for a strong child focus in PRSPs. Despite a variety of individual country situations (and disparities within countries), in aggregate terms West and Central Africa continue to lag far behind all other regions for most child indicators. In 2007, the under-five mortality rate was 169 per thousand live births and the net primary school enrolment rate was only 60%. On current trends, the region is far from making the progress needed to reach the MDGs by 2015.

Assessment framework

The study's assessment of PRSPs in West and Central Africa examined their coverage of children's issues, both generally and in specific sectors such as education, health, water and sanitation, and social protection. This was done across five dimensions that are generally common to all PRSPs and are essential for the strategies to be effective:

- the poverty situation analysis;
- the policy framework;
- costing and budgeting;
- implementation arrangements;
- monitoring and evaluation.

The assessment covered 22 first and second generation PRSPs in 16 West and Central African countries in the period since 2000: Benin, Burkina Faso, Cameroon, Cape Verde, Chad, the Democratic Republic



of Congo (DRC), the Gambia, Ghana, Guinea, Mali, Mauritania, Niger, Nigeria, São Tomé and Príncipe, Senegal and Sierra Leone. Some more recent PRSPs were not covered.

Main findings

The study found that, in general, PRSPs have placed a strong emphasis on children's interests, especially with respect to health and education. There has been no general shift in emphasis between the first and second generation PRSPs, although a focus on growth has become more prominent in some, notably in Ghana's second PRSP. There is also more attention to vulnerability reduction and social protection in some second generation PRSPs.

It is noteworthy that the rights discourse is well represented in PRSPs. Of the three countries with first generation PRSPs that did not mention human rights, two have done so in their second generation documents. Individual, civil or citizens' rights are represented in the majority of documents, as are women's rights. Child rights are expressly mentioned in just under half of all documents, and the rights of certain vulnerable groups in just over a quarter.

In terms of gender, the PRSPs often set out policy commitments to improve gender equality and promote the empowerment of women, although these are usually not backed up by a good analysis of the situation of women or gender inequality, or well reflected in monitoring and evaluation frameworks.

The assessment has shown a wide variety in the depth of coverage of children's issues, as well as in the 'pro-poorness' of the policies outlined and, more generally, in the extent to which an analysis of child poverty is carried over into the policy framework, resource commitments, implementation plans, and monitoring and evaluation frameworks.

Poverty situation analysis

In the main, PRSPs analyse poverty in a broad multi-dimensional sense, covering both monetary poverty and other dimensions such as education and health that are of particular importance for children. The data provided tend to be disaggregated by regions, socioeconomic strata and urban and rural areas, and in some cases (especially education) by gender.

However, few PRSPs consider the incidence of monetary poverty for children specifically, or draw out the linkages between monetary poverty and broader child deprivations. The higher poverty headcount for children than adults (resulting from higher fertility rates among the poor) and the life-course implications of child poverty should warrant PRSPs giving more attention to this.

PRSPs' coverage of the sectors most directly relevant to child well-being is also uneven. It is arguably best for the education sector, where there is almost always a good analysis of school enrolment and completion rates, and literacy, disaggregated by gender, regions and population quintiles, and with some consideration of the underlying causes of problems. However, analysis of quality issues is more limited and only nine of the 22 PRSPs studied analyse education expenditure.

Likewise, most PRSPs provide extensive data and analysis on health, covering infant, child and maternal mortality, access to health services, nutrition, vaccination coverage, maternal health and key diseases such as HIV/AIDS and malaria. Most PRSPs present trends and provide some causal analysis of the main problems.

However, only half of PRSPs provide any analysis of public expenditure on health. Most acknowledge in general terms the financial barriers to health-service access by the poor, but rarely do they make use of surveys or other data to analyse the reasons for non-utilisation of health services. Few discuss the importance of out-of-pocket payments in private health expenditure. Physical access problems are more widely considered, with at least half of PRSPs analysing regional and/or urban–rural disparities.

The analysis of water and sanitation, as well as social protection, is generally much weaker than for education and health, while the coverage of HIV/AIDS is variable, reflecting to some extent the differences in the impact of the pandemic in different countries.

Policy objectives and strategies

Overall, this second dimension of PRSPs is also well served. Where the situation analysis is good, the policies presented are generally appropriate. These tend to be grouped in a small number of 'pillars' or 'axes', usually no more than four or five. Invariably one of these pillars is on development of the social sectors and/or human development and, particularly in more recent PRSPs, there is also sometimes a pillar on vulnerability reduction or social protection, although the policy content for the latter is often weak.

There is a generally pro-poor orientation and a clear prioritisation of basic social services. In education, for example, primary education is in almost all cases awarded a privileged position, and the focus is on achieving universal access and gender parity. There is also an emphasis on improving the quality of education delivered.

In a few countries, pre-school education is given quite high priority, with policies spelled out in some detail. The PRSPs that do not place a particular emphasis on pre-school education are generally in the countries that are further behind in the development of the education sector in a broader sense, such as Chad, the DRC and Sierra Leone. There is also wide recognition of the need to improve non-formal education, but in under half of all cases is specific attention paid to children who have missed out on or dropped out of the formal education system.

Many PRSPs aim to expand access to poor and under-served regions and population groups, presenting a range of policy measures to achieve this, and 16 out of the 22 PRSPs make commitments to progressively increase the education sector's share of government expenditure. Unfortunately, however, many PRSPs do not indicate whether their countries provide or aspire to provide free primary education.

For the health sector too, objectives and policy measures are generally well articulated, rationally prioritised and pro-poor. Primary health care (PHC) is in almost all cases the principal policy focus. And more often than not there is a stated aim to secure an increasing share of expenditure on the sector during the period of the strategy. The focus on PHC generally combines the delivery of a basic health package with an emphasis on improving quality, linked to a strategy of concentrating development at the lower levels of care – community health workers, local health centres and referral facilities. The basic health package usually combines simple curative health care, based in primary facilities, and preventative services, largely driven by community health workers and public health campaigns. There is a strong focus on combating endemic diseases and promoting child and maternal health. By contrast, there is seldom a focus on good hygiene and only about half of PRSPs explicitly accord priority to ensuring the provision of essential medicines.

As in education, a range of measures are often presented to improve the supply and quality of services in poor, underserved rural areas. Several PRSPs also present some policy measures to try to address the problem of financial barriers to access by the poor, but this is a policy area where a coherent policy response is weak in many PRSPs.

Costing and budgeting

Just over a third of all PRSPs provide good cost estimates and indicative medium-term budgets, while these are poor in a quarter of cases and average in the rest. There are often inconsistencies in the figures reported, or in the ways in which they are presented among and within sectors, as well as inadequate disaggregation or detail, and vagueness about how funding gaps are to be financed. Often the financing information in PRSPs is not an actual indication of prioritisation within a fixed resource envelope but rather a 'wish list' used to garner donor support, which causes some internal tension in the documents between their planning and aid-mobilisation objectives.

Except in education, a significant proportion of the required funding is often assumed to derive from external sources. The level of priority afforded the sectors in the policy section of the PRSPs often appears not to be matched by the indicative allocations of domestic resources, especially in water and sanitation, and social protection, but also to some extent in health. These sectors tend to have large funding gaps.

Implementation arrangements

In general, it would be misplaced to expect PRSPs to enter into a high level of detail on implementation, down to activity level, as they are overarching development strategies, which need to be complemented by other documents, such as the strategies and plans produced by line ministries through sector wide approaches (SWAps). However, PRSPs should provide some indication of how the broad strategy will be implemented. The assessment found that many PRSPs meet this requirement only partially. There are a few PRSPs that do not have any real implementation matrix or logframe.

Monitoring and evaluation

Most PRSPs provide a detailed monitoring and evaluation (M&E) framework, although sometimes with deficiencies in the same areas as those highlighted above, such as water and sanitation, social protection and gender. In the vast majority of cases, key indicators for child well-being, such as infant, child and maternal mortality, primary school enrolment rates, malnutrition measures, vaccination coverage, and gender differentials in education, are included, and the mechanisms and responsibilities for obtaining data are defined. Sometimes there are deficiencies in disaggregation, for example by gender, region, or quintiles. More seriously, there are cases where specific targets or timeframes are not set for the indicators. Nigeria's first generation PRSP and Ghana's second generation PRSP fail to provide any matrix of M&E indicators and targets at all.

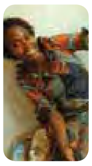
Fiscal space and government expenditure on the social sectors

Over the past few years, higher growth, tax revenue and aid flows have improved public finances across much of West and Central Africa. Rising commodity prices, along with more prudent fiscal policies and debt relief, helped to boost revenue and reduce previously large deficits. In the franc zone countries, for example, the aggregate overall fiscal balance (including grants) improved from an average deficit equivalent to -1.4% of GDP in 1997–2002 to an average surplus of 4.0% of GDP in 2003–2007.

Paradoxically, however, this has not brought about a large increase in public spending on the social sectors in order to accelerate progress towards the MDGs, despite the commitments to do so in most PRSPs. In fact, most governments have deliberately restrained public expenditure from growing as fast as the rise in revenue and aid in order to reduce their deficits. The situation has of course varied widely among countries, with oil producers benefiting from the surge in oil prices in 2004–2008, while some 'fragile' states have been severely affected by conflict or governance problems.

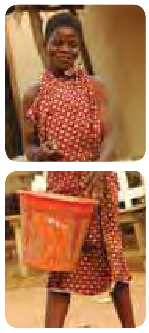
Since 2008, there have been serious setbacks, due first to the steep rise in food and fuel prices (except in the oil producers) and then the adverse shocks from the global economic crisis, including sharp falls in the prices of the region's main export commodities. The crisis is also expected to result in substantial falls in remittances, private capital flows, trade credit and eventually official development assistance (ODA).

Fiscal space



Up to 2007, the reduction in overall fiscal deficits in the region was impressive. Of the 23 countries for which comparable data are available, 16 succeeded in reducing their overall deficits (before grants) between 1997–2002 and 2007. Seven achieved surpluses in 2007, and this rises to 12 if grants are taken into account, compared with only three countries in 1997–2002. The number of countries with overall deficits (including grants) of more than 5% of GDP dropped from eight to three over this period. This suggests that there was a significant improvement in public finances in the West and Central African region.

Three factors explain this. First, all but two of the countries succeeded in increasing domestic revenue as a percentage of GDP. Across the region, this averaged 21.5% in 2007, compared with 15.6% in 1997–2002. The situation has improved dramatically in six countries that raised their revenue/GDP ratio by more than eight percentage points, in most cases due to large increases in oil or mineral production: Chad, Congo, DRC, Equatorial Guinea, Liberia, and São Tomé and Príncipe.



However, there is a large variation in the revenue take across countries, from lows of 10–11% of GDP (Central African Republic (CAR) and Sierra Leone) to highs of around 40% in oil producers such as Congo and Equatorial Guinea. The lowest revenue countries could increase their fiscal space significantly by improving domestic revenue mobilisation.

Second, there has been an increase in ODA to the region which, between 2000 and 2007, rose by the equivalent of about 1% of GDP. But some countries have gained much more than others, mainly because most of the increase has come from debt relief which, between 2000 and 2007, benefited about half of the countries.

Third, most countries have converted only part of their revenue and aid gains into expenditure increases, and in some cases have actually reduced expenditure as a percentage of GDP. While the average revenue gain was 5.9% of GDP, only about 0.5% of this was used to increase expenditure. Eight countries did not make any increase at all in their expenditure/GDP ratios. There were particularly large declines in these ratios (more than five percentage points of GDP) in Cape Verde, Gabon, Nigeria, São Tomé and Príncipe, and Sierra Leone.

Given the favourable trends in revenue and aid, it is pertinent to ask whether countries should have expanded expenditure more in order to accelerate progress towards the MDGs. Overall it is fair to say that more than half the countries did need to reduce their deficits, which were unsustainably high in 1997–2002. Most of the largest deficit reductions took place in the countries that had the highest deficits (more than 7% of GDP) in 1997–2002. However, three countries with initial deficits above 10% of GDP (Guinea-Bissau, Burkina Faso and Ghana) did not make any reductions. And, at the other extreme, three countries with initial surpluses (Gabon, Liberia and Equatorial Guinea) chose to increase their surpluses.

Social sector expenditure

Both the overall fiscal context and the policy setting were clearly favourable for increases in government expenditure on the social sectors, although high military expenditure was a factor limiting fiscal space for social sector expenditure in some countries.

Most PRSPs have projected increases in the ratios of both education and health expenditure to total government expenditure. However, data limitations make it extremely difficult to compare countries' performance on social-sector expenditure in practice. The available regional data, published by WHO for health and UNESCO for education, are either outdated (health) or have major gaps (education), and are often inconsistent with in-country data.

The very limited regional education-expenditure data provide no clear trends. As a share of GDP, education expenditure varies considerably across the region, from less than 2% in countries such as Chad, Congo and Guinea, to highs of 5.0% in Senegal, 5.4% in Ghana and 6.3% in Cape Verde, which suggests that some countries could give much higher priority to education than at present. Very few countries (Cameroon, Cape Verde, Congo, Ghana and Senegal) spend annually more than $25 *per capita* on education – indeed, several countries spend less than $10 *per capita*. But there is one striking outlier, Cape Verde, which spends more than $120 *per capita*.

There are likewise large inter-country differences in health expenditure. On average, over the three years from 2003 to 2005, health expenditure amounted to less than 5% of total government expenditure in Congo, DRC, Guinea-Bissau and Nigeria. In another eight countries, the health share of government expenditure was in the 5–10% range. Only two countries have exceeded the African Union's Abuja Declaration target of 15%.

Per capita government expenditure on health is generally low across the region, but with large differences between the low-income countries, almost all of which spend less than $25 *per capita*, and the wealthiest oil producers, Gabon and Equatorial Guinea, which spend more than $150 *per capita*. There are some striking outliers, notably Congo, which has the third highest GDP *per capita* but spends about the same *per capita* as very poor countries like Burkina Faso and Mali.


Over the region as a whole, the unweighted average share of health in total government expenditure declined slightly from 9.4% in 2001–2002 to 8.6% in 2003–2005. Although this is a somewhat early period to judge the impact of PRSPs, it suggests that PRSPs initially had little impact on the health shares of government spending in the region as a whole, despite their prioritisation of the social sectors.

Trends in ODA

West and Central Africa has seen significant increases in aid in the past few years, but this has not benefited all countries. Much of the increase has come from debt relief, which has so far been concentrated on about half the countries. According to data from OECD-DAC, the region received US$68 billion in ODA in 2000–2007. Whereas aid worth US$3.9 billion in 2006 constant prices was provided in 2000, this had risen to US$7.5 billion by 2007. This was a 92% increase, higher than for Sub-Saharan Africa as a whole. As a share of gross national income, aid receipts increased from 7.0% in 1997 to 7.9% in 2007. Aid dependency is high across much of the region, with aid in five countries (Cape Verde, DRC, Guinea-Bissau, Liberia and Sierra Leone) accounting for 10–20% of their gross national income, during the period.

The surge in aid has been driven heavily by debt relief, which has particularly benefited West and Central Africa. Twenty out of 24 countries in the region are at various stages of the Highly Indebted Poor Countries (HIPC) debt relief process. By 2007, 11 countries (Benin, Burkina Faso, Cameroon, the Gambia, Ghana, Mali, Mauritania, Niger, São Tomé and Príncipe, Senegal and Sierra Leone) had reached the HIPC 'completion point' – the trigger for substantial debt relief. In addition, Congo, DRC and Nigeria have received debt relief outside the HIPC framework. Overall, debt relief accounted for about 54% of total ODA to West and Central Africa in 2000–2007, mainly concentrated towards the middle of the period. Debt relief did not substitute for other aid, which also grew, though less so (by about 46%).

However, regional aggregates hide very significant differences among countries. Six countries (Cameroon, Chad, DRC, Liberia, Nigeria and Sierra Leone) saw their total ODA, including debt relief, double from 2000 to 2007. But during the same period, six countries (Benin, Côte d'Ivoire, Equatorial Guinea, Guinea, Guinea-Bissau and Togo) saw a real decline in aid flows. Excluding debt relief, Mali, São Tome and Príncipe and Sierra Leone, also received less ODA.

Overall, annual aid *per capita* increased from a low of US$24 in 2001 to US$45 in 2007. But some of the poorest countries in the region were among the 'aid orphans' that received on average the lowest aid *per capita*: Togo (US$9), Chad (US$12), Nigeria (US$12), Niger (US$15), the Gambia (US$12) and CAR (US$15).

A recent OECD-DAC survey showed that development partners plan to scale up further their 'programmable aid', both globally and to West and Central Africa (by 23% between 2005 and 2010). However, despite the high priority being given to Africa, there is clearly a risk that actual aid flows will be less than expected, because of the acute fiscal pressures facing OECD countries as a result of the global recession.

ODA to the social sectors

Development partners have substantially increased the absolute level of their assistance to the social sectors. Between 2002 and 2007, a total of US$3.0 billion was disbursed to the health sector and US$4.4 billion to education (at 2006 constant prices) in West and Central Africa. Aid disbursements for health nearly doubled and for education rose by 117%. These figures may understate donor support to these sectors. Increases in general budget support and debt relief may well have contributed additional external resources indirectly for education and health through increased domestic budget allocations.

In nearly all countries aid disbursements for both sectors were scaled up significantly. Education disbursements more than doubled in 14 countries (Benin, Burkina Faso, Cameroon, Cape Verde, the Gambia, Ghana, Guinea, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal and Sierra Leone), while at the other end of the spectrum they declined in CAR. Health disbursements doubled in 12 countries: Burkina Faso, Cape Verde, Côte d'Ivoire, Equatorial Guinea, the Gambia, Liberia, Mali, Mauritania, Niger, Nigeria, Sierra Leone and Togo, but declined in CAR, São Tomé and Príncipe and Senegal.

The effectiveness of aid depends both on the commitment and capacity of recipient governments to put aid to the best use and on donor practices. Institutional and policy weaknesses within aid-receiving countries, such as weak national leadership of the development agenda, weak public administrations and weak PFM systems, can lead to inefficiency in the use of aid resources and lack of sustainability in the results of aid. These risks are particularly high in so-called 'fragile states', including those enmeshed in conflicts or crises, or rebuilding after past conflicts. West and Central Africa has a particularly high proportion of countries in conflict and post-conflict situations.

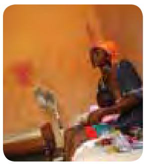
However, low aid effectiveness can also arise from or be compounded by poor practices on the part of development partners. Uncoordinated and burdensome aid practices, such as fragmented project assistance, individual parallel reporting requirements, and a plethora of separate donor missions, impose heavy transaction costs on scarce government capacity. Furthermore, the lack of predictable aid flows undermines governments' efforts at medium- and long-term planning, while large flows of off-budget aid undermine rational resource allocation and the role of parliaments in ensuring government accountability.

The Paris Declaration attempted to address these problems by establishing a set of basic principles for development cooperation (country ownership, alignment, harmonisation, managing for results and mutual accountability), which are reflected in 56 specific actions and monitored through 12 indicators and a set of targets for achievement by 2010.

The application of these principles in practice depends not only on the good faith of development partners, but also to a large extent on the leadership exercised by developing country governments (the 'ownership' principle) and the relative strength of 'country systems', although weaknesses in the latter are supposed to be overcome by capacity development.

The institutional weaknesses in fragile states, especially those affected by conflict, limit the practical applicability of the Paris Declaration principles, although not entirely – the measures to reduce the transaction costs of aid (under the 'harmonisation' principle) are particularly pertinent in these countries.

In 2008, the OECD-DAC carried out a survey of progress in the implementation of the Paris Declaration principles, which provided data for 18 countries in West and Central Africa. This indicated that some progress was being made, but not fast enough to meet the 2010 targets. The percentage of aid using governments' PFM systems varied from 0% in Côte d'Ivoire, DRC and Nigeria to highs of 51% in Ghana and 53% in Cameroon, while use of national procurement systems ranged from 0% in Liberia and Nigeria to 63% in Benin and Cameroon. Overall, 19.4% of ODA was in the form of budget support, but heavily concentrated in the countries with stable governance conditions and reasonably well-developed PFM systems.



Underlying systemic problems

The divergence between PRSP priorities and actual expenditure patterns suggests that one of the biggest issues is likely to be the weak articulation between the PRSPs (and similar medium-term planning instruments in the sectors) and the budget process. These weaknesses are not purely technical. They often reflect deeper institutional problems to do with ownership and incentives, as well as capacity. Where ownership and incentives are weak, there is likely to be little appetite for technical reforms. Addressing these systemic problems is therefore critical for real progress to be made in strengthening the planning and budget systems, and ultimately to improve the delivery of health, education and other public services for children.


1. Introduction

1.1 Background and objectives of the study

1.1.1 Background

Introduced originally by the International Monetary Fund and the World Bank as a requirement for debt relief and conditional lending, Poverty Reduction Strategy Papers (PRSP) have become the main framework for national development planning in almost all countries in West and Central Africa. Over the past eight years, interim or full PRSPs have been adopted or are in the process of development in 22 out of the 24 countries in the region, and several countries are now in their second round of PRSPs.

These macro-level planning instruments offer an opportunity to orient development policy, programmes and resources (domestic and external) to achievement of the Millennium Development Goals (MDGs) and the realisation of child rights. The justification for a strong child focus in the PRSPs lies not just in the global development commitments (the Millennium Declaration adopted in 2000) and the obligations arising from the international human rights conventions, including the Convention on the Rights of the Child (CRC), but also in the demographic weight of children in the population of West and Central Africa: 51.5% of the population is under 18 years old and 17.3% is under 5 years old. Furthermore, international research findings (Barrientos & De Jong, 2004; Harper et al, 2003; Castaneda & Aldez Carroll, 1999) show that, by improving life-course opportunities, investments in children help to break the cycle of poverty, including the inter-generational transmission of poverty. In short, it makes strategic sense for PRSPs to emphasise investments in children, particularly in this region.

Despite a great variety of individual country situations (and disparities within countries), in aggregate terms West and Central Africa continues to lag far behind all other regions in the world for most social development indicators. In 2007, the under-five mortality rate (U5MR) was 169 per thousand live births and the net primary school enrolment rate only 60% (UNICEF, 2008). On current trends, the region is far from making the progress needed to attain the MDGs by 2015.

A key issue therefore is the extent to which PRSPs in the region have prioritised actions to accelerate progress towards the MDGs and improvements in the well-being of children. A second related issue is the extent to which public resources, including both domestic revenue and the aid provided by donors, have been effectively harnessed in support of the policy goals of the PRSPs and in particular those of greatest importance for the MDGs and children.

Although the situation varies widely among countries, the region has generally made good progress in restoring growth, macroeconomic stability and sustainable public finances in recent years. High commodity prices, especially for oil, along with more prudent fiscal policies and debt relief, helped to boost revenue and stabilise public finances, except in a few 'fragile states' affected by conflict or severe governance problems. In many countries, these developments created a more favourable context (greater 'fiscal space'), that might have been expected to lead to increased public expenditure on poverty reduction, including in the social sectors. As this report will show, however, most countries put greater priority on reducing their fiscal deficits. For example, the aggregate overall fiscal balance (including grants) improved from an average deficit equivalent to -1.4% of GDP in 1997–2002 to an average surplus of 4.0% of GDP in 2003–2007 (IMF, 2008). The situation has deteriorated since 2007, partly due to the steep rise in food and fuel prices during 2008 and, since then, the adverse shocks from the global economic crisis, including sharp falls in export commodity prices. As the crisis unfolds, the region is expected also to face reductions in remittances, foreign direct investment, trade credit and eventually aid flows.

Meanwhile, a number of countries in West and Central Africa have been engaged in far-reaching public finance management (PFM) reforms, to improve the mobilisation, management and use of public resources. Medium-Term Expenditure Frameworks (MTEFs), which aim to set out policy-based expenditure priorities within a forecast resource envelope (internal revenue plus ODA), have been developed by many countries,

with varying degrees of success, to better orient public expenditure, usually over a three-year rolling period. Other reforms have focused on improving budget execution (treasury and payments mechanisms), public accounts, auditing and related functions such as procurement.

At the same time, several countries have made some progress in strengthening donor alignment and harmonisation within the framework of nationally led development processes, in accordance with the principles set out in the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). Based on the PRSPs and sector-wide approaches (SWAps), this has included the emergence of new aid modalities, including general budget support (GBS) and sector budget support in some countries, as well as more limited 'basket funds', to strengthen government leadership of development policy and budget planning; the reduction of transaction costs of traditional aid modalities; diminishing the large off-budget flows resulting from traditional aid modalities; and the provision of incentives to governments to strengthen their PFM systems.

While these are general trends, the situation differs widely across the region. A few countries are beset by civil conflicts, or have recently emerged from such conflicts, with severely weakened economies and state structures. Some have benefited from high oil prices, while others have suffered. Some remain much more aid-dependent than others. Progress therefore in developing and implementing effective poverty reduction strategies, as well as strengthening budget systems and the flow of resources to key poverty-reduction programmes and services, has been highly variable.

1.1.2 Aim of the study

This report is one of several reports arising from a large regional study on the reflection of children's interests in PRSPs and budgets in West and Central Africa, which was commissioned by the West and Central Africa Regional Office of UNICEF and carried out by Oxford Policy Management between November 2007 and February 2009. The objective of the study was to obtain an in-depth, comprehensive understanding of the impact on children of the PRSPs, the evolving fiscal environment and related reforms in PFM systems and aid modalities in West and Central Africa, and of the determining factors that have limited or enhanced this impact. A subsidiary objective was to learn from UNICEF's own experience of engagement with these processes at the national level.

1.2 Children, PRSPs and the budget process

1.2.1 Defining what is meant by 'children's interests'

According to the CRC, the basic human rights of the child comprise the right to survival, to develop to the fullest, to protection from harmful influences, abuse and exploitation, and to participate fully in family, cultural and social life. Sectors and policy areas such as health and nutrition, education, water and sanitation, and social protection, pertain directly to the realisation of those rights and are particularly important for the achievement of many of the MDGs. This study therefore focuses mainly on how children's interests are reflected in policies, plans, programmes and budgets in these key areas and sectors of most direct relevance to child rights and attainment of the MDGs. It assesses whether children's interests are addressed explicitly or implicitly, and to what extent this is couched within a discourse of child rights. It is recognised, however, that policies addressing children's interests are not always framed by an explicit reference to rights and that this does not necessarily imply that those interests are not well served.

The analysis focuses on the following key child-poverty outcomes:

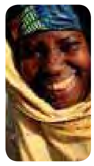
- achievement of universal primary education;
- reduction of infant, child (under-five) and maternal mortality and the fight against diseases such as HIV/AIDS and malaria, through improvements in health, nutrition, water, sanitation and hygiene;
- social protection; and
- gender equality, especially in education.

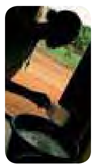
Table 1.1 Time period of PRSPs covered in the analysis

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Benin				I	I	I						
Burkina Faso	I	I	I	I	II	II	II					
Cameroon				I	I	I						
Cape Verde						I	I	I				
Chad				I	I	I						
DRC							I	I	I			
The Gambia				I	I	I		II	II	II	II	II
Ghana				I	I	I	II	II	II	II		
Guinea			I	I	I			II	II	II	II	
Mali			I	I	I	I						
Mauritania		I	I	I	I		II	II	II	II	II	
Niger			I	I	I	I						
Nigeria				I	I	I	I	I				
São Tomé and Príncipe			I	I	I	I+	I+	I+	I+			
Senegal				I	I	I	II	II	II	II	II	
Sierra Leone						I	I	I				

Source:http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPRS/0,,contentMDK:20195487~menuPK:384207~pagePK:148956~piPK:216618~theSitePK:3784201

NB: countries listed in bold indicate those included in country case studies. I, II, etc., representing the PRSP 'generation'; I+ for São Tomé and Príncipe refers to the updated first generation PRSP





This is not to say that other issues are not important to child rights or child poverty reduction. More broadly, the attainment of child rights and the MDGs depends on a wide range of other sectors, cross-cutting issues and contextual factors, such as economic development and livelihoods, the relationship between rural and urban areas and between different regions and ethnic groups, gender relations, environmental issues and the overall framework of governance, including the degree of participation, accountability and transparency, the capacity of public administration and issues concerning decentralisation. Due to limitations in the scope of the research, these broader issues are not covered by the analysis, except in so far as they relate directly to the areas of focus identified above.

1.2.2 What are PRSPs supposed to achieve?

PRSPs emerged at the end of the 1990s largely in response to the recognised failure of structural adjustment and stabilisation programmes of the Bretton Woods Institutions (BWIs) in reducing poverty. They represented an important shift in the development policy paradigm, away from a narrow focus on macroeconomic stabilisation and economic liberalisation to a broader awareness of the human objectives of development, the centrality of poverty reduction and the importance of the social dimension of development.

At the same time, there was growing awareness that the policy conditionalities associated with structural adjustment had not been effective in leveraging critical policy changes, and that national leadership or 'ownership' of the policy framework was essential for success. Originally designed as part of the requirements for attaining Highly Indebted Poor Country (HIPC) debt relief, PRSPs became a requirement for all concessional lending by the World Bank and the IMF. However, their importance now extends far beyond this, as the introduction of PRSPs also coincided with a growing recognition by both multilateral and bilateral donors that aid modalities based on the traditional project approach had been largely ineffective. This culminated in the commitments made in the Paris Declaration in 2005, to change the nature of the aid relationship and the responsibilities of aid donors and recipients. Under the new aid paradigm, developing countries were to exercise leadership of their 'national development strategies', which were defined to include 'poverty reduction strategies and similar overarching strategies as well as sector and thematic strategies' (OECD, 2005).

PRSPs were intended to be country-owned, participatory, comprehensive, results-based strategies targeted towards the medium to long term and based on a partnership approach between national governments and development partners. The most important shift underlying these was the overall emphasis on the process of poverty reduction efforts rather than focusing conditionality solely on a series of policy benchmarks. Ultimately this 'process conditionality' hinges on the idea that ownership and commitment on the part of governments will lead to greater effectiveness and sustainability of poverty reduction efforts (Booth 2003: 136).

Reflecting this overall focus on processes for poverty reduction, PRSPs generally consist of a few key sections:

- Poverty analysis: PRSPs generally begin with an analysis of the poverty situation in the country, including trends in multi-dimensional aspects of poverty and an assessment of the underlying causes;
- Policy articulation: based on the poverty analysis, policy goals and strategies should be developed;
- Costing and budgeting: from the priorities outlined in the policy goals, strategies should be costed and then reflected in medium-term budget plans or projections;
- Implementation plan: specific measures and the roles of key actors should be articulated in a policy matrix or implementation plan;
- Monitoring and evaluation: targets and indicators should be articulated along with a plan for data collection, use and dissemination as a way to ensure that the implementation and results of the poverty reduction strategy are effectively tracked, and the strategy adjusted as necessary.

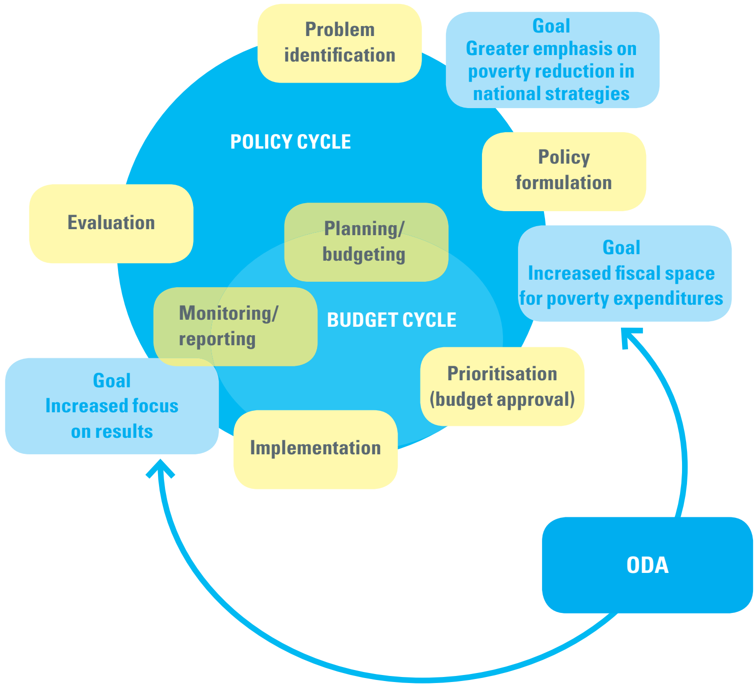
Each of these is critical to the process in order for the strategy to be effective: without understanding the multi-dimensional nature and root causes of poverty, policies are unlikely to be effective and poorly costed strategies are unlikely to be given adequate budget allocations; without an adequate implementation strategy, budget amounts are unlikely to be spent effectively; and without proper monitoring and evaluation indicators and mechanisms there is little hope of assessing whether or not the strategies are successful.

As is clear from this structure, PRSPs are meant to be fully integrated into the policy, planning and budget cycle. The idea is to ensure that PRSPs are not only statements about policy intent on paper but rather strategies whose ultimate value is in implementation. To that end, there are essentially four goals of PRSPs:

- greater emphasis on poverty reduction in national development strategies;
- increased fiscal space for expenditures on programmes that are critical for poverty reduction through both an increase in external resources and the domestic prioritisation of spending on these programmes;
- an increased focus on results; and
- broad-based participation of civil society.

Figure 1.1 shows how these goals overlap with the national policy and budget cycles. ODA flows are an essential part of these, impacting mainly through the availability of resources but also through the role of development partners in supporting a focus on results in implementation. Broad-based participation is supposed to cut across all stages.

Figure 1.1 The policy/budget cycle



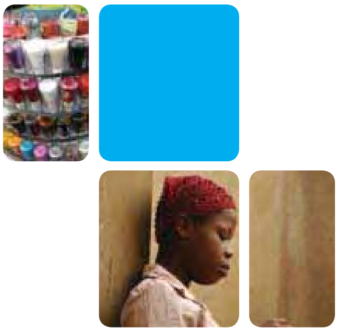
1.2.3 Linking PRSPs to MTEFs and budgets

While PRSPs may be the most obvious manifestation of governments' overarching development policy, it is increasingly recognised that budgets provide the mechanism through which policy is translated into actions and the delivery of services. Indeed, it is through medium-term expenditure frameworks (MTEFs) and budget formulation and appropriations that real prioritisation takes place; and it is through budget execution that actual budgeted resources reach (fully, partially or not at all) the front-line service providers.

The public finance management (PFM) system, and the broader public administration system of which it is part, provide the infrastructure[1] through which any public policy goals, including the poverty reduction goals of PRSPs, can be achieved. Budgets–their preparation, adoption and execution – are the mechanisms for the mobilisation, allocation and use of resources, and thus are critical for the pursuit of child rights and poverty reduction.

In most countries of the region, there are two stages of the budget prioritisation process: the first is the MTEF and the second is the budget itself. Although there are many different definitions of what an MTEF is, the common features are that they should, at least in theory, provide a rolling three- to five-year indicative allocation of government expenditure that reflects the priorities of a government's policy framework or development strategy within a forecast resource envelope that is viable and sustainable from a macro-fiscal perspective. The second stage is the formulation and adoption of the annual budget, which specifies spending allocations, taking policy priorities, resource availability and costs into consideration. Ideally these two stages should be closely inter-related, with the budget serving as the first year of the MTEF, while the remaining years of the MTEF are indicative in nature. The process should therefore be seen as an exercise in linking policy goals, such as poverty reduction, with decisions about expenditure allocations within a realistic forecast of resource availability and assessment of capacity.

[1] Roberts (2003: 65) introduces this idea of poverty infrastructure, explaining that, 'The disciplines and practices involved in managing public expenditure for results, and in thereby delivering requisite public services, constitute the infrastructure on which progress towards poverty reduction is built. . . This infrastructure cannot be taken for granted. .. It needs to be recognised, understood, and fostered. . . Without it public services tend to be wasteful, ineffective and at the limit dysfunctional.'



However, achieving a functional budget system is a very difficult task, and one that takes many years of concerted efforts, in particular in developing countries with weak capacities in public administration or broader shortcomings in governance. Development of a strong PFM system requires three essential building blocks. The first is to establish technical budget credibility – the budgeting basics, as it were. This includes the capacity to make realistic revenue projections, undertake the activity-based costing needed for credible expenditure planning, develop sound cash management systems and ensure discipline in budget implementation (CABRI 2004). These are essential for aggregate fiscal discipline. Second, effective procedural links between policy and budgets need to be established, to achieve allocative efficiency. This can be especially difficult when these are conducted in separate institutions, for example separate ministries of planning and finance (as often happens in PRSP countries), or in separate structures within the same institution (for example, different departments within a finance ministry), or even when they occur at different points in time. Finally, there is the crucial link between the resources that are allocated and operational efficiency, or how well those funds are spent. Figure 1.2 shows the relationship between these three outcome dimensions of aggregate fiscal dimension, allocative efficiency and operational efficiency.

Figure 1.2 High-level planning and budgeting outcomes

Aggregate fiscal discipline

How much is spent?

↓ ↑

> Total spending is in line with sustainable growth oriented policies and not a summing of all spending demands

Allocative efficiency

On what is spent?

↓ ↑

> Allocation and spending decisions linked to strategic priorities and policy objectives

Operational efficiency

How well is spent?

> Resources should be used effectivelly and efficiently to achieve intended results - and delivery of services should be appropriate and of quality

Source: adapted from IDASA framework in IDASA (2003) Monitoring Government Budgets to Advance Child Rights – A Guide to NGOs, Cape Town

MTEFs are intended to improve on these three planning and budgeting outcomes by extending the horizon into the medium term. This medium-term perspective makes it easier to attain:

- the fiscal discipline needed for macroeconomic sustainability, notably by taking into account forward projections of revenue trends, aid flows and the debt service requirements of current borrowing;
- improvements in inter- and intra-sectoral resource allocations, and thus the allocative efficiency of public expenditure, which is difficult to achieve in the short term because of the weight of non-discretionary expenditures;
- greater budgetary predictability for line ministries, so that they can plan ahead and make longer-term decisions;
- consistency in budgeting for current investments and the associated long-term increases in recurrent expenditure (for example the staff, goods and services needed to run newly built schools and health facilities).

As a result, this should ideally engender greater political accountability for public expenditure outcomes and thereby strengthen the credibility of budgetary decision-making (World Bank 2002: 4)[2]. This element of credibility and accountability, while perhaps intangible, is crucial. As argued by Chaponda et al (2004:8):

'The power of an MTEF lies in it being the outcome of many disparate decisions. It provides both the means to collect those decisions together and make tradeoffs, but it also provides a way of those tradeoffs being made transparent. This transparency will hopefully both sustain the institutional support for the process within government, and provide organisations outside government with the information needed to hold government to account.'

This view underscores the idea that MTEFs need to be seen as inherently political. Rather than merely serving as technical instruments, they may – if effective – be able to serve as instruments for articulating and negotiating trade-offs, building and reinforcing legitimacy and, hopefully, strengthening accountability (ODI 2005; CABRI 2004; Alonso et al 2005). In most countries of West and Central Africa, however, MTEFs are still far from achieving this political function. They are often largely technical exercises, within finance ministries (and sometimes within line ministries) with real resource allocation and appropriations happening elsewhere.

To support the objectives of accountability and reinforce the focus on results, the final link in the PRSP process is the annual progress review (APR), in which governments are meant to report on the execution of the strategy according to the PRSP's implementation plan. These APRs are supposed to be submitted annually to the World Bank and the IMF. Although no formal guidelines have been produced for countries on what the APRs should contain (the idea being that these are meant to be country owned), the World Bank and the IMF have guidelines for their own staff review of the APRs, which takes place through a Joint Staff Assessment (JSA). These include:

- Does the progress report provide sufficient information and analysis regarding the achievements and shortfalls experienced to date with respect to the poverty targets, priority public actions, and the monitoring and evaluation systems set forth in the PRSP?
- Does the progress report propose any important changes in the strategy and if so, are these changes appropriate in the light of implementation experience to date, changes in exogenous factors, and new data and analysis regarding poverty and its determinants?
- To what extent has the government used its annual progress report to inform and/or involve domestic stakeholders and partners regarding implementation and to build support for its strategy? (World Bank and IMF, 2002)

However, as will be examined more in this report, the links between PRSPs, sector-level monitoring, budget reporting, and APRs are generally rather weak, due to constraints on capacity (in terms of management information systems, analytical skills and the coordination needed for harmonised processes), as well as, perhaps more fundamentally, a weak sense of 'ownership' and inadequate incentives, despite the principle of government leadership of the PRSP process.

1.3 The process of policy: Understanding the 'infrastructure' for poverty reduction

Although some critics (particularly in the early years) have argued that PRSPs are merely 'old wine in new bottles', there is by now a growing consensus that PRSPs have represented a fairly fundamental (if imperfect) shift in the way in which both governments and donors engage in development policy. Overall, recent reviews have tended to find that, as a result of the PRSP process, poverty reduction has become a priority concern and overall goal of development, rather than merely a series of *ad hoc* projects

[2] In practice, as seen in the case studies, MTEFs tend to fall short of these ideals. This is because they are often purely technical exercises – often parallel to the annual budget – and are rarely subject to political discussion, negotiation, or approval within the cabinet, council of ministers, or parliament.

on the sidelines of other objectives, such as macroeconomic stabilisation. This can be seen in several dimensions. Poverty reduction has moved to the centre of development policy and planning, and PRSPs are more comprehensive and overarching than previous poverty alleviation programmes. There has been an increase in 'poverty-oriented' expenditure within government budgets. Prospects are improving for linking PRSPs and budgets (more so in Africa than Asia) and there is an increased interest in monitoring and evaluation. PRSPs have also opened up space for dialogue with civil society, and placed issues of donor alignment at centre stage[3] .

In terms of translating the PRSPs into implementation, some of the important shifts in process have been due to the fact that it is ministries of finance that have generally taken the lead in coordinating PRSPs, perhaps as a result of the fact that it was initially the international financial institutions (IFIs) that were requesting them. This has tended to imply that poverty reduction in general began to receive more sustained and focused attention with the adoption of the PRSP approach. A ministry of finance's leadership of the PRSP process helps to bring about a shift in the understanding of poverty reduction from being a limited social sector issue, of concern only to specific line ministries, to one that cuts across all sectors, and as a corollary requires trade-offs in prioritisation between different policy options. As strategies that encompass both government and donor resources, PRSPs are also generally more comprehensive and credible than previous poverty-alleviation programmes that tended to be oriented merely towards attracting donor financing for projects (Booth 2003: 141).

It is important to note that these macro-level developments in development policy and planning have been accompanied in many countries by similar developments at sector level. Sector plans have influenced the content of PRSPs, but there are often challenges in ensuring consistency between these different levels of planning, particularly when substantial extra-budgetary resources flow to line ministries directly from donors. Some line ministries have developed their own MTEFs and likewise there are challenges in achieving effective linkages between these and the macro-level MTEFs of finance ministries.

In the countries that have made the most progress in strengthening their development policy and planning frameworks (PRSPs and sector strategies) and their PFM systems, there has been a significant evolution in aid modalities, with a progressive (although far from universal) shift away from traditional project aid to programme aid, including general budget support. Many low-income countries, including several in West and Central Africa, have also developed sector-wide approaches (SWAps), particularly in large sectors such as education, health and agriculture, and increasingly in other sectors, such as water and sanitation. These are generally based on sector strategic plans and provide a framework around which donors can coordinate support, often in the form of sector budget support and various types of more limited 'basket funding' as well as traditional project modalities. There are generally then corresponding procedures for joint annual implementation planning, monitoring and evaluation, and annual reviews. These developments will be examined in chapter 4.

There is, however, wide variation in the extent to which these shifts have taken root, with differences often attributable to the general governance conditions in countries. In West and Central Africa, the countries that have generally made the most progress are those that have succeeded in establishing relatively stable pluralistic political systems, with open electoral competition and peaceful transitions between governing parties. Accountability is generally stronger in these countries, which also tend to have greater capacity in public administration, more developed PFM systems and a more advanced policy framework. It is perhaps not surprising that budget support has developed furthest in countries such as Benin, Burkina Faso, Ghana, Mali and Senegal, all of which have achieved a high degree of political stability and have witnessed peaceful handovers of power after pluralist elections since the early 1990s.

The 'fragile states' most affected by conflict and weak governance have made the least progress, although some countries emerging out of conflict have been able to start improving their policy frameworks and PFM systems as part of their recovery process. For example, Congo, Côte d'Ivoire and Liberia, which were seriously affected by conflict, have all developed their first full PRSPs in the

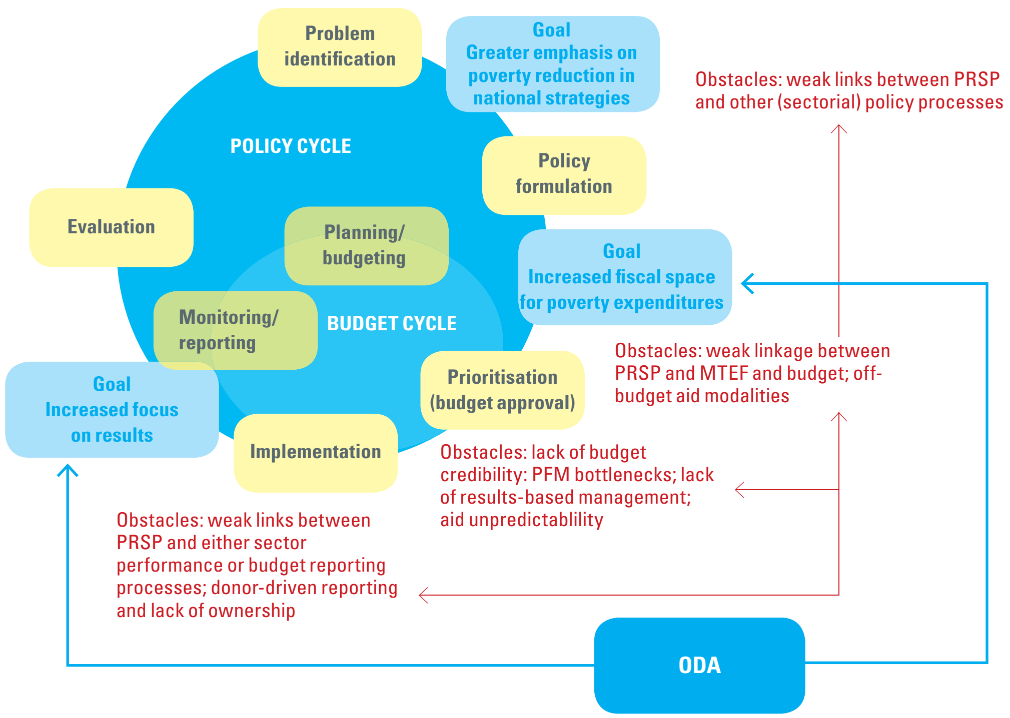
[3] See, *inter alia*, ODI (2004: 3); Booth (2003); IMF and IDA (2004 a &b).

recent past (2007–2008), and Sierra Leone, which suffered a devastating civil war, is now becoming a significant recipient of budget support.

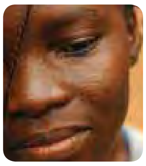
Other contextual factors need to be taken into account. For example, oil wealth is widely thought to have affected elite incentives in oil producing countries, with impacts on transparency, policy priorities and levels of corruption. High levels of aid dependency, which characterise most of the non-oil producing, low-income countries, have important effects on accountability and incentives, which vary according to the aid modalities employed, and also affect the quality of budget management in terms of predictability of aid flows and (where much of aid is off-budget) the comprehensiveness of the government budget as an instrument for translating policy into resources for service delivery. The degree of decentralisation to sub-national tiers of government and/or deconcentration within vertical government structures, and related issues concerning budget management powers, the retention of locally raised revenues and fiscal transfers from central government to lower level bodies, are also critically important in terms of the locus of 'ownership' of planning and budget decisions, the incentives to those involved at different levels, and the capacity to plan, budget and deliver services.

Within this broader context, a key issue is the extent to which institutional and technical reforms have been undertaken within countries to improve public finance management and the quality of administrative management more generally (Booth 2003: 142-3). Successful PRSPs ultimately depend on the ability to determine realistically the overall resource envelope, prioritise between different outcomes, outputs and activities, credibly enforce spending decisions based on these strategic priorities, and measure results[4]. These are clearly no small tasks, and in practice obstacles have tended to emerge at each of the stages of the policy and budget cycle, including the links between the PRSP and the MTEF (where it exists), from the MTEF to the annual budget, and from the approved budget to actual execution and some sort of annual reporting, auditing and evaluation. The kinds of obstacles often encountered in low-income countries with weak administrative and PFM capacity are mapped onto the previously presented diagram of the policy/budget cycle in figure 1.3. It will be important to bear these common obstacles in mind throughout the analysis in the rest of the report, as they have a direct bearing on what results can or should be expected and how to interpret the findings.

Figure 1.3 Common obstacles at stages of the policy/budget cycle



[4] See *inter alia* Wilhelm and Krause (2008); Holmes and Evans (2003); ODI (2005); OPM (2000); World Bank (2002); World Bank/IMF (2002).



1.4 Approach and methodology of the study

1.4.1 Overall approach to the study as a whole

By viewing PRSPs, MTEFs, and budgets as processes, the approach taken here needs to be able to uncover not just the quantitative or visible outcomes in terms of the content of PRSP documents, budget allocations, executed expenditure, or even outcomes, but also a more qualitative understanding of the 'process' bottlenecks in the policy and budget cycle itself.

First, however, the study does examine in depth the actual content of PRSPs, from the perspective of child rights and the MDGs, giving particular attention to whether or not there are discernible shifts in emphasis between the first and second generation PRSPs. The broader policy environment, including sector policies and plans, is also taken into account.

The study then focuses on trends in public expenditure, to assess the overall macro-fiscal constraints on governments in the region and the extent to which sectors of direct importance to the rights of children and the MDGs are prioritised. The analysis also assesses the quality of expenditure, from the perspective of allocative and operational efficiency, and gives particular attention to equity issues in terms of the geographical distribution of expenditure.

The study then analyses the quality of the PFM system, within the context of the broader framework of governance and public administration, including issues concerning decentralisation, in order to understand the institutional and technical factors that affect the degree of 'ownership', the incentives to key players in the policy and budget process, and the capacity to budget well and deliver resources in an efficient and timely manner to public services, particularly in the sectors of greatest importance to children. Understanding these qualitative dimensions is especially important in contexts where small but sustained improvements over time are more likely to yield positive results than a so-called 'quick win' that is not firmly rooted in an understanding of ownership, incentives, or capacity and is therefore not likely to be fully institutionalised.

In order to respond to these needs, the approach in this part of the study has two pillars:

- first, it will use the policy/budget cycle as the starting point to understand the points at which decisions are made and processes happen, at which interests, incentives and capacities come into play and at which shortcomings or bottlenecks may arise;
- second, it will employ a diagnostic approach, meaning that quantitative data serve as windows into the underlying policy processes.

From this perspective, discrepancies between the poverty situation (including in particular child poverty) and the policy response, between the stated policy aims and resource allocations, between budgeted and actual spending, or between spending and service delivery outputs are important not only in themselves, but because they are manifestations of underlying problems in the policy and budget processes. The ultimate objective of the research is therefore not merely to identify the discrepancies, but where possible to diagnose why they occur. The strength of this approach is that by conducting the analysis in a sequential manner the analysis can identify not only the relevant constraints but also those that are the most binding.

Because of the high level of aid dependency in the region, specific attention is given to an analysis of the trends and composition of ODA, as well as the evolving aid modalities and their implications for ownership and incentives in the policy and budget processes.

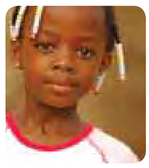
1.4.2 Methodology for this regional review

The methodology outlined above has been used in full for the five case studies on Burkina Faso, Chad, Ghana, Mauritania and Sierra Leone. For this regional desk review, however, it is difficult to put into practice the diagnostic approach outlined above, given the qualitative nature of the assessment of PFM systems and the broader administrative and governance conditions across the region, and because of the limited availability of information at a regional level. Instead, the regional review focuses mainly on an analysis of the content of PRSPs, the trends in public finances (and the extent of 'fiscal space'), the trends, structure and quality of public expenditure in the sectors most directly important for children, and the trends in aid flows and aid modalities in the region. Most of the analysis concentrates on providing a regional snapshot of the 'products' of two stages of the policy/budget cycle: first, the PRSP documents that are produced from the policy formulation stage of the cycle; and second, the actual pattern of expenditure that results from budget execution.

Following this introduction, the report proceeds in four main parts to present the findings of the analysis outlined above:

- chapter 2 analyses the degree to which children's interests are reflected in PRSP documents, in terms of problem identification, policy formulation, resource allocation, implementation arrangements, and monitoring and evaluation frameworks;
- chapter 3 turns to issues of 'fiscal space' to uncover the trends in overall public finances and the resource envelopes available for public expenditure, and then examines the trends, structure and quality of expenditure in key child-related sectors;
- chapter 4 addresses the trends in ODA, including both the level and composition of resource flows, and the evolution of aid practices from the perspective of the aid effectiveness principles set out in the Paris Declaration;
- the conclusions of the analysis are brought together in the final chapter.

Broadly speaking, the review has relied on data available in the PRSPs themselves, MTEFs (where MTEF data are provided by PRSPs) and APRs, as well as IMF, World Bank, and OECD-DAC databases and reports. More information on the sources used is provided in each of the chapters, with observations where necessary on data limitations.



2. Children's interests in PRSPs

This chapter provides an assessment of PRSPs from the perspective of a multi-dimensional understanding of child poverty. It focuses on the beginning of the policy cycle to understand the extent to which the child poverty situation is adequately reflected in the poverty analysis, the policy objectives, the programmes and the resource commitments set out in the PRSPs in the countries of the region. While such an assessment may seem fairly straightforward, in practice it requires a set of criteria, which are explained in the first section of this chapter. As noted in chapter 1, this assessment covers 22 first and second generation PRSPs in 16 countries, and excludes the most recent new PRSPs, including in a few countries that have drafted and adopted PRSPs for the first time since the research for this study began at the end of 2007.

The main findings are that, in general, PRSPs do a good job of including children's interests, with health and education in particular featuring prominently in all of them. However, there is a wide variety in the depth of this inclusion, the pro-poor emphasis outlined and, most importantly, the extent to which an understanding of children's poverty translates throughout the policy cycle from policies and strategies to concrete resource commitments, implementation responsibilities, and monitoring and evaluation frameworks.

2.1 Assessment framework and outline of the chapter

In undertaking this type of approach, it is important to define what we mean by 'good' coverage of children's interests throughout the review. At various stages, it implies positive answers to the following in each of five key PRSP dimensions[5]:

- **Poverty situation analysis.** Does the PRSP poverty analysis adequately capture the poverty situation of children? Are inequities in child rights realisation addressed – by region, gender and income or wealth status?
- **Policy objectives/strategies.** Does the articulated policy and programme framework set out in the PRSP, at inter- and intra-sectoral levels, adequately address the child poverty situation identified? Are policies and programmes relating to children's interests pro-poor in emphasis? Does the PRSP provide any prioritisation of the policies and programmes included?
- **Costing and budgeting.** Is the PRSP costed? And is the indicative spending committed in the PRSP for different types and levels of service provision consistent with the strategy's policy and programme framework?
- **Implementation.** Is there an action matrix or logframe that sets out a coherent plan for implementation of the policies?
- **Monitoring and evaluation.** Does the PRSP set out monitoring and evaluation indicators and mechanisms to make it possible to assess progress in meeting the policy goals?

The analysis proceeded by conducting a detailed survey of each of the 22 PRSPs under consideration. It then plotted each one into an evaluation matrix. Key policy areas were assessed against the five key child poverty dimensions of education, health, water and sanitation, social protection, and gender, along with macro and other issues, in order to build up an assessment of the coverage of issues relating directly or indirectly to children's interests. Note was taken of explicit mention of rights-based approaches, and special attention was paid also to the issue of decentralisation.

The rest of this section undertakes, first, an overview assessment of the quality of PRSPs from a child perspective, employing the criteria set out above for the five key dimensions of the assessment. These

[5] Similar approaches were taken in other exercises evaluating PRSPs, including WB (2004) which looked at HIV/AIDS and WHO (2004) which looked at health, in terms of a similar analysis of pro-poor poverty analysis and response.

broad assessments are then disaggregated by looking in detail at the key sectors of health, education, water and sanitation, and social protection. This is followed by a less-detailed consideration of some other pertinent issues, subsectors and policy areas such as gender. We then consider progress between generations of PRSPs in the countries where this is applicable – Burkina Faso, Gambia, Ghana, Guinea, Mauritania and Senegal – and how coverage of children's interests has fared in the transition, before finally drawing conclusions on trends, patterns and implications.

2.2 Overview of the five key dimensions of the PRSP

Table 2.1 provides a summary assessment of the reflection of children's interests in all the PRSPs under consideration, providing a broad overview of the quality of the PRSPs from a child poverty perspective and where any major shortcomings may reside. The assessment is conducted in terms of the five dimensions outlined above, concerning the poverty situation analysis, the policy objectives/strategy, costing and budgeting, implementation planning, and monitoring and implementation. What is immediately clear from this assessment is that in many cases there are gaps in translation from one stage to the next or that coverage is nevertheless uneven.

Table 2.1 Coverage of issues relating to children's interests in 22 West and Central African PRSPs[1]

PRSP[2]	Poverty situation analysis	Policy objectives/ strategies	Costing and budgeting	Implementation plan	M&E
Benin (1)	Blue	Blue	Blue	Grey	Blue
Burkina Faso (1)	Blue	Blue	Blue	Grey	Blue
Burkina Faso (2)	Blue	Blue	Blue	Blue	Blue
Cameroon (1)	Blue	Blue	Blue	Blue	Blue
Cape Verde (1)	Grey	Grey	White	Grey	Grey
Chad (1)	Blue	Grey	Grey	Grey	Blue
DRC (1)[3]	Grey	Grey	White	Grey	Grey
The Gambia (1)	Blue	Grey	Grey	White	Grey
The Gambia (2)	Grey	Blue	White	Grey	Grey
Ghana (1)	Blue	Blue	Grey	Blue	Blue
Ghana (2)	Grey	Grey	White	Grey	White
Guinea (1)	Blue	Blue	Grey	Grey	Grey
Guinea (2)	Blue	Blue	White	Grey	Blue
Mali (1)	Blue	Blue	Grey	Blue	Grey
Mauritania (1)	Grey	Blue	Blue	Blue	Blue
Mauritania (2)	Blue	Blue	White	White	White
Niger (1)	Blue	Grey	Blue	Grey	Grey
Nigeria (1)	White	Grey	White	White	White
São Tomé & Príncipe (1)	Grey	Grey	Grey	Grey	Grey
Senegal (1)	Grey	Blue	Blue	Blue	Blue
Senegal (2)	Blue	Blue	Grey	Grey	Blue
Sierra Leone	Blue	Blue	Grey	Grey	White

Notes: 1. The three categories of appraisal, in blue, grey and white, indicate respectively: comprehensive and detailed coverage with appropriate disaggregation and consideration of constraints and limitations; some coverage/detail but with little disaggregation or consideration of constraints; little or no coverage. 2. Number in brackets refers to the generation of the PRSP. 3. Although domestic quantitative data are scarce for the DRC, efforts have been made to fill the gap with domestic qualitative studies and data from external quantitative studies. However, this also means there is little or no trend analysis.

2.2.2 Poverty situation analysis

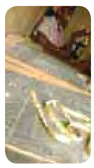
In terms of the assessment of the poverty and situation analysis, the criteria revolved around the depth and quality of the analysis, and the level of disaggregation of the data in all the key sectors. For example: does the analysis adequately assess the poverty situation of children in relation to these sectors? Is there a disaggregation of the data by gender, region or district, urban and rural areas, and socioeconomic strata (e.g. income or wealth quintiles)? Is there trend analysis of the data over time? Are quantitative data supported by qualitative data? Is there some assessment of determinants and causes, constraints and limitations? And finally, is there any evaluation or assessment of previous interventions in the key sectors? If the answer to all or most of these questions is yes, the coverage is deemed to be comprehensive. If the answer is positive for only some of them, the coverage is deemed to be partial. And if the answer is yes to few or none of them, the coverage is deemed to be slight.

2.2.2.1 Findings

In the main, but with some variation across particular sectors and policy areas (gender, HIV/AIDS, etc.), the poverty and situation analysis is largely good. There is often a useful degree of detail, and normally an appropriate disaggregation of data by gender, regions, socioeconomic strata, and urban and rural areas. Where the information allows, as in the majority of cases, quantitative data are presented and analysed, and this is normally supplemented with qualitative data drawn from participatory poverty assessments (PPAs) and sector studies. Even where quantitative data are largely absent for whatever reason, as in the DRC, efforts have been made to fill in the gaps using information from extensive qualitative fieldwork or studies.

This implies that almost all countries in the region are beyond (in most cases, well beyond) initial recognition of the problems and the first attempts to frame appropriate policy responses. Where the first attempt is being made to address directly the explicit issue of children's interests, as in the poverty diagnosis in the PRSP in the DRC, the analysis tends to be less developed and defined, with more of a focus on crude aggregate indicators.

Despite this general strength of the poverty and situation analysis dimension of the PRSPs under consideration, there is considerable unevenness in the coverage of the different sectors. On the whole, the primary social sectors, such as education, health, and to a lesser extent water and sanitation, receive good coverage. There is usually also a reasonable analysis of poverty and living conditions in urban and rural areas, and the particular sets of problems attendant to each. However, this is not always the case in other sub-sectors and policy areas, where there is considerably more variation as to the depth and quality of analysis. For example, consideration of gender issues is not always given due prominence, nor is HIV/AIDS always given the same situation, although this reflects to some extent the differences in the impact of the pandemic in different countries.



Specific analysis of the incidence of child (consumption expenditure) poverty is generally lacking, despite the fact that household survey data make it possible to calculate the proportion of children living in poor households – although admittedly not the intra-household distribution of resources and expenditure. Given the fact that fertility rates are generally higher in poorer households, and that the child poverty headcount is therefore higher than the adult poverty headcount, it is a weakness of most PRSPs that they fail to provide this kind of analysis. A recent exception is the first full PRSP in DRC (not one of the 22 PRSPs covered in table 2.1), which drew heavily on a study of child poverty based on analysis of household budget data (Congo, 2008; Notten et al., 2008).

2.2.3 Policy objectives and strategies

Here the analysis looks at how well the formulated policies address the situation uncovered by the poverty analysis. Do the goals and objectives of the stated policy framework address the problems revealed by the analysis? Are they rationally prioritised in order to effectively contribute to achieving their aims? Are any concrete strategies of how to achieve those aims described? Once again, if the answer to all of these questions is yes, coverage was deemed to be good. If only some were answered, or they were answered in partial and incomplete ways – for instance, if both disparities between genders and specific regions were identified in the analysis, but only regional disparities were explicitly recognised in the policy objectives – then the coverage was assessed as partial. If no real relation was discernible between the stated policy goals and the poverty analysis, and if those goals weren't prioritised in any way, and absolutely no strategies were identified for achieving them, then the coverage was deemed to be poor.

2.2.3.1 Findings

Overall, this second dimension of PRSPs is also largely well served. Where the situation and poverty analysis is good, the policies articulated in response to that analysis are generally in line with this. Overall, the policy/strategy part of both first and second generation PRSPs is built around a small number of 'pillars' or 'axes', usually no more than four or five. Invariably one of these pillars is on development of the social sectors and/or human development. In more recent PRSPs, there is also sometimes a pillar on vulnerability reduction or social protection.

Most often, and especially in the health and education sectors, there is a significant pro-poor orientation, and normally an appropriate prioritisation of pertinent strategies and focus areas (e.g. towards the basic education cycle in education, or delivery of primary health care as an essential component of health delivery). Goals and/or objectives are articulated in direct response to problems and shortfalls identified in the analysis, and in some cases the rudiments of concrete strategies to achieve those objectives are elaborated. Of course, there is some variation across sectors and policy areas, with coverage of cross-cutting issues such as gender and HIV/AIDS more variable.

One area that is perhaps underserved is explicit coverage of social protection policy, though this is generally because this sector – if present at all – is still nascent. It would therefore not have been likely to appear in early PRSP documents and, even more recently, the sectors are often still being 'formed' with little specific policy developed that could be included in a PRSP. There is a more explicit focus on social protection in some more recent PRSPs, however, reflecting the growing importance attached to vulnerability reduction and the role of social protection in strategies for chronic poverty reduction. The conceptualisation, objectives and components of social protection are relatively well developed, for example, in the PRSPs in Burkina Faso (2004), Cape Verde (2004 and 2008), Chad (2003), DRC (2006), Ghana (2005), Mauritania (2006) and Senegal (2006)[6].

2.2.4 Costing and budgeting

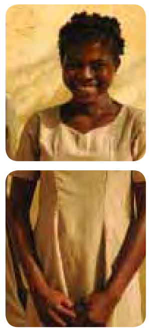
In this section the criteria used were the presence or absence of costed programmes and strategies, indicative expenditure allocations, and due consideration of resource constraints and financing arrangements. These aspects are addressed in more detail in the next chapter. Here the emphasis is on qualitatively determining the consistency between the policies and programmes set out in the PRSP and the latter's costing and budget projections. The questions asked were: is there a costed priority action plan? Have resources been indicatively allocated to sectors and what is the level of detail presented in these projections or medium-term expenditure frameworks – by year, by capital and recurrent expenditure, by line item, etc.? What details are provided on the financing arrangements, and the proportion of expenditure to be funded from domestic revenue relative to external sources or domestic borrowing? Is there consideration of funding gaps and how they might be financed? A more explicit pro-child focus outside the pattern of broad sector orientation is not possible, however, given the lack of detailed budgetary disaggregation provided in PRSPs[7].

2.2.4.1 Findings

When it comes to costing and budgeting, the record is much more varied. Just over a third of all PRSPs had good costing and budgeting, with the same amount partial and around a quarter poor. This assessment is the consequence of numerous factors, including inconsistencies in the amounts and figures reported, disparities in the way costs and budgets are broken down between sectors in the same PRSP, differences in

[6] For further analysis of social protection in PRSPs, see Holmes and Braunholtz-Speight (2009) as well as the analysis in section 2.3.4 below.

[7] *ibid.*



the costing and budget periods for different sectors in the same PRSP, insufficient level of detail (for example, no breakdown by capital and recurrent expenditure, by year or by programme or sub-sector, with sometimes only total costs or projected expenditure per pillar) and poor consideration of the funding gap or how it will be financed. The different approaches to budgeting in PRSPs are discussed in more detail in Box 2.1

Box 2.1 PRSPs' differing approaches to financing requirements

PRSPs take different approaches to articulating the financing that they require for implementation. Some include full financing frameworks (i.e. for the totality of government within a resource constraint that is fully financed), whereas others only include priority action plans.

Even within these priority action plans there are differences in meanings: in some countries these are consistent within the overall resource framework and signify spending that will be protected even in the face of resource shortfalls.

In other cases, these merely indicate which projects will be financed with HIPC funds, and finally in some they are entirely wish lists.

The table below outlines the types of approaches found in the PRSPs analysed in this report. Only in nine of the countries was a full financing framework based on a functional and/or economic classification provided. In four countries only a priority action plan was presented and in two countries (Nigeria and São Tomé and Príncipe) no financing information was given at all.

Many of the countries with full financing frameworks also provided information on priority spending that would in some way be protected.

In the priority action plans without accompanying resource frameworks, it is difficult if not impossible to get a sense of either the overall resource envelope or the relative shares attributed to different sectors.

Table 2.2 Types of financing frameworks associated with PRSPs

	Full financing framework based on functional and/or economic classification	**Priority Action Plan**
Benin	X	X
Burkina Faso	X	X
Cameroon	X	X
Cape Verde		X
Chad	X	X
DRC	X	X
Gambia		X
Ghana	X	
Guinea		X
Mali	X	X
Mauritania		X
Niger		X
Nigeria		
São Tomé and Príncipe		
Senegal	X	X
Sierra Leone	X	X


Often the financing information in PRSPs is not an actual indication of prioritisation within a fixed resource envelope (as in an MTEF) but rather a 'wish list' exercise where priority actions are costed and presented whether or not funds are likely to materialise.

This is related to the fact that PRSPs are often meant to serve two purposes: on the one hand they are supposed to represent a clear indication of prioritisation within a fixed resource envelope, indicating what can realistically be done with forecast resources, whereas on the other hand they are often used as vehicles themselves for garnering further donor support. Donors often will wait until a PRSP is prepared and adopted before deciding on the support to be provided, and rarely do they make commitments in advance over the full three- to five-year period of a PRSP. This causes some internal tension in the documents in terms of balancing both their planning and aid mobilisation objectives, and the findings should therefore be interpreted within this context.

2.2.5 Implementation matrix

Assessing the implementation matrix is a complicated task. Detailed implementation matrices for the programmes in each of the key sectors would take up substantial volumes of text in their own right. Complex questions arise as to the presence or absence of linked or prerequisite activities, for example in relation to the progress and processes of the decentralisation agenda, upon which much of the sector strategies for the development and improved delivery of health, education, water and sanitation services depends. Further questions arise as to how viable or realistic those actions are, or whether or not they simply restate in more or less the same terms the goals and objectives articulated under the policy formulation, with no real specification as to how strategies are to be achieved. These are nuanced and subjective issues which would require a more comprehensive assessment than is possible here.

In general, however, it would be misplaced to expect PRSPs to enter into a high level of detail at activity level. They are after all overarching development strategies, which need to be complemented by other documents, such as priority action plans for PRSP implementation (which sometimes outline the activities towards which additional funds will be put) and the more specific and detailed strategies and plans produced by line ministries. The point here is that there should be some mechanism to translate the broad strategy into concrete actions and that, in turn, should be linked to the expected levels of resources required and the results expected.

The basic question to ask is: do the PRSPs include an implementation matrix or logframe at all, describing at least the most important actions to be carried out under the relevant policy areas, and does this identify the lead agencies responsible for their implementation? We take the presence of implementation matrices as the basic measure, and supplement this only with a brief general assessment as to their quality in relation to particular sectors. On the other hand, the absence of an implementation matrix does not necessarily imply that implementation measures are not well delineated in the main body of the text. Coverage may be deemed adequate, therefore, even if there is no logframe included in the document.

2.2.5.1 Findings

There is a bigger concentration of PRSPs in the partial range than in other sections, with still a good deal of variation between strategies. PRSPs which have not had a real implementation matrix or logframe are: Burkina Faso (first generation), Cape Verde (first generation), DRC, the Gambia (first generation), and Guinea (second generation)[8].

The problems here revolve around not only the presence or absence of a logframe or matrix of actions to be implemented and whether or not there is a detailed priority action plan, but also around how well-defined the actions are. In most cases the agency or institution responsible for the action or area of activity is delineated in the logframe, but often the objectives listed under the goals of the policy formulation section are simply repeated in the logframe or implementation matrix, with little or no detail as to how those

8 Here, as throughout the rest of this section, numbers in brackets after country names refer to the generation (first or second) of the PRSP in question.

objectives or strategies are to be effectively realised, or what concrete actions they entail. For instance, when the policy objective is to promote girls' access to education, it may or may not be stated in the implementation matrix exactly how this is to be achieved; for example through subsidies, scholarships, fee waivers, the training and deployment of more female teachers, improved school sanitation or some other type of measure.

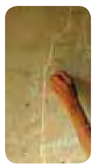
In the main, implementation measures tend to be well-articulated when they designate the simple completion of concrete tasks and actions. For example: 'construct 500 new boreholes' is a concrete action against which it is easy to measure progress. 'Empowering parents' associations', or 'support blood transfusion services' are more hazy descriptors, that without further elaboration raise some questions as to whether these will amount to any concrete action at all.

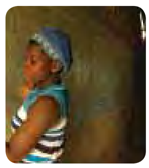
2.2.6 Monitoring and evaluation framework

The criteria for assessing the M&E framework hinge on how well-defined the targets and indicators to measure progress are, and how clearly defined the mechanisms and responsibilities are for obtaining the necessary data and assessing progress. Are key indicators defined and targets quantified? Are timeframes specified? Are linked indicators elaborated and specified? Is there a plan for data collection and dissemination? Are the various actors, institutions and mechanisms for data collection and dissemination specified? Good coverage supposes positive answers to all or most of these questions, partial coverage indicates that only some of the criteria are met, and poor coverage suggests very little fulfilment of the criteria.

2.2.6.1 Findings

Monitoring and evaluation are generally well covered, although some variation and coverage is not always as good as it might be, especially when it comes to social protection and gender. In the vast majority of cases, key indicators of children's interests, such as infant, child and maternal mortality, primary gross enrolment rates, malnutrition measures, vaccination coverage, and gender differentials (particularly in primary education) are present, and the mechanisms and responsibilities for gathering and measuring them are defined. In addition, a whole raft of linked or tangential indicators is monitored. Where coverage tends to drop off slightly is in a lack of detail or disaggregation, so that the various nuances may not be covered (differentials by gender, region, socioeconomic strata, etc.), actual target amounts may not be specified (i.e. merely specifying what measure is to be monitored without linked target levels), and timeframes for targets may not be clear. The two worst cases in this regard were Nigeria's first generation PRSP and Ghana's second generation PRSP[9]. Neither of these PRSPs provides a matrix of M&E indicators, which most of the other documents do, either as a table in the main text or as an annex. Where indicators and targets are buried in the main text, it is often not clear what indicators in what sectors, or under what pillars of the PRSP, are really supposed to be monitored.





2.3 Key sectors: Education, health, water and sanitation, social protection

The general trends outlined above obscure a host of particular variations and nuances within and between the PRSPs considered in this study. Education may be perfectly covered in one strategy document, while health is relatively neglected for instance; or a particular key sector may have a thorough situation analysis and policy articulation, but be considerably lacking in costing, budgeting, and implementation details. For this reason it is worth assessing separately the quality of PRSPs in terms of their coverage of the key sectors of health, education, water and sanitation, and social protection across the same five dimensions as those used for the macro-assessment above.

[9] In the case of Ghana this is acknowledged as a direct result of a conscious switch of focus in the second PRSP, away from social development per se and towards economic growth.

2.3.1 Education

2.3.1.1 Poverty situation analysis

In education, the poverty situation analysis tends to be quite solid, usually providing information on such key indicators as:

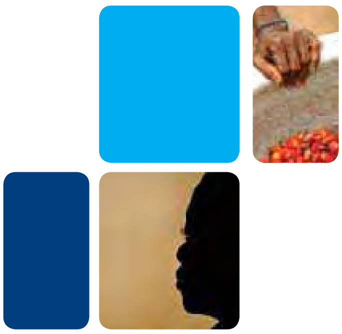
- the share of education expenditure in GDP and/or total public expenditure;
- enrolment ratios and completion rates – most often gross enrolment as opposed to net, and data at least for primary if not for secondary and higher education;
- adult literacy[10];
- trends in any of the above indicators over time, according to the available data;
- disaggregation of the above indicators by gender, socioeconomic strata and region; and
- some appraisal of the underlying causes or persistence of problems.

As can be seen from table 2.3, coverage of the key indicators in relation to the education sector is good, with primary enrolment ratios and literacy rates (and their respective trends and causes) almost universally covered. The exceptions here are São Tomé and Príncipe in relation to the former, and DRC in relation to the latter. In the case of São Tomé and Príncipe, consideration of enrolment rates *per se* is substituted by an analysis of actual numbers enrolled in school, broken down into boys and girls, as well as the distribution of the school population by district. In the case of DRC a simple lack of quantitative data due to the extended period of conflict explains the lack of data on literacy.

Analysis by socioeconomic strata is given by approximately two-thirds of all countries, but not always on the same issues. For example, differentials by socioeconomic strata are sometimes explicitly given for all the key indicators, such as enrolment ratios, literacy rates and household expenditure on education, while in other cases only some indicators are analysed in this way, or it is merely mentioned that access to education services in general is affected by socioeconomic status (e.g. consumption quintile), with no supporting quantitative data.

Government expenditure on education, either as a percentage of GDP or as a share of total public spending, is slightly less well covered, with just over a third of all PRSPs providing quantitative information on this. However, this is somewhat rectified by the fact that some of the countries that do not provide this data in the poverty and situation analysis, do so in their M&E framework. The first generation PRSPs in Cameroon, Cape Verde, Chad, DRC, Mali, Mauritania, Niger, São Tomé and Príncipe, Senegal and Sierra Leone all fall into this category.

As regards disaggregation by gender, regions or urban–rural areas, 19 of the 21 PRSPs providing data on enrolment rates disaggregate by gender and a further 12 by region and/or urban and rural areas. Similarly, in relation to literacy, 19 of the 21 PRSPs providing data on this subject disaggregate by gender. Of all the PRSPs, the worst in terms of analysis is Nigeria's first generation PRSP, which provides very little data at all, and no disaggregation whatsoever of the information it does present. This is a serious weakness in a country with major geographical and gender disparities in education.



2.3.1.2 Policy objectives

The education policy objectives set out in PRSPs generally respond to the problems highlighted in the situation analysis of the education sector, are rationally prioritised, and provide a clear pro-poor emphasis. The basic or primary education cycle is in almost all cases awarded a privileged position in relation to secondary and tertiary levels of education, and the focus is on achieving universal access, 100% enrolment, and gender parity. Poor and underserved regions and strata are targeted for priority actions and investment, and there is an emphasis on improving the quality of education delivered. Sixteen out of

[10] Only one country, Sierra Leone, analyses and sets target indicators for child (<15) and youth (15–24) literacy.

Table 2.3 Subjects covered in analysis of education sector in 22 PRSPs*

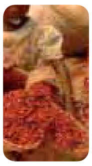
	Expenditure		Enrolment			Literacy		Socio-economic barriers	Trends/ causes
	% GDP	% total spending	GER/ NER	Gender	Regional/ urban-rural	All	Gender		
Benin (1)	✓	✓	✓	✓	✓	✓	✓		✓
Burkina Faso (1)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Burkina Faso (2)			✓	✓	✓	✓	✓	✓	✓
Cameroon (1)			✓	✓	✓	✓	✓	✓	✓
Cape Verde (1)		✓	✓	✓		✓	✓		✓
Chad (1)			✓	✓		✓	✓	✓	✓
DRC (1)			✓	✓	✓				✓
The Gambia (1)	✓	✓	✓	✓		✓	✓	✓	✓
The Gambia (2)			✓	✓		✓	✓		✓
Ghana (1)	✓		✓	✓	✓	✓	✓	✓	✓
Ghana (2)	✓		✓			✓	✓		✓
Guinea (1)			✓	✓		✓	✓	✓	✓
Guinea (2)	✓		✓	✓	✓	✓	✓		✓
Mali (1)			✓	✓	✓	✓	✓	✓	✓
Mauritania (1)			✓	✓		✓	✓		✓
Mauritania (2)	✓		✓	✓	✓	✓	✓	✓	✓
Niger (1)			✓	✓	✓	✓	✓	✓	✓
Nigeria (1)			✓			✓			
São Tomé & Príncipe (1)						✓		✓	✓
Senegal (1)			✓	✓		✓	✓	✓	
Senegal (2)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sierra Leone (1)			✓	✓	✓	✓	✓	✓	✓
Totals	**8**	**5**	**21**	**19**	**12**	**21**	**19**	**14**	**22**

Notes: * numbers in brackets by country names refer to the generation of the PRSP.

Table 2.4 Pro-poor policy orientation in education in 22 PRSPs

Sector	Focus on primary education cycle	Prioritise poor/ underserved populations	Increasing share of expenditure
Education	21[1]	21[2]	16

Notes: 1 The missing PRSP here is Cape Verde (1st generation). 2 Missing PRSP is Nigeria (1st generation).



the 22 PRSPs analysed commit a progressively increasing share of expenditure to the sector throughout the given period of the strategy.

Unfortunately, the PRSPs alone do not answer the question of how many countries provide or aspire to provide free universal primary education. Where it is often stated that the aim is to provide universal access to the primary or basic education cycle, it is not always specified whether this necessarily implies free access. Conclusions on this critical issue are therefore fairly elusive.

Regarding the basic or primary education cycle, the emphasis in PRSPs is on improving access, quality and completion rates. In some cases, this is extended to include the first phase of secondary education as well[11]. A prime indicator of this prioritisation lies in dedicating a significant and secure share of overall education expenditure to the basic cycle[12]. Other measures aimed at improving access focus on the supply side: the construction and rehabilitation of new and existing facilities and infrastructure, teacher training, and strategies such as introducing double shifts or flexible scheduling, and even increasing the length of the school year[13] in order to increase the amount of instruction time students receive.

Measures aimed at improving quality include standardised use of approved textbooks, revising and updating curricula and certification systems, improving student/teacher and student/classroom ratios[14], teaching in local languages, providing adequate teaching and learning materials to schools, capacity building for teachers and other education workers (including supervisors and administrators) through in-service training programmes, improving accountability and incentive structures for education staff (for example, by setting performance standards linked to learning objectives), improving competency and qualification frameworks for teachers, and increasing community participation in the management of education facilities.

The only PRSP that does not place specific emphasis on primary education is Cape Verde, where improvements in the coverage and quality of basic education have been the focus of government policy for some time and now the emphasis has shifted to secondary and pre-school education. In Ghana, Guinea (under the second generation PRSP of 2007), and Mauritania, the main focus is still on the primary education cycle, but more emphasis is placed on secondary, tertiary and pre-school levels, and on improving overall quality. Sometimes pre-school education is given quite high priority, with policies spelled out in some detail, while in other cases it receives just a line or two or a target indicator acknowledging the need for it. The countries that do not include a particular emphasis on pre-school education are generally those further behind in the development of the education sector in a broader sense, such as Chad, DRC and Sierra Leone. Literacy appears to be a universal focus: The sole exception is Guinea, under the first generation PRSP, which rectified its omission in the second generation PRSP.

Prioritising poor and/or underserved populations means formulating explicit policies to reduce the cost of access to those populations and improve service delivery to them, with explicit reference to the particular regions or socioeconomic strata to be targeted. Intervention measures include strategies such as free distribution of text books, fee waivers, provision of school canteens, and financial assistance through scholarship trust funds (particularly for girls), as well as prioritising investments in underserved areas and redistributing human and material resources to needy localities through the implementation of policies such as compulsory staff rotation[15], adjusted incentive frameworks for rural or isolated areas, resource mapping and rationalising distribution of resources based on need, and continuing or accelerating the decentralisation process in order to give local government authorities and communities more control over education management and expenditure

11 As in Benin, Burkina Faso, Ghana and Mauritania.

12 PRSPs which explicitly state, and/or declare to monitor, the share of spending on primary education as a proportion of total education spending are: Burkina Faso (first generation), Chad, Ghana (first generation), Guinea (first and second generations), Mali, Niger and Senegal (first generation).

13 As in the Gambia.

14 This does not always imply reducing student/teacher ratios. In the DRC, class sizes were to be standardised at 40 pupils, which in some cases meant increasing class sizes, in order to free up resources to improve facilities.

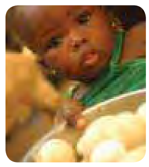
15 As in Ghana, where teachers are to serve a minimum of two years in remote areas.

Table 2.5 Coverage of specific policies in education in 22 PRSPs

PRSP	Pre-school	Literacy	Non-formal education*	Gender mainstreamed
Benin (1)	✓	✓	✓+	✓
Burkina Faso (1)	✓	✓	✓	✓
Burkina Faso (2)	✓	✓	✓	✓
Cameroon (1)	✓	✓	✓	✓
Cape Verde (2)	✓	✓		
Chad (1)		✓		✓
DRC (1)		✓	✓+	✓
The Gambia (1)		✓	✓+	
The Gambia (2)	✓	✓	✓	✓
Ghana (1)	✓	✓	✓+	
Ghana (2)	✓	✓	✓+	✓
Guinea (1)	✓		✓+	✓
Guinea (2)	✓	✓	✓+	
Mali (1)	✓	✓		✓
Mauritania (1)	✓	✓		
Mauritania (2)	✓	✓		
Niger (1)	✓	✓		
Nigeria (1)		✓		
São Tomé & Príncipe (1)		✓	✓+	
Senegal (1)	✓	✓	✓+	✓
Senegal (2)	✓	✓	✓+	✓
Sierra Leone (1)		✓		✓
Totals	16	21	14(10+)	13

Notes: * '✓+' indicates explicit policies aimed at children who have dropped out of the education system for whatever reason (e.g. street children, child labourers, children caring for other children, child soldiers and other children associated with armed forces, children with disabilities, etc.).

The category of non-formal education includes apprenticeships and community-based training, rather than limiting this to formal vocational and technical education. This is to assess how far existing policies reach the population groups that otherwise slip through the education net, such as children living or working on the street, child labourers, children caring for other children, child soldiers and other children associated with armed forces, children with disabilities, and all other groups and individuals who for whatever reason have been missed by, excluded from, or have dropped out of the formal education system. As table 2.5 shows, more often than not the need for non-formal education policies is recognised, but in under half of all instances is specific attention paid to children who by virtue of their increased disadvantage, marginalisation or vulnerability have missed out on or dropped out of the formal education system.



Although there is often an explicit policy of 'mainstreaming gender' in education sector policy, this does not always translate into effective mainstreaming. For example, while there is usually an explicit recognition of gender disparities in the basic education cycle, along with corresponding efforts to counter them, such efforts are not always carried through into secondary, tertiary, or pre-school education, or into literacy programmes. Gender is considered to be 'mainstreamed' in the above table only if there is explicit mention of the gender dimension in all levels and aspects of education included in the policy framework.

2.3.1.3 Costing and budgeting

In terms of education costing and budgeting, the information provided by PRSPs varies significantly. Some provide detailed costed sector plans, others only overall resource envelopes. Some provide sector budgets, with a reasonable level of breakdown across years, between capital and recurrent expenditure, and by priority programmes, and some provide sector-level financing arrangements.

Table 2.6 provides a summary indication of the quality of education costing and budgeting across the PRSPs in the region. No comment can be made here regarding the accuracy of the figures reported or how they relate to MTEFs, annual budgets or actual expenditures. In some cases, the figures themselves are highly suspect or contain obvious calculation errors.

Most PRSPs provide some indication of budgets to sectors and/or priority action plans. Nigeria (first generation), Guinea (first generation) and Ghana (second generation) are the exceptions. Those that do so usually provide an annual breakdown of the budget, and over half of those give details of capital and recurrent expenditure.

When it comes to the share of external financing in the total planned education expenditure, matters get a little more complicated. The figures given in table 2.6 are for the few PRSPs that provide information on external financing for education in their financial tables. Often the overall resource envelope and the financing framework for the whole of the PRSP is provided, but not disaggregated by sector. Sometimes information is provided on the proportion of the required financing that is already committed, and thus also on the size of the funding gap, but this is often not disaggregated by domestic and external sources. At other times different tables relating to the education sector give different figures – for instance, the overall budget envelope by pillar versus the detailed sector action plan. For these reasons, save for a couple of examples provided below, detailed consideration of the financing arrangements is left to the MTEF and budget analysis in the next chapter of this report.

In terms of the financing gap, the Gambia's second generation PRSP provides an instructive example. According to the figures, and despite the fact that the presentation of costing and budgeting seems very good, with full breakdown across years, by sub-sector, and by capital expenditure and various categories of recurrent expenditure (services and equipment, operating costs, and grants and scholarships), the financing structure presented for the Education Action Plan reveals a funding gap of 61.3% of total expenditure (63.1% for investment and 56.6% for recurrent expenditure). Furthermore, of the financing that is secured, only 3.6% is funded from domestic resources, with the remaining 96.4% coming from donors.

These figures are somewhat skewed by the fact that the costing and budgeting framework for the action plan extends over five years, from 2007 to 2011, and for the latter years much less funding has been secured than for the early years, so one would expect the gap to diminish year on year as funding agreements were secured. But even in the first two years, 2007 and 2008, there is a total funding gap of 28.9% and 57.5% respectively, and the proportion of secured funding financed by government is still only 3.5% and 3.4% respectively. If these figures are correct, they do not suggest that education is really a major government priority.

Contrast this with Senegal under its second generation PRSP. Here, despite funding gaps of close to 50% in all the programme areas under the education priority action plan (which increase slightly in the later years of the plan), 100% of committed resources are financed by the Government.

A final consideration here is that, although only eight of the 22 PRSPs considered here explicitly specify money amounts or proportions of HIPC resources that will be devoted to education sector spending, many more do indicate that some portion of HIPC funds will be dedicated, with exact amounts to be specified in the future. The latter include the Gambia (first and second generation), Ghana (first and second generation), Guinea (first generation), São Tomé and Príncipe, and Senegal (first generation). Overall, nearly 75% of PRSPs apportion some amount of HIPC funds to the education sector.

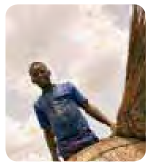


Table 2.6 Costing and budgeting indicators for the education sector in 22 PRSPs

PRSP	Budgeted sector/ priority action plan	Breakdown		External financing as % of total budget	Specified HIPC resources
		Annual	Capital/ recurrent		
Benin (1)	✓	✓	✓	12.2%[1]	
Burkina Faso (1)	✓	✓	✓		✓
Burkina Faso (2)	✓	✓	✓	35%[2]	✓
Cameroon (1)	✓	✓	✓	4.2%[3]	✓
Cape Verde (1)	✓	✓	✓		
Chad (1)	✓	✓	✓		
DRC (1)[4]	✓	✓	✓	11.1%	✓
The Gambia (1)	✓	✓			
The Gambia (2)	✓	✓	✓		
Ghana (1)	✓	✓			
Ghana (2)					
Guinea (1)	✓	✓	✓		✓
Guinea (2)					
Mali (1)	✓	✓	✓		✓
Mauritania (1)	✓	✓	✓		✓
Mauritania (2)					
Niger (1)	✓	✓		22%	✓
Nigeria (1)					
São Tomé & Príncipe (1)	✓				
Senegal (1)	✓	✓		56.8%[5]	
Senegal (2)	✓	✓		0%	
Sierra Leone (1)	✓	✓			
Totals	19	17	11		8

Notes: 1. Figures given here represent 'scenario 2' of the medium-term investment framework which anticipates achievement of accelerated growth objectives. 2. Total budget includes HIPC. 3. Total budget includes HIPC-dedicated funds for 2003. 4. Information taken from a breakdown of 'primary expenditure' by government department in 2006–2008. 5. Excludes funding gap; only includes committed funds.

2.3.1.4 Monitoring and evaluation framework

Table 2.7 shows which PRSPs include key education indicators in their M&E framework. Also indicated are whether they include a disaggregated breakdown by gender, regional and/or urban–rural areas. Sometimes the basic indicators to be measured are given without the quantified targets to be reached (or the specific timeframes in which they are to be reached), in which case they are designated below in brackets (✓).

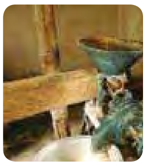
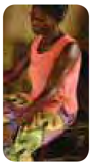



Table 2.7 M&E indicators for education in 22 PRSPs

PRSP	Primary enrolment				Completion/ transition/ retention drop-out rates	Literacy				Pupil-teacher/ class-room ratios
	All[1]	Girls[2]	Region/ urban-rural	Socio-economic		All	Female	Region/ urban-rural	Socio-economic	
Benin (1)	✓				✓	✓	✓			✓
Burkina Faso (1)		✓	✓			✓	(✓)	(✓)		
Burkina Faso (2)	✓	✓	(✓)		✓	✓				
Cameroon (1)	✓	(✓)			✓					✓
Cape Verde (1)					✓	✓	✓			
Chad (1)	✓*	✓			✓	✓	✓			✓
DRC (1)	✓	✓								✓
The Gambia (1)	✓	✓			✓	✓	✓			
The Gambia (2)	✓				✓	✓				✓
Ghana (1)	✓	✓	✓		✓					
Ghana (2)										
Guinea (1)	✓	✓				✓				
Guinea (2)	✓	✓			✓	✓				
Mali (1)	✓	✓				✓				✓
Mauritania (1)	✓	✓			✓	✓				✓
Mauritania (2)	✓	✓			✓	✓	✓[3]			
Niger (1)	✓	✓	✓		✓	✓				✓
Nigeria (1)					✓	✓				
São Tomé & Príncipe (1)	✓	(✓)	(✓)	(✓)	(✓)	✓				✓
Senegal (1)	✓	✓				✓	✓			
Senegal (2)	✓	✓			✓					
Sierra Leone (1)		✓				✓[4]	✓[5]			
Totals	18	18	5	1	15	17	8	1	0	9

Notes: 1. * indicates for boys only. 2. Includes gender parity index as alternative measure. 3. Ratio of illiterate women to men (aged 15–24). 4. Youth literacy (15–24). 5. Ratio of literate females to males (15–24). Parentheses refer to indicators that are mentioned but not quantified.

In many cases indicators and targets are presented in the main text of the PRSP, and then supplemented by a matrix of M&E indicators and/or targets as an annex. However, this is not universally the case. With Cameroon, some of the targets are quantified in the main text but, in the matrix of core M&E indicators provided as an annex, they are just listed without specifying exact targets or timeframes. In the case of DRC there is no M&E matrix but quantities and indicators are mentioned in the main text; and the same is true for Ghana's first generation PRSP. In the case of Ghana's second generation PRSP, no M&E indicators or targets are supplied either in an annex or in the main text. For São Tomé and Príncipe, the sub-indicators for enrolment (by age, gender, region) are listed in the implementation matrix.

Looking at trends then, we see that the key indicators of primary enrolment rates (overall and for girls) and literacy rates are all monitored by the majority of PRSPs. Interestingly, while the number of PRSPs monitoring both primary enrolment in general and for girls stands at 18 each, it is not the case that they all monitor both. Neither Benin nor the Gambia (second generation) make provision for monitoring girls' enrolment rates, while both Sierra Leone and Burkina Faso (first generation) only do so for girls (i.e. they do not profess to monitor enrolment rates for all children).

Under a quarter of PRSPs set enrolment targets to reduce regional or urban–rural disparities, and of the five that do (Burkina Faso first and second generation, Ghana first generation, Niger, and São Tomé and Príncipe), two set no quantified targets (São Tomé and Príncipe, and Burkina Faso second generation). Only São Tomé and Príncipe aims to monitor enrolment rates in relation to socioeconomic criteria.

With literacy we see similar trends, in that 17 of 22 PRSPs include it as a key M&E indicator, but only eight disaggregate by gender. Of those that do seek to track literacy among the female population, seven out of eight set explicit targets, while one does not (Burkina Faso first generation). The latter is also the only PRSP of the 22 that aims to monitor literacy by regions or urban–rural areas, but here again no quantified targets are set. The commitment to monitoring and evaluating gender, regional and urban–rural disparities in relation to literacy disappears in Burkina Faso's second generation PRSP[16].

Some form of retention rate is monitored by almost three-quarters of all PRSPs, using either primary completion, transition to the next cycle of education beyond the basic cycle, or retention rates at specific grades (e.g. the last grade in primary school or the basic education cycle). Again, however, not all set actual targets. Pupil/teacher or pupil/classroom ratios (normally the former) are included for monitoring by around 40% of the PRSPs under consideration.

2.3.1.5 Conclusions concerning gaps in PRSP coverage of the education sector

In general it appears as if most of the gaps are found in the translation from policy to costing, budgeting and implementation planning. The poverty and situation analysis is broadly good, the policy objectives articulated respond to that analysis, and the M&E frameworks set up to monitor progress against those objectives are basically adequate.

In costing and budgeting, errors of presentation, inadequate detail or disaggregation, insufficient attention to the size of the resource envelope, and/or inadequate or inappropriate presentation of the financing arrangements account for the variable quality of these documents. In particular, the insufficient attention to the actual level of resources available can transform a coherent set of policy objectives into a fanciful wish list, while inadequate or inappropriate financing frameworks may signal a betrayal of the stated priorities at both the specific policy level in the education sector, and more broadly at the level of the poverty reduction strategy as a whole. However, all of these problems may only apply to costing and budgeting as it is presented in the PRSP, and may be entirely absent or rectified in sector budgets, MTEFs and annual budgets.

Poorly defined implementation measures are perhaps a symptom of the failures at the level of costing and budgeting, but equally may demonstrate a lack of attention to working out a concrete strategy to deliver stated policy objectives. Here the main problems stem from the fact that often policy objectives are just restated in implementation matrices, without the required degree of elaboration as to what form exact measures may take. This implies that the real work of working out and designing effective strategies often largely remains to be done, before the education component of the PRS can effectively begin to be enacted. Alternatively, and perhaps more accurately in most cases, the detailed work that has already gone into education sector plans could be better reflected in the PRSPs. Beyond what we can say about the PRSP documents themselves, the broader conclusion is that there seem to be weaknesses in linking sector strategies with PRSPs. This problem is addressed in more detail in the country case studies.

[16] Although this provides a good example of the limitations of this aggregate exercise, as the detailed case study for Burkina Faso reveals that in fact there was a 10-year education sector plan put in place before the first PRSP and therefore sector policy has been quite consistent over both generations. The difference is in how these have been incorporated into the PRSP documents rather than a substantive change.

2.3.2 Health

2.3.2.1 Poverty situation analysis

As with education, the poverty situation analysis in the health sector tends to be of good quality and depth. Information is generally provided on all the key indicators[17] including:

- infant, child and maternal mortality;
- access to health services;
- malnutrition (under five);
- vaccination;
- HIV/AIDS and malaria;
- trends in any of the above indicators over time, according to the available data; and
- some appraisal of causes or persistent problems.

Unlike in education, the analysis of public expenditure on health concentrates more on the share it receives of the national budget, rather than the proportion of GDP, but here again the proportion of PRSPs offering any analysis of this data is similar to that in relation to the education sector (in fact slightly less). There is in general slightly more appraisal of other aspects of health expenditure, such as the share of household budgets that goes on health, for example. table 2.8 provides a summary appraisal of which indicators tend to be covered in relation to the health sector in each PRSP.

In terms of access to health services, the most common indicators are those relating to physical proximity; at least half of which disaggregate by regional and/or urban–rural disparity. Many of the PRSPs under consideration also provide other measures of access such as utilisation rates. In Sierra Leone, for instance, while limited data are presented regarding access in terms of physical proximity, there is a quite extensive blend of qualitative and quantitative analysis relating to the consultation habits of Sierra Leoneans, broken down by socioeconomic status (food poor, poor, non-poor and overall) and by whom they visit when they are ill (doctor, nurse, pharmacist, traditional healer, etc.).

Beyond this, some of the health dimensions listed in table 2.8, such as vaccination and malnutrition, are analysed in more detail in some PRSPs than in others. Analysis of vaccination, for example, sometimes provides data on specific diseases (tetanus, polio, diphtheria, measles, yellow fever, etc.), as well as the percentage of children fully immunised, or the proportion not to have received any vaccinations at all. Analysis of nutritional status, similarly, may provide data on stunted, wasted and underweight children and on the prevalence of anaemia, iodine, iron and vitamin A deficiencies, the proportion of low birth weights, and/or statistics on maternal nutrition or breastfeeding practices. Whatever the depth of analysis provided, however, our table does show that coverage of nutrition issues in one form or another is high among all PRSPs.

[17] Although this provides a good example of the limitations of this aggregate exercise, as the detailed case study for Burkina Faso reveals that in fact there was a 10-year education sector plan put in place before the first PRSP and therefore sector policy has been quite consistent over both generations. The difference is in how these have been incorporated into the PRSP documents rather than a substantive change.

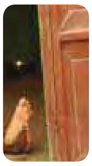
Table 2.8 Analysis of health sector in 22 PRSPs[1]

PRSP	Government expenditure		Access[2]		Mortality			Mal-nutrition	Vacci-nation	HIV/ AIDS	Trends/ causes
	% GDP	% total spending	All	Regional/ urban-rural	Infant	Child	Maternal				
Benin (1)		✓	✓				✓	✓		✓	✓
Burkina Faso (1)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Burkina Faso (2)			✓	✓	✓	✓	✓	✓	✓	✓	✓
Cameroon (1)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Cape Verde (1)			✓							✓	
Chad (1)		✓	✓	✓	✓		✓	✓	✓	✓	✓
DRC (1)		✓			✓	✓	✓	✓	✓	✓	✓
The Gambia (1)	✓		✓	✓	✓		✓	✓	✓	✓	✓
The Gambia (2)					✓	✓		✓	✓	✓	✓
Ghana (1)	✓		✓		✓	✓		✓		✓	✓
Ghana (2)	✓		✓	✓						✓	
Guinea (1)			✓	✓	✓	✓	✓	✓	✓	✓	✓
Guinea (2)	✓[3]	✓	✓		✓	✓	✓	✓	✓	✓	✓
Mali (1)			✓	✓					✓		✓
Mauritania (1)			✓		✓	✓		✓			✓
Mauritania (2)			✓	✓	✓	✓	✓	✓	✓		✓
Niger (1)		✓	✓		✓	✓	✓	✓	✓	✓	✓
Nigeria (1)					✓		✓	✓	✓		
São Tomé & Príncipe (1)								✓			
Senegal (1)			✓	✓	✓	✓	✓	✓	✓	✓	✓
Senegal (2)		✓	✓	✓	✓		✓	✓	✓	✓	✓
Sierra Leone (1)			✓		✓	✓	✓	✓		✓	✓
Totals	5	7	18	11	17	13	15	19	15	17	18

Notes: 1. Numbers in brackets by country names refer to the generation of the PRSP. 2. Access refers to some variation on proximity to health facilities, such as <5km, <30 mins, etc. 3. Recurrent expenditure only.

Socio-economic analysis

Most PRSPs provide at least some analysis of health indicators by socioeconomic criteria, although this may mean a simple acknowledgement that there are more or less significant disparities by region, urban and rural areas, and socioeconomic status. Access rates, malnutrition, or maternal care may all be considered in relation to consumption expenditure quintile, poor or non-poor population groups, or even gender. However, this is rarely done systematically for all indicators, or even comprehensively for those indicators that disaggregate in this way. Few of the 22 PRSPs studied make use of Demographic and Health Survey (DHS) data or National Health Accounts in order to analyse financial barriers or reasons for non-utilisation of health services. Few provide data on the role of out-of-pocket payments in private health expenditure.

A good exception to this general trend is Burkina Faso (first generation), which provides excellent analysis of health indicators by income level, including mortality, nutritional status, fertility rates, diarrhoea and acute respiratory infections (ARI). It uses the correlations produced by this analysis to assess the causes of key diseases and their impact on mortality rates by expenditure quintiles. It concludes that lack of access to safe water and sanitation problems account for the high incidence of malaria, whereas high rates of malnutrition and low access to health services account for higher mortality rates amongst the lower income groups. Burkina Faso's second generation PRSP also has very good analysis in this regard, breaking down indicators such as access and use rates, morbidity, and maternal health indicators by urban–rural areas, regions and socioeconomic groups.

Another good example is Cameroon, which has disaggregated socioeconomic analysis of consultation rates at formal and informal facilities for the poor and non-poor in relation to immunisation, access to health services and average household expenditure on health, both in terms of actual amounts and as a share of household budgets. This analysis is further disaggregated between urban and rural areas over a time period of five years between 1996 and 2001.

The Gambia's first generation PRSP has very good regional-specific analysis, and also some unique features such as analysis of the correlation of malnutrition rates to rainy and dry seasons. Guinea's PRSP breaks down its mortality, immunisation, malnutrition and skilled birth attendance rates by urban and rural areas, and by all regions, and disaggregates its access rates by quintile, while also providing a pertinent assessment of the degree to which the centre dominates the distribution of human resources in health service provision.

Endemic diseases

Another important feature of the health situation analysis in some PRSPs is the analysis of the status of endemic pathologies, particularly concerning their impact on consultation rates, maternal health, and infant and child mortality. Sixteen out of 22 PRSPs make some assessment of the status of diseases such as malaria, measles, diarrhoea, acute respiratory infections (ARI), typhoid fever, tuberculosis and poliomyelitis, with the greatest focus on malaria (17), diarrhoea (12) and ARIs (10).

Maternal health

Maternal health is another important dimension usually well covered in the PRSP analyses of the health sector. The main measure used here is normally the rate of births assisted by skilled health personnel (doctor, midwife), but is sometimes substituted or supplemented by pre-natal consultation rates. Over half of all PRSPs provided some kind of data on reproductive health aside from maternal mortality[18].

HIV/AIDS

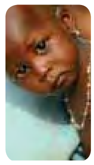
While most PRSPs provide some analysis of HIV/AIDS, the depth of this information is varied, as table 2.9 shows. The broad measure used almost invariably is prevalence of the disease in the general population, but disaggregation of prevalence rates (for example, for high-risk groups or across gender and age) is more limited. Other important dimensions, such as the actual numbers of people living with HIV/AIDS (PLWHA), treatment with ARVs, and the number of AIDS orphans are only rarely discussed. Clearly HIV/AIDS policies ought to relate precisely to specific questions such as these[19], so the limited coverage is unfortunate – although, as in other areas, this may be supplemented by other more specific situation analyses and policy documents on HIV/AIDS in individual countries.

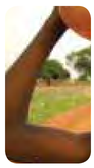
18 DRC, Niger, Senegal (pre-natal care and skilled birth attendance), Chad (% of women giving birth at a health centre), Burkina Faso, the Gambia, Ghana and Guinea (skilled birth attendance).

19 For instance, Guinea's PRSP does not provide an extensive analysis of HIV/AIDS (only mentioning prevalence rates), but does provide some detail on the cost of treatment *per capita*.

Table 2.9 Depth of analysis in relation to HIV/AIDS in 22 PRSPs

PRSP	Prevalence	Numbers of PLWHA	AIDS orphans	High-risk groups	Gender	Age
Benin (1)	✓	✓			✓	✓
Burkina Faso (1)	✓			✓		
Burkina Faso (2)	✓	✓	✓	✓	✓	✓
Cameroon (1)	✓				✓	✓
Cape Verde (1)	✓					
Chad (1)	✓	✓	✓		✓	✓
DRC (1)	✓	✓				✓
The Gambia (1)	✓					✓
The Gambia (2)	✓					
Ghana (1)	✓		✓		✓	✓
Ghana (2)	✓					
Guinea (1)	✓					
Guinea (2)	✓				✓	
Mali (1)	✓				✓	
Mauritania (1)	✓					
Mauritania (2)						
Niger (1)	✓				✓	✓
Nigeria (1)	✓	✓				
São Tomé & Príncipe (1)						
Senegal (1)	✓	✓				✓
Senegal (2)	✓	✓		✓	✓	✓
Sierra Leone (1)	✓	✓				
Totals	20	8	3	3	9	10





In order to step up prevention efforts, another important area of focus should be the awareness of HIV/AIDS (how the disease is transmitted, mother-to-child transmission, etc.). Not all PRSPs present this dimension in their analyses, but again this may be supplemented by other more specific government documents, and HIV/AIDS awareness campaigns are prominent in many countries in the region. Mali's PRSP is unusual in the depth of its treatment of HIV/AIDS. Although it provides a quite limited quantitative analysis of the health sector more broadly, it provides one of the most extensive disaggregations of quantitative data on HIV seroprevalence, breaking it down by region, urban and rural areas, and gender.

2.3.2.2 Policy objectives

As in the education sector, the reasonably good level of analysis is generally followed by the formulation of health policy objectives that respond to the situation that has been described, are rationally prioritised, and offer a clear pro-poor emphasis. Primary health care is in almost all cases a principal policy focus; poor and underserved regions and strata of the population are targeted for priority actions and investment; there is an emphasis on improving the quality of health service delivery; and more often than not there is a stated aim to secure an increasing share of expenditure on the sector during the period of the strategy.

The focus on primary health care (PHC) generally combines the delivery of a basic health package with an emphasis on improving quality and a strategy of concentrating development initiatives at a lower level of care – referral clinics, health centres, community health workers, etc. PHC involves a combination of simple curative health care, usually based in primary facilities, and preventative services, largely driven by community health workers and public health campaigns, focused on combating endemic diseases, promoting child and maternal health, and securing essential drugs and medical supplies. Bearing in mind these elements of a PHC approach, it is clear from the policy objectives, at least as they are stated, that all the PRSPs under consideration here present the development of primary health care as the main focus of health sector policy.

Table 2.10 Pro-poor policy orientation in health in 22 PRSPs

PRSP	Focus on primary health care	Prioritising poor/ underserved populations	Increasing share of expenditure	Addressing financial barriers to access
Benin (1)	✓	✓		(✓)
Burkina Faso (1)	✓	✓	✓	✓
Burkina Faso (2)	✓	✓	✓	✓
Cameroon (1)	✓	✓	✓	
Cape Verde (1)	✓	✓	✓	
Chad (1)	✓			
DRC (1)	✓		✓	
The Gambia (1)	✓	✓	✓	
The Gambia (2)	✓	✓	✓	
Ghana (1)	✓	✓	✓	✓
Ghana (2)	✓	✓		✓
Guinea (1)	✓	✓	✓	✓
Guinea (2)	✓	✓		✓
Mali (1)	✓	✓	✓	
Mauritania (1)	✓	✓		✓
Mauritania (2)	✓	✓		✓
Niger (1)	✓	✓		(✓)
Nigeria (1)	✓			
São Tomé & Príncipe (1)	✓			
Senegal (1)	✓	✓	✓	✓
Senegal (2)	✓	✓	✓	✓
Sierra Leone (1)	✓	✓	✓	✓
Totals	22	18	13	11 (+2)

Parentheses refer to cases where there is a broad mention of financial access but no specific measures articulated.

While there is generally some recognition across the PRSPs that financial barriers to access to health services for the poor exist, few address this issue through specific policy commitments. Moreover, analysis of financial barriers, in the few cases where analysis accompanies recognition of the problem, rarely makes reference to National Health Accounts or DHS data, where these exist. However, many PRSPs include commitments to introduce or broaden mutual health insurance schemes as part of their social protection strategies, as well as to reduce the costs of some services and out-of-pocket expenses on essential medicines. Moreover, all PRSPs make some sort of gesture towards addressing access gaps in rural areas and traditionally underserved geographic regions, even though actual policy commitments (for example, the relocation of human resources and investments in health infrastructure) vary. Elimination of user charges is not generally found to be on the agenda; indeed, many PRSPs make gestures towards introducing 'rational' cost-recovery schemes. Proposed policy responses vary in their concreteness and include 'flexible' payment and subsidy schemes (e.g. Mauritania's first and second generation PRSPs), national health insurance and mutual health insurance schemes (e.g. the first and second generation PRSPs in both Ghana and Senegal), community-level mutual benefit associations (e.g. Cameroon) and reducing the cost of essential medicines, vaccinations, and maternal and child health services. From the perspective of reducing costs, strategies include controlling the cost of essential medicines, fixing 'acceptably' low rates of payment, providing free treatment for certain priority diseases or conditions, and regulating the use of resources generated by cost-recovery mechanisms at the local level.

As an exception to the general rule, Ghana's first and second generation PRSPs both explicitly recognise financial barriers to access as a key constraint on uptake of health services by the poor. Moreover, these two PRSPs frame the development of the national health insurance scheme as a direct policy response to the financial barriers that the poor face. There is also a provision for refining and better targeting the exemption policy for user charges through district level schemes. Guinea's first generation PRSP is also unusual in that it has a specific indicator in its M&E framework for tracking "financial exclusion" from health services, with a target to reduce exclusion from 25% to 10%.

The prioritisation of poor and underserved populations is an explicit policy orientation in the vast majority of cases. In this regard, and as in education, numerous strategies and measures are presented, in order to prioritise these populations and redistribute health resources, both human and material, in their favour. Mechanisms to redistribute human resources include the provision of financial incentives to health workers to work in target areas, provision of in-kind benefits such as housing and travel expenses, and providing enhanced opportunities for career development and enrolment in training institutions. Both human and material resources are to be allocated according to rational needs assessments formulated on the basis of health maps or their equivalent.

Table 2.11 provides a breakdown of areas of health delivery that particularly impact upon child and maternal health. Boxes are ticked in each column if stated policy objectives explicitly mention the relevant intervention area[20]. As one can see, policies on maternal health and malnutrition are well covered, closely followed by the integrated management of childhood diseases and the mainstreaming of HIV/AIDS. Surprisingly, immunisation programmes are not always expressly cited as a mechanism to target childhood diseases. There is even less mention of good hygiene (see below), and only about half of PRSPs accord a priority position to ensuring the provision of essential medicines.

Maternal health has several components, including pre-natal and post-natal consultations, skilled birth attendance, emergency obstetric care, fertility rates (usually dealt with under a separate area of population policy), contraceptive use, control of anaemia in pregnant women (or women of child-bearing age), and prevention of mother-to-child transmission of HIV. Explicitly addressing one, some or all of these in policy articulation is considered by this analysis to count as specifically accounting, in at least some measure, for maternal health within health sector policy.

[20] Nigeria, for instance, mentions in its programme a focus on 'priority' diseases, but not childhood diseases. Despite the inevitable overlap between these two sets of pathologies, because the reference was not explicitly to **childhood** diseases, it was not included in this table.

Mainstreaming HIV/AIDS policy is another area to be considered here. It involves mainstreaming HIV/AIDS both within health sector policy and across other sector policies such as education, social protection, labour and employment (e.g. through education, communication and awareness-raising activities). Strategies to be found in PRSPs include promoting voluntary and anonymous testing; identifying and targeting interventions at high-risk groups; conducting information, education and communication (IEC) campaigns; supporting local dialogue and partnerships (with traditional leaders, trade unions, NGOs, faith- and community-based organisations etc.); strengthening the continuum of specialised care to PLWHA; integrating AIDS drugs (ARVs and medicines for treating opportunistic diseases) into the national supply system for essential medicines; ensuring safe blood and blood transfusion products; and incorporating the fight against HIV/AIDS into development projects and programmes within and outside the health sector. Further strategies include subsidising ARVs, procuring and distributing contraceptives and promoting their use (especially targeting high-risk groups), and creating and extending programmes aimed at reducing mother-to-child transmission of HIV.

In DRC, the HIV/AIDS programme constitutes an entire pillar of the PRSP, such is the official weight the problem is afforded, although, for all this, the actual policies articulated and strategies defined are not more extensive than in other PRSPs with reasonably mainstreamed programmes under the general banner of the health sector.

2.3.2.3 Costing and budgeting

The record in the health sector in terms of costing and budgeting is very similar to that in education. Most PRSPs provide some kind of costed sector or priority action plan, but the level of detail and the reliability of the figures presented varies greatly. Given the difficulties of interpreting the financial information presented in PRSPs, already discussed above in relation to the education sector, the analysis here is limited to a brief appraisal of some pertinent examples, and the highlighting of a key question about health financing policy.

Cameroon's PRSP makes detailed expenditure commitments to support the stated policy objectives in the health sector. None of the external financing is for the recurrent budget, which is completely financed from domestic resources, and the MTEF provided clearly demonstrates a well-developed financing structure (with named donors, HIPC funds, etc.) and a costed programme of activities, giving a detailed breakdown by programme and project.

In contrast, in Senegal's first generation PRSP, a high proportion of funding was from external resources, even in terms of already committed funds. The overall amount required for health under this PRSP was CFA 60.9 billion, with a funding gap of CFA 44.9 billion (73.6% of total requirements), of which the Government pledged to fund CFA 5.2 billion. This suggested that the proportion of the overall requirements for health to be financed from external resources could reach 85.7%. Despite the proclaimed priority accorded to developing health services in the PRSP, there appeared to be a considerable degree of discrepancy with regards to concrete commitments in terms of domestic resources.

Table 2.11 Maternal and child health policy objectives in 22 PRSPs

PRSP	Maternal health[1]	Childhood diseases	Vaccination	Malnutrition	Essential medicines	HIV/AIDS main-streamed[2]
Benin (1)	✓	✓	✓	✓		✓
Burkina Faso (1)	✓	✓	✓	✓		✓
Burkina Faso (2)	✓	✓	✓	✓		✓
Cameroon (1)	✓		✓	✓	✓	✓
Cape Verde (1)	✓	✓	✓	✓		✓
Chad (1)						
DRC (1)					✓	✓
The Gambia (1)	✓	✓		✓	✓	
The Gambia (2)	✓		✓			✓
Ghana (1)	✓	✓		✓	✓	✓
Ghana (2)	✓			✓	✓	✓
Guinea (1)	✓	✓	✓	✓		✓
Guinea (2)	✓	✓	✓	✓	✓	✓
Mali (1)	✓	✓	✓	✓		✓
Mauritania (1)	✓	✓	✓	✓	✓	
Mauritania (2)	✓	✓		✓		
Niger (1)	✓				✓	
Nigeria (1)					✓	✓
São Tomé & Príncipe (1)		✓		✓		
Senegal (1)	✓	✓	✓	✓	✓	✓
Senegal (2)		✓		✓	✓	
Sierra Leone (1)	✓	✓		✓		✓
Totals	17	15	11	17	11	15

Notes: 1. Includes family or reproductive health. 2. Includes mainstreaming in other sectors, such as education, social protection etc.

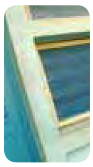
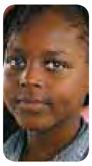
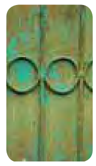


Table 2.12 Costing and budgeting indicators for the health sector in 22 PRSPs

PRSP	Costed sector/ priority action plan	Breakdown		External financing as % of total budget	Specified HIPC resources1
		Annual	Capital/ recurrent		
Benin (1)	✓	✓	✓	16%[2]	
Burkina Faso (1)	✓	✓	✓		✓
Burkina Faso (2)	✓	✓	✓	15.4%[3]	✓
Cameroon (1)4	✓	✓	✓	21.7%[5]	✓
Cape Verde (1)	✓	✓	✓		
Chad (1)	✓	✓	✓		
DRC (1)4	✓	✓	✓	43.3%	✓
The Gambia (1)	✓	✓			(✓)
The Gambia (2)	✓	✓			(✓)
Ghana (1)	✓	✓			(✓)
Ghana (2)					
Guinea (1)	✓		✓		(✓)
Guinea (2)	✓	✓			
Mali (1)	✓	✓	✓		✓
Mauritania (1)	✓	✓	✓		✓
Mauritania (2)					
Niger (1)	✓	✓	✓	7.4%[6]	
Nigeria (1)					
São Tomé & Príncipe (1)	✓				
Senegal (1)	✓	✓		78%[6]	(✓)
Senegal (2)	✓	✓			(✓)
Sierra Leone (1)	✓	✓			
Totals	19	17	11	6	12 (6)



Notes: 1. (✓) indicates some HIPC resources to be designated to the health sector but exact amounts or proportions as yet unspecified. 2. Figures given here represent 'scenario 2' of the medium-term investment framework which anticipates achievement of accelerated growth objectives. 3. Total budget includes HIPC. 4. Figures represent the scenario consistent with the PRSP's macroeconomic hypotheses. 5. Total budget includes HIPC dedicated funds for 2003. 6: Excludes funding gap; only includes committed funds.



This lack of real attention to resource allocations in health is a considerable issue. While the emphasis is on increasing access to and the quality of primary health care, much less attention seems to have been given to where the necessary financial resources will come from. 'Decentralisation', as a way out of this dilemma for central governments, appears to be the favoured route, although policy tends to become more hazy when it comes to precisely delineating how costs are going to be met at the district or local level[21]. Cost-recovery mechanisms are touted, and perhaps balanced, by some combination of regulations concerning what health authorities are to be able to do with the resources generated by these mechanisms, price controls for essential medicines, fixed fee rates at 'affordable' levels, free treatment for specified priority conditions, and promotion and support for mutual health insurance schemes of one kind or another. But exactly how to avoid poor households being priced out of access to essential health care by the need for local health authorities to cover costs, in the absence of secure substantial subsidies from central government, remains unclear. This situation explains the virtually universal objective in all PRSPs to increase coverage of mutual health insurance systems or their like as the prime method of ensuring access in a context of extensive reliance on cost recovery.

2.3.2.4 Monitoring and evaluation framework

Key indicators of mortality, access to health services, malnutrition, vaccination, maternal health and HIV/AIDS prevalence are monitored and targets set in the M&E frameworks of most PRSPs, but the proportion of PRSPs providing good coverage of such indicators is somewhat less than in the case of the key education indicators. For instance, 17 out of 22 PRSPs profess to monitor maternal mortality (two not quantifying precise targets), 15 purport to monitor infant mortality and even less (50%) child mortality. Even if these outcome indicators might be considered too 'long term' to be heavily impacted or measurable over the relatively short period covered by a PRSP, other intermediate indicators do not fare much better. Only 13 out of 22 PRSPs provide for monitoring of access to health services, and only 15 for monitoring of malnutrition (counting all the different measures of malnutrition included in different PRSPs[22]). Vaccination rates are well covered, but indices of maternal health are covered by just over half of all strategies.

2.3.2.5 Conclusions concerning gaps in the health sector

In general, and as with education, it appears as if most of the gaps are found in the costing and budgeting and the implementation planning components of the PRSPs. The poverty situation analysis is broadly good in relation to health, the policy objectives articulated generally respond to that analysis, and the M&E frameworks set up to monitor progress against those objectives are basically adequate, albeit with some room for improvement.

In terms of costing and budgeting, lack of detail or disaggregation, insufficient attention to the size of the resource envelope, and/or inadequate or inappropriate financing arrangements lead to at best a mixed record. The key issue seems to be that health is not accorded, in terms of domestic resource allocation, the same measure of priority as is proclaimed on paper, and markedly less so than education. Some attention is paid to the difficult and complex issue of securing the necessary resource requirements (i.e. through cost-recovery mechanisms) while trying to ensure affordable access (notably through mutual health-insurance schemes), but rarely are the issues properly analysed and convincing solutions presented.

[21] This finding is also consistent with the more detailed analysis in the country case studies.

[22] References to 'chronic' malnutrition refer to 'stunting' (height for age).

Table 2.13 M&E targets and indicators for health in 22 PRSPs[1]

PRSP	Mortality			Access	Malnutrition			Vacc-ination	Maternal[2]	HIV/AIDS prevalence
	Infant	Child	Maternal		Stunt-ing	Wast-ing	Under-weight			
Benin (1)	✓	✓	✓				✓	✓	✓	✓
Burkina Faso (1)	✓		✓					✓		
Burkina Faso (2)				✓			✓	✓	✓	✓
Cameroon (1)		✓	✓	✓	✓		✓			✓
Cape Verde (1)	(✓)		(✓)	✓			✓	✓		
Chad (1)		✓	✓			✓	✓	✓	✓	✓
DRC (1)	✓		✓					✓	✓	✓
The Gambia (1)	✓		✓	✓			✓	✓	(✓)	(✓)[3]
The Gambia (2)										
Ghana (1)	✓		✓	✓[4]			✓	✓	✓	(✓)
Ghana (2)										
Guinea (1)	✓		✓					✓		✓
Guinea (2)	✓	✓	✓	(✓)[5]			✓	✓	✓	✓
Mali (1)	✓	✓	✓	✓	✓			✓	✓	✓
Mauritania (1)	✓	✓	✓	✓			✓			✓[6]
Mauritania (2)	✓	✓	✓	✓			✓	✓	✓	✓
Niger (1)	✓	✓	✓	✓			✓	✓		✓
Nigeria (1)								✓		
São Tomé & Príncipe (1)	(✓)		(✓)	(✓)				(✓)	(✓)	(✓)[6]
Senegal (1)	✓	✓	✓	✓		✓	✓	✓	✓	✓
Senegal (2)		✓		✓[7]			✓	✓	✓	✓
Sierra Leone (1)	✓	✓	✓			✓		✓		
Totals	15(2)	11	17(2)	13(2)	2	3	13	18(1)	12(2)	16(3)

Notes: 1. (✓) designates indicators to be monitored but no targets have been quantified and/or explicit timeframes set. 2. Includes at least one of the following indicators representative of maternal health care: pre-natal or post-natal consultation rates, rate of skilled birth attendance, and access to reproductive health care. 3. Only monitors % of women affected by HIV/AIDS. 4. Consultation rate. 5. Proportion of population with access to essential medicines. 6. Among pregnant women. 7. Primary therapeutic consultation rate.


Box 2.2 Burkina Faso's PRSPs: A 'best practice' in health sector analysis

Both generations of Burkina Faso's PRSP represent good examples of health-sector analysis, providing detailed, disaggregated data and an analysis of health outcomes and access to health services by income groups and residence. Access is considered not only in terms of physical proximity but in terms of consultation rates, and the impact of urban or rural settings is assessed in relation to all indicators.

There is a high level of specific detail on both maternal health and HIV/AIDS. In the case of maternal health, there is analysis of anaemia in pregnant women, pre-natal consultations and skilled birth attendance, as well as general fertility rates and contraceptive use.

The coverage of HIV/AIDS includes not only general information on HIV seroprevalence, but provides the actual numbers of PLWHA, the proportion of AIDS orphans, the situation of high-risk groups, and gender and age differentials.

Health expenditure is also analysed in some depth, with trend analysis of the share of health in total government expenditure over time, and analysis of *per capita* expenditure by the Government and households, the breakdown of government health expenditure (including, for example, non-wage recurrent expenditure), financing frameworks and the role of external funding.

2.3.3 Water and sanitation

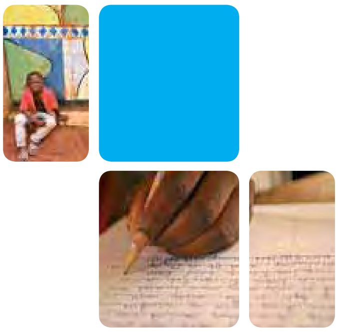
2.3.3.1 Poverty situation analysis

With regard to the water and sanitation sector, it has to be concluded that, generally speaking, the situation analysis is not of the same depth and quality as in the education and health sectors. The key criterion used for the assessment is whether the analysis of the water and sanitation sector includes quantitative data on households with access to the various different types of resources and services listed in table 2.14, and whether this is appropriately disaggregated by region and/or urban and rural areas.

Table 2.14 shows that, while 17 of the 22 PRSPs do produce quantitative data on access to safe drinking water, only 13 analyse access by type of water source (pipe-borne, borehole, river or stream, etc.). The situation with regard to sanitation is even more sparse: just over a quarter of all PRSPs consider connection rates to the sewage network, or analyse the sanitation situation with regard to the type of sanitation facility households have access to (flushable toilets, latrines, 'none', etc.). In the majority of cases (68%) we do find some level of disaggregation of the data that is provided, by region and/or urban and rural areas, but in less than half do we get any trend analysis of quantitative data.

One example of this paucity of analysis is provided by Burkina Faso's first generation PRSP. Mention was made of the percentage of people drawing their water from 'public taps, wells or boreholes', but no figures for general access rates were given and the information was not disaggregated by region or by urban and rural areas. For the south-west of the country it was mentioned that the numbers of people drawing their water from rivers improved significantly, but no assessment is made for other regions. There are no quantitative data regarding sanitation. Contrast this with the Gambia's first generation PRSP, which provided access rates to safe drinking water for both urban and rural areas and across years (1996 and 2000), access to sanitation rates, some analysis by type of water source and sanitation facility (including those used by the extreme poor) and also a detailed description of the situation with regards to solid refuse disposal.

In terms of socioeconomic analysis, moreover, the data provided are at best *ad hoc*. While such data (on access rates by expenditure quintile, etc.) may be available in many countries, such information has not been used in any systematic fashion in the analysis of the sector given in most PRSPs. The best examples are probably Cameroon, which gives some breakdown of access to drinking water data by socioeconomic aggregates (poor, non-poor) and by urban and rural areas, and Chad, which provides data by consumption quintiles.



2.3.3.2 Policy objectives

Given the general paucity of the data and lack of refinement in the analysis of the water and sanitation sectors, it is difficult to assess how well the policies formulated address the situation. What can be appraised in general terms is the extent to which the policies articulated are pro-poor.

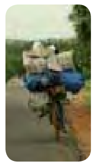
Table 2.14 Analysis of water and sanitation sector in 22 PRPSs[1]

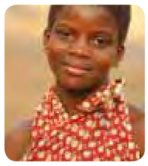
PRSP	Access to safe drinking water		Access to sanitation				Regional/ urban–rural	Trend
	General	Source type[2]	Connection to sewage network	Type[3]	Evacuation of bodily waste	Solid waste collection		
Benin (1)	✓							
Burkina Faso (1)		✓					✓	✓
Burkina Faso (2)		✓					✓	✓
Cameroon (1)	✓						✓	
Cape Verde (1)	✓	✓	✓					
Chad (1)	✓	✓	✓	✓			✓	
DRC (1)	✓			✓	✓		✓	
The Gambia (1)	✓		✓[4]	✓	✓	✓	✓	✓
The Gambia (2)	✓							
Ghana (1)		✓					✓	
Ghana (2)	✓						✓	✓
Guinea (1)	✓						✓	✓
Guinea (2)	✓	✓		✓	✓		✓	✓
Mali (1)	✓				✓			
Mauritania (1)	✓	✓			✓		✓	✓
Mauritania (2)		✓					✓	✓
Niger (1)	✓	✓	✓	✓	✓		✓	✓
Nigeria (1)	✓						✓	
São Tomé & Príncipe (1)		✓	✓	✓	✓			
Senegal (1)	✓	✓						
Senegal (2)	✓	✓	✓		✓		✓	✓
Sierra Leone (1)	✓	✓		✓	✓			
Totals	17	13	6	7	9	1	15	10

Notes: 1. Numbers in brackets by country names refer to the generation of the PRSP. 2. Includes pipe-borne supply (private piped supply, public tap), boreholes, wells, natural sources, etc. 3. Includes flushable toilet, latrines (pit latrine, improved latrine, etc.), 'none', etc. 4. Refers to proportion of population with access to 'adequate' bodily waste disposal facilities/services, usually defined as sewers, septic tanks or latrines.

Table 2.15 Pro-poor policy orientation in water and sanitation in 22 PRSPs

PRSP	Focus on safe drinking water	Focus on improved sanitation	Prioritise poor/ underserved populations	Appropriate tariff policy	Promotion of good hygiene
Benin (1)	✓			✓	✓
Burkina Faso (1)	✓				
Burkina Faso (2)	✓	✓	✓		
Cameroon (1)	✓	✓	✓		
Cape Verde (1)	✓		✓		
Chad (1)	✓	✓		✓	
DRC (1)	✓	✓			
The Gambia (1)					✓
The Gambia (2)	✓				
Ghana (1)	✓	✓	✓	✓	✓
Ghana (2)	✓	✓	✓		✓
Guinea (1)	✓		✓	✓	
Guinea (2)	✓	✓			✓
Mali (1)	✓	✓	✓		✓
Mauritania (1)	✓		✓	✓	
Mauritania (2)	✓	✓	✓	✓	✓
Niger (1)	✓	✓	✓		
Nigeria (1)					
São Tomé & Príncipe (1)	✓	✓			
Senegal (1)	✓	✓			✓
Senegal (2)	✓	✓			✓
Sierra Leone (1)	✓	✓	✓		✓
Totals	20	14	11	6	8





As can be seen, an explicit focus on improving access to safe drinking water is fairly uniform, but somewhat less so when it comes to a priority commitment to improving sanitation. Only eight PRSPs formally incorporate the promotion of good hygiene practices under the water and sanitation policy framework, although a further two include this in the health sector. In only half the PRSPs is there an explicit recognition of the need to specifically target poor or underserved populations, which sometimes also include areas or communities with specific needs, such as nomadic populations, and in less than a quarter is there any mention of the objective to apply or regulate an appropriate cost-recovery structure.

2.3.3.3 Costing and budgeting

Assessment of PRSPs' costing and budgeting for water and sanitation sector activities is complicated by the fact that, in many countries, those activities are often the responsibility of more than one ministry – for example, the Ministry for Public Works and the Ministry for Energy, Mining and Water. Even where they may be the responsibility of just one ministry, it is often the case that the budgets presented for these ministries as they appear in the PRSP are often presented in total, without delineating between all their various functions and programmes.

This is the case for Benin, for example, where the MTEF included in the PRSP is broken down by ministry and it is not specified exactly what proportion of which of the relevant ministries' budgets will go on water and sanitation, although it is mentioned that, as a priority sector, water and sanitation are earmarked to receive some portion of HIPC resources. In Cameroon, similarly, the funding allocations fall under the heading 'productive infrastructure', which also includes many other important public works, so no specific budget information solely pertinent to water and sanitation can be gleaned. Similar situations exist in the PRSPs in Chad, DRC and Mali. In Guinea's first generation PRSP, the expenditure on water and sanitation is distributed under various budgets and policy and programme areas. Much of the expenditure in urban areas falls under the Urban Development and Housing budget, while in rural areas it falls under the Development of Village Water Supplies. There is a separate budget for sanitation infrastructure. In Guinea's second generation PRSP, however, the only information given is for infrastructure needs, and not the full sector budget or priority action plans. In short, detailed analysis of costing and budgeting in the water and sanitation sector is not possible from a study of the PRSPs alone.

Although the data are sparse – only Mauritania's second generation PRSP and Senegal's first generation PRSP include figures – it is interesting to note the extremely high degree of external financing in both these cases. This highlights a particularity in the water and sanitation sector that most of the expenditure is on investment, which is often highly dependent on donor resources, which contrasts with the situation in health and education where there are much larger recurrent inputs and these are normally internally financed.

2.3.3.4 Monitoring and evaluation framework

M&E is fairly inconsistent in PRSPs' coverage of the water and sanitation sector. Barely two-thirds of PRSPs set out to monitor access to safe drinking water, despite improvements in this indicator being the primary policy objective for over 90% of them. Under a quarter of PRSPs aim to disaggregate this indicator by urban and rural areas. Only nine of the PRSPs expressly profess to monitor some measure of access to sanitation, or include it in their M&E matrices.

By way of some compensation for this generally low attention to M&E on water and sanitation in the PRSPs, there are some other dimensions or indicators that are included for monitoring in a few cases: water consumption (in Senegal's first generation PRSP, for both urban and rural populations); refuse collection (the first generation PRSPs in both Cape Verde and Ghana); and the number of functioning water and sanitation committees at central, district and community levels (Ghana's first generation PRSP). Nonetheless, the basic crude measure to monitor water and sanitation would be access rates, however defined, but only 14 of 22 PRSPs aim to monitor these with regard to safe drinking water and only nine with regard to sanitation.

2.3.3.5 Conclusions concerning gaps in the water and sanitation sector

It is clear that water and sanitation are not nearly so well covered as education or health in any of the key dimensions. The poverty situation analysis could benefit from being much more rigorous with regard to this sector: the policy response could then be better formulated and backed up by credible levels of commitment in terms of resource allocations and financing arrangements, and the M&E framework could be more appropriately delineated to track progress against clearly defined goals. With regards to implementation, ironically, water and sanitation arguably fare better than health or education. This is because many of the tasks articulated under the implementation matrix simply consist of construction and maintenance of new facilities. While progress against these activities is not necessarily well monitored, articulating them is fairly straightforward. Where implementation plans become vaguer is in relation to the 'soft' areas of improving hygiene practices, supporting local communities to finance and manage their own water and sanitation facilities, and the various measures linked to decentralisation processes. In this regard, the shortcomings are similar to those for health and education. In short, despite being declared a priority sector in almost all PRSPs, alongside education and health, broadly speaking water and sanitation clearly receive much less attention than either education or health in each key dimension of PRSPs.

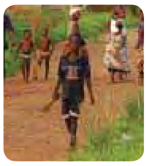


Table 2.16 Costing and budgeting indicators for the water and sanitation sector in 22 PRSPs

Country	Costed sector/ priority action plan	Breakdown		External financing as % of total budget	Specified HIPC resources[1]
		Annual	Capital/ recurrent		
Benin (1)					(✓)
Burkina Faso (1)	✓	✓			✓
Burkina Faso (2)	✓	✓			✓
Cameroon (1)					
Cape Verde (1)	✓	✓	✓		
Chad (1)					
DRC (1)	✓	✓	✓		✓
The Gambia (1)					
The Gambia (2)	✓	✓			(✓)
Ghana (1)	✓	✓			(✓)
Ghana (2)					
Guinea (1)					
Guinea (2)					
Mali (1)					✓
Mauritania (1)	✓	✓			(✓)
Mauritania (2)					
Niger (1)	✓	✓	✓	99.9%[2]	
Nigeria (1)					
São Tomé & Príncipe (1)	✓				
Senegal (1)	✓	✓		74.9%[3]	(✓)
Senegal (2)	✓	✓			
Sierra Leone (1)	✓	✓			
Totals	12	11	3	2	9(5)

Notes: 1. (✓) Indicates some HIPC resources to be designated to the water and sanitation sector but exact amounts or proportions are unspecified. 2. Excludes funding gap. 3. For water and sanitation combined; excludes funding gap.

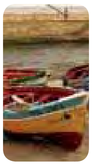



Table 2.17 M&E targets and indicators for water and sanitation in 22 PRSPs[1]

PRSP	Access to safe water: General	Access to safe water: Urban–rural	Access to sanitation²	New water facilities	Facilities serviced/ rehabilitated	Connections to water supply network	Connections to sewage network
Benin (1)	✓		✓		✓		
Burkina Faso (1)							
Burkina Faso (2)	✓	✓	✓	✓			
Cameroon (1)	✓						
Cape Verde (1)						✓	✓
Chad (1)	✓		✓				
DRC (1)	✓						
The Gambia (1)							
The Gambia (2)	✓						
Ghana (1)	✓	✓	✓	✓			
Ghana (2)							
Guinea (1)	✓			✓			
Guinea (2)	✓	✓	✓	✓			
Mali (1)	✓						
Mauritania (1)						✓	
Mauritania (2)	✓	✓	✓			✓	
Niger (1)	✓						
Nigeria (1)	✓		✓				
São Tomé & Príncipe (1)			✓			✓	✓
Senegal (1)		✓					
Senegal (2)		✓	✓				✓
Sierra Leone (1)	✓						
Totals	14	6	9	4	1	4	3

Notes: 1. (✓) Designates indicators to be monitored but no targets have been quantified and/or explicit timeframes set. 2. Includes any indication of access to 'adequate' sanitation facilities, i.e. safe means of evacuating bodily waste, such as households with latrines, households with an 'improved' sanitation system, households with an 'autonomous system for disposal of human waste and waste water', etc.

2.3.4 Social protection

2.3.4.1 Policy objectives

Given that the policy of reducing poverty, and thus 'improving livelihoods', will ultimately occur through the growth of economic activities in which the poor are engaged, the policy of anchoring growth in the economic environment of the poor is a major focus in poverty reduction strategies. Direct social-protection strategies, either as formal mechanisms, such as social security systems or pensions, or targeted interventions, such as resource transfers or specialised service provision, tend to comprise a much smaller element. Looking solely at the way direct social-protection mechanisms are oriented would thus provide a patchy or skewed picture of pro-poor policy orientation in these documents. Here then, we consider 'social protection' in its broadest possible sense, as implying all of those strategies that provide households and individuals with 'protection' from and mechanisms to cope with the risks, shocks and difficulties they are faced with in their daily lives. Within this broad perspective we then narrow down to an assessment of which PRSPs explicitly mount a policy framework dealing with direct social-protection mechanisms in the more specific technical sense of that term.

A key issue in many of the countries under consideration here is the issue of food security. Here we assess whether countries explicitly recognise this need in policy objectives, either as a discrete policy area in its own right or as part of other policy areas (improving the production of subsistence farmers, or improving access to markets, for example). Fourteen of the 22 PRSPs state policy objectives relating to food security.

In the case of policy objectives overtly targeting poor and underserved groups, the record is much thinner. Nonetheless, 16 out of 22 PRSPs formulate policy objectives relating to vulnerable groups, variously defined, and 11 of these explicitly mention children as one of those groups.

Lastly, we assess the extent to which PRSPs make provision to introduce, strengthen or expand social-protection mechanisms. Most countries acknowledge the basic lack of any coherent or coordinated social-protection policy, so the first task is often simply to devise a policy per se. The first generation PRSPs in Benin, Cameroon, Cape Verde, Ghana, Guinea, Mali, Mauritania, and Sierra Leone, and the second generation PRSP in Senegal all make commitments to such policy development. Eight of the PRSPs analysed make some reference to social insurance, but none refer to cash transfers, which is perhaps not surprising as they are a very new phenomenon in the region, limited at present to a few small programmes, mainly in Cape Verde, Ghana, Nigeria and Sierra Leone (Holmes and Braunholtz-Speight, 2009). More generally, 16 PRSPs make broad commitments to introduce, strengthen or expand social-protection mechanisms, for example by expanding existing social security regimes from the formal to informal sectors. In summary, *vis-à-vis* policy formulation, social protection is a small component of most PRSPs, although the majority of them recognise the importance of social protection for reduction of poverty and vulnerability.

Table 2.18 Pro-poor policy orientation in livelihoods and social protection in 22 PRSPs

PRSP	Improving livelihoods	Improving living conditions		Food security	Prioritise poor or under-served areas	Children/ vulnerable groups[1]	Introduce/ strengthen/ expand social protection mechanisms[2]
		Housing	Land				
Benin (1)	✓	✓		✓		✓	✓
Burkina Faso (1)	✓	✓	✓	✓			
Burkina Faso (2)	✓	✓		✓		✓+	
Cameroon (1)	✓	✓				✓+	✓
Cape Verde (1)	✓			✓		✓	✓
Chad (1)	✓					✓	✓
DRC (1)	✓	✓				✓+	✓
The Gambia (1)	✓						
The Gambia (2)	✓						
Ghana (1)	✓				✓	✓+	✓
Ghana (2)				✓		✓+	✓
Guinea (1)	✓			✓			✓
Guinea (2)	✓			✓		✓+	✓
Mali (1)		✓		✓		✓	✓
Mauritania (1)	✓	✓		✓		✓+	✓
Mauritania (2)	✓	✓	✓	✓	✓	✓	✓
Niger (1)	✓	✓	✓	✓			✓
Nigeria (1)		✓				✓+	
São Tomé & Príncipe (1)	✓			✓			✓
Senegal (1)	✓	✓	✓			✓+	✓
Senegal (2)	✓	✓	✓	✓		✓+	✓
Sierra Leone (1)	✓	✓	✓	✓		✓+	
Totals	19	13	6	14	2	16(+11)	16

Notes: 1. '+' designates explicit mention of children either as the beneficiaries of specific policies or as a specifically identified and addressed vulnerable group (alongside the elderly, people with disabilities, migrants, etc.). 2. Includes formal social protection mechanisms such as social security and pensions, as well as cash transfers or targeted intervention programmes (e.g. in health, education, literacy, etc.).

2.3.4.2 Costing and budgeting

To analyse the costing and budgeting of social-protection programmes in PRSPs is not really possible. Where they are budgeted at all, the various types of social-protection programmes fall under different sectors and line ministries, and thus under different budget lines. Below we only indicate whether any budgets or costed action plans are presented for direct social-protection interventions (social security, pensions, etc.), food security, and/or programmes specifically targeted at vulnerable groups.

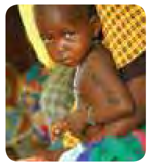


Table 2.19 Specific social-protection measures in 22 PRSPs

PRSP	Social Insurance	Cash transfers	Food Security	Child protection
Benin (1)			✓	✓
Burkina Faso (1)				
Burkina Faso (2)				
Cameroon (1)	✓			✓
Cape Verde (1)			✓	
Chad (1)	✓			
DRC (1)				✓
The Gambia (1)				
The Gambia (2)				
Ghana (1)	✓			✓
Ghana (2)	✓			✓
Guinea (1)				
Guinea (2)				
Mali (1)	✓			✓
Mauritania (1)			✓	✓
Mauritania (2)				
Niger (1)				
Nigeria (1)				✓
São Tomé & Príncipe (1)	✓		✓	
Senegal (1)	✓			✓
Senegal (2)	✓			✓
Sierra Leone (1)				✓
Totals	8	0	4	11

2.3.4.3 Monitoring and evaluation framework

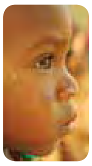
Monitoring and evaluation are likewise patchy in PRSPs' coverage of social protection. Monetary measures of poverty are to be monitored in the majority of cases, but not in all. Furthermore, this is to be disaggregated by urban and rural areas in only eight of the 18 PRSPs that include monetary poverty in their M&E frameworks.

Only three of the PRSPs indicate how they propose to monitor food security. In Niger, three measures are posited: the available cereals stock, the cereals balance, and trends in cereal prices. In Burkina Faso's second generation PRSP, two measures are given: grain self-sufficiency of farmer households, and *per capita* grain production of farmer households. Senegal's second generation PRSP proposes to monitor the grain dependency coefficient.

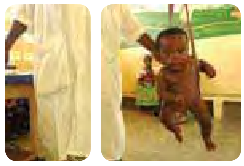
Table 2.20 Costing and budgeting indicators for social-protection sector in 22 PRSPs

PRSP	Costed sector/ priority action plan			Breakdown		External financing as % of total budget	Specified HIPC resources[1]
	Social protection	Food security	Vulnerable groups	Annual	Capital/ recurrent		
Benin (1)							
Burkina Faso (1)							
Burkina Faso (2)		✓		✓			
Cameroon (1)							
Cape Verde (1)	✓			✓	✓		
Chad (1)							
DRC (1)							
The Gambia (1)							
The Gambia (2)							
Ghana (1)			✓	✓			
Ghana (2)							
Guinea (1)		✓					
Guinea (2)							
Mali (1)							
Mauritania (1)							
Mauritania (2)							
Niger (1)		✓	✓	✓			
Nigeria (1)							
São Tomé & Príncipe (1)							
Senegal (1)			✓	✓			
Senegal (2)	✓	✓	✓	✓			
Sierra Leone (1)		✓	✓	✓			
Totals	2	5	5	7	1	0	0

Notes: 1. (✓) indicates some HIPC resources to be designated, but exact amounts or proportions as yet unspecified.



Four PRSPs propose to monitor the number of people covered by formal social-protection systems, but only Senegal's second generation PRSP proposes to monitor statistics relating to child labour. In fact, this PRSP has a well-developed M&E framework for social protection in general (due probably to the fact that, in the meantime, Senegal had prepared a national social-protection policy), and shows a distinct improvement in relation to the first generation PRSP, which only professed to monitor the incidence of poverty. The second generation document proposes to track not only income poverty by rural, urban and national aggregates, but unemployment (15+ years) and the proportion of children (age 6–14) who work, both nationally and disaggregated by gender. In addition, indicators proposed for monitoring[23] include the percentage of budget earmarked for programmes assisting vulnerable groups; the percentage of population covered against risk of disease; insurance against agricultural risks; the number of persons with disabilities equipped; the number of disabled persons' interest groups set up to receive financial support; and the number of children taken out of the 'worst kinds' of child labour. It also includes access to justice indicators, such as the average length of judicial procedures and the time delay for enforcement of court decisions, although these are both subject to finalisation.



2.3.4.4 Conclusions concerning gaps in the social-protection sector

Compared to the preceding three sectors of education, health, and water and sanitation, the social-protection sector is afforded the least attention in PRSPs, although there are signs of higher prioritisation in some recent PRSPs. Coverage of the poverty situation in the country ranges from comprehensive to basic, with only some PRSPs providing much disaggregation. Policy orientation is 'pro-poor', but this assessment must be qualified by the fact that, in the absence of specific commitments to social transfers, the general policy framework is mainly to 'improve livelihoods' by way of increasing production in the economic sectors in which the poor are most active, which is pro-poor by definition. Otherwise, there are general commitments to extend social security coverage from the formal to informal sectors, but often with little detail provided as to how this will be done.

The costing and budget projections in PRSPs reveal, as already indicated, that social protection has low priority in comparison to other sectors, and the monitoring and evaluation frameworks are likewise weak in most cases. It is important to bear in mind, however, that this may well reflect the fact that the social-protection sector is still nascent in most countries and that few have yet undertaken a comprehensive situation analysis or developed a comprehensive national social-protection policy or strategy. Those that have done so include Burkina Faso, Cape Verde, DRC, Ghana, Mali and Senegal (Holmes and Braunholtz-Speight, 2009).

2.4 Other pertinent policy areas

2.4.1 Gender

While the gender agenda is often touted as being prominent in many PRSPs, the question remains as to how seriously efforts to promote gender equality and empower women are included in the documents. Strategies abound to 'empower women', build their capacity, ease their workload, increase their access to education and health services, support their associations, promote their participation and representation in decision-making processes, better their economic opportunities, provide them with micro-credit, and increase their participation in both formal private sector and public employment. But how well is the real situation of women covered by the poverty analysis and M&E frameworks? If the policy objective is to increase the number of women represented in parliament or local councils, have targets been set and indicators identified to monitor progress against that objective, and has analysis revealed it to be a problem area in the first place?

[23] These indicators were proposed by stakeholders for the second generation PRSP. The final decision to include or not include such indicators and their annual targets was to be reached following a technical study and consultations with all stakeholders (PRSP unit, sectors, development partners) in accordance with the approach used to identify the shortlist of indicators.

Table 2.21 M&E targets and indicators for social protection in 22 PRSPs

	Poverty		Employment	Social protection programmes	Child labour	Food security[2]	Inequality
	Incidence	Urban–rural					
Benin (1)	✓	✓					
Burkina Faso (1)							
Burkina Faso (2)	✓	✓	(✓)	✓		✓	
Cameroon (1)	✓		(✓)				(✓)
Cape Verde (1)	(✓)		(✓)	✓			
Chad (1)	✓						
DRC (1)							
The Gambia (1)	✓						✓
The Gambia (2)	✓						
Ghana (1)	✓			✓			
Ghana (2)							
Guinea (1)	✓	✓					
Guinea (2)	✓		✓				
Mali (1)	✓		(✓)				
Mauritania (1)	✓	✓					✓
Mauritania (2)	✓	✓	✓				✓
Niger (1)	✓	✓				(✓)	(✓)
Nigeria (1)	✓						
São Tomé & Príncipe (1)	✓	✓[3]	(✓)				✓
Senegal (1)	✓						
Senegal (2)	✓	✓	✓	✓	✓	✓	
Sierra Leone (1)							
Totals	18(1)	8	8(5)	4	1	3(1)	6(2)

Notes: 1. (✓) designates indicators to be monitored but no targets have been quantified and/or explicit timeframes set. 2. Does not include statistics reporting malnutrition rates, but refers to indices of food stocks, grain dependency, etc. 3. Not urban–rural but by region and socioeconomic group.

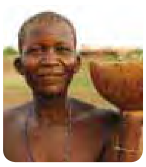
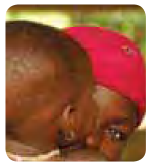


Table 2.22 shows what aspects relating to the gender dimensions of various policies are covered in the poverty situation analysis or the M&E frameworks of the PRSPs. The assessment considered the extent to which various dimensions of gender disparity are analysed with any rigour, and whether or not progress against gender indicators is monitored. Since the gender dimensions of education and health have been assessed in the previous sections, the analysis here focuses on whether the PRSPs addressed other gender-related issues: (1) women's situation in relation to decision-making positions at both the central and local levels; (2) women's standing *vis-à-vis* economic activity, including their participation in various sectors of the economy (public, formal or informal, agriculture and manufacturing, etc.) as well as the type of work they perform or the positions they hold (as wage labourers, unpaid employees, business owners/managers, and so on); and (3) the social or cultural oppression of women, including not only domestic violence but harmful traditional practices such as genital mutilation or forced or underage marriage, as well as discriminatory legal provisions such as inheritance laws that prevent property passing on to widows.



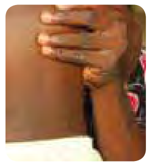


Table 2.22 Gender dimension in analysis and M&E frameworks of 22 PRSPs

PRSP	Decision making		Economic activity		Oppression
	Central	Local	Job type/sector	Wage/income differentials	
Benin (1)					
Burkina Faso (1)	A	A	A		
Burkina Faso (2)	Both	Both	A		A
Cameroon (1)					
Cape Verde (1)					
Chad (1)	M&E	M&E			A
DRC (1)	A	A	A		A
The Gambia (1)			A	A	A
The Gambia (2)	Both	Both	A	A	A
Ghana (1)			A		
Ghana (2)	M&E	M&E			
Guinea (1)	Both	Both			
Guinea (2)	Both	Both			
Mali (1)					
Mauritania (1)					
Mauritania (2)	Both	A			
Niger (1)			A	A	A
Nigeria (1)					
São Tomé & Príncipe (1)					
Senegal (1)					A
Senegal (2)			A	A	A
Sierra Leone (1)	M&E				A
Totals	10	9	8	4	9

Notes: 'A' indicates coverage in the poverty situation analysis, 'M&E' indicates inclusion in the M&E framework, and 'both' indicates coverage at both stages.

As table 2.22 shows, less than half of all PRSPs either analyse or monitor women's participation in political processes, taking as a measure their representation in central or local public elective offices. Of the 10 that do, only eight propose to monitor the situation by recourse to concrete data (the figure is one less for those proposing to monitor women's representation at local levels of government). What is more, while some PRSPs analyse the gender situation in terms of economic activity, no PRSP attempts to monitor the situation of women in relation to this, either by measuring their proportionate representation in different sectors or activities (formal/informal, agriculture, trade, manufacture, etc., labourer/business owner, and so on), or by looking at wage or income differentials between men and women. The same is true for the various categories of violence and oppression suffered by women.

Mali does propose to monitor the percentage of female entrepreneurs, along with the percentage of women benefiting from microfinance, and the number of women occupying positions of responsibility. But how it proposes to monitor the first of these, or what exactly defines the last, is not, however, specified.

Better examples are provided by Guinea's two PRSPs, which present an excellent situation analysis of gender issues and the situation of women. The specific challenges women face in their day-to-day life and work are described and quantified. Data on women's position in both the formal and informal employment sectors are provided, and a very detailed account is presented of their representation in public offices at all levels, including central government, public administration, the National Assembly, the Supreme Court, special councils, regional governorships, prefects and municipal councils. This analysis is backed up in the M&E framework by indicators and targets to track the proportion of women in the National Assembly, as well as the percentage of women in other decision-making positions. There is also some analysis of the cultural factors inhibiting women both within the family and at the community level.

2.4.2 Rights frameworks

Children's interests may be well served without overt reference to rights frameworks. But our assessment of PRSPs also considers the extent to which PRSPs make explicit references to rights[24], and what kind of rights these are – for example, citizens' rights, women's rights, child rights or human rights in general.

Table 2.23 charts the references made at any point in the documents to rights, excluding property rights, sovereign or territorial rights, rights to services, or rights to factors of production, and details which specific type of rights were referred to. It thus gives some impression as to how far the discourse of rights penetrates the PRSPs However, one should be extremely cautious about leaping to an assumption that rights are automatically translated into well-formulated, costed policies just because a PRSP may be couched within a rights framework.

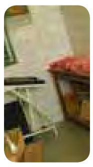
Table 2.23 shows that the rights discourse is very well represented: of the three countries with first generation PRSPs that do not mention human rights, two do so in their second generation documents (the Gambia and Guinea). Individual, civil or citizens' rights are represented in the majority of documents, as are women's rights. The rights of the child are expressly mentioned in just under half of all documents, and the rights of certain vulnerable groups in just over a quarter. For example, Nigeria's first generation PRSP refers to the rights of PLWHA, while Senegal's PRSPs mention the rights of people with disabilities. In addition, Cameroon's PRSP does not mention child rights explicitly, but does refer to the law on family rights. Mali also mentions family rights, and the rights of workers. All mention of rights in Guinea's second generation PRSP comes in the various annexes, such as the implementation matrix, with none in the main body of the text.

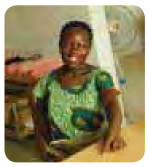
However, those PRSPs that do refer to rights do not necessarily have better coverage of children's interests. Nigeria's first generation PRSP presents an example of extensive reference to rights-based approaches, but nevertheless provides quite poor coverage of children's interests in the key social sectors.

[24] These indicators were proposed by stakeholders for the second generation PRSP. The final decision to include or not include such indicators and their annual targets was to be reached following a technical study and consultations with all stakeholders (PRSP unit, sectors, development partners) in accordance with the approach used to identify the shortlist of indicators.

Table 2.23 References to rights in 22 PRSPs

PRSP	Individual, civil or citizen rights	Women's rights	Child rights	Rights of vulnerable groups	Human rights
Benin (1)	✓				
Burkina Faso (1)					✓
Burkina Faso (2)	✓	✓	✓	✓	✓
Cameroon (1)	✓	✓		✓	✓
Cape Verde (1)	✓	✓			✓
Chad (1)	✓				✓
DRC (1)	✓	✓			✓
Gambia (1)					
Gambia (2)	✓	✓	✓		✓
Ghana (1)	✓	✓	✓	✓	✓
Ghana (2)	✓	✓	✓	✓	✓
Guinea (1)	✓	✓	✓		
Guinea (2)	✓				✓
Mali (1)		✓	✓		✓
Mauritania (1)					✓
Mauritania (2)	✓	✓	✓	✓	✓
Niger (1)		✓			✓
Nigeria (1)	✓	✓	✓		✓
São Tomé & Príncipe (1)					✓
Senegal (1)		✓			✓
Senegal (2)	✓	✓	✓	✓	✓
Sierra Leone (1)		✓	✓		✓
Totals	14	15	10	6	19





2.5 Progression of children's interests between PRSP generations

Contrary to what might be assumed, progression from one generation of PRSP to the next does not always herald positive results in relation to the coverage of children's interests: in some cases and/or dimensions of the PRSP it does, in others not.

One example of the latter case is Senegal's second generation PRSP. Here we find that although the poverty situation analysis has improved from partial coverage to good (see table 2.1), the costing and budgeting has deteriorated, as has the implementation matrix. Furthermore, the M&E frameworks clearly indicate that, while progress against some of the key targets from the first PRSP has been made, there are shortfalls, prompting the authorities to make the targets less ambitious in the second PRSP. For example, in the first PRSP the Government pledged to increase the share of education expenditure in total government spending to 32% in 2002, 35% in 2003, 37% in 2004, and 40% in 2005, but in the second PRSP this was scaled back to 'over 30%' by 2010. This is still high by international standards and so may indicate that the prioritisation in the PRSP has merely become more realistic. High but unattainable targets are not indicative of better inclusion of children's interests, even if they look impressive on paper.

Ghana's two PRSPs provide a starker contrast. There is an overt and somewhat dramatic shift in emphasis between the two documents, exemplified by the change of title from, 'Ghana Poverty Reduction Strategy' (GPRS1), to 'Growth and Poverty Reduction Strategy' (GPRS2). In the second generation PRSP, the focus is largely on economic growth and achieving middle income status, while maintaining the principles of equity and pro-poor distribution. In practice, coverage of children's interests is much reduced in the poverty situation analysis, but the analysis in general is much thinner than in GPRS1.

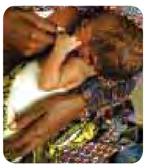
Children's interests are well presented, however, in the policy framework. As the more detailed analysis in the Ghana case study shows, strategies within the health and education sectors are consistent over the two time periods, so there is no indication of a substantive shift within the sectors themselves.

Guinea, by contrast, demonstrates slight to moderate improvement in terms of analysis, policy formulation and M&E in each of the key sectors, but is let down by the absence of any costing and budget information in its second generation document, except in regard to the health sector.

Mauritania does not provide any costing and budgeting in its second generation PRSP, but does provide some evidence of improvement in terms of analysis and M&E in all the key sectors. For instance, in the second generation document, gender indicators in terms of political participation are both analysed and monitored, when they were entirely absent in the first generation PRSP. What is more, the rights-based framework is much more embedded in the second generation document. In education and health the number of indicators included in the analysis and the M&E frameworks increases between the two generations, although there is more of a mixed picture regarding social protection and water and sanitation.

The Gambia shows some improvements between its two PRSPs in terms of the costing and budgeting arrangements presented, but some regression in terms of analysis and M&E. This is especially true of education, health, and water and sanitation, but not so much of social protection.

In conclusion we can say that there are no uniform conclusions to be drawn in terms of coverage of children's interests between first and second generation PRSPs. The results are mixed both between countries and between sectors and dimensions of the policy process within countries. These differences need to be seen in the context of how the PRSP processes have evolved within individual countries, and the extent to which they have influenced or been influenced by other policy and budget processes, such as the development of SWAps or MTEFs.



2.6 Overall patterns and conclusions

In terms of the five key dimensions of PRSPs – situation analysis, policy formulation, costing and budgeting, implementation planning and M&E – we find generally good ratings for the coverage of children's issues in the poverty situation analysis and policy formulation, but a wide degree of variation in terms of the quality and appropriateness of the indicative budgeting presented in PRSPs, weaknesses in implementation plans, and variations in the quality of M&E frameworks. This suggests that the weakest links concern costing, indicative budgeting and implementation planning. However, it may also mean that these are better addressed in other more appropriate formats, such as annual implementation plans, sector plans, MTEFs and annual budgets. It is perhaps misplaced to expect great levels of operational detail in documents that are supposed to set a broad strategic framework. For the same reason, there are also dangers in developing extremely detailed and complex M&E frameworks at macro-level that duplicate similar frameworks at sector level.

In some countries, significant capacity issues at local and decentralised levels present obstacles to the operationalisation of PRSPs, and these limitations are not sufficiently recognised or addressed in terms of implementation of the policies and programmes set out in the strategies. Indeed, it is often the case that institutional capacity issues at local or decentralised levels are recognised by the analysis as likely to present a potential problem, and then strategies or commitments to resolve these are articulated but with little, if any, specification of the precise measures to be taken.

Of all the key sectors, education is the best covered in terms of the reflection of children's interests in all key sections of the PRSPs. In health, and even more so in water and sanitation, the level of priority provided in the policy sections is often not matched by the allocations of domestic resources. Unlike in education, a significant proportion of the required funding for these sectors is often assumed to derive from external sources. Funding gaps also tend to be larger in health than in education, and even more so for water and sanitation and social protection.

In terms of gender, the PRSPs often set out important objectives and policy commitments to improve gender equality and promote the empowerment of women, but these are not generally backed up by a good analysis of the situation of women or reflected well in the M&E frameworks set up to chart progress against goals and targets.

Overall, the progression from first to second generation PRSPs has had mixed results in terms of the coverage or prioritisation of children's interests, with no uniform conclusions to be drawn solely on account of PRSPs moving into their second generation. The results are mixed both among countries and across sectors and dimensions of the policy process within countries.

Finally, the issue of how far policies impacting on children's interests and poverty reduction strategies more broadly are framed within an overt discourse on rights is not as pertinent as one might suppose. Human rights agendas are almost universally recognised at one level or another, and there is a good deal of policy in each of the PRSPs considered here that is couched within a rights-based framework – citizen's rights, women's rights, child rights, or the rights of specific vulnerable groups – but how far this is so is not correlated with how well children's interests are covered in the respective policy frameworks. As noted throughout, it is important to interpret these conclusions within the context of the specific policy development processes within individual countries.

3. Fiscal space and expenditure on the social sectors

The next question, to which this chapter turns, is whether the priorities set by PRSPs have been reflected in spending on the key areas of importance for child poverty reduction. The chapter is in two main parts. The first provides a review of the evolution of the overall situation of public finances in West and Central African countries in the past few years. It highlights both the commonalities and the main differences among the 24 countries of the region in terms of the structure and trends in government revenues, expenditures and fiscal balances, in order to contextualise public expenditure on the social sectors and asses the extent to which countries have 'fiscal space' (in broad aggregate terms) to increase spending. It comments on the various factors that have affected the overall state of public finances, such as the efforts to increase domestic revenue, the trends in overseas development assistance (ODA) and the impact of debt relief. Finally a view is formed for individual countries and groups of countries about the sustainability of their existing aggregate expenditure levels or their prospects for increased expenditure.

The second part of the chapter examines those components of total expenditure that have most relevance for the delivery and quality of services for children and examines how the nature and degree of fiscal space in the various countries could create opportunities to expand such expenditures. It seeks to explore how, if at all, extra fiscal space may have opened up for the social sectors. This part of the chapter examines the expenditure projections in the 22 PRSPs analysed in the previous chapter, and then reviews the evidence on actual expenditure trends. This analysis is limited to the health and education sectors, due to the lack of comparable regional data on expenditure in other sectors relevant to children. The analysis is then brought together in a final section that assesses the links between fiscal space and social budgets in different categories of countries in the region.

Interpreting 'fiscal space'

In embarking on this part of the study it is important to make the point that the concept of 'fiscal space' is somewhat ambiguous. The term suggests that a government may have some flexibility to adjust elements of its budget to ensure that a larger absolute and relative volume of resources is devoted to, say, the child services agenda. But this proposition is inherently multi-dimensional. In reality, that extra fiscal space can arise *inter alia* from any of the following: an increase in total domestic revenues, for example from higher tax revenues; an increase in international grants; increased borrowing, whether domestic or foreign; an increase in fiscal deficits not matched by formal borrowing (implying either inflationary financing and/or arrears of payments); some reduction in non-child expenditures to make more room for child services; or greater efficiency in the use of public funds, implying more units of service delivery per unit of money expended.

Since the region consists mainly of poor economies (with the main exceptions of Equatorial Guinea, Gabon and Congo), it is unlikely that most of the 24 countries will be able to realise significantly more fiscal space in any of these various dimensions either quickly or easily, except in the event of a major new source of revenue coming on stream, for example from new oil production. If it were easy to create fiscal space, countries would have done it already. So in reality, any success in expanding fiscal space will depend not only on some potential in this area, but also on improved arrangements in at least one dimension of fiscal management: for example, improved tax administration or more efficiency in spending, or, with potentially dangerous implications for sustainability, by increasing fiscal deficits at the cost of a rising debt burden, crowding out credit to the private sector and/or fuelling inflation. The latter indicates that some ways of realising potential fiscal space may create unwanted ('bad') effects that could be indirectly harmful to the child agenda. Those who argue for more fiscal space to be created to help achieve particular objectives (whether more child services or something else) need to be alert to these subtleties of interpretation of the concept and reflect them seriously in their own advocacy.

There is also a critical political dimension underlying any extra fiscal space that might seem to be potentially available. For example, the statistical analysis might reveal that in one particular country expenditure on some non-child services is unambiguously too high (e.g. relative to a comparator country) or that expenditure efficiency is woefully low. But the potential fiscal space that is revealed by such results means absolutely nothing for the child services agenda unless there is also a real political will to reduce the excesses and eliminate the inefficiencies. So there can be significant gaps between the potential and the actual fiscal space in any country. This too needs to be recognised.

3.1 Regional public finances: Patterns and trends

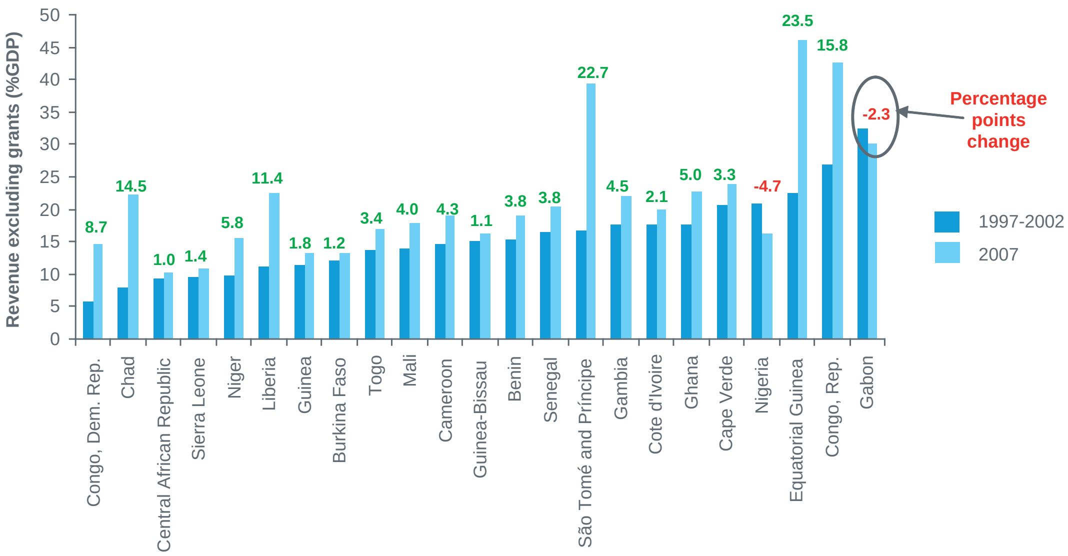
This section makes use mainly of data from the IMF's Regional Economic Outlook for Sub-Saharan Africa of April 2008. The 2007 data represent IMF staff estimates of actual outcomes while the 2008 data are projections[25]. Most of the analysis that follows compares the data for 2007 with averages for a base period in 1997–2002. The IMF data are complemented with data on aid and debt relief from the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD-DAC).

3.1.1 Revenue

There is a very large variation in the revenue-raising capacity across the 23 countries for which comparable data are available. In the 1997–2002 period, for example, government revenue averaged[26] 15.6% of GDP across the region. But five of those countries (DRC, CAR, Chad, Sierra Leone and Niger) failed to attain even 10% while another five countries averaged over 20% of GDP and one – namely oil-rich Gabon – achieved an average revenue take of more than 30% of GDP.

The situation has improved in recent years, during the period in which many of the countries have been implementing PRSP programmes. Specifically, the average revenue-take relative to GDP had increased to an average of 21.5% by 2007 and all but two of the 23 countries (Nigeria and Gabon) have seen an increase in their revenue capacities relative to GDP. The situation has improved dramatically in six countries that have seen revenue shares rise by more than eight percentage points of GDP. A seventh country, namely Ghana, has seen a five percentage point gain. The improving countries have included two of the weaker performers from the earlier period, namely Chad (with a 15% gain) and the DRC (9% gain). The changes on a country-by-country basis are shown graphically in figure 3.1.

Figure 3.1 Revenue excluding grants (% of GDP)



Source: IMF, 2008.

25 This publication does not include Mauritania. Hence, we only analyse 23 countries instead of 24.

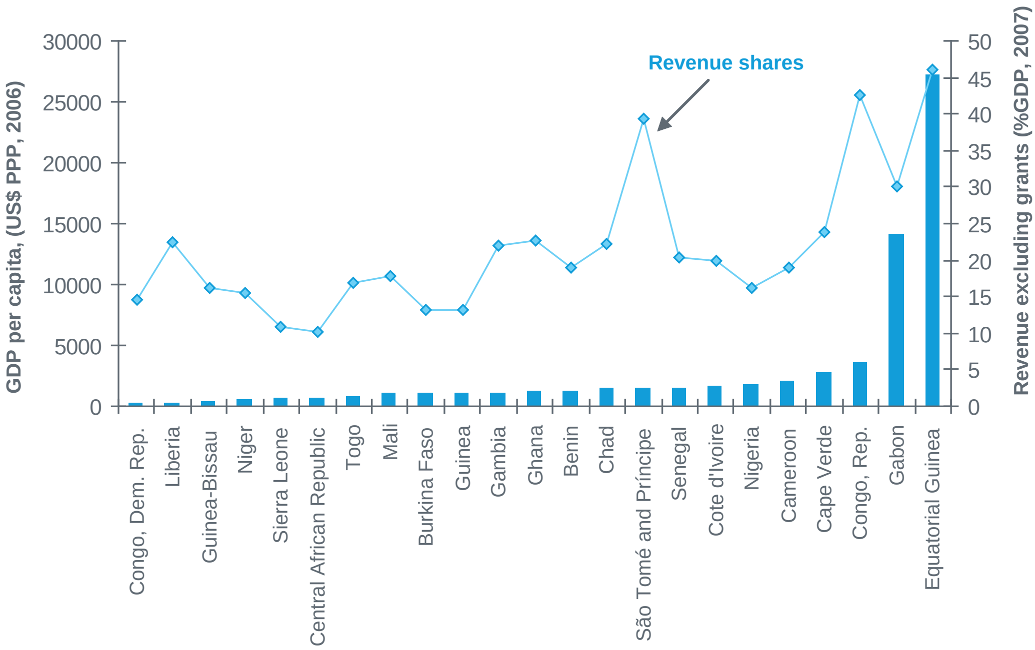
26 Non-weighted indicators.

This figure arranges countries in the order of their average revenue-take in the period 1997–2002. It emphasises two main points. First, the improvements in the revenue generated have been quite broad-based but particularly large in some countries that have become significant new oil producers, such as Equatorial Guinea and Chad, or have benefited from the end of conflicts, such as Liberia, DRC and Congo. The more effective exploitation of the mineral wealth of DRC is the main cause of the recent large revenue gains in that country. But Nigeria, as a long-time oil-rich economy and also the most highly populated country in the region, has not seen any improvement. The majority of countries have seen gains in the range of to one to four percentage points of GDP.

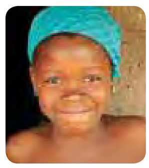
Second, in spite of these improvements there is still a huge variation in the amount of own-financing that these 23 countries achieve. In 2007 that financing ran from just over 10% of GDP (Sierra Leone and the CAR) to well over 40% in Equatorial Guinea. The standard deviation in the revenue ratio across the 23 countries was 9.6% in 2007.

It is interesting to explore whether these huge differences can be accounted for by the different levels of GDP *per capita*. This is tested in figure 3.2 which compares the 2007 revenue-take with the 2006 level of *per capita* GDP (on a PPP basis).

Figure 3.2 Revenue shares (% of GDP) and GDP *per capita*



Source: IMF, 2008.



The evidence reveals no simple relationship between GDP levels (left axis) and the revenue collections that are achieved (right axis). The two outlier countries in terms of *per capita* GDP, namely Gabon and Equatorial Guinea, certainly have very impressive levels of revenue collection, which is not surprising for oil-producing countries, due to the large share of oil-industry income that normally accrues to governments through taxes or royalties. This is also true for Congo, which likewise derives most of its government revenue from oil. But several other countries with significantly lower levels of GDP, such as the small island state of São Tomé and Príncipe, compare reasonably well with these oil-producing countries. The majority of the 23 countries have income levels below $1,500 per head even on a PPP basis. But the revenue-take amongst these poorer countries shows a high degree of variation country by country: up to 12 percentage points (e.g. between Ghana and Sierra Leone).

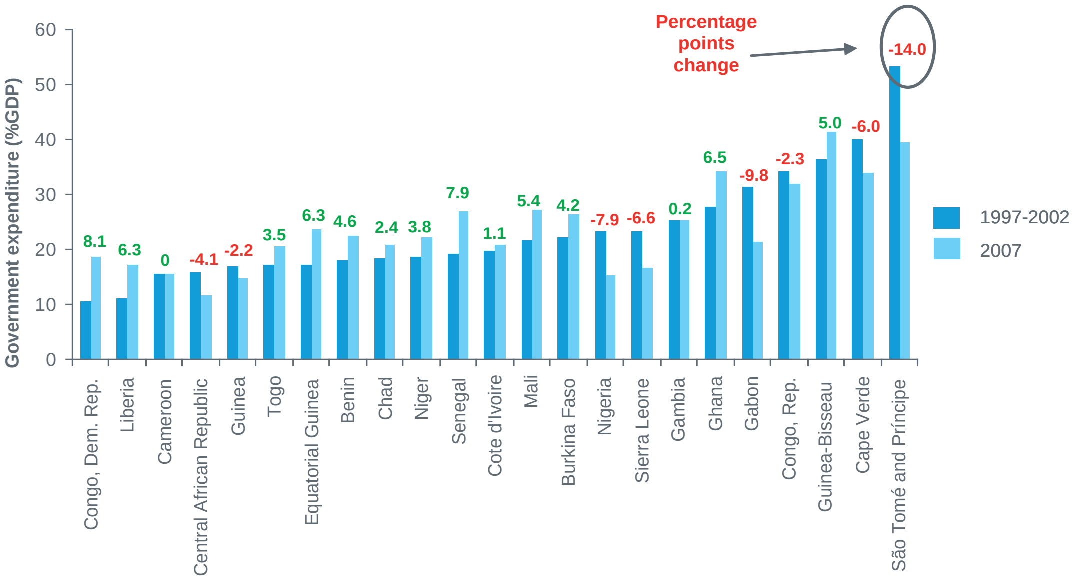
At least three countries in the lower part of the income distribution achieve revenue shares of at least 20% of GDP. In the light of this it would be a reasonable proposition that the other nine countries in that lower part of the distribution have some potential (unrealised) to increase their revenue-take by amounts that could range from 3% of GDP (Mali and Togo) up to 10% of GDP (CAR and Sierra Leone). Of course we refer here to the potential fiscal space: its realisation in practice would require the organisational changes and political will indicated in the introduction to this chapter.

3.1.2 Expenditure

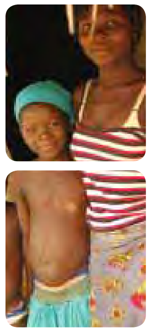
Here too there are large country-by-country variations. In the 1997–2002 period, average government expenditure across the region varied from 10.5% of GDP in DRC to over 50% in the case of São Tomé and Príncipe. Even before the recent increase in aid, most countries had expenditure levels that were significantly larger than their own revenues. Yet, in the 1997–2002 period, 12 of the 23 countries had government expenditure levels of less than 20% of GDP, while five countries had expenditure levels of more than 30%.

Significantly, in the subsequent five years to 2007, eight countries did not make any increase at all in their expenditure ratios. Large declines were seen in Nigeria, in spite of debt relief in the later years, with significant implications given Nigeria's very large population. Declines were also seen in Sierra Leone (a fragile state) and in Gabon (an oil-rich country) as well as in São Tomé and Príncipe, CAR, Cape Verde and Congo albeit from a high starting point in these last two cases. The general pattern over that period is depicted in figure 3.3. The average government expenditure ratio to GDP rose by only 0.5% of GDP. The variability across countries is indicated by a standard deviation of 7.9% in 2007, high but somewhat less than for revenue. But even in 2007, after substantial debt relief for many countries, seven of the countries still did not achieve an aggregate expenditure ratio of 20% of GDP.

Figure 3.3 Government expenditure (% of GDP)



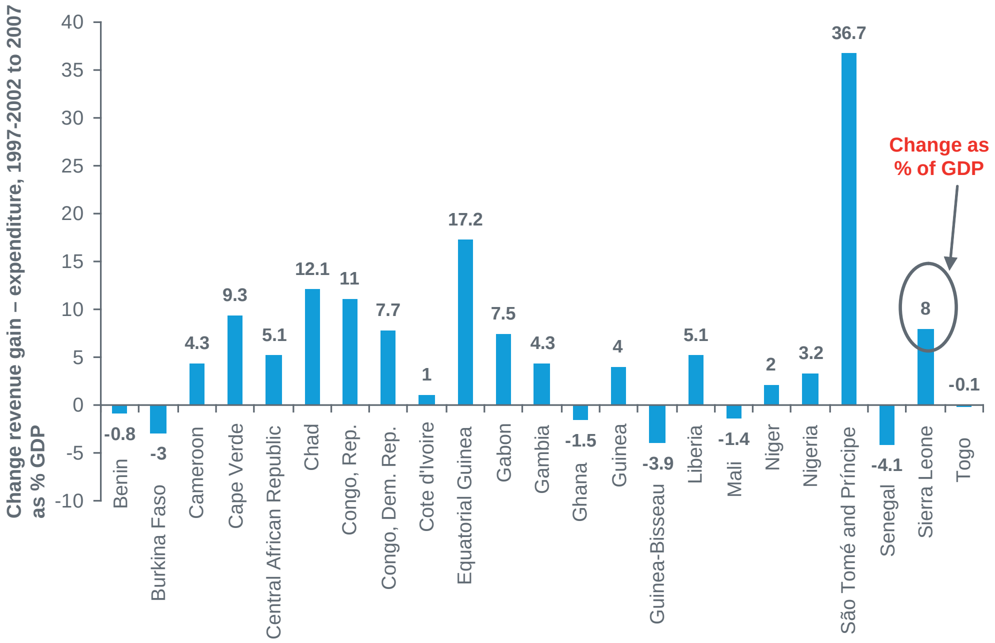
Source: IMF, 2008.



On the whole the countries that have gained potential fiscal space by raising significantly more revenue since 2002 have not chosen to increase expenditure to the same extent. This point can be shown by juxtaposing the increases for revenue and expenditure, both as percentages of GDP. This is done in figure 3.4 below.

On average the revenue gain amounted to 5.9% of GDP but only about 0.5% of GDP of this was assigned to increased expenditure. The conclusion is clear: in those countries that successfully extended their fiscal space by raising more revenue, most converted at best a small part of this increase into additional government expenditure. Furthermore, in most of the countries (identified in figure 3.2) where revenue gains fell short of their potential, there was also a tendency for the small gains in revenue to be less than fully utilised in extra expenditure.

Figure 3.4 Changes in revenue and expenditure (% of GDP)



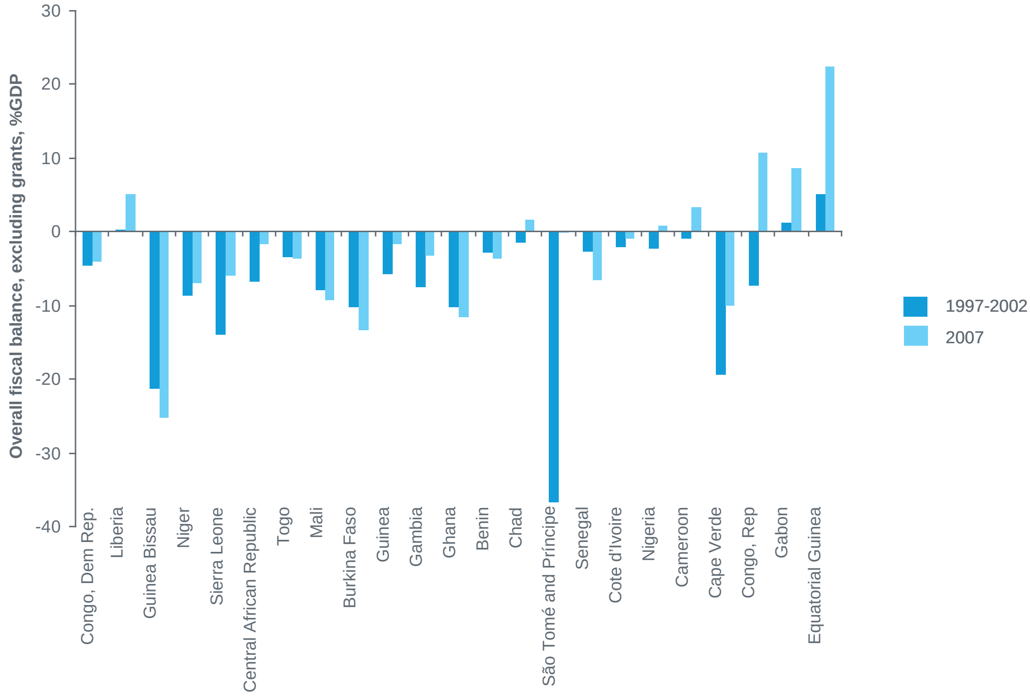
Source: IMF, 2008.

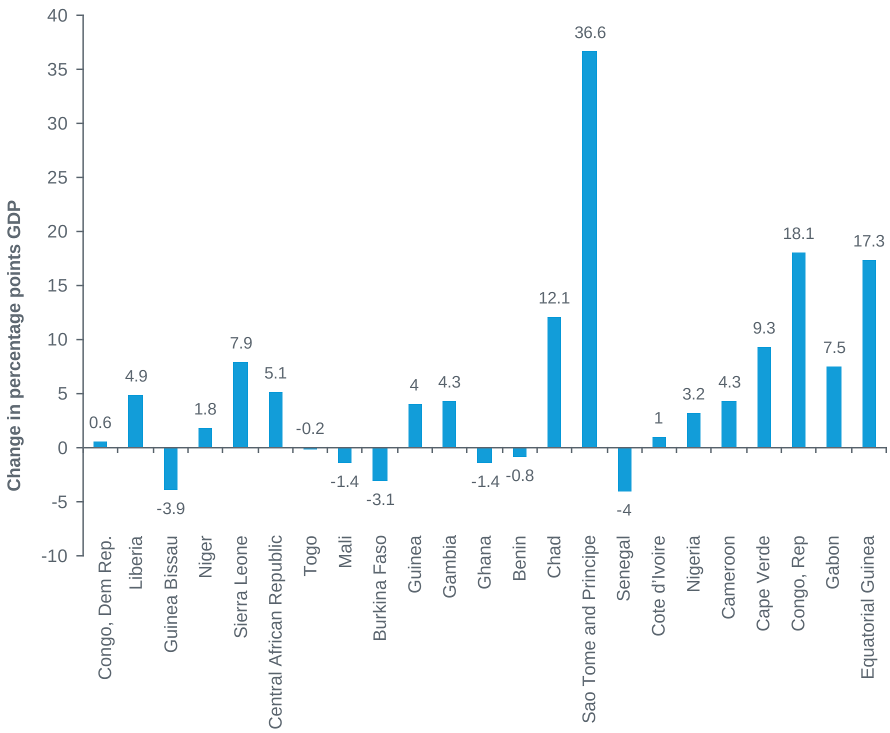
3.1.3 Fiscal balances

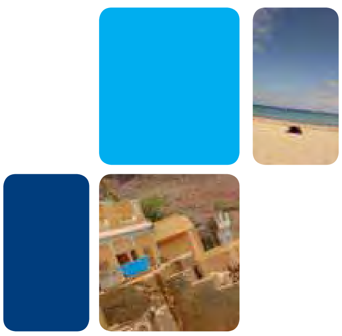
The logical corollary of the points made so far is that the period under review has seen a broad tendency for significant improvements in overall fiscal balances (excluding grants) in most of the countries. This is confirmed by the direct evidence about fiscal balances, which is presented in figure 3.5 and figure 3.6. These two figures arrange countries in ascending order of GDP in order to see the differences across countries of different levels of income. The upper segment shows the levels of the fiscal balances and the lower segment shows the changes from 1997-2002 to 2007.

The results are striking: 16 of the 23 countries have seen reductions in their overall fiscal deficits (excluding grants) or increases in their fiscal surpluses, as can be seen in the lower part of figure 3.5. Since the data are arranged in order of GDP levels, it can be seen that there has been some improvement, even in most of the 10 poorest countries: the four exceptions are Guinea Bissau, Togo, Burkina Faso and Mali. The average improvement across all 23 countries has been the equivalent of more than five percentage points of GDP – a very large change by any standards. This is especially significant since our data do not yet take any account of grants received. Large improvements have been seen in some very poor countries (e.g. Sierra Leone), in some slightly richer ones (e.g. São Tomé and Príncipe) and in the highest income countries of Congo, Gabon and Equatorial Guinea.

Figure 3.5 Overall fiscal balances excluding grants (% of GDP)

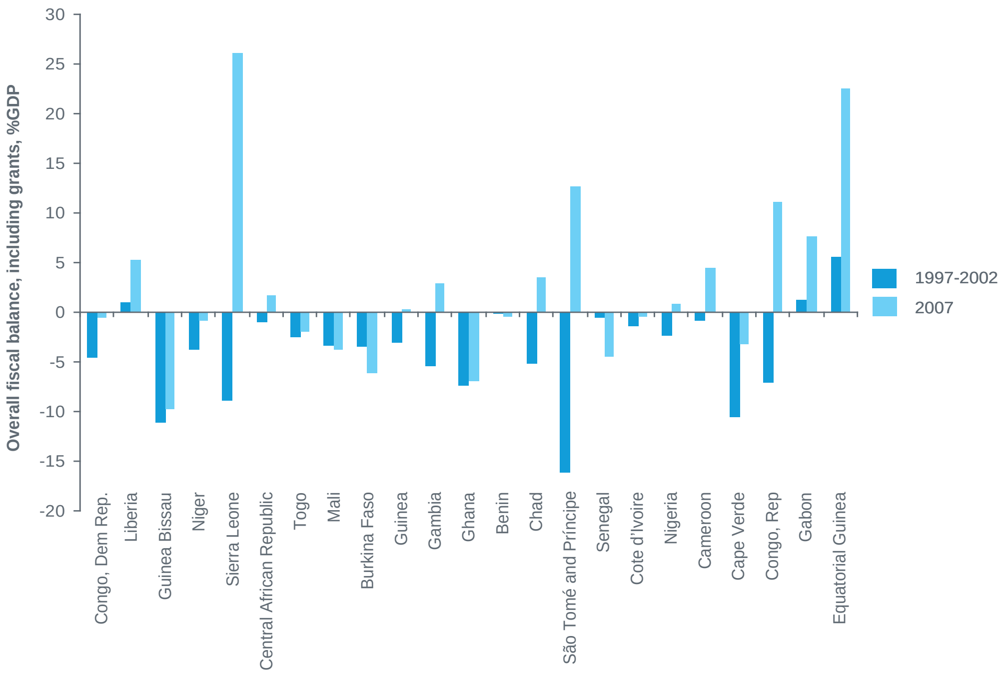


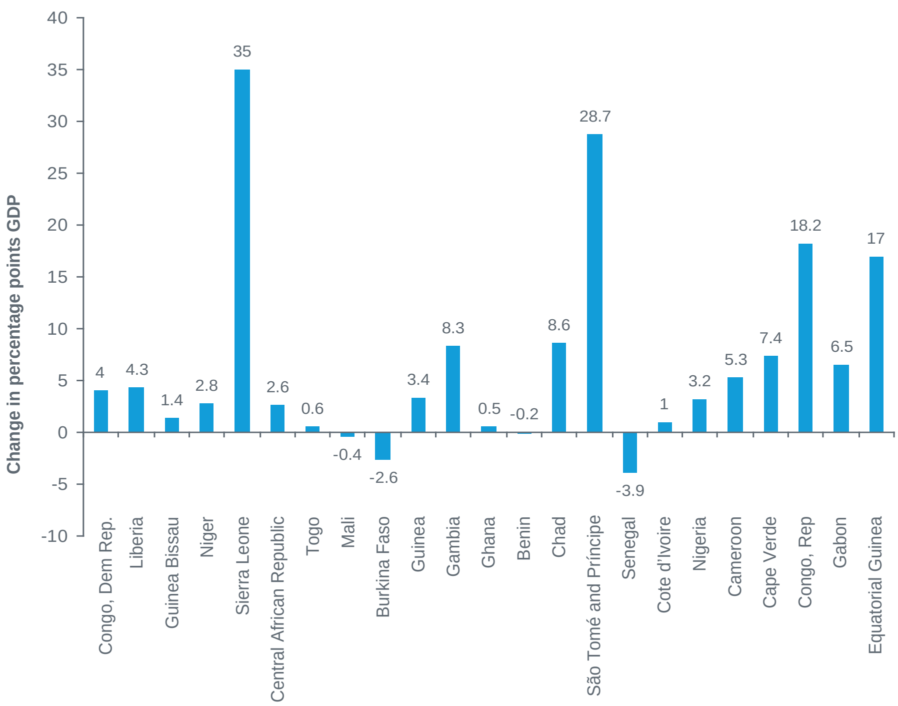




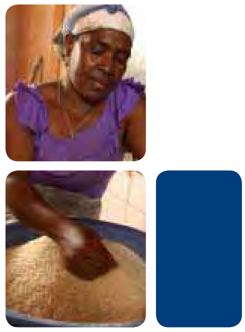
Source: IMF, 2008.

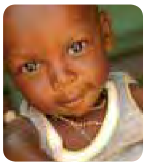
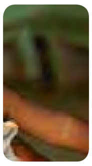
Figure 3.6 Overall fiscal balances including grants (% of GDP)





Source: IMF, 2008.



Similar data are presented in figure 3.6 but this time including grants. This figure shows the same broad tendencies for improved fiscal balances over the period from 1997–2002 to 2007. The inclusion of grant receipts has had the effect of increasing to 12 the number of countries achieving fiscal surpluses by 2007, as against seven countries when grants are not taken into account. In addition, once grant receipts are included, only three of the 23 countries (Burkina Faso, Ghana and Guinea Bissau) showed fiscal deficits of more than 5% of GDP by 2007, and only three (Burkina Faso, Benin and Senegal) had increased their fiscal deficits compared with the 1997–2002 period.

In short, the clear tendency of the past few years has been for the majority of West and Central African countries to improve their overall fiscal positions, in part by significantly improved efforts to raise their domestic tax and other revenues and in some cases by gaining access to increased ODA, including debt relief (see next sub-section). As was noted earlier, this means that expenditures in total have not risen nearly as much as might be suggested by merely examining the gains in revenue including grants. Our next question is whether this reflects a sound judgement on the part of the countries. Or has an opportunity to use the apparent fiscal space been lost?

The answer to this question hinges crucially on whether the prevailing fiscal deficits prior to the changes of the past few years were sustainable. This question can only be answered in definitive terms by resort to a careful country-by-country review of each country's particular circumstances. In the absence of this detailed analysis we cannot be completely sure which countries needed to undergo fiscal adjustment and which had base year balances that were sustainable. However, the numbers presented here do give a broad picture. Specifically:

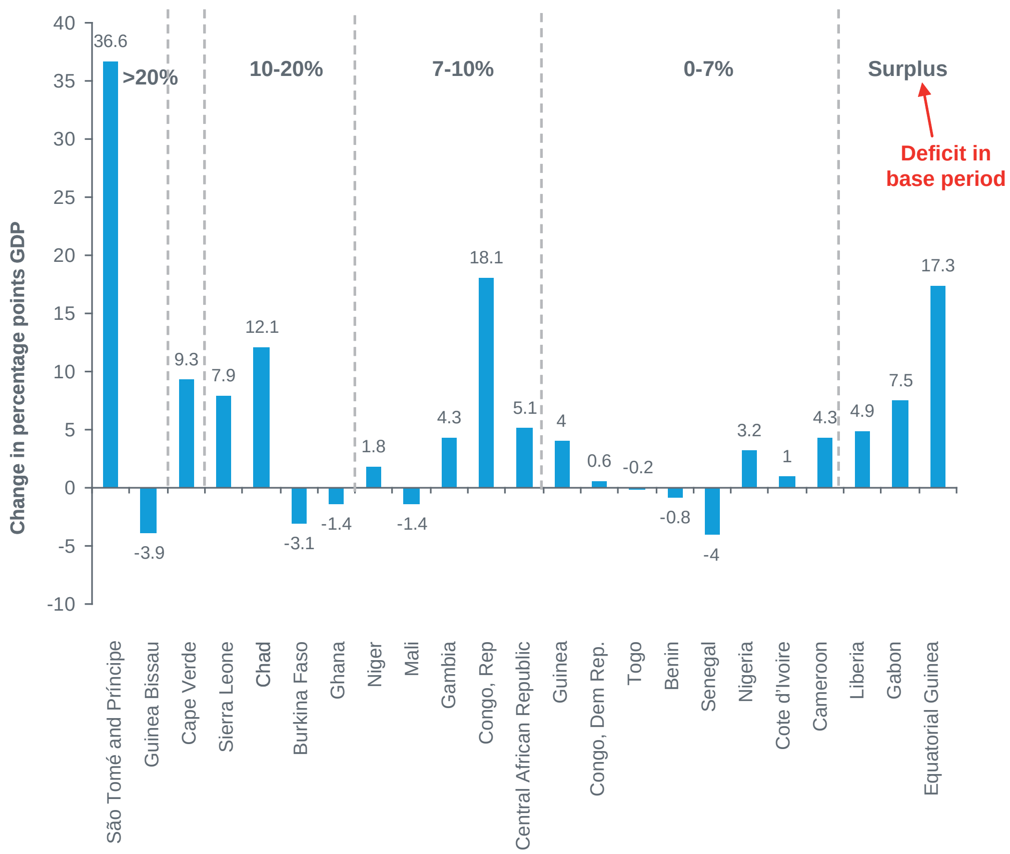
- Eleven countries had average fiscal deficits in the 1997–2002 period (excluding grants) that were clearly unsustainable: two that were more than 20% of GDP (Guinea Bissau and São Tomé and Príncipe); five between 10 and 20% (Cape Verde, Burkina Faso, Chad, Ghana and Sierra Leone): and four between 7 and 10% (Congo, the Gambia, Mali and Niger).
- Ten other countries, including the two richest countries in the region, had deficits of less than 5% of GDP (or surpluses).
- However, these lower deficit cases include a number of fragile states such as DRC, Guinea, Togo and Côte d'Ivoire that had such fragile debt and monetary conditions that even their apparently low deficits were too high in the base period to be financed in a sustainable manner. At least some of these would have rightly been urged to achieve improved fiscal positions as part of broader macroeconomic stabilisation efforts, often within the frameworks of PRSPs.

Even on the basis of this fairly crude assessment, it is reasonable to suggest that more than half the countries faced a clear need in 1997–2002 to reduce their fiscal deficits. This being the case, the reductions in deficits shown in figure 3.5 and figure 3.6 represent a rational response to the dangers of excessive borrowing and inflation that are inherent in running consistently high overall fiscal deficits.

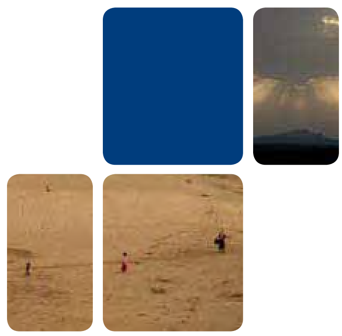
It is useful to probe deeper, however, and investigate whether those countries that actually reduced their deficits through to 2007 were those in most need of doing so. We can answer that question by plotting the deficit reductions achieved through 2007 against the prevailing size of deficits in the base period of 1997–2002. This is done in figure 3.7, which arranges countries in the order of their 1997–2002 deficits (excluding grants) – the largest deficit countries being on the left.

It is readily seen that most of the really big reductions in deficits took place in those countries that had very high deficits in the base period. São Tomé and Príncipe, for example, started the period with huge deficits that averaged 37% of GDP and reduced that deficit by over 35 percentage points of GDP in the subsequent five years. The countries that started the period with deficits of more than 7% of GDP account for all but one of the double digit reductions seen in figure 3.7. But at the same time there were three countries with initial deficits greater than 10% of GDP that failed to make any reductions – Guinea Bissau, Burkina Faso and Ghana. Significantly, the three countries with surpluses in the base year all chose to increase their surpluses: these included Liberia, which is a fragile state, along with Gabon and Equatorial Guinea. Most countries with initial deficits in the range of 0–7% of GDP saw only modest reductions or small increases in their deficits.

Figure 3.7 Deficit reduction, 1997–2002 to 2007 (% of GDP: countries arranged in order of size of deficits in 1997–2002)



Source: IMF, 2008.



There is not a completely precise pattern here. However, we can conclude that the fiscal rebalancing towards lower deficits showed a broad tendency – with only a few exceptions – to be concentrated on those countries where the need for a fiscal improvement was most visibly present in the base period. Some of the countries that saw the largest reductions in deficits also experienced downward pressure on government expenditure, which may have had consequences for the key social sectors. But this was not universally the case. For example, amongst the six countries that saw the largest deficit reductions, two – Chad and the Congo – saw increases in government expenditure relative to GDP (made possible by large increases in oil revenue) and four saw decreased expenditure. Were such decreases necessary given the very high levels of the deficits in the base year? Probably yes in part, but with remaining questions about the necessary magnitudes of the cuts.

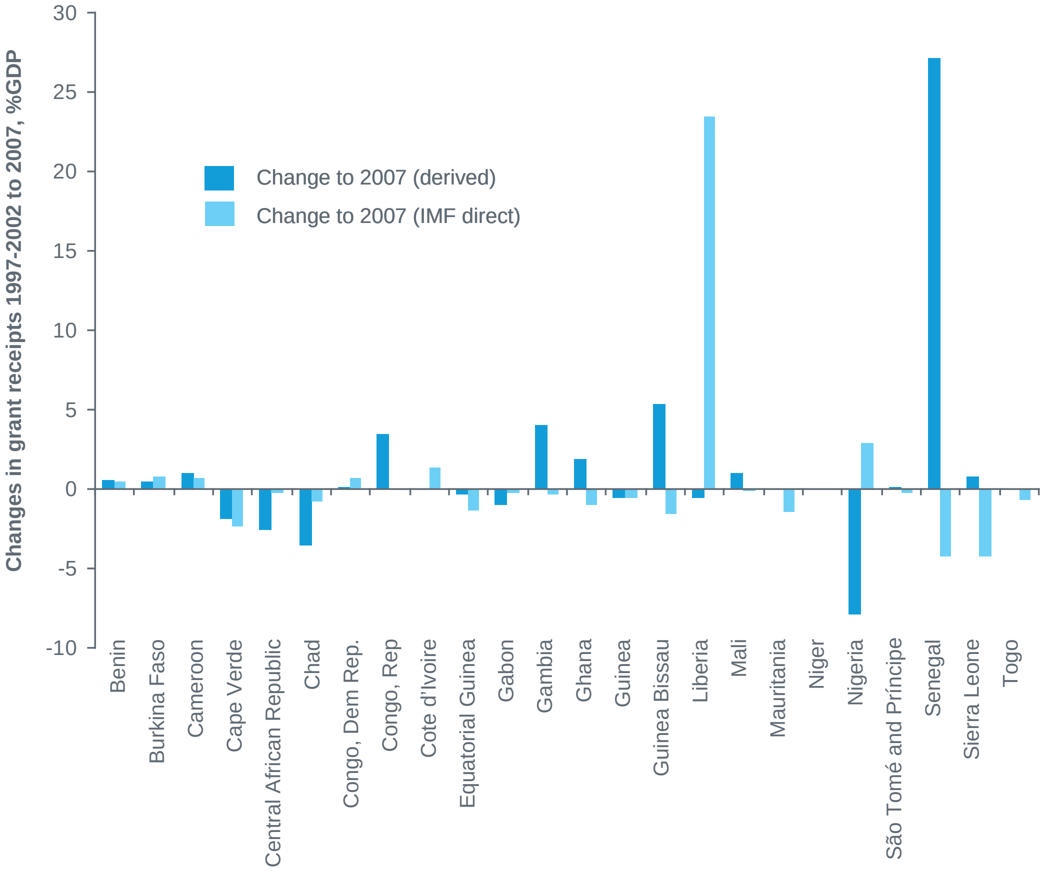
3.1.4 External grants and debt relief

The analysis in the previous section related to deficits excluding grants and the debt relief that has recently been enjoyed by some of the countries. Grants play an important role in the discussion of fiscal space since they quite obviously increase the resources immediately available to governments without adding to the burden of a country's debt. Debt relief may do the same insofar as it reduces debt service payments that would otherwise be paid – or avoids the accumulation of arrears and increased future debt service obligations (the situation in many HIPC countries that were unable to meet their de jure debt payment obligations). At the same time, a high level of dependence on grants often imposes its own burdens on a country in terms of associated conditionality, the instability of unpredictable and erratic flows of grant receipts, parallel extra-budgetary flows of funds, and the possible distortion of relative prices due to Dutch disease effects. Not surprisingly, many countries espouse an aspiration to reduce grant dependence over time.

In fact the help given to budgets by external grants in the period under review has changed quite modestly in spite of large increases in the absolute amounts of ODA receipts (including in some cases substantial debt relief), as will be discussed more fully in chapter 4. We have three different and often conflicting sources of statistical information on this point: two from the IMF and one from the OECD Development Assistance Committee (DAC)[27]. These show average increases in grants from 1997–2002 to 2007 across 23 countries of 1.2%, 0.6% and 1.4% of GDP respectively. We can conclude that on average the countries of West and Central Africa have gained potential additional fiscal space equivalent to about 1% of GDP from this source. Allowing also for the earlier conclusion about increases in expenditure, it is clear that the increased flows of grants were only partly translated into increased expenditures: some part of the extra inflow in some countries was in effect used to reduce budget deficits.

27 The three sources are: (i) the figures for budgetary grants derived by comparing the data on budget deficits including grants and budget deficits excluding grants from the IMF's Regional Economic Outlook for Sub-Saharan Africa (IMF, 2008); (ii) the IMF data for official grants found in the same source; and (iii) the OECD-DAC figures for Total ODA net of debt relief (OECD-DAC, 2009).

Figure 3.8 The conflicting evidence about changes in grant receipts (% of GDP)



Source: IMF, 2008.

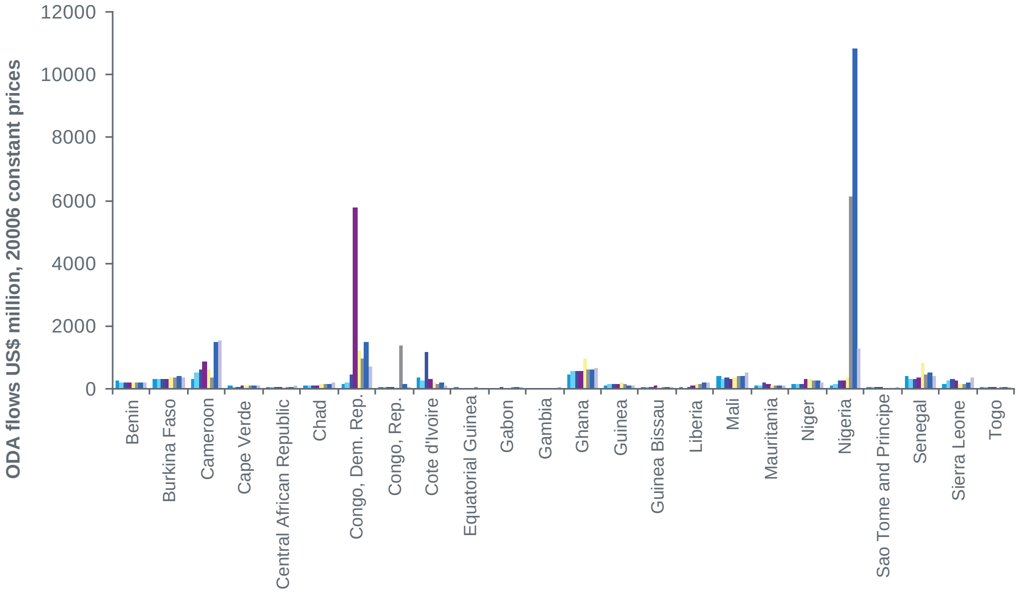
However, it is extremely difficult given the inconsistencies in the three different sources of data to be clear about the country-by-country changes over time. Figure 3.8 plots the two IMF series (IMF, 2008). The first is the difference between the two measures of the overall fiscal balance (i.e. with and without grants included). The second is the IMF's data on official grants as a percentage of GDP. This evidence indicates that some five countries enjoyed significant increases in grant receipts relative to GDP (i.e. increases equivalent to 2% of GDP or better) on the basis of at least one of the two indicators. These were Congo, the Gambia, Guinea Bissau, , Liberia, São Tomé and Príncipe and Sierra Leone.

Other countries where ODA receipts, including debt relief, were high in the period did not see these flows translated into significant improvements in their overall fiscal deficits. Examples are Cameroon, Cape Verde and Nigeria. The explanation for these apparently contradictory findings is that a significant part of ODA (the grant portion of concessional loans) appears 'below the line' as a financing element in the IMF's presentation of government accounts.

To see the fuller picture, we look at the OECD-DAC figures in absolute dollar terms over the period for which the most recent OECD DAC data allow consistent comparisons. Figure 3.9 below shows total ODA by country including those associated with debt relief, based on the latest available OECD-DAC data[28]. Figure 3.10 shows only the debt relief component.

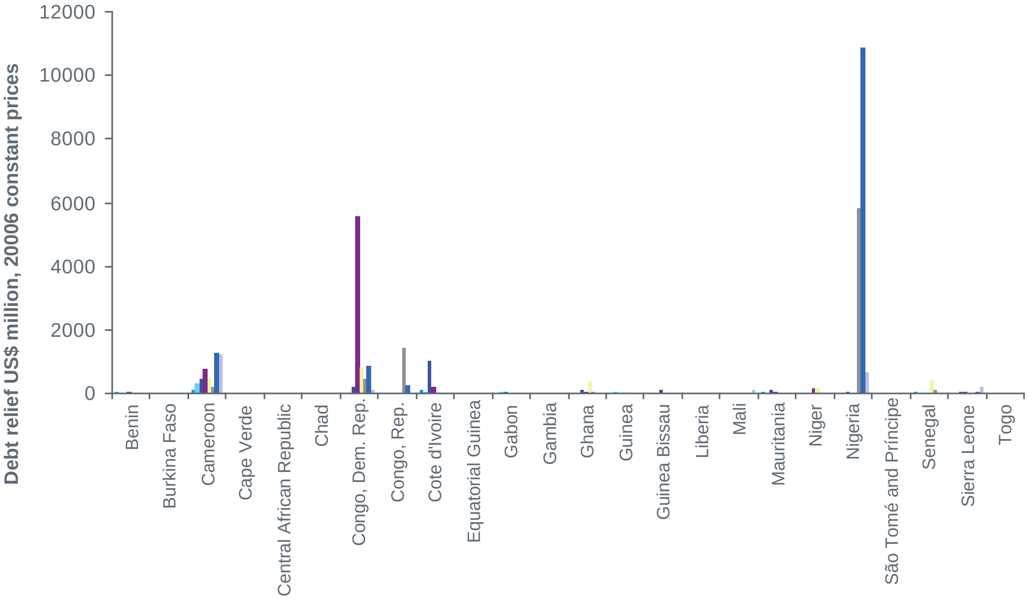
[28] Data from OECD-DAC statistics as of March 2009.

Figure 3.9 Total grants including debt relief, 2000–2007



Source: OECD-DAC, 2009.

Figure 3.10 Debt relief, 2000–2007



Source: OECD-DAC, 2009.

The first of these two figures shows that there has been a large increase relative to the base year of 2000 in at least five of the 24 countries (Cameroon, Chad, DRC, Liberia, Nigeria and Sierra Leone). In all these cases, increases of at least 100% over the 2000 levels have been seen.

The second of the figures indicates that almost all of the very large absolute increases in total ODA have been associated with the debt relief that has been available to a sub-set of countries in the region. So the same five countries also figure prominently in figure 3.10.

It should also be borne in mind that most HIPC countries have not been fully servicing debts, so debt relief does not necessarily result fully in an actual reduction in budgetary outlays. Lower debt levels provide a benefit for the countries concerned through a larger cushion of comfort for borrowing to finance increases in future rather than immediate expenditures. PRSP programming of the funds released by debt relief involves a medium-term framework, with the increase in expenditure showing up only gradually over time.

3.1.5 An overview

Overall we can conclude that the PRSP and debt relief programmes of the past few years have increased the fiscal space available to the countries that have received increases in ODA, in particular in the form of debt relief. This has not shown up in immediate increases in actual expenditure in these countries, but it has made the foundations for future fiscal management more secure and sustainable than would otherwise have been the case. Hence the general position of the budgets of these countries has improved.

This factor offsets to some extent the earlier point that the significant improvements in revenue mobilisation made by most of the countries have not for the most part been deployed to finance increases in public expenditures. Instead these revenue gains have been utilised to reduce fiscal deficits, which in most cases were unsustainably high when viewed from the perspective of the 1997–2002 averages.

Not all countries have benefited from the increase in ODA and debt relief. This is true in particular for six countries, namely Benin, Cote d'Ivoire, Equatorial Guinea, Guinea, Guinea Bissau and Togo. None of the seven had enjoyed significant benefits from debt relief by 2006, except for Cote d'Ivoire. Two[29] of these six countries perform reasonably well in terms of their revenue mobilisation (see figure 3.2 above) and this provides them with some degree of compensation/insulation from their weaker performance in terms of ODA. But this is not true of either Guinea, Guinea Bissau or Togo, where the revenue share is well below the realistic target of 20% of GDP. Furthermore, some of the countries listed were among the highest budget deficit countries in the period from 1997 to 2002 (see figure 3.7 above). Thus these countries faced an unambiguous need to reduce deficits. This fact, combined with their generally weak ODA and debt relief record, means that their fiscal space has been extremely limited.

Finally, it is useful to present an overall profile of the 24 countries' recent experiences in terms of ODA receipts and debt relief. This is done in figure 3.11 below for the period 2000–2007.

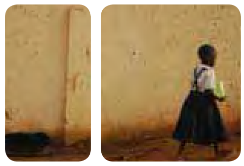
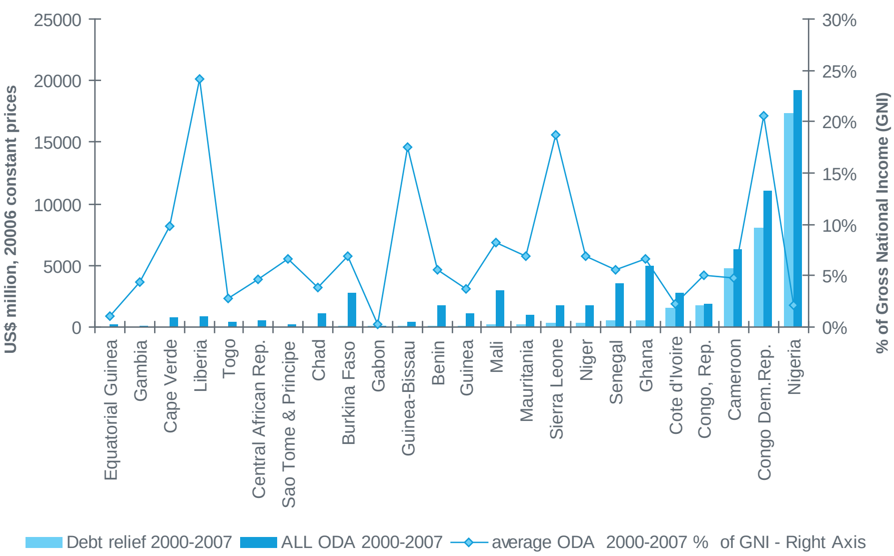


Figure 3.11 ODA and debt relief, 2000–2007



Source: OECD-DAC, 2009.

29 Those countries with a revenue share of more than 20% of GDP.

Figure 3.11 arranges countries in order of the absolute amounts of debt relief achieved in 2007. The first 13 countries from the left include the more difficult six cases just discussed, but also the richest countries in the sample, namely Equatorial Guinea. This group also includes five other fragile states that have not yet benefited from significant debt relief: CAR, Guinea Bissau, Liberia and Togo. Two of these, namely CAR and Guinea Bissau, were among the countries that most urgently needed deficit reductions based on the evidence of 1997–2002 (see figure 3.7 above). But some of these less well-performing counties, where in all cases the absolute ODA receipts were low, nonetheless achieved ODA receipts that represented very high percentages of their total GDP. So, notwithstanding our earlier comments about limited fiscal space in these countries, they do seem to get some mitigation via ODA.

All the other 11 countries shown on the right-hand side of figure 3.11 have benefited from significant absolute levels of debt relief and (highly correlated) inflows of total ODA. Typically the ODA flows (excluding of debt relief) have represented some 5–8% of GDP and this will have constituted a significant expansion of their potential fiscal space. However, large countries and particularly Nigeria combine large absolute volumes of ODA with still quite modest receipts relative to their total GDP levels.

3.2 Fiscal space and the social sectors

The analysis so far has revealed some significant trends in the West and Central African region regarding countries' mobilisation of domestic revenues and also, for about half the countries, their improved access to ODA and debt relief. The majority of countries have clearly achieved potential gains in fiscal space from one or both of these sources, while a few others have benefited less or not at all. We turn next to the sectoral expenditure trends in this same period. In doing so, it is important to take note of two basic points. First, the creation of greater potential fiscal space in macroeconomic terms implies little or nothing about how that potential may be used for particular (micro or sectoral) purposes. The extra potential may of course remain unused to the extent that countries choose to become more cautious in their fiscal management.

3.2.1 PRSP projections on fiscal space

We begin by looking first at the expectations around fiscal space that can be found in the PRSPs or at least in those that include some sort of medium-term expenditure framework (MTEF). This analysis is divided into, first, an overview of the overall resource envelopes projected in the PRSPs and second, an assessment of the prioritisation of health and education within these.

3.2.1.1 Overall resource envelopes

The limitations of the data available for comparisons across the countries[30] mean that we need to continue to focus mainly on expenditures expressed as percentages of GDP. While this is not ideal, it nevertheless does give an indication of the overall movements in resource envelopes. Table 3.1 is based on the data shown in PRSP documents (actual outcomes in the earlier years and PRSP projections for the later years). These data show that in most of the 16 countries analysed, the share of total expenditure in GDP was expected to remain fairly stable, apart from decreases in the special cases of São Tomé and Príncipe, and Chad (in the latter case due to a rise in GDP resulting from rising oil production) and increases in Mauritania for part of the period. However, given that real GDP was generally expected to expand throughout the PRSP periods[31], these stable shares of GDP imply that real resources would also be increasing in absolute terms. For the region as a whole, these projections were broadly borne out by the actual expenditure trends presented in the previous section.

30 Comparing across countries is difficult for several reasons: (i) Use of local currencies: most MTEFs are denominated in local currencies. Theoretically this would not be a problem as long as all could be converted into a common currency for some comparative purposes, for example to understand the magnitude of HIPC flows. However most do not provide information on the exchange rate assumptions used. (ii) Use of nominal figures: comparison of nominal changes in expenditure across countries is problematic because it ignores issues of inflation, which obviously vary widely between them. Theoretically, converting all the projections into real figures would solve this problem, but the GDP deflators required for this are often not provided or, when they are, use different base years. These factors together impose serious limitations on comparisons across countries.

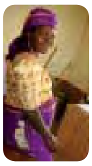
31 Unfortunately this is rarely documented explicitly in the MTEFs, so comparison of real GDP forecasts is not possible for more than a handful of these countries.

Table 3.1 PRSP estimates of total expenditure (% of GDP)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Benin	20%	20%	22%	22%	21%	21%					
Burkina Faso	0%	22%	22%	20%	22%	22%	21%				
Cameroon	17%	18%	18%	18%	17%	17%	17%	17%	18%	18%	18%
Cape Verde											
Chad				20%	14%	14%	14%	14%	15%	16%	17%
DRC						16%	24%	27%	29%		
The Gambia	22%	26%	24%	26%	26%	26%					
Ghana						32%	30%	31%	31%	32%	
Guinea	17%	22%	20%	21%	22%						
Mali	25%	28%	28%	28%	27%	27%	28%				
Mauritania		27%	28%	28%	28%		35%	35%	36%	36%	36%
Niger	16%	17%	18%	19%	18%	18%					
Nigeria											
São Tomé and Príncipe		79%	68%	75%	83%	73%	68%	63%			
Senegal		0%	21%	23%	23%	23%	27%	27%	26%	25%	25%
Sierra Leone		30%	29%	27%	28%	27%	27%	27%			

Note: Unshaded data are actuals, as reported in PRSPs, while shaded data are indicative commitments presented in PRSPs. Blue shading indicates first generation PRSPs and yellow shading second generation PRSPs.

This picture is supplemented by an examination of some of the constituent parts of countries' resource envelopes, as projected in the PRSPs. Table 3.2 below shows that domestic revenue (where reported) was generally expected to remain fairly stable as a percentage of GDP or, in the case of Mauritania, to increase substantially. Those countries whose revenue was relatively low at less than 20% of GDP in the past expected to continue to maintain this ratio of revenue to GDP into the future. These projections generally turned out to be quite conservative, as the previous section has shown that there was a significant increase in the revenue/GDP ratio across most countries in the region.



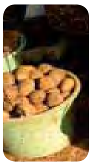


Table 3.2 PRSP projections of domestic revenue (% of GDP)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Benin	17%	16%	17%	17%	17%	17%						
Burkina Faso		11%	11%	12%	12%	13%	13%					
Cameroon	22%	19%	20%	19%	19%	19%	19%	19%	19%	19%	18%	18%
Cape Verde												
Chad				8%	9%	10%	10%	11%	12%	15%	15%	14%
DRC						11%	12%	13%	14%			
The Gambia	21%	25%	20%	17%	17%	17%						
Ghana						25%	24%	23%	23%	23%		
Guinea	11%	13%	13%	15%	15%							
Mali	15%	17%	18%	18%	18%	19%	20%					
Mauritania		26%	25%	25%	25%		41%	38%	38%	40%	41%	
Niger	9%	9%	11%	11%	11%	12%						
Nigeria												
São Tomé and Príncipe		21%	23%	26%	27%		29%	29%				
Senegal			19%	19%	19%	19%	20%	20%	20%	20%	19%	
Sierra Leone					14%	17%	18%	17%				

Note: Unshaded data are actuals for dates prior to the PRSP, as reported in PRSPs, while shaded data are indicative commitments presented in PRSPs. Blue shading indicates first generation PRSPs and yellow shading second generation PRSPs.

Turning to the benefits of debt relief, for which the PRSPs themselves were an eligibility requirement, the analysis shows that HIPC resources were expected to contribute at their peak to about 5% or 6% of total expenditure in most countries (table 3.3). The impact was generally not expected to be large[33]. Nonetheless, the impact of debt relief could still be significant for social service provision provided that a significant proportion of all the HIPC relief was committed to spending on health, education and other social programmes.

33 There is more detailed analysis of this and related points in the next chapter.

Table 3.3 PRSP projections of HIPC resources as % of total expenditure

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Benin											
Burkina Faso				4%	5%	4%					
Cameroon		4%	3%	3%	5%	4%	3%	3%	2%	2%	2%
Cape Verde											
Chad			1%	1%							
DRC					17%	15%	13%	11%			
The Gambia	4%	5%	6%	5%	5%						
Ghana					5%	5%	6%	5%	4%		
Guinea											
Mali	3%	5%	4%	4%	3%	3%					
Mauritania		11%	12%	11%							
Niger											
Nigeria											
São Tomé and Príncipe											
Senegal		1%	3%	3%	3%	5%	2%	3%	2%	2%	
Sierra Leone											

Note: Unshaded data are actuals for dates prior to the PRSP, as reported in PRSPs, while shaded data are indicative commitments presented in PRSPs. Blue shading indicates first generation PRSPs and yellow shading second generation PRSPs.

3.2.1.2 Prioritisation of health and education in the PRSPs

Some of the PRSPs provide a useful indication of the planned trends in the relative share of the budget allocated to health and education[34].

The PRSP projections for health, as summarised in table 3.4, generally show relatively modest increases in anticipated shares. Still, even these increases should not be underestimated, particularly over a short time horizon of a few years. For example in Cameroon, the expectation was to increase the health sector share of total government expenditure from 6.3% in 2003 to 8.3% by 2007. While this is only a couple of percentage points, this is nevertheless a sizeable increase in absolute terms, and has to be understood within a context of expected stability in overall revenue and expenditure relative to GDP.

Another notable feature of the data in table 3.4 is the very large inter-country differences in the proportion of resources committed to health. The highest spending countries (Benin and Mauritania) projected health-spending shares of total government expenditure that **are more than three times greater** than those of the lowest spending countries (Mali and Cameroon). It is possible that some part of these large disparities can be accounted for by differences of statistical treatment. But even so, the data provide an *a priori* reason for

[34] However, it is important to treat comparisons across countries extremely carefully. In part this is because it is not immediately apparent here on what basis the projections in the different PRSP documents are made (e.g. whether total expenditure includes net lending or not; to what extent foreign resources are included, etc). Nevertheless, it is possible to assess the general trend for each country.

arguing that the lower spenders could do much better – even allowing for their low income status. In the case of Cameroon, which enjoys a significantly higher level of GDP *per capita* than most countries in the region, its low level of health spending in total government expenditure is particularly striking, notwithstanding the projected increase noted above. In short, it appears that there would be potential fiscal capacity in some countries to increase significantly the share of expenditure on health, if there was shift in expenditure priorities.

Table 3.4 PRSP projections of health expenditure as % of total expenditure

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Benin	19.8%	20.3%	19.4%	19.7%	21.0%	21.2%	20.8%			
Burkina Faso						8.1%	8.0%	9.5%		
Cameroon					6.3%	6.8%	7.5%	7.9%	8.3%	
Cape Verde							9.7%	7.9%	9.3%	
Chad										
DRC								7.5%	12.3%	12.9%
The Gambia										
Ghana										
Guinea										
Mali				6.1%	6.2%	6.3%	6.3%			
Mauritania	23.3%	19.9%	24.3%	25.7%	26.3%	26.2%				
Niger										
Nigeria										
São Tomé and Príncipe										
Senegal										
Sierra Leone										

Note: Unshaded data are actuals for dates prior to the PRSP, as reported in PRSPs, while shaded data are indicative commitments presented in PRSPs. Blue shading indicates first generation PRSPs and yellow shading second generation PRSPs.

The trends in education expenditure as shown in table 3.5 are even more marked, with DRC, Cape Verde and Niger projecting large increases. Benin, Cameroon, Burkina Faso and Mali show smaller increases.

But once again the contrasts between the higher and lower spending countries deserves comment. The pre-PRSP figures for Mauritania, Niger and Cameroon are remarkably high already if they are to be believed. These high-spending countries also put to shame the much lower targeted figures for Benin, Cape Verde and even Mali. Significantly Mali is a low-spending country in relation to both health and education. Benin may by contrast have made a conscious choice to increase its health expenditures, partly at the cost of lower education outlays.

Taking all of these disparate pieces of information together, there is broad evidence that PRSPs do contain the expectation of some consistent real increases in resources for these two categories of social expenditures, and often in the relative budget prioritisation allocated to health and education. However, it is important to note that in this study we cannot establish a counter-factual of what fiscal space might have looked like in the absence of the PRSP process. To do so would require a much more detailed look

Table 3.5 PRSP projections of education expenditure as % of total expenditure

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Benin	24.5%	18.6%	17.0%	6.6%	9.8%	6.7%			
Burkina Faso					14.7%	14.4%	15.7%		
Cameroon				17.1%	18.5%	19.7%	20.5%	21.1%	
Cape Verde						8.7%	7.9%	14.0%	
Chad									
DRC							12.2%	15.5%	16.7%
The Gambia									
Ghana									
Guinea									
Mali			11.9%	12.3%	12.6%	12.5%			
Mauritania	65.5%	53.2%	55.3%	53.5%	53.7%				
Niger			28.9%	28.1%	31.0%	36.0%			
Nigeria									
São Tomé and Príncipe									
Senegal									
Sierra Leone									

Note: Unshaded data are actuals for dates prior to the PRSP, as reported in PRSPs, while shaded data are indicative commitments presented in PRSPs. Blue shading indicates first generation PRSPs and yellow shading second generation PRSPs.

at the macroeconomic scenarios in each country to understand whether there may have been scope for a larger expansion of public expenditure on the social sectors, which is beyond the scope of this study. A summary of some of the main issues from the macroeconomic debate is provided in box 3.1.

3.2.2 Actual expenditure on the social sectors

This section examines the actual pattern of expenditure on the social sectors in recent years, taking into account the broad trends in public finances in the countries of the region, and analyses the extent to which expenditure has been consistent in practice with the apparent prioritisation of the social sectors in PRSPs' medium-term budget frameworks. The aim is to analyse the extent to which the PRSP countries have both achieved and then made use of fiscal space to advance their social programmes.

Once the analysis moves beyond plans and targets to actual expenditure outcomes at the functional level, there are serious gaps in the available data that hinder meaningful comparisons across countries. The main problem is that the Annual Performance Reviews (APRs) of PRSPs are disappointing in relation to both the quality and the thoroughness of their reporting against PRSP objectives and MTEF/budget performance[35]. There is also wide variability in the type of information that is reported in different countries, making a direct cross-country comparison of PRSPs extremely difficult. Although some of the UN agencies such as

[35] This has also been found in other reviews of APRs, especially World Bank and IMF (2002) and Driscoll et al (2005).


Box 3.1 Constraints on fiscal space: Debates around macroeconomic absorption capacity and the social sectors

The international financial institutions (IFIs) are sometimes criticised for constraining social spending in PRSP countries. The IFIs are of course concerned about the macroeconomic sustainability of public finances. Large fiscal deficits resulting from high levels of public expenditure can lead to unsustainable debt burdens, high rates of inflation and the crowding out of the private sector from access to credit, all of which have negative implications for growth, employment, revenue mobilisation and levels of public expenditure in the long term – and in turn would be prejudicial to the well-being of children.

There is also some concern that, like large oil or mineral revenues, very high levels of aid might have unintended Dutch disease effects: an appreciation of the real exchange rate that undermines competitiveness in traded goods and therefore long-term growth.

To what extent, however, has IFI conditionality restricted social spending in spite of PRSPs' strong emphasis on the social sectors? In general, the IMF and the World Bank have strongly supported this prioritisation of social sector spending, but within a framework of responsible fiscal and macroeconomic management. Sarbib and Heller (2005), representing the World Bank and the IMF respectively, have argued that there is no specific example of Bank or Fund policies actually restricting spending on social sector programmes. Foster (2004: 11) points out that, rather than being too restrictive, the IMF frameworks have actually tended to overestimate foreign aid, GDP growth and therefore internal and external resources for public expenditure. That being said, Foster provides evidence that the IMF may be unintentionally producing fiscal frameworks that do not encourage foreign donors to further increase aid levels.

In our analysis of expenditure projections in 13 countries (see table 3.2), it is striking that only two project more than a 2% of GDP increase in the share of public expenditure in GDP over the period covered.

A study for the Centre for Global Development on health expenditures finds that IMF programme and non-programme countries (1998–2005) have seen similar slightly upward trends in health expenditures (averaging $10 to $15 per head since 1998). However, the increases might have been expected to be larger than they were, especially in some of the HIPC countries. Also, where choices have been available, the IMF has often opted to constrain levels of expenditure in order to make it possible to reduce the debt burden and increase reserves (CDTG, 2007).

UNESCO, the WHO and the World Bank (in its World Development Indicators) bring together apparently comparable data on the key sectoral expenditure indicators, those data sources are often outdated and also contain many gaps in relation to particular data series and countries. The sub-sections that follow draw on a range of data sources to try to build up as complete a picture as possible. Table 3.6 and table 3.7, based on data from UNESCO and WHO, show the available country comparisons for education and health expenditure respectively as shares of total government expenditure.

3.2.2.2 Education

The UNESCO data on education expenditure (as a percentage of total government expenditure) are too sparse to draw general conclusions about trends. Data for only seven countries in the region are available up to 2006. Of the few countries with data spanning four to five years, Cameroon shows a sharp increase in 2001–2003, falling slightly thereafter, while Congo shows a significant decline from 2001 to 2005, and expenditure in Mali has oscillated, with no clear trend. The slight decline in the share of education in government expenditure in Cameroon contrasts with the PRSP projections of a substantial increase: by 2006, actual expenditure was 16.8% compared with a PRSP target of 20.5% (see table 3.6). In Mali, by contrast, actual expenditure in 2005 (14.8%) was higher than projected in the PRSP (12.5%).

As a share of GDP, education expenditure varies considerably across the region, from less than 2% in countries such as Chad, Congo and Guinea, to highs of 5% in Senegal, 5.4% in Ghana and 6.3% in Cape Verde. This suggests that some countries could give much higher priority to education than at present.

Table 3.6 Government expenditure on education (% of total government expenditure)

	2001	2002	2003	2004	2005	2006	2005 or 2006 % of GDP
Benin *	...	...	...	17.1	...	...	...
Burkina Faso *	...	...	...	...	16.4	15.4	4.2
Cameroon *	12.5	14.5	17.3	17.2	15.9	16.8	3.3
Cape Verde	...	17.0	...	20.7	25.4	15.6	6.3
Central African Republic	...	...	...	...	...	...	...
Chad	...	...	...	7.7	10.1		1.9
Congo	12.6	9.4	9.9	9.0	8.1	...	1.9
Côte d'Ivoire	...	...	...	...	...	...	...
DRC	...	...	...	...	...	...	...
Equatorial Guinea	1.6	4.0	4.0	...	...	...	...
Gabon	...	...	...	...	...	...	...
The Gambia	...	8.9	...	...	...	...	...
Ghana *	...	...	...	...	...	...	5.4
Guinea	...	...	...	...	...	...	1.6
Guinea-Bissau	...	...	...	...	...	...	...
Liberia	...	...	...	...	...	...	...
Mali *	...	13.3	16.8	16.9	14.8	16.8	4.5
Mauritania *	...	...	...	...	8.3	10.1	2.9
Niger *	...	...	13.2	...	...	17.6	3.4
Nigeria	...	...	...	...	...	...	...
São Tomé and Príncipe	...	...	...	...	...		...
Senegal *	...	...	20.1	...	18.9	26.3	5.0
Sierra Leone *	...	...	...	...	...	...	...
Togo	...	13.6	...	...	...	...	...

Source: UNESCO (2008) Institute for Statistics. * Indicates that a country has reached the HIPC completion point.

3.2.2.3 Health

The WHO data on health expenditure (as a share of total government expenditure) are more complete, with data series for all countries in the region, but halt in 2005. Some countries, such as Burkina Faso, Cameroon, Cape Verde, DRC, the Gambia and Liberia, have succeeded in raising the health share of government expenditure significantly in 2001–2005. Some others, notably CAR, Chad, Côte d'Ivoire, Equatorial Guinea, Guinea and Guinea-Bissau, have seen declines.

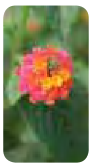
The data confirm the huge variation across countries in the health share of government expenditure, which was discussed above with respect to PRSP projections. This varies from lows of 3.5% in Nigeria (possibly underestimated due to the exclusion of state and local government expenditure in that country's highly decentralised fiscal system) and less than 5% in Congo, Côte d'Ivoire, Guinea and Guinea-Bissau (all fragile or post-conflict countries) to shares higher than the African Union's Abuja Declaration target of 15% in Burkina Faso and Liberia. As a percentage of GDP, government health expenditure varies from 8.3% in São Tomé and Príncipe to only 0.7% in Guinea.

Table 3.7 Government expenditure on health (% of total government expenditure)

	2001	2002	2003	2004	2005	2006	2005 or 2006 % of GDP
(% of GDP)	...	...	...	17.1	...	...	...
Benin *	14.3	11.2	10.5	12.5	13.5	3.0	4.2
Burkina Faso *	9.8	11.2	12.6	15.3	18.4	4.0	3.3
Cameroon *	7.4	8.7	10.2	10.5	11.0	1.5	6.3
Cape Verde	11.7	11.0	10.7	12.1	13.2	4.6	...
Central African Republic	11.5	11.2	12.4	10.9	10.9	1.5	1.9
Chad	13.8	9.4	10.5	9.5	9.5	1.5	1.9
Congo	4.2	3.6	4.3	4.1	4.0	0.9	...
Cote d'Ivoire	5.7	5.2	4.8	5.1	4.2	0.8	...
DRC	2.5	3.1	7.8	7.2	7.2	1.5	...
Equatorial Guinea	9.8	20.7	8.7	7.0	7.0	1.3	...
Gabon	13.8	13.8	13.8	13.9	13.9	3.0	...
The Gambia	7.0	8.7	12.9	11.6	11.2	3.4	5.4
Ghana *	8.7	9.3	9.0	6.9	6.9	2.1	1.6
Guinea	5.9	5.5	4.9	4.7	4.7	0.7	...
Guinea-Bissau	2.2	7.7	6.8	3.4	4.0	1.7	...
Liberia	9.4	6.5	8.9	16.5	36.3	4.4	4.5
Mali *	13.6	10.4	12.3	13.0	12.0	2.9	2.9
Mauritania *	4.2	6.1	4.2	4.1	5.0	1.7	3.4
Niger *	11.7	11.0	10.5	10.2	10.2	1.9	...
Nigeria	3.2	3.1	3.2	3.5	3.5	1.2	...
São Tomé and Príncipe	9.4	11.4	14.0	12.0	12.2	8.3	5.0
Senegal *	7.5	8.9	9.0	8.5	6.7	1.7	...
Sierra Leone *	6.1	7.9	7.6	7.8	7.8	1.9	...
Togo	6.9	6.9	6.9	6.9	6.9	1.4	

* Indicates a country that has reached the HIPC completion point.

Source: 2008 WHO Statistical Information System, also reported in World Bank, World Development Indicators.



3.2.3 Social expenditures on a *per capita* basis

Despite the data limitations, it is also clear that there are major differences across countries in *per capita* expenditure on the social sectors. These only partly reflect differences in the level of GDP *per capita*, suggesting that policy choices are at least to some extent responsible for these disparities in spending.

3.2.3.1 Health

Figure 3.12 shows the levels of *per capita* spending on health for all 24 countries mapped against the levels of GDP *per capita* which is reflected along the horizontal axis of the figure, with countries arranged from left to right in order of GDP *per capita*.

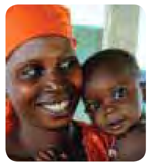
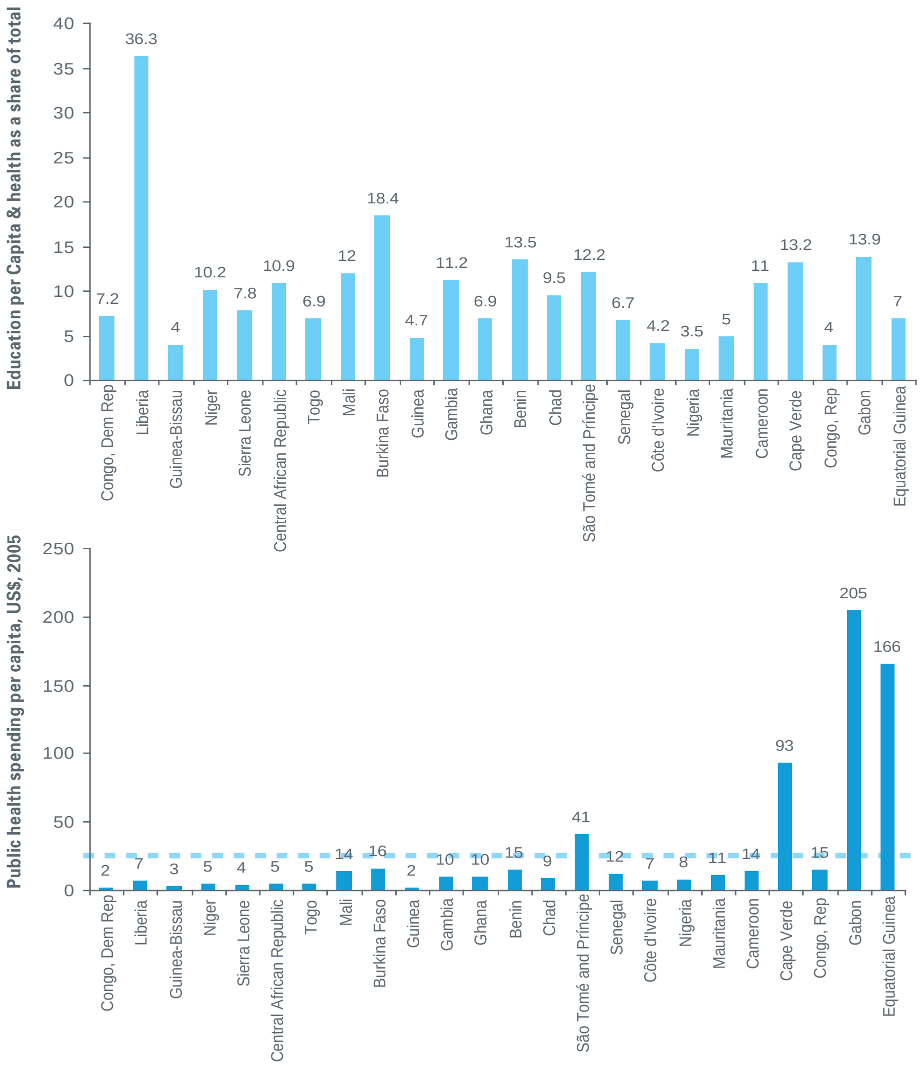


Figure 3.12 Public health expenditure, 2005



Countries arranged according to 2005 GDP *per capita*, PPP

Source: 2008 WHO Statistical Information System

The evidence here indicates that the lower-income countries (and even a relatively wealthy country like Congo) typically spend much less than $25 *per capita* per annum on public health services (an amount indicated by the horizontal dotted line). However, one low-income country, São Tomé and Príncipe, has been able to exceed this $25 figure by a significant margin. The two richest economies in the region, Gabon and Equatorial Guinea, also exceed this figure, even though the share of health in GDP is low in both.

There is only weak evidence that increases in *per capita* income result in gains in the level of health care spending on a *per capita* basis – at least within the range of income under scrutiny here. For example, some relatively better-off countries such as Nigeria and Mauritania both spend less *per capita* than do poorer countries such as Mali and Burkina Faso.

It is also significant that the generally low *per capita* spending figures coexist with very large differences in the proportions of government expenditures that different countries devote to health. Some countries that are very far below the $25 *per capita* line in figure 3.12, such as CAR, where *per capita* expenditure is $13, nonetheless commit a surprisingly large part of their total government expenditures to health (11% in CAR). Similarly, if some of the even lower *per capita* spending countries such as Sierra Leone were able to increase the share of their government spending on health to even the modest level achieved by CAR, then their *per capita* expenditure could rise by some $5 *per capita* per annum: not a trivial amount given the huge pay-off to health outcomes from even modest increases in spending *per capita*.

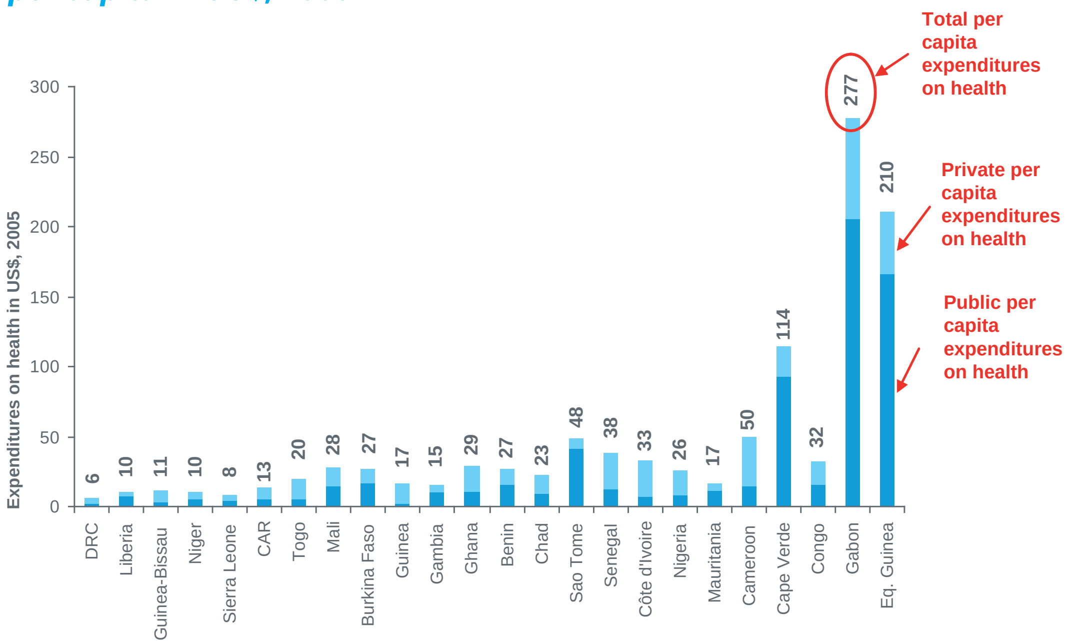
Another dimension to health-care financing concerns the relative shares of government and private expenditure. That is highly variable across the 24 countries, as the evidence in figure 3.13 illustrates. That figure uses the same *per capita* health expenditures for 2005 as shown in figure 3.12 but then stacks on top the private *per capita* health expenditure. The data are obtained as before from WHO sources.

Not surprisingly, overall health expenditure is higher than that of the governments in all countries. Also the addition of the private component moves several of the poorer countries up to and above the $25 benchmark figure of annual *per capita* spending on health. In the vast majority of cases, private expenditure is considerably higher than government expenditure. That difference is most dramatic in the case of Guinea, where the public sector accounts for only 12% of all health expenditure. Significantly, this is not the case in any of the four larger *per capita* spending countries shown in figure 3.13 – São Tomé and Príncipe, Cape Verde, Gabon and Equatorial Guinea. Private expenditure in the region consists almost entirely of out-of-pocket payments (Walsh and Jones, 2009), due to the very low levels of health insurance coverage. Overall, this situation creates formidable barriers to access to health services, especially for the poor.

3.2.3.2 Education

Unfortunately the corresponding UNESCO data on education spending provide a far less complete picture about the levels of *per capita* spending. Hence it has been necessary to deduce figures for *per capita* government expenditure on education, which are shown in figure 3.14. Even then, it is limited to the 13 countries for which data are available on the share of education in GDP[36].

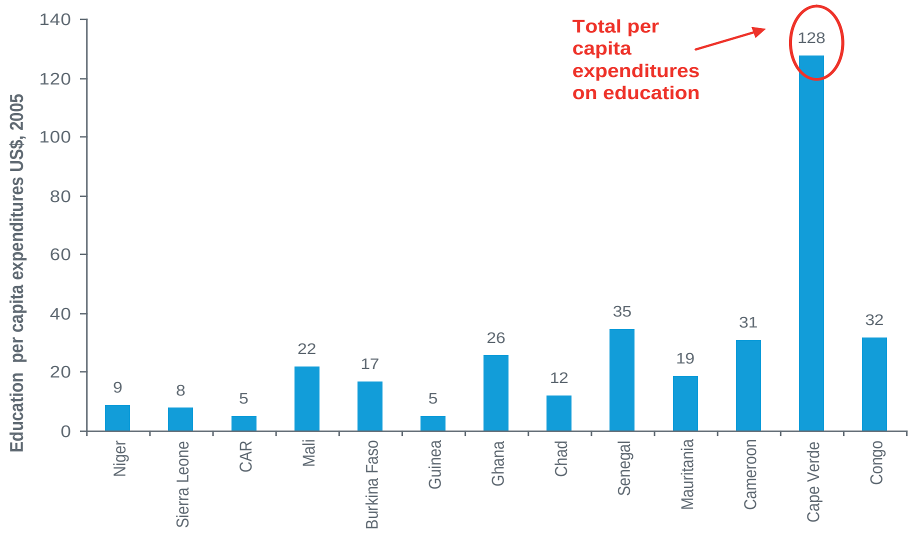
Figure 3.13 Public and private health expenditure *per capita* in US$, 2005



Source: 2008 WHO Statistical Information System

[36] Even this is possible only for those countries where we have comparable data on education spending as a percentage of GDP. That number has been expressed as a ratio of the corresponding percentage for health and then multiplied by the *per capita* health expenditures as shown in figure 3.12 and figure 3.13.

Figure 3.14 Public expenditure on education in US$ *per capita*, 2005 (countries arranged in order of GDP *per capita* – PPP)



Source: UNESCO (2008) Institute for Statistics

Very few countries spend more than $25 *per capita* per annum on education, and several spend less than $10. The one striking outlier is Cape Verde, which spends more than $120. There is again only weak evidence that higher incomes *per capita* are a major factor in driving up the *per capita* levels of government expenditure. However, an encouraging feature is that a number of countries, including Senegal and Ghana, have seen significant increases in their *per capita* expenditure on education in the period since 2001.

3.2.4 Does military spending make a difference?

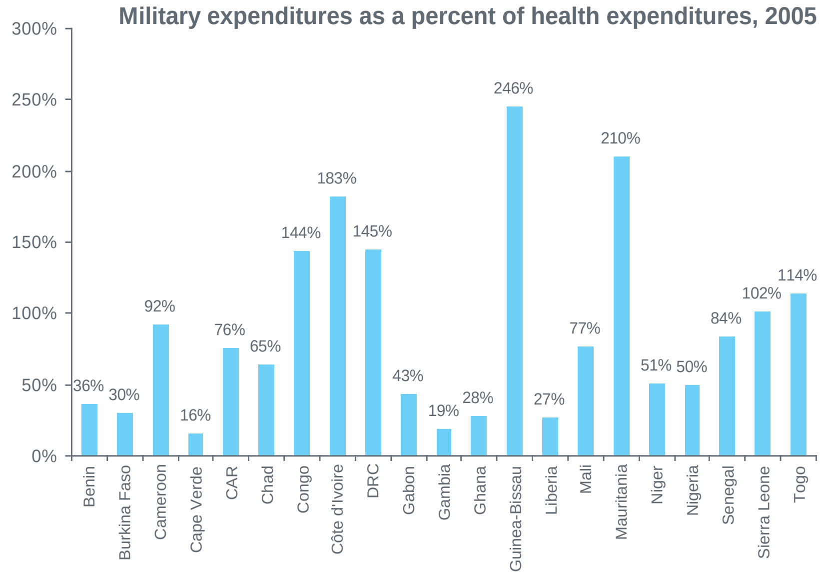
The analysis above has shown that fiscal space in the countries under review is affected by numerous factors. It has also shown that there are fewer clear-cut patterns of cause and effect than one might expect. However, one common proposition about the influences on the resources available for social spending has yet to be explored. This is the crowding-out effect of the high levels of military expenditures in at least some of the 24 countries. It goes almost without saying that these expenditures are a function of the threats – external or internal, real or perceived – that confront the governments of the countries in question. The potential fiscal space associated with what some see as 'excessive' military expenditure is just that – a potential that can be realised only if and when the threat actually diminishes or is perceived to do so.

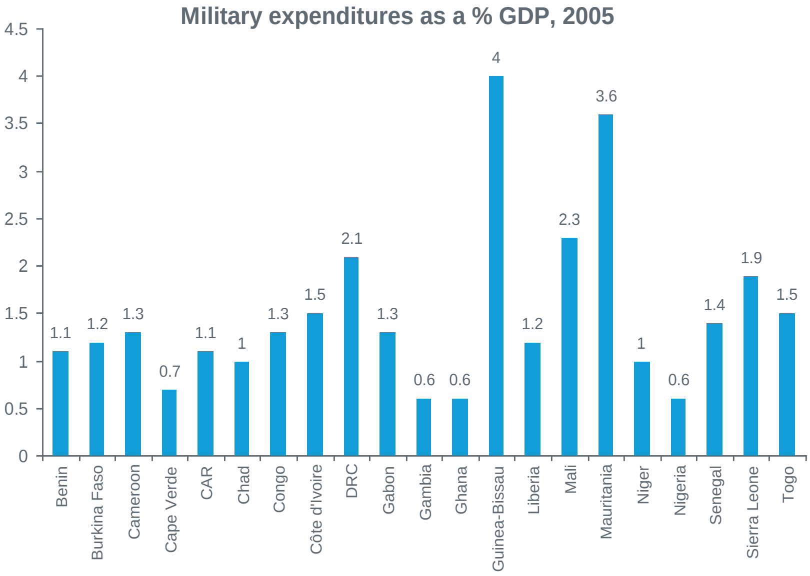
The countries in the region vary significantly in the amounts of public resources committed to military activities and in their corresponding shares of government expenditures and GDP. Figure 3.15 below provides a summary across all the countries for which comparable data are available. In order to make the data more meaningful, the data for public expenditure on health services are also used here as a basis of comparison – see the right-hand axis of the figure, which shows military expenditure as a percentage of health expenditure.

Figure 3.15 contains information about 21 of the 24 countries – no comparable data are available for Equatorial Guinea, São Tomé and Príncipe, and Guinea. Seven of the 21 countries have levels of military spending that are in excess of 100% of their government health outlays. These are the Republic of Congo, DRC, Côte d'Ivoire, Guinea-Bissau, Mauritania, Sierra Leone and Togo. Five other countries, namely Cameroon, Chad, Mali, Niger and Senegal, have levels of military expenditure that are close to their outlays on health. In the other 11 country cases, military expenditures are relatively small in both absolute and relative terms, typically in the range of 0.6% to 1.2% of GDP.

In short there is potential fiscal space in about half of the countries that might be diverted to provide greater resources for the social sectors. But with a few notable country exceptions the amounts involved are not large, relative to the fiscal space that has been created by, for example, improved revenue performance.

Figure 3.15 Military expenditure as % of GDP and % of health expenditure 2005

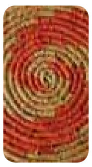




Source: 2008 WHO Statistical Information System

3.3 Evidence on outcomes by country typologies

3.3.1 Countries that have reached the HIPC completion point

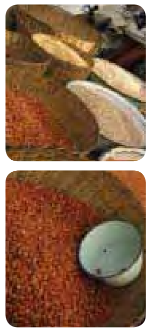


By 2007, nine of the 24 countries had reached the HIPC completion point and so had benefited from significant HIPC as well as MRDI relief[37]. The nine countries all have low *per capita* incomes but with some variability. Two of the countries, namely Cameroon and to a lesser extent Mauritania, benefit from oil resources.

The fiscal space that this group of countries has achieved through revenue raising is far more variable than are their income levels (see also figure 3.1 above). The best performer in this regard, Ghana, now achieves a revenue-take of 23% of GDP[38] (Senegal is next best at 20%) which is at least 10 percentage

[37] These are Benin, Burkina Faso, Cameroon, Ghana, Mali, Mauritania, Niger, Senegal and Sierra Leone. Other countries have reached the decision point since such as Sao Tome and Principe, see annex.

[38] Mauritania's data are complicated by the special treatment in IMF reports of oil revenues and oil-related GDP. So it is excluded from this part of the comparison.



points of GDP higher than that of the worse performers, namely Sierra Leone and Burkina Faso with 10% and 13% respectively. Since the income differences between these countries are not great, this is a profound difference. It can usefully be contrasted with the combined shares of education and health in GDP of these two countries, which are low at about 6% and 7% respectively. In other words, if the two lagging countries were able to match the revenue performance of Ghana or Senegal, they would have the potential to more than double the resources devoted to the two main social sectors.

In terms of the revenue gains over time, the improvements from 1997–2002 to 2007 have been positive in all nine cases but again with considerable cross-country variability. Most of the countries have achieved gains in that period of four to five percentage points of GDP but Sierra Leone, with only a 1.4% gain, is a laggard in this regard. Once again the obvious point can be made that the magnitudes of these gains are very large, relative to the total of the resources devoted to the social agendas: additional fiscal space has arisen from these improvements in all nine HIPC countries.

All of these countries began the period under review with very substantial fiscal deficits (see figure 3.7 above[39]) but only three of them succeeded in reducing these by 2007: Sierra Leone, Niger and Cameroon. The other countries saw their initial deficits increasing somewhat relative to GDP. Among the three countries that did reduce deficits, Sierra Leone faced the most pressing need to do so and reduced its deficit by a large 7.9 percentage points of GDP (see figure 3.7). Cameroon, with a smaller initial deficit, faced less pressure in this regard but still reduced its deficit by a large 4.3% of GDP, aided by rising oil revenues. Significantly, none of the other countries intruded significantly on their fiscal space by reducing their fiscal deficits.

This favourable conjuncture for most of the nine countries (larger revenues, limited efforts to reduce deficits, generous debt relief and, in two cases, oil revenues) has been reflected, to varying degrees, in increased aggregate expenditure, with one exception. Sierra Leone is the only country that saw an actual decline through 2007 in the total of its government expenditure relative to GDP, a consequence of its very weak revenue performance and its obvious need to reduce a high initial deficit. The other countries all saw increases in aggregate expenditure relative to GDP. But once again the variability across the eight cases is striking. The expenditure gains range all the way from 0.1% of GDP in the case of Cameroon, despite a big gain in oil revenues in 2006, to 7.9% of GDP in the case of Senegal. Most countries achieved aggregate gains in the region of four percentage points of GDP: significant, relative to the shares of social expenditures in GDP as shown in table 3.6 and table 3.7 above.

However, the partial data in those tables indicate that there have been considerable differences in the degree to which these countries have translated their improved fiscal space and additional aggregate expenditure into social spending. Significantly, only four countries seem to have chosen to commit increased shares of total government expenditure to health (table 3.7). Burkina Faso is the only country where that increase has been large. Cameroon, with a 3.6 percentage point increase between 2001 and 2005, is the other significant case. The increases in Mauritania and Sierra Leone have been much more modest. But five of the countries have seen the health share of total government expenditure actually decline since 2001. Admittedly these falls have been quite small in magnitude but they have occurred in some countries, such as Ghana and Senegal, which seem to have achieved improved fiscal space in the period.

Regarding expenditure on education (table 3.6), the data are patchier, with consistent data series available for only a few countries, and it is only slightly more encouraging. Specifically three of the six countries for which comparable data are available [for a reasonable span of years] show increases in the share of education in total government expenditure. In these cases, the increases in share are of the order of 1–2% of total expenditure, but with a larger gain than this in the case of Senegal.

Overall we conclude that eight of the nine countries that are the most advanced in terms of debt relief have indeed seen potential improvements in fiscal space in the period under review. This has resulted in large part from increased domestic revenue and in two cases was helped by a rise in oil revenues. This potential has been translated in most cases into significant increases in aggregate government expenditure, albeit

[39] This figure relates to deficits excluding grants.

with much unevenness across the countries in terms of the scale of these increases. There have also been small but significant increases in the shares of total expenditure devoted to education in some of these countries. However, the evidence thus far fails to indicate any corresponding propensity to increase the share of expenditure on health. So overall there has been a smaller increase in the actual prioritisation of the social budgets that affect children than the relatively favourable conjuncture of circumstances for these countries might lead one to expect. This point needs to be supplemented by referring once more to the surprisingly large differences between these poorer countries in terms of the resources they choose to commit to the key social expenditure areas. This is true whether these resources are measured in terms of their share of the total budget or in terms of their share of GDP (see table 3.6 and table 3.7). These inter-country differences show up in both the PRSP targets and in the outcomes. There is no obvious single explanation of these large and persistent differences – the size of the potential fiscal space in different countries is not in itself a sufficient explanation.

3.3.2 Nigeria

As by far the most populous country in the region, Nigeria is also important as a 10th country to have benefited from substantial debt relief in the period under review (see figure 3.11 above). How does this large country compare with the other nine countries just reviewed?

Significantly, in spite of the potential benefits accruing from its oil wealth and large increases in oil prices up to mid-2008, Nigeria's revenue relative to GDP appears to have declined slightly in the period under review[40]. Although its base period fiscal deficit (excluding grants) in 1997–2002 was not particularly large (-2.3% of GDP), it moved into a significant surplus in 2004–2006, peaking at 8.1% of GDP in 2005, and was still running a small surplus in 2007 (1.4% of GDP). These two trends on their own imply a sharp contraction in expenditure, which fell by seven percentage points of GDP between 1997–2002 and 2007, according to IMF data (IMF, 2008). This has meant that by 2007 Nigeria, in spite of its substantial oil wealth, had a substantially lower government spending ratio (15.8% of GDP) than many of the other countries in West and Central Africa (the average for the franc zone countries, for example, was 21.9% in the same year).

It is especially surprising that this reduction has occurred in spite of a very large debt reduction programme since 2004. Specifically, a variety of debt-stock operations reduced Nigeria's public external debt from 41% of GDP in 2004 to only about 2.4% by 2006. At the same time the management of oil revenues has enabled the authorities to build huge international reserves, which stood at $23 billion by the end of 2007[41]. These factors combined indicated an exceptionally large fiscal potential, which was not exploited to increase public expenditure, but placed Nigeria in a somewhat more favourable situation to cope with the rapid fall in oil prices and the global economic crisis that gathered pace in late 2008.

Unfortunately the PRSP data available for Nigeria are particularly poor. Further, the sector expenditure data presented in table 3.6 and table 3.7 do not enable us to say much about the way in which the lacklustre trends in aggregate government expenditure were reflected in education and health expenditures. UNESCO provides no data on Nigeria's education expenditure as a percentage of either total government expenditure or GDP. In common with many of the nine HIPC countries discussed above, the WHO data in table 3.7 suggest that government expenditure on health services remained fairly stable as a percentage of GDP, at less than 4%, although it is unclear whether this includes expenditure at state and local government levels, where much social sector expenditure takes place in Nigeria's federal system. The WHO data also show government health expenditure amounting to only 1.2% of GDP, which is extremely low even by the standards of the West and the Central African region.

3.3.3 Other states with PRSPs

A further six of the 24 countries also had PRSP programmes in place during the period under review. They are all categorised by the OECD as fragile states. So it is of particular interest to see how this status and

40 Although this conclusion is made somewhat more tentative by the 2007 revision of the Nigerian national accounts.

41 The source is the IMF 2007 Article IV Report on Nigeria, issued in February 2008.

the absence of finalised debt relief programmes[42] have impacted their situation. These six countries are Cape Verde, Chad, DRC, the Gambia, Guinea and São Tomé and Príncipe. Three of the six (Chad, DRC and the Gambia) enjoy significant mineral wealth, although it is not as yet fully exploited in some cases such as Guinea.

These six countries also display large variations in their income levels (measured by GDP *per capita* on a PPP basis), with DRC at less than $300 in 2007 being the poorest by far. DRC and Guinea are very poor performers in revenue terms and their fiscal space is clearly constrained by this fact. The other four countries perform reasonably well in this respect, with revenue shares of GDP in excess of 20% and more than 30% in the case of Cape Verde. All six countries have achieved significant improvements in their revenue take in the period since 1997–2002. These improvements have been in double digits in Chad, and São Tomé and Príncipe, and also high in DRC (from a very low base). The increases relative to GDP have ranged from 3% (Cape Verde) to 23% in São Tomé and Príncipe. So all six countries have gained a tremendous boost to fiscal space through this route: a boost that, taken on its own, would have been sufficient to transform expenditures in the social areas.

However, all six of these countries had initial deficits that were unquestionably excessive relative to their capabilities to raise finance on a sustainable basis (see figure 3.7). Hence deficit reduction has been the major factor driving their agendas for much of the period. The response in the absence of debt relief has been the same in all six cases: they have all achieved substantial reductions in deficits in the period to 2007. In the case of the three largest deficit countries, namely São Tomé and Príncipe, Cape Verde and Chad, the reductions have been huge by any standard: 10% of GDP or above (São Tomé and Príncipe, and Chad) or very close (Cape Verde), as figure 3.6 shows.

How has this conjuncture of large revenue gains and large reductions in deficits impacted expenditures? The answer is that there is no common pattern. Some countries, including DRC and Chad, have seen large gains in aggregate government expenditure relative to GDP. But São Tomé and Príncipe, and Cape Verde have seen swinging reductions equivalent to 14% and 6% of GDP respectively. Guinea and the Gambia have seen only small or zero changes.

The data that may enable us to relate these aggregate changes to the situation regarding social sector expenditures are extremely limited. However, the health expenditure data in table 3.7 indicate a very large variation across the six countries, up to 2005. Most significantly, DRC has been able to increase the share of health expenditure in total government expenditure from an extremely low level of only 2.5% in 2001 (the lowest of all the 24 countries) to over 7% of the total in 2003–2005. At this point, however, it still amounted to only 1.5% of GDP in 2005. The Gambia, São Tomé and Príncipe, and Cape Verde have also seen increases in the share of health in total government expenditure. But Chad and Guinea have seen declines. Significantly the smaller population countries of São Tomé and Príncipe, and Cape Verde have been able to achieve an impressively high health expenditure share of GDP relative to the regional average in spite of the various pressures on their fiscal space.

Overall, in these six countries the various adjustments to fiscal space seen in the period were large in the period up to 2007, even without the bonus of large debt relief, but they have also to some extent been mutually offsetting. So we conclude that the country-specific factors that have brought about increases in social sector expenditure in some country cases and reductions in others have tended to overshadow the generic factors such as revenue gains and reduced deficits. This reminds us that while social expenditures remain absolutely and relatively quite small, they can increase or decrease independently of the apparent changes in the aggregate fiscal position of a country. This conclusion concurs with the results from the HIPC group and Nigeria, that there can be considerable variations in social expenditure among countries that face apparently quite similar aggregate fiscal conditions.

42 Some of these countries benefited from interim debt relief in the period under review but not the MDRI top-up.

4. ODA trends and aid modalities

As the previous chapter has highlighted, one of the critical drivers of overall fiscal space is the level of official development assistance (ODA). Two related factors are currently dominating development cooperation with low-income countries. The first is a recognition by both donors and recipients that aid needs to be scaled up significantly in order to meet the MDGs, while the second is a growing recognition of the importance of improving aid effectiveness. Both factors are of profound importance to countries in West and Central Africa, which is the region that is furthest away from meeting the MDGs, has the weakest economies and, therefore, arguably has the highest need for additional and higher-quality aid.

The purpose of this chapter is to examine the trends in ODA flows to the region and then analyse the extent to which aid modalities in West and Central African countries have changed within the context of the new norms for aid effectiveness agreed in the Paris Declaration of 2005. This new aid environment is characterised by a greater emphasis on country 'ownership' (or leadership of the development process), greater use of country systems (for public finance management, procurement, etc), capacity development, and a move away from traditional project approaches to 'programme aid', including direct budget support to governments, in order to improve the effectiveness of aid. This has been accompanied by an enhanced focus on results, a shift from short-term to comprehensive medium-term reforms and greater selectivity in favour of good performers.

This chapter consists of three related components. It first sets the scene by examining aid trends in the region, disaggregated by countries and sectors. The following section provides a literature review and a conceptual framework to probe more deeply into the implications of the Paris Declaration principles in the West and Central African context. Finally, the chapter examines the extent to which the Paris Declaration's aid-effectiveness principles have been applied in the region, taking into account the constraints arising from the fact that most countries are deemed by donors to be 'fragile'.

4.1 Trends in aid flows to West and Central African countries

4.1.1 Introduction

As chapter 3 has already indicated, aid to the region has seen significant increases in the past few years, but this has been driven predominantly by debt relief to a few countries. Similarly, development partners have substantially increased the absolute level of their assistance to the social sectors, although the overall share of social sectors in total ODA has declined. Aid forecasts point to real increases in country programmable aid to the region over the next few years, but not on the scale seen in the recent past, and even this more modest improvement in expected aid flows may now be compromised by the pressures on OECD countries' budgets in the wake of the global economic crisis.

Regional aggregates hide very significant differences among countries. While there have been sizeable increases in aid to the region during the period from 2000 to 2007, six countries saw a real decline in aid flows. Similarly, 10 out of 24 countries are expected to see a decrease in aid resources in the medium term (2008–2010). It is not immediately clear why increases are expected for certain countries and decreases for others. Some of the poorest countries in the region have the lowest *per capita* aid flows, and having a PRSP does not ensure an automatic increase in aid.

Box 4.1 Health warning: Interpreting aid statistics

Care should be taken in interpreting aid statistics. The OECD-DAC, considered the most authoritative organisation collecting aid statistics, has two different databases that are not necessarily consistent with each other or to other databases, such as those kept by the World Bank, the IMF and the African Development Bank. Despite this, the broad trends indicated by these different sources are consistent, which suggests that aid statistics should be interpreted as directional, even if sources cannot be directly compared. OECD-DAC statistics are collected through mechanisms for self-reporting by development partners, and therefore may not necessarily match aid data reported within countries.

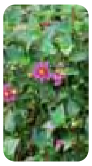
Given the importance attached to the new 'programme' approaches to development cooperation in the Paris Declaration (and the need to track the indicators set by the Paris Declaration for monitoring the application of its principles), it is surprising that the international aid database systems do not provide more and better information on the composition of aid by types of aid modalities, including budget support. Whilst the databases do contain some information on budget support, in most cases the figures provided are clearly wrong. For example, the Netherlands provides a substantial amount of its resources in the form of budget support but the database shows that none has been disbursed using this modality. Similar problems are found when examining allocations to sectors and sub-sectors. It is also not possible to disaggregate debt relief into HIPC and MDRI.

Considering that most of these statistics are collected directly from donors, there is a strong role for them to play in improving the accuracy, classification and timeliness of data on aid flows in order to ensure that better information is provided on resource flows to aid-recipient countries and to improve monitoring of the Paris Declaration principles[43].

4.1.2 Trends in aid allocations to the region

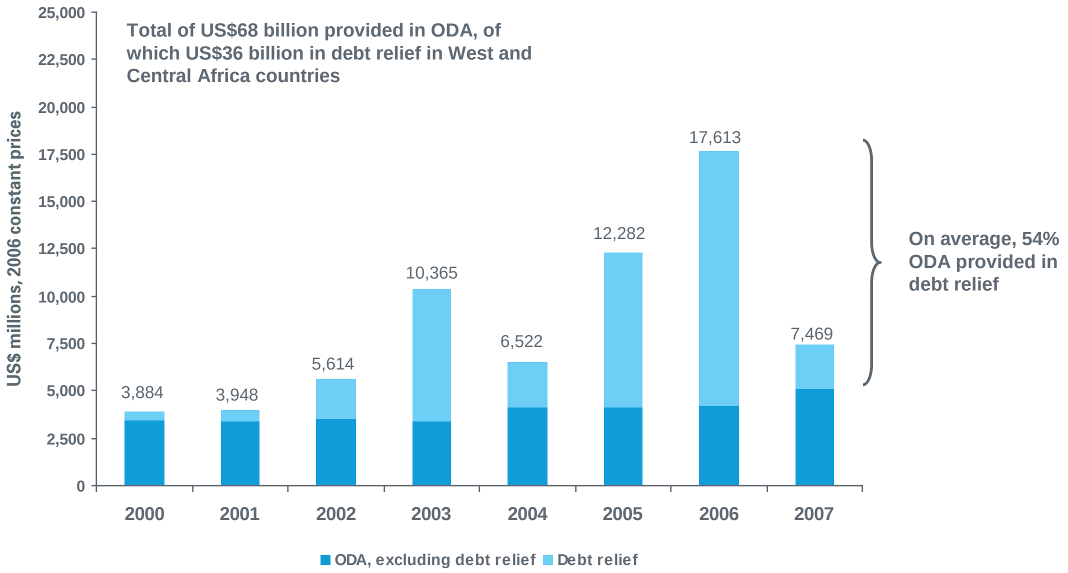
West and Central African countries have been substantial beneficiaries of aid flows, and there has been a substantial scaling up of aid in recent years. During the period 2000–2007, the region received a total of US$68 billion in ODA, of which US$36 billion, or 64% of the total sum, was for debt relief. Whereas aid worth US$3.9 billion in 2006 constant prices was provided in 2000, this had risen to US$17.6 billion by 2006, dropping to US$7.5 billion in 2007, with the most significant increases between 2004 and 2006.

Total ODA provided to the region also compares favourably to the rest of Sub-Saharan Africa and has been scaled up more quickly, as can be seen from table 4.1. In terms of total ODA, countries in West and Central Africa received 92% more ODA in 2007 than in 2000, whereas total aid flows to Sub-Saharan Africa as a whole increased only by 72%. These increases have been predominantly driven by debt relief and in this respect the region stands out in comparison to the rest of Sub-Saharan Africa, where debt relief only accounted for a smaller part of the total ODA provided. Excluding debt relief, however, the rise in ODA in West and Central Africa (almost 50% in real terms between 2007 and 2000) was slightly less than the average for the rest of Sub-Saharan Africa.



[43] As an indication of problems with aid statistics: the 2008 Survey on Monitoring the Paris Declaration compares aid reported to the Survey and core aid reported to the OECD-DAC. For all countries that participated in the 2008 Survey, there was 12% underreporting of core aid to the OECD-DAC. This hides large differences, particularly in West and Central African countries. For example, the 2008 Survey reports Senegal receiving US$695 million, whereas to the OECD-DAC US$823 million core aid was reported for 2007. It should be noted that the differences in figures has nothing to do with recipient country systems; it is solely a reflection on reporting errors by donor countries.

Figure 4.1 Aid to West and Central Africa, 2000–2007



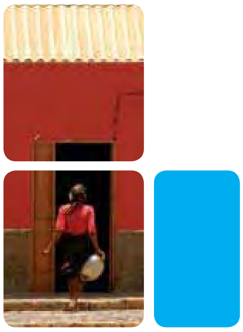
Source: OECD-DAC (2009), International Development Statistics, and author's calculations.

Table 4.1 Scaling up of ODA flows, 2000–2007

Index 2000=100	2000	2001	2002	2003	2004	2005	2006	2007
West and Central Africa								
Total ODA	100	102	145	267	168	316	453	192
Total ODA minus debt relief	100	98	101	97	119	119	121	146
Rest of Sub-Saharan Africa								
Total ODA	100	97	125	119	146	141	149	161
Total ODA minus debt relief	100	94	105	126	131	146	153	166
Sub-Saharan Africa								
Total ODA	100	99	132	173	154	204	260	172
Total ODA minus debt relief	100	95	104	115	126	136	141	159

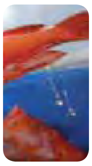
Note: The increases in West and Central Africa's ODA and debt relief in 2005 and 2006 were driven primarily by very large debt forgiveness to Nigeria.
Source: OECD-DAC (2009), International Development Statistics, and author's calculations, using unweighted averages.

It is not surprising that debt relief features so highly in West and Central African countries. Twenty out of 24 countries in the region are at various stages of the HIPC process[44], which includes 14 out of the 16 countries with PRSPs analysed in this study[45]. The HIPC and PRSP initiatives are closely related, at least at the outset. Countries seeking to participate in the HIPC initiative are required to submit a PRSP and this has to include proposals on how money no longer devoted to debt service will be spent. When the PRSP has been approved by the boards of the World Bank and the IMF, the country is entitled to debt relief of at least 90% from bilateral creditors as well as relief from the multilateral creditors in order to reduce its debt stock to a sustainable level.



44 See table C.2 in the Annex for a table of HIPC countries in West and Central Africa.

45 Some countries have also received substantial debt relief even though they had not yet reached HIPC completion point. For example, 56% of total ODA flows to the DRC between 2000 and 2006 were in the form of debt relief even though the country only reached 'between decision and completion point' in January 2009. As mentioned earlier, the OECD-DAC aid statistics do not allow for a disaggregation of debt relief into HIPC- and MDRI-related relief.



'Additionality' or, in other words, whether debt relief is additional to existing resources provided, is an important concept. If debt relief is not accompanied by increases in other forms of aid, it has merely substituted one form of aid for another[46]. In this context, disaggregating debt relief from the total ODA illustrates whether there has been a scaling-up of other forms of aid and not merely a substitution. The data above show that there has indeed been a scaling-up of other forms of ODA, but not by as much.

Going beyond the aggregate figures: Differences among countries

Regional aggregates hide substantial differences among countries. Some countries saw a substantial rise and others a substantial drop in aid receipts (see annex tables C.3 and C.4 for more details). Including debt relief, six countries saw their total ODA flows double during the period from 2000 to 2007: Cameroon, Chad, DRC, Liberia, Nigeria and Sierra Leone. Excluding debt relief, only four countries doubled their ODA receipts: Chad, DRC, Liberia and Nigeria. In the same period, six out of 24 West and Central African countries saw a real decline in total aid flows, including debt relief: Benin, Côte d'Ivoire, Equatorial Guinea, Guinea, Guinea Bissau, and Togo. Excluding debt relief, Mali, Sao Tome and Principe and Sierra Leone also saw their aid receipts decline in real terms.

The OECD-DAC's International Development Statistics also report aid *per capita* and aid as a proportion of national income. An analysis of these provides another dimension through which to gauge whether aid receipts have indeed increased. Aid receipts might have increased in real terms but declined in *per capita* terms if population growth was faster. This has not been the case overall in the West and Central African region, although there have again been big differences among countries. As figure 4.2 below shows, during the 11 years from 1997 to 2007, residents in the region received US$35 annually on average, which is US$13 more than other Sub-Saharan African countries. For the region, annual aid *per capita* has increased from a low in 2001 of US$24 to US$45 in 2007 (see annex table C.5).

ODA receipts as a share of national income have also increased in the region, from an average of 7.4% in 1997 to 7.7% in 2007 (see figure 4.2). The proportion of national income from aid receipts is 0.9 percentage points higher than in other countries in Sub-Saharan Africa.

These regional averages hide even more striking differences among countries. During the 11 year period, 17 countries increased their aid receipts *per capita*, while 7 countries (some of them the poorest in the region) saw a decline[47]. Cape Verde (US$172), followed by São Tomé and Príncipe (US$145) and the Republic of Congo (US$57), received the highest amounts in *per capita* terms. Surprisingly, some of the poorest countries in the region also received the lowest aid *per capita*: Togo (US$9), Chad (US$12), Nigeria (US$12), Niger (US$15), the Gambia (US$12) and CAR (US$15).

Several countries are highly dependent on aid receipts as a share of national income. Five countries receive aid receipts equivalent to more than 10% of their gross national income: Cape Verde (11%), DRC (15%), Guinea Bissau (19%), Liberia (21%) and Sierra Leone (16%). Eight countries received more aid as a proportion of their national income in 2007 than they did in 1997. These are Cameroon, CAR, the Gambia, Ghana, Liberia, Nigeria and Sierra Leone.

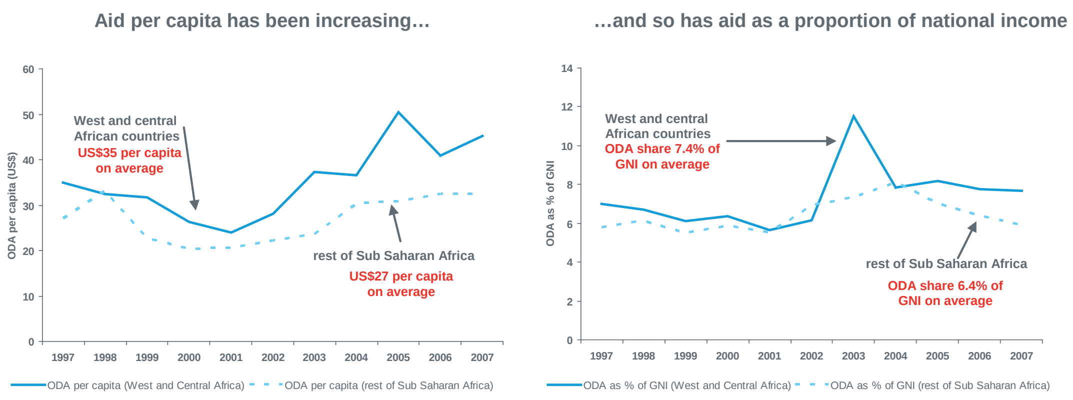
Increasing shares and absolute ODA disbursements to the social sectors

Development partners disbursed a total of US$3.0 billion to the health sector and US$4.4 billion to education (in 2006 constant prices) to West and Central African countries in the period 2002 to 2007. Aid disbursements for health nearly doubled and for education rose by 117%. Besides absolute increases in disbursements to the health and education sectors, it is also encouraging that both sectors increased their share of total ODA; from 6% to 10% of ODA for education and 5% to 7% of total ODA for health during the period.

[46] In some ways, debt reduction can be considered a new aid modality akin to 'budget support'. As a form of unearmarked transfer of resources, debt reduction is much more efficient than traditional project-based aid.

[47] Countries with a decrease in aid *per capita* between 1997 and 2007: the Republic of Congo, Cote d'Ivoire, Gabon, Guinea, Guinea Bissau, Niger and Togo.

Figure 4.2 Trends in aid *per capita* and aid as a proportion of national income, 1997-2007



Source: OECD-DAC (2009), International Development Statistics, and author's calculations.

These figures may understate donor support to both sectors. An increase in balance of payments support, budget support and debt relief might well have contributed to external resources for education and health (through increased domestic budget allocations), but by definition it is not possible to trace this.

In nearly all countries, aid disbursements to both sectors were scaled up significantly. Education disbursements more than doubled in fourteen countries (Benin, Burkina Faso, Cameroon, Cape Verde, the Gambia, Ghana, Guinea, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal and Sierra Leone), while at the other end of the spectrum they declined in CAR. Health disbursements doubled in twelve countries: Burkina Faso, Cape Verde, Côte d'Ivoire, Equatorial Guinea, the Gambia, Liberia, Mali, Mauritania, Niger, Nigeria, Sierra Leone and Togo, but declined in CAR, São Tomé and Príncipe and Senegal. It is striking that in those countries in which aid disbursements to education more than doubled, all but one were countries with full PRSPs. However this was not the case with health: of the 12 countries in which health disbursements more than doubled, only eight had full PRSPs. Whilst São Tomé and Príncipe has a PRSP indicating that health is a priority, aid allocations to this sector declined. These findings lend some support to the notion that, even without a fully fledged PRSP, donors can still step up financing of the social sectors significantly – and a PRSP provides no guarantee of a substantial donor scaling-up in these sectors either.

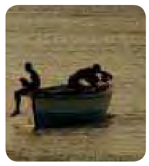
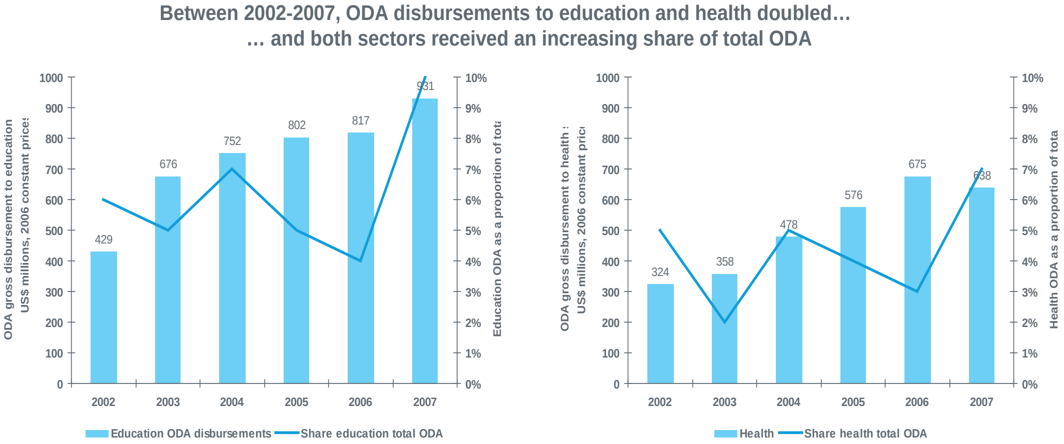


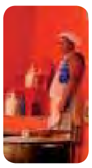
Figure 4.3 Aid disbursements to the health and education sectors, 2002–2007



Source: DAC (2009), International Development Statistics, and author's calculations

4.1.3 Looking ahead: Planned aid to West and Central Africa in the medium term

In 2005, at the Millennium+5 Summit in New York and the 2005 G7 Gleneagles Summit, development partners announced renewed commitments to increase ODA, including debt relief, to developing countries, particularly in Africa. These commitments included improvements in the predictability of aid flows. A recently published OECD-DAC survey (2008) on aid allocation policies, patterns, and forward spending plans asked development partners to provide spending allocations to individual countries and regions. Information is provided on 'country programmable aid', which is a new measure developed jointly by the IMF, OECD-DAC and World Bank of aid that is predictable and programmed in advance to specific countries[48].



Comparing 2005 to 2010, the survey shows that development partners plan to scale up country-programmable aid globally by 14% in real terms. Aid to Africa is set to increase more than aid to other regions, by 33% for the continent as a whole. However, the expansion will be greater for Eastern and Southern African countries (38%), and for regional programmes (73%) than for West and Central African countries (23%). North Africa is expected to see a real decrease in aid over this period.

While the survey results point to a 23% aggregate increase in aid to the region, there are substantial differences between countries. Out of the 24 countries in the region, only 14 are expected to receive real increases in aid. Of these, five countries (Côte d'Ivoire, Liberia, Cameroon, Nigeria and Equatorial Guinea) are expecting to double inflows of country-programmable aid. Three of these countries do not have PRSPs, although Côte d'Ivoire and Liberia were in the process of preparing their first full PRSPs during 2008. Interestingly, out of the 10 countries that are expecting a real decrease in country-programmable aid flows, seven have PRSPs. Unfortunately, information provided in the survey does not allow for a disaggregation between donors and sectors, preventing further investigation into which sectors and which development partners are planning real increases and decreases in resources.

48 Specifically, country-programmable aid is defined through exclusion, by subtracting from total gross ODA aid that is unpredictable by nature (humanitarian aid and debt forgiveness and restructuring), entails no cross-border flows (development research in donor countries, promotion of development awareness, imputed student costs, refugees and administrative costs), does not form part of cooperation agreements between governments (food aid and aid extended by local governments in donor countries), core funding to NGOs, and public private partnerships (OECD-DAC, 2008).

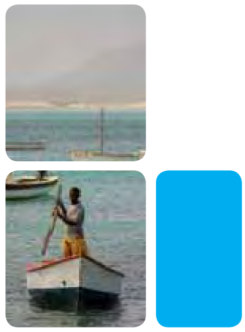
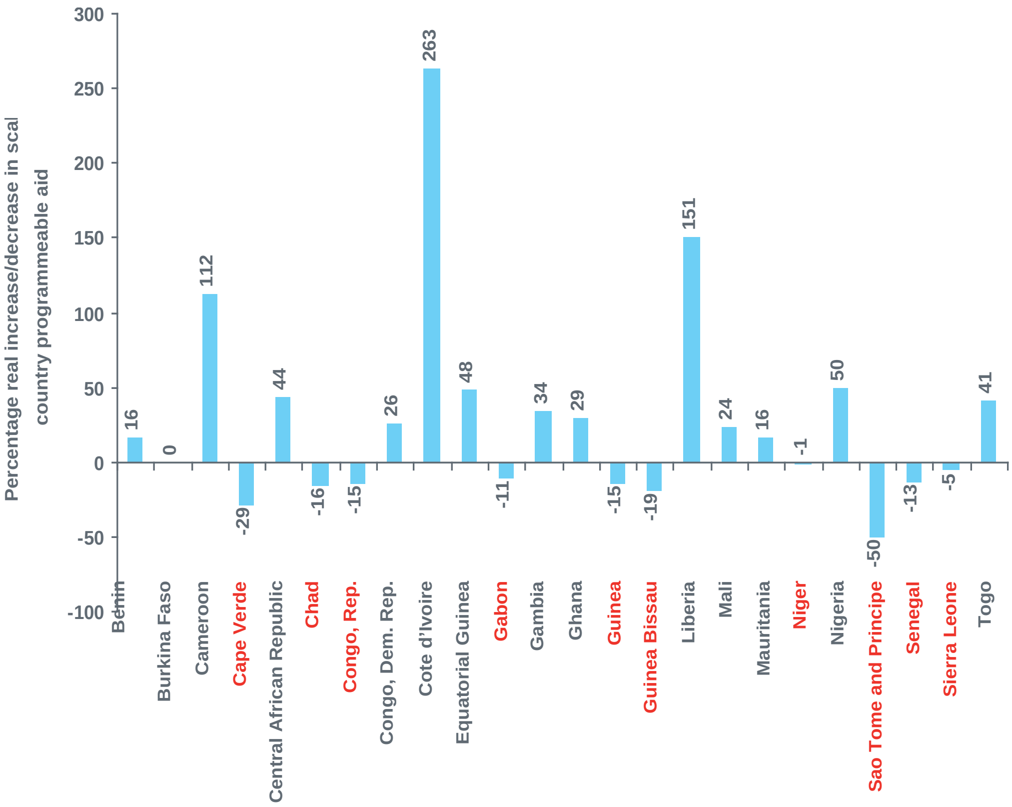


Figure 4.4 Country-programmable aid, estimated real increases and decreases, 2005–2010

Source: OECD-DAC (2008), 2008 Survey on Aid Allocations, Policies and Indicative Forward-Spending Plans, and author's calculations.

Figure 4.5 Country-programmable aid to West and Central African countries: Estimated real increases and decreases, 2005–2010



Source: OECD-DAC (2008), 2008 Survey on Aid Allocations Policies and Indicative Forward-Spending Plans, and author's calculations.

4.1.4 Scaling-up and absorptive capacity: Implications for effectiveness

In the context of this scaling-up of aid flows to Africa, it is important to be aware of potential absorptive constraints. These constraints go to the heart of the aid effectiveness debate and involve issues related to policy frameworks, public administration and public finance management, as well as macroeconomic stability. The central questions in the scaling-up versus absorptive capacity debate are: can poor countries absorb a significant increase in aid? What are the constraints? And what can be done to address them?

The previous section has shown that, while aid to West and Central Africa has increased in the past few years and seems set to continue increasing, there are important differences between countries. The variation may be related to development partners' allocation criteria or to a series of real and perceived constraints at country level. These constraints may be interpreted as a reflection of aid ineffectiveness, generated by weaknesses in the recipient countries and/or development partner practices. Given that there are no robust cross-country data quantifying these constraints, they can only be investigated at country level. These issues are therefore examined mainly in the five country case studies rather than in this regional overview. Only a few general points will be made here.

The research on aid effectiveness tends to conclude that, in general, aid impacts positively on the rate of growth and consequently on poverty levels (de Renzio, 2005; Clemens et al, 2004). However, another strand of research finds that this relationship holds only for those countries that have strong policy frameworks and institutions (Burnside & Dollar, 2004). This latter finding has influenced some bilateral and multilateral development agencies to focus most of their development aid on this subset of countries.

Recent literature (Clemens et al, 2004) has found that particular types of aid have a much stronger impact on growth and poverty reduction than aid as a whole. This argues that past research on aid and growth was flawed because it examined the impact of aggregate aid on growth over a relatively short period, while a significant portion of aid is unlikely to affect growth and poverty reduction in such a short period of time. In order to illustrate this point, aid is categorised into (i) emergency and humanitarian aid, which is likely to be negatively associated with growth, (ii) aid that impacts on growth only over the long term, such as aid for governance reforms and the social sectors, and (iii) aid that could plausibly stimulate growth in the medium term, such as budget and balance of payments support, investments in infrastructure and aid to the productive sectors, such as agriculture and industry. For the third category, aid is found to have a significant impact on economic growth, and one that is much larger than the impact on the other two categories in the medium term, particularly in Sub-Saharan Africa. The basic result does not depend critically on a recipient's level of income or quality of institutions and policies.

Most studies provide indications that aid, like other types of investment, has diminishing returns and that at some point the benefits of additional aid inflows become negative. These findings raise important questions about allocating significant additional allocations to some countries in Africa, some of which are already highly dependent on aid. Furthermore, it is reasonable to expect that the bigger and faster the increase in aid flows, the sooner diminishing returns will set in as additional flows will constrain existing systems (de Renzio, 2005).

These absorptive capacity constraints can diminish the role of increases in aid flows in reaching the MDGs. The constraints can be grouped into four categories: (i) macroeconomic constraints; (ii) institutional and policy constraints; (iii) technical and managerial constraints; and (iv) constraints generated by development partners (de Renzio, 2005)[49]:

Macroeconomic constraints manifest themselves when large and sudden increases in aid flows in foreign currency cause a rise in the exchange rate which harms competitiveness in export markets for goods and services and thereby undermines growth and employment. When aid flows are in the form of

[49] The three sets of constraints borrow from work published in Renzio, P. (2005) 'Scaling Up Versus Absorptive Capacity: Challenges and Opportunities for Reaching the MDGs in Africa', ODI Briefing Paper.

loans, they add to debt and therefore future debt service obligations which, if excessive, would put at risk the debt sustainability that many countries in the region have restored through debt relief. Unpredictable and volatile aid flows negatively impact macroeconomic stability by, for example, triggering inflation, interest rate and exchange rate volatility. Sharp increases in aid can also cause labour market pressures, by increasing the demand for skilled labour and thus driving up wages.

ODA volatility is clearly a problem in West and Central Africa. Using standard deviations to measure volatility[50], it has been found that during the 10 year period from 1997 to 2006, both ODA *per capita* and ODA receipts as a share of national income swung annually by more than a third. In other words, whilst ODA as a share of national income averaged just below 7%, in some years this was a third higher or lower. For some countries, swings in aid have been much larger. In Mauritania, for example, ODA receipts were equivalent to 7% of national income in 2001, going up to 11% the following year and dropping off to just 5% in 2004.

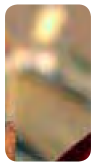
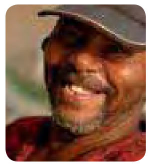
Institutional and policy constraints can also be major constraints. In poor and fragile countries, much needs to be done to articulate credible, operational strategies that translate higher levels of aid and spending into positive development outcomes. The quality of public finance management systems, patterns of expenditure and accountability systems are a few factors that determine a country's performance. In many poor countries, systems may not be sufficiently robust to absorb an increase in resources without inefficiencies and waste. It has also been shown that high levels of aid dependency have provided negative incentives for necessary reforms and have shifted accountability away from national parliaments and populations to development partners (de Renzio, 2005).

Technical and managerial constraints relate to weaknesses in human capital, infrastructure and equipment, as well as sociocultural factors. Countries find it difficult to train and recruit additional teachers and health workers; lack of infrastructure limits access to goods and services; and other factors prevent children attending schools or expectant mothers accessing clinics.

The latter two groups of constraints are well captured in the 2002 Macroeconomics and Health report which presents an analysis of factors hampering the implementation of interventions that improve the health of poor people. At the health service delivery level there may be a shortage of qualified staff, weak management, inadequate infrastructure and supplies; at the health sector policy level there may be weak systems and regulations, lack of inter-and intra-sectoral coordination and priorities inconsistent with needs; and, finally, governance issues may undermine accountability and contribute to political instability and corruption (de Renzio, 2005)[51]. Some of these constraints can be addressed more easily with additional funds, such as the purchasing of drugs and supplies; other constraints require improvements in the overall governance and policy frameworks that are not easily solved even with additional funds.

Constraints generated by development partners. There are also constraints generated by development partner behaviour. Fragmented interventions require recipients to deal with a large variety of development organisations; uncoordinated and burdensome practices and aid modalities impose heavy transaction costs on scarce government capacity. Furthermore, the lack of predictable aid flows undermines a government's efforts at medium- and long-term planning.

Absorptive capacity constraints take on a variety of forms and some are more likely to be binding than others. These constraints may be particularly relevant in West and Central Africa, where many countries have weak institutions, poor governance systems and a plethora of development partner interventions. They also highlight that both recipient countries and development partners have an important role to play in alleviating these constraints. This recognition has resulted in the 'new aid agenda', reflected most prominently by the 2005 Paris Declaration on Aid Effectiveness, which seeks to address these constraints through a series of mutual commitments by both aid-recipient countries and development partners.

50 The degree of volatility is measured by standard deviations in the value of aid flows with respect to their average value.

51 In addition, the report found that at community and household level there can be a lack of demand because of physical, financial and social barriers to access.

Consistent with this 'new aid architecture' are a number of principles, approaches and new ways of working, which are discussed in the next section.

4.2 The new aid agenda: Principles, application and new ways of working

The Paris Declaration set out five basic principles for development cooperation, requiring actions by both sides in the aid relationship:

- **Ownership:** country 'ownership' (or leadership) of the formulation and implementation of national development strategies;
- **Alignment:** donors' alignment with these strategies and use of country systems, accompanied by the strengthening of public finance management (PFM) capacity and improved predictability of aid commitments and disbursements;
- **Harmonisation:** donors' implementation of common arrangements (for planning, funding, disbursement, monitoring, evaluation and reporting) and avoidance of practices that undermine national capacity;
- **Managing for results:** strengthened linkages between national development strategies and the budget process;
- **Mutual accountability:** strengthening of the role of parliaments in oversight of development strategy and budgets, in aid-receiving countries, and improved provision of information on aid flows by donors.

A fundamental aspect of the principles of the Paris Declaration is the commitment to country-led approaches and using country systems in order to strengthen them in a sustainable way.

4.2.1 Using country systems: The intersection of aid and PFM systems[52]

As demonstrated in the previous chapter, aid is a substantial share of public resources in most West and Central African countries, and how well it is managed is an important factor in how well public finances overall are managed. Principles of good public finance management are applicable to all countries and in all contexts. Budgets need to be comprehensive, including all revenues and expenditures, so that resources can be rationally allocated to the most critical priorities and policy objectives. Transparency in budgets is important for sound fiscal management and also for accountability. Information on expenditure and results needs to be accessible to parliament and the wider community so that decision-makers are held responsible for their management and use of public resources.

The Paris Declaration commitments cover all aid to the government sector, and involve bringing this 'on system'. CABRI (2008) provides a good framework to understand the use of country systems. Using country systems typically involves seven dimensions which are interlinked with a country's policy, planning and budget systems (see figure 4.6). As discussed in the next section, specific aid modalities can use all or several dimensions of country systems (CABRI, 2008).

52 This section borrows heavily from CABRI (2008) and this framework and explanations should be attributed to them.

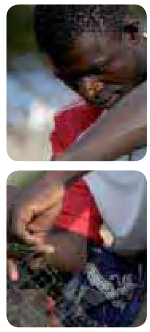
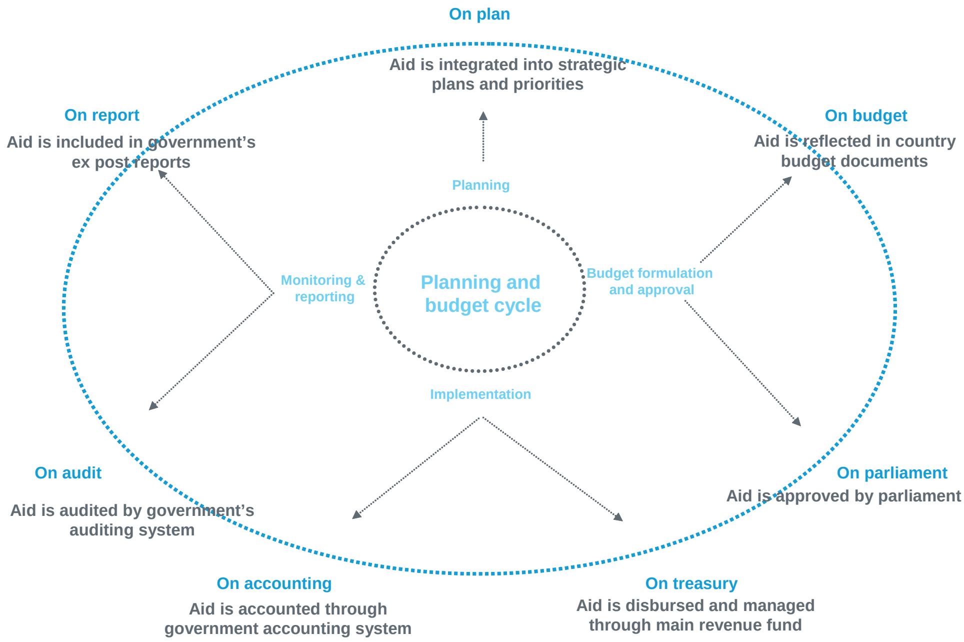


Figure 4.6 Using country systems at the different stages of the planning and budget cycle



Source: adapted from CABRI (2008) Good Practice Note: Using Country Budget Systems.

Using country planning systems

Putting aid 'on plan' depends on the government having a meaningful and coherent planning system that formulates objectives and strategies based on careful analysis of the development challenges to be addressed. This should include clear and sequenced priorities, realistic costing underpinned ideally by an MTEF. In other words, governments' own progress in coherent policy making and planning is a key factor in ensuring that aid is included in plans. However, while it is ultimately the government's responsibility for formulating its priorities, development partners can play an important role in supporting this process and abiding by the country's strategies.

It is important for planners to know what aid is forthcoming, its conditions, and whether this is additional to or a substitute for national resources. If there is not a clear planning process, it is difficult for a government to make use of information that development partners provide and it is all too easy for development partners to suggest that they are 'aligned' with country priorities.

Putting aid on budgets: Incorporation of aid strengthens the budget process

Government budgets are a tool for managing resources, which require legislative authority of both revenue and spending, along with mechanisms for control of budget disbursements and for monitoring, reporting and auditing of budget implementation. By its very nature, a government's budget needs to be comprehensive, including all aid, so that the use of resources is rationally planned and legally authorised. It is therefore crucial that all aid is recorded in the budget as a source of finance. It is also important that the government's planning and budgeting timetable prescribes when inputs from development partners are required and that there are clear lines of communication between government and development partners. In turn, development partners need to ensure that they respect these timelines and bring their own planning and budget timetables into line with them.

Inclusion of aid in parliamentary approval process fosters domestic accountability

A key factor for the rationale of using country systems is to strengthen accountability of national institutions for the use of national resources. Domestic parliaments play an important role in this. They have the legal responsibility for approving all raising of revenue and all expenditure allocations by the executive, and in principle this should include aid and how it is used. The inclusion of aid in a government budget means that the executive is accountable to parliament for the use of those funds.

Parliament can be engaged with plans and budgets in three important ways: by debating (and in some cases approving) strategic frameworks for budgeting; by approving annual budgets and aid agreements; and by reviewing and approving audited government accounts. These are not just technical issues to do with aid management, but fundamental questions of domestic accountability.

Putting aid on treasury supports government's finance management systems

The rationale for putting aid 'on treasury' is to strengthen a government's finance management system and capacity, support efficient cash management and ensure financial discipline. Aid is on treasury when it is disbursed through the main revenue fund of government and managed through government systems. Being on treasury is critical because of its influence on other dimensions. When aid is disbursed through treasury systems, the treasury has to be provided with the necessary information to trigger disbursements, further supporting the budgeting and accounting dimensions.

Funds that are disbursed via government may or may not follow regular government procedures and may or may not be on treasury. In particular, UN agencies' projects are typically 'off treasury' in this sense and often 'off system'[53] more broadly. Funds disbursed outside government procedures are often also 'off budget', but this is not necessarily the case, as such funds can be anticipated in a government's planning process and be reflected in budget documents as a source of finance.

Accounting for aid using country systems ensures that government accounts provide a comprehensive view of a country's finances

Using a government's accounting systems strengthens a country's financial systems, minimises transaction costs and the demand on scarce capacity and ensures that the government's accounts provide a comprehensive view of the country's finances. Aid is not fully 'on accounting', if development partners request special reports. There is valuable synergy in using both treasury and accounting systems. The need to justify disbursements provides a powerful incentive to keep government accounts up to date. But, even when development partners' rules prohibit the disbursement of funds through treasury systems, it is good practice for development partners to provide expenditure information in a format consistent with the government's accounting classifications.

Using country audit systems reinforces national lines of accountability

The main reason why development partners should consider using national audit systems is to reinforce national lines of accountability, although this is only possible if, first of all, accounts are available in a timely manner and, second, there is adequate capacity in governments' internal and external auditing bodies. Special audits and diagnostic studies can be commissioned in addition to regular auditing reports, particularly when there is concern regarding the correct use of aid. With regard to diagnostic studies, these can include public expenditure reviews and public expenditure tracking surveys (PETS), which should be government-led in order to ensure the 'ownership' needed for effective follow-up of their recommendations.

[53] The term 'on system' generally refers to flows of funds that are not included in governments' finance management information systems.

Inclusion of aid in national reports reinforces mutual accountability and reporting-for-results

The aid-on-report dimension acknowledges that there is a wider range of ex-post reports on financial and non-financial aspects beyond those provided through the government's formal accounting system. There is no exact definition of such reports but it suggests those reports that are owned and/or commissioned by government bodies. These reports are often highly relevant for the 'managing for results' aspect of the Paris Declaration and can include valuable management information – for example, consolidated annual sector reports and budget execution reports.

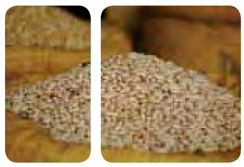
Reporting has costs, and the quality of reports depends on there being continuing incentives to provide timely and accurate information. Frequently, there are requests for too many reports from governments, which do not take into account government capacity and the time such reports take away from other activities. This highlights the need for harmonisation of donors' reporting requirements, so that burdensome parallel reporting can be avoided. To ensure that such reports are consistent with country systems, they should use government classifications, currency, time periods and reporting timetables.

Importance of quality and timeliness of information on aid

Underpinning all the dimensions of 'using country systems' is the quality of information on aid. Poor capture of aid on country systems is usually a combination of weak supply and demand for information and lack of realism on the part of the development partners. The latter are not always attentive to getting information on intended disbursements to budget authorities in time and in a usable form, resulting in systematic under-inclusion of aid in plans and budgets. When development partners do provide information, they are not always realistic about their ability to disburse on time, resulting in a tendency to over or underestimate certain flows. For their part, national budget authorities are not always motivated or equipped to obtain and record information on development partners' planned disbursements, and make realistic assumptions about shortfalls, resulting in substantial over and underestimation of aid.

Challenges in the context of decentralisation

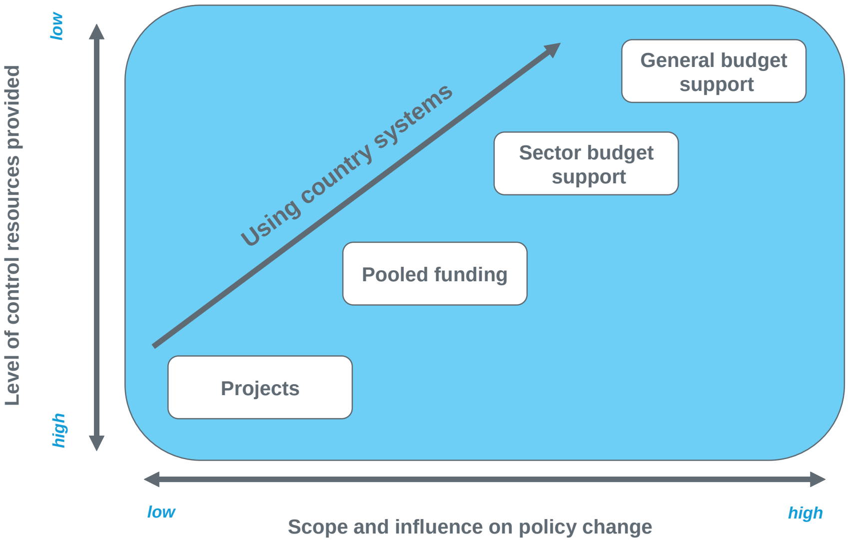
The push for decentralisation poses special challenges for using country systems. Aid that is channelled to local government is usually difficult to capture in a country's planning and budgeting systems. Central government budget documentation often does not reflect expenditures for activities at local government level; and development partners often fear that disbursing funds via central government will not reach decentralised bodies. Governments can usually be encouraged to address these weaknesses by developing a transparent transfer system whereby grants are provided to sub-national tiers of government. This needs to be accompanied by clear mechanisms for reporting on the use of funds, and by building capacity and providing incentives for strengthened local government planning and budgeting.



4.2.2 New aid modalities: Progressively implementing the aid effectiveness principles

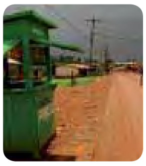
The choice of appropriate aid modality depends on a country's context and development objectives. Country realities often require a phased and incremental approach to the choice and mix of aid instruments, which emphasises capacity development, trust building and the progressive adoption of new aid modalities such as general and sector budget support (Koeberle et al, 2006). In general, projects allow a high level of control by the development partner on the resources provided, but this modality usually has only a low influence on policy. For general budget support this is the other way around. Moving from the lower left to the upper right corner are modalities increasingly using country systems (see figure 4.7 below).

Figure 4.7 Spectrum and types of aid modalities



Source: adapted from Koeberle, S. and Stavreski, Z. (2006).

- **General budget support (GBS):** GBS tends to be best suited to countries with a good track record of a reasonably sound policy and institutional framework, including good public finance management. For such countries, it may be appropriate for budget support to be the main aid instrument, accompanied by complementary technical assistance and project financing as needed. GBS typically has a number of characteristics, such as channelling of aid to the recipient country using national systems, support for a recipient country's own policies and development programmes, a results framework based on the PRSP and MTEF, disbursements at regular intervals in line with the recipient country's annual budget cycle, and a level of general agreement on budget priorities so that in principle there is no need to earmark funds for specific items. GBS is usually associated with mechanisms for extensive government–partner dialogue. This often centres around a performance assessment framework, which sets benchmarks and targets and provides a basis for joint reviews of progress, that then inform development partners' GBS commitments and disbursements.
- **Sector budget support:** like GBS, sector budget support involves the use of government systems at each stage of the budget cycle. However, it does involve the earmarking of resources, either to an entire sector, such as education, or to a sub-sector, such as primary health care. The dialogue focuses on sector-specific concerns rather than overall budget priorities. Sector budget support can be an effective tool to strengthen the coherence of planning, resource allocation and finance management within a sector, overcoming the intra-sectoral fragmentation that often results from project aid.
- **Pooled funding:** pooled funding, or basket funding, is a modality that involves a number of donors providing funds to a common fund or basket. Pooled funds are separate from funds of the recipient country, typically in a separate account. It also involves delegation of administration by those participating in the fund to the donor that manages the fund. A strong benefit of pooled funding is harmonisation amongst development partners. However, there are also a number of disadvantages to this modality: it can be poorly aligned to country plans, resulting in parallel governance systems and accountability mechanisms; it can suffer from a single issue approach and processes can be time-consuming. Pooled funding arrangements are generally used when a move to general or sector budget support is deemed to be too risky.
- **Projects:** in some cases, projects may be the most appropriate modality, such as where governance is too poor for donors to have confidence in sector-wide approaches and aid may be best paid into specific projects run by aid agencies and NGOs (Commission for Africa Report, 2005). Particularly in the context



of a weak policy environment and lack of consensus on overall expenditure priorities, stand-alone projects allow for a greater oversight of funds. In certain settings, projects can be helpful in establishing common ground, demonstration effects and encouraging domestic debate on policy options (Koeberle, 2006). It is important to note that project aid can use various dimensions of country systems; it may be reported on budget, the project can be approved by parliament and can be audited by the recipient country. The important point is that development partners, when designing projects, should see the possible extent to which they can use national systems to strengthen domestic accountability.

Box 4.2 Common misconceptions about aid modalities

In discussions about the use of country systems and aid modalities there is frequently confusion about key concepts. Clarifying these might help to avoid inappropriate decisions about the choice of aid modalities. The following are several of the most common misconceptions.

Putting aid on budget is not the same as budget support

The definition of budget support is that it is channelled directly to recipient governments and so automatically uses national allocation, disbursement, procurement and accounting systems. GBS is also non-earmarked. By definition, budget support is on budget. However, other types of modalities can also be included within a country's budget documents, such as technical assistance and traditional project aid.

Sector budget support is often referred to inaccurately

One of the main features of GBS is that it is not linked to specific activities. Sector budget support, by contrast, refers to funding that is earmarked to a specific sector or in some cases sub-sectors or programmes within a sector. However, it still uses a country's own allocation, disbursement, procurement and accounting systems. Pooled funding arrangements that do not use these regular systems are often erroneously referred to as sector budget support.

A SWAp is not an aid modality

A SWAp is not a specific aid instrument but a way of working at sector level, based on sector-wide planning. A SWAp may be supported by various aid modalities, of which sector budget support and pooled funding are two approaches. However, GBS and traditional projects can also support implementation of a SWAp. Often different donors will participate in the same SWAp through different aid modalities.

Projects are not necessarily off budget

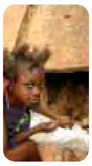
The use of parallel systems is a common feature of externally funded projects. However, it is possible for the project modality to use various or even all dimensions of country systems. It is therefore not true that project aid automatically means using parallel systems. Similarly, as noted above, budget support is not the only way to use country systems.

Bringing aid on budget is not simply about providing more information

There is a difference between reporting aid to governments and aspiring to integrate aid with government resources throughout each step of the budget cycle. Reporting aid is not the same as making use of a country's full budget system and reporting will not necessarily result in the same benefits as integration.

Source: adapted from CABRI (2008).





4.2.3 Benefits of budget support

Analysis of changes in aid modalities, their effects on spending trends and ultimately the impact on poverty has tended to be limited to country-specific studies. One of the reasons is that there are no time series of international aid statistics that provide a credible disaggregation by the different types of aid modalities. Furthermore such comparative analysis is hampered by the lack of an internationally agreed classification of aid modalities.

However, an evaluation of budget support, commissioned by a consortium of development partners[54] and seven developing countries[55], coordinated by OECD-DAC in 2006[56], provides some findings on the impact of the new aid modalities. Some other studies (e.g. Lawson et al, 2005) have also drawn lessons from the experience of budget support. The main findings are presented below, supplemented by evidence from other recent studies.

First, budget support is highly complex and evolving, and donors' decisions to commence using this modality have tended to be based on country-specific conditions rather than a pre-conceived set of benchmarks related to governance and public finance management capacities (OECD-DAC, 2006).

Second, at a macroeconomic level, GBS has reinforced macroeconomic stability, widened development partner involvement in macroeconomic policy discussions and supported fiscal discipline by providing funds subject to the budget process (Lawson et al, 2005; OECD-DAC, 2006). There is no evidence that domestic revenue-raising efforts have been reduced. However, budget support does have the potential to undermine macroeconomic stability if disbursements are unpredictable, which has been a problem in several countries (OPM, 2006; Celasun and Walliser, 2006).

In terms of the aid-effectiveness principles, GBS has contributed to greater policy alignment of aid, and improvement of alignment with government planning and budget cycles. Furthermore, development partners involved in this modality are making increased efforts to align GBS dialogue with government budget calendars and give advance notice of planned disbursements (OECD-DAC, 2006). The cooperation that general budget support requires amongst development partners has had a positive effect on donor harmonisation, which extends to those development partners providing other types of aid modalities (*ibid*). However, the provision of general budget support is itself not fully harmonised: disbursement arrangements differ and approaches to conditionalities are often haphazard (Booth, 2006). While there have been some transaction-costs savings for aid-receiving countries as a result of general budget support, this has been limited by the continuing predominance of other aid modalities (OECD-DAC, 2006).

There have been important institutional effects as well. A strong finding has been that general budget support and the associated dialogue structures can complement and enhance existing sector mechanisms, providing a forum for addressing cross-sectoral issues (Lawson et al, 2007). On the whole, budget support has resulted in a significant strengthening of country planning and budget processes. There is substantial evidence that it has improved comprehensiveness, transparency and accountability in decision making (OECD-DAC, 2006). An important part of this effect is that sector ministries have greater incentives to engage more effectively in the national budget process, because they have less opportunity to circumvent the budget process by engaging in direct relations with donors. However, the scale of parallel off-budget activities continues to undermine this.

The OECD-DAC coordinated evaluation of GBS argued that GBS has led to increased expenditure and expansion of basic services, particularly in health and education (OECD-DAC, 2006). In general, GBS has supported increases in PRSP priority expenditures. It has not been possible to link GBS to poverty

54 Bilateral development agencies of Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Japan, the Netherlands, New Zealand, Portugal, Spain, Sweden, Switzerland, UK and USA, along with the European Commission, IMF, OECD-DAC and World Bank. The consortium did not include the UN system or agencies belonging to the UN system.

55 Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam.

56 Referred to as OECD-DAC 2006

reduction in most countries, although there are clear links to improved basic services through the collective commitment of development partners and governments to achieve service delivery targets set in the performance assessment frameworks. These should reduce poverty in the long run (*ibid*). The box below presents some findings of evaluations of general budget support in Ghana and Burkina Faso.

Box 4.3 Evidence impact budget support in Burkina Faso and Ghana

While a number of countries in the West and Central Africa region receive budget support, there have only been evaluations of the impact of budget support in Burkina Faso (OECD-DAC, 2006) and Ghana (Killick, T. and Lawson, A., 2007). This box highlights some of the main findings in each country.

An evaluation of general budget support to Ghana concluded (ODI, 2007):

'Multi Donor Budget Support (MDBS) has provided monies which have helped government to reduce public debt and raise allocations to poverty reducing expenditures at the same time. It has created structures for dialogue on cross-cutting and sectoral policies, helping generate policy responses to specific concerns and to sustain reform processes. These are important achievements, unlikely to have been secured through other aid modalities. MDBS augmentation of budget resources has helped government apply funds in response to needs, which earmarked resources could not have done. The scope of policy dialogue could not have been reproduced at sector level because it covered important cross-cutting issues.

However, there have also been deficiencies. The original MDBS goal of reducing transaction costs has been neglected. There has been overemphasis on using it for policy leverage, rather than as a tool of budget financing. There has been limited attention to the core problem of greater predictability and credibility of the budget and an almost exclusive focus on external rather than domestic accountability."

These findings contrast somewhat to the experience in Burkina Faso (OECD-DAC, 2006):

A strong complementarity between HIPC (targeted funding) and GBS (untargeted funding) has resulted in significantly increased resources to the social sectors. However, in contrast to Ghana, GBS has not provided significant added value in policy dialogue with regards to sector policies and institutional reform. While advantages are recognised by all partners, there appears to be little spillover to other sectors outside the Ministry of Finance and to other aid modalities. Other important impacts of GBS were found: it has resulted in increased harmonisation and alignment which was hard to envisage through other aid modalities; it has had a strong effect on the ownership of the public finance management modernisation agenda; and, service delivery has improved mainly through an increase in supply.

Given that the 2006 OECD-DAC study only involved one country, Burkina Faso, in the West and Central African region, and other studies have likewise focused on only a few countries, (i.e. Ghana, (Killick, T. and Lawson, A., 2007)) it is not possible to infer that all the findings summarised above are directly applicable to the countries of West and Central Africa. The next section considers some of the specificities of the new aid agenda in West and Central Africa, where budget support has only been applied on a significant scale in a small sub-set of countries.

4.3 The new aid agenda in West and Central Africa

4.3.1 Application of aid effectiveness principles in the context of fragile states[57]

As described in the previous section, the Paris Declaration sets out the overall framework of mutual accountability between aid-receiving countries and development partners. It is a consensus-based model of country-led development supported by external partners. The approach underlying this implicitly assumes that the government has effective control over its territory, that its legitimacy is not severely contested, that it exercises real leadership of the development process and that it has sufficient administrative, planning and management capacity to articulate and implement development policies and programmes around which there can be consensus with development partners. However, in some countries or parts of countries this partnership model is problematic insofar as these assumptions do not hold. In such cases the Paris Declaration development partnership model is not easily applicable.

Recent research (OPM and IDC Group, 2008; Fritz and Rocha Menocal, 2007; Steward and Brown, 2008) has shown that fragile states and especially conflict-affected countries require a different approach. In such situations, the concern about aid effectiveness needs to be supplemented by a more fundamental concern about peace and security, meeting the humanitarian needs of the population, and developing the legitimacy, accountability and effectiveness of the institutions of the state.

The fragile states concept is particularly relevant to the West and Central African region. Of the 24 countries in the region, 19 countries are deemed to be 'fragile' according to the criteria of the OECD-DAC (see annex C.1). The region probably contains the largest number of fragile states of any region in the world and this has important implications for the application of the Paris Declaration principles.

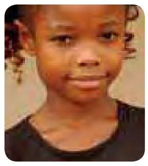
The OECD-DAC has established a Fragile States Group to facilitate coordination among bilateral and multilateral donors to improve aid effectiveness in countries facing weak governance and violent conflict and to increase the focus on these states, which have often been neglected in favour of 'good performers'. The Group developed a set of 'fragile states principles' for engagement, which were endorsed by the OECD-DAC members in 2007 (see annex C9 for a list of the principles). They are different from the Paris Declaration principles insofar as the principles go beyond aid-management issues to incorporate broader issues of development effectiveness and state building in situations of state fragility. The principles relate specifically to the need to change development partner behaviour and do not involve mutual commitments between development partners and countries.

Findings from country - and context-specific research suggest that a partnership is increasingly problematic in deteriorating and conflict-prone situations and, as such, the Paris Declaration only provides a limited guide for action (OPM and IDC Group, 2008). Ownership, alignment and mutual accountability may need to take a backseat to initiatives aimed at conflict prevention, supporting a political settlement and providing humanitarian assistance.

In short, in situations where there is ongoing conflict, a prolonged crisis or impasse, or a general deterioration in the environment, application of the Paris Declaration principles can become problematic in the following respects (*ibid*):

- **Ownership:** a lack of consensus or dialogue among the government, national stakeholders and development partners on a nationally articulated development strategy makes it difficult to achieve 'country ownership'.
- **Alignment** to national systems and policies is difficult when there is no consensus on development strategies and priorities. Policy alignment may still be feasible, however, within specific sectors, for example concerning the provision of basic social services.

[57] This section draws heavily on OPM and IDC Group (2008) 'Evaluation of the Implementation of the Paris Declaration: Thematic Study – The Applicability of the Paris Declaration in Fragile and Conflict Affected Situations'.



Box 4.4 What are fragile states?

Currently, there is no internationally agreed typology to define 'fragile states' and discussions about definitions continue. The DAC Fragile States Group has proposed the following classification: (i) deteriorating governance; (ii) prolonged crisis and impasse; (iii) post-conflict or political transitions; and (iv) gradual improvement. While this classification is helpful, it has a number of limitations. It pays insufficient attention to situations of ongoing conflict, does not adequately recognise that there can be varying situations in a single country and does not effectively distinguish between fragility as a current situation of conflict or state failure and a risk of future state failure or conflict. Countries may be judged as fragile, but are not classified according to the specific type or degree of 'fragility'.

Recently, a more nuanced typology has been proposed. This includes the following categories (OPM and IDC Group, 2008):

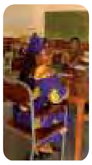
- **Increasing risk of conflict: deterioration in governance, rising conflict risk and increased disagreement between government and the international community on development strategy.**
- **Prolonged crisis or impasse: no consensus between government and the international community on development strategy.**
- **Ongoing conflict: between key national stakeholders, undermining the stability, reach and capacity and legitimacy of the state.**
- **Post-conflict and peace-building transition: peace, national reconciliation or agreed transition process supported by the international community. Government priorities are generally expressed through a transitional results framework.**
- **Gradual improvement: some progress in state capacity-building and reform efforts, but in a situation that remains fragile and capacity constrained.**

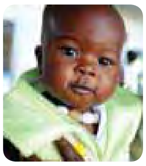
- **Harmonisation** is more difficult in situations where there is no agreed development strategy or priorities, but development partners still need to put in place mechanisms for developing a coherent strategy, undertaking joint analysis, coordinating assistance and lessening transaction costs.
- **Mutual accountability:** lack of ownership makes the establishment of effective mutual accountability mechanisms challenging between the government and its citizens and between the government and development partners.
- **Managing for results:** in situations of limited ownership and mutual accountability, there is little scope for agreement on results-oriented reporting and assessment frameworks. However, there is still a role for development partners to harmonise their own monitoring and reporting requirements.

Harmonisation is the key dimension for improving aid effectiveness in such situations. Forums for development partner consultation, coordination and decision making are particularly important in situations where constructive dialogue with the government is limited. Joint analysis and a shared understanding of the context among development partners are crucial. It has been shown (*ibid*, 2008) that at sectoral level, harmonisation can be possible even under the most difficult circumstances. Often, in situations of prolonged conflict or impasse, a key challenge is to improve the performance, sustainability and development impact of humanitarian assistance.

In other fragile states, such as those in post-conflict situations or gradually improving governance, the application of the Paris Declaration principles is more straightforward. Peace agreements and transitional results matrices offer opportunities for joint planning between national governments and development partners. They also provide mechanisms for developing systems of mutual accountability and managing for results. However, one of the obstacles to applying a results-based approach to development cooperation in these countries is the lack of available quality baseline data against which to measure progress.

As governance conditions improve, the Paris Declaration can be much more easily applied. There can be a significant degree of consensus between a government and development partners, providing better





conditions for the partnership approach. The government is better able to assert its leadership of the development process and thereby exercise 'ownership', which then provides opportunities for alignment. The focus moves on to improving public finance management and public administration systems. Harmonisation is made easier, so development partners can agree on common procedures and a division of labour, and governments are able to articulate better what they would like their development partners to do. Mutual accountability is facilitated as basic government structures exist and there is broad consensus between government and development partners around a development strategy, although government capacity usually needs further improvement to support mutual accountability mechanisms.

4.3.2 Progress in applying aid-effectiveness principles in West and Central Africa

Bearing in mind that most of the countries in West and Central Africa are 'fragile', with implications for the applicability of the Paris Declaration principles, this section examines the current state of 'aid effectiveness' in the region. In general, on some indicators, countries in the region score similar to other regions of the developing world, and on some indicators worse. This suggests that the implementation of the aid-effectiveness principles has been slow in other regions as well.

In signing the Paris Declaration, development partners and aid-receiving countries also agreed to the monitoring of their progress in improving aid effectiveness against 56 specific actions, from which 12 indicators were established and targets set for 2010 (see annex C.8 for a list of indicators and targets). In 2006, OECD-DAC carried out a study to establish the baseline for countries against the Paris Declaration commitments using 2005 data; in 2008 a second survey was carried out to track progress using 2007 data. In the 2006[58] and 2008 surveys, eight and 18 West and Central African countries participated. Taken together, findings from these countries provide a reasonably appropriate reflection of the state of affairs in the region. Key recommendations and findings of the 2008 survey for all countries are presented in box 4.5.

It should be noted, however, that the data from some of the country chapters appear to be questionable, which means that care should be taken not to give too much weight to the results. For example, in DRC, the 2008 survey reports no use of country systems, whilst several development partners use programmatic-based approaches. Similarly, it is unlikely that in 2007, 53% of all aid to Cameroon used country systems.

4.3.3 Status and progress in applying aid-effectiveness principles in West and Central African countries

While countries tend to produce comprehensive strategies that are strong on vision they are not easily operationalised

Country ownership is measured as 'the operational value of the national development strategy incorporating a long-term vision, a medium strategy derived from it; specific targets serving a holistic, balanced and well-sequenced development strategy; and, capacity and resources for its implementation'. On average, the nine countries surveyed in 2006 score no less than countries in other regions; with 'action being taken' to develop an operational development strategy. However, in the 2008 survey countries in West and Central African countries slipped behind other regions, mainly because other regions improved. Only Burkina Faso and Ghana have a 'largely developed operational development strategy'.

Several problems are consistently highlighted in the West and Central African country studies that hamper the full operationalisation of the development strategies. These are commonly: weak prioritisation within the development strategy; few linkages to the national budget process and poor quality of MTEFs; unclear institutional arrangements for PRSP implementation; weak implementation capacity; and, in some countries, working groups that flourished from PRSP formulation discussions are no longer operating when it comes to implementing the PRSP.

[58] West and Central African countries participating in the 2006 Survey: Benin, Burkina Faso, Cape Verde, DRC, Ghana, Mali, Mauritania, Niger and Senegal; in 2008 these countries and Cameroon, Central African Republic, Cote d'Ivoire, Gabon, Liberia, Nigeria, Sierra Leone and Togo participated.

Box 4.5 Key findings of the 2008 survey on monitoring the Paris Declaration for all countries surveyed

In 2008, the OECD-DAC carried out a survey of progress in the implementation of the Paris Declaration principles, which indicated that some progress was being made globally, but not fast enough to meet the 2010 targets. Three main recommendations and several key findings emerged from the report:

Recommendation 1: Systematically step-up efforts to use and strengthen country systems as a way of reinforcing country ownership
Findings - operational development strategies: despite progress made, countries are not on track to reach the targets agreed for the operationalisation of development strategies. Mechanisms for linking budget formulation and execution with national strategies, policy priorities and information on results are proving particularly hard to achieve.
Findings – quality and use of country systems: countries have increased the quality of their public finance management systems. However, despite the increase in quality, the use of country systems remains and has not progressed significantly.
Findings – strengthening and supporting country capacity: analysis shows that progress has been modest. In particular, interventions are often *ad hoc* and not well prioritised or sequenced. Some aspects of alignment, such as capacity development, are making little headway because there is limited understanding of what the Paris Declaration commitment is on the issue.

Recommendation 2: Strengthen accountability over development resources
Findings – accountability and predictability of development resources: budget realism increased slightly since the last survey. In some countries mechanisms have been established that enable the inclusion of detailed numbers in the budget. However overall progress is marginal compared to what needs to be undertaken to meet the target. Similarly, predictability of aid has seen a slight increase but remains far behind target. Progress is impeded by both non- and over-disbursement by donors and by the lack of government capacity to record aid on budget.
Findings – results and mutual accountability: significant investments have been made to strengthen poverty-monitoring and sector information systems. However, there are still significant challenges in monitoring the results of national and sector development strategies. Advocacy and adoption of mutual accountability mechanisms seem to have stalled.

Recommendation 3: Continue to make efforts to increase cost effectiveness of aid management
Findings – results and mutual accountability (continued): harmonisation of donor procedures in the context of programme-based approaches is continuing to make headway, but slower than expected. Joint missions and analytical work are being more widely adopted, but faster progress is necessary to meet the targets.

Source: OECD-DAC (2008) 2008 Survey on Monitoring the Paris Declaration: Making Aid More Effective by 2010.

Alignment needs strengthening on the basis of further improvements to quality of country systems and development partners using them

Alignment indicators used to measure progress relate to: the reliability and quality of country systems; alignment of aid flows to national systems; coordination in support of strengthening country capacity; use of country systems; avoidance of parallel implementation units, predictability of aid and untying of aid.

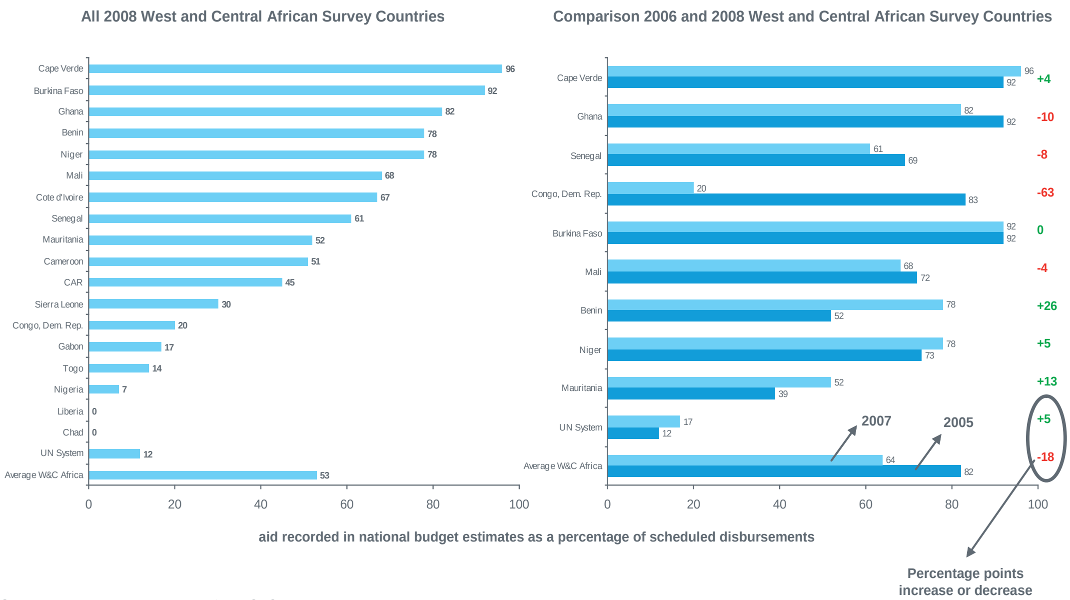
The quality of country public financial systems is measured using the World Bank's Country Policy and Institutional Assessment CPIA rating methodology. A 'quality' public finance management system, according to this system, must have a comprehensive and credible budget linked to priorities, effective systems for expenditures and revenues; timely and accurate fiscal reporting, and a clear and balanced assignment of expenditure and revenue to levels of government. A score of 3.5 is necessary before the World Bank approves the provision of budget support from its own resources.

In the 2006 survey, West and Central African countries score reasonably well on this indicator; only DRC and Mauritania score less than 3.5, whilst Benin, Burkina Faso and Mali are allocated a '4'. In the 2008 survey, five countries score a '4', and these are: Burkina Faso, Cameroon, Cape Verde, Ghana and Sierra Leone. This is an encouraging finding suggesting that, on balance, several countries are in a reasonable position for development partners to consider the provision of budget support. Comparing averages between the two surveys suggests that there is a slight deterioration of the quality of public finance systems. This is because some of the new survey countries have low scores, such as CAR and Togo. Overall, the quality of public finance management systems is not significantly less than the quality in other regions.

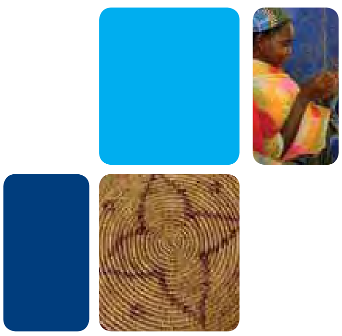
Alignment to national budget systems is measured by the extent to which aid is recorded in national budget estimates as a percentage of development partner's scheduled disbursements[58]. In West and Central African countries a substantial amount of total aid is not recorded in the recipient country's budget documentation in both survey years; and in fact, comparing 2006 and 2008 survey countries, the situation deteriorated. The West and Central African region lags behind other regions; average country ratios show an improvement of five percentage points, from 41% (in 2005) to 46% (in 2007) in the proportion of scheduled aid reported as disbursed.

It is striking that UN-financed aid is recorded particularly badly in country budget documents and that this is significantly below the average of other development partners. Reasons for this state of affairs provided in the survey country case studies typically point to: only those programmes requiring counterpart funding are recorded; aid disbursed to NGOs is not reflected in national accounts; line ministries hold information on project budgets but this information is not submitted to the Ministry of Finance; notification of planned disbursements is not timely; poor information systems on aid allocation; and, disbursements do not always occur in the years they were intended.

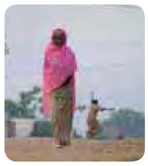
Figure 4.8 A substantial amount of aid is not recorded in country budget systems



Source: statistical appendices from OECD 2008 and 2007, author's calculations.

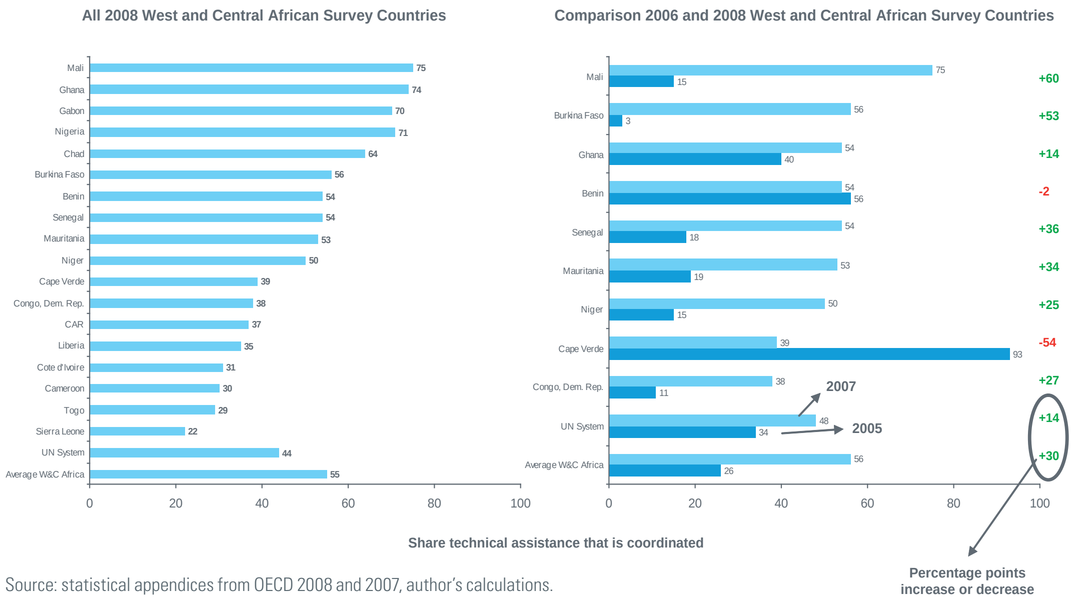


59 This is also a measure of aid predictability. Shortfalls in the total amount of aid and delays in the in-year disbursements of scheduled funds can have serious implications on a government's ability to implement policies and programmes as planned.



Capacity development is supposed to be a country-led and coordinated process according to the Paris Declaration and should reflect the following criteria: initiatives support national development strategies; development partners integrate support within country-led programmes; and, when more than one development partner is involved, there are common arrangements for coordination contributions. Subsequently, this is measured by coordinated technical assistance as a share of total technical assistance provided to a country. The use of parallel implementation units is typically another measure of development partners not aligning with country systems. The Paris Declaration calls on development partners to avoid to the maximum extent possible creating dedicated structures for the day-to-day management of aid-financed projects and programmes.

Figure 4.9 Provision of capacity-building efforts is increasingly coordinated, but there is still a proliferation of project implementation units



Source: statistical appendices from OECD 2008 and 2007, author's calculations.

While a significant proportion of capacity building is still uncoordinated, significant progress has been made to better harmonise efforts amongst development partners. Overall, the share of coordinated capacity building increased by 30 percentage points between 2005 and 2007. This is consistent with improvements in other regions. The UN system does reasonably well compared to other development partners in West and Central African countries in 2005, but falls slightly behind in 2007.

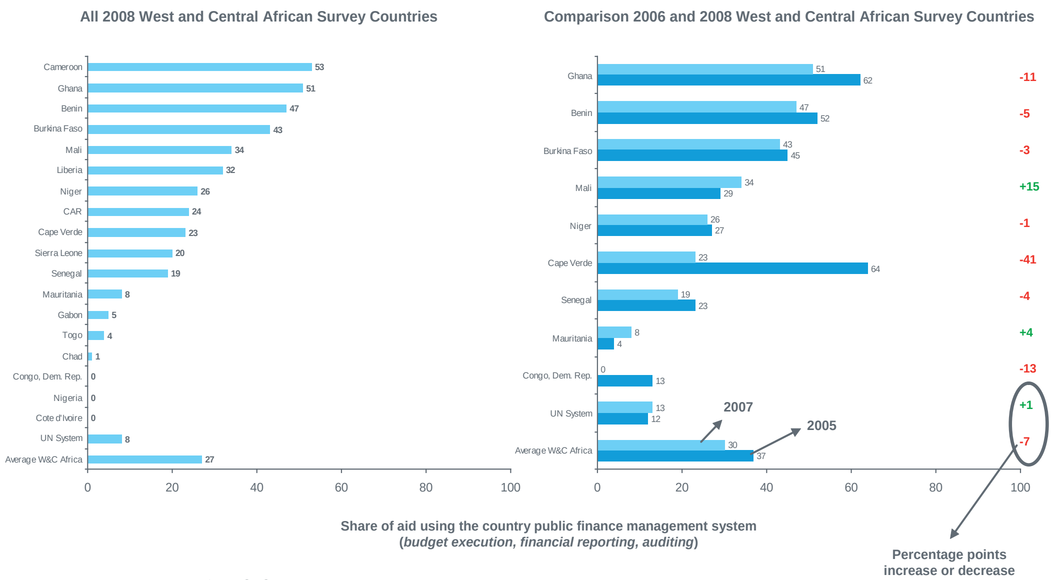
Improvements in coordinated capacity building are not matched by a decrease in the number of parallel implementation units (PIUs), as they continue to proliferate. Comparing the nine countries in both surveys, the number of PIUs increases from 412 to 529, which is an increase of 29%. This is problematic because PIUs have tended to undermine national capacity development, distort public sector salaries and diffuse accountability for development results.

The most common reason provided for a lack of coordinated capacity-building effort is the absence of effective country leadership based on a strategic vision for capacity development across government and within sectors. Development partners report that the use of parallel implementation units continues to be attractive because of weak policy ownership and sector organisation, poor quality and low numbers of staff within formal government structures and lack of project management capacity within government.

An important indicator for alignment is whether **aid is using country public finance management systems**[60]. As illustrated in figure 4.10, use of country systems is typically low in the region despite a reasonable quality of public finance management systems. On average, less than a third of all aid in West and Central African countries uses a country's public finance management systems in both 2005 and 2007.

The country-specific survey report highlights some of the reasons behind the low rates of using a country's public finance management systems. Reasons cited were a limited knowledge on the part of development partners about the recipient country's public finance systems and concerns about corruption and other types of risks. Generally, alignment rates are higher for those countries that progressively use new aid modalities, such as general budget support in Burkina Faso and multi-donor budget support in Ghana. Non-use of systems is associated, for example, with traditional projects and basket fund modalities in Mali.

Figure 4.10 Use of country systems for aid to government continues to be low across countries in West and Central Africa



Source: statistical appendices from OECD 2008 and 2007, author's calculations.

Full harmonisation some way off with many development partners still using traditional project approaches and separate missions

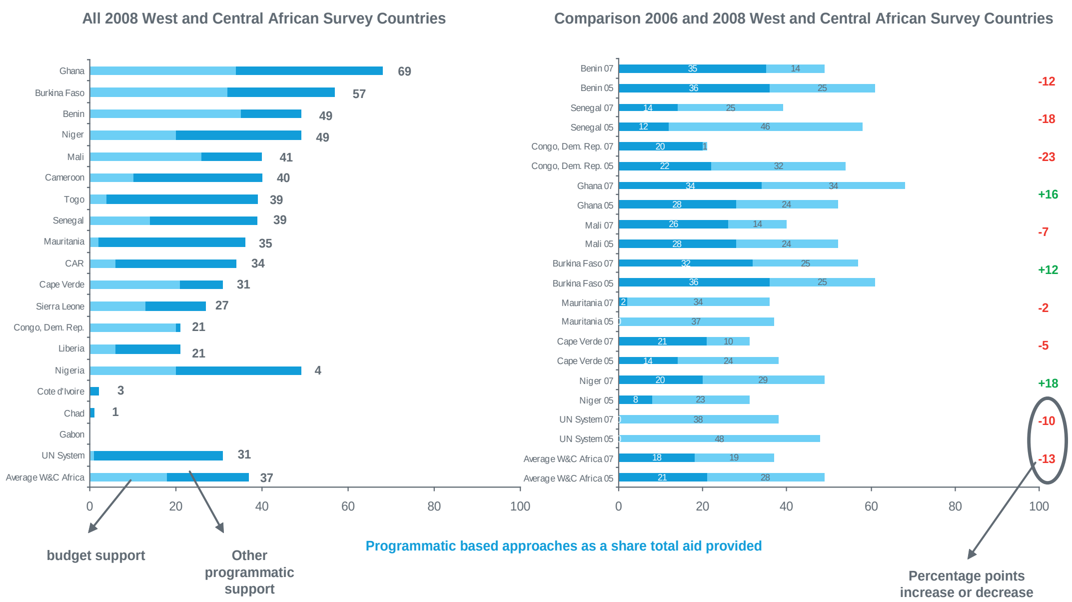
Harmonisation is relevant in all country contexts irrespective of a country's fragility status. Harmonisation of aid delivery procedures and adoption of common arrangements will reduce duplication of efforts and lower transaction costs of managing aid. The targets agreed in the Paris Declaration for measuring progress on harmonisation focus on the use of common arrangements and conducting joint missions. The extent of common working arrangements among donors is measured as the proportion of aid that is disbursed through programmatic approaches.

Common arrangements or programme-based approaches were defined in this survey as the leadership taken by the recipient country, a single comprehensive programme and budget framework, a formalised process for donor coordination and tangible efforts to use national systems. Countries were asked to report on the share of aid received using the budget support modality and the share of aid using other programmatic-based approaches, (see figure 4.11). In West and Central African countries, typically, a large share of aid is not disbursed using common arrangements. Furthermore there appears to be a slight decrease in the use of programmatic approaches[61] even though there is a slightly larger use of the budget support modality.

60 Using country systems is measured by whether aid uses national budget execution, financial reporting and auditing systems.

61 Note that these results are not very robust as there were significant problems in defining programmatic-based approaches in the 2006 survey.

Figure 4.11 A mix of experience using programmatic-based approaches in West and Central African countries



Source: statistical appendices from OECD 2008 and 2007, author's calculations.

Joint missions and the sharing of country analytic work is another indicator of harmonisation. Findings from both the 2006 and 2008 surveys suggest that substantial progress still needs to be made for development partners to better coordinate mission and analytic work which frequently impose high transaction costs on countries. In 2007, only 21% of all missions and 39% of all country analytic work was undertaken jointly which demonstrates little progress from 2005, (see figure 4.12). The total number of missions is strikingly high for some countries and for some development partners, notably large multilaterals. In some countries, the number of missions is related to the scale of aid disbursed; in other countries this is not the case.

Findings from country studies highlight that some efforts are ongoing in the West and Central African region in order to promote a larger use of coordinated missions and joint analytic exercises. In sectors where SWAps are implemented development partners tend to develop joint mission schedules. In some countries, such as Ghana, development partners have agreed to a mission-free period each year in an attempt to rationalise missions and reduce their disruptive effects on the regular business of government. The decentralisation of development partner offices to countries should help in reducing the perceived need for single-donor missions, as was found in Mali. Joint analytical work is becoming more common, both in the area of diagnostics and reviews. In many countries annual diagnostic reviews of certain sectors are conducted jointly, such as in health, education and public finance management. The use of a government's own periodic reviews of sectoral policies is still limited and development partners tend to rely on their own analysis as was highlighted in Burkina Faso.

Quality of national performance and assessment frameworks are a barrier to a comprehensive approach in managing for results

The quality of national performance and assessment frameworks depends on the ability of governments, with the support of development partners, to develop national monitoring and evaluation systems. The OECD stresses that an assessment of performance frameworks should reflect both the extent to which sound data on development outputs, outcomes and impacts are collected, used, disseminated and fed back into policy.

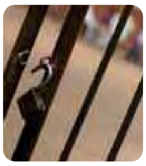
The World Bank's Comprehensive Development Framework (CDF) scorings are used to measure the quality of the national performance assessment framework, using three criteria: quality of development information; stakeholder access to development information; and coordinated country-level monitoring and evaluation.

Countries in West and Central Africa still need to make substantial efforts in developing quality performance assessment frameworks, and progress between 2005 and 2007 has been minimal, with only Cape Verde improving its performance and assessment framework. This is to be expected, given that most of the countries in this region are fragile and thus characterised by lack of quality data systems. On average, some actions have been or are being undertaken to put mechanisms for performance assessment in place ('C' score), as is expected in countries such as Burkina Faso and Ghana where a substantial share of aid disbursed to these countries is in the form of general budget support.

The country reports find that, while the supply of survey-based data on poverty incidence and human development variables is improving in most countries, the quality of administrative reporting is weak and feedback loops into policy and budget planning still present a major challenge. Several countries however, such as Benin and Burkina Faso, have developed capacity-building plans to strengthen their national statistics, data collection, information management, and monitoring and evaluation systems.

Only a minority of countries have mechanisms in place for monitoring mutual accountability

Countries were asked to report either a 'yes' or a 'no' as to whether they have mechanisms for monitoring mutual accountability in place. In 2005, only Ghana had such a mechanism; in 2007, Senegal also had such a mechanism. In this respect, countries in West and Central Africa score significantly below other regions, where just below half of all countries have mechanisms in place for monitoring mutual accountability.



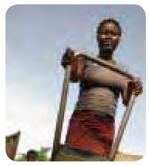


Figure 4.12 Proportion of coordinated field missions and joint analytic work is still low but slightly improving

Source: statistical appendices from OECD 2008 and 2007, author's calculations.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5. Conclusions

This review of PRSPs, budgets and aid in West and Central Africa set out to answer three overarching research questions:

- Are children's interests well reflected in PRSPs?
- Has there been increased fiscal space and has this been used to expand public expenditure in the sectors most important for child poverty reduction?
- Have there been large increases in ODA for these sectors?

Based on the information available at a regional level, the overall conclusion is a qualified 'yes' to all three.

5.1 Quality of PRSPs' coverage of children's issues

The analysis in chapter 2 found that the PRSP documents provide a generally good poverty diagnosis and policy response in the key sectors of importance for children, although they are weaker on costing and medium-term indicative budgeting, as well as implementation arrangements.

In particular, much of the poverty situation analysis in PRSPs is of high quality, especially for the large social sectors such as health and education. However, PRSPs could strengthen their analysis of other sectors of direct importance to children, such as water and sanitation, and social protection. They could also give greater attention to the child dimension of monetary poverty and its links to broader child deprivations and life-course opportunities.

The policy objectives and measures articulated in PRSPs generally respond to the challenges highlighted by the situation analysis, as do the monitoring and evaluation frameworks set up to monitor progress. Again, however, these could be strengthened for water and sanitation, and for social protection, as well as in specific policy areas such as the financing of health services to overcome barriers to access experienced by the poor – a key challenge to which most PRSPs have so far provided a rather weak or incomplete policy response.

The gaps in many PRSPs' costing, budgeting and implementation planning highlight the wider challenge of ensuring the articulation of PRSPs with more detailed sector planning, through SWAps, as well as with the budget process through medium-term expenditure frameworks (MTEFs). These linkages tend to be poor, compromising the quality of PRSP implementation, an issue discussed in depth in the case study reports on Burkina Faso, Chad, Ghana, Mauritania and Senegal.

5.2 Fiscal space and public expenditure on the social sectors

Overall, the region saw a major improvement in public finances over the past decade. Although the situation varied among countries, chapter 2 showed that the general trend was one of rising domestic revenue accompanied by increased aid (concentrated particularly in the countries receiving debt relief) and by restraint in expenditure to restore fiscal stability.

As a result, while expenditure rose in absolute terms in almost all countries, its share of GDP rose only modestly and declined in several countries. This affected social sector expenditure. Although there were substantial absolute real increases in health and education expenditure in most countries, there was not a general shift towards overall higher shares of health and education in total government expenditure, despite the priority accorded to these sectors in the PRSPs and their declared intention (in most cases) to raise their shares in spending. This finding is based on partial regional data up to 2005–2006 only, and so should be regarded as only a tentative conclusion on the impact of PRSPs on actual spending on the social sectors.

It can also be argued that, by improving the overall fiscal situation, countries have established better foundations for future expansion of public expenditure in a manner that will be sustainable. That would be a positive step for potential future social spending, even if it did not bring increases in spending over the recent past. However, this more positive interpretation does not mean that most countries in the region improved their public finances to such an extent that they are now well placed to undertake effective counter-cyclical fiscal policies in response to the shocks created by the global economic crisis. There is a small number of better placed countries, notably Congo, Equatorial Guinea, Gabon and Nigeria, which achieved high overall fiscal surpluses and built up substantial reserves, although they too are now facing a sharp decline in oil revenue. Almost half the countries in the region still had overall fiscal deficits as of 2007.

Chapter 3 also found that there are wide variations across the region in both their revenue-take (as a percentage of GDP) and the shares of health and education in government expenditure. This suggests that some countries could improve the fiscal space for social sector expenditure by improving revenue mobilisation and/or by devoting higher priority to the social sectors in the composition of public expenditure.

5.3 Aid and its effectiveness

Chapter 4 found that ODA to the region has been rapidly scaled up since 2000, mainly as a result of debt relief, and that this has contributed to large increases in real terms in ODA to the social sectors. However, this conclusion is qualified. Not all countries have benefited. Debt relief has accounted for most of the increase, which has benefited only half the countries. Some of the poorest countries in the region remain 'aid orphans', with the lowest *per capita* aid flows.

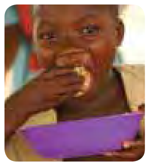
Chapter 4 also found that some progress has been made to improve the effectiveness of aid. But, as would be expected, implementation of the Paris Declaration principles has made the most progress in the more stable countries with stronger governance and PFM systems. Less than a fifth of aid was in the form of budget support as of 2007 and this was highly concentrated in a few countries. Progress in applying the Paris Declaration principles has been problematic in some of the more fragile states, particularly those affected by conflict or serious governance problems.

5.4 Inferences about the three high-level budgeting outcomes

At this stage, it is useful to return to the conceptual framework presented in the introduction and in particular the three high-level budgeting outcomes of aggregate fiscal discipline, allocative efficiency and operational efficiency. What conclusions are we able to glean with respect to these, given the highly aggregated analysis in this regional review?

The evidence on fiscal space seems to support the conclusion that most countries in the region have gone some way to improving aggregate fiscal discipline by channelling additional resources into deficit reduction. While not sufficient, this is certainly a necessary condition for sustainable pro-child budgeting, and so can be seen as a positive and critical first step. As noted above, however, this achievement risks being undone by the shocks arising from the global economic crisis.

The conclusions on level two – allocative efficiency – are much less clear. This is perhaps the most interesting conclusion of all. Given the large number of PRSP countries in the region and the (by now) fairly long time-span for many of these, we might have expected far more positive conclusions to have been drawn about the prioritisation of education and health within national budgets. As has been noted above, the lack of consistent, comprehensive data, in particular beyond 2005–2006, makes it difficult to draw firm conclusions. But, based on the available information, there has been no clear pattern of an upward trend in the shares of health and education in government spending across the region.



5.5 Underlying systemic problems

This suggests that the biggest issue is likely to be the weak articulation between the PRSPs (and similar medium-term planning instruments in the sectors) and the budget process. Here we can draw on some of the recent literature[61] on PRSPs, MTEFs and PFM in developing countries to suggest where there might be potential problems:

- weaknesses in the links between sector planning and PRSPs, and between these and the budget process, due partly to weaknesses in the MTEFs as effective instruments for medium-term planning of resource allocations to achieve the policy priorities set in these plans;
- weaknesses in articulating and providing evidence on the links between resources, activities and expected results;
- problems with budget credibility, arising from frequent revisions during the year, due to poor budgeting basics (weak fiscal discipline, use of cash budgets), lack of predictability of donor resources and/or exogenous shocks;
- off-budget donor aid flows that limit the realm of the MTEF and the budget, thereby undermining their importance[63];
- separation of capital and recurrent budgets a problem still common in the region, sometimes because different ministries are responsible for preparing them[64];
- inadequate buy-in throughout government, particularly when PRSPs or MTEFs are not discussed and approved at the highest levels of government (in the cabinet or council of ministers) and in parliaments[65];
- problems arising from the design and implementation of decentralisation (across the horizontal tiers of government) or deconcentration (within vertical government structures), concerning the matching of mandates with resources, transfer mechanisms, lines of accountability and local-level capacity;
- low absorption capacities of line ministries, due to problems with cumbersome public expenditure management processes or low capacity;
- lack of a culture of management for results within governments[66];
- lack of coordination of reporting processes, with a multiplicity of donor-driven reporting agendas (the APR being one of them) competing and generally failing to integrate with a government's own budget reporting processes.

Although there was little opportunity to explore outcome level three – operational efficiency – in this aggregate exercise, these stumbling blocks are likely to have adverse impacts on this level as well.

These stumbling blocks are not purely technical. They often reflect deeper institutional problems to do with ownership and incentives, as well as capacity. Where ownership and incentives are weak, there is likely to be little appetite for technical reforms. Addressing these underlying problems is therefore critical for real progress to be made in strengthening the planning and budget systems, and ultimately to improving the delivery of health, education and other public services for children.

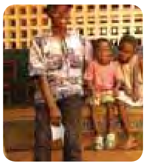
62 This literature is vast. See, *inter alia*, Wilhelm and Krause (2008), IMF and World Bank (2005), Alonso et al (2005), CABRI (2004), ODI (2005), OPM (2000) and World Bank (2002).

63 This is also true even of 'good' donor practices of on-accounts funding that goes directly to sectors. See Hodges and Tibana (2004:9) outlining this in the case of Mozambique.

64 See Alonso (2005). This was a major problem highlighted in the country cases examined as part of this regional study too. Off-budget donor funding reinforces this problem, particularly since much of donor spending goes towards investment (OPM 2000).

65 It is important to note that increasing participation by the cabinet might not necessarily make the allocation more pro-poor: Alonso et al (2005:15) found that in Burkina Faso, where the parliament was involved budget allocation, spending was shifted away from priority sectors since these were widely viewed as being 'covered' by the donors. The point here is merely that a lack of involvement will weaken the process in general, whatever the spending priorities may be.

66 Behaviour in the budgeting system is a function of the incentives that individuals face; for example, an education manager is unlikely to ensure that qualified teachers are progressively distributed more equitably across regions, even when this is an explicit policy decision, if he or she is not required to report on that distribution regularly.' CABRI (2004; xxi).


This kind of qualitative analysis is difficult to carry out at a regional level, due to information gaps and the specificity of the institutional and technical problems in the planning and budget systems of each country. But this was a major focus of the five country case studies.

The links between policies and the budget process are not yet fully institutionalised, and future analytical work and capacity building will need to address this problem. The content of PRSPs is certainly important, but even more important is the way in which this content is translated into resource allocations and ultimately actual resource flows to service providers. A well-articulated document, complete with references to child rights and all manner of child-related programmes, is all well and good, but if it is not effectively linked to annual budgets, at both the formulation and execution stages, the results may not be any better than in a country with a rather shallow PRSP but strong sector-level processes and a better functioning budget system. The inclusion of children's interests in a PRSP is a way to increase the visibility and hopefully the prioritisation of programmes critical for children, but these other parts of the chain are even more important for resource flows and service delivery.

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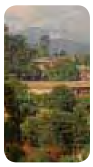

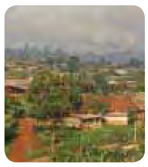

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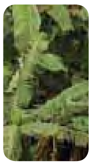

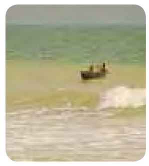


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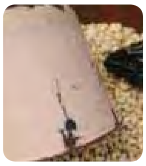


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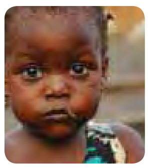
Annex A. Supplementary tables for ODA trends and aid modalities

Table A.1 PRSP countries and fragile states[67]

	Country	PRSP country (✓)	Fragile State (✓)	PRSP country & fragile	2008 Survey Paris Declaration
1	Benin	✓			✓
2	Burkina Faso	✓			✓
3	Cameroon	✓	✓	✓	✓
4	Cape Verde	✓	✓	✓	✓
5	Central African Republic		✓		✓
6	Chad	✓	✓	✓	✓
7	Congo, Rep.		✓		
8	Congo, Dem. Rep.	✓	✓	✓	✓
9	Côte d'Ivoire		✓		✓
10	Equatorial Guinea		✓		
11	Gabon				✓
12	The Gambia	✓	✓	✓	
13	Ghana	✓			✓
14	Guinea	✓	✓	✓	
15	Guinea Bissau		✓		
16	Liberia		✓		✓
17	Mali	✓	✓	✓	✓
18	Mauritania	✓	✓	✓	✓
19	Niger	✓	✓	✓	✓
20	Nigeria	✓	✓	✓	✓
21	São Tomé and Príncipe	✓	✓	✓	
22	Senegal	✓			✓
23	Sierra Leone	✓	✓	✓	✓
24	Togo		✓		✓
	Total	**16**	**19**	**12**	**9**

Source: OECD- DAC (2008), Fragile States List.



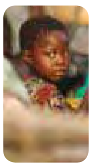
[67] As of summer 2008

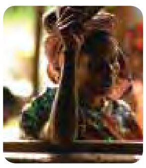
Table A.2 HIPC countries and PRSPs in West and Central Africa early 2009

	Completion point	Decision point	Pre-decision point
1	Benin (✓)	Central African Republic	Côte d'Ivoire
2	Burkina Faso (✓)	Chad (✓)	
3	Cameroon (✓)	DRC (✓)	
4	The Gambia (✓)	Congo, Rep.	
5	Ghana (✓)	Guinea (✓)	
6	Mali (✓)	Guinea Bissau	
7	Mauritania (✓)	Liberia	
8	Niger (✓)	Togo	
9	São Tomé and Príncipe (✓)		
10	Senegal (✓)		
11	Sierra Leone (✓)		
Check (✓) if PRSP country			

These countries are have reached completion point, decision point and pre-decision point early 2009. It should be noted that part of the analysis of this report was done during the summer of 2008, so therefore we could not include all countries.

Table A.3 and table A.4 show whether countries have seen scaled-up ODA since 2000. If the score in the final column is above a 100, there has been a real increase.





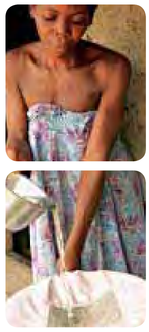


Table A.3 Real increases and decreases in aid receipts to West and Central African countries, total ODA including debt relief, 2000–2007

In US$ millions, 2006 constant prices	2000	2001	2002	2003	2004	2005	2006	2007	2007 (index 2000=100)
Benin	277	206	191	227	220	213	228	218	79
Burkina Faso	331	323	319	309	349	348	386	375	113
Cameroon	311	511	623	870	600	339	1,505	1,531	492
Cape Verde	102	75	60	105	97	108	99	103	101
Central African Republic	65	64	51	38	58	63	65	107	165
Chad	78	109	92	110	171	167	153	207	266
Congo, Dem. Rep.	150	212	478	5,776	1,227	988	1,500	721	480
Congo, Rep.	34	41	57	39	50	1,390	169	44	130
Côte d'Ivoire	365	242	1,186	325	208	133	199	104	28
Equatorial Guinea	30	21	21	22	25	31	19	23	77
Gabon	-17	-14	69	-49	25	30	32	30	-174
The Gambia	19	18	21	21	12	15	25	31	165
Ghana	475	549	541	548	953	620	595	649	137
Guinea	118	164	157	152	187	129	103	113	96
Guinea Bissau	65	48	36	116	30	28	39	40	61
Liberia	30	19	34	82	175	149	187	213	703
Mali	417	300	346	316	351	383	398	508	122
Mauritania	105	107	203	154	87	108	94	123	117
Niger	149	164	153	284	321	261	235	216	145
Nigeria	112	148	274	230	335	6,108	10,820	1,266	1,128
São Tomé and Príncipe	28	35	28	30	23	19	18	28	101
Senegal	401	322	323	365	792	458	509	412	103
Sierra Leone	167	244	298	242	172	134	180	348	208
Togo	72	41	54	54	56	61	55	59	81
West and Central Africa	**3,884**	**3,948**	**5,614**	**10,365**	**6,522**	**12,282**	**17,613**	**7,469**	**192**

Source: OECD-DAC (2009), International Development Statistics, author's calculations.

Table A.4 Real increases and decreases in aid receipts to West and Central African countries, total ODA excluding debt relief, 2000–2007

In US$ millions, 2006 constant prices	2000	2001	2002	2003	2004	2005	2006	2007	2007 (index 2000=100)
Benin	242	201	183	185	187	211	224	216	89
Burkina Faso	313	315	300	294	332	345	381	373	119
Cameroon	184	221	183	125	137	135	242	297	161
Cape Verde	102	75	60	105	90	108	98	102	100
Central African Republic	59	60	48	36	56	61	59	103	175
Chad	76	106	87	92	167	165	151	201	266
Congo, Dem. Rep.	141	200	298	214	407	503	626	616	438
Congo, Rep.	33	41	49	35	46	-55	-105	37	112
Côte d'Ivoire	276	173	159	124	139	122	174	95	35
Equatorial Guinea	29	21	20	18	42	29	19	23	78
Gabon	-21	-50	27	-55	23	23	32	30	-141
The Gambia	19	18	21	21	12	15	25	31	165
Ghana	474	544	452	493	602	554	572	649	137
Guinea	106	134	136	145	142	119	100	111	104
Guinea Bissau	59	42	33	30	30	28	32	40	68
Liberia	30	19	31	82	175	149	187	201	664
Mali	407	290	328	300	344	379	391	398	98
Mauritania	77	93	83	108	85	107	93	121	158
Niger	139	160	146	141	154	240	232	215	154
Nigeria	112	144	229	230	334	309	-53	578	515
São Tomé and Príncipe	24	25	24	21	23	19	16	19	79
Senegal	364	310	311	358	400	370	501	409	112
Sierra Leone	167	234	263	208	165	131	145	165	99
Togo	68	37	51	52	54	59	53	57	85
West and Central Africa	**3,479**	**3,414**	**3,521**	**3,361**	**4,146**	**4,125**	**4,195**	**5,087**	**146**

Source: OECD-DAC (2009), International Development Statistics, author's calculations.

Table A.5 Aid *per capita* (US$), 1997–2007

Current US$ prices	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	11 year period
Benin	22	21	17	26	19	18	25	26	24	26	26	23
Burkina Faso	20	20	20	19	18	18	20	25	24	27	28	22
Cameroon	22	20	16	13	22	26	44	33	19	83	92	35
Cape Verde	161	198	201	155	106	91	186	183	205	190	215	172
Central African Republic	17	15	16	14	12	10	8	13	14	15	27	15
Chad	13	9	8	6	8	7	10	17	16	15	21	12
Congo, Rep.	88	20	39	7	9	12	10	14	372	46	13	57
Congo, Dem. Rep.	2	2	2	2	3	7	91	20	17	25	13	17
Côte d'Ivoire	15	30	22	15	9	47	16	11	7	11	6	17
Equatorial Guinea	44	45	35	42	30	30	38	49	61	38	50	42
Gabon	27	33	30	-10	-7	40	-33	19	23	24	25	16
The Gambia	14	10	10	11	9	12	13	7	9	15	19	12
Ghana	16	19	18	19	19	19	22	41	27	26	30	23
Guinea	16	19	14	11	15	15	16	20	14	11	13	15
Guinea Bissau	46	50	24	30	22	18	65	18	17	24	26	31
Liberia	13	12	15	8	5	8	21	49	42	52	60	26
Mali	28	25	24	30	20	24	25	29	32	33	45	29
Mauritania	41	26	36	32	31	54	49	29	36	31	43	37
Niger	18	14	11	10	10	10	20	24	19	17	16	15
Nigeria	0	0	0	1	1	2	1	2	42	75	9	12
São Tomé and Príncipe	159	133	138	126	153	132	172	144	120	117	195	145
Senegal	31	29	41	28	21	22	28	66	38	42	36	35
Sierra Leone	10	12	14	26	35	46	40	30	23	31	65	30
Togo	16	13	9	10	5	7	8	9	9	9	10	9
West and Central Africa	**35**	**32**	**32**	**26**	**24**	**28**	**37**	**37**	**50**	**41**	**45**	**35**

Source: OECD-DAC (2009), International Development Statistics, author's calculations.

Table A.6 ODA as % share of gross national income, 1997–2007

Current US$ prices	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	11 year period
Benin	7	6	5	8	6	5	6	5	5	5	4	6
Burkina Faso	9	8	8	9	8	7	6	6	6	7	6	7
Cameroon	4	3	3	2	4	4	6	4	2	9	8	4
Cape Verde	14	16	15	13	9	7	12	10	11	9	8	11
Central African Republic	6	5	6	6	5	4	3	4	4	4	7	5
Chad	6	4	4	4	4	3	4	4	3	3	4	4
Congo, Rep.	16	4	7	1	2	2	1	1	30	3	1	6
Congo, Dem. Rep.	2	1	2	3	3	7	91	19	15	18	9	15
Côte d'Ivoire	2	4	3	3	2	8	2	1	1	1	1	2
Equatorial Guinea	4	5	4	2	2	1	1	1	1	0	0	2
Gabon	1	1	1	0	0	1	-1	0	0	0	0	0
The Gambia	4	3	3	4	3	5	6	3	3	5	6	4
Ghana	4	5	5	8	7	7	6	11	6	5	5	6
Guinea	3	4	3	3	4	4	4	5	4	3	3	4
Guinea Bissau	23	34	15	20	17	13	43	11	9	13	13	19
Liberia	12	10	13	6	4	6	20	44	34	39	39	21
Mali	11	9	9	13	8	8	6	7	7	7	8	9
Mauritania	7	5	7	8	7	11	10	5	6	3	5	7
Niger	10	7	6	6	6	5	9	10	7	6	6	7
Nigeria	0	0	0	0	0	0	0	0	6	8	1	2
São Tomé and Príncipe	..	..	..	..	..	..	..	..	17	15	21	5
Senegal	6	6	8	6	5	5	5	10	5	6	4	6
Sierra Leone	5	8	9	19	21	25	22	16	11	13	23	16
Togo	5	4	3	4	2	3	3	3	3	3	3	3
West and Central Africa	**7**	**7**	**6**	**6**	**6**	**6**	**12**	**8**	**8**	**8**	**8**	**7**

Source: OECD-DAC (2009), International Development Statistics, author's calculations.

Table A.7 Paris Declaration commitments on the use of country systems

OWNERSHIP

Partner countries commit to:

- Exercising leadership in developing and implementing their national development strategies through broad consultative processes.
- Taking the lead in coordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector.

Donors commit to:

- Respecting partner country leadership and help strengthen their capacity to exercise it.

ALIGNMENT

Donors align with partners' strategies

Donors commit to:

- Basing their overall support
- Country strategies, policy dialogues and development co-operation programmes
- On partners' national development strategies and periodic reviews of progress in implementing these strategies.

Donors use strengthened country systems

Donors commit to:

- Using country systems and procedures to the maximum extent possible. Where use of country systems is not feasible, establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures.
- Avoiding, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes.

Strengthen public finance management capacity

Partners commit to:

- Publishing timely, transparent and reliable reporting on budget execution.

Donors commit to:

- Providing reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules.
- Relying to the maximum extent possible on transparent partner government budget and accounting mechanisms.

HARMONISATION

Donors implement common arrangements and simplify procedures

Donors commit to:

- Implementing, where feasible, common arrangements at country level for planning, funding (e.g. joint financial arrangements), disbursement, monitoring, evaluating and reporting to government on donor activities and aid flows.
- Increased use of programme-based aid modalities can contribute to this effect.

Deliver effective aid in fragile states

Donors commit to:

- Avoiding activities that undermine national institution building, such as bypassing national budget processes or setting high salaries for local staff.

MANAGING FOR RESULTS

Partner countries commit to:

- Strengthening the linkages between national development strategies and annual and multi-annual budget process.

MUTUAL ACCOUNTABILITY

Partner countries commit to:

- Strengthening as appropriate the parliamentary role in national development strategies and/or budgets.

Donors commit to:

- Providing timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens.

Source: 2005 Paris Declaration on Aid Effectiveness

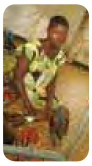


Table A.8 Paris Declaration implementation targets for 2010

Indicators	Targets for 2010	
1 Partners have operational development strategies	**At least 75% of partner countries** have operational development strategies.	
2a Reliable public finance management systems	**Half of partner countries** move up at least one measure (i.e. 0.5 points) on the PFM/ CPIA scale of performance.	
2b Reliable procurement systems	**One-third of partner countries** move up at least one measure (i.e. from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.	
3 Aid flows are aligned to national priorities	**Halve the gap**–halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).	
4 Strengthen capacity by co-ordinated support	**50% of technical cooperation flows** are implemented through coordinated programmes consistent with national development strategies.	
5a Use of country public finance management systems	For partner countries with a **score of 5 or above** on the PFM/CPIA scale of performance (see indicator 2a).	**All donors** use partner countries' PFM systems; and **Reduce the gap by two-thirds**–a two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.
	For partner countries with a **score between 3.5 and 4.5** on the PFM/CPIA scale of performance (see indicator 2a).	**90% of donors** use partner countries' PFM systems; and **Reduce the gap by one-third**–a one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.
5b Use of country procurement systems	For partner countries with a **score of 'A'** on the Procurement scale of performance (see indicator 2b).	**All donors** use partner countries' procurement systems; and
	For partner countries with a **score of 'B'** on the Procurement scale of performance (see indicator 2b).	**90% donors** use partner countries' procurement systems; and
6 Avoiding parallel PIUs	**Reduce by two-thirds** the stock of parallel implementation units.	
7 Aid is more predictable	**Halve the gap**–halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.	
8 Aid is untied	**Continued progress over time.**	
9 Use of common arrangements or procedures	**66% of aid flows** are provided in the context of programme-based approaches.	
10a Missions to the field	**40% of donor missions** to the field are joint.	
10b Country analytic work	**66% of country analytic work is joint.**	
11 Results-oriented frameworks	**Reduce the gap by one-third**–reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.	
Mutual accountability	**All partner countries** have mutual assessment reviews in place.	

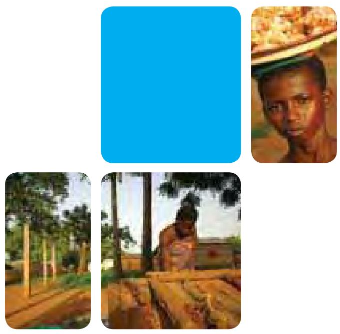
Source: OECD-DAC (2006) Explanatory Note: Monitoring the Paris Declaration on Aid Effectiveness.

Table A.9 Principles for good international engagement in fragile states and situations:

- Take context as the starting point.
- Do no harm.
- Focus on state-building as the central objective.
- Prioritise prevention.
- Recognise the links between political, security and development objectives.
- Promote non-discrimination as a basis for inclusive and stable societies.
- Align with local priorities in different ways in different contexts.
- Agree on practical coordination mechanisms between international actors.
- Act fast…but stay engaged long enough to give success a chance.
- Avoid pockets of exclusion.

Link to Principles document:

http://www.oecd.org/document/12/0,3343,en_2649_33693550_42113676_1_1_1_1,00.html



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