

Submission to the Comprehensive Review of the PRSP
Approach
By World Vision
Policy and Advocacy Department,¹ World Vision

World Vision

World Vision is a Christian relief, development and advocacy partnership that serves more than 70 million people in nearly 90 countries. It is one of the world's largest civil society bodies, and seeks to follow Christ's example by working with the poor and oppressed in the pursuit of justice and human transformation. World Vision works directly with communities through its area development programmes, often large-scale interventions benefiting many thousands of people. World Vision believes in enabling the poor to take control of their own development through participatory methodologies and also emphasises southern leadership. World Vision is the largest NGO recipient of donations by private individuals around the world for relief, development and advocacy

World Vision and PRSPs

World Vision, from the inception of the Poverty Reduction Strategy Papers initiatives, has sought to engage constructively with the development of this new approach to social conditionality. The prospect of comprehensive, country-owned, plans for poverty reduction, which enables improved donor co-ordination, is extremely attractive to all those who work alongside the poor. Given the new and innovative nature of PRSPs World Vision has therefore sought to take a view that these are a work in progress, some mistakes will be made but the potential ultimate benefits make perseverance worthwhile. In a sense this view has been best summarised by the World Bank and IMF when they state that:

All concerned – countries, civil society and their external supporters (including the Bank and Fund) – are learning by doing in the PRSP context, and strategies will evolve in the light of experience. The numbers (and even the initial quality) of strategies prepared are only a preliminary indicator of success; the program will stand or fall

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on the basis of persistent poverty reduction efforts at the country level and their measurable outcomes in the lives of poor people.¹

World Vision's fear, however, is that some of the problems that have arisen point to more deep seated problems in the management approach taken by the World Bank and particularly the IMF towards PRSPs. These problems are suggestive not so much of teething troubles in a new process, but rather a basic mismatch between underlying organisational aims and externally stated objectives. World Vision is not given to criticising the intentions of the IMF and World Bank as we are confident of their wish to reduce poverty, even so, in the context of PRSPs World Vision has been deeply disturbed by the nature of some of the issues that have arisen.

The experience of World Vision in relation to PRSPs within four of our programmatic regions will be shared early in 2002 in a new publication. The four areas involved give an overview of experience at different stages of the PRSP process. This submission draws below on parts of World Vision's forthcoming report. This submission also, however, utilises information from a wider cross-section of World Vision national entities currently participating in PRSP processes. This allows World Vision to speak from experience of contexts in which full PRSPs have been completed as well as those in which the process is still in relatively early days. Given that many countries are still developing their full PRSPs the review process does have an important opportunity to help refine and improve these ongoing processes.

The studies undertaken by World Vision (and included in the forthcoming publication) point to a diversity of perceptions of PRSPs including very real grass roots frustrations with the process. The forthcoming report is also able to review the global analysis of the initiative to date and this analysis informs the comments below. World Vision makes clear within this submission and its forthcoming report its own continued commitment to try to help make PRSPs work in all the contexts in which we are operational. Yet it will also point to the fact that without substantial change, and a willingness on the part of the Bank and the Fund to prioritise the original aim of poverty reduction over other organisational pressures, then PRSPs may be written off as a good idea badly implemented.

The PRSP Review Process

The comprehensive review of the PRSP Approach has itself been indicative of some of the problems that have been experienced in a number of individual national PRSP processes. The original terms of reference for the review are limiting, putting an emphasis on the small number of completed PRSPs which by their nature are likely to have been processes with relatively fewer problems than countries where final decisions have been postponed or drafting has been delayed. The Terms of Reference have also not been extensively shared with participating civil society in the south. In contrast the Bank and Fund have at times given the impression of almost seeking to steer input into the process into a format that addresses a narrow range of issues based around experience of participation.²

Perhaps even more disturbing has been the experience of the Review process in relation to the regional consultation seminars. World Vision found the process of trying to participate in these events extremely difficult even for a large well resourced NGO. In Asia World Vision staff were informed that development workers were specifically not wanted at the regional consultation event. Those NGOs who did manage to gain admittance to the Hanoi meeting found the event was organised around governmental input with no real opportunity for civil society comment. The L.America event was similarly problematic. World Vision did have a registered participant for the Bolivia meeting and was therefore surprised to find that the process for civil society representation was structured so that actual participation was almost impossible (including failure to give details of location, timing or registration).

The organising of the PRSP review in such a way as to limit and 'orchestrate' civil society is a sad reflection of the experience of participatory processes in numerous national level PRSP design processes. Civil society has much to contribute to the successful design and implementation of PRSPs, but that contribution can only be effective if participation is genuine. In the same way the PRSP review will be limited

² A list of suggested questions is posted on the IMF website but a narrow focus on participation was suggested in individual meetings with NGOs such as that between the IMF/World Bank with three US NGOs on 10/09/01

by decision not to embrace the widest possible spectrum of views on experience so far.

World Vision Experience of PRSPs

World Vision has been actively engaged in the PRSP design process in many developing countries, both directly and also through national coalitions to which we belong. Early in the process World Vision decided to closely monitor the experience of our national partners and other NGOs in four regions (Ethiopia, Senegal, Cambodia and Latin America). Case studies based on experience in these four programme areas are included in World Vision's review of PRSP experience to be published early in 2002.

The experience of World Vision research in these four areas has been complemented by the publications of many national level coalitions and southern NGOs. These groups have been able to articulate the grass roots view of PRSP processes.

By drawing on both its own research and also the wider industry literature, including donor sponsored studies, World Vision has identified 12 major problems areas in relation to PRSPs. These 12 problems relate very directly to the key questions outlined by the IMF in relation to the review of the PRSP approach.

1. Participation - World Vision has not yet encountered what might be termed a satisfactory participatory process. In several contexts the process was limited to a select group of NGOs who received invitations to events at which the intentions of a government was outlined for their agreement. Elsewhere, World Vision has witnessed poor dissemination of documentation and information and inadequate explanations of the processes for the constituencies whose views were being sought.

The dynamics involved were explored in a review of civil society participation in PRSP processes by SGTS & Associates, which also found that the speed of transition from I-PRSPs to full PRSPs mitigated against 'good' participation.² The decision to make Participation compulsory, but not a part of the final approval process, did raise suspicions early on that commitment to this area was weak.³ Some critics have therefore been able to tabulate negative experiences by CSOs in a range of Countries.⁴ Timing was also clearly a factor that affected

participation with some countries attempting processes in a limited timeframe (as the Ethiopia case study below highlights with 100 districts being targeted over 3 days).

2. NGO Capacity –The gradual progression towards new initiatives such as participatory budget setting highlighted a substantial capacity problem among NGOs. The Bank and Fund were eventually to respond to these concerns with some capacity building initiatives of their own.⁵ This is an issue that is highlighted both within the Cambodia and the Ethiopia case study below. The World Bank and IMF were both late to react to the capacity problem on the part of civil society groups and this has seriously impacted key parts of the initiative such as participatory budget setting.
3. Timing – The conditionality element within the genesis of PRSPs tended to create an impetus on the part of governments to seek a rapid completion of their PRSP processes. As Adam and Bevan state:

‘countries are very loath to settle for interim relief (obtainable at the decision point), reached, *inter alia*, when they have produced the more limited I-PRSP) without moving rapidly on to the ‘completion point’ at which the relief is locked in, and which requires implementation of a full PRSP for a year. The HIPC thus creates considerable pressure to speed up the transition to a full PRSP.’⁶

Whatever the cause it has been consistently suggested that the rapid development of comprehensive national plans for poverty reduction mitigates against quality, a dilemma that has surfaced in relation to Senegal (see the case study below). This tension has also featured in numerous academic and NGO papers,⁷ but was recognised by the World Bank and IMF in their September 2000 progress report.⁸ There is therefore an underlying question as to whether Bank/Fund thinking on the timetable for PRSPs was ever practical. The US General Audit Office has pointed out that those countries seen as developing best practice in this area have taken up to five years to construct an adequate poverty reduction strategy.⁹

4. Data – Economic changes dictate that communities may enter and leave conditions of poverty over relative short periods (a sudden market crash for the main local produce or a bumper harvest can

have very different impacts). Data is therefore crucial to constructive an effective strategy against poverty and a key part of civil society experience has been the importance of accurately mapping poverty in order to plan effective programmes.

World Vision has therefore been surprised by the lacks approach to data taken within PRSPs. Overall data has played an inadequate role with only limited attempts at poverty mapping or thorough research, prior to the completion of the strategy.¹⁰ This problem has been common to almost all of the countries in which World Vision has been actively involved in the PRSP process. One of the earliest full PRSPs to be given the official seal of approval by the World Bank and IMF was that of Tanzania. The data used for much of the planning within the document was, however, based on a ten year old household survey.

Thin, Underwood and Gilling after their review of African PRSPs concluded that: 'Even full PRSPs have significant deficiencies in their poverty profiles, including lack of specificity about key categories of poor people, and lack of explicit linkage between the means and process of identifying the poor, and specific dimensions of anti-poverty strategies.'¹¹

5. Social Impact Assessments and Monitoring – World Vision has been unhappy with the limited and late planning for social impact monitoring in relation to implementation of PRSPs. Processes for assessments and monitoring must be inbuilt during the planning stage of poverty reduction initiatives if they are to give an accurate picture of results. This has clearly not happened as a general rule within PRSP design processes. One DFID funded study was particularly scathing, stating that:

'a blind eye is being turned to well-known facts about the unreliability of the official reporting systems and administrative data on which implementation monitoring depends. This is not picked up even in JSAs [Joint Staff Assessments – by the Bank and Fund]. The potential for using known shortcuts techniques, such as participatory beneficiary assessments and facilitated staff self-assessments, to provide quick feedback on critical implementation issues is not being explored creatively enough.'¹²

6. Resource Siphoning – The original suggestion by the World Bank and IMF that resources freed by debt relief would be complemented by those released from unproductive areas entailed a considerable assumption that such a process was politically possible.¹³ Yet the focus during the development of PRSPs has very strongly been on two specific areas of social policy: health and education. Governments may feel pressured to divert funding from lower profile areas of social policy into the health and education sectors.
7. Resource Gaps and the PRGF – the Bank and Fund were clear at the start of the PRSP initiative that new funding would also be required particularly from OECD donors.¹⁴ Although some donors have agreed to organise their existing aid flows around the PRSP concept few have actually committed substantially increased volumes of aid. Ultimately the quality of PRSPs may prove to be academic if sufficient resources are not available to allow them to be fully implemented.¹⁵ This is an issue that is drawn out within the case study on Latin America below, but which has also been encountered by World Vision in many other contexts.

The PRGF has also proved to be problematical as a component within the PRSP funding framework. It has remained primarily a means to support monetary policy and fiscal reform. Indeed a 'stocktaking exercise' of the PRGF by Adam and Bevan found that PRGFs did not differ dramatically from PFP (Policy Framework Papers). They also found that concerns over the quality of PRSPs had in some cases: 'led to Fund staff feeling that they could not realistically base the PRGF on the PRSP.'¹⁶

In addition to problems applying PRGF to programmes PRSPs Adam and Bevan also concluded that the Facility while suitable for stabilisation as a non-concessional loan is an expensive way of financing development.¹⁷ As a result the World Bank had to introduce a new financing system of its own termed Poverty Reduction Support Credits.¹⁸ In both cases the levels of finance available would be insufficient to fully finance a PRSP.

8. Ownership (governmental commitment) – An initial response to the concept of PRSPs was clear questioning of whether governments would ever fully own a policy or process that was itself a product of

conditionality.¹⁹ Yet most actors accepted that without some degree of ownership the sustainability of PRSPs and their successful implementation would be in doubt.

World Vision's experience in this regard surfaces in two of the case studies below but a particularly interesting guide to ownership has perhaps been provided by a major SPA funded study undertaken by ODI. The 'Institutionalisation' study found that PRSPs had already been beneficial in bringing poverty reduction into the mainstream of national policy-making.²⁰ The study goes on to suggest that national stakeholders have 'settled into a relationship with PRSPs that is at worst one of equanimity and in many cases enthusiastic.'²¹

World Vision experience is that this view masks a diversity of experience and government officials in several developing countries have shared their own views on PRSPs which suggest a very low sense of ownership. As the SPA study states: 'In several countries, stakeholders perceive the PRSP exercise as being overwhelmingly motivated by getting access to debt relief and having little further significance.'²²

9. Government Capacity – A major issue that has affected the PRSP process in every country and which will ultimately have a determining effect on successful strategy implementation is government capacity. The impact of SAPs was to erode and shrink state sectors, often this shrinkage was felt keenly in the social policy arena.²³ Not surprisingly government capacity has been a key factor in producing problematical design processes (poor participation, inadequate data etc). Other countries, including Cambodia as described below, have been emerging from long periods of conflict and political instability that have also eroded capacity.

The same capacity issues could have a more damaging effect as governments seek to expand educational, health or other provision based on weak departmental infrastructures. Capacity problems may also still exist within essential parts of the central financial administrative system.²⁴ One area that has clearly concerned the Bank and Fund is budget tracking and Public Expenditure Management (PEM), something the two institutions have identified as an urgent area for strengthening.²⁵

10. Macroeconomic framework – The Bank and Fund have long argued that the most critical factor is actually the achievement of economic growth, more recently this position has been nuanced by an emphasis on ‘quality’ growth (e.g. better income distribution). To a large extent, therefore, PRSPs will be dependent on their surrounding macroeconomic context. This was accepted by the Bank and Fund when they initially suggested that attaining trade liberalisation in northern countries was an essential ingredient in achieving success.²⁶

Attaining higher rates of growth is, however, for many of the countries dependent upon the success of the advice they are receiving from the Bank and the Fund. Yet the track record of IMF macroeconomic advice is not impressive (see the Latin America discussion below). The basic ingredients of PRSP macroeconomic packages seem to be the traditional adjustment approach with little substantive innovation or learning from elsewhere. World Vision studies have pointed to the inappropriateness of some key aspects of IMF macroeconomic advice for developing countries.²⁷ Although market led growth and trade liberalisation are important to reducing poverty the evidence is mixed as to whether IMF advice helps to achieve these goals.

The continued failure to absorb new economic knowledge within the macroeconomic framework is profoundly disturbing, as is the frequent failure to include basic pro-poor policies such as real and effective action to improve income distribution, for example through land reform. Yet, as the Senegal experience shows, the dominant importance of adherence to traditional macroeconomic prescriptions is the definitive characteristic of PRSPs. A factor underlined by the decision to make macroeconomic policy a decisive issue in the determination by the Bank and Fund of whether to accept a completed PRSP.

11. Is HIPC2 Sufficient? – A major assumption within the PRSP initiative is that HIPC2 will reduce developing country debt down to sustainable and manageable levels. If this is not the case those countries involved (including Senegal) face the prospect of seeking to implement PRSPs while still carrying high levels of debt that demand considerable resources for repayment. EURODAD suggests that for many HIPCs debt to export ratios will remain above the IMF/Bank threshold ratio.²⁸ This was acknowledged in an IMF/IDA paper in August 2001 which

suggested the need for options to increase debt relief at completion point.²⁹ Other critics, such as Oxfam point to the fact that debt repayments for countries benefiting from HIPC continue still exceed the level of social budgets.³⁰

12. Language – World Vision has encountered several instances in which key PRSP documents, including the draft PRSP itself, has only been available to external constituencies (such as local civil society groups) in English. The concept of a participatory process in which the essential materials appear only in a foreign language is nonsensical and this basic problem has devalued much of the rhetoric surrounding PRSPs.

Conclusion and Recommendations

The PRSP process is an important opportunity to introduce a new approach to poverty reduction that will focus energies and resources on the poor. The PRSP concept is itself fundamentally sound and much of the material produced by the Bank and the Fund over the last two years has been helpful, including the PRSP sourcebook.

The successful implementation of PRSPs will, however, largely depend on the quality of the design process and yet clearly there have been major process flaws. Success is also dependent upon significant increases in resources and at present these have not materialised. Equally poverty reduction is closely linked to macroeconomic policy and World Vision is not convinced that enough lessons have been learnt in this regard.

World Vision is also aware from its direct experience that country-ownership varies enormously with divergent views on the part of those involved. Unhappy experiences on the part of NGOs of participatory processes have also eroded the potential sense of ownership which might have existed on the part of civil society – reducing the likelihood of another set of important development actors joining the PRSP effort. Just as important is the issue of government capacity and the indicators to date are that this will be one of the key stumbling blocks that may derail PRSPs.

Many of these issues realistically should have been predicted by the World

Bank and IMF, with programmes put in place to address the issues involved. The unfolding of PRSP processes has included action to deal with some of the most obvious issues, indicating a welcome degree of flexibility and a willingness to hold workshops, produce papers or change the sourcebook. Even so, too often the impression has been one of closing the stable door after the horse has bolted, the Bank and Fund have looked to solve problems after the underlying issue has already compromised many of the PRSP processes already underway.

The PRSP review should therefore seek urgent action to improve the framework being used for ongoing PRSP processes and to address some of the deeper flaws within the conceptual approach being used. This latter need is particularly acute in relation to the macroeconomic framework, although a fuller appreciation of the need for capacity building is also critically important. World Vision would therefore make the following recommendations for the continuing evolution of PRSPs:

1. Timing – The implicit motivators for a rushed process should be explicitly counteracted with clear recommendations that PRSP design processes must be focused on good design practice rather than speed. As a result data gathering and participation should never be compromised in order to more quickly produce a draft paper. The continuing linkages between PRSP development and debt relief timing needs to be urgently reviewed.
2. Data – The quality of data gathering and poverty mapping must be drastically improved.
3. Government Capacity – The World Bank and IMF have a clear responsibility to be more pro-active in capacity building key parts of state structures. This should also be extended to organised capacity building for national level civil society that goes beyond occasional workshops and specialist websites.
4. Resources – The IMF and World Bank must greatly increase their advocacy for increased development resources from the north, taking advantage of the Finance for Development conference as an early opportunity in this regard. Continued calls for northern trade liberalisation are also important. The World Bank and IMF should also

make clear the insufficiency of HIPC and the need for substantial increases in the level and extent of debt relief. Debt relief should be increased based on a realistic analysis of in-country economic conditions, not simply cookie cutter donor prescriptions such as debt sustainability analysis.

5. Participation – Participation must not just be part of the PR process of the PRSP initiative it must also be a genuine attempt to develop the most effective strategies that are possible. Establishing criteria for the quality of participation on the part of the IMF/World Bank is not sufficient and would likely only reduce governmental ownership of the participatory process. Capacity building for participation is perhaps the most effective contribution that can be provided by the Bretton Woods institutions, both for the governments involved and also CSOs. A sign of good intentions in this regard would be to ensure that essential documents are at least available in the major languages of the countries involved.
6. Macroeconomic framework – Economic conditionality from the IMF has a weak track record particularly compared to more successful development and poverty reduction experiences elsewhere. The IMF review of its streamlining of conditionality was remarkable for the fact that the streamlining has addressed only the quantity rather than the quality of conditionality (and even in this regard it has not been a great success). The IMF should urgently move to a target based approach to conditionality based on medium term policy rather than short term attempts to direct the main instruments of economic policy. There is also a serious question as to whether the IMF is equipped to effectively manage a lending instrument such as the PRGF. Early signs are that action is needed to make the PRGF concessional, more appropriate for development, better linked to PRSPs and less focused on stabilisation; without such action the PRGF will be no more successful than ESAF.
7. IFI Practice - Increased accountability and transparency are needed at the World Bank and IMF to foster public confidence in their commitment to participatory processes and country ownership. The IFIs must also prove themselves willing to politically and financially support heterodox approaches to pro-poor development drawing on experiences in areas where poverty has successfully been reduced.

The Bretton Woods institutions and donor governments must also be more willing to strengthen democratic institutions to encourage national accountability for the PRSP process, policies and results

Summary Case Study One: Developing a PRSP in Ethiopia

Background

Poverty reduction is the core agenda of Ethiopia's current development program. The country is characterised by overwhelming poverty. Ranking bottom in Africa in overall growth (-0.6% annually) with a per capita income of \$100 a year, approximately 65% of Ethiopia's current population size of 63.5 million live in absolute poverty. Average calorie intake in 1998 was 1954 calories, against the required 2200, and information generated from a health and nutrition survey in 1998 found that 60% of household income was spent on food. Ethiopia was recognised as a HIPIC Initiative country, and with this embarked on preparation of its PRSP. As of August 2002, the debt burden of Ethiopia amounted to US \$9 billion. This sum was consuming up to 20% of the country's foreign exchange reserves to service.

Preparing the I-PRSP

According to the independent NGO, InterAfrica Group, the process of preparing a PRSP goes back to the May 2000 election campaign. Part of this electoral process involved extensive debate on development strategy. Participating parties discussed their programs as part of the election platform, through numerous gatherings and meetings. After the elections, government carried out further consultations with selected members of the civil service, elected officials as well as professionals from the private sector. These consultations led to formulation and adoption of the Second five-year program, whose principle strategy was the ADLI (Agricultural Development-Led Industrialisation). ADLI was in turn the basis for preparation of the I-PRSP by the government, which was submitted to the World Bank and IMF for approval.

World Bank/ IMF views of the I-PRSP

In the view of staffs of the World Bank and IMF, the Ethiopian Government's I-PRSP was acknowledged to contain both strengths and weaknesses. The weaknesses as seen by the Bank and Fund include: failure to indicate clearly the relationship between the poverty reduction strategy (PRS) and the policy metrics, targets and indicators; failure to mention how implementation of the PRS would be monitored and whether the institutions to undertake this would include civil society; failure to mention how the PRSP would be prepared and whether effort would be made to build broad ownership; failure to include a more in depth analysis of the poverty situation in Ethiopia.

Furthermore, Bank and Fund staffs stated that much as it is proper to focus on agriculture to address poverty, the full potential of this sector may not be realised without further reform, such as improving the functioning of the agricultural input markets, overcoming implementation constraints in developing irrigation and improving infrastructure, streamlining the land lease policy as well as improving legislation of agricultural land.

They also noted that, given the persistence of structural food insecurity, a comprehensive food security strategy needed to be developed, and that policy reforms were needed to remove hindrances to the private sector. The strengths cited were that overall the I-PRSP had the necessary elements required, and that it provided a sound basis for the development of a fully participatory PRSP. Accordingly, their Executive Directors recommended that the I-PRSP be approved. Approval was granted and with it US\$112 million through the PRGF.

Concerns of NGOs.

At the April meeting of NGOs, several shortcomings were highlighted with respect to the approaches made in the I-PRSP as well as its recommendations. Chief among these was the fact that the I-PRSP was the product of one stakeholder, government. Other stakeholders were not included in its preparation. Its contents were similar to the ADLI strategy that was sector specific and that this approach was allowing less leeway to search for alternate strategies for addressing poverty.

In addition, the main thrust of the ADLI strategy was the emphasis on agricultural extension. ADLI did not incorporate other critical areas such as marketing and distribution as being vital to poverty eradication in Ethiopia. Furthermore, although 60% of the country is arid and is facing major environmental issues, the I-PRSP did not address the unique problems of the pastoral communities. The I-PRSP did not accord significant attention to such cross cutting issues as HIV/AIDS and gender, much as these occupy centre stage in the evolving poverty patterns in the country. The I-PRSP did not provide a clear timetable for the development of the full PRSP, and the roles of various stakeholders were not clearly articulated.

In order to make themselves heard and have an impact on the process, the NGOs decided to have a central voice to voice their concerns. Working under the auspices of the CRDA, an umbrella agency for 192 NGOs out of a total of 370 with registration in the country, the NGOs arranged a two-day workshop during which participants broke out into 8 panels and then made in-depth analysis of the I-PRSP and made recommendations with respect to approaches suggested on: HIV/AIDS and Health, Gender, Children and Youth, Education, Agriculture and Natural Resources, Water, Urban Development, and Pastoralists.

This was followed by formation of an NGO PRSP Taskforce. The Taskforce had 20 NGO standing members, and was given the mandate of (i) negotiating with government on how NGOs can best be involved in the process, and (ii) co-ordinating various PRSP initiatives in order to build an NGO perspective which would in turn be presented to government as the NGO input into the PRSP process. In turn the NGO Taskforce (i) commissioned quantitative and qualitative studies on contributions of NGOs in poverty reduction work, (ii) encouraged all member NGOs to take part in the woreda level consultations and regional level consultations, (iii) conducted workshops on a number of cross-cutting issues including; gender, pastoral issues, democracy and governance, food security, urban poverty, children, and HIV/AIDS; (iv) established formal relation with the national level PRSP steering committee; and (v) undertook public relation and sensitisation activities with available communication media. The information generated was used to start drafting an NGO Perspective Paper on PRSP.

PRSP: The formal consultations

As NGOs were organising themselves for effective participation and input, the PRSP process was officially launched. In its launch, government stated that the process would involve levels of consultation within the existing institutional set up. Consultation of citizens would be made at all levels of the analytical process, and would extend from district (**Woreda**) to Zonal, Regional and ultimately to National level. Participants would be drawn from all spheres of society with the objective of giving voice to the poor. Participants would be drawn from political parties, knowledgeable individuals, and civil society organisations. The objective would be to solicit their input in understanding the nature and causes of poverty, explore public action to tackle poverty, prioritise public action including public expenditure, articulate private sector role in poverty reduction, assess the implementation arrangement, identify the monitoring indicators, and monitor and evaluate the strategy.

To facilitate the consultation, it was indicated that the government would issue a framework document (in the local language) together with two other documents; the Second five-year Development Program, and the I-PRSP. The former sets the direction of policies and programs for medium-term economic growth (broadly derived from the long-term strategy of ADLI). The later sets the building blocks for poverty reduction strategy. These would be circulated ahead of time so those participants can form opinion on their contents and develop their own ideas on poverty reduction. The Federal Government would be responsible for the planning, co-ordination of the process, and preparation of the strategy document. The General Public would be represented in the consultation at district level. The pillars of the PRSP as presented by government for discussion would be: food security, democratisation and governance, decentralisation, and capacity building.

At the time of my visit (September), it was anticipated that at least 5,000 participants would take part in the district consultations; or roughly 50 participants from each of the 100 **Woredas** selected to participate in the consultations. The selection would be such that the participants at the **Woreda** level include those drawn from the five most vulnerable groups of society (rural poor peasants, urban unemployed, women, youth and the elderly). In addition civil society organisations would also participate, and would include; rural peasant associations, co-operatives, urban **kebele** associations, religious institutions, trade unions, NGOs, political parties,

academic and research institutions, the private sector, media and donors. Since then, it has been reported that the number of participating **woredas** has increased to 115 in part to assure representation from the pastoral communities.

The timetable set for completion of the entire process was as follows: September 13-15 district level consultations in all regions; November 1-4 regional level consultation; and December 17-20 federal level consultation. All consultations would end by January 2002. In March a draft PRSP would be produced. May was set as the target date for submission of the completed PRSP. As of December 1st, only one region and one city administration had completed the district level consultations and were preparing for the regional level consultations. Hence, adjustments have been made in the schedule, and it is now left up to each region as to when they would complete their respective district and regional level consultations.

General impressions;

It is still too early to state what the outcome of the consultations would be in terms of preparing a PRSP in which all stakeholders have participated. However, those familiar with Ethiopia indicate that: (i) Public consultation by the government is a new experience. This gives a chance to government to learn the importance of public contributions. (ii) The very appreciation of the idea and undertaking of the consultation process is good development in its own right. It has merit, irrespective of debt issues, as people would now ponder over their own problems and be initiated to take action on their own. (iii) The consultation exercise, adds significance to governments emphasis on poverty as a matter of policy.

World Bank/ IMF recent moves:

More recently, the IMF and the World Bank's IDA announced that Ethiopia had taken the necessary steps necessary to reach its decision point under the heavily Indebted Poor Countries Initiative. Hence the HIPC debt relief from all of Ethiopia's creditors would amount to approximately US\$1.3 billion in net present value terms or 47% of Ethiopia's total official debt after traditional debt relief (corresponding to US\$1.9 billion in debt service relief over time). As a result the NPV of debt to exports ratio would be cut from 350% to 150% (at decision point), and even further over the next

decade. Based on current projections, the NPV of debt to export ratio is expected to rise somewhat above the 150% threshold during 3-4 years following completion point due to high but essential levels of borrowing to help finance post conflict reconstruction and rehabilitation. The savings resulting from HIPC would amount to about \$96 million per year on average until 2021. Debt service as a percentage of exports would be cut by more than half, declining from 16% to 7% by 2003, and declining thereafter to less than 4% by 2021.

Summary Case Study Two: Developing a PRSP in Senegal

1. A Challenging Starting Point:

Located in the hub of West Africa, Senegal is a country with much potential and significant challenges. The last three years have produced solid growth rates, averaging around 5 percent, and relatively low inflation rates, around 3 percent. In spite of these figures, Senegal is one of the poorest countries in the world with a per capita income US\$510 dollars in 1999. In recent years, international aid to Senegal has declined significantly. This situation is made worse by the growing population, resulting in a steady decline in aid per capita, which in 1999 sat at a meagre US\$57.5 compared to nearly US\$80 in 1995.³¹ Social indicators bare the scars of poverty: 58% live below the poverty line.³² In general over half the population is illiterate. A closer look reveals that illiteracy rates are significantly higher among women than men. Over 70 percent of women are illiterate compared to just over 50 percent of men³³.

The task of the PRSP is to move beyond statistics to defining a strategy for poverty reduction.

Debt is a major obstacle in poverty reduction. This was a conclusion drawn from in-country preparatory analysis for the PRSP process in Senegal. For Senegal, debt relief translated into a mere 18% reduction in the Net Present Value of the country's debt burden, equivalent to about US\$450 million. Even with some debt relief, in 1999, of a total GDP of US\$4.8 billion, Senegal spent US\$237.3 million on debt servicing³⁴. The World Bank and IMF are one of the primary benefactors from Senegal's debt

repayment: the country owes about 43 percent of its debt to these institutions.³⁵ Research by Jubilee Plus and the New Economics Foundation has drawn attention to the fact that, even with the reduction, the country will be paying out more for debt servicing by 2018 than it is today.³⁶ This situation is unsustainable and points to the insufficiency of debt relief commitments by IFIs.

Further analysis of Senegal's poverty profile suggests that addressing poverty lies in promoting agricultural development. 60% people live in rural areas, 80% of these live on less than \$2/day, most rely on agriculture for livelihood. ³⁷ A proposed direction for economic development suggests agricultural diversification to increase productivity in rural sectors. Although logical, this strategy risks being undermined by Senegal's trade liberalisation commitments and ever-present trade barriers in the markets of industrialised countries. (Full report contains greater detail)

Beyond the weakness of the agricultural sector, the Senegalese profile of poverty makes clear that social expenditures need to redress the current imbalance between rural and urban areas |

The health sector is typical. The rate of infant mortality in rural settings is more than double that of urban settings (950/100 000 compared to 450/100 000). Yet public expenditures highly favour the urban areas. 48 percent of the budget is spent in Dakar where the poverty level is relatively low at 24.7 percent. In comparison, only 3 percent of the budget is spent in the region of Kolda where poverty levels reach 86.6 percent.³⁸

Identifying areas of emphasis such as agriculture, and the rural/urban disparity is an important step in formulating PRSP. If PRSPs however are going to be effective pro-poor, country-owned and participatory, who and how strategies are defined is critical.

2. A Troubled Process

2.1 Under Duress: The Role of Time Constraints

The time pressure threatens to significantly undermine the value and quality of the Senegalese PRSP.

Among a sample of participants in the PRSP process in Senegal, including government, civil society and donors, time constraints were identified as the most restricting factor in the formulation of the PRSP. The Senegalese I-PRSP gained approval from the Bank and Fund in June 2000 and the date for final submission was over optimistically proposed to be December 2001.

In theory, Senegal had a year and a half to complete the PRSP. In actuality, the process was effectively compressed into six months, officially launched at the end of June 2001. As a result, many of the critical components of the PRSP process were condensed into July and August and the synthesis of all the findings from the process into a draft PRSP was done in a mere fifteen-days in November, for submission in December 2001.³

Many involved suggested that time constraints on the PRSP process compromised not only the quality of the data analysis and resulting proposed strategies, but also the participation of civil society. Many of the participatory activities ended up being held simultaneously and as a result some civil society groups found it difficult to be involved. Constraints like these hamper the quality of participation and as one participant put it, leave the perception that consultation was an intellectual rather than an effective exercise.

When both the quality of the analysis and the legitimacy of the process are sacrificed for the sake of a deadline, what of worth is really left in the PRSP?

2.2 Contracted Participation

Participation in the Senegalese PRSP was limited to the involvement of large CSOs and networks, with marginal inclusion of traditional groups, and village level participation – including women. In addition, elected officials also appear to have played a very limited role during the formulation stage. Parliamentarians will only be officially included in the final ratification of the PRSP. These shortcomings are worrisome

³ At the time of writing there is emerging evidence that the IMF has suggested that Senegal improve its macro-economic framework in order for the PRSP to be accepted. The suggested completion date appears to have been moved to April 2002

considering that informal networks are often closest to the poor and including parliamentarians is an important step in creating accountability for the PRSP.

What was the experience of those groups who did participate? In-depth interviews with CSOs well positioned through their strong or very strong involvement to influence the PRSP process included questions about their perceived ability to influence the content as a result of their participation. None gave a strong positive answer. In fact one organisation that was involved at essentially all levels of the process, including the steering committee, strongly disagreed that participation had resulted in influence.

Civil Society's perceived lack of influence can be attributed to a number of factors. One common concern was that, when the PRSP process was launched in June 2001, the government appeared with their analysis already prepared. Furthermore, civil society was expected to comment on the analysis presented without having received it before hand.

With many of the key groups left out of the process and those who were included doubting the impact of their involvement, the need for improvement can hardly be questioned.

2.3 Whose Idea of Pro-poor?

Defining a comprehensive strategy for pro-poor development, which consistently integrates social and economic policy objectives, has proved an illusive task. Within the documentation prepared for Senegal's PRSP, many sectors strategies contain long lists of activities associated with a given objective. Even when these activities are costed, they are not set within the larger economic context. Without this context some questions cannot be answered, such as "how will the predicted drop in government revenue associated with the elimination of tariffs impact the funding available for the social sector?" If these details are not clarified, then social priorities risk becoming an unrealistic wish list that will not be funded, with resulting disappointment among groups who advocated for them.

The lack of connectivity between social and economic strategies in the PRSP points to another need frequently expressed by participants in the process: to strengthen the capacity for civil society to engage in

economic policy dialogue. Without the capacity for all players to understand the economic framework and its implications, the disconnect between macro-economic and social policy objectives will never be addressed.

Bringing civil society into economic debates on the direction of the PRSP will only be helpful if all the facts – including new loan conditionalities – are on the table...

3. An Omnipresent Interlocutor

After the launch of the PRSP process, in a seemingly unconnected exercise, the IMF conducted a review of a PRGF loan to the Senegalese government. This review resulted in the “acceptance” of new conditionalities in order for the country to receive the third instalment of the loan. The conditions included the privatisation of two major state supported enterprises.³⁹

The terms of this loan will undoubtedly have an effect on direction for poverty reduction and growth, though no attempt was made to harmonise the terms of the loan with the forthcoming results of the PRSP process.

Furthermore, discussions to determine the new conditions for the loan were private, not public. If the PRSP process is based on the principle that civil society participation is key to effective strategies for growth and poverty reduction, then the failure of the government or the Fund to insist on an open process suggests that this principle has not penetrated deeply into the practices of either institution.

This example does not inspire confidence that relations between governments and the IFI have not changed as a result of PRSPs. Rather it is the same old policies and practises with new names. If the PRSP process is truly central in shaping the direction and development of the country, PRGF conditionalities should be negotiated within and not outside the process.

Furthermore, increased accountability and transparency around the actions of these institutions is urgently needed to foster public confidence

that the IFIs are truly committed to participatory processes and country ownership.

4. Conclusions

Recent rumours indicate that the IMF has suggested the revision of Senegal's draft PRSP because it deemed the macroeconomic framework inadequate. Although exactly what inadequate means is unclear, it is clear that macroeconomics is what matter to the Bank and Fund. Whether it is through the conditions of PRGF loans or the stated fact that even with a PRSP in place, new loans will only be granted if the economic framework satisfies IFI criteria, it is evident that the limits of country ownership are set.

The Senegalese example starkly illustrates the limits of pro-poor. The vacuum, which exists in defining a comprehensive strategy that brings coherence to social and economic objectives, exacerbated by time constraints, means that pro-poor is likely to become neo-liberal economics with a few dollars for social expenditure. This is hardly the fundamental shift PRSPs were touted to be.

Summary Case Study Three: Developing a PRSP in Cambodia

Cambodia's PRSP

The PRSP process in Cambodia is in its infancy. The country has completed and submitted an interim PRSP in October 2000 and the full PRSP is anticipated to be completed by October 2002. Yet, despite the full PRSP yet to take place, the negotiations between the main actors in Cambodian development, namely the World Bank and the Asian Development Bank (ADB) have exposed serious problems of the PRSP process and its place in a multi-donor environment. Even before it is launched, the PRSP is almost redundant in its implementation as the lack of co-ordination by donors means that the over-stretched and under-resourced government ministries will be struggling to meet the demands of two major donors, while trying to keep within the constraints of the International Monetary Fund's dictate on fiscal stability.

The complex relations between bilateral donors, the Royal Government of Cambodia (RGC) and the Bretton Woods Institutions in Cambodia have revealed a political dimension to the PRSP that it was not designed to accommodate. In Cambodia, the politics of poverty reduction have turned the PRSP process into a fight over territory and influence.

The Poverty context of the Cambodian PRSP

Like many of the first PRSP countries, Cambodia is one of the poorest countries, with low results on most measures of human development. GDP per capita is estimated at \$260 in 2000, with poverty estimated at 36% in 1999, down from 34% in 1994. Poverty in Cambodia is mainly located in rural areas, where the majority of the poor live (84%). Of that rural population, less than 5% earned more than \$1 per day as opposed to Phnom Penh where less than 30% earned more than \$1 per day.⁴⁰

Agriculture is the main industry for most workers. Over 77% work in agriculture compared to 18% in industry. However, industry makes up 37.7% of GDP compared to agriculture's 42%, and, importantly, the growing garment industry in Phnom Penh accounts for 70% of Cambodia's total exports of goods and services.⁴¹

Social spending per person is low, approximately \$5 for the year in 2000. This is despite the fact the majority of Cambodia's population is below the age of 18, and the health problems associated with poor nutrition, low immunisation rates and poverty.

Government revenues are still weak and tax revenues are not nearly sufficient to meet its expenditure. Foreign aid makes up 17% of nominal GDP, equal to twice domestic budget revenue. Of the \$600 million pledged to Cambodia by international donors, the World Bank and ADB contributed 20% through loans.⁴²

Social Economic Plans for Cambodia

Before any critique of the PRSP process in Cambodia can be undertaken, it is important to place the PRSP in the context of social economic plans

currently in place in the country. The PRSP is not the first such paper operating in country, and due to divisions between the ADB and the World Bank, there will continue to be two plans after the PRSP is designed and implemented.

In addition to the World Bank's PRSP, the country has a social economic plan, the second of which, the SEDPII, was recently approved by the Cambodian National Assembly. The SEDPII is supported by the Asian Development Bank, which aids the Royal Government of Cambodia (RGC) with planning and designing the SEDP. The first SEDP ran from 1995 to 2000, and while comprehensive in its scope, proved to be problematic in implementation with many of its main action points not completed.

Despite the Royal Government of Cambodia's appeals for one poverty reduction plan, there is no consensus. The PRSP arrived just when the SEDPII was being designed. The RGC asked its donors in the annual donors consultation meeting in 2000, to be allowed to combine the two strategies into one paper. While this seemed logical, that there be one poverty reduction strategy, the two main contenders, the World Bank and the ADB were not able to reconcile their differences, and the RGC was forced to plan and operationalise the two plans through its under-resourced Ministry of Planning.

Within this territorial war, the Interim PRSP can be assessed.

I-PRSP

Cambodian NGO community is highly evolved and sophisticated. There are 172 international NGOs and 360 Cambodian NGOs⁴. The NGOs have formed a number of coalitions through which they co-ordinate their work. The NGO Forum completed an in-depth critic of the final IPRSP document. The local Cambodian NGOs participate through this forum as well. Other institutions working on PRSPs in country include the well-respected Cambodian Development and Research Institute (CDRI), Oxfam who submitted a report on the PRSP process in March as well as some of the UN agencies, including UNDP

⁴Figures taken from the **NGO Statement to the 2000 Consultative Group Meeting on Cambodia**, Paris 24-26 May 2000, p.58

The IPRSP was started in May and was completed on the 20th October 2000. During that time, the NGO community was invited to meet with the RGC as part of a consultation process. The invite went to the head of the NGO Forum and the Co-operation Committee of Cambodia (CCC), both ex-pats. The meeting took place in August 2000 and consisted of the RGC, donors and the international financial institutions and reviewed the 6th draft of the IPRSP. The NGO community had not held consultations as yet as they were planned to take place between August to October. Therefore the two NGO representatives were uncomfortable to make significant contributions as they would not be representative of the wider NGO community.

Various NGO consultations went ahead including a one day workshop on the 25th October 2000. The results of the workshop were sent to the intergovernmental council to review and include them into the PRSP. Unfortunately, the by time of receipt of the NGO's views, the Council had already accepted the IPRSP and had sent it to Washington for approval.

Most importantly, the IPRSP went through a total of 8 drafts, and consultations with NGOs were based on these drafts. Unfortunately, all drafts were in English and not translated into Khmer. This exclusion based on language meant that most Khmer NGOs, especially those located in the provinces, were unable to participate in the consultation process. Perhaps even more worrying, is the low level of English speakers or readers in the various line Ministries that were to contribute to the IPRSP.

Given the language restraints, the poor timing of consultations and deadlines, the IPRSP was not a process of development between all sectors of Cambodian society. However, according to the IMF review of the IPRSP, the process was 'iterative and participatory'. Indeed, 'a number of drafts and redrafts were circulated. At an early stage in the process, copies of drafts were given to external partners. Several working group meetings were held, and the process has been opened to the Parliament, external partners, NGOs, and the private sector.'⁴³ The IMF fails to note the importance of timing and language.

The Full PRSP

Timing

The timing of the subsequent full PRSP is another important indicator of the importance of World Bank priorities as opposed to those of the country. Originally, the full PRSP was to be started and completed by the end of 2001. This would bring it on-line soon after the SEDPII was approved in March 2001. Many external commentators, including the UNDP and the Swedish aid agency, SIDA, pushed for the World Bank to slow down this process. The great speed of the PRSP process in Cambodia – from an IPRSP in October 2000 to a full PRSP in December 2001, along with devising another consultative process in the SEDPII was untenable. However, it was not until April 2001, when the SEDPII itself was put back to December 2001, did the World Bank relent and set a new deadline, in consultation with the RGC, of the end of 2002.

Language

Once again language is important, only this time it is the diplomatic use of words and language that is key here. In order to find some sense of agreement on with the ADB, the World Bank is at pains to show that the PRSP is the operational part of the SEDPII. In this new concept, the SEDPII will be the visionary strategy for the Cambodian economy, with the PRSP being the poverty reduction action plan. Consequently, the World Bank stresses that the PRSP is not the PRSP, but a national PRSP. While it is difficult to understand the difference as according to World Bank publications, all PRSPs are national PRSPs, in Cambodia, the language is critical to get support.

The IMF

The IMF seems to be above the fray of interbank squabbles of the World Bank and ADB. It even highlights the problems of a low capacity government like that of Cambodia dealing with a number of plans. In its review of the Cambodian IPRSP, the IMF comments: "Looking ahead to the full PRSP, the main concern relates to the government's weak administrative capacity and difficulties in co-ordinating arrangements among different government and donor agencies and among various policy and planning initiatives.⁴⁴ The IMF apparently has decided to lift some of the load off the RGC, by removing the macroeconomic

framework from the discussion. According to some international organisations in Cambodia, the IMF has already concluded its review of the macro framework for the PRSP. Certainly, in its review of the IPRSP, the IMF has indicated its use of the cookie-cutter approach:

In important part of the PRSP is the macroeconomic framework. It is the macro elements of poverty reduction that were to make the difference between traditional Bank/Fund lending and the new poverty focus of the PRSP. However, it does not appear that the IMF is fully on-board with this concept. In its assessment of the IPRSP in Cambodia, the IMF comments on the policy agenda that

*'The objectives of increasing economic growth, keeping inflation low, and containing the external account deficit while strengthening external management, are key elements in promoting a stable market-based economy. Fiscal policy will continue to be the cornerstone of macroeconomic policy. Current budget surpluses and the avoidance of domestic budget financing will be important for maintaining stability, while improved revenue mobilisation and expenditure management will be necessary to support poverty reduction objectives.'*⁴⁵

This accent on fiscal restraint is in evidence elsewhere in the IMF assessment of the IPRSP and advice of the full PRSP. While the IMF approves of the various plans and initiative for poverty reduction, it cautions the RGC that ' the IPRSP mentions a very large number of actions across those areas which are likely to strain institutional and fiscal capacity. There is, therefore, a need to prioritise proposed actions in the full PRSP, based on the expected poverty impact and to cost measures in the context of the ongoing development of a medium-term expenditure framework.'⁴⁶

Co-ordination

The object of the PRSP is to get all donors on board with achieving agreed poverty goals. For the PRSP to be successful, it must have buy-in from all actors in Cambodian development. The IMF is critical of all donors coming on board and warns the RGC that external assistance needed to support the PRSP will not be forthcoming. This is the nub of the problem. Although the RGC is trying hard to accommodate all donors, especially, the World

Bank and ADB this is not easy. In Cambodia in particular, where there is a need for massive investment in basic infrastructure, the co-ordination of the donors is critical to any success. However, while the PRSP and the SEDPII is viewed as territorial wars between two dominant lenders, there is little ownership of the donors, including the NGOs to get on board.

Conclusion

In the final analysis, the PRSP process in the Cambodia context is a poor reflection on the ideals it proposed when it was launched. Rather than being refocusing of the Bretton Woods Institutions towards poverty reduction in all its work, it has become a tool with which to muscle in on other development bank's territory and get governments to work more on Washington agenda. The failure of the IMF to participate or even evaluate properly the participation of society and government in the process is indicative of the continued mindset of the old policy formation. The chances of NGOs and civil society groups getting any chance to influence the process as the full PRSP gets underway is poor indeed.

Summary Case Study Four: A Strategy to Reduce Poverty In Bolivia, Honduras, and Nicaragua

World Vision operates in 3 of 4 of Latin America's HIPC countries. According to the Inter-American Development Bank's poverty index, Bolivia is the poorest country in Latin America; Nicaragua, is second and Honduras, eighth poorest. Bolivia, Honduras and Nicaragua will continue to borrow from IFIs while they participate in the HIPC II initiative. The cycle of lending and borrowing continues with future generations bearing the burden. In addition, the gap between the proposed World Bank Poverty Reduction Strategy Paper (PRSP) and the actual Bank and Fund documents that will govern lending terms remains unresolved.

Approximately half of Bolivia's aid is delivered through concessional loans that will add to the burden of its debt. While HIPC governments will receive debt relief over the next 5 to 8 years, they will continue to need additional loans just to maintain basic social and economic

infrastructures. Historically, economic investment in developing countries has outpaced social investment in the areas of health and education.

The PRGF is intended to boost the capacity of a HIPC country's macro economy. Favourable macroeconomic conditions, while necessary, are not sufficient to ensure a prosperous economy. Prosperity, says Harvard economist Michael Porter, ultimately depends on improving the microeconomic foundations of competition.⁴⁷

In the case of the Honduran and Nicaraguan economies, the drought and the downward spiral of coffee and cotton prices on exports have had a destabilising effect. The Bolivian economy is heavily dependent on mineral exports subject to price fluctuations. All developing countries are vulnerable to fluctuating currency exchange rates. It is difficult to ascertain how PRGF macroeconomic goals can support the World Bank's poverty reduction strategy paper process in this imploding commodity environment.

The enhanced HIPC II initiative with the imperfect PRSP and PRGF alone can not eradicate poverty, nor will special trade preferences. There are many internal and external cultural, political and economic factors that effect a government's ability, or in some cases its inability, to lift over half of its population out of poverty. In Latin America, there is strong sentiment against poor people in the cities and surrounding urban perimeters

All three countries suffer from a high unemployment rate, a high proportion of single women headed households, street children, an increasing rate of HIV/AIDS, and they suffer from a flight of capital as well as migration of employable citizens. Furthermore, there is evidence that PRSP and IFI involvement with civil society can be divisive among those who are allowed and who are excluded from participating in negotiations over poverty and development planning. Other than through local CBOs or NGOs, the poor sometimes have little in the way of political power to represent themselves. Without representation, they can then have no means to lobby on their own behalf.

Debt relief and poverty reduction are not dependent upon quick economic growth. Poverty reduction goes hand in hand with economic and human development and is a long-term goal. In the UN Human

Development Report for 2001, rankings in the Human Development Index (HDI) and Gross Domestic Product (GDP) indicate that countries do not have to wait for economic prosperity to make progress in human development. In fact, indicators in poor countries show that with the right policies – greater investment in health and education – they can advance faster in human development than in economic growth. However, if economic growth favours the poor, countries can do even more to promote human development.⁴⁸ The IMF maintains that it is not possible to have poverty reduction without economic growth. The HDI refutes that assumption, but if any economic growth should occur through the PRGF, some should be directed at supporting greater human development.

People living in poverty in Central and Latin America are often excluded from the process of economic improvement through the inequality of the distribution of wages and lack of access to the dynamics of production, especially in the case of land tenure and financial investment for rural development. Governments have been pressured to adopt the IFI's neo-liberal view that it is inefficient systems and poor labour productivity that are the key determinants of poverty.

¹ IMF/World Bank, *PRSPs – Progress in Implementation*, Washington, April 20 2001, p4 (point 6)

² SGTS & Associates, *Civil Society Participation in Poverty Reduction Strategy Papers (PRSPs) Report to DFID*, London October 2000, see pp5-6 , p16, p53

³ Alan Whaites, *PRSPs: Good News for the Poor*, World Vision, Monrovia 2000 op cit p9

⁴ see Annex1 of WDM, *Policies to Roll Back the State and Privatise?* London April 2001 which tabulates excerpts of documents summarising experience from a range of countries.

⁵ The World Bank held a workshop in April 2001 in Washington DC

⁶ CS Adam and DL Bevan, *PRGF Stocktaking Exercise on Behalf of DFID*, Dept of Economics, Oxford University, Draft November 9 2001 p5

⁷ see for example SGTS & Associates op cit p 16

⁸ World Bank and IMF, *Poverty Reduction Strategy Papers – Progress in Implementation*, September 7 2000

⁹ General Accounting Office, *Developing Countries, Debt Relief Initiative for Poor Countries Faces Challenges*, Report to Congressional Committees, Washington June 2000, p10

¹⁰ see Neil Thin, Mary Underwood, Jim Gilling, *Sub-Saharan Africa's Poverty Reduction Strategy Papers From Social Policy and Sustainable Livelihood's Perspective: A Report for DFID* Oxford Policy Management Group, Oxford 2001 p4

¹¹ Thin, Underwood and Gilling op cit p4

¹² David Booth, Henry Lucas, *Desk Study of Good Practice in the Development of PRSP Indicators and Monitoring Systems, Initial Review of PRSP Documentation*, commission by DFID for the SPA, ODI London May 2001 pvi

¹³ IMF, *PRGF – Operational Issues*, December 13 1999, point 7

¹⁴ IMF, *PRGF – Operational Issues*, December 13 1999, point 12

¹⁵ Alan Whaites, *PRSPs: Good News for the Poor?* Op cit p19

¹⁶ CS Adam and DL Bevan, *PRGF Stocktaking Exercise on Behalf of DFID*, Dept of Economics, Oxford University, Draft November 9 2001

¹⁷ Adam and Bevan op cit pp22-24

¹⁸ see World Bank paper to the Development Committee meeting of September 2000, *Supporting Country Development: World Bank Role and Instruments in Low and Middle Income Countries*, Washington September 2000

¹⁹ Charles Abugre, *Still Sapping the Poor: A Critique of IMF Poverty Reduction Strategies*, World Development Movement, London February 2001 pp16-17

²⁰ ODI, *Institutionalisation Study* op cit pviii

²¹ *ibid* p 18

²² *ibid* p22

²³ see ODI *institutionalisation Study*, op cit pp26-36

²⁴ see ODI *institutionalisation Study*, op cit p1x

²⁵ World Bank/IMF *Progress in Implementation, September 2001* op cit p13. And also IMF/IDA, *Tracking of Poverty-Reducing Public Spending in Heavily Indebted Poor Countries*, March 27 2001

²⁶ IMF, *PRGF – Operational Issues*, point 59

²⁷ Alan Whaites, *Precarious States*, World Vision, Monrovia 2001

²⁸ Eurodad, *Debt Reduction for Poverty Eradication*, , Brussels July 2001

²⁸ see Jubilee South, *Pan-African Declaration on PRSPs*, Kampala 10-12 May 2001 p3

²⁹ IMF/IDA, *Enhance HIPC Initiative – Completion Point Considerations*, approved by Jack Boorman and Cheryl Gray, Washington, August 17 2001

³⁰ Oxfam International, *Debt Relief: Still Failing the Poor*, Washington DC, April 2001

³¹ World Development Indicators Database, July 2001 www.devdataworldbank.org

³² Senegalese Interim PRSP May19, 2000 p.3 data taken from Enquête Sénégalais Auprès des Ménages (ESAM I) 1994

³³ World Development Indicators Database, July 2001

³⁴ *IBID*

³⁵ International Monetary Fund, (July 2000) *Senegal: Recent Economic Developments*, IMF Staff Country Report No. 00/91, Washington D.C. p16

³⁶ See www.jubileepius.org/worldnews/africa/senegal230201.

³⁷ République du Sénégal, (2001) *Diagnostic de la Pauvreté au Sénégal*, Ministre de L'Économie p.8 Data taken from Enquête Sénégalais Auprès des Ménages (ESAM I) 1994

³⁸ *IBID* p. 26

³⁹ See www.imf.org "Letter of Intent, Memorandum on Economic and Financial Policies for 2001, Technical Memorandum of Understanding, August 30, 2001

⁴⁰ Sok Hach, Chea Hout, and Sik Boreak, Cambodia's Annual Economic Review 2001, Cambodia Development Resource Institute, Phnom Penh, pg. 18

⁴¹ Taken from SEDP II (draft 5 March 2001) – sources: National Institute of Statistics, Ministry of Planning, General Population Census of Cambodia 1998: Final Census Results, Phnom Penh, 1999, pp. xi-xxii; National Institute of Statistics, Ministry of Planning, National Accounts of Cambodia 1996-1999, Phnom Penh, 2000, p.18.

⁴² Ibid, 18.

⁴³ **Cambodia, Assessment of the Interim Poverty Reduction Strategy Paper**, International Monetary Fund and The International Development Association, December 26, 2000 accessed at www.imf.org, pg.. 6.

⁴⁴ **Cambodia, Assessment of the Interim Poverty Reduction Strategy Paper**, International Monetary Fund and The International Development Association, December 26, 2000 accessed at www.imf.org.

⁴⁵ *ibid*, pg. 3.

⁴⁶ *Ibid*. pg 4/.

⁴⁷ Porter, Michael E., "Attitudes, Values, Beliefs, and the Microeconomics of Prosperity", **Culture Matters**, edited by Lawrence E. Harrison and Samuel P. Huntington, pp. 17-18. Basic Books, N.Y., N.Y., 2000

⁴⁸ "What the Human Development Index and Human Poverty Index Reveal", **Human Development Report**, p.13, United Nations Development Program, N.Y.,N.Y., 2001