PRSP Process - Creating Better Lives For Poor People

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Ladies and Gentlemen, friends and colleagues:

I am delighted to join Horst Köhler in welcoming you all to this important conference. Our shared purpose is to reflect on the Poverty Reduction Strategy Paper (PRSP) approach initiated a little over two years ago, and collectively to develop concrete ways to improve its impact.

When I say impact, I mean something very simple - better lives for poor people. Let me be very clear that the PRSP approach itself and, I believe, our discussions in the coming days must have one overarching goal - to do everything possible to support poor people in their efforts to live fuller, more secure, more productive, happier lives. All of us here today form part of a wider global community of commitment, dedicated to fighting poverty in all its multiple dimensions. And because I see the PRSP approach as a critical weapon in this fight, I cannot overstress the importance of this conference.

And our community of commitment has become even more important in the light of tragic recent events. In our post-September 11 world, the need to address poverty - and its consequences in terms of despair, alienation and violence - has become not only a moral imperative (which it surely is), not only a social and economic necessity (which it also surely is), but also a central concern for everyone who strives for national and global security and peace. We can no longer afford - we could never afford - to turn our backs on or to offer quick palliatives to the world's poorest. We are therefore presented today with both a tremendous opportunity and a stark challenge: to rededicate ourselves and our efforts to attacking the scourge of poverty and all its horrifying consequences - most especially for the poor themselves, but also for all of us in our still too divided planet. To those who still believe that we can ignore or merely pay lip-service to the plight of the 20 percent of the world's population living in direst poverty, I say: “Go to Ground Zero”.

I therefore find it heartening today to see so many representatives of our developing member countries, of civil society, and of donors gathered together to deliberate about what has worked - and what has perhaps not
worked, or not yet worked - in the first two years of early experience with the PRSP approach. We may have differences about some of the specifics of the approach. But I believe that we all share a common purpose - to do the best we can to support poor countries and poor people in their efforts to claim for themselves a better life, a better world.

I mentioned a wider global community. It is right to pay tribute to all those who are not with us today who have participated in the PRSP approach - dedicated leaders, public officials and parliamentarians in poor countries; representatives of donors and international and local NGOs working at the grassroots; and most importantly, poor people themselves, who have helped to inform country poverty reduction strategies. They have all enriched our early experience with the approach. They deserve our thanks.

Let me also thank all those individuals and organizations that have contributed specifically to this conference by providing written comments on the PRSP approach, or by participating in the regional workshops that have led up to today's event. Many of you are here today, but many more are not. You all deserve our gratitude.

As Horst Köhler has rightly said, a better life for poor people and their children depends on action on many fronts beyond the purview of this conference. I totally agree with him. But we also totally agree that the PRSP framework is a critical element in the wider effort to enhance the opportunity for which poor people cry out, and the social and economic justice that they deserve. Like Horst, I have traveled widely as part of my responsibilities, and I have seen how much poor people want to do - and can do - to build better lives for themselves and their families. I see the PRSP approach as a framework for helping to liberate their energies, to enhance their access to the tools they need - be it credit or rural roads, be it decent health care or education - to do that job.

With these thoughts in mind, let me spend a few moments, as one who was “present at the creation” of the PRSP approach, discussing what I see as some of the major achievements of the past two years, and some of the challenges that lie ahead.

Early Achievements of the PRSP Approach.

Looking back, it is astonishing how much has been achieved, given the scale of the task. As you know, the approach is rooted in the concept that countries themselves and their citizens need to own their poverty reduction strategies. It is also based on the concept of partnerships - partnerships within countries among government, NGOs, the private sector and the local communities in which poor people live, together with partnerships between countries and their external supporters, but always with the country in the lead. And the approach is posited on the concept that strategies need to be comprehensive, long-term and focused on tangible results for their intended beneficiaries. These ideas are at the heart of the Comprehensive Development Framework which I had begun to advocate a year or so before the PRSP approach was developed. And they are embodied in the strategies that countries themselves have prepared or are preparing.
But we all knew from the beginning that achieving broad-based ownership and vibrant partnerships, and developing comprehensive, results-oriented strategies, would not be easy. It is therefore remarkable that eight countries have already completed their first PRSPs, and that nearly 40 more have prepared Interim PRSPs.

I am not here today, however, to base an assessment of achievements simply on numbers of strategy documents produced. The numbers are signifiers of a wider achievement - the way in which countries have seized ownership of the PRSP process. They have repeatedly told us how much they welcome having the space to take the lead in framing their own strategies and policy agendas. And they have proved that these are not idle words by the dedication and intense effort they have shown in undertaking a task that would tax the resources of any country, rich or poor.

The extent to which the PRSP approach has taken hold in just two years is perhaps its most remarkable achievement so far. And there have been other early achievements, both on the part of countries themselves, and on the part of their external supporters.

First, the concept of country ownership founded on broad-based participation has led to a more open and widely diffused policy debate about priorities and how to realize them in practice. This is an ongoing process, and I would be the last to suggest that early experience with it has been uniformly ideal or anything like it. But we have seen greater involvement of groups hitherto under-represented - including line ministries, civil society organizations, women, and poor people - in policy discussion. We have seen their contributions having an effect, putting new priorities on the policy agenda. And I believe that the ongoing nature of the PRSP process itself will help institutionalize this expanded policy dialogue, helping to enhance both strategies and their grass-roots outcomes for the poor and neglected.

Second, the PRSP approach has elevated the importance of poverty reduction as a political and policy priority. While many countries were already dedicated to reducing poverty - and emerging country strategies draw on their prior, home-grown experience - the PRSP approach has put poverty reduction front and center in the panoply of national goals and objectives. In this respect, the Enhanced HIPC Initiative has also been an important catalyst, as countries have sought to ensure that the proceeds of debt relief are well spent on programs to enhance the prospects and liberate the energies of poor people. If substantial, sustainable poverty reduction is to be achieved, and if poor countries and their external supporters are together to reach the Millennium Development Goals, bringing about a better understanding of poverty and providing a new impetus to attacking it is surely a worthy early achievement.

Third, the international donor community has responded remarkably to the PRSP approach. The UN system, multilateral institutions, bilateral donors and non-governmental organizations are working to help make the approach work - and to work better as it evolves. Several donors - including, but
not confined to, the EC, the UK, the Netherlands and the Nordic countries - are already actively working to align their assistance with national poverty reduction strategies. This is not an easy task. As I know from my own experience, existing country assistance programs have a certain momentum (sometimes a certain inertia) of their own. But both the will and the action to support the approach are, I believe, real and growing. The presence of so many donor organizations here today - multilateral, national, non-governmental - testifies to the breadth of donor commitment. Given the centrality to the PRSP approach of partnerships, this is crucial support indeed.

Speaking only for my own institution, we are putting our money where our mouth is. Let me mention only three quick examples. We have taken the decision to draw on country-owned PRSPs to frame our own support programs as set out in our Country Assistance Strategies. We have introduced a specific lending instrument, the Poverty Reduction Support Credit, to provide focused assistance dedicated to helping countries to realize their poverty reduction priorities. We have set up, with the initial generous support of Japan and The Netherlands, a Poverty Reduction Strategies Trust Fund to help build the capacity of PRSP country governments and non-governmental organizations to prepare and implement poverty reduction strategies. I know that other donors will also wish to support the Trust Fund.

But let me stress that I have no illusions about where we stand today. We are barely into the woods, let alone out of them. The Issues Paper before you is frank about problems encountered with the PRSP approach and challenges for the future, many of which have been raised by many of you here today. It is one of the great strengths of this effort that it is an evolving one, based on a process of learning by doing. It would not be surprising if the discussions over the next few days did not add to the list of issues presented in the Issues Paper. But I would hope that your identification of issues would be matched by your thoughtful creativity in proposing ways to handle them.

Because I hope and believe that your discussions will focus frankly and constructively on areas for improvement, I shall not prejudge them by offering you detailed thoughts on this topic today. But let me single out just three general challenges that I see emerging as we move forward together.

Challenges Ahead.

First, there is a group of challenges associated with the nature of the PRSP approach. I have already said that the task of developing a comprehensive long-term poverty reduction strategy based on broad participation would tax the resources of any country, rich or poor. Achieving domestic consensus and building external partnerships in support of a set of well-specified, costed priorities that eschew quick fixes is a formidable endeavor. And implementing these priorities consistently over time, possibly in the teeth of entrenched interest groups, will pose new challenges of their own. Countries will need all the support we can give them in meeting these challenges inherent in the approach.
Second, a better life for poor people requires stimulating economic growth that is pro-poor. This is both an analytical and an intensely practical issue. PRSP countries have told us that it is the policy question with which they struggle most. Because country circumstances vary widely, there can be no one-size-fits-all prescription for pro-poor growth. The idea that every country is unique in its experience and potential is one of the great strengths of the PRSP approach, but uniqueness also presents enormous challenges in terms of policy development: there are no off-the-shelf blueprints that can guarantee successful pro-poor growth. But we can – and must – share ideas and experience. All of us, poor countries and the international community, need to work together on supporting national efforts to achieve pro-poor growth, and learn from both successes and mistakes – while always remembering the uniqueness of individual country conditions.

Third, effective implementation of national poverty reduction strategies will depend critically on good governance. Capacity-building – and external support for it where necessary – will be crucial for success, as will actions in areas ranging from developing effective public expenditure management to the attack on corruption. The PRSP approach has already proved to be a spur to greater transparency in government. Transparency, and its sister accountability, needs to be strengthened. Here I believe non-governmental organizations can play an important role. But countries' efforts, in these and other areas critical for success, will need to be matched by donor efforts, in the form of enhanced financial and technical support. We as donors need to walk the walk, not just talk the talk, with respect to stepping up our assistance to countries' poverty reduction efforts. In this last connection, I look forward to the upcoming Financing for Development discussions as an opportunity to make progress.

Conclusion

Let me end by restating my conviction that country-owned poverty reduction strategies – based on broad citizen participation and assent, comprehensive in scope, long term in perspective, results-oriented in approach, and supported by external partners – are a critical weapon in attacking the scourge of world poverty and enhancing national and global security and peace. The task of this conference is to find ways to further strengthen the PRSP approach, but never to forget that these and subsequent efforts must always be based on the aspirations of poor countries and poor people for a more fulfilling future. It is their efforts that the rest of us must support, their dignity that we must help sustain and strengthen, and their destiny that we must honor – and see as inextricably bound up with our own.

I wish you every success in your discussions. I look forward to their outcomes. And I shall do everything in my power to maintain and strengthen the frank and constructive dialogue about how best to make the PRSP approach serve the needs of poor countries and peoples that this conference is designed to foster.

Thank you very much.