

**STATEMENT BY THE MANAGING DIRECTOR ON THE  
INDEPENDENT EVALUATION OFFICE REPORT ON THE EVALUATION OF  
POVERTY REDUCTION STRATEGY PAPERS AND THE  
POVERTY REDUCTION AND GROWTH FACILITY**

**Executive Board Meeting  
July 21, 2004**

The Independent Evaluation Office is to be commended for its wide-ranging and informative report on the Poverty Reduction Strategy Paper (PRSP) approach and the Poverty Reduction and Growth Facility (PRGF). The report has generated considerable debate within the Fund and provides useful material for our continuing assessment of effective modes of engagement with low-income countries through the PRSP approach and the PRGF.

Relatedly, earlier this year, Ms. Krueger formed an interdepartmental Committee on Low-Income Country Work (CLICW) to strengthen the Fund's work on low-income countries. This committee, chaired by her and consisting of Deputy Managing Directors and Department Directors (AFR, FAD, MCD, PDR, RES, WHD), will coordinate further work by staff on these issues, with the aim of preparing concrete proposals for Board consideration at a later date.

I have asked staff to prepare a statement presenting our views on the IEO report's recommendations and indicating how we envisage taking up these recommendations subject to the conclusions of the Board discussion. While the staff statement outlines some broad options for modifying the PRSP approach and PRGF, the forthcoming annual Bank-Fund PRSP Progress in Implementation Report will give specifics of these options. Following these Board discussions, staff will come back to the Board with cost estimates of any new initiatives, possible avenues for savings on other Fund outputs, and the appropriate pace of phasing in of any new initiatives.

I look forward to the Board discussion, which will provide an opportunity to explore the options for adapting the Fund's policies and procedures with respect to the PRSP approach and PRGF, bearing in mind resource costs.