CHAPTER 10 Lesotho, Uganda, Zambia and Maldives

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During the late 1990s, poverty was once again placed on the international agenda. This time, however, governments of poor countries are expected to take a far more proactive stance, preparing poverty profiles, developing policy frameworks, and implementing action plans and strategies for poverty reduction. These have become key requirements in a range of negotiations between poor countries and international donors. Most recently, the Heavily Indebted Poor Countries (HIPC) Initiative has made the establishment and monitoring of poverty reduction targets and the elaboration of a Poverty Reduction Strategy Paper (PRSP) a condition for obtaining debt relief and concessional assistance from the World Bank and the International Monetary Fund (IMF). Most PRSP countries are in sub-Saharan Africa, where the capacity to either formulate, implement or monitor a poverty reduction strategy is very limited. Assistance from donor organisations has also been limited, with few exceptions. One such exception was the Poverty Strategies Initiative (PSI), a programme implemented by the United Nations Development Programme (UNDP) to support the efforts of developing countries to diagnose poverty and develop policy for reducing it.

This chapter assesses the results and impact of PSI activities in three countries from sub-Saharan Africa (Lesotho, Uganda and Zambia) and one Indian Ocean country (Maldives). While different in many respects, the four countries share the formidable task of having to respond to the vast unmet needs of their population with scarce national resources and capacities. In the three African countries, the spread of HIV/AIDS has stretched their limited resources and capacities even further. The four cases differ with regard to the impact of PSI activities on poverty analysis and policy design. From this point of view, the comprehensive data-gathering exercise conducted in Maldives seems to offer valuable lessons for the three land-locked African countries.[1]

The first section briefly presents the context of each of the PSI projects. The following section describes the PSI activities in each country and examines their impact on poverty research and policy formation. Next we focus on three critical issues: capacity development, government ownership, and policy coordination, calling attention to the importance of revisiting the notion of 'government' as a unified whole. Finally, the chapter distils some lessons from the experience of these countries to inform donor policies for similar initiatives in the future.

Background

Lesotho has an extremely fragile economy based on subsistence agriculture, livestock and remittances from miners employed in South Africa. In 1993, nearly half of the population was considered poor. The crisis of the South African gold mining industry during the 1990s has led to large-scale retrenchments and a drastic decline in the number of mine workers, thereby increasing the vulnerability of remittance-dependent households. Many rural families have moved to the city, particularly to the capital Maseru, where informal activities have mushroomed — as evidenced by the growing numbers of street vendors who eke out an existence by selling their wares. Lesotho's rapid rate of urbanisation, which exceeds that of its neighbouring countries, has turned urban development into a major concern for the government. The uncontrolled expansion of urban shack settlements around Maseru is encroaching onto arable land and leading to the emergence of serious health problems, which the government has been incapable of addressing. Furthermore, riots broke out in the country's major towns in 1998, destroying 80 per cent of their commercial infrastructure.

Despite mounting urban problems, the bulk of poverty research in the past had focussed on Lesotho's rural poor. There were nine poverty assessments between 1991 and 1997, including two studies conducted by an indigenous institution and three by the World Bank. All of them concentrated on poverty in the rural areas, where 80 per cent of the population live. To fill the gap in knowledge about poverty in urban areas, UNDP decided to commission an *Urban Poverty Assessment* (UPA) in 1997. The assessment consisted of a quantitative survey, a qualitative research component and a policy review focussed on the capital Maseru and two other lowland towns (Lesotho 1997).

Uganda's resource base is much richer than Lesotho's. The country boasts substantial natural resources, including fertile soils, regular rainfall and considerable mineral deposits of copper and cobalt. For more than a decade, the government has sought to rehabilitate and stabilise a war-torn economy. Currency and civil service reform, price liberalisation on export crops, and removal of subsidies on petroleum products have combined to produce a remarkable economic growth rate of 6.5 per cent per annum during most of the 1990s, which was accompanied by a drop in the incidence of absolute poverty. Nevertheless, levels of poverty have remained high, affecting almost 55 per cent of the population. Poverty rates, moreover, vary widely from one region of the country to another, ranging from 28 to 59 per cent in 1997, and the poorest 20 per cent of the population actually became poorer between 1992 and 1996, especially in the countryside (Uganda 1999). This suggests that the policies introduced with substantial support from the international lending institutions have failed to benefit a large proportion of Uganda's poor.

In 1999, the government decided to carry out a poverty assessment to lay the ground for revising the national Poverty Eradication Action Plan (PEAP) prepared in 1997. The UK Department for International Development (DfID) provided the bulk of funding for the Uganda Participatory Poverty Assessment Project (UPPAP), which involved a series of district poverty assessments implemented in Kampala, Kapchorwa and Kumi (Uganda 1999a, 1999b, 1999c). The project was a collective undertaking. Oxfam UK acted as the implementing agency, recruiting local experts who were based in the powerful Ministry of Finance. UNDP's financial contribution was minor, yet critical to the project's success. It helped resolve the issue of where to locate UPPAP, and to disseminate the findings of the district poverty assessments and the government's anti-poverty plan. Both these contributions played a significant role in stimulating local ownership, as well as in linking poverty research and analysis with the design and implementation of policy.

Zambia, too, has high levels of human deprivation. According to the national *Human Development Report* (Zambia 1998a), over 69 per cent of the population fell below a money metric poverty line in 1996, rising to more than 80 per cent of the population in some provinces. Income distribution is extremely skewed: five per cent Zambians receive almost half the national income. If anything, standards of living deteriorated further during the 1990s. Life expectancy at birth has dropped, and most measures of mortality remain among the highest in sub-Saharan Africa. The prospects for economic growth are bleak, despite progress in privatisation and budgetary reform. The copper mining sector, which accounts for over 80 per cent of Zambia's foreign currency receipts, is still struggling to cope with declining production rates and slack world copper prices. The external debt is almost 200 per cent of annual GNP and, out of concern for the November 1996 elections, most donors cut their aid programmes, further worsening the country's economic prospects.

In 1997, the President mandated the Ministry of Community Development and Social Services (MCDSS) to coordinate the preparation of a policy framework for the reduction of poverty, transferring this responsibility away from the Department of Population in Development of the Ministry of Finance, which had until then been the government's coordinating mechanism. A committee was set up to develop, first, a National Poverty Reduction Strategic Framework (NPRSF) and, subsequently, a National Poverty Reduction Action Plan (NPRAP). Both activities received support from UNDP. Here, as in Uganda, the work sponsored by UNDP has provided a foundation for the subsequent negotiations with the World Bank and IMF for accessing debt relief under the terms of the enhanced HIPC Initiative.

Unlike the three sub-Saharan African countries, Maldives is a middle-income country that has experienced sustained economic growth over the last two decades, with an average increase in GDP of eight per cent per annum. Most social indicators such as infant mortality rates, life expectancy and adult literacy rates reflect a dramatic improvement during this period, which sets Maldives — a medium human development country — apart from the other three cases. Nevertheless, Maldives faces extreme environmental fragility, which makes its situation germane to that of many poor African countries. Its fragility stems from a number of attributes associated with the country's peculiar geography: small size, insularity, dispersed population and extreme paucity of land-based natural resources.

Maldives is an archipelago encompassing 26 atolls and 1190 islands, of which some 200 are inhabited. One third of the islands have less than 500 inhabitants, and only 33 are larger than one square kilometre. Not surprisingly, many areas remain under-serviced and have seen little improvement in their quality of life despite sustained economic growth. The government, therefore, is concerned that the benefits of growth have not spread evenly throughout the country, leaving its most remote and vulnerable communities further behind. In edition, erosion and global warming threaten this low-lying country, 80 per cent of whose area is one metre or less above sea level.

These conditions have given rise to various attempts to implement policies of balanced regional development over the years. Nonetheless, lack of reliable, spatially disaggregated data has time and again hampered the initiatives of successive governments. Responding to this situation, UNDP correctly identified the need for a new study as a critical entry point for policy. Thus, the *Maldives Vulnerability and Poverty Assessment* (VPA) was born.

Stimulating poverty research and policy

In every country, UNDP financed analytical work that addressed key current or emerging policy challenges: arresting the rise of urban poverty (Lesotho), promoting sustainable livelihoods (Zambia), redressing regional imbalances (Maldives), and empowering the poor through decentralised governance (Uganda). With varying success, this work helped inform policy-making and led to concrete plans and programmes whose implementation is now in progress.

UNDP financed two specific components of Uganda's Participatory Poverty Assessment project. Government officials, representatives from non-governmental organisations (NGOs) and academics were sent on a study tour to derive lessons from the Tanzania Participatory Poverty Assessment (PPA), which the World Bank had sponsored a few years earlier and was widely regarded as a model for exercises of this kind. The visit to Tanzania, however, revealed many shortcomings in the design of that country's PPA. The government, it was felt, was not utilising the results of the study for policy purposes. Furthermore, the poverty assessments failed to generate much public awareness beyond the small circle of government officials and researchers who had been involved in the project. The exposure Ugandan officials gained from the Tanzanian experience had a major impact on the institutional design of UPPAP, tilting the balance in favour of locating the project within the powerful Ministry of Finance, Planning and Economic Development. This decision turned out to be a crucial factor that facilitated the translation of UPPAP research results into policy design, particularly in the revision of Uganda's anti-poverty plan that the government began in February 2000.

In addition to the study tour, UNDP financed a series of dissemination activities aimed at validating the results of the district poverty assessments and enriching the PEAP review process. PEAP documents were synthesised and translated into the five major vernacular languages, and consultative workshops were held throughout the country with extensive participation from civil society leaders, district authorities and donor representatives. The impact of these workshops can hardly be underestimated. Although poverty had been known to affect a vast proportion of the Ugandan population, particularly in the rural areas, the vivid portrayal of people's predicament through their own voices impacted policy discourse in an unexpected and dramatic manner. The results of the participatory district assessments fed directly into the re-design of PEAP — an outcome that was greatly facilitated by the adoption of a highly inclusive approach for the formulation of policy.

A second stream of activities sponsored by UNDP (jointly with UNICEF) focussed on public and aid financing of basic social services. A team of Ugandan specialists received assistance for a social sector expenditure review, which went beyond simply tracking central government's expenditures in primary health care and basic education to examine a sample of district budgets as well (Opio 1998). The analysis concluded that the government was devoting a substantial proportion of its discretionary spending to the provision of basic social services, and was therefore largely on track to meeting the expenditure targets set by the 20/20 Initiative. At the same time, the report found that the donor community was lagging in some sectors (see chapter 7, this volume).

Despite the relevance of social sector spending for poverty reduction, the impact of the expenditure review on policy was rather limited. The main reason seems related to the timing of the study, which took place when the government's medium-term expenditure planning process was well advanced. By the time the study was completed, the Ministry of Finance had already made its budgetary provisions, thereby precluding the possibility of integrating the results of the expenditure review into its mid-term planning framework.

The formulation of Zambia's NPRSF and NPRAP followed a similarly participatory approach as activities in Uganda. When the government solicited assistance from UNDP, a series of provincial poverty assessments were already under way, with support from the World Bank. By 1997, however, the exercise was complete in only three provinces. The government thought it necessary to expand the consultative process to all provinces. Consequently, provincial workshops took place throughout the country during 1998, culminating in a national workshop with all the country's relevant stakeholders.

The main outcome of the consultative process was the definition of five priority areas for the NPRSF. A second team of consultants was then commissioned to quantify the five priority programmes, identifying the steps and time-frame required to achieve the objectives set in the NPRSF. This exercise resulted in the first draft of the NPRAP, which was submitted to further consultations before a third team of consultants, together with an advisory committee drawn from government and civil society, completed the final draft. The three teams of local consultants used in preparing the NPRSF and NPRAP reported directly to the Ministry of Community Development, given its mandate for coordinating all poverty-reduction work.

As in Uganda, UNDP also financed a social sector expenditure review to examine the share of the government budget and aid programmes spent on the provision of basic services in health, education, nutrition, water and sanitation (Zambia 1998a). A team of local experts carried out the analysis, led by a former Permanent Secretary of Finance. The finding that Zambia was spending a high proportion of its budget on the social sectors (between 25 and 30 per cent), but approximately only 7 per cent on basic services, suggested that the government was not devoting enough of its resources to those areas that benefit poor people most.

Indeed, improving the delivery of primary health care and basic education became key priorities in the interim PRSP the government presented to the Boards of the IMF and the World Bank in mid-2000. Despite increasing attention to those sectors, there remain serious gaps that prevent a systematic monitoring of expenditures on basic social service provision. The Ministry of Finance, for instance, felt the need for establishing a proper database for tracking expenditures from the central down to the provincial level. The same need arises on the donor side because of inadequate coordination amongst donors.

In contrast to Uganda and Zambia, PSI activities in Lesotho failed to link with ongoing policy initiatives, thereby missing an opportunity to assist the government in implementing more rational urban planning. The *Urban Poverty Assessment* began with an extensive review of the available research on poverty, including the three World Bank studies conducted during the 1990s. A questionnaire survey supplemented the literature review. To secure ownership by the government, the team of national and international consultants in charge of the UPA study sought to involve the ministries and departments concerned with urban planning. These were the Ministry of Economic Planning and the Ministry of Local Government, which acted as the project's implementing agency. The study was completed in three months and presented at a workshop convened to evaluate its recommendations. Surprisingly, however, the final report was never formally submitted to the government, which generated a sense of deep frustration among government officials who felt the UPA could have fed into several ongoing planning exercises.

One can only speculate about the reasons why the UPA study was not submitted formally to the authorities. The study clearly addressed an issue of rising concern for the country, which was given added urgency by the events of 1998. Nonetheless, the initiative had not come from the government, but rather from UNDP itself. Changes at the helm of the UNDP office shortly after the final draft was completed may have thus played a role in halting a dialogue that had barely started.

It is also possible that the criticisms levelled at the draft report persuaded UNDP to cancel the project altogether. Workshop participants and other government officials questioned the usefulness of the report. Its recommendations were considered too general for policy action — or, in some cases, too contentious. The report was said to contain serious gaps, focussing only on lowland urban poverty to the neglect of other equally important issues like the urban informal sector or urban agriculture. There was no information on land markets, nor an assessment of the existing policy framework for urban planning. These and other issues raised during the workshop still have not been resolved, and remain a point of contention within the country.

A debate on a new Local Government Act was taking place at the time of the study. The latter could have fed into this process and strengthened it by providing analyses to facilitate the process of establishing local authorities. It seems, however, that the UPA project was unable to develop strong linkages with some key departments such as Local Government and Housing, or with a central coordinating ministry with a mandate for anti-poverty policy. In light of this, UNDP may have deemed it inconvenient to release the urban poverty assessment while the debate on the Local Government Act was taking place. Whatever the reason, the UPA project evidently failed to forge close linkages with existing policy processes or a strategic alliance with some key government entity. In both respects, Lesotho differs from the other, more successful cases reviewed in the chapter.

The contrast with Maldives is especially marked. Here, too, the initiative for the PSI project came largely from UNDP. Due to the almost complete lack of indigenous research capacity, the design of the VPA report was entrusted to a team of international consultants. After a false start using a regional research agency, UNDP appointed a team of experts from the Netherlands who, as in Zambia, reported to a steering committee comprising government as well as UNDP representatives. Local experts, some of whom were in government service, participated at various points of the study as well.

The VPA team took special care in adapting the concepts and methodology used in the study to local conditions. In a country in which communities are widely dispersed over an area 820 km. long and where seasonal shocks can curtail people's livelihoods, conventional notions of poverty provide a poor instrument for policy. Consequently, the study used the concept of *vulnerability* as the starting-point and collected both quantitative and qualitative data for deriving 12 living standard dimensions which, when combined, would result in a synthetic measure of deprivation — the Human Vulnerability Index (HVI) (chapter 2, this volume).

The project began with a lengthy fieldwork procedure, with primary data collection on all inhabited islands of Maldives — making the VPA survey the most comprehensive one ever undertaken in the country, both in terms of geographical coverage and analytical scope. Apart from estimating 12 scalar indices and the HVI at the island and atoll level, the VPA introduced several other methodological innovations. Particularly noteworthy was the use of the opinions of islanders, Women's and Development Committees, and Island Chiefs to assign priority weights for the 12 deprivation indices of the overall HVI. The end result of the exercise was the publication of the VPA report (Maldives 1998), which was accompanied by an electronic database and an atlas of a wide range of indicators of needs and resources covering the country as a whole and each of its constituent atolls.

Capacity development

With the exception of Lesotho, where non-delivery of the *Urban Poverty Assessment* thwarted its potential impact, all PSI activities helped enhance indigenous capacities for policy planning and implementation in varying degrees. Capacity development was certainly not a key goal of the PSI projects — and it would not have been realistic to expect a major impact with such limited funds. Still, government officials and, in some cases, non-governmental actors, have gained a better understanding of poverty and are now better equipped for designing and implementing actions addressed to the poor — or to face complicated negotiations with donors and lenders.

UNDP engagement in Zambia initially aimed to support the Department of Population in Development of the Finance Ministry, which had received a mandate from the cabinet to assist other government departments with preparing action plans against poverty within their respective jurisdictions. The Department was also required to assist the provinces in the preparation of their own development plans. However, UNDP was forced to change tactics following a presidential decree of 1997 that switched this responsibility to the Ministry of Community Development (MCDSS). As MCDSS was ill-equipped to perform its new coordinating function, UNDP proposed a project to strengthen its capacities for anti-poverty planning and monitoring. Nonetheless, the project did not begin in anticipation that the coordinating role might shift back to the Ministry of Finance. Indeed, over the course of implementing the PSI project, the likelihood that MCDSS would retain its mandate to coordinate the NPRAP became increasingly dubious.

Despite this uncertainty, there was a broad consensus that the NPRAP design process had impacted the work of government officials. It contributed first and foremost towards a redefining of pro-poor policies, as reflected in the budget for the year 2000. Officials from the Ministry of Finance and MCDSS stressed that the NPRAP process helped them understand the distinction between the *reduction* and the *alleviation* of poverty. The main challenge for public policy was thus recast in terms of *who should be entitled to welfare assistance as opposed to receiving investment resources for productive endeavours*. Identifying the optimal mix of loans and grants became central, recognising that there is a threshold below which people cannot repay loans.

The NPRAP process also compelled other government departments to direct attention to poverty issues. The Department of Trade and Industry, for example, became aware about the poverty-reducing effect of the micro-enterprise sector. Ministries like Agriculture, which already knew about the relevance of their own work for poverty reduction, suddenly became aware of the role of other government departments. All in all, PSI activities succeeded in strengthening the resolve of Zambian authorities to find a solution to the poverty problem.

No such capacity-building impact resulted from the PSI project in Uganda, where a high level of skills already existed within the Ministry of Finance. Barring some training provided by the Institute for Development Studies, Sussex (UK), UPPAP relied entirely on local expertise. Instead of using external consultants, Oxfam recruited contract staff and placed it in the Ministry of Finance so as to facilitate its full involvement in the management of the project. This decision, it was hoped, would also facilitate the absorption of UPPAP findings into the government's decision-making process. It is worth noting, however, that the institutional design of UPPAP, specifically its location within the Ministry of Finance, was informed by the study tour that exposed Ugandans to the shortcomings of another country's experience (Tanzania). From this point of view, the study tour sponsored by UNDP can certainly be described as an important capacity development exercise in itself.

The UPPAP exercise had a more tangible capacity-building impact at the local level. The dissemination of the government's anti-poverty action plan and the participatory assessments empowered through community-level workshops empowered local actors to participate in the PEAP review process more effectively. The workshops also helped to strengthen district capacities for participatory poverty assessment and planning, contributing, for example, to the preparation of Community Action Plans based on the PEAP. During the next phase of UPPAP, UNDP envisages continued support to strengthening the capacities of district authorities and non-governmental organisations for poverty-focussed participatory planning and monitoring.

Maldives represents the most prominent example of capacity-building. Apart from the obvious skills acquired by the staff recruited for the VPA survey (school leavers), government officials in various departments clearly benefited from the exercise. The location of members of the research team within the statistical service of government was critical. Senior officials from the Planning Ministry were directly involved in the design and logistics of the study, while officials from the Ministry of Finance were also drawn into it and shared responsibility for the management of the project. Thus, even though the team of foreign experts undertook the bulk of the analysis, some transfer of skills occurred. Regular and extensive consultations between the project team and government authorities greatly facilitated this outcome.

Government planners are now better equipped to use disaggregated socio-economic data in support of policies seeking to redress regional imbalances — and to defend those policies against the reservations of other ministries. Data on the precise extent and distribution of vulnerability in the atolls were not available before the publication of the VPA. By providing an accurate picture of the enormous variability and segmentation between atolls and islands, the VPA has led to the realisation that geography is one of the principal determinants of poverty and vulnerability in the country. Extreme dispersal of population makes service delivery and transportation difficult, both in terms of cost and reliability. As a result, some communities are acutely vulnerable to livelihood shocks and unexpected events such as illness, especially those associated with childbirth. Difficulty in accessing information concerning markets and government services further compounds the isolation of many communities, constituting another important barrier to poverty reduction.

The VPA has provided a sizeable body of information on many aspects of human development. Used properly, information on government inputs could be linked to data on outputs and measurable outcomes so as to assess the effectiveness of government programmes. This would provide the authorities with a useful planning tool for future interventions. Already, the Health Ministry is revisiting its data gathering methods in order to improve the calculation of infant mortality rates. Some NGOs, in turn, are relying on VPA data for project identification. Both are a direct outcome of the VPA exercise, and a clear indication of its capacity-building impact.

Data-gathering and processing seem to be the highest priority for future skills development in all these countries. These skills remain in drastic short supply, despite relatively adequate levels of capacity in Zambia and Uganda. The adoption of a programme approach to poverty reduction will make the task of monitoring results even more challenging, since the data requirements are likely to be far more extensive than those required to assess specific projects. Countries such as Uganda and Zambia, both of which are engaged in a PRSP process, already face this problem. There are expectations that UNDP, as well as other UN agencies, will assist them in the complex task of monitoring the performance of their poverty-reduction plans.

Consultations and ownership

One of the salient features of PSI activities was their direct engagement with national processes of policy formation, particularly in Uganda, Maldives and Zambia. This engagement required flexibility on the part of the funding agency (UNDP), an emphasis on process as opposed to focussing simply on the delivery of outputs, and a willingness to consult, generate commitment and broker consensus among a wide variety of actors.

Despite the problems mentioned earlier, even Lesotho's *Urban Poverty Assessment* managed to bring issues hitherto neglected to the attention of policy-makers. Government officials admitted that urban poverty and planning had not received much attention until the UPA study, despite Lesotho's rapid urbanisation and the growing internal migration stemming from the absence of economic opportunities in rural and mountainous areas of the country. The study did contain many analytical findings, but was short on policy recommendations (chapter 4, this volume).

Part of the reason for the lack of specificity of the UPA seems related to the extremely short period for completing it — just three months. Some government officials associated the project's tight time-frame with its reliance on foreign expertise, which was only available for a limited period. This, in turn, constrained the opportunities for skill transfer, as well as for developing close linkages with key government entities or processing the abundant information that had been collected by the local researchers. The inability of the project team to respond to comments made at the workshop in which UPA findings were presented only compounded those problems.

Indeed, representatives from government, civil society and the research community went as far as questioning the notion that a consultant — or, for that matter, a donor agency — with no local presence could build local capacity — a notion they equated with the practice of top-down planning. Even when foreign experts are highly qualified, their knowledge of local conditions may be inadequate to ensure a correct identification and analysis of country problems. External agents, furthermore, often lack the sensitivity required to negotiate policy changes.

The combination of an inflexible deadline, weak linkages with local actors and lack of responsiveness resulted in the project's demise. The government has largely overlooked the study, whose findings have not been disseminated even though the issue of urban poverty has since been placed on the government's policy agenda. Many people now recognise that Lesotho may face a narrow window of opportunity for a rational urbanisation process, provided it is properly planned and implemented. The challenge is managing urban growth in the face of high unemployment and limited opportunities in rural areas.

Ironically, the urban poverty assessment could therefore still have an impact on policy-making. Government officials in the planning departments recognise the need to fill important gaps in their understanding of urban development issues. They are eager to review a simple list of policy recommendations drawing from international best practices on urban planning and management. Indeed, the Irish government agreed in 1998 to update the poverty mapping exercise in light of the recent changes in Lesotho's poverty profile, in particular the rising tide of urban poverty. UNICEF, in turn, decided to provide additional funding for the study so as to obtain health information, while the World Bank is contributing towards an education component. The World Health Organisation (WHO), DfID and UNDP also joined the new initiative. This suggests that if the UPA project had been better implemented, it could have been a very timely and policy-relevant intervention.

This was the case in Maldives, where the *Vulnerability and Poverty Assessment* has become a key document in planning exercises. Understanding the determining influence of geography on poverty and vulnerability has had a major impact on government policy. The spatial information contained in the VPA has proven extremely useful for the implementation of the settlement consolidation policy, which seeks to encourage the movement of people from remote, sparsely populated and under-serviced islands to nearby islands with higher levels of service. The study also dovetailed with pre-existing efforts to establish an integrated regional database that would collect statistics from all islands for purposes of policy formulation. While the physical data already existed, the VPA has now provided the socio-economic data necessary for planning.[2] This information, moreover, has become the backbone of a UN common database and is integrated into the development information system of UNICEF.

Since Maldives has no parliamentary standing committee in charge of debating poverty issues, the VPA report was presented to the Cabinet for discussion several times. This was a critical factor not only for overcoming official resistance to some VPA results that diverged from existing official statistics, but also for building a strong sense of ownership among government authorities. There are several indications of the importance the latter attach to the vulnerability study. For one thing, the government distributes the VPA to external agencies as representing the most accurate depiction of the current situation in Maldives. For another, it has successfully used the VPA in international negotiations to make its case that Maldives should retain Least Developed Country (LDC) status. These negotiations took place in Geneva during the Round Table Meeting (RTM) on LDC graduation in 1999. The VPA equipped government representatives with data to demonstrate that income levels in Maldives were far lower than the figures published by the World Bank — and that the country's main problem, at any rate, was not absolute poverty, but rather extreme vulnerability.

PSI results have similarly equipped the governments of Uganda and Zambia to negotiate with their donors on a reasonably solid footing, in this case for the preparation of the PRSP. In both cases, the national anti-poverty plans that UNDP helped design (Uganda's PEAP and Zambia's NPRAP) served as the basis for discussions with the Bretton Woods institutions.

In February 2000, the Ugandan authorities set out to review the country's poverty plan based on an assessment of the activities funded by UPPAP. To assist this process, UNDP decided to sponsor a series of consultative workshops so as to provide a forum for debating the existing anti-poverty plan as well as the findings from the district poverty assessments. District-level administrators and NGOs were drawn into these workshops, thereby contributing to broad ownership of the policy formation process beyond the limited confines of the government. Indeed, the emphasis placed on consultation appears to be an important feature of Uganda's approach to development planning, and has generated a sense of commitment among a wide range of national actors.

This sense of commitment and ownership was also fostered by the extensive and close collaboration between the UPPAP team and decision-makers in government, particularly in the Ministry of Finance, Planning and Economic Development. The Ministry commissioned the studies and was integrally involved in managing the project, whose results were utilised for the revision of PEAP.[3]

Both factors — government's involvement in the driver's seat and the intensely consultative nature of the PEAP review process — empowered Ugandan officials to negotiate with IMF and the World Bank the early approval of Uganda's qualification for debt relief under HIPC. From the beginning, Finance officials were very assertive in their views concerning the negotiations for HIPC status. PEAP was presented to the donor community as Uganda's poverty plan, implying that the PRSP requirement had already been met. Government authorities therefore expected donors to prepare their aid programmes using PEAP as their planning framework. Support outside the official poverty reduction plan would be discouraged.

Zambia, too, had been in negotiations with IMF to qualify for HIPC status. As in Uganda, the NPRAP was regarded as satisfying the requirements for HIPC, a view that the World Bank seemed willing to consider even though it had not been involved in its formulation and had some reservations about its quality. Of particular concern to Bank officials was the fact that the NPRAP budget was twice the country's gross domestic product (GDP). Other donors were equally critical, arguing that both the NPRSF and NPRAP could have been better conceived if there had been more extensive consultations with Zambia's development partners.

Unlike the government, which saw the NPRAP as the programme against which it would judge itself, opinions among NGOs differed. Some were generally positive about the extensive consultations that had taken place through the provincial workshops, which gave them an opportunity to review various drafts of the NPRAP as it was being developed. Other NGOs, however, did not share the same sense of ownership. They criticised the limited role of civil society in the steering committee that prepared the national plan. Some also felt that the document produced by the government simply reviewed well-known poverty trends in Zambia, but fell short on analysing policy priorities and budgeting procedures — both of which could have empowered NGOs to prepare advocacy programmes and identify their comparative advantages in the implementation of specific activities. These gaps were widely regarded as a potential constraint for NPRAP implementation, notably for the independent monitoring and evaluation of government actions by civil society.

Despite these reservations, the Zambian government planned to use the NPRAP to justify its request for IMF assistance. The plan's emphasis on health and education was in line with IMF and World Bank's recommendations, paving the way for using it as the foundation for the PRSP. The challenge for the government, therefore, was to integrate the NPRAP with the HIPC process, and identify concrete benchmarks for monitoring progress in reducing poverty.

Intra-government relations and policy coordination

The notion of government ownership presupposes a unity of purpose binding together the multiple branches that make up a government behind common policy goals. If this depiction were accurate, the only concern for donor organisations would be to finance work of the best possible technical quality. Its translation into policy should pose no serious problem, as long as some government agency takes ownership of such work. Evidence from our country cases, however, reveals that competing, sometimes even opposing, interests tend to permeate the government machinery of many countries. Such competition often complicates policy formation and coordination; it also implies that ownership by one branch of government does not guarantee ownership or even commitment from others.

Nowhere has this been more apparent than in Zambia, where frequent shifts in mandate between the Ministries of Finance and of Community Development have affected their ability to coordinate anti-poverty policy. Presidential decree, party politics, international agencies and personalities have all played a role. Changing opinions about the capacity of the Finance Ministry to coordinate poverty reduction activities led to the closure and subsequent re-establishment of a directorate of national planning within its jurisdiction. From 1995 to 1997, this unit was responsible for assisting other government departments as well as provincial authorities with the preparation of development action plans focussing on poverty. In 1997, however, this mandate was transferred to MCDSS. Despite UNDP efforts to strengthen the coordination capacity of this ministry, Zambian NGOs, other government departments and many donors doubted that it had sufficient clout to perform this task effectively.

As a result, the future location of the poverty coordination role remained uncertain even as the NPRAP was being prepared. There was a widespread expectation that the coordination function would shift back to the Ministry of Finance — an expectation that became reinforced once the PRSP process began. World Bank and IMF staff have insisted on a strong leadership role by finance ministries, and this view was shared by many Zambian authorities who expected the NPRAP to filter to all sectors instead of remaining as a stand-alone programme of one ministry. Officials in both Finance and MCDSS acknowledged the existence of a grey area in terms of policy coordination.

This lack of coordination became evident during the process of preparing the NPRAP itself. Relying on a large research team and extensive district level consultation produced an unwieldy document with little direct policy relevance. MCDSS recruited a second team of consultants to synthesise the original draft, which was then re-worked by a third team that was charged with the preparation of an action plan for implementation. Estimates of the cost of implementing NPRAP were far in excess of the country's GDP, which provoked a negative response from the donor community. Perhaps a more conventional approach like a Medium-Term Expenditure Framework led by the Finance Ministry would have resulted in a more realistic budget for the government plan.

Problems of intra-government coordination were also present in Lesotho and Maldives. In Lesotho, these problems were exacerbated by the ongoing debate on a new Local Government Act, which brought to the fore the question of coordinating urban management policy. While some departments were interested in extending the urban poverty assessment to three other cities and developing an action plan to implement its recommendations, the Ministry of Local Government felt that it had not been properly consulted and halted the process. UNDP was unable to broker an agreement between opposing views within government. Because the UPA team had failed to forge a strategic alliance with some key local actor, it was in no position to influence the outcome of this argument.

By contrast, UNDP managed to overcome the resistance of some government entities to findings from the vulnerability assessment carried out in Maldives. From the outset, some ministries like Health and Education were reluctant to engage in a new study on the ground that good baseline surveys were already available in the country. UNDP was able to persuade them that however well done, those surveys were not being used for policy formation. Eventually the Planning Ministry took the lead and assumed responsibility for the VPA survey.

Once the survey was completed, it took a long time before the government approved it. Some of its findings departed from official statistics, in particular infant mortality rates and unemployment figures. By relying on different survey instruments and indicators, the VPA was actually questioning the data-collection procedures used by other ministries, which made the sponsoring Ministry of Planning quite unpopular. Nonetheless, staff from the Planning Ministry was willing to confront these issues and respond to the concerns of others. The VPA team itself played a crucial role in brokering agreements between the various parties, explaining at length the assumptions of the study, allowing these assumptions to be tested, and identifying areas for further investigation.

As a result, at least some of the sectoral departments came to accept the results of the study and even began to re-evaluate their own data. The Ministry of Health, in particular, acknowledged the need to revisit the country's Vital Registration System so as to improve the calculation of infant mortality rates, which it is now doing with technical assistance from WHO.

The UPPAP project of Uganda represents the most successful case of institutional collaboration. The close partnership between the Ministry of Finance, Planning and Economic Development and an NGO (Oxfam), which was grounded on an underlying collaboration between DfID, UNDP and the government, worked to the advantage of all parties involved. Government officials strongly supported the UPPAP model — as did donors, who welcomed the willingness of the Finance Ministry to engage in this new form of institutional partnership.

Finance officials involved other ministries and government agencies, as well as civil society and other development partners extensively during the revision of PEAP. The location of UPPAP within a key government agency also facilitated the translation of the 'voices' of poor people into policy discourse. UPPAP results were used, for instance, in the formulation of the Plan for the Modernisation of Agriculture. At the same time, Finance officials were concerned about the lack of medium-term planning and budgeting at the district level, where capacities for policy design and implementation are extremely inadequate. This highlights the need to examine intra-government dynamics not only at the central level — that is, between line ministries with specific sectoral mandates — but also at different levels of government. As countries move towards a more decentralised governance structure, the focus of capacity-building programmes will need to extend beyond the capital city.

Lessons

Our review clearly shows that PSI activities have had a far greater impact than their limited funds would suggest. They introduced new themes into public discourse, like vulnerability in Maldives and decentralised governance in Uganda. They strengthened indigenous capacity for poverty analysis and the development of policy for its reduction. They also reinforced ongoing national policy initiatives, increasing the leverage of certain key ministries and enabling countries to engage more strategically in negotiations with international donors and lenders.

The vulnerability assessment of Maldives equipped the government with data for developing its settlement consolidation policy and for making a successful case before the donor community against LDC graduation. In Zambia as well as Uganda, UNDP assisted in the review or development of national anti-poverty plans, thereby equipping the respective governments with a policy instrument that they could present to the IMF and World Bank in the context of HIPC and PRSP negotiations. Even in Lesotho, the assessment sponsored by UNDP led to a revisiting of the issue of urban poverty, raising the awareness of policy-makers about the need for a rational urban management process. Lesotho's experience can best be described as a missed opportunity. Had the study on urban poverty been completed and submitted to the government, it could have greatly assisted in forming policy for an emerging problem for the country.

Successful outcomes depend on a number of factors that, to a lesser or greater degree, were present in Uganda, Zambia and Maldives. Their absence in Lesotho, on the other hand, may help explain the limited impact of the urban poverty assessment there. While these factors were specific to each of the four cases covered in the chapter, they may also be relevant to other countries embarking upon the definition of pro-poor policy.

Ownership

It is commonly acknowledged that local ownership of poverty analyses and policies is a fundamental component of sustainability. This notion of ownership is normally premised on extensive involvement of local actors in:

- Identifying the issues to be investigated;
- Designing the terms of reference and managing the project;
- Selecting the consultants or institutions that will be involved;
- Feeding into the project results and disseminating them.

The mechanisms used to develop local ownership were similar in all four countries. They involved workshops, the creation of steering committees with broad participation, and the circulation of information and draft reports for comments and validation. Workshops in particular were widely used as consensus-building and feedback mechanisms, which contributed to the refining of documents and to instilling a sense of commitment from a variety of actors. The iterative process followed in Uganda and Zambia — whereby a policy document is developed and reviewed at both the central and local levels — seems to offer a viable alternative to top-down planning.

However, workshops *per se* are no guarantee of ownership. Failure to translate workshop recommendations into policy undermined government ownership in Lesotho. If participation is perceived as merely instrumental or symbolic, as was the case with some Zambian NGOs, commitment to the process will also erode.

Perceptions of civil society must therefore be incorporated into the policy process, especially as governments increasingly turn to civil society organisations as development partners because of their role as delivery agents, as well as brokers and advocates for poverty reduction.

Strategic alliances

The experience of Maldives reveals that local identification of issues to be examined actually need not be a *necessary* condition for ownership. It was UNDP, and not the government, that first raised the need for a new study to inform the country's settlement consolidation policy. The government concurred, though only over the resistance of important ministries that questioned the need for such a study. UNDP also selected the research team and managed the project. The critical success factor in Maldives was the formation of a strategic alliance with key governmental actors who were willing to assume full responsibility for the project's outcome. Foremost among these was the Ministry of Planning, which needed data to support its policy of balanced regional development. High-level officials from the Finance Ministry and the statistical agency threw their weight behind the initiative, pulling in other actors along the way.

This underlies the relevance of understanding intra-government dynamics, which challenges the misleading notion of government as a unified whole endowed with a common purpose. Governments are often composed of a series of vested interests that operate neither neutrally nor unanimously. Competition and jurisdictional concerns may pit certain agencies against others, undermining the prospects for shared ownership. Indeed, intra-government dynamics emerged as a critical factor conditioning the success of PSI initiatives in all countries. PSI activities themselves were often used to enhance the position of some ministries *vis-à-vis* others.

To minimise the chances of a policy stalemate, strategic alliances should ideally be formed with an agency that commands the authority and leverage necessary for influencing and coordinating policy-making. Ministries of finance or development planning often seem best placed to perform these functions — and they offered the best entry points for PSI activities in Uganda and Maldives. Such ministries constitute a critical link in the governance chain that goes from political authority to local implementation, which may facilitate the formation of broad partnerships within government as well as between governments and other actors in civil society or the donor community.

This requires better knowledge of what might be called the 'tactics of coordination' — that is, the mechanisms through which a coordinating ministry with no direct responsibility for specific programmes can ensure optimal impact through the best use of limited public resources. The need for such coordination is not exclusive to governments. Donors must also coordinate their actions — a role that UNDP is called upon to play in most countries.

A strategic alliance with government agencies for developing anti-poverty policy must be premised on several factors:

- Government departments and other institutions traditionally involved in poverty reduction must shift from a notion of welfare assistance to one that emphasises livelihoods support and enhancement of capabilities.
- Donors must shed many of their conventional practices and procedures, which include inflexible financial cycles, *ex-ante* planning and centralised decision-making, adopting instead an approach based on shared learning, flexible funding programmes, *ex-post* accountability and partnered decision-making.
- Local stakeholders in civil society must go beyond their traditional functions of advocacy and brokerage, and see themselves as partners with a shared responsibility for the success of well-intentioned policy initiatives.
- Government agencies, in turn, must demonstrate a concomitant willingness to share information and decision making so as make partnerships effective.

If the lead government agency is a finance ministry in charge of budgetary regulation, it will have to transcend conventional notions of poverty reduction as the outcome of trickle-down effects, supplemented by handouts for those unable to participate in market activities. Recognising the positive contribution of poverty reduction to economic growth will require capacity development within finance ministries so as to make them more sensitive to poverty issues.

Capacity development

Globalisation has not simply brought about a movement of finance and commodities, but also knowledge. Even in poor developing countries, local experts are often in touch with recent thinking about poverty, and the technical capacity to undertake poverty analysis already exists. However, the resource-constrained environment of these countries may contribute to a fragmentation of technical services, as well as an absence of a critical institutional mass necessary to complete large bodies of work. International donors are therefore called upon to supplement or strengthen indigenous capacities — but not to substitute for them.

Consequently, the manner in which international experts interact with national researchers or institutions is of paramount importance. The short-term nature of consultancy work frequently conflicts with the long-term character of policy change. Foreign consultants may not be at hand for resolving arguments and brokering consensus among local actors; technical support may become staggered where it should be continuous; and the local absorption of technical inputs for the redesign of policy may suffer accordingly.

Nationals from many countries question the principle that an outside agency can build local capacities without engaging with local processes — and strengthening their own capacity along the way. Locating foreign experts within a key agency certainly facilitates the transfer of skills to locals. It may also facilitate the formation of alliances that could bring a policy initiative to a successful conclusion. A genuine partnership, however, requires more than a transfer of skills from one party to another. It must be premised upon a balanced relationship between both parties. Important though skill transfer may be, many countries expect donor engagement to take the form of shared learning between national and foreign actors. Achieving a balance in knowledge and influence reflects a spirit of shared responsibility for developmental outcomes.

National processes

Donor-funded policy initiatives have a greater chance of success when they are embedded in ongoing, nationally driven processes. Such initiatives tend to fit more easily into the country time-cycle in terms of budgetary and policy sequencing. It has to be recognised, however, that in-country timing decisions are themselves affected by the international development agenda, as the current concern with fulfilling HIPC requirements demonstrates. Nonetheless, donor funding cycles can bring in an unwelcome rigidity and undermine local ownership and sustainability.

Collaboration among donors is critical because of potential synergies and benefits from scale. The participation of various donors in a country-led initiative may also provide some form of independent monitoring function for the activities of one another. A coordinating agency with sufficient clout within the donor constituency is necessary, preferably one with country presence and access to national decision-making circles. If other donors perceive the coordinating agency as weak, they may not acknowledge its coordination function. This applies to the bilateral organisations as well. While Irish Aid seemed to be especially influential in Lesotho and DfID in Uganda, it was less certain which agency was playing a lead role in Zambia.

More generally, donors need to set realistic expectations about the possible impact of their initiatives on policy change. Countries are increasingly assertive about their own development strategies. They engage directly with their international donors in events like Round Tables or Consultative Groups, in which they use those strategies as a tool for mobilising aid. A flexible funding instrument like the PSI seems well-suited to further encourage this positive trend. ■

Notes

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[1] The country missions took place from 17-19 January 2000 (Lesotho), 30 January-4 February (Maldives), 7-9 February 2000 (Zambia) and 14-16 February 2000 (Uganda). The information used in the chapter derives from various documents and interviews with UNDP staff, senior and local government officials, representatives from non-governmental organisations, and local and international consultants in each of the four countries.

[2] Given the huge volume of information gathered during the VPA exercise, only ten per cent of the data has been analysed so far. Moreover, the report stressed the need for further analysis of the data that were collected. Officials from the planning department are already considering updating the VPA. This update is particularly important because of the sensitivity of many of the indicators used in the report and the possibility that the inter-atoll vulnerability ranking may have changed since its publication. The incorporation of data from the forthcoming census into the VPA database could provide a viable option for easily updating the information.

[3] This was not the case with the other activity sponsored by UNDP (the review of social sector expenditures), which seems to have generated less local ownership and, therefore, has had a more limited impact on policy. The need for the review was identified externally, and its timing conspired against the possibility of feeding its findings into the preparation of the government's Medium-Term Expenditure Framework (MTEF).