

POVERTY REDUCTION STRATEGIES: A PART FOR THE POOR?

Summary

In a new approach announced by the World Bank and IMF, civil society is being offered a part in shaping and implementing national anti-poverty strategies. In order to trigger debt relief, countries are being asked to produce a Poverty Reduction Strategy Paper drawing on inputs from all sections of society. While previous experience shows that a lot can be done to make policy processes more responsive to the needs of poor people, it also reveals the many challenges and pitfalls involved. Heeding these lessons will be vital if this new approach is to live up to its ambitious rhetoric.

What is a PRSP?

Poverty Reduction Strategy Papers (PRSPs) are at the heart of a new anti-poverty framework announced late in 1999 by the World Bank and International Monetary Fund (IMF). They are intended to ensure that debt relief provided under the enhanced Highly Indebted Poor Countries (HIPC) Initiative, and concessional loans from the international financial institutions, help to reduce poverty in the poorest, most indebted Southern countries.

To get creditors' approval for debt relief, countries have to prepare a PRSP outlining poverty reduction goals and plans for attaining them. Countries must then demonstrate progress towards these goals before any funds are released. There is time pressure on both sides. Countries want to benefit from debt relief as soon as possible, while the financial institutions want to be seen to be taking swift action. Of the 40 countries currently eligible for HIPC debt relief, about 25 hope to have PRSPs in place by the end of 2000.

The focus of PRSPs, according to the World Bank, is on "identifying in a participatory manner the poverty reduction outcomes a country wishes to achieve and the key public actions - policy changes, institutional reforms, programs, and projects ... which are needed to achieve the desired outcomes".

In many respects, this new approach is a triumph for the non-governmental organisations (NGOs) and concerned public around the world who have campaigned for debt relief. It offers an unprecedented opportunity for development efforts to re-focus on poverty reduction, and for civil society organisations (a term that includes NGOs, labour unions, business and professional associations, religious bodies, and other citizens groups) to influence anti-poverty policy. But it also raises many questions and concerns, not least:

- *will it be seen by poor countries as yet another imposition from abroad – just the latest form of aid conditionality to be accommodated?*
- *how to ensure that the rushed timetable and conflicting interests do not undermine the proposed participatory approach.*
- *how to avoid excessive emphasis on the Paper, as opposed to the underlying Strategy - which is, after all, the point of the exercise.*

There are many who doubt whether the good intentions enshrined in the PRSP principles can be achieved in practice, especially given the tight timeframe. One thing is clear, however; if the PRSP approach is to succeed in its ambitious objectives, building effective participation into the process will be essential.

Underlying Principles

Poverty Reduction Strategy Papers cover a three-year period initially. The intention is that they should be:

- **Country-driven:** *with governments leading the process and broad-based participation in the adoption and monitoring of the resulting strategy;*
- **Results-oriented:** *identifying desired outcomes and planning the way towards them;*
- **Comprehensive:** *taking account of the multi-dimensional nature of poverty;*
- **Long-term in approach:** *recognising the depth and complexity of some of the changes needed;*
- **Based on partnership:** *between governments and other actors in civil society, the private sector and the donor community*

Who should be involved?

Besides central government, who are expected to take the lead in the Poverty Reduction Strategy process, there are many other 'stakeholders' who need to be involved. Most important are the poor themselves. Finding ways of engaging their input is critical. Others who have a significant stake in the process, or a role to play as enablers, advocates, or channels for information, include:

- *local government;*
- *politicians and political parties;*
- *organisations representing poor people (e.g. community groups, religious leaders, trades unions, farmers' associations, traditional authorities, NGOs);*
- *academic researchers and analysts;*
- *the press and broadcast media.*

There are two other important groups who also have a legitimate stake in the process – donor agencies, and better-off sections of the population. Both are likely to have a strong influence on the success of any anti-poverty strategy. Efforts are therefore needed to win their commitment, or at least ensure they are not alienated by the process.

Building participation into the process

Participation can happen at various stages in the Poverty Reduction Strategy process, and to various degrees. It can range from simple information sharing, through to more extensive consultation and joint decision-making, and to situations where the relevant stakeholders take on responsibility for monitoring the process, and evaluating its success.

The process of drawing up and implementing a Poverty Reduction Strategy will vary from country to country and will take place against the backdrop of national planning and electoral cycles. To identify opportunities for participation it is helpful to think of a process as having five basic stages, as sketched out in the diagram. At each stage particular activities will be happening and different forms of input may be appropriate. There is no fixed blueprint to follow, however. Countries

need to map out their own process and define who exactly needs to be involved, and when.

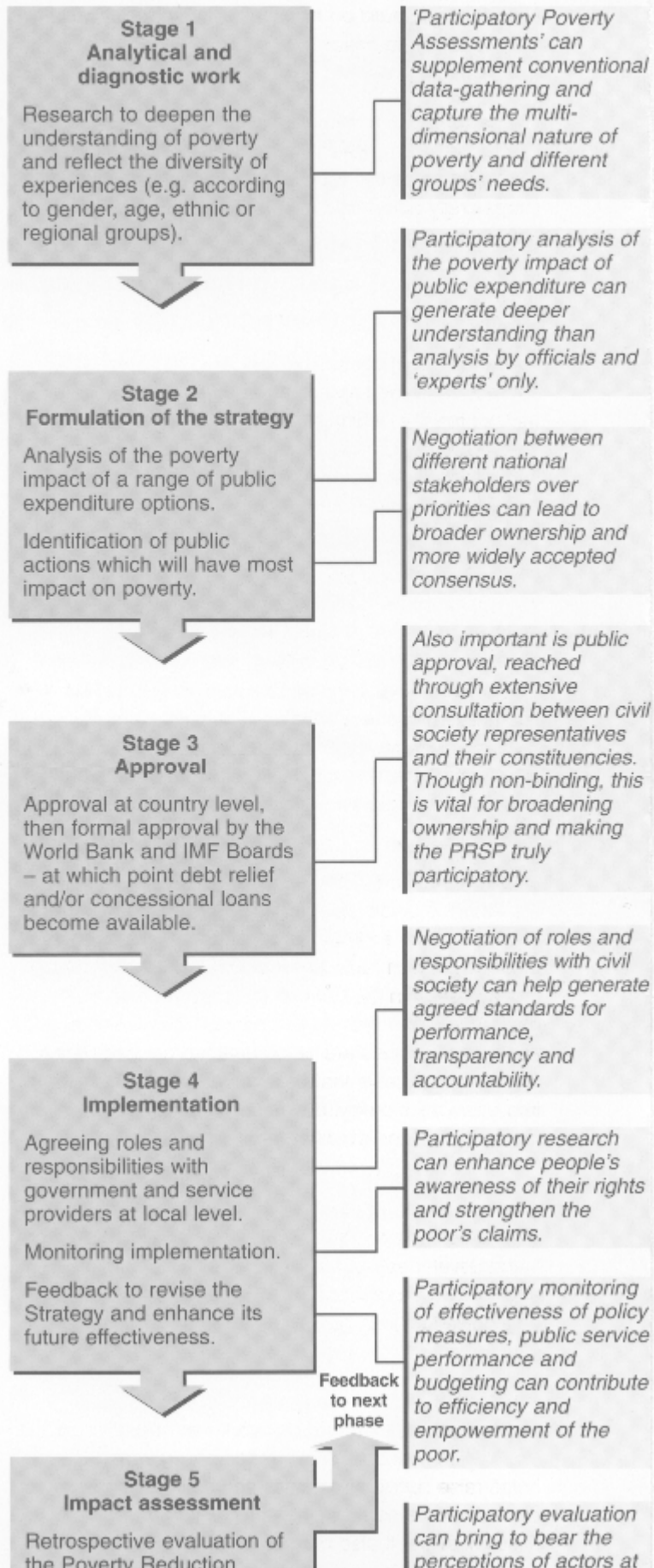
Building meaningful participation into the process will be a challenge for all concerned. In some countries, governments already consult with civil society when drawing up and implementing policy. But in others there is no such tradition – participatory approaches are new and unfamiliar, and little rapport exists between government and civil society actors. Here, governments will often have much to learn from the NGOs and other groups who have been pioneering participatory approaches.

[^ top ^](#)

Where participation fits in

Stage in the Poverty Reduction Strategy process

How participatory approaches can help



Lessons from experience

Countries now embarking on PRSPs are heading into uncharted territory. However, there is valuable experience to build on from previous efforts to build participation into policy.

Encouraging ownership

For participation to be meaningful, those involved need to feel they 'own' the process to a significant extent. Although governments and donor agencies are increasingly adopting participatory approaches, many have difficulty 'taking the back seat'. Ownership tends to stay with the donors; sometimes it stretches to national governments, but it rarely extends to civil society.

There are exceptions. In Bolivia, the government recently convened a second 'national dialogue on development' in which NGOs were invited to participate. The NGOs set conditions relating to access to information, adequate follow-up and other procedures, and only agreed to participate once these were accepted.

Nurturing country ownership of PRSPs will not be easy, given their origin in Washington. Their very broad scope also makes ownership problematic. They have to cover macroeconomic policy, for example, an area where global financial institutions exert a tight grip in poor countries, and power relations are deeply entrenched. To avoid undermining local ownership, donors and creditors will have to learn to step back from their traditional dominant position.

Promoting two-way information flow

Good information flows, both upward and downward, are essential. Upward flows are needed to help policy-makers understand better the realities and perspectives of those living in poverty. Participatory research has proved useful in this regard. Downward flows are needed to inform people of their rights and let them know what policies are being enacted on their behalf. Research suggests that only when they are translated into a concrete policy, advertised widely, and implemented and monitored, do people realise that rights or entitlements are theirs to claim.

To ensure good information flows, governments need to announce early on that a Poverty Reduction Strategy is being developed, explain the stages involved, and highlight where civil society can take part. This should be followed up with regular information updates, and steps to encourage media coverage and public debate.

Being involved

The process of participation can be as important as the information it generates. Broad public participation helps raise public awareness and build consensus, and can overcome some of the political constraints that stall policy change. It also creates ownership of the resulting policies and helps enhance their legitimacy.

For government bureaucrats, activities that bring them into contact with NGO workers and the people directly affected by State policies can transform their outlook. In Uganda, central and local government, NGOs and academics are working together to bring the voices of the poor into policy. Besides generating valuable information, this is building capacity and forging lasting relationships between the very diverse actors involved.

Enhancing accountability

Participatory approaches can be used to make governments and service providers, such as health centres, more accountable. This can be particularly important for the poor, given their weak voice. In some cases, initiatives have been prompted by governments; in others, citizens' groups have taken the lead.

The South African Women's Budget Initiative, for example, set out to make the national budget more gender-equitable. The model involves researchers, NGOs and parliamentarians in analysing budgets as part of the national budget cycle. One offshoot is 'Budget Transparency and Participation scorecards', designed for monitoring fiscal performance and delivery at the provincial level.

In a PRSP context, accountability means:

- *ensuring that the process of drawing up the PRSP explicitly reflects the needs and priorities of the poor;*

- *establishing realistic mechanisms so that people can hold government and service providers answerable for the delivery of policies and goods, and for the spending of public funds;*
- *involving citizens directly in monitoring how PRSP strategies are being implemented, and whether anti-poverty commitments are being fulfilled.*

Setting up these mechanisms will be a difficult job and will require strengthening capacity for budget and policy analysis in PRSP countries, particularly among civil society groups. Development agencies could play a useful role by supporting this.

[^ top ^](#)

What can go wrong

Participatory initiatives often suffer from weaknesses that can jeopardise the process and reduce their impact. Common problems are:

- **Unrealistic or unstated expectations** - *which can create frustration and cynicism among participants;*
- **Insufficient time** *allowed for proper participation or consultation;*
- **Inadequate dissemination** *of information, or providing it in an inaccessible style or language;*
- **Representation** - *lack of transparency over the criteria for selecting participants, and failure to represent the poorest, most marginalised groups;*
- **Lack of follow-up and feedback** - *and failure to follow the process through to its conclusion.*

[^ top ^](#)

Monitoring the quality of participation

Making participatory approaches mandatory in PRSPs raises the question of what standard of participation is acceptable, and who judges it. New indicators are being developed to assess the quality and impact of participatory processes. These seek to capture:

- *the level and nature of participation in the process;*
- *the impact on the participants, and on their capacity to become involved and influence policy processes in the future;*
- *the ultimate impact of participation on policy and change.*

General quality standards for participation in Poverty Reduction Strategies can be agreed at a global level, covering basic principles of transparency, accountability and ownership. But detailed monitoring in specific cases demands a more tailored approach. Ideally, it should be designed and undertaken by a multi-stakeholder group including government, civil society organisations and donors. This two-tiered approach allows for diversity between countries, while ensuring that there are some non-negotiable starting points, which prevent standards being pushed down to the lowest common denominator acceptable to all.

[^ top ^](#)

Being realistic about PRSPs

It remains to be seen to what extent the new PRSP approach can really offer a meaningful part to the poor. Providing

poor people with the chance to contribute to PRSPs, directly or via their civil society representatives, is an important start. But it is only the first step in making development strategies truly responsive to the needs of the poor.

The PRSP model is highly ambitious and, as yet, untested. Inevitably, there will be flaws in the first batch of PRSPs. If an honest and open 'learning approach' is adopted, however, early errors should lead to improvements in later versions.

Ensuring a high level of participation in the PRSP process is vital. But participation needs to be viewed realistically. Expecting all stakeholders to be involved at every stage is neither feasible nor desirable. Decisions as to who participates, when, and how, are therefore crucial. These decisions need to be made transparently, and in a way that commands the respect of civil society organisations and the broader public.

With the pressure on to complete PRSPs, all of the main stakeholders face significant challenges. In particular:

- **Organisations representing the poor** need to learn fast how they can make the most of this opportunity, both to feed in to the PRSP, and to build up their influence and legitimacy in the longer term. This will require strengthening their links with poor constituencies, and acquiring a range of new skills.
- **Governments and creditors** need to take participation seriously, and embark on the process with a commitment to broad-based involvement over the whole life of the Strategy, not merely as a cosmetic exercise during the preparatory phase.
- **Donors and other outside agencies** need to strike a fine balance in how they channel their support, and learn to facilitate the process, without dominating it.

[^ top ^](#)

Further reading

McGee, R., 2000, **Participation in Poverty Reduction Strategies: a synthesis of experience with participatory approaches to policy design, implementation and monitoring**, IDS Working Paper No 109, Brighton: IDS.

IDS, 2000, **Accountability through Participation: developing workable partnership models in the health sector**, IDS Bulletin Vol 31 (1), January.

Healey, J. et al, 2000, **Towards national public expenditure strategies for poverty reduction**, ODI Poverty Briefing No 7, London: Overseas Development Institute

Useful web sites:

IDS Participation Group: www.ids.ac.uk/ids/particip

Institute for Democracy in South Africa: www.idasa.org.za

International Budget Project: www.internationalbudget.org

World Bank: www.worldbank.org/poverty/strategies

[^ top ^](#)

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