

BCO meeting, Lusaka, July 2005

# Overview of PRSPs

# What are PRSPs?

- “a requirement for countries to receive concessional assistance from the World Bank (through the [International Development Association – IDA](#)) and the IMF (through the **Poverty Reduction and Growth Facility – PRGF**). In addition, they are the basis for the provision of debt relief under the enhanced [HIPC Initiative](#).”
- “A document that sets out an analysis of poverty in a country and defines a strategy for reducing it.”

# Five core principles

- **country-driven**, involving broad-based participation by civil society and the private sector
- **results-oriented**, focusing on outcomes that would benefit the poor
- **comprehensive** in recognizing the multidimensional nature of poverty and the scope of actions needed to reduce it
- **partnership-oriented**, involving coordinated participation of development partners (bilateral, multilateral, and non-governmental)
- based on a **long-term perspective** for poverty reduction

# History

- IMF and World Bank introduced in 1999
- following widespread criticism of the previous SAPs and liberalisation approach
- Part of the HIPC 2 initiative
- Became official approach for BWIs lending to low-income countries.
- 70 low(ish)-income countries have a PRSP in place
- Four are in second round, and one (Uganda) in third.
- Were acclaimed by many donors, on their introduction; are a focus for donor coordination.
- Many NGOs criticised them, and still do, seeing them as little different from SAPs.

## Some examples of PRSPs

### **Bolivia**

- Increase opportunities (Productive investment and technologies)
- Enhance capabilities (education, health, services)
- Reduce vulnerability (Security and social protection)
- Promote social integration

# Madagascar

- Improving governance
- Broad-based growth (initially, transportation)
- Social and material security (education, health, security)

# Indonesia (one of several local-level PRS)

- Agriculture – seed production, credit
- Infrastructure – irrigation, water infrastructure and users' associations
- Health – health provider training, subsidies for the poor, family planning extension service, developing community-level institutions

# Uganda

- Primary healthcare
- Rural roads
- Agricultural extension
- Primary education
- Water and sanitation

# Stages in a PRSP

- Interim PRSP (I-PRSP)
- Approval by the BWIs
- Full PRSP
- After one year, completion point for debt relief etc
- Country's Annual Progress Reviews
- Joint Staff Assessments (annual)
- After three years, review and development of new PRSP
- *Frequent studies, reviews, analyses and critiques by NGOs and donors*

# Outcomes

- Good analysis of poverty
- Greater poverty-reduction focus by governments
- Increase in budget and spending on poverty-reducing measures
- Debt relief and concessional funding
- Some bilateral donor coordination
- Dialogue and collaboration within governments, between sector ministries and finance/planning ministries
- Dialogue between government and CSOs
- Strengthened Public Expenditure Management and MTEFs

But they are a work in progress:

- “Second generation” PRSPs - more attention to participation, ownership including by parliaments, monitoring and public awareness.

# Issues:

## “Country-driven and participatory”

- “Country-driven” is ambiguous. Does it mean government, or civil society?
- Do IFIs still retain power over PRSPs?
- Participatory: who? In what? With what power? what legitimacy?
- Participation is difficult: time, costs, capacity
- Transparency and access to information often inadequate
- Relationship of PRSP to politics crucial, but often ignored
- Civil society participation might undermine normal political processes and institutions .....
- Or the PRSP can open up new dialogue spaces.
- Parliaments have been very little involved – only in 2 countries.
- Limited scope of participation: not on macro-economic strategy.
- Danger of CSOs’ disillusion and “participation fatigue”.

# Issues: “Results-oriented”

- Most PRSPs are a wish-list, not prioritized or costed to match available budgets. Monitoring and evaluation not possible.
- Donors aid not predictable - budget planning difficult
- More focus on social sectors, less on productive sectors.
- Social sector spending does not always reach the poor; more analysis and better processes needed
- Policy debate and analysis generally weak on gender
- Aim at “pro-poor growth”, but: what policy measures needed to achieve growth? What measures to make growth “pro-poor”? How to measure the poverty impact of growth?

## **Issues: “Partnership-oriented”**

- Some progress but donors need to do more

## **Issues: “Long-term perspective”**

- Political processes favour short-term
- Continuity from one government to another?  
Contradicts “government ownership” principle.
- Relationship with MDGs

# Relationship with MDGs

- The 2005 WB/IMF PRS review will “assess their effectiveness in achieving the MDGs”
- First generation didn't mention MDGs but covered same topics.
- Second generation, more explicit link with MDGs
- PRSPs a vehicle for building country ownership of MDGs.
- Mostly more ambitious goals and increased donor financing are needed to achieve the MDGs – but are PRSPs sufficiently robust to manage these?
- Potential contradiction between the increased donor financing needed, and macro-economic discipline and government-empowerment that is part of PRSPs.