



***Aid Policy Research: Towards Stronger Japan-UK Linkages***

**Synthesis Paper 1**

**UK Research on Poverty Reduction Strategy Papers (PRSPs)**

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## **Executive Summary**

The introduction of Poverty Reduction Strategy Papers (PRSPs) in 1999 was heralded by some as a significant innovation in aid policy and practice; others remain sceptical. The approach arose out of a number of trends and concerns during the 1980s and 1990s: a growing focus on poverty reduction; increasing use of participatory methods; and long-standing concerns over the effectiveness of both policy conditionality and project-based aid.

One of the hypotheses underlying the innovation was that if pro-poor strategies could be more firmly embedded within national policy-making structures, better policy implementation would emerge, resulting in more positive impacts on the lives of the poor.

This paper focuses on this hypothesis and synthesises the results of a number of reviews of progress. (A summary table of these results is on p.14) Most work so far has concentrated on the *process* changes advocated by the new approach rather than the *content* of documents. This is because this was felt to be the major innovation and that if processes could be got 'right', better content would follow.

Overall it is clear that some **progress** has been made under the new approach:

National **governments** now have poverty reduction higher on their national agendas as the location for PRSP development is most often in the Ministry of Finance. PRSPs are more comprehensive and wide-ranging than previous national plans for poverty reduction and improvements have been made in linking planning and budgeting processes, due to the central role of the economic ministries. There is widespread acceptance of a multidimensional understanding of poverty and increased focus on the need for better poverty monitoring.

Within **wider society** there have been positive reports of increased space for civil society engagement and input in PRSP processes. In order to maximally engage with the processes, civil society mobilisation and networking has received a welcome boost.

**Donors** are increasingly aware of the need for better alignment with PRS processes and are engaged in dialogue on how this can be achieved. There is also widespread acceptance of the need for harmonisation and coordination. Some progress has

been made in these areas; joint donor groups have been established in some countries, for example.

Much work remains to be done, however. **Challenges** noted are:

Although national **government** Ministries of Finance are engaging with PRSP processes, wider involvement of line ministries and local government remains limited. Political ownership is also fragile in many countries and institutionalisation of the approach remains in only a very early stage. Public expenditure management (PEM) reforms are crucial for the success of the PRSP approach as the PEM system provides the tools for governments to implement the strategies. Although such reforms have been underway in a number of countries for many years, systems remain poor. National monitoring systems also currently lack the capacity to adequately monitor progress towards poverty reduction and even where data is produced it is not often fed into decision-making processes.

Although some organisations have received a boost, **wider society** bodies such as parliaments and the media have yet to be involved in PRSP processes. For successful implementation such organisations are also required to be involved in monitoring; demand for results from such organisations and civil society organisations (CSOs) serve as downward accountability mechanisms for government commitments. This role has yet to be fully acknowledged and developed. CSOs are also concerned that without stronger embedding in government structures, space for dialogue may be only fleeting. CSO capacity to engage in complex policy dialogue is often limited but the accountability of the predominantly urban-based CSOs who have so far engaged with the process is also being questioned.

Much **donor** aid remains fragmented in myriad projects across multiple sectors. Off-budget aid also serves to undermine PRSP processes as ministry incentives to engage with the PRSP are reduced by sector-specific project funding. Aid predictability concerns by governments are often subservient to effectiveness considerations by donors, potentially undermining PEM reforms as governments are unsure of their long-term finances. World Bank and IMF Joint Staff Assessment (JSA) procedures throw into further doubt the ability of the approach to generate genuine national ownership - as PRSPs are checked by these organisations as a condition for loan approval.

Four **cross-cutting issues** are also emerging that are serving to further highlight the complexity involved in the PRSP agenda.

The first of these is that **politics matters**. The context and particular political system within which the PRSP is introduced is crucial for the success of the approach. Leadership commitment is also of overriding importance and changes in leadership can potentially serve to undermine advances made. The PRSP approach itself is a highly political agenda. The generally technocratic portrayal of the PRSP as an aid 'tool' has tended to obscure the fact that policy-making involves difficult trade-offs between policies that serve different interest groups. Poverty reduction is also highly political; the poor are not a homogenous group and do not have identical interests.

There is a need to **maintain momentum** under the approach for it to have a chance of success. As connection with debt relief wanes, donor alignment will be the crucial factor to maintain government interest. Many CSOs are also becoming disillusioned as they feel their contributions were not adequately included in final policy outcomes. Expectations of the new approach are high and must be managed in light of the fact that change is unlikely to be swift.

Sector specialists have highlighted poor policy content of PRSPs over many years but their concerns have not received much attention so far. This is now changing as wider acknowledgement of **content concerns** is emerging. Three issues in particular are being highlighted: the macroeconomic policy content of PRSPs does not appear to have been adequately discussed; policy content to produce 'pro-poor growth' is insufficient – the productive sectors in particular are not adequately incorporated; and discussion on policy choices can be improved by introducing Poverty and Social Impact Analyses (PSIA).

**Donors** need to **deliver on their commitments**. Despite high-level gestures of commitment to alignment and harmonisation, many donor practices are not yet supportive of the PRSP approach. Their involvement is crucial as donors exert large influences on in-country processes. Donors need to balance competing demands though. Two of these are: the pressure for short-term results while remaining committed to medium and long-term engagement; and the need for in-depth understanding of country political contexts as well as increased awareness of their own impact as political actors.

Overall experience remains limited with PRSPs so far. The hypothesis of the benefits of increased national ownership remains plausible but the process changes the approach is aiming for are not simple or linear and may not emerge for many years.

Much work remains to be done. Japanese experience and expertise on the Asian context and on growth and the productive sectors can be valuable contributions to the debate. The most important conclusion, though, is the need to maintain the commitment of all actors involved.

### **Acknowledgements**

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## **1. Introduction**

Following their introduction in 1999, Poverty Reduction Strategy Papers (PRSPs) have stimulated considerable debate on the degree to which they herald a new, transformative, approach to development. Crudely stated, there is polarisation between, on the one hand, those who see the approach as having the potential to radically transform developing country policy processes, governance, accountability and the relationship between donors and recipients, and on the other hand, those who see it as simply 'more of the same' (Gould and Ojanen, 2002). The former group welcome the introduction of the 'missing factor' of national ownership of pro-poor policy prescriptions, previously absent from Structural Adjustment Programmes (SAPs), whereas the latter doubt that such a change is possible through the medium of externally introduced instruments.

As with most such polarised debates, the truth lies somewhere in between. It is also the case that experience with PRSPs remains limited, with processes still in their early stages. This is particularly salient in view of the fact that many of the issues PRSPs aim to address are highly complex and firmly entrenched in the countries concerned. Capacity issues abound and change, if it is to occur, will necessarily be a gradual and long-term process. Many of the process changes anticipated are also difficult to analyse and monitor. Any statements on the success or otherwise of the approach must necessarily bear these factors in mind and conclusions at this early stage can only be made with caution.

This paper is the second in a series synthesising UK aid policy research and practice for a Japanese audience. It aims to bring together a number of the conclusions of recent studies on progress under PRSPs carried out by researchers in the UK.<sup>1</sup>

Although there is a vast informal literature<sup>2</sup> located on websites and in the form of NGO reports and synthesis papers, there is as yet only limited evidence-based research on PRSPs<sup>3</sup>. In view of the large amount of material that has been generated

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<sup>1</sup> While this paper focuses on publicly available research papers, the following paper in this series will cover DFID's approach to PRSPs, based on recent surveys of DFID's experience and first-hand information from interviews with DFID staff.

<sup>2</sup> The Eldis research reporting service website, for example, lists 493 documents on its 'PRSP Watching' section.

<sup>3</sup> One of the most substantive studies so far is the PRSP Institutionalisation study carried out on behalf of the Strategic Partnership for Africa (SPA) that looked at the PRSP process in 8 African countries. The results of this work were published in 'Fighting Poverty in Africa: Are PRSPs making a difference?' (Booth, 2003). Substantive work has also been carried out by both the IMF and World Bank. Conclusions from these studies feed into work in the UK but do not form the main focus of this

on PRSPs, this paper can only cover a small portion of the available output. It is therefore focused predominantly on syntheses of in-depth country-level studies. Such syntheses necessarily generalise across countries and run the risk of facilitating distortion at country-level. Furthermore, as one of the important emerging issues is the importance of context, there is a risk that a synthesis study that does not highlight specific country-level experiences will prove of limited use. It is hoped that the present paper, while unable to cover the complexity of realities in the field, will, however, serve to highlight the issues that are arising in many countries. The interested researcher is urged to consult the papers summarised at the end of the paper in Annex 2 or the regional syntheses summarised in Annex 3 for more detail on the issues covered here.

### **Outline of paper**

This paper is divided into five sections. The following section, section 2, will briefly cover the background to the PRSP approach and outline the key hypothesis on which this 'experiment' is based. The third section takes the form of a 'progress report' on experience with PRSPs so far. This section is divided into sub-sections on 'progress made' and 'challenges remaining'; these are then further sub-divided into issues that predominantly concern the state, wider society and donors. The fourth section builds upon this analysis to pull out a number of cross-cutting issues that are emerging as countries move to implement first generation strategies and begin second generation processes. The paper ends with a short conclusion.

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paper. The PRSP Monitoring and Synthesis Project, commissioned by DFID, has also played a key role in the UK by collating PRSP-related information and providing in-depth analysis on PRSP issues.

## **2. Background**

PRSPs were first introduced as frameworks to ensure the proper use of the debt relief provided under the HIPC scheme. Despite their initial connection with debt relief, however, they soon came to be seen as having the potential to provide an overarching framework for all development assistance. As a result, they have now also been introduced in countries other than those eligible for debt relief under the HIPC scheme, bringing recent figures of countries involved in PRSP processes to over fifty<sup>4</sup>. The approach and its underlying principles have received widespread endorsement in international fora. Paragraph 43 of the Monterrey Consensus adopted in March 2002, for example, specifically called on donors to: ‘harmonize their operational procedures at the highest standards so as to reduce transaction costs and make ODA disbursements and delivery more flexible, taking into account national development needs and objectives under the ownership of the recipient country’<sup>5</sup>. Similar principles were endorsed at the Rome High-Level Forum on Harmonisation held in February 2003, which launched good practice principles on harmonisation and adopted the Rome Declaration on Harmonisation<sup>6</sup>.

### **What is a PRSP?<sup>7</sup>**

A PRSP is a document that includes an analysis of poverty in a country and a national strategy outlining how the government intends to address it. According to the World Bank and the IMF, PRSPs are to be based on the following six core principles:

- *Results-oriented*, including tangible and measurable targets for poverty reduction;
- *Comprehensive*, covering all macroeconomic, structural, sectoral and social factors that affect poverty;
- *Country-driven*, representing a national consensus on what needs to be done;
- *Participatory*, based on dialogue with all relevant stakeholders as part of both the formulation and implementation processes;
- *Partnership-based*, between the government and other relevant actors;
- *Long-term*, with a focus on institutional reform and capacity-building rather than simply short-term goals.

Based on the above principles, the World Bank and the IMF therefore state that full PRSPs will contain the following four elements:

- A description of who the poor are and where they live;

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<sup>4</sup> World Bank data, 31 August 2004.

<sup>5</sup> UN website.

<sup>6</sup> See [www.aidharmonization.org](http://www.aidharmonization.org).

<sup>7</sup> Draws from World Bank website, ‘PovertyNet’.

- An outline of the participatory process used in the formulation of the PRSP;
- Macroeconomic, structural and social policies that together form a comprehensive poverty-reducing strategy;
- Monitoring mechanisms, including targets and indicators of progress.

### **Origins of the approach**

The PRSP approach stemmed from a number of issues that received increasing attention during the 1980s and 1990s. These were: thinking on the causes of poverty that led to an understanding of poverty reduction as the central aim of development assistance; consideration of participation as a means of improving the quality of project design and improving country governance; and discussions on 'aid effectiveness' (Christiansen with Hovland, 2003).

The aid effectiveness debate is the shift most widely recognised as having contributed to the development of the PRSP approach. This debate was fuelled by concern that Structural Adjustment packages had not been successful, leading to reassessment of the use of conditionality by donors. It was felt that aid effectiveness had been compromised because donors were by-passing national political processes and were not well coordinated with each other. This led to the hypothesis that if pro-poor strategies could be more firmly embedded within national policy-making structure, better policy implementation would emerge, holding greater potential for the realisation of long-term growth and poverty reduction outcomes (Booth, 2003). A central assumption of PRSPs therefore is that greater ownership of policies for poverty reduction by national governments will result in better policies and more successful implementation – which will ultimately bring about real and lasting change in the lives of the poorest people. The shift is one from focusing on specific policies to what Foster (1999) termed 'process conditionality' (in Booth, 2003).<sup>8</sup>

For this shift to occur, behaviour changes are required by both donors and recipient governments, supported by changes within wider society in the recipient country. The changes are complementary to each other, as: strong country ownership is expected to reduce fragmented donor programmes and promote harmonisation; donor actions are aimed at building national ownership; and wider society's role is to hold the government and donors to account during these changes. The PRSP approach is therefore about introducing new processes and relationships within countries and the international development community.

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<sup>8</sup> This paper will concentrate on the 'national ownership' hypothesis as this is emphasised by many British researchers. Other central hypotheses exist, however. Examples are the need to focus on 'good governance' or the use of the PRSP as a lever to increase aid.

For this reason, much of the research on PRSPs so far has focused on *processes*, rather than on the *content* of the documents. Although some sector based researchers have carried out work highlighting content issues, these have been perceived as subsidiary to the main process issues, which are felt to be the major innovation and challenge of the new approach. It has also been assumed, to a certain degree, that if processes are improved, then good content will follow. This bias towards process issues is therefore mirrored in the progress report summary in the next section. Content issues are covered in Section 4, however.

### **Conditions for success<sup>9</sup>**

Underpinning the PRSP hypothesis are three conditions that are viewed as crucial for the success of the new approach. These three conditions can be seen to underpin the progress report outlined in the next section, where each condition will be addressed in turn. Overall progress under the three conditions will be revisited in the conclusion.

#### *Condition 1*

##### **State**

This includes central government ministries, line ministries and local government. Here the crucial issue is that the PRS process must not fall victim to the institutional challenges it seeks to address: government planning, budgeting and monitoring systems are often badly in need of reform. Although addressing these issues is central to PRSPs, there is a danger that rather than making a difference, they will become overwhelmed by the inefficiencies.

#### *Condition 2*

##### **Society**

Civil society organisations (CSOs)<sup>10</sup>, parliaments, watchdog bodies and the media are included here. National ownership of the PRS by government bodies must be underpinned by wide ownership of the process throughout society for the strategy to properly address concerns in the formulation stage and be successfully implemented and monitored.

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<sup>9</sup> Adapted from Booth (2003)

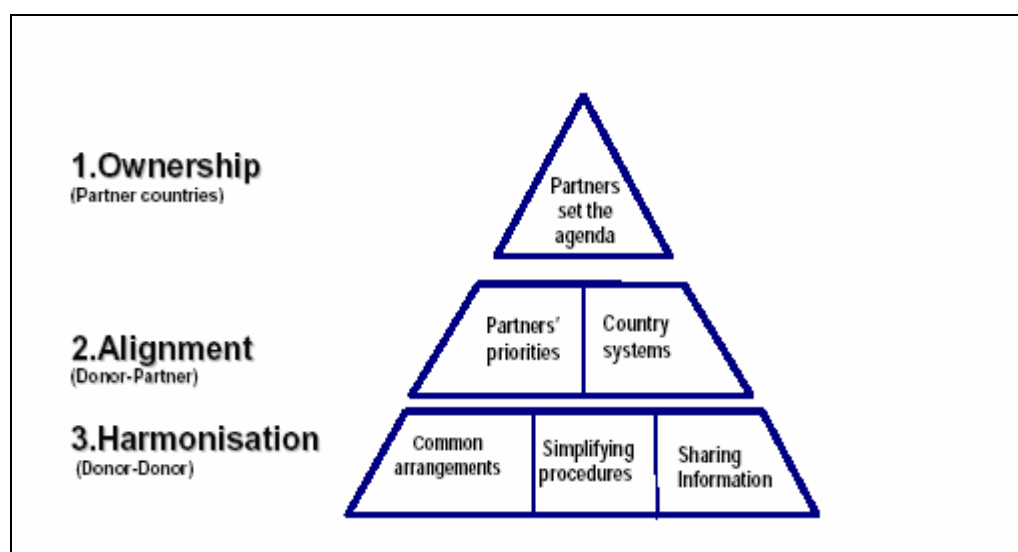
<sup>10</sup> The term 'CSOs' used in this paper refers to 'organizations that work in an arena between the household, the private sector and the state to negotiate matters of public concern' (taken from DFID definition). This includes domestic NGOs, religious organisations, trade unions, business associations, community associations, farmers' associations, social movements and credit societies. Where the term 'NGOs' is used, it refers to internationally operating Northern NGO organisations, sometimes referred to as 'INGOs'.

### Condition 3

Donors<sup>11</sup>

Both bilateral and multilateral donor agencies are included here. Donor alignment with PRSPs and country systems as well as improved coordination and harmonisation between donors are all necessary for the approach to have a chance of success. The 'Harmonisation Pyramid' in Box 1 and the explanation below sets out what is meant by these terms.

#### Box 1 The 'Harmonisation Pyramid'



Source: OECD (2004)

In the 'Harmonisation Pyramid' the term 'partners' is used to refer to recipient governments. As can be seen, 'ownership' is where partner countries set the agenda; 'alignment' entails donor support of partner priorities and adoption of partner systems; and harmonisation involves donors working together better through common arrangements, simplifying procedures and sharing information. A further commonly-used distinction is between 'coordination' and 'harmonisation'. Coordination is seen as the first stage towards harmonisation: donors keep each other informed on their activities; information is exchanged; and meetings with governments are coordinated. Harmonisation then builds on this to develop common procedures and practices so that donors can jointly decide their approach to a particular country<sup>12</sup>.

<sup>11</sup> Aid alignment and harmonisation issues, although covered here, will be covered in more detail in later papers in this initiative.

<sup>12</sup> Distinction provided by Ruth Driscoll.

### **3. Progress report**

PRSPs have a three to five year life-span. As the earliest first-generation processes began five years ago, the next few years will see substantial revision processes and second-round PRSPs emerging in many countries. Second generation processes are in fact already underway in Bolivia, Burkina Faso, Nicaragua and Tanzania with Uganda now working on its third strategy. Many view this as an opportunity to review progress so far and to revise procedures accordingly (Driscoll, 2004). The process of 'looking back to look forward' is further supported by recent reviews carried out by the World Bank's Operations Evaluation Department (OED) and the IMF's Independent Evaluation Office (IEO). British NGO organisations have also taken this opportunity to publish analyses of progress up to this point – major contributions have come from Oxfam, Christian Aid, the Panos Institute and ActionAid, amongst others.

Matrix 1 sets out in brief some of the major conclusions arising from review processes so far. They are divided into issues relating to the state, society and donors. The points are then outlined in more detail below. It is important to note that although set out as separate items, many of the factors are in fact closely inter-related.

## Progress Report Summary Matrix (Process issues)

	Progress made	Challenges remaining
<p><b>State</b></p> <p>'The PRS process must not fall victim to the institutional challenges it seeks to address'</p>	<ul style="list-style-type: none"> <li>• Poverty reduction higher on national agendas</li> <li>• Plans less fragmented</li> <li>• Improvements in linking planning and budgeting processes</li> <li>• Multidimensional understanding of poverty</li> <li>• Increasing focus on poverty monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Line ministry and local government involvement limited</li> <li>• Institutionalisation and political ownership critical</li> <li>• Public expenditure management (PEM) reforms remain in early stages</li> <li>• Need to improve national monitoring systems</li> </ul>
<p><b>Society</b></p> <p>'Wide ownership of the PRS is necessary for it to properly address concerns and be successfully implemented and monitored'</p>	<ul style="list-style-type: none"> <li>• Space opened up for civil society engagement and input</li> <li>• Civil society mobilisation and networking increased</li> </ul>	<ul style="list-style-type: none"> <li>• Limited involvement of parliaments, audit offices and media</li> <li>• Need to institutionalise CSO participation</li> <li>• CSO capacity and accountability issues</li> </ul>
<p><b>Donors</b></p> <p>'Aid alignment as well as coordination and harmonisation between donors are all crucial for the PRS to have a chance of success'</p>	<ul style="list-style-type: none"> <li>• Increasing dialogue on donor alignment</li> <li>• Increased awareness of the need for coordination and harmonisation</li> <li>• Some progress in these areas</li> </ul>	<ul style="list-style-type: none"> <li>• Transaction costs remain high</li> <li>• Much aid still off-budget</li> <li>• Aid predictability concerns</li> <li>• Joint Staff Assessments undermining ownership</li> </ul>

Based on Booth (2003), Driscoll (2004), IEO (2004), OED (2004) and Oxfam (2004)

## Progress made

### State

- *Poverty reduction higher on national agendas*

PRSP processes have strongly served to 'mainstream and broaden national poverty reduction efforts' (Booth, 2003). Whereas previously poverty and its alleviation was sidelined in social sector ministries and not viewed as a mainstream government concern, the strong incentive provided by the link with HIPC debt relief has meant that Ministries of Finance have taken the lead in PRSP analysis and processes. This has led to poverty reduction being increasingly seen as the goal of all sectors<sup>13</sup>.

<sup>13</sup> There is evidence, however, that this may be predominantly conceptual mainstreaming so far. (See Section 4, under Content Concerns)

- *Plans less fragmented*

Although some governments had previously prepared strategies for the reduction of poverty, they were in general 'add-on' strategies, lacking the comprehensiveness of the PRSPs approach. They were also predominantly drafted within the context of project funding, which served to emphasise their fragmented nature. As a result, they remained either vague documents of political aspiration or narrowly focused operational plans. Experience so far reveals that PRSPs are more comprehensive and multi-sectoral than previous documents in almost all cases. (Booth, 2003)

- *Improvements in linking poverty planning and budgeting processes*

As Ministries of Finance have taken over responsibility for PRSPs this has had the additional beneficial effect of improving the context for linking poverty reduction to resource allocation decisions. Centrally located units with responsibility for poverty planning have been established in a number of countries to work closely with the Ministry of Finance on budget allocations and incentives for other parts of government. This approach has been further enhanced by the introduction of medium-term planning tools such as Medium Term Expenditure Frameworks (MTEFs). As a result of these changes, increased 'pro-poor spending' can be seen in a number of post-PRSP countries (Driscoll, 2004).

- *Multidimensional understanding of poverty*

A number of recent publications such as the 2000-01 World Development Report, the DAC Poverty Guidelines and the Human Development Reports (HDRs) as well as the Millennium Development Goals (MDGs) have served to highlight the multi-dimensional nature of poverty. This has consequently been incorporated into PRSPs where there is now frequent understanding that poverty is more than purely an income-related issue. Methods employed for monitoring reflect this with participatory poverty assessments (PPAs) now included as standard procedures for PRSP monitoring alongside household expenditure surveys and national HDRs (Booth and Lucas, 2002).

- *Increasing focus on poverty monitoring*

Parallel structures established by donors to monitor projects previously served to undermine state capacities for data collection and measurement of variables associated with poverty (Driscoll, 2004). PRSPs, however, have served to highlight this issue and the resultant weak national monitoring capacities. This has led to capacity-building efforts by donors focusing particularly on final poverty-outcome measurement through household surveys and participatory poverty assessments (PPAs), reflecting the multidimensional understanding of poverty, mentioned above.

## Society

- *Space opened up for civil society engagement and input*

This is one of the key areas where reports unanimously point to clear progress. Oxfam International, for example, are working closely with civil-society partners on engagement in PRSP processes in 33 countries. They are therefore in a good position to ascertain the progress that has been made in this area, reporting that 'new spaces for dialogue on policy have been opened up in almost every country' (Oxfam, 2004). Within PRSP processes, CSOs have had access to policy dialogue that was previously closed to them. Transparency of government budgeting and expenditure has also increased, enabling scrutiny by both parliaments and the wider public, including civil society (Warnock, 2002). Accompanying efforts by CSOs to identify their capacity-building needs have also been reported (Booth, 2001).

- *Civil society mobilisation and networking increased*

In order to participate optimally in the new mechanisms for dialogue, many CSOs have been collaborating with each other in previously unprecedented ways. Parallel consultation sessions have been organised in many countries and umbrella organisations have received a welcome boost as their role has grown in importance under the new process (Driscoll, 2004). Some CSOs have also begun to undertake more directly advocacy-oriented work in order to feedback the results of their monitoring activities. Many CSOs have been able to grasp the opportunities available to contribute and to learn, thereby boosting their capacity through the participation process (Warnock, 2002).

## Donors

- *Increasing dialogue on donor alignment*

PRSPs have led to greater attention on the ability of donor actions to either help or hinder the process changes that are aimed for. This stems from the realisation that was growing before the introduction of the PRSP approach that donor actions have served to seriously undermine national systems by working in parallel to them or by over-burdening them with excess reporting or management demands (Foster with Keith, 2003). Under PRSPs, project aid modalities and 'off-budget' development assistance have received increased criticism as they are seen by some as counterproductive to the aims of increasing national ownership and of building policy-

making and budget management capacities<sup>14</sup>. Their fragmented nature means they are also seen to incur high transaction costs due to multiple reporting and monitoring arrangements. This has led to increased interest in programme and budget support assistance and increased dialogue on when and how this can be implemented.

- *Increased awareness of the need for coordination and harmonisation*

The actions of individual donors are magnified by the fact that in many countries, particularly those with a high degree of aid dependence, many different donors are present, each with their own ways of working. A further realisation that has been compounded by the PRSP approach, therefore, is the need for increased coordination between donors, and for the harmonisation of approaches and procedures. The Rome Declaration on Harmonisation in February 2003 is the most high-profile example of this, as forty-six bilateral and multi-lateral development institutions signed up to work together on implementing and developing good practice in harmonisation and alignment<sup>15</sup>.

- *Some progress in these areas*

Among bilateral donors, the UK, the Nordic countries and, to a certain extent, the EC have all made significant progress towards aligning their country strategies and plans with PRSPs<sup>16</sup>. This has been accompanied by the beginnings of a serious shift away from projects towards programmatic aid modalities such as Sector Wide Approaches (SWAs) and general budget support (GBS). Additional progress can also be seen as new joint donor groups have emerged to support PRSP processes. By acting as a single point of contact for dialogue with governments, such groups hold the potential to reduce aid transaction costs (Driscoll, 2004).

## **Challenges remaining**

As has been shown above, much of the emphasis behind the PRSP approach is focused on increasing national ownership of strategies for poverty reduction. However, there has been limited discussion, on what this 'ownership' really means. To illustrate this point, Booth (2003) sets out five different issues relevant to

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<sup>14</sup> Whether, and to what degree, projects still have a role to play is a highly contentious issue. Some see them as a first step towards more budget-level assistance whereas others feel they have value in their own right. One example of this would be 'projects for innovation', that can be used to assist in the development of new approaches to an issue (comment by Ruth Driscoll).

<sup>15</sup> See <http://www.aidharmonization.org/>

<sup>16</sup> DFID, for example, replaced its Country Strategy Papers (CSPs) with shorter Country Assistance Papers (CAPs) in 2002. These new documents set out a concise 'business plan' on how DFID will support the country's own strategy (Conway, 2003).

assessing levels of national ownership (see Box 1), which provide a useful framework for a number of the challenges that remain with the PRSP approach.

**Box 1: Issues relevant to assessing levels of national ownership**

- Locus of programme *initiation*
- Level of intellectual conviction of key policy-makers (*technocratic* dimension)
- Support of top political leadership (*political* dimension)
- Broad *support* across and beyond government
- *Institutionalisation* of the measures within the policy system

Source: Killick (1998) (in Booth, 2003)

## State

- *Line ministry and local government involvement limited*

With government leadership of the PRSP process located in the central economic ministry, the second, technocratic dimension of ownership, as outlined in Box 1, based on the level of intellectual conviction of key policy-makers, is relatively strong. Outside the central ministry, however, ownership on this dimension remains limited, with sector line ministries and local levels of government remaining uninvolved and even unaware of the PRS in many cases (Driscoll with Evans, 2004). As their involvement is crucial for successful implementation and monitoring, wider technocratic ownership throughout government remains a significant challenge.

- *Institutionalisation and political ownership critical*

Clues to the lack of widespread technocratic ownership can be found through analysis of two further dimensions of national ownership. These are the political dimension and the degree of institutionalisation of the process within government procedures. With regards to the political dimension, evidence emerging from studies such as Piron with Evans (2004) and Foster et al. (2002) reveals weak political commitment to poverty reduction in many countries. This poses severe difficulties for the success of the PRSP approach, as strong political leadership and vision are necessary to drive through pro-poor reforms and policies<sup>17</sup>.

Meanwhile, with regards to institutionalisation, although there has been some progress in linking budgeting and planning, institutionalisation of PRSP processes in government procedures and processes remains limited (Booth, 2003). Incentives for

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<sup>17</sup> This point is expanded in Section 4, under 'Politics matters'.

engagement with the PRSP, for example, are not yet in place for line ministries. This is of particular relevance for those line ministries who remain connected to off-budget donor support. Unless the PRS is embedded in government procedures at all levels with strong incentives for engagement in place, these ministries are likely to remain unconnected with the process, undermining any unity of 'national ownership'.

The lack of institutionalisation so far may partly be because such changes take time and the approach remains in its early stages. Nevertheless, it is crucial to emphasise that without strong embedding in government budgeting and incentive structures, pro-poor spending and a strategy for poverty reduction are likely to be no more than a passing fad or wishful thinking.

- *Public expenditure management (PEM) reforms remain in early stages*

For PRSPs to have meaningful impact via operationalisation and implementation, basic conditions for predictability, transparency and accountability in public expenditure management (PEM) need to be in place. This is, however, more often than not far from the case. Institutional reforms in public sector management and accounting have been underway for a number of years, but capacities still lag far behind the standards required by PRSP processes (Foster et al., 2002). Two inter-related reforms, in particular, are being promoted alongside PRSPs: budget reform and results based management. Due to their importance, they are outlined below. Their promotion is serving to revitalise, to a certain degree, previously flagging reform measures.

- *Budget reform*

Budget reform is particularly important as without mechanisms in place to balance policy priorities and resource constraints, PRSPs are unlikely to be much more than wish lists for improvement (Booth, 2003). A central component of the new approach is the medium-term planning instrument, the Medium Term Expenditure Framework (MTEF). This instrument can be used to bridge the gap between PRSPs and budgeting by balancing the short-term demands of macroeconomic stabilisation with medium and longer term demands, contributing to improved policy-making and implementation (Holmes and Evans, 2003). Recent work has revealed the usefulness of a 'close and synergistic' relationship between PRSPs and MTEFs (ibid). Experiences suggest that a priority should be to increase linkages and synchronisation between the two with the PRSP in centre stage.

- *Results based management (RBM)*

The second major reform that is being promoted is results-based management (RBM). Almost all countries where PRSP processes are underway have a traditional approach to PEM with incentives for spending unconnected to results. Over recent years, however, RBM has emerged in developed countries (such as the UK) as useful both for setting targets and for structuring awards for individuals, organisations and government targets (Maxwell, 2003). This approach focuses on outputs and outcomes rather than inputs and activities and is therefore highly complementary to the similar focus of the PRSP.

Such reforms are therefore key to the success of the PRSP approach. They are far from simply technical-bureaucratic changes, however, as there is increasing realisation that such reforms are highly political (CAPE, 2004). In many countries, for example, watchdog bodies are weak, and civil servants may be closely aligned with political parties rather than being politically neutral (Driscoll, 2004). Although, as mentioned above, some reforms are visible in this area as planning and budgeting processes become better linked, progress is still slow and has been limited so far. In view of the vital importance of these complementary reforms to the success of PRSPs, both governments and donors must continue to devote attention to their efficient and effective implementation.

- *Need to improve national monitoring systems*

Severe capacity constraints prevail despite efforts to improve national monitoring systems (Lucas, 2004). Furthermore, even where information is gathered, there is significant room for improvement. For example, such data has yet to be linked to decision-making processes in most countries (OED, 2004) and despite widespread acknowledgement of the multidimensionality of poverty, income-based measurement still dominates (Booth and Lucas, 2002). A further concern is that monitoring, where it is occurring, is focusing predominantly on outcome measurement. Little consideration of measuring either inputs or intermediate processes and achievements is visible either in PRSP documents or in practice (Lucas, 2004). This 'missing middle' is significant, since rapid feedback on progress is vital for ongoing processes of accountability and learning within PRSPs.

## Society

- *Limited involvement of parliaments, audit offices and media*

Although the national ownership dimension of 'broad support beyond government' would appear to be fulfilled in the widespread engagement of CSOs in the PRSP

process, 'civil society' consultation has remained quite narrowly focused on development organisations, leaving out many other important agencies of wider civil society. Of particular note is the lack of sufficient space provided for discussion and approval of final documents by parliaments (ActionAid, 2002). Although Booth (2001) does note that such institutions may have limited powers to overturn executive decisions and that they may not be very democratic institutions, their engagement in the process would serve to heighten political awareness of the process and could stimulate useful debate on the process and content. Lack of knowledge and awareness of the PRSP outside the development community also translates into the fact that the process is seldom covered in the media (Warnock, 2002). This is exacerbated in the large number of countries that have so far failed to translate documents into local languages (Booth, 2003).

Such bodies of wider civil society, and other already-existing institutions for government monitoring such as audit agencies and watchdogs, also have an important role to play in monitoring PRS implementation. Their increased engagement with the process should ideally serve to stimulate demand for results. This demand is a crucial component of building stronger downward accountability mechanisms to hold national governments to account for the commitments they have made in the PRSP. Although Booth and Lucas (2002) do highlight the potential of the spread of FM radio and new PRSP-inspired relationships between advocacy groups and parliaments to boost downward accountability mechanisms, this is nevertheless an area that requires more attention.

- *Need to institutionalise CSO participation*

Following the progress made in initial PRSP processes in opening space for wider dialogue with CSOs, the future success of the approach is dependent upon the establishment of permanent channels for dialogue, protest and 'voice' (Foster et al. 2002). Such institutional embedding will serve to ensure that the process of CSO participation cannot be easily reversed should government priorities shift. Reports also indicate that so far 'consultation' rather than 'participation' has taken place (Oxfam, 2004). However, in the majority of countries this was all that was possible in early first-round processes, as: government capacity was limited; time for engaging with CSOs was scarce; and governments had only limited exposure to other approaches (McGee, 2002). Capacity-building work is required to assist governments in effectively engaging with CSO actors and thereby maximising the benefits of the process. For example, governments need to support CSO engagement by providing them with adequate access to information. With most attention focused on CSOs' need for capacity building, this is an area that is not often highlighted (ibid).

- *CSO capacity and accountability issues*

With participation established as a key PRSP principle, the efficiency and effectiveness of such channels is also dependent upon CSO capacities to engage with complex policy issues. Most CSOs have so far not been able to engage in debate on macroeconomic policy issues, for example, and have tended to focus on explicitly poverty-focused issues such as health and education expenditure (ActionAid, 2004). There is clear need for on-going capacity-building so that civil society can maintain effective engagement with the process.

An emerging concern, however, alongside the capacity issue, is a questioning of the accountability of the CSOs who are participating. It is often the case that the organisations best able to engage in the process are not those closest to the poorest but, in fact, are urban-based organisations staffed by well-educated ‘middle-class technocrats’ (Oxfam, 2004)<sup>18</sup>. Less powerful groups, such as rural women, are therefore not being adequately represented in PRSP processes (ibid). Although civil society engagement is a crucial component, donors must carefully assess recipients of capacity-building measures in order to ensure maximum support for the poorest.

#### Donors

- *Transaction costs remain high*

Despite greater awareness and international recognition of the principles of donor alignment, much remains to be done. Donors are still dispersing aid through large numbers of fragmented projects across multiple sectors, keeping transaction costs high (Driscoll, 2004). Reasons for this include the fact that institutional incentives within donor agencies are currently misaligned with top-level commitment to boosting local ownership. Also, despite promising shifts to more programmatic aid modalities, donor review procedures under SWAs and budget support are multiplying in some cases, serving counterproductively to increase the burden rather than to reduce transaction costs for recipients (Booth, 2003).

- *Much aid still off-budget*

Large portions of aid still flow into countries unconnected to national PRS or budget processes. This includes aid from major donor agencies as well as vertical funds such as the Global Health Fund (Driscoll, 2004). This is particularly problematic where off-budget support flows to specific ministries as this undermines national

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<sup>18</sup> Oxfam (2004) in fact state that almost everyone involved in PRSP formulation is a ‘middle class technocrat’. This is regardless of whether they are male or female, or whether they represent donors, governments, international NGOs or CSOs.

budget processes and can provide opportunities for personal and political gain outside the PRS. There is also a significant lack of transparency in donor criteria for the application of the new aid modalities; diverse assessments of the same country by different donor agencies send confusing signals to governments (Booth, 2003). Although it is far from the case that all countries currently have the capacity to receive budget support, and there would be risk involved for donors if they did not exercise some caution in shifting to programme modalities, donors nevertheless need to engage in supporting the PRS to the greatest extent possible.

- *Aid predictability concerns*

Although debate on aid effectiveness is building awareness of the impact of aid practices on national government capacities and procedures, there is still not enough acknowledgement of the trade-off between effectiveness and predictability (IEO, 2004). Many of the HIPC countries have a very high degree of aid dependence, which increases the negative impact of aid fluctuations according to donor calculations of risk and countries' ability to effectively administer aid. Aid effectiveness is an understandable over-riding concern for donors, but it could be argued that predictable funding could lead to effectiveness, even where initial conditions are not optimally favourable. This is illustrated by Roberts (2003) who found that erratic aid flows and unpredictability about future financing serves to erode spending ministries' and agencies' willingness to make serious plans for performance improvement. This is of particular relevance due to the all-important interplay between public expenditure reform and poverty reduction (outlined above). Furthermore, as some donors begin to seriously implement budget support measures, the impact of volatility of aid flows of this type is much greater than similar problems with smaller amounts of project-type aid (Driscoll, 2004). Donors must be prepared to take the risk of engaging for the long-term when they implement such changes in aid modality.

- *Joint Staff Assessments undermining ownership*

Booth's (2003) analysis of seven African case studies reveals that although the 'programme initiation' level of ownership is not located in-country in the case of the PRSP approach, as it stems from Washington, this has not reduced government willingness to adopt the approach<sup>19</sup>. Internal initiation is therefore clearly not required for national take-up to occur, but Washington's continuing close engagement with the approach may in fact be detrimental to the genuine generation of national ownership.

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<sup>19</sup> The large take-up of the PRSP approach is of course because PRSPs were introduced as conditions for HIPC2 debt relief and are now closely connected to World Bank and IMF loan approval.

Part of this stems from the fact that many countries still view PRSPs simply as necessary conditions for successful loan negotiation with the International Finance Institutions (IFIs) (ActionAid, 2003). In addition to this, however, there is the fact that nationally determined strategies must be submitted for scrutiny by World Bank and IMF staff in Joint Staff Assessments (JSAs) before funding approval is granted (ibid). This increases the danger that the documents will receive too much emphasis by governments and donors, at the expense of the (arguably more important) process changes (IEO, 2004). Although the review process is supposed to be of value to national governments by providing feedback, a recent review of JSAs questions their present form and overall usefulness. The process needs to be more thoroughly examined by the IFIs and the wider donor community, and greater transparency introduced if these processes are not to remain fundamentally contrary to the stated aims of the principle of country ownership (Driscoll with Evans, 2004).

#### **4. Emerging issues**

A number of cross-cutting issues are emerging as PRSP processes enter the more complex implementation stage and as the drafting of second generation papers begins. Four key issues are outlined here:

- Politics matters
- Maintaining momentum
- Content concerns
- Donor delivery on commitments

##### **Politics matters**

'Politics matters' was one of the overriding conclusions of the Institutionalisation Study that formed the basis of the recent book by David Booth (Booth, 2003). In order to further understand the ways in which this is manifested, a series of four cases studies investigated the issues in more depth (Piron and Evans, 2004). Conclusions from this reveal that the impact of politics on the PRSP agenda and its successful implementation occurs in a number of distinct ways. These are set out below as: context; leadership; and the PRSP process as a political agenda.

##### *Context*

PRSPs are embedded in country contexts and living political systems that are characterised by vast diversity and complexity. Piron and Evans' studies, however, clearly indicate that context and starting positions are 'overwhelmingly important' in determining uptake, outcomes and the overall success of the approach. Countries differ enormously in the degree to which their systems and political landscape facilitate the ease of adoption of the national ownership advocated under PRSPs, with the timing of the introduction of the approach also playing a crucial role.

One major element in the context is the existence or otherwise of previously developed poverty reduction strategies. Although these are in most cases not as comprehensive as PRSPs, they may be more accountable and better 'owned' than an externally introduced PRSP. For this reason, donors need to ensure that there is sufficient flexibility in PRSP processes so that, rather than undermining already-existing strategies, they are instead enhanced and dovetailed with the PRSP (Piron with Evans, 2004).

Another emerging realisation is that although PRSPs have generated a lot of interest, care must be taken not to see them as more important than they actually are.

Awareness of the importance of context and politics in fact reveals them to be often only a marginal element in the policy process. Election platforms, the budget, MTEFs and off-budget donor assistance remain more important in the majority of cases<sup>20</sup>. National or regional visions and plans such as decentralisation strategies and the NEPAD process may also be of higher national priority than the PRSP (Driscoll, 2004).

The overriding importance of myriad contextual factors means that donors engaging with PRSPs need to have access to accurate up-to-date information on the specific political context in order to maximise effective engagement with the process (Piron with Evans, 2004). This realisation was one of the major reasons behind the development of DFID's Drivers of Change initiative<sup>21</sup>.

### *Leadership*

Aside from the overall context, commitment by political leaders is of paramount importance in the successful implementation of PRSPs and the achievement of poverty reduction. Without strong political leadership, budget management, for example, is likely to be ineffective as there is political reluctance to recognise the need for tough choices and budget discipline. Commitment is often weak, however, and donors are limited in the means available to them to address this. A related issue is that changes in political leadership may result in newly elected governments with differing commitment to PRS processes than their predecessors. Donors must respect these national political processes; but a dilemma for donors may arise if new leaders are not committed to poverty reduction and if multi-year funding agreements linked to the PRSP have been signed (Driscoll, 2004). Building stronger external accountability loops can potentially be one way of addressing this issue (Roberts, 2003).

### *PRSP process as a political agenda*

Despite some portrayals to the contrary, the PRSP process is far from a simply technocratic agenda, being highly political itself. The aim of engendering new relationships and processes both in country and within the international aid community involves shifting loci of power from donor agencies and bureaucrats who benefit most from aid flows, to representative civil society groups, democratically accountable politicians and ultimately, the poor themselves. This process will clearly

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<sup>20</sup> Presentation by David Booth, Internal ODI Workshop on PRSPs and the productive sectors, July 2004.

<sup>21</sup> Drivers of Change was introduced in brief in the previous paper of the series and will be covered in more detail in a later paper.

be highly contentious and contested and is unlikely to happen smoothly, if at all. This reality often seems forgotten, however, as discussions of PRSPs' principles of 'national ownership' and 'participation' have appeared to assume that such changes can be achieved through technocratic processes alone.

Poverty reduction is also a political agenda within which there are inevitable trade-offs for different parties under different policies (Piron with Evans, 2004). Focus on participation in PRSPs has in fact tended to obscure the fact that in reality, policy-making is a political process where tough decisions have to be made between different policy choices that benefit different groups (Warnock, 2002). Achieving change requires the art of brokering between competing interests with consensus on policy rare in the real world (Maxwell, 2003). Even the poor do not have identical interests as, despite widespread assumptions to the contrary, they are far from a homogenous group (ibid). The PRSP agenda is in fact much more complex than many seem to have assumed.

### **Maintaining momentum**

Many of the issues highlighted in the 'Challenges remaining ' section above are connected to a need to maintain the momentum of engagement by governments, donors and wider society. Without capitalising on the changes achieved so far, PRSPs are likely to stumble and falter at the first major hurdle. This is particularly the case as the initial motivation for engagement with the PRSP process, the obtainment of debt relief, has now passed. The main impetus for governments to continue their engagement with the process must now come from donor alignment with PRSPs<sup>22</sup>. This is a major issue involved in maintaining momentum, but two additional areas are also worthy of note: maintaining CSO engagement; and managing expectations.

#### *Maintaining CSO engagement*

Oxfam's recent report highlights the crucial issue here: 'As we move to the second round... it will be hard to mobilise civil society to participate to the same extent as it did in the first round' (Oxfam, 2004). The reason for this is that Oxfam, its partners and many other CSOs are becoming disillusioned with what at first appeared to be a promising innovation – the notion of including their voices in the policy process. Close examination of final documents reveals, however, that PRSP policy prescriptions were minimally influenced by the participation processes and instead continue to reflect the 'backstage influence of the donors' own agendas' (ibid).

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<sup>22</sup> Comment by Ruth Driscoll.

Alongside efforts to institutionalise participatory processes, it is therefore also necessary that this criticism is seriously addressed by donors and governments.

### *Managing expectations*

As reviews are undertaken, some organisations are expressing feelings of disappointment at the lack of progress made so far. The changes PRSPs are aiming for, however, are only likely to emerge gradually. Progress will not necessarily be linear or appear even after two rounds of the process (Piron with Evans, 2004). It is also the case that complex process changes are difficult to monitor and for this reason, it may appear that less is happening than it actually is. All actors must maintain realistic expectations of the process and not ask too much of the approach in the early stages as partnerships, ownership and capacities all take time to build and develop (Maxwell, 2003).

### **Content concerns**

As mentioned in Section 2, the policy prescriptions of PRSP papers have received relatively little attention so far as process issues were felt to be the crucial 'missing factor' for the achievement of effective poverty reduction. The recent IEO evaluation appeared to support this with the example of Tanzania given where 'good' PRS processes seemed to have compensated for a weak document and the reverse does not appear to have occurred (IEO, 2004). This remains a contentious issue within the research community in the UK, however. Many sector specialists have highlighted the poor policy content of PRSPs for many years but their voices have been, to a certain degree, drowned out by 'process' advocates in the aid policy focused community. This is beginning to change, however, as content concerns are beginning to be more widely acknowledged. This is being accompanied by increasing realisation that both policy and content are crucial elements for the success of the approach.

Three issues in particular are highlighted in a number of papers<sup>23</sup>: macroeconomic policy; the role of the productive sector; and the need for Poverty and Social Impact Analysis (PSIA).

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<sup>23</sup> There is a very wide range of 'content-focused' research on PRSPs. A selection of this research is listed in Annex 1.

### *Macroeconomic policy*

Many international NGO papers and a recent UNCTAD report<sup>24</sup> are highly critical of the macroeconomic policy content of PRSP papers. Despite the fact that alternative approaches to poverty reduction are known, PRSPs focus on market-based pro-poor growth with policy prescriptions that differ little in substance from those advocated under SAPs (Warnock, 2002). It was also felt by NGOs that this was the area least open to dialogue. McGee (2002), for example, reports that, 'There is broad consensus among our civil society sources in Ghana, Malawi, Mozambique, Tanzania, Zambia and Bolivia that their coalitions have been totally unable to influence macro-economic policy or even engage governments in dialogue about it'. As an illustration of the frustrating position faced by NGOs and CSOs, Warnock (2002) outlines DFID's 'firm but contradictory position' as set out in the 2000 White Paper: 'Growth is essential for poverty reduction. It depends on having market-based policies which promote investment and deliver effective macroeconomic management. This means a continued commitment to economic reform and liberalisation'. However, later on it is stated that: 'national strategies for poverty reduction... must be based on sound analysis, widely debated – including by poor people themselves'. Such contradiction is not limited to DFID but is found in the IFIs of the World Bank and IMF as well as other major bilateral donors. Although CSOs need to improve their capacities to engage in this level of policy debate, it may be that governments also lack the capacity or confidence to propose alternative policy frameworks in the face of World Bank or IMF pressure (ibid).

### *The role of the productive sector*

PRSP policy recommendations have tended to focus on the social sectors of education and health, where there are fairly clear links between operational processes, instruments and the policy cycle and budgeting process. These sectors predominantly require increases in public expenditure; improvements in education and health are closely connected with improving the lives of the poorest; and these sectors are most amenable to SWAps with relatively easy to measure outputs that fit well with the trend towards results-based management. A further factor that has contributed to focus on these sectors is that they are emphasised in both the HIPC2 criteria and the MDGs (Driscoll, 2004).

PRSPs, however, are also closely aligned with the concept of 'pro-poor growth', with many strategies underpinned by optimistic estimates of future growth rates. At the same time, though, most documents remain quiet on how this will be achieved (OED,

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<sup>24</sup> UNCTAD (2002).

2004). In order to fill this gap, there is a growing awareness of the need to better incorporate the productive sectors into PRSPs. Such sectors as agriculture and forestry, though, do not predominantly involve public spending, and clear policy prescriptions for growth do not exist. Often such sectors are the responsibility of more than one line ministry and the most beneficial action that the government could take would be to reduce the influence of government bodies in the sector<sup>25</sup>. Furthermore, what is meant by 'pro-poor growth' is not well understood; the World Bank and IMF admit that there is a need to know more about the connection between growth and poverty. This is an area of growing interest among researchers in the UK in view of its importance and the fact that much more work needs to be done in this area.

#### *Need for Poverty and Social Impact Analysis (PSIA)*

An issue complementary to the specific content concerns relating to PRSPs is the criticism that PRSPs do not set out why their policy proposals and actions will work better than actions taken in the past. This is an issue that Poverty and Social Impact Analyses (PSIA) aim to address; a PSIA analyses the impact of policy reforms on different stakeholder groups, particularly focusing on the poor and vulnerable. PSIA therefore hold the potential to stimulate debate on competing policies, something that is very limited at present. Pilot studies have been carried out in a number of countries. DFID pilot studies in six countries, for example, found that such analyses were useful despite 'limited data, limited capacity and a rushed process' (ODI, 2003). In-country capacity for such analyses is weak and so far PSIA have only been undertaken by external donor-funded consultants, leading to understandable doubt over the national 'ownership' of such processes. There are also concerns that macroeconomic policies are not easily amenable to such analysis. Where such studies can be undertaken, however, they can be a useful tool to improve the debate and policy content of PRSPs.

#### **Donor delivery on commitments**

Donor actions have a great deal of influence over in-country processes. Although the PRSP approach has served to highlight this to an unprecedented degree, donor promises on alignment, coordination and harmonisation remain largely unfulfilled (Driscoll with Evans, 2004). Without delivery on commitments made in support of the process, donor actions are in danger of seriously jeopardising the PRSP innovation.

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<sup>25</sup> Presentation by David Booth, Internal ODI Workshop on PRSPs and the productive sectors, July 2004.

Furthermore, as all donors need to be involved in the process for it to be maximally effective, donors who remain on the sidelines are not simply neutral players but are actively hampering progress (Warnock, 2002). In order to address this issue, comparative ranking of donor performance has been proposed (Driscoll, 2004). Such donor league tables would serve to highlight gaps between rhetoric and reality in donor behaviour and draw attention to procedures that are counterproductive to increasing aid effectiveness.

There is increasing awareness, however, of the complexity of the environment within which donors are active and that in order to fulfil their commitments they must carefully balance competing demands. Two of these are highlighted here:

- Short term pressure for results while supporting long-term change;
- Understanding political contexts of countries and their own actions.

#### *Short term pressure for results while supporting long-term change*

Donors, particularly those such as DFID that are working within a results-based management framework, are under considerable pressure to demonstrate results. DFID's Public Service Agreement<sup>26</sup> (PSA), for example, is closely connected with the Millennium Development Goals (MDGs). With the forthcoming review in 2005 of progress towards the MDGs there is pressure to demonstrate that the new approaches are on-track to achieve the targets. Furthermore, the current political climate has also increased pressure on donor organisations to demonstrate the contribution that aid is making to global security (Driscoll, 2004).

However, as has been seen in this paper, many of the changes PRSPs are focusing on will only emerge gradually. They are also difficult to measure. Donors therefore need to balance the need to demonstrate short-term results and domestic accountability with efforts to maintain the medium to long-term commitment that are necessary for the major changes to occur. Care must be taken not to distort assistance towards areas where results may be easier to achieve.

#### *Understanding political contexts of countries and their own actions*

As was highlighted in the section on the highly political nature of the PRSP process and the context within which it occurs, donors need to develop their capacity to carry out complex political analysis of country contexts, and also to develop mechanisms so that the subsequent knowledge is retained within the organisation (Piron with

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<sup>26</sup> The first report in this series, 'Setting the Scene', has more detail on DFID's Public Service Agreement and the results-based framework this is connected to.

Evans, 2004). Donors must also, however, develop awareness of their own role as highly political actors. Part of this entails analysis of the institutional incentives within organisations that are hindering change in support of increased national ownership (Driscoll, 2004). Some of these issues are: the costs of changing procedures; a perceived need for visibility; weak policy coherence; inflexible rules and regulations; tied aid; and a fear of loss of power (ibid).

Donor agendas have long dominated development. PRSP processes require donors to consciously 'step back', enabling national governments to build downwards accountability to their electorate in place of upwards accountability to donors (Piron and Evans, 2004). In practice, however, this is so far rarely happening and 'backstage donorship' continues to dominate, particularly on macroeconomic policy, as mentioned above (Oxfam, 2004). Expanding donor dialogue on alignment, coordination and harmonisation, however, also runs the risk of undermining the delicate process of building national ownership as national governments may feel more 'ganged-up' on than previously when donors were working less closely together (Driscoll, 2004).

Building national ownership and capacities is a delicate art. Donors need to develop their awareness and understanding of how their actions are positively or negatively influencing such processes. One way to tackle the complexity of these political contexts could be to increase levels of reciprocal accountability and transparency between donors and governments. Peer reviews of donors by governments may be a useful step in this direction, serving to stimulate debate on the responsibilities that come with mutual accountability.

## **5. Conclusion**

The PRSP agenda is very ambitious. It aims to put national governments in the 'driving seat' for poverty reduction in their own countries, held in check in their commitments by an active civil society. Donors, in contrast, are to step away from centre stage to a support role. The agenda has been promoted as largely technocratic but experience so far reveals growing awareness of the complexity of this agenda and the highly political nature of what is being proposed.

Examination in this paper of the three 'actors' of state, society and donors and their engagement with the PRSP process shows that some progress has been made by all but many more challenges remain. The three 'conditions for success', outlined in Section 2, are far from being wholly fulfilled but hope should not be abandoned yet, as process changes will only emerge gradually. For this reason, one of the most important conclusions is that the progress that has been made needs to be capitalised upon and momentum maintained. This will only be possible if donors are serious in fulfilling their commitments towards improved aid effectiveness in support of the process. Of the three 'actors' it is donors who are in the most powerful position to make or break the delicate process changes that are underway.

Experience with PRSPs is limited, however. Most countries with PRSPs are located in Africa with few in Asia or Latin America so far. They have also not yet been introduced in the most difficult country contexts such as post-conflict countries or those where government capacities are very weak. Much work therefore remains to be done. Input from Japanese researchers and practitioners would be most welcome to deepen understanding of how these processes are relevant, or not, within Asian contexts. The connection between growth and poverty reduction is another area that requires much more work. British researchers are currently showing increasing interest in how the productive sectors can be incorporated into PRSPs. Japanese experience and expertise in these sectors would be a valuable contribution to the debate.

This paper has highlighted some of the overall trends emerging from studies on experience with PRSPs. Many of the issues are contentious and conclusions difficult to draw out. Furthermore, in-country realities reveal subtleties and complexities that syntheses such as this paper cannot cover. PRSPs have generated a great deal of attention; both interest and criticism. They offer an opportunity to bring about profound change but there is a need for realism as huge barriers remain. If dialogue on these issues can be maintained and engagement and progress so far capitalised upon, there is reason to have cautious optimism for success.

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UNCTAD (2002) *The Least Developed Countries Report 2002: Escaping the Poverty Trap*, Geneva: UNCTAD.

Warnock, Kitty and Nikki van der Gaag (ed.) (2002) *Reducing poverty: is the World Bank's strategy working?* Panos Institute, August.

## **Annex 1: Research on PRSP policy content issues**

### **Gender**

Bell, Emma (2004) Gender and PRSPs: with experiences from Tanzania, Bolivia, Viet Nam and Mozambique

BRIDGE (development – gender), Institute of Development Studies, Sussex

<http://www.bridge.ids.ac.uk/reports/re67.pdf>

Whitehead, Ann (2003) Failing women, sustaining poverty: gender in Poverty Reduction Strategy Papers

Report for the UK Gender and Development Network

[http://www.christianaid.org.uk/indepth/0306gad/failing\\_women.pdf](http://www.christianaid.org.uk/indepth/0306gad/failing_women.pdf)

### **Trade**

Ladd, Paul (2003) Too hot to handle?: the absence of trade policy from PRSPs

<http://www.christian-aid.org.uk/indepth/0304toohot/toohot.pdf>

Hewitt, Adrian and Ian Gillson (2003) A Review of the Trade and Poverty Content in PRSPs and Loan-Related Documents

Report for Christian Aid

[http://www.odi.org.uk/iedg/projects/christian\\_aid\\_paper.pdf](http://www.odi.org.uk/iedg/projects/christian_aid_paper.pdf)

### **HIV/AIDS**

UNDP (2002) HIV/AIDS and poverty reduction strategies: a policy note

UNDP Policy Board / HIV and Development Programme, UNDP

<http://www.undp.org/hiv/docs/HIVPRS.doc>

Hecht, Robert, Olusoji Adeyi, and Iris Semini (2002) *Making AIDS Part of the Global Development Agenda*

Finance and Development, IMF/World Bank

<http://www.imf.org/external/pubs/ft/fandd/2002/03/hecht.htm>

### **Health**

Walford, Veronica (2002) Health in Poverty Reduction Strategy Papers (PRSPs): an introduction and early experience

DFID Health Systems Resource Centre (DFID HSRC)

[http://www.dfidhealthrc.org/shared/publications/Issues\\_papers/Health\\_PRSPs.pdf](http://www.dfidhealthrc.org/shared/publications/Issues_papers/Health_PRSPs.pdf)

Water and sanitation

ODI Briefing Paper (2002) Poverty Reduction and Water: 'Watsan and PRSPs' in Sub-Saharan Africa

[http://www.odi.org.uk/rpeg/wpp/prsp\\_bp.pdf](http://www.odi.org.uk/rpeg/wpp/prsp_bp.pdf)

Infrastructure

DFID (2002) Making connections: infrastructure for poverty reduction

<http://www.dfid.gov.uk/pubs/files/makingconnections.pdf>

## **Annex 2: Summaries of key documents**

Documents summarised:

- Booth, David (ed.) (2003) 'Introduction and Overview' in *Fighting Poverty in Africa: are PRSPs making a difference?*
- Booth, David and Henry Lucas (2002) *Good Practice in the Development of PRSP Indicators and Monitoring Systems*
- Foster, Mick, Adrian Fozzard, Felix Naschold and Tim Conway (2002) *How, When and Why does Poverty get Budget Priority: Poverty Reduction Strategy and Public Expenditure in Five African Countries*, Synthesis Paper
- McGee, Rosemary with Josh Levene and Alexandra Hughes (2002) *Assessing Participation in Poverty Reduction Strategy Papers: A Desk-Based Synthesis of Experience in sub-Saharan Africa*
- Oxfam (2004) *From Donorship to Ownership? Moving Towards PRSP Round Two*
- Piron, Laure-Helene with Alison Evans (2004) *Politics and the PRSP Approach: Synthesis Paper*
- Roberts, John (2003) *Managing Public Expenditure for Development Results and Poverty Reduction*
- Warnock, Kitty and Nikki van der Gaag (ed.) (2002) *Reducing poverty: is the World Bank's strategy working?*

Booth, David (ed.) (2003) 'Introduction and Overview' in *Fighting Poverty in Africa: are PRSPs making a difference?*

PRSPs have helped to mainstream anti-poverty efforts in national policy processes in Africa. However, the seven country experiences synthesised in this chapter reveal differences as well as commonalities. Can vicious circles of patrimonial politics, state weakness and ineffectual aid be replaced with virtuous ones, based on greater national ownership of anti-poverty effort? This is still uncertain. PRSPs add value to technocratic reforms in public management, by opening new spaces for policy dialogue, but those reforms remain vital, especially in regard to the budget. For their part, donors need to be prepared to take risks and impose some disciplines on themselves. The hypothesis that PRSP processes can promote changes leading to more effective poverty reduction needs refinement, but remains plausible.

The chapter is organised around five major arguments:

- PRSPs have mainstreamed and broadened national poverty reduction efforts.

- Complementary reforms are essential, especially in the area of public sector governance.
- New spaces for domestic policy dialogue have been created.
- Monitoring processes may improve the quality of poverty reduction strategies.
- PRSPs invite a more substantial transformation of the aid relationship.

**In-depth case studies:**

Benin, Kenya, Malawi, Mali, Mozambique, Rwanda, Tanzania

*(Adapted from author)*

Booth, David and Henry Lucas (2002) *Good Practice in the Development of PRSP Indicators and Monitoring Systems*

The paper reviews Poverty Reduction Strategy Paper (PRSP) indicators and monitoring systems, arguing that monitoring mechanisms need to be founded on consideration of the relevant policy processes and the possible uses of information required to enforce new kinds of accountability and learning about poverty reduction. The results-orientation of the PRSP approach ought to consider final poverty outcomes/ impacts, intermediate outputs/ implementation processes and the delivery of the key inputs of poverty reduction strategies.

Part I discusses the roles of monitoring and information in a PRSP context and how to choose indicators. Part II goes on to examine what to monitor and why, how to monitor in a way that provides a supply of valid and reliable information, and examines the question of monitoring for whom and for what.

Analysis of the initial PRSP documentation for Sub Saharan Africa found that:

- PRSPs are leading to a major upsurge in final poverty-outcome measurement.
- There is much less evidence of renewed interest in measuring the intermediate processes and achievements necessary to produce the desired final outcomes.
- Little attention has been given to the poor quality of the administrative reporting systems on which much of the relevant data depend.
- Input monitoring is being relatively neglected within PRSP monitoring.
- Consideration of stakeholders involvement in monitoring is minimal.
- The approach to selection of indicators is at present not very purposeful.

The study also sought out good ideas to help address the identified gaps and weaknesses, which covered what to monitor and why, how to monitor; and monitoring for whom and for what. Some of the key findings were:

- A multidimensional approach to final poverty outcomes is increasingly accepted.
- The selection of intermediate variables to monitor needs to involve strategic thinking, as opposed to minor additions to existing poverty-monitoring systems.
- Tracking financial and non-financial inputs can lead to policy improvements that are critical for poverty reduction.
- For poverty targeting purposes, survey data needs to be combined with census and/ or PPA results. · Improvements in routine information systems call for realism and a very imaginative approach.
- Service delivery surveys, problem-oriented commissioned studies and participatory impact monitoring (PIM) have proven to be useful complements to administrative data.
- Financial tracking surveys could be usefully combined with participatory approaches to public expenditure management.

*(Adapted from Eldis summary)*

Foster, Mick, Adrian Fozzard, Felix Naschold and Tim Conway (2002) *How, When and Why does Poverty get Budget Priority: Poverty Reduction Strategy and Public Expenditure in Five African Countries*, Synthesis Paper

Poverty reduction is impossible without reforming the whole system of public finances. Efficient and effective public expenditure management is an essential precondition for government to be able to do anything significant for poverty reduction.

Other conclusions from this study are that:

- Reasonable progress in reducing poverty requires a political leadership committed to this as a goal
- Many of the problems of ineffective budget management that undermine the ability to re-orient spending towards the poor, stem from political reluctance to recognise the need for tough choices and for budget discipline
- The commitment to poverty reduction in all the case study countries is fragile

- The Poverty Reduction Strategy Paper (PRSP) process helps to reinforce the position of reformers wishing to enhance and preserve allocations important to the poor
- The sharing of information and a pro-active approach to participation helps to improve the effectiveness of poverty policies
- A good analysis of poverty issues positively influences poverty policies.

There is a pressing need to fundamentally change the pattern of public expenditure and the process by which this is determined, and to combine this with reforms which would improve the effectiveness of government spending in the sphere of poverty reduction. The policy implications from the paper make it clear that:

- The government has to integrate budgeting and planning functions in order to prioritise public expenditure needs
- The government must ensure that actual expenditures reflect budget priorities
- The government must improve the system of public administration including the management of scarce human resources, control of corruption, and the development of responsible administrative structures
- Civil society organisations have to participate in decision-making and become so embedded that they become difficult to remove.

**In-depth case studies:**

Ghana, Malawi, Mozambique, Tanzania, Uganda

*(Adapted from summary by the Governance Resource Centre, on Eldis)*

McGee, Rosemary with Josh Levene and Alexandra Hughes (2002) *Assessing Participation in Poverty Reduction Strategy Papers: A Desk-Based Synthesis of Experience in sub-Saharan Africa*

Interpretation of participation varies across actors, as do the roles played by them in applying the principle to PRSPs. In practice ‘participation’ has been limited to consultation. The value added by civil society participation in some cases includes:

- ensuring a participatory process takes place by increased information-sharing, including civil society members in official PRSP task forces broadening the range of the process and enhancing its quality

- influencing the content of PRSPs, including the way that the nature, causes, and spatial and demographic distribution of poverty have been represented and addressed
- shifting the power balance between donors and governments
- changing the national poverty discourse - whilst recognised and discussed in official documents, it is difficult to determine whether poverty is being debated and discussed nationally
- changing attitudes among governments, for example forging links between participatory processes and governance issues
- generating examples of good participatory practice.

Civil society participation can add considerable value to PRSP processes, however much remains to be done. Conclusions and recommendations are summarised:

- Low expectations in the process have been fulfilled, however much more work is required. Flaws in the consultation process need to be addressed and practices need to go beyond consultation to genuine engagement, achieved through civil society taking a strong role in monitoring and governments relinquishing some control in the process.
- As a relationship between civil society and government has been encouraged, they are now better able to engage with each other. Unrealistic expectations need to be revised so as to preserve and enhance morale and commitment to participation.
- Primary in-country research with poor communities needs to be performed. Assessment should be made into how participatory the main CSO umbrellas involved with PRSPs are themselves. Research should be performed into conflicts and how they are resolved during the process.

*(Adapted from Eldis summary)*

Oxfam (2004) *From Donorship to Ownership? Moving Towards PRSP Round Two*

The experience of Oxfam's staff and partners around the world shows the promise of PRSPs' contribution to poverty reduction remains largely unfulfilled.

On the PRSP *process*, PRSPs have been a step forwards. Space for civil society dialogue has been opened up but spaces for dialogue remain very small and are not guaranteed. 'Consultation' is a more appropriate description than 'participation' in

almost all cases. Important stakeholders, both powerful ones such as elected politicians and powerless ones such as rural women, have rarely been involved.

On the *content* of PRSPs, Oxfam addresses five areas: PSIA, Macroeconomics, Trade, Gender, and Education.

On PSIA, SAP-like policy prescriptions have not been questioned. Evidence-based country-specific pro-poor policies are not yet being developed. The majority of key reforms are going ahead without analysis of their impact on the poorest. PSIA is critical to the development of pro-poor policies, offering depth to second-round PRSP debates and national ownership of policies through the analysis and choice of genuine options. Immediate attention to improving PSIA implementation is crucial.

On macroeconomics, IMF economic frameworks and conditions are undermining PRSPs and progress toward the MDGs all over the world

On trade, conditions forcing countries to open up their markets have continued under PRSP, rather than careful analysis of the kind of trade policy that is best for poverty reduction

On gender equity, almost all PRSPs have been very weak, with minimal attention paid to the issue. Oxfam and its partners believe that gendered poverty strategies are the only ones that will actually succeed in reducing poverty.

Finally on education, PRSPs have helped to put education firmly at the centre of the drive for poverty reduction but links between PRSP and the Education For All Fast Track Initiative are not clear in many countries, and major resource gaps to deliver education for all remain.

Oxfam make one key overarching recommendation:

The World Bank and IMF should ensure that each country carries out an independent 'PRSP Lessons Review' to feed into policy discussion as second round processes begin. This review should be supported by the World Bank and the IMF, but should be country-led, participatory, and implemented by independent researchers.

*(Adapted from author)*

Piron, Laure-Helene with Alison Evans (2004) *Politics and the PRSP Approach: Synthesis Paper*

This paper illustrates how development assistance in support of PRSP processes ought to be embedded in national political systems. It finds that pro-poor change is possible but is largely incremental and often comes in the form of improved policymaking and a gradual opening of the policymaking process. Additionally, the findings suggest that where local level systems of political accountability are weak, the PRSP could be seen to be a distraction.

The report offers recommendations in the following areas:

- **The importance of context:** Donors engaging with PRSP processes need to be continuously updating their knowledge about the specificities of recipient politics at country level. Equally important is managing institutional expectations that the benefits of the PRSP will not (i) be linear and (ii) necessarily become clear within one or even two iterations of the process. An implication of this is that donor agencies need to develop and sustain a capacity for high quality political analysis over a long period, and create institutional incentives to ensure that such knowledge is retained and continually improved.
- **Domestic strategies and domestic political cycles:** highlighting the importance of building on political capital contained in existing strategies and processes.
- **Interpreting the requirement of participation:** interpreting the 'participation' element in PRS processes requires further understanding by donors seeking to constructively support the process. Essentially, this would cover:
  - the depth of participation: via political representatives, through CSOs or directly with selected groups amongst the 'poor'
  - the kind of consultations (e.g. on a functional or geographical basis).
  - the object of consultations: use of HIPC funds, broad policy options, or priorities for the poor.
  - the amount of consultations: a state-led process and/or complemented by alternative consultation processes
- **Political dialogue:** acknowledging that there are constraints in the ways in which donors can respond to domestic political challenges. However, sophisticated political analysis, increased awareness of the political choices associated with various developmental decisions, and innovative dialogue mechanisms should contribute to more effective assistance over time.

**In-depth case studies:**

Bolivia, Georgia, Uganda, Vietnam

*(Adapted from Eldis summary)*

Roberts, John (2003) *Managing Public Expenditure for Development Results and Poverty Reduction*

This examines capacities to implement results-oriented public expenditure management.

The report presents evidence of progress, national commitment and capability. In all states, officials are talking to each other and taking note of civil society and public service user groups. Ghana, Tanzania and Uganda have introduced results-oriented budgeting. Bolivia has annual performance plans for all levels of government. Burkina Faso and Mali are working on three-yearly, rolling statements of strategy, objectives and targets. In Cambodia, medium-term sector strategies are becoming more effective. Uganda and Tanzania have made particular progress in establishing durable performance budgeting and management systems and in building a culture of responsibility for performance in civil servants. This was assisted by a strong pre-PRSP commitment to poverty reduction, combined with macroeconomic stability.

However, it is also the case that:

- Erratic aid inflows erode spending ministries' and agencies' willingness to make serious plans for performance improvement.
- Burkina Faso and Mali introduced programme budgeting with too much haste and too little preparation and staff training.
- Inconsistent political commitment in Bolivia has led to the dispersal of authority and the survival of patronage systems.
- Though annual MTEF updating forces ministries of finance to adjust objectives and targets, other ministries may be reluctant to do so.
- Strategy and target setting is stronger than monitoring and evaluation.
- Weak national audit offices rarely complete basic statutory financial audits on time.

The report urges donors to focus budget support on poverty reduction goals delivered through results-oriented public expenditure management practices. Achieving this requires recognition that:

- Performance budgeting and management is a circular, self-correcting and self-reinforcing process.
- Without high level political commitment and external accountability loops, initiatives are precarious and vulnerable to personality or political change.
- Denying line managers flexibility in managing resources is inconsistent with the spirit of results-based management.
- One central institution must drive performance budgeting and management.
- Donors should fund training, capacity-building and country-wide seminars.
- Civil society's capacity as an accountability mechanism needs developing.

**In-depth case studies:**

Tanzania, Uganda, Bolivia, Ghana, Burkina Faso, Mali, Cambodia

*(Adapted from Eldis summary)*

Warnock, Kitty and Nikki van der Gaag (ed.) (2002) *Reducing poverty: is the World Bank's strategy working?*

The report first gives an overview of the PRS process which finds that:

- Since their introduction, PRSPs have been widely welcomed as the first serious attempt by the international community to put poverty reduction at the centre of development planning
- They have also been criticised by some non-governmental organisations (NGOs) as being merely a new name for Structural Adjustment Policies (SAPs)

Positive outcomes include

- Better dialogue between government and civil society organisations on priorities for government spending
- Increased government commitment in developing countries to poverty reduction generally and to agreed basic factors for helping people out of poverty – generally education, health and rural infrastructure.
- Increased transparency, in which government budgeting and expenditure can be scrutinised by parliaments and public.

However some PRSP critics charge that the whole approach is fundamentally flawed being based on the same premise as SAPs that economic growth is the first step towards reducing poverty and the report notes that even the World Bank and IMF, in their own review of PRSPs earlier this year, admitted that many countries have given little detail about how they expect to achieve the high growth rates needed.

The report is critical of the World Bank and IMF, and governments for not allowing debate and alternative views on these fundamental questions of economic policy. The participation in economic policy-making to which civil society is being invited in the PRSP process is strictly limited.

In order for PRSPs to succeed, the report stresses the need for a strong sense of commitment and “ownership” by governments and people and concludes that so far this sense of ownership is not very strong partly because countries have not paid enough attention to the potential role of the media in informing people and stimulating engagement.

**In-depth case studies:**

Lesotho, Ethiopia, Uganda.

*(Adapted from Eldis summary)*

### **Annex 3: Summaries of regional study syntheses**

Documents summarised:

- *Experience with Poverty Reduction Strategies in Latin America and the Caribbean*, PRSP Synthesis Note 5, February 2003
- *Experience with PRSPs in transition countries*, PRSP Synthesis Note 6, February 2003
- *National Poverty Reduction Strategies (PRSPs) in Conflict-Affected Countries in Africa*, PRSP Briefing Note 6, March 2003
- *PRS Monitoring in Africa*, PRSP Synthesis Note 7, June 2003
- *Experience of PRSPs in Asia*, PRSP Synthesis Note 8, July 2003

(Documents sourced from PRSP Synthesis Project: <http://www.prpsynthesis.org/>)

*Experience with Poverty Reduction Strategies in Latin America and the Caribbean*, PRSP Synthesis Note 5, February 2003

High levels of inequality in Latin America and the Caribbean (LAC) are a particular challenge for translating growth into poverty reduction. Poor LAC states are dangerously dependent on aid, remittances and global commodity price swings.

However, as democratisation deepens, a number of civil society and church groups are succeeding in linking PRSP debates with campaigns to promote accountability and end corruption. Reviewing the ownership and coherence of the PRSP process, the report notes that:

- Roles and responsibilities of governments and civil society concerning drafting, monitoring and implementation remain confused.
- PRSPs are not linked with existing planning processes: some suspect that PRSP enthusiasm stems from desire to reduce debt, not to reduce poverty.
- PRSP documents often overestimate likely future growth rates.
- The lack of a Medium Term Expenditure Framework in the four LAC states restricts prioritisation of national budgets on poverty reduction.
- The cultural, ethnic and political dimensions of poverty in Latin America are often overlooked by IFIs, donors and governments: indigenous people are generally excluded by lack of translation into local languages.
- Civil society groups are concerned at IFI insistence that PRGF requirements demand privatisation.

The report calls on:

- IFIs to open up public discussion around the relationship between the PRSP and PRGF and HIPC and to make their own conditionalities more transparent
- LAC countries to build on processes to engage with civil society and do more to ensure indigenous voices are heard
- donors to stop sending one message when talking to governments and another when talking to IFIs
- donors to do more to promote in-country co-ordination and joint assessment of particular PRSPs and associated PRGFs
- DFID to organise cross-regional workshops to share experience on how to incorporate the suppressed voices of the poor.

**Countries discussed:**

Bolivia, Guyana, Honduras, Nicaragua

*(Adapted from id21 summary)*

*Experience with PRSPs in transition countries*, PRSP Synthesis Note 6, February 2003

Transition countries show some similarities with other regions undergoing PRSP processes: High levels of corruption, difficult relations state and civil society.

But on the other hand other issues are dissimilar: EU accession issues, Soviet era inheritance of financially unstable social policies, complex ethnic tensions.

Points raised in this paper are that:

- The Soviet legacy means equity and / or social deprivation is of more interest to governments than poverty reduction per se.
- Governments are dealing with the shock of collapse rather than a long history of poverty.
- Donors only began working in the region just over a decade ago; governments lack experience in working with donors.
- Need for more capacity building on participatory methodologies and drafting of strategies in consultative manner. Transition countries may present special challenges for participation not encountered in other regions; this issue would benefit from further research.
- Wider government involvement has been weak.

- Limited experience to date on monitoring and evaluation. Need to share lessons and build consensus around an appropriate institutional framework for monitoring.
- Stabilisation and Association Agreement (SAA) processes with the EU are bringing some of these countries into closer alignment with the EU prior to accession negotiations. These issues take priority over the PRS. How to resolve these processes with the PRSP remains critical in many countries.
- Regional issues are of vital importance to these countries. It is at present unclear how PRSP processes can take this into account but one suggestion is to increase opportunities for exchanges of experiences with PRSPs throughout the region.

**Countries discussed:**

*South Eastern Europe (SEE):* Albania, Bosnia and Herzegovina, Serbia and Montenegro / Federal Republic of Yugoslavia, Macedonia

*Low-Income Commonwealth of Independent States (LICIS) countries:* Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Tajikistan

*(Adapted from author)*

*National Poverty Reduction Strategies (PRSPs) in Conflict-Affected Countries in Africa, PRSP Briefing Note 6, March 2003*

The main argument presented in this summary note is that in conflict affected countries, sustainability of the PRSP process rests on its ability to support progressive change to policy development, governmental accountability to citizens, as well as coordinating donors' development assistance. This still remains a major challenge primarily due to weak preconditions for a comprehensive PRSP process, and specifics of conflict-related poverty and vulnerability among other reasons.

Some general conclusions that can be drawn from this are:

- decisions around engagement should be based on an analysis of the specific country context. This must consider the dual goals of reducing poverty and reducing conflict or building sustainable peace, which is likely to produce tension. All these aims must be considered in order to minimise any possible trade-off.
- the prominence of conflict and governance issues means that the initial decision whether or not to engage is first and foremost a political decision

- in low-income countries PRSPs are being implemented with many of the basics (preconditions) taken for granted; in conflict countries the PRSP is going to be one instrument of many contributing to the building of these basics
- ensuring that expectations are carefully managed is critical. There are inevitable pressures on a PRSP to balance, on the one hand, access to financial support with, on the other, support to long term development and conflict reduction.
- PRSPs are unlikely to be the sole means of engagement for donors in conflict/post-conflict settings, complimentary processes are also required, such as joint donor strategic conflict assessments.
- coordination of multiple and overlapping donor/NGO strategies ranging from peace keeping to peace building to emergency relief is vital if the PRSP approach is to get a chance to work.

**Countries discussed:**

Uganda, Ethiopia, Rwanda, Sierra Leone, Angola, DRC, Burundi, Nigeria, Sudan

*(Adapted from Eldis summary)*

*PRS Monitoring in Africa, PRSP Synthesis Note 7, June 2003*

This paper sheds light on monitoring systems for PRSPs in Africa, stating that there is still a lot of scope for civil society involvement. It also addresses the fact that systems are still weighted toward addressing final poverty impacts, as opposed to strategic criteria for monitoring PRS implementation. Some progress is noted on intermediate indicators but most systems have yet to implement clear 'monitoring chains' of input-output-outcome-impact.

Other highlights include:

- the fact that governments generally identify the sources of data to be used in tracking specific indicators, but the tracking of baseline figures is still erratic
- there is early evidence of an imperfect link between monitoring systems and budget processes, which will require a lot of strengthening, and lastly,
- donors are beginning to support national PRS monitoring systems, through better coordinated support as well as by stepping back from determining the content of systems.

- in all countries, tensions exist between PRS monitoring systems and monitoring / reporting requirements for donor instruments such as SWAps or direct budget support.

**Countries discussed:**

Ethiopia, Ghana, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia

*(Adapted from author and Eldis summary)*

*Experience of PRSs in Asia, PRSP Synthesis Note 8, July 2003*

Main conclusions in this note are:

- that conceptual and paper links between PRSs and national development plans are likely to depend on the extent of PRS ownership
- political actors and parties are not engaged with the process
- preparation of the PRS is subject to ongoing tensions between Ministries of Finance and Ministries of Planning
- links between the PRS and the budget are weak in many cases
- monitoring and evaluation is not being discussed in many countries.
- participation has been dominated by NGOs and large CSOs, particularly research and academic bodies, with process drawing heavy criticism from various quarters
- the PRS is not providing a catalyst for greater donor coordination where such momentum did not previously exist
- there is a lack of clarity in expectations around the annual PRS progress report and the Joint Staff Assessment (JSA) process
- the Asian Development Bank is supporting the PRS process in most countries despite having doubts on the merits of the initiative

**Countries discussed:**

Bangladesh, Cambodia, Indonesia, Nepal, Pakistan, Sri Lanka, Vietnam.

*(Adapted from author and Eldis summary)*