Building ownership of antipoverty strategies

Rob Mills
Lollo Darin-Ericson

While the PRSP approach is the new 'wrapper' for IFI operations and processes in low-income countries, replacing the old tripartite Policy Framework Paper, the actual contents of reform programmes have yet to show much change. This article highlights some of the main obstacles to a successful country-owned poverty reduction strategy and gives proposals on how to enhance country ownership.

In September 1999, the Annual Meetings of the World Bank and International Monetary Fund (IMF) announced a new poverty focus in the work of all the international financial institutions (IFIs) in low-income countries. The most immediate and concrete outcome of the new approach was the announcement of the new 'Poverty Reduction Strategy Papers' (PRSPs). EURODAD has been closely following the evolution of the PRSP process since its inception.

While the PRSP approach is the new 'wrapper' for IFI operations and processes in low-income countries, replacing the old tripartite Policy Framework Paper, the actual contents of reform programmes have yet to show much change. This article is based on a recent EURODAD policy paper "Many Dollars, Any Change?" in which we highlight some of the main obstacles to a successful *country-owned* poverty reduction strategy and give proposals on how to enhance country ownership.[1]

Ownership is vital

Recent debates in development have stressed that 'country ownership' of strategies and programmes is key to ensuring successful outcomes.[2] Because ownership is an inherently 'political' concept, however, external stakeholders face particular challenges when a country's government is not committed to poverty reduction.

What does 'ownership' actually mean: a useful concept?

As one commentator notes, ownership is a concept "*slippery and unsatisfactory in many respects*".[3] It is perhaps best seen as a 'label' for a broad concept whereby countries take the initiative in (as well as being responsible and accountable for) their efforts to reduce poverty through policy changes and reforms. Where ownership has taken hold, one might expect to see countries being responsible for formulating poverty reduction plans themselves, and for proactively commissioning and organising technical and donor input into them, rather than playing a passive role with external donors and creditors in the driving seat.

Ownership is a concept that can be applied at many levels. The move to take responsibility for formulating and implementing poverty strategies changes the relationship between national governments and a range of external stakeholders (IFIs, bilateral donors, UN and aid agencies, *etc.*) and might be called 'external' ownership. Equally, ownership might be used to describe how governments' plans for poverty reduction have been drawn up within a country. This 'internal' ownership would reflect the degree to which internal stakeholders (parliaments, line ministries, private sector groups, local civil society organisations, unions, faith-based groups, *etc.*) have been involved in the processes that result in a particular set of policies being adopted by the government. Internal ownership is thus closely bound up with participatory processes.[4]

Ownership implies a move away from abstract, technical discussion of policy details to situating debates in the political context of a country's decision-making process. As one report puts it, "politics matters" in development: "*Poverty reduction is, for better or worse, embedded in living political systems. This implies that the PRSP 'experiment' will work through the political systems and policy processes of the countries concerned, or it will not work at all.*"[5]

A recent World Bank research report, *Aid and Reform in Africa*, points out how, "*Economic policy is primarily driven by domestic politics, not by outside agents. The key to successful reform is a political movement for change, and donors cannot do very much to generate this. …The ongoing use of conditionality disguises the true ownership of the reform program, takes up valuable government time, and limits the participation in the debate and decision-making about economic policy.*"[6]

The point then is that ownership of poverty strategies by country authorities is vital for ensuring that those poverty strategies are successfully and sustainably implemented. Outsiders' money cannot 'buy' reforms that are not supported by the authorities in the country.

This has profound implications for the poverty reduction strategy (PRS) process on which many countries are currently embarked, with the enthusiastic support of donors and creditors. If getting pro-poor reforms implemented on a sustainable basis is key to poverty reduction, then successfully fostering ownership will be vital to the success of the PRS concept. It takes two to tango…

The fostering of ownership in development co-operation is not a panacea for alleviating poverty, however. More country ownership does not necessarily mean that country authorities will miraculously propose and implement perfect pro-poor strategies. As we noted in our previous PRS update,[7] many governments respond to powerful social forces and economic actors whose priorities are not poverty reduction. The political control in many societies lies with people who use the state for their narrow interests. Therefore some groups will do everything to ensure that the *status quo* is maintained.[8]

Even proposed reforms that are demonstrably "pro-poor" will not be implemented if they threaten powerful vested interests. In Kenya, for example, the PRS process was viewed as being 'owned' by a broad range of stakeholders. But progress in certain key poverty aspects —good governance in particular—

1 For more information on the PRSP approach, see EURODAD's paper "An Independent Guide to PRSP" http://www.eurodad.org/2poverty/indexpoverty1.htm

2 For discussions in 'official' documents see, *eg*, *External Evaluation of ESAF*, IMF 1998.

3 *PRSP Processes in Eight African Countries Initial Impacts and Potential for Institutionalisation*, paper prepared for WIDER Development Conference on Debt Relief, Helsinki 17-18 August 2001, David Booth, ODI, p. 12.

4 'Internal' and 'external' ownership are not necessarily separate entities: ownership could be analysed along any number of different lines. The distinction between 'external' and 'internal' ownership is used here simply for ease of analysis.

5 *PRSP Processes in Eight African Countries*, *op cit*, p. 6.

6 *Aid and Reform in Africa: Lessons from Ten Case Studies*, World Bank March 2001 www.worldbank.org/research/aid/africa/draftsum.pdf, p. 32.

7 EURODAD Poverty and Structural Adjustment update Spring Meetings 2001 www.eurodad.org/2poverty/indexpoverty1.htm

8 For example, *"the ruling elites found it convenient to perpetuate low literacy rates. The lower the proportion of lower and literate people, the lower the probability that the ruling elite could be displaced"*, Hussain 1999, quoted by Easterly www.worldbank.org/research/growth/pdfiles/five_myths.ppt

was recently stopped when an older pattern of top-down presidential rule reasserted itself. One commentator notes, "*none of this necessarily means that the Kenyan PRSP will have no benefits; but it does serve as a reminder that the benefits will be constrained —but also enabled — by Kenya's particular realities*."[9] The move to greater ownership implies a shifting of responsibility from outsiders to governments. In a situation where the government shows little willingness to bear that responsibility and little commitment to fighting poverty, there is very little that outsiders can do.

External and internal obstacles to greater country ownership

At theoretical and rhetorical levels, the international development community has picked up quickly on these themes. 'Participation' and 'ownership' are the new buzzwords, compulsory in all documents, if hazily defined. Despite these changes in IFI rhetoric, however, true ownership in development co-operation has yet to be established. There is still a critical 'credibility gap', which is leading civil society groups in many Southern countries to question the value of their participation in PRS processes, and which thus threatens to undermine support for the new approach. The following section identifies a series of external and internal obstacles that prevent better ownership of countries' poverty reduction strategies.

'External' obstacles to increased ownership

One set of obstacles to increased ownership is 'external': that is, relating to external development partners:

- **Dominance of the IFIs in agenda-setting and choices of reforms.** When a PRSP is completed the staffs of the World Bank (WB) and IMF write a 'Joint Staff Assessment' (JSA) of the PRSP, setting out their view of the paper. The board then discusses the document and decides whether or not to 'endorse' it: that is, whether or not the JSA provides a sound basis for future WB and IMF lending and debt relief. Gaining this IFI seal of approval is vital to accessing not only IFI financing and debt relief, but also broader donor support. As a result, PRSPs are necessarily written with the aim of having them endorsed by the IFIs.[10] There are several examples where the IFIs really shaped the whole process from the beginning, as in Ghana where "*Necessarily put together in haste … there was heavy World Bank involvement in its preparation and programmes included in it were drawn from the Bank's Country Assistance Strategy document*."[11]
- **A tendency to 'back-door' policy specification.** Another concern has been the additional specification of policies and reforms in documents other than the PRSP. This was an issue in the first couple of World Bank PRSCs (Poverty Reduction Support Credit), where there was a tendency to make up for the lack of specification in the PRSP by adding additional details in the documentation for the PRSC, namely the Letter of Development Policy.
- **The umbilical linkage between PRSPs and the HIPC Initiative.** Civil society groups have reported time and again that governments are rushing PRS processes in order to achieve HIPC Initiative Decision or Completion Points. Donors too have complained that the rush has damaged the quality of PRSPs. Even IFI officials have admitted to us that the proposed solution to this tension, the PRSP Initiative, has largely failed to mitigate the tension between 'speed' and 'quality'. As such, the HIPC Initiative-PRSP linkage has been a major structural obstacle to achieving high-quality country-owned strategies.
- **Lack of connection to broader international and national development processes.** A further structural obstacle to fostering country ownership is the relative 'isolation' of the preparation of PRSPs from broader development and political processes. This happens both at the international level (*eg*, the National Strategies for Sustainable Development adopted in the context of the Rio+10 process, or the European Union's Cotonou process), and at the national level (*eg*, the disconnect between Honduras' PRSP and its 'Master Plan for Reconstruction and Transformation' after Hurricane Mitch, or between Chad's PRS process and its mechanism for managing oil revenues).
- **Slow movement of donors to budget support.** The PRS approach requires significant changes in donor behaviour. If PRS processes are to result in a transfer of ownership, this implicitly implies a shift from project-based aid towards budgetary support, on the basis that budget support gives governments greater leeway to direct resources to the sectors prioritised in their strategies. As one commentator puts it, "…*the PRSP movement has also been associated with a fairly aggressive assertion of the desirability of donors moving away from project-based aid in favour of general programme or budget support*."[12]

Through a combination of these structural obstacles, the original aim of the PRSP to be the focus of all a country's efforts to combat poverty has not come to fruition. There is evidence that the PRS approach has succeeded in removing poverty reduction efforts from the 'social sector ghetto' and in tying expenditure decisions more closely to poverty priorities. The impression has nonetheless developed that PRSPs are somehow 'separate' and distinct from other aspects of a country's internal planning, and a product designed for the consumption of the IFIs. Unfortunately, many groups in the South already perceive the PRSP as a 'Washington thing'.

'Internal' obstacles to increased ownership

Structural impediments to increasing ownership in countries' development strategies are not just found at the 'external' level. One must also look at domestic —and especially governmental— impediments to preparing national poverty strategies.

- **Lack of capacity.** A lack of economic policymaking capacity in poor countries, particularly in negotiations with IFIs and donors, often leads to decisions that are not tailored to solving country-specific poverty problems. A civil society report on the PRSP in Tanzania questions *"...whether macroeconomic policies are carefully and critically analysed, reviewed and assessed as of their impact at the micro level, and on different*

9 *PRSP Processes in Eight African Countries*, *op cit*, p. 7.

10 When the PRSP approach was first adopted, there was much theoretical discussion about what would happen in the event that a country embarked on a controversial reform path, and whether or not the IFIs would endorse the strategy. With hindsight, this debate was a red herring, as the key concern for country authorities has of course been continued access to donor funding. To this end, there has been little willingness to 'rock the PRSP boat'.

11 *Poverty-Reducing Institutional Change and PRSP Processes: The Ghana case*, Tony Killick, ODI, August 2001, p. 11.

12 *Ibid.*, p. 15.

stakeholders. As a result the government is not in a position to take a proactive stand vis-à-vis International Financial Institutions."[13] The same arguments also apply to civil society groups: as a Ugandan civil society organisation (CSO) puts it, "*Many CSOs lack the adequate capacity to engage in quality dialogues with stakeholders such as the donors and even the government itself. A lot has to be done to enhance the capacity of CSOs in the decision-making process.*"[14]

- **Document access.** Making documentation available in a timely fashion and in local languages remains an obstacle to wider participation. For example, the recent Cambodian full PRSP was only made available in the local language, Khmer, in the final version and not in earlier drafts. The fact that the document had been prepared for the consumption of external donors in the first instance meant that the opportunity for widespread input was lost.
- **Marginalisation of CSOs.** A continuing concern has been that governments marginalise civil society in the preparation process, particularly by leaving it out of the macro/structural reform debate in many cases, and by failing to make substantive use of civil society proposals. In Tanzania, for example, the government failed to catalyse substantive CSO involvement in the recent Consultative Group process. It informed participants at very short notice and conducted two parallel processes with informal and formal meetings.[15] One NGO representative summed up the problem at a recent conference: "*the poor are not participating, they are being participated.*"
- **Marginalisation of parliaments.** "*PRSPs have tended not to involve parliaments, as institutions, in a major way…it would be unwise to allow parliaments to be as uninvolved as they have been until now*".[16] Whilst it is not likely that all parliaments are capable of playing a 'watch-dog' role, the lack of involvement of parliamentarians in countries' poverty strategies is a worrying development. This has been a recurring theme in Southern CSOs' analyses: in Malawi, for example, the NGO network comments that "*only five MPs are involved in the PRSP process…key sectors are operating without any parliamentary representation*".[17]
- **Institutions often inaccessible to the poor.** There has been increasing recognition in recent years that well-functioning institutions (courts, parliaments, the machinery of government, regulatory bodies and so forth) are a vital aspect of a successful poverty strategy. The latest World Bank *World Development Report* takes as its central theme the need to strengthen the institutions that support markets and private sector activity, including property rights, competition regulation and anti-corruption laws.[18] Furthermore, poor people have to be able to use the institutions – and if they are not accessible to them, then they are as good as useless.
- **A focus on budgets misses key inter-sectoral issues.** Many governments have convened working groups to draw up drafts for different parts of the country strategy, generally with the involvement of key stakeholders. They have tended to be organised, however, by 'spending sectors' that can be linked directly to the budget (*eg,* 'health', 'environment', 'infrastructure', *etc.*). Whilst linking the strategy directly to the budget is vital for ensuring that spending is on the prioritised areas and is pro-poor, it appears in many cases that this has been done at the expense of addressing cross—sectoral issues: "*one problem … is the failure of most groups to address cross-cutting themes.*"[19]
- **Complementary 'administrative' changes needed.** One interesting donor comment on PRSPs is that "*PRSPs are unlikely to achieve very much on their own, but depend for their impact on the existence of parallel changes in government financial and staff management arrangements.*"[20] A consensus has emerged that the countries where the PRS process is proceeding most successfully are where it is connected to ongoing public-sector reforms, particularly of public-finance management.

Proposals to enhance countries' ownership of their poverty strategies

This concluding section sets out a series of suggestions on how to overcome the ownership obstacles that remain despite the PRS approach. These address both the external 'top-down' problems posed by the actions of external stakeholders, but also things that country authorities themselves can do to produce their own tailored and effective plans for reducing poverty.

- **Move to a 'Consultative Group'-style endorsement of countries' strategies as a first step.** Moving country-donor interaction away from requiring *a priori* IFI endorsement before a poverty reduction strategy is implemented will be important for enhancing ownership. We propose moving instead to a Consultative Group-style type of endorsement as a first step, where the IFIs are not the *primi inter pares* amongst donors, and where the link can be made between discussion of countries' strategies and the financing that donors are prepared to put in.
- **Reconsider the role of conditionality.** The IFIs face the dilemma that conditionality has largely failed to achieve the policy results that were intended, yet they need at the same time to safeguard the use of their resources. The response so far has mostly been to reduce the numbers of conditions in programmes. Yet there needs to be more fundamental reflection on the link between ownership and conditionality. While in our view conditionality is not *necessarily* antipathetic to ownership, conditionality would need to be 'self-imposed' for it to avoid compromising ownership. Further, more thought needs to be put into the role of results-based *ex-post* financing where access to IFI funds would be on the basis of results in achieving a country's poverty reduction goals. The focus on *end-results* achieved in reducing poverty is key.[21]

13 *Poverty Reduction Strategy Paper; Input from Civil Society Organisations*, TCDD/PRSP Coalition, March 2000, p. 5.

14 *The PRSP process in Uganda*, Zie Garuyo, Uganda Debt Network 2001, p. 19.

15 *Donors and Government Marginalise Civil Society in the CG Process*, Feminist Activism Coalition Tanzania, (FEMACT) September 2001.

16 *PRSP Processes in Eight African Countries*, *op cit*, p. 11.

17 *PRSP in Malawi – Progress Report and Recommendations*, Malawi Economic Justice Network, April 2001, p. 21.

18 *Building Institutions for Markets,* World Development Report, World Bank, 2002 www.worldbank.org/

19 *PRSP in Malawi*, April 2001, *op cit*, p. 20.

20 *PRSP Processes in Eight African Countries*, *op cit*, p. 9.

21 There are of course practical issues with how to measure results, but this also holds true for current practice.

- **Put everything in the publicly available poverty strategy.** The temptation to 'top up' the specification of proposed policy reforms in IFI lending documentation (*eg*, in PRSC documents), but without adding this additional information to the overall poverty strategy, must be avoided. All the plans and proposed reforms must be in the public, country-owned document, in the form of appendices if necessary, and open for public discussion.
- **Expect countries' strategies for poverty reduction to be even more comprehensive than the current macro/structural/social parameters of the current PRSP specification.** Development planning must also consider areas that are traditionally not part of World Bank or IMF concerns. These might be purely political matters, such as institutional reform issues (*eg*, relating to the role of parliaments, or to institutionalising responsibilities for participation). They might also be politically contentious reforms, such as land reform, which the IFIs have avoided in the past, but which are vital for addressing key poverty issues such as equity, security and access to productive assets.
- **Ask for an appendix of stakeholder comments.** NGOs have proposed the inclusion of an appendix or accompanying report to the finished strategy that gives space to comments from non-governmental stakeholders involved in the strategy process, including the private sector, CSOs, faith-based groups and others. This would be an effective way of allowing the international community to assess how participatory the process had been, and to what extent proposals from non-governmental stakeholders had been incorporated.
- **Address the HIPC Initiative-PRSP process tension.** Whilst it is now too late to address the problems inherent in the PRSP Initiative approach, we feel that the 'flexible PRSP' approach agreed at the 2000 Annual Meetings should be extended. It was decided then that, in the event that a full PRSP had not been drawn up one year after the PRSP Initiative, a 'progress report' would be an acceptable basis for continued IFI lending and continued interim debt relief under the HIPC Initiative.
- **Tie donor assistance more closely to countries' plans.** Bilateral donors should go further in integrating their development assistance with a country's poverty strategy and in collaborating more closely with each other. One important step for enhancing ownership is to move towards budgetary support. In addition, a key area to which the European Commission[22] for example attaches great importance is the strengthening of institutional capacity in developing countries.[23]
- **And a final proposal: Drop the 'PRSP' label.** We have been careful here not to talk about 'PRS' processes or 'PRSPs' in a generic fashion, and have confined use of those terms only to discussion of the specific papers being prepared for endorsement by the IFIs' boards. In future, it would be better to talk about a country's strategy for poverty reduction, or plans for sustainable development, or whatever the country authorities themselves want to call their documents. This would be a simple gesture underlining the fact that ownership of countries' strategies should be transferred to countries themselves. They should be free to call them what they want. ■

European Network on Debt and Development (EURODAD)
<info@eurodad.org>

22 EC Delegations, with the support of headquarters, are trying to identify a possible role for EC-financed technical assistance including training in the process of strengthening institutions and capacity-building.

23 *Poverty Reduction Strategy Papers: Guidance Notes*, European Commission DG Development, August 2000, p. 5.