



## Country Background and Recent Developments<sup>1</sup>

Peru is the fourth largest country in size in the Latin American and Caribbean region and, with an estimated of 25.6 million, fifth in population. The country has a dual economy, with a relatively modern sector on the coastal plains and a subsistence sector in the mountains and tropical regions of the interior. Peru is a leading world producer of silver, gold, copper and other minerals, and the second largest fishing nation. GNP per capita is approximately US\$ 2390, but more than half of the population is classified as poor<sup>2</sup>. In rural areas, which encompass almost 30 percent of the total population, more than two out of every three Peruvians lives in poverty, while over half are considered as extremely poor.

Alejandro Toledo was inaugurated as president for a five-year term on July 28, 2001. Mr. Toledo's election came after Congress ousted President Fujimori, who was in power for more than a decade, and a transitional government conducted free and fair elections. The priorities of President Toledo's administration are to rebuild public institutions and eliminate corruption so as to consolidate democ-

racy, reestablish sound economic growth so as to increase employment, reduce poverty and end social exclusion.

President Toledo's *Peru Posible* party only has 45 of 120 seats in Congress and is a loosely formed political movement with no clear political ideology. The government has the support of some four smaller parties and is able to master a majority of 64 seats. The second largest party is the *Alianza Popular Revolucionaria Americana* (APRA), led by Alan Garcia, who was president between 1985 and 1990. During this time, Garcia applied unorthodox economic policies that lead the country into hyperinflation, increased poverty and violence, and put the country on the verge of economic and social collapse. Garcia was a contender for the presidency in 2001, being narrowly defeated by Mr. Toledo in the second round of the election.

In sharp contrast to the initial high support, the approval rating of President Toledo sunk to 16 percent by June 2002. Recognizing the need to maintain governability in a fluid and adverse political environment, the administration opened an unprecedented dialogue with representatives of political parties, businesses, labor, religious and other civil society organizations. The objective was to reach a National Agreement on key policies, programs and objectives. The Agreement was concluded and signed in Lima on July 22, 2002. In addition to a general Governance Forum, the dialogue was conducted in three parallel thematic forums on Social Equity, Competitiveness and Institutions and Public Ethics. At its signing, the National Agreement included twenty nine State Policies geared towards boosting and improving democracy and the rule of law, equity and social justice, competitiveness in world markets, and the efficiency, transparency and decentralization of the government.

<sup>1</sup> This profile is part of a series that is being prepared by the CDF Secretariat to deepen the understanding of the CDF principles, broaden the experience, and share valuable lessons. The profiles are based on roundtables among stakeholders, with external actors, including the Bank, acting as observers. The roundtable used as a basis for this profile was held in Lima on April 25, 2002, and was coordinated by Technical Secretariat of the National Agreement

<sup>2</sup> Recent data provided by the National Statistics Institute (INEI) indicate that in 2001a total of 14.6 million Peruvians – a 54.8 percent of the population – had income insufficient to acquire a minimum basket of goods and services. Population below the extreme poverty line is 24.4 percent.

Between 1993 and 1997 Peru was one of the leading economic performers of Latin America, with an average annual GDP growth rate of about 7 percent. The economy stagnated after 1997, with the exception of 2000. Growth was a meager 0.2 percent in 2001 and averaged only 1.6 percent in the last three years. A slow recovery is now underway, and it is expected to be about 3 percent in 2002, driven by production from the country's largest foreign investment project to date—the Antamina copper and zinc mine—and by increased public investment, particularly in the construction sector.

In February 2002 the Government signed a new two-year stand-by agreement with the International Monetary Fund (IMF), which targets narrowing the fiscal deficit from an estimated 2.4 percent of GDP in 2001 to 1.9 percent of GDP in 2002 and includes tax reforms, the acceleration of the privatization and concession programs, and continued reduction of import tariffs. A sign of the strong international investors confidence in the Government was the recent placement of US\$500 million in new ten-year bonds at very favorable rates.

### **Long-Term Vision and Development Strategy**

*The National Development Plan.* Peru has experienced frequent and radical changes in policy directions and development strategies. General Juan Velasco Alvarado, who took power in 1968, led a left-wing nationalistic regime that increased state control of natural resources and industries and implemented radical land reform. Because Government spending and foreign borrowing spiraled out of control Alvarado was deposed in a bloodless military coup in 1975. Between 1975 and 1980, General Francisco Morales Bermudez pursued a more liberal but hesitant agenda. The return of democracy took place in 1980 with the election of Mr. Fernando Belaunde Terry, who continued with the timid reform and liberalization process, but lost popularity due to the debt crisis and the increase in internal violence. In the 1985 presidential elections, the agenda again shifted to state intervention, protectionism and unorthodox economic policies. Mr. Alan Garcia Perez of APRA was swept into office with a great majority. As indicated, economic mismanagement and corruption put the country in 1990 on the verge of economic and social collapse. Mr.

### **National Agreement**

*Aware of our responsibility to achieve the welfare of individuals, as well as the human development and solidarity in the country, the representatives of political and religious organizations, civil society and the Government, without prejudice to our legitimate differences, have approved a set of State Policies that constitute a National Agreement, whose implementation we commit to from today.*

*The policies we have agreed are aimed at achieving four main objectives: Democracy and Rule of Law, Equity and Social Justice, Competitiveness of the Country, and an Efficient, Transparent and Decentralized Government.*

**Signed in Lima, July 22, 2002**

Alberto Fujimori—at that time an unknown political newcomer—was elected President in 1990 and immediately introduced a radical orthodox stabilization program that removed price controls and state subsidies, froze public sector wages and cut public sector spending. He then continued with trade, capital market and exchange rate liberalization and a profound privatization program. In 1992, when the legislature opposed his policies and his anti-terrorism strategy, President Fujimori closed Congress, called for new congressional elections, and suspended some members of the judiciary. Congress ousted Fujimori in November 2000; he left significant improvements in the economic policy environment, but weakened institutions, deep corruption at the highest levels, and political turmoil.

Mr. Alejandro Toledo was inaugurated as President on July 28, 2001 and in November of that year initiated a process of dialogue with representatives of all political parties, mayors, business organizations, professional institutions, churches and other civil society organizations. This process culminated in March 2002 with the signing of a document called Commitment to Dialogue for a National Agreement. The signatories of the document expressed their intention to reach a National Agreement that would serve to consolidate democracy, reaffirm national identity and establish a shared

long-term vision of Peru. Mr. Roberto Danino Zapata, then President of the Council Ministers, defined the National Agreement as an attempt to “stop the swinging of the pendulum between uncontrolled populism and inconclusive liberalism”, that has characterized the recent history of Peru and has not produced real improvements in living conditions for the vast majority of the population.

Representatives of seven political parties and seven civil society organizations integrated the commission that led the Dialogue for the National Agreement. Among the latter are the Catholic and Evangelical Churches, the National Confederation of Private Business Organizations (CONFIEP), the National Association of Industries (SNI), the General Confederation of Peruvian Workers (CGTP), the Regional Fronts of Peru and the Round Tables for the Joint Fight Against Poverty. The secretariat of the Dialogue was in the hands of Transparency, a well-respected civil society organization. The Government’s presence in the Dialogue was under the leadership of the President of the Council of Ministers.

The objective of the National Agreement was to define long-term policies that will be used in the fight against poverty and for social justice and in the consolidation of democracy. The National Agreement was defined in a general Governance Forum composed of the leaders of all the institutions that participated in the Dialogue. There were also three Thematic Forums—on Social Equity and Social Justice, Competitiveness and Institutionality and Public Ethics—and a Decentralized Forum in each of the 24 administrative departments of the country, where contributions from all citizens were received.

The Dialogue was conducted on the basis of consensus, so any participant could block agreement. However, the process itself created internal pressures to reach understandings and avoid futile encounters. The participants defined 29 areas in which they were to reach agreements, defining State Policies that would hold for the future. The next step in the Dialogue for the National Agreement is to set well-defined objectives, policies and instruments and performance targets and indicators.

There have been other recent attempts at reaching basic understandings on key policies and

instruments for the future development of Peru. The CONFIEP presented in April 2001, before the second round of the presidential elections, a *Contract for Peru* to be signed by the two remaining candidates. This document included commitments on democracy and the rule of law, decentralization, the fight against corruption, education, private property, citizen’s security, the market economy and governance. Both candidates, Mr. Alejandro Toledo and Mr. Alan Garcia, publicly expressed their general agreement with the document, although they did not officially sign it.

In November 2000, a comprehensive study called *Peru: Agenda and Strategy for the 21<sup>st</sup> Century* was published by an independent organization called AGENDA: PERU. AGENDA had conducted extensive work in democratic governance, institutional reforms and development strategies. As background for the study, AGENDA carried out several studies and opinion polls, held consultative meetings all across the country and created new spaces for open discussion and dialogue. The development strategy proposed by AGENDA has four main topics: (i) productive transformation and competitiveness, (ii) integration, equity and social justice, (iii) management of the environment, science and technology, and (iv) use of the territory and physical integration.<sup>3</sup> While nobody publicly adopted AGENDA’s study, it played a key role in the discussions of the Dialogue for the National Agreement and constitutes a strong background for the Government’s plan for the period 2002 – 2006.

*Contents and Approach.* As signed, the National Agreement contained twenty-nine policy areas. These areas are the following:

### **Governance**

- Strengthening of democracy and of the rule of law;
- Democratization of politics and strengthening of the system of political parties;
- Affirmation of a National Identity;

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<sup>3</sup> AGENDA’s study also includes an extensive analysis of needed reforms in the public sector (executive, legislative and judicial), in the armed forces and other security organizations, in the electoral system, and in decentralization and regionalization. It also has some suggestions for improving participation by the private sector and the civil society.

- Institutionalization of dialogue and the search for agreements;
- Government use of strategic planning, a national perspective and transparent procedures;
- Foreign policy for supporting peace, democracy, development and integration;
- Eradication of all forms of violence and strengthening of citizens' security;
- Decentralization of the economy and of power, and of public administration.
- Boosting national security.

### ***Social Equity and Social Justice***

- Elimination of poverty and promotion of equality of opportunities;
- Fostering equality of opportunities without discrimination;
- Universal access to quality education and promotion of free public education and of sports;
- Universal access to health services and social security;
- Access to dignified and productive employment for all Peruvians;
- Promotion of food security and nutrition;
- Strengthening of the family, child protection and promotion of youth.

### ***Competitiveness***

- Reaffirmation of the social market economy;
- Search for competitiveness, productivity and increase formalization of economic activity;
- Sustainable development and protection of the environment;
- Development of science and technology;
- Establishment of a national infrastructure plan and promotion of housing;
- Promotion of trade policies to further open markets on the basis of reciprocity;
- Advancement of rural and agricultural development.

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Today and here the Government of Alejandro Toledo makes a commitment before you and before the country to do everything within our reach to achieve the agreements that will make possible a shared vision of our future as a Nation. Let us not allow, not you in Congress nor us in the Executive, that prejudice and the exclusion of persons or groups with different ideas continue to be the source of so much misery for so many Peruvians.

That is why we want to propose that from today we work to continue the path set by the "Acuerdo de Gobernabilidad", until we reach a National Agreement that allows us to reach three objectives: 1) Create decent and productive jobs for everyone; 2) Guarantee that all Peruvians have full access to health services, education and culture; and 3) Create a Government for the service of the people.

Our fundamental commitment is an all out fight against poverty, and to that end these three national objectives will be present in each and every one of the actions taken by the Government. These three objectives will be the guide that gives coherence and meaning to our management ...

Hon. Roberto Dañino  
Former Prime Minister,  
Head of Acuerdo Nacional, now  
*Inauguration Speech as Prime Minister before  
the Peruvian Congress  
August 23, 2001*

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### ***Institutionality and Public Ethics***

- Reaffirmation of the efficiency and transparency of the State;
- Protection of the institutional role of the Armed Forces and of their services to democracy;
- Boosting ethics and transparency, and eradication of corruption, drug traffic, money laundering, fiscal evasion and smuggling;
- Eradication of the production, traffic and consumption of illegal drugs;
- Full access to justice, independence of the judicial system and full applicability of the Constitution and human rights;

- Guarantee of full access to information and of freedom of the press.

Besides defining broad objectives in each State Policy area, the Dialogue has reached agreement in some specific actions and measures that would be implemented. It has also defined some targets and performance indicators. For example, in the area of poverty reduction it has been agreed that the poverty level will be reduced to between 35 and 45 percent by 2006, while extreme poverty should be reduced to between 8 and 10 percent. For girl's education, the objective is to achieve 100 percent coverage in urban areas and 80 percent coverage in rural areas by 2006.

*Links with Public Expenditures.* The Ministry of Economy and Finance has published a document called Basic Outline of a Strategic National Plan 2002 – 2006. This document indicates that the Government's priorities are:

- Employment generation;
- Reduction of poverty;
- Decentralization; and
- Modernization of the State.

In spite of its name, the above-mentioned document is not a strategic plan but rather a projection of revenues and expenditures of the central Government. It forecasts public resources for the period 2002 and 2006 under two scenarios: (i) a conservative scenario with low growth of the economy and a progressive reduction of the consolidated public sector deficit to 1.0 percent of GDP; and (ii) a more optimistic scenario with higher growth and an increase of public sector resources to 15.5 percent of GDP.

The document also projects expenditures for each public sector institution and program for the period 2002 - 2006. The social sectors—which include education, health, regional governments and the judicial system—receive 38.1 percent of the resources under scenario (i) and 39.3 percent under scenario (ii), while productive sectors—agriculture, energy, mining, industry, transport and housing—receive 7.2 and 7.7 percent and the political-administrative sectors receive 54.7 and 53.0 percent, respectively. These projections are totally independent and not related to the National Agreement that is under discussion at the present time.

## Country Ownership

Peru has a long tradition of processes of wide-based dialogues to reach policy agreements, being initiated either by the Government or by civil society. Between 1981 and 1983, a dialogue was conducted in a Tripartite National Commission composed of representatives of workers, business and the Government with the objective of reaching agreements on some basic economic and labor policies. Between 1981 and 1992 a dialogue was conducted by the University of the Pacific (Intercampus) and involved the Government, business, workers and academics in the discussion and agreements on specific issues, which were later, reflected in legislative proposals.

An Education Forum with the participation of the Government, teachers and experts has existed since 1993 and in 2001 presented a long-term *National Agreement for Education*. Local governments, grass root organizations and local business groups have created local development plans in several regions of the country. Under the leadership of the Catholic Church, representatives of the government, non-governmental organizations, the private sector and grass root organizations started the Roundtables for the Joint Fight Against Poverty (Mesas de Concertación para la Lucha contra la Pobreza) in January 2001 to reverse the traditional top-down approach for poverty reduction. At the present time there are 25 departmental, 162 provincial and 580 district level “Mesas” and several *Participatory Strategic Plans for the Fight Against Poverty 2002 – 2006* have been prepared.

As stated before, the most comprehensive and well-structured process of dialogue was the National Dialogue launched by President Toledo. The participants in the Dialogue included representatives of seven political parties and seven civil society organizations. All of these institutions sent at least two members to each of the Central Governance Forum and the three Thematic Fora. The ownership of the process lies in these institutions and the Government, which always had a broad participation in each meeting of the Dialogue. There was also a consultative group of eight members, of whom five are prominent foreigners, but they are only facilitators with no decision-making role.

The real ownership issue is whether political

parties will take the implementation of the agreements to Congress. Given the loose organization and leadership of most of the political parties (perhaps with the exception of APRA), they may choose to ignore what has been agreed to by some of their representatives and follow a different agenda. A concern is that recently, Congress has been discussing in parallel a reform of the Constitution. This reform will probably be strongly influenced by the agreements reached at the Dialogue.

The representatives of the private sector and of workers used the Dialogue to exchange concepts and ideas and increase their understanding of each other's views. They, and the representatives of civil society, participated wholeheartedly in the Dialogue. Multilateral financial institutions and other external partners followed the process as observers, but did not play any active role in it.

## Implementation and Partnership

*Advances in Implementation.* The National Agreement was signed very recently, and implementation of the State Policies remains to be undertaken. As indicated before, the program of public expenditure of the Government for the next four years has been defined quite independently of the discussions of the Dialogue. It remains to be seen if it will be changed in any way as a result of the agreements reached.

*Local Governments.* The State Policies in the National Agreement were discussed in 25 Decentralized Forums in each of the administrative departments of the country. Each of these forums was well attended by representatives of local governments, civil society and grass root organizations. The emphasis of the local forums was to stress the importance of the fight against poverty, the promotion of equality of opportunities, the elimination of corruption and the need to increase transparency in the use of public resources. The forums made some important suggestions for the National Agreement, such as the needs to reduce the vulnerability and risk of the population to natural disasters, and to better recognize the cultural diversity of the country.

The Coordinator of Regional Fronts of Peru represented the interior of the country in the Dialogue. These Fronts were created to defend the lo-

cal interest of each Department. While the Coordinator of Regional Fronts actively participated in the Dialogue and subscribed to the agreed State Policies, it has recently announced its intention to withdraw from further activities due to its opposition to the government efforts to privatize some local public utilities in the departments of Arequipa and Tacna.

The "oscillating swings" that have characterized Peruvian politics have also shown in the area of decentralization. Several past attempts to channel additional resources and give greater power and autonomy to local governments have been followed by a stronger tendency to centralize. President Toledo has come out strongly in favor of decentralization and has announced that direct election of regional authorities will take place by November 2002. The Dialogue for a National Agreement approved a State Policy that establishes the levels of competency of national, regional and local governments and it is expected that these agreements will be reflected in a new Basic Decentralization law to be passed by Congress in the near future.

**Private Sector.** Peru's private sector has a tradition of active involvement in political and government affairs. As indicated before, in April 2001, they elaborated a document called *Contract for Peru* that established basic principles for Government to follow. The representative organizations of the private sector strongly supported the Dialogue for the National Agreement and have high expectations on its implementation.

The private sector is also collaborating with the Government in the design and implementation of a *National Competitiveness Plan*. The objective of this plan is to increase exports with value added, reduce operational costs for business, create quality jobs and generate a favorable investment climate. The World Bank, Inter-American Development Bank (IDB) and International Finance Corporation (IFC) are collaborating in this effort. Measures already identified as priority include the restructuring of the institutional framework for investment and export promotion, a new law for ports, improvements in the regulatory oversight of concessions and resuming the privatization and concessions program.

**Civil Society.** Peru has a large number of civil society organizations, which have become more

vocal after the demise of President Fujimori. Since 1998 there have been four Poverty Fora that have brought together non-governmental organizations with Government, donors, the private sector and academics to identify the best options to fight poverty. The 2000 Poverty Forum focused on employment and suggested several strategies to deal with the problem, such as the development of productive chains to articulate micro-producers with large markets and the establishment of temporary public works programs in the area of housing and construction. The National Conference on Social Development (CONADES) is an annual event where civil society debates priority social problems and develops proposals for action.

As indicated before, the representation of civil society in the Dialogue for the National Agreement was exercised by the Roundtables for the Joint Fight Against Poverty, which is a countrywide integrated effort to develop local anti-poverty strategies. The Government has recently established a Social Monitoring System (Sistema de Vigilancia Social), where civil society institutions are given monitoring and supervision responsibilities over some social programs. Presently, there appears to be a good partnership between the Government and civil society organizations.

*External Partners.* Peru has received large financial support from several multilateral and bilateral agencies, and is likely to continue being a beneficiary. The outstanding debt to multilateral financial institutions was about US\$ 5500 million at the end of 2000, while that to bilateral agencies was about US\$ 8800 million. The most active multilateral agencies are the IDB, the World Bank, the Andean Development Corporation (CAF) and the International Monetary Fund (IMF). In terms of bilateral assistance, which operates under the aegis of a Consultative Group, the most important partners are the United States, Japan, the United Kingdom and Germany.

The World Bank and the IDB have collaborated in a number of efforts, such as the Social Investment Fund (FONCODES), the rural roads program, the rural water supply and sanitation program and programmatic lending in the social sectors. The World Bank also has an extensive program of partnerships, dialogue and assistance with civil society<sup>4</sup> — which is a model in the LCR region — and

collaborates in this area with the IDB, the United Nations Development Program (UNDP), UNICEF and some bilateral agencies.

The Dialogue for a National Agreement was financed exclusively with funds from the Peruvian Government. While the idea of the Dialogue may be considered an outgrowth of the roundtables sponsored by the Organization of American States (OAS/OEA) to assist in the transition to democracy after November 2000, there is no direct involvement of external partners in the process.<sup>5</sup>

Foreign assistance has traditionally been an important source of funds and ideas for the development of the Peru. The coordination of financial assistance has always been in the hands of the Government, who is now considering the establishment of a special office to coordinate foreign assistance. The lack of a long-term comprehensive development strategy and the limited capacity of external institutions to adequately follow implementation of their programs have had a negative impact on the effectiveness of the assistance received. In some cases it is perceived as being linked too much to the preferences and approaches of the Government in power.

## Results and Performance Monitoring

The Government has a well functioning Integrated Financial Management System (SIAF) that allows appropriate monitoring and control of expenditures by the central government. The SIAF system is being expanded to local governments with the assistance of the IDB. However, the system does not include information about outcomes and results of specific programs and interventions.

The Government has identified 20 outcome indicators that it will use to measure development progress in the country. The list of indicators is the following:

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<sup>4</sup> A summary description of this program is presented in the World Bank, Country Assistance Strategy 2002, dated April 28, 2002.

<sup>5</sup> The work by AGENDA:PERU was financed by the US Agency for International Development (USAID), the Canadian International Development Agency (CIDA), the Mellon Foundation, the Tinker Foundation, the National Endowment for Democracy (NED) and other institutions.

- Percent of population below the poverty line;
- Percent of population below the extreme poverty line;
- Rate of open unemployment;
- Average monthly income of active population in the poorest quintile;
- Rank of Peru in the world competitiveness rating;
- Percent of students in the grades which correspond to the normative age;
- Percent of children which complete the primary and secondary school in 11 years or less;
- Percent of students who passed the standard quality assessment tests;
- Percent of institutional births or births attended by trained workers;
- Infant mortality rates;
- Prevalence of chronic malnutrition in children under 5 years of age;
- Percent of ethnic minorities with access to bilingual education;
- Percent of homes with access to safe water;
- Index of public's perception of transparency in public service;
- Proportion of provinces with plans and budgets formulated in a participatory manner;
- Average months of detention without trial;
- Percent of public investment and current expenditures implemented by the municipalities;
- Index of perception of quality/satisfaction of public services users;
- Percent of funds of the ten principal programs which reach the final beneficiaries;
- Number of programs and projects with final impact indicators.

To some extent, the above indicators overlap with the Millennium Development Goals (MDGs). However, the base and quantitative targets to be reached in each indicator have not been established and this is at the present time a purely academic exercise. It is not at all clear when the system of indicators will be in place and some of the defined

indicators will be extremely difficult to quantify.

The Peruvian public sector has been traditionally characterized by weak accountability, lack of mechanisms to check administrative abuses and inadequate transparency of information. The massive scandals that precipitated the downfall of President Fujimori have heightened the perception of corruption as a major national problem. In 2001 the Government established a National Commission to Fight Against Corruption and for the Promotion of Ethics and Transparency (CNLC), which has centralized the anti-corruption efforts of the public sector and has prepared new legislative proposal on the subject. Actions have been taken to provide civil society organizations and ordinary citizens with increased access to information about government services, programs and budgets.

During the interim presidency of Valentin Paniagua, the electoral system was changed, by assigning seats in Congress to specific territorial districts. This change was designed to ensure greater representation for the interior and to increase the accountability of parliamentarians. The Congress elected in 2001 has regained political assertiveness and has reassumed oversight responsibilities over the Government, but its technical capacity is limited and it lacks internal cohesion because of excessive political fragmentation.

The interim Government also took decisive steps to restore the institutional independence and integrity of the Judicial System. Several members of the Supreme Court known to have close ties to President Fujimori were removed. An independent Judicial Council designated three new Supreme Court Justices and started a mass selection process for more than 1800 judicial positions. However, the key policies and institutional reforms that will improve the delivery of justice services to all Peruvians are only at a starting point.

Although the media remains focused on political fights and short-term issues, it is also starting to play a more assertive role to increase transparency and accountability. It is interesting to note that during the administration of President Fujimori, public officials corrupted even some elements of the media. Owners of four different television stations were captured on tape receiving money from Vladimiro Montesinos, the infamous



security advisor of President Fujimori. In general, the mass communications media have provided limited coverage of the Dialogue for a National Agreement, since efforts to reconcile views and reach agreements are not interesting news per se.

The international indexes still rank Peru low in institutional development, corruption and rule of law (EXPAND). In spite on the increased social awareness on corruption and the need for transparency, institution building is still needed to boost good governance and development. ■

# PERU

## Long-Term Vision and Strategy

Does the country have a long-term vision/strategy?

Are the vision and strategy holistic, balanced and well-sequenced?

Do the vision and strategy target development results, e.g., MDGs?

Is the medium-term strategy consistent with the vision and the expenditure framework?

## Enhancing Country Ownership

Do the vision and strategy originate within the country?

Do NGOs play a role in developing/implementing vision/strategy?

Does the private sector play a role in developing/implementing vision/strategy?

Have elected national institutions played a role in the strategy formulation process?

Does government have capacity to formulate and implement policy and programs?

## Partnership Among Stakeholders

Are there effective in-country fora for partner coordination?

Does Government lead the coordination of development partners?

Are partners' assistance strategies aligned with the country's vision and strategy?

Are partners being selective, or taking steps to reduce duplication of effort?

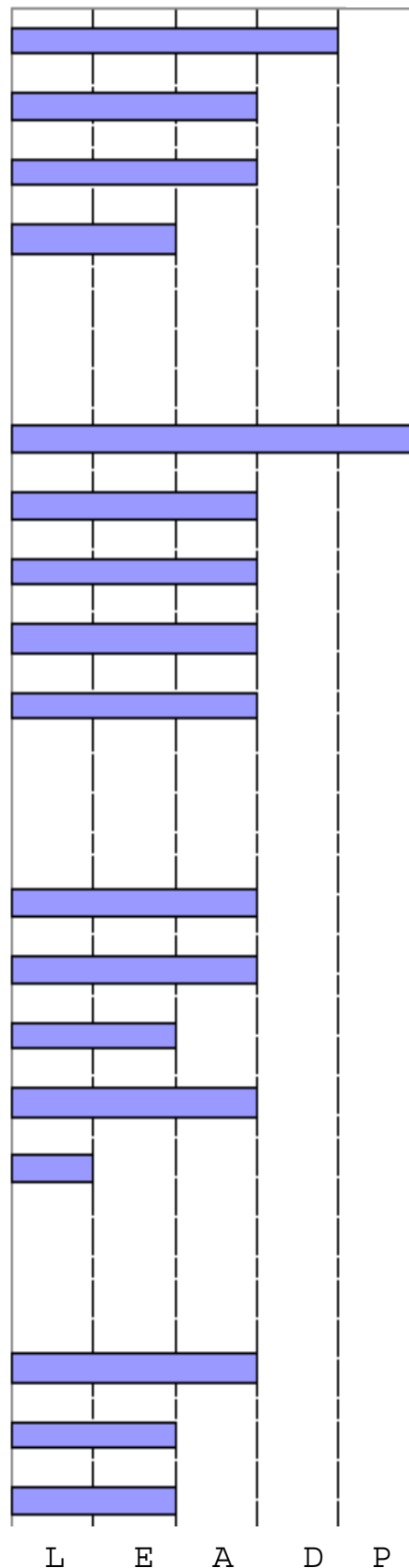
Are partners' operational practices harmonized?

## Focus on Development Results

Does the Government have an adequate development coordination information system?

Is Government putting mechanisms in place to track development results?

Is development information accessible to stakeholders, e.g., media, website, etc.?



"L" means "Little or No Action" — due to a wide variety of circumstances, including political developments, capacity limitations or unforeseen events, action has remained at a virtual standstill.

"E" means "Elements Exist or Being Considered" — there is some basis for making progress, either through what already exists, or definite plans.

"A" means "Action Has Been or Being Taken" — progress has or is being made, although not yet enough, and the basis exists for even more substantive progress.

"D" means "Largely Developed" — significant action has been taken already, although further action is needed.

"P" means "Substantially in Place" — the activity is virtually accomplished.