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Paper Title :

**Poverty Reduction In Africa Through The Poverty Reduction Strategy Papers :
A Fata Morgana ?
Towards Alternative Poverty Reduction Strategies In Africa**

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Introduction :

Poverty has several definitions: for example, while the Copenhagen Declaration describes absolute poverty as "a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information.", the World Bank identifies "extreme poverty" as being people who live on less than US\$1(1993 PPP) a day, and "poverty" as less than US\$2 a day. On that standard, 46.6% of Africa's population were in extreme poverty, and more than half the world's population were poor in 2001.¹

Recognizing the severity of poverty and its implications on developing countries, the first of the eight Millennium Development Goals (MDGs) articulated at the UN General Assembly in 2000 is to halve by 2015 the proportion of people in absolute poverty, that is, those living on less than US\$1 per day.

¹ See: Reddy and Pogge (2005) for a critique of the World Bank approach in measuring the world poverty , that may lead to "a large understatement of the extent of global income poverty and to an incorrect inference that it has declined."

1. The Status of Poverty in Africa

Africa, despite an abundance of resources, natural and human, suffers from widespread and persistent poverty and a high degree of income inequality. In 1987, 47 percent of the population was below the international poverty line. By 1998, this rate had declined only marginally to 46 percent. Sub-Saharan Africa is now the region with the highest incidence of poverty in the world. High levels of income inequality (the Gini coefficient for the region as a whole is as high as 44) compound the problem and undermine the prospects for sustainable and equitable economic growth and a significant reduction in the incidence of poverty. On the other hand, the continent is far from homogeneous and the aggregate figures mask important variations in both the incidence of poverty and in income distribution across countries, and within regions in individual countries. (See table1 for country specific percentages)

Non-income measures of poverty show large variations, but overall infant mortality, life expectancy and school enrollment rates in Africa are some of the worst in the world. In Sub-Saharan Africa, 151 children out of 1,000 die before the age of 5 and 92 out of 1,000 die before the age of 1. The life expectancy rate of 50 years, and net primary school enrollment rates of 60 percent are the lowest in the world. Deaths as a result of HIV/AIDS alone have resulted in a lowering of life expectancy, thus wiping out social gains of the last three decades in a number of countries. Among 8 countries where life expectancy declined by more than 3 years since 1990, six are African countries. For instance, in Botswana and Zambia, countries with high HIV/AIDS prevalence rates, life expectancy has declined by 9.5 years and 6 years, respectively. Although poverty in Africa is a predominantly rural phenomenon, urban poverty is also rising in many countries, adding a new dimension. (UNDP)

2. Critical Review of the Poverty Reduction Strategy Papers:

Origins and principles of PRSPs:²

Largely in response to criticism of its policies, the IMF in 1999 announced its shift, symbolized by renaming its Enhanced Structural Adjustment Facility (ESAF) as the Poverty Reduction and Growth Facility (PRGF). Around the same time, the World Bank introduced the Poverty Reduction Strategy Papers (PRSPs) , initially as the basis on which poor countries would receive debt relief under the Heavily Indebted Poor Countries Initiative (HIPC). Subsequently, the PRSP approach was extended to other low-income countries, and was turned into a condition to receive financial support from the Washington-based institutions. Up till now 31 African countries have completed either a full or an interim PRSP.

(see table 2 for the dates African countries presented PRSP , I-PRSP and/or PRSP annual progress report/s)

While the PRSP approach was presented to be a new developmental approach that recognises the failure of previous World Bank and IMF policies , as the PRSP review states :

“There are **five core principles** underlying the development and implementation of poverty reduction strategies, The strategies should be:

country-driven, involving broad-based participation by civil society and the private sector in all operational steps;

results-oriented, focusing on outcomes that would benefit the poor;

comprehensive in recognizing the multidimensional nature of poverty and the scope of actions needed to effectively reduce poverty;

partnership-oriented, involving coordinated participation of development partners (bilateral, multilateral, and non-governmental); and

based on a **long-term perspective** for poverty reduction.”

A closer look would reveal that the PRSP approach is a continuation to the devastating SAP policies imposed for two decades in many African countries by the World Bank and International Monetary Fund while using more politically correct phrases to dress up the same policies that they have circulated for more than two decades .

2.1. Inconsistent with its own core principles

Ownership and Participation : The Freedom of speech (only!):

The mere fact that the World Bank and the IMF have been supervising and monitoring the PRSP processes even at micro levels across poor countries renders the whole question of local ownership a mockery and thus making the entire programme a foreign tool and another conditionality for accessing aid from the international financial institutions. Ownership in this regard is reduced to a rich big brother invitation to financially resource starved national governments and civil society to sign on.

² PRSP Resources , including the original PRSP and I-PRSP country reports , can be found on the World Bank PRSP site : www.worldbank.org/prsp.

Although increased emphasis on poverty reduction is to be welcomed, it is clear that the PRSP approach still has major shortcomings, one of which is the fact that macro-economic issues still restrict social ambitions in terms of denied access to decent healthcare and school places through user fees.

The supposed government ownership of their own PRSPs is a myth. A requirement that the IMF endorse the final paper before debt relief and other lending are made available ensures that IMF 'advice' will still have to be followed if a PRSP is to be approved.

Although the IMF claims to have adopted poverty reduction as a key objective, its 'advice' has not been reformed. Instead the IMF continues to steer countries towards the same mix of free market macro-economic policies.

The poverty analysis and the macroeconomic sections of PRSPs are often inconsistent – some acknowledge the failure of previous adjustment programmes but then go on to advocate the very same policies.

The final acceptance of PRSPs still lies with the non-representative boards of the World Bank and IMF, which effects the dynamics of the process from the outset.

Results-oriented :

Ironically the answer to this claim comes from the IMF and World Bank's own review of the PRS approach this year, as the review to be as it describes the PRS approach as follows :

“The 2005 PRS review is not an evaluation that seeks to attribute specific poverty reduction results to the approach—an endeavor that would not be possible.- The PRS approach is not a project or particular policy measure, where one can observe a counterfactual and establish direct causality to poverty outcomes. Rather it comprises a set of principles and actions that affect the environment in which policy is formulated, implemented and monitored. Instead, it focuses on decision-making and implementation processes, and the role of the PRS approach in influencing these processes and in strengthening the systems and analyses that support improved interventions and better outcomes. In this sense, the review does not take a narrow approach of reviewing PRS documents against a uniform benchmark, but instead focuses on examining how selected processes are evolving over time.” (World Bank 2005)

This clearly shows that the World Bank and IMF have limited their criteria of following the PRSPs in following its implementation procedures mentioned . while the actual impacts on poverty is not the required criterion !

2.2.Increased conditionality

PRSP as a pre-requisite to HIPC³ and WB lending , (An offer you can't refuse : a neo-liberal approach!) :

³ See the World Bank debt site , www.worldbank.org/debt, for an overview and HIPC resources

The fact that the IMF and World Bank insist when dealing with poor countries needy of debt relief and concessional assistance by making them to come up with a PRSP makes the whole process another form of conditionality. Countries have to prepare a Poverty Reduction Strategy Paper, which includes macroeconomic, structural, and sectoral as well as social elements. This means that in addition to traditional adjustment targets, new conditions must be met.

Donors, creditors and markets look to the IMF for clear signals if a country is following sound economic policies and deserves their support.

Bank activities in IDA countries are organised under a Country Assistance Strategy “business plan” responding to the PRSP. Each loan supports a specific programme of reforms which form the basis of a policy matrix negotiated between the Bank and the borrower. This matrix spells out the specific priority actions (conditionality) considered critical to the success of the program. The medium-term program supported by the loan is set out in the government’s accompanying Letter of Development Policy.

In principle policy targets and actions defined in the PRSP should be the basis of IMF and Bank conditions.

However most of the time PRSPs seem to build on loan agreements rather than *vice versa*. In addition it seems that little has changed in terms of the Fund’s and the Bank’s ‘negotiating style’. Loan negotiations are still conducted behind closed doors within Ministries of Finance and Central Banks, and lack disclosure, public involvement and oversight.

The link of PRSPs to the initiatives for debt reduction complements the already unmasked trap of the HIPC initiative that ensure payment of the external debt under even harsher conditions. In this case, approaching poverty as a marginal phenomenon shows the intention to deny the direct relationship between poverty and exploitation; and secondly denies the clear failure of structural adjustment policies, SAP and the neo-liberal agenda imposed by the IMF and the WB.

Furthermore, the current regimen of conditioning "debt relief" on as PRSP is the greatest contradiction within the HIPC framework. The results of applying SAP in other parts of the world have shown that absolute poverty has increased instead of decreasing. Nonetheless, the creators of the HIPC initiative preach that it has been conceived as a vehicle that helps to alleviate poverty. But the logic of the SAP packages is against increases in those very directions.

2.3. Inconsistent with MDGs⁴ :

The Millennium Development Goals (MDGs) present a set of benchmarks, endorsed by governments, which are meant to guide the work of the UN and the entire family of multilateral organisations. Too often, however, the international financial institutions treat these goals with little more than ritualised respect, offering up customary appropriate intervals, yet doing little to alter their engagement in poor

⁴ UN Millennium Development Goals Site : www.un.org/millenniumgoals , offers resources and goals reports for achieving the MDGs .

countries so that these goals can become real and meaningful changes in poor people's lives.

Reaching the MDGs seems to constitute no real importance to the World Bank and IMF as can be seen in the case of the Cameroonian PRSP for example. Cameroon completed its PRSP in August 2003. It contained more than one spending scenario for Education and Health³⁸. On the basis of the higher spending scenario, a number of the MDGs in Health and Education will be reached, but on the lower spending scenario they will not. For example, under the lower spending scenario the MDG target on infant mortality will be missed by 44 per cent. However, the PRGF for Cameroon, released at the same time as the PRSP, supports the lower spending scenario. This spending scenario involves Cameroon moving during the three years of the PRGF from a fiscal deficit of just 0.7 per cent to a surplus of 0.7 per cent³⁹. This change of 1.4 per cent of GDP could have doubled expenditure on health. This clearly undermines the objectives of the Cameroon PRSP and its ability to reach the required MDGs. (Oxfam 2004)

Towards alternative poverty reduction strategies in Africa:

Conclusion:

This paper argues that the World Bank and IMF Poverty Reduction Strategy Papers approach is a continuation to the devastating Structural Adjustment policies, with the addition of interesting rhetoric that has little, if any, to do with reality . The PRSP is inconsistent with the core principles it claims to have , inconsistent with reaching The Millennium Development Goals (MDGs) and specially inconsistent and unrelated to its own name and supposedly primary focus , that is “poverty reduction” .

To apply PRSPs as the national development plans in African countries as part of the World Bank and IMF conditionality would be to forgo the poverty reduction goal in Africa.

Then the paper presents fundamentals that has to be included when developing alternative African poverty reduction plans that would be effective in actually reducing the poverty indices in Africa.

Table 1 : Percentages Of Population Under International Poverty Lines - African Countries .

	Country	Survey year	Population below \$1 a day %	Population below \$2 a day %
1	Algeria	1995 (a)	< 2	15.1
2	Angola	..	..	..
3	Benin	..	..	..
4	Botswana	1993 (a)	30.7	55.7
5	Burkina Faso	1998 (a)	44.9	81.0
6	Burundi	1998 (a)	54.6	87.6
7	Cameroon	2001 (a)	17.1	50.6
8	Cape Verde*	..	..	..
9	Central African Republic	1993 (a)	66.6	84.0
10	Chad	..	..	..
11	Comoros*	..	..	..
12	Congo, Democratic Republic of the	..	..	..
13	Congo, Republic of the	..	..	..
14	Cote d'Ivoire	2002 (a)	10.8	38.4
15	Djibouti*	..	..	..
16	Egypt, Arab Rep.	1999-2000 (a)	3.1	43.9
17	Equatorial Guinea*	..	..	..
18	Eritrea	..	..	..
19	Ethiopia	1999-2000 (a)	23.0	77.8
20	Gabon	..	..	..
21	The Gambia	1992 (a)	53.7	84.0
22	Ghana	1998-99 (a)	44.8	78.5
23	Guinea	..	..	..
24	Guinea-Bissau	..	..	..
25	Kenya	1997 (a)	22.8	58.3
26	Lesotho	1995 (a)	36.4	56.1
27	Liberia	..	..	..
28	Libya	..	..	..
29	Madagascar	2001 (a)	61.0	85.1
30	Malawi	1997-98 (a)	41.7	76.1
31	Mali	1994 (a)	72.3	90.6
32	Mauritania	2000 (a)	25.9	63.1
33	Mauritius	..	..	..
34	Morocco	1999 (a)	< 2	14.3
35	Mozambique	1996 (a)	37.9	78.4
36	Namibia	1993 (b)	34.9	55.8
37	Niger	1995 (a)	60.6	85.8
38	Nigeria	1997 (a)	70.2	90.8
39	Rwanda	1999-2000 (a)	51.7	83.7
40	Sao Tome and Principe*	..	..	..
41	Senegal	1995 (a)	22.3	63.0

Table 1: Percentages Of Population Under International Poverty Lines - African Countries . (Continued)

	Country	Survey year	Population below \$1 a day %	Population below \$2 a day %
42	Seychelles*	..	..	..
43	Sierra Leone	1989 (a)	57.0	74.5
44	Somalia	..	..	..
45	South Africa	2000 (a)	10.7	34.1
46	Sudan	..	..	..
47	Swaziland	1994 (b)	8.0	22.5
48	Tanzania	1991 (a)	48.5	72.5
49	Togo	..	..	..
50	Tunisia	2000 (a)	< 2	6.6
51	Uganda	1999 (a)	84.9	96.6
52	Zambia	1998 (a)	63.7	87.4
53	Zimbabwe	1995-96 (a)	56.1	83.0

Source: World Bank(2005) , World Development Indicators 2005, table 2-5

Notes:

1- (a) Expenditure base (b) Income base.

2- * : Country name in the original table, added by researcher to continue the list of all the African countries

Table 2 : Dates Of African Countries Completion Of I-PRSP, PRSP, Annual Progress Report(S) , And/Or Their HIPC Initiative Status

	Country	I-PRSP	PRSP	APR	PRSP II	HIPC Initiative Status
1	Benin	Jun 26, 2000	Dec 30, 2002	Dec 2004		Completion Point
2	Burkina Faso		May 25, 2000	Sep 30, 2001 Sep 30, 2002 Dec 31, 2003 Dec, 2004	July, 2004	Completion Point
3	Burundi	Nov 30, 2003				Decision Point
4	Cameroon	Aug 23, 2000	Apr 30, 2003	Apr 30, 2004		Decision Point
5	Cape Verde	Jan 31, 2002	Sep 2004			
6	Central African Republic	Dec 13, 2000				Pre-Decision Point
7	Chad	Jul 16, 2000	Jun 30, 2003			Decision Point
8	Congo, Democratic Republic of the	Mar 31, 2002				Decision Point
9	Congo, Republic of the	Nov 17, 2004				Pre-Decision Point
10	Cote d'Ivoire	Jan 31, 2002				Pre-Decision Point
11	Djibouti	Jun 30, 2001	Mar 31, 2004			
12	Ethiopia	Nov 30, 2000	Jul 31, 2002	Dec 31, 2003		Completion Point
13	The Gambia	Oct 5, 2000	Apr 30, 2002	Dec, 2003		Decision Point
14	Ghana	Jun 30, 2000	Feb 19, 2003	Mar 31, 2004		Completion Point
15	Guinea	Oct 30, 2000	Jan 31, 2002	Apr 30, 2004		Decision Point
16	Guinea-Bissau	Sep 30, 2000				Decision Point
17	Kenya	Jul 12, 2000	Mar 12, 2004			
18	Lesotho	Dec 31, 2000	July, 2005			

Table 2 : Dates Of African Countries Completion Of I-PRSP, PRSP, Annual Progress Report(S) , And/Or Their HIPC Initiative Status (Continued)

	Country	I-PRSP	PRSP	APR	PRSP II	HIPC Initiative Status
19	Madagascar	Nov 20, 2000	Jul 31, 2003	Jul 31, 2004		Completion Point
20	Malawi	Aug 31, 2000	Apr 23, 2002	Oct 10, 2003 Feb 2005		Decision Point
21	Mali	Jul 19, 2000	May 29, 2002	Apr 30, 2004		Completion Point
22	Mauritania		Dec 13, 2000	Mar 31, 2002 Jun 27, 2003		Completion Point
23	Mozambique	Feb 16, 2000	Apr 30, 2001	Feb 28, 2003 May 2004 Jun 7, 2005		Completion Point
24	Niger	Oct 6, 2000	Jan 16, 2002	Jul 31, 2003 Jul 31, 2004		Completion Point
25	Rwanda	Nov 30, 2000	Jun 30, 2002	Jun 30, 2003 Oct 31, 2004		Completion Point
26	Sao Tome and Principe	Apr 6, 2000	Dec 2002	Jan, 2005		Decision Point
27	Senegal	May 8, 2000	May 31, 2002	Mar 31, 2004		Completion Point
28	Sierra Leone	Jun 30, 2001	Mar, 2005			Decision Point
29	Tanzania	Mar 14, 2000	Oct 1, 2000	Aug 14, 2001 Mar 31, 2003 Apr 30, 2004		Completion Point
30	Uganda		Mar 24, 2000	Mar 2, 2001 Mar 31, 2002 Aug 13, 2003	Apr, 2005	Completion Point
31	Zambia	Jul 7, 2000	Mar 31, 2002	Mar 31, 2004 Dec 31, 2004		Completion Point

Source: World Bank web site.

References :