

Globalisation at the Crossroads

Rethinking Inequalities and Boundaries

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Poverty Reduction Strategy Papers (PRSPs)– were intended to help low income development countries get out of poverty. Case example focuses on PRSP and employment creation

Potential links to SDGs 1, 2, 8 & 16

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The PRSP as a response to aid failure



- **What does PRSP mean?**
 - ‘Poverty Reduction Strategy Paper’
 - This is the generic name, local names differ
- **What is it?**
 - An official document
 - A compact with donors
 - first introduced end 1999 as part of HIPC-II
 - generalised to low-income countries
 - replaces Policy Framework Paper (PFP)
- **Terminology gets out of fashion**
 - PRSP no longer shorthand for new aid approach
 - A sign of increased ownership?

What is the Poverty Reduction Strategies Approach?



- **Established by the World Bank (WB) and the International Monetary Fund (IMF) in 1999 to link debt relief to poverty reduction in countries receiving concessional assistance**
- **Based on two-pillar approach of *self-help through country ownership and support of international community***
- **Underlying aim: Participatory process involving the effected countries, the civil society and various multilateral development partners**
- **Important aspect: Participatory process and country-ownership**



5 Core Principles of the PRS

(Source: WB / IMF, 2002; post SAP criticism)

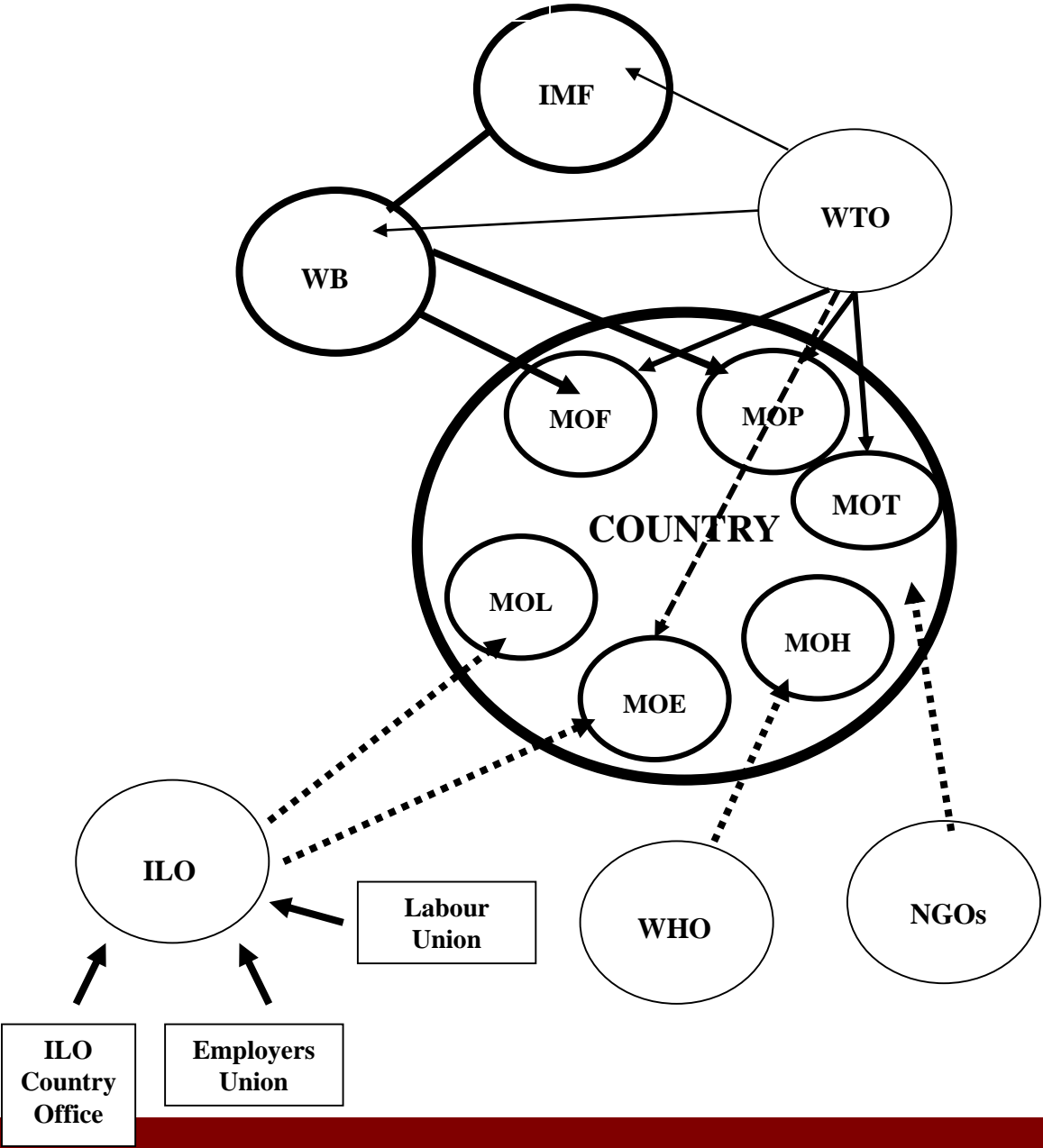
- **“Country-Driven”**
 - promotion of national ownership
- **“Result-Oriented”**
 - introduction of annual progress reports
- **“Comprehensive”**
 - recognizing multi-dimensional nature of poverty
- **“Partnership-Oriented”**
 - involving coordinated participation of development partners i.e multi-stakeholder approach
- **“Long-Term Perspective”**
 - direct link to the broad endorsement of the WB / IMF Executive Board as a basis for concessional lending



PRSP – anticipation of SDG philosophy

- **The principal aim of the PRSP:**
 - **Strengthen the countries ownership of poverty reduction strategies**
 - **To broaden the representation of all major stakeholders civil society organizations, private sector representatives, trade unions, women’s groups, direct representatives of the poor, and donors.**
 - **Improve coordination among development partners**
 - **Analytical approach to problem solving**

Main Actors in PRS





Key Process Steps of PRS:

(SOURCE: World Bank / IMF 2002)

- **Step 1: Meeting between WB/IMF staff with respective country authorities to discuss emerging strategy. Views will be shared with civil society and other development partners**
- **Step 2: The country will design a *Poverty Reduction Strategy Paper (PRSP)* which will outline the details of the strategy and include "participation" of various actors. (→ Most important step in the PRS) becomes **draft interim PRSP****
- **Step 3: Country presentation to WB / IMF Executive Board**

Requirements for PRSP success:

Harmonisation and alignment



- **Harmonisation = among donors**
 - establishing common procedures
 - simplifying procedures
 - exchange of information
- **Alignment = between donors and recipients**
 - national strategy setting and planning
 - national budgeting and implementation
 - national control and audit
 - national M&E

Sources of failure

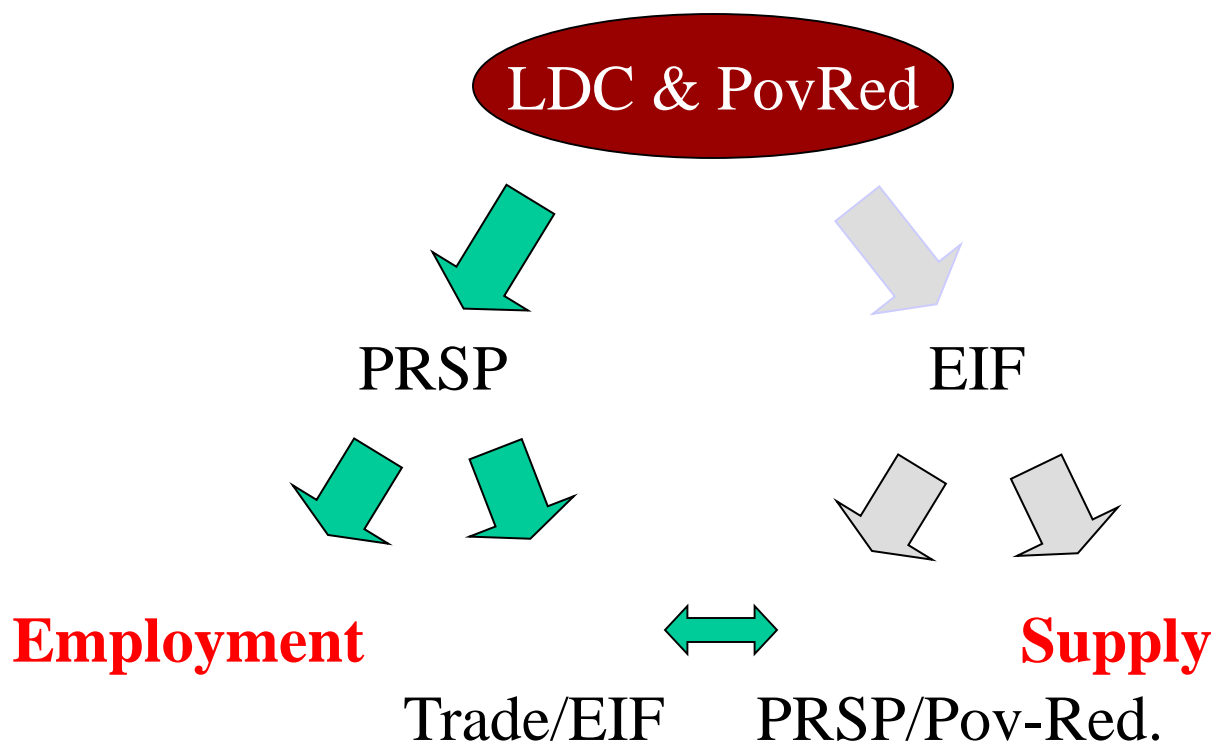
Robrecht Renard; IDPM, Antwerp, 2010



- **Government failure**
 - Economic policies neither growth enhancing nor pro-poor
 - Political system highly undemocratic
- **Donor failure**
 - Conditionality does not work
 - ‘Bypassing’ strategy flawed
 - Aid is fungible



De minimis coordination between PRSP and EIF



Impressions form the field



- **1. PRSPs are highly technical and the social dialogue are often « pro forma », specialists are hording on all sides.**
- **2. No continuity (haphazard organisation of training, no building blocks, little or no institutional application**
- **3. Ad-hoc coordination between multilaterals and bilaterals and NGOs (local and international)**
- **4. No complementarity between PRSP and EIF or worse competition between programmes, donors and dossier holders**

Nine progress indicators for donors-often not respected nor applied



1. Aid reported on budget
2. Technical Aid co-ordinated
- 3a. Use country PFM system
- 3b. Use country procurement system
4. Parallel PIUs avoided
5. In-year predictability
6. Aid untied
7. Programme-Based Approaches (PBAs) used
8. Donor missions and analytical work pooled
9. Mutual accountability assessments in place

Missing link between Theory and Practice?



- **Missing link between input opportunity to participate by other IOs versus actual PRSP process**
- **Case example of ILO:**
 - ILO's Decent Work Agenda (linking employment with poverty reduction) not sufficiently included in the PRSP because constituents such as trade union and the Ministry of Labour or Ministry of Education have limited access (Source: ILO)**
 - **Case example of NGO "Women for Alternative Development":**
 - Despite the declaration of the WB and IMF that grassroot groups such as women's groups would be consulted in the PRSP, in Sri Lanka the document was prepared without consultation with civil society groups (Source: IPSnews Net)**

Conclusion:



- **International Organisations can influence the Poverty Reduction Strategies, but the ENTRY POINTS need to be identified, agreed and jointly monitored**
- **More participation needs to be incorporated into practice to allow for constructive inputs from different actors (including Civil Society)**
- **Need to mend ideological gap between WB (Washington Consensus), IMF (financial austerity) and other IOs (UNDP, UNCTAD) and Donors**
- **What follows PRSPs? Will it be SDG-PRSP+ or something entirely new?**

THANK YOU FOR YOUR ATTENTION!



Related CSEND publications:



- Saner, Raymond; Sapienza, Emmanuele; “Development Diplomacy and Partnerships for Social Policy at the Time of PRSPs: The Case of Decent Work”, *Journal of Poverty Alleviation and International Development*, (2012), 3(2): 145-180
- Yiu, Lichia, Saner, Raymond; “Poverty Reduction Strategy Papers (PRSP) and the Health Sector”, *Journal of Poverty Alleviation and International Development*, 1(2): 135-180, 2011, ISSN: 2233-6192
- Yiu, Lichia; Saner, Raymond; “Development Diplomacy and Poverty Reduction Strategy papers for Least Developed Countries: Non State Actor Advocacy and Multistakeholder Diplomacy”, DiploFoundation, Malta, pp.93-104. 2006