

# On the Same Page? The World Bank's Evolving and Revolving Discourse on Poverty Reduction Strategies

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**Abstract:** The paper argues that the World Bank's understanding of poverty and development has not *evolved* so much as it has *revolved* since the 1970s. With poverty reduction as the declared aim, the paper looks at the World Bank's main instruments for achieving this goal, i.e. policy-based lending, and how the Bank's approaches to, and discourse on poverty have changed with the current Poverty Reduction Strategy Paper (PRSP) approach. The paper finds that the institution has evolved in process, but not in macroeconomic frameworks. Therefore, the neo-liberal, modernisation paradigms in place do not lead to a fundamental questioning or reshaping of the Bank's approach to Africa. The paper asserts that the purpose of these frameworks may deliberately and/or unconsciously be to reproduce the global capitalist system, but in the context of the poverty reduction objective, it raises unrealistic expectations for donor and recipient. The Bank would be strengthened as an institution by being more conscious of its revolving history – especially the role of debt as a catalyst for strategies – and by being more forthright about policy aims.

Key words: poverty reduction, debt, World Bank

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## 1. Introduction

The World Bank is a major development and lending institution, and as such often sets important aspects of the development agenda. The goal of poverty reduction has become the World Bank's institutional objective. With poverty reduction as the declared aim, the purpose of this paper<sup>1</sup> is to investigate how the World Bank's approaches to, and discourse on poverty have changed with the current Poverty Reduction Strategy Paper (PRSP) approach.

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<sup>1</sup> Unless otherwise stipulated in the text, references to the "paper" refer to this study.

In recent years, no issue has been more pressing in international development than poverty. The end of the twentieth century witnessed the return of the poverty concept to the global development agenda. Poverty – whether it is alleviation, eradication and/or reduction – has become the driving force for development assistance and agencies (UNDP 1999; DANIDA 2003; NORAD 2002).<sup>2</sup>

One issue that is continually probed here is the degree to which the discourse, or segments of the discourse on poverty, represents new terminologies and frameworks (i.e. is evolving), or whether they are reminiscent or are in fact a recurrence of the theoretical or operational functioning of another time, place or actor (i.e. is revolving). And from the author's perspective, there are consequences for both donor and recipient in having a revolving as opposed to an evolving policy and approach to poverty: policy failure. The paper does not suggest that World Bank does not believe its actions are the right ones. But the research becomes important because of the likelihood of repeating failures, which may or may not be the policy aim.

The World Bank of the 1990s is not the World Bank of the 1960s, '70s or '80s, and neither are the strategies. Or is it? The World Bank has stated at the outset of the renewed poverty objective that its primary development goal is poverty reduction and this should be the measure of its success, which is why this area will be utilised here as the measure of Bank progress and work (World Bank 1993: 11; World Bank 1991: 5). With poverty reduction as the declared aim, the paper looks at the World Bank's main instruments for achieving this goal, i.e. policy-based lending, and how the Bank's approaches to poverty have changed. In conjunction with the International Monetary Fund (IMF), Poverty Reduction Strategy Papers (PRSP) are the World Bank's most recent effort in reducing poverty. Initiated in 1999, these documents establish national priorities and set out government socio-economic targets and objectives linked to the overall aim of poverty reduction (World Bank 2000a; IMF 1999).

Therefore the key questions to be investigated in this paper are how the World Bank evolved and how the PRSP approach reflects shifts in the institution's understanding of poverty reduction. In short, how different is the PRSP approach to previous conceptualisations and operationalisation of poverty?

The hypothesis of this paper was that the Bank's understanding of poverty and development has not *evolved* so much as it has *revolved* since the 1970s. The paper found that the institution has evolved in process, but not in macroeconomic frameworks. Therefore, the neo-liberal paradigms in place do not lead to a fundamental questioning or reshaping of the Bank's approach to Africa. The paper argues that the purpose of these frameworks may deliberately and/or unconsciously be to reproduce the global capitalist system, but in the context of the poverty reduction objective, it raises unrealistic expectations for donor and recipient. The Bank would be strengthened as an institution by being more conscious of its revolving history and by being more forthright about policy aims.

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<sup>2</sup> Poverty reduction is not one of the official purposes in the IMF's Articles of Agreement, but it has been made appended to the IMF's mission description which includes fostering global monetary cooperation, securing financial stability, facilitating international trade, promoting high employment and sustainable economic growth, followed by reducing poverty. [www.imf.org](http://www.imf.org). Accessed 10 October 2004.

This paper concurs through its analysis of revolving macro-economic practice at the international and national levels that the Bank is still firmly anchored in modernisation theories for understanding poverty and how it should be tackled. Kothari and Minogue (2002) succinctly encapsulate the relationship between modernisation and global capitalism:

“In response to the question of whether neoliberalism is simply a reformulation of modernisation theory, then we would have to answer “yes”. ....the basic tenets of modernisation and the notions of progress that underlie them endure” (Kothari and Minogue 2002: 7-8).

The perspective of the World Bank and other international financial institutions (IFIs) representing a neo-liberal, capitalist worldview and the purpose of globalisation is well established in the literature, particularly from Marxist dependency theory (Rodney 1972; Cowen and Shenton 1996; Panitch and Leys 2002; Cammack 2002). And this perspective explains the “what” or “why” of what the Bank does, but to the paper, it does not explain the mechanics of the “how” and the “where” this occurs.

In his discussion of “economics imperialism”, Fine (2002: 3) postulates that this new hegemonic discipline “socialises economics, rendering a semblance of reasonableness as it recognises the non-economic, the non-market, the social”. The author asserts that a “veil tends to mask the origins of the new economics imperialism and its dependence upon the rational choice approach” (2002: 3). Cammack (2002) also finds a degree of subterfuge in the behaviour of IFIs. He notes the contradiction in

“...presenting an approach that is systematically tailored to meeting the needs of capitalism on a global scale, *but gives the impression* [emphasis added] of being principally intended to reduce poverty and other inequalities” (Cammack 2002: 158).

The format of the paper is as follows: The first section presents background on 1) the return of poverty reduction to the development agenda, and 2) the World Bank as an institution. The paper then discusses the nature of the current Bank lending paradigm and its growing influence. The third section of the paper then analyses what is different about the new PRSP regime compared with previous poverty approaches. The final section of the paper concludes with some thoughts on prospects for the Bank and recipient countries where the PRSP-Highly Indebted Poor Countries (HIPC) framework is being utilised and extended.

## 2. Background

### 2.1 The Consolidation of the Second Poverty Objective

Poverty has been reaffirmed as the overarching international development objective in myriad ways. With work already commenced in 1993, and following the World Summit for Social Development in Copenhagen in 1995, the UN’s General Assembly

established in December of that same year the First International Decade to Eradicate Poverty, which is observed annually on 17<sup>th</sup> October.<sup>3</sup> In another example signifying the return of poverty reduction to the development agenda, the United Nations Development Programme's (UNDP) Human Development Report for 1997 was entitled Human Development to Eradicate Poverty. Building even further upon these and other impetuses, in September 2000 the United Nations unanimously endorsed a declaration that became known as the Millennium Development Goals (MDG), which is being coordinated by UNDP. There are eight main goals and chief among these is halving the world's number of poor by 2015.<sup>4</sup>

From the very beginnings of the development enterprise, poverty has continually shifted between being an implicit or explicit issue. The poverty objective had been reaffirmed because it had become a latent goal of development strategies. The World Bank published its first World Development Report (WDR) on poverty in 1980, ironically, just as structural adjustment policies were to eclipse the subject as an explicit development objective. In the second half of the 1970s, the international dynamics had begun to change so that poverty alleviation – which was the more prevalent term from 1961-1975 – as such would no longer be at the forefront of the development agenda.

What ensued was a manifest pre-occupation with the macro-economic framework and that was to dominate the discourse for this period. This shift was due to a number of factors, both national and international, and internal and external to the Bank. By the end of the 1970s, poverty was no longer the overriding issue and few references could be found on the subject. With the creation of the Bank's lending tool known as structural adjustment in 1979, this new macro-economic, policy-based instrument came to the fore and displaced poverty reduction as the enunciated development priority.

The Bank only returned to the subject of poverty a decade later in the WDR of 1990 when UNDP published its first Human Development Report. Having poverty as its focus in 1990 was an admitted "strategic manoeuvre", as the Bank sought to respond to criticism about the institution and its structural adjustment policies in the late 1980s by demonstrating that it had re-discovered and would incorporate the poverty agenda (World Bank 1996: 116). Although not initially intended, in 1996 Bank president Wolfensohn announced that the forthcoming WDR for 2000 would also concentrate on poverty. Moreover, the Bank's Board and Operational Policy Committee supported the proposal that it should become a tradition that poverty be the subject of the WDR for every decennial edition.<sup>5</sup>

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<sup>3</sup> <http://www.un.org/depts/dhl/poverty/> Accessed 10 November 2004.

<sup>4</sup> <http://www.undp.org/mdg/> Accessed 27 September 2004

<sup>5</sup> In addition to this, the Bank's Board and the Operational Policy Committee (OPC) also supported a proposal for major reviews of the poverty strategy to be undertaken every five years (Letter from Managing Directors, 31 May 1996, in *Poverty Reduction and the World Bank: Progress and Challenges*).

## 2.2 The International Bank for Reconstruction and Development (IBRD) and Why it Matters

In its modest beginnings, the IBRD or World Bank was mainly viewed as a project-financing body for European post-war reconstruction. The Bank formally opened for business in an office at 1818 H Street on the 25<sup>th</sup> of June 1946. By most accounts, the Bank was perceived to have accomplished little in its first year. Mason and Asher (1973: 36) quote a Swiss newspaper writing in March 1947 that the Bank's activity to date could be summed up in a single word: "zero".

When the idea of a bank was introduced as a possibility in 1942, "development" was not part of its name (Kapur *et al.* 1997: 57). The Bank's purpose was to assist European countries by lending money for rebuilding infrastructure and other projects after the war. Early programme loans went to France, the Netherlands, then Denmark and Luxembourg – all in 1947 (Mason and Asher 1973: 25); the first ever project loan went to Chile in March 1948, which had requested US\$ 40 million in September 1946 for a list of projects it wanted considered as a package (Mason and Asher 1973: 47). However, for the most part Marshall Aid had already provided for many of these rebuilding activities. When this European objective was accomplished, the Bank began turning its efforts towards the former colonies, which were now gaining independence (Kapur *et al.* 1997: 71-2). Although not envisaged as a part of its mandate, this re-direction gave the institution a new purpose.

The social lending paradigm first launched under Bank president Woods in 1963 and consolidated under McNamara established principles in the Bank's approach to poverty which have remained intact. These include a focus on absolute as opposed to relative poverty, establishing a framework balance-of-payments support, and emphasising growth first (Redistribution with Growth). Woods increased the Bank's portfolio to include social lending; an area that had previously only accounted for less than one percent of the Bank's total projects (Caufield 1996: 92). The paper points out that this was not primarily a magnanimous gesture based solely on philanthropic reasoning: the Bank needed new clients. It was recognised already then that there was a debt crisis (Pearson 1969: 156). The Pearson Commission was established because one of the consequences of lending that was apparent already then was the debt burden, an issue which has continued to be a policy-generator with Social Dimensions of Adjustment (SDA) and the Highly Indebted Poor Countries (HIPC) foundation of the PRSP approach. The escalating debt burden meant that countries were no longer considered creditworthy, which in turn meant that they could not afford to take on new borrowing; this situation would have resulted in less activity for the Bank. However, as Caufield notes, by expanding the types of areas in which the Bank operated, it allowed developing countries to be deemed creditworthy in these new realms, as there were no pre-existing debts or loans here (1996: 92).

Today the World Bank is the world's largest source of technical and financial development assistance.<sup>6</sup> In 2004 the World Bank provided over US\$ 20.1 billion

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<sup>6</sup> The IMF is an equally important institution. In 2004 the IMF had a total of US\$ 97 billion in outstanding loans to 84 countries, of which US\$ 10 billion was concessional lending to 59 countries

(US\$ 9 billion in IDA<sup>7</sup> financing to lower income countries and US\$ 11 billion in IBRD loans to higher income countries) for 245 projects in developing countries.<sup>8</sup> Greater still is the economic and political hegemony,<sup>9</sup> which stems from commercial loans being unavailable to governments without creditworthiness from the Bretton Woods Institutions (BWI) (Hong 2000: 30). Kothari (2002: 13) rightly states that relations of power determine the concept of development, “not the rhetoric of fashionable populist labels such as “participation”, “civil society” or “poverty reduction””.

### 3. The New Regime: Poverty Reduction Strategy Papers

Where are we now and how did we get to this point? The World Bank has advanced several poverty reduction strategies since the Bank’s first – and lesser acknowledged – attempt at integrating poverty and lending with the Social Dimensions of Adjustment (SDA) which terminated in 1992. Pre-eminent among these now is the current PRSP based on the principles of the Comprehensive Development Framework (CDF).<sup>10</sup> Its significance is partly due to PRSP being formulated in direct collaboration with the IMF, but also because from July 2002 it became the basis of almost all low-income country assistance strategies for the Bank.<sup>11</sup> Before this, however, came the pronged approaches launched in 1990 and 1996, respectively. All of the institution’s strategies provide considerable information on the Bank’s understanding of poverty and how this understanding has evolved and revolved (see table).

It was under President Wolfensohn that the CDF was launched in January 1999 as a means of “explicitly balancing concern for sound macro-economic policy and growth with an equal concern for effective poverty reduction” and is “a platform for channelling donor country assistance in this direction” (World Bank 2000). This operational platform became the PRSP.

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([www.imf.org/factsheet](http://www.imf.org/factsheet)). However, the World Bank has approximately 10,000 staff members worldwide, whereas the IMF has approximately 2,700. The IMF’s principle operations are in macroeconomic stabilization and expertise does not extend to social policy and research where it defers to the Bank. <http://www.imf.org/external/np/exr/facts/imfwb.htm> Accessed 28 August 2004.

<sup>7</sup> IDA or International Development Assistance is the part of the Bank, which provides interest-free loans and some grants to the poorest countries. <http://web.worldbank.org/WBSITE/EXTERNAL>

<sup>8</sup> World Bank Annual Report 2004.

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:20040558~menuPK:34559~pagePK:51123644~piPK:3029829~theSitePK:29708,00.html>

<sup>9</sup> That is both a cause and effect of Antonio Gramsci’s cultural hegemony, or political power that flows from intellectual or moral leadership, authority or consensus, which is discussed in chapter 2.

<http://www.marxists.org/archive/gramsci/editions/reader/index.htm>. Accessed 12 January 2005

<sup>10</sup> The paper will often speak of the PRSP and CDF in tandem, as PRSP is the CDF operationalised.

<sup>11</sup> “At its September 2000 meeting, the Development Committee discussed the paper, *Supporting Country Development: World Bank Role and Instruments in Low- and Middle-Income Countries*. The paper noted that, effective 1 July 2002, PRSPs would underpin almost all IDA Country Assistance Strategies (CASs) discussed by the Bank’s Board. Taken from in Poverty Reduction Strategy Papers, Progress in Implementation. 18 April 2001. [www.imf.org](http://www.imf.org). Accessed 3 January 2004.

### 3.1 What are PRSPs?

The current PRSP approach followed the 1997 Highly Indebted Poor Countries (HIPC) Initiative and the 1999 Enhanced HIPC Facility, both of which originated from the public debate and international campaigns by Jubilee 2000, D-GAP's Fifty Years is Enough and other civil society efforts criticising the effects of macro-economic reforms and the improbability of countries to repay debts to IFIs.<sup>12</sup> The purpose of the facility from the BWI perspective was to ensure that resources now available due to HIPC relief did not dissipate but were re-directed towards poverty reduction (Driscoll and Evans 2004). As stated by the Bank, "debt relief is delivered only to countries that have demonstrated the commitment and the capacity to use the resources effectively" (World Bank 2001a: 27).

According to the World Bank, the CDF is being piloted in 13 countries<sup>13</sup> and is based on four principles:

- Long-term, holistic development framework
- Results-orientation
- Country ownership
- Country-led partnership.

The PRSP was to be based upon these same core principles, but has the additional fifth element of "recognising the comprehensiveness of poverty" (see table). These principles have also become integral to articulating other components of the policy. For example, the Bank asserts that programmatic adjustment lending is poverty-oriented in that Poverty Reduction Strategy Credits (PRSC) are also embedded in CDF principles (World Bank 2001b: 26).

The PRSP are documents that describe the recipient country's macroeconomic policy to promote growth and reduce poverty, and the social framework for reducing poverty. The purpose of the documents is to set out financial needs required from donors, which are linked to the poverty reduction framework on the basis of a medium term expenditure framework (MTEF) and results-based management. To be updated annually, preparation of a PRSP is mandatory to qualify for concessional lending. Five years after their inception in November 1999, the PRSP has evolved to encompass a number of low-income developing countries: By November 2004 there were 54 countries participating, with 42 full PRSPs under completion.<sup>14</sup> For countries that have not completed a full PRSP, a facility was also established rendering it possible for recipients to qualify for concessional IDA lending by preparing an interim or I-PRSP. Forty-nine (49) such I-PRSPs were completed by the end of 2004. In 2005 the total number of countries involved in the PRS-framework was seventy (70) (World Bank/IMF 2005).

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<sup>12</sup> For more background on issues with HIPC itself, see Easterly (2001) and Pettifor *et al.* (2001).

<sup>13</sup> They are Bolivia, Côte d'Ivoire, Dominican Republic, Eritrea, Ethiopia, Ghana, Jordan, Kyrgyz Republic, Morocco, Romania, Uganda, Vietnam, and in the West Bank and Gaza. Moreover, several non-pilot countries, including El Salvador, Tanzania, and Zambia, are also following the CDF approach.

<sup>14</sup> From PRSP website <http://siteresources.worldbank.org/INTPRS1/Resources/boardlist.pdf>

## 3.2 Influence

Bilateral and multilateral donors have come to regard the PRSP as the cynosure for their own programme and project lending. Danida, for instance, has agreed with the Government of Uganda that the country's PRSP/PEAP would be the foundation for implementation and resource allocation of Danish developmental efforts (Danida 2004: 18).<sup>15</sup> The DAC has also endorsed and supported donor harmonisation in its *DAC Guidelines on Poverty Reduction* through the PRSP approach (2001: 23). And the paper highlights PRSP has also come to lie at the centre of country development assistance by being institutionalised in-country. For example, countries as diverse as Bolivia, Pakistan, Guyana, Armenia and Kenya have all established a full-time PRSP Secretariat located within government that is charged with overall PRSP co-ordination and monitoring.<sup>16</sup>

In terms of *results*, it is too early to assess the quantitative impact PRSP may have had on poverty. The paper agrees with a Bank assessment in which the PRSP was described as a work in progress that had not yet fulfilled its full potential to enhance the poverty reduction efforts in low-income countries (2004a: 45).

However, the Bank evaluation also cited three changes in direction necessary for continued support of the PRSP including:

- reducing or eliminating uniform requirements, to foster better customisation;
- exploring a wider range of policy options, including growth measures; and
- defining clearer partnership frameworks and accountability around the PRSP (World Bank 2004a: 46).

Other key areas in need of strengthening the PRSP included the analytic base and evaluating the determinants of growth and the distributional impact of growth strategies on the poor, and increasing alignment as it was unclear whether donors also altered their own project and programme content to complement the PRSP (World Bank 2004a: 85).

The paper notes that not only has there been evolution from the two- and three-pronged approaches to the PRSP, but there has also been change within the PRSP itself as the approach has evolved since its creation. Driscoll and Evans (2004) distinguish between first and second generation PRSPs, which differ in the following two key aspects. First, the influence of HIPC as a driver and shaper of the process is on the wane, with other pressures such as the MDGs 2015 or global security being given greater attention in its stead. Second, key stakeholders in government, donor civil society have gone beyond rhetoric and towards practical action at country level.

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<sup>15</sup> The Danish language version of the Uganda country strategy was utilised here.

<sup>16</sup> PRSP secretariats.

## 4. How Different is Bank Policy and Discourse with PRSP?

Like the Bank's first attempt at linking poverty and lending with SDA (1987-1992), PRSP is not a theory. It is a mechanism that in the Bank's words seeks to "promote" an issue, in this instance, poverty orientation, in national planning and it seeks to "harmonise" donor responses to those plans. Both the repetition of the dominant actors' ideology and the attempts to reproduce that ideology in other systems (i.e. national and local recipient planning, donor and NGO activities) serve to legitimate and maintain the IFI worldview. The PRSP needs to be viewed in the context of and in conjunction with rest of 1990s approach, which PRSP can be seen as a culmination of. Many tools in the PRSP approach are a continuation of previous strategy. For instance, the content of PRSP continues Bank precedence created in the WDR-1990 two- and three-pronged poverty reduction strategy in that the safety nets are also a manifest component of the PRSP approach.<sup>17</sup>

In other respects new processes have evolved. For example, one instrument that has not been utilised before, but which also serves to increase levels of consensus, is the Joint Staff Assessment (JSA). When the CDF was first launched, the Bank "anticipated the CDF approach would be applied in conjunction with the CAS and other donors' priorities, and aligned with the joint Bank/Fund Staff Assessments" (World Bank 2001c). The paper draws attention to the fact that there had previously been Staff Assessments conducted by the Bank and Fund, but the JSA is a new device for the Bretton Woods institutions to co-ordinate their assessments on the framework and progress attaining benchmarks in the PRSP. There has been refinement of the process and the relationship between the IFIs, which has ensued after criticism of the JSA process and its role in providing feedback, in particular its relationship to the Bank and Fund board.<sup>18</sup> In one particular alteration, the JSA has been renamed Joint Staff Advisory Note (JSAN) denoting their role in providing information to the Boards as opposed to passing judgement.<sup>19</sup>

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<sup>17</sup> See, for example the Poverty Reduction Sourcebook, Chapter 17 on "Social Protection".

<sup>18</sup> PRSP Connections 5 May 2002.

<sup>19</sup> The Joint Staff Guidelines which explain how to conduct a JSA, for example, contain presentational and formatting topics such as a maximum paper length of ten pages (JSA Staff Guidelines September 2001).



Table 1 - Overview of World Bank Poverty Strategies 1980-2000

	WDR-1980	Conventional Adjustment lending	SDA / Modified adjustment lending	2- Pronged Approach	3-Pronged Approach	WDR-2000	CDF	PRSP
Timeframe	1980	1979-1986	1987-1992	1990-1996	1996-	2000	1999-	1999-
Description of Objectives	Adjustment to improve the economic environment for growth (p.32)	Macroeconomic balance to achieve growth  Allocating resources more efficiently (1990: 3)	Protecting poor and vulnerable from undue effects of adjustment and economic reform (p1)	1) Labour-intensive growth	1) Broad-based growth through labour  2) Social spending for human capital  3) Safety nets	1) Promoting opportunity or growth  2) Empowerment  3) Security	1) Holistic, long-term development  2) Results-oriented  3) Country-owned  4) Country-led partnership	1) Holistic, long-term development  2) Results-oriented  3) Country-owned  4) Country-led partnership  5) Comprehensiveness of poverty
Transitive descriptor	Alleviation	N/A	Reduction Alleviation Mitigation	Reduction	Reduction	Reduction	Reduction	Reduction



However, the paper now turns to analysing what it sees as two contentious areas of PRSP which underscore how the Bank continues to understand poverty and development: 1) process and interaction with recipients, and 2) the relationship between poverty and growth as represented in the macroeconomic framework.

## 4.1 Evolving Process?

The paper finds the area where PRSP most distinguishes itself from post-SDA strategies has been *process* and interaction with recipient governments. There is much tension here. In a critique of PRSP from a civil society perspective, there are grave flaws in the processes and implementation of PRSPs as well as in their policy content, according to Sanchez and Cash (2003: 17). The authors also highlight various country partner experiences stressing the lack of appropriate participatory frameworks (where governments equate their own consultation with participation, and rural exclusion); language barriers which play a role in excluding other actors; lack of information and a lack of involvement of parliamentary and opposition political party/critical voices.

The World Bank evaluation assessed that the PRSP approach was an improvement on IMF Policy Framework Papers (PFP), which had previously been the basis of support for the Bretton Woods institutions (2004a: 45). Klugman (2001: 13) identifies several key differences between the two approaches: a) the PFP did not have a poverty focus; b) the PFP was tri-partite whereas the PRSP is country-led; and c) the PFP process was closed and limited to core agencies, whereas the PRSP is inclusive, based on the inputs of a variety of actors. Yet Grusky notes PRSP was not the first attempt at articulating a government-driven process because in theory, the PFP – which the PRSP now replaces – were also supposed to have been government-led (Grusky 2000). And as before with the PFP, the paper observes the Bank's Country Assistance Strategy (CAS) remains subordinate to the PRSP.

An UNCTAD report (2002) examining changes in policy-based lending elucidates a number of concerns with the PRSP approach, including the possible sidelining of parliaments and whether it is a true reflection of the aspirations of the poor themselves, despite initiatives such as Narayan's Voices of the Poor series (2000), which was the Bank's high profile effort to gather information on perspectives of 60,000 poor men and women. The paper points out that conducting interviews with the poor on their experiences in living with poverty is not synonymous with contributing to and participating in policy-making. Moreover, the experiences of the Structural Adjustment Participatory Review Initiative (SAPRI) also underscore how even when different opposing perspectives are garnered in the information-gathering exercise, these are filtered out in the resultant conclusions. This was the author's experience from interviews and when participating in the SAPRI Uganda consultations. This viewpoint is also corroborated by the findings of SAPRIN, which suggested that the Bank's publicised conclusions did not in fact reflect the extent of the concerns raised in the tripartite forum and pointed out how the Bank officially withdrew from SAPRIN in 2001 without explanation (SAPRIN 2002: 3).<sup>20</sup>

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<sup>20</sup> "SAPRIN Releases Findings of Joint Participatory Assessment of Structural Adjustment Conducted with World Bank" 10 May 2002. [http://www.saprin.org/fora\\_findings\\_release\\_text.htm](http://www.saprin.org/fora_findings_release_text.htm)

Another dilemma in the process is the seemingly marginal role parliaments have thus far played in the formulation of PRSP. Eberlei and Henn's 2003 study of twenty-eight African countries currently undergoing PRSP and the status of parliaments in that process found it undermining to long-term institutional capabilities and also wasting opportunities for poverty reduction (Eberlei and Henn 2003: 9). In addition this paper observes there is also the question of how much further the BWIs have transcended their traditional remits in establishing the precedent of being able to veto and add conditionalities to an entire government plan – inclusive of all sectors – for the nation.

UNCTAD drew a distinction between the kinds of autonomy that are encouraged in the approach. One concern raised by UNCTAD was that the emphasis on country ownership is present in allowing autonomy in the design of some safety nets and spending programmes, but not on formulating the actual country development programme and conditionality (UNCTAD 2002: 6). Similarly, Stewart and Wang (2003) found that PRSP have more participation than previously yet once again, the content is similar to that in adjustment packages.

Another concern that is relevant to this paper and the question of evolving and revolving discourse, is that the PRSP process has a hegemonic-affirming effect. The paper charges that the PRSP reproduces donor demands and will continue to do so as long as it is a precondition for receiving aid (World Bank 2004a: 12), even in countries where their national strategy pre-date PRSP arrangements, such as, Uganda and Mozambique. The paper observes that this has the consequence of reinforcing established ideology. The Bank's own evaluation discovered that countries naturally focused on creating documents that would secure concessional lending through HIPC, which invariably resulted in there being standardised plans (World Bank 2004a: 46). The study would add to this another related concern with the document process itself, whereby too much time and resources were employed on the paper as was argued to be the case in Kenya.<sup>21</sup> Moreover, in addition to the content of the SWAP being the same as previous SAPs, this PRSP format has been criticised for being rushed and for its superficial partnership (see Oxfam 2001; Grusky 2000; Klees 2001).

These points of contention with the PRSP process raise considerable sub-issues and questions. The paper asserts a fundamental area for debate is in what the IFIs see as the PRSP innovation: its country-led process and ownership of a primarily donor-requested format. Other analysts and organisations have also maintained this “donor-driven yet country-led” characteristic to be a critical inherent paradox. For example, Sanchez and Cash have observed the paradox of a supposedly country-driven process that is externally stipulated in order to receive approval for funding (Sanchez and Cash 2003: 21). The Bank's OED also identifies the dilemma in having a donor-driven yet supposedly country-led initiative. It states “there is inherent tension in a Bank/IMF-driven initiative involving conditionality that is meant to foster a country-driven process” (World Bank 2004: 8).

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<sup>21</sup> It was argued that “too” much energy was being utilised on some poverty efforts and not others. In July 2000 Kenya received US\$193 million through the IMF's Poverty Reduction and Growth Facility Programme. New African reported that part of this deal entailed that Kenya use US\$1.8 million to hold workshops and seminars to prepare a “Poverty Reduction Strategy Paper” by April 2001, which will outline how the country intends to tackle poverty. Moreover, “further IMF funding is pegged to the framework that will emerge after the seminars” (New African, January 2001, p.11).

Equally contentious is whether increased harmonisation of donor activity also equates increased control of the process. The paper highlights that the policy context has evolved into one whereby approval for a nation's entire national budgets, objectives and priorities is sought from IFIs, and whether the IFIs have further extended their scope of activity beyond their traditional remit.<sup>22</sup> But is the problem the need for greater entrenchment as opposed to less when the tool has not been found to have delivered broad-based macro-economic growth? Moreover, the paper posits the risk with the PRSP underscored from both a political and an operations perspective is there is more explicit culpability in that the country is recognised as the official progenitor. Therefore if and when predicted results do not materialise, responsibility lies with the recipient.

## 4.2 Revolving Macroeconomic Framework

There has been great continuity in the World Bank's understanding of the relationship between poverty and growth, and one area that appears unlikely to have been altered by PRSP has been the essential tenets of policy-based lending framework. This relates to both operations and concepts, reflecting the ideology of the hegemon. In the deliberation over revolving and evolving discourse, the centrality of, and poverty's linkages to economic growth have remained a constant in World Bank conceptualisation.

Yet even the OED evaluation found the recurring deficiency, this time in the PRSP, which resonates with the omnipresent discussion on the fundamental principles of policy-based lending. It was once again found that very little analysis was executed on the relationship between PRSP and growth in particular (World Bank 2004a: xv and 48). Despite the availability of better data, this finding was also noted as being an issue in the annual Bank-Fund implementation progress reports (World Bank 2004a: 85). This chapter cited how understanding the distributional impact of growth and poverty was noted as a weakness in PRSP (p. 33). Conceding this continued obstacle for the Bank in efforts to articulate a pro-poor growth strategy, the OED also stated that it was "perhaps too ambitious to expect that this long-standing analytic gap would be filled by first generation PRSP" (World Bank 2004a: 15).

A number of external critiques of the PRSP evaluate that minimal policy change has in fact occurred at the Bank with the new approach. And academics and NGOs have found that there is a high degree of continuity in the macro-economic policy content and conditionalities of lending in the structural adjustment and PRSP: Piron *et al.* (2004); Christiansen and Hovland (2003); Driscoll and Evans (2004) Wilks and Lefrancois (2002); Nyamugasira and Rowden (2002) Uganda; Piron (2004) Uganda; Northover (2000); Woods (2000); Abugre (2000); Hardstaff (2003); and Marshall *et al.* (2001) (on PRSP approach and the relationship to the state).

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<sup>22</sup> In official PRSP policy documentation, Fund and Bank do defer to one another's institutional expertise, for example IMF noting its lack of social scientists and experience with design of social sector programmes ([www.imf.org/aboutus](http://www.imf.org/aboutus)).

The PRSP is said to describe plans for including adjustment programmes with what the paper notes is their continued express function, “to foster growth and reduce poverty”. The paper finds this implies they are growth strategies first and it is increasingly unclear what role poverty reduction actually has (Panos 2002: 16). In another comparison the macroeconomic content of PRSP is identical to the two- and three-pronged approaches and to the adjustment framework established from 1981 in that it was found that Bank lending has been broadly compliant with the aims of the 1990 strategy (World Bank 2000c: 2). And, crucially, in an evaluation of the strategy the Bank noted that “over 90 percent of evaluated CASs recommend the same growth strategy: macro-stability, liberalisation, trade and tariff reform” (World Bank 2000c: 2). While the CAS is not the same as the PRSP, the two documents are in direct alignment and are expected to dovetail. Organisations often purport to enunciate strategies, which are aligned or have synergies, and as per July 2002, CAS should be presented to the boards only after completion of the PRSP (PRSP Connections 5 May 2002). And the paper points out that the CAS with this content was deemed “poverty-oriented” and consistent with poverty reduction aims of the previous poverty strategy, it is unlikely that their substance would have been found deficient and altered.

Sanchez and Cash (2003: 25) also note that the primary objective of the PRSP content is growth, with poverty reduction being secondary. The PRSC and PRGF of the Bank and Fund, respectively, contain the same neo-liberal policy prescriptions in what the authors believe are “discredited” adjustment policies, such as trade liberalisation and privatisation.<sup>23</sup> The authors also draw a distinction between the PRGF and the PRSP, where the PRSP will have fewer conditions, yet is still linked to the PRGF and its macroeconomic stability (with controversial policies being in the PRGF) so that social concerns in a PRSP come a distant second. And significantly, the authors continue, there is no participatory framework for PRGF, and civil society is generally excluded from PRSP discussions on macroeconomic policy (Sanchez and Cash 2003: 27).

The paper also observes how in this new semantic macrostructure, the lending paradigm not only reduces poverty, but strengthens country ownership. In that it was noted it “facilitates strengthened country ownership” (World Bank 2000b: 11). The paper notes that it appears that the policy-based lending approach has now been found to lead to increased empowerment in addition to the fact that adjustment is still viewed as having an important role in the macroeconomic policy equation.

The UNCTAD report *From Adjustment to Poverty Reduction: What is New?* (2002: 4) finds the current PRSP approach builds upon conventional adjustment and stabilisation programmes with two new elements: First, by emphasising policies that facilitate access of the poor to human physical and financial assets to improve their earning capacity, i.e. health and education. Second, while macroeconomic stabilisation and structural reforms continue to be understood to hold the key to rapid and sustained growth, it is acknowledged that these reforms may temporarily exacerbate the situation of the poor. For this reason it is recognised that safety nets and targeted spending programmes should be enacted alongside the economic policies

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<sup>23</sup> The paper reminds not only was the PRSP to replace the former PFP, but the IMF’s Enhanced Structural Adjustment Facility (ESAF) was to be replaced with the Poverty Reduction and Growth Facility (PRGF).

to mitigate against any adverse consequences (UNCTAD 2002: 4). The paper points out, however, this was also SDA's objectives. UNCTAD notes that while there is agreement that growth is necessary to achieve these goals, it becomes vital to examine those policies for achieving that growth, especially in regards to income distribution and poverty. And the report reiterates that there is very little evidence, which supports a strong link between adjustment and growth performance.

The paper notes the Bank was already moving towards programme, sector-wide approaches in the mid-1990s and the PRSP represents a natural evolution or progression in a comprehensive policy approach. The Bank (2000: 11) also stated that there should be a move towards greater focus on programmatic lending, which has occurred. The institution found from tracking country experience that greater use of programmatic lending instruments such as adaptable program loans (APLs), sector investment and maintenance loans (SIMs), and – most important to our discussion – programmatic structural adjustment loans and credits (PSALs/PSACs) “facilitated strengthened country ownership” (World Bank 2000: 11). This is the core of PRSP/CDF manifested. The Bank observed that thanks to the CDF, “it is revealing to see that CDF pilot countries are making extensive use of these programmatic lending instruments”, which to the paper suggests an even further intensating of the adjustment process.

Closely related to the above concatenation between the approaches and why it remains a relevant research issue, UNECA's *Africa Learning Group on PRSP* has stated “PRSP represent a major shift in how growth strategies are formulated and partnerships forged” UNECA (2001).<sup>24</sup> Although UNECA was specifically referring to the level of consultation among the actors, the paper draws attention to the fact that PRSP is primarily perceived by UNECA as a growth strategy. Subsequently, the underlying question remains whether the Bank can fundamentally alter the tenets and debate regarding policy-based lending, of which PRSP is very much a component.

As was also highlighted by an evaluation as a flaw with SDA, the Bank OED explicitly charges that another weakness is the fact that the PRSP process did not integrate the macroeconomic framework with sectoral growth or other macro-micro linkages (2004a: 15). Of even greater concern to the paper is that “current policy advice continues to contain all the main elements of the first generation of economic reforms, designed to “get prices right” (UNCTAD 2002: 6). In concluding this section assessing how different Bank policy and discourse is with PRSP, while there has been unprecedented change in some areas of participation and dialogue, a preponderance of the evidence suggests the strategy is not that dissimilar from the previous lending framework and those attempts at integrating poverty with that framework, particularly as the analytic base remains the same.

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<sup>24</sup> Web document, no page formatting.

## 5. Conclusions

The World Bank has clearly evolved in myriad ways since McNamara's 1975 assault on rural poverty. It was perhaps inconceivable even twenty years ago that the organisation could have a freephone hotline to report corruption.<sup>25</sup> Moreover, due to internal and external forces of change, there has been an unprecedented level of transparency and dialogue with government clients, NGOs and civil society organisations. As of 2001, what were previously undisclosed annual "Spring Meeting" documents are now made public (World Bank 2001a: 32).

Nevertheless, and although the results of PRSPs are yet to be evaluated, the prospects for poverty reduction through this mechanism appear doubtful. To return to the central hypothesis, the paper found the Bank is simultaneously evolving and revolving. What appears to have evolved more noticeably is the process, particularly levels of consultation within the PRSP framework, while the macroeconomic tenets, discourse and ideology have revolved. Perhaps the more accurate question is whether the right segments of policy are evolving at the right time because in many ways the Bank has only revolved or, more aptly, remained constant regarding underlying concepts and operations. The World Bank has not sufficiently altered its previous conceptions of poverty-orientation that were found deficient and in need of modification, which was, of course, the rationale for each new strategy.

Evolving further than the two and three-pronged approaches, the country-led PRSP approach explicitly focuses on poverty reduction objectives. The PRSP also reflects another issue in how the Bank understands and defines poverty because a chief weakness for the Bank continues to be operationalising poverty strategy to establish a positive correlation between lending conditionality and poverty that the Bank conceptually advances and purports to exist. What appears to revolve or, perhaps more accurately, remains unaltered are the core tenets of macroeconomic policy such as export-led growth and privatisation. In their investigation of the PRSPs, Marshall *et al.* (2001) concluded that the policy content of the PRSPs does not constitute a major change from the past. The paper agrees with authors' comment that this was all the more striking given that the major body of evidence did not show structural adjustment reduced poverty. The paper therefore concludes it becomes questionable that Bank is ever likely to achieve its enunciated aim of poverty reduction with adjustment lending policies as the means.

The paper highlights three underlying concerns that remain unaddressed in the Bank's PRSP regime:

- First, debt, or rather reacting to increasing debt, in low-income countries has been a pivotal impetus in development for creating even further strategies. And none of these address the fundamental issues of debt itself, such as why it arose or measures to avoid accruing more debt, or even whether debt relief can stand on its own as a poverty strategy.

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<sup>25</sup> The so-called toll-free hotline number is available on the World Bank's homepage: <http://www.worldbank.org/> Accessed 7 October 2005.

- Second, as poverty has grown more explicit in the discourse and in the strategies themselves, the growth framework (i.e. structural adjustment) has retreated; just as when the conventional adjustment model was pre-eminent in the 1980s, poverty retreated to the background. This represents the continuing tension between the economic and the social as two distinctive fields. It could be argued that adjustment subsides because there has been success at creating a “holistic” approach with CDF/PRSP. But the paper finds adjustment’s growing invisibility has the effect of diverting discussion from policies whose neo-liberal foundations and tenets are still greatly questioned.
- And third, unlike SDA (even in initial rhetoric), PRSP has never had the manifest objective of altering *ex-ante* Bank lending per se, but has a focal point on what and how the recipients present poverty-oriented interventions. Significantly, the structure of relations became one where emphasis is drawn away from the Bank and its activities where there had been intense critique, and the new emphasis is principally directed towards the country and its activities, irrespective of whether the impetus for these activities is in fact donor-demanded, or whether these new emphases are in fact rhetorical and still represent previous concerns and ideologies that had before drawn criticism.

In order for the World Bank to move forward in the future and develop strategies with greater likelihoods of fulfilling programme objectives, in other words, *IF* the Bank wants to articulate a different kind of poverty strategy, it then needs to re-examine itself in relation to its past discourse and address the types of questions raised throughout this paper. Or the Bank could communicate much more precisely what its true aims are in order to engender realistic policy expectations institutionally and globally. However, these options assume that the World Bank actually does want the strategies to evolve in other directions. Alternatively, as in this author’s view, it may also be a more deliberate and/or conscious aim that the outlined strategies do in fact reflect and are generally aligned with the ideals the organisation intends to propagate for its version of poverty-oriented (i.e. capitalist) development to become the norm.

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