

Comments on Cling et al and
Klasen,
ABCDE Session on PRSPs

Jeni Klugman, Discussant
World Bank

| | Policy Framework Papers | PRSPs |
|---------------|--|---|
| Coverage | Selective (macro and structural) | Comprehensive (focussed on poverty) |
| Ownership | “Tripartite” (Bank/Fund/Gov) | Country Document |
| Participation | None | Government + Stakeholder Consultation |
| Bank’s role | Write document - mainly for lending operations | Advisory role - analytical inputs, assessment/JSA |

PRSP Review, March 02: Findings on Process

- Country ownership as guiding principle
 - There is a growing sense of country ownership, but fragile
- Poverty reduction has more prominent place in policy discussions
- Openness and transparency of the PRSP process is important
 - There has been more open dialogue within governments and with civil society
- Donor community strongly embraces PRSP principles

PRSP Review: challenges

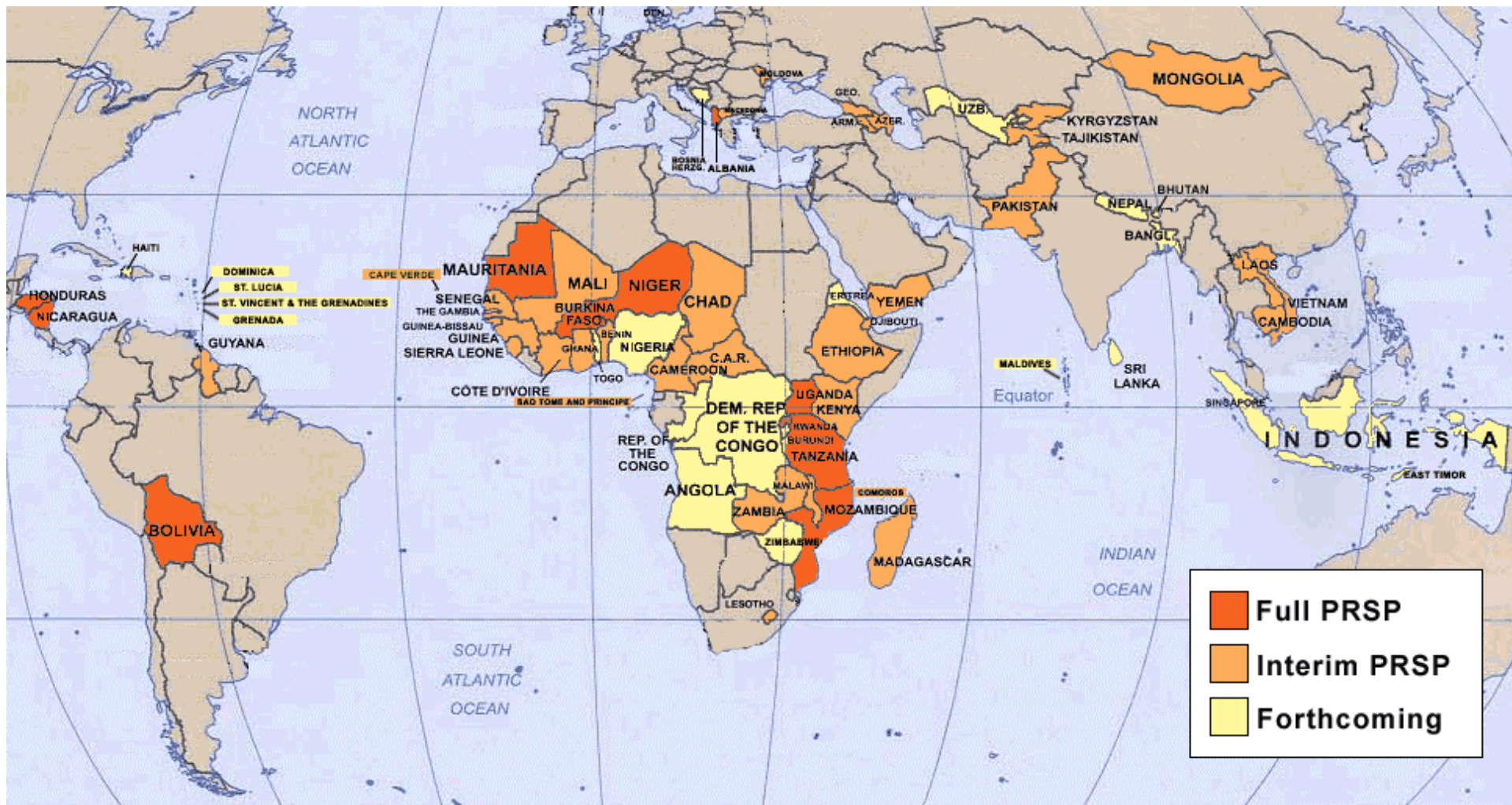
- Having an open & transparent process, with debate about alternative policy choices
- Need for realism:
 - in goals and targets and in expectations
- Improve prioritization within strategies
 - again to ensure realism and to facilitate implementation
- Identify sources of growth and how to realise these
 - at country level linked to poverty diagnostics

“Demystifying” PRSPs

1. On Process

- Interim PRSPs
- Preparation Status Reports
- Country coverage – it is not just a HI PC thing

Countries Engaged in the PRSP Approach



Demystifying PRSPs: Alignment of the Bank

- Perceived tension, in both papers:
Selectivity of aid vs comprehensive for all
low income countries
- But both ignore a crucial step/ instrument:
the Country Assistance Strategy (CAS):
 - The policy priorities & credibility of the PRSP
inform staff choices in the CAS about the level
of assistance, the mix of instruments and policy
directions supported:
 - explicit links in the CAS program matrix: see eg Guyana and
Viet Nam

What does alignment imply for IDA

- **Align the CAS to a country's PRSP –**
 - including performance triggers and conditionality, & justifying choice of instruments against PRSP objectives
 - **use PRSupportCredits as a key complement to support PRSP** implementation;
- **strengthen scrutiny of lending programs** to ensure that policies and conditionalities are derived from the PRSP, and **streamlining conditionality** where possible.
- **continuing to work on harmonizing and simplifying** procedures while strengthening recipient countries' capacities and systems around a framework of commonly-agreed standards.

Content of PRSPs

- “Proposed strategies in PRSPs are relatively uniform with weak consideration of country specificity.”
- Wrong in the sense that the 13 full PRSPs to date have large differences in:
 - specific policy content: depth and nature of treatment of sectoral issues: eg social protection (LAC vs AFR); infrastructure; Qat...
 - Right in the sense highlighted by Klasen’s broader contribution: that there *are* now extensive areas of consensus in economic policy

Klasen on content

- Agreed areas..... So not surprising to see this consensus reflected with similar policy stances in the full PRSPs
- But there are still areas of debate, and evidence of greater flexibility being explored in the PRSPs, evidenced:
 - On land reform
 - On proactive industrial policy..
 - ?? tax mix, capacity building

Further on Klasen

1. “initial inequality matters” – what to do?
Examples on land; prospects for credit policy or progressive taxation, or ?
2. “Growth in sectors or regions where the poor are or are likely to move to”
How to choose between the former & latter?
Time frame? Current or possible future skills?
3. Governance – corruption omitted from areas of consensus. But no consensus on most appropriate strategy...
4. Only limited insights on political economy
“pro poor coalitions”; recent examples of successful redistribution of eg subsidies?

Finally on Cling et al: methodology & conclusions

Method “Sample of all I and full PRSPs as of end 2001”: But only ten countries full PRSPs. Forty-two countries I PRSP: 80% of *sample inappropriate* for task at hand

Broad Findings

1. On participation: echoes earlier findings. Question is why?
2. On content appropriate to question whether in implementation was the problem, but...
3. On monitoring
 1. several examples of innovation, eg Bolivia, Tanzania