

Booth, David

Working Paper

PRSP processes in eight African countries: Initial impacts and potential for institutionalization

WIDER Discussion Paper, No. 2001/121

Provided in Cooperation with:

United Nations University (UNU), World Institute for Development Economics Research (WIDER)

Suggested Citation: Booth, David (2001) : PRSP processes in eight African countries: Initial impacts and potential for institutionalization, WIDER Discussion Paper, No. 2001/121, ISBN 9291900656, The United Nations University World Institute for Development Economics Research (UNU-WIDER), Helsinki

This Version is available at:

<https://hdl.handle.net/10419/52944>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



United Nations
University

WIDER

World Institute for Development Economics Research

Discussion Paper No. 2001/121

PRSP Processes in Eight African Countries

Initial Impacts and Potential for Institutionalization

David Booth *

November 2001

Abstract

An almost accidental by-product of the enhanced HIPC initiative, the process of producing poverty reduction strategy papers represents at least potentially a non-trivial change in the way international finance interacts with poverty reduction efforts at the national level. This paper reports the preliminary findings of a study commissioned by the Strategic Partnership with Africa (SPA) that considers early experiences with PRSPs in eight African countries: Benin, Ghana, Kenya, Malawi, Mali, Mozambique, Rwanda and Tanzania. The paper argues that politics matters; that PRSPs have helped bring poverty into the policy mainstream; that PRSPs depend on but also contribute something to wider structural reforms; and that the consultative processes around PRSPs could produce second-round effects of a beneficial kind.

Keywords: poverty, policy process, political systems, participation

JEL classification: O19, F35, O55

Copyright © Author(s) 2001

* Overseas Development Institute, London

This is a revised version of the paper originally prepared for the UNU/WIDER development conference on Debt Relief, Helsinki, 17-18 August 2001.

UNU/WIDER gratefully acknowledges the financial contribution from the governments of Denmark, Finland and Norway to the 2000-2001 Research Programme.

Author's note

This paper is a result of an independent study undertaken for the PRSP process and poverty monitoring task teams of the Strategic Partnership with Africa (SPA). The views expressed are those of the author and members the study team, not of the SPA. The paper also reports work in progress—its content has not yet benefited from full discussion within the SPA.

UNU World Institute for Development Economics Research (UNU/WIDER) was established by the United Nations University as its first research and training centre and started work in Helsinki, Finland in 1985. The purpose of the Institute is to undertake applied research and policy analysis on structural changes affecting the developing and transitional economies, to provide a forum for the advocacy of policies leading to robust, equitable and environmentally sustainable growth, and to promote capacity strengthening and training in the field of economic and social policy making. Its work is carried out by staff researchers and visiting scholars in Helsinki and through networks of collaborating scholars and institutions around the world.

UNU World Institute for Development Economics Research (UNU/WIDER)
Katajanokanlaituri 6 B, 00160 Helsinki, Finland

Camera-ready typescript prepared by Liisa Roponen at UNU/WIDER
Printed at UNU/WIDER, Helsinki

The views expressed in this publication are those of the author(s). Publication does not imply endorsement by the Institute or the United Nations University, nor by the programme/project sponsors, of any of the views expressed.

ISSN 1609-5774
ISBN 92-9190-064-8 (printed publication)
ISBN 92-9190-065-6 (internet publication)

1 Introduction

How long will the enhanced HIPC initiative be remembered? When the history of development comes to be written, will HIPC-II prove to have been more or less influential than its almost accidental by-product, the poverty reduction strategy paper (PRSP)? This paper has little to say about debt relief as such. But it bears on the possibility that HIPC-II will pass into history mainly as the occasion when PRSPs were born.

The implication is that something serious is at stake in the discussion around PRSPs, something that goes beyond the possible impacts of international debt and its relief. That is the starting point of this paper and of the study of experience in eight African countries on which it draws.

The study, commissioned by the Strategic Partnership with Africa (SPA), stems from the belief that the obligation on countries to prepare a PRSP—introduced in 1999 alongside other conditions for access to enhanced HIPC relief—is at least potentially a non-trivial change in the modalities of international development, one that deserves to be watched particularly closely. Both from the point of view of the countries that are significant recipients of concessional funding, and for the donor community, the PRSP experience represents a significant challenge.

1.1 The nature of the issue

But it is important to be clear from the outset what sort of challenge is implied. The phrase poverty reduction *strategy* paper has a literal meaning and an aura of solemnity that are potentially deceptive. Some of the language in which PRSPs are currently being discussed is strongly reminiscent of the early days of ‘development planning’, in the 1950s and 1960s, when the world seemed a simpler place than it does now. The concept of a PRSP might seem to imply that the reduction of poverty is more straightforwardly amenable to rational thinking and action than we know to be the case. Is there not a dangerous element of naiveté in the concept, one that could sow the seeds of later disillusionment?

There certainly is some basis for this concern. The possibility raised by PRSPs is not whether the world has changed in some fundamental way, so that the obstacles to a simple-minded ‘rational planning’ approach that we have come to recognize over the years have suddenly disappeared. It is not the case that, once again, all we need is better plans.

On the contrary, the PRSP challenge arises from the observation that the world remains very much as it was. It stems from the almost unreserved failure of all previous instruments and processes to achieve significant breakthroughs in the field of poverty reduction in the poorest countries. It concerns the possibility that, against this background of failure, a small adjustment in ways of doing certain things might make a significant difference.

The adjustments in question are not so much about ‘planning’ as about appreciating processes of structural change, particularly within the domestic societies and governance institutions of poor countries, and their decisive influence on the outcomes

of development efforts. It is by no means suggested that the need to make concessional funding and debt relief conditional upon changes in policies and institutions within recipient countries has disappeared. What *is* claimed is that a shift in the emphasis of conditionality, focusing more on policy processes oriented to particular sorts of outcomes, and less on specific preconditions, just might make a critical difference.

The origins of the PRSP proposals reflect some combination of:¹

- disappointing poverty reduction performance in most highly indebted and aid-dependent countries throughout the last 20 years, despite substantial changes in policies and institutions;
- growing recognition of the importance of the national policy context for aid effectiveness;
- increased awareness of the limitations of conventional conditionalities for leveraging some of the critical changes;
- a search for new instruments with which to justify a major new debt-reduction initiative.

The PRSP principles extend and largely incorporate the ideas previously developed around the World Bank's proposals for a country-level comprehensive development framework. Key elements are:²

- policy thinking for poverty reduction should take the form of a *country-led* strategy process, in which government engages in *dialogue* with other constituents of the national society, resulting in greater national ownership of the decisions taken;
- it should be *results- or outcome-oriented*, starting from the analysis of poverty and its causes and working backwards to the design of appropriate policies;
- the thinking should be *comprehensive* in its coverage of different macro, sectoral and cross-sectoral issues that affect poverty reduction processes and prospects;
- the basis for international support should be a form of *partnership*, in which all funding sources are drawn together in a coordinated way around a strategy developed under the leadership of the recipient government;
- this is visualized as a *medium- to long-term process*, implying a need for medium-term commitments as well as careful consideration of appropriate timing, performance criteria and monitoring arrangements.

Underlying the PRSP idea is the notion that 'process conditionality' (Foster *et al.* 1999), by introducing these elements into national policy processes for poverty reduction, can

¹ A vast literature might be cited under each topic; some representative landmarks would be World Bank (2001), White and Killick (2001), World Bank (1998), Devarajan, Dollar and Holmgren (2001), Killick (1998) and Foster *et al.* (1999).

² This draws on World Bank (2000) and IMF and IDA (1999, 2000).

succeed where previous forms of conditionality have failed. The implicit ‘hypothesis’ is that refocusing IFI conditionality, in the context of HIPC-II and new lending instruments (the IMF’s poverty reduction and growth facility—PRGF, and the Bank’s poverty reduction support credit—PRSC), will be capable of generating greater national ownership of poverty reduction policies (and the other PRSP principles listed above), and that this in turn will lead to greater effectiveness and sustainability in anti-poverty action.

Whether this hypothesis is true or not is the central question confronted by any study of the early experience with PRSPs. The study that this paper draws on is no exception. However, the scope of the study is limited by its timing and the terms of reference drawn up by the SPA task teams that commissioned the work.

1.2 Scope of the work

The study is intended to investigate the extent to which poverty reduction policies, programmes, practices and monitoring systems are being institutionalized in selected African countries. It is intended to provide some early feedback on the degree to which the new elements introduced into IFI conditionality by the enhanced HIPC framework are leading to poverty reduction plans that benefit from greater country ownership and, therefore, promise to be more effective.

The enquiry has been focused on three main topics:

- the attitudes, commitments and plans of governmental and non-governmental stakeholders, including multilateral and bilateral donor agencies;
- the institutional changes that are being introduced, especially in respect of:
 - public financial management
 - participation in policy making and other aspects of the governance framework;
- the development of monitoring and information systems.

The research is based on case studies of the experience of eight countries: Benin, Ghana, Kenya, Malawi, Mali, Mozambique, Rwanda and Tanzania. It is being carried out by an international team coordinated by the Overseas Development Institute, London. Details of the research teams conducting the country studies and the synthesis work are provided at Annex 1.

The above topics are being investigated in two phases, over a fifteen-month period. Phase 1 (September 2000–January 2001) was an initial scoping exercise, designed to identify key issues for further investigation, and provide a baseline against which to gauge later developments. This was based on in-country interviews and documentary work of about two weeks’ duration. A report on progress and preliminary findings was presented to the SPA and made available on the World Bank and ODI websites in November/December 2000.

Phase II of the work (February–November 2001) has involved more extended work in the study countries, with somewhat widened terms of reference and a larger effort of

analysis and synthesis. A third progress report was presented in May 2001, including some early findings from Phase II. This paper draws mainly on the principal themes of these previous reports. The final report of the study, including country reports and two synthesis chapters, is due for submission at the end of September.

1.3 The nature of the evidence

The study is inductive and exploratory. It is naturally constrained by the selection of case-study countries and by the timing of their HIPC-II and PRSP processes. All of the study countries are in principle eligible for enhanced HIPC relief, except Kenya, where concessional loans were not available for much of the past decade, and a major accumulation of domestic debt has taken place instead. Initially, Ghana opted not to seek HIPC-II relief but has now, under a new government, changed its position.

The remaining countries have been preparing PRSPs with a view to HIPC-II relief. All submitted their interim PRSPs (I-PRSPs), satisfying the main conditions for the HIPC-II decision point during the middle months of 2000. Tanzania was permitted to proceed quickly to complete and submit its full PRSP in 2000, although at the time of writing HIPC-II completion awaits the PRSP's first annual review. The other countries have been moving at different speeds towards presentation of their PRSPs during 2001, with the expectation that this process will be finished in nearly all cases by the end of the year.

The research for the study has, therefore, coincided with quite early stages in the country processes. In most cases, the scoping exercise took place during the culmination of the I-PRSP phase, while the follow-up work has coincided with a fairly advanced stage in the consultations and other work on the full paper.

The country teams conducted between 25 and 50 interviews each in the scoping phase. Interviewees were treated both as 'key informants' and as stakeholders whose opinions on different subjects are of substantive interest to the study. Some care was taken with the conduct of the interviews and their interpretation. In all cases, the picture that emerged came from the *combined and cross-checked* testimony of the different actors, not from the views of individuals on their own.

The lists of interviewees appended to the country reports include senior government officials with responsibility for the PRSP process or poverty monitoring; officials of other echelons of government (e.g., line ministries); parliamentarians, including members of opposition parties; private business representatives; heads of civil-society membership organizations; leaders of national or international NGOs; independent consultants or academics; technical assistance personnel; and embassy, donor-agency and IFI staff. In all cases, interviews were conducted with individuals in several different categories.

The coverage of relevant stakeholders was by no means complete at the end of the scoping exercise. In Phase II of the study, informants have been re-interviewed and efforts have been made to widen the range of stakeholders consulted, with greater efforts to include those living outside the national capital and formal 'development' spheres. Coverage of donor perceptions and intentions has also been increased.

1.4 Arriving at an overview

An obvious difficulty facing the synthesis of findings in an exercise such as this is that the different countries are indeed different, and much of the interest in the reports is embedded in the detail. We have attempted to handle this by entering key information and ‘pointers’ from the country studies in summary matrices. The main text then provides an overview of the analysis in the country reports, and discusses the issues that are emerging for at least significant sub-groups of countries. We include here as Annex 2 the summary matrix from the May 2001 progress report.

In sections 3-5, we summarize the study’s emerging findings in the three main areas of its terms of reference. Section 2 provides a few essential elements of background, while also signalling a strongly emerging additional theme of the study—that ‘politics matters’.

2 The country context: politics matters

2.1 Some common features

The country contexts we are concerned with are obviously varied and contain some significant contrasts. The commonalities are also very significant from the point of view of a study of the institutionalization of poverty reduction strategies. One set of shared features concerns broad characteristics of the national institutional framework; another concerns the manner in which ‘poverty reduction’ has typically been addressed in the recent past.

Briefly stated, in all cases we are dealing with semi-democratized states, with quite fragmented policy processes (characterized by low coordination between different centres of decision making, and between policy formulation and implementation). Domestic politics tends to be patronage-based, with fragmented party systems and weak civil societies. The countries are all characterized by high levels of institutional aid dependency, and correspondingly low accountability to domestic actors. Public expenditure and revenue management systems have, at least until recently, been only weakly driven by public policy objectives. Administrative systems have similarly been characterized by low morale and weak performance incentives. These features affect in obvious ways the range of outcomes that can reasonably be expected from PRSPs.

In no case except Rwanda is the PRSP process the first experience in developing a national poverty reduction strategy. However, in all the countries covered by the study, these previous efforts have taken a form that differs systematically from the PRSP approach in two respects at least. First, poverty reduction was typically handled as a special activity, added on to existing programmes and thus requiring special structures and activities. Second, the emphasis has been on providing a new focus for attracting project funding, not on influencing the mainstream processes of public resource allocation through the national exchequer.

That having been said, previous poverty plans have in a number of cases absorbed considerable national effort. Sometimes, this has included broad participation by non-governmental interest groups and experts. In some cases, previous plan processes are considered to have acquired extensive national ‘ownership’, according to the criterion

that large numbers of stakeholders are aware of them and have some degree of identification with them. This is not the only possible or perhaps the most important criterion that needs to be applied. However, the fact that some previous exercises in national poverty planning do benefit from a sense of national ownership at this level, is an important feature of the context into which PRSPs are being placed.

2.2 Politics matters!

Underlying this study is a belief that poverty reduction policy is, for better or worse, embedded in living political systems. This implies that the PRSP ‘experiment’ will work through the political systems and policy processes of the countries concerned, or it will not work at all. PRSPs will either engender new relationships and dynamic processes within countries that result in poverty policies being handled in a new and more effective way, or they will not.

What happens in this respect will be a very political issue, in two senses. First, for all their limitations, formal political systems are a powerful influence on what happens in every country. Second and probably more important, the informal arrangements and understandings that determine policy and its implementation are also ‘political’, not merely technical.

There is a steadily maturing consensus in the study team on these points. They formed part of the initial thinking of the team. But the perspective has been confirmed and reinforced as the country evidence has come in. From the scoping studies and the first of the completed Phase II reports, it is clear that the PRSP experience in several countries richly exemplifies the proposition. Three contrasting examples are worth mentioning.

In *Ghana*, the country’s first electoral transfer of power from one party to another has brought in a new government that has reversed the previous position on ‘joining HIPC’, thereby substantially increasing the stakes in the PRSP process. While not naturally the party of the poor (given its electoral base and ideological inclinations) the NPP’s declared positions on economic management and governance issues could imply a significantly different approach to the PRSP. The main doubts on this score arise from the possibility that there is a deeper level of political institutionality that will in due course reassert itself (what political scientists call patrimonial democracy). The structures that affect and limit policy implementation also remain in place to a large extent.

In *Kenya*, the PRSP process that was developing during the scoping phase of the study benefited from the boost to transparent public sector management given by the placing of the change team of independent Kenyans in key government positions. During the fieldwork for Phase II, the underlying system of presidential rule reasserted itself. The majority of the change team departed and the PRGF agreement with the IMF is again suspended for non-compliance. In this way, the stop-go cycle of Kenya’s external financial relations has re-emerged. None of this necessarily means that the Kenyan PRSP will have no benefits; but it does serve as a reminder that the benefits will be constrained—but also enabled—by Kenya’s particular political realities.

In *Tanzania* (as also in Rwanda), the political situation of the incumbent authorities has generally favoured a strong governmental commitment to the PRSP. As the study team

reported in 2000, HIPC-II and the PRSP helped to ensure an electoral victory for Tanzania's CCM (while in Rwanda these elements blend well with the government's approach to national reconciliation). A strengthened concern in the Phase II reporting for Tanzania is about the degree to which political interest in poverty reduction is narrowly driven by the economic and political attractions of debt relief under HIPC-II, and will weaken very substantially after completion. This has contributed to the flavour of recent discussions about the timing of the first annual PRSP review, on which completion depends.

The final report of the study will be looking for patterns across all eight cases in the relationship between the national political context and PRSP processes, as well as firming up the suggestions on systematic relationships between PRSPs and other reform processes (section 4 below).

3 Initial processes and stakeholder responses

Four issues to do with the initial responses of governments and other stakeholders to the PRSP initiative attracted the interest of the study team in the scoping phase:

- variations in the reception of the initiative across countries, and possible sources of these differences, other than mere timing;
- hesitations about getting involved in PRSP processes among bilateral donors in several countries, and country concerns about ongoing donor behaviour considered inconsistent with the new country-ownership agenda;
- an upgrading of responsibility for poverty reduction policy, which has tended to shift into ministries of finance, becoming more closely linked to central resource allocation decisions, and treated as less exclusively the business of social sector or welfare ministries;
- the extreme burdens being placed on limited capacity in most countries, with lessons from some countries that careful use of extra-governmental technical capacity and well-managed external assistance can mitigate the problem.

Most initial findings on these points have been confirmed and deepened. In other instances, early concerns have been revealed as transitory, reflecting difficulties in the first stages of the PRSP process which have since been overcome. We discuss the four issues in turn.

3.1 Differences across countries

First, the differences between countries are now less striking, as more of them have proceeded from the interim PRSP (I-PRSP) stage to preparing full PRSPs. In the scoping study, we found little outright opposition to the idea of a PRSP but quite varied perceptions across countries about aspects of implementation. The relationship between what was apparently required for the PRSP in comparison with previous exercises in national strategy formulation for poverty reduction was a particular subject of concern. The irritation at having to 'start over' that was found in a few countries in late 2000

(notably Mali and Malawi) appears to have become more muted as those countries have become more fully engaged in PRSP preparation.

This has been helped in those countries and perhaps more generally by fuller and more accommodating discussions between the national authorities and the IFI missions on how to handle the strengths (especially in terms of process) and the deficiencies (especially terms of policy frameworks) of previous poverty reduction strategies. It also appears generally the case that IFI missions have adopted a much more subtle and discriminating posture on guiding the process and content of full PRSPs than they did with the interim documents.

3.2 Donor responses

On the second point, bilateral donors, the EC and the UN system have become more closely and consistently engaged with PRSP processes in the study countries, with significant policy changes in some cases (e.g. France). However, the level of buy-in still varies between agencies, and is likely to prove very sensitive to the credibility of the PRSP process and the quality of the final document.

A topic of some importance is the preparedness of donors to actually change the pattern of their aid delivery in response to the PRSP. This might include a decision to channel substantial funds as budget support with a three-year commitment, as eight donors are now doing in Tanzania and Mozambique, and the EC is committed to doing more generally. It would also include more limited commitments: to integrate projects with sector programmes, report project funding more efficiently, join sector-wide approaches and other common-basket arrangements, commit more funds for longer periods of time and subordinate agency country strategies to PRSPs.

There is, as yet, little to suggest any emerging trends in these directions, other than those mentioned (which antedate PRSPs in several cases). It is, however, likely that the PRSP experience will increase the perception within countries that donors should match the new rhetoric of national ownership with changes in practice.

3.3 Taking poverty out of the social sector ghetto

The pattern described in the third bullet point above has been amply confirmed. PRSP preparation has resulted, in one country after another, in the responsibility for poverty reduction policy being taken over by ministries of finance. While not universally popular, this has the effect that poverty is more effectively 'mainstreamed' within government policy.

The one country in the sample where the institutional division of labour for leading the PRSP process remained unsettled in 2000 (Benin) has now resolved it in the expected way, with the ministry of finance taking the lead role and planning providing support. Effective linkage of poverty planning to central resource allocation is, of course, another question (section 4 below), but the institutional division of labour is now more favourable to that. Together with removing poverty reduction from the limited field of action of the so-called social sectors, and reviving strategic thinking about role of sectors such as agriculture, this is one simple but definite gain from the PRSP initiative that is unlikely to be taken away whatever the subsequent developments.

3.4 Capacity and time

Finally, capacity problems and the tightness of the deadlines imposed by the HIPC-II timetable remain recurrent themes in the country reports. Against this, examples can be given of viable ways of working on PRSPs that enhance capacity without compromising national ownership fatally. However, a more serious problem that will be documented in our final report is the way ‘process overload’ threatens to swamp the gains that have been made. The capacity that exists to undertake more effective anti-poverty planning and coordinate external assistance to this end is seriously over-stretched almost everywhere by the multiplicity of review processes, to which both HIPC-II and the PRSP initiative have contributed additional dimensions.

4 The potential for institutionalization

4.1 PRSPs and public-sector reforms

One of our earliest findings looks set to be a major theme of the final report. This is that the ability of the PRSP initiative to shift national poverty policies in the direction of better design and implementation is critically influenced by the density of previous reform effort. This refers particularly to reforms of public finance management, such as those associated with outcome-oriented budgeting and medium-term expenditure frameworks (MTEFs). It also includes public-sector reforms intended to shift staff performance incentives in a more results-based direction, while also improving transparency and accountability.

The degree to which such reforms were already in place and making headway was found in the scoping study to be a principal determinant of stakeholders’ understanding of the point of the PRSP exercise. Now, we are inclined to assert more strongly that PRSPs are unlikely to achieve very much on their own, but depend for their impact on the existence of parallel changes in government financial and staff management arrangements. There may be a case for seeing PRSPs as one part of a jig-saw puzzle, of which the centrepiece is the sort of exercise in medium-term financial planning associated with MTEFs or medium-term fiscal frameworks.

At the very least, the Phase II reports completed so far are documenting the usefulness of a close and synergistic relation between PRSPs and MTEFs and associated budget reforms in several countries. Negatively, the stalled implementation of MTEFs in Ghana and Malawi is a substantial obstacle to making PRSPs effective in those countries. And the fact that cash budgets still have to be resorted to—preventing the MTEF ceilings actually leading to predictable disbursements—is a drag on the implementation of Tanzania’s PRSP.

The contention that MTEFs should be regarded as the centre-piece does not mean that there is no added value from PRSPs. Apart from ‘mainstreaming’ poverty, the PRSP provides the essential vision on how the government proposes to be more effective in tackling poverty with existing and potentially available resources. More important, given what is known about the actual ways policy is made and implemented in the countries in the study, it opens public debate on these issues. It creates policy spaces in

which more voices can be heard and chronically neglected policy bottlenecks can be exposed to a wider national constituency.

4.2 Changes resulting from widened participation in policy

Creating that wider constituency is the job of the process dimension of the PRSP, which is arguably the most important dimension. If PRSPs prove more effective and sustainable than previous poverty reduction plans, it will be not only because they are better linked into mainstream resource allocation processes, but also because they are the product of a more inclusive and participatory style of policy making. So, what are the indications on the feasibility and possible effects of a genuinely participatory approach to PRSP preparation?

In December 2000, we reported limited findings on the basis of I-PRSP experience and argued for modest expectations about the depth and quality of the participatory processes that would be involved in the preparation of full PRSPs. On the other hand, we suggested there could be significant second-round effects. That is, as a consequence of the PRSP initiative, NGOs and civil society organizations would be prompted to become organized, and develop capacities for policy dialogue, overcoming previous deficiencies in these respects in time to participate more effectively in subsequent policy debates and PRSP reviews.

Both expectations have been confirmed by the completed Phase II country studies. However, there are some partial exceptions on both counts. Even experienced national observers of the process in Kenya regard it as having been, by all relevant standards, wide, deep and strongly ‘owned’ by the participants, if not by the national political leadership. Stakeholder committees arising from this process are expected to have an ongoing role, a highly encouraging development.

In most of the countries that have reached the same stage in the PRSP process, there are reports of a greater orientation to poverty as a policy issue, and efforts to identify capacity-building needs, among the larger NGOs. An exception seems to be Ghana, where a galvanising of NGOs for policy dialogue occurred to some degree under the World Bank’s structural adjustment participatory review initiative (SAPRI), but has not entered a new phase with the PRSP. This is consistent with the general finding for Ghana that the PRSP has not appeared a sufficiently weighty matter in the consciousness of the government and the general public to produce more than marginal policy shifts. In Ghana, institutional changes appear not to be on the agenda as a result of the PRSP, which is not to say that improvements in governance, with potential benefits for the poor, will not occur for other reasons.

4.3 The non-involvement of parliaments

A difficult question that the study team is still grappling with, is whether—in the cases where they are definitely occurring—the above kinds of spin-offs from the PRSP design process will come to be regarded as significant transformations in the way countries make policy. They could easily be portrayed negatively just as a new means by which donors ventriloquize their ideas about development. However, we think it would be premature to discount what is happening in this way, particularly in countries like

Kenya that have substantial civil societies and private sectors, independent mass media and a large intelligentsia.

PRSPs have tended not to involve parliaments, as institutions, in a major way, and this too has prompted some debate within the study team. We think there may be some justifications for this, based on the limited powers of parliaments in the Westminster tradition to overturn executive decisions, and on the shortcomings of many of these legislatures as democratic institutions. It should not be a question of principle, mechanically applied, that national ownership implies parliamentary scrutiny at the planning stage, regardless of the quality of the institutions concerned. We nonetheless think that in most cases it would be unwise to allow parliaments to be as uninvolved as they have been until now. A good mix of creativity and realism should be applied to this issue as to others.

5 PRSP monitoring: tasks ahead

Monitoring arrangements are an important focus of this study, but they have been generally the last thing to be considered within PRSP processes. Even in the advanced drafts of full PRSPs, the proposals under this heading are rather thin and problematic. It continues to be the case that there is comparatively little to report, and that what there is to report is not particularly positive (although this is not surprising, in view of the background).

On the plus side, the fact that stakeholder committees look like remaining mobilized in some countries on a continuing basis is potentially very important. More worrying is the observation that in some countries, rather heavy weather is being made of setting up quite an elaborate monitoring ‘system’ as if the main problems were purely technical. This could result in more fundamental questions, to do with data quality and data use, being neglected.

A positive feature that is in danger of becoming a negative one is the explosion of activity on new household surveys and participatory poverty assessments to measure final poverty outcomes and impacts. While this is good and important in enabling better diagnostic work, feeding into better policy designs, the relative neglect of both survey-based and participatory techniques for quick feedback on implementation processes is regrettable.

In the plan documents, the selection of indicators continues to be rather indiscriminate. This relates as much to weaknesses in the plans as to monitoring issues as such. Although they purport to be strategic, the documents—not unexpectedly—are typically weak in the ‘middle’: they do not explore very well how the prioritized actions can be expected to be better at achieving the outcome objectives than similar actions have in the past. The critical intervening variables have not been identified, so that it is not clear what are the critical things that need to be monitored.

Monitoring cannot solve this problem. Nevertheless, the continued involvement of PRSP stakeholders in arrangements PRSP monitoring could provide points of entry back into the strategic debate. If neglected and difficult issues are constantly being raised in a relatively high-profile way, incentives to the better conceptualization and

more effective implementation of measures affecting poverty reduction could improve. Examples of arrangements that are capable of working in this kind of way will be documented in our final report.

6 Conclusions

A number of points of concern have been introduced or underlined by the above discussion. The most notable is the threat or actuality of ‘process overload’. It seems that IFI staffs are now being fairly widely credited with delicate handling of PRSP drafting processes as such. On the other hand, the range of joint reviews involving national officials with the IFIs, other multilaterals and bilateral agencies is regarded as being seriously out of hand—particularly in some of those countries that have moved furthest towards the PRSP approach. Further thought clearly needs to be given to merging review processes.

We are not yet in a position to state what will be the conclusions of the study on the deeper questions that it intends to address. However, from what has been said already it is evident that the adoption of PRSPs has brought some limited but important gains in all cases. The mainstreaming of poverty reduction—its integration with macro policy and with the budget—is a palpable step forward. The gains are stronger in some countries than in others, but for reasons that can be specified. Also, the most important positive changes may turn out to be different across countries—more to do with central resource allocation and expenditure monitoring arrangements in some countries, more to do with opening new spaces for fundamental policy debate in others.

In the final report, we expect to develop a discussion of how far ‘ownership’ is an effective concept for capturing what important changes are resulting from the new style of IFI conditionality. An account will be given of the way the PRSP processes in the eight countries shape up in terms of the different dimensions of ownership identified in the literature on policy-based lending. However, the country study teams have found the concept slippery and unsatisfactory in many respects. An effort will be made to take the implicit hypothesis underlying the PRSP initiative—that ownership is critical to the effectiveness and sustainability of anti-poverty policies—and recast it in more robust and operationally useful terms.

Annex 1

Annex 1 The study team

Country	Staffing
Benin	Nassirou Bako-Arifari, Cotonou; Thomas Bierschenk, University of Mainz; Elisabeth Thioléron, ODI associate, Paris
Ghana	Charles Abugre, ISODEC, Accra and London; Tony Killick, ODI senior associate, with contributions by E. Gyimah-Boadi, E. Muggeridge and E. Ofei-Aboagye
Kenya	Lucia Hanmer, ODI; Walter Eberlei, University of Duisberg; Gerrishon Ikiara, Nairobi
Malawi	Rob Jenkins, Birkbeck College, University of London; Maxton Tsoka, Centre for Social Research, Zomba
Mali	Idrissa Dante, Bamako; Jean-François Gautier, DIAL, Paris Mohamed Ali Marouani, DIAL, Paris Marc Raffinot, DIAL, Paris
Mozambique	Hans Falck, University of Lund; Kåre Landfald, Oslo; Pamela Rebelo, Maputo
Rwanda	Simon Stone, Oxford Policy Management Ltd.; Fred Golooba-Mutebi, Kampala; Neil Thin, University of Edinburgh
Tanzania	Alison Evans, ODI associate; Erasto Nglawea, REPOA, Dar es Salaam Joseph Semboja, REPOA, Dar es Salaam
Coordination and synthesis	David Booth, ODI; with inputs from Mick Foster, John Healey, Andrew Lawson, Andy Norton Howard White

Annex 2
New developments and emerging themes by country (from progress report 3)

	Country context	Process and response	Potential for institutionalization	Monitoring	Conclusions
Ghana	New government elected, untested on poverty (not the natural party of the poor) and break with patrimonialism may not be sustained. Previous decision on HIPC-II overturned, giving new importance to PRS (target Oct 01)	IFI behaviour correctly arms-length, but stakes now raised. Conditionalities likely to cascade rather than be reduced. Donor good will and coordination within SWAps and CDF; but little sign of changes in volume and pattern of aid, partly because HQ-determined, but depends a bit on credibility of PRS.	Expected impacts reduced by weaknesses of key institutions, NDPC and MoF (respect for technical units notwithstanding). Collapse of MTEF and poor budget execution under previous government is a serious blow. Core teams for PRS drafting don't correspond with structure of government; weak influence on line ministries likely as a result. Consultation top-down and non-consensual. CSOs more frustrated because election has raised expectations	A major area of weakness: good poverty statistics and uncoordinated local data, for which some local demand; but statistics outside the PRS loop. NDPC has poor record on policy monitoring, and now starting afresh.	PRSP seen as moderately important for policy and awareness, but substantial institutional changes implied by study ToRs unlikely. Danger of having no more impact than old-style development plans; some resource shifts but big doubts on implementation. However, some independent political-economy and accountability trends that liable to benefit the poor. Need to follow up ca. 2004
Kenya	Now the only non-HIPC country in the sample. Political context dominated by Moi succession issue. PRS was on track for endorsement in Apr 01; but PRGF now suspended, and change team removed—confirming real constitution based on presidential rule.	PRS process has stimulated debate in mass media, not all favourable but good for profile. Some indications that poverty will be picked up in more party manifestos. Donor buy-in substantial, thanks mainly to confidence in the qualified, independant Kenyans in the change team. Also, simultaneous introduction of PRS and MTEF helped synergy. Donor coordination and restraint enhanced since Phase 1 report, and this needs to be institutionalized.	A foothold gained for the idea that poverty reduction should be mainstreamed through the budget, not in special funds controlled by president's office and projects that serve local patronage. A national constituency exists favouring role of conditionalities in achieving such shifts, which become irreversible. Consultation on PRS quite deep, wide and socially owned, considering time and other constraints; NGO organized and donor financed through Treasury. Nationally controversial, with important networking gains and raised expectations. NGO capacity needs for policy work identified. Although a rationale may exist for by-passing parliament, it is not clear that this is legitimate or wise.	Little progress so far. Need to educate stakeholders on role monitoring can play in increasing credibility of PRS and incentives for achievement of its goals. Strategic selection of indicators of progress, plus new systems within and outside government, are needed. Examples needed from other countries and district level.	Stop-go cycle of aid and concessional finance not about to end. PRS lacks high-level political ownership, but has opened up some areas of government and brought national stakeholders into the aid relationship in a new way. The consequences of that remain to be seen. Neglect of parliament as an institution needs to be reversed, even if many MPs will remain resistant to what is seen as donor-driven process. Final judgements on Kenya depend on a view of how policy change occurs in this type of situation—formal institutions versus social movements, current changes versus structural transformations. Annex continues

Annex 2 (con't)

New developments and emerging themes by country (from progress report 3)

	Country context	Process and response	Potential for institutionalization	Monitoring	Conclusions
Rwanda	<p>Timing good for Rwanda, boosting the transition from emergency relief to development. Outcome much dependent on other two processes—national reconciliation and devolution. Government sees poverty reduction as key to pacification.</p>	<p>Capacity very weak and reliant on UNDP and DFID support. Disappointingly, French and kinyarwanda translation of I-PRSP only available Apr 01, so many stakeholders not informed. Some other learning by MINECOFIN on how hard it is to get involvement and buy-in. PPA and policy relevance exercises under way, but lack linkage to national consultation on causes of disunity.</p>	<p>Importance to PRS and wider donor buy-in of improvements in public finance management is increasingly recognized, but the latter expected to take many years—still training-based, with several distinct reform units.</p>		
Tanzania	<p>HIPC signing assisted CCM landslide, but no real policy engagement with poverty by any party. Zanzibar affecting otherwise good aid climate. PRS endorsed Nov 00; first review imminent but likely delayed. Concern that incentive will weaken after completion.</p>	<p>Eight donors now providing budget support, with performance assessment linked to PRS, but concerns about 'quality' of targets/indicators. PRGF review led to less consultative budget guidelines than usual, with weak links to PRS. NGOs reworking the gender content of PRS. Efforts to 'popularize' it. Current major concern is institutionalizing the PRS review process.</p>	<p>Continuity of core PRSP team, plus ministerial changes, helpful. PRS has brought poverty objectives into public policy, esp. budget, sector policies and discussions of performance. But still long way to go on budget—MTEF limited by cash budgeting; weak integration of SWAPs (because basket funds not in budget, etc) and districts (which are still working to old plans). Consultative processes criticized at the time but have led to organization, coalition-building and communication among CSOs. Parliament had only 2-hour debate on PRS; now heavily involved in HIPC-related legislation (but this may be one-shot). Patronage and corruption remain entrenched; parties still too unevenly balanced for real debate.</p>	<p>Master plan being formulated by 4 working groups. Plenty activity on PPAs but mainly for diagnostics, not monitoring. Institutional home still debated—network favoured. Making heavy weather of design of monitoring system, with big emphasis on formal framework.</p>	<p>PRS has been a step forward for Tanzania, but impacts limited by slow progress on other fronts. Ownership is happening in 'parts' of the system, but increased effectiveness does not necessarily follow: PRS has weak analysis of why the actions proposed are the right ones. Limited and fragile 'policy space' opened up by the process. All this constrained by basic political realities, plus 'process overload' due to PRGF, SWAPs, UNDAF, PRBS, PRSP, CAS, PSAC II, etc.</p>

Annex continues

Annex 2 (con't)

New developments and emerging themes by country (from progress report 3)

	Country context	Process and response	Potential for institutionalization	Monitoring	Conclusions	
16	Mali	<p>Delayed start, Feb 01. Previous tensions over relation of PRS to existing UNDP-supported SNLP resolved by agreement to incorporate but add a macro framework.</p>	<p>GoM wishes to assume ownership but weak technical skills imply a need for discreet external support. Failure of last two IMF missions due to cotton disagreements is currently a problem. Some donor interest in being involved in PRSP assessment and joint missions. More bilaterals now supporting the process (e.g. France). CSOs participating but pace and technical level high for them. Speed is still a widespread concern.</p>	<p>The fact that MoEF is not a powerful ministry, capable of enforcing budget discipline, is a problem. Despite MTEF in theory since 1998, Bank has only moved a little closer to channelling loans through MoEF. Lessons of DAC Aid Review being drawn on, and prospect of PRS becoming reference document for aid coordination. But move to budget support still a long way off. Debate in free mass media, but rather polarized in old-fashioned structural adjustment terms. Parliament not involved, but NGO-organized participatory process. CSOs (largely NGOs) lack legitimacy: 'la societe civil, c'est moi!' (president of the national parliament).</p>		<p>General perception in the country is still that PRS is a one-shot affair to benefit from HIPC-II. However, the PRSP process through the budget may alter the behaviour of line ministries, which are expecting a big boost from HIPC savings. Even if there is only a small reduction in donors' tendency to build parallel structures and fragment poverty reduction efforts, this will be significant.</p>
	Malawi	<p>Target Sept 01.</p>	<p>PRS still viewed outside government as donor-driven and government-run. Individual CSO participants were effectively nominated. However, the process has been adjusted in response to stakeholder concerns</p>	<p>Improving budget processes and PEM, including politicians' roles, taken as key area for PRS. Good learning from previous MTEF implementation problems. But, despite efforts to involve political leadership, process is suffering from being technically-driven. Immediate effects may include distraction from sector planning activities; and it remains to be seen whether the PRS will push MTEF forward. MPs hardly involved, but networking by NGOs stimulated—i.e. some second-round effects are expected.</p>		<p>Potential to overwhelm existing capacity. Not clear that crucial MTEF improvements needed new conditionality or PRSP. Nor clear that broad society-based ownership is needed for increased effectiveness in poverty reduction</p>
	Mozambique	<p>PRS final draft much improved on linkage of plans and budgets. Submitted more or less on time. Several other concerns about its content.</p>	<p>Emerging tension between ownership and donor enthusiasm to be involved at promote their concerns.</p>	<p>Eight donors now coordinating on budget support, with link to PRSP process. Have been further participation but all getting tired; need for good ideas on how to institutionalize it. Status vis-à-vis parliament still unclear. 60 per cent of public funds still off-budget.</p>		

Annex continues

Annex 2 (con't)

New developments and emerging themes by country (from progress report 3)

	Country context	Process and response	Potential for institutionalization	Monitoring	Conclusions
Benin	Preparatory studies for PRS started Apr 01 after presidential elections delayed everything. Target: end of 01.	Struggle to lead between finance and planning ministries now resolved in favour of finance, but no office or staff. Social peace, not poverty, main election issue; otherwise personalistic.	Two series of consultations, on sectoral and regional basis, with donor supporting each. Not much should be expected from parliament, but there would be costs from by-passing it.		PRSP should be seen as an effort to cut through the patronage basis of policy in Benin, including the role of project aid and NGOs in feeding that. However, it is not clear where the forces of change will come from. Not clear, either, that PRSP is the right instrument.
Summary/general	How to explain differential country responses? Previous pattern and density of reform is confirmed as important, but final report needs to probe other systematic differences.	Emerging debates on PRSC conditionality, and on timing and frequency of PRSP and PRGF reviews to avoid disrupting budget process. Residual confusion in some countries that PRSP targets are same as HIPC conditionalities. No one clear on how streamlining of conditions to be achieved. Value in model of Uganda poverty status report—seeing how the plant is growing without pulling it up by the roots.	Emerging argument for PRSPs to be more modest—government's vision and priorities for additional activities at the margin, with MTEF as centre-piece and complete budget process, including PRS and political oversight, as the means of implementing it. There is still added value from PRSPs—MTEFs are policy neutral; PRSPs take poverty out of the social sector, welfare ghetto and open debate on how to be more effective with actually and potentially available resources. In all this, ideal models, based on rationalistic view of the policy process, need to be adjusted to allow pragmatic adjustments. In promoting accountability, keep in mind success stories of poverty reduction with minimal transparency (e.g. Vietnam).	General tendency to devise grandiose schemes where simpler initiatives would do. Ongoing stakeholder committees, as in Kenya and Malawi, seem key. Monitoring cannot compensate for policy weakness, but information systems could prompt critical policy thinking.	Some modest gains are already clear, but much more in some countries than others. 'Ownership' is not particularly helpful in characterising the links that may be forming between the IFIs' new approach and more effective poverty reduction policies and actions. 'Mainstreaming' is better for some purposes. Increased effectiveness lies largely in the future. Drawing definitive conclusions on PRSPs will not be possible within the period of this study—needs a three-year perspective.

References

- Devarajan, Shantayanan, David R. Dollar, and Torgny Holmgren (eds) (2001). *Aid and Reform in Africa*, Washington, DC: World Bank.
- Foster, Mick, John Healey, Matthew Martin, and Howard White (1999). 'Linking HIPC II Debt Relief with Poverty Reduction and Wider Aid Issues: Some Reflections and Suggestions'. Paper for DFID. London: DFID.
- IMF and IDA (2000). 'Poverty Reduction Strategy Papers—Progress in Implementation'. Washington, DC: World Bank/International Monetary Fund. 7 September.
- IMF and IDA (1999) 'Heavily Indebted Poor Countries (HIPC) Initiative—Strengthening the Link between Debt Relief and Poverty Reduction'. Washington, DC: World Bank/International Monetary Fund, 26 August.
- Killick, Tony, with Ramani Gunatilaka and Ana Marr (1998). *Aid and the Political Economy of Policy Change*, London: Routledge/ODI.
- White, Howard and Tony Killick, with Steve Kayizzi-Mugerwa and Marie-Angelique Savane (2001). *African Poverty at the Millennium: Causes, Complexities, and Challenges*, Washington, DC: World Bank/Strategic Partnership with Africa.
- World Bank (1998). *Assessing Aid: What Works, What Doesn't, and Why*, New York: Oxford University Press for World Bank.
- World Bank (2000). 'Poverty Reduction Strategy Papers: Internal Guidance Note', Washington, DC: World Bank Group, Operations Policy and Strategy, 21 January.
- World Bank (2001). *World Development Report 2000/2001: Attacking Poverty*. London, New York: Oxford University Press for World Bank.