

6 *Poverty Reduction Strategy Papers (PRSPs)*

We have mentioned that in 1999 the World Bank/IMF decided that countries asking for debt relief under the HIPC Initiative should first produce a Poverty Reduction Strategy Paper (PRSP) spelling out how they will use debt relief money to reduce poverty. Each country now has to research the causes of poverty and draw up a plan to tackle the problems identified. The plan must address all aspects of poverty and be backed by all partners (donor countries and agencies). Clear targets are set so that progress can be measured. PRSPs are therefore potentially very important:

- The Poverty Reduction Strategy is likely to become the framework into which other donors will direct their funds.
- The World Bank and the IMF plan to extend the PRSP approach from HIPCs to all countries receiving assistance from the International Development Association (IDA). This will affect some 20–30 countries in addition to the 40 HIPCs. (The IDA is part of the World Bank. It lends to developing countries at very low rates of interest.)
- PRSPs offer much wider opportunities for input from civil society.

There are, however, two main areas of possible tension:

- between the desire for rapid debt relief and the desire to involve civil society in preparing the PRSP
- between the aim of genuine country ‘ownership’ and the World Bank/IMF’s claim to be the ultimate judge of a country’s poverty reduction strategy.

On the first point, if rapid debt relief is made the priority, this may hinder genuine civil society participation. On the other hand ensuring genuine participation may seriously delay relief. (The process is already expected to involve 1–2 years to prepare the strategy, and then a further year to completion point, after the first annual progress report.) To get round this problem the Bank/Fund have indicated that, for the time being, an Interim PRSP will be acceptable.

It would have to include a statement of the government’s commitment to poverty reduction. It would describe the present extent and patterns of poverty, and the main elements of the government’s existing poverty reduction strategy. It would also give a timetable for producing the full PRSP and describe the way in which consultation would take place.

On the second point, the goal of country ownership seems to be limited by the claim that 'ultimately it will be for the Boards (of the Bank/IMF) to decide whether a poverty reduction strategy is adequate'. They can also decide whether a country has gone 'off track' in implementing the strategy, in which case they can cut off further finance from the International Finance Institutions (IFIs). It is not clear what would happen if government and civil society in a debtor country disagreed with what the Bank/Fund said. One option might be to stage a wider and more open consultation, perhaps led by the United Nations Development Programme (UNDP), where the donor governments and national stakeholders would have equal status with the IFIs who would not be able to veto decisions.

It is worth bearing in mind that a country may have a strategy for tackling poverty, but called by a different name (such as Bolivia's 'National Dialogue'). There are also other strategy-making processes under way. Perhaps the most important is the National Strategy for Sustainable Development (NSSD) which every country should have in place by 2005. (This is one of the outcomes of the Rio Earth Summit of 1992.) There is some discussion among governments, and international bodies such as the United Nations, on the need to bring all these strategies together, or at least to make sure that they do not conflict with one another.

Now that the Bank/Fund seem to be heeding the call for resources freed by debt relief to be applied to poverty reduction, it would be both unfair and illogical not to give this process a chance. It offers opportunities to strengthen the role of civil society, and place the issue of poverty at the centre of economic planning.

(See APPENDIX 1 for details of some countries' progress with PRSPs.)

HOW CAN YOU BECOME INVOLVED IN THE PRSP PROCESS?

As a church or parachurch organisation interested in the debt issue, the first step is to find out if your country already has a PRSP or something similar, or if the strategy is in process of formation. (See APPENDIX 1 and, if you have access to the internet, check the IMF website.)



- If there is no PRSP and no strategy process, then get together with other churches, NGOs and others, and press your government to organise the process.
- If the process is underway, then find out if there is a consultation exercise coming up. Accept any invitation to take part, and call for an invitation if is not readily offered. Drawing on your own area of expertise (for example, in primary healthcare, literacy, education) get together with other organisations to write a paper or papers on what you would like to see happen in achieving the eradication of poverty in general, or change in your sector in particular.

ADVOCACY GUIDELINES

- Organise your beneficiaries (that is, the poor in your area) to take part in local consultations. Make sure you understand their needs. Keep them informed about what is happening.
- Resist any pressure to rush the process, as this can undermine genuine participation. Call for the debt repayments of the poorest countries to be suspended pending eventual cancellation.
- If the PRSP has already been agreed, then find out what it says and push for it to be put into action.
- Push for effective monitoring in this, and consider joining with other civil society groups in the monitoring. Be ready to alert the public if there is any move away from the poverty reduction plan.

CASE STUDY 5

In Bolivia, campaigners have used the PRSP process to push for ordinary people to be at the heart of decisions on how to spend money released through debt cancellation. Churches, notably the Bolivian Catholic Church, have proved very effective in mobilising different sectors of society to become involved in a national consultation on poverty reduction. This consultation was designed to run in parallel to a government initiative to involve the population in the debate on poverty reduction as it prepared a strategy paper to be presented to the IMF. Many Bolivians doubted that this official initiative on its own would fairly reflect civil society.

Nine regional consultations were held, then delegates were elected to a four-day National Forum held in La Paz in April 2000. The forum was divided into eight workshops to discuss problems and solutions in areas such as education, health, employment, land and productivity. At the end of the Forum, delegates were chosen to take the conclusions from the workshops to the government's National Dialogue for drafting the PRSP. The declaration issued by the Forum also called for a longer-term body of civil society representatives to be put in place. As well as participating in the preparation of the PRSP, this body would liaise with government and international bodies in monitoring and evaluating the allocation of funds released by debt relief and the management of public funds in general.

The Forum put strong pressure on the government to open up its PRSP process to greater civil society participation. Irene Tokarski, co-ordinator of the Bolivian Jubileo 2000 Campaign said: 'It is the biggest event of this kind that has ever taken place in Bolivia. All those who participated in the process felt an immense responsibility to ensure that what we started is followed through for the benefit of ordinary Bolivians. The Bolivian government must respond to this and take our collective voice into account.'

(Source: Jubileo 2000 Bolivia)

