

Masood Ahmed's Introduction (edited by Peter Silarszky)

Toward Country Owned Approaches – Do We Still Need Conditionality?

In this session we will focus on some of the elements of the emerging approaches to policy-based lending. We will discuss how conditionality relates to country based approaches and country situations. In addition, I was also hoping to take up two issues relating to country based approaches which have come up this morning, but which we haven't yet fully got into, and for which the two speakers are ideally placed to deal with them.

The first issue is the questions of how conditionality and ownership relate, particularly in a country that is coming out of a financial crisis. A lot of our discussions this morning have been focused on long-term partnership and PRSPs. We have also briefly talked about the middle-income countries and countries coming out of crisis. However, I hope Kemal Dervis, our first speaker, will address this issue, amongst other things, in a little more detail. Kemal, who lived through and managed this crisis in Turkey, is ideally placed to talk more broadly since, before that, he was in charge of the work on poverty and economic management with the World Bank.

Gilles Hervio, our second speaker, is also an old comrade-in-arms on the issues of conditionality and ownership. Gilles has been working on these issues with the European Commission (EC) for many years, and he is going to talk about the use of outcome-based conditionality as a way to move forward, beyond focusing on inputs towards making disbursements based on outcomes. The EC has in many ways led the way in experimenting with this approach and I think it would be useful at this point to have a

broader discussion on how applicable is this approach, what issues raised and how we move forward.