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**Statement by Mr. Gakunu and Mr. Sulemane on
Implementation Plan in Response to Board-Endorsed Recommendations Arising from
the IEO Report on the IMF and Aid to Sub-Saharan Africa
(Preliminary)
Executive Board Meeting 07/56
June 29, 2007**

We thank Management and Staff for bringing for discussion the implementation plan in response to Board-endorsed recommendations arising from the IEO Report on aid to Sub-Saharan Africa. We also support the expeditious approach towards tackling the issues raised in that report. Given the general form of the proposed implementation plan, we comment on a few issues.

General Comments

On a general note, the outline presented by Staff provides little information on specific implementation commitments. What is covered by the staff paper is basically a roadmap for the implementation of the recommendations.

One would expect an implementation plan to provide us with a guide on expected actions and activities, which are properly costed to reflect budgetary implications. The implementation plan, could also provide specific performance targets to be achieved against specific time lines. This would facilitate monitoring and evaluation exercise to enable us to track progress and ensure that the expected outcomes are addressed on a timely manner.

A detailed implementation plan with actions, activities and expected outcomes, as well as measurable benchmarks, indicators and targets, could be included as an annex to the implementation plan for each policy paper proposed by staff.

Specific Comments

Fund Policies relating to handling of aid inflows

We agree and find appropriate that the proposed discussions under the topic **Fund policies relating to the handling of aid flows** be held in the same day, on July 6, on Fiscal Response to Scaled-up Aid and Aid Flows--The Role of the Fund and Operational Issues for Program Design, as these are closely related subjects. However, we think that there is need to also include a paper on *Monetary Policy Response to Scaled-up Aid*. This is important given the challenges of liquidity management, especially in small open economies, with underdeveloped financial markets, but receiving substantial aid flows.

Monitoring and evaluation of implementation of clarified policy guidance

The proposed implementation plan, on page 7, Section 8.B, is supposed to address monitoring and evaluation of the clarified policy. However, it only mentions planned evaluations and little is said about the monitoring component. In this regard, we would expect a report on the results and outcomes staff expect to achieve with the policy, stating what exactly would have changed in SSA after they would have acted on the IEO evaluation. We also expect to review the indicators to track progress against their rational. Finally, how to evaluate policies is a rather complex exercise. It is important to understand how the review and evaluation are done. Is evaluation done only in respect of Fund-supported programs or in relation to the overall policy implementation in the country based on domestic strategies? We would welcome comments from staff on this matter.

The role and resourcing of resident representatives' and mission chiefs' interactions with local donor groups and civil society

We agree that in implementing the recommendation on the role of the Fund in donor coordination processes, it is important that various stakeholders need to be brought on board. This includes as suggested in the paper, interaction with other development partners, and civil society groups. However, we think that in order for this process to be effective, the government should be the driving force, rather than the mission chiefs and/or resident representatives meeting separately with these groups as implied in the paper.

Policy design in a country should be developed through interaction between different stakeholders. In the context of aid-coordination, some basic principles should be taken into account to improve the role of the Fund in dealing with aid and related issues. First, Fund missions have to be organized in a way that would enhance constructive policy dialogue with the authorities, as well as between the authorities and the different stakeholders, including donors and the civil society. Second, Fund's work in a country should rationalize the number of policy documents in a country to facilitate proper monitoring and evaluation in the appropriate instances of governance. Third, there is need to promote the use of domestic (country level) monitoring mechanisms and avoid creating parallel structures. Fourth, missions by Fund/Bank/Donors should help to better design policy both in terms of analytical work and background documentation. These basic principles should be accompanied by strengthening and building domestic capacity (human, institutional and analytical). Fifth, based on more recent experience, it is becoming increasingly appropriate for Fund missions to be rationalized and consistent with the capacity of countries to handle several missions at a given point in time, in accordance with Paris Declaration.

Other initiatives in taking forward the recommendations (PSIA)

Poverty and Social Impact Analysis (PSIA) is an area for further collaboration with other institutions and in particular with the World Bank. Although we see the practical needs for such analysis to help countries in policy design, they should be structured to benefit from synergies of collaboration and also its usefulness. There are some other aspects we should consider in looking at PSIA. The time frame for these studies as well as the costs are

important considerations to be taken into account. Finally, the studies should enhance local capacity and the usefulness of the PSIA needs to reflect country specific cases rather than program conditionality.