Poverty Reduction Strategy Papers: A New Convergence

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Summary. — Poverty reduction strategy papers represent both a primary policy device of international development institutions, and an instance of a wider international convergence of public policy around global integration and social inclusion. Charting the emergence of these approaches, this paper argues that this convergence has a number of structural predilections which favor the technical and juridical over the political economic, and a disciplinary framework over a practical contest. Drawing extensively on decentralized governance and poverty reduction programs in Uganda, this paper shows how these predilections obscure power relations and restrict practical and political options, while exacting heavy establishment and compliance costs.

1. INTRODUCTION

Early August 2001, the World Bank and the International Monetary Fund (IMF) announced a comprehensive review of the poverty reduction strategy paper (PRSP) approach adopted in 1999 to “help poor countries and their development partners strengthen the impact of their common efforts on poverty reduction” (World Bank, 2001a). In general, PRSPs aim to describe a country’s “macro-economic, structural and social policies and programs over a three year or longer horizon, to promote broad based growth and reduce poverty, as well as associated external financing needs and major sources of financing” (World Bank, 2001a). PRSPs are a professedly comprehensive, “country driven” approach to poverty, combining powerful econometric and ethnographic method with a battery of participatory techniques, and a sharp neoliberal economism, ultimately linked to other budgetary and debt-related frameworks. In practice, PRSPs tend to reproduce three or four pronged approaches to poverty reduction: (a) “promoting opportunity,” or more particularly broad-based growth, more recently rendered as “pro-poor growth.” (b) “facilitating empowerment,” especially by promoting “good governance,” which has grown from anti-corruption and public accountability measures to embrace a range of policy settings from fiscal management to decentralized governance and (c) “enhancing security,” especially involving investments in human capital, typically the health and education sectors. The third element often includes a fourth, involving special purpose financing arrangements, sometimes called “social safety nets,” or “social protection measures” for those

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marginal to or adversely affected by adjustment processes.

Despite limited evidence of the formula's success, PRSPs have quickly multiplied and traveled. By January 2002, 10 countries had completed their first full PRSP, and 42 had completed the first stage, called Interim PRSPs (IMF/World Bank, 2002, p. 9). In the review, widespread public participation has been invited on the following questions: have governments taken the lead on PRSPs; has civil society effectively participated; how has this affected the content of the PRSPs; have they improved donor and government coordination; has the Bank and IMF fully supported the process?

We consider the terms of the review simply too narrow and instrumentally focused to foster substantive policy debate. Rather, we want to locate our contribution to the review in a broader international political economic and policy context. PRSPs, we argue, are best seen as part of a “Third Way” re-morphing of neoliberal approaches, a new convergence in which governments and agencies of various stripes in both liberal OECD and developing countries are focusing on optimizing economic, juridical and social governance in order to create ideal conditions for international finance and investment (for OECD examples, see Ministry of Social Development, 2001; New Zealand Treasury, 2001). This primary orientation, combining global market integration with efficient disciplined governance and enhanced, activated human and social capital, is seen as the best hope for generating sustained growth, social and economic stability, and including the poor in emerging structures of opportunity (Callinicos, 2000). This ordering of priorities has a certain logic which is worth reiterating: global economic integration first, good governance second, poverty reduction following as a result, underpinned by limited safety nets and human capital development. In this prioritization, we argue that both poverty reduction and social inclusion policy and strategy represent a refinement of the liberal political project, specifically a mode of “inclusive” liberalism, in which the disciplined inclusion of the poor and their places is a central task.

PRSPs may thus be seen as a “third way for the Third world,” a wide-ranging integrative framework for global growth and poverty reduction, aiming to become a “development” version of what Beck (1998) describes as a “democracy without enemies.” Such borrowing of policy formulations between countries and regions is characteristic of the globalized Third Way, as it clearly was for neoliberalism before it. PRSP, like Third Way Social Inclusion, is in this matter slightly more eclectic, if no more immune to the problems of applying governmental instruments and settings over long distances. PRSP economic policy certainly draws strength from the broader liberal consensus for open markets, sound fiscal management and transparent, efficient government. Governmentally, like other Third Way approaches, PRSPs demonstrate considerable public management inventiveness (Rose, 1999b), and sharp evaluative and normative technique, especially around public expenditure management and review. The quest for “modern,” efficient and “joined up” governance is in Third Way regimes combined with targeting of the poor and disciplinary rubrics ensuring active participation in “structures of opportunity.” Here they are supported by enhanced information and statistical methods for identifying, mapping, measuring and reporting on poverty, as popularized by globally themed publications such as “Voices of the Poor” (cf. Narayan, Chambers, Shah, & Petesch, 2000; Ministry of Social Development, 2001). There is a universalized focus on specific localities of poverty, which are commonly addressed via decentralized approaches, or by direct, ring-fenced central to local resource transfer mechanisms (e.g., social funds (SFs), and area-based initiatives such as health action zones).

Ideologically, “inclusive” liberal approaches everywhere are held together by polysemous, apparently apolitical catchwords such as participation, partnership, and community. Partnership and participation here have powerful legitimating roles, as nongovernmental organizations (NGOs) and civil society groups are routinely involved as proxy representatives for the marginal. But these approaches are nonetheless prone to accusations of being mere “spin and deceit,” embodying a basic duplicity in dealing, on the one hand, with “the poor”—who are to be “included”—and, on the other hand, with the political economy of poverty and inequality—which is not robustly addressed, except through commitments to growth and “inclusion” (Levitas, 1998). As others have noted, Third Way rhetoric certainly has a special facility for re-branding and re-spinning new progressive outfits for old liberal policy (Rose, 1999a,b), building what Perry
Anderson described as “the best ideological shell of neoliberalism today” (Anderson, 2000). Likewise, critics of PRSP have argued for “stripping adjustment policies of their poverty reduction clothing” (Hellinger, Hansen-Kuhn, & Fehling, 2001, p. 1). PRSPs’ silence in the face of rising concern about the pervasiveness of unequal market power, consolidating corporate power, restricted migration and access to rich economies, and local political realities (elite capture, underregulated monopolies, rising global and local inequalities) has fuelled critics’ fears. Promoting universal global integration, while remaining silent about power issues, PRSPs heighten critics’ fears that they serve as an instrument of hegemonic economic interests. From this follows the charge that its “inclusion” is primarily a form of leverage and risk management, specifically of the risks of exclusion and instability, and that this project is advanced not primarily in the interests of the poor. In general, “inclusive” liberalism can look much like classical liberalism in its “crumbs from the table” charity (aid, not trade access), its education and policing of the poor, its keeping of questions of existing property and power distributions off the political agenda—all while appearing to stand shoulder to shoulder with the poor.

Because of practical constraints, this paper cannot provide a comprehensive critical account of PRSP. Nevertheless, we want to address critically the three central dimensions of PRSP (economy, governance, poverty), and in particular provide a close, place-based critical account (here, from Uganda) of one dimension (local governance in the immediate context of Uganda’s poverty reduction program). While somewhat lopsided in its empirical address to local governance in Uganda, the critique we offer is generic, and applicable to all three core dimensions.

In Section 2, we discuss PRSP claims to have moved beyond one-size-fits-all blueprints, while claiming to be a comprehensive, generally applicable framework. There is, we think, a doublespeak here, which denotes a basic structural conundrum. This conundrum, we suggest, is most akin to the notion of a “liberal order,” where liberty and the rule of law exist symbiotically, and, especially at the edges of the order, contradictorily (Rose, 1999a). Freedom and wealth in this schema are obtainable only in the context of discipline, and this within a broader, universalist framework which would “include” everyone, from multinational capital, to the destitute. This order is overtly, formally and universally rational: the “strange” reification of Washington Consensus settings (Kanbur, 1999), and the striking sameness of PRSP documents addressing poverty in markedly different national contexts we argue confirms the dominance of the global formal and technical framework over locally specific productive and political realities. In general, then, we argue that PRSP’s “inclusive” liberal approach is tendentially juridical (law and rational framework based—(Hardt & Negri, 2001)). In being so, it understates and obscures not just the structures of global market power, local political economy and sectoral local economic opportunity, but it also asserts a narrow, politically naive approach to governance that, as the Uganda case illustrates, contorts and limits local and national political scope and options.

Rational framing in development is hardly new (Craig & Porter, 1997). None of this is to say that globalization is inherently a bad thing, or that the poor’s interests, or global financial stability will not be best served in the long run by integration, or the establishment of a global liberal order. Nor is it to side entirely with civil society advocates (Kanbur, 2001), insofar as they might argue that more democratic contest and participation will routinely mean better outcomes. As the Uganda case in Section 3 demonstrates, and recent US farm subsidy increases remind us, striking the best technical and political development and poverty policy balance under global/local conditions will remain a very real challenge. In this paper, we do hope to make the scope and inherent tendencies of this challenge clearer. This scope, for better or worse, is considerable. The emerging convergence in policies for poverty reduction we argue represents an attempt to generate a level of global to local integration, discipline and technical management of marginal economies, governance and populations unprecedented since colonial times. The scope, we argue, becomes especially apparent when PRSPs are seen alongside and linked with other devices of measurement and allocation (poverty assessments), and of budgetary and resource control, including medium term expenditure frameworks (or MTEFs), and mechanisms for channeling resources to specially targeted sites, most prominently SFs and poverty action funds (PAFs). The Ugandan experience is instructive because it has been held up as exemplar of good practice with PRSPs and MTEFs and
with instruments such as PAFs. We consider the costs of these success stories for countries and local communities entering these frames, especially in terms of how poverty is linked with global surveillance, subordination and undermining of local governance dynamics, the removal from public scrutiny of key choices and decisions, and the diversion of energies from the pressing task of designing appropriate domestic poverty and growth strategies.

In Section 2 of the paper, then, we sketch critical dimensions of PRSP's formal liberal economism, summing existing critiques. In Section 3, we address both how poverty is represented and addressed, and the specific (Ugandan) governance contexts in which this address happens. Ironically, in our focus on local governance dimensions of PRSP, we repeat the privileging of the juridical over the political economic, and especially over local economic, sectoral and market structures and power. A critical account of the latter in PRSP context, which we think crucial, remains a task for another paper.

2. POVERTY REDUCTION: THE ELABORATION OF A GLOBAL FRAMEWORK

The renewed International Financial Institution (IFI) orientation to poverty reduction was marked in history both by the World Bank's, 1990 World Development Report (World Bank, 2000a) and when, infamously, John Williamson outlined in his 1990 paper what was to become the “Washington Consensus” among core (Washington) IFIs, including the World Bank, the IMF, and significantly the US Treasury (Williamson, 1990). Whether or not the Washington Consensus existed before Williamson’s presentation, it has since then “acquired a life of its own, becoming a brand known worldwide and used quite independently of its original intent, and even of its content” (Naim, 1999, p. 1) reified both by critics (Stiglitz, 1998, 1999, 2000) and in policy. Despite its emergence from the historically specific experience of dealing with chronic Latin American debt, it emerged as a global rational framework and imprimatur of responsible economic management. Caricatured by populist writer on globalization Friedman (2000) as the “Golden Straitjacket,” it became in many important settings (ratings agencies, financial markets, the IMF) the only plausible defense against the vagaries and blinkered panics of the “electronic herd” of fund managers, currency traders, and derivative speculators.

As Williamson noted in 1999, this hegemony is the legacy of “two decades when economists became convinced that the key to rapid economic development lay not in a country’s natural resources, or even in its physical or human capital, but rather in the set of economic policies that it pursued” (Williamson, 1999, p. 4). Washington Consensus settings offered IFIs a universal technicaltoolbox out of which local solutions could be fairly routinely applied, often with an urgency which made their impact locally more acute. As summed by Kanbur, advocates of this approach

Tend to believe that the cause of poverty reduction is best served by more rapid adjustment to fiscal imbalances, rapid adjustment to lower inflation and external deficits and the use of high interest rates to achieve these ends, internal and external financial sector liberalization, deregulation of capital controls, deep and rapid privatization of state owned enterprises and—perhaps the strongest unifying factor in this group—rapid and major opening up of an economy to trade and foreign investment (Kanbur, 2001, p. 1085).

Thus as Rodrik observes “Global integration has become, for all practical purposes, a substitute for a development strategy” despite its “shaky empirical ground” and the serious distortion it gives to policymakers’ priorities (Rodrik, 2001). The conceptions of both globalization and integration which appear, it might be noted, are themselves particularly reified and monolithic: closer studies of globalization typically refer to very uneven and differentiated processes highly dependent on particular local and economic initiative (Held, McGrew, Goldblatt, & Perraton, 1999).

The evaluative literature raises a number of key issues around the outcomes deriving from this orientation: low rates of growth in high reform countries, unevenness in integration, high adjustment costs and political fallout, and the rise of concerns about longer term path dependence of growth and inequalities. While policy re-confirmed basic associations between growth and poverty reduction, growth itself has been harder to come by, especially at certain regional aggregations (Easterly, 2001). Over 1980–2000, growth in key regions was either zero (Latin America and Africa) or negative (Eastern Europe/Former Soviet Union)
(Wade, 2001a). Basic relationships between growth, governance, openness and other aspects of public policy have for some time been questioned by a range of substantive studies, beginning with Levine and Zervos’ (1993, p. 430) failure to find robust ties between indicators of monetary and fiscal policy and long-run growth. The former Soviet Union’s experience of rapid economic meltdown following orthodox economic “shock therapy” pointed vividly to the need to consider local institutional and political dimensions when intervening (Stiglitz, 1999). Critics have had little difficulty identifying sites where adjustments have seen rapid withering of local productive activity, the replacement of which by emerging comparative or competitively advantaged industry has been at best sluggish (see e.g., BBC Correspondent, 2001; Hellinger et al., 2001).

Even in the OECD core, while the important goal of low inflation was consistently achieved, growth since reforms has been historically comparatively low (Wade, 2001a). OECD countries that have implemented the doctrines in the letter (for example, New Zealand, Schick, 1998) experienced very moderate growth indeed, especially compared to neighboring Australia, which adopted a much more gradualist approach. Through the late 1990s, it was increasingly noted that the economies that grew remarkably, the Asian tigers (Wade, 1990), China, India, Vietnam (Fforde, 2001), had taken unorthodox approaches, liberalizing aspects of their markets, integrating in certain ways, but also retaining the prerogative to disconnect, to limit capital and other flows, and to maintain a degree of government involvement in the economy (industry policy) and overall stability that was well beyond the Washington prescription. Currency crises and ongoing instabilities have demonstrated the difficulties of uneven integration, and local temporal and sequential characteristics of openness. As the effects of instability on the poor have become more starkly evident, stability has emerged as a key plank of the poverty reduction doctrine. Empirical support has risen too for doubts about IFIs promotion of the universal virtue of trade openness, especially where this virtue is hardly practiced by core economies. Skeptics were able to show no obvious inverse relationship between trade barriers and economic growth, and argue that the presumption that trade openness is universally beneficial “is not only untested, but it forecloses some development strategies that have worked in the past, and others that could work in the future” (Rodriguez & Rodrik, 1999, p. 1).

As the decade progressed, insouciance about high and rising inequality was also beginning to be challenged. Social epidemiologists were among the first to measure the effects of inequality and relative vulnerability on a range of aspects of well-being, from material determinants including nutrition and shelter, to early childhood development, exposure to risk factors, social cohesion, injury and violence, stress and other psycho-social determinants of health (Lynch, Davey-Smith, Kaplan, & House, 2000; Ross et al., 2000; Wilkinson, 1996). In this literature, the effect of public policy as well as underlying class and other other historical endowments are being robustly debated, with a strong empirical basis (see, e.g., Graham, 2000). Controversy after and around Wade’s (2001b) Economist discussion of rising global inequalities marked a public emergence of substantive debate. In IFI research, “systematic differences in initial conditions” (Ravallion, 2000, p. 19) and other aspects of path dependence (Esping-Andersen, 1999; Easterly, 2001, p. 187) have been shown to determine the inequality outcomes from what growth does come.

(a) Building institutions for markets

In the aftermath of the Asian crisis, as key players in the IFIs fought publicly over blame and as doubts about the probity of IFI poverty policy could no longer be tidied away in the face of violent global protest, high-profile PRSP commitments have offered a way to publicly reposition IFI programs. While the policy messages are not always as hard, sharp, narrow, doctrinaire as before, much of PRSP seems little more than re-labeling, often performed somewhat cynically. National development plans become PRSPs, expanded structural Adjustment Funds (ESAFs) become poverty reduction and growth funds (PRGFs). But for critics and an emerging protest movement, these failings and their underlying predilections raised basic legitimacy issues for the IFIs and global economic governance, along with broader questions as to how susceptible local political economy is to macro-juridical reform. But, the IFIs, faced with evidence of predictable failure, have predictably chosen to try to strengthen and support rather than abandon basic articles of economic faith, in particular
by accreting new institutional elements. These have ranged from attempts to manage and prevent currency instability (e.g., Stiglitz, 1998), to good governance and public expenditure management.

From the mid-1990s, IFI’s own analysts were concluding that policy-based lending, where public sector reform conditionalities are attached to the release of loan monies, had been generally ineffective (ADB, 1996, 1999; Collier, 2000; Dollar & Svensson, 1998). As lines between government and market were re-drawn, a great deal of hope was placed on the pro-poor impact of experimental reforms with public sector management (Manning, 2001). Cambodia’s PRSP echoes most, “…building institutional capacity and strengthening good governance is the key to the concept of sustainable development with equity” (Royal Government of Cambodia, 2000, p. 25). With the success of loans and policy reform understood as depending in large on existing orientations of governments, technical “due diligence” around these loans was moved upfront, taking, under the rubric of “ownership” the form of pre-existing agreements (PRSPs themselves) and related auditing processes—the gamut of public expenditure reviews, country procurement assessment reviews, country financial accountability previews, financial sector assessments, and so on. More broadly, policy reform has set agendas based on the need to “build institutions for markets” (World Bank, 2001b). Thus “good governance” has ultimately emerged as the major field of development practice, with policy and government reforms increasingly displacing projects in infrastructure or health or education provision.

Despite all the attention to governance, the politics of these reforms have hardly been a matter of debate. Certainly important here is the role of the IFIs in promoting them, a role which implicitly involves a need to present remedies in technical, not political terms. Nevertheless, the need to build legitimacy not just for the governance reforms, but crucially for the wider economic package has seen a new urgency on the part of IFIs in the engagement of civil society groups, which offer a surrogate political participation, and tend if excluded to be primary agents of dissent. Decentralized governance has likewise emerged as a focus and domain of technical, largely depoliticized accountabilities. At the same time, PRSP is now noticeably out of step with the return to a more active engagement with local market and productive opportunities now widespread in the OECD. There, by 2000, Cerny (2000, p. 22) could describe how “State actors, by which I mean politicians and bureaucrats, are increasingly concerned with promoting the competitive advantages of particular production and service sectors in a more integrated world economy.” Here, something of a “give them an inch of nuance and they’ll take a mile of protection” ethos appears to pervade IFI pronouncements (Kanbur, 1999). While both PRSP and Third Way orientations aim for disciplined and comprehensive integration into global economies, only Third Way approaches are prepared to countenance substantive local economic strategy.

(b) Grounding, framing and measuring poverty: participatory poverty assessments

The technical, depoliticized orientations to governance and poverty are also visible in the ways that participatory poverty assessment (PPA) tools have been supported in the construction of PRSP. As in much of PRSP, the kinds of local participation required, and ownership urged, are multidimensional, but politically quite limited in scope, lacking the democratic power of ballot box or parliamentary enquiry, a point of rising complaint in reviews of PRSP practice (e.g., CIDA, 2001; DANIDA, 2001). That said, the “Voices of The Poor” represented through these methods have an undeniable political resonance. There is also some evidence that engagement with civil society groups has begun to draw attention to problems of social exclusion, and that this may begin to drive PRSP toward engagements with power relations in place. Here, it is relevant to note the strong language of the IMF/World Bank’s (2002, p. 24) review of PRSP that

The macro-economic policy and structural reform agenda—for example, trade liberalization and privatization—are, however, sometimes not even on the table for discussion. Even countries like Uganda that have a rich history of macro-level participation do not indicate that civic inputs have substantially shaped the direction of ongoing fiscal and agricultural reforms.

Kanbur and Squire, in mapping the tremendous investments made to frame a multidimensional conception of poverty in policy since
the 1990 World Development Report (Kanbur & Squire, 1999; see also World Bank, 1991, 1992a,b) demonstrate the attention given to vulnerability, and the implications for how power and control in poverty is conceived. Our concern in this paper, however, is with a second, quite different political consequence that arises from the linking of these assessments, through programmatic poverty strategies, to top-level budget planning and expenditure management arrangements. In Section 3, we show the contradictions that have resulted between these two trends.

For almost 20 years, “people-centered” participatory rural research, popularized by Robert Chambers, “Whose Reality Counts?” publications, has pointed out aspects of poverty glossed over by conventional measures of “income” or “consumption” poverty (Chambers, 1995). Pushed by elements within the World Bank eager to form alliances with proponents of “participatory development,” PPAs where quickly adopted from 1993. By 1998, about 45 PPAs were underway, and now accompany most PRSP preparations. PPAs in many respects simply validate earlier research (see Goetz & Gaventa, 2001). Two linked features are, however, striking for the points we develop in Section 3—first, the links between poverty, power and vulnerability, and second, people’s understanding of the role of the state in relation to these circumstances. PPAs established that while poverty manifests as material deprivation—hunger, the lack of food, shelter, clothing—the poor also highlight common psychological and political dimensions to poverty. Voices of the Poor, for instance, quotes a woman in Latvia, “Poverty is humiliation, the sense of being dependent on them, and of being forced to accept rudeness, insults and indifference when we seek help.” As expected, prevalent in the poor’s accounts is lack of access to basic infrastructure and services. But whereas official accounts of poverty highlight the “social gap,” that is, the difference between rich and poor in indicators of educational, health or other standards of attainment, the poor rarely have such a static view of what is required in their lives. For instance, lack of access to affordable, effective health care is dreaded, not just as a source of “ill health,” important though that is, but as a source of vulnerability and, ultimately, destitution. Indeed, in some respects, also contrary to conventional emphasis, the poor rarely speak of “lack of income” per se, but rather focus instead on constraints they face in managing their assets (human, material, social, political) through which they cope with their vulnerability. Closely associated is people’s concern with the risk and volatility of their livelihoods—due to their vulnerability to environmental calamities—climatic perturbations prompting crop failure, etc.—but also increasingly cited, their vulnerability due to volatility in markets and powerlessness in the face of political malfeasance and unalloyed corruption.

Despite the politically charged nature of this material, however, PPAs in general do little to describe critically either the structures of local political power, nor the political mechanisms (unions, other political organization) poor people have for seeking sustainable redress. In this they concur in a representation of the poor as “lacking,” as politically helpless, needing a broadly technical and juridical redress to their problems, notably through the enhancement of access to routine mechanisms of governance like the courts. Despite this one-dimensional account of local institutional life, PPAs are nevertheless interesting in the contrast they provide with conventional accounts of “governance failure” and what to do about it. Here, the poor’s accounts are ringingly clear about abuses of political, bureaucratic and juridical power, and the failure of the state to provide affordable, equitable and effective public goods and services. It is commonly perceived that interactions with government agencies actually erode important household, political, civil, natural resource and social assets and thus increase vulnerability to poverty. Yet the demoralizing impact of a brutalizing police force and a corrupt judiciary for instance, is remarked upon the poor far more often than is attended to in PRSPs.

Furthermore, beyond the obvious point that people should not have to fear increased vulnerability due to actions of the local state, it is also clear that poor people expect government to assist them both to connect up with the opportunities presented by the market, and to buffer and mitigate the volatility induced by globalized market forces. In these respects, the poor’s conceptions of poverty highlight not just the ways in which agencies of government operate, but how this can attenuate their sense of vulnerability and lack of control over their lives and, as importantly, assist them as interlocutors with global market forces.
3. PRSP FRAMEWORKS AND GOOD GOVERNANCE: INTERNATIONAL AND UGANDA EXPERIENCES

PRSPs provide a unique framing of poverty apparently amenable to diverse, often conflicting interests. In their preparation, ministries of finance sit together with ministries of local government, education or social welfare, and bilateral donors and IFIs commune with representatives of local and international NGOs, engineering contractors and private entrepreneurs. But the PRSP aims to be far more than a forum for exchange about priorities; rather, in practice, PRSPs must be administered according to globally prescribed budget management and accountability arrangements through which available resources are, and are seen to be, converted into measurable changes in agreed indicators of need. PRSP re-framing of poverty, via the combination of poverty assessments, macro-planning and budgeting with debt relief, plurally funded poverty alleviation approaches and decentralized governance is now a fact of life in the bulk of poor countries, especially in sub-Saharan Africa. In general, we have argued that PRSP frames poverty in a number of ways which are naïvely technical, but by no means neutral: rather, the framing and its techniques have particular local and political implications, not always implicit in their technical application. Here, we move closer again to particular instances of this framing, to show both technical and political aspects working actively in determining results.

Just as NGOs and other critics of conventional poverty strategies have highlighted “empowerment” centered views of poverty, they have also joined with IFIs and bilateral agencies to prompt and articulate important shifts in thinking about how resources for poverty reduction should be mobilized and controlled. Well-targeted lobbying on developing country debt led to the Highly Indebted Poor Countries (HIPC) initiative (see Rowden, 2001). Now, 22 of 41 heavily indebted countries have qualified for debt relief under the HIPC (IMF/World Bank, 2001). But eligibility under HIPC comes with two sets of provisos. First, access to HIPC benefits is conditional on the adoption of a range of policies believed necessary for debt sustainability, to improve connections between local economies and international capital and commodity markets, and to implement mildly nuanced Washington Consensus regimes of macro-fiscal management. Second, proponents of the HIPC insisted that the “debt dividend” be channeled to support “pro-poor” public sector investments. HIPC thus became an “accountability framework” to bind explicitly country debt management into global macro-economic, governance and social policies. The need to create a mechanism whereby poor countries could be seen to be prepared for this process in part prompted PRSPs, which quickly became required by the Boards of the IMF and World Bank as pre-qualifications for access HIPC benefits and, increasingly, any form of concessional financing. On the one hand, PRSPs are “expected to enhance country ownership of HIPC’s economic adjustment and reform programs” (IMF/World Bank, 2001, p. 8). But they are also, from a different point of view, a means of ensuring that budgetary decisions made by developing countries are globally legible (“transparency”) and in accordance with negotiated agreements (“accountability to conditionalities”) about “reaching international development goals.” Once PRSP accountability frameworks are in place, governments’ principal responsibility is to match these with financing instruments through which resources can be directly transferred to people and places identified as “in need” and for which measurable results can be demonstrated, through social and financial audit reports and other legal compliance instruments. To be administered in practice, then, debt and poverty reduction strategies require macro-budget and expenditure management devices, as well as increasingly popular decentralized service delivery arrangements for connecting international financing agencies with highly localized places and target groups.

In this, PRSPs have been judged most effective only when backed up by macro-budget planning and expenditure control devices binding donors and governments (IMF/World Bank, 2002). Most widely applied is the MTEF, like PRSPs, developed under international tutelage and negotiated with donors and IFIs. This approach to linking poverty alleviation to top-level budget planning is a very recent and so far uneven convergence, but one traveling at gathering speed throughout the developing world. The MTEF links policy, plans and budgets over a medium-term (i.e., 3–4 years); it consists of a top-down resource envelope, (a.k.a., “the hard budget constraint”), and a bottom-up estimation of the current and medium-term costs of development policies. Thus,
in the persuasive, management “tool box” language typical of MTEFs, in Uganda.

The objective of the MTEF is the design of all public expenditure by a clear analysis of the link between inputs, outputs and outcomes, in a framework which ensures consistency of sectoral expenditure levels with the overall resource constraint in order to ensure macro-economic stability and to maximize the efficiency of public expenditure in attaining predetermined outcomes. (Government of Uganda, 2000a, p. 17).

At local government levels, the Uganda MTEF is complemented by Budget Framework Papers, which are prepared annually and act like mini-MTEFs, to provide a hard budget constraint on local planning and budgeting, to ensure local resource allocation decisions correspond with the national priorities set out in the MTEF. MTEFs are then the national budgetary complement to the PRSPs, together providing one, comprehensive device binding together global agreements, national intersectoral budgeting and highly localized investments, in ways that were never possible through the “national development plan” and “national accounts” type devices popular in the immediate post-colonial period.

The PRSP/MTEF linkage has drawn some, though decidedly muted criticism from civil society groups, which note that they have come to represent the larger architecture of conditionalties governing the engagement of sovereign governments with global finance, that they superintend extraparliamentary technocratic decision making, that they bind all localities with a national program of “pre-defined” ends, and so on. While Uganda has energetically engaged civil society and donors in PRSP formulation, formal parliamentary review has largely been neglected. But so far criticism has been inconsequential alongside the applause that macro-budgetary practice and expenditure control has been tightened up, that “responsible governments” are finally getting their houses in order. As we will show from Uganda experience, it is undeniable that the hardwiring of PRSPs into MTEF budgetary structures has resulted in unprecedented volumes of funds flowing direct from international sources, through central agencies straight to community level programs in health, education, infrastructure, agriculture and so on. But rarely do we see careful attention in PRSPs to an understanding of the policy troika of “vulnerability, empowerment and opportunity” in a way that suggests any real sense of local political economy. Rather, it has recently been noted that PRSPs are weak on the “transmission mechanisms” linking local and national political economies that translate into local experiences of the policy troika (IMF/World Bank, 2002, p. 32; Njinkeu, 2001). Here we look at two implications of this, both costly in terms of the larger poverty reduction agenda. One cost is to obscure the destructive effect on local governance of the financing and management arrangements accompanying PRSPs. Another cost is that we do not examine how the PRSP approach could be positively engaged through decentralized approaches to promoting local productive capacity. Both consequences arise from seeing local political economy only as a source of perverted priorities, corruption and malfeasance, an “inconvenience” to be skirted, and against which NGOs or private sector agencies are to be rallied to police fiscal transfers made for service delivery.

To be sure, the Ugandan PRSP, which is a revised form of an earlier document, the poverty eradication action plan (PEAP) (Government of Uganda, 2000a), often refers to people’s concerns with powerlessness, vulnerability, or isolation, all drawn from the Uganda poverty eradication action plan (PEAP) (Government of Uganda, 2000b). But, these power and control-centered conceptions of poverty are typically crowded out by the predominant money-metric and “social gap” approaches of the PRSPs. Consistent with this conception, the implicit remedies involve filling this gap by specially targeted interventions which have an impact on the indicators. Now, when this is connected with the MTEF, the “problem of poverty” is to be reconciled by increasing direct spending on pro-poor public goods and services. The results of PPAs therefore serve to make local poverty needs legible in terms of health, education, rural water and sanitation, etc. priorities, and instrumentally link these directly back to central planning levels. The PRSP-budget link ensures they are monetized as budget line items in the MTEF, from where direct, controlled transfers are orchestrated down to the local level. The directness of these links from center to locality, back to the center and down again through investments is important: information about local poverty travels up, making localities legible and legitimating poverty alleviation processes at central level with local voice. On the expenditure side of the budget, financing for pre-defined local goods and services travels down. To complete the cycle, accountability travels up
too, through reports on compliance with legality requirements, service delivery performance and, increasingly, surveys of public satisfaction.

The political significance of this is clearer if we turn to the devices for governing the downward transfer of public goods and services deployed to “deliver” poverty alleviation programmes to localities. Best known are SFs, which when first conceived, provided a direct, easily measured and publicized device through which to demonstrate humanitarian concern for the plight of very large sections of the population adversely affected by structural adjustment. Since 1987, the World Bank has approved about 100 SF-type projects in more than 60 countries with a total value of about $3.4 billion (Parker & Serrano, 2000, p. 13). They remain popular—providing direct high-volume disbursement channels connecting international agencies and local poor communities according to international standards of need.

SFs therefore became a device to “ring-fence” resources earmarked for poverty reduction and implement direct links between international agencies, central government and communities through special purpose Project Implementation Units under international agency contracts. The results of PPAs had frequently characterized the intervening levels of government between center and local poor as an obstacle, a potential corruptor of a direct process of identifying and addressing needs. SFs parlayed directly to this convention by mirroring the basic conception of poverty as “lack” offering direct, controlled transfers to specific localities that could not be tampered with by local politics. This promise—direct, ring-fenced transactions from the international to highly local level—proved powerfully attractive to donors and governments alike. This has had strikingly similar consequences in two respects: the rapid increases in volume of resources channeled to local investments, and second, their impact on local politics, in particular, relations between local and national politics on the one hand, and between local political leaders and their constituencies on the other.

Uganda presents a leading example of macro-budgetary frameworks linked to debt reduction, its case being especially significant for having combined local and wider framing of poverty through the Uganda PPA, thence with the PRSP and both with decentralized approaches at local political levels (Bevan & Palomba, 2000). In March 2000 Uganda was singled out as only one of two countries in sub-Saharan Africa, receiving large amounts of foreign aid in the 1980s and 1990s, that had adopted and maintained “sound policy” (World Bank, 2000b). Ironically, while no “social funds” were applied in their popular form, the “ring-fencing” ethos came, at the end of the 1990s, to dominate Ugandan central–local relations. The PAF was created in 1998–99 to channel HIPC and other debt-relief funds, donor budget support and government’s own resources into activities in support of Uganda’s PEAP. The PAF has four key characteristics, each of which exemplify the global–local orchestra noted earlier. First, it is partly a presentational device for ring-fencing a subset of “poverty focused” MTEF budget lines. Second, the PAF was created to ensure that resources “saved” from HIPC relief were spent on sectors and investments judged by global–national forums as “priority programs.” All PAF expenditures must directly finance poverty reduction interventions. Third, budget additionality is closely monitored by donors through the PAF/MTEF, by annual budget/expenditure reviews comparing current financing with the level of funding of the same activities in the 1997–98 budget by sector, locality and the details of goods and services for which investments are made. Fourth, stringent accountability requirements are supposed to be applied—monthly, quarterly, annual plans, budgets and expenditures are centrally approved and tied to compliance criteria, backed by enforceable interdiction procedures.

The PAF has ring-fenced a rapidly increasing volume of resources and share of the national budget. Proponents of the approach insinuate a link with the remarkable decline since 1992 in the proportion of people living below the poverty line, from 56% to 35% in 2000, although less remarked is the steady increase in inequality since 1997 (Appleton, 2000; Government of Uganda, 2001b). Since 1998, PAF capital financing (for schools, primary health care, agricultural extension services, water supplies, roads, etc.), increased from almost zero to around US$51 million in 2000–01. The total resources coursing through PAF budgets reached around US$290 million in FY2000–01, almost 33% of the total public spending, of which about 75% is transferred to local governments. The growth of the PAF has resulted in a dramatic increase in school attendance and construction, the availability of health services, road improvement and water-point construc-
tion, although agriculture services are poorly resourced compared to the social sectors, and the impact on agricultural production, productivity, diversification and incomes has been minimal to date, largely as a result of the preference of donors for directing resources into social sector expenditure.

During 1998–2001, the ring-fencing of public resources, and the special purpose budgeting and expenditure controls that featured under PAF expanded at the same time as wide-ranging responsibilities for planning, management and accountability of service delivery were being assigned to elected local governments. Uganda’s democratic decentralization, introduced in 1992, but with full force after the 1997 Local Government Act, in some respects mirrors globally popular experiments with decentralized governance (Villadsen & Lubanga, 1996). While globally the evidence is equivocal, in Uganda there is good cause to argue that decentralization has enhanced the responsiveness to local needs of public resource planning and allocation, improved efficiency, and built long-term capacity in democratic local governments (Kasozi, 1997; Onyach-Olau & Porter, 1999). Decentralization is first and foremost a re-structuring of governmental relations in the direction of the locality, involving the designation and ideally the funding of new mandates, capacities and accountabilities at the local level. At face value (Manor, 1999), the necessary conditions for this to occur have been instituted through the Local Government Act 1997 and associated regulations.

The key point to be noted here, however, is that Uganda’s experience, in particular with the PAF, also shows that whether these benefits are sustained and, in turn, whether lasting progress is made with poverty reduction, depends crucially on relations between central government and local councils, and between them and their local constituencies. This is best illustrated by a contrast between the PAF and a more geographically confined and more modestly resourced program that began to be implemented at the same time as the PAF came to occupy a key place in budget/expenditure management in Uganda. The district development program (DDP), financed initially by the UN Capital Development Fund (UNCDF) and then upscaled nationwide by World Bank financing, began implementation in 1997 following 18 months of intensive design consultation with local councils and citizens in four districts. The intention was to craft a system of financing for “pro-poor” investments that corresponded with, indeed, tested the boundaries of the newly promulgated Local Government Act 1997. It sought, in other words, to achieve two things simultaneously. First, it sought to empower locally elected leaders at the lowest level of government with responsibilities to promote socially and economically productive activities by defining decentralized systems of planning, financing and management that reinforced the accountability relations between leaders and their constituents. Second, the program aimed to create incentives and sanctions that promoted nationally valued objectives in respect of good governance and poverty reduction, while not compromising the primary, “downwards” accountability relations.

The detail is not essential to the argument here, but in brief, since 1997, the DDP modality has involved central government transfers of unconditional (nonsector specific) development funds (the local development grant or LDG) to districts and subcounties across the country that meet specified minimum governance conditions. The minimum conditions were discussed and agreed during the program’s formulation and, in the main, focus on planning, budgeting and public disclosure procedures culled from the Local Government Act 1997 that local councilors and citizens judged would fairly articulate “accountability,” of elected leaders to their constituents, accountability relations between administrative and political officials, and accountability “vertically” among different levels of local and central government. Each district must pass on 65% of the LDF to subcounty level and each subcounty must pass on 30% of its LDF to its constituent parishes. Great stress is placed on public access to information about the assignment of responsibilities, resources, and accountability for agreed actions.

There are strong incentives to ensure that the government’s development priority sectors set out in the PEAP—primary health care and education, feeder roads, water supply, support for agriculture and local productive activities—benefit from LDF resources. Local governments are free to allocate resources according to local demands, but if their decisions correspond with national PRSP priorities, and achieve more than half of the seven specified performance measures (for which there are 25 indicators, of which 80% of expenditure going to the priority sectors is one), their LDF share is increased by 20%. If less than half of the
measures are met, the LDF share is reduced by 20%. Sanctions and penalties also operate. For example, the incentive for subcounties to get their record-keeping and financial management systems into order is their eligibility to receive a block-grant transfer. The penalty for noncompliance with the prescribed procedures is exclusion. This creates strong pressure on subcounties to shape up: from above and from below, from within the bureaucracy, from elected councillors, and from the community. Poverty-oriented outcomes are thus shaped by the politically articulated financial incentives built into the system which are directly under the control of local councils and their constituents, rather than as nationally defined “spending deficits” or globally sanctioned and mandated targets.

During its first two years of operation, the overwhelmingly positive impact of these arrangements was documented by various commentators (Kullenberg & Porter, 1998; Lister et al., 2001; Obwona et al., 2001; Onyach-Olana & Porter, 1999; Rugumayo, 1999), and independent formal evaluations (Carino, Flaman, & Kulessa, 2000; ITAD, 1999). Barely a year into the program, the compliance of local governments with the basic, governance-focused access criteria for LDF transfers had increased from around 20% of all councils to well over 75%. Early evaluations through 1998 and early 1999 confirmed that local councils were responding to local demands in their investment decisions and at the same time articulating national priorities. Alongside this, accounting and expenditure management was improving, local procurement practices were increasingly matching legal requirements, and new kinds of accountability were being demonstrated by local councilors. Kiwanuka Musisi, President of the Ugandan Local Authorities Association (ULAA) argued the program had strengthened local governance.

We in the field appreciate the fact that this is the first time that we have projects which are from the people—not imposed. We have [development] actors running up and down in the districts and sometimes we don’t even know what they are doing. We were involved right from the project design all the way to even the evaluations. This is increasing our own sense of commitment and ownership. The Project is addressing the people’s needs and the people are taking their leaders to task. It is a great opportunity to promote sustainability as people use language such as “our projects”. Leaders take a risk if they mess with their [people's] projects. (Reported in ITAD, 1999).

Events evidently moved quickly. Despite dramatic improvements in local governance and poverty-focused service delivery, by early 2000 it appeared the entire effort was in jeopardy. The annual evaluation of both compliance with minimum conditions and the performance measures announced that more than half of the local governments had failed to comply with even the minimum criteria governing access to LDF resources. (Onyach-Olana & Porter, 1999). By most measures—reporting, public disclosure, book-keeping or the matching of plans with budgets and expenditure decisions—accountability was deteriorating. Why did this backsliding occur? It would be misleading to suggest any single cause. In rural Uganda, as in any developing country, energetically layering reform on top of reform and at the same time increasing openness to the perfidy of global markets results in problems. The surface onto which programs of this sort are laid is never smooth. That said, local officials, councilors, administrators and informed citizens were quite consistent in their assessment that the PAF system, through which unprecedented resources were being channeled, was beginning to overwhelm the DDP systems and produce perverse effects in terms of local governance.

As noted earlier, PAF funds are to be used only for pre-defined packages of investments. Transfers are made to local governments through the conditional grant modality in contrast to the largely unconditional or discretionary grant modality under the DDP. Releases are conditional on submission to line ministries of a plethora of work plans, budgets and expenditure reports. That the PAF-conditional grant mechanism enabled a substantial growth in funding for primary service provision is not in question. But from around four conditional grants in 1995–96 when they were first introduced, local governments were by 2000 receiving about 80% of central transfers through 26 different conditional grant transfers—of which the conditional grants ring fenced by the PAF are much the most significant in number and volume of funds (Obwona et al., 2001, p. 149).

These PRSP/PAF transfers, of course, came at considerable administrative cost; as one evaluation of local government noted, “the majority of stakeholders interviewed all admitted to a general confusion and bewilderment with the diversity of mechanisms through which central government funds local govern-
Yet more interesting is the fact that local councilors’ views about the impact of the PAF on local governance and control were unequivocal. The PAF system reinforced the dominance of central line ministry-led sectoral approaches to implementation, in part because of the re-orientation of local government toward the administrative compliance and disciplinary reporting requirements of central ministries (Government of Uganda, 2001a). District heads of department had become in effect agents of the central government, undermining the critical accountability relations that need to be developed between administrators and elected officials, a key requirement of effective decentralization. Accountability for planning and implementing activities is largely “upward” from district administrators to line ministry heads. Through these conditional grant arrangements, amassed under the benevolent arrangements of the PAF, central government, responding in large measure to global requirements for direct sector and locality targeting in PRSP expenditures, is able to achieve administratively and technically what it is difficult by normal means to achieve politically (Porter & Onyach-Olaa, 1999). As a surprisingly frank assessment published by central government concluded,

In brief: if present trends continue, with local governments increasingly becoming the local implementers of national sector programs, the scope, role and justification of decentralized locally-accountable service provision, as envisioned in the Constitution and the 1997 Local Government Act will be progressively undermined (Government of Uganda, 2001a).

Returning to the contrast with DDP, the PRSP/PAF, plan/expenditure control linkage profoundly affects local governance. First, local transparency is poor, with decisions about priorities, plans and investments being made by the administrators, central and local, effectively shutting out the kind of scrutiny by elected leaders necessary for local accountability. Second, the ability of local councilors to respond to the needs expressed by their constituents, and being seen to respond, was being greatly constrained. Outside of the comparatively meager DDP LDF transfers, few resource allocation decisions could be made by elected leaders, and thus their crucial “downwards accountability” relationship with the electorate was being undermined. Community involvement in planning and responding to poverty is, under the PAF, almost nonexistent, which results in a weak sense of local ownership, in turn limiting people’s mobilization in support of common interest activities, and undermining their commitment to operating and maintaining the facilities and services financed by the PAF. Finally, a range of “knock on” effects of the PAF is now also emerging. The “success” of the PAF, in ring-fencing resources, attracting both the HIPC dividend and additional donor resources, has turned the attention of decentralized local governments away from their constituencies, toward the center, from where resources flow. Just as central transfers have increased sharply in recent years, local revenue collection has remained stagnant or in many cases fallen dramatically, reflecting reduced incentives on the part of councils to collect tax, and on the part of constituents to feel any obligation to their local councils. Thus, this further undermines the accountability of elected leaders to their constituents for delivering services in response to local taxes and revenues. Further, with the bulk of local administrative and political capacity now diverted to managing a new form of patrimonial relation with the center, other priorities and potential roles of local government for stimulating local productive capacity and innovation are well off the stage of local politics.

While many of these outcomes are peculiar to the Uganda situation, they reflect the PRSP approach in its practiced, rather than its rhetorical form. These consequences of the PRSP/PAF in Uganda are in large part the product of the technical, “money metric,” “social gap” filling approach to poverty inherent in the PRSP and are greatly exacerbated by the ring-funding mentality of the PAF. The tendency to see poverty as a “lack,” as a resource or service gap to be filled has perverse effects and, when joined up with SF and PAF types of governance arrangements, is clearly detrimental to poverty reduction strategies which place control, power and local governance at the center of response to poverty. While the significance of much of this may pale in comparison to the wider impact of Uganda’s integration into global inclusive liberal frameworks, or ultimately in relation to whatever substantive local economic opportunities Uganda generates, what is apparent here is nonetheless an important local subordination into technical structures which ultimately will require both local and national political support, capacity, funding, and contest.
4. CONCLUSIONS

Uganda has achieved an unprecedented joining-up of poverty eradication plans, corresponding budgets, negotiated agreements and the extraordinary focus of resources around a common sense of purpose in the PRSP framework. But the costs are unprecedented as well, not just in terms of the bevy of international and local consultants, civil servants, politicians, critics and advocates required to design and manage the detail of these financing instruments and superintend the multitude of donor–government–community forums to sustain agreement. Rather, the main cost is in opportunities foregone by the lopsidedness between the “technical” and the “political” in conventional PRSP processes as national and local political authorities are reformed and narrowed down to focus on the plethora of financial stability and integration best practice “rules” considered necessary for the “accountable” delivery of resources to areas of local need according to globally determined standards.

Crossnational statistical studies suggest that decentralized, participatory democracies provide for better economic growth, greater predictability and stability, and are more resilient to shocks, and deliver superior distributional outcomes (Rodrik, 2000). But it is also clear from experience with decentralization that this requires a local and national state that is not limited to determining the technical and institutional framework for links to global markets or international aid transfers (Blair, 2000). For decentralization has been conclusively shown to be no panacea for the poor, and there is abundant evidence of the “tyranny” effects of decentralization as well. Decentralization done with merely technical objectives in mind can merely decentralize tyranny, inadvertently politicize the local executive, and also greatly increase volatility (Porter & Craig, 2002). To be attuned to local needs and opportunities, to be “downwardly accountable,” it appears that locally representative political authorities need to depend for the bulk of their legitimacy on what they do with locally raised resources and efforts (see Moore, 1999). This contrasts greatly with the mini “rentier states” that tend to emerge as a consequence of abundantly resourced national poverty action programs. Higher level transfers can be crucial for maintaining basic human need services, but they are most effective if also used to support a facilitative, engaging relation of local authorities with productive enterprises, whether these be the farmer in the field, or local efforts to add value and trade. The irony is that in the local Ugandan context, where there are many simple things the local state can do to support agricultural production, the focus in poverty reduction is almost entirely elsewhere.

PRSPs show an intriguing face of globalization. Globalization pushes and depends on a progressive shift from informal to formal institutions. This requires, and further reinforces, the displacement of the many locally attuned social norms and rules of conduct with formally specified, globally legible and legally binding norms and rules: the juridical bias we have reiterated here. This means that the role of the state and of global governance in setting up and policing institutional frameworks for disciplining the local is likely to increase. The extent to which the poor are able to contest these processes will affect whether patterns of growth are pro-poor and whether the extension of markets will impact positively on poverty. Yet more lasting might be the impact of this contest on good governance. On the other hand, globalizing processes mean that localities and countries rich and poor are being pushed into re-positioning themselves in terms of increasingly extralocal structures of inclusion and exclusion, opportunity and exploitation. In this process the salience of the locality is ironically increasingly important, as people and organizations find themselves having to establish a local–global niche through networked social, political and economic arrangements. PRSP policies seek in large to get national positioning in relation to the global established on a globally “rational” basis. But while macro-stability is certainly important, it will ultimately be much more specific and local dimensions of polity, society and economy linked to global change that will determine outcomes for many poor. This, especially where restrictions on labor mobility and core market access remain so one sided.

Across the board, however, in IFIs, donors, central and local governments there is a much depleted capacity to engage practically these local political economic manifestations of poverty, or with the highly contingent ways that new opportunities might be turned to good effect. The tunnel vision inherent in inclusive liberal frameworks applied at a distance we conclude has limited the scope and options available to local actors. In a wider context,
insofar as the “electronic herd” and ratings agencies have reified simplistic and sharply conservative settings, this problem has been exacerbated. Signals are clearly needed both from IFIs and the political backers that peripheral and especially semi-peripheral economies can both avoid narrow blueprints, yet still be within a legitimate comprehensive frame. At the same time, local governments will need to be able to send strong signals to IFIs about where specific sectors and places are likely to be disruptively impacted by particular frameworks. We are well aware that such a broadening will lead to contests for primacy between local and global kinds of knowledge, and for legitimate ownership: these contests we consider all to the good. Now, how might PRS policy reflect this realization?

NOTES

1. Full PRSPs were completed by Albania, Bolivia, Burkina Faso, Honduras, Mauritania, Mozambique, Nicaragua, Niger, Tanzania and Uganda.

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