

Background Paper on the Status of the Implementation of Poverty Reduction Strategy Papers (PRSPs) in Southern Africa: Key Successes and Challenges

By Barbara Kalima-Phiri¹

20-21 November, 2006

1.0 Introduction and Background

This paper highlights the status of the implementation of Poverty Reduction Strategy Papers (PRSPs) in Southern Africa. It also presents some of the key successes, challenges and emerging issues around the design and implementation of such policies. It provides some pointers towards the need for governments to promote a policy mix of the “rights-based approach” (i.e. a needs-driven, social justice, and supply-side focus) to ensure social equity and a “sustainable livelihoods approach” (i.e. an assets-driven, market development, and demand-side focus) to create new wealth. The paper concludes that as countries move towards the next stage in the PRSP process; issues of ownership, financing, participation, and policy targeting become crucial to the success of the implementation of poverty reduction strategies.

According to the World Bank and IMF, Poverty Reduction Strategy Papers (PRSPs) describe a country's macroeconomic, structural and social policies and programs to promote growth and reduce poverty, as well as associated external financing needs. PRSPs are prepared by governments through a participatory process involving civil society and development partners, for them to be classified as country driven. They are also supposed to be medium-to long-term in perspective, comprehensive and results-based and contain a development framework that is partnership-oriented.

The strong pursuance of such policy frameworks by the World Bank and IMF date back from the early 1990s following strong campaigns and criticisms by global Civil Society Organisations (CSOs) known as Jubilee 2000, of the failure of these institutions policies around poverty and debt relief for developing countries. These campaigners also demanded that debts should be cancelled unconditionally and that any proceeds from debt relief should be channeled towards poverty reduction.

During this same period, there were also a lot of discussions going on within the IMF and World Bank on how they could improve their concessional lending to Less Developed Countries (LDCs). These efforts were later intensified when James Wolfenson took over as President of the World Bank in 1995, as he pushed for a change in mindset among the Staff of the Bank around issues of debt relief. This put forward a new conceptual framework within the World Bank, which incorporated four principles for aid flows: (i) long term and holistic; (ii) country ownership and participation; (iii) results orientation; and (iv) country led partnership. The Comprehensive Development Framework (CDF) conceptual framework provided the immediate backdrop for the emergence of the PRSPs.

¹ *Is Policy Analyst: Poverty Reduction Strategies at the Southern Africa Trust, an independent CSO agency that supports organizations and processes to deepen and widen their engagement in policy dialogue with a regional impact on poverty.*

The two main influences it had on the PRSP were: (i) an impact on its substance; and (ii) laying the foundations which significantly contributed to the speed and widespread acceptance of the PRSP approach. This is illustrated by the fact that the CDF's four principles are in large part subsumed within the principles of the PRSP approach. The additional conceptual element that the PRSP incorporated was the explicit aim of poverty reduction, which gave operational form to the work that was being undertaken in Poverty Reduction and Economic Management (PREM, World Bank) on poverty analysis, leading up to the World Development Report 2000/01.

From the foregoing, it is clear that the old policy frameworks pursued by most LDCs had serious flaws especially the World Bank/IMF's Structural Adjustment Programmes (SAPs), which showed very little levels of citizen participation in their formulation and implementation. Thus, in 1997 following the Enhanced Structural Adjustment Facility (ESAF) evaluation, there was a strong recommendation on the need for greater participation and discussion in-country of any reform process associated with poverty reduction efforts. This idea was later reinforced in 1999 when the principles of transparency, ownership, and broad based participation were agreed at the G-8 Summit in Cologne, as key elements that would drive the poverty reduction agenda.

2.0 Key Lessons: Successes and Challenges of PRSP I

PRSPs present an opportunity for a substantial transformation of the aid relationship. While this would depend on improving the quality of the national policy process, improved donor behaviour can also promote positive change. They [PRSPs] are now being seen as key instruments of accountability and transparency embedded in the aid relationship between donors and recipients. This relationship is characterized by a set of recipient government priorities (agreeing to holding them accountable for their results) while donors also have committed to providing predictable and harmonized development assistance that is aligned with country priorities – an approach that centers around countries developing and implementing poverty reduction strategies. (2005 PRS review, World Bank & IMF). Although there is a reversal in aid flows to Africa following the decision of the G-8 Summit in Gleneagles in 2005 – to scale up resources to Africa, there are still major concerns around the effectiveness of this aid as poverty is still on the increase; with approximately 40% of the 230 million population of people in the SADC region living under abject poverty.

PRSPs have also become the country-level operational framework for progress towards the Millennium Development Goals (MDGs). Although the implementation experience has varied with regard to process and content—both across countries as well as within individual countries' strategies—a key contribution of the PRS approach has been to focus attention on country-specific constraints to development.

Due to the PRSPs, considerably attention is now also being paid to results, monitoring poverty-related outcomes and the selection of indicators. Coordination between the individual donor countries has also improved.

In many low-income countries, the PRS initiative has also resulted in a sharper focus on poverty reduction, and a more open participatory process. Participation by civil society and parliaments has increased since the beginning of the process. In some countries, it is

the PRSPs that prompted dialogue between government and civil society for the first time, e.g Malawi.

Ownership and sound macroeconomic policies rather than quality of aid have now become the “catch phrases” in poverty debates and discussions and are purported to be the most influential factors to development and poverty reduction.

In a book, based on a study commissioned by the Strategic Partnership for Africa and published by the Overseas Development Institute, on PRSPs for seven Sub-Saharan African countries (Benin, Tanzania, Malawi, Mozambique, Mali, Rwanda and Kenya), they find that while there are some grounds for optimism, full national ownership of the process has not yet been achieved. The study shows that the PRSP process has contributed to bringing national poverty reduction efforts into the mainstream. Ownership of the process is quite strong within technocratic ministries, such as the Ministry of Finance, although this is not often shared by local government or regional agencies.

2.1 Key Challenges of PRSP I

There are a number of challenges associated with the PRSP I but this paper only focuses on four of them – *time constraints, institutional arrangements, participation and policy content*.

2.1.1 Time constraints

Time constraints have been identified by both governments and civil society as one of the most unsatisfactory elements of the PRSP development process. One of the ‘decision point’ requirements for debt relief under the Heavily Indebted Poor Country (HIPC) initiative was the completion of an IPRSP, and in order to reach ‘completion point’ a PRSP had to be successfully implemented for one year. This linkage with HIPC pushed the pace of PRSPs, compromising their quality, and delayed debt relief for a number of countries. This was recognized by the IMF and World Bank in their September 2000 progress report.

To the contrary, in other cases, time constraints have pushed some countries to rush off the process so that they can meet the requirements to quickly access resources to meet their short-term urgent needs.

2.1.2 Poor Institutional arrangements

Despite poverty-reduction, and social capital development being prioritised under PRSP, in many cases the drafting of the strategy was solely the responsibility of only a few key individuals, predominantly under the management of the Ministry for Finance. Often this took place without the assistance, even knowledge, of the implementing sectoral ministries². While finance ministries playing the lead role in the drafting of the PRSPs could help to mainstream poverty within government policy and tie in poverty reduction

² ODI (October 2001) “PRSP Institutionalisation Study: Final Report for the Strategic Partnership with Africa (SPA).

strategies more closely with central budget allocations, weak intra-governmental dialogue weakened further the final PRSP document.

Uganda is a good example of strong cross-sectoral dialogue and the incorporation of existing government strategies into the PRSP (Ugandan Poverty Eradication Action Plan). However, poor integration of Strategies with line ministries and implementing agents and with other sector reforms has been the rule rather than the exception.

2.1.3 Limited participation, consultation and involvement

The participatory element of the PRSPs, one of its fundamental pillars, is intended to engender a greater understanding of the multidimensionality of poverty, its causes and solutions, and to develop broad-based ownership of the Strategy. Unfortunately, despite wide spread optimism regarding the opportunities presented by a participatory process, civil society experience was plagued by problems that undermined the quality of participation. Time pressures, referred to above, often led to ludicrously hurried participatory processes, such as the case of Ethiopia where 100 districts were 'consulted' in a few weeks. There were problems with the availability of documents and information. Key documents provided to local civil society groups were only in English, and often drafts of the PRSP were presented for civil society comment at the eleventh hour, and later. It was not uncommon for civil society to be invited to meetings at short notice, and to be asked to comment on lengthy reports tabled on the day.

The development and IFI Board endorsement of Interim PRSPs (IPRSPs) without the participatory element meant that the participatory process did not go beyond mere consultation and that there was no room left for real change in the PRSP, based on the results of the participatory process. Clearly this type of process is participation in name only, and completely undermines the core concepts of participation and ownership upon which the PRSP approach is built.

A commonly held view is that participatory processes have been little more than public relations exercises in many countries. Charles Abruge describes the participatory process within PRSPs as the IFIs move to get "national governments to do their bidding for them."³ This certainly seems to have been the case in some of the PRSPs, with civil society organisations hand-picked and asked to deliver commentary on social sector budgets, while the macro-economic and structural elements were seen as being out of their domain⁴. The Kenyan IPRSP process is illustrative of the exclusion of civil society from the key discussions on macroeconomics and structural policies. Whilst there was extensive participation from civil society groups on poverty analysis and policy options, a parallel process, examining macro-economic and structural issues was underway, which excluded civil society groups.

³ News and Views for IMF and Bank Watchers (2001)

⁴ McGee, R. (January 2002) Assessing Participation in Poverty Reduction Strategy Papers: a desk-based synthesis of Experience in sub-Saharan Africa, IDS

2.1.4 Poverty analysis and policy sequencing

It was envisaged that the poverty diagnostics stage of the PRSP, and the participatory process, would foster a more comprehensive and nuanced understanding of poverty. However, the familiar combination of resource and time constraints meant that progress was going to be slow. The PRSP guidelines for poverty analysis are resource-intensive and require high levels of capacity. Commentators have noted that in some country cases, the data used for the poverty diagnosis has lacked depth and comprehensiveness. The Tanzanian PRSP for example, relied on data from a 10 yr old Household survey for the poverty diagnostics. Further, data was often neglected the 'at risk of poverty groups' who are also particularly vulnerable to reforms and external shocks. Also data suitable for sensitizing policy to marginalized groups was largely non-existent. Gender disaggregated data was well documented as being largely unavailable. Quality data is essential for contingency planning and trade-off analysis, which is one the areas crucial for achieving real progress in PRSP content.

Bruce Lubinda Imboela describes Zambia's PRSP framework as one that is largely informed by mainstream thinking on poverty and livelihoods. He adds that Zambia's PRSP "champions a neoliberal program constructed on the sanctity of the market and seeks to maintain the very structural processes that engender poverty. Because it fails to break, conceptually and methodologically, from past program failures, the PRSP is likely to be just the latest installment in the ever-changing fashionable semantics of the *development community*."

Another missing element of PRSPs, which effectively ensured their failure, was the need to actively support less developed productive sectors, in particular small and medium sized enterprises and small farmers and rural entrepreneurs. In the majority of cases these critical groups are actually scheduled for significant reductions in existing subsidies. The poor are ignored as entrepreneurs, which is a fatal error in a market based development strategy. Although many of the poverty diagnostics in the PRSP make reference to the 'dual economy' of modern and traditional sectors, there is little assessment of the impacts of the growth policies on the dualism, nor strategies for integrating the two.

It is therefore imperative to note that unless poverty reduction strategies actively integrate the poor into the productive sectors, poverty will not be reduced, and growth will either not transpire or will be inherently inequitable.

3.0 Implementation Status of PRSPs in Southern Africa

Since 2005, the IMF and World Bank reveal that 49 countries have prepared and fully completed poverty reduction strategies. Just over half of these countries are in sub-Saharan Africa; and a similar proportion is heavily-indebted poor countries (HIPC).

In terms of implementation timeframe, countries have been implementing their strategies, on average, for just over two and a half years. Several countries are in the process of revising their original strategies. Countries like Burkina Faso, Tanzania, and Uganda have already done so. Eleven more countries have produced interim strategies, and ten have initiated processes that could result in a full PRS.

In Southern Africa, five of the 14 countries in the sub-region⁵ have fully completed PRSPs, namely (in chronological order) Tanzania, Mozambique, Zambia, Malawi and Lesotho (See Table 1). Tanzania and Mozambique were part of the first wave of countries that adopted and finalized PRSPs, and in both cases a second generation Poverty Reduction Strategy was completed in 2005. The Democratic Republic of Congo has recently finalised its full PRSP, which has to be submitted and approved by the World Bank/IMF. In addition, the Angolan cabinet approved the country's poverty reduction strategy (*Estratégia de Combate à Pobreza, ECP*) in early 2004 and was scheduled for a Joint Assessment by the World Bank and the IMF during the first quarter of 2006. (Roberts, B, 2006).

Ben Roberts (2006) adds that there are ongoing discussions on the possibility of preparing a PRSP in Zimbabwe, but the current political situation has forestalled this from being developed. However, in April 2006, the government released the National Economic Development Priority Plan (NEDPP).

The remaining six countries are not eligible for World Bank/IMF supported Poverty Reduction Strategies due to their middle income status.

Table 1: Status of National Poverty Reduction Strategies in Southern Africa

Southern African countries finished or finalizing Poverty Reduction Strategy Papers (PRSPs) (January 2006)

Country ^a	I-PRSP Completion ^b	PRSP Completion	First progress report	Second progress report	Third progress report	Second PRSP Completion	HIPC Country
Tanzania	Mar-00	Oct-00	Aug-01	Mar-03	Apr-04	Jun-05	Yes
Mozambique	Feb-00	Apr-01	Feb-03	Mar-04	Jun-05	Mar-05	Yes
Zambia	Jul-00	Mar-02	Mar-04	Feb-05	n.a	n.a	Yes
Malawi	Aug-00	Apr-02	Aug-03	May-05	n.a	n.a	Yes
Lesotho	Dec-00	Jul-05	n.a	n.a	n.a	n.a	No
D.R.C.	Jun-02	n.a	n.a	n.a	n.a	n.a	Yes
Angola	Feb-04	n.a	n.a	n.a	n.a	n.a	No

Notes: ^a Countries are listed chronologically, based on the date of PRSP completion. ^bThe dates in the table refer to those on the actual documents rather than dates of publication on the IMF/WB websites. *Source: Adapted from Roberts (2006)*

⁵ Southern Africa is here defined to include: Angola, Botswana, DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Southern African countries not eligible for or not having initiated PRSPs (January 2006)

Country	Classification of economies 2005 ^a	Status of National Poverty Reduction Strategy
Botswana	UMC	National Poverty Reduction Strategy
Mauritius	UMC	National Action Plan for Poverty Alleviation (APPA 2001)
Namibia	LMC	National Poverty Reduction Action Programme (NPRAP 2000); National Development Plan (NDP2, 2001-06)
Seychelles	UMC	
South Africa	UMC	Reconstruction and Development Programme (RDP 1994); Growth, Employment and Redistribution (GEAR 1996); Integrated Sustainable Rural Development Strategy (ISRDS, 2000); Urban Renewal Programme (URP, 2000) Accelerated and Shared Growth Initiative of South Africa (ASGISA, 2006)
Swaziland	LMC	Poverty Reduction Strategy and Action Plan (PRSAP, 2005)
Zimbabwe	LIC	The PRSP process has been stalled due to the current political situation in the country. However, in April 2006, President Mugabe introduced National Economic Development Priority Plan (NEDPP)

^a This classification is derived from the 2006 World Development Report (World Bank, 2005:291). Economies are divided among income groups according to 2004 GNI per capita, calculated using the World Bank Atlas method. The groups are: low-income economies (LIC), \$825 or less; lower-middle-income economies (LMC), \$826-3,255; and upper-middle-income economies (UMC), \$3,256-10,065 according to 2004 GNI per capita. *Source: Adapted from Roberts (2006)*

4.0 Emerging issues in implementation of PRSPs in Southern Africa

In Southern Africa, the main issues that come to light under the implementation of PRSP processes fall into four main categories:

- 4.1 Ownership of the PRSP programmes and processes
- 4.2 Financing of poverty strategies in the context of donor harmonization and alignment
- 4.3 Participatory processes related to implementation of poverty programmes
- 4.4 Policy targeting and impact on poverty

4.1.1. Who owns the PRSP programmes?

Although a considerable number of countries are now entering the 2nd phase of PRSP implementation, the questions that still remain unanswered are those around who owns the PRSPs programmes and which development plan a country is supposed to implement? The emerging trend is that most countries have developed PRSPs documents along side other national development plans, some of which have been incorporated into one document but for most countries, these documents still remain separate. The fact that these documents are not harmonized clearly shows that there is no ownership of the policy programme/process and this has major implications for implementation – which programmes would the countries be implementing? The World Bank and IMF also acknowledges that “where PRSPs are developed in parallel with other documents, their role in government decision-making is often unclear, although there have been encouraging shifts toward consolidation of plans in some countries.”

In addition, “there are also cases where ministries of finance have not been fully engaged in the PRSP process, which undermines the very important link to the budget. Sometimes new “PRSP units,” often dependent on external financing and assistance to manage and draft the PRSP, are created on top of the existing government structures.”

What is also fundamentally problematic is the fact that the Boards of the Bank and the Fund still play a role in endorsing what a “good or bad” PRSP should look like or be which in itself continue to undermine full ownership of these strategies.

4.2.2 Financing of poverty strategies in the context of donor harmonization and alignment

There is general agreement that there is an urgent need to improve donor alignment and harmonization around national strategies, in order to achieve successful implementation of PRSPs. Aid that is provided in an effective manner can reinforce, rather than undermine domestic accountability. This requires alignment, harmonization, and predictable aid flows that take into account domestic budget cycles.

The World Bank 2005 PRSP review finds evidence in some countries that donors have internalized the principle of aligning their programming to PRS priorities, a necessary prerequisite to actually adapting donor programs. This is now happening in a range of countries, including, among others, Ethiopia, and Mozambique. Effective implementation of the harmonization agenda is also spreading—beyond some of the coordinated practices mentioned above, in some countries such as Tanzania and Uganda where donors are developing joint country assistance strategies.

In terms of aligning donor support to CSO coordination and engagement in public policy processes, some key donors have embarked on an experimental initiative that allows for their resources to be channeled through an intermediary based in the region e.g the creation of agencies such as the Southern Africa Trust which act as an intermediary for channeling resources aimed at supporting organizations and processes that aim at deepening and widening engagement in policy dialogue with a regional impact on poverty.

Despite these efforts by donors to better coordinate their aid, many countries in Southern Africa are still experiencing huge debt servicing obligations to the tune of \$15million per annum and trade losses due to unequal trading opportunities, which have made their resource gap too huge to meet their activities contained in their poverty reduction strategies. (Kalima, B, 2001).

There is also growing concern that governments are spending a lot more time to adhere to the stringent reporting guidelines demanded by their move towards giving direct budget support as opposed to project support. There are claims of government exercising more accountability to the donors as opposed to the poor people in their own countries.

4.2.3 Participatory processes in implementation of PRSPs

As earlier indicated, during the design of PRSP 1, participatory mechanisms were much clearer and enabled different CSO actors, with varying degrees of success, to participate

in discussions or committees which were responsible for drawing up these programmes. Emerging trends clearly show that the new challenge is that there has been a failure to maintain CSO participation during implementation. There has typically been a drop-off in engagement early on in the implementation phase.

There is a growing sense and urgency among different actors to deliberately define and carve out roles for themselves but these have been met with yet other obstacles of lack of institutionalized platforms for participation. For Non-Governmental Organizations they have continued to play a role of being suppliers of information and watchdogs in monitoring efforts of governments to live up to their PRSP commitments. However, what is now evident in some selected countries like Malawi, Zambia and Mozambique is the increasing participation in Public Expenditure Monitoring (PEM) although some civil society organizations still lack basic budget skills which limit effective engagement, and lack reliable and useful fiscal data. A continuing criticism from CSOs is that they are asked to react to existing programs rather than contribute to an overall rethink of the government's programmes. In addition, some policies which critically underpin the PRSP, in particular, the macroeconomic framework, are not sufficiently open to public debate.

For the private sector, they are actively involvement in consultations with governments and, in some cases, through more formal mechanisms as they increasing get the tenders for various projects in the health, education, water sectors.

There is still limited involvement of the trade unions despite their petitioning governments, sometimes with International Labor Organization or other support groups.

Voices of the marginalized groups in society still remain excluded although the majority of recent PRSPs also point to an increased interest and involvement of parliamentarians in PRSP preparation and envisage a more significant role for the legislature during implementation.

The challenge remains, however, for governments to create institutional mechanisms to ensure effective communication to, and feedback from, civil society, as well as delineate clear roles for civil society actors to play otherwise the pace of implementation will continue to be considerably slower than expected.

Table 2: CSO Participatory approaches in PRSP Implementation in selected countries

Country	Approach	CSO activity	Challenges
Malawi	Participatory public expenditure surveys	Malawi economic Justice Network (MEJN) analyzes the national budget on a yearly basis	Little private sector involvement
Mozambique, Malawi, Tanzania, Zambia	Budget Tracking/Budget Analysis and in some countries in Latin America they refer to them as “social audits”	CSOs are now analyzing and tracking budget decisions	These are traditionally technical exercises that do not have dynamic links to implementation. Uganda and Tanzania have been cited for best practice in expenditure tracking in Africa.
None in Southern Africa	Citizen Report Cards	Tracking and evaluating quality of service delivery in municipalities/public services in a fairly technical manner, including poor people’s views, using criteria they themselves define. There is usually a wide public dissemination of the results	CSOs do not have the capacity to cover all issues relevant to PRSP implementation. While focusing on key aspects is realistic, the civil society review process risks getting lost in too many issues
Zambia	Parliamentary Oversight	Through parliamentary committees which have been established especially in the areas of budget execution providing support in accountability and resource allocation, overseeing draft decisions	Implementation of decisions face both technical and political constraints
Malawi, Tanzania & Zambia	Participatory Poverty Assessments (PPAs)	Poverty monitoring and poverty data collection – this exercise influences the poverty analysis for the PRSP	No explicit commitment from governments to use them regularly for monitoring While CSOs may introduce some data in the PRSP-debate, it risks remaining under-utilized by decision-makers, if the lobby and advocacy efforts surrounding the CSO reviews are not strong enough
None in Southern Africa	Community Monitoring	Involving people at grassroots levels monitoring public service delivery through them defining poverty indicators and collecting and analyzing the data themselves at local level – mainly in areas of health and water systems	
Mozambique only	Poverty Observatory (composed of civil society, central ministries, private sector, donors, parliamentarians and poor peoples' organizations)	CSO participation in progress Reports and PRSP Review. The government of Mozambique adopted the CSO Poverty annual report as their own progress report.	When civil society is strong enough, they can draw up their own progress review of the PRSP - but majority of them still lack this capacity

Source: Own Compilation – various sources.

It is clear from Table 2; that instruments and approaches used for PRSP implementation and monitoring are underway in most countries but have not been fully utilized or institutionalized. In countries where these approaches have been set up, participation still remains in the confines of the “elite” type NGOs without necessarily involving the very poor people who are most affected by poverty.

4.2.4 Policy targeting and impact on poverty

Unlike the Millennium Development Goals (MDGs) which have long term targets and indicators, PRSPs are have no specific required set of indicators although broadly they present an opportunity for countries to design policy and institutional reforms to strengthen delivery of basic services, promote growth, and reduce poverty, and consider their implications for the levels and modalities of external financing.

Countries are now in the process of setting ‘interim’ MDG targets at levels that balance ambition with feasibility; making nationally-agreed MDG targets to form central objectives of the PRSP. In essence, the PRSP has become the ‘national roadmap’ for reaching longer-term MDG targets through short/medium-term policy reforms and budget restructuring; while the MDG country reports provide key benchmarks to judge progress in reducing poverty and fostering human development.

Also PRSPs are expected to be framed against the backdrop of the MDGs while taking into account initial conditions and national priorities. This requires that a country undertakes a survey of local conditions and process the statistics to localize the MDG indicators, but the actual situation is that it is frequently difficult for low-income countries that often have limited survey and statistics processing capacity to carry out sufficient surveys on their own.

At policy content level, there is misalignment between the PRSPs plans and the MDG targets. PRSPs present poverty reduction strategies milestones over a period of three to five years, while the MDGs are global targets for 2015. The main challenge for most less developed countries has been the difficulty in translating medium-term goals, which by their nature are subject to significant uncertainty, into national budgets year by year on the basis of actual policies and available financing.

Many countries continue to have difficulties in prioritizing their PRSPs. Most of the focus areas in the PRSPs have ended up being a wish list with little prioritization which has resulted in inadequate focus, diminishing the potential value of the documents for both national authorities and donors.

To the contrary, the World Bank and IMF claim that over the past five years, there is some evidence of increases in poverty-reducing expenditures. Data for a sample of 27 countries that reached the Decision Point under the HIPC Initiative suggest that poverty-reducing spending increased by close to two percentage points to 8.3 percent of GDP between 1999 and 2004 (Table 3).

Table 3: Poverty-reducing expenditure: 27 countries that have reached HIPC decision points

(in percent)	1999	2000	2001	2002	2003	2004
<i>Ratio of poverty reducing expenditure to government revenue</i>						
African Countries	38.6	39.2	41.3	44.9	47.8	48.7
Latin American Countries	47.6	46.5	49.4	50.8	51.2	51.4
Total	40.9	41.3	43.5	46.4	48.5	49.3
<i>Ratio of poverty reducing expenditure to GDP</i>						
African Countries	5.5	5.4	5.8	6.6	7.3	7.8
Latin American Countries	10.8	9.9	10.3	10.6	10.7	11.2
Total	6.4	6.3	6.7	7.4	7.9	8.3

Source: IMF/World Bank (2005)

It is important to note though that public spending does not necessarily imply better results or necessarily indicate poverty reduction; although shifts in budget outlays can be early indicators of PRS implementation.

What is also true is that MDGs are political rather than programmatic. Translating that shared agenda into action requires a detailed operational framework that can only be established at national level, because country ownership of the MDGs is key to their achievement. Global targets, however valid, cannot be imposed on countries, independent of their current situation and recent history. To be meaningful, they must be customised and tailored to national circumstances and built into national medium term goals and strategies.

5.0. What policies and processes should drive poverty reduction efforts in Southern Africa?

5.1 Rights based approach and sustainable livelihoods

It has become apparent that the process of policy development to address poverty has to be accompanied by a system or mechanisms that ensure that the policies developed are effective. Policies are the outcome of processes of bargaining and negotiation between different interest groups of varied power and influence. The effectiveness of policies to address poverty should at once address both the supply side and the demand side of development inputs.

In a context of extreme inequality and chronic poverty such as that experienced in Southern Africa, there is need for a mix of a “rights-based approach” (i.e. a needs-driven, social justice, and supply-side focus) to ensure social equity and a “sustainable livelihoods approach” (i.e. an assets-driven, market development, and demand-side focus) to create new wealth. This should ensure that an adaptable and responsive policy environment informed by the real experiences and practices of people living in poverty is developed. Ultimately, efforts to overcome poverty are most effective when resources are placed directly where poverty is and that social, economic, political, and human development are all essential to overcoming poverty.

With this challenge come opportunities for new partnerships and alliances, and new forms of advocacy for better public policy. There are also risks.

Effective policies that have strong popular support are a political outcome of negotiation and bargaining amongst many different interests and constituencies in society. These processes are crucial to building democratic participation and to creating accountable, responsive governance. However, if the voices of the poor are not asserted in these processes, other interests are likely to dominate in both the design and implementation of policies.

Thus there is need to:

- develop and strengthen a vibrant, autonomous CSOs which will ensure that political processes and institutions are responsive to the needs of people and their voices asserted and;
- build a developmental state (notwithstanding the fact that most states in Southern Africa are emerging democracies, their institutions are often fragile, lack capacity to be responsive and accountable to civil society); as this is more likely to be responsive to the needs of its citizens than small elites.

5.2 Adopting responsive policies and processes

On the other hand, the Global Monitoring Report 2004 also suggests areas for particular attention for the three main groups of actors involved in poverty reduction efforts, namely developing countries, developed countries and international financial institutions:

Priorities for developing countries:

- improving the enabling climate for private sector activity
- strengthening capacity in the public sector and improving the quality of governance
- scaling up investment in infrastructure and ensuring its effectiveness
- enhancing the effectiveness of service delivery in human development

Priorities for developed countries:

- sustaining stable and strong growth in the global economy
- ensuring a successful, pro-development and timely outcome of the Doha Round
- providing more and better aid
- improving policy coherence for development

Priorities for international financial institutions:

- refining and strengthening institutional roles in low-income countries
- furthering progress on the results agenda
- improving selectivity and coordination of agency programs

I have decided to add a fourth category that talks to *priorities for CSOs* which would include but not exclusive to:

- developing their capacity in building their knowledge around analyzing and monitoring poverty trends - after all emphasis is now being placed upon grounding the formulation of poverty strategies on poverty analysis and upon ensuring that the policies and projects which are supported by donors/development partners are those which promise the largest impact in terms of poverty reduction
- push for the institutionalization of their participation (eg the Mozambique Poverty Observatory) in official processes on poverty reduction strategies
- build a regional agenda around poverty interventions that is informed and driven by experiences of the poor by which the negative impact of certain policies is most felt

More importantly, civil society needs to be engaged in the design, implementation, monitoring and evaluation of the PRSP, including its underlying macroeconomic policies. The differing capacities of civil society groups should not preclude them from a role in the PRSP approach. Indeed if the criticism of the small, select group of NGOs involved in PRSP processes and questions of representation and legitimacy of larger national NGOs is to be addressed, monitoring and evaluation needs to become more inclusive. Entry points for civil society involvement can include public expenditure reviews, budget analysis and allocations, expenditure and public service delivery tracking, depending on the capacity of the organization, and can be performed at a community, district, regional, and national level.

In conclusion, it is clear that as countries move towards the next stage in the PRSP process issues of ownership, financing, participation, and policy targeting becomes crucial to the success of the implementation of poverty reduction strategies.

References

- Imboela, L,B, (2005), *Poverty Reduction in Zambia: A Conceptual Analysis of the Zambian Poverty Reduction Strategy Paper*, Bulletin of Science, Technology & Society, Vol. 25, No. 5, 435-445
- IMF & World Bank, (2005)
- Kalima, B, (2001), *PRSPs, SAPs in disguise?*, AFRODAD
- News and Views for IMF and Bank Watchers (2001)
- McGee, R. (January 2002), *Assessing Participation in Poverty Reduction Strategy Papers: a desk-based synthesis of Experience in sub-Saharan Africa*, Institute for Development Studies (IDS)
- ODI (October 2001), *PRSP Institutionalisation Study: Final Report for the Strategic Partnership with Africa (SPA)*.
- Roberts, B, (2006), *PRSP Mapping exercise Proposal to Southern Africa Trust*
- SADC Summit Communiqué, (2006), Maseru, Lesotho
- World Bank, (2005), *Poverty Reduction Strategies Review*
World Development Report 2000/01
World Global Monitoring Report 2004

This paper was presented at the Southern Africa Regional Poverty Network (SARPN) Workshop on PRSPs – From Formulation to Implementation, 20-21 November, 2006, Pretoria, South Africa. The original version of this paper was first presented at the Strategic Analysis and Knowledge Support System for Southern Africa (SAKSS-SA) Regional Workshop - 4-5 October, 2006, Johannesburg, South Africa.