

A Decade of Poverty Reduction Strategy Papers and the Paradox of Development Cooperation: A Comparative case study of Ghana and Zambia

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Abstract

Through the comparative case of Ghana and Zambia this dissertation hypothesizes that the Poverty Reduction Strategy Papers (PRSPs) and Poverty Reduction Strategy (PRS) Process of the World Bank (the Bank) and the International Monetary Fund (IMF or the Fund) constitute a continuation far more than a change of the Structural Adjustment Programmes (SAPs).

The paper initially criticises the SAPs as been conduits through which a liberalising agenda was exported into poor countries by the Bretton Woods Institutions (BWIs). It observes that the theory underpinning this latest development orthodoxy is good in principle but does not match the present reality as it discovers that very little has changed, in terms of form, substance and process, in the PRSP framework and in the Bank and Fund's programmes in.

The concept of 'poverty reduction' is now merely being used as window dressing to peddle more or less the same SAPs to low income countries that led them into a state of chronic economic crisis to begin with. For these reasons, the paper's findings not only highlight but also validate the central claim that the PRSPs are not a real commitment to reducing or eliminating poverty. They are merely a repackaging of the old neo-liberal orthodoxy rather than a reform. By the same token, and by virtue of the fact that the PRSPs have offered very little to the poor around the world in terms of debt relief and democratisation, but more in terms of cost and more importantly the erosion of the sovereignty of poor countries and peoples, the PRSPs are absolutely not the answers to the problems of the SAPs. Instead, they are the latest tools for maintaining and further widening the poverty and dependency gap between the rich north and the very poor south. These findings validate the central claim of this dissertation.

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List of Abbreviations and Acronyms

AIDS	Acquired Immune Deficiency Syndrome
BWI	Bretton Woods Institution
CSO	Civil Society Organisation
CSPR	Civil Society for Poverty Reduction
FBO	Faith-Based Organisation
GPRS	Ghana Poverty Reduction Strategy Paper
HIPC	Heavily Indebted Poor Country
HIV	Human immunodeficiency virus
IFI	International Financial Institution
I-PRSP	Interim Poverty Reduction Strategy Paper
ISI	Import Substitution Industrialisation
MCDSS	Ministry of Community Development and Social Services
MDG	Millennium Development Goal
NDPC	National Development Planning Commission
NED	National Economic Dialogue
NGO	Non-Governmental Organisation
NPRSF	National Poverty Reduction Strategic Framework
NPRAP	National Poverty Reduction Action Plan
PRGF	Poverty Reduction Growth Facility
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PRU	Poverty Reduction Unit
SAPs	Structural Adjustment Programmes
SOE	State-Owned Enterprise

TWG	Thematic Working Group
The Bank	World Bank
The Fund/ IMF	International Monetary Fund
UNDP	United Nations Development Programme

Chapter One

Problem for Analysis

1.0 Introduction

This chapter sets out the problem for analysis. It offers an overview of the study by setting out the context of the research, the research problem, specific research hypotheses and a synopsis of the relevance of the study. A short review of the literature, a description of the methodology and the organisational structure of the dissertation form the other core issues examined in this chapter.

This dissertation makes one central claim: The PRSPs of the Bank and Fund constitute a continuation rather than a change and an answer to the problems of structural adjustment! This hypothesis forms the subject matter of this dissertation. This hypothesis is made within the context of the comparative experiences of Ghana and Zambia.

At their annual spring meeting in September 1999, the Bank and Fund proclaimed a greater commitment to "poverty reduction" by declaring that poverty reduction would form the overarching goal of their activities from the year 2000 (Abugre, 2000). This new initiative was in response to the criticisms labelled against the SAPS which were said to have failed to bring about economic growth and subsequently, poverty reduction in low-income (CRS, 2001).

Other criticisms labelled against the SAPs had to do with the fact that they had resulted in additional hardship and suffering for the very populations they were designed and implemented to rescue (Adedeji et al eds., 1990; PRSPs by trade unions, 2004; Seshamani,

2005; Hayami, 2003). At the base of these failures and subsequent criticisms of the SAPs lie concern with their ownership, effectiveness of participation and representation, flexibility and their use to export a liberalising agenda. It is exactly these concerns that the PRSPs sought to address.

The PRSP process and strategy embodies a new approach to tackling the challenges of poverty alleviation and economic development among low-income countries as its form, content and process was expected to represent a marked departure from those of the SAPs (Malaluan and Guttal, 2003). The BWIs subsequently made it a pre-condition for low-income countries to prepare Poverty Reduction Strategies (PRS) as frameworks for Development Assistance and a condition for gaining access to expanded debt relief – under the Heavily Indebted Poor Countries (HIPC) Initiative – and new loans under the concessional funding windows of the Bank and Fund.

The fundamental aim of this approach was to arrive at policies that are clearly focused on economic growth and poverty reduction, and as a result of better national ownership, more consistently implemented (Seshamani, 2005). Consistent with this thinking, these papers are supposed to be locally-generated and owned and developed through a multi-stakeholder participatory dialogue (IMF and IDA, 2002). By the same token, the PRSP process is supposed to encourage accountability of national governments to the citizenry and domestic constituency rather than to the external donors. To achieve these objectives, borrowing countries are supposed to design these papers all by themselves with the assistance of the donors in a participatory, voluntary and results-oriented manner.

The PRSPs are therefore a long-term statement of priorities intended (a) to be a reform of the failed neo-liberal prescriptions for growth and development and (b) as a plan and demonstration of how funds freed from debt relief would be used for poverty reduction.

But a critical initial investigation of the process and strategy papers in some aid-recipient countries highlight the fact that very little has changed in terms of substance, form and process of the Bank and Fund programmes (Guttal et al. 2001; Abugre, 2000; Malaluan and Guttal, 2003). Based on these findings this paper makes the preliminary claim that the PRSPs are a continuation of the SAPs rather than a change and a real reform aimed at poverty reduction. Empirical evidence is gathered from the case countries to authenticate this claim.

The PRSPs are hypothesised to be different from their former lending frameworks in that they are supposed to be pro-poor and an answer to the problems of SAP as they are to be locally generated, and owned and developed through a wide participatory dialogue focused at both the micro and macro policy-making levels of government (Malaluan and Guttal, 2003). Whilst conceding that the PRSP process could be improved, the Bank and Fund have largely concluded that the process has worked pretty well (Levinsohn, 2002).

Various CSOs, individuals and academics¹ however hold a contrary view – they claim the PRSPs have actually failed to achieve their poverty reduction goal.

This opposing view is derived from the question of whether the PRSP has been able to achieve its stated goal of fighting reduction. The BWIs have however criticised the CSOs for adopting a different methodology to assessing the framework (Levinsohn and Davidson,

¹ These CSOs include the European Network on Debt and Development, Catholic Relief Services, 2001; Jubilee South, Focus on the Global South, AWEAPON, and the Centor do Estudios Internacionales with the support of the World Council of Churches, 200; World Vision International, 2005. Academics include William Easterly and Joseph Stiglitz

2003). Claims are that the right metric for evaluating the PRSPs is to assess the degree to which the results from the implementation of this development intervention match with its intended theoretical principles (Andrews, 2004). It is the premise of the Bank and Fund's counter-criticism of the CSOs evaluation methodology and subsequently their depressing results that present the problem for this study. It subsequently offers this study the opportunity to use the BWIs 'theoretical principles' approach to assess the framework based on literature from several cross-country reports.

1.2 Specific Research Hypothesis

This study investigates whether the PRSP framework – both as a process and a product – reflects its major principles: country-driven, participation and partnership oriented, flexibility and results-oriented. By this metric of measurement this study makes the following research claims to validate this paper's central hypothesis. It specifically asserts that the PRSP framework is laden with the following myths:

- The myth of pro-poor policies!
- The myth of poverty reduction!
- The myth of national ownership of the PRSPs!
- The myth of flexibility in the PRSP preparation process! and
- The myth of participation!

1.3 Theoretical perspective

The notion of linking development aid to the developmental needs and aspirations of low-income countries emanates from past experiences of the failures and limitations of the traditional approaches to development assistance. Debates on past traditional approaches of Development Cooperation have largely revolved around the theme of aid effectiveness. These

debates have often highlighted problems such as the tendency for aid to undermine borrowing countries capacity by creating parallel systems and the repeated failure of policy conditionality to lead to the effective use of resources by aid-recipient governments (Piron and Evans, 2004).

The subject of significant disagreement, there are two contrasting perspectives on the subject of aid effectiveness: the Crusaders and Infidels. The crusaders argue that donors spend much too little helping poor nations overcome their poverty. For this reason, aid is often ineffective in achieving its stated objectives. The infidels maintain precisely the opposition. Consistent with the response of the BWIs, regarding the criticisms that the SAPs were tools for further maintaining poverty and dependency in third world countries, the infidels also claim that aid does not work because the poor are ill-placed to take advantage of the opportunities presented by donor aid.

These contrasting perspectives however converge on the attribution of the current huge problems with unemployment and extreme poverty in most poor countries to the bad programmes of the Washington institutions. These problems have been attributed to the continuous use of the "one size fits all" traditional approach by the BWIs; the lack of pro-poor focus of the BWIs programmes and the non-participatory nature of the development interventions.

It is the premise of this seeming convergence that the infidels further argue that the fundamental problems that have persisted despite decades of donor aid is ample evidence to testify that more aid is not the solution to the challenges of aid effectiveness as being championed by the crusaders. On the contrary, they attribute the ineffectiveness of aid in low-

income countries to the present situation where decisions about development aid more frequently reflect political and economic considerations far more than the real needs of aid-recipient nations. This assertion has been reinforced by Ban Ki-Moon, UN Secretary-General, who asserted that "all too often aid is driven more by politics than by need, undermining its effectiveness" (quoted in Graves, n.d: 7).

Beyond the reasons given above, claims of the ineffectiveness of past aid programmes have also been attributed to the politico-economic factors driving its delivery. This invariably related to the fact such past aid programmes often ignored the needs of the poor as donors had often failed to consult and solicit the views of beneficiaries (Levinsohn, 2003). Other criticisms included the fact that the donors often failed to solicit external opinions but rather imposed 'solutions' with no reference to the prevailing conditions in recipient countries (ibid.). Such were the problems that bedevilled the introduction and implementation of the SAPs. The PRSPs therefore represent instruments for channelling debt relief and a recognition of the need to improve the effectiveness of aid by aligning it to the development needs and priorities of aid-recipient countries. The PRSPs reflect the view that country ownership – which is premised on the democratic engagement of citizen – of aid programmes is crucial to its effectiveness. It is for these compelling reasons that the Paris declaration on aid effectiveness was adopted to improve the effectiveness of aid.

This point of convergence between the two schools of thought therefore presents this thesis with the opportunity to survey the theoretical strands and perspectives on the subject. It subsequently narrows the debate on the PRSPs and the paradox of development cooperation on the political and economic factors driving the aid programmes and the PRSPs for that matter.

1.4 *Relevance of the study*

The Bank and Fund made a joint assessment to find out the extent to which the PRSP was achieving its goals and objectives (IMF and IDA, 2002). The initial conclusion was that much had been achieved as ten countries completed their first full PRSPs and forty-two had completed their I-PRSPs (ibid.). Several CSOs² also conducted various studies to evaluate the PRSPs using different methodologies altogether. Using the question of whether the PRSP had actually achieved its goal of fighting poverty, the aforementioned CSOs and a few others revealed that the PRSPs had "failed to live up to the poverty reduction standards for which they were sold to the poor" (Curry, 2004: 3) and most country governments'. This is so because most governments continue to have very little control over the structure, content and policy prescriptions in their respective strategy papers; thereby making a mockery of the BWIs claims of national ownership, broad-based participation and the pro-poor orientation of these papers (Ear-Dupuy, 2004).

The PRSPs have similarly been criticised for being externally-imposed and for their inflexibility and insensitivity to the needs of the poor countries (Hayami, 2003; Abugre, 2000). By applying the 'theoretical principle' approach being used by the BWIs for evaluating the PRSPs, this study explores the extent to which the early BWIs review of the PRSP framework holds true in reality in contemporary times. Similarly, it uses empirical data from several cross-country studies to investigate whether the paper's main hypothesis is valid or null.

² Examples of such CSOs include Save the Children, UK; Catholic Relief Services; EURODAD; Oxfam, GB and World Vision International.

By this unit of account this unit rejects the PRSP theory – and rather confirms this paper’s hypothesis – by arguing that fighting poverty has become the latest disguised justification for exporting a liberalising agenda to poor countries. Poverty reduction through the PRSP theory is fine on paper but does not match the present reality.

1.5 Methodology

The principal objective of this section is to describe the methodology that was used for the comparative study. To validate the claim that the PRSPs are a continuation of the failed SAPs, case study countries are selected; data sources are identified; the methods of data analysis are presented and the limitations of these methods outlined.

1.5.1 Case Selection

A purposive sampling technique was employed to select the case countries. In doing so, priority was accorded to countries which diverged in terms of their levels of economic growth and deterioration, and poverty. Second, priority was given to countries that bore similarities on their reliance on foreign aid. That is, the countries should have experiences of struggling with poverty. For this reason they should preparing and implementing PRSPs with the hope that these papers will provide a critical link between debt relief and poverty reduction. Third, priority was also given to countries that had accumulated a lot of lessons and experiences – sufficient enough so as to be referred to as best examples as per the donor community’s judgement of their performance – through the preparation and implementation of poverty reduction strategies for the past decade. For these reasons, Ghana and Zambia were given priority ahead of others.

1.5.2 Method of Analysis

By using empirical data to validate the specific hypotheses outlined above, it contributed to corroborating the principal research claim of this paper. A critical review of the various countries PRSP process is conducted to investigate and authenticate the research claims. This is imperative as it allows an analysis to be carried out to determine the extent to which the paper's findings present a credible and indisputable validation of the research hypothesis.

1.6 *Organisational structure of the Dissertation*

For the sake of coherence and the systematic flow of ideas, this dissertation is organised into five chapters. Chapter two presents the theoretical framework. Apart from presenting the PRSP concept and its principles, it also critically examines and evaluates the arguments and intellectual claims for embracing the PRSP framework. Chapter three introduces the country case studies. Here, a critical description and theoretical and empirical evaluation of the Institutional framework of the PRSP strategy and process in low-income countries is carried out. Chapter four offers a critical empirical assessment of the decade-long preparation and implementation of PRSPs in low-income countries. It traces and evaluates the PRSPs and the processes leading to their preparation by asserting that this latest development paradigm is purely a continuation of the failed SAPs. Chapter five concludes the study and offers some recommendations. This dissertation draws on the comparative case of the PRSP strategy and process in Ghana and Zambia.

The next chapter explores the various debates on the subject.

The Trajectory and Framework of Development Cooperation

2.0 Introduction

This chapter presents and critically evaluates aid delivery within framework of Development Cooperation. Through this approach, the chapter throws more light on the emergence, development and paradigm shifts in aid delivery. By so doing it indirectly discovers and provides empirical evidence to validate the specific research hypothesis of the study. The chapter achieves these by integrating the theory with empirical evidence.

2.1 The Trajectory of Development Cooperation

Known variously, development cooperation is aid given mostly by western governments and their institutions to the poor and developing nations of the south in support of their economic, social and political development. The decision to give aid can be traced a long way back to the post world war II era when the US voted a substantial amount of funds for the purpose of the reconstruction of war ravaged Europe. The Marshall fund as it was called; a greater percentage of that Fund was intended to be used by Europeans for the purchase of manufactured goods and raw materials from the US.

Beyond the Marshall Plan, the offer to give development aid could also be understood within the context of the cold war where the US gave aid to its western allies and client states as a way of maintaining and further strengthening Western European governments. The intention was to stabilise their economies so that they could resist communism from the socialist east

and rather embrace capitalism. From the ongoing it can be discerned that aid delivered during the inter-war period was basically driven by political and economic motives far more than the need to help recipient countries improve the welfare of their poorest populations. For these reasons, aid was invariably unable to meet the needs of the beneficiaries.

It was in recognition of the supposed failure of war-time aid to meet the socio-economic and political needs of recipient countries that the notion of linking development aid to the developmental needs and aspirations of low-income countries emanated. By the same token, the decision of third world countries and governments to lean towards the state-centred model of economic development was derived from the same reasons.

The state-led development orthodoxy "emphasised the need to correct market failure in the development process by means of government planning and command for the promotion of target industries" (Hayami, 2003:3). The main policy instrument under this paradigm was the Import Substitution Industrialization strategy (ISI) where State-Owned Enterprises (SOEs) were established; infant industries were granted trade protection and credit and subsidies were directed at them among others to help them grow. This model of economic development was however criticised for being inefficient and as a breeding ground for waste, corruption and collusion in government (ibid.).

2.2 *The Structural Adjustment Programme*

The apparent failure of the state-led model necessitated a paradigm shift. Low-income countries were encouraged to abolish their market controls and make a transition to more market-oriented policies. Known as the SAPs, these pro-market reforms became the standard package of the Bank and Fund's designed macro-economic conditions which developing

countries had to comply with before they could receive resources from the BWI and other donors. The fundamental assumption behind structural adjustment was that an increased role for the market would bring benefits to both poor and rich (Colgan, 2002). Countries were therefore required to implement a set of SAPs as a condition for accessing the concessional loans of the Bank and Fund (World Development Movement, 2000).

The SAP – as new conditions for donor assistance – took the form of economic and structural policy packages which required borrowing countries to reform their (state-led) domestic development policies by (i) pursuing macroeconomic stability; (ii) advocating a drastically reduced role for the state in the economy; (iii) laying an emphasis on economic growth, privatisation, market and trade liberalisation and (iv) advocating for cuts in government expenditure, devaluation, monetary and fiscal austerity. All these policies converged in their philosophy that: countries that are open to international trade are diversified, attract foreign direct investment and adhere to free market economic policies are the most likely countries to sustain growth (The UK Guardian, 2001).

The SAPs however came under severe criticism³ for failing to live up to the standards for which they were sold to the poor. The issue of aid effectiveness resurfaced one more time with the failure of SAPs to achieve its objectives. A concept that does not lend itself to a single definition, aid effectiveness is used broadly to refer to the ability of any form of development aid to meet the needs of beneficiaries by having a positive impact – improving the welfare of the poorest populations – on the lives of people, both during and after implementation (Graves, n.d; Roberts, 2009).

³ The next section takes a look at the criticisms of the SAPs

Debates on aid ineffectiveness have often highlighted problems such as the tendency for aid to undermine borrowing countries capacity by creating parallel systems and the repeated failure of policy conditionality to lead to the effective use of resources by aid-recipient governments (Piron and Evans, 2004). The subject of significant disagreement, there are two contrasting perspectives on the subject of aid effectiveness: the Crusaders and Infidels. The crusaders argue that donors spend much too little helping poor nations overcome their poverty. For this reason, aid is often ineffective at achieving its stated objectives (Miskel, 1997). The infidels maintain precisely the opposition (ibid.). The infidels attribute the ineffectiveness of aid to the fact that the poor lack the knowledge, skills, capacity and infrastructure to take advantage of the opportunities presented by aid. This argument resonates with that often made against the BWIs regarding the aforementioned claims that their development programmes have failed in low-income countries. The crusaders on the other hand maintain that it is the political and economic factors driving aid that often accounts for its ineffectiveness (ibid.)

The paradox of development cooperation and the failures of aid, be they be with past or contemporary aid programmes, has invariable been attributed to the political and economic decisions driving their delivery. It is within this context that the trajectory of development cooperation is examined.

2.3 *Criticisms of SAPs as a form of Development Cooperation*

The stabilisation and adjustment measures aforementioned, as well as the role of the BWIs in implementing them have come under intense criticism from many developing country governments and civil society organisations (CSOs) around the world (Levinsohn, 2003; Easterly, 2002).

The SAPs were criticised as having undermined borrowing countries' democratic processes as it was externally-imposed, non-participatory and rigid (ibid.). The assertion is that the BWIs took no consideration whatsoever of the aspirations of aid-recipient nations before coming up with this orthodoxy. As Palast (2001: 2), in an interview with Joseph Stiglitz recounts, the SAP "involves little more than close inspection of five-star hotels. It concludes with a meeting with a begging finance minister, who is handed a 'restructuring agreement' pre-drafted for 'voluntary' signature". Under this pre-drafted restructuring agreement, Ministers are handed the same four step programme. These comprise privatisation, capital market liberalisation, market-based pricing and free trade. Referred to by Palast (2001) as the 'the four steps to damnation', this top-down, coercive and non-participatory nature of the SAPs undermined borrowing countries' democratic credentials as it made elected governments accountable more to the Washington-based institutions instead of to their own citizens (Pettifor and Hanlon, n.d.).

One of the lessons learnt is that when development aid programmes are externally-imposed and non-participatory they do not result in sustainable development. The projects may be well implemented though, but more often than not they are inconsistent with an aid recipient country's own development priorities and institutions.

Relatedly, donor-driven aid programmes diminish the accountability of aid-recipient governments to their citizens and elected representatives. This is so because external funding often bypassed the scrutiny of the national governments thereby limiting the ability of national parliaments and ultimately the citizenry to hold their government's responsible (Graves, n.d.). Similarly, citizens instead, often, looked up to external institutions for services than to their own governments (ibid.). Such was the situation under the SAPs.

Another criticism related to the fact the neoliberal development paradigm did not entirely target poverty reduction as its main focus but at best growth and development (Hayami, 2003; Seshamani, 2005). This was with the expectation that poverty reduction would be a by-product of that growth (UNDP Review of PRSPs, 2001). It is however this growth model that critics (Easterly, 2002; Naiman and Watkins, 1999) say worsened the situation of poor and lower-income people. The SAPs were criticised for being externally imposed and did not reflect the development aspirations of borrowing countries. The policies were 'half-baked' and rather intended to keep developing countries economically weak and dependent on the West because trade liberalisation killed local initiatives and industries as it made local goods uncompetitive (SAPRIN, 2002). It is these "one size fits all" measures that Abugre (2000) claims, partially widened the poverty gap and maintained the dependency relationship between the rich north and the poor south.

The data reviewed in this study suggest that the Fund and Bank had failed in low-income countries in terms of the objectives underpinning the SAPs. Increasing debt burdens; poor growth performance; and the failure of the majority of the population to improve their access to basic social services has been the general pattern in countries subject to IMF programs (Hanhel, 1999, cited in Shah, 2008).

At the base of the criticisms of the BWIs and their economic prescriptions lay concern with their use of the SAPs to export a liberalising agenda. It is exactly these concerns and criticisms which the BWIs intended to address, in terms of the economic content; the impact of the programmes and their imposed nature by introducing the PRSP development paradigm (Abugre, 2000). For aid to be effective it is perceived that the aid recipient countries must

take the lead in identifying their own priorities; making their own development policies and taking responsibility for their implementation (Graves, n.d).

2.4 *The PRSP Framework and Development Cooperation: Reform or repackaging?*

The BWIs declared that poverty reduction would be their overarching goal as they proclaimed a greater commitment to reducing the high levels of poverty in low-income countries (Colgan, 2002).

2.5 *Goals and Objectives of the PRSP Framework*

The Bank and Fund developed the PRSP approach as a way of ensuring that debt relief money would go to poverty reduction, and to respond to evident weaknesses in relations between poor countries and the BWIs – in particular, the lack of poverty focus of the SAPs as well as the lack of country ownership of reforms (The Bretton Woods Project, 2003). The ambition to make aid more effective formed even the greatest objective underpinning the paradigm shift. There was now the realisation that aid would only be effective at attaining its economic, social and political objectives if donors and aid receiving countries established a genuine partnership in which both stakeholders were jointly and mutually responsible for development results (Graves, n.d).

The need to ensure that donors respect and support developing nation's ownership, and that developing countries take the initiative; acting on behalf of their citizens is also a vital component of this new realisation. There is further concern that donors ensure aid alignment with recipient countries national development strategies, systems and institutions. The PRSP

approach is the outcome of this new thinking on development cooperation. It therefore represents the latest interest in issues of development cooperation and a framework to improving aid effectiveness.

2.6 The PRSP content and preparatory process

To be produced on a three-year cycle with annual progress reports, the PRSP strategy and process represents an outline of a national programme for poverty reduction with the Fund and Bank for debt relief under the HIPC initiative (ibid.). Beyond debt relief, it also serves as the framework for all International Finance Institution (IFI) lending in low-income countries.

The PRSP "proposal contained a number of potentially important points, apparently recognising the need for government ownership of programmes and the importance of democratic decision-making" (Abugre, 2000: 9). The proposal sought among other things to identify: (a) Poor populations and the causes of their poverty; (b) Strategies for overcoming poverty e.g. social sector programs, actions to promote growth and capacity building, rural development, local infrastructure, job creation by the private sector, increasing participation and good governance and (c) outcome indicators, which will be set and monitored through participatory processes (PRSP Sourcebook, 2002).

To ensure ownership of and participation in the preparation process, the PRSP strategy and process is expected to be entirely managed by national governments in close consultation with CSOs and other external partners under the watchful eyes of the BWIs. Underpinning the development and implementation of these papers are five key principles outlined in the PRSP sourcebook of April 2002. These are; (a) Country driven – involving broad-based participation by CSOs and the private sector in all operational steps; (b) Results oriented – focusing on outcomes that would benefit the poor; (c) Comprehensive in recognizing the

multidimensional nature of poverty; (d) Partnership oriented – involving coordinated participation of development partners (bilateral, multilateral, and nongovernmental); and (e) based on a medium to long-term perspective for poverty reduction (PRSP Sourcebook, 2002).

After almost a decade of the adoption of this development paradigm, most country strategy papers are now in their implementation stages. So, what has the PRSP process been able to achieve in a decade? An evaluation of the strengths and weaknesses of this new approach presents the subject matter of the section below.

2.6.1 Strengths

At least in theory, the PRSP strategy and process can be said to have encouraged more stakeholder consultations in aid-recipient countries where the papers are being prepared. The claim of the Bank is that the PRSP has created a more open dialogue than had previously existed within government and between government and civil society (IMF and IDA, 2002; Ear-Dupuy, 2004). It means that more segments of the population now increasingly have the opportunity to participate in the discussion of poverty and in the formulation of strategies and policies which hitherto did not happen (UNDP review of PRSPs, 2001).

Empirically, CSOs in Bolivia and Honduras were said to be especially excited at being given the opportunity to participate in the formulation of the national development priorities that were outlined in their PRSPs (CRS, 2001). Similarly, CSOs in Uganda, Rwanda and Tajikistan were excited at being able to dialogue with their governments on their development priorities (IMF and IDA, 2002; Ndomo, 2005). The stakeholders however expressed reservations about the extent to which the participatory dialogue spirit will be sustainable.

National ownership of these papers and the PRSP process is said to have been enhanced as a corollary of the more open dialogue orientation of the strategy and process. The Bank asserts that there is now a growing sense of ownership of the PRSPs among most governments (ibid.). This claim is derived from the pronouncements purported to be made by various government officials and CSOs concerning their commitment to the PRSP process and its objectives in regional workshops and international conferences. Despite these seeming benefits this framework has brought, the strategy, just like its predecessor, has come under severe criticism for several failures. These are examined below.

2.6.2 Weaknesses

Similar to the criticisms of the SAPs the PRSPs have come under fierce criticism. Prominent among these is what Dembele (2003) calls the 'poverty reduction spin'. Many CSOs, academics and individuals⁴ have argued that the PRSPs are simply a repackaging rather than a reform of the SAPs. This is so because they remain donor-driven and a non-realistic appraisal of a country's commitments to poverty reduction. Research has proven that governments in African countries put in their strategy papers what the BWIs would like to see, rather than what the poor really want (Dembele, 2003; Ear-Dupuy, 2004). The reason: PRSPs have to be consistent with the BWIs' preferred policies in order to get their endorsement. Instead of presenting a realistic appraisal of what the country is truly committed to doing and what it actually needs to do to help reduce poverty, governments simply 'dance to the tune of the music been played' by the BWIs in order to obtain debt relief and more aid. Under these circumstances, poverty will only persist and indeed rise.

⁴ The following CSOs and Individuals have offered various criticisms of the PRSP framework: Abugre, 2000, William Easterly, Joseph Stiglitz; Oxfam, Save the Children, Catholic Relief Services.

Secondly, there is the argument that the PRSPs are not genuinely participatory (CRS, 2001). In principle, the impression that a country's plan of action should come first and foremost from the recipient country and not from the BWIs is a fine idea. This theory however sharply contrasts the present reality emerging from the PRSP process. The PRSP sourcebook (2002) mandates that the papers be country-driven and owned based on broad-based participatory processes for formulation, implementation and outcome-based monitoring⁵. Contrary, evidence from the field has proven that the PRSPs are not based on genuine participation or ownership by the poor (Guttal et al., 2001). The concern rather is with the semblance of participation based on the need to legitimize and modernize the neoliberal paradigm (ibid.).

With the exception of Honduras and Bolivia – where some level of broad-base participation was deemed to have taken place – the entire process in most countries has been shrouded in secrecy. Even in these cases, participation merely took the form of inviting CSOs input into a pre-prepared document (Abugre, 2000; 2001). This again begs the question of active participation. What is important in participation is how effective the process is, in addressing the concerns of society. Anything short of this, as is presently the case under the PRSP process, is merely a participatory condition to be fulfilled. These are genuine limitations that prevent participation from reaching its full potential.

Furthermore, the criteria used to judge the PRSPs provide the Bank and Fund a basis for the continuous imposition of their neo-liberal policies. In the name of poverty reduction, the Bank and Fund are seeking an expanded basis for sustaining their externally-driven SAPs (Guttal, 2001) by virtue of their power to (dis)approve of a country's papers. In a meeting with African Finance Ministers, an Official of the Fund stressed that macroeconomic stability is

⁵ See the PRSP sourcebook of April, 2002 for more information on the principles of the framework at www.worldbank.org/poverty/strategies/chapters/trade/trade.htm.

indispensable if growth and poverty reduction are to be achieved. Consistent with this development ideology, the Fund demanded of them to hasten the privatisation of the SOEs whilst embracing trade liberalisation (Hanlon and Pettifor cited in Shah, 2008). With the benefit of hindsight however, these mandatory matrices are the very policies that impoverished third world nations under the SAP. This piece of evidence therefore buttresses the assertion by a senior Bank official that the PRSP-PRGF is a "compulsory programme, so that those with the money can tell those without the money what they need in order to get the money" (Transfer of Wealth, 2000: 37/38). Refusal to include these free market policies automatically results in the rejection of a government's papers. Consequently, so long as PRSP strategy and process remains faithful to those old macroeconomic matrices, poverty will remain and indeed increase.

The PRSP has become the Trojan horse of development: allowing the BWIs to continue to set the agenda as well as drive policy formation in developing countries under the guise of giving ownership to the same countries (Curry, 2004). Beyond this political motive, the PRSP is yet another neoliberal paradigm to open up the already fragile economies of poor countries to global capitalism as happened under the SAPs.

2.7 Conclusion

The literature examined in this chapter has underscored the theoretical complexity underpinning this development framework. It discovered that issues pertaining to the delivery of development aid in contemporary times are still been driven largely by political and economic concerns as was during the post-war periods. Contrary to the Bank and Fund's claim that the PRSP framework is a new form of engagement that is planned to promote country-ownership of the policies that would best reduce poverty in that given country, the

chapter has demonstrated that the PRSP strategy and process has woefully failed to live up to the standard with which they were sold by the BWIs to the poor in the global south. It has argued that the decision to give aid under the PRSP is again driven by political and economic considerations far more than a reform genuinely aimed at poverty reduction.

The next chapter presents the institutional framework of the PRSP strategy and process in the case countries.

Chapter Three

Institutional Framework and the PRSP Strategy and Process in the Case Countries

3.0 Introduction

This chapter introduces the country case studies. It initially presents the backgrounds of the case countries and context within which the framework was introduced and adopted. It then proceeds to present the PRSP process and strategy to assess its consistency with the PRSP concept. Through this approach, the chapter throws more light on the PRSP preparation processes as well as the status of the various poverty papers in Ghana and Zambia.

3.1 Background to the introduction of the PRSPs in the Case Countries

3.1.1 Ghana

The PRSP concept was specifically intended for settings like Ghana. Data from the Ghana Living Standards survey (GLSS) 3 reveals that the percentage of Ghanaians defined as poor was 51.7% in 1991-1992. Consistent with the SAP theory and criticisms outlined in chapter two in respect of the fact that borrowing countries – during the era of the SAP – were made to export more primary products in order to raise sufficient money to pay off their debts in a timely manner, Ghana persistently relied on the production and export of a few products (cocoa, timber, gold). The little foreign exchanged earned by the country through exports meant low revenue. This coupled with the high interest rates, high rates of inflation, dwindling foreign reserves and excessive debt burden led to a stagnation of the economy. The combined effect of this and the fiscal austerity measures Ghana was made to introduce under

the SAP resulted in massive unemployment and poor educational and health care systems. These ultimately constrained the nation's economic growth between 1980 and 2000. This stagnant growth produced less than acceptable levels of poverty reduction in the country during this period (Ghana PRSP, 2003).

Against these realities of the high incidence of poverty and the unsustainable debt situation, the Ghanaian government, at the time, began giving serious attention to issues of poverty by preparing various short-term and long-term development plans for growth and poverty reduction. Ghana subsequently adopted the HIPC initiative in 2000 to build on the initiatives already started. As a condition for receiving debt relief and more loans under HIPC, Ghana was mandated to prepare and implement the PRSPs.

3.1.2 Zambia

The buoyant post-independence Zambian economy began to deteriorate in the mid-1970s due to the sharp decline in copper prices and the global oil crisis (I-PRSP, Zambia, 2000). This marked the beginning of Zambia's economic and social misfortunes. Statistics indicates that about 69.7% of the total Zambian population in 1991 was said to be poor. This is up from 60% in 1980 (ibid; Seshamani, 2002). It was in an attempt to address the situation that the government, at the time, embraced the SAPs. However, after a decade of implementation, it was argued that the SAPs did not produce the kind of economic growth and human development that had been anticipated (ibid.). Consequently, the average growth rate declined to close to zero whilst human conditions also severely deteriorated by every yardstick of measurement (ibid)⁶.

⁶ Also see http://www.google.co.uk/search?sourceid=navclient&hl=en-GB&ie=UTF-8&rlz=1T4DKUK_en-GBGB301GB301&q=Zambia+presents+her+Poverty+Reduction+Strategy+in+this+document.+The+document+is+divided+into+four+parts.+Part+one+is+the+overview+and+it+contains+background+chapters+like+this+executive+summary%2c+the

Whilst the poverty problems of Zambia in the 1980s and 1990s could not wholly be attributed to the SAPs, the neoliberal development paradigm could not also be wholly absolved for the poverty problems that confronted this country. In Zambia as in many other countries where the SAPs were implemented, the key focus of the ideology was with stabilization and macroeconomic balance rather than on outcomes on human development and poverty reduction (Seshamani, 2002).

Apart from lacking a pro-poor orientation, the SAPs were also criticised for not reflecting the needs and aspirations of the Zambia people. It was the premise of these inherent political and design problems of the SAPs, coupled with the resolution adopted at the World Conference on Social Development in 1995 that Zambia started putting in place measures to address its poverty problems. The Zambian PRSP framework of 2000 built on the poverty reduction programs already introduced earlier.

3.2 Objectives of the PRSP Strategy and Process

As highlighted above, the SAPs were said to have fallen short of achieving their objectives owing to a multiplicity of factors. Key among these included the lack of country ownership of the policy measures; huge weaknesses in the analytical and empirical bases of the social policy content of programs; and insufficient attention to trade-offs involving policy choices that imply significantly different paths for growth and social welfare (IMF, 2004). As a result of these inherent weaknesses, the PRSP was broadly intended to be the vehicle to promote and ensure country ownership of pro-poor development policies that would best reduce the incidence of poverty in that country (Curry, 2004). Other objectives include the need to sharpen the poverty focus of the papers and provide a stronger collaboration between the

[+macroeconomic+background%2c+the+poverty+profile+of+the+country%2c+and+an+outline+of+the+central+position+of+good+governance+in+poverty+reduction](#) for more details on Zambia's poverty situation.

BWIs and the aid recipient countries. The need to ensure greater public accountability of the governments and an improved environment for agenda setting of priorities and design of public actions make up the last set of objectives underpinning this new development paradigm (IMF, 2004).

3.3 *From SAP to PRSPs: Formulation and preparation of the papers*

3.3.1 Ghana

Ghana is a friend of the donor community. In its continuing efforts to tackle poverty even before the introduction of the PRSPs, the country articulated various national poverty reduction strategies, albeit with limited success (Cheru, 2002). Conspicuous among the government's efforts to tackle poverty was the development of a comprehensive twenty-five year long-term development plan known as Ghana vision 2020 in 1995. The goal of this development blue print was to turn the country into a middle-income economy by the year 2020 (ibid.). This 'Vision 2020' document drew on the Comprehensive Development Framework (CDF) of the Bank. The CDF subsequently provided the basis upon which Ghana developed its maiden PRSPs. Due to time constraint and the need, for then government, to access the concessional lending portfolios of the Bank and Fund, Ghana hastily produced an Interim Poverty Reduction Strategy Paper (I-PRSP) in June 2000 on the insistence of the twin BWIs. This paper was subsequently accepted by the Executive Boards of the Bank and Fund which later made the recommendation for the I-PRSPs to provide the firm foundation for the formulation of Ghana's full PRSPs (IDA and IMF, 2002).

Said to be owned by the Ghanaian government, by virtue of the fact that it was the government that initiated the process of preparing the papers, it was the National

Development Planning Commission that was directly in charge of the PRSP strategy and process. It subsequently took the initiative, organised all the consultations, prepared the draft reports and made an enormous effort to minimize external influence in the process⁷.

Despite its acceptance, the I-PRSP was still widely criticised for lacking a pro-poor orientation. Killick and Abugre (2001) especially noted that the interim paper had absolutely nothing to do with poverty reduction. Instead, the paper was said to have been prepared so as to maintain the country's access to donor credits (*ibid.*). Despite this criticism, the Bank and Fund still recommended for Ghana to use the I-PRSP as the sound basis for the formulation of a full PRSP. Ghana has since then produced two full PRSPs: the Ghana Poverty Reduction Strategy (GPRS I) 2003 – 2005 and the Growth and Poverty Reduction Strategy (GPRS II) 2006 – 2009 with annual progress reports.

3.3.1.1 Pro-poor policies?

GPRS I was prepared to enable Ghana benefit from debt relief under the HIPC initiative. It was similarly prepared to put the country in a better position to address critical issues of poverty prevailing at the time. The policy document therefore broadly reflected a policy framework whose primary goal was the attainment of the anti-poverty objectives of the Millennium Development Goals (MDGs) of the United Nations (GPRS, 2006). GPRS I was anchored on the following pro-poverty priority themes: Good Governance; Macroeconomic stability; Human Resource Development and Basic Services; Production and Gainful Employment and Vulnerability and Exclusion (*ibid.*).

Though GPRS I was able to achieve some measure of economic growth, this growth was neither sufficient enough to help address the deep rooted causes of poverty in Ghana nor

⁷ See <http://info.worldbank.org/etools/docs/library/103092/casestudyGhanaforZambiaCourse.pdf> for the details of the role the National Development Planning Commission played in the PRSP process.

transform the structure of the Ghanaian economy (ibid.). It was for these reasons that GPRS II was introduced. The sole goal of GPRS II is the attainment of a middle-income status with a per capita income of at least US\$1000 by 2015 (ibid.). GPRS II therefore reflects the government's policy direction and development aspiration highlighted above. The design and preparation of GPRS II was said to be derived from practical lessons and experiences drawn from the preparation, implementation and monitoring of GPRS I⁸.

Similar to the policy priorities of GPRS I, GPRS II is anchored on the following policy priorities: Macroeconomic Stability; Human Resource Development; Private-sector development and Good Governance and Civic Responsibility. An innovative aspect of this paper is the inclusion of issues of the environment, gender, disability and other crosscutting issues which are not included in the GPRS I.

Critics of the government however maintain that this paper seemed more designed to meet specific IMF conditionalities in exchange for aid than a genuine and earnest attempt at national development (Nii-Moi, 2003).

3.3.2 Zambia

Like Ghana, Zambia also made conscious efforts to fight poverty even before the BWIs compelled it to prepare and implement PRSPs. Such efforts can be traced a long way back to the years immediately following its post-independence era (I-PRSP Zambia, 2000). However, contemporary efforts to fight poverty are attributed to the outcome and resolutions adopted at the World Conference on Social Development held in Copenhagen in 1995, when every

⁸ The growth and poverty reduction strategy – GPRS II (2006-2009)

participating country was urged to set itself a time-frame for poverty reduction and introduce measures to for the attainment of such targets (Seshamani, 2002).

For this compelling reason then Zambian President took a firm decision to introduce and implement programmes aimed at reducing poverty from 70 percent in 1997 to 40 percent in 2004 (ibid.). To this end, the government tasked the Ministry of Community Development and Social Services (MCDSS) to prepare a National Poverty Reduction Strategic Framework (NPRSF) and a National Poverty Reduction Action Plan (NPRAP) in 1997. These documents were said to have been prepared in close consultation with various domestic stakeholders and external donors. They were subsequently endorsed in May, 1998 by the government.

However, even before the NPRAP could receive cabinet approval and be implemented, the government had to shelve its implementation plans with the introduction of the Poverty Reduction and Growth Facility (PRGF) by the IMF in 1999. Being a Highly Indebted Poor Country (HIPC), Zambia had to commence the preparation of PRSPs as a condition for debt relief and for gaining access to the concessional lending portfolios of the Bank and Fund.

Due to the urgency with which Zambia needed to obtain debt relief under the HIPC initiative by after reaching the decision point, an interim poverty reduction strategy paper had to be prepared within a relatively short period of time. Consultations for this paper were however limited to government official for the basic reason mentioned above. The IPRSP was approved by the Bank in December 2000. Beyond this interim paper, Zambia prepared a full PRSP in 2002 for the period 2002 – 2004.

3.3.2.1 Pro-poor policies?

Similar to the themes underpinning Ghana's poverty papers, the Zambian PRSPs are underpinned by priority National Development themes such as Macroeconomic stability; Human Resource Development; Governance; Basic services and Private Sector Development. In addition to these main priorities, issues such as gender, environment and natural resources and HIV/AIDS cut across the paper.

3.4 Poverty Papers preparation process

3.4.1 Ghana

The entire process of preparing the GPRS was started in January 2000 when a national forum of stakeholders – these stakeholders came from government, the private sector, NGOs, policy and advocacy CSOs and development partners – involved in activities of poverty reduction was held (GPRS, 2003). Consistent with the PRSP theory outlined in the literature, the sole aim of this forum was to mobilise the relevant stakeholders to identify the incidence of poverty in Ghana and its causes; who the poor are; and the strategies for overcoming such poverty (Malaluan and Guttal, 2003). The forum culminated in the identification of five themes of importance for poverty reduction.

3.4.1.1 Flexibility?

It was in July 2000 that the IPRSP was hastily prepared after Ghana had reached the decision point of the HIPC initiative earlier that year. Consistent with the series of steps outlined in the Bank and Fund's 1999 terms of reference for preparing PRSPs, Ghana's GRPS preparation process followed a chronological list of steps. Right after the Boards of the Fund and Bank had accepted the I-PRSP in August, 2000, Ghana began preparing full PRSPs. In May 2002, the first full GPRSP I (2003 – 2005) was ready and made public. In 2005, GPRS II (2006 –

2009) was ready to be implemented. It can easily be discerned from the above that the timings and organisation of the PRSP process was not Ghana's owned. Instead, it was a reflection of the expectation of the donors.

3.4.1.2 National Ownership?

One of the key principles underpinning the Ghanaian PRSP strategy and process is the notion that it is driven by the government of Ghana and reflects the poverty reduction priorities of that country. In preparation for the development of full GPRS papers, the government was said to be the main actor that initiated the process and formed a team of experts – who were drawn from the Ministry of Finance, the NDPC and the Ghana Statistical Service – to prepare the interim report (Abugre, 2000). This participatory approach was said to have been embraced so as to ensure broad-base national ownership of the papers through the active involvement of the citizenry in the formulation, implementation and evaluation of the strategies (ibid.).

Official responsibility for the preparation of the full GPRS however rested on a special task force – the Poverty Reduction Unit (PRU) – that was established within the NDPC. The task force subsequently divided its activities and the PRSP process into three phases: an initial situational analysis; the preparation of a strategic policy framework and the development of programmes based on this framework (Killick and Abugre, 2002).

Working along the findings of the initial situational report of the special task force on poverty reduction, five core teams were established to constitute the focus of analysis and recommendations for poverty reduction. Each team was tasked to work on and provide inputs into of five of the thematic areas at the policy framework phase (ibid.). Chaired by the lead

government ministry official responsible for that sector, the other members of the teams included a Ghanaian consultant, government officials, people drawn from Civil Society Organisations and donor agencies and some private individuals (GPRS, 2003). The consultant assisted the core teams with their analytical work. In all these, and as aforementioned, a conscious effort was made to ensure that the entire process was participatory.

3.4.1.3 Participation?

To ensure that the entire process was participatory, internal and external partners were said to have been involved in the strategy formulation through the consultation process. The government of Ghana has insisted that the country's poverty papers and the process leading to their preparation and drafting involved the participation of government actors, CSOs and the private sector. Internal actors and stakeholders such as the local governments, NGOs, labour unions, students groups, think tanks and the academia, the media, faith-based organisations, the private sector and parliament were said to have participated, to various degrees, in the discussion of the strategy through seminars and workshops organised by the NDPC⁹. These internal stakeholders were said to have participated in the process by expressing their views during the participatory poverty analysis stage of the process through a number of ad hoc consultations. The outcome of these ad hoc consultations was the preparation, based on the work of the five core teams, of a draft report by the core teams (Cheru, 2002).

In March 2001, a technical workshop was organised at which the draft report was discussed, harmonised and synthesised into a framework of PRS objectives. In attendance was said to be the five core teams, various CSOs, the private sector and development partners.

⁹ See the Ghana Poverty Reduction Strategy Paper for more information on the participants of Ghana's processes at <http://info.worldbank.org/etools/docs/library/103092/casestudyGhanaforZambiaCourse.pdf>

These consultative fora were complemented by additional series of consultations held in various locations nationally, in order to adequately reflect the views of the wider Ghanaians population, especially those at the local levels in the document (GPRS, 2003). Beyond these consultative forms of participation, Ghanaian CSOs had absolutely no influence over the structure, content and policy prescriptions of the GRPS (both I and II) process and strategy (ibid.).

The results from the technical workshop held and the various consultative fora provided the PRU, of the NDPC, the opportunity to further study and elaborate on the proposals. In accordance with a list of chronological steps initiated by, and stipulated in the Bank-Fund 1999 terms of reference for preparing the PRSPs, Ghana's poverty reduction policy framework and its conclusions were then prepared, reviewed, discussed and validated during a two-day National Economic Dialogue (NED) from the elaborate proposals cited above (Cheru, 2002).

3.4.2 Zambia

As noted earlier, the process of formulating and preparing the Zambian PRSPs also began in early 2000 with the preparation of an I-PRSP to facilitate debt relief negotiations with the BWIs. This was after Zambia had reached the HIPC completion decision point (Bwalya et al. 2004).

3.4.2.1 Flexibility?

Just like Ghana, Zambia PRSPs processes were a chronology of interrelated steps, events and activities. The process typically started with Zambia reaching the decision point of the HIPC initiative. It was then required to prepare an interim PRSP within six months and a full PRSP

within two years of reaching the decision point. A series of meetings, consultations, discussions forums characterise the period between the decision point and the time the full PRSPs are approved. It is the premise of the chronological nature of the process that Bwalya et al (2004) criticised the timing and organisation of the PRSP as hardly been Zambia's own. Instead, the chronology reflects the expectation of the donors as it is consistent with the Bank and Fund's 1999 terms of reference for preparing the PRSPs (ibid.).

3.4.2.2 National Ownership?

Contrary to claims that the highly participatory and locally-owned NPRAP was to provide the foundations for the preparation of comprehensive PRSPs¹⁰ so as to ensure national ownership of the papers, the process was said to have been started all afresh in March 2000. Though there was minimal participation and consultation, it is widely acknowledged that a lot of information used in preparing the interim papers was drawn from the NPRAP (ibid.). Similarly, lessons learnt from the consultations held during the preparation of NPRAP were said to be valuable in the process of preparing the PRSP.

3.4.2.3 Participation?

A critical stage in the Zambian PRSP process was reached in August 2000 when a general stakeholders' workshop – targeting political parties, Faith-Based Organisations (FBO), NGOs, government officials, the academia, and think tanks and local, and international experts – was convened. The outcome of this workshop was the identification and organisation of eight Thematic Working Groups (TWGs). Each of these groups was tasked with the responsibility of working on one of the eight development priority areas identified

¹⁰ See Seshamani, 2002 for further details on the NPRAP and the PRSPs in Zambia

earlier (I-PRSP of Zambia, 2000); which involved the collection and reviewing of key papers and information relating to poverty in Zambia.

In light of this requirement, expert consultants were expected to provide strategic direction and assume responsibility over the drafting and facilitation of the work of the thematic groups (ibid.). They were similarly required to identify gaps in the poverty literature and give advice as to how to address them. Based on the outcome of the works of the groups and the consultants, the nature and types of consultations required to fill in such data gaps were determined. Broad-based consultations were then held with the sole aim of achieving the following goals: Developing the poverty profile of the country; Reviewing the existing literature and setting new priorities for poverty reduction; Designing public actions backed by the budgetary process to deal with poverty; and Monitoring poverty, public expenditure and service delivery.

In all these steps and processes it was the Ministry of Finance that had direct oversight responsibility. It subsequently decided on the thematic groups; selected the participants; developed the terms of reference for the work; and provided the secretariat.

In April/ May of 2000, consistent with the theory of making the papers participatory, the various working groups were said to have taken their activities and the process to the provinces. Even before these provincial tours were embarked upon, provincial administrators were asked to select representatives who included traditional rulers, CSOs within the provinces, the private sector and government officials who would actually meet with the working groups to make inputs. The Ministry of Finance then prepared an integrated plan based on the documents presented to it by the working groups. This plan was discussed at a

national conference in October, 2001. The discussions held during the conference provided the inputs to the final draft of the PRSP which was then approved by the Bank and Fund in May 2002.

3.5 Conclusion

The presentation and analysis of the institutional framework of the PRSPs and process has highlighted the conditions surrounding the introduction and implementation of the framework in Ghana and Zambia. It presented and briefly examined the various stages of the PRSP and process in both countries. Through this approach it discovered that some of the theoretical principles underpinning the PRSP process are already flawed in practice. This goes to validate the research hypothesis made in the introductory chapter.

The success of the reform process is dependent on the extent to which the PRSP theory matches with the present reality in its implementation. This is the preoccupation of the next chapter.

A Decade of PRSPs in Ghana and Zambia in Comparative Perspective: Continuity more than Change!

4.0 Introduction

The preoccupation of this chapter is with finding and using empirical evidence to validate the hypothesis of this paper. The major argument made in favour of the PRSPs is that, it is a reform of the failed SAPs. For this reason it is supposed to result in a long term, comprehensive, results-oriented, country-driven and participatory strategy to reduce poverty. This paper however makes the contrary assertion that in reality these papers are incongruent with the main pillars of the PRSP framework: national ownership, participation, pro-poor and flexible.

To validate the key as well as the specific research hypotheses made in chapter one, this chapter investigates the PRSP orthodoxy in both case countries. By so doing it finds empirical data to debunk the claims made in the PRSP theory. The empirical data also confirms that the claims of national ownership, participation, flexibility and pro-poor policies are all myths in reality.

4.1 The myth of National Ownership

National ownership in practical terms means that aid-recipient governments are responsible for writing the PRSPs and commissioning and organising donor input into the process. Whether a strategy paper is nationally-owned or not depends on the extent to which governments actively involve civil society and other stakeholders in the process and how far

their concerns are reflected in the final PRSP document. By this unit of measurement this paper uncovers that the PRSP strategy and process, in the case countries, is not truly home-grown, but rather conditionality by stealth.

This sentiment is clearly expressed by the trade union congress of Ghana, a key CSO which was supposed to be deeply involved in the GPRS process. The union lamented that ownership of the GPRSP is clearly absent or at best insufficient among Ghanaians, as all contemporary Ghanaian "domestic policies are heavily influenced, if not wholly designed by the IFIs " (Baah, n.d: 47). Ghana's PRSPs clearly do not reflect the wishes and aspirations of the well-meaning people of Ghana. Haven been invited to submit their inputs and help in validating and harmonising poverty issues when the first draft of the PRSP was open for comments, the TUC and other CSOs raised very important issues concerning the need for equity in tax and investment policies, gender, income redistribution, social equity, labour rights and employment – all of which are fundamental in any poverty reduction efforts. To the disappointment of these CSOs these critical "issues were either completely absent in the draft or not explicitly covered" (ibid. 48).

True ownership of the papers is also somewhat a mirage in Zambia as it is in Ghana. A democratically-elected institution like the Zambian parliament was said to have been bypassed and marginalised from decisions surrounding the HIPC and the PRSP. An independent Member of the Zambian parliament especially noted that "at present, there is no role for Parliament in Zambia regarding the HIPC initiative. This matter has never been debated in the House or at committee level. As a Member of Parliament, I am not aware of the specific amounts or the conditionalities involved in the initiative. I am sure not even the government itself can state with certainty how this country will benefit from its HIPC status.... ".

(Interview of Hon R. Sichinga, MP of May 30, 2001, quoted in CRS, 2001). These findings again reinforce the criticisms and validate the hypothesis made above in respect of the fact these papers are not truly home-grown. Instead, their ownership and eventual control are external.

These comparative cross-national findings have firmly been acknowledged by no other person than a Senior Bank Official who openly declared that "the poverty reduction strategies are certainly not nationally owned: they must be prepared according to Bank-Fund guidelines, with predetermined policy matrices that perpetuate old style Bank-Fund adjustment and reform programmes, and often conflict with nationally developed anti-poverty strategies" (Chandrasekhar 2000: 37).

He continues to note that the PRSP-PRGF is a "compulsory programme, so that those with the money can tell those without the money what they need in order to get the money" (ibid. 38). If these papers were truly meant to be government owned as the PRSP theory hypothesised, why then would the Bank develop a 1000 page Sourcebook to tell developing country groups how to create a PRS and another Sourcebook to describe how to develop acceptable trade policies? Why would the Bank and Fund send numerous missions to countries to develop the PRS? These empirical findings all go a long way to buttress the central hypothesis of this paper that the PRSP is not an answer to the problems of structural adjustment; instead they are conditionality by stealth. This claim has again been reinforced by Malaluan and Guttal (2003: 6) who revealed that "country ownership of a PRSP means the commitment of a country to implement a strategy that the Bank and Fund approve, come what may". Experiences further enumerated by Malaluan and Guttal (2003) demonstrate that:

When advising governments on how to prepare a PRSP, Bank-Fund missions have come prepared with their perspectives on the country's

poverty situation, their analysis of the country's obstacles to economic growth, their menu of policy options, and their views on how to mobilise resources for the PRSP, including external donor assistance. These perspectives form the basis of all discussion between Bank-Fund missions and borrowing governments about the structure and content of PRSPs. And despite claims that, causes and solutions of poverty are country-specific, all PRSPs are expected to contain "core elements" that the Bank and the Fund consider essential to poverty reduction. These include: rapid economic growth, private sector development and expansion, good governance (largely oriented towards facilitating privatisation regimes), deregulation, trade and investment liberalisation, fiscal stability, macroeconomic management, public expenditure management and consultations with selected NGOs. (p.7)

Under such conditions, calls and claims of national ownership is nothing more than a myth.

The PRSP framework therefore represents nothing more than a continuity of the failed SAPs.

4.2 *The myth of Participation*

Participation – defined as the active involvement of stakeholders, especially CSOs, through the entire process of preparing the strategy papers – is one of the key concepts underpinning the PRSP theory. Contrary to expectations that the preparation and implementation of Ghana's PRSPs would be fully participatory, empirical evidence from the field suggests the contrary. This was especially the case with the preparation of the I-PRSP in Ghana in 2000. This finding has been buttressed by Cheru (2002: 5) who revealed the Ghana government "hastily prepared an interim poverty reduction strategy paper in a most unparticipatory manner contrary to the guidelines". This finding has further been validated by Abugre (2000) whose checks with some important key stakeholders who were said to have been consulted in the preparation of Ghana's Development Strategy for Poverty Reduction (DSPR) emphasised that:

By the end of April, 2000, civil society seemed largely unaware of either the Poverty Reduction Strategy process or how the Government of Ghana was proposing to handle this issue. There seemed, in

addition, a lively scepticism both about the desire and the ability of the Government to engage substantively with civil society and the seriousness with which it is willing to tackle problems of poverty. (p. 16).

Where participation was deemed to have taken place, it was minimal. It either did not involve most of the CSOs highlighted in the GPRS documents or their inputs were ignored.

The Ghana Trade Union's Congress (TUC) was supposedly 'involved' in the preparatory stages of Ghana's 2006 – 2009 GPRS II document. In participating, the TUC highlighted key issues, some of which included the need for equitable income redistribution, gender equity, tax and investment equity policies, social security and pensions among other issues. When the draft report was finally released, the TUC noted with dissatisfaction that the inputs they made were either completely absent in the draft or not explicitly covered. As Baah (n.d) notes:

After the national economic dialogue, civil society participation in the process was reduced drastically at the drafting stage, where the specific poverty reduction targets were set and guidelines were developed for the ministries, departments and agencies. Again, when the PRSP was being finalized, for the targets to be included in the national budget, civil society participation was either completely absent or minimal. These stages were reserved for "experts" and the Washington-based, all knowing advisers. (p. 48).

Moreover, it was revealed that whilst a Deputy Minister of Finance had never heard of the document, the Parliamentary Committees for Finance and Public Accounts had not at the time of the submission to the IMF/World Bank seen copies (Abugre, 2000).

In isolated cases churches were said to have been duly consulted, the view of the churches however is that, "consultation, when it happens, tended to be little more than formality" – "they have already made up their minds" (ibid: 17). The pieces of evidence enumerated above

go to confirm the fact that Ghana's GPRS papers are not truly and genuinely participatory; at best they are merely engineering the consent of civil society and other stakeholders.

The story of participation in Zambia is not so different from that of Ghana. The framework gave CSOs the opportunity to establish a network called the Civil Society for Poverty Reduction (CSPR). The CSPR was said to have subsequently had the opportunity to participate actively in the Zambia process. Beyond the first draft however, civil society participation in the process was limited. Seshamani explicitly makes this clear when he revealed that "civil society had no participation at the higher levels of PRSP preparation – its involvement in the government PRSP process stopped with the first draft" (2002: 17). He further noted that CSOs "had no representation at the higher drafting committee and the technical committee that received the final PRSP to prepare it for presentation to cabinet" (ibid.). For these reasons, the CSOs entertained the fears that the final version of the PRSP could differ from the first draft which they had made substantial inputs into.

The PRSP process is thus merely engineering the consent of CSOs.

4.3 *The Myth of Flexibility*

Claim that there is no single template or blueprint for an acceptable PRSP¹¹ is a myth. A close examination of the PRSPs and process has demonstrated that there is little flexibility in the timing, organisation and content of the framework in aid recipient countries. Evidence gathered from Zambia indicates that the PRSP process in that country is hardly Zambia's own. Bwalya et al. has asserted that the "PRSP process was hardly Zambia's own, but tied to the country's negotiations over debt relief with the IFIs" (2004: 17). It was for this basic

¹¹ See the PRSP Sourcebook, 2002 for details of this claim

reason that when the PRSP process coincided with Zambia's electoral cycle participation and the content of the poverty paper was said to be severely affected (ibid.).

The situation in Ghana reflects similar concerns as in Zambia. The content and structure of Ghana's PRSPs have demonstrated that the Ghanaian government has virtually had no control over the process. Baah et. Al., buttresses this assertion when he observed that "a cursory look at any PRSP, including Ghana's reveals that more weight is given to the same macroeconomic policies that were pursued under the structural adjustment programmes" (n.d: 45). This subsequently validates the key research hypothesis and the various criticisms made against the framework. A senior Fund Official in-charge of consultations confirmed these claims when he confessed that for a country's poverty papers to be approved, they must answer the following questions satisfactorily: (a) are the PRSPs prepared with broad-based consultations? (b) Are the policies likely to lead to faster pro-poor growth? (c) Does the strategy and process risk macroeconomic stability?¹² These questions present the litmus test for assessing and approving a country's poverty papers. Failure to adhere to these rigid macroeconomic and structural standards will lead to the rejection of these papers. Under such circumstances the PRSP can only said to be a continuation of the hitherto rigid SAPs and not a reform oriented towards fighting poverty.

4.4 The Poverty Reduction 'Spin'

Poverty reduction now remains the overarching theme underpinning the Bank and Fund's lending programmes. Empirical evidence from Ghana however proves that PRSPs are not a commitment to poverty reduction as the PRSP theory states. Rather, they are a continuation of and a veil for the SAP. A study by Guttal et al has confirmed this claim as it found that

¹² See Abugre, 2000 for a further elaboration of these questions

through Ghana's PRSPs the BWIs are seeking an expanded basis for sustaining externally driven structural adjustment plans (2001). Though macroeconomic stability has been a key policy in previous Ghanaian development plans, Cheru similarly (2002) found out that "the task teams responsible for preparing the GPRS did not make any reference to these documents since the teams did not start out their studies by examining the merits and shortcoming of what had been tried in the past". How then did the macroeconomic policies find their way into all Ghana's PRSPs? Baah (n.d) argues that:

The PRSP, to a large extent, has proved to be a new way of promoting the Washington Consensus – strict and sometimes unreasonable fiscal discipline, directing fiscal expenditures away from social services, unbridled financial and trade liberalization, privatization and deregulation. The fears expressed by the TUC at the beginning of the PRSP process concerning "the autonomy and independence of government in fashioning out the PRSP", have been justified. The colonial relations of dependence and external conditionality seem unstoppable. The TUC holds the strong view that the undue influence the Bank and the Fund exert on the domestic policies of developing countries is the source of the evasive policies and programmes in the PRSPs, particularly in Africa. The policies in the PRSPs, particularly those that relate to macroeconomic management, are based on the Washington Consensus and are therefore deemed non-negotiable. (p. 48/49).

The finding suggests that the macroeconomic policies were smuggled into Ghana's strategy papers by the BWIs. These empirical findings go to reinforce the shortcomings identified in the theoretical framework of the PRSPs enumerated earlier on. They similarly validate the claim that poverty reduction remains a myth in the PRSP framework.

The principle of poverty reduction under Zambia's PRSP framework also reflects the situation in Ghana. It covers broad areas of policy such as macroeconomic stability, Human Resource Development and Private sector development among others. The Bretton Woods project

(2003) supports this finding as it revealed that the Bank and Fund "create the illusion of poverty reduction while continuing the same failed policies" and that the process sought to "promote a superficial national consensus on short-term poverty reduction programmes at the expenses of a serious reflection on long-term development policies" (quoted in Ear-Dupuy, 2004: 25).

It is the premise of these empirical findings that Adejumobi (1999: 100), asserted that "the uniformity in the application of those policies to developing countries and their supposed infallibility, suggest that those policies are more of a fanatical and fundamentalist economic ideology, and less of a well-thought out economic policy which takes cognisance of variations in culture, environment, domestic political economy and sectoral differences". On this basis, and the findings noted above, Ghana and Zambia's PRSPs and PRSP process for that matter could not have been pro-poor; let alone an answer to the poverty problems created by the SAP.

4.5 Conclusion

Based on the PRSP theory this chapter used empirical evidence from Ghana and Zambia to validate the paper's claim that the PRSP framework is merely a continuation of the neoliberal agenda rather than a genuine reform aimed at fighting poverty. It proved that the various principles underpinning the framework all constitute mere wishful thinking and myths. The theory does not simply match the reality. The next chapter concludes the study.

Chapter Five

Conclusion

5.0 Introduction

This chapter concludes the study and re-examines the significance of the findings that validates the hypothesis made.

5.1 Findings

From the onset the paper hypothesised that the PRSP framework constitutes a continuation of the failed SAP far more than a change and an answer to the problems of structural adjustment. It therefore embarked on the singular objective of finding and using empirical evidence, from a comparative perspective, to corroborate this claim.

Empirical findings from the case countries have absolutely been supportive of the central research hypothesis. Claims of the PRSP embodying a new approach to development are false. Nothing has actually changed in terms of content, substance and process of their programmes. The BWIs are merely seeking for an expanded basis to peddle and sustain the same externally driven structural adjustment plans that led nations into poverty in the past. These findings are consistent with the general criticisms cited in the literature which describe the PRSP process and strategy as a classic case of empty rhetoric which provides a useful veil for international donors to continue with their neoliberal agenda (Abugre, 2000).

5.2 *Theoretical and Empirical Conclusions*

From the comparative case of Ghana and Zambia it can be clearly inferred that the PRSPs are absolutely never an answer to the poverty and dependency problems precipitated by the implementation of the SAPs. This is because the PRSPs have delivered very little benefits to poor countries and poor people by way of debt relief and democratisation, but more in cost, both in time, and more importantly the erosion of the sovereignty of poor countries (Abugre, 2000). More particularly, the findings from the cases buttress the criticisms of the PRSPs noted above.

In accounting for the reasons why these findings are thought to strengthen the research hypothesis, emphasis has been placed on the politico-economic motives driving decisions of aid from the West and Western institutions. Attention has primarily been focused on the fact that one of the main motives for granting aid by the BWIs is not to promote growth and development of the recipient countries. Instead, the real mission is to promote the interests of global capitalism by opening the economies of low-income countries – Ghana and Zambia inclusive – to multinational corporations and financial speculators and by transforming them into markets for Northern countries' products and services (Dembele, 2003).

Theoretically, the PRSPs are intended to be documents prepared by aid-recipient governments – under the watchful eyes of the Bank-Fund staff – that are intended to identify the incidence of poverty and its causes; who the poor are and the strategies for overcoming poverty. The cases of Ghana and Zambia remind us yet again that although good theoretical reasons exist to anticipate a reduction in poverty as the theory posits, the theory however sharply contradicts the reality: the BWIs are hiding behind this strategy to peddle the illusion of

poverty reduction while continuing with their failed neoliberal policies and agenda for growth and development.

In practice, the GPRSPs are just a myth and classic case of empty rhetoric as they seek to provide an expanded basis for the BWIs to continue with their neo-liberal agenda rather than a reform genuinely aimed at reducing poverty. Instead of ensuring national-ownership, the PRSPs process is conditionality by stealth; designed to be met by poor countries before being granted western aid and debt relief. How can local ownership be realised in a policy-making environment that has the staff from donor and creditor institutions sitting in every domestic round-table meeting in the name of partnership?

Similarly, genuine participation by CSOs in the process is rhetoric as evidence above has proven that the process is merely aimed at promoting social consensus as well as engineering the consent of civil society instead of incorporating their views and inputs into the papers. As it stands now, participation merely takes the form of information sharing and consultations with civil society. How can the process and the papers be termed truly participatory when they are only acceptable if they do not interfere with the macroeconomic and structural policy prescriptions of the BWIs? It is therefore questionable the extent to which these papers and the processes leading to their preparation can be truly participatory when the Bank and Fund staff sit and make inputs into every country strategy and process.

What is more? PRSPs are inconsistent with the home-grown policies and development aspirations of aid-recipient countries. This is so because aid recipient country governments are certainly aware of the tension inherent in developing nationally-owned papers and receiving final endorsement from the donors. For this reason, and being well aware of the

disproportionate power the Bank and Fund Boards possess in either approving or rejecting these papers, governments invariably opt to write programmes that they know will be accepted by the donors even if these conflict with poverty reduction priorities identified during the consultative processes. Failure to comply with, or align a country's strategy papers with the tenets of the PRSP sourcebook will result in the rejection of these papers by the Bank and Fund boards.

Contrary to claims by the BWIs that governments can actually present whatever plans they so desire, experience with the preparation of these papers has proven that there is no flexibility in the process. It has emerged that the primary unit of measurement for assessing these papers is the extent to which these papers rigidly adhere to and give more weight to macroeconomic and structural reform policies. A close inspection and comparison of the PRSPs and process in all low-income countries and the case countries for that matter reveals high levels of similarities in the content and form of these papers.

These theoretical and empirical findings therefore go a long way to confirm the assertion of this paper: the PRSPs are a continuation of the stringent macroeconomic policies that underlined the SAPs rather than a reform genuinely aimed at poverty reduction as hypothesised in the PRSP framework. They are therefore the latest tools for maintaining and further widening the poverty and dependency gap between the rich north and very poor south rather than a genuine commitment to change and poverty reduction.

Fighting poverty has become the latest justification for the age-old prescriptions geared towards gaining an absolute and increasing control over policy formation in developing countries under the guise of giving ownership to those countries. Similarly, poverty reduction

is been used as window dressing to peddle more or less SAPs by opening up developing countries to external economic actors and free market rules. These conclusions reinforce the claim that the PRSPs are rather a continuation of the failed SAPs instead of a pro-poor development framework oriented towards fighting poverty.

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