

# Who's richer, who's poorer?

## A journalist's guide to the politics of poverty reduction strategies

In 2005 the world's governments will review what progress they have made to meet the UN Millennium Development Goals to reduce world poverty. Are Poverty Reduction Strategy Papers (PRSPs), promoted by the World Bank and IMF, helping? PRSPs have a huge effect on food prices, taxes, wages and social spending, and ordinary people are supposed to be involved in shaping these plans. The media can stimulate inclusive public debate on whether and how PRSPs can tackle poverty.



A Poverty Reduction Strategy Paper (see box, page 2) is a document that sets out an analysis of poverty in a country and defines a strategy for reducing it, based on consultations with different stakeholders.

While PRSP processes are highly political and full of controversial debates and difficult decisions, it is not always easy for journalists to uncover and report the stories involved.

### Bringing the story to life

Much information on PRSPs, where available, is provided by groups heavily involved in the process: governments, non-governmental organisations (NGOs), the World Bank and the International Monetary Fund (IMF). Press releases on PRSP negotiations are typically written in dry, technical language.

But are ordinary people aware of the challenges at stake in discussions on dealing with poverty? Do governments have communication strategies to involve the public? And – crucially – what do poor people themselves think? Have they been allowed to join public discussions and official policy debates? Have their views been recognised?

Journalists can bridge the gap between the interests of policy-makers and the real daily concerns of the social groups PRSPs are supposed to address, investigating the issues, making them accessible, reporting key stories and creating a platform for inclusive public debate.

This briefing does not assume PRSPs are good or bad. Instead, it explains why PRSPs matter and how they work, and suggests areas to look at and questions to ask as you bring complex yet vital negotiations to life for your readers, listeners and viewers.

### Media toolkit on PRSPs

This is the first in a new series of briefing documents for journalists on poverty reduction strategies, and is published as the world's governments prepare to review five-year progress against the UN's Millennium Development Goals in September 2005. The brief is part of a Panos project, *Raising Debate: Transparency and Ownership in Poverty Reduction Strategies*, which aims to strengthen communication and dialogue about poverty and strategies to address poverty, particularly PRSPs.

To request further information and future briefings on Panos' work on poverty reduction strategies (and its wider globalisation programme), please contact [globalisation@panos.org.uk](mailto:globalisation@panos.org.uk)

or visit the Panos London website [www.panos.org.uk/globalisation](http://www.panos.org.uk/globalisation). If you use this or any other Panos media resources to cover poverty and poverty reduction strategies, please let us know how and with what results.

### Contents

How did PRSPs emerge?	2
<b>1</b> Ownership and participation	4
<b>2</b> The poverty focus	6
<b>3</b> Donor co-ordination	9
<b>4</b> Reporting behind the scenes: who pulls the PRSP strings?	10
Abbreviations and glossary	11
Useful websites and further information	12

## How did PRSPs emerge?

### What are PRSPs and why are they important?

Introduced in 1999 by the World Bank and the IMF, the PRSP approach followed widespread criticism of reforms that some of the world's poorest countries had adopted under the terms of loans from these institutions. (Loans were intended to deal with economic crisis, often triggered by foreign debt.)

A PRSP document is in theory drafted by a national government, usually led by the finance ministry, with the consultation and advice of the World Bank and IMF, other donors, civil society and other stakeholders. The two international financial institutions stipulate that, in return for debt relief and aid, a PRSP must:

- describe the participatory consultations undertaken
- provide a comprehensive analysis of poverty
- set clear priorities for policies and costed targets for spending
- outline the system to be used to monitor and evaluate progress in implementation according to identified criteria.

This apparent radical shift – from allegedly excessive donor influence over vulnerable and often aid-dependent countries to supposed ‘national ownership’ of policies and strategies to tackle poverty based on partnership – has made PRSPs the subject of considerable debate, both in the countries involved and in international development policy circles.

Some 70 low-income countries have now entered a PRSP process, with some even embarking on a second – or, in the case of Uganda, third – round of PRSP development and implementation. Not all countries call their strategies PRSPs (Uganda's is called the Poverty Eradication Action Plan), instead giving the process a different name as national development plans incorporate PRSPs.



### The background: adjusting to debt

The rising problem of foreign debt in developing countries since the 1970s led to a growing involvement of the Bretton Woods institutions (BWIs) in tying loans to the pursuit of particular policy reforms. In return for its financial assistance, the IMF insisted on tough macro-economic measures by governments to deal with inflation and budget and trade deficits to stabilise their economies. Meanwhile, the World Bank, which traditionally funded projects such as roads and dams, increasingly linked its loans to the adoption of policies for structural reforms, often in the public sector, including privatisation and cutting the civil service.

In practice, there has often been overlap between the roles of the two institutions, which have offered bigger loans to help countries manage their debts if they will accept ‘conditions’ – changes in their economic and social policies that the IMF and World Bank think will help them pay back their loans, climb out of debt and secure longer-term economic growth.

Until the late 1990s the typical package of conditions was called a ‘structural adjustment programme’ (SAP). SAPs were designed to help governments ‘balance the books’ by cutting spending, and to make the economy more efficient through a leaner state and a bigger role for the private sector. As well as reducing government controls on prices and exchange rates, the aim was to increase competition by privatising state-owned companies and cutting trade tariffs, and to promote export-led growth.

These conditions were usually negotiated in secret. Documents were prepared by the BWIs in English, and were rarely available to the media, let alone discussed in parliament or with the public.

Critics made several charges against SAPs. First, they claimed SAPs failed to improve poor countries’ economies. By 2000, average incomes in Africa were 10 per cent lower than in 1980. Many countries were further in debt than in 1980.

Second, some argued the BWIs’ ‘medicine’ was killing the patient. Cuts in spending meant closing schools and clinics, and charging residents for previously free services like water. Privatisation and competition with foreign imports often led to widespread closures and job losses.

Finally, critics protested the IMF and World Bank undermined democracy by imposing ‘one-size-fits-all’ solutions in every country. Because governments had signed up to the BWIs’ conditions, and because of their dependence on financial support to cope with the pressures of debt, they could not change policies in reaction to popular pressure. Riots, strikes and protests were often the result.

The IMF and World Bank countered these criticisms by saying that the short-term pain of adjustment would eventually bring long-term gains. They argued that where SAPs failed it was not because policies were wrong, but because they were not followed or poorly implemented – once governments had the money, they would delay much-needed reforms.

### Winners and losers: the politics of SAPs

Economic reforms affect social, economic and political groups differently. The BWIs expected 'losers' from structural adjustment to include politicians, state officials and civil servants, who would control fewer decisions and resources, as well as workers in state-owned industries facing job losses because of subsidy cuts or privatisation. They claimed 'winners' would include not just private sector business and exporters, who would be able to make more money and create wealth in a free-market economy, but also groups like peasant farmers and small entrepreneurs.

However, in many countries, reforms proved difficult, as those who had benefited from the old arrangements tried to block change. Where reforms did occur, they often favoured powerful social and economic interest groups rather than the disadvantaged. Politicians exploited lucrative opportunities arising in the export sector or benefited from privatisations marred by corruption and a lack of competition. Powerful business interests, domestic and foreign, tended to dominate market openings rather than small producers and entrepreneurs. Public monopolies often became private monopolies.

The stress on reducing the size and role of the state (rather than reforming it) meant reforms often neglected the importance of regulation to ensure the efficient and transparent operation of markets – let alone the pursuit of the wider public interest and greater social equity. The institutions required to perform such regulation were often not in place, ill-equipped and under-resourced, or prone to capture by powerful interest groups within the state and the private sector. Rushed reforms led to narrow and limited stakeholder participation with the result that they were often poorly planned and introduced in incoherent or indiscriminate ways.

### Origins and principles of PRSPs

PRSPs were introduced in 1999 by the IMF and World Bank as a renewed effort was made to provide debt relief for the Heavily Indebted Poor Countries (HIPC). The HIPC 2 initiative, requiring the introduction of a PRSP as a condition to trigger debt relief and aid from the two international financial institutions (see diagram, page 11), offered an opportunity to address the failings of structural adjustment programmes. Beyond the heavily indebted countries, PRSPs became the official approach for World Bank and IMF lending to low-income countries. PRSPs differ from structural adjustment programmes in the following ways:

- 1 Country ownership and participation: countries are supposed to write their own PRSPs. The World Bank and IMF then judge whether the plans are an acceptable basis for writing off debts or making new loans. Governments are expected to involve 'stakeholders' (see box, page 4) in writing the plans.
- 2 Poverty focus: as well as economic policies, PRSPs address expenditure on social sectors such as health and education, with a specific 'poverty focus'.
- 3 Donor co-ordination: all donors are asked to provide aid in support of the PRSP.

This brief looks at these areas in turn and ends with a fourth section providing guidance and ideas for journalists in reporting on PRSPs.

### What are the World Bank and the IMF?

The World Bank and the International Monetary Fund (IMF), both based in Washington, are known as the Bretton Woods institutions (BWIs), after the town in the US where they were conceived in 1944 to aid European reconstruction and global cooperation after the Second World War.

The World Bank, made up of 184 member countries, is now the world's largest public development institution, lending around US\$25 billion to developing countries and providing policy advice to support economic growth and poverty reduction. With the backing of rich members, the Bank borrows from international money markets at low interest rates and lends the money to poorer countries that would normally face higher rates and shorter repayment periods. Some countries also get Bank grants.

Because votes on the Bank's board are based on shareholdings, with 16 per cent the US holds an effective veto over policy (an 85 per cent majority is needed for the biggest decisions), and other rich countries hold a powerful stake. By contrast 47 African countries hold a joint 7 per cent. The US by custom also nominates the president of the World Bank.

The IMF is supposed to ensure the health of the global economy and to prevent crises caused by the instability of exchange rates, fiscal imbalances or balance of payments problems. The rich countries also dominate shareholder votes in the IMF, which by tradition is headed by a European.



# 1 Ownership and participation



## What's the idea?

'Stakeholders' outside government are supposed to be involved at every stage of the PRSP process:

- Informing research into problems the PRSP will try to solve.
- Joining discussions with government to establish policy priorities and set targets.
- Commenting on draft versions of the PRSP before it is presented to the World Bank and IMF.
- Monitoring implementation of the PRSP once it is agreed.

## What's happened so far?

The PRSP process is less secretive than previous negotiations between governments and the BWIs. Groups that previously had no access to decision-makers have attended meetings and expressed their views. Journalists often have access to papers and information. However, many people have been disappointed by how little difference this has made to the decisions that are made. Common complaints include the following:

- Discussions are too technical.
- Documents are not available in local languages.
- Invitations arrive at short notice. There is too little time to consult and comment on draft documents.
- Consultations often avoid discussing the appropriateness of overall economic policies and controversial issues, like ownership of assets such as land, focusing instead on education, health and social sector issues.
- The IMF, World Bank and governments listen silently to criticisms but do not respond, so there is no debate.
- Discussions are dominated by the urban-based groups with most resources, staff and expertise. Peasant groups, and organisations representing women and poor people, trade unions and religious groups are less involved.
- Gender equity is often insufficiently researched and explored in the development of PRSPs.

## Who is a stakeholder?

Stakeholders include: faith groups, trade unions, think tanks, academics, business associations, civil society and non-governmental organisations, community leaders, local government and the media. More controversially, foreign organisations, including international NGOs, aid donors and even local World Bank staff, are sometimes included.

## Controversies

Many aid donors and international NGOs provide funding to stakeholders, encouraging them to participate in the PRSP process as the main available opportunity to debate and influence policies on poverty.

However, some stakeholders argue that if there is little possibility of discussing or changing overall policies seen to cause poverty, participating wastes time, and legitimises policies they do not support.

Some governments object that donor insistence on stakeholder participation weakens their 'ownership' and breaks the BWIs' own rules about interference in domestic politics. Governments say they are not just negotiating with the IMF and World Bank now, but with a loose alliance of rich-country donors and foreign NGOs.

The IMF's own review of PRSPs in 2005 agreed that 'participatory processes' do not tend to 'strengthen existing domestic institutional processes' such as parliaments, whose role in overseeing the terms of agreements between governments and the BWIs has often been neglected or sidelined.

The World Bank and NGOs have responded by trying to find ways of getting parliaments more involved in PRSPs.

But critics say this is the wrong way around. Rather than involving parliaments in the IMF and World Bank's decision-making, the BWIs should respect decisions made by governments.

Another issue of debate has been whether elections or changes in government damage the continuity of PRSPs or rightly offer an opportunity to change the policies they contain.

## Questions to ask on participation

- Which groups are participating? Which have most or least influence?
- Are any major interest groups not there?
- Are any groups excluded?
- Who decides who is invited and on what grounds?
- Do organisations claiming to represent particular groups – such as 'the poor' or women – have legitimacy? Are they elected? Do they have strong links with their constituency?
- Are local groups or foreign-funded organisations having most influence?
- Are all issues on the table and open for debate, or have some already been decided?
- Who in government is leading the development and coordination of policies of relevance to the PRSP? Is a particular political figure, official or ministry in charge? Should other bodies be involved?
- Is parliament involved?
- How different is the PRSP from the original proposals? Has participation affected the outcomes?



## 2 The poverty focus



### Defining targets: what is poverty?

There are many ways of defining and measuring poverty. This is an important debate because policy solutions in a PRSP will depend on how poverty is described in the first place.

The simplest measure is the number of people surviving on less than US\$1 a day. More than 190 countries have endorsed the UN's Millennium Development Goals (MDGs) that include a target to halve the number of people living on less than this amount by 2015. Another measure – the Gini co-efficient – tests how unequally wealth is distributed in society.

However, groups like subsistence farmers do not work for a wage. 'Basic needs' include access to food, water, shelter and clothing. Another measure of people's ability to provide for themselves – the UN's Human Development Index – looks at 'quality of life', including access to education, health systems and credit.

Also to be considered is 'human security' – whether people have the assets and skills to survive shocks such as poor rainfall, while others stress the importance of empowerment and participation in decision-making, including the right to information and knowledge.

Another concept is 'social exclusion', reflecting the powerlessness of given individuals and social groups relative to others – at home, in personal relationships, at work, in the economy or in political and social life.

### What's the idea?

PRSPs are supposed to give poor countries ownership of strategies they choose to reduce poverty. However, the BWIs encourage governments to promote economic growth policies similar to those under SAPs, such as trade liberalisation. At the same time, they encourage governments to use more income from growth for 'poverty-targeted spending' on services like basic health care and primary education. This strategy is called 'growth with poverty reduction'.

### What's happened so far?

Of the 45 PRSPs produced so far, none differs much from the BWIs' standard package of adjustment policies, though more recently the World Bank and IMF have indicated greater openness to the need to consider a wider range of policy alternatives. Among possible explanations for the persistence of traditional policies are:



## PRSPs and trade: the missing link

PRSPs have so far not covered and analysed the role of trade properly. This is surprising as many countries rely on earnings from products like coffee or cotton, and openness to trade features in BWI conditions and government strategies.

The relationship between trade and poverty reduction is hotly contested. Many believe trade, under supportive conditions, can be an engine for poorer countries to reduce poverty. But critics allege that, under trade liberalisation policies so far promoted, there is no automatic link between trade, growth and poverty reduction. These policies, they say, have not taken into account global inequalities in levels of economic development and have also failed to address global double standards in the protection and liberalisation of markets.

In the case of agriculture, for example, the rich countries, while advocating open markets in the developing world, protect their own through various trade restrictions and use state subsidies to dump cheap or below-the-cost of production goods on world markets.

Despite these criticisms, the World Bank and IMF have often insisted on wholesale and unilateral liberalisation in their lending conditions (such as agricultural tariff reductions), exceeding the



requirements of agreements within the World Trade Organization (WTO), the inter-governmental world trade body created in 1995.

The future success or failure of talks within the WTO to agree fairer global trade rules affects crucially the prospects for poverty reduction. So do trade negotiations held between northern and southern countries at regional and bilateral levels in which developing countries may find it even more difficult than in the WTO to deal with the stronger bargaining power of industrial country governments.

Where PRSPs do deal with trade, they tend to focus narrowly on the assumed potential of promoting given exports rather than the serious constraints facing trade strategy.

Some observers point out that unless actions are taken to overcome the poor's relative lack of expertise, resources and assets, greater access to external markets will mostly benefit other social groups.

**1** Unfulfilled potential: PRSPs could help put poor countries in the driving seat in making policy, but governments have not yet had the courage to steer their own course.

**2** Free-market consensus: Governments and stakeholders either now accept the free-market system is the only realistic choice or have so far been unable to muster the political will, social support or the complex policy expertise required to regulate markets and reform the state in more equitable ways. Some believe governments hide behind the IMF and World Bank, claiming they are implementing unpopular policies because they have to or can do little else under the circumstances, given the greater reliance on external markets and financial support.

**3** Business as usual: Some critics suggest PRSPs are simply SAPs with a little extra welfare spending on the side and that the ideas of participation and ownership hide continued BWI control.

### Controversies

Some critics believe the BWIs' strategy actually increases poverty – by holding down wages and creating unemployment. Free-market growth may also increase inequality. So increasing budgets for 'poverty-reduction programmes' may not get to the heart of the problem. Alternative approaches include:

- Making poor people's interests a central aim in economic strategy rather than assuming the benefits of growth will 'trickle down' indirectly.
- Providing direct cash payments to poor people.
- Redistributing resources such as land, credit and technical support to those most in need.
- Increasing state support and incentives for new industries and small- and medium-sized enterprises that create local jobs.

■ Targeting reforms at progress towards universal access to essential public services.

■ Regulating large companies to ensure they pay fairer wages, prices and taxes, and managing investment to maximise benefits for the national economy and local communities.

■ Prioritising domestic markets vital to the poor.

■ Ensuring government, donor and international commitment to pro-poor trade policies.

Other critics complain PRSP targets are unambitious. Why just reduce, not eradicate, extreme poverty? What about tackling relative poverty? The focus on the very basics has also been criticised from the standpoint of long-term development. Do countries just need everybody to read, write and count? Or do they also need secondary- and university-educated teachers, managers and journalists?

## PRSPs and budgets: who gets what?

PRSPs have a major impact on a country's budget-making. PRSP priorities and the conditions attached to BWI loans usually set limits on overall government spending, as well as spending in particular areas. Journalists can explain to their audiences, viewers and readers how changes – in tax, wages and spending priorities – will affect different households, communities and social groups.

One tool is to write case studies of individuals or families showing how policies affect their monthly income and expenditure or their access to essential goods and services. For example:

- 1 A small farmer in a household of six, with three people working, and paying school fees for three children. Because prices for agricultural produce will in theory rise as state price controls are relaxed, and school fees will be cut under a new education policy, this family might be \$10 a month richer.
- 2 A childless civil servant in a household of two living in modern compound housing in the capital. Because of civil service wage and job cuts, and new charges for privatised water and electricity, this family might be \$10 a month poorer.

Making these calculations and anticipating the effects of reforms can be complicated. Risk and vulnerability may be just as important concerns for the poor as financial resources. For example, the small farmer referred to above may be worried that the planned abolition of the state marketing board may mean relying more on the fluctuating prices that private intermediaries will pay to buy the produce, rather than being guaranteed a stable amount as before.

Government departments, universities and independent research institutes, as well as civil society organisations, may be useful sources of data and analytical studies.

## Questions to ask on economic strategy

- Which poverty targets does the PRSP prioritise?
- What is the main economic strategy? What alternatives were considered? To what extent were they accepted or were they rejected?
- Will the strategy work? Will it help the poorest people? What do different commentators think?
- Will IMF and World Bank financial support be in line with the terms of the PRSP or will it involve separate conditions not openly discussed (see page 10)?
- What impact do trade policies have on poverty?
- What trade agreements and negotiations is the government involved in (within the WTO or regionally/bilaterally)? How do they relate to economic strategy, and what are their implications for the PRSP?
- Has the PRSP process involved poverty and social impact assessments (PSIAs) to research and discuss the effects of policies on poor people, with the participation of the poor themselves?
- What are the implications of such assessments for economic reform options and the PRSP?



## Questions to ask on sectoral plans in a PRSP

- Apart from overall economic strategy, PRSPs cover sectors such as transport, defence, health or education. Controversial decisions will be made in each area. Here are some suggested questions on education (similar questions could apply to health, water and sanitation and other public utilities such as electricity, energy and telecommunications):
- How much more will be spent on primary education?
  - How will the money be spent – lower fees, more books, buildings or teachers?
  - How many more children, and how many girls, will go to school?
  - Has the overall education budget increased? If not, is there less money for secondary schools and universities?





#### **What's the idea?**

Despite the World Bank and IMF's focus on poverty, bilateral aid from individual rich countries often comes with its own conditions, including aid 'tied' to the use of goods from the donor country. Each donor has its own system for governments to apply, keep budgets, and account for its money. This wastes the time and civil service resources of recipient governments and hinders the focused use of funds.

PRSPs try to solve the problem of donors' policy inconsistency and multiplication of the administrative burden by providing a framework.

Donors under the PRSP approach are encouraged to concentrate more of their aid on the poorest countries, and the poorest communities within them, and to spend more on social priorities rather than on the military or inappropriate infrastructure projects.

Instead of funding fragmented small projects, a 'sector-wide approach' targets provision of money in line with coordinated policies and a single strategy for a given sector, with greater funds often given directly to the budgets of particular ministries – known as direct budget support.

Some commentators worry that, unless there is effective social participation, this will mean less money is available for non-governmental and civil society initiatives, and that valuable community-based insights and solutions on poverty will be lost in a top-down approach. They question whether ministries will spend the money fairly, transparently and efficiently.

Others worry that if all donors rely on the World Bank and IMF for advice on aid allocation, this will increase the BWIs' influence and compound the problem of 'conditionality'.

#### **What's happened so far?**

Some rich-country donors are keen on PRSPs. The UK, the Netherlands and the European Union, for example, are trying to provide more direct budget support for PRSP priorities.

However, other donors either have different priorities (for example, Japan is considered less keen on the World Bank's approach) or prefer to keep their aid separate, using it as a lever for strategic or commercial reasons (some accuse the United States of this).

Some analysts are also concerned that special funds for 'international priorities' – such as the Global Fund to Fight AIDS, TB and Malaria – undermine co-ordination through the PRSP.

## 4 Reporting behind the scenes: who pulls the PRSP strings?



PRSP processes can look like an endless series of meetings with a lot of discussion but few decisions. Writing clearly and compellingly about PRSPs means finding out where the key negotiations are happening and who is making the real decisions. It means getting behind the public statements of different groups to explain what their political, social and economic calculations are and whose interests they represent.

The diagram opposite shows the stages of a typical PRSP process, and suggests some key moments for journalists to investigate.

### The final say

A key starting point is recognising that the World Bank and IMF boards have the final say over the completed document. Governments and other stakeholders have to balance what they most want with what they think will get approved. Nobody wants to jeopardise much-needed debt relief or aid.

Although a PRSP is a necessary condition for countries to access new BWI loans, it is only the first stage and other separate processes are involved, begging questions about the transparency and policy consistency of BWI support.

The World Bank has many ways of making its policy views known both within PRSP discussions and elsewhere.

- The Bank sometimes declares itself a PRSP stakeholder, taking an active role in consultation meetings, and making plain its own view of what is realistic.
- Outside the PRSP, in each country, the Bank produces studies on everything from education to energy to taxation. This Economic and Sector Work (ESW) research is shared with government ministers and used to produce recommendations for policy reforms in the Bank's Country Assistance Strategy (CAS, which acts as a 'master plan' for the country).
- The Bank also produces an annual policy 'score-card' for every country (the CPIA) which judges how closely governments follow what the Bank defines as 'good policies'. This score (on a scale of A to F) affects how much a country is able to borrow. Like the ESW research, it does not involve participation by stakeholders.

The IMF imposes additional conditions through private negotiations with finance ministries on loans under its Poverty Reduction and Growth Facility (PRGF) scheme, as does the World Bank through its Poverty Reduction Support Credit (PRSC). Negotiations over PRGF and PRSC loans are supposed to be based on the PRSP yet they often involve conditions not agreed in the PRSP, including controversial measures such as privatisation affecting access to public services or spending ceilings reducing the affordability of expensive but important programmes like providing AIDS medicines.

# Reporting on PRSPs: ideas for journalists

## Abbreviations

### APR

Annual Progress Report – review of implementation and impacts of PRSP

### BWIs

Bretton Woods institutions

### CAS

Country Assistance Strategy – World Bank policy on a particular country

### CPIA

Country policy and institutional assessments – annual World Bank rating of a country's policies

### ESW

Economic and sector work – World Bank background research

### HIPC

Highly Indebted Poor Country Initiative: a debt-relief programme for the world's poorest countries agreed by creditor governments and institutions in 1996

### JSA/JSAn

Joint Staff Assessment/ Joint Staff Advisory note – advice from local staff to World Bank and IMF on whether to approve a PRSP

### MDGs

Millennium Development Goals – UN poverty reduction goals and targets agreed by governments in 2000 in a range of areas (MDG 8 refers to the international community's responsibilities on trade, finance, aid and debt).

### PRS(P)

Poverty Reduction Strategy (Paper)

### PRSC

Poverty Reduction Support Credit – Loan from World Bank to support PRSPs

### PRGF

Poverty Reduction and Growth Facility – Loan from IMF in support of PRSPs (previously called Enhanced Structural Adjustment Facility)

### PSIA

Poverty and Social Impact Assessment – research into poverty to inform PRSPs

### SWAP

Sector-Wide Approach – donor funding based on a coordinated single strategy for a sector, often going directly to line ministries with less form-filling

How much debt is there? How much might get cancelled? Should it be paid anyway? Should the country borrow from the World Bank in the future?

If researchers are visiting poor communities, can you travel with them to gather views on poverty and potential solutions?

The PRSP itself and the JSAn documents are available on the World Bank website.

Will there be a parliamentary debate? What if parliament rejects the plan? Are local interest groups or the World Bank lobbying parliamentarians? Who are the winners and losers in the budget?

If HIPC Completion Point is delayed, why? Has government gone back on commitments in the PRSP? For political reasons? For technical reasons? Because of corruption? Is the World Bank trying to push new conditions in this process, or overriding national political debates?

Government applies for debt relief and agrees with World Bank to negotiate PRSP.

Research on the nature of poverty.

Design of the participatory planning process.

Get in touch with the 'PRSP Unit' (usually in the Finance/ Planning Ministry) to ensure you are on their contact list.

Development of PRSP. Consultations with stakeholders. Costing and prioritisation.

Can you attend consultation meetings? Interview stakeholders about expectation for the process. Get drafts of the PRSP that are being discussed. Identify controversial conditions and invite comment from government, stakeholders and World Bank country staff.

Finished PRSP Document includes:

- Description of process
- List of objectives
- List of reforms (conditions)
- Monitoring procedures

This is where controversial decisions (big privatisations etc) are often made. Why is this happening outside the PRSP process? Can you make a contact inside the Finance Ministry to tell you what is going on? Will IMF staff tell you?

JSAn from the IMF and World Bank staff advises the Boards whether to approve the PRSP.

**Outside PRSP process**  
IMF adds extra conditions in talks with Finance Ministry.

Approval by Boards of Bank and Fund means HIPC 'Decision Point'. Some debt relief.

New loans from IMF (PRGF) and World Bank (PRSC).

New aid from bilateral donors (EC, US, Japan etc).

Govt. devises budget and drafts legislation needed to implement PRSP conditions.

**Outside PRSP process**  
World Bank adds extra conditions through ESW research, CPIA 'scorecard' and its Country Assistance Strategy (CAS).

Annual Progress Report from Govt.

The CAS is on the World Bank website. The content of the CPIA is usually secretive. Will the World Bank staff tell you what is in it?

1 year on from HIPC Decision Point, World Bank reviews implementation of conditions.

HIPC 'Completion Point'. Release of final debt relief funds.

## Glossary

### Absolute poverty

Sometimes used as a synonym for extreme poverty, this term refers to a very low standard of well-being in which those living in poverty are deprived of basic necessities such as food, clothes, shelter and health

### Balance of payments

Balance between a country's income (eg from exports, cash inflows, credits from loans and investments) and its payments (eg imports, cash outflows, debt repayments)

### Fiscal deficit

When a government's expenditure exceeds its tax revenue

### Inequality

Distribution of resources and well-being across members of society

### Poverty

An individual's inability to achieve a given, acceptable minimum standard of well-being

### Privatisation

The sale of state-owned public assets and/or the transfer of powers and responsibilities for control of their management and operation to private actors

### Relative poverty

A measure of a poor standard of well-being relative to that of others

### Trade deficit

The financial gap when a country imports more than it exports

### Trade liberalisation

Reduction of tariffs (government taxes on imports) and removal of non-tariff barriers





### **[www.worldbank.org/poverty](http://www.worldbank.org/poverty)**

The World Bank's PovertyNet website. Can be searched for country-specific information, including most official documents on the PRSP process.

### **[www.imf.org/external/np/prsp/prsp.asp](http://www.imf.org/external/np/prsp/prsp.asp)**

The IMF's PRSP website.

### **[www.afrodad.org](http://www.afrodad.org)**

Afrodad. Harare-based African civil society network on debt and PRSPs.

### **[www.eurodad.org](http://www.eurodad.org)**

Eurodad. Brussels-based European civil society network on debt and PRSPs.

### **[www.brettonwoodsproject.org](http://www.brettonwoodsproject.org)**

The Bretton Woods Project. London-based news and analysis on the World Bank and IMF.

### **[www.bicusa.org](http://www.bicusa.org)**

Bank Information Centre. Unofficial Washington-based 'embassy' for civil society groups working on World Bank issues. Also huge website full of country-specific news and analysis.

### **<http://ifiwatchnet.org/watchers>**

IFIWatch. Lists and links of the global members of the network of campaigners and researchers on the World Bank and IMF.

### **[www.50years.org](http://www.50years.org)**

50 Years is Enough. Campaign for radical reform of the World Bank and IMF.

### **[www.saprin.org](http://www.saprin.org)**

SAPRIN: Structural Adjustment Participatory Review International Network. Joint World Bank-civil society-government initiative to review the impact of structural adjustment in nine case-study countries.

### **<http://hdr.undp.org/reports/global/2004>**

2004 Human Development Indicators.

Human development indicators for every country.

### **[www.pnowb.org](http://www.pnowb.org)**

Parliamentary Network on the World Bank. Parliamentarians' network promoting greater transparency in World Bank policies (see petition for democratic oversight of the World Bank and IMF: [www.ippinfo.org](http://www.ippinfo.org)).

### **[www.un.org/millenniumgoals](http://www.un.org/millenniumgoals)**

UN Millennium Development Goals. UN site outlining the goals and targets for reducing world poverty agreed by 191 governments in 2000. On UN coordination of efforts to achieve the MDGs, see [www.undp.org/mdg](http://www.undp.org/mdg) For civil society efforts, see [www.un-ngls.org/mdg](http://www.un-ngls.org/mdg)

### **[www.whiteband.org](http://www.whiteband.org)**

Global Call to Action against Poverty. Worldwide campaign to hold government leaders to account for poverty reduction.

### **[www.undp.org/poverty](http://www.undp.org/poverty)**

UN Development Programme. Resources on globalisation, trade and poverty.

### **[www.unctad.org](http://www.unctad.org)**

UN Conference on Trade and Development. Analysis on trade, finance and debt (including 2004 Least Developed Countries report on trade and poverty reduction).

### **[www.wto.org](http://www.wto.org)**

World Trade Organization.

Official information on WTO trade agreements and negotiations.

### **[www.ictsd.org](http://www.ictsd.org)**

International Centre for Trade and Sustainable Development. News and analysis on trade and sustainable development.

### **[www.oecd.org/topic/0,2686,en\\_2649\\_37413\\_1\\_1\\_1\\_1\\_37413,00.html](http://www.oecd.org/topic/0,2686,en_2649_37413_1_1_1_1_37413,00.html)**

Organisation for Economic Co-operation and Development. Information on the development aid and poverty policies of members of the OECD, the policy analysis body of the industrial nations.

# P

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Panos is a global network of independent NGOs working with the media to stimulate debate on global development issues. Panos works from offices in 16 countries.

Written by Alastair Fraser with input from Teresa Hanley and Jon Barnes  
Edited by Ravi Wickremasinghe

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For further information contact:

**External Relations Unit**  
**Panos London**  
**9 White Lion Street**  
**London N1 9PD**  
**UK**

Tel: +44 (0)20 7278 1111  
Fax: +44 (0)20 7278 0345  
**[www.panos.org.uk](http://www.panos.org.uk)**

Press:  
**[media@panos.org.uk](mailto:media@panos.org.uk)**

Globalisation Programme:  
**[globalisation@panos.org.uk](mailto:globalisation@panos.org.uk)**

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Panos Media Toolkit on PRSPs

## **1 Who's richer, who's poorer? A journalist's guide to the politics of poverty reduction strategies**