

Working Paper Number 108

Do PRSPs empower poor countries and disempower the World Bank, or is it the other way round?

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Poverty Reduction Strategy Papers (PRSPs) have been introduced by the World Bank and the IMF as a necessary aspect of securing HIPC debt relief and access to other funds. They are intended to increase national 'ownership' of programmes, through extensive participation. This paper assesses whether they actually do empower poor countries, by exploring the process and content of the PRSPs. It finds that as far as civil society is concerned, the PRSPs currently permit little significant contribution to programme design. Governments appear to take a bigger role, but are also heavily constrained, especially with respect to macro-policy. The fact that the content of PRSPs is very similar to previous adjustment packages suggest that little real change has occurred through this process. Moreover, some large IFI programmes are unaffected by the process. Hence PRSPs do not significantly empower poor countries. They may give the appearance of greater ownership, but so long as there is no significant underlying change, such a change in perceptions about ownership, which could make IFI designed programmes more effective and thereby empower them, is likely to be short lived

October 2003

I. Introduction¹

Policy reforms imposed on developing countries through conditionality have greatly weakened the autonomy of recipient countries. The vast majority of poor countries in Africa, and many in Latin America and Asia, have been subject to a series of IMF and World Bank adjustment packages, especially over the last twenty years. These reforms cover all the major economic decisions – budgets, tax and expenditure policies, exchange rates, trade and tariff policies, price policies, privatisation, credit policies – such that countries subject to them have very little control over their economic policies. Moreover, sectoral adjustment policies additionally expand the scope of conditionalities – including education and health policies for example. The Comprehensive Development Strategy of the World Bank further extends the realm of potential conditionality into the law and matters of governance. Conditionality thus has been a major source of disempowerment whether or not the policy reforms are in the recipient countries longer-term interests.

A lack of local enthusiasm for what appeared to be agency imposed-programmes was widely believed to be due to limited country ‘ownership’ of the programmes, leading to delays or failures in implementation. Consequently, the agencies began to argue the case for greater ownership. The Poverty Reduction Strategy Papers (PRSPs) are the most concrete and widespread manifestation of IMF/WB efforts to increase country ownership. The question we aim to address in this paper is whether and to what extent PRSPs have effectively empowered poor countries, or whether, as some have suggested² they are ‘window dressing’ which in reality empower neither poor countries nor poor people, but rather enforce the power of the international agencies by giving the appearance of ownership without the reality.

PRSPs explicitly incorporate participation into the IMF/WB lending framework for poor countries. They follow a long history of concern with participation in the development community, spanning nearly four decades. Starting with a series of high-level declarations of support for ‘popular participation’ by international development organisations in the 1970s, to the re-orientation of bilateral aid projects towards ‘customer focus’ and ‘stakeholder participation’ in the 1990s, the concept of participation has increasingly been mainstreamed in donor-developing country policy dialogue.³

The International Financial Institutions (IFIs) claim that PRSPs are country driven and nationally owned:

‘Country ownership is the guiding principle...the process and content [of PRSPs] must be designed nationally to suit local circumstances and capacities, and should be useful to the country, *not only* external donors’ (Klugman 2003, our italics)

¹ We are grateful to very helpful comments from Jeni Klugman, and to those of the participants at the April conference.

² For example, 39 organizations and regional networks in 15 African countries agreed at a meeting in Kampala, May 2001, that PRSPs ‘were simply window dressing’. See Bretton Woods Project (2001).

³ Cornwall (2000) provides a useful survey of the participatory trends in development policy since the 1970s.

Moreover, ‘participation’ of civil society is regarded as essential to achieving the principle of national ownership:

Poverty Reduction Strategies should be country-driven, promoting national ownership of strategies *by involving broad-based participation by civil society* (IMF 2002b, our italics)

PRSPs were first introduced in 1999, and 30 had been produced at the time of writing. Therefore we now have some evidence to permit us to make a preliminary assessment of them, although because of their short history it is only possible to analyse the process and content of the PRSPs, not their impact when implemented. Our concern here is the extent to which they have increased national ownership of programmes, and thereby have empowered the countries. This is a difficult question to answer not least because ‘national ownership’ is not an unproblematic concept, nor is ‘empowerment’.

The term ‘ownership’ is borrowed from the realm of private property over goods or land, where it generally has a well-defined legal meaning, but also involves a psychological aspect, a perception of possession. When transferred to policy programmes, the legal aspect, which underpins the concept in its normal use, disappears, and we are left with the psychological aspect. This psychological aspect could be just a matter of perceptions, without any change in underlying realities – i.e. that governments/local people are induced to believe they have ownership of what are essentially unchanged reality, by reformed processes, such as the PRSP might bring about. But a genuine change in the underlying reality is likely to be needed to bring about a lasting change in perceptions. This would require that the national contribution to the design of policy programmes substantially increases, even if it does not become exclusive.

There is also a question of what *national* ownership implies: is it a matter of governments’ increased contributions to policy design and consequently changed perceptions, or that of civil society, or some combination? From the point of view of the democratic legitimacy of the process, any democratically elected government must be involved; in such cases, the role of civil society is more questionable – it certainly has an important role in helping form and check on government policy, but it does not necessarily have an independent right to determine policy;⁴ where democracy is limited, or non-existent, however, there is a special need to involve civil society to ensure popular participation in the process. In general, in both democracies and non-democracies, including civil society in the process is likely to help to increase perceptions of national ownership, and improve implementation, since this, of course, involves both government and civil society.

While national ownership can be increased just by changing perceptions, national empowerment cannot. National empowerment means that national actors (government and civil society) have a greater say in the design of policies. Hence we are concerned in this paper with whether PRSPs bring about a genuine and substantial change

⁴ See Whitehead (2002) for a subtle overview of the ways the complex relationships between ‘democracy’ and ‘civil society’ have been viewed.

towards greater national contribution to the design of policy programmes. We are not so much concerned here with whether PRSPs particularly empower the poor, which is also one of their objectives – not because this is unimportant, but because it is not necessarily relevant to the general issue of national empowerment.

While the PRSP process assumes that participation will increase national ownership, how far it does so must depend on who participates, whether participation actually affects the design of the programmes, or merely provides endorsement to externally designed programmes, as well as the scope and coverage of the PRSP process. It would be possible to have genuine and effective participation (i.e. participation which changes the nature of the programmes), yet to achieve little national empowerment because the arena over which the PRSP rules represents only a small part of the decision-making affected by outside agencies.

Specifically, to shed light on these issues we aim to explore:

- who is involved in the PRSP process
- how far programmes change as a result
- what proportion of IFI-affected decision-making is covered by the PRSPs.

The remainder of the paper investigates these questions adopting two perspectives – first, examining the *process* through which countries have developed PRSPs; and second, examining the policies contained in the documents, aiming to assess whether the process has brought about a change in the content of policies and the coverage of the programmes. The sources consulted consist of countries' completed PRSP documents, as well as some primary and secondary contributions.

The next section first provides a brief overview of PRSPs. Sections III and IV present a general discussion of the meaning of participation and examine the available experience with drafting PRSPs, looking at who has been consulted and in what manner. Section V then asks whether or not participation appears to have had an impact on the policy content of PRSP documents. Section VI examines the importance of PRSPs in the wider realm of IFI decision making, while Section VII concludes.

II. Overview of PRSPs

PRSPs now form the basis for all multilateral lending to the poorest developing countries. They are policy documents produced by borrower countries outlining the economic, social and structural programmes to reduce poverty, to be implemented over a three-year period. They were developed as the main vehicle to implement the Comprehensive Development Framework (CDF) – the World Bank's new long-term, holistic approach to lending practices which claims to place poverty reduction at the fore and to allow recipient countries to own and direct their development agendas.

Since 1999 recipients of debt relief under the enhanced 'Heavily indebted poor countries' initiative (HIPC), as well as of concessional IDA lending and the IMF's Poverty Reduction Growth Facility (PRGF), have been required to produce a PRSP. Finished documents must receive endorsement from the Boards of both the Bank and

Fund, part of which, in principle, is based upon an acceptable participatory process.⁵ Following one year's implementation, countries which qualify for HIPC relief receive the full cancellation of their agreed-upon debt, the so-called 'completion point'. Countries can access temporary ('decision point') debt relief before completing a full PRSP by producing an interim document (I-PRSP) outlining strategies to be employed in the final document.

Nearly all low-income and highly in-debted countries have produced, or are in the process of producing, a PRSP. As of January 2003, the number totalled 77, roughly a third of which (30) have submitted a full PRSP, with the remainder an I-PRSP (22), or in process of producing an I-PRSP (25) (Table 1). Of the 30 countries that have submitted a final PRSP, 23 have received approval from the Boards of the Bank and Fund, and eight have been implementing programmes for more than a year (Albania, Bolivia, Burkina Faso, Honduras, Mauritania, Mozambique, Nicaragua, Tanzania, Uganda). In terms of geographic distribution, the majority of countries involved are in Sub-Saharan Africa (SSA) (39), with the remaining distributed fairly evenly across East Asia & Pacific (11), Europe & Central Asia (11); Latin America & Caribbean (9), and South Asia (7). The PRSP process is furthest underway in the SSA and Europe & Central Asian regions, with most countries possessing either a completed PRSP or I-PRSP (with SSA leading the way in implementation of programmes), and have made least progress in the East Asian and South Asian regions, with the majority of countries still in the process of producing an I-PRSP.

⁵ The Bank has not specified what constitutes an acceptable participatory process, arguing that the great diversity of country contexts and capacities prevents the application of any one standard.

Table 1 *Countries in the PRSP Process* (early 2003)

| FULL | INTERIM | FORTHCOMING |
|--------------|--------------------------|--------------------|
| Albania | Armenia | Afghanistan |
| Azerbaijan | Bosnia and Herzegovina | Angola |
| Benin | Cape Verde | Bangladesh |
| Bolivia | Central African Republic | Bhutan |
| Burkina Faso | Chad | Burundi |
| Cambodia | Cote d'Ivoire | Comoros |
| Cameroon | D.R. Congo | Congo |
| Ethiopia | Djibouti | Dominica |
| Gambia | Georgia | East Timor |
| Ghana | Guinea Bissau | Eritrea |
| Guinea | Kenya | Grenada |
| Guyana | Lao | Indonesia |
| Honduras | Lesotho | Kiribati |
| Kyrgyzstan | Macedonia | Maldives |
| Malawi | Madagascar | Nepal |
| Mali | Moldova | Nigeria |
| Mauritania | Pakistan | Samoa |
| Mongolia | Sao Tome and Principe | Solomon Islands |
| Mozambique | Sierra Leone | St Lucia |
| Nicaragua | Togo | St Vincent |
| Niger | Yugoslavia | Sudan |
| Rwanda | | Tonga |
| Senegal | | Uzbekistan |
| Sri Lanka | | Vanuatu |
| Tajikstan | | Zimbabwe |
| Tanzania | | |
| Uganda | | |
| Vietnam | | |
| Yemen | | |
| Zambia | | |

Source: World Bank website.

III. The Meaning of Participation

Participation has been used to mean different things in different contexts. One important distinction is whether it is interpreted to involve 'empowerment', implying significant control over decision-making, or whether it simply means rudimentary levels of consultation, where little delegation of decision-making powers occurs (Nelson and Wright 1995). Another distinction is between whether it is viewed as a means or an end (Goulet 1989). An instrumental approach views participation as a means to improving implementation, efficiency and equity, while an empowerment approach values the process of increasing participation as an important end in itself.

At a minimum, participation clearly requires that individuals and groups are in some way involved in the decision making process. This engagement can assume any of a number of points along a spectrum, which has been defined as ranging from (1)

information-sharing (2) consultation (3) joint decision-making to (4) initiation and control by stakeholders . (World Bank (1996); McGee 2000; Narayan et al 2000). At one end ‘information sharing’ involves very limited decision making powers but potentially important knowledge transfer. At the other lies ‘initiation and control’, which implies a high degree of citizen control over decision-making. In between, ‘consultation’ exists when participants are able to express opinions but their perspectives are not necessarily incorporated into the final product; ‘joint decision-making’, on the other hand, gives participants the shared right to negotiate the content of strategy. The boundaries of this classification are of course not clear-cut, and the type of participation involved varies with different stages of the policy-making process (e.g., early stages might involve more information-sharing, while later stages more consultation and joint-decision making). From the perspective of national empowerment, participation needs to be at the initiation and control end of the spectrum.

There is also the question of who is empowered by the new process, which depends on who is consulted. Early exercises in participation were mainly concerned with development projects, and in this context participation was intended to cover those affected by the projects. Subsequently, Participatory Poverty Assessments (PPAs) were introduced, intended to ascertain what the poor themselves believe about their condition,⁶ in which case, it is poor people who should participate. But the PRSPs differ from both these approaches, being centrally concerned with policy. The selection of groups, how representatives are chosen and how capable they are constitute important factors influencing the legitimacy as well as the effectiveness of the process. The extent of national ownership and empowerment is greatly affected by such considerations. While groups affected by the policies form one important constituency, a democratically elected government, in principle, is the legitimate representative of the people, more so than many Civil Society Organisations (CSOs), such as NGOs, which vary in how representative they are. If national empowerment is to be achieved through PRSPs the government must be the most important participant, with local CSOs a useful adjunct, where they genuinely represent local groups, especially the poor.

Finally, an important consideration relevant to ownership and empowerment lies in the manner in which participants are involved. Issues here are (1) whether the mechanisms for participation (e.g., conferences, voting procedures) are conducive to generating broad-based participation – for example, the timing and location of events can significantly impact the character of participants; (2) whether information is widely available; and (3) the policy-areas and stages of the decision making process in which participation occurs. Equally important is the level at which participation takes place, whether it is confined to the national stage or involves regional and local levels as well.

These considerations suggest that participatory processes can be judged on both the intensity of participants’ engagement (e.g., information-sharing, consultation or joint decision making) and the degree of inclusion or exclusion of various groups. From the perspective of identifying whether PRSPs are genuinely nationally empowering, the participatory process must:

⁶ See Naryan et al. (2000).

- be towards the initiation and control end of the spectrum;
- be an objective, not merely instrumental;
- give democratically elected governments⁷ a central role;
- incorporate a wide range of non-governmental stakeholders, each with capable and representative participation.
- give a much reduced role to *external* actors, official and NGO.

The World Bank's Definition of Participation

In its *Source Book for Poverty Reduction Strategies* (2002), the World Bank defines participation as:

‘the process by which stakeholders influence and share control over priority setting, policymaking, resource allocations, and/or program implementation’ (237).

The Sourcebook expects the following groups to participate (Box 7.6, p. 250):

- (1) The general public, particularly the poor and vulnerable groups;
- (2) The government, including parliament, local government, line and central ministries;
- (3) Civil Society Organisations such as NGOs, community-based organisations; trade unions and guilds, academic institutions;
- (4) Private sector actors such as professional associations;
- (5) Donors, both bilateral and multilateral.

From these statements, it would appear that the World Bank envisages participation in PRSPs to be towards the initiation and control end of the spectrum – participants should be able to ‘influence’ and ‘control’ policymaking and agenda-setting, as well as budgeting and implementation. The World Bank’s vision of the participation also suggests an inclusive process, encompassing extremely broad sectors of domestic society and international stakeholders, not only marginalized individuals, but also relevant representative institutions and umbrella groups. However, we should note that the involvement of donors (bilateral and multilateral) in the participatory process weakens the national ownership/empowerment consequences. In order for this involvement not to negate any national empowerment effects, it is important that they do not dominate the process, by setting the agenda, by their articulateness in discussions, and by their implicit financial clout.

In the next two sections, we will examine whether the reality of the PRSP participatory process has lived up to the claims of generating national ownership. In assessing participation in PRSPs, we limit ourselves to examining participation only in the policy making process, not in either budgeting or implementation. We will assess participation along two lines: first in terms of the ‘process’ of policy formation, assessing the degree of inclusion, asking *who* has participated, in *what manner* they have participated, and the *issues* in which they have participated; and secondly in terms of the *content* of PRSPs, asking whether the PRSP process has affected the policy content of the final documents.

⁷ This is an easy condition to state, but ‘democracy’ is not at all straightforward to define (see Whitehead, 2002), and, almost however defined, in relatively newly established ‘democracies’ full democratisation is unlikely. This itself is a reason to give a large role to civil society.

IV. The Process of Formulating PRSPs

(a) Who Participates?

It is difficult to generalise about the range of actors consulted in PRSPs given the diversity of country experiences. In some cases, there has been broad involvement across all the categories outlined in the World Bank's Sourcebook. Uganda, Rwanda and Vietnam have been acknowledged both by civil society and donors alike as having fostered such comprehensive participation.⁸ In Uganda, broad-based participation was achieved first through Participatory Poverty Assessments (PPAs), which paved the way for constructive consultations between Government and civil society for the PRSP. Participation in the final document was widespread with the Government ensuring heavy public and NGO input through a large scale and high profile media campaign and regional consultation workshops that made concerted efforts to include stakeholders beyond the capital (McGee 2002, p.70). The creation of an umbrella organisation to channel civil society efforts ensured wide civil society participation in the debate over the final document.

In Rwanda, broad participation was achieved by incorporating existing indigenous participatory practices known as *Ubedehe* into the PRSP process. This involved a bottom-up approach to participatory design, the government targeting 9,000 *cellules* to produce public action priority rankings and community development plans, as well as a PPA and Policy Relevance Test to collect poor peoples' opinions on the relevance of sectoral policies (Bugingo 2002). Participation appears to have been largely home-grown as a result, with broad consensus that there was grassroots participation at most stages which has helped in the post-conflict reconciliation and peace-building process.

Vietnam is another case of extensive participation. Both donors and civil society observers agree that Vietnam's participatory process involved a broad range of actors, largely the result of good pre-existing relations between government structures and Vietnamese NGOs, particularly at the local level (SGTS et al 2000, p. 23). The government has involved local NGOs directly in its formal discussions with international donors. In other cases, local NGOs were able to express their perspectives in national policy dialogues through partnerships with international NGOs and donors.

In other countries, some categories of participants were more engaged than others, while some were left out. For example, the private sector was particularly active in Mozambique (McGee and Taimo 2001), while it was notably absent in Rwanda (Mutebi et al 2003, p. 260). Religious organisations were quite important in Bolivia and Nicaragua but were missing in other countries.

There has been substantial government involvement in almost all countries, with high-level political authority guiding and managing the process of participation, though the breadth of involvement has been variable, with some (e.g., Kenya) exhibiting

⁸ For Uganda see Gariyo (2001); Robb and Scott (2001); and Worodofa (2002). For Vietnam see STGS et al (2000). For Rwanda, see references in McGee (2002); Bugingo (2002); Mutebi (2003).

participation across different levels of government as well as different Ministries, while in others the process was led principally by the finance or planning ministry and concentrated at the national level (e.g., Mali and Malawi).⁹

Donors, including IFI representatives, have also displayed differing levels of engagement. In terms of designing the participatory process, it is reported that most have taken a relatively 'hands-off' approach, allowing national government greater room than before in conducting national and regional consultations (e.g., see Booth 2001, p. 27). Donor involvement has ranged from assuming an observer's role to organising and financing consultations directly. However, when it comes to more substantive issues surrounding policy design, the record is less clear as to whether significant changes have occurred. In some countries such as Ghana, Killick and Abugre (2001) report that IFI representatives specifically avoided excessive involvement in drafting the PRSP (p. 13). But there are reports of heavy IFI involvement in the drafting of Tanzania's IPRSP (Evans 2003), and little improvement in the transparency of negotiations with IFI officials in Malawi's PRSP (Jenkins and Tsoka 2003). The role of external actors appears even less changed with regard to lending facilities outside the PRSP process, as we will discuss further below. These issues have critical bearing for national ownership and empowerment and will be discussed further in Sections V and VI.

Despite the variety of experiences several key categories of participants have been excluded from the participatory process consistently across a number of countries. We summarize them briefly:

Groups Missing from Consultations

- *Parliamentarians:* In a number of countries, the role of national Parliaments in formulating PRSPs has been minimal, particularly in Africa (Booth 2001), although this has also been a problem in Latin America (see Trocaire 2002). In some cases this has resulted from a lack of capacity to become actively involved, in others, because they have been left out of the process. In Malawi, for example, 'only 5 MPS were involved in the process' (cited in Eurodad 2001, p.9). In Kenya, less than 10 percent of MPs attended consultations (Panos Institute 2002, p. 25). In Senegal and Mali parliamentarians were only officially included in the final ratification of the PRSP (Phillips 2002; Dante et al 2003). Only six of the 83 MPs in Benin participated in meetings (Biershenk et al 2003). In general, it appears that in most African countries there is a tendency for PRSPs to be seen as 'technical planning processes that are properly the affair of the government, and not a subject for party-political debate' (Booth 2001, p 41).¹⁰

⁹ For Kenya see Hanmer et al (2003); Mali see Dante et al (2003); Malawi see Jenkins and Tsoka (2003).

¹⁰ It must be acknowledged however that effectiveness of parliamentarians in articulating local priorities depends on the quality and general importance of parliamentary institutions in countries. In some, they do not exist (e.g., Rwanda and Uganda), while in others they are sub-ordinate to the executive or to existing patronage systems (e.g., Ghana and Kenya). As such the lack of parliamentary involvement in some countries may not have made much difference.

- *Trade Unions:* The International Confederation of Free Trade Unions (IFCTU) reports that trade unions were not systematically consulted in many early PRSP processes. Although in some cases trade unions represent narrow sectional interests, from a participatory perspective their exclusion in many countries is problematic since they generally represent an important group. In Tanzania and Uganda national trade unions were told they could participate in the PRSP process only after the PRSP had already been completed and endorsed by the IFIs (ICFTU 2002). In Mali, neither trade unions and nor the important Cotton Producers' Association participated at all (Dante et al 2003). There has been some evidence however of trade unions enjoying substantive participation in transition countries where as a result of the Soviet legacy there have been traditionally close relations between governments and trade unions (ODI 2003b).
- *Women:* In a number of countries, participation of women's groups appear to be weak (World Bank 2001). In Senegal, the United Nations Development Fund for Women (UNIFEM) (2001) found 'Civil Society organisations were ignored, especially women'. Zuckerman (2001) reports that in both Tanzania and Bolivia, consultations with women's groups were very limited (p.10). McGee (2002) reports that very few women's groups were made aware of consultations in Malawi. But there are reports that some countries made special efforts to include women. In Kenya, the Centre for Gender and Development was instrumental in lobbying for a gender-aware process (ODI 2002, 4), while in Lesotho, a survey found that a majority of communities felt that efforts had been made in the PRSP process to encourage women's participation (Panos Institute 2002, p. 43).
- *Marginalised Groups:* Many CSOs have been critical of national processes for leaving out the poor in consultations. Action Aid (2002) reports that at least five of its country programmes have complained that there has been little direct involvement of associations of the poor in PRSP deliberations. Critics of the process in Bolivia also report that organisations representing certain groups – such as homesteaders, peasants, and indigenous peoples – did not themselves attend and were represented by local authorities who were only weakly connected to the poor, particularly indigenous groups (Uriona et al 2002).

In many cases, participation has been excessively selective. Groups out of favour with the government have often not been invited. In Ghana, for example, trade union members reported that 'the Government preferred to consult with more sympathetic institutions, like the Civil Servants Union (which was not a member of the TUC), than with bodies which carry real weight within civil society' (Quoted in SGTS et al 2000, p.19). Christian Aid (2001) reports that in Bolivia, civil society participants felt that the government's selection of participants for the 'National Dialogue' was not impartial or representative of society (p.14). In Cameroon, the Catholic Relief Services (2001) reports that the government handpicked participants in civil society consultations, bypassing important civil society institutions such as the Catholic Church which were key campaigners for debt relief (p. 10). In Tanzania, the process

for selecting civil society representatives was never made public or transparent (McGee 2002, p. 66).

In other cases, NGO participation was limited to international NGOs, or NGOs in the capital area. In some cases, smaller and rural NGOs, generally those with the most contact with the poor, were excluded from the process. In Bolivia, for example, only one NGO outside La Paz was invited to initial consultations, while one of the most prominent local NGOs in La Paz was not invited (World Development Movement 2001). In Senegal, smaller CSOs, expressed the view that the PRSP process seemed more geared toward large NGOs (Phillips 2002, p. 56).

Even where a broad range of NGOs have participated, it is not always clear they were necessarily representative of broader societal concerns, while foreign NGOs frequently played an important role. This is particularly a concern in fractionalised communities, where local elite interests may dominate (Hoddinott 2002). Even in fairly homogeneous and united communities, the ability of Civil Society Organisations (CSOs) to be fully representative of the constituencies they claim to represent is often limited by constraints on their outreach capacity; or because they are dominated by urban professionals with little 'natural' constituency among poor communities; or by interest groups more interested in pressing their own case. For example, Killick and Abugre report that the non-state actors involved in drafting Ghana's PRSP were donor-driven and not representative of pro-poor constituencies.¹¹

(b) In What manner?

Countries have employed a variety of strategies for consultation and information dissemination, both formal and informal. These have included national and regional conferences to discuss PRSP drafts and proposals, where representative groups from civil society, sometimes identified by the government or CSOs at the government's behest, were invited to contribute inputs for the analysis of poverty and prioritising public actions. In some cases national consultations have been general in scope, and in others organised along thematic or sectoral lines. In several countries (e.g., Nicaragua and Bolivia) they built upon participatory mechanisms that had already been enshrined in national legislation (ODI 2003a). Other methods have included local surveys asking villagers for inputs into prioritising public action and resource allocation, as well as media campaigns ranging from TV, radio and newspaper announcements (e.g., Malawi, Tanzania, Rwanda and Kenya). PPAs have taken place in some countries (e.g., Uganda, Vietnam and Rwanda) to inform the poverty analysis that underpins the PRSP, and have included problem or solution ranking designed to inform policy prioritisation and budget allocations. However, there have been problems with the design and implementation of participatory processes, including the timeframe, information sharing and level of consultations.

Time Frame

Because debt relief is conditional on producing PRSPs, there is a strong incentive for countries HIPC-eligible countries (accounting for more than half the countries

¹¹ Killick and Abugre (2001) p. 32. Nonetheless, there are examples of attempts to ensure that the CSOs are representative. In Uganda, for example, the composition of the task force charged with representing CSOs was determined through an election involving 45 NGOs (Gariyo 2001).

producing PRSPs) to complete as soon as possible in order to lock-in debt relief (Adam and Bevan 2001). Considerable evidence suggests this link has compromised the quality of participation. The Mozambique Debt group (2001) reports that ‘the consultation process was driven inordinately by a deadline for the completion of the PRSP, which even with good faith on the part of the government, provided inadequate time to carry out a comprehensive consultation process’ (quoted in Christian Aid 2001, p.33). In Ethiopia, the government attempted consultations in over 100 districts in just three days (Muwonge et al 2002). In many cases, CSOs were not given sufficient time to prepare for consultation. From a review of its country programmes in six countries in Africa and Latin America, Action Aid (2002) reports that there was a lack of adequate prior notice regarding meetings and consultations. Many were informed only 2 or 3 days in advance, and in the case of Nepal, 24-hour prior notice was given on one occasion...nearly all country programs felt such last minute notification prevented them from preparing adequately for PRS consultations; lengthy reports and documents could not be commented upon and the views of community partners could not be sought (p. 7).

In Bolivia, Honduras, and Cameroon, the Catholic Relief Service also complained of being given only a day’s notice before consultations, with insufficient preparatory information or material¹². The frequency of participation also appears to have been negatively affected by the PRSP’s time frame. In many cases, there have been reports of local consultation workshops taking place only once over the course of a day without any further possibilities for participation at the local level (e.g., Honduras and Cameroon) (Save the Children 2001). This was particularly the case in Tanzania, which had one of the most compressed PRSP timeframes (six months from initiation to cabinet approval) and where the only local consultations took place over the course of a single day (Evans 2003).

Information Availability

In general, the consensus has been that access to drafts and final versions of PRSPs and I-PRSPs has been relatively good in most countries. However, there have been a number of cases where the availability of information has been hampered by:

- *Access:* Many CSOs have complained about a lack of access to core World Bank and IMF documents. In Nicaragua, the draft interim PRSP was available in English in Washington before it was available in Managua (ODI 2003a). In a survey of eight PRSP countries McGee (2002) found that the sharing of information with CSOs who take an active part in PRSP processes has been patchy. Governments have often appeared reluctant to share early drafts of PRSPs or budgetary information, which would be pertinent in consultative prioritisation exercises...In general, information seems not to have reached rural populations in time to encourage broad and well-informed participation in consultations; civil society has sometimes taken over the task of information dissemination when they consider governments’ efforts or plans inadequate (Mozambique) (p. 9).

It has been reported that in Haiti, civil society groups have had trouble in obtaining even basic information such as which government ministry is

¹² Catholic Relief Service (2001), p 22.

leading the process and the timeline for its formulation (Christian Aid 2001, 14). In Senegal, civil society groups were expected to comment on initial drafts without having received it beforehand, although this appears to have been rectified at later stages of the process (Phillips 2002, p. 56). In Bolivia, although civil society participants had been promised the opportunity to view and approve the final PRSP at the end of the 'National Dialogue', this opportunity never materialised (Christian Aid, 2001, 33). Zambian NGOs also expressed concern that they did not receive all key documents and information necessary for effective participation in PRSP formulation, even basic information such as the amount of interim debt reduction (CRS 2001, 21).

More generally, although many have heard about them, knowledge of exactly what PRSPs involve appears to have been scarce amongst the populace in many of the first PRSP countries. In a survey of Africa's experience with developing PRSPs, Booth (2001) finds:

there is a tendency for the facts of the PRSP initiative to be fully grasped only by a small core of government personnel who have been directly responsible for carrying it forward. In some cases, a similar level of understanding is shared by a small number of academics or civil-society representatives...the availability of even quite elementary information on the subject declines quite steeply as one moves away from these central points. (p. 20)

Language: The choice of language in several cases has limited civil society participation. For example, Cambodia's PRSP was only made available in Khmer in the final version and not in earlier drafts (NGO Forum on Cambodia 2001). In Bolivia some PRSP documents were initially only produced in English (Christian Aid 2001, p.13). A Spanish version followed but documents were never translated into local languages such as Aymara, Quechwa or Guarani (ibid.).

Level of Consultations

In some countries, consultations were held mainly in urban areas which limited the participation of rural actors. The IFCTU (2001) reports that consultation has been particularly deficient in rural areas in Africa, despite poverty being most acute there. In Mozambique rural communities and northern districts were far less involved in the consultation process than Maputo-based organisations (Christian Aid 2001, 33). The limited scope of consultations manifested itself in low awareness of the PRSP among civil society outside Maputo (Falck et al 2003). In other countries, consultations were limited to the national level, with few attempts to involve participants at the local level. Tanzanian officials and the PRSP itself state that the poor at the village level were not adequately consulted at the formulation stage (McGee 2002, p.6). It is precisely the lack of local level consultation that has prompted a number of CSOs to undertake their own grassroots consultations through parallel, civil-society run PRSP processes (e.g., in Mozambique, Nicaragua, Bolivia, Honduras, Zambia, Malawi).

(c) About What?

Exclusion from the PRSP drafting process

A recurrent complaint in almost all countries has been that governments have come to discussions with pre-prepared drafts frameworks for PRSPs; CSOs have rarely been able to engage in the design of frameworks. CRS (2001) claims this has been the case in Zambia, Honduras and Bolivia:

In Bolivia, citizen participation in the PRSP drafting process was severely limited. Instead, a small circle of government economists undertook drafting to the PRSP plan for more than four months without including or even informing civil society organizations that had participated in the National Dialogue. Bolivian organizations tried repeatedly to pressure the government to be more inclusive, even appealing to international donors and the World Bank and IMF, but to no avail.' (p.10).

That the PRSP in Bolivia was drafted in a non-transparent manner is indicated by the fact that the final PRSP was received by CSOs through the German Ministry of International Development (IBIS 2001, 124). In Senegal, a main concern of civil society groups has been that when the PRSP process was launched in June 2001, the government appeared with its analysis already prepared (Phillips 2003, p.56). In Zambia, CSOs have been denied representation on the Technical Committee for drafting the PRSP, despite a large and active coalition of groups organised to co-ordinate input into the PRSP (CRS 2001, p.11). A UNDP assessment of Lesotho's PRSP found that the procedures were designed to conduct the participatory process *after* the PRSP draft was already prepared instead of before (cited in McGee 2002, p. 66).

(d) Summary

Countries implementing PRSPs start from very different positions and, to some extent, processes should be judged relative to starting conditions. National or civil society ownership is unlikely to be as high in countries with unstable or factionalised polities as it would be in more stable and unified societies. Yet, even taking different country conditions into consideration, the fact remains that in many countries key elements of participation have been seriously flawed. Key sections of civil society (e.g., women, religious organisations, workers' movements, rural groups) and government (e.g., line ministries and parliament) have been missing from the process or insufficiently represented. In some cases, this has been because the design of participation has specifically excluded or neglected particular groups. In other cases, participation has been narrowed by rushed timeframes, a lack of information, poor dissemination in appropriate languages, and consultation processes which failed to reach local and rural communities. In almost no cases did civil society participate in the drafting the framework for initial PRSPs. Most were presented with drafts formulated by small teams of external consultants or central ministry staff. From the perspective of ownership, these limitations to the participatory process have constrained the perception that programmes were popularly owned.

We should note that in all these cases, the complaint is that civil society was not fully involved in the process, which was initiated by governments. However, from our

perspective a strong involvement of governments could lead to national empowerment, even if not the empowerment of civil society or the poor. A fundamental issue then is how far the national governments were independent of the IFIs and able to part from the IFI script. This is difficult to ascertain from a process perspective without detailed anthropological enquiry, but we can come to tentative conclusions on the basis of the contents of the programmes – which we turn to next.

V. The Content of PRSPs

This section examines whether countries appear to be empowered from the perspective of policy-making. Earlier adjustment programmes were criticised for their ‘one-size-fits-all’ approach to policy design, and the resulting uniformity of reform packages across different countries. If PRSPs are genuinely country owned we would expect to see considerable variation across country programmes reflecting different national priorities and inputs from participation, and for policies to diverge from standard orthodox packages.

Has participation by civil society affected the design of programmes?

Participation has had its greatest impact in improving the quality and broadening the scope of poverty diagnostics. In many countries, the official definition of poverty has become much more multi-dimensional in character in the PPA work around the PRSP.¹³ ActionAid Vietnam reports that ‘PPAs and other consultative exercises...have created a lot of opportunities for government participants to learn more about the causes of poverty. This has led to national plans becoming more ‘people-centred and pro-poor’ (quoted in Zaman, 2002, p.7). The majority of countries have also broadened their definition and analysis of poverty to include such dimensions as security, vulnerability and powerlessness. However, we should note that a move towards a multidimensional approach to poverty has formed an important element in the recent international poverty agenda – for example in the World Bank’s *World Development Report on Poverty (2000/1)* and in the Bank-initiated *Voices of the Poor*. On the World Bank webpage the introduction to poverty states:

What is poverty?

Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom.

The three major elements of poverty identified in the WDR 200/1 -- opportunity, empowerment, security -- are similar to those emerging from PRSPs - so the broader identification of poverty in the PRSPs can be interpreted as part of a process of advancing the international poverty agenda, rather than as a sign of national ownership of the PRSPs.

¹³ There have been, however, critiques of the poverty analysis in PRSPs, notably regarding the lack of clarity concerning the characteristics of poverty and its causes, as well as a lack of disaggregation of categories of the poor and failure to include those vulnerable to poverty. See Thin et al (2001) and Marcus and Wilkinson (2002).

Better poverty diagnostics, in turn, has led to a stronger focus on sectoral policies in most countries. All PRSPs emphasise the importance of increasing spending on basic services for the poor. All strategies aim to increase the access of the poor to education, health and clean water, in terms of both coverage and quality. Vietnam's PRSP, for example, commits itself to ensuring the 20/20 initiative is implemented – 20 percent of aid and 20 percent of government expenditure is to be spent on basic social services (Vietnam 2002). Similarly, Nicaragua's PRSP aims to make additional investment in water and sanitation (Nicaragua 2001), while Bolivia's PRSP has allocated social spending according to positive discrimination criteria for the first time, favouring the poorest municipalities (Bolivia 2001). Moreover, PRSPs have emphasised the importance of agricultural sector policies, such as developing food security policies, environmental protection, and increasing agricultural productivity, as well as promoting gender equality and protection of ethnic minorities and the vulnerable (children and the disabled). All these change, however, are very much in line with the international poverty agenda.

A more significant indication of some genuine contribution made by PRSPs is evidence that specific elements of civil society have been effective in lobbying national government to incorporate affirmative action policies. In Kenya, ODI (2002) reports that Pastoralist Groups successfully lobbied to have their concerns over access to productive assets, natural resource management and extension services for livestock to be included in the final PRSP document. They also managed to secure higher-than-average funding for education bursaries in pastoralist areas (McGee 2002 p.42). Women's groups have also been successful in bringing gender concerns into Kenya's final PRSP and influencing budget allocations (McGee 2002, p. 43). Action Aid country offices similarly report that HIV/AIDS groups in Malawi and rural peasant producers in Rwanda and Vietnam have been influential in shaping sectoral policies (Zaman 2002). There have also been cases in several countries where CSOs have successfully lobbied to have user fees abolished (Klugman, personal communication).

By and large, however, it appears that participation has had limited impact on the wider content of PRSPs. The perception among many civil society participants and third party observers has been that the recommendations made during consultations have largely not been incorporated in final documents.¹⁴ In Bolivia, civil society participants felt the initial draft bore little relation to the recommendations resulting from the 'National Dialogue' (Christian Aid 2002). Only after mass demonstrations did the policy content shift, but still remained largely void of civil society recommendations for a wider approach to address poverty beyond social expenditure, such as land reform and political issues (Bendana 2001). Leading NGO groups were so frustrated with the lack of impact that they lobbied Washington for Bolivia's final document not to be approved (ODI 2003a). The recommendations from parallel PRSP processes initiated and conducted by civil society in Honduras and Nicaragua were also effectively ignored in the final PRSP (IBIS 2001). With respect to Ghana, Killick and Abugre (2001) report that 'it appears that the results of the community consultations did not feed into the analyses and recommendations of the Teams [i.e.,

¹⁴ It must be acknowledged, though, that in some cases this resulted because the recommendations from civil society were vague and un-implementable

core teams for drafting PRSP chapters]’ (p.31). In a survey of civil society recommendations in seven countries, Zaman (2002) found that, while in some countries the adoption of inputs appeared to be good (Rwanda, Vietnam), in the majority, civil society proposals were mostly not incorporated, particularly in areas of tax reform, budget-making, and civil service reforms (p. 8). The general lack of tangible impact on policies would appear to corroborate the complaint from many civil society participants that their involvement was limited to information-dissemination and consultation exercises at initial stages of policy design, and that they were excluded from decision making at the latter stages. Indeed very few countries had any civil society representation on teams preparing the drafts following consultations, an exception being Malawi where strong civil society complaint led to their inclusion.

The inability of civil society participation to affect policy is even more evident when it comes to structural reform issues (also see the next section). Most CSOs report that they were barred from participating in macro-economic and structural policy discussions.¹⁵ In a survey of eight countries, McGee (2002) reports that

There is broad consensus among our civil society sources in Ghana, Malawi, Mozambique, Tanzania, Zambia and Bolivia that NGOs and their coalitions have been totally unable to influence macro-economic policy or even engage governments in dialogue about it. (p. 13)

In Bolivia, the umbrella NGO organisation, CEDLA, complained that the economic model was ‘a given’ and they were only permitted to tinker around the edges (Christian Aid 2001, 11). Honduran NGOs also complain of being excluded from workshops on the macroeconomic chapter of the PRSP, which was included in the final document without ever having been circulated to CSOs or parliamentarians for discussion and input (ODI 2003a, p12). Robb and Scott (2002) report that in six African PRSP and I-PRSPs policy discussions and workshops rarely discussed sequencing or alternative policies and trade-offs, and only in only one (Uganda) was there discussion on the impact of structural adjustment (p. 30).

While national governments have been the agents of this exclusion, it appears they were also constrained in influencing the macro-economic framework. The Honduran NGO network, *Interforos*, was told by government officials that ‘the Fund’s position with regard to macro-economic policies were not negotiable’ (Knoke and Morazan 2002, p.16, fn.2). In Kenya, the Finance Minister was reportedly sacked after a series of public statements that alleged the IMF and the World Bank were forcing the Government to undertake unwanted changes in its PRSP (Zaman 2002, 12). In some countries, there has been the perception among government officials that altering the macro-economic framework would prevent endorsement from the Boards of the IFIs, leading to ‘self-censorship’. A Finance Minister in a country developing a PRSP is quoted as saying: ‘We do not want to second guess the Fund. We prefer to pre-empt them by giving them what they want before they start lecturing us about this and that. By doing so, we send a clear message that we know what we are doing – i.e., we

¹⁵ We should note that this does not apply to the private sector which appears to have influenced macroeconomic and investment policy in some cases where NGOs have been unable. See McGee and Taimo (2001).

believe in structural adjustment.’ (Quoted in Cheru 2001). In their study of Ghana’s PRSP process, Killick and Abugre (2001) similarly describe

a strong reported tendency towards self-censorship on the part of the Ghanaian authorities, writing into the GPRS drafts wording designed to meet the anticipated demands of the IFIs...such second-guessing...does qualify the claim of Ghanaian ownership, which implies the GoG [Government of Ghana] was free to write what it wanted. (p. 14)

How far have programmes changed?

Probably, the most effective way to assess whether the PRSPs have empowered countries in decisions about policy-making is to explore how far they have altered the basic thrust of reform programmes.

If programmes were truly nationally controlled, we would expect at least some PRSPs to exhibit strategies that differ from the standard policy prescriptions in the past. However, a striking feature of nearly all PRSPs is the consistency among them of their approaches to poverty reduction. All country programmes are based on the premise that private-sector led growth is the most effective way to reduce poverty. Although this growth is described variously as ‘pro-poor’ (e.g., Cambodia), ‘equity-based’ (Burkina Faso) or ‘broad-based’ (Nicaragua), a general feature of all programmes is that they do not consider alternative approaches to poverty reduction, particularly those with an element of resource redistribution or that are rights-based. Indeed, there is a general disregard for distributional issues; projections of the beneficial impact of growth in country papers tend to assume a scenario where growth is accompanied by neutral distribution (e.g., see Tanzania’s PRSP). Even in PRSPs that more explicitly recognise the necessity for redistribution to ensure the poor benefit from growth, policies are either vague about how this should be done in practice (e.g. Azerbaijan, Ethiopia and Sri Lanka) or take redistribution simply to mean increasing the share of social spending devoted to the poor (e.g., Albania, Kyrgyzstan, Malawi, Tajikistan). Where land reforms are mentioned, they usually refer to consolidating property rights and establishing legal titles for the development of property markets rather than re-allocating resources to the landless (e.g., Albania, Benin, Bolivia, Cameroon, Niger, Rwanda, Tajikistan, Tanzania). In only a few countries, e.g., Mozambique and Uganda, are land reforms specifically targeted at improving the access of marginalized groups.

Familiar Reforms

A closer examination of the macro-economic and structural reform policy contents of the 30 completed PRSPs (see Table 2) reveals that there is no fundamental departure from the kind of policy advice provided under earlier structural adjustment programmes. Current policies contain all the elements of the first generation of policy reforms designed to promote the role of the market and ‘get the prices right’, and share a similar format and content involving all of the following: reforms: financial and trade liberalisation; privatisation; public sector reform; sectoral policies (e.g., infrastructure, energy and manufacturing); and social sector reform.

Table 2 continued

| | MAWI | MAI | MURITA | MOZAMBIQUE | NICARAGUA | NIIGER | RWANDA | SENEGAL | SRILANKA | TANZANIA | TANZANIA | UGANDA | YEMEN | ZAMBIA |
|---|------|-----|--------|------------|-----------|--------|--------|---------|----------|----------|----------|--------|-------|--------|
| Economic Management | | | | | | | | | | | | | | |
| Reliance on macroeconomic stability for poverty reduction | x | x | x | x | x | x | x | x | x | x | x | x | x | x |
| Trade Policy (tariff reduction/export promotion) | | x | | x | x | x | x | x | x | x | | | x | x |
| Monetary Restraint | x | x | x | x | x | x | | x | x | x | x | x | x | x |
| Exchange Rate Policy | | | x | x | | | | x | x | x | x | x | x | x |
| Fiscal Restraint | x | x | | x | x | x | x | | x | x | x | x | x | x |
| Tax & Customs Reforms | x | x | x | x | x | x | | x | x | x | | x | x | x |
| Price Control/Wage Policies | | | | x | | | | | | | | | x | |
| User Fees | | | x | | | x | | | x | x | | | x | |
| Sectoral Policies | x | x | x | x | | x | x | x | x | | | x | x | x |
| Public Sector Governance and Management | | | | | | | | | | | | | | |
| Budget Management | x | x | x | x | x | x | x | x | x | x | x | x | x | x |
| MTEF | x | x | | x | | x | x | | x | x | x | x | | |
| Decentralization | x | x | x | x | x | x | x | x | x | x | x | x | x | x |
| Public Administration Reform | x | x | x | x | x | x | x | x | x | x | x | x | x | x |
| Anti-corruption | x | x | x | x | x | x | x | x | x | x | x | x | x | x |
| Financial Sector Reform | | | | | | | | | | | | | | |
| Financial Institutions | | x | x | | | x | x | x | x | x | | x | x | |
| Financial Intermediation Policies | | x | x | x | | x | x | x | x | x | x | x | x | |
| Private Sector Development | | | | | | | | | | | | | | |
| Privatization | | x | x | x | x | x | x | x | x | x | x | | x | x |
| Price Liberalisation | | x | | | | | | | | x | | | | x |
| Legal and Judicial Reform | x | x | x | x | x | x | x | x | x | x | x | x | x | x |
| Land Tenure Laws | x | | x | x | x | x | x | x | x | x | x | x | | x |
| Social Sector Reforms | | | | | | | | | | | | | | |
| Education | x | x | | x | x | x | x | x | x | x | x | x | x | x |
| Health | x | x | | x | x | x | x | x | x | x | x | x | x | x |
| Social Protection/Employment Promotion | x | x | x | x | x | x | x | x | x | x | x | x | x | x |
| Rural Livelihoods | | x | | | x | x | x | | | | x | | x | |
| Food security | x | x | x | x | x | x | x | x | x | | x | x | | x |
| Environmental Protection | x | x | x | x | x | x | x | x | x | x | x | x | x | x |
| Ethnic Minority Protection | | | | | x | | | | x | | | | | |
| Gender Equity | x | x | | x | x | x | x | x | x | x | | x | x | x |
| Children/Disabled | x | x | x | x | x | | | x | x | x | x | x | | |
| Vulnerable Groups | x | x | x | x | x | x | x | x | x | x | x | x | | |
| Macro and Poverty sections separate? | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| Ex ante assessment of impact? | N | N | N | N | N | N | N | N | N | N | N | N | N | N |

Source: Own Analysis

With regards to fiscal and monetary matters, the emphasis is still on maintaining ‘current-account and fiscal balances consistent with low and declining debt levels; inflation in the low single digits; and rising per capita GDP’ (Ames et al, 2001, box 2). Tight monetary and fiscal policies to control inflation and budget deficits are proposed, along with tax and custom reforms to increase revenues, and a flexible exchange rate or movement towards one (unless part of a monetary union).

The consistency with which countries have espoused policies of monetary and fiscal restraint, including in countries where hyper-inflation is not prevalent, weakens the claim of country ownership. For example, among the 28 countries in SSA with PRSPs or I-PRSPs, only four (Ghana, Malawi, Mozambique and Zambia) had a two-

digit level of inflation in 2000, averaging slightly above 20 percent per annum (UNCTAD 2002). The average for the other countries was around 3.5 percent, and the price level actually fell in five (Burkina Faso, Cape Verde, Cote d'Ivoire, Mali and Sierra Leone) (UNCTAD 2000). Moreover, based on the Participatory Poverty Assessments conducted in many countries (e.g., Ethiopia and Nigeria), the rural poor stress that contractionary macroeconomic policies resulting in lower employment and declining wage bills in the public sector are more of a concern than inflation (Narayan et al, 2000, pp. 21 and 150). Nor does it appear that HIPC Ministers themselves endorse the stance taken with respect to inflation and growth. At the declaration of the 6th HIPC Ministerial meeting, they urged the IFIs to:

...think more closely about ways to increase growth and employment rather than further reducing inflation, about the supply-side (as well as demand-side) causes of inflation and about defining sustainability of the budget deficit as including grants and debt relief (quoted in UNCTAD, 2002, p.25).

Nevertheless, disinflation continues to be emphasized in PRSPs, partly because it is claimed that inflation generates regressive changes in income distribution.

Other familiar first-generation reforms which re-appear in all PRSPs include measures to de-regulate the financial sector: movement towards market-based interest rates, liberalising the domestic banking sector and the elimination of exchange controls and opening up of the capital account (see Table 2). Yet the connection between these policies and poverty reduction is remote, particularly in the context of poor countries with thin capital markets. Nevertheless, poverty reduction strategies in all Africa PRSPs continue to adhere to these principles.

Trade policy advice in poverty reduction strategy programmes conforms to the view that maintaining rapid integration into the world economy is the best way to combat poverty. In every country, there is commitment to maintaining open and liberal trading regimes. Some countries' strategies emphasise export promotion and diversification, although there is little indication of how this is to be achieved (e.g., Tanzania). A very few cases diverge somewhat from the conventional wisdom. Mozambique's PRSP, for example, advocates the use of 'case-by-case, selective intervention, limited in time' for manufactured goods (p.76).

There is also universal emphasis on the continued privatisation of state-owned enterprises, reliance on private agents in the provision of public goods, the liberalisation of prices for most utilities and key markets; cost-recovery in curative healthcare and secondary/tertiary education; and a general reduction of state involvement in the economy (see Table 2). The PRSPs also endorse the second generation reforms, including institutional reform, such as anti-corruption measures; more participatory and accountable public administration with attendant reforms in the civil service; transparency in the preparation and monitoring of budgetary expenditures; and legal reforms aiming at securing property rights and strengthening institutions that affect private sector activity, as well improving the rule of law.

The purpose here is not to discuss whether the structural strategies pursued in PRSPs are always the most appropriate for combating poverty, but, rather, to highlight the similarity of the policy package contained in PRSPs across countries, and to earlier

structural adjustment programmes. Although the emphasis on various reforms differs in different country contexts – for example, transition countries (e.g., Azerbaijan, Albania and Tajikistan) tend to emphasise privatisation reforms more than others – the fact remains all countries documents pursue the same core set of structural reforms. These trends suggest low national control over final documents.

The lack of explicit linkages between macro-economic policies and poverty reduction goals also suggests that these reforms have not been substantially affected by the PRSP process. . In every country document, poverty analysis and the macro-economic strategies are presented as two independent sections of the PRSP, with the macro sections largely void of any ex-ante assessments of the impact of structural reforms on poverty apart from considerations of how various growth scenarios will impact poverty levels in the future (see Table 3). Only Cambodia's PRSP, and to a lesser extent that of Rwanda, recognise the potential negative impact of various reforms on poverty and the need to conduct qualitative assessments of their possible effects.¹⁶ Nor is there any substantive discussion of the possible trade-offs involved with various policies. Moreover, several country papers (e.g., Albania, Nicaragua and Senegal) exhibit internal inconsistencies, mentioning the failure of adjustment programmes in the past, but going on to advocate the very same policies in the macro section. This together with the separation of the two parts of the documents and the lack of ex ante assessments of poverty consequences of macro-measures, lends support to the view that on the macro side, PRSPs basically endorse the conventional IFI-designed programmes.

¹⁶ The PRSP sourcebook states that poverty social assessment should be taken for major reforms, but as of yet very few have been undertaken.

Table 3 Poverty and Macro-Reform Linkages

| | AL BA NI A | AZ ER BAI JAN | BE NI N | BO LIV IA | BU RK IN A FA SO | CA MB OD IA | CA ME RO UN | CH AD | ET HI OPI A | GH AN A | GU YA NA | HO ND UR AS | KY RG YZ ST AN | MA LA WI | MA LI | MA UR ITA NI A | MO ZA MB IQ UE | NI CA RA GU A | NI GE R | RW AN DA | SE NE GA L | SRI LA NK A | TA JIK ST AN | TA NZ AN IA | UG AN DA | YE ME N | ZA MB IA | |
|---|---------------------|------------------------|---------------|-----------------|---------------------------------|----------------------|----------------------|----------|----------------------|---------------|----------------|----------------------|----------------------------|----------------|----------|----------------------------|----------------------------|---------------------------|---------------|----------------|---------------------|----------------------|-----------------------|----------------------|----------------|---------------|----------------|---|
| Links between growth and poverty reduction | x | x | x | x | x | x | | x | x | | x | x | x | | | | x | x | x | x | x | x | x | x | x | x | x | x |
| Links between Poverty and Trade Policy | | | | | | x | | | | | | | | | | | | | | | | | | | | | | x |
| Links between Poverty and Monetary Policy | | | | | | | | | | | | | | | | | | | | x | | | | | | | | |
| Links between Poverty and Tax Policies/Fiscal Reform | | x | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Links between Poverty and Privatisation | | | | | | | | | | | | x | | | | | | | | x | | | | | | | | x |
| Links between Poverty and Legal/Judicial Reforms | | | | | | x | | | | | | | | | | | | | | | | | | | | | | |
| Links between Poverty and Civil Service Reforms | | | | | | x | | | | | | | | | | | | | | | | | | | | | | |
| Links between Poverty and Financial Sector Reforms | | | | | | x | | | | | | | | | | | | | | | | | | | | | | |
| Assessment of Past Policies | x | | | | | | | | | | x | x | | x | | | | x | | | x | | | | | | x | |
| Discussion of policy trade-offs | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Poverty Impact Evaluation | | | | | | x | | | | | | | | | | | | | | x | | | | | | | | |

Source: Own Analysis

Summary

Of course, the issue of who determines policy design is difficult to assess definitively, especially without detailed anthropological work, and the possibility exists that some governments have chosen policies that conform to earlier packages because they genuinely believe them to be the most effective in reducing poverty. Hence it is difficult to be certain that the counterfactual would prevail – i.e., if governments genuinely gained greater control their policies would have looked different. But the fact that so little variation in macro policies exists across an extremely broad range of countries, and that country programmes are conditional on IFI endorsement before qualifying for new lending, strongly suggests that governments were not empowered to any great degree in policy making. The lack of a coherent structure relating macro-policies to poverty reduction goals, and the minimal impact of participation on policies further support the view that governments' independence was greatly constrained.

VI. Ownership in the Wider Context of IFI Decision Making

PRSPs constitute only one of the programmes through which IFIs disburse funds. At this time it does not seem that the other lending instruments offer anything significant in the way of empowering national decision making.

The Poverty Reduction Growth Facility (PRGF) continues to play an important role in overall lending to countries. Administered solely by the IMF, they are credits to support monetary policy and fiscal reform. Although they are supposed to be based on the PRSP and to integrate poverty reduction with macro-economic policies, and the IMF states PRGFs should be 'open for public discussion' (IMF 2002a), they do not stipulate either participation or ownership as part of their requirements. In practice, it appears that little has changed in the style of negotiations – non-transparent and confined to a small number of policy actors – or in substance, with a close resemblance to ESAFs (see Adam and Bevan, 2001; Killick 2002).

While in theory PRGFs are meant to be based upon PRSPs, it appears in many cases the reverse is true (which may help to explain the lack of coherence between macro-policies and poverty goals). The majority of countries have negotiated PRGFs before formulating a PRSP, and in a number of cases, PRSP endorsement has been postponed as a result of countries' missing targets under PRGF agreements. In Kenya, the government negotiated a PRGF with some of the most restrictive set of conditionalities in its lending history just before finalising its PRSP (Hanmer et al. 2003, p. 184). In others (e.g., Bolivia, Ghana and Nicaragua) the targets set out in the PRGFs have gone on to form the bases for macro-economic benchmarks and performance targets (ICFTU 2002; Trocaire 2002). Thus, rather than supporting the PRSP, the PRGF appears to be taking the more dominant role in many cases, with macro-economic targets influencing poverty requirements rather than vice versa.¹⁷

The number of structural conditions in PRGFs has, however, been reduced (so far by about a quarter) in a streamlining exercise, although this has been very variable, with

¹⁷ Indeed, in connection with a recent review of PRGF experiences, the Fund itself admitted a tendency in this direction, from PRGF to PRSP (see IMF review in IMF 2002c).

large reductions in some programmes and no change in others (Adam and Bevan 2001). But while detailed structural conditionality appears to be diminishing, there has simultaneously been more emphasis given to governance and public expenditure management (e.g. in Kenya, Killick 2002). Whether or not conditionalities outside the 'core areas' are being reduced in PRGFs is ambiguous. For example, Killick reports they have actually gone up in Zambia¹⁸, and similarly, a November 2001 stand-by agreement with Romania still included conditions on domestic energy prices, privatisation, and restructuring of state-owned enterprises (Randel and German 2002). One concern is whether the conditionality being relinquished by the Fund through its streamlining exercise will be taken up by the Bank and bilateral donors. There seems to be no official counterpart effort by the Bank to narrow the scope of its conditionality, leading to the possibility, already backed up by some evidence, that those conditionalities dropped by the Fund will resurface in World Bank credits, resulting in little net reduction. According to a Fund staff report on initial experiences with streamlining (quoted in Killick 2002 p. 19), the Bank is 'strengthening' its conditionality in areas such as privatisation, health system reform and public sector reform, from which the Fund is scaling back.

Poverty Reduction Strategy Credits (PRSCs) are another lending instrument through which IFI conditionality may be imposed. Designed to provide budget support for countries to implement their PRSPs, the PRSC allows the Bank to attach extra conditions to countries' poverty reduction strategies through the Letter of Development Policy (LoDP) that accompanies it. The LoDP is not a public document, and as such extra policy details are not ordinarily available for public discussion. The few PRSCs that have been disbursed so far (Burkina Faso, Vietnam, Uganda) have allowed the World Bank to modify components of countries' PRSP, making them differ little from conventional structural adjustment programmes (Eurodad 2001; Killick 2002). Paradoxically, this 'back-door' policy specification undermines the principle of ownership PRSCs are meant to help operationalise.

Thus, although the Bank and Fund have adopted ownership as one of the pillars of the CDF, much of the lending outside PRSPs allows the IFIs to exert considerable policy conditionality.

VII. Conclusions

The limited experience with PRSPs so far would suggest that PRSPs have achieved little in the way of increasing national ownership/empowerment over programme design by national governments or civil society, though the process is still at an early stage.

This is not to say, however, that the PRSP exercise has had no impact on the balance of power among stakeholders. In some very limited respects, civil society participants have been empowered compared to their earlier position by being formally included in the policy-making process. But while this inclusion has been quite 'wide' in some instances, involving broad sections of civil society, it has not made much difference, as participation in most countries has been 'shallow', limited to consultation rather than joint decision-making. Consequently, PRSPs have done little to empower civil

¹⁸ Killick (2002), p5.

society; and the evidence above suggests that where civil society has been empowered, it is often an assortment of NGOs (including foreign ones), not necessarily representative of society as a whole, or of the poor in particular.

National governments appear to be playing a more prominent role in policy formation, by formally taking charge of the policy-making agenda. However, how far this has been empowering is doubtful. The similarity of the programmes to those that form part of the normal international agenda suggests this is more window dressing than empowerment even with respect to the sectoral or micro agenda, except in a few, usually marginal, instances. When it comes to macro-policies, it appears that there is no national empowerment through the PRSP process, beyond the (usually limited) national contribution to the formulation of macro-programmes that already exists. Moreover, government capacity, which generally was already weak, has been stretched even further with the need to undertake formal consultations and to develop lengthy policy papers.

Governments have also been constrained to involve more stakeholders in the policy process. Indeed, a cynical reading would see the exercise as weakening the legitimacy of national governments by engaging with groups other than governments in designing policy (e.g., Summers 2001). This criticism is particularly telling in the case of democratically elected governments. The insistence on civil society participation by the IFIs by-passes existing institutions and can potentially weaken elected governments. In non-democratic regimes, however, the situation is different and broadening participation may be particularly beneficial, contributing to the democratisation of decision-making. Of course, most political systems in very poor countries are in the process of democratisation – and a widening of consultation and strengthening of civil society may contribute to this process.

Donors' power, in contrast, while seemingly weakened by the relinquishment of policy design to national authorities and civil society participants, may not have actually declined at all significantly. The ultimate endorsement of PRSPs still lies with the Boards of the two institutions, which conditions the dynamics of the process from the start. IFIs exert a considerable indirect influence, as we have discussed in incidences of self-censorship in government design of policies. Moreover, the continued existence of many multilateral programmes outside the PRSP process and unaffected by it, still leaves the IFIs considerable control. Thus, the relative position of donors has not changed much through the PRSP process, and may even have been strengthened to a degree by the veneer of legitimacy and perceptions of ownership that participation lends to the multilateral lending programmes.

On balance, then, it would appear that civil society has been marginally strengthened by PRSPs, the position of national governments may have been somewhat weakened through this, while the position of donors is broadly unchanged. This conclusion is context dependent. Relatively strong governments may be able to use the process to their advantage. But nowhere has the PRSP produced a major change in the balance of power.

To sum up, the PRSP process to date has not empowered developing countries and disempowered the World Bank. It may have changed perceptions and consequently national ownership from this perspective. If so it would appear to have actually helped

empower the World Bank, by increasing the effectiveness of programmes through raising national enthusiasm for them and increasing the perception they are home-grown strategies. But this effect is likely to be short-lived unless control over programmes genuinely changes, because eventually perceptions tend to reflect reality.

The evidence assessed thus far is based on only a few years experience. The PRSP process is still evolving and following reviews of countries' PRSP experiences by the Bank and Fund in January 2002, both institutions have recognised many of the problems highlighted above regarding process and content. The process may be modified as a result.

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