PRSPs: Good News for the Poor?

Social Conditionality, Participation and Poverty Reduction

Alan Whaites
Contents

Introduction .......................................................................................... 5
Background .......................................................................................... 5
Interim PRSPs ..................................................................................... 8
Participatory Process ......................................................................... 9
Civil Society and the Poor ................................................................. 13
Ownership ......................................................................................... 14
Accountability ................................................................................... 16
Poverty Reduction and Economic Policy ........................................ 17
Resources for Development ............................................................. 19
Liberalisation of Northern Markets .................................................. 21
Rights-Based Economics ................................................................. 22
Income Distribution ........................................................................... 22
Conflict Reduction ............................................................................ 24
Measures of Impact .......................................................................... 25
Conclusion ......................................................................................... 26
PRSPs: Good News for the Poor?
PRSPs: Good News for the Poor?

Introduction

There can be little question that Poverty Reduction Strategy Papers (PRSPs) mark an important innovation in the evolving area of social conditionality. It is also not unfair to suggest that they represent a major feature of the post-Jubilee 2000 face that the World Bank and the IMF wish to show to the world. If successful, PRSPs will provide to all those working alongside communities in the South the prospect of improved national co-ordination and higher levels of resources for comprehensive poverty reduction efforts. Globally, PRSPs are being billed as a meaningful departure from some of the less successful (and very top-down) ideas of the past.

This paper represents World Vision’s assessment of the reasons for both hope and concern. It embraces the welcome rhetoric that has accompanied the launch of the poverty reduction strategy process. It also points to the serious flaws that World Vision fears may prevent the rhetoric from being translated into a truly effective approach. This paper makes clear that World Vision wants to believe that PRSPs will be a significant opportunity to take forward the global agenda of poverty reduction. At present that belief is hampered by very real signs of traditional World Bank and IMF ideological baggage, a problem that threatens to leave the new agenda looking very similar to the old.

Background

Poverty Reduction Strategy Papers and the Poverty Reduction and Growth Facility (PRGF), to which they are linked,
were born out of a crisis of criticism affecting the World Bank and the IMF. The success of Jubilee 2000 and public demands for rapid movement towards third world debt cancellation were accompanied by calls for effective social conditionality on the use of the resources to be released. While making proposals to marginally accelerate the debt-relief process (enhanced HIPC or HIPC2), the Bank and the Fund also struggled to arrive at a system of social conditionality that would answer the calls of their critics. The result has been PRSPs.

On 26 September 1999 the executive directors of the World Bank and the IMF, at a joint meeting of their interim and development committees, adopted proposals for PRSPs and the transformation of the IMF’s Enhanced Structural Adjustment Facilities into a Poverty Reduction and Growth Facility. The stated aim of these changes was a “coherent strategy to help poor countries move on to a sustainable faster growth path, bringing a substantial reduction in poverty. Running through them is an increased emphasis on ownership, transparency, and broad-based participation, as well as a much greater emphasis on more effective social policies.”

PRSPs are envisaged as comprehensive development strategies aimed at poverty reduction. Whereas previously governments and donors pursued unco-ordinated, and sometimes contradictory, policies, now a more systematic approach is to be used. The acceptance of PRSPs by all development actors and funders is therefore integral to their chances of success. Equally important is the idea that these strategies will be rooted in the national policy framework of the country concerned—a fully owned part of the programme of the

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1 “Overview: Transforming the Enhanced Structural Adjustment Facility (esaf) and the Debt Initiative for the Heavily Indebted Poor Countries (HIPC)” (IMF, February 9, 2000).

2 See “Poverty Reduction Strategy Papers—Operational Issues” (IMF and ida, December 10, 1999), point 57.
government itself. The IMF states that PRSPs will be “genuinely country-owned and reflect the outcomes of an open participatory process involving governments, civil society, and relevant international institutions and donors.”

Drafts of the Poverty Reduction Strategy Papers Sourcebook, a vital guide to Bank staff and governments for their work on PRSPs, are less absolute on the issue of national ownership, stating only that they will “involve greater country ownership and a heightened focus on poverty reduction.” The sourcebook will play a major role in shaping PRSPs, making a major contribution to the success or failure of the initiative. World Vision’s analysis of the concept of PRSPs is therefore informed by the sourcebook as a guide to likely practice.

Differences between key conceptual documents and the more operationally oriented sourcebook may prove to be decisive in determining whether PRSPs mark a bold new step or a rehashing of tired, and largely discredited, policies. It is in areas of ambivalence that the room will be found to opt for traditional instincts, including directive conditionality. Ambivalence also creates the potential for the Bank and the Fund to adopt the new language of PRSPs and the old language of traditional adjustment to different audiences and for different issues. In this way, on issues of ownership, the documents available so far suggest an over-willingness to dominate the state in macro areas while taking a hands-off approach to problematic questions, including participation. The Bank and the Fund need to find a better balance to conditionality and ownership if PRSPs are to be anything like the fresh approach they claim them to be.


Interim PRSPs

Any analysis of the unfolding PRSPs approach must begin with a word regarding the interim PRSPs that have come into effect (or are rapidly emerging) within qualifying developing states. The PRSPs process should not be judged on the basis of these documents alone; they are, by their very nature, a half-measure rather than examples of the finished product. Even so, World Vision has noted that as these interim documents have been rushed into effect, one of the first casualties has been the inclusive participation so integral to the new philosophy of PRSPs. World Vision’s Southern partners report that interim PRSPs have been developed with only hastily arranged and halfhearted attempts to consult with local nongovernmental organisations (NGOs).  

To date, the experience of interim PRSPs suggests a heavy reliance on existing frameworks and strategies, resulting in the straightforward renaming of appropriate elements of the status quo. The requirements for the interim documents do, however, offer important signals as to the real priorities of full PRSPs. The International Monetary Fund/International Development Association (IMF/IDA) assessment of the interim PRSPs for Tanzania, for example, lists among the first reasons for accepting the document the macroeconomic orthodoxy (commitment to growth and structural reform) of the approach being proposed.  

Equally, World Vision is conscious that, to date, mixed signals are emerging from national governments concerning their own enthusiasm for the interim and full PRSPs processes.


PRSPs: Good News for the Poor? currently under way. World Vision is being careful not to judge a long-term process based on short-term perceptions; we do, however, have concerns that the failings of the interim approach merely mirror weaknesses in the overall PRSPs design. This document points to a series of weaknesses within the thinking behind PRSPs that, if not addressed, could exacerbate the initial problems to undermine the development overall.

**Participatory Process**

An inherent tension exists between the mandatory emphasis on participation within the PRSPs framework and the decision not to evaluate the quality of participation within the approval process. Placing the onus of responsibility for participation squarely on governments has created a situation in which the World Bank and the IMF can show the best of intentions while disclaiming any failure in practice.

If the Bank and the Fund are serious about the underlying move towards stronger social conditionality, then they must not speak the language of participation while walking away from the process. The World Bank and the Fund must actively invest in the capacity of both government and civil society to engage. Indeed, participation is one area in which the PRSPs Sourcebook offers very positive advice on basic principles and methodology. Based on this work, there is clearly room for the Bank to take a more pro-active and evaluative role in the facilitation, resourcing and analysis of the real experience on the ground. Without a willingness on the part of the Bank to evaluate the participatory process, the establishment of co-ordinating groups and steering committees could become simply a vehicle for the appointment of those found to be most malleable by the regime.\(^7\)

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The quality of thinking found in the PRSPs Sourcebook in relation to participation must also be applied to the practice of the Bank itself. The World Bank has taken very commendable steps to ensure that a great deal of information is available to the public through its Web site. It must also recognize that this is a service that primarily benefits those in the North, or at least within the global north. If PRSPs are to be truly participatory, the World Bank must adopt an approach that places less focus on Web-based information dissemination. Planned workshops and consultation processes must also be integrated into comprehensive approaches to local information dissemination.8

World Vision was disappointed that the Bank declined to produce adequate guidance materials specifically catering to the information needs of Southern and local NGOs. Perhaps this reflects the Bank’s failure to grasp that participation by those NGOs, who can add a clear and expert grass-roots voice, will require new, more inclusive approaches. As yet there is little evidence of the planned changes in the way the Bank/Fund operate and collaborate with civil society.9 Critics might suggest that the decision not to adequately address information needs at this level is indicative of the Bank’s continued unwillingness to view NGO engagement as anything more than a means to silence its critics.

A significant step forward on the part of the Bank would be the rapid production of an easily accessible guide for NGOs to the PRSPs process based on the sourcebook. To date the only guide specifically written for such audiences is an IDS working paper (No 109: “Participation in Poverty Reduction Strategies: Synthesis of Experience with Participatory Approaches to Policy Design, Implementation and Monitoring” by Rosemary McGee and Andy Norton). The IDS paper is

8 Ibid., 17.
9 “Transforming the Enhanced Structural Adjustment Facility.”
based on a number of policy initiatives, including country assistance strategies. The working paper is helpful and points to dubious assumptions and problems found elsewhere; however the onus should be on the Bank and the Fund to produce the easy-to-use manual for local NGOs that is needed.\textsuperscript{10}

Just as important as the Bank accepting the challenge of unpacking PRSPs is the need for recognition that the responsibility for keeping civil society informed cannot lie with the government alone.\textsuperscript{11} Participation is a process, not an event, and will depend upon the Bank and the Fund maintaining a flow of information to civil society to enable adequate feedback and comment. To date, the experience of World Vision partners in the South has not been encouraging. At one extreme this has undermined all faith in the process. One partner stated:

‘We have been totally unhappy with the level of participation in this process. Essentially it has been tightly controlled by a small group of people with some key NGOs not invited to participate. The entire schedule has been one of a series of “hoops” which must be jumped through in order to achieve the end result. It has been primarily a series of events/meetings in which progress was reported instead of offering a process in which participation can be sought. The involvement was very selective and controlled as well as the reports not widely distributed. Therefore the end result will be a document that will not have a high level of ownership or local commitment. Much of the above has to do with the World Bank/IMF imposed conditions and requirements.

‘The conditionality placed on the process for debt relief has resulted in an attitude similar to the struc-

\textsuperscript{10} McGee and Norton, op. cit., p. 19.

\textsuperscript{11} “The IMF’s Poverty Reduction and Growth Facility—Factsheet” (IMF, March 30, 2000).
tural adjustment programmes. Do this and that will happen. The local government thus has had to look at the PRSPs as a means to an end rather than an effective participatory planning exercise. The timeline now is so tight that most NGOs feel like wiping their hands clean of the end result. Therefore I don't see too much hope for the final outcome. I have not been too impressed with the entire exercise and feel that the NGOs have been used by World Bank/IMF to satisfy certain lobby groups.12

World Vision also remains concerned that, despite references to participation during the development and planning of poverty reduction strategies, much of the emphasis for this area seems to be on the evaluation of progress rather than the identification of need (both conceptually and in the sourcebook guide to practice). The danger that participation will be seen as essentially a further means of compliance testing must be avoided.

World Vision therefore strongly recommends that the Bank and the Fund enable a continuous process of participation by civil society. Such a process must include investment in the capacity of the state to engage with NGOs, but should also embrace avenues for participation which are independent of the state. A useful model is the United Nations Committee on the Rights of the Child, a body that allows NGO coalitions to submit alternative reports to complement the official input from states. World Vision believes that the Bank and the Fund should create a mechanism for civil society to provide similar alternative reports on the progress of agreed PRSPs.13

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12 Southern partner report to World Vision International (24 July 2000). (Name of country withheld.)

13 For a discussion of progress reports, see “PRSP—Operational Issues,” point 22.
Civil Society and the Poor

World Vision welcomes the desire of the Bank and the Fund to include civil society within the PRSPs process. Civil society contains numerous expert groups that bring distinct experience and expertise to bear on issues of human development. World Vision believes that mechanisms for civil society engagement in the PRSPs process should be transparent, effective and genuine.

World Vision does, however, believe that the contribution and participation of civil society alone is not enough. Sadly missing from the plethora of conceptual documents that have grown up around the PRSPs and PRGF processes are clear commitments to the consultation of the poor themselves (although their “leaders” and “representatives” do get mentions along with the “public”). It is critically important that dialogue with civil society does not become a substitute for direct engagement with the poor. World Vision does recognise that more attention was given to these issues in the guide to PRSPs implementation (the sourcebook) than in the conceptual documents. Sadly, even this amounted to only one out of its several hundred pages. World Vision would suggest that much more could be done.

As a partnership of Christian relief, development and advocacy NGOs, World Vision is conscious that all those who seek to devise development policy must be willing to invest energetically in the process of consulting directly with communities. The Bank has given a useful lead in this regard through its project to “listen to the voices of the poor.” The methodologies now available to undertake such grass-roots research must be used more pervasively as the PRSPs process takes shape.

14 For an example of the failure of the Bank and the Fund to discuss direct consultation with the poor, see “PRSPs—Operational Issues,” op cit.
15 See also McGee and Norton, op. cit., p. 29.
Ownership

A stated aim of the PRSPs approach is the promotion of ownership of the strategies developed on the part of the relevant state. World Vision encourages this overall aim but is conscious that, ultimately, PRSPs are a part of the conditionality process. The stated aim of national ownership and the development of PRSPs by states themselves is balanced by the “close collaboration” that the Bank and the Fund will provide. The reality of the Bank/Fund’s guiding hand is equally clear in the decision-taking process involved.

World Vision believes that if social conditionality is to be sustainable and effective, the ownership of the state must be real. It is therefore essential that PRSPs do not simply become the paternalistic rewriting of social programmes. Key parts of this are the avoidance of non-contextualised assessments of need and the positive promotion of a flexible approach. McGee and Norton point to the experience of Vietnam, a country that has adopted a less-than-orthodox approach to poverty issues.

The IDS authors state: “Nevertheless, even in the absence of a macro-level strategy and strong donor presence, substantial poverty reduction has been achieved already.” They conclude with the comment: “The contrast between Uganda and Vietnam suggests that a pluralist concept of the PRS is vital if the stress on ownership is not to prove rhetorical. An interesting test will be which criterion prevails—degree of country ownership or degree of policy orthodoxy.”

Equally important is a realistic approach to the identification of those non-productive areas from which it is hoped re-

16 Made clear in “PRSP—Operational Issues,” point 35.
18 McGee and Norton, op. cit., p. 25.
sources are to be found. A focus on budgets for education and health is encouraging but should not be at the cost of less prominent social services and the development of the governmental infrastructure of the state. World Vision would therefore recommend that the Bank and the Fund learn from the experience of those agencies, such as the United Nations Development Programme (UNDP), that have long promoted comprehensive poverty reduction strategies in a non-mandatory way. State capacity building—conditionality and the demands of structural adjustment have played a considerable role in the erosion of the state in the South. 

PRSPs and the PRGF processes give some recognition to the weaknesses that have been imposed, and World Vision broadly welcomes the commitment to “be realistic in supporting the development of poverty reduction strategies that can be implemented by the low income countries concerned.”

World Vision, however, remains greatly concerned at the failure of global institutions to seek innovative and long-term strategies to repair the damage that has been done to state capacity. Limiting the goals of new strategies is not a sufficient solution to the problem of weakened state systems. It is vital that the inclusion of civil society and the recognition of social capital are not seen as replacements for the vital role of the state. World Vision therefore believes that the World Bank and the IMF must work to ensure state-led state development, strengthened data gathering and avoidance of Bank leadership under the guise of the state.


20 “PRSPs—Operational Issues,” point 12.
State-led state development

Bank and Fund commitments to assess the need of the state for the development and implementation of PRSPs should not become a vehicle through which global institutions further experiment with the administrative structure of developing nations.

Strengthened data gathering

The IMF and the World Bank have called for systematic and participatory analysis of poverty while also recognising that the quality of data in “most” countries is weak. The Bank should not rely on NGOs to fill the data and informational gap but must work with renewed energy (through initiatives such as Paris 21) to directly build the capability of research, analysis and planning capability of states.

Avoidance of Bank leadership under the guise of the state

The advisory capacity of the role of the Bank in “the design of poverty reduction strategy, including the necessary diagnostic work such as poverty assessments and their monitoring,” should not become a means to circumvent and neglect the weak capacity of the state.

Accountability

National ownership and state capacity can only be strengthened by encouraging the constructive role of public accountability. It is surprising, therefore, that although the PRSPs and PRGF are framed in participatory language, they evade the questions of accountability that have featured in documents such as the World Development Report in 1991. Indeed, World Vision

21 “PRSPs—Status and Next Steps.”
22 See “PRGF—Factsheet” op. cit.
agrees with the Organisation for Economic Co-operation and Development—Development Assistance Committee that “both long-term evidence and the growing commitment of citizens in all parts of the world support the existence of a positive correlation between the quality of political and civil rights in a society and economic and social well being. The capacity of any country to formulate, implement and sustain sound policies over time is enhanced by that country’s capacity for good governance and the ability of its citizens to participate in the processes and decisions that affect them.”

The senses of local ownership and participation that are so boldly stated as objectives of PRSPs can only be enhanced by a more explicit commitment on the part of the World Bank and the IMF to local accountability. World Vision would point to the issues raised by McGee and Norton when they state: “A different argument for a strong focus on accountability in PRSs is that enabling the poor to demand and secure accountability is an objective in itself. If it is accepted that powerlessness and social inferiority in the face of officialdom are themselves dimensions of poverty then empowerment resulting from participation in accountability initiatives count as poverty reduction.”

World Vision would recommend that the Bank and the Fund go beyond including legislatures within the guidelines for consultation. Instead, they must undertake to encourage governments to build PRSPs into the formal legislative process, allowing, where possible, the fullest engagement for elected representatives into the policy formation process.

Poverty Reduction and Economic Policy

World Vision is encouraged that the IMF, while renewing its commitment to “rapid, sustainable growth,” has also

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24 McGee and Norton, op. cit., p. 68.
recognised that entrenched poverty can itself be an impediment to growth. Despite this recognition of the problem, the PRSPs approach as currently defined—particularly in relation to the PRGF—seems to embrace a traditional macroeconomic formula for economic growth. Sadly, that formula is insufficiently linked to the need for growth with equity. The continued emphasis on “generating higher savings, reducing inflation, accelerating key structural reforms”\(^{25}\) suggests that poverty reduction policy will be derived within the constraints of a fixed set of macroeconomic parameters. It further suggests that budgets, no matter how iterative, will be constrained within inflexible boundaries.\(^{26}\)

The IMF fails to take this opportunity to assert that poverty reduction itself must be made the central objective of economic policy.\(^ {27}\) It is particularly disturbing that the PRSPs Sourcebook follows a traditional, ideological approach.\(^ {28}\) Notably, the sourcebook chapter on public spending is the least convincing of all with regard to participation and stresses restraint over redistribution. World Vision believes that poverty reduction must be the overriding objective of national development policy. In recognition of this, poverty reduction strategies must be the start of the economic policy formation process.\(^ {29}\)

World Vision therefore calls on the IMF and the World Bank to recognise that the policy formation process must be built on the most central poverty-reducing themes: income dis-

\(^{25}\) “Transforming the Enhanced Structural Adjustment Facility.”

\(^{26}\) “PRGF—Operational Issues” (IMF, December 13, 1999), point 9; see also the “PRGF—Factsheet,” op. cit.

\(^{27}\) “Poverty Reduction and Growth Facility—Operational Issues,” op. cit.

\(^{28}\) See PRSP Sourcebook, the “Overview,” “Public Spending” “Trade—Outline” chapters (World Bank, April 20 and 21 and March 3, 2000). The approach is summarised in box 2 and section 2.1.1 of the “Overview.”

\(^{29}\) For alternative economic priorities, see Alan Whaites, Urgent Issues for the Children of the New Millennium, (Monrovia: World Vision, 1999).
PRSPs: Good News for the Poor?

resources, access to productive resources, education and other human capital formation. Fiscal and monetary responsibility are important ingredients to the alleviation of poverty, but adherence to sound economic policies does not preclude a poverty-derived approach to policy development.

Resources for Development

A key question for effective poverty reduction policy in many states will revolve around the identification of the resources for development. World Vision welcomes the recognition that “Fund and Bank staff will need to be more proactive in mobilising external resources consistent with the poverty reduction strategy, with the aim of eliciting additional donor resources for the countries which most need and can effectively use such support. This will be an integral and important part of the PRSPs process.”

It is unfortunate, however, that the Fund and the Bank also seem to be basing plans for PRSPs on assumptions that resources currently devoted to unproductive ends can be identified and used. The inherent tension between Bank/Fund instructions on national budgeting and real local ownership of the PRSPs process cuts to the core of the ownership versus paternalism debate. At the practical level, such an approach, without significant increases in donor assistance, will simply lead to inadequate resources being shuffled between budget lines.

World Vision believes that recognition of the need for greater donor resources should be translated into a clear commitment on the part of the Bank and the Fund to press for significant increases in ODA. Indeed, the development of com-

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30 Ibid., point 12.
31 Ibid., point 7.
32 See also “PRSPs—Operational Issues,” point 59.
prehensive strategies for poverty reduction, co-ordinated with all donors, must instead be explicitly a mechanism for the fulfilment of donor commitments already made.

World Vision believes that the PRSPs processes are unlikely to offer real hope for poor communities without greater action on the part of rich states to fulfil commitments made at the Copenhagen summit for social development. The World Bank and the IMF must therefore become stronger advocates for aid. It was disappointing that initial drafts of the 2000 wdr echoed doubts over the effectiveness of aid, rather than more accurately reflecting on the problems created by its inconsistency and lack of poverty-focused targeting.33

The need to press for greater resources for development is not simply a question of making PRSPs more feasible. It is also a fundamental issue of global security and justice. The PRSPs approach has so far failed to explicitly recognise that current levels of global inequality are unsustainable. Indeed, inequality among countries only serves to inhibit trade and development. The Bank and the Fund must press rich nations to further their own interests by helping poor nations develop.

As World Bank President James Wolfensohn has commented, “Without equity, we will not have global stability. Without a better sense of social justice, our cities will not be safe, and our societies will not be stable. Without inclusion, too many of us will be condemned to live separate, armed, frightened lives. Whether you broach it from the social or the economic or the moral perspective, this is a challenge that we cannot afford to ignore. There are not two worlds, there is one world. We share the same world, and we share the same challenge.

33 See Robert Lensink and Oliver Morrissey, “Uncertainty of Aid Inflows and the Aid-Growth Relationship” (CREDIT Research Paper No. 99/3, University of Nottingham, 1999).
The fight against poverty is the fight for peace, security, and growth for all of us.”34

**Liberalisation of Northern Markets**

The PRSPs process reflects the continuing imbalance in the policies pursued by Northern institutions towards trade and development. It is clear that the conditionality associated with PRSPs remains fully committed to pressing Southern states to liberalise their markets as rapidly as possible. Indeed, the IMF states that “sustained, pro-poor economic growth, based on robust private sector activity and investment, will be the keystone of the poverty reduction strategy. The Fund will continue to advise on and support policies to this end, including prudent macroeconomic management, freer and more open markets, and a stable and predictable environment for private sector activity.”35

Unfortunately, the commitment to force Southern countries to open their markets to goods from elsewhere is not balanced by similar commitments on the part of Northern states to truly free and fair trade. World Vision accepts that the Bank and the Fund may appreciate the incongruence this situation represents. Indeed, a joint paper has called on Northern states to “provide unrestricted access to industrial country markets for export products—largely raw materials and agricultural products—of low income countries.”36

Nevertheless, the Bank and the Fund have little leverage in achieving equal openness for trade, and the emphasis on primary products underlines the unwillingness of Northern states to open markets to more processed products. Trade does have tremendous potential to help in the fight against poverty. The ability of Southern states to export and earn

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36 “PRSPs—Operational Issues,” op. cit., point 59.
hard currency is vital to their long-term economic prospects.\textsuperscript{37} Conditionality that forces one-way liberalisation is, however, unlikely to foster dynamic economic growth.

**Rights-based Development**

World Vision is greatly concerned at the absence of an explicit commitment to the principles of rights-based development within the PRSPs approach. The identification of key areas for intervention is intimately connected to the fulfilment of key instruments, not least the Convention on the Rights of the Child. The fulfilment of basic rights is therefore both an obligation on the part of donors, lenders and states and also an effective tool in the formation of policy itself.

**Income Distribution**

Growth with equity is central to the poverty alleviation process, and yet issues of income distribution are downplayed within Bank and Fund discussions of core economic policies. In particular, the Fund approach to the PRGF does not seem to have assimilated the central role that income distribution must play if poverty alleviation is to be made real.

The absence of stronger commitments on the issue of income distribution is surprising. World Vision has greatly appreciated the role of the World Bank as an exponent of the benefits of equitable income distribution. World Bank publications have highlighted factors ranging from increased domestic savings rates and human capital formation to speed of economic growth.\textsuperscript{38} *The Lessons of East Asia: An Overview of Country Experience* makes the point that achieving a “relative


equality of income” was critical in the first generation of the newly industrialised economies of East Asia.

“This factor was more of a change brought about by policy than an inheritance. Most other low and middle-income countries were not able to achieve similar equality of income or assets. Large land reform schemes in both Korea and Taiwan, China, did away with the landholding classes and made wage income the main source of advancement. Public housing investments in Singapore and Hong Kong were early priorities of governments bent on maintaining a national consensus on development policies.”

The lessons from newly industrialised nations are that, within a framework of good economic policies, a more just initial distribution of resources can help create conditions in which investment and market-led growth are made more possible.

Recent studies, such as those by Bruno, Ravallion and Squire and work by Griffin and Ickowitz, reinforce the view that achieving higher growth is helped by improving equity and helping the poor to gain productive assets (e.g., education).

Empirical studies actually point to a negative relationship between initial inequality and subsequent economic growth.

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Some economists go further, suggesting that growth and equity are mutually reinforcing.43

The key to achieving greater equity and, with it, better economic growth lies in the pursuit of deliberate policies addressing both issues together.44 One approach (which has been found to work) to creating greater equality involves the redistribution of land.45 Other steps which have proven to be important involve equipping the poor as workers and entrepreneurs. Kanbur and Squire, looking at policies which have worked, have said that “another feature underlying the success of these countries was their emphasis on human development. They invested heavily in the education and health of their populations as a contributing factor to growth but also as a benefit in its own right.”46

**Conflict Reduction**

A major cause of poverty, and a constraint on poverty reduction, across much of the developing world is the proliferation of conflict. Conflict sweeps aside progress against hunger, disease and marginalisation and imposes considerable new burdens through the needed repair of infrastructure and the care of those made victims of war. The PRSPs approach to comprehensive poverty reduction policies must promote developmental approaches that work to prevent the emergence of conflict.

World Vision has undertaken a major research programme studying the role of community development in reducing tensions between geographic, ethnic and religious communities.

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43 Griffin and Ickowitz, op. cit.

44 An approach found to be important by Lundberg and Squire, “Growth and Inequality: Extracting the Lessons for Policymakers” (The World Bank, 1999), unpublished.


The results of this study clearly show that when undertaken in an integrative and intentional manner, development activities can play a key role in creating mutual self-reliance between diverse groups. At the macro level, policy must also be oriented towards the creation of a sense of inclusion among all parts of society.

**Measures of Impact**

The stated plans for PRSPs suggest that in the short term, measures of impact (interim indicators) will focus on the statistically measurable, while longer term assessments (final outcome indicators) will be based on qualitative indicators. In this way, an initial guide might be levels of school enrolment, while a longer term measure would be rates of literacy. World Vision would strongly encourage the dominance of qualitative measures at all stages of impact assessment.

The approach currently proposed creates the potential for inadequate causal links between interim and final indicators, denying the opportunity to refine strategy effectively as the programmes proceed. A strong emphasis should therefore be placed on ongoing qualitative assessments, particularly of the process impact of programmes. The current level of immunisations must therefore be balanced by the real level of local awareness and commitment to immunisation (more significant for long-term changes). The utilisation of available information, such as enrolments, immunisation statistics and mortality/morbidity data, is important in creating a framework of assessment but can not offer an accurate picture alone.

World Vision is also greatly concerned by the short-term nature of the PRSPs and monitoring process. The three-year time span for PRSPs is wholly inappropriate given the long-term nature of poverty reduction methodologies. Five-year

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47 “Transforming the Enhanced Structural Adjustment Facility.”
strategies are the minimum feasible period over which substantive underlying change might be expected to take place, with a fifteen-year period being more desirable still. The use of annual and six-month targets should not skew the implementation of strategies towards the rapidly deliverable as opposed to constructing an improved longer-term environment for change.\footnote{"PRSPs—Operational Issues," op. cit., point 15.}

**Conclusion**

The PRSPs process currently threatens to be a muddle of inconsistencies. The commitment to national ownership may well be made untenable by the heavy hand of conditionality on economic policy. The much vaunted stress on participation is currently betrayed by an unwillingness to evaluate the process involved. The good intentions of the conceptual documents underpinning PRSPs and the PRGF are weakened by the sourcebook’s attempt to combine tired old Bank/Fund adjustment policies with new ideas on poverty assessment and strategy development.

The sourcebook in many ways seems to be a prescription for the unworkable offered to the unknown. It seeks to reconcile ideas of poverty eradication, participation and human development with the ideological baggage of the Fund. We can only assume that bringing together this odd mix of ingredients is the responsibility of the states concerned, although the sourcebook would appear to be written more for the staffs of the multilateral lenders. Perhaps it is this latter inconsistency that underlines the most profound weakness of all. Although proclaimed as having a new degree of local control and poverty focus, the PRSPs could be seen by critics as no more than a route to buy off criticism for the Bank and the Fund. They are, therefore, potentially more suited to meeting the needs of global institutions than to serving the needs of the poor.
Overall, PRSPs do mark a step in the right direction. World Vision welcomes the concept of comprehensive poverty reduction strategies for all developing states and indeed has appreciated the work of the UNDP in encouraging such approaches in the past. PRSPs could also play a valuable role in making the conditionality of debt relief a constructive part of this strategy-making process. At present, however, PRSPs and the PRGF may maintain the worst of the old, while only halfheartedly seeking the advantages of the new. The introduction of the language of participation and poverty eradication is the most encouraging aspect of all the changes that are promised. Sadly, they also appear to be the least likely to fully make the transition into practice.