

**World Bank-Civil Society Global Policy Forum**  
**Washington, DC, April 20-22**  
**Plenary Session, Thursday, April 21**

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Chair: Mr. James Adams, Vice President, Operations Policy and Country Services, World Bank

Speakers: Mr. Luca Barbone, Director, Poverty Reduction Group, World Bank  
Mr. Mark Plant, Senior Advisor, Policy Development and Review Department, IMF  
Mr. Lawrence Egulu, Regional Coordinator, ICFTU, Africa  
Ms. Linda Van Gelder, Lead Economist, World Bank  
Mr. Elliot Harris, Advisor, IMF

Mr. Plant set the context in terms of events and publications that have immediately preceded this event, as well as those forthcoming in the next few months, that have made 2005 the “Year of Development.” These include: the joint World Bank and IMF Global Monitoring Report which has concluded that without a major push from all stakeholders, MDGs will not be met; the High Level Forum in Paris on Aid Harmonization and Effectiveness; and finally the recently-concluded Spring Meetings of the World Bank and the IMF. Noteworthy events on the horizon include the UNGA Special Session on Financing for Development and the UN Summit on progress toward the MDGs in September.

In the discussion during the recently-concluded Spring Meetings there was a greater push for further debt relief and governments emphasizing the continued need for reforms, and proposals calling for innovative financing mechanisms for mobilizing additional resources to meet the MDGs.. The IMF has a critical role in supporting—through policy advice, capacity building, and financial assistance, including debt relief—low-income countries' efforts to achieve macroeconomic stability, debt sustainability, and strong, sustainable growth needed to make progress toward the MDGs.

IMF Managing Director de Rato has confirmed the Fund’s commitment to helping countries achieve the MDGs, in its area of competence, as well as to the shared vision of mutual accountability and partnership embodied in the Monterrey Consensus and reflected in the PRSP approach. Going forward, the Fund is examining the full range of its engagement with Low Income Countries and seeking ways to better align the PRGF to the PRSP. In conclusion, Mr. Plant noted that this forum is critical in sharing experiences and best practices as we prepare the 2005 PRS Review.

Mr. Barbone. The intention of donors and IFIs in introducing the PRS process was to shift emphasis more towards the countries themselves. This was based on the principles of country ownership, partnership and coherence of development assistance with national systems. Important to note that while there was always a degree of ownership before, but the PRS process has accelerated and deepened this trend. Mr. Barbone noted his

experience as country director for the World Bank for Moldova where he witnessed the period of elaboration of the PRSP which was politically a complex task and took a long time; however, he felt that it added to the policy discussion in the country and stimulated debate and brought about positive changes in spite of a less than optimum political situation.

On a general note, PRSPs are meant to give ownership and strengthen accountability within countries. Ownership of country policies by the government makes our jobs as IFIs easier, since we can take a secondary role. But this also implies that governments must strengthen their institutional underpinnings and increase capacity to deliver services, which can take time. Therefore, it is important to note that the PRSP process is a work in progress. Mr. Barbone concluded by noting that the World Bank values the PRS process, and that it believes that it is the way to move forward.

For the important work that remains to be done, the World Bank values the type of dialogue that this forum provides which allows us all to share our mutual experiences and to arrive at good practices.

Mr. Egulu. In general, civil society, private sector, trade unions, etc have had their respective roles enhanced because of the PRSP approach because whereas before decision making was solely with the Ministry of Finance, now the process is more open, and line ministries as well as other agencies and civil society have more space in which to make their views heard.

PRS is also becoming a permanent fixture, and a central point around which donors are aligned. However, the major exception to this is the PRGF which needs improvement in this respect. Also another weakness is the fact that MDGs are not aligned with the PRSPs. An example of these contradictions can be found in Zambia, where the PRSP included an initiative to hire 10,000 teachers as a way of achieving Universal Primary Education, but as the country approached the HIPC Completion Point, it was forced to freeze hiring of additional teachers, making it all but impossible that it could meet its UPE target.

The concerns of civil society therefore can be categorized as follows:

- Active/meaningful participation is often made difficult as country authorities don't deliver necessary documents on time, give out selective invitations, or otherwise create very rushed timetables.
- PSIAs are not often done, and when these are done, it's not clear who controls them. Who selects and hires the consultants? Civil society seems not to be involved in this process.
- The question is at what level of the PRS process should civil society participate? At the initial level of PRS formulation, or throughout, including in the M&E

process, through to the second iteration of the PRS? The way to sustain this latter level of engagement is not clear.

- As also picked up in the OED report, “country ownership” is also made difficult when the entire macroeconomic framework is set outside the PRSP. Similarly, HIPC Completion Point also constrains full country ownership.
- Capacity issues of CSOs is also a concern in this respect, and more needs to be done by both donors as well as the CSO community itself to allow CSOs to play a more meaningful role as watchdogs.
- Finally employment creation and labor rights should be more a focus in PRSPs.

Ms. Van Gelder/ Mr. Harris. The PRS approach has now been in place for five years. In addition to its role as a country-owned strategy which is comprehensive and based on a medium-term results oriented perspective, it also provides the framework to define policies, programs and resources needed to achieve the MDGs at the country level. The five themes that are central to maintaining effectiveness of the PRS approach are: strengthening medium-term orientation of the PRS; using the PRS as a mutual accountability framework; sustaining meaningful participation; enhancing the linkage between the PRS and Plans/MTEFs/Budgets; adapting the PRS approach to conflict-affected and fragile states.

The 2005 in-depth review of the PRS process is expected to look at the key lessons and good practices that have emerged in the above areas over the past five years. It will also highlight any specific changes to the approach, if needed, and propose ways of measuring results from the PRS approach. The final product will be a paper for consideration at the Annual Meetings of the World Bank and IMF in September. In preparation for this paper, the Bank is inviting participants of this forum to an e-discussion, to be held on May 2 for two weeks at [www.worldbank.org/prspreview](http://www.worldbank.org/prspreview).

Some early feedback from PRS countries on the 2005 review includes concerns that future PRSs should focus more on productive sectors and growth; that political economy is a key factor in implementation, and not just “technocratic” solutions; that donors need to focus more on capacity issues; and that a focus on few key initiatives is necessary, as opposed to a wide range of reforms. From the donors’ perspective, there was interest in maintaining a drive for results and paying attention to internal accountability.

### Questions

Q1. Given that many countries are still not fulfilling the pledge to spend 0.7% of GNP on ODA, what realistic chance is there to meet the MDGs? Shouldn’t donors do more?

Barbone: Agree with the questioner, and urge her and her organization to ask donors this question directly. The IFIs, for their part, have tried to campaign for additional funds, even at the recently-concluded Spring meetings. Recently, the

IDA replenishment saw a substantial increase in resources. Challenge now is to ensure that we channel it properly to countries with the absorptive capacity and good policies.

In calling for greater aid, Jeff Sachs has been very effective; however, the reality is that at the same time we need to strengthen the mutual accountability framework that is embedded in the PRSP process, both to improve the delivery system by which this increased aid would reach the poorest and to improve the governance and institutional underpinnings in developing countries. The World Bank's position is that donors need to do more—our President has said this many times, but we also feel that these other concerns need to be addressed as well.

Q2. There is a disconnect between targets set in the PRGF and those in the PRSP, with the former often calling for fiscal consolidation, and the latter looking to invest heavily in the social sectors. How can these be reconciled?

Plant: In early PRSP/PRGF countries, a problem was that often the PRGF preceded the PRSP, and it could not reflect the specific goals of the PRSP. This is now being rectified in new PRGFs. However, there is a second issue. While the PRGF focuses on the appropriate macroeconomic framework in the context of the available resource envelope in the short- to medium term, and on the budget constraints countries face, the PRSP is often aspirational. This creates an inherent tension, and countries need to better link available resources with their PRS goals – this is a balance that every country will have to find.

Q3. In countries such as Nepal, when participation in the PRSP context becomes problematic due to political upheaval, the response of the Bank and Fund has been to say that “We’re not involved in politics.” Can the Bank/Fund do more—perhaps in terms of developing a system to deal with such cases—to ensure that the momentum on participatory exercises is not lost?

Adams: The Bank cannot simply disengage from a politically-difficult situation. However, at the same time, it is difficult to develop a single system to address the multiplicity of country conditions. The way to address this kind of situation would be to work in tandem with all stakeholders, including CSOs, to arrive at practical solutions. For example, in Tanzania, there was very good participation in the first PRSP, but by the time of the first progress report, this had dwindled, but through dialogue with the country authorities, participation regained its prominence in subsequent progress reports. So a key thing is to be patient and to keep engaged.

Q4. In Bosnia, government's approval of the PRS included extensive participation from all stakeholders, after which the Bank and the Fund did a JSA, following which a Consultative Group meeting was held which identified the financing gap required to meet the PRS goals. The CAS was in line with these identified goals, and many of the donors aligned behind it as well. However, the IMF came to a different macro framework,

which was at odds with the agreed framework developed in the PRSP. So the choices were either to start the negotiations all over again with all the stakeholders with a view to changing the PRS, or to renegotiate with the Fund. One year later, there is still no standby facility, and as a result, no World Bank or other donor program as well. How can this situation be made better? Note: there was a similar question from Nicaragua about the links between PRSP and PRGF.

Plant: The IEO report said that the IMF has to do a better job of aligning the macroeconomic framework with the PRSP, in partnership with the governments and other stakeholders. There is also a clear need to better explain (or help the government explain) the goals of the macroeconomic framework, and the tradeoffs that are required. This would help authorities in communicating with stakeholders better when shocks or other imbalances impinge upon the framework. Also, the PRSP and the PRGF are iterative, and the redesign of the JSA will provide a more honest take on the PRS – it will give a clearer view of the challenges faced by government so that the Fund can address directly what can be done, and do a better job of meeting the goals.

Q5. In Bangladesh, the PRSP is “rights focused” but this is not monitored by the government. Thus, there needs to be a “triangular” relationship between the government, the donors (especially the Bank and the Fund) and the CSOs. Especially CSOs, who need to be more accountable for implementation of the strategy.

Q6. MDG goal of reducing poverty by a half does not mention the plight of over 600 million of the world’s disabled (80% of whom live in the developing world) who are the poorest of the poor. Recently, the World Bank has shown a lot of interest in the disabled, but other agencies need to do more, since MDG for poverty cannot be met without considering the disabled.

Mr. Adams noted, as an example of the World Bank’s continued focus on disabilities, that there is an effort now underway in the Tsunami affected countries to ensure that the rebuilding which is underway is more disabled-friendly

### Conclusion

Mr. James Adams concluded by noting that government representatives have been asked to this conference to facilitate better trilateral discussions, which is a need that is acknowledged in the questions that have been asked here. From the World Bank’s perspective, the presence of the government officials will facilitate a more productive dialogue.