

INTERNATIONAL MONETARY FUND AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

**Background Information to the Joint IMF/World Bank Review of the
Poverty Reduction Strategy Paper Approach**

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I. CONFERENCE SUMMARIES

A. International Conference on the PRSP Approach (Washington DC, January 14-17, 2002)

On January 14-17, 2002, representatives from about 60 low-income countries, donor agencies, international organizations and civil society organizations (CSO) met in Washington to discuss experiences and lessons learned in the PRSP process. The conference—which was organized jointly by the IMF Institute and the World Bank Institute—gathered some 300 people, including 90 country officials (from almost all low-income eligible countries), about 35 northern NGO representatives, 25 southern CSO representatives, and 70 representatives from donor organizations and countries. Academics, members of parliament in PRSP countries, and representatives from the private sector from low-income countries were also represented.

The primary objective of the conference was to reach a better understanding of the strengths and weaknesses of the PRSP approach. It followed and built on a series of regional fora held in the fall and provided an opportunity to exchange experiences globally.

The conference was organized as a series of plenary and breakout sessions around three thematic topics: participation; policy content; and partnerships. In each of the sessions, an effort was made to draw on the diversity of views and experiences by including a variety of country representatives, CSOs, and donors as panelists. Time was also set aside for debate and discussion on each of the major topics. The final plenary session involved each of the “constituencies” (representatives from Africa, Latin America, Europe/Central Asia, and East/South Asia, as well as CSOs and donors) reporting back their views on the PRSP process and suggested improvements.

As expected, given the size and diversity of participants, a variety of opinions were expressed, and there was lively debate on various topics. Nevertheless, consensus emerged around the key messages highlighted below (despite not being actively pursued by organizers).

Overall the conference reinforced the broad support among low-income countries, development partners and CSOs for the PRSP approach. While the views of external development partners and domestic stakeholders regarding early experience were varied, there was a general consensus that considerable progress had been made and there would be substantial benefit in sustaining the PRSP approach. In his opening remarks, the IMF’s Managing Director, Horst Köhler, noted that poverty reduction takes time and sustained effort and cautioned that while we need to be “ambitious” in our objectives, we must be “realistic” in our methods.

Looking ahead, implementation is the key challenge confronting all countries. This highlights the importance of building country capacities. It was emphasized throughout the conference that this will be a “learning by doing” process. While some noted that PRSPs could be improved in a number of areas, there was general support for not imposing additional requirements that would impinge on country ownership. Instead, sharing of good practice was viewed as essential to help countries benefit from the experience of others.

Underlying this broad support were a set of key messages related to both the process and content of PRSPs. The messages that emerged were:

- The importance of country ownership as a guiding principle and allowing flexibility for different country circumstances;
- the need to temper expectations (both domestically and internationally) and set realistic goals and targets;
- a need to improve prioritization of policies and actions in PRSPs, and to develop the capacity and systems to enable this;
- the importance of openness and the desirability of considering alternative policy choices in the PRSP process;
- success in reducing poverty will require a sustained effort over the long term, and a corresponding commitment by countries and development partners; and
- the importance of donors providing support to the PRSP process and structuring their assistance around PRSPs.

The main points raised by participants around the three major themes—participation; policy content; and partnerships—are summarized below.

Participation

There was consensus that countries had come a long way in developing participatory processes. World Bank President James Wolfensohn summed up this view noting that while “Participation has not always worked perfectly...there is strong evidence that it has created more space for previously excluded voices in government and civil society.” Some country representatives noted that the PRSP approach enabled them to open a national dialogue that had not previously existed. There was also broad agreement that the process needs to be government-led.

Participants noted that more could be done to ensure that all stakeholders (including CSOs, parliaments, and sectoral ministries) are included in the participatory process. At the same time, there was agreement that minimum standards set by the Bank or Fund would be inconsistent with country ownership. There was a call, especially from CSO groups, of

broader assessments of PRSPs and more transparent or independent analyses of the participatory processes. Country representatives also favored greater institutionalization of the PRSP process to enable improved information and capacity building.

There was discussion on how CSOs could be better integrated into the PRSP process. CSO and government representatives both recognized that successful implementation of the PRSP approach entails partnerships between governments and CSOs. In particular, it was suggested that southern CSOs can play a key role in monitoring and evaluating strategies. As a representative from the Uganda National NGO Forum noted, however, that national CSOs need to strengthen their capacity, with support from northern NGOs and donors.

There was a general sense that, so far, the role of parliaments has been limited and needs to be enhanced. A panelist from Mongolia's parliament noted the unique role parliamentarians can play in staying in touch and representing the poor as constituents. A possible option is to establish select committees to monitor PRSPs as well as ensuring that parliaments are involved at an early stage.

Many participants drew attention to the limited involvement of private sector groups in the development of PRSPs thus far and called for future PRSP processes to plan and allow for greater engagement with the private sector. In this regard, there was wide recognition of the primacy of the private sector for growth, but a number of participants called for greater private sector participation in the provision of public services.

Government and donor representatives expressed concern that sectoral ministries have not been sufficiently included in the PRSP process. There have been cases where sectoral ministries have been involved, but it was acknowledged that more should be done to ensure their participation. Participants noted that ministries should be involved throughout the process not only in identifying priority public actions, but also in diagnostics, monitoring and evaluation, and participation strategies. The importance of sectoral involvement was highlighted as being crucial to PRSP implementation.

Governments, in particular, agreed on the usefulness of enhanced donor participation, although it was acknowledged that the initiative should be country-driven. A recurring theme throughout the conference was the tension between country ownership and "donorship," in that increased ownership often implies less donor control. One suggestion was that PRSPs be discussed at consultative group meetings before presentation to the Bank/Fund Boards, thereby providing donors the opportunity to give feedback. Some donors and NGO representatives expressed concern that the Bank and Fund are too dominant in the process, effectively limiting wider donor participation in the dialogue.

A number of participants, in particular CSOs, felt that there was little genuine debate at the country level about macroeconomic and structural policy options and alternatives, and that the Bank and Fund could have encouraged more discussion in this regard. This criticism extended from the PRSPs to discussion and scrutiny of policy conditionalities in lending

operations. This point was raised in the closing plenary by a trade union representative, suggesting that “conditionalities of the PRGF and PRSCs and other Bank and Fund instruments are not being openly debated and, therefore, constrain the policy options and alternatives available to countries as they elaborate their PRSPs.” Here, too, a number of CSO participants noted the need to enhance their capacity to engage in debate about policy alternatives, particularly macroeconomic choices. Timely public disclosure of operational and loan agreements with the Bank and the Fund, as well as other donors, was called for as a way to enhance the dialogue around specific policy options. Participants also suggested that the Bank and Fund could publicize their PRSP-related missions more widely. Policy content

There was a great deal of focus on the substantive policy challenges faced by countries in reducing poverty. As one might expect, given the focus on flexibility and differing country circumstances, there was no consensus about what might be the necessary ingredients of successful strategies. However, there were a number of recurring themes, including sound macroeconomic frameworks, good governance, and access to basic health and education services. While substantial progress is being made, weaknesses were observed with respect to the setting of realistic targets, poverty and social impact analysis, and public expenditure management.

Many participants felt that there should be more focus on incorporating key sectors such as health, education, and rural development. It was noted by the African Delegation that PRSPs are not always consistent with sectoral strategies and that there were sometimes gaps between the analysis of the causes of poverty and the resulting strategy. They stressed the importance of integrating sector wide strategies with PRGFs, PRSCs, and PRSPs in the final plenary session.

Cross-cutting issues such as gender and environment were highlighted. A representative from Uganda and others stressed that there should be more gender analysis, but noted that staff in the ministries do not always have adequate training to undertake such work. The NGO delegation recommended that analysis of the environmental impact of policy options be undertaken as a matter of course.

There was consensus among the representatives that good governance and well-functioning public sector institutions are essential for poverty reduction. The inclusion of governance concerns in virtually all PRSPs and the central role such concerns are playing in civil society consultations (e.g., in Albania, Bolivia, and Uganda) were cited by participants as important achievements of the PRSP process. They noted that all PRSP countries faced the challenge of implementation, particularly making choices about which part of the usually very large governance agenda to start with. Some country officials noted that more technical assistance and country-specific analysis are needed to develop a better understanding of the poverty reducing impact of governance and public sector reforms, and thereafter to set priorities and choose the appropriate sequence of reforms. Some participants noted that this process would take time.

There was general agreement about the need for improved public expenditure management as a priority. Country officials recognized that improving public expenditure management was an important entry point into broader governance reforms. Improved public expenditure management was also seen by country officials as essential in assessing trade-offs, making policy choices, and incorporating PRSP policies and actions into country budgets. Donors emphasized the need for progress in order to enable a movement toward more budgetary support.

Many participants focused on the enormous challenge of deciding how best to prioritize among sectors and to design policies to achieve pro-poor growth. Government representatives noted that the PRSP process had helped them to prioritize among sectors by providing a general framework. Many participants also stressed the importance of understanding better the role of the private sector, and the need for an enabling environment for investment and development. However, a number of participants from both low-income countries and development partners noted the international community's incomplete knowledge of these interrelationships and the need for further work on the design of pro-poor growth policies. In this regard, a representative of the African Research Consortium in Kenya argued that most PRSPs "have little to no economic analysis focusing on the interdependence of macroeconomic framework and pro-poor policies." Stanley Fischer, a keynote speaker from the IMF, emphasized that a critical challenge would be to focus more on understanding the sources of pro-poor growth and developing a stronger analytic base for designing poverty-reducing policies.

Many NGOs at the conference called for a sustained effort by the Bank and Fund to mainstream poverty and social impact analysis to better assess policy trade-offs, thereby allowing for better prioritization within strategies. In particular, NGOs recommended that ex ante assessments of the differential impact of proposed policies and programs on poverty to be done as a matter of course. It was noted that these analyses would facilitate a more open debate on various policy choices. There was broad consensus that over the longer-run, countries—with the support of their development partners—should endeavor to develop the capacity to undertake these analyses themselves.

Many at the conference felt that the growth targets presented in PRSPs were unrealistic and therefore, unsustainable. In the final plenary, the Latin American delegation highlighted the danger in unrealistic growth targets that bear no relation to country circumstances or constraints. All agreed that the sources and constraints to growth need more analysis.

Many country representatives were concerned with the ability of low-income countries to respond to external shocks without jeopardizing their poverty reduction strategies. A number of participants thought this underscored the need for countries to work, with the support of the international financial institutions, to ensure shocks are factored into PRSPs and that suitable instruments and contingencies are available to respond to shocks.

Many participants emphasized the unique circumstances faced by conflict-affected countries doing PRSPs. While these countries may encounter more difficulties (for example, structural weaknesses and impediments to participatory processes), PRSPs provide an opportunity for these countries to overcome these hurdles and address conflict issues. Participants recommended that donor efforts should support PRSPs, conflict prevention, and the reconstruction and development. Donors, especially, should be flexible in their expectations for conflict-affected countries. A proposal calling for specific programs of technical assistance (e.g., in capacity building) for conflict-affected countries was also discussed and encouraged by some country officials, including the Central Asia/Caucasus/Balkan countries in the final plenary.

Participants agreed on the need to keep the indicators and targets and the related data requirements to monitor progress simple. There was a discussion around the link between the Millennium Development Goals (MDGs) and PRSPs targets, and there was broad agreement that although the MDGs provide a good framework for guiding discussion on targets, they should be adapted to local circumstances. Participants expressed concern about overburdening countries with numerical targets, but emphasized the need for measurable indicators to help bridge the gap between longer-term development goals and the availability of near-term policy options. A number of other participants noted the need to ensure that monitoring promotes accountability and that the demand for monitoring is generated internally, rather than from external partners. It was also acknowledged that existing data capacity was poor. Limited national capacity was seen as a key constraint to developing effective monitoring and evaluation capabilities. Country representatives noted that attention needs to be paid to strengthen existing monitoring and evaluation mechanisms, not creating new ones.

Partner support

Donors strongly endorsed the PRSP process and agreed that these strategies should serve as a framework for their assistance. Despite this, participants urged donors to go further in aligning their support around PRSPs. Discussion centered on the content, mode, predictability, and volume of donor assistance. There was also a session related to the Fund's Poverty Reduction and Growth Facility (PRGF), in support of the parallel review of the PRGF.

Although many donors have agreed in principle to align their programs with PRSPs, country representatives mainly felt that further progress is required in this area. Donors gave mixed indications as to how quickly they could move towards the alignment. They recognized the need to concentrate donor assistance only in PRSP priority areas and pledged to move towards aligning their support fully behind PRSPs. Donors also agreed to have alignment monitored at the country level. Government representatives and NGOs also noted that Bank/Fund instruments, including CASs, PRGFs, and PRSCs, need to be consistent with PRSPs.

The need to harmonize and simplify donor practices, procedures, and policies was also discussed. Country representatives noted the burden placed on limited country capacities by the varying number of donor procedures and reporting mechanisms. It was suggested that uniform disbursement and procurement procedures be developed. The donor delegation concurred with the need to harmonize procedures and felt that the implementation should be at the country level as many of the relevant issues are country specific.

There was lively debate about donor assistance towards more budget support. Country representatives strongly recommended this type of support, and noted that the PRSP would provide the appropriate framework for such assistance. However, the donors' own views on this were mixed. Some, including DFID, endorsed the idea and have already moved in that direction. Others were more hesitant for a variety of reasons including their own institutional limitations. Donors agreed that the move towards budgetary support requires accelerated efforts to improve public expenditure management systems. Donor representatives stated that there was also a willingness on the part of donors to increase support for developing these systems.

The Africa delegation also recommended that donors indicate their commitment to the PRSP process on a three-year cycle linked to the medium-term expenditure framework, thus making resource flows predictable. Donors noted their commitment to providing timely information on donor disbursements and longer-term aid projections.

Countries and CSOs, in particular, expressed concern that the decline in overseas development assistance (ODA) will prevent countries having the necessary resources to implement their strategies. It was noted that many of the financing gaps that the strategies put forth may not be filled. Participants recommended that financing gaps need to be estimated systematically, and ODA and debt-relief levels increased to fill those gaps. Donor representatives acknowledged the need for increase in ODA, but also noted the need for PRSPs to be framed within plausible financing envelopes.

The PRSP was supposed to provide a framework for dialogue and coordination among the donor organizations. In many instances, that dialogue improved. Countries noted the improved coordination between the Bank and Fund in particular. In other cases, it was considered that the quality of the dialogue needs further improvement. Some regional development bank representatives felt that they were not adequately consulted in the development of individual PRSPs. Participants stressed the need for more effective inter-agency dialogue.

A final cross-cutting theme that was emphasized was the need to support countries in capacity building for PRSPs. In particular, country representatives noted that more south-south learning is essential to disseminate best practice and requested more assistance for these types of activities. They also stressed the importance of an approach that makes use of existing national capacity and progressively builds local capacity over time, rather than relying only on conventional technical assistance reliant on external experts. Donors stated

their commitment to assist in capacity building both in the preparation and implementation of PRSPs.

There was broad support among stakeholders for the basic framework of the PRGF. Participants, in particular, country representatives, welcomed the progress that had been made toward more pro-poor budgets, greater country ownership, and streamlined conditionality. As Mr. Köhler noted, over the past year and a half, the IMF has been working to streamline IMF conditionality, to make room for true national ownership of reform programs. But, other areas were identified as needing further action. Donors and CSOs questioned whether there was adequate discussion of policy options with country authorities and called for greater discussion of alternative macroeconomic scenarios and policy choices. Some donors and CSOs also called for the more systematic incorporation of poverty and social impact assessments, and greater efforts toward building capacity for authorities (and CSOs) to formulate and assess macroeconomic policy options.

Conclusion

Although many participants emphasized ways the PRSP process could be improved, the consensus was that the process is working. The conference generated lively debate on various issues and many recommendations were brought forward. In their closing remarks, Mr. Horst Köhler, IMF Managing Director, and Mr. Wolfensohn reiterated Bank and Fund commitment to the PRSP process and in moving forward to work on the issues raised at the conference.

B. East Asia Forum on Poverty Reduction (Hanoi, December 4-6, 2001)

Teams involved in developing their countries' National Poverty Reduction Strategies (NPRS) from six East Asian countries: Cambodia, East Timor, Indonesia, Laos, Mongolia, and Vietnam, met in Hanoi from December 4-6, 2001, for the East Asian Poverty Forum. Discussions at the forum were lively and diverse. While 70 percent of the 70 participants from client countries were from government agencies, there was active representation from civil society organizations and several parliamentarians were present. Furthermore, about 40 participants from bilateral donor agencies and regional institutions also participated, as well as many from the organizing institutions.

The Forum was organized in response to demand by both staff and country counterparts for opportunities for cross-country fertilization and learning. The agenda was designed to help teams address key issues in the design of poverty reduction strategies and to share emerging experiences across the region. It also provided an opportunity for countries to express their views and any concerns about the process, to feed into the ongoing staff review of the PRSP approach. An additional important objective was to strengthen collaboration among the organizers, ADB, UNDP, IMF and World Bank, in joint efforts to help countries meet their poverty reduction challenges.

However, there were two identified gaps in representation—the private sector, which was noted at the conference, and trade unions—and clearly more thought needs to be given as to how to bring these groups into the NPRS process.

This forum was distinguished by the diversity of country conditions, technical capacity, and experience. The deliberate decision to put country delegations at the center of the conference (both physically and literally) with external partners in the background, largely in a listening mode, worked very well. Several key conclusions emerged from the three days of lively discussion, which was organized around the central themes of participation and governance; priority public actions; and monitoring and evaluation, as highlighted below.

Participation and governance

In the course of the Forum, participants identified several policy directions which would help poverty reduction by bringing changes in the wider governance systems of countries. For example in Vietnam, a grass-roots democracy decree allows citizens to access information, influence decision-making and monitor socio-economic developments, and in Indonesia, school scholarship programs are monitored by local communities.

However, and particularly in countries where the word “governance” does not exist in the national language, getting politicians and civil servants to understand and abide by the concept can be difficult. That said, government representatives recognized the need to work to ensure credibility with their citizens. One dimension is to address the issue of delivery of

basic public goods to citizens, especially the poor, and it was noted that pro-poor governance implies improvements in the efficiency of government institutions that are involved in service delivery as well as improvement in the accountability of these institutions.

Despite considerable differences in political systems among the participating countries, there was uniform endorsement of the importance of a fully participatory process that took into account the views of the poor themselves. Whether this takes place through grassroots democracy initiatives as in Vietnam, participatory poverty assessments as in Lao P.D.R. or through images of children's views of the future drawn on postcards in East Timor, it is clear that there is greater openness than in the past, and a greater willingness on the part of governments to listen and to be held accountable. How much and how quickly this translates into different priorities and program design, and more responsive public service delivery remains to be seen, however. In addition, there was agreement that effective engagement by civil society and NGOs requires an environment of trust, transparency, and accountability between all actors.

Finally, the role of parliaments in developing NPRSs was also discussed. This exposes inherent challenges in most countries: Cambodia for example testified that parliamentarians are unclear of their role vis-à-vis the poverty strategy, and there were calls to strengthen parliament's capacity to influence government policy and budget allocation as well as act as a conduit for voices of poor communities.

Priority public actions

Growth was seen as the critical prerequisite for poverty reduction in the region. A case study from China highlighted how market-oriented economic reform and the emphasis on developing appropriate policies generated strong economic growth and impressive poverty reduction. However, there were clear lessons from this experience: for example, to minimize misuse of poverty reduction funds, consideration should be given to move from a focus on the "productive" sector to human capital and capacity building. It was noted that research shows that more funding to improve the access to education (especially girls' education) in the long-run provides better return to poverty reduction. More generally, there was a high degree of sensitivity to gender issues with speakers commenting on the importance of women's access to public services, to public office, and to legal protection.

There was remarkable convergence amongst countries about the need to ensure that the poor were not left out of the growth process. Indonesia saw its priority in the need to create a policy environment that could increase both the empowerment and the income of the poor. The key challenges set out by Laos and Mongolia especially were the achievement of high and sustainable levels of economic growth with equity, tackling these issues in the face of spatial disparities between the upland and lowland communities (in the case of Laos), and in areas outside the capital in Mongolia, and the sustainable exploitation of natural resource bases. A key related dimension explored both in plenaries as well as in breakout discussions is the development of key social infrastructure, including extending access to social services

and improving human resource capacity within a realistic medium-term resource envelope. Rural infrastructure was seen as central in these respects. The session on improving the investment climate included discussion about a short-term role for tax and investment incentives for poor regions.

Countries also stressed the role of the informal sector in fostering labor intensive growth, of rural development, especially rural infrastructure and upland agriculture, in increasing access to markets and services, and improving productivity where the poor live. Trade liberalization was generally seen as fostering growth and poverty reduction with an Indonesian speaker noting that openness had led to increased employment at levels of remuneration above informal sector wages. But some concerns were expressed about impacts on prices for key commodities (e.g., on pharmaceutical drugs), certain domestic industries (Vietnam), regional inequality, and government revenues (Mongolia).

Although the subject of the private sector in the growth process was touched upon, it was broached mainly by non-government delegates. By the end of the Forum, there was sharper recognition of the need to bring a first-hand perspective of the role of the private sector into subsequent fora. There was some discussion about the impact of competition from abroad, and concerns in Vietnam and elsewhere about hurt domestic industry in the short run. In the case of Indonesia, some concern was expressed about labor rights (including minimum wages) in the wake of liberalization.

Alongside economic growth, targeted programs were regarded as vital to assist the very poor and structurally poor, who comprise a growing percentage of the poor in some countries in the region. Effective programs require better identification of the poor and their constraints. Poverty mapping was welcomed as a tool to help with geographic targeting. Innovative programs are then needed to reach these individuals. These programs must also reflect political and social realities, and depend on good expenditure management. There was general recognition of, and keen interest in, ways to improve expenditure management. Country case studies presented illustrated how this means adequate resources and operating costs, transparent and accountable resource management, products that meet the needs of client populations, and effective links with the broader community, as well as adequate staff salaries. Several countries, including Laos and Cambodia, see that poor financial management and underpaid staff are leading to spending “leakages” and poor quality services. Countries are also facing challenges in ways to effectively decentralize, a subject on which countries themselves see quite mixed experiences.

The discussions also addressed the need for an investment climate that would promote growth. There was also debate on the issue of whether shock therapy or a gradualist approach was most appropriate to liberalization. There was recognition that, in the short-term, structural reforms may have adverse impact on certain groups, especially the poor. Furthermore, unequal growth between regions and sectors was a concern and some suggested

using tax and investment incentives for poor regions to abate the increase in regional disparities.

- Under the topic of service delivery, the extent to which decentralization could improve the poverty impact of service was explored. Fiscal decentralization was seen both as an opportunity for more responsive government agents and better service delivery to the poor, and as a danger given the potential for macro instability (due to local government deficits), increasing regional inequality, elite capture at the local level and deteriorating service quality. Given the centrality of effective service delivery to successful poverty reduction strategies, whether and how line agencies are able to reform themselves was regarded as key. It was pointed out that where line agencies, like ministries of education and health, have medium-term strategies, rolling plans or sectoral strategies, these should be the basis for donor support—as was noted for Cambodia, for the case of education.
- There was also discussion as to how to target (or exempt from fees) potential beneficiaries, which is especially challenging where poverty is pervasive. In Vietnam, there is experience at the local level, for example, through identification by communities themselves. In Indonesia, various criteria have been used (e.g., “do not have a job”) but these have proven difficult to administer (e.g., if the individual works only part-time).

Monitoring and evaluation

Monitoring was recognized by the Forum as crucial for understanding whether NPRSs “are working,” and whether the policies and strategies spelled out in them are appropriate and effective. There was consensus on the need for clear institutional mechanisms for monitoring. Which agency is responsible for tracking poverty and policy reform will depend on many factors, e.g., at what level in the administrative system the data will be used, the methods required for collecting and analyzing the information and how frequently monitoring needs to be done. Contracting this out is an option, but many participants felt that this was undesirable.

It was also seen as important that the indicators selected are the right ones and the ones that decision-makers want to use. It was noted, that while final outcome indicators (e.g., infant mortality) in which improvements are sought may be obvious, these indicators change little in the short term and therefore are not particularly helpful in providing quick feedback. In addition, it was regarded as important that information is “made to sing,” e.g., through providing real life examples of poverty situations in the field. Qualitative information therefore has an important role to play and there was considerable interest in instruments, such as “report cards” as used in the Philippines and India, for obtaining more frequent feedback from potential users of services.

Participants agreed that the data should be “owned” by the countries themselves. Detailed monitoring of poverty and related policies is often done by the IFIs causing a major burden on civil servants. It should instead be done by the countries themselves and the countries need to have appropriate policies and institutions to enable this to happen. It is also important that poverty monitoring become an accepted part of the political process and policy debate in countries, e.g., discussed in parliament. At the same time, the fact that the information is often politically sensitive should be appreciated by all.

It was noted that data issues can be complex and that it is important to make sure that information is collected and analyzed rigorously. With methods such as the report cards there was concern about the representativeness of the sample. There should be some agreement among the various players on definitions of income and methods for data collection: for example, whether household poverty monitoring should be “income based” or “expenditure based.” In many instances there was a sense that a sufficiently robust framework to understand the relationship between inputs, outcomes, and impacts is lacking. Discussions underlined the importance of tracking both input (e.g., spending) and output data, together with continued analytical work to understand better the complex interactions that lead to the desired outcomes.

Overall, monitoring and evaluation is an area where progress seemed to be lagging in NPRSs. Recognizing that it was difficult to decide what were the correct set of indicators and what was the most appropriate institutional framework for monitoring, it was nonetheless equally clear that unless such elements are put in place, countries would not benefit from feedback to improve policies. The Lao delegation, among others, noted in its concluding remarks about intended actions coming out of the Forum, its intention to develop a national web page on poverty reduction, increase the dissemination of information to the population, and hold annual workshops to review experience.

Institutional arrangements and partnerships

There was general agreement in Hanoi that poverty reduction strategies must be grounded in existing institutional arrangements and planning cycles. The Vietnamese suggested that since many of the elements are about macro stability, growth, and structural reforms, countries should use the terminology poverty reduction and growth strategy, as they are doing.

Furthermore, there was recognition that NPRSs have political dimensions and have to be rooted in political realities. Hence, and reinforcing the preceding point, the manner in which such strategies are developed should not undermine existing political structures. Cambodia underscored the importance of a government’s political will, as crucial to the successful development and implementation of a national poverty reduction strategy; and that improved governance entail a specific action plan. Similarly, the Vietnam representatives stressed the need to raise awareness amongst policy-makers and the public as to how the NPRS could benefit the nation.

There were some questions as to how do NPRSs relate to other agreements between the IFIs and the countries, and what is their hierarchy vis-à-vis these other agreements. Furthermore, if NPRSs are not entirely in line with these other agreements, does the conditionality of the latter still stand? If the policies agreed with the IFIs have an unfavorable impact on poverty, do governments have the flexibility to change them?

Finally, as noted above, countries see their poverty reduction strategies as serving not only as a framework for organizing domestic activities, but also for organizing donors in aligning their assistance behind these strategies. This means that each donor agency has to look carefully at its own procedures and practices. This was particularly stressed by the Lao and Mongolian delegations, as well as by Vietnam, where this is already happening to a substantial extent. The country delegations also stressed the importance more generally of external factors which largely transcend national strategies, including that of market access, agriculture subsidies, and the adequacy of resources to finance poverty reduction goals.

C. Latin American Workshop on Poverty Reduction Strategies (Santa Cruz, December 3-4, 2001)

This event included representatives of the governments and civil society from several low-income countries in Latin America engaged in the PRSP process, that is, Bolivia, Guyana, Honduras, and Nicaragua. They were joined by participants from countries that are engaged in similar strategic exercises (Guatemala, Peru, and Paraguay). Representatives from the World Bank, IMF, IDB, and bilateral agencies also participated.

The primary objective was to allow participants an opportunity to familiarize themselves with the development and implementation of PRSPs across the region, and to share experiences and lessons from the process. The discussions demonstrated the extent to which poverty reduction has become a central aim of public policy in the region. Poverty reduction has become a central subject of debate and a key policy goal not only among policy-makers, as has been the case with macro-economic stabilization, for example, but civil society has also played a leading role in raising public awareness. At the same time, the exchange of experiences sparked a frank debate on the background circumstances affecting the design and implementation of PRSPs, and an evaluation of the strengths and weaknesses of the strategies, the obstacles and opportunities involved in the process of designing them and the challenges encountered thus far in implementation. The results of these discussions fed into the PRSP review.

A fuller summary, workshop presentations, and detailed summaries of working group conclusions, are available at <http://www.worldbank.org/wbi/attackingpoverty/lac/lacforum.html>. This report is limited to highlighting the key messages that emerged.

Participatory processes

A topic that gave rise to an intense debate was the participatory process required for the elaboration of PRSPs. In all four countries, the design of PRSPs entailed a participatory process involving governments, parliaments, and civil society (involving unions, groups of indigenous peoples, women's organizations, and nongovernmental organizations). This was a novelty in almost all the countries involved. However, not all the players mentioned above were involved in all cases. In particular, the Bolivian CSO representative made a strong case for the lack of participation of parliament and civil society, arguing that parliament as an institution was simply not involved in the process, with only a few parliamentarians participating in a secondary role in some of the roundtables. It was also argued that civil society tended to be represented by the strong organizations (typically the major NGOs), who could react faster to the initiative and organize to participate.

The virtues and limitations of PRSP participation processes as a tool in the design of the PRSPs was a subject of much discussion. In particular: (a) the role that governments, parliaments, civil society, and the multilateral and bilateral agencies have played and ought to play; (b) the importance of creating an enabling environment for the organization and groups

that are sufficiently representative of civil society so that the process is perceived as legitimate; (c) the importance of the participation of civil society to guarantee the transparency and social control of the PRS processes; (d) the potential tension between the policies identified via participatory processes, and the policies governments eventually implement; and, finally, (e) how these processes fit within democratic representative systems.

The need for transparency was emphasized. There was agreement that, although the PRSP processes had established new spaces for debate on public policies, these processes needed to be strengthened by allowing timely access to information, improving systems of communication between governments and civil society, opening up discussion of public budgets and facilitating budget data in a format that is understandable for the broad public. The importance of having timely access to relevant information was deemed crucial in order for the various players, and especially civil society, to be able to make realistic proposals in the design and implementation of PRSs. Similarly, transparency and an ambitious communications campaign were seen as essential to the effective dissemination of PRSs. In this regard, an example to follow was that of Nicaragua, where popular illustrated versions of its PRS—that could be readily understood by citizens who had no specialized knowledge of the subject—had been published and distributed. The importance of using the media and setting up public spaces for a sustained discussion of the PRSs and their implementation was also underscored.

The need to strengthen civil society capacity through improved information and training, was another important topic of discussion. Many participants felt that if civil society had a better understanding of economics and of the fiscal framework within which strategies have to be designed and implemented, their contributions would be more realistic. Otherwise, it was likely that civil society contributions could end up as a long list of demands for programs and projects, the sum total of which is beyond the country's economic, social, and organizational capabilities. It was accordingly concluded that civil society had to be provided with the information needed for it to be able to understand the constraints within which PRSs have to be formulated and carried out so that projects and programs proposed could be prioritized within a realistic budgetary context.

Workshop participants also discussed how the priorities defined in PRSs affect public policy. It was noted that there was often a tension between programs and projects that were already under way before the advent of PRSPs, and the priorities established in PRSs. It was suggested that the authorities should be open about the likely extent of change in public policies as a result of participation process. It was also recognized that the failure of PRSs to establish clear priorities and short- and medium-term programs for their implementation complicates their translation into a clear public policy program. In this regard, participants recommended that participatory mechanisms similar to those established for the elaboration of PRSPs be put in place to define priorities and elaborate public policy programs for their effective implementation. If participatory processes generate high popular expectations and if implementation of PRSs is perceived to fall short, social frustration and unrest could undermine political stability. Several participants were critical of the programs and projects that are currently under implementation, and of the scope for discussing broader public policy

issues. The point raised was that the discussion of the PRSP tended to be limited to specific poverty issues and that vital points of any strategy—e.g., the economic model or political reform—were not discussed in the same fashion or were simply not discussed at all.

The potential tension that participatory processes generate vis-à-vis existing political systems based on representative democracy was explored. Participatory processes have the virtue of allowing direct citizen voice in policy debates was noted and, potentially, of enabling governments, the opposition, and multilateral and bilateral agencies to have more and better information available to them. However, they can also create tension between the organizations involved in these participatory processes and the institutions of representative democracy. The point was made by various participants that the participatory process ought to be understood as a dialogue between citizens and the authorities elected to represent them, but not as a mechanism that replaces the authority of elected representatives to decide public policies. It was also pointed out, however, that elected authorities should be responsive to the key conclusions emerging from participatory processes. In this context, some participants raised the question of the “representativeness of civil society” and of whether those who participated in the elaboration of PRSs can really be considered to represent civil society.

The macroeconomic framework

A recurring theme in the discussions was the importance of macroeconomic policies in determining the feasibility of the policies defined by PRSs. Macroeconomic policies provide the framework within which PRSs have to be formulated and applied, hence the need for complementarity in design and content. Likewise, government budgets should reflect the policies defined by PRSs, not only for the distribution of HIPC resources. It was argued that the debate on the elaboration of government budgets must therefore be open and accessible to the public, so that civil society can make proposals on the priorities and the financing of PRSs.

Participants also considered the need for budgets to be sufficiently flexible to adapt to unexpected changes in macroeconomic projections, to cope with scenarios that could have a negative impact on low-income groups. Some suggestions were made, such as the introduction of rules or agreements that would provide for adjustments to the budgets in the event of unanticipated shocks as well as mechanisms for dialogue with multilateral financial institutions on potential revisions in macroeconomic frameworks needed to respond to changed circumstances.

There was consensus about the need to make the content of macroeconomic policies more transparent and accessible to civil society. As one CSO participant put it, being invited to participate in some aspects of the PRSP process but not to discuss macroeconomic policies, is like being “half-invited to a party.” As noted above, this would enable civil society to better understand the opportunities and constraints for implementation of PRS policies, and in turn, would facilitate prioritizing and the elaboration of realistic short- and medium-term programs. There was a diversity of views, however, on the civil society’s role in the

definition of macroeconomic policies. It was nonetheless clear that multilateral financial agencies need to engage in more extensive dissemination of current policies and agreements in the macroeconomic sphere.

Finally, the problems created by the fact that some PRSs have been designed on the basis of growth projections that proved to be optimistic was discussed. In many cases, actual economic growth was below what was envisaged in PRSs, either because of changes in the global economic environment or because the initial projections were too high. This results in PRSP implementation having to be adjusted to because resources actually available to governments are less and a risk that the policies envisioned in PRSs cannot be carried out, with the result that their end-purposes may not be accomplished. There was considerable discussion about the incentives for over-forecasting growth, as it opens up an envelope to program more PRSP-related activities. On the other hand, programs then become unrealistic when actual growth results are low. Faced with lower growth, the workshops also discussed the need to reassess tax policies with a view to reducing the gap between financing needs of PRSs and existing public resources. An increase in tax revenue, from direct taxes in particular, was welcomed light of the limitations of external assistance and the governments' intentions not to increase their public debt. It was also suggested that the design of PRSs should take governments' real financial capabilities into account, with realistic growth projections and a reasonable forecast of financing possibilities from the multilateral and bilateral cooperation agencies. Where high expectations raised by the process are not met, this could undermine the credibility of the PRSP process, and threaten its credibility, as some argued was the case in Bolivia.

PRSs need to take account of governments' actual institutional capacities, including the organizational, human, and material resources available to governments to implement the policies envisioned in their PRSs. It was also felt that modalities for civil society to work with governments toward the implementation of PRSs should be studied. Other topics underscored were the need to set clear priorities among PRSs' objectives and to design these objectives with due consideration to their implementation costs.

Monitoring and evaluation

The discussion of the monitoring and evaluation of PRSs covered a range of experiences and prompted a number of proposals for improvement. Participants underscored the importance that monitoring and evaluating the implementation of PRSs should focus on policy actions as well as poverty impact, although it was recognized that measurement of the latter is difficult. An associated problem, already noted with respect to growth, is the lack of realism of the targets. Participants accordingly proposed that a set of more realistic targets be developed and monitored.

Several calls were made to utilize not only objective quantitative indicators, but also perception-based measurements of welfare. It was argued that if people do not feel better off, the fact that objective indicators are improving is irrelevant. This pointed to a need to explore

what type of perception-based indicators and methodologies, could be used to monitor and evaluate the impact of PRSs.

The advantages of having civil society involved in the monitoring and evaluation of PRSs were discussed. This could enable CSOs to be involved in the implementation phase and be privy to the problems that have to be surmounted, while also contributing to its understanding of both opportunities and limitations in the process. In addition, by placing suitable evaluation tools in the hands of civil society, it would make it possible for the social control function to be effectively performed.

Discussions at the working group and in plenary level led to a set of recommendations about indicators, monitoring and evaluation:

- Select relevant and sustainable indicators;
- construct an evaluation system that will make it possible to identify the costs and benefits of the strategy;
- use existing organizations for constructing monitoring and evaluation systems;
- link the organizations that gather the information with the users so that their actions can be mutually improved;
- focus on the uses and needs of data at the municipal level;
- educate civil society concerning the importance of having good information, and convince politicians of the value of impartial information;
- disaggregate indicators including information on gender, indigenous peoples, and other excluded groups, so that the proposed indicators can be used to monitor how the situation of these groups is progressing and to deal with their problems more effectively;
- gather information on qualitative perceptions and attitudes;
- design a simple system for measuring poverty that will be a product of a joint effort of civil society and the public and private sectors; and
- invest time and resources in disseminating the information.

The role of partners

The relationship that external partners should have with PRSP design and implementation was one of the most debated topics at the workshop. The position of bilateral donors—particularly in the case of Bolivia—was that they did not consider themselves to be the “owners” of the PRS since the strategy reflected the country’s decisions (rather than their own priorities). This sense partly explains the lack of consistency between the projects promoted by these agencies and the PRSs. On the other hand, country and civil society representatives stressed the need for bilateral donors to demonstrate a commitment to work

within the framework set by PRSs. It was proposed national governments, based on each donor's comparative advantage, should seek to use them to support the implementation of their PRSs. It was also noted by country representatives that, in some instances, donors tried to ensure that their favorite projects were included in the PRSP priority list, thus diminishing the sense of government ownership.

The degree of involvement of multilateral agencies in PRSs was regarded as high, and PRSs do form the framework within which project-financing decisions are made. In the case of the bilateral cooperation agencies, it was pointed out that all projects and programs financed do not necessarily support the PRSs since the latter do not cover all areas which require external support. For example, projects related to the control and suppression of drug trafficking in Bolivia are not fully covered in the country's PRS.

Overall, the PRSs to date have served to improve the consistency between projects financed by bilateral donors and a country's development strategy. However, the need was underscored for both multilateral and bilateral donors to do even better at ensuring that their actions and projects are consistent with PRSs.

The overall conclusion on partnerships was that all players involved should commit to promoting the implementation of PRSPs. The example of Honduras in this regard was considered exemplary. In Honduras, the Ministry of International Cooperation holds so-called Group of 15, or G-15 meetings with the donor community to discuss progress regarding the implementation of the PRS and to arrange for proper coordination among the various actors in the group to support the process.

Sustainability

A topic that arose frequently was the need to devise better mechanisms for ensuring the sustainability over time of PRSs, particularly in the face of changing political regimes. If not all political parties felt "ownership" of the strategies and in the absence of mechanisms to institutionalize the strategies, there is a risk that the PRSP would need to be radically changed when there were changes in government. Often more effort is put into ensuring that civil society would participate in and commit itself to the PRSs than is put into ensuring dialogue with opposition parties. As a result, the PRSs are not perceived as "national strategies" but rather as "government strategies" and, as such, as being subject to change with electoral changes. On the other hand, divergence of views between political parties is inevitable, so that it was appropriate for new governments to review the PRSPs.

For the case of Bolivia, the CSO representatives argued that the PRSP was perceived as externally imposed (by the Bank and Fund), and ownership was limited to a particular sector of government (not even a government-wide strategy). While the impact of the PRSP in bringing the poverty agenda to the center of the public policy debate was welcomed, its sustainability was questioned. At the same time, Bolivia has taken important steps to institutionalize its PRSP process to help ensure sustainability. For example, some of the

commitments of the PRS had been incorporated into laws, promoting the institutionalization of the strategy and its prospects for sustainability.

One aspect of whether PRSPs could be maintained with a change in government, was the level of detail they contain. It was argued that detail makes it hard for new governments to make the adjustments that would enable them to acknowledge ownership of the strategy. It was suggested that the level of detail could reflect the extent of consensus actually reached across the political spectrum. However, if consensus were hard to reach, this might result in a PRSP that was not effective in guiding actual implementation of the poverty strategy.

Participation of a broad range of political, social, and economic actors in the implementation, monitoring and evaluation of PRSPs can promote prospects for sustainability. International agencies can also play a facilitating role for resolving any tensions that might emerge in the process and promote the fulfillment of the commitments embodied in the PRSPs.

A separate risk to sustainability is the existence of gaps in governments' technical and institutional capacities for implementing PRSPs. It was recommended that actual national capacities be taken into account in designing PRSPs so as to prevent any mismatch between the design of the PRSPs and their implementation and that capacity-building efforts be made to bridge existing gaps, particularly as far as they may endanger the proper implementation of PRSPs.

D. Europe and Central Asia Poverty Forum (Budapest, November 27-30, 2001)

The Forum was designed to help national PRSP teams from Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, and Tajikistan address key issues in the design and implementation of the poverty reduction strategies, and share emerging experiences across the region. A delegation from Uzbekistan also participated in the Forum as observers. The event also provided an opportunity for countries to express their views about the PRSP process, to feed into the ongoing review of the PRSP process by the staffs of the World Bank and International Monetary Fund.

For many of the participants, the Forum represented a reconvening to consider experiences accumulated over the previous year, since the first forum in Moscow in October 2000. The 2001 event was preceded by a series of so-called Development Debates in each country, at the national and sub-regional (linked by video-conferencing) levels, which were managed and facilitated by local institutes. The Development Debates contributed significantly to the Forum by enabling the participants to explore issues prior to the Forum.

Overall, it was clear that the countries have made substantial progress in both the process and in the design of content of the poverty reduction strategies over the past year. All have prepared Interim-PRSPs and are well on the way to finalization of their first full PRSPs. The country delegations had a shared understanding of the nature and scope of PRSPs and associated challenges, with a focus on what are seen as the key constraints to achieving poverty reduction. In some countries, external debt servicing is dominating the budget and therefore thinking about spending allocations to reduce poverty. Throughout the region there is a search for ways to promote growth in ways that are sustainable, inclusive of the poor, and consistent with the nature of the emerging market economies.

From the outset, the country delegations utilized the forum to share experience, as well as highlight key achievements to date. In each country, there is a recognition of the importance of broad-based participation and transparency. In Armenia, this recognition came at the APRS stage and subsequently the process was opened up much more broadly, and NGOs were engaged in the diagnostic work. Several countries had established institutional arrangements with clear political mandates as in the Kyrgyz Republic and in Moldova, where the PRSP steering committee is headed by the president. In some countries, electoral changes (Moldova) and/or difficulties in managing the participatory process (Tajikistan) had slowed the course of the PRSP. In terms of policy focus, maintaining adequate social services in the face of fiscal constraints was a common theme—including in Georgia and the Kyrgyz Republic—as well as growth. In some countries, external debt is an important concern, and a major constraint in reallocating spending related to poverty reduction. In addition, in other countries, policy makers are concerned about the legacy of conflict, in particular refugees and internally displaced people. In all countries, co-operation with donors is seen as key—in Georgia, the UNDP plays a central role and the Kyrgyz Republic has a Comprehensive

Development Framework in place—and the importance of long-term capacity building in this area was noted.

The key themes that were discussed at the Forum are presented here under six headings: viz. the fiscal framework; external debt; equitable growth; poverty monitoring; governance and participation; and the role of partners. This short summary highlights key points of discussion under those headings, and is complemented by a full set of session summaries, and the regional development debates and case studies, all available at <http://www.worldbank.org/wbi/attackingpoverty/eca/>.

Fiscal framework

Setting priorities and costing programs have proved difficult around the world. The Kyrgyz approach to development of a Medium-Term Expenditure Framework (MTEF) is now being built on the recognition that poverty reduction programs in the past were not sustainable financially. Key issues of concern for the Kyrgyz Republic included budgetary implications of external factors. Positive developments included the ongoing shift away from a project-based to a program-based budget, and continued efforts aimed at coordinating foreign assistance, with a view to minimizing duplication and wasted expenditure. A number of other countries are at an earlier stage of PRSP and MTEF development and have not yet identified priorities, nor costed proposed programs. Azerbaijan, for example, is focusing on increasing domestic resource mobilization (new tax and customs legislation, improved tax administration), bringing off-budget spending on-budget, as well as enhancing the overall effectiveness of government spending. Armenia is confronting problems related to tax administration and the shadow economy, alongside the need to limit the tax burden and better target spending on the most needy.

There was interest in developing pro-poor budgets, which in turn have three aspects: (i) re-orienting public expenditure towards social and infrastructure spending that directly or indirectly benefits the poor; (ii) improving targeting and efficiency of social spending; and (iii) implementing tax reforms that reduce regressivity, broaden the tax base, and increase budgetary resources for poverty reduction. It was suggested that tracking the flow of funds can help to ensure accountability and execution, and that each government should define, on the basis of their PRSP objectives and programs, which spending categories should be tracked. In other regions, PRSPs to date have included tracking of spending on the following items: immunization; basic health packages; water supply and sanitation; rural health facilities; primary education; and girls' education.

In most transition countries, reforms to budget classification systems are needed as well as more comprehensive coverage of the budget (i.e., to include all levels of government and spending related to all public activities). Country participants noted that attempts to improve budget execution and expenditure tracking systems are often frustrated at the first stage in the budget process—at the level of expenditure planning. It was argued that because of tight fiscal constraints, budget planning tends to be incremental, and social priorities are ignored.

Communication with parliaments is often poor. Budget planning also suffers from a lack of staff resources, cooperation between the Ministry of Finance and the line ministries, and transparency with respect to society at large. There are many problems to address at the planning stage before actions to improve expenditure tracking can hope to be successful.

The discussion highlighted that countries in the region have only limited experience with costing and the setting of priorities for public spending in support of pro-poor growth and poverty reduction. PRSP teams are looking to international experts for advice on how best to proceed. All too often, a “residual” approach is taken in determining “priority” public spending, so that only resources left over after covering entitlements and debt service are available for spending on poverty. The problem of corruption was also underscored, in terms of both policy design and implementation.

The discussion of public spending raised two issues covered in greater depth in other sessions – viz. donor assistance and debt. While foreign assistance permitted countries such as Tajikistan to finance up to 90 percent of their poverty reduction spending, countries needed to take into consideration the sustainability of such expenditure once donor assistance ceases and its possible implications for the overall fiscal and macroeconomic stance. The extremely high level of external debt service obligations in some countries of the region was viewed as a serious constraint to their ability to direct sufficient resources to poverty reduction.

External debt

Given the recent history of rapid accumulation of large external debt in a number poor CIS countries, this was a recurring theme throughout the forum. Several countries now face a very heavy debt burden, severely constraining the room for social expenditures. Reducing poverty in these countries would therefore be difficult, if not impossible, without addressing the debt problem.

One breakout session specifically focused on debt and the very high proportion of budget revenues needed just to service this debt. Several underlying causes for the large external debt burden were stressed, including conflict, the shocks of adjusting to market prices for imported energy and declining prices for key commodities, poor governance, and the failure to complete reforms, especially in the fiscal area. Weak debt management had also been a problem in the early years of transition, with a lack of government experience in dealing with such issues. Country delegates noted that growth forecasts had been consistently overoptimistic, and that in some cases loans from bilateral and multilateral creditors were initially insufficiently concessional. It was also recognized that fiscal adjustment should be a crucial element of a strategy to reduce debt—some speakers noted that in some countries there was substantial scope to raise revenue collections. Other elements include privatization and limits on new non-concessional borrowing. Participants recognized that the PRSP process can be used to make the case for increased financing on concessional terms and grants to finance essential expenditures needed to reduce poverty.

The view was expressed that for Kyrgyz Republic, Moldova, and Tajikistan, some kind of debt rescheduling would also be needed. Discussion focused on whether traditional channels (Paris Club and HIPC) would be adequate (it was noted that Georgia had recently successfully renegotiated its repayment obligations for several years with the Paris Club). Several country representatives suggested that there should be a special new initiative for these countries—in recognition of the special transitional problems they have faced—to wipe the slate clean. It was argued that debt forgiveness would be needed to re-establish external and fiscal sustainability.

Equitable growth

Growth is a high priority for all countries of the region, given the large output declines of the previous decades. This was a recurring theme; for example in the debt discussion it was noted that stronger sustained growth—based on intensified structural reforms—was the key to long-term debt sustainability, but probably could not solve the problems faced by these countries over the next few years.

There was some debate about the meaning of the term “equitable growth”—whether it means equity with respect to market access, or equality of outcomes, or a situation where the poor share disproportionately in the direct benefits of growth. Also, while there was broad consensus that economic growth tends to reduce poverty, the key question is: by how much? The impact of growth on poverty and equity seems to depend on the initial level and patterns of poverty and inequality, geographical dimensions, governance and corruption, and the choice of policy instruments used to attack poverty. Policy choices and implementation capacity remain very important to reap the benefits of growth.

It was argued that international evidence suggests that the policies most successful in reducing poverty are those designed to achieve: (i) a sound macroeconomic framework; (ii) a good business climate allowing for free entry of new enterprises; (iii) institution building; and (iv) improved social policies through better targeting. In particular, in countries in transition, effective and efficient policies to support the unemployed are a pre-condition for enterprise restructuring to take place. In the case of Hungary, low entry costs for new enterprises allowed considerable job creation in services and in newly privatized, previously monopolistic, sectors. With a good and flexible education system, new entrants in the labor force tended to be highly educated and with skills demanded by the private sector, and were able to obtain high salaries. This helped to offset the initial increase in income inequality. The employment promotion policies that worked in Hungary were those combining various forms of wage subsidy to facilitate new employment by the private sector. Retraining schemes alone were not sufficient.

Given the centrality of growth, private sector development is key to poverty reduction. The shadow economy, which has become relatively large in a number of economies, is a concern. Lack of trust between entrepreneurs and government, and between entrepreneurs and citizens, can be a serious problem. Among the relevant policy measures discussed at the Forum were

the simplification of rules and regulations to set-up and register private enterprises; education and training in how to run a private enterprise; and strengthened rule of law and reduced corruption. It was suggested that NGOs can help to monitor the business environment to encourage private sector development. There was also a sense that a “spirit of entrepreneurship” needs to be fostered among the population of CIS countries, though specific suggestions were not offered.

A session looking at PRSPs through a human development lens brought out some additional considerations. In particular, because poverty is as much about politics and social relations as it is about economics, underlying causes have to be considered in terms of discrimination and social structures. The importance of redistributive policies was highlighted, across gender, regional, ethnic, and generational groups, which can favor land, credit, educational opportunities, and other key assets as the basis of empowerment. In some cases, long-term visions have been elaborated, as in the Kyrgyz Republic, for the period 1997-2015, where the main components included social cohesion and overcoming isolation; reducing major threats to human security; a competitive economy; and democratic governance. The PRSP is seen as an implementation mechanism for this long-term vision. It is supported by a national network known as Dialog.kg, which had helped to create consensus on policy-making, arrange for partnerships, facilitate participation of society at large, including from regions and localities, and provide monitoring and feedback into these processes through access to information.

In several countries, refugees and internally displaced persons are a substantial challenge to inclusive poverty reductions strategies, an issue which was explored through presentations on Armenia, Azerbaijan, and Bosnia and Herzegovina. These highlighted the importance of lack of access to assets—human capital (appropriate skills to succeed in the labor market), land, and housing. While the impact of various adjustment and integration programs have been less effective than hoped, some Social Fund experiences have been positive, for example, micro projects (on grant basis) for infrastructure and group-based micro credits. It was noted that early partnerships between displaced populations, host country, and international agencies are key, in order to develop a shared view of the challenge, to share responsibilities, and to ensure smooth transition from relief to development.

Poverty analysis and monitoring

As countries work towards finalizing and implementing their PRSPs, poverty measurement, analysis and monitoring become ever more critical. The participants underlined the complexity of the concepts and forms of poverty, and stressed the need for a monitoring system which allows to capture the different dimensions of poverty. The political and technical issues related to the construction of the consumption basket were also discussed. It was noted that studying the profile of the poor could help in better understanding the causes of poverty. In addition, participants underlined the need to combine different sources of data—household surveys, administrative data, national accounts, subjective measures, etc.

The participants discussed the importance of stimulating the demand for poverty data and a monitoring system. They noted that it was important to understand that demand, and to produce information relevant for decision-making and in a format accessible to all potential users. The importance of disclosing and disseminating poverty data in order to create demand for monitoring both in the governance structures and in the civil society groups was also discussed.

The goals of a monitoring system were discussed. The main goal was identified as the creation of a sound analytical basis for policy-making. Monitoring indicators should help to inform the design and implementation of reform programs, in order to make them responsive to the changing environment. Another important goal of monitoring systems is to promote the participation of stakeholders and civil society in decision-making through participatory monitoring.

The main components of a monitoring system were identified as the legal framework, the various stakeholders (users and producers), and various resources (human, technical, and financial). The discussions revealed that in most of the countries, monitoring systems do not yet exist and are only now being formed. In addition, there is no clear understanding yet of the various components and their interactions, and participants noted that the lack of financing was often an obstacle to setting up monitoring systems. Participants discussed the need to have decentralized monitoring systems, and the responsibilities that different levels of government should have. It was suggested that the local governments play a more substantive role in the monitoring process.

Governance and participation

Four key facets of governance were identified: (i) transparency, which is associated with improved accountability and reduced corruption; (ii) effective public management, which implies a strong and qualified civil service, and improved public financial management systems (for revenue, debt, and expenditures); (iii) a stable and rules-based economic environment; and (iv) minimizing government interference in economic activity. It was argued that the PRSP countries could simply not afford continued poor transparency and accountability, or defer improvements in public sector efficiency, especially in the face of significant fiscal constraints. On transparency, the Czech experience showed the important role that the state audit function can play in enhancing accountability in government operations. In 2000, a Supreme Audit Office was established, independent of any political authority and with a staff with guaranteed fixed terms. The Moldovan experience suggests that despite good access to information about government activities, many otherwise powerful NGOs (e.g., trade unions) remained relatively passive in their comments or criticisms. In the absence of effective oversight, the public distrust of the government—an unfortunate legacy of the Soviet times—remained a concern.

Governance is especially relevant to the poor in the sphere of service delivery, including utilities and social assistance. Countries in the region have pursued a variety of approaches to

ensure better quality of services. In Budapest, for example, there had been corporatization of utility companies, and increases in user charges, together with a compensation fund to subsidize poor families. The experience suggested that consumption patterns had adjusted, providers' accountability had increased, and additional revenues had improved services. Key preconditions included transparency and strong competition in the tender process, which reduced the scope for corruption. The discussion revealed that controversy remains regarding cost recovery and increased user charges, because prices may increase without improvements in service, and because of the difficulties involved in setting the criteria and administering compensation subsidies. It was argued that the case of Budapest is relevant for big cities, and that options for service delivery improvements in rural areas will be different.

A second example presented involved a public-private partnership initiative in a small Ukrainian city, which sought to increase citizen participation in, and transparency of, local government decisions, in order to improve the quality of public services. As a result of a public opinion survey which revealed key problems, a new center was established with responsibility for administering payments, dissemination of information (through monthly reports, newsletters, and press releases), and advocacy services. Finally, the example of community-based social assistance was presented for the case of Uzbekistan. Using central funds and on the basis of central guidelines, the administration is decentralized to local Mahalla (neighborhood committees). This approach is seen by the government as successful, and has been expanded to other social benefits as well. During the discussion, it was pointed out that there is nonetheless a risk that Mahalla type systems may be captured and corrupted by local elites, clans, and families. It was also noted that community-based solutions, such as Mahallas, may be more relevant to traditional rural settings than the new and rapidly changing social fabric of urban areas.

It is well understood that open participatory processes should be a hallmark of the PRSP approach. There was recognition at the Forum that this goes beyond information-sharing and consultation, as well as recognition of the challenges faced. These challenges include building trust, creating incentives for governments to listen and to be responsive to civil society inputs, and the need for civil society to organize itself and build sectoral networks in order to enable better participation in the PRSP process. The need to dispel the skepticism of governments about the capacity of NGOs to contribute substantively was noted, alongside a recognition that NGOs are just one among various sources of information. The prerequisites for effective participation include: effective public information disclosure policies; identifying "champions" that support meaningful participation; and measures to build the capacity of civil society to engage in constructive advocacy, and the monitoring of public expenditures.

The forum revealed the diversity of approaches being used across countries in setting up participatory processes for the PRSP. In Tajikistan, the government set up nine working groups, which involved civil society, to analyze key sectoral and macroeconomic issues related to PRSP design. The draft I-PRSP was disseminated—in three different languages—

using the media (TV, radio and newspapers) and several seminars and Round Tables with multi-stakeholder representation. Georgia, by way of contrast, has utilized its Social Investment Fund, which pre-dated the PRSP, as an institutional partner of the PRSP process. Over time, NGOs and government were learning to interact more constructively. In Albania, pre-identified criteria were used to select groups to participate. A variety of mechanisms for participation were set up, some less formal and others through Civil Society Advisory Groups and Sector Technical Working Groups. There were, nonetheless, problems, including lack of consensus on whom should participate, ministerial reshuffles, under-representation of young people and women, and more limited participation from CSOs than initially anticipated. The experience of Ukraine was also highlighted, including formation of NGO coalitions, open budget hearings, “report cards,” media awareness, and capacity building for officials and civil society.

Partner relations

Changes that are occurring in donor practices and aid relationships in the context of country-led PRSP processes, and areas in which further progress is required were also discussed in Budapest. There was strong support evinced by donor agencies for the PRSP approach and there is evidence that many donors are aligning their practices with the poverty reduction efforts of governments. Progressive moves are being made by agencies towards linking their assistance strategies to the PRSP, and there was recognition that as countries move forward to final PRSPs, with their emphasis on clearer priorities and costings, this increased specificity will enable donors to orient their strategies to provide more appropriate support. The challenge for donors is to ensure that their programs are consistent with the PRSP—for example, that any conditionalities support rather than undermine PRSP priorities.

The second challenge identified for donors is to provide support to the process in a way that does not compromise country ownership. For example, many donors desire to see increasingly broad-based participation in preparation of the PRSPs—but their advocacy has had to take into account the different level of openness and development of civil society in different countries. Increasingly, the PRSP process allows donors and governments to focus together more clearly on the national needs and priorities. There were also calls to maximize the use of in-country resources and to develop additional capacity in this way. Donors suggested that in those instances in which they may be making mistakes, the government needs to offer timely and honest feedback so as to facilitate changes. There was also the recognition that, where possible, donors should move towards budgeting cycles that ensure that financing is more evenly spread throughout the year.

Donor coordination was also discussed. This involved both enhanced coordination among donors—and the opportunities for improved synergies and complementarity of instruments—and improved coordination within each institution. However, a clear message of this session was that the responsibility for ensuring there was good coordination rested with the governments.

Conclusions

The general principles underlying the PRSP approach are widely shared in the region—in particular, the need for social partnership and broad participation of internal and external stakeholders to address the challenges of poverty reduction; the importance of country specificity and flexibility; and the need for donors to adjust their support to the country's specific PRSP needs. There was continuing discussion as to whether the PRSP should reflect the single national strategy (as urged by Georgia), or whether multiple strategies can coexist (as argued, for example, by an Armenian civil society spokesperson).

Looking ahead, key substantive challenges were noted in the areas of costing poverty reduction strategies, and monitoring and evaluation—areas where external assistance was requested, by the Kyrgyz Republic among others. Several countries—including Moldova and Tajikistan—emphasized the problem of external debt, and argued that new solutions were needed to address this burden. A number of participants indicated that improving governance was the most important challenge these countries faced. The discussions suggested that issues related to corruption, taxation, and the challenges of globalization may need stronger emphasis in the future.

The Forum reinforced the importance of country-specific approaches and solutions, and the recognition that PRSPs are a process of learning-by-doing, a point especially emphasized by Azerbaijan and Moldova. The importance of country leadership was also emphasized by Azerbaijan, together with the need for donors to become more flexible in adapting their assistance to country needs. The sharing of experience among countries was highly valued, and future international support through such initiatives as Development Debates and Regional Fora was requested.

E. African Forum on Poverty Reduction Strategies (Dakar, September 10-13, 2001)

Local teams involved in developing Poverty Reduction Strategy Papers (PRSPs) from 30 African countries met in Dakar, on September 10-13, 2001, to exchange experiences and lessons since the inception of the PRSP process in late 1999. While just over half of the 270 participants from PRSP countries were from government agencies, there was active representation from civil society organizations, the private sector and parliamentarians present. About 120 participants from donor agencies and multilateral and regional institutions also participated.

The Forum clearly demonstrated that poverty reduction has become the central focus of the policies and budgets in response to recognition of real needs, not just to a “wave of fashion” in the international community. PRSPs are being built on existing national strategies and processes, with serious attention being given to broadening participatory processes and sharpening poverty diagnosis and monitoring, as well as to the need to prioritize and cost policies and programs for poverty reduction.

The PRSP initiative nonetheless presents a range of challenges to each of the countries, from facilitating and managing effective participation, to identifying policies for pro-poor growth and establishing adequate systems for public expenditure management, and to restructuring relationships with the donor community. The main thematic messages that emerged during the four days of presentations, discussion and debate are briefly summarized here, organized around four broad headings of governance and accountability, pro-poor policies, effective monitoring, and donor practices. A complete set of session summaries, the agenda, and related information are available at: <http://www.worldbank.org/wbi/attackingpoverty>.

Governance and accountability

Debates and discussions at the Forum highlighted a range of institutional and political challenges to poverty reduction, in particular, those related to governance and accountability, and listening and responding to the voices of the poor in the design and delivery of policies and programs. Country experience suggests that participatory processes in strategy-setting are starting to make a difference, within the variety of national circumstances which determine how these can be structured. Mozambique, among several countries, emphasized the importance of flexibility and compromise on the part of actors involved, since a single voice is unlikely to emerge from consultations.

The importance of governance in reducing poverty was a recurrent theme, as in Tanzania, for example, where meetings with rural communities to discuss priorities for the PRSP showed that the rural poor put governance at the top of their list of problems. Key areas of agreement included the critical importance of mechanisms of accountability, through, for example, increasing participation, especially of the poor, in the policy process (examples were presented from Nigeria and Uganda), and the clear definition and separation of functions

among the executive, legislative, and judicial branches. There were areas of disagreement, like the role to be played by traditional institutions in Africa, such as customary courts, in resolving disputes and in enabling access for poor people, and the financial feasibility of improving governance through the use of advanced technology, such as the extensive use of computers in Ghana. The discussion focused on the roles of key actors—local governments, parliament, civil society, and the media—and ways in which existing constraints could be alleviated.

The Forum's discussion about local governments and decentralization emphasized the importance of mechanisms to ensure local accountability (like predictable and regular elections), and systems to ensure appropriate flow of information with local governments and with communities. Countries shared their experience in innovative outreach approaches, like visual cartoons in the case of Madagascar, and short accessible documents in local languages in Tanzania. With some notable exceptions, however, local governments have been bypassed in PRSP consultations. This was thought to be problematic, especially insofar as local governments will have to play a key role in program delivery and monitoring of performance. Vibrant local governance structures were seen to require strong civic groups and networks at the local level and public access to information in local languages. The example of the town of Kabwe in Zambia, which has managed with its Kabwe Citizens' Collaborative Forum to empower the community through the local government and to develop workable accountability mechanisms, drew much attention.

PRSP processes need to be totally aligned to national planning and decision-making processes, to reinforce existing structures of democracy and accountability. As set out in a declaration of parliamentarians attending the Forum, parliaments have a traditional approval and watchdog role, but should not be expected to act as a rubber stamp. It was suggested that special parliamentary poverty reduction committees could be established, to complement finance and budget committees, which should be well informed and have their capacity increased through learning opportunities and access to expert advice.

At the same time, civil society groups can play important roles in keeping governments and elected officials accountable at the local and national level and at bringing the concerns of the poor to bear on strategies and service delivery. Each country will have to balance relations with different civil society groups and parliaments with different claims to representativeness and legitimacy. The session on parliaments and CSOs revealed that while the relations should be complementary and mutually supportive, there are often concerns on both sides. Kenya was seen as a case where the PRSP process had improved parliament-CSO relations by expanding the entry points and scope for collaboration. The participating CSOs issued a call for all such groups in Africa to start exchanging experiences on best practices more systematically.

The media has a valuable potential role in disseminating information, facilitating genuine debate and holding the government accountable to its commitments under the PRSP. In a number of countries, for example, Nigeria, the capacity of the press to play a useful role in

the policy debate is being supported by increased technical capacity, though more generally, the need for further training was felt. Uganda was cited as an example where the government had effectively used the press to explain policy decisions in the PRSP (PEAP). Given high levels of illiteracy and the cost of television, radio, especially in community languages, was felt to be the most effective vehicle for disseminating information and listening to debate outside the capital.

Public policies to reduce poverty

An important theme that emerged from the Forum was that while more targeted social services can greatly improve the lot of the poor, pro-poor growth is necessary to make serious inroads on poverty over time. Pro-poor growth requires effective use of the economic policy tools available to the government—macroeconomic, structural, and social policies—to encourage investment as well as enhance labor productivity of the poor. At the same time, key complementary policies are needed to build productive assets of the poor—by providing services such as education and health, or by supporting the accumulation of assets such as land or livestock—and to increase the access of the poor to markets, both local and foreign. It was generally accepted that success in obtaining pro-poor growth hinges on adapting policies to local environments and constraints. There are also some important lessons that have emerged from recent experience in budget management and service delivery options, as highlighted below. But while pro-poor growth is a widely accepted objective, the discussions indicated that much more needs to be known about what policies and approaches are likely to work in practice.

The government budget is a central tool of public policy, and countries have started to put much more effort into deriving realistic costs for various social targets (as in the case of education in Guinea, for example), and in putting in place systems that ensure better planning and execution. Effective action requires a systematic effort over time, and this is best done in a medium-term framework. However, some participants cautioned that rushing to put together a medium-term expenditure framework will have only limited benefits if the underlying sectoral strategies are weak. Pro-poor expenditure allocations require not only an identification of the broad spending categories that are more important for the poor, but also an understanding of the impact and efficiency of these expenditures in reducing poverty. Uganda systematically applies a set of criteria to test whether sectoral budget proposals are sufficiently pro-poor. The institutional mechanisms to deliver pro-poor spending include decentralization to accountable local authorities, an active role for parliament (through budget committees, as in Ethiopia), and engaging civil society in tracking expenditure. Instruments are also available to involve users directly, such as with “report cards” as in Uganda. An important message, forcefully developed by Mozambique for example, is that while a predictable flow of donor resources is important, mobilization of and accountability for the use of domestic resources are equally critical.

Forum discussions also focused on three sectors that provide services that are essential to the poor, health, education, and infrastructure. The discussion on health and education revealed

that, in general, human development outcomes are not improving because these services are failing to reach the poor. It was recognized that in this context, more resources are rarely the answer without the more effective use of resources. The impact of spending on the poor varies across countries depending on the allocation of funds across levels (primary versus tertiary) and regions. There are also large variations in unit costs—especially in public sector wages. How budgets are deployed in the health and education sectors also depends on user fees—the discussion of case studies of Uganda and Mauritania revealed that users fees are regressive and should, therefore, be avoided in primary education. However, they can be useful in higher education. By contrast, in health, fees can avert over-consumption, but it is crucial that mechanisms are available to ensure access for those that cannot pay. There was some debate about the relative importance of education beyond basic levels, to ensure that cohorts can proceed through different levels of the system and generate the skills for a modern economy.

Infrastructure services (defined here as energy, telecommunications, transport, water, and sanitation) are vital to connect the poor to markets and to increase their productivity. Yet, and as revealed by the case studies from Kenya, Senegal, Ghana, and Tanzania, the rural areas where most of the poor live are largely under-served. To reach the poor, ensuring a balanced mix in public infrastructure spending between the urban and rural sectors is crucial. To be more effective, infrastructure investment should be based on demand expressed by the poor—in Kenya's PRSP, for example, this was done by involving NGOs in the "Physical Infrastructure Working Group." Involving local government in the delivery of local infrastructure services can facilitate both prioritization and resource mobilization, but this requires that local governments be representative.

The private sector can be a vital partner both as a financier of some infrastructure services, and/or as a contractor to central and local government and communities. The involvement of the private sector can increase access to the poor—as shown by a case study of private entrepreneurs providing energy to communities in Sierra Leone. Poor people who do not benefit from public services and consumption subsidies may well prefer to pay for a reliable service than depend on existing alternatives. Rather than subsidizing consumption, which is unsustainable, there have been successes in providing connection subsidies in poor or remote areas for water, energy, and telecommunications.

The provision of services by the private sector can also provide jobs for the poor. In many sectors, small and medium enterprises utilize low-cost local materials and unskilled workers, although there are sometimes problems with the uneven quality of services (Madagascar). The nature of public-private partnerships depend on the size of the project—for local projects, small local firms can play an important role. The significant amount of resources allocated to civil works at all levels "invite" corruption. Decentralization has an important role to play, but it is no panacea: competition, transparency, and the dissemination of information are essential to enhance accountability at all levels.

A general theme emerging from the Forum's discussions is that pro-poor growth requires more than pro-poor budgets. For most countries, improving productivity in agriculture is a central concern. There is a recognition that the public sector centered policies of the past have failed, but there is also support for the proposition that unfettered markets leave small, atomized, and isolated poor producers behind. Most countries are looking for new institutional mechanisms (such as cooperatives) to provide agricultural inputs, rural credit, extension services, and maintenance of rural roads. The recent experiences of Chad, Guinea, and Uganda were informative in this regard.

There were many questions about how to attract private investment, and which sectors require more attention. For example, should the policy focus be on sectors where the poor predominate such as agriculture, or in sectors with a low concentration of the poor, for example urban manufacturing, but that can provide new sources of employment to the poor? And how can low-income African countries take advantage of potential but as yet unrealized opportunities in a globalizing world?

There was a clear sense that better national policies alone, while essential, will however not be sufficient. Agricultural markets in developed countries must be open, and there were repeated calls for a reduction in these countries' barriers to agricultural imports. But in addition, the attractiveness of regional action was noted. The intervention of President Wade, who described the vision underlying the New Africa initiative, underscored the spirit of regional cooperation that was a theme throughout the Forum. Taking into account the regional and sub-regional dimensions of growth and poverty reduction is essential to increase the effectiveness of domestic action in reducing poverty. Promising areas for cooperation include transport and trade facilitation to help expand the economic space, rationalization of tariffs and customs procedures, and common policies to improve institutional and human capacities.

A special session highlighted HIV as a development and poverty issue, underscoring the progress made by some African countries, identifying the opportunities created by the PRSP process in accelerating efforts to combat HIV and AIDS. The session drew on the successful experience of Uganda and allowed countries to share the lessons. There was an overall consensus on the need to include HIV as a priority area in PRSPs in Africa, even in countries with very low prevalence levels (like Mauritania) because of its potential impoverishing effect and rapid progression (as in Cameroon, for example).

Analyzing and monitoring policies and programs

One message emerging clearly is that substantial progress has been made across many countries in thinking about information needs and establishing mechanisms to collect and analyze information on poverty outcomes in a more systematic way than in the past. There is an increasing focus on extending the range of useful indicators to include gender and governance dimensions. However, setting up systems and capacity to do this is no simple

task, with no universal solutions. Exchanging experiences was particularly valuable to see different ways of addressing common challenges.

A good monitoring system has to provide information useful for action—in terms of its timeliness and the indicators used. Traditional poverty monitoring tools—household surveys and participatory assessments—can produce careful results on impacts but often with a time lag and without immediate policy relevance. There is a key role for tools that provide quick feedback on processes and outcomes, and that can be used to inform decisions. This requires systems that produce information quickly on whether proposed actions were implemented, and on their impact on so-called “leading” indicators (e.g., school attendance or teacher absenteeism) linked to final results. The Core Welfare Indicators Questionnaire (CWIQ), user surveys, and participatory monitoring are all playing this role on a regular basis in an increasing number of African countries.

The PRSP process has served to increase the incentives for effective use of available information about poverty and well-being. However there needs to be closer links between technical work and decision making for the results to be useful. Countries are following different approaches, relying in some cases on poverty monitoring units in the Prime Minister’s Office or Planning Ministry, and in others on agencies, such as Observatories, with varying degrees of autonomy. In some countries—e.g., Lesotho—there has been controversy as to where such units should be institutionally located. In all cases, participants stressed the importance of anchoring the system in permanent national institutions and of coordination across agencies and various parties involved, including donors and research institutions. It is important to consider “poverty data” in the overall context of collection and use of all economic and social data, as for example in Mauritania’s long-term statistical master plan, and in Uganda.

A closer link between data collection and analysis would also facilitate the work of assessing ex ante the expected impacts of policies, so as to be able to make informed choices among alternatives. In this sense, improved routine management information systems of sectoral ministries can play a key role. However poverty and social impact analysis faces a range of challenges—institutional (how to effectively engage multiple stakeholders), technical (how to estimate the impacts of economy wide reforms) and substantive (how to estimate gender impacts). Nevertheless, it was felt that the impacts of large changes in key factor and product prices that are of particular importance to the welfare of the poor and would result from the implementation of policy reforms should be analyzed as part of the decision-making process. And, such analysis should as far as possible be part of the PRSP process rather than a self-standing activity.

A theme throughout the discussions was the role of communities and organizations of the poor, and the poor themselves, in monitoring systems. Much like the poor often express priorities at the local level that differ from those identified at the national level, so their experience of program impact may be different. There is limited experience in creating good

feedback links from poor people to policymakers, and this is another area for ample opportunity for cross-country learning in years to come.

The evolving role of external partners

Nationally owned and broadly endorsed poverty reduction strategies provide an unprecedented opportunity to change the culture and practice of development assistance in Africa. It was generally recognized that for international assistance to be effective, donor practices have to shift to empower governments to take action once societal consensus has been reached on national priorities and performance goals. The country delegations took the lead in insisting on harmonization and greater transparency of donor policies and procedures and emphasizing that donors need to change their mind sets to support government programs. They agreed with donors that there was also a need for countries to articulate their policies more clearly and to take the lead on donor coordination. Governments also agreed that they needed to be willing to hold themselves accountable for their use of resources and for achieving results in implementing their strategies.

Within these broad ideas of country ownership, improved donor coordination and accountability, several sub-themes emerged from the discussions. One set of concerns related to conditionality, which should be less intrusive and more focused on outcomes rather than on ex ante promises. Another point concerned the need for greater predictability in the context of medium-term financing plans and commitments. Countries are calling for a shift from project assistance to sector-wide support, and ideally, to budget support but recognize that this will require a willingness on their part to open up their budget processes and improve financial and budgetary management practices. The donors indicated that they are moving to support such a shift but stressed the need for clear political commitment and domestic accountability mechanisms to be put in place, especially with respect to public expenditure management. Among African countries, there was also some concern, expressed most openly by Burkina Faso, that debt relief and new aid flows are not being provided as promised in support of national PRSPs. Finally, several countries argued that donors need to work harder at harmonizing procedures and practices, and accepting national systems as the basis to monitor performance, rather than rely on separate reporting systems.

The cross-cutting theme of capacity building and utilization came up in all discussions. The capacity of countries to develop their own solutions and strategies, and to implement policies is central to the success or otherwise of the PRSP. Yet, both the lack of capacity, and the inability to use existing capacity effectively remain important constraints. But rather than rely on conventional technical assistance, several countries stressed the importance of building their own capacity over time. For example, while countries urgently need assistance in identifying appropriate indicators and improving monitoring systems, one-off donor support in developing sophisticated systems will not lead to sustainable improvements. Rather, a more modest approach that progressively builds local capacity over time is preferable.

Finally, there was a concern, expressed by the conflict and post-conflict countries that participated in the conference—DRC, Republic of Congo, and Sudan—that the tendency of potential partners to shy away from conflict situations is counter-productive. Poverty is often at the heart of conflict situations, and actions to reduce conflict entail policies to fight poverty. The countries in conflict argued that the PRSP could play a central role, provided their special circumstances are recognized insofar as they face serious capacity and resource constraints. Donors can play a stabilizing role by focusing not only on security concerns, but also, on support for the most vulnerable members of society (children, women, and HIV-infected people), and on direct support for the development of PRSPs in these countries.

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In conclusion, this Forum helped participating countries and donors to share experience and to bring a shared understanding as to what has been achieved as well as to the many challenges that remain. The candor, openness, and constructive spirit in which the discussions have been conducted was especially refreshing and useful. At the closing of the Forum, several PRSP groups took it on themselves to sustain the “spirit of Dakar” by initiating a system of electronic exchange that would allow them to exchange documents and ideas on a systematic and continuous basis. The participants also expressed the desire to deepen several of the discussions initiated in Dakar in future activities and to redouble efforts in their search for a better understanding of the sources of pro-poor growth.

II. OVERVIEW OF IMF EXECUTIVE BOARD VIEWS AND COMMENTS ON PRSPs¹

PRSP Issues	Uganda	Burkina Faso	Tanzania	Mauritania
	PRSP May 1, 2000	PRSP July 10, 2000	PRSP December 1, 2000	PRSP January 26, 2001
Overview	PRSP is quite good, an example for others, although more detail would have been desirable in several areas.	Strong commitment, but strategy has yielded little results so far. Need for better implementation capacity, wider participation.	Good strategy, but could use some regional differentiation.	Strong and ambitious PRSP, but poverty situation difficult, and there are risks to implementation.
Participatory process; ownership and commitment	The extensive consultation process is one of the strengths of this PRSP; it produced a high level of ownership.	Strong commitment, but need to strengthen civil participation in the preparation, implementation, monitoring, and evaluation of PRS.	Welcome strong ownership and solid consultation process, but concerns about lack of data, budget controls, speed of preparation.	Broad consultative process, good ownership. But: Concern that PRSPs being presented to Fund before parliamentary approval. Pleased at role of women in consultations.
Balance between speed and quality	There is tension between the time needed to prepare a quality PRSP and the speed desired in the HIPC framework.	To allow more time for consultation, an I-PRSP might have been better.	The PRSP deadlines were beneficial in that they accelerated the development of a strategy, and important related decisions (which might not otherwise have been taken). The strategy should be continually adjusted as new data is collected. But: Should have taken more time to make strategy more complete. Progress report should report on progress in implementation and results achieved, not just in improving the strategy.	
Poverty diagnostics; targets and indicators for monitoring and evaluation	Need for more comprehensive quantitative indicators, and close link with PRSP targets. There should be specific milestones in privatization, and in financial sector strengthening. But: Analytical base is one of the strengths of this PRSP.	Strong diagnostic base, but consultations and analytical work should continue during the implementation of PRSP.	Targets and indicators are appropriate and realistic, but general improvement in data would be helpful for analysis. Regional indicators would be desirable. Lack of data may have left some key issues unaddressed.	Agreement with major obstacles/risks to poverty reduction identified in the PRSP; targets are ambitious, but not unrealistic. Will need to update strategy as more data becomes available, especially new household survey. Careful with output targets, need to be able to accommodate changing realities—might be better in MTEF than PRSP.

¹ Prepared by the IMF's Secretary's Department.

PRSP Issues	Uganda	Burkina Faso	Tanzania	Mauritania
	PRSP May 1, 2000	PRSP July 10, 2000	PRSP December 1, 2000	PRSP January 26, 2001
Priority actions for poverty reduction; relation to capacity constraints (<i>costing of actions</i>)	Need to extend costing of poverty reduction programs to all sectors, and strengthen link between objectives, outlays and outcomes. Technical assistance would be appropriate given capacity constraints.	Appropriate focus on basic social services—education, health, water, and sanitation; redefining the role of the state; private sector as an engine for growth. Need for TA to improve implementation capacity and produce results. Good that strategies have been fully costing.	Need for further work on prioritization and costing of fiscal expenditures and sectoral strategies. Need for a program of specific actions to strengthen governance, and greater attention to gender, HIV/AIDS, primary education, and environment. Need to enhance regional implementation capacity. More details on social safety net, judicial reform.	Priority areas include rural development, improvements in legal and judicial systems, and development of financial sector. Need to continuously review the cost of priority programs. Will need technical assistance given limited admin. system.
Public expenditure program and systems of public expenditure management	Need for better links between costing and budgeting/MTEF. But: Commendable that PRSP formulated as an integral part of the budgetary process.	Need for improved budgetary management and financial framework for poverty reduction strategy. Continue public expenditure review process.	Welcome reorientation of expenditures to priority areas. Need to complete reforms in monitoring, control, auditing, and transparency of expenditures, at both central and local levels. MTEF should reflect priorities of the PRSP, and PRSP needs to reflect expenditure allocations in MTEF. Low revenue levels may make programs vulnerable to cuts.	Need for greater efficiency and transparency of public expenditure management and monitoring to reach intended targets; better prioritization of spending. Put in place budget execution law and MTEF. Need explicit policies to improve debt management and monitoring.
Integration of PRSP with PRGF or HIPC frameworks; with other government decision-making processes. Growth, risks and realism of assumptions	Link between the PRSP and the macro framework (including growth prospects) needs strengthening. PRSP should have assessed the impact of changes in the terms of trade on poverty. The use of debt relief resources should be clearly specified in all PRSPs.	Need for strong rate of growth. Need for more detail on intended use of HIPC resources. But: clear presentation of use of HIPC resources. HIPC completion pt. conditions should include only key PRSP measures. One weakness of the PRSP/JSA is the failure to cast clear light on weak link between poverty and growth, and limited impact of social spending on poverty.	Strong track record of stability, growth, and reform is promising. Strategy should have given more attention to policies for sustaining growth, and to linkages between poverty reduction and other policies. But: One of the strengths of PRSP is the link between growth and poverty reduction; should have given more attention to export promotion.	Welcome emphasis in PRSP on growth, role of private sector. Not clear whether strategy is consistent with macro framework since not integrated in budget process.

PRSP Issues	Uganda	Burkina Faso	Tanzania	Mauritania
	PRSP May 1, 2000	PRSP July 10, 2000	PRSP December 1, 2000	PRSP January 26, 2001
Donor coordination	PRSP will provide a strong platform for the design of Fund and Bank programs. Bank and Fund programs will be useful instruments to assist the government in focusing on the key structural and social reforms necessary to fully implement the PRSP.	Good explicit attempts to coordinate donors' activities through PRSP. Example for others. CIDA will bring its assistance program in line with PRSP.	Would be important to better coordinate donor programs and align them more closely with PRSP.	Would have preferred upfront commitments from donors included in the PRSP; look forward to budget rather than project based support.
Monitoring of implementation and updating of PRSPs	Institutional capacity and governance must be improved to achieve stable implementation. There must be full accounting of all expenditures.	Need to strengthen policy implementation, and role of society in monitoring this. Performance in improving social indicators in recent years has fallen short of objectives.	Welcome intention to develop a participatory poverty monitoring and evaluation framework. Will need better data. Would be useful to assess the strategy on a regional basis.	
Other issues	Concern about increased income inequality. Concerns on the budgetary and governance implications of the lease/purchase of a presidential jet, and level of military expenditures.	Concerns about rise in income inequality. Concerns about regional instability, military expenditures.	This was a stand-alone meeting on the PRSP.	Need to closely monitor external debt.

PRSP Issues	Bolivia	Mozambique	Nicaragua	Honduras
	PRSP June 8, 2001	PRSP September 20, 2001	PRSP September 19, 2001	PRSP October 5, 2001
Overview	PRSP is good, but concerns about ability to implement, growth assumptions.	Clear improvement over I-PRSP, but growth may be ambitious, and strategy is vulnerable to risks.	Very comprehensive and coherent strategy.	
Participatory process; ownership and commitment	Participatory process, but need to broaden public and political support for the PRSP. Document goes well beyond what could be expected in many respects.	Strong commitment, but still room for further development of participatory process. Concern that society was just “informed.”	Extensive consultation process enhanced ownership and consensus But: 50 NGOs criticized the PRSP process.	Strong ownership and consultative process.
Balance between speed and quality		Lack of participation had something to do with speed of preparation.		
Poverty diagnostics; targets and indicators for monitoring and evaluation	PRSP will need to be continuously adjusted and improved.	Need for further development of poverty analysis, in particular in the area of HIV/AIDS, and on link between economic growth and poverty reduction. One of the shortcomings in the PRSP is that there is little mention of natural disasters and food insecurity.	Need for a set of economic indicators to complement social indicators in monitoring the progress in poverty reduction, with a focus on the poorest segments of society.	Objective of reducing rate of poverty from 66 to 42 percent by 2015 is ambitious, but attainable. Need to develop indicators to track poverty trends and monitor intermediate objectives. Need for better data on various ethnic and other minority groups.

PRSP Issues	Bolivia	Mozambique	Nicaragua	Honduras
	PRSP June 8, 2001	PRSP September 20, 2001	PRSP September 19, 2001	PRSP October 5, 2001
Priority actions for poverty reduction; relation to capacity constraints (<i>costing of actions</i>)	Need to give priority to strengthening public administration; specific measures on governance. PRSP lacks specific guidance for structural policies in the near term; need clear prioritization. Need for capacity building at municipal level, and monitoring to ensure that spending is in line with priorities.	The clear definition of priorities and targets of poverty reduction, as well as the delineation of procedures to monitor expenditures, are significant improvements over I-PRSP. HIV/AIDS is a clear priority, and presents serious risks. Give attention to regional disparities, including with regard to implementation capacity.	Need to strengthen institutions involved in implementing the strategy, including regional/local governmental actors. Develop micro-enterprise activities. Pursue decentralization and rural development.	Need to define more clearly priorities among various policy measures. Welcome matrices that identify precise and appropriate goals, targets and intermediate indicators, and the participatory monitoring and evaluation system, but need to better prioritize.
Public expenditure program and systems of public expenditure management	Concern on fiscal targets given revenue shortfall; should protect poverty related spending. Need for improvements in monitoring of local and regional spending.	Welcome progress in enhancing spending on social sectors, and monitoring such spending through improved interim tracking system introduced for the preparation of budget execution reports. Need to strengthen revenues, including to reduce dependence on aid.	Need for an integrated financial management system to monitor implementation and track poverty-related spending. Strengthen poverty focus of spending.	Should pay special attention to strengthening the financial management and control system for social projects. Welcome public expenditure management survey. Concerns about the financing gap in the PRSP.
Integration of PRSP with PRGF or HIPC frameworks; with other government decision-making processes. Growth, risks and realism of assumptions	PRSP integrates sectoral and other policies for poverty reduction in macroeconomic framework. Concern that growth projections may be optimistic.	Good record of growth; ambitious objective of 8 percent annual growth over the medium term will require continued macroeconomic stability and a deepening of structural reforms. Maybe ambitious given risks that include HIV/AIDS, and vulnerability to exogenous and natural shocks.	Need for an integrated policy focus versus focus on projects. Need for realistic growth projections.	Need to continue analysis of effect of trade liberalization on poverty reduction. Concern that assumptions for growth rate is unrealistic.

PRSP Issues	Bolivia	Mozambique	Nicaragua	Honduras
	PRSP June 8, 2001	PRSP September 20, 2001	PRSP September 19, 2001	PRSP October 5, 2001
Donor coordination	Welcome the effort to take into account the views of development partners. The unique exercise of bringing together the JSA and bilateral assessment could help effective post-PRSP rationalization of external aid. This joint exercise should be a model.	Look forward, in the context of PRGF programming and the next CAS, to the staff's description of how the IMF and World Bank's agenda will support the PRSP strategy and core priorities. Welcome donor coordination on preparing JSA.	Government should lead in coordinating donor aid and coordinate its use with other government spending.	
Monitoring of implementation and updating of PRSPs	Welcome that PRSP calls for monitoring of strategy through mechanisms of social oversight. However, concern on ability to implement and monitor given decentralized approach to implementation.	Civil society participation in monitoring progress will be important. Should report in the JSA for first Progress Report on progress made, against the key gaps that they have identified in this JSA; staff should help address these gaps, and support a clearer presentation in PRSP follow-up reports, where needed.	Need for a structured plan to ensure broad-based participation in implementation of strategy.	
Other issues		Mozambique recovering from 2000 floods.	Staff monitored program.	Staff monitored program. Honduras recovering from Hurricane Mitch.

III. OVERVIEWS OF WORLD BANK EXECUTIVE BOARD VIEWS AND COMMENTS ON PRSPs²

	Uganda (May 2, 2000)	Burkina-Faso (June 30, 2000)	Tanzania (Nov. 30, 2000)	Mauritania (Feb. 6, 2001)
Ownership and Commitment	The strategy is clearly linked to government strategy (high level of program ownership by government and civil society).	Strong ownership of the PRSP (which is described as comprehensive, timely, and of a high quality).	Strong ownership.	A “home grown” and “credible” poverty reduction strategy. Strong government commitment as evidenced by track record.
Participatory process	A broad participatory process (built on extensive consultations).	An extensive participatory process—but sought more information on the people and organizations consulted.	Extensive participatory process and involvement of civil society in the implementation and monitoring process. Recommended involving NGOs in the formulation of key expenditure programs and the tracking of public expenditures.	Broad consultative process (active participation by NGOs, development partners). Importance of involving poorest and democratically elected institutions, such as parliament.
Preparation time frame and quality of document	More time to ensure the presentation of a more complete strategy.	More time to ensure consistency between objectives, actions, and expected outcomes.	More time to prepare a more complete document.	More time to fill gaps and prepare a more complete document.
Poverty data & Diagnosis	Sound informational & analytical base.	Strong diagnostic base.	Adequate informational and statistical base. Need to provide a more precise analysis of poverty incidence and trends.	Need to ensure reliable data and update the strategy as new data becomes available.

² Prepared by the World Bank’s Corporate Secretariat.

	Uganda (May 2, 2000)	Burkina-Faso (June 30, 2000)	Tanzania (Nov. 30, 2000)	Mauritania (Feb. 6, 2001)
Growth, risks and realism of Assumptions	Better focus on equitable growth. And more realistic objectives.	Growth Assumption may be too optimistic. Should devise a more broad-based equitable growth strategy that builds on the country's CA (cotton, agriculture ...) and on regional cooperation and integration.	The strategy is "correctly" based on the understanding that growth is key to poverty reduction and macro stability. Further analyze link between growth, structural reform, and poverty.	Adequate focus on economic growth but growth rates are too optimistic. Need to diversify, encourage traditional exports and domestic private sector investment.
Macro Framework and link to poverty reduction	Recommended a clearer integration of the strategy with the macro-framework.	Recommended strengthening the MTEF and public finance management.	Adequate MTEF (evidenced by allocations to poverty reducing measures in the budget). Recommended pursuing further structural reforms (including trade liberalization; diversification of exports...).	Strong focus on macro-economic stability and structural reforms. Recommended better linking macro framework and public expenditure allocations more closely with poverty reduction.
Prioritization and Costing of programs	Adequate focus on education and health care. Recommended better prioritization (including more attention to social services) and more robust cost estimates for poverty reduction measures and planned actions.	Improve cost estimates.	Improve costing of poverty programs.	Agreement with the PRSP identified major obstacles to poverty reduction. Need for effective measures to deal with these major obstacles. Strengthen the costing of priority program.
Donor Coordination	Recommended gearing donor assistance towards building institutional capacity.			Improve donor coordination and the setting of institutional mechanisms (and to provide budgetary support as well as project-linked assistance).

	Uganda (May 2, 2000)	Burkina-Faso (June 30, 2000)	Tanzania (Nov. 30, 2000)	Mauritania (Feb. 6, 2001)
Areas for further focus	Institutional strengthening and capacity building in governance; PSD and privatization; financial sector; public service delivery; gender and regional disparities.	Capacity building, efficiency of public spending, gender HIV/AIDS.	But need to pay more attention to PSD.	More attention to gender; The need for a strategy to avoid the spreading of HIV/AIDS.
Ownership and Commitment	Clear government's commitment to reform.	Strong ownership and commitment shown.	Work on increasing broader acceptance and national ownership of the strategy.	Clear government commitment to sound macroeconomic framework, structural reform, and improved governance.
Participatory process	Strong participatory process and solid progress in articulating development goals and establishing participatory mechanisms for monitoring progress towards these goals.	Recommended more involvement of civil society is critical to the credibility of the process. Broaden the consultation process and deepened it. Consultation process should be anchored in the political system.	Wide participatory process and a thorough and systematic effort. Recommended deepening and institutionalizing broad participation in the implementation and monitoring of the strategy.	Strong participation of the government and civil society.

	Bolivia (June 5, 2001)	Mozambique (Sept. 25, 2001)	Nicaragua (Sept. 25, 2001)	Honduras (October 11, 2001)
Preparation time frame and quality of document	Detailed, comprehensive and analytical PRSP. More work needed on prioritization of actions.	A comprehensive and viable strategy for reducing poverty.	A sound approach.	A comprehensive “blue-print.”
Poverty data & Diagnosis	Strong analysis of poverty.	Strong and differentiated database. Recommended improving qualitative poverty analysis (further analyze income inequality and regional disparities; gender disparities, and the impact of HIV/AIDS).	Strong poverty analysis, rigorous poverty diagnosis based on quantitative as well as qualitative data.	A sound analysis of regional disparities (urban and rural poverty).
Growth, risks & realism of Assumptions	Candid government appraisal of risks. Ambitious growth targets. Recommended addressing main risk regarding implementation capacity and the weak institutional framework (at the central and local levels).	Over-optimistic growth rates. Recommended a more comprehensive growth strategy, a more precise link between growth and poverty reduction, and more attention to contingency planning in light of great vulnerability to external shocks and natural disasters and the toll of HIV/AIDS as well as political risks.	Strong emphasis on broad-based economic growth but growth projections are too optimistic. Recommended preparing a contingency plan (to account for downside risks of the high political risk, the slowing growth in the world economy and deterioration TOT).	Growth projections are too optimistic, especially in light of the September 11 events. Adequate emphasis on equitable economic growth. Recommended more attention to potential risks (fiscal sustainability and the adequacy of external financing).

	Bolivia (June 5, 2001)	Mozambique (Sept. 25, 2001)	Nicaragua (Sept. 25, 2001)	Honduras (October 11, 2001)
Macro Framework and link to poverty reduction		Strong emphasis on macro policies and that the PRSP was backed by a reasonable MTEF. Recommended improving the link between the MTEF and the budget process.	Recommended strengthening the medium-term economic program to underpin PRSP implementation.	Strong commitment to sound macroeconomic policies and a stable macro environment. Adequate macro framework in the PRSP (discussion of financing, external debt, monetary policy, and exchange rate issues).
Prioritization and Costing of programs	Recommended a better prioritization of actions and linking programs and policy reforms to stated poverty reduction objectives. Need for better sequencing and further disaggregation of cost estimates are needed.	Prioritization of budget allocations should better reflect a pro-poor approach. Need to protect social expenditures.	Need to present a comprehensive view of all sources of financing for the strategy.	Recommended establishing clear priorities among policy measures while including all sources of financing.
Tracking & monitoring of Poverty Expenditures	Recommended closer monitoring of progress in delivering on poverty reduction and having clear monitoring mechanisms.	Adequate attention to the status of government capacity to track public expenditures and the specific targets for improvement. Recommended having an overarching coordination mechanism for poverty monitoring.	Recommended strengthening the tracking mechanism and having intermediate benchmarks for close monitoring of implementation. Recommended integrating the tracking mechanism with the government's financial management system.	Recommended strengthening intermediate targets and benchmarks and tracking progress in reducing regional and urban-rural disparities. Establish a mechanism to ensure that civil society could participate in monitoring and implementation of the PRSP.

	Bolivia (June 5, 2001)	Mozambique (Sept. 25, 2001)	Nicaragua (Sept. 25, 2001)	Honduras (October 11, 2001)
Donor Coordination	Recommended better coordination among donors and better focusing external aid on poverty reduction (defining common priorities <u>beyond the general level</u> proposed in the PRSP should become the focus of post-PRSP efforts (including Bank and IMF operations, i.e., PRGF and PRSCs).	Adequate involvement of the donor community in the PRSP process. Donors should facilitate integration of aid with budget and collaborate to strengthen institutional capacities.	Recommended a more cohesive and efficient coordination among bilateral and multilateral donors to avoid duplication. Donors are encouraged to focus on helping the government build capacity to effectively coordinate external assistance and to harmonize policies and procedures.	Ensure that donors provide adequate funding to give credibility to poverty reduction efforts. Need for closer coordination of HIPC and PRGF arrangements.
Areas for further focus	Strengthening implementation capacity. Fiscal prudence, improving public administration financial management, tax reform, and financial sector reform.	Combating corruption; improving local planning and service delivery; rationalizing and integrating government planning instruments to ensure effective implementation; and strengthen institutional capacities. A more complete discussion of trade-related issues is needed.	Sharpening focus on good governance, accountability, transparency and institutional strengthening. Strengthen judicial reform. Attention to decentralization (fiscal dimension). Attention to social equity and social sector reforms (including through greater attention to rural development, the environment gender, HIV/AIDS...).	Further develop the decentralization strategy. The need to strengthen tax administration. More attention to SME development; environment strategy needed.

IV. TABLE: POSSIBLE COUNTRY TIMELINES FOR I-PRSPs, PRSPs, CASS, PRGFs, AND HIPC DECISION AND COMPLETION POINTS

(Possible Timing of Board Discussions as estimated by Staff in Consultation with Country Authorities)^{1/}

Country	Jan-Mar 2002	Apr-Jun 2002	July-Sept 2002	Oct-Dec 2002	Jan-Mar 2003
Angola	...	...	...	...	...
Albania	...	P, F, S	...	R	...
Armenia	...	IP, R	...	P, R	...
Azerbaijan	R	R	...	P, S, R	...
Bangladesh	...	...	...	I, F	...
Benin	...	P, C, R	...	F	...
Bolivia	...	...	...	PP, F	...
Bosnia and Herzegovina	...	...	...	...	...
Burkina Faso	...	R, C	R, F	...	...
Burundi	S	...	...	...	...
Cambodia	R, IP	...	R	...	R, P, S
Cameroon	R	...	P, R	...	R
Central African Republic	...	F, PP	...	R, D	...
Chad	...	P, R	...	R	...
Comoros	...	...	F, I	...	D
Congo, Dem. Republic of	...	F, I	...	R, D	...
Congo, Republic of	...	...	F, I	...	...
Côte d'Ivoire	F, I	...	D, R, P	...	R
Djibouti	...	R	...	R, P	...
East Timor	...	...	...	...	I, F
Eritrea	...	...	...	...	...
Ethiopia	...	R	P	...	...
Gambia, The	...	P, F	R	R	...
Georgia	...	IP, R	P, S	R	...
Ghana	R, IP, D	P	...	R	...
Guinea	...	P, R	F	...	...
Guinea-Bissau	...	R, IP	...	P	R
Guyana	...	F, P, C, S	...	...	R
Honduras	...	R	...	C, R, PP, S	F
Indonesia	...	...	I, S*	...	...
Kenya	...	P, R	...	...	...
Kyrgyz Republic	...	R	...	P, R	...
Lao, P.D.R.	R	R, IP	...	R, P, S	...
Lesotho	IP, R	...	P, R	...	F, R
Macedonia, FYR	...	...	P	...	...
Madagascar	...	P, R	...	R	...

Possible Country Timelines for I-PRSPs, PRSPs, CAS, PRGF, and HIPC Decision and Completion Points

(Possible Timing of Board Discussions as estimated by Staff in Consultation with Country Authorities)

Country	Jan-Mar 2002	Apr-Jun 2002	July-Sept 2002	Oct-Dec 2002	Jan-Mar 2003
Malawi	R, P	...	C
Mali	...	R, C, P	...	R	...
Mauritania	...	R, PP, C, S	...	R	F
Moldova	...	IP, S*, R	R	...	P, R
Mongolia	...	R	R	P, S	R
Mozambique	...	R	...	PP, R	...
Nepal	...	P	F, S*	...	...
Nicaragua	F	C	...
Níger	R, P	...	R, S	...	R
Nigeria	I
Pakistan	R	R	R	R	R, P
Rwanda	...	F, R, P	...	...	...
Sao Tomé and Príncipe	P, F	...	R
Senegal	...	R, P	F, C	S	R
Sierra Leone	R, D	...	R, IP	...	...
Sri Lanka	P, F	...	...
Tajikistan	P, F, S	...	R
Tanzania	...	R	...	R, PP	...
Togo	I, F, D	...
Uganda	F, PP	...	...
Uzbekistan	S	...	...	...	...
Vietnam	...	R, P	S	R	...
Yemen, Republic of	...	P	...	...	F
Zambia	...	P, R	...	...	...

I -- Interim PRSP

P -- PRSP

IP-- PRSP Preparation Status Report

PP--PRSP Progress Report

S -- Country Assistance Strategy

S*--Country Assistance Strategy Update

D -- HIPC decision point, enhanced Initiative

C -- HIPC completion point, enhanced or original Initiative

F -- New PRGF 3-year arrangement

R -- Review of PRGF arrangement, or new annual arrangement

1/ These estimates are in some cases highly tentative and are all subject to change. PRSPs and Interim PRSPs are prepared by the countries and will necessarily reflect the countries' own circumstances and decisions. In particular, estimates for full PRSPs are based principally on country authorities' timetables. Furthermore, the timing estimates assume that the countries' Fund- and Bank-supported programs remain on track, and that understandings are reached on new programs without major interruptions. Experience indicates, however, that some and perhaps many of these dates will surely slip, and the timing of new programs is particularly subject to delay.