



UNITED NATIONS DEVELOPMENT GROUP

GUIDANCE NOTE

UN COUNTRY TEAM ENGAGEMENT IN PRSPs

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1. Introduction

1.1 This Guidance Note (GN) on Poverty Reduction Strategy Papers (PRSPs), intended to support the participation of the United Nations Country Team (UNCT) in its engagement in Poverty Reduction Strategies and Poverty Reduction Strategy papers, updates the earlier UNDG Guidance Note on this topic of 20 February 2002. It reaffirms the central and growing importance of PRSPs in national development, and international cooperation and partnerships. It may be referred to in conjunction with the UNDG paper on the *Assessment of the Role and Experiences of UN Agencies in PRSPs* datedand which is posted on the UNDG website. Reference is also made to following documents, i.e. Guidelines for UN Country teams preparing a CCA and UNDAF, Country Reporting on the Millennium Development Goals: Second Guidance Note October 2003 and the Joint Letter from ExCom Heads on Harmonization.

1.2 The PRSP began as a tool for debt relief, but is increasingly being considered as a common vehicle through which (i) countries develop and express their nationally owned poverty-reduction strategies and policies, (ii) the Bretton Woods Institutions identify lending requirements and appropriate policy environments and (iii) the donor community and the UN system align and coordinate assistance strategies and budgets for poverty reduction at the national level.

1.3 This revised GN was prepared by the UNDG Working Group on PRSPs. It takes into account, *inter alia*, an assessment of UNDG participation in PRSPs, previous experiences of the UNCTs in the PRSP process obtained from interviews with a small sample of Resident Coordinators, information regarding the comparison of programming cycles (national planning, PRSP and UNDAF cycles), and from reviews of the PRSPs that have been carried out so far. It recognises that UN engagement must shift to take cognisance of the fact that for many countries the PRSP effectively becomes the national development plan.

1.4 The UN, through its Funds, Programmes and Specialised Agencies, has had a long presence in developing countries and has accumulated vast sector and cross-sectoral experience and knowledge about what works and what does not work in the development process. The strengths of the UN are in the areas of normative standards, policy advice, capacity building and advocacy, which can be shared with governments and other national partners working on their PRSPs. Therefore, enhanced involvement in the PRSP process effectively increases support to national development strategies for reducing poverty.

Purpose of UN Engagement

1.5 The imperative of UN engagement follows the highest priority being given by the international community to poverty reduction, and the role of PRSPs as a partnership-based approach to the challenge of reducing poverty. The importance of UN engagement is further underlined by recent decisions of the General Assembly and the Economic and Social Council that emphasise the importance of focussing PRSPs on the Millennium Declaration and the Millennium Development Goals (MDGs). In his recent report on the implementation of the Millennium declaration, the Secretary-General stated that ' the role of the ECOSOC – indeed

the role of the UN as a whole in economic and social affairs, and its relation to the Bretton Woods Institutions – needs to be re-thought and reinvigorated’. The UNDG hopes that this guidance note will indeed help in this process.

1.6 All UNCTs should actively participate in the PRSP process, where it exists, as a platform to advocate a more holistic human development approach linked to human rights. With poverty reduction now firmly at the centre and forefront of the UN’s normative and operational work, the PRSP process presents a unique opportunity of strategic importance for active engagement of the UN system. To take advantage of this opportunity, UNCTs need to advocate for the MDGs as the long-term goals of national development and international development cooperation. The PRSPs should then serve as short term plans of action for achieving them, including nationally owned cross-cutting issues.

1.7 UNCTs should ensure that the policy framework and interventions proposed in PRSPs contribute to achieving the MDGs and other aspects of the Millennium Declaration. The role of the business plans of the UN and other development partners can then be to focus on how specific agencies can best support the implementation of the PRSP, and help the country achieve and sustain the MDGs and other key commitments of the Millennium Declaration. Consecutive PRSPs become progressive steps along the path towards the MDGs.

1.8 The UNCT should actively participate in resource mobilisation as an important part of UN engagement in the PRSP process. First, additional resources, both domestic and external, will have to be found to finance the poverty reduction strategies outlined in the PRSP. While governments will have to identify resources from national budgets, civil society and private sector resources, the UN can play a part in mobilising financial and other kinds of resources from the international community. Second, where PRSPs contain MDG-related targets, the UN can promote the realisation of these by advocating the Global Partnership for Development [MDG 8] to help in increasing ODA, debt relief, removal of trade barriers and subsidies and technology transfers. Encouraging country support for innovative sources of funding such as the establishment of an International Finance Facility may also be appropriate.

2. Working in Partnership and Building Strategic Alliances in the PRSP Process

2.1 Formal UN participation in the PRSP process is not automatic, and the UNCT is encouraged to use, where appropriate, its influence, good will, knowledge, and programmatic presence in the country to build partnerships in order to contribute to and influence the PRSP. An entry point is through the MDGs and other commitments, goals and targets of the Millennium Declaration and international conferences, summits and conventions to which countries have committed or have adopted and the technical expertise and added value the different UN agencies have on different areas in poverty reduction. Other entry points are the United Nations experience with participatory approaches and the need for coordination of donors and international organizations.

2.2 Broad-based participation and national dialogue on priorities and strategies to address the multiple dimensions of poverty are crucial to the PRSP principle of national ownership. The extent to which participation increases national ownership will depend, *inter alia*, on the depth of participation and whether participation actually affects the strategies adopted for poverty reduction.

2.3 The UNCT can make a major contribution to enhancing participation through its advocacy efforts and by facilitating formal representation of the poor, including through existing mechanisms such as national civil society organisations, Parliament and national advisory councils. The UNCT has legitimacy, experience and multi-sectoral expertise for advocating for greater national dialogue and consultation on the causes of the different dimensions of poverty, and about policies and actions for increasing incomes and employment, improving education and health services and other means of empowering the poor.

2.4 **The United Nations Country Team:** The UNCT should work as a team rather than as a collection of UN agencies, taking advantage of the individual strengths of the agencies and the combined influence of the Resident Coordinator System. Where required, UNCTs should utilise additional national and regional experts in relevant technical areas to reinforce the capacity of the UN to assist in the preparation of the PRSP. UN country and regional staff have important opportunities through participation in and implementation of PRSPs. However, their technical capacity may need to be strengthened so they can play a more effective role in the PRSP process.

2.5 **The Bretton Woods Institutions:** In May 2003, a joint letter to UN Resident Coordinators and WB Country Directors from Shengman Zhang, Managing Director of the World Bank, and Mark Malloch-Brown, Administrator of UNDP and Chair of the UNDG, emphasised the importance of partnership, complementary effort, and regular and frank consultation in support of poverty reduction. The joint statement, which is annexed, also clarifies the respective roles of the UN and the World Bank in providing support to the PRSP and MDG reporting processes, with the MDGs providing the overarching development objectives for the work of the UN and the World Bank.

2.6 The Resident Coordinator should ensure that the country representatives of the BWIs (who are full members of the UNCT) are invited to UNCT meetings, as well as to hold policy and programme dialogues that can take forward the work on poverty reduction strategy formulation and implementation. Further, the Resident Coordinator should try to strengthen collaboration with the BWIs so that the UNCT will be actively engaged in joint activities for poverty reduction.

2.7 The Resident Coordinator should, where required, clarify the division of tasks and responsibilities between the UN and the BWIs, and identify means of furthering collaboration. Areas for cooperation include policy dialogue, at all levels, partnerships in the provision of disaggregated data related to macroeconomic and sector policies, and social impact assessment of policy reform.

2.8 Another potential area for World Bank/UN discussion is the Poverty Reduction Support Credits (PRSCs) programme, which is a lending instrument of the World Bank, underpinned by the PRSP, negotiated between the Bank and the government. Discussion on the common poverty matrix could be an entry point for participation of the UN agencies, donors, and other stakeholders in this process.

2.9 **Planning/Finance and Line Ministries:** The UNCT should work to strengthen capacity of national stakeholders in order to ensure that the content of PRSPs includes strategies and policies that address the multiple dimensions of poverty. The quality of and ownership of the PRSP will increase from wider national participation beyond officials in the Planning and/or Finance ministries, such as line ministries and other stakeholders, in drafting the document.

Line ministry involvement in identifying and drafting pro-poor policies, programmes and interventions is critical for ensuring both the quality and national ownership of the PRSP.

2.10 The UNCT should advocate prioritization of those strategies, policies and programmes which most benefit the poor, including a balance between competing demands, especially that macro economic frameworks of planning/finance ministries do not constrain the sectoral development of national priorities, particularly in the budgeting process. Line ministries that implement sector strategies may need to be reminded that they have the authority that comes from being accountable for implementing strategies that contribute to the attainment of the wider priorities identified in the PRSPs, including country-specific MDG targets.

2.11 **Civil Society:** The UNCT should strive to build strategic alliances and partnerships with the full range of civil society actors to help ensure inclusion of its interests, particularly those of the poor, in the PRSP. Civil society is a vital partner in assisting communities to build their own solutions to development challenges, both in helping to ensure a multidimensional approach to poverty reduction and through active partnership in the implementation of strategies. The UN has wide experience in working in partnership with civil society, as well as credibility with national governments, and can therefore play an intermediary role in ensuring quality participation in the PRSP process. Faith-based organizations, vocational associations, youth representatives, trade unions and local, provincial and issue-based groups, for example, can make valuable contributions in articulating the needs of the poor and proposing policies for addressing them.

2.12 **Bilateral Donors:** The UNCT should be an active partner with the Government to ensure donor coordination and alignment in the PRSP process, as well as helping to make sure that the concerns of all sectors are taken into account in line with national priorities. One mechanism, which could be employed toward such coordination and alignment, is the SWAp. At the sector level, this is a useful approach for achieving policy coherence and effective collaboration in planning, including financial planning and budgeting, and implementation.

2.13 **Regional Organisations:** The UNCT should forge close links with regional entities, including Regional Commissions and regional development banks, as these institutions are major partners to countries within a region and have a strong information base on the economic and social situation of these countries. They also represent a source of external financial and technical resources.

3. Linkages between the MDGs, PRSP and CCA/UNDAF

3.1 The CCA and UNDAF bring the UN together at country level to support governments inter alia to achieve the MDGs. Both instruments provide a vehicle for the UN to dialogue jointly with government and other partners to identify how UN actions will support national efforts. They should be a strong incentive for the UNCT to work better together in all aspects of the programming cycle, and should demonstrate greater coherence, focus and results. National poverty reduction strategies are the main focus of the UNCT at the country level. The PRSP is the 'national roadmap' for reaching longer-term MDG targets through short/medium-term policy reforms and budget restructuring

3.2 The UNDG 2002 PRSP GN and the Joint UNDG-WB note of 5 May 2003 describe the linkages between the PRSPs and the CCA/UNDAF with the objectives being to achieve greater complementary, cooperation and non-duplication between the two processes. From country level feedback it is recognised that it has been a challenge to align the different instruments largely because of different time-lines, and positions in the programme cycle. In the ideal

situation, however, the CCA has fed into the PRSP process, which in turn has been the framework for the UNDAF.

3.3 The Resident Coordinator should try to get the agreement of the Government on early and better harmonisation of UN frameworks with the national planning cycle. The 2003 revisions to the CCA/UNDAF guidelines propose greater synchronisation whenever possible between the CCA and UNDAF, and the national development planning cycle, including the PRSP. With the CCA drawing on both national monitoring and analytical processes, and on international assessments, it should obviate the need for country assessments by individual agencies and other external partners as part of their preparations for country programmes.

3.4 The CCA can be used to provide valuable analytical inputs into the formulation of the PRSP, which can then be taken as a basis for developing the UNDAF, and vice versa in situations where the PRSP precedes the CCA. UNCTs may need to address issues of timing of the CCA/UNDAF cycle to ensure alignment with national planning cycles including the PRSP. In this respect, flexibility with respect to the UNDAF timeline so that it is aligned with the national planning cycle or the PRSP cycle, would be desirable.

3.5 In addition, if the sequence of work can be coordinated, the CCA can either contribute to, or benefit from, monitoring of progress towards the PRSP and MDGs, carried out through the MDGRs by the Government, the United Nations system and other partners. It would be highly desirable to streamline the reporting processes of the PRSP, MDGR and other frameworks from the view point of reducing transactions cost.

3.6 CCAs and UNDAFs are MDG driven and should support and complement the national poverty reduction Strategies/PRSPs. They should be set firmly in the national context, showing clear linkages with, and describe the relationship with the MDGR, PRSP or other national poverty reduction strategy.

3.7 Based on valid analysis, the UNDAF should result in agreement on a strategic and goal driven response of the UN system to country-led efforts to achieve the MDGs. The UNDAF should be derived *inter-alia* from the national poverty reduction strategy/PRSP and will be a contribution to implementing the strategies for reaching the MDGs, as reflected in the Poverty Reduction Strategy

4. Key Dimensions for UN Participation

4.1 The UNCT has a wide array of expertise that can contribute to the PRSP process and its content, along the different mandates of the agencies. The thematic interests will differ but all have an increasing alignment with poverty reduction, the Millennium Declaration, and the MDGs. However, there is a need for focus to ensure prioritisation and effectiveness. In addition to sectoral issues (outlined in the *Assessment of the Role and Experiences of UN Agencies in PRSPs*), several cross-cutting areas, which need to take account of cultural diversity and may differ in emphasis from country to country, for UN engagement in support of national poverty-reduction efforts, are mentioned below:

4.2 Process

- **Ownership and Capacity Building:** support the building of national capacity to manage the development process in a coordinated and coherent manner in general, and to prepare, implement and monitor the PRSP process in particular.

- **Participation:** advocate, promote, and where agreed, facilitate the involvement of representative civil society organisations, including employers' and workers' and youth organizations, and other primary stakeholders, especially by increasing opportunities for poor people themselves to exercise voice, in PRSP formulation, implementation and monitoring. In general, wide participation increases the quality and depth of the poverty diagnostics.
- **Coherence of Processes:** set PRSPs in the context of longer term plans, such as Vision 2020s and the Millennium Declaration 2015.
- **Policy Assessment / Monitoring:** ensure that the MDGs are substantively addressed in the PRSP, both sectorally and cross-sectorally, and that policies are monitored and assessed for their impact on poverty reduction, especially of the MDGs. This may include promoting and supporting participatory monitoring initiatives at community and district as well as national levels.
- **Costing, Budgeting and Expenditure:** estimate costs of implementing poverty reduction strategies, especially those to achieve MDG targets. The cost estimates may also serve as a basis for advocacy and resource mobilisation. Most importantly, a rigorous costing exercise provides the basis for better budgeting within a given resource constraint. For both these processes to contribute effectively to the overall success of the PRSP effort, allocations need be accompanied by a clear expenditure tracking system that supports financial management, specifically, monitoring of resources.
- **Resources:** advocate for adequate resource allocation from domestic and international sources for poverty reduction efforts, including taking into account future obligations as well as present needs, in line with MDG8 and the Monterrey Consensus.
- **Regional Dimensions:** take into account regional (and global) considerations, including migration and trade issues into poverty reduction strategies.
- **Information Base:** pool data bases, knowledge assets and technical information. Regional entities, with their considerable technical expertise, can help provide feedback and technical support to assist UNCT engagement. An important issue here is the need for disaggregation of all information by sub groups. This is critical for evaluating progress, both with respect to the pro-poor focus of PRSPs as well as the 'depth' of progress towards MDGs.
- **Languages:** encourage and support the preparation of drafts of the PRSP document in local languages where relevant.

4.3 Content

- **Linkage with CCA/UNDAFs:** harmonise the analytical content of CCA and UNDAF, including setting of nationally determined targets to achieve the MDGs, and the PRSP. Further, support the linkages and mainstream to other nationally-adopted summit declarations and conventions and existing national development mechanisms.
- **Pro-Poor Policies:** advocate economic and social policies that place equity at the core of PRSPs. These policies should help to generate a rapid and sustainable rate of growth and also ensure that poor households benefit disproportionately from such growth by gaining access to basic public services, productive assets, resources and employment. The UN should also support policies of social protection that address the needs of the most vulnerable, especially children and the elderly, and prevent people's livelihoods from being destroyed by crises and economic shocks.
- **Macro-economic Policy:** ensure that macroeconomic goals and policies fully integrate employment growth and poverty reduction goals. There has been some progress in achieving a balance between economic growth and structural adjustment strategies, but there is still a tendency in some countries for macroeconomic policies to be too restrictive. Faster economic growth is a necessary condition for maximising the rate of

poverty reduction and better-modulated macroeconomic policies are commonly an essential element of this.

- **Equity:** encourage the adoption of policies that contribute to increasing equity in the distribution of income, wealth and services to increase the effectiveness of poverty reduction strategies.
- **Peace and Security:** encourage conflict-sensitive approaches to development strategies. As the only global institution that has a mandate in peace and security, and development, the United Nations has a critical role to play in the linkage of development strategies and peace and security. The linkage of development strategies and peace and security can help to ensure that equity issues, the civic protection of the most marginalised, and the distribution of assets and access to resources across social groups within society are considered, by helping build effective, protective and inclusive institutions in order to prevent armed conflicts, especially in the context of crisis and post-conflict societies.
- **Multi-dimensional Approach to Poverty Reduction:** build on the UN's strong track record in supporting household surveys, sectoral studies and participatory assessments. These provide information on the multiple human dimensions of poverty, including on both income and non-income aspects, vulnerability to disasters, disaggregated data by sex, age, ethnicity, household composition, regional and urban/rural. They also influence national policies and budgeting to be more pro-poor.
- **Human Rights-Based Approach to Development:** promote, under the auspices of existing national institutions and mechanisms, the human rights of people, in particular poor people, and the most vulnerable and marginalised groups. Such an approach should be guided by the main features of a rights-based approach derived from international human rights instruments and as listed in the UNDG/PG Common Understanding of the Human Rights Based Approach to Development, such as enhancing accountability by all actors, the explicit linkage to international and national human rights norms and standards, and the twin principles of non-discrimination and equality.
- **Gender Sensitivity:** identify and address gender biases that are often inherent in macro-economic and sectoral policies, include sex disaggregated data so as to ensure that PRSPs respond to the needs of women and girls, and promote their rights in strategies for poverty reduction.
- **Globalisation Benefiting Poor People:** advocate for strengthening international rules and institutions so that for poor people the opportunities of globalisation are maximised and the vulnerabilities it creates are minimised - poverty reduction hinges not only on national policies but also on the dynamics of globalisation. Countries also should be encouraged to adopt policy packages and institutions that can maximise the benefits of increasing global interactions with regard to trade, capital flows, technology and international migration.

5. Implementation, Monitoring and Evaluation

UNCT Role

5.1 While recognising that implementation and monitoring are primarily the purview of governments, they are also areas where there is significant scope for enhanced UN involvement, particularly to ensure alignment with the MDGs. This is particularly important since most PRSPs generally do not factor in monitoring of the impact of poverty reduction strategies on the poor, while the UN system places great importance on the value of monitoring and evaluation of outcomes.

5.2 The capacity of a government to implement strategies and policies outlined in the PRSP needs to be carefully evaluated in decentralised settings, especially with respect to accountability and enforcement between district levels and the centre. While the UN deals first and foremost with national governments, the UNCT may need to provide technical and other support capacity building support to local governments including municipalities, for effective PRSP implementation, monitoring and evaluation.

5.3 The UNCT can also play a useful role in poverty monitoring for example, through helping to establish a poverty monitoring and public expenditure tracking system, the development of country-specific indicators for monitoring the impact of their strategies on poor people and regions, and strengthening national statistical capacity. Another goal of the UNCT should be to help the government use data, analysis and evaluations effectively, for multiple reports, or to combine reports where possible in order to reduce the burden of reporting.

5.4 The UNCT should offer to participate or support the government in the preparation of the PRSP Progress Report. Countries that have completed a PRSP are expected at least every two years to undertake an objective assessment of the progress of implementation and what more needs to be done. The UNCT's involvement in this process could represent a place to influence poverty monitoring and revisions of policies where needed.

5.5 The UN can also work with BWIs in the area of poverty analyses that involves more systematic analyses of the impact of major policy choices on poverty. Together, they could provide technical assistance for capacity building for PRSP design and monitoring, costing of poverty interventions and development of methodologies for assessing inter-sectoral policy trade-offs. Through such involvement, the UNCT can contribute to policy adjustments and formulation, and fine-tuning of programmes.

5.6 The UNCT can also contribute by facilitating the involvement of broad range of national and local actors in the monitoring and evaluation process. This includes civil society, employers', workers' and youth organizations, and organizations of poor people, as well as media and local governments and the sector-specific networks of the UNCT agencies. Given the cyclical nature of the PRSP, participation in monitoring and evaluation encourages and strengthens participation in preparation of future reports as well as discussion around the MDGs. The preparation, release and discussion of a country MDGR provides a useful vehicle for governments and other national stakeholders to inform the public on progress in reducing poverty, to build alliances, and to foster greater dialogue and accountability.

Annex 1: CHECKLIST FOR UNCT ENGAGEMENT IN PRSPs

- ✓ Does the PRSP preparation and monitoring process involve broad and genuine participation and consultation from the beginning of the exercise and include key stakeholders?
 - a) national
 - i) all relevant sections of Government, provincial and district levels, including line ministries;
 - ii) Parliament and Parliamentary committees;
 - iii) The poor and their representatives;
 - iv) Other civil society groups, especially women's organizations and including employers' and workers' organizations;
 - v) private sector and other national stakeholders
 - b) international partners
 - i) UN system, including the Funds, Programmes, and Specialised Agencies;
 - ii) Donors
- ✓ Is a people-centred approach to development recognised and seen as the entry point for the preparation of the PRSP?
- ✓ Have the following cross-cutting issues and thematic areas, especially the MDGs and their linkages with poverty been considered and where relevant addressed? These issues are only a guide and teams should be mindful of the need for governments to set clear priorities that can be feasibly implemented and are reflective of country circumstances.
 - i) human development and human rights;
 - ii) gender;
 - iii) nutrition and food security;
 - iv) water and sanitation;
 - v) health, including reproductive health;
 - vi) population dynamics;
 - vii) HIV/AIDS
 - viii) Education;
 - ix) Employment and social protection;
 - x) vulnerable groups,
 - xi) geographical conditions, special circumstances;
 - xii) pro-poor macro-economic policies;
 - xiii) environment, including disaster preparedness and prevention policies/strategies;
 - xiv) infrastructure;
 - xv) judicial and regulatory reforms;
 - xvi) peace and security, prevent of armed conflict, and civil protection;
 - xvii) capacity development.
- ✓ Is there any internal arrangement/strategy as to how the UNCT will engage itself in the PRSP process; teamwork; thematic groups; expert groups, including regional collaboration;

- ✓ Has the CCA and UNDAF (if already prepared) be brought to bear on the PRSP process; Links with the MDGR. Best practices/lessons which the UN system can bring to PRSP;
- ✓ Partnership with the IFIs. Clarification of respective roles. Areas for cooperation determined.
- ✓ Are the data, information and public expenditure management systems adequate and sufficiently disaggregated to support the PRSP? What can the UN do with respect to capacity building, providing expertise, helping in the poverty analysis/ diagnostics, etc?
- ✓ UNCT role in poverty monitoring and evaluation; i.e. in capacity building, development of monitoring systems, facilitation of participatory M&E processes; Can we help to evaluate progress and in relation to the MDGR?
- ✓ What are the resource requirements and how can gaps be met?