

Whose Poverty Reduction Strategies - Developing Countries' or External Donors'?¹

■ Jean Somers

This article explores the issues emerging from the poverty reduction strategy papers (PRSP) process for various internal stakeholders (governments, civil society organisations), and external bodies (bilateral and multilateral agencies). It assesses how the PRSP has affected the relationship between these actors and the contradictions as well as the possibilities it entails. While a reliance on outside funding and on endorsement by the World Bank and IMF undermines the principle of local ownership of poverty reduction strategies, the principle of ownership is central to the PRSP process and provides new negotiating space for participating actors.

The author focuses on some of the challenges PRSP presents to policymakers charged with designing and delivering on Ireland's development co-operation efforts. These arise both in terms of Ireland's role as a bilateral donor participating in the PRSP process at country level and as a member of the IMF and World Bank which set the framework for the PRSP. Drawing on a recent field visit to Zambia the situation in that country is discussed in some depth.

Introduction: conflicting perspectives on the PRSP

If everything contained in World Bank/International Monetary Fund (IMF) documents were true, the PRSP would represent a partial reversal of globalisation² with some control moving from global back to national level. The structural adjustment programmes long espoused by the Bretton Woods Institutions (BWIs, i.e. the IMF and World Bank) are no longer to be written in Washington. Instead poverty reduction strategy papers (PRSPs) are to be developed in countries through participatory processes. Yet the outstanding question is whether responsibility is being transferred without power and control. Is the PRSP a sophisticated way of getting countries to implement unpopular adjustment policies, which are now screened by progressive rhetoric on national ownership, poverty reduction and popular participation?

Whichever perspective one takes the PRSP has become a significant process within low-income countries. It is an eligibility criterion for debt relief and low cost loans from the BWIs. It also attempts to institutionalise the role of civil society in national development planning. While civil society groups have many reservations about the PRSP process, e.g its linkage to the Heavily Indebted Poor Country Initiative (HIPC) and the power of the IMF and World Bank to endorse or reject the final PRSP document, in many countries like Zambia, these groups have seized it as an opportunity to engage with their governments in trying to influence the poverty reduction agenda.

Developing the PRSP in Zambia

Zambia's PRSP drew on the work of a set of government-led working groups which involved civil society – including NGOs, business, trade unions and academics – as well as bilateral and multilateral donors. These working groups developed papers on macroeconomics, agriculture, tourism, industry, mining, health, education and governance. Ireland Aid was a member of the health and education working groups. Subsequently a government technical committee drafted the PRSP. Civil society was not represented on this committee even though it had

invested considerable resources in providing the inputs and background papers. However, civil society had an opportunity to respond to the draft PRSP produced by this committee.

While growing corruption might well have discouraged civil society groups from playing what has been an active role, escalating poverty and lower overall human development in 1998 than in 1975, provided a strong motivation to participate. A coalition which included NGOs, trade unions, business and academics, Civil Society for Poverty Reduction (CSPR), coordinated civil society's input. Its report³ contained in-depth analyses and detailed recommendations on macroeconomic policy, employment and sustainable livelihoods, environmental issues, gender, agriculture and food security, mining, tourism, health and HIV/AIDS, education, governance as well as perspectives from consultations carried out in the provinces. In preparing this report civil society's aim was to make a direct contribution towards the final PRSP document.

Given their major investment in the PRSP exercise civil society groups were unhappy at their exclusion from the key drafting stage. In any participatory process, a central question is where are the important decisions made and by whom? While in Zambia civil society delegates were represented on all the working groups, key decisions on priorities and trade-offs were likely to be made by the drafting body from which they were excluded. The major questions facing civil society actors taking part in the PRSP process remain: Is it worth it? Will their views be reflected in the final PRSP or are their energies being diverted from other important priorities into giving legitimacy to what is still a flawed process? Moreover, there is also a danger that the role cast for civil society by donors may be as a watchdog to ensure that governments comply with donor prescriptions. In the case of Zambia the CSPR has avoided this pitfall by publicly stating that it would not back any PRSP which did not reflect some of its key concerns.

Realignment between bilaterals and multilaterals

The introduction of the PRSP represented a *coup d'état* on the development process by the IMF and World Bank who managed

to position themselves centre stage as arbiters of low income countries' national development plans. To many it seems particularly ironic that the IMF, which towards the end of the 1990s faced an avalanche of criticism for its handling of the Asian financial crisis, is now judging countries' poverty reduction plans. This is especially so as pressure had mounted at that time for an end to IMF "mission creep" into areas where it had no remit. One area highlighted as inappropriate for direct IMF involvement was poverty reduction.

Once the PRSP was established as a requirement to qualify for debt reduction under HIPC and for low cost IMF/World Bank loans, bilateral donors also had to reorient their programmes. There was some initial feeling among bilateral donors that they were already working on sectoral programmes with governments and that the PRSP was an effort by the World Bank to get on the development bus which was heading off without them. In Zambia bilateral donors appear to have been far more hostile to the World Bank than to the IMF. In spite of all the rhetoric about participation and ownership which underpins its conceptual framework for the PRSP, the Bank was perceived as taking a very centralised approach. For instance in Zambia, some bilateral donors highlighted the lack of willingness on the part of the Bank to cooperate with them. A particular case in point was the decision to provide a \$40 million Bank loan to the government for its HIV/AIDS programme, a decision made without prior consultation with bilateral donors who had grant money available for such a purpose.

In spite of such tensions, bilateral donors appear to see the PRSP as setting a useful framework for their programmes. At the same time questions arise on what is an appropriate role for bilateral donors in the process around the development of PRSPs. Are they stakeholders? After all they provide significant funding and may have worked in the country a long time. Or should they await the outcome of the process and then come in as funders? In the case of Zambia, should they have played a full part in the working groups, sat in as observers or should they have been at the table at all?

In responding to these issues there are mixed views on the role of bilateral donors among *Zambian* civil society representatives. To some, the bilaterals are stakeholders but their role should be as observers. This is an important safeguard to the process of national ownership as bilateral donors can be very forceful, coming in with their ready-made models and sweeping everybody along with them even if their proposals are not best

suiting to local conditions. To others, bilateral donors play a useful and active role in raising certain shared concerns, such as governance issues. They also facilitate information flows. For example, bilateral donors sometimes had access to information which civil society lacked and subsequently received by virtue of the fact that bilaterals had such access.

Developing new alliances - donor engagement with civil society

While moves to sectoral programmes and budget support predate the PRSP, the institutionalisation of the role of civil society participation which PRSP entails is a significant innovation. It provides a new framework for the relationship between donors and civil society and poses the question as to whether they share significant common interests.

Traditionally, donors viewed civil society actors as direct service deliverers or as agents to improve service delivery through facilitating participation and consultation at community level. With the growing emphasis on governance, some donors have been willing to support advocacy-focused civil society groups which are challenging governments on corruption and governance issues. In the context of the PRSP process donors rationalise such support by pointing out that if all sectors are to participate, each sector must be able to play its part effectively – each needs funding, access to information and technical support. Civil society groups are clearly seen by donors as key actors in promoting good governance and in countering corruption. Donors are very keen for civil society to participate in the PRSP and in the case of Zambia willing to provide financial support for this to happen. Some donors supported civil society calls to be part of the PRSP drafting committee. Moreover, given Zambian civil society's substantial contribution to the PRSP, donors are anxious that they should maintain their involvement and actively engage in monitoring and evaluating PRSP implementation.

An underlying question for civil society when accepting official donor funding is will such funding bring with it certain restrictions. Will donors be reluctant to fund groups critical of government policy or the policy of global institutions such as the World Bank and IMF? In the case of Zambia, bilateral donors

have not appeared unduly concerned if there is some conflict between civil society and government, the point being made that while bilateral donors' primary relationship is with counterpart governments, they need to avoid being "captured by government".

A Zambian led PRSP?

Country ownership is meant to be one of the defining elements of the PRSP. The process in Zambia, however, did not start with a blank sheet. There were already a number of plans and programmes in existence, some of which had been drawn up by the BWIs and others with bilateral donor involvement such as an earlier National Poverty Reduction Action Plan. These were used in setting out a framework for developing the PRSP.⁴

In the case of Zambia, while the importance of ownership of the PRSP was stressed by civil society, government and donors alike, there was a widespread feeling that although the process was country-led it was not country-owned. Real ownership was widely seen as impossible because:

- The government budget is over 50% donor financed and it was widely accepted that ownership is not really feasible given this level of external financing.
- The final endorsement of the PRSP rests with the BWIs.

When Zambian civil society groups tried to clarify the BWIs' criteria for endorsing the PRSP, they never received a satisfactory answer. Perhaps, this is not surprising because the issue of endorsement is a faultline running through the PRSP in all the countries where it is being adopted. The dilemma for the BWIs is that if they admit they have criteria for judging PRSPs then this immediately undermines the principle that the country decides which are the best policies to reduce poverty.

In reality, because civil society groups do not believe the BWIs are that disengaged from the process, two possible, and undesirable, scenarios which face civil society as they take part in the PRSP exercise are: a) the BWIs refuse to endorse a home grown programme; or b) the hidden hand of the BWIs guides the PRSP process with the end-product being primarily a repackaging of adjustment programmes.

Apart from civil society concerns on the issue of endorsement, there were no major criticisms of how the BWIs had participated in the PRSP process in Zambia. Both institutions appeared to have taken care not to be seen as directing the process. The World Bank engaged strongly in the government-led working groups but bilateral donors were also vocal. According to the World Bank they are trying to be neutral and provide information but not technical advice lest they are seen to be unduly influencing the process.

The IMF representative, on the other hand, took a more hands-off approach operating as an observer in the government led macroeconomics working group although the government urged him to challenge the group and be challenged by them. There was a perception, however, that the IMF's prescriptions would filter into the PRSP in spite of this hands-off approach. Although the IMF and World Bank have stated that Zambia is free to come up with its own policy paths, the government is constrained in its options for manoeuvre because of its dependence on the BWIs for funding and for its "seal of policy approval" on which funding from other bodies is contingent. Interestingly, the government did not appear worried that the international financial institutions would reject the final PRSP, especially the World Bank which had participated fully. A government representative compared the situation to that of a professor with a graduate student; it would be odd for a professor engaged with the dissertation right from the start to dissociate her/himself from the final document. Moreover, the World Bank appeared to have seen some of the early drafts of the PRSP suggesting that they may have operated as behind the scenes "technical support".

Zambia's parliament has had only a limited role in the PRSP. Neither did parliament play any role in the negotiations around Zambia's HIPC package.⁵ This raises a key challenge concerning the "democratic deficit" around the PRSP wherein external donors have more input into a low income country's national development plan than the elected parliament? It poses questions about the balance between representative and participative democracy. Is there a danger that the PRSP is strengthening the latter while weakening the former? At the same time the two are not mutually exclusive as in the longer term strengthening participative democracy could result in civil society making more demands of their elected representatives and therefore contribute to consolidating parliamentarians' role in representing the interests of their constituents in relation to national planning efforts.

More broadly the origins of the PRSP process do not appear to be based on explicit assumptions about the relationship between participative and representative democracy. The involvement of civil society was probably conceived by the BWIs more for the purpose of efficiency than to enhance democracy *per se*. Civil society was commonly seen as an effective watchdog on governments to improve governance and challenge corruption. In the case of Zambia, the Bank for example seemed not to be overly concerned about the exclusion of civil society from the PRSP drafting committee but was very keen that it should get involved in monitoring and evaluation. Civil society clearly sees its role in a broader sense and many of the complaints arising from the PRSP process in different countries, are based on the limitations being placed on civil society participation. The reality is that civil society representatives' dissatisfaction with such processes could in the future lead them to disassociate themselves from the output of the PRSP.

Even if one holds the view that the concept of ownership is not being translated into practice, and as such is somewhat of a myth, for civil society stakeholders it does provide a certain leverage to press for greater involvement in national policymaking on poverty reduction. For bilaterals it gives them a rationale to support civil society, including funding them, in order to promote their governance agenda. And for governments they may be able to use the centrality of ownership and civil society participation in the PRSP framework as a tool to bargain with the IMF and World Bank in an effort to have a wider menu of policy options.

HIPC - a burden on the PRSP

Another major faultline in the PRSP is its linkage to the Heavily Indebted Poor Countries' Initiative (HIPC). The PRSP was introduced as an eligibility condition for debt relief and also as an accountability mechanism as to how debt savings are spent. The link with HIPC means that the pace of the PRSP process is driven by the HIPC machine in Washington. A PRSP which has been endorsed by the IMF and World Bank must have been implemented for a year before the debt reduction deal is completed. This linkage also poses a conundrum for heavily indebted countries: they need debt relief to reduce poverty but

they must first reduce poverty in order to receive debt relief.

In addition to the requirement to adopt a PRSP, HIPC sets out a range of conditions which must be completed before debt reduction is granted. In the case of Zambia the HIPC framework sets 15 conditions covering macroeconomic, structural and social issues.

Jubilee and Oxfam Zambia⁶ point out that:

- the macroeconomic conditionality is exactly the same as under structural adjustment, namely to follow an IMF Poverty Reduction and Growth Facility (PRGF), formerly known as ESAF (the Enhanced Structural Adjustment Facility);
- on structural reforms, e.g. privatisation, the only difference is that conditions for HIPC completion point go beyond the general requirement to privatise parastatals and specify which ones must be privatised;
- social conditionality under HIPC requires Zambia to increase social spending and sets specific targets.

This raises the question as to who in fact determines poverty reduction priorities, the Zambian government and civil society through the PRSP process or the IFIs through the HIPC conditionalities.⁷ In addition to objections to PRSP being an eligibility criterion for HIPC, questions arise as to whether the PRSP process of itself is sufficient to ensure accountability on how debt savings will be spent. The IMF and World Bank appear not to have fulfilled their responsibility for ensuring transparency in showing precisely how much debt savings there will be and doing so early on in the fiscal year so as to aid public expenditure planning. Jubilee and Oxfam Zambia received different figures from the IMF, World Bank and governments as to the country's annual debt savings over the coming years. Given this lack of clarity these organisations are calling for a "participatory and transparent mechanism that assures that any resources freed up through debt relief go towards poverty reduction".

Their specific proposal is that the government should

- (a) set up a Poverty Social Fund to receive debt relief savings and any donor funding specifically earmarked for poverty eradication
- (b) appoint a steering committee including representatives from ministries, parliament and civil society with donors having observer status, to oversee the expenditure of this fund.⁸

The PRSP was launched by the BWIs without any consultation with Southern civil society groups. However, the experience with its implementation is showing that civil society groups are not prepared to be passive partners in the process but will look for space to negotiate modifications of the process at national level.

Ireland Aid and the PRSP

The above analysis highlights several core aspects of PRSP for official donors such as Ireland Aid (the Irish Government's official bilateral aid programme). These can be summarised into four key points:

- The role of external donors in national planning;
- Donor relations with civil society in terms of both funding civil society and in responding to civil society's proposals;
- The leadership role of the multilaterals in overseeing national PRSPs;
- The lack of clarity and accountability on debt savings.

This section explores how these issues are impacting on Ireland Aid and how it is responding.

Ireland Aid views the PRSP as an important development, the strategies arising from which will form the basis for its future country programmes. What then are the implications of this in practical terms? Will Ireland Aid's programmes be shaped more by BWI thinking than hitherto or will the national processes around PRSP serve as a opportunity to better align Irish policy in the IMF and World Bank with the aims and experiences of Ireland Aid and those with whom it works in the field?

Like other bilateral donors Ireland Aid has been moving from a project to a sectoral approach, with a particular focus on health and education in Zambia. Sectoral approaches involve devolving lead responsibility to the government and therefore the PRSP is seen as fitting well with this. However, from the Zambian Government's perspective, if the PRSP approach is to work, donors will need to be more flexible, i.e. move beyond sectoral programmes to budget support. Ireland Aid has already started to invest some funds in budget support in the case of Uganda, which was the first country to adopt a PRSP, but does not appear

to be currently considering budget support for Zambia because of concerns over governance.

While the Zambian government is the primary partner of Ireland Aid, the PRSP brings other stakeholders centre stage. The fact that all stakeholders - NGOs/the community sector, trade unions, business etc - need to be able to engage effectively in the PRSP for it to have any credibility raises issues for how Ireland Aid relates this broader range of stakeholders. Ireland Aid has been cautious about supporting civil society other than through traditional service delivery although recognising that this can mean that civil society ends up as service deliverers to donors. This raises the question as to what extent Ireland Aid is involving communities in delivering its programmes and to what extent there is space to support civil societies' self-determined priorities which may not come within the remit of the programme agreed between Ireland aid and the Zambian government.

To date Ireland Aid has not provided direct support for Zambian civil society participation in the PRSP. At the same time civil society representatives felt Ireland Aid would have been open to supporting them had they sought assistance. However, they did not take this path as there were other willing donors. Civil society groups also pointed to some advantages and disadvantages to the devolution of service delivery by Ireland Aid to the government. On the one hand this is empowering and a move in the right direction, i.e. building local ownership and promoting sustainable development programmes. However, at times the services provided did not meet community needs.

Some civil society representatives have suggested that Ireland Aid should consider supporting civil society's own work on developing good governance, e.g. civic education programmes. In fact, as the governance situation in Zambia deteriorated, Ireland Aid along with other donors has funded NGOs to facilitate their involvement in the forthcoming (December 2001) elections. Furthermore, a shift of emphasis in Ireland Aid's work and dialogue with civil society to include a greater emphasis on participation and advocacy is likely to be considered in the context of the next country programme.

While Ireland Aid, like other donors, has certain criticisms of how the World Bank has operated in Zambia, in particular making a loan for HIV/AIDS where grant money from donors should have first of all been called upon, it appears to see government compliance with adjustment programmes almost as a form of quality control. Ireland Aid's Zambia Country Strategy

Paper (CSP) states that the “donor community is watching for renewed political commitment to the adjustment process and will monitor the progress being made in achieving the targets set out in the ESAF agreement of March 1999” (paragraph 2.2).⁹ This statement is worrying as nowhere in the country programme are any questions raised about the appropriateness or impact of BWI programmes. This in turn raises the question as to how responsive Ireland Aid as a donor is prepared to be to civil society groups’ concerns about the PRSP turning out to be a repackaging of Bank/Fund structural adjustment or whether it will limit its support for civil society to work on governance issues at national level.

The interface between Ireland’s role as a bilateral donor and a member of the BWIs

Even with the introduction of PRSPs low income heavily indebted countries which are highly dependant on external finance have limited space for independent action. Yet despite their vulnerability to external shocks and the influence of the policy framework set by international financial institutions the impact of external or exogenous factors is largely neglected in the PRSP process. Civil society groups have emphasised that even if all Zambia’s governance problems were resolved, external shocks could derail the poverty reduction process.

The PRSP appears to fit within a broader policy framework which focuses heavily on the responsibilities on developing country governments to implement globalisation friendly policies while resisting the call to reform the structures of global governance to provide an equitable international framework. This is demonstrated in the current preparatory process around the UN Financing for Development Conference scheduled to take place in March 2002. Northern governments, including Ireland, have complained that current proposals overemphasise the responsibilities of donors and the international financial institutions, and point out that the focus should be shifted more towards what developing countries need to do. There is significant opposition to new international initiatives – to a tax on speculative currency transactions, to new independent

arrangements to deal with sovereign debt and efforts to base decision making at global level on democratic principles.

Thus a contradiction arises for Ireland between the stated aims of its aid programmes at country level¹⁰ and its role within the BWIs and other international fora. There are a number of areas where Ireland should be proactive in resolving this contradiction.

Promoting equal standards of democracy at global as well as local level

The push to preserve and extend democracy at national level is obviously a priority. However, Zambia's weak position in the world order means that many of the key decisions affecting Zambians are taken by global institutions. If the real aim is to strengthen democratisation, i.e. institutionalising people's ability to call to account those whose decisions impact substantially on their lives, then parallel efforts are needed to achieve democracy at a global level. Decision making at the IMF and World Bank is currently controlled by the rich and powerful nations. While there is some unease at this in the corridors of power, particularly in view of the growing anti-globalisation movement, there are no concrete moves to define principles for global democracy. However, if global governance is not based on democratic principles, then governance programmes at national level could end up promoting efficient client states which implement the decrees of global bodies rather than displaying full accountability to the people of the countries concerned.

Irish policy in this area is briefly alluded to in the Government's first *Annual Report of Ireland's Participation in the World Bank and the IMF* where it states that "Ireland is also anxious to see that developing countries are given adequate influence in the decision making processes of both the World Bank and the IMF".¹¹ There is, however, no elaboration of the precise changes, if any, that Ireland is pursuing within the institutions to bring this about.

Undertaking critical assessments of the macroeconomic policy framework of the Fund and Bank

The Irish Government's first two annual reports on its involvement in the IMF and World Bank give the impression¹² that Ireland is a rather uncritical supporter of IFI policy. Yet, the Government's policy statement on debt¹³ commits it to pressing the IMF to take the social impact of its policies into account in

designing and implementing macroeconomic and adjustment programmes. However, even with the renaming of ESAF as PRGF, there has been little - if any - progress in this area.¹⁴

Ireland Aid's Zambia Country Strategy Paper¹⁵ appears to reflect this uncritical stance with the policy analysis of the Bank and Fund accepted as a given rather than viewed as an area for critical engagement. Zambia's current difficulties are seen as flowing from a failure to adhere to the liberalisation programme started in the early 1990s rather than the programme itself being regarded as part of the problem. However, an independent review of ESAF¹⁶ found that poor programme design in Zambia led to escalating inflation and avoidable social costs.

In a response to a recent questionnaire from the Irish Debt and Development Coalition, Ireland Aid noted that it sees the Fund as providing advice and guidance to countries on the best policies to adhere to – and that this is a useful by product of the PRSP.¹⁷ Yet the Bank and Fund now admit that they are unable to do precisely this. The Bank's *World Development Report 2000/2001* states: "Unfortunately macroeconomic analysis in its current state can offer little guidance in assessing the distributive and intertemporal implications of alternative policy packages."¹⁸ In the light of this admission a more critical engagement and constructive critique by Ireland Aid of IMF and World Bank programmes is required. To fail to provide this could be viewed as tantamount to supporting the hidden hand of the BWIs in the PRSP process.

Ensuring greater clarity and transparency on the amount and use of debt relief

The concern of civil society in Zambia – and in other countries eligible for HIPC – that there should be transparency and accountability around the use of HIPC debt savings has been mentioned. If the PRSP is to be an accountability mechanism to the people of Zambia and not just to donors, then the World Bank and IMF as managers of the HIPC initiative must commit to achieving maximum clarity on how much debt relief money is actually being released on an annual basis. Ireland Aid has not been able to get a clear answer to the question of how much extra money Zambia will have as a result of debt relief. After Zambia's debt package was agreed the Irish Debt and Development Coalition received two statements from the IMF, one claiming that 80% of Zambia's debt will be written off and the other that about two-thirds would be cancelled. The Irish Government's

annual report on its participation in the IMF and World Bank compounds the confusion by repeating the following statement from BWI briefings: "The net result of the combination of accelerated debt relief and increased aid flows will allow Zambia to raise social spending from \$150 million in 2000 to around \$250 million in 2001".¹⁹

It is not enough for Ireland Aid to press the Zambian Government in relation to improving its financial management. Ireland's representatives in Washington should also press for greater clarity from the IFIs on their debt reduction figures. Donors may argue that the PRSP *per se* is an overall accountability mechanism for the spending of debt relief. Yet, the PRSP, despite all the rhetoric about ownership, was developed in Washington and imposed on indebted countries as a condition to receive HIPC debt relief. Civil society networks in a number of countries (e.g. Zambia, Bolivia) are proposing home-grown mechanisms to track debt savings which can run alongside the PRSP. Whether these proposals are properly debated and action taken on them is a test of whether the principle of ownership in the PRSP involves a genuine transfer of control or is just another form of conditionality being set by global bodies.

Developing an alternative to the World Bank/IMF endorsement of the final PRSP

In Zambia the role of the World Bank and IMF in endorsing or rejecting the final PRSP document has given rise to widespread suspicion that the end product may be a repackaging of adjustment programmes. This fear is not confined to Zambia. If Ireland Aid's country programmes are to draw heavily on PRSPs, accepting these as nationally developed and owned programmes, then Ireland should raise this contradiction at IFI level and seek to identify and promote an appropriate solution. Civil society groups in Zambia and beyond are asking: If the PRSP is drawn up through a participatory process in the country, why does it need to be endorsed by outside bodies? A possible alternative could be the Consultative Group (CG)²⁰ meetings which involve bilateral and multilateral donors and recently have also given a platform to civil society. However, modifications would be needed to the CGs to institutionalise the role of civil society.²¹

Conclusion

In spite of early reservations donors now appear to have embraced the PRSP process. Government led national development plans provide a framework within which different donor programmes can be integrated with each other rather than their operating in a compartmentalised and often skewed fashion, wherein a number of donors seek to fund the same sector while other areas may remain under-resourced.

While the PRSP is based on a consensus model, it is clear from the *Zambian case* that although there is some common ground between donors and civil society there are also significant differences in their approach. Ireland Aid, for example, does not appear to share civil society's serious concerns about the possible continued imposition of IMF and World Bank adjustment programmes through the PRSP. This raises a related concern that Ireland Aid, like the World Bank, may see the role of civil society as limited to where the latter's priorities coincide with donor needs, e.g. as effective advocates for better governance at national level. External donors are naturally concerned that the money they provide to partner countries is well used. This is part of being accountable to their own citizens and tax payers.

However, Ireland also has a responsibility to the people of countries like *Zambia* in terms of the policies it supports at the IMF and World Bank and how Ireland Aid engages with these policies and programmes when they are put into action at country level. Decisions supported by Ireland at the IMF and World Bank have a significant bearing on the people of developing countries. Yet there is no mechanism whereby Ireland and other donor governments are made accountable for the impact of their decisions. This democratic deficit needs to be addressed as a matter of urgency. Indeed much of the discontent expressed through anti-globalisation groups is a response to moves which take decision making from national level where there is generally some form of democratic accountability, albeit to varying degrees, to international bodies like the IMF and World Bank where accountability mechanisms are very limited.

While Ireland is a relatively small player at global institutions, albeit one of the very few set to achieve the UN aid target of 0.7% of GNP by 2007, it has an opportunity to make a distinctive contribution to improving their accountability to citizens in both developed and developing nations. As a step towards doing this Ireland Aid should engage in strategic dialogue with

governments as well as civil society networks in its priority aid countries as to how the PRSP process is working in terms of local ownership and how the balance between internal and external accountability (i.e. to a country's population rather than external donors) can be pushed in the direction of the former. Another task Ireland Aid should prioritise is to engage critically with policies of the IMF and World Bank in the field and take this engagement from field level into its constituency grouping at the IFIs. In so doing it would make significant progress in putting the principles of the Irish Government's statement on Third World debt into practice.

Footnotes

- 1 This paper draws on research carried out during a field visit to Zambia in August 2001 during which the author met representatives of civil society groups, bilateral donors (including Ireland Aid), multilateral bodies and government officials involved in developing Zambia's PRSP.
- 2 Globalisation here refers to the process whereby decisions formerly made at national level are increasingly taken by global institutions such as the IMF, World Bank and World Trade Organisation.
- 3 "Poverty Reduction Strategy Paper for Zambia: A Civil Society Perspective", Civil Society for Poverty Reduction, June 2001
- 4 For example the Cotonou agreement with the EU sets out a particular framework on trade and aid issues.
- 5 "Social and economic implications of HIPC in Zambia", Jubilee Zambia and Oxfam Zambia, 2001, pp.23-4
- 6 *Ibid.*
- 7 *Ibid.*, p.18
- 8 At a recent roundtable seminar in Dublin Ireland on Poverty Reduction Strategies organised by the Debt and Development Coalition, representatives of Ireland Aid expressed reluctance to take on board civil society's call for a mechanism to track debt relief. Ireland Aid's priority is the strengthening of the overall public expenditure review process rather than setting up specific tracking mechanisms in relation to debt savings.
- 9 "Ireland Aid country strategy paper for Zambia 2000 – 2002", Department of Foreign Affairs, Dublin, para 2.2
- 10 "To support and facilitate sustainable and equitable development, through strategic partnerships to reduce poverty in Zambia", *CSP for Zambia 2000-2002*, para 5.1
- 11 Issued by Department of Finance, Dublin, p.11
- 12 *Ibid.*, PN. 8886; *Annual Report: Ireland's Participation in the World Bank and the International Monetary Fund 2000*, Department of Finance, Dublin, PN.9678
- 13 See also Department of Finance press release, "Government's debt relief package 1R£31.5m (€39.97m) including Irish contribution to the Joint IMF/World Bank Debt Initiative and ESAF", September 1998
- 14 The US GAO Report found that PRGF programmes differ little from ESAF programmes.
- 15 Ireland Aid, *op.cit.*, para 5.1

- 16 "External evaluation of the ESAF: Report by a group of independent experts", IMF, 1998
- 17 Response to Questionnaire submitted by DDC/JI, June 2001
- 18 World Development Report 2000/2001: Attacking Poverty, Washington, World Bank, p.168
- 19 Annual Report on Ireland's participation in the World Bank and the IMF 2000, Department of Finance, Dublin, p.13
- 20 The Consultative Group process involves calling periodic donor conferences to address development issues around the world. The major donor countries, including the US, EU member states, Japan, Canada and others including the multilateral development banks and the IMF, meet periodically to receive country presentations and to make pledges of assistance.
- 21 It is interesting here to draw on the Irish experience of the use of EU structural funds. These funds are subject to rigorous mid-term evaluations by the European Commission (typically carried out in Ireland by the Economic and Social Research Institute at the Commission's behest). John FitzGerald writing on "An Irish perspective on the Structural Funds" in *European Planning Studies*, 1998, p.683 is very positive about this: "the need to satisfy the donor countries, through the EU Commission, that their money is well spent has resulted in the introduction of a set of evaluation procedures which has helped change the way the administration approaches public expenditure....Now there is increasing interest in assessing how effective the expenditure has been."