

**Guidelines for World Bank and IMF Staffs
for Joint Staff Advisory Notes (JSANs) of
PRS Annual Progress Reports (APR) on Implementation**

1. The Poverty Reduction Strategy (PRS) approach is intended to be a continuing effort through which low-income countries improve public actions for poverty reduction and in doing so enhance the effectiveness of both domestic resources and development assistance. It is envisaged that countries will prepare Poverty Reduction Strategy Papers every three to five years in a participatory process involving a broad range of stakeholders and setting out a comprehensive poverty reduction strategy. In each of the intervening years, annual progress reports (APRs) would be reporting on implementation updating it on and near-term priorities as appropriate. APRs should be used by country authorities to assess progress and set the agenda for the year ahead. This note provides guidance to Bank and Fund staff on preparing JSANs for APRs on PRS implementation. These guidelines, which update and replace the previous “Guidelines for Joint Staff Assessments of PRSP Annual Progress Reports on Implementation” (June 4, 2002), may be revised periodically in light of experience and feedback from countries and their development partners.

Implications of Recent Changes to the PRS Architecture

2. Executive Directors of the Bank and the Fund agreed to changes in the APR to encourage its closer alignment with domestic processes. Given this focus on setting the domestic policy agenda, in most cases the APR and its accompanying JSAN will not be discussed by the IMF and World Bank Boards. Instead, APRs and the associated JSANs will be distributed to the Executive Directors for information.¹

3. The intention is to emphasize strengthening the linkage between the PRS documents cycle and domestic processes, to encourage customization of annual reporting to country needs and processes, and to reduce the perception that the Executive Directors of the IMF and World Bank sign off on a country’s PRS on an annual basis. The goal is to allow each country to determine for itself how it will carry out its annual reporting, and how it wishes to use this instrument.

4. While there is no required format for APRs, as part of the PRS Initiative, the APR will be expected to have three basic elements: (i) an evaluation of performance and analysis of outturns relative to benchmarks, for monitoring and evaluation purposes; (ii) an overview of the coming year’s policy intentions, particularly, but not exclusively, as reflected in the budget; and (iii) a report on how specific shortcomings identified in past JSANs/JSAs have been addressed. In addition, the APR should indicate how annual reporting is being used to

¹Exceptions will be made where the APR elaborates a major shift in the country’s PRS, in which case staffs will recommend that the APR and the JSAN be discussed by the Boards, or where these are associated with countries reaching their HIPC completion points.

provide information on implementation progress to key domestic and external stakeholders. When warranted, the APR could also note modifications to strategies, policies, targets or indicators, or provide updates on poverty or other relevant analysis. The APR's content could be expanded if it suits country needs. The authorities and their external partners could, for example, agree to use the APR as an instrument of donor coordination and harmonization. In such a case, the authorities would want to ensure that the information needed by the donors for their performance assessments is adequately presented in the APR, thereby reducing the need for additional reports to donors.

5. Bank and IMF staff should actively encourage countries to link their annual reporting to domestic processes. Ideally, therefore, the APR should be an integral part of the domestic PRS monitoring process, rather than a self-standing exercise. The process of preparing it should be as administratively light and non-duplicative as possible. Wherever feasible, governments could draw on existing information, such as budget reports. In some countries, utilizing existing processes should be relatively straightforward. In other cases, where existing processes are weak and do not provide the requisite information, the transition to embedding the APR into domestic processes may take longer, and institutional strengthening will need to be supported by the country's development partners, including the Bank and the IMF. In any event, Bank and Fund staff and other partners should be flexible in the form of documents accepted as APRs. To the extent that existing domestic policy documents address the elements in paragraph 4, the APR can be extremely succinct by referencing these documents as attachments. Where a particular element is not addressed in existing domestic policy documents, the APR would need to report in more detail.

6. The APR will continue to be a public document. In the event that existing documents are not publicly available, or are quite technical and thus inaccessible to some audiences, the authorities may wish to produce a short note that could accompany and refer to existing national documents, and summarize their conclusions in a way that fosters domestic participation and enhances government accountability. As has been the practice, the government may choose to prepare the APR without an extensive participatory process, deciding instead on the best point in the process to consult with local stakeholders (including the parliament) and with external partners.

Purpose and content of the JSAN

7. The objective of the JSAN is to provide focused, frank, and constructive feedback to countries on progress in implementing their PRS. Staffs should note priority areas for strengthening the PRS and its implementation over the coming year. Staffs should ensure that advice is prioritized, and consistent with a country's starting point, capacity, and available support. In addition, where there are significant weaknesses in the articulated PRS and its implementation that, in the view of Bank and Fund staffs, need to be addressed, such concerns should be raised in the JSAN. Specifically, the JSAN should note areas where:

- i. there are significant inconsistencies between the PRS and its policy framework and the analytical basis underpinning Bank- and Fund-supported programs, and/or

- ii. further analysis is needed in order for the PRS or its implementation to provide a framework for Bank and Fund assistance. Those issues identified in the JSAN would then provide a basis for further discussions on enhancing the strategy or its implementation.

8. JSANs should be selective and present a limited number of priority areas for strengthening the PRS and enhancing its implementation. JSANs are expected to be substantially shorter than most past Joint Staff Assessments, reflecting increased selectivity and focus. Staffs should continue to use other avenues to provide feedback, as warranted, on other issues not discussed in the JSAN. In preparing the JSAN, staffs should consider, as reported in the APR and from other sources where appropriate: (i) performance relative to benchmarks, for monitoring and evaluation purposes; (ii) priorities for the coming year, as reflected, for instance, in the budget; (iii) progress made in addressing specific shortcomings identified in past JSANs (see Guidelines for Joint Staff Advisory Notes (JSAN) for Poverty Reduction Strategy Papers for a range of questions to be considered when prioritizing advice in the JSAN for the PRSP); and (iv) the extent to which progress reporting provides transparent information on implementation to key domestic and external stakeholders.

9. The JSAN should emphasize graduated advice, rather than reaching a binary conclusion. In particular, while the JSAN is to be frank, it should not assess whether implementation of the strategy as a whole constitutes a sound basis for continued concessional assistance (as had been the case with JSAs). The link between concessional assistance and a country's PRS should be made in the Bank's Country Assistance Strategy and project documents and in Fund staff reports for new arrangements and reviews under the Poverty Reduction and Growth Facility (PRGF). These documents should explicitly discuss the alignment with the country's PRS, and how a country is addressing any serious concerns that were noted in the JSAN.

10. In preparing a JSAN, lead responsibility among Bank and Fund staff should be divided in line with primary institutional competencies,² taking into consideration that there are areas of overlapping competence and important linkages among areas. The staffs need to reach agreement on common overall advice. Where differences cannot be resolved between country teams, these issues should be raised with OPCS and region management in the Bank and with PDR and area department management in the Fund to help ensure that such

² The Fund's core areas are macroeconomic policies (monetary, fiscal, and exchange policies) and directly related structural reforms. The Bank's core areas are design of poverty reduction strategies (including poverty diagnostics, sectoral strategies, effectiveness of public expenditures, and social safety nets) and structural, social, and governance reforms (including legal and judicial reforms). Overlapping areas are the environment for private sector growth, trade, financial sector, tax and customs policy administration, and issues related to public expenditure management, budget execution and monitoring, and fiscal transparency, as well as public sector governance.

disagreements between country teams can be resolved without delaying Bank or Fund operations.