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Poverty Reduction Strategies in Africa The Limit of Expectations

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Poverty Reduction Strategies in Africa – from 3-year PRSPs to 10-year MDG-Ss

This short paper briefly examines the historical evolution of the poverty debate at the global and national levels since 1990. It demonstrates that the WSSD conference in Copenhagen in 1995 helped to initiate poverty dialogues and strategy formulation in a growing number of countries. Additional momentum was provided by the PRSP in 1999, but these externally-inspired and largely donor-driven instrument have had limited impact in Africa and elsewhere. The challenge of meeting the Millennium Development Goals exerts further pressure for a return to genuine country-driven, differentiated paths of national poverty reduction that are truly poverty-goal oriented and realistically long-term.

Poverty and human development

The year 1990 was a watershed for development paradigms. In that year, the World Bank made poverty the subject of its annual *World Development Report*, and the UNDP gave birth to its ‘human development’ homologue. The reports were thoroughly discussed, separately and comparatively. The World Bank had highlighted the importance of poverty before (e.g. McNamara in the 1970s) but had not devoted a complete report to it. UNDP covered similar ground, but took a more original approach, eschewing the primacy of incomes in favour of a broader and much more subjective concept of deprivation¹.

It was an important debate because – belatedly – comprehensive definitions of human deprivation (more than basic human needs) were being highlighted as a central development concern. It was also important because it was a further move away from the monopoly of economics in development analysis.

¹ However, Mahbub ul Huq was often at pains to point out the incompleteness of poverty analysis compared with the human development approach.

WSSD 1995

This work was the forerunner of one of the key UN summits of the last decade, the World Summit on Social Development of 1995 in Copenhagen. At the time, this Social Summit was the largest-ever gathering of world leaders. It pledged to make “the conquest of poverty, the goal of full employment and the fostering of social integration overriding objectives of development.” For the purposes of this discussion, the most significant outcome of the Copenhagen Programme of Action was an agreement for:

“National strategies to reduce overall poverty substantially, including measures to remove the structural barriers that prevent people from escaping poverty, with specific time-bound commitments to eradicate absolute poverty by a target date to be specified by each country in its national context”.

As with most summits, nothing much was expected to happen after the declaration had been acclaimed and the world leaders had dispersed. In fact, this WSSD began – or in some cases reinforced – a process of national dialogues on poverty that was to prove quite widespread.

UNDP played its own modest part. It launched a programme called the Poverty Strategies Initiative (PSI) – funded by several bilateral donors - to assist developing countries in meeting the Copenhagen pledges. The focus was on supporting the formulation of national strategies and action plans to fight poverty - a significant departure for UNDP from its more traditional micro-level project interventions.

Copenhagen+5

Five years after Copenhagen, a comprehensive evaluation of PSI outcomes in 50 countries was undertaken (UNDP 2001). It revealed many important home-truths about poverty, including the following:

- *Measurement is problematical:* poverty is a multidimensional phenomenon, vitiating the value of traditional indices of measurement;
- *Poverty is many-faceted:* poverty is not just the consequence of economic realities; differences of power and social circumstances – in particular exclusion and isolation - are equally critical;
- *Conflict breeds poverty:* livelihoods are adversely affected by exposure to acts of violence and more widespread conflict;
- *Local circumstances are critical:* survival and coping strategies have their limits; local circumstances cause households to move into and out of poverty, but even within households, hardship falls disproportionately on women and the vulnerable;

Given the complexity of poverty, its definition and its causes, an assessment of the first generation of national poverty strategies found that only one-third of developing countries had developed meaningful poverty goals, and that many anti-poverty plans were no more than vaguely formulated strategic frameworks (UNDP 2000).

The five tests

What had clearly been determined by the 2001 evaluation, however, was that poverty reduction was quintessentially a political process.

“The fight against poverty is a deeply political issue. Poverty in most societies is

about disparities in the distribution of power, wealth and opportunity. These disparities always carry the potential for pitting certain groups or regions against others. Even when groups are not deprived in any absolute sense, they may have a sense of deprivation when they compare themselves to their better-off neighbours. Attempts to reduce poverty are likely to be resisted by those who benefit from existing arrangements and may see their position threatened by any changes in the status quo. Given the fact that resources are limited, attempts to address the plight of certain groups may also be seen as unfair by others.....countries are typically at different stages of political readiness to address the structural causes of poverty.”

This political dimensions of poverty reduction necessitate approaches that cannot be purely economic or technocratic, but must involve processes of understanding and dialogue. They also imply the need for home-grown solutions compatible with local realities. The post-Copenhagen experience yielded a number of important findings about what works and what does not. I want to refer to these as the five tests:

1. Countries were at different stages of readiness for anti-poverty measures, and had to prepare the ground carefully; strategies could only be based on, and flow from, national dialogues;
2. Anti-poverty programmes could not be designed as social safety nets or confined to a set of targeted interventions; they needed to be comprehensive, linking poverty reduction activities to governance reforms, national economic and social policies, and even international issues, such as trade;
3. Top-down targeted interventions against poverty should be replaced by empowerment of the poor to express their own needs and design appropriate interventions;

4. There was a critical need to monitor progress against poverty based on national definitions of poverty and targets set by countries themselves;
5. Donors getting engaged with PRS processes, but lacking an intimate knowledge of local political settings, would have difficulty engendering trust and would be suspected of following their own agendas (UNDP 2001).

By the time of the Copenhagen+5 conference in June 2000, poverty had become an important focus of the development agenda, but the PRS balance sheet was not very positive. There were exceptions, however, and perhaps the best instance came from Mali.

The Government approached UNDP for assistance in evaluating a national poverty reduction programme, which had been in place since 1994. The evaluation was largely undertaken by a team of national experts and determined a number of factors which had hampered the success of the programme. Other UN agencies became involved and in 1996, a two-year process of consultation and validation was begun involving a broad range of national actors from within and outside the public sector. The resulting *Strategie Nationale de Lutte contre la Pauvrete* (SNLP) was a fully home-grown document considered to respond to the country's needs. It was the centre-piece of a Round Table meeting in 1998, at which the donors were invited to provide their support. The Mali experience came quite close to meeting the five tests.

Besides Mali, several African countries had also developed national poverty reduction strategies by the time of Copenhagen+5. Uganda had developed its *Poverty Eradication Action Plan* (PEAP), Mauritania had a *Programme Nationale de Lutte contra la Pauvrete* (PNLCP), Sao Tome had a *Cadre Stratégique de Lutte contre*

la Pauvreté (CSLCP) and Zambia the *National Poverty Reduction Action Plan* (NPRAP). UNDP and other partners such as DfID supported the preparation of these Plans. They were not all of the completeness of Mali's Strategy, and they lacked financial rigour. But they were genuinely home-grown, as their heterogeneity confirmed.

Just before Copenhagen+5, however, in late 1999, events in Washington began to force the pace on poverty. The World Bank conceived its Poverty Strategy Reduction Paper (PRSP), the IMF renamed its ESAF the Poverty Reduction and Growth Facility (PRGF) and both became the exclusive frameworks for debt reduction and the approval of new concessional financing.

According to the World Bank, the PRSP was intended to be “country-driven, results-focused, long-term, comprehensive and partnership-oriented” (World Bank 2004). But in Africa and elsewhere, the start-up was inauspicious. Although intended to be country-driven, the PRSP process was steered – quite aggressively in some countries – by high-powered World Bank and IMF missions. Even in Mali, the World Bank initially ignored the SNLP and requested the Government to start again, with the Finance Ministry (the principal WB interlocutor) in the driving seat. This steering could be explained in part by the need for each PRSP (and the pre-final version, the Interim PRSP), to be appraised by an internal Bank/IMF process and then submitted to the Bank and Fund Boards – again a process not conducive to independent country ‘ownership’. Also, the fact that the World Bank quickly commenced the preparation of a huge PRSP guide, called a ‘source book’, also seemed to belie that principle.

The emphasis on the long term was consistent with the great complexity of poverty reduction as a goal. But this prescription was difficult to square with an unrealistically short timetable for the preparation of PRSPs (initially 1-2 years),

and the fact that they were to cover a period of only 3 years. More haste also meant more uniformity. As the World Bank later admitted, “the Bretton Woods Institutions’ initially ambitious timetable for completion of the first round PRSPs....reinforced the tendency to generate standardized strategies”. (World Bank 2004).

Another tension was that between hasty preparation and the exhortation for more participatory approaches. There is no doubt that one of the dividends of the PRSP process has been a greater openness by Governments to consultation and dialogue. As Oxfam stated recently, as a result of PRSPs, “new spaces for dialogue on policy have been opened up in almost every country”. However, consultation often took precedence over participation. “Important stakeholders, both powerful ones such as elected politicians and powerless ones such as rural women, have rarely been involved”, said Oxfam in the same report. And the IMF’s evaluation office agrees that “the PRS process has had limited impact in generating meaningful discussions, outside the narrow official circle of alternative policy options with respect to the macroeconomic framework.” (IMF 2004)

Thus, while the PRSP process was strongly impelled by its inherent conditionality as a prerequisite for debt relief and aid, it has mostly failed the five tests which earlier experience revealed as important to success:

1. PRSPs have not followed full national dialogues and have not proceeded at the pace determined by local readiness;
2. They are not sufficiently comprehensive (and trade, environment and other concerns only entered the picture later);
3. They have indeed been largely top-down and have not helped to empower the poor themselves (more consistent with the human development approach);

4. Local monitoring has been encouraged, but standard definitions of poverty have mostly been used;
5. PRSPs have been perceived as hewing to donor agendas because the process has been externally-inspired.

Despite these shortcomings, it is important to acknowledge that the PRSP and PRGF processes have at least resulted in a significant degree of external debt reduction, particularly for most of the HIPC countries of Africa. The sustainability of debt reduction is still a concern, leading to a growing clamour for full multilateral and bilateral debt cancellation, but the HIPC countries have bought some breathing space in the short-term.

The outstanding need remains, however, to put in place meaningful and effective poverty reduction strategies, which should build on the country-driven processes of the late 1990s and the momentum created by the PRSP instrument, while avoiding the shortcomings of PRSPs, which the Bretton Woods Institutions have themselves acknowledged in their evaluations in 2004.

Enter the MDGs

I believe an important opportunity exists, and it is provided by the growing attention and urgency being paid to the Millennium Development Goals.

Coming on top of the new PRSP agenda, the Millennium Summit of September 2000 yielded a new set of goals to be reached, mostly, by 2015. The MDGs were also donor-inspired, insofar as they were based on the OECD's preceding International Development Goals and because they were assumed to apply only to the performance of the developing countries. To make them appear more balanced, a rather vague Goal 8 was added on global partnerships, whose targets

included aid, trade and debt reduction measures to be met by the rich countries.

At the Financing for Development Summit of 2002, the donors attempted to put a more benign spin on the MDGs by signing up to a North-South bargain: substantial increases in aid (MDG 8) to help countries meet MDGs 1 to 7.

Somehow these Washington and New York agendas now have to be harmonised. One solution seems to be to integrate the MDGs into PRSPs, i.e. by orienting the World Bank's 'results-focused' prescription increasingly towards achieving the MDGs.

However, this brings us to another shortcoming of the PRSP conception. The transition from the IMF's ESAF to PRGF was essentially a name change, although the IMF has explicitly given more recognition to the poverty impact of the policies which it advocates. To an important degree also, the PRSP – thought up by the World Bank – bears a striking resemblance to, and contains many of the features of, its pre-existing programmes of structural adjustment (Stewart and Wang 2003). An important feature of PRSPs is the familiar orthodoxy of macro-economic adjustment (e.g. prescriptions for monetary and fiscal restraint; financial liberalisation; privatisation; public sector reform; public expenditure and social sector reform).

There is, in other words, a lingering sense that PRSPs are based on an assumption that poverty reduction is primarily a matter of getting the economy right. The specific poverty reduction measures then seem like an add-on. Stewart and Wang (2003) who scrutinised the contents of the first 30 completed PRSPs put it like this: “in every country document, poverty analysis and the macro-economic strategies are presented as two independent sections of the PRSP, with the macro sections

largely devoid of any ex-ante assessments of the impact of structural reforms on poverty...”

The nature of typical PRSPs therefore suggests that they would be inhospitable frameworks for MDG targeting.

But the problem actually goes deeper. The pedigree of the PRSP detracts from its suitability either as a strategy for reducing poverty or meeting the MDGs. The front-end loading of the PRSP with economic strictures may be looking at the challenges the wrong way round. Rather than worrying about economic management first and development goals afterwards, it is the goals themselves which should provide the basis for a strategy.

Are the MDGs just another set of conditionalities? They could be if they are used as a universal set of performance criteria on which development assistance is contingent, and there are concerns that donor enthusiasm for the MDGs might be construed as conditionality. However, MDGs should not be viewed in this manner. For one thing – despite the new acronym – they are really nothing other than the basic goals of human development, long considered universal, but with a new timetable added. Countries have always declared their intentions to strive for less poverty, full primary education for boys and girls, lower child and maternal mortality rates, halting HIV/AIDS, sustainably managing the environment and the other goals. Secondly, conditionality is not very effective, and is neither practical nor ethical (Browne 2004, Uvin 2004, Kanbur 2003, Killick 1997). Experience shows that while conditionality adds external pressure for change, sustainable and successful policy reform does not usually result from policy-based aid, but is almost invariably discovered by the independent actions of governments and their leadership.

The proposal, therefore, is to use the MDGs as a frame of reference for developing national anti-poverty strategies (or MDG Strategies – MDG-Ss), along the lines of the five tests:

1. Countries should go at their own pace, developing a reasonable consensus around ways to tackle poverty, based on national dialogues;
2. Base a strategy on a comprehensive set of measures, encompassing governance and institutions, infrastructure, international issues;
3. Give priority to local empowerment of the poor and marginalized – human development encourages a more subjective approach to widening people’s choices and giving them more control over their lives;
4. Develop national and sub-national goals and indicators, based broadly on the MDGs, but adjusted to local circumstances. There could be targets for 2015, as well as for intermediate years, to guide progress;
5. Take a donor-lite approach. External partners should be called in to provide technical advice in support of the above and to provide funding for the emerging strategy at the appropriate time.

With some inspiration from Kanbur (2003), I have proposed a two-track approach to the development of national strategies (Browne 2004). Tracks one and two are distinct processes:

On Track 1, the country develops a long-term (e.g. 10-year) national strategy, based on a comprehensive needs assessment to determine the policy, capacity and funding requirements to meet its agreed version of the MDGs. This process engages in dialogue those stakeholders who are considered critical. The strategy needs to

be realistically costed, with estimates based on all available and anticipated sources, both the domestic and external, public and private. External partners are called in to Track one as needed to provide technical inputs and, where necessary, act as facilitators of dialogue.

On Track two, countries organise (and chair) consultative meetings with donors to discuss the funding of the national strategy developed in track one. Donors pledge funds either for central budgetary support through ‘common pooling’ or for more targeted assistance to the realisation of one or more of the MDGs. All assistance to the country is folded into the framework of the strategy.

The two-track approach is not in fact original. It rather closely resembles the experience of Mali in 1996-98 and has been followed to some degree by other African countries (such as Uganda) and at least one Asian country, Vietnam. But the two-track approach is also radical, not because it turns principle on its head – it doesn’t – but because it purports to overturn widespread practice. Donors want to help, but because of a long tradition of aid patronage and hard-nosed banking instincts, they also feel they need to meddle – they prefer donorship to ownership.

Most important, the ‘radical’ two-track approach guarantees country ownership of the PRS, on terms entirely prescribed by each country. And this brings me finally to the relevance of this proposal to the subject of this meeting.

Speaking as an external partner – as well as a ‘Northerner’ - we have a lot to answer for. Donors have traditionally been biased in favour of Northern development wisdom (Northerners and Southerners in Northern institutions). Donors have lavished considerable resources on Northern research to help guide the direction of what is mostly supply-driven aid. There have been successive paradigms – some of great sophistication, many not – yet we are still discovering how development occurs.

The problem is that the North is seeking common development phenomena and universal explanations whereas, while we know some axioms, what actually occurs depends on many specific local factors. But external partners generally fail to tap local knowledge, and this has certainly applied to the rather heavy-handed approaches which we have taken towards trying to foster policy and strategy development.

I see the African Policy Institutes Forum as one of the vehicles to restore research sovereignty to the continent. Nowhere is this more important than in the context of PRS, and let me give an example. In 2001, in preparation for the Financing for Development Conference in Monterrey the following year, we sponsored some research in five countries to try to determine the costing and financing of a selection of the MDGs. Four of the five countries were in Africa: Cameroon, Malawi, Tanzania and Uganda. In each country, we engaged national teams of researchers and policy specialists to undertake the work, which was in some cases very detailed. These teams came together in Uganda at Makerere University in early 2002 to discuss the results and exchange experience. Following the workshop, we put together a summary report which can still be seen on our website (UNDP 2002). The research was relevant to the process of understanding the needs of poverty reduction and MDG achievement. However, some of the reactions to the findings were quite illuminating. Some northern academics cast doubt on the costings, since they did not tally with their own calculations, which included a single standard 'price' for delivering health care to the South.

Now, I do not happen to think that the calculations made by the country reports were by any means definitive – nor could they have been. However, they were at least authenticated by local circumstances, as apprised by local researchers. It is an obvious thing to say, but real country ownership means using the best policy and research capacities available within each country. Donors need to recognise

this, and programme countries need to overcome the assumption that external support only follows external solutions. Forums and networks like APIF can be part of confidence-building in Africa.

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