

Preface

The policy measures in the Poverty Reduction Strategy (PRSP) specified the responsibilities of the various agencies in the implementation phase. This first PRSP progress report is intended to measure the fulfillment of those responsibilities and assess the situation. The report includes a preface, four chapters, and three annexes. The preface states the objectives of the strategy, the methodology used in its preparation, and the level of participation. It also describes the tools used to follow up and monitor the implementation of the strategy, as well as the methodology adopted to prepare this report. Chapter 1 focuses on recent economic developments and the budget. Chapters 2 and 3 measure achievements and the impact of policy measures implemented in accordance with the PRS. Chapter 4 analyzes developments and offers suggestions for enhancing the planning process. Annex 1 is the policy matrix, Annex 2 includes tables of national accounts, and Annex 3 presents components of the monitoring mechanism.

Although the progress report was originally intended for 2003, it was decided to cover 2003 and 2004 in one report because of the similarities in the general, economic, and political conditions in the two years, as well as the accomplishments and obstacles faced. Major improvements expected in 2005 are reported in the policy matrix, especially those related to expediting reform program policies, because they are included in the 2005 budget approved by Parliament.

The progress report links the PRS objectives to the policy matrix (Annex 1), which includes measurable indicators and specific implementing parties. The report discusses deficiencies in implementation and the causes of these deficiencies to encourage the revision of interventions and the development of other options. The report also addresses measures expected to be implemented in the coming year.

The PRS Central Unit encountered difficulties in drafting the report because of the uneven availability of data, especially in the social and government areas. Despite several specialized surveys conducted over the past few years, government agencies lack sufficient data for follow-up and monitoring, and contradictory data and indicators are prevalent. Thus, it is difficult to reach definitive conclusions or even assess the impact of the policies. The Central Unit is committed to the establishment of a socioeconomic database as the foundation for planning, follow-up, and monitoring.

This progress report makes use of information from many sources, including international sources, provided they are credible and reliable. It considers the possibility of instituting a system in which new data and indicators would be regularly provided by involved parties, especially government agencies. The report addresses criticisms of the PRSP related to setting priorities, costing projects and programs, vagueness in the follow-up and monitoring mechanism, and the need to consider gender issues in policies and budgets.

(A) Participation and Consultation

This report is the product of a fruitful collaboration between the PRS Central Unit and subunits in the ministries and government agencies. As part of the report process, the Central Unit held training courses for the subunits to emphasize standard reporting procedures. Reports drafted by the subunits were shared widely to expand consultation. A draft version of this report was presented to the cabinet, and discussion sessions were held with committees of Parliament and the Shura Council, political parties, the private sector, and donors. The Central Unit incorporated comments from these discussions into the final report. This broad participation adds value to the PRS and creates momentum for implementing its policies, measures, programs, and projects.

(B) Establishment of the Follow-up and Monitoring Mechanism

As soon as the PRS was approved, the government developed a comprehensive and effective mechanism to monitor its implementation, fulfilling one important condition for its success. Cabinet Resolution No. 294 of 2000 placed specific responsibility for follow-up and monitoring activities at the following levels:

Ministerial Committee. The committee includes the deputy prime minister and minister of finance, the deputy prime minister and minister of planning and international cooperation, and the minister of social affairs and labor. It assumes general supervision of the various levels of follow-up and monitoring, and provides support. It adopts the policies, programs, and projects stipulated in the PRS and present them to the cabinet. During 2003 and 2004, the committee supported the establishment of the follow-up and monitoring mechanism in all government agencies, and adopted resolutions and directives related to this mechanism. The committee also helped direct the 2004 and 2005 budgets toward poverty reduction priorities.

Technical Committee. This committee has 26 members representing ministries and other government agencies at the deputy minister level as well as representatives of nongovernmental organizations (NGOs), donors, and the private sector. The committee supervises the implementation of PRS policy measures, coordinates among all parties concerned with the PRS, and supervises the activities of the Central Unit, subunits, and thematic working groups. Over the past two years, the committee has concentrated on the following:

- Establishing PRS subunits in the ministries and other government agencies and governorates, and setting up thematic working groups.
- Discussing sector-related budgets for 2004, focusing on priority sectors and submitting remarks to the Ministerial Committee.
- Completing the institutional setup of subunits, providing operational expenses for them in 2004 from the committee's budget, and allocating funds for these expenses for 2005.

Central Unit. The Central Unit is composed of local experts in the fields of poverty, economy, sociology, statistics, gender, and the environment. The unit acts as a technical secretariat for the PRS mechanism, translating PRS trends, Ministerial Committee directions, and Technical Committee resolutions into practical activities and programs.

Subunits. Twenty-seven subunits have been established attached to the planning and statistics departments of ministries and other government agencies. Their role is to follow up on the implementation of PRS sectoral components, provide performance data and indicators, and participate in preparing budgets and sensitizing agencies to the PRS. The subunits have defined a list of core and general indicators, and drafted sectoral progress reports for 2003 and 2004. Coordination efforts were also initiated regarding introducing 21 governorate-level subunits (list of subunits in the annex).

Thematic working groups. Working groups have been formed for the five priority sectors and issues: education, health, gender, civil society, and decentralization. The aim is to coordinate efforts in support of PRS objectives. All parties concerned with the sector in question, including relevant government agencies, donors and civil society organizations, are members of the group. Thematic working groups operate under the supervision of the Technical Committee and in harmony with existing mechanisms and committees in the relevant agencies. The Gender and Civil Society working groups met in 2003 to discuss their missions and prepare work plans. The other three groups were activated in 2004. Additional working groups were formed in 2004 as part of the UN's Millennium Project in the areas of economic growth and food security, infrastructure, and water and the environment. They operate under the same mechanism, and their first task was to prepare a needs assessment study for the next PRSP and development plan.

(C) Activities of the Technical Committee and the Central Unit

Preparation and review of the budget. The Central Unit in collaboration with Ministry of Education, Ministry of Health, and Ministry of Finance initiated disaggregating basic education expenditures and Primary health care expenditures from total sector's allocations, to facilitate the observation and earmarking of allocations and assessment of their sufficiency. The initiative has put the essential elements for the process. However, it will need to be carried further by the relevant line ministries together with MoF.

The Technical Committee stressed the importance of all parties being committed to the PRS in preparing the 2004 fiscal framework and submitted recommendations on the 2004 national budget to the Ministerial Committee. However, delay of subunits in responding to the budget process has undermined their influence. The Central Unit is studying the current mechanism of public budget preparation and will make recommendations to help direct it toward the needs of the poor. The Central Unit sought international expertise in budget preparation during 2004 and proposed the establishment of a technical unit at the Ministry of Finance, with links to other ministries, to implement this initiative and conduct the necessary training programs. The Central Unit is also interested in public expenditure reviews and expenditure tracking, especially in major social sectors.

The Central Unit conducted training activities on pro poor and gender budgeting. The initiative targets increasing awareness about PRS priorities and ensure strong linkage between budget preparation and the PRS, in addition to emphasizing needs of the poor and examining adequacy to achieve PRS targets and objectives, in particular basic social services. The first training session in May 2003 was led by an international expert in gender budgeting and the second was in December 2003. An action plan has been prepared by international experts to strength pro poor budgeting initiative, as well as to ensure complete harmonization between the next PRSP and the budget.

Sensitization to the PRS. Sensitization activities were a major component of Central Unit and subunit activities during 2003 and 2004. Expanding awareness of the PRS is especially important in the first few years. The major programs and activities were as follows

- The Central Unit, in coordination with the subunits, organized 19 awareness-raising events in several ministries and government agencies.
- The Central Unit participated in various poverty-related activities at national and local levels.
- The Central Unit produced several publications to raise awareness about the PRS, its mechanisms, and the roles of various parties.
- The Central Unit supported and trained NGOs to conduct awareness-raising campaigns in communities, using the PRSP popular version. Training targeted nine governorates in 2003 and the remaining 12 governorates in 2004.
- The Central Unit, in coordination with the Ministry of Information, prepared a comprehensive media plan for the PRS that will be implemented in 2005.

The success of the PRS depends on understanding its objectives and dimensions, and then implementing them. Sensitization activities were not confined to employees of the executive, legislative, and judicial branches, or to the donor community, but included development partners such as the private sector, NGOs, and local communities as well as the poor themselves. However, despite the many workshops, seminars, and conferences at the central and governorate levels, most civil servants still lack understanding about the PRS and, consequently, are not committed to its implementation and monitoring. Full commitment requires collective efforts and persistence in implementing programs and activities, as well as enhanced links to its mechanisms and implementation tools. The Central Unit is continuing its awareness-raising activities through various mass media, with particular emphasis on gender and geographic gaps. The targeted groups for such awareness-raising programs are expanding to include politicians and political parties, parliamentarians, and members of the Shura Council. Civil society organizations continue to participate in these campaigns and in follow-up and monitoring activities.

The gender perspective. The PRS mechanism adopted measures to shed light on the gender gap and to consolidate policies and directions aimed at bridging it. A Gender Working Group was set up, and government agencies were required to include a representative of the National Women's Committee in their PRS subunits. A training program for gender budgeting was conducted by the Central Unit, in addition to four workshops targeting those involved in planning and budget preparation in major sectors.

Support has been directed to initiatives and studies that address gender issues, such as women and poverty, and to the disaggregation of data by gender. The gender perspective was included in preparing this progress report.

Establishment of a database and system for information dissemination. The Central Unit, in coordination with the information unit at the Ministry of Planning and International Cooperation (MPIC), established a comprehensive socioeconomic database and a poverty monitoring system that serves decision makers and researchers. The monitoring system follows the chain of indicators: input, output, outcome, and impact. Data and indicators have been entered into the database, and the program has been loaded into the MPIC network. The program will be pilot tested over the Internet in three ministries and two governorates before it is expanded to other units. The Central Unit also participated on the technical committee of the National Population Census in 2004, and organized meetings and workshops in coordination with the Household Budget Survey task force at the Central Statistics Organization.

Assessing policies, conducting studies, and directing sectoral strategies. The PRS undertakes studies aimed at clarifying the relationships among factors connected to poverty. The Central Unit conducted a study on the relationship between women and poverty, as well as one on poverty and the environment. The Central Unit has begun to identify programs and projects that comprise the social safety net, and to assess their effectiveness and their impact on poverty reduction. The Central Unit coordinated with the Participatory Planning Project at the district level to highlight PRS directions in drafting poverty reduction initiatives in 12 districts. The Central Unit has participated in activities related to reviewing projects targeted at marginalized groups and has contributed to the preparation of sector strategies (ensuring compliance with the PRS in areas such as support of decentralization and local authority) and the modernization of the judiciary sector.

These activities and mechanisms are important tools to achieve PRS objectives, as is shown in the following chapters. These comprehensive mechanisms for follow-up and monitoring were not included in the original PRSP, which drew criticism at the time. The PRS plans to integrate these mechanisms into the general framework of the planning process at various government agencies, including in the implementation phases, to ensure sustainability and optimal use of the process. The mechanisms should be flexible and subject to adjustment in order to harmonize with existing mechanisms and accommodate future developments.