

**Working Paper 216**

**The PRSP Initiative:  
Multilateral Policy Change and the Role of Research**

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with  
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## Acronyms

AfDB	African Development Bank
Afrodad	The African Forum and Network on Debt and Development
CAFOD	Catholic Fund for Overseas Development
CAS	Country Assistance Strategy of the World Bank
CDF	Comprehensive Development Framework of the World Bank
CDRN	Committee Development Resource Network, a Ugandan NGO
CG	Consultative Group
DAC	Development Assistance Committee of the Organisation of Economic Cooperation and Development (OECD)
DC	Development Committee
DFID	Department for International Development of the UK Government
DRI	Debt Relief International
ESAF	Enhanced Structural Adjustment Facility of the IMF (replaced by PRGF)
EU	European Union
G7	Group of 7 Countries (Canada, France, Germany, Italy, Japan, USA, UK)
G8	G7 plus Russia
GBS	General Budget Support
HIPC Initiative	Heavily Indebted Poor Countries Initiative (also known as HIPC1)
HIPC2	Enhanced Heavily Indebted Poor Countries Initiative
IBRD	International Bank for Reconstruction and Development, World Bank Group, which provides financing to middle income countries
IDA	International Development Association of the World Bank
IDT	International Development Targets
IFI	International financial institution (used in this paper to denote World Bank and IMF only)
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
IPRSP	Interim PRSP
JSA	Joint Staff Assessment
LICs	Low-income developing countries
MDF	Multilateral Debt Fund
MDG	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
NGO	Non-governmental organisation
ODA	Official development assistance
ODA	Overseas Development Administration of the UK Government (became DFID in 1997)
PAF	Poverty Action Fund of the Ugandan Budget/PRSP
PDR	Policy Development and Review Department of the IMF
PEAP	Poverty Eradication Action Plan of Uganda
PE	Public Expenditure
PEM	Public Expenditure Management
PER	Public Expenditure Review (World Bank methodology)
PFP	Policy Framework Paper (IMF/World Bank framework document)
PPA	Participatory Poverty Assessment
PREM	Poverty Reduction and Economic Management (the policy department of the World Bank)
PRGF	Poverty Reduction and Growth Facility of the IMF
PRSC	Poverty Reduction Support Credit of the World Bank

PRSP	Poverty Reduction Strategy Paper
SAP	Structural Adjustment Programme
SAPRIN	Structural Adjustment Participatory Review International Network (formerly Structural Adjustment Participatory Review Initiative, SAPRI)
SLA	Sustainable Livelihoods Approach
SPA	Strategic Partnership with Africa (formerly Special Program of Assistance for Africa)
SWAP	Sector Wide Approach
UK	United Kingdom
UK DEL	The UK delegation to the Boards of the IMF and World Bank
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
US	United States (of America)
WB	World Bank
WDR	World Development Report

## Executive Summary

This paper traces the emergence of the Poverty Reduction Strategy Paper (PRSP) initiative and the various factors that contributed to its adoption in September 1999, including the role and relative influence of research in this process. A PRSP is a document that sets out an analysis of poverty in a country and defines the national strategy on how the government is going to reduce it. Preparation of a PRSP is an entry criterion for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative, and is also an eligibility criterion for concessional lending from the International Development Association (IDA) of the World Bank and the Poverty Reduction Growth Facility (PRGF) programme of the International Monetary Fund (IMF).

This Working Paper forms part of ODI's Research and Policy in Development (RAPID) programme, which seeks to learn more about linkages between development research, policy and practice. The main questions addressed are:

- How did the idea of the Poverty Reduction Strategy Paper (PRSP) come to be adopted?
- What was the role of research in this process?

The relative contribution of research is considered using a three-dimensional framework:

- Policy context: politics and institutions
- Evidence: credibility and communication
- Links: influence and legitimacy

### Policy context

Probably the most important contextual factor that shaped the PRSP initiative was the major convergence of debates and controversies in the field of international development in the late 1990s. This led to a widespread sense of there being 'a problem' within the international development policy field even though policy-makers did not agree on the exact nature of the problem. The challenges that needed to be addressed – particularly by the World Bank and the IMF – included:

- The mandates of the IMF and World Bank were being questioned – the IMF particularly in the light of the 1997 Asia Crisis and the 1998 Reviews of the Enhanced Structural Adjustment Facility (ESAF) lending framework, and the World Bank in the light of deteriorating economic growth in sub-Saharan Africa and the commonly believed failure of Structural Adjustment Programmes (SAPs) to reverse this trend;
- The fall into disuse of the Policy Framework Paper (PFP), which was meant to be the operational mechanism for cooperation between the IMF and World Bank, but which by the late 1990s had, for practical purposes, become exclusively a tool of the IMF;
- The 1999 Review of the Heavily Indebted Poor Countries (HIPC) Initiative, which raised the question of how to link debt relief to poverty reduction in the design of the Enhanced HIPC Initiative, or HIPC2. There was a backdrop of substantial external pressure building up around this issue, particularly from the NGO movement, such as Jubilee 2000, to make debt relief 'broader, deeper, faster, better', and from the US administration to ensure that resources freed up by debt relief would be 'well spent';

- The need to operationalise the new conceptual framework for aid put forward by Wolfensohn's Comprehensive Development Framework (CDF) in early 1999, and to find a means of combining this with an explicit focus on poverty reduction. Poverty reduction had become a central concern for the UK Department for International Development (DFID), headed by Clare Short, who was also active in promoting a link between poverty reduction and debt relief. At the same time, poverty reduction strategies were a concern for the World Bank team that were preparing the World Development Report 2000/01, 'Attacking Poverty'.

The PRSP initiative can be viewed as bringing together all these interlinked concerns, and providing answers, or at least partial solutions, to the issues that needed to be addressed. It was, therefore, bought into by many different parties. The simultaneous recognition of similar sets of problems and similar ideas for solutions by various actors in the international development field in the late 1990s is probably the reason why the PRSP idea, which was a substantial challenge to current practice, took hold relatively easily and rapidly.

## **Evidence fields**

Broadly speaking, two evidence fields influenced the emergence of the PRSP initiative. First, the broad field of academic development research contributed, albeit often indirectly, to the big shifts in international development discourse in the 1970s, '80s and '90s, towards poverty, participation, and aid effectiveness. This research problematised historical practices within international development, setting the stage for the reviews of the 1990s.

Second, there is the field of applied policy research undertaken in the late 1990s, in particular the research related to the ESAF reviews, the HIPC review, the Strategic Partnership with Africa (SPA) Working Groups, and NGO research on debt relief. This evidence focused more on providing policy recommendations and operational solutions. It was considered most credible when it was commissioned by the IFIs themselves or other donors, demonstrated analytical rigour, and was communicated in a language that was accessible and relevant to World Bank and IMF staff and other donor agencies.

Less directly related to research, but with an extremely powerful demonstration effect, was the positive experience of Uganda in drafting and giving policy prominence to a Poverty Eradication Action Plan (PEAP). This did much to convince policy-makers of the feasibility and merits of the poverty reduction strategy model.

## **Links**

The PRSP story is characterised by a multitude of links between the various players, both policy-makers and researchers. The discussion of the main institutional actors – the World Bank and IMF, Strategic Partnership with Africa (SPA), the UK and US governments, and the NGO movement – illustrates clearly the high level of contact between individuals in different institutions. It was also significant that individuals moved between institutions and thus carried ideas with them. As one interviewee put it, 'none of the players is more than two handshakes away from any of the others'. The formal and informal networks contributed to the speed with which the PRSP ideas were spread and accepted in international development policy.



## The PRSP tipping point

The PRSP policy initiative can be viewed as a ‘tipping point’ in the international development field that drew together the concerns and thinking around poverty reduction, debt relief, World Bank and IMF lending to low-income countries, and aid effectiveness. In the Working Paper these issues will be explored in relation to three sub-questions:

### 1. How and why did the Comprehensive Development Framework (CDF) evolve into the PRSP?

Within the World Bank, a significant opening for a new model was created by Wolfensohn’s CDF in early 1999. This put forward a new conceptual framework within the World Bank, which incorporated four principles for aid flows: (i) long term and holistic; (ii) country ownership and participation; (iii) results orientation; and (iv) country led partnership. The CDF conceptual framework provided the immediate backdrop for the emergence of the PRSPs. The two main influences it had on the PRSP were: (i) an impact on its substance; and (ii) laying the foundations which significantly contributed to the speed and widespread acceptance of the PRSP approach. This is illustrated by the fact that the CDF’s four principles are in large part subsumed within the principles of the PRSP approach. The additional conceptual element that the PRSP incorporated was the explicit aim of poverty reduction, which gave operational form to the work that was being undertaken in Poverty Reduction and Economic Management (PREM, World Bank) on poverty analysis, leading up to the World Development Report 2000/01.

It is also important to note that the CDF lacked operational content. As there were no financial arrangements attached to it, this opened up space for a new aid mechanism that could take forward the CDF principles. When the PRSP approach was formulated in late 1999 it was perceived by some as just such a mechanism.

### 2. How and why did Heavily Indebted Poor Countries (HIPC) Initiative debt relief become linked to PRSPs?

The HIPC Review in 1999 can be seen as the trigger for a ‘tipping point’ that focused the agenda on several of the problematic issues around aid modalities, IFI coordination, debt relief, and poverty reduction. The HIPC Review process itself was important because it formalised a new and powerful connection between the World Bank and IMF policy departments. It also had wider implications as the need to rethink HIPC became a forum for addressing the range of current challenges. Through the HIPC Review, debt relief became directly linked to poverty reduction and to the operational aid modalities of the enhanced HIPC initiative (HIPC2). The simultaneous formulation of the PRSP idea seemed to draw together these various strands.

### 3. How and why did all International Development Association (IDA) and Poverty Reduction and Growth Facility (PRGF) flows then become linked to PRSPs?

The 1998 ESAF Reviews raised a number of critiques and issues that helped foster an environment within the IMF in which a new approach was more likely to be accepted. The increasingly obvious failure of the PFP mechanism, and the need to replace, it reinforced the search for new solutions. The G7 Finance Ministers and G8 Heads of State were becoming less tolerant of turf battles between the IFIs, and there was strong pressure from the G7 to build on experiences of successful collaboration, such as HIPC1. On a pragmatic level, the PRSP provided operational ‘solutions’ to many of these issues, which undoubtedly helped in making the IMF more favourably disposed towards it when it was formulated in September 1999.

Following the adoption of the PRSP, the IMF modified the ESAF low-income lending mechanism and renamed it the Poverty Reduction and Growth Facility (PRGF) in November 1999. The World Bank at the same time linked PRSPs to its low-income lending stream, the International Development Association (IDA), but chose to have a longer transitional period (until July 2002) to fully adapt its various lending instruments.

In summary, the PRSP was an operational solution that solved several internal problems and provided an answer to external pressures, particularly for the IFIs but also within different bilateral organisations. The fact that an idea as potentially radical as the PRSP initiative got through the Boards of the IMF and World Bank in September 1999 is due largely to the level of ownership felt for the idea by various policy-makers (including staff and management in the IFIs, bilateral donors and the NGO community), due to its emergence in a variety of debates and places over the late 1990s.

### **Bridging research and policy**

The study concludes with four implications for the relative influence of research on policy:

- Researchers are more likely to be influential if they interact with policy-makers and understand their constraints and agendas;
- Research is more likely to be influential when it is regarded as rigorous;
- Researchers are likely to have an indirect influence through networks;
- Evidence can change the policy context.

# 1 Introduction

## 1.1 Bridging research and policy

This Working Paper forms part of ODI's Bridging Research and Policy project which is seeking to learn more about linkages between development research, policy and practice and to develop simple tools for researchers and policy-makers to promote evidence-based international development policy. The research project includes a literature review, the development of a framework paper to guide the research, and four case studies of specific policy changes where research may, or may not, have played a significant role. These are:

- **Poverty Reduction Strategies.** The history of the PRSP approach can be traced back through the history of aid, but it developed into the form it took in 1999 because the proposal submitted in September of that year solved a number of specific problems within and for the IFIs in particular. The origins of the PRSP initiative are long and complicated. Similar ideas emerged in a number of places at similar times, which is probably why an idea that was a substantial challenge to current practice took hold relatively easily. This case study explores how, during 1999, the international discourse about the Comprehensive Development Framework (CDF) became linked to the adoption of the Enhanced HIPC and then more broadly to the management of IMF and World Bank programmes in poor countries, and how this translated into the preparation of the first PRSPs.
- **Humanitarian Aid.** One of the most significant policy shifts in the international humanitarian sector in the last decade has been the move to strengthen the accountability of humanitarian agencies and to find ways of improving performance in humanitarian response. One of the key policy initiatives, representative of this shift, was the decision to launch the Sphere project in 1996, in the wake of the much-criticised international humanitarian response to the Rwanda crisis. Sphere resulted in the publication of a 'Humanitarian Charter and Minimum Standards for Disaster Response' in 2000. This case study explores the process that led up to this policy initiative. For example, how significant was the Joint Evaluation of Emergency Assistance to Rwanda? What were the other key factors that triggered the launching of Sphere? How significant was the policy context, in which humanitarian agencies were subject to harsh and public criticism?
- **Livestock Services.** Livestock services have long been regarded as an easy target for reform and privatisation, first under structural adjustment programmes in the late 1980s and early 1990s, and more recently, as part of re-orientating agricultural services under poverty reduction strategies. Veterinarians and governments in most countries, however, have been very reluctant to liberalise the policy framework to allow private and especially para-professional services to flourish, despite good evidence that paravets can provide an effective, cost-efficient, and safe service. This research identifies the critical factors and the relevance of research in the evolving livestock service policies particularly in Eastern Africa and the Horn.
- **Sustainable Livelihoods Approach.** The final case study tracks the influence of research on the emergence and adoption of the Sustainable Livelihoods Approach (SLA) in DFID's 1997 White Paper. It examines how an idea that was originated by researchers, conceptualising both emergent theory and practice, was adopted as a guiding principle of UK development policy less than a decade after it originated. The adoption of the idea was due both to the right conjunction of context, actors and evidence, as well as some serendipity, which enabled key interactions to take place and the idea eventually to be transformed to official policy.

The literature review carried out (Vibe, Hovland and Young, 2002), and a framework has been developed to guide the research (Crewe and Young, 2002). This Working Paper presents the results of the PRSP case study.

## 1.2 Case study of the PRSP initiative

The policy decision in this case study is the adoption in September 1999 by the Executive Boards of the World Bank and IMF of a new piece of ‘aid technology’, the Poverty Reduction Strategy Paper or PRSP.<sup>1</sup> This paper examines how the idea of the PRSP came to be adopted and the role of research in that process. It does not attempt to look at the impact, implication or value of this change in policy but instead focuses on this as an example of new policy thinking being adopted at the highest levels.

The core case study questions that this paper addresses are:

- How did the idea of the PRSP come to be adopted?
- What was the role of research in this process?

Research is used here in a very broad sense to mean knowledge acquired ‘by gathering information, contemplation, trial, and/or synthesis’ (Crewe and Young, 2002: 4). In this case study there are a number of major types of evidence which include:

- traditional independent academic research
- commissioned academic work
- evidence generated by internal research and evaluation departments, particularly of the IMF and World Bank
- evidence set out in NGOs papers and campaign material

The paper addresses three sub-questions:

1. How and why did the Comprehensive Development Framework (CDF) evolve into the PRSP?
2. How and why did Heavily Indebted Poor Countries (HIPC) Initiative debt relief become linked to PRSPs?
3. How and why did all International Development Association (IDA) and Poverty Reduction and Growth Facility (PRGF) flows then become linked to PRSPs?

### 1.2.1 *The policy event in September 1999*

The events, ideas and processes outlined in this paper culminated in the submission and acceptance of two significant documents in September 1999 by the first ever joint meeting of the International Monetary and Financial Committee, IMFC (comprising Governors of the IMF – typically Ministers of Finance or central bank governors) and the Development Committee, DC (a joint committee of the Governors of both the World Bank and IMF). The first paper outlined the new approach being set out for the World Bank’s IDA lending, suggesting that the new aid technology be called the Poverty Reduction Strategy Paper or PRSP (World Bank, 1999). The second was a discussion of how the Enhanced Heavily Indebted Poor Countries Initiative (HIPC2) could operationalise the link between debt relief and poverty reduction as conceptualised in the PRSP, jointly drafted and

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<sup>1</sup> The term ‘World Bank’ is used throughout this paper to refer to the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) of the World Bank Group.

authorised by the respective heads of the policy departments of the IMF and World Bank (IMF/World Bank, 1999a). The two papers cross-referenced each other and were closely coordinated. The HIPC document was jointly drafted and authorised by the respective heads of the policy departments of the IMF and World Bank. More detail was added a few months later in the operational issues papers produced in December.

### *1.2.2 The PRSP process and principles*

A PRSP is a document that sets out an analysis of poverty in a country and defines a national strategy for reducing it. The PRSP is now usually, but not always, the result of a process that starts with an Interim PRSP (IPRSP). This document is drafted by the national government, usually led by the Ministry of Finance, and usually with consultation and advice from the IFIs, other donors and civil society. The IPRSP then becomes a ‘road map’ to the drafting of the final PRSP. In the period between the formulation of these two documents a participatory consultation process is undertaken and data on the nature and distribution of poverty are generated and analysed statistically and often also using a Participatory Poverty Assessment (PPA). The World Bank and IMF specify that in the PRSP document there must be a description of the participatory process undertaken, a ‘comprehensive poverty diagnostic’, clear and costed priorities and targets, indicators and a system of monitoring and evaluating progress.

The PRSP is then reviewed by the staff of the World Bank and IMF, and if, or once, they consider the document acceptable, they generate a Joint Staff Assessment (JSA). This assessment contains some comments on the document, and a recommendation to the Executive Boards of the World Bank and IMF that the PRSP is a sufficient basis for concessional lending or debt relief. This was a way around the problem of the PRSP itself being the basis of an IMF or World Bank decision. Countries must then generate an Annual Progress Report on Poverty Reduction Strategy giving an account of the progress of implementation. Although only a few countries have yet reached this point (e.g. Uganda, Bolivia), the idea is that the process of generating a PRSP might be repeated every three years.<sup>2</sup>

There are five core principles that underlie PRSP development and implementation (IMF/World Bank 1999c). The poverty reduction strategies should be:<sup>3</sup>

- country-driven: involving broad-based participation by civil society and the private sector in all operational steps;
- results-oriented: focusing on outcomes that would benefit the poor;
- comprehensive: recognising the multidimensional nature of poverty;
- partnership-oriented: involving coordinated participation of development partners (bilateral, multilateral, and non-governmental);
- based on a long-term perspective for poverty reduction.

66 countries have entered a PRSP process, of which 21 have completed their first PRSP and the World Bank and IMF Joint Staff Assessment (JSA) has gone to the Board.<sup>4</sup> Embarking on a PRSP process is now an entry criteria for accessing debt relief under HIPC and for accessing the low-income country concessional lending streams of the IFIs (the World Bank’s International

<sup>2</sup> As of February 2003, the period covered by the process of generating a PRSP can be two to five years.

<sup>3</sup> See [http://www.worldbank.org/poverty/strategies/overview.htm#core\\_principles](http://www.worldbank.org/poverty/strategies/overview.htm#core_principles)

<sup>4</sup> These are Albania, Bolivia, Burkina Faso, Ethiopia, the Gambia, Guinea, Guyana, Honduras, Malawi, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Senegal, Tajikistan, Tanzania, Uganda, Vietnam, Yemen and Zambia. Kenya and Ghana both have a complete PRSP that has not gone to the Board. Cambodia and Kyrgyz Republic are next in line.

Development Assistance (IDA) and the IMF's Poverty Reduction and Growth Facility (PRGF)). The PRSP process can also be a reason for going 'off-track' with these programmes, and so can hinder loans from IDA/PRGF or delay completion point under HIPC. 26 countries are currently receiving debt relief under HIPC2, of which eight have reached Completion Point.<sup>5</sup>

The length, structure and content of the final PRSPs produced to date vary substantially, as does the degree to which they adhere to the five principles. The extent to which PRSPs have, or even can, achieve these core principles is much debated, and is not addressed in this paper directly. There is an extensive literature developing on this subject.<sup>6</sup>

### *1.2.3 How does the PRSP initiative differ from what preceded it?*

In theory, there are a number of linkages and mechanisms that PRSPs try to establish that differentiate them from previous aid technologies. These are related to the critiques and thematic shifts in the aid debate that are discussed in more detail in Section 2. These include:

- lending to be based on policies that are developed nationally rather than in Washington – promoting 'ownership';
- linking strategies aimed at reducing poverty to the fiscal and macroeconomic framework;
- reducing the gap between policy and results (planning and structuring actions rather than just measuring the impact on poverty);
- opening-up strategy to generate a process of broad-based participation;
- providing opportunities for new ways of delivering aid (pooled funding or general budget support, joint appraisal, common performance assessment).<sup>7</sup>

In theory at least, the PRSP approach that was introduced in 1999 had huge implications both for the recipient government, the IFIs and donors, and NGOs more generally. For the IFIs in particular, the PRSPs implied substantive operational changes. PRSPs became the on-switch for access to HIPC debt relief and also for a new series of lending instruments. For the IMF the Enhanced Structural Adjustment Facility (ESAF) was replaced by the Poverty Reduction and Growth Facility (PRGF), partly in response to the criticisms identified by the internal and external ESAF reviews. PRGF lending flows were then linked to PRSPs. The World Bank's Country Assistance Strategy (CAS) was to be based on the governments' own strategies, and a little while after, the Poverty Reduction Support Credit (PRSC) (announced in May 2001) emerged as the new lending device – also linked to PRSPs. For the bilaterals, the PRSP was a way of operationalising the principles that were to be incorporated in the Development Assistance Committee (DAC) Poverty Guidelines. For the project-focused bilaterals as well as the NGOs that they funded, PRSPs implied a major shift in approach towards 'participation' in government processes and a move towards policy analysis and advocacy. And for recipient governments it implied enhanced control of their policy processes, improvements in the quality of policy, public expenditure and monitoring processes, and higher impact on the poor.

However, in practice the approach has 'yet to take full advantage of the opportunities it poses'.<sup>8</sup> This paper does not address the critiques that have been levelled at the PRSP approach, but it is perhaps important to note here that some of the promised radicalism outlined in the initial concept and even in the current theory of the process has not been fulfilled.

<sup>5</sup> The eight countries that have reached completion point as of March 2003 are Benin, Bolivia, Burkina Faso, Mali, Mauritania, Mozambique, Tanzania and Uganda. See [http://www.jubileeresearch.org/hipc/progress\\_report/country.htm](http://www.jubileeresearch.org/hipc/progress_report/country.htm)

<sup>6</sup> For more assessments and reviews of PRSPs, see Booth (2001).

<sup>7</sup> See the PRSP synthesis project learning events, <http://www.odi.org.uk/prpsynthesis/aghdle.ppt>

<sup>8</sup> *ibid.*

### **1.3 Outline of the working paper**

The relative contribution of research to the PRSP policy initiative described above will be considered using a three-dimensional framework. This framework is presented in Section 2 under the following headings:

- Policy context: politics and institutions
- Evidence: credibility and communication
- Links: influence and legitimacy

Section 3 on ‘Backdrop, narratives and players’ narrates the adoption of the PRSP initiative. The section firstly outlines important shifts in international development discourse before discussing the main players – the World Bank and IMF, Strategic Partnership with Africa, the UK and US governments, and the NGO movement. Following this there is a discussion of internal processes in the World Bank and IMF that preceded the adoption of the PRSPs. These include the failure of the Policy Framework Paper (PFP), Wolfensohn’s Comprehensive Development Framework (CDF), and the ESAF and HIPC reviews. The final part of Section 3 describes the events of the last few months before September 1999 when the PRSP initiative was officially launched.

In Section 4 the PRSP story is analysed using the three-dimensional framework of context, evidence, and links. Theory from the academic field of bridging research and policy is drawn on, in order to understand the policy shift and the relative role that was played by research in this process. Section 5 draws together concluding implications for the relation between research and policy.

## 2 Research Framework and Approach

This section presents the theoretical framework for understanding research-policy links. It is based on literature from the research and policy fields. The four case studies in this series (see introduction) will be used to test the framework and add to it.

### 2.1 Research framework: ‘context, evidence, links’<sup>9</sup>

Traditionally, the link between research and policy has been viewed as a linear process, whereby a set of research findings is shifted from the ‘research sphere’ over to the ‘policy sphere’, and then has some impact on policy-makers’ decisions. At least three of the assumptions underpinning this traditional view are now being questioned. First, the assumption that research influences policy in a one-way process (the linear model); second, the assumption that there is a clear divide between researchers and policy-makers (the two communities model); and third, the assumption that the production of knowledge is confined to a set of specific findings (the positivistic model). Literature on the research/policy link is now shifting away from these assumptions towards a more dynamic and complex view that emphasises a two-way process between research and policy, shaped by multiple relations and reservoirs of knowledge. This shift reflects the fact that this subject area has generated greater interest in the past few years and, already, a number of overviews over the research-policy linkage exist (e.g. Keeley and Scoones, 1999; Sutton, 1999).

Following Carol Weiss (1977), current research/policy reviews usually recognise that although research may not have *direct* impact on specific policies, the production of research may still exert a powerful *indirect* influence through introducing new terms and shaping the policy discourse. Weiss describes this as a process of ‘percolation’, in which research findings and concepts circulate and are gradually filtered through various policy networks. Thus, while the traditional question could be phrased ‘How can research be transported from the research to the policy sphere?’, the new question to be addressed concerns research uptake pathways: ‘Why are some of the ideas that circulate in the research/policy networks picked up and acted on, while others are ignored and disappear?’ The answer to this seems to lie in a combination of several determining influences, which can broadly be divided into three areas:

- The political context
- The evidence, and how it is communicated
- The links between researchers and policy-makers

#### 2.1.1 Context

Research/policy links are shaped by events and trends in the wider political context. In addition, the policy process and the production of research are in themselves political processes, from the initial agenda-setting exercise through to the final negotiation involved in implementation. Political agendas, power relations, and institutional pressures are all aspects of the policy process.

The political context also consists of broader macro formations – ‘discourses’ or ‘paradigms’ – that may exert a powerful influence over which ideas are noticed and which are ignored. It may be helpful to view these formations as divided into three layers (following Raymond Williams): the dominant discourse, the residual discourse, and the emerging discourse. Ideas and concepts may be

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<sup>9</sup> The text in this section is adapted from de Vibe, Hovland and Young (2002).



picked up and used because they are compatible with the dominant policy discourse, and therefore serve to confirm and support present approaches. Other ideas may be recognised as stemming from a residual discourse, and may therefore be used because of their familiarity – or dismissed as ‘old-fashioned’. Yet other ideas may be noticed because they shape an emerging and alternative discourse, and may thus be used by those who wish to challenge dominant ideas. At all levels there is varying ‘room for manoeuvre’.

### *2.1.2 Evidence*

The degree of attention paid to circulating ideas is in part determined by the way that those ideas are presented. There are many academic fields that provide interesting contributions in this regard, including the literature on interpersonal communication, advocacy and marketing communication, media communication and information technology, and knowledge management and research relevance. These fields have gradually shifted away from various linear theories of communication (sender – message – channel – recipient) towards more interactive models. The focus on interaction implies that there is no longer a hierarchical and clearly defined relationship between the ‘sender’ and ‘recipient’, but rather that both parties in a communication process occupy sender and receiver roles at different stages. Moreover, different actors will understand and respond to the message in different ways. Whether or not a circulating idea is able to elicit an engaged response from actors depends on a range of factors, such as the perceived credibility of the source, the way the idea is communicated, the language used, the layout, and the timing.

### *2.1.3 Links*

The research/policy link is played out in the interface between the surrounding (political) structure and the actors involved: networks, organisations/institutions, and individuals. Actors may interact through official policy working groups, or through loose networks of like-minded people who are interested in sharing ideas. The links between them may be formal or informal.

In the literature on formal network management, the starting point is often a view of policy-making as negotiation over ‘public action’. Networks are seen as a relatively efficient means of handling such negotiations. In the international development field, characterised by attempts to define the role of the state in neo-liberal economic theory and with an emphasis on good governance and sector-wide programmes, networks have established themselves as patterns of relations that are well suited to current policy processes. In addition they relate well to issues around partnership and trust.

Networks can also be a more informal arena where ideas are shared and discussed. The informal dimension of knowledge sharing often brings out the importance of researcher–policy-maker interaction and the ‘non-linear’ nature of decision-making. Different types of networks can be referred to as ‘policy communities’, ‘epistemic communities’, ‘communities of practice’ or ‘advocacy coalitions’.

## **2.2 Research approach**

It is our hypothesis that research is more likely to contribute to evidence-based and pro-poor policy-making if:

- it fits within the political and institutional limits and pressures of policy-makers and resonates with their ideological assumptions, or sufficient pressure is exerted to challenge those limits;

- outputs are based on local involvement and credible evidence and are communicated via the most appropriate communicators, channels, style, format and timing;
- researchers and policy-makers share particular kinds of networks and develop chains of legitimacy for particular policy areas.

To test these hypotheses, ODI researchers constructed an historical narrative leading up to the observed policy change in each case study. This involved creating a timeline of key policy decisions and practices, along with important documents and events, and identifying key actors. The next step was to explore why those policy decisions and practices took place and assess the role of research in that process. This was done through interviews with key actors and reviewing the literature, and cross-checking conflicting narratives.

The overall research question guiding the project is:

- How can policy-makers and researchers make better use of research to contribute to more evidence-based policies that reduce poverty, alleviate suffering and save lives?

Specific questions explored in the case studies included:

- To what extent was the impact of research on policy-making shaped by political and institutional structures and ideological assumptions?
- To what extent did local involvement, the quality of research, and communications strategies affect the impact that research had on policy-making in particular areas?
- To what extent did researchers and policy-makers share particular kind of networks, common goals and chains of legitimacy for particular policy areas?

In the PRSP case study, the research is based on accounts given by key actors of events of three or four years ago, and a literature review, particularly of policy documents, official statements, as well as some internal and ‘grey’ material. Interviews were conducted mainly in Washington and London in the period August to October 2002. The research process included iteration between the internal findings of the specific case studies, the research questions for each of those and the general research framework. Appendix 1 provides more details on the research methodology and timing, the key informants are listed in Appendix 2, and the key research questions are given in Appendix 3.

As with all such historical work, there is a risk that actors may ‘re-write history’ after a time lapse of a few years and in the light of perceived failures or successes of the PRSP policy approach. A second issue related to research on past events is the question of access to alternative approaches and options that were competing with the PRSP process at the time – and have since been discarded. During the course of the research, therefore, substantial efforts have been taken to triangulate and to verify the accuracy of the narrative. A chronological presentation of events is drawn up in Appendix 4.

### 3 Backdrop, Narratives and Players

There is no one single coherent narrative of how the PRSP emerged, because there does not seem to be a single or dominant ‘critical pathway’ that ended in the PRSP initiative. There are a large number of different actors, institutional structures and strands of history and thought that interweave in this story. The complexity of the accounts that these actors present, their internal and external political context, and some of the events and shifts in thought, all need to be explained for the story to make sense. This section gives some of this essential background and narrative.

During the last couple of decades there have been a number of important shifts in approach and thinking about development and how to do it. To varying degrees, these were the result of research. The first section of this chapter considers them briefly. Some are important because of the context they provide for the actors in the particular story we are telling. Others are more directly relevant because they have highlighted problems and critiques which the PRSP approach responded to in 1999. The debates reviewed are those around poverty reduction, participation and aid effectiveness.

The second part of this section focuses on actors. The players presented here are firstly the institutions that played important or decisive roles in the development or acceptance of the PRSP approach. Those included are the two central agencies, the IMF and World Bank, as well as the World Bank-initiated Strategic Partnership with Africa (SPA) – because of its role as a policy community; the US administration – because of their financial importance; the UK government – because of their level of interest; and the NGO movement – because of their influence. The importance of the Uganda experience as a template for the initiative is also outlined.

The third and fourth parts of this section explore some of the specific issues and problems that were current within the World Bank and IMF and played a significant role in shaping or creating demand for the PRSP approach. The need for a new aid technology emerged from the failure of the Policy Framework Papers (PFPs), the development of the Comprehensive Development Framework (CDF) by Wolfensohn, the Enhanced Structural Adjustment Facility (ESAF) Reviews, and the failures of the (first) Heavily Indebted Poor Countries (HIPC) Initiative.

#### 3.1 Shifts in international development policy discourse

##### **Box 1 Schematic History of Development Cooperation**

- 1960s: With donor support, newly independent Governments in a hurry displace the private sector: National development plans, Government-led industrialisation, nationalisation.
- 1970s: Donors in a hurry displace Government: Donor driven projects with their own management structures outside Government, integrated rural development.
- 1980s: Governments, responding to donor/IFI stipulations, return ownership to private sector: structural adjustment, privatisation.
- 1990s: Donors begin to return ownership to Government: Sector Programmes, direct budget support, ‘partnership’ rhetoric replaces conditionality.
- 2000s: Increased emphasis on accountability to domestic institutions: Governance, participation, CDF, PRSPs.

*Source:* Foster 2000, adapted from a presentation by Barry Ireton.

The emergence of the PRSP approach in 1999 clearly owes much to changes in thinking around the development process that occurred in the decades that preceded it. The underlying event that allowed the aid agenda to shift in operational terms was the end of the Cold War in 1989. However,

research also played a role in the build-up of new assumptions and approaches. While the shifts in thinking since then have been heavily intertwined, they are mapped out below in terms of the debates around poverty, participation and aid effectiveness.

### *3.1.1 Poverty reduction*

The changes in thinking on the meaning and causation of poverty and the shift in the aim of development assistance to poverty reduction were clearly central building blocks in the emergence of the PRSP approach. During the 1990s, the poverty agenda was changing. This was in particular due to the ideas summarised in the World Bank's World Development Report (WDR) in 1990 and the further refinement of the ideas expressed in this report through internal operational documents in the World Bank in the early 1990s, and critiques of its limitations (Lipton and Maxwell, 1992), leading up to the WDR 2000/2001. As a result of this process, several particularly important themes in the poverty discourse can be broadly summarised as follows:<sup>10</sup>

- growing interest in vulnerability and social protection;
- changing perspectives on the role of, and relations between, different development actors, specifically the market, the state (particularly following the Asia crisis in 1997) and civil society;
- broader definitions and alternative measures of poverty were taken into use, where 'poverty' expanded from measures of private consumption to include assets, social consumption, security, and empowerment.

### *3.1.2 Participation*

Over the course of the 1990s participation came to occupy a very important position in the discourse about development policy, reflecting in part a build-up of applied research findings on the issue. Broadly speaking, there are two distinct, if complementary, definitions of, and arguments for, participation in a developmental context. The first is a fairly narrow, project-level perspective, and is based upon the argument that participation of the intended beneficiaries in problem analysis and policy-making improves the quality of information available to policy-makers and, therefore, the quality of the programmes and plans that result (Chambers, 1983; 1994; 1997). The second strand relates to the quality of governance in a country, and how this affects development results, including poverty reduction. Officially-legitimised participation, it is argued, helps both those who make policy and those whom it affects to think of policy-makers as accountable for their performance.<sup>11</sup> Both of these arguments about participation run strongly through the PRSP story, and are emphasised in the 'basic principles' – that the PRSP is to be written on the basis of broad participation, engaging civil society and the private sector in the debate about national development and public expenditure priorities.

### *3.1.3 Aid effectiveness*

The third shift described here, and the academic research which contributed to it, was by far the most widely recognised within IMF and World Bank circles and was also the most commonly

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<sup>10</sup> Other influential documents included a set of strategic policy statements from bilateral donors (e.g. DFID, 1997; SIDA, 1997; SDC, 2000); as well as Guidelines from OECD-DAC (2001) and UNDP publications which packaged poverty reduction as human development.

<sup>11</sup> Participation is in this context associated with a number of other concepts drawn from political science and policy studies, most notably the concepts of transparency (a major concern of World Bank economist Stiglitz, for example), accountability (Jenkins and Goetz, 1999), democracy (Moore and Putzel, 1999), ownership and empowerment (World Bank WDR, 2000/01).

regarded as relevant to the PRSP initiative. The PRSP approach can clearly be seen as emerging from the ‘aid effectiveness’ agenda which set out to evaluate the role, impact and effectiveness of official development assistance, in particular including issues around conditionality, ownership, projects/programmes, public expenditure management, and donor coordination.

### **Conditionality and ownership**

By the late 1980s it was clear that, for whatever reason, the anticipated growth was not generally happening, particularly in sub-Saharan Africa, and that the crisis had not been alleviated by the ‘right policies and the right support package’ that Structural Adjustment provided.<sup>12</sup> The critiques of Structural Adjustment came from many different quarters, and there was growing concern about the outcome of policy-based lending.<sup>13</sup> The debate about the use of conditionality began to change when research economists moved into the debate, trying to assess its effectiveness more systematically and empirically.<sup>14</sup> Evaluations of the approaches of the 1980s began to emphasise the policy environment (Boone, 1994a, 1994b; Burnside and Dollar, 1997), some going further to suggest that aid was being used for consumption and thus not augmenting growth (Boone, 1994a, 1994b) and that if the policies ‘were not right’ then aid reduced growth. The flip side of the conditionality coin was identified as the need for ‘better government ownership’.<sup>15</sup> At the same time, during the second half of the 1990s, the International Development Targets (IDT) had been formulated but progress towards them had generally been disappointing. This was also an issue for concern and the topic of applied policy research (e.g. Demery and Walton, 1998).

### **From projects to programmes and public expenditure management**

Simultaneously, critiques of project financing were emerging over the 1980s and 1990s.<sup>16</sup> The main critical conclusions of evaluations of project aid can be summarised as follows:<sup>17</sup>

- High transactions costs from the multiplicity of different reporting and accounting requirements, including tied aid;
- Inefficient spending dictated by donor priorities and procurement arrangements;
- Extremely unpredictable funding levels;
- Undermining of state systems through the special staffing arrangements and parallel structures;
- Corrosion of democratic accountability as mechanisms are designed to satisfy donor rather than domestic constituencies;
- Hard to sustain positive impact beyond the short term, with high level of reliance on donor funding which undermined sustainability;
- Corruption, fraud and rent-seeking were also a feature of the management of projects and not overcome by their independence from government.

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<sup>12</sup> Studies which looked at this include World Bank (1988; 1998) and research by Mosley (1987); Gupta and Islam (1983); and Cassen (1986).

<sup>13</sup> In response, there was also a proliferation of conditions that were meant to try and overcome the criticisms. While the impact varied from country to country, in the most extreme cases this resulted in loans with over 200 conditions ranging from the standard specifications on macroeconomic, trade, finance, and privatisation changes to detailed conditions on the protection of forest resources and the rights of indigenous people.

<sup>14</sup> Key work in this area includes Killick (1991); Helleiner (2000); Helleiner et al. (1995); Mosley, Harrigan and Toye (1995); and the work by Dollar and his collaborators such as Burnside and Dollar (1997); Dollar and Kraay (2001); and Collier and Dollar (1999). Thomas (2003) summarises the major critiques of conditionality.

<sup>15</sup> Influential documents in this area include Johnson and Wasty (1993); Haggard and Kaufman (1992); Tarp and Hjertholm (2000); Dollar and Svensson (2000). Critiques of ownership were also voiced (e.g. Killick et al., 1998), and as one interviewee for this study put it: ‘we did not need Dollar and Kraay to tell us ownership of policies mattered, the question was how to tell if there was enough, and how to make it better’.

<sup>16</sup> Key influential internal World Bank critiques were the Wapenhans report (1992) and ‘Assessing Aid’ (1998).

<sup>17</sup> Adapted from Lawson et al. (2002).

During the mid-1990s the donor community began to respond to these critiques in more tangible terms. The DFID 1997 White Paper is one of the most significant examples of this shift in donor approach which committed the government to working as far as possible through governments and normal budgetary processes. The consequence of such an approach is a shift toward a focus on governance issues, and particularly the transparency and accountability of public expenditure systems.

### **Donor coordination**

While a very old concern, in its latest incarnation this is closely linked to the programme aid and Public Expenditure (PE) approach to aid and the ‘failures’ of conditionality and project aid. The Comprehensive Development Framework (CDF) invented by the World Bank in early 1999 was influential in drawing together ideas about donor coordination, amongst other things.<sup>18</sup>

## **3.2 Description of the players**

Some background information on the institutional players in this story and their internal dynamics and cultures are central to understanding the policy context of the PRSP story. Making generalisations about any large organisation is always fraught with difficulty and thus must be treated with caution. Nevertheless, the following section attempts to outline some of the history and characteristics of these institutional players, and to list a few central individual actors within them.

### *3.2.1 World Bank and IMF*

The International Financial Institutions (IFIs) set up at Bretton Woods in 1944 obviously played the central role in this story.<sup>19</sup> In this section they are discussed together because it helps to highlight some of the areas of important tensions as well as where their similarities reinforce each other.

#### **Leadership**

The heads of the institutions during the majority of the period most directly relevant to the development of the PRSPs were James Wolfensohn at the World Bank, who took over the post from Lewis T. Preston in 1995, and Michel Camdessus at the IMF, appointed in 1987. Wolfensohn’s arrival initiated a rather different era within the World Bank. He was concerned to promote a more open and less secretive culture, and attempted to respond to the external criticism being levelled at the Bank. Camdessus, on the other hand, had a greater stake in the past. He had been a central player in the era of Structural Adjustment, and largely rejected the critiques of ESAF and negative assessments of the impact of IMF policies on the poor. He was initially resistant to debt relief. This dismissal was in part based on the personal role he played in introducing some recognition of distributional aspects into the ESAF, particularly the incorporation of safety nets and social spending prioritisation. While he may not have accepted the content of the critiques, there was certainly a recognition that the IMF was facing a serious public relations challenge and that there was at least a need to repackage.

#### **Mandate problems**

The split between short term macroeconomic instability and longer term development and growth has become increasingly problematic over the last few decades. Both the World Bank and the IMF have, in rather different ways, been through a difficult period, in which both internal and external forces have questioned their mandate and the division of labour between the two organisations.

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<sup>18</sup> The UN system also attempted some internal coordination through the UNDAF (UNDAF Guidelines, April 1999, see [http://www.un.org.np/res\\_cor/un\\_reform/undaf/UNDAF\\_guide.pdf](http://www.un.org.np/res_cor/un_reform/undaf/UNDAF_guide.pdf)).

<sup>19</sup> The term IFIs will be used throughout this paper to denote the World Bank and the IMF only.

Much of the debate has been focused around the role of the IMF in low-income countries, particularly the question of IMF lending over the long term rather than for short term balance of payments problems.

### **Policy-making processes**

There is a strong contrast between the way policy is made and implemented in the IMF and in the World Bank. The IMF can be broadly characterised as a traditional, hierarchical bureaucracy where decision and policy-making is a top-down activity, and where decisions, once they have been made, are implemented. This means that once senior management has approved something in the IMF, the impetus this gives is far more powerful than in the World Bank. In contrast, the World Bank's decision and policy-making, relatively speaking, more egalitarian and diffuse. It can be described as an internal market for ideas. Particular ideas in the World Bank are published under individual names, partly due to the structure of staff incentives. Implementation is in some sense limited to those who 'bought' the ideas in the first place, and these do not necessarily represent the official line.<sup>20</sup>

Despite differences between the two institutions, however, it is worth noting that they are more similar than different in terms of economic outlook, and they are both very rule-bound institutions. In both of them the Executive Boards play a significant role in shaping policy. In terms of individual behaviour and incentives in both organisations, although perhaps more pronounced in the IMF, most staff operate within the same economic paradigm, perhaps due to similar educational backgrounds and also an element of self-selection.

### **External critiques of the IFIs**

More of the specific critiques are discussed further in the following sections. However, the reaction such critiques have provoked is worth noting here in general terms. Both organisations, particularly in the past, have had a significant tendency towards insularity, and the reaction to ideas and critiques coming from outside is usually less than positive. The build-up of external pressure was significant during the 1990s, and came from a wide variety of different sources. Critiques that were not expressed in the language of the institutions fared particularly poorly, and those that questioned the content of the policy package, as opposed to its implementation, were the least welcome. Partly for these reasons, partly due to the serious flaws of some critiques, and partly from knee-jerk prejudice, NGOs still tended to be one of the least respected sources of criticism. However, with Wolfensohn's establishment of SAPRIN this began to change.<sup>21</sup>

### **SAPRIN (Structural Adjustment Participatory Review International Network)**

In June 1995, a group of NGOs who felt that the needs of the people were being ignored by the IFIs, invited Wolfensohn to engage civil society in a joint assessment of the impact of adjustment programmes. Part of the backdrop, and perhaps also a consequence, was Wolfensohn's effort to build a dialogue with the NGO community, including some of its most vociferous members. Wolfensohn accepted the proposal, and this resulted in SAPRI in 1997 (later to become SAPRIN). While there were a series of problems on the nature of selection and representation, it was increasingly led by southern NGOs, with the important feature that the committee had access to the Executive Board of the World Bank. However, other NGOs – including the US Development Gap – felt that the World Bank–NGO Committee was too close to the Bank.

<sup>20</sup> For further discussions, see Coyle (2001); Stern (1997); Wade (1997).

<sup>21</sup> The World Bank's approach started to change rather earlier with the absorption of increasing numbers of former NGO staff, such as John Clark from Oxfam UK and Michael Edwards from Save the Children's Fund. The more negative attitude of the IMF persisted for rather longer, as accounts of meetings between Jubilee 2000 and IMF in September 1998 would seem to illustrate.

### **Attitude to research**

Both IFIs pride themselves on the academic credentials of their staff and their links to academia. Beyond their research department, however, it is notable how little research produced outside the institutions is actually being used. There are specific research units and individuals that are drawn on, but in general there is not a strong internal culture of reading and reflecting upon research. Above all, there is a neglect of non-US or non-UK scholarship, as the bibliographies of successive World Development Reports show.

To be fair, this is undoubtedly closely associated with the time and operational pressures that staff are under, and the fact that much academic work does not explicitly attempt to draw out its policy relevance or policy implications. Internally produced or commissioned research has a much higher profile, and is taken far more seriously. Although internal research is more likely to have an impact, that which fits with the prevailing view is taken more seriously than that which casts doubts on key tenets. In both organisations the strength of the research departments seems to have increased or become more relevant to low-income countries during the 1990s.

A key difference between the two research departments reflects the issues discussed above in relation to the policy processes. The World Bank has a disclaimer policy which means that the research conducted is not the official view of the organisation, and publication is under the name of the researchers themselves. This puts staff in a position where they potentially face complicated and possibly contradictory incentives. Are they serving the academic community or the World Bank? Research in the IMF, on the other hand, is the official line of the organisation, and is only published after it has been signed off by middle management.

### **The Boards**

The role of the Executive Boards and the Governors in both organisations is central. There are five appointed Executive Directors on each Board who represent the five members with the largest quotas (France, Germany, Japan, the United Kingdom and the United States). In addition, there are elected Executive Directors who represent other members and who are chosen every two years. (The number of elected Executive Directors may vary, but at the moment there are 19 for the IMF and 19 for the World Bank.) The Boards of Governors of both institutions have a joint forum in the Development Committee (DC).<sup>22</sup> A second important forum is the International Monetary and Financial Committee (IMFC), which focuses primarily on the international monetary system.<sup>23</sup> Both IMF and World Bank Governors are usually staffed by Ministers of Finance (with a few exceptions such as Clare Short as a Development Minister being the UK Governor of the World Bank). Consequently, they have historically been rather conservative bodies, whose focus is on the international financial system. This conservatism has permeated the organisations. Whether or not something will 'get through the Board' is a central concern of programming and policy, and there is a fair degree of self-censorship that occurs as a consequence.

### **Distrust of each other**

The relationship between the two organisations has always been problematic. Joint mechanisms such as the Policy Framework Papers (PFP) have failed (as discussed below). The failure to work effectively together was a particular source of pressure on their Executive Boards. While the lack of clarity over mandates has no doubt contributed to this, perceptions of each other are not always positive. To caricature the opinions expressed, the World Bank is perceived as ineffective and

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<sup>22</sup> Formally known as the Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries, the Development Committee (DC) was established in 1974 as a forum that 'facilitates intergovernmental consensus-building on development issues'.

<sup>23</sup> The Interim Committee of the Board of Governors changed its name to the International Monetary and Financial Committee of the Board of Governors (IMFC) on September 30, 1999. The IMFC is comprised of Governors of the IMF (typically ministers of finance or central bank governors), and currently has 24 members. At present the Chairman of the Committee is Gordon Brown.



confused, and the IMF as rigid and arrogant. The close relationships that developed between the two policy divisions in the late 1990s are an important part of the story of the PRSPs.

Key IMF actors: Tony Boote, Hugh Bredenkamp, Jack Boorman, Michel Camdessus.

Key World Bank actors: Masood Ahmed (who subsequently moved to the IMF), Axel von Trotsenburg, Jeff Katz, James Wolfensohn (see Appendix 2 for details).

### 3.2.2 *Strategic Partnership with Africa*

The Strategic Partnership with Africa (SPA), then Special Programme of Assistance for Africa, was set up in September 1987 as an informal association of donors focusing on the low-income, highly-indebted, countries in sub-Saharan Africa. The initiative was proposed by the World Bank and the IMF, through Kim Jaycox, with the primary aim of stimulating support for development assistance and the structural adjustment process amongst bilateral donors. Support for the IFIs, and thus funding flows, were flagging rather dramatically at the time. Additional aims were to review donor practices in support of reform; monitor the impact of reform on the poor; and provide intellectual leadership on a range of development issues (Shepherd and Bird, 2000). Member countries and organisations in the SPA select their own representatives, who meet twice a year. At these meetings, the partners monitor performance of recipient countries in implementing reforms, update the financing requirements, and also monitor one another's performance as regards allocating and disbursing donor pledges. Plenary meetings are informal and decisions are agreed upon through consensus without any formal voting.<sup>24</sup> The basic structure is one of nominated working groups that produce papers and guidelines, which are then agreed in annual plenary sessions. The secretariat is based in the World Bank in Washington.<sup>25</sup> In December 1999 the SPA changed its name to Strategic Partnership with Africa, reflecting a shift in approach that is relevant to this analysis.

#### **Opinion formation**

The SPA's ability to have a direct influence on World Bank policy seems to have been limited (Shepherd and Bird, 2000). However, it appears to have played an important indirect role as a forum for discussion where key individuals were exposed to a range of ideas while they were still in 'draft' form, and commented on them – including the ESAF review and the World Bank's 2000/01 World Development Report. The presence of many senior member of important bilaterals in the SPA also meant that it was influential on the bilaterals' own positions, and thus indirectly through their Ministers of Finance on the positions of the World Bank and the IMF. From a UK perspective, for example, SPA papers were circulated within DFID, SPA representatives contributed to the development of the DFID White Paper in 1997 and DFID's views on debt, and the UK SPA representatives also briefed UK DEL.

The forum certainly provided for greater policy cohesion amongst a key group of 'like-minded' donors, with the representatives of the Utstein group countries at the core in recent years.<sup>26</sup> The fact that it does not have an ultimate official policy-making function perhaps also means that it has had the space to be more radical.

Interestingly, there was a strong perception, particularly within bilaterals such as DFID, that the SPA was a key body in which ideas emerged that were later drawn together in the form of the PRSP initiative. While it is clear from the interviews that there was no one key source, it seems fair to

<sup>24</sup> Source: <http://www.spa-psa.org/1117web0.pdf>

<sup>25</sup> For more information see <http://www.spa-psa.org/>

<sup>26</sup> The Utstein group was originally was set up as a group of female Development Ministers, including those from Sweden, Netherlands, Germany and Britain, with the Norwegians joining more recently. The term 'like-minded' is less formal but usually refers more or less to the same group – plus or minus the Canadians and Germans, depending on the issue.

suggest that the sense of ‘ownership’ by key bilaterals of these ideas did probably greatly assist in the level of support that the PRSP approach received.

### **Working groups**

The debates following the World Bank initiative ‘The Social Dimensions of Adjustment’, combined with the mounting public pressure on lead players such as the UK, Germany, and the Netherlands around debt relief, changed the focus of the SPA. Poverty became an increasingly central issue to the agenda of the SPA, with a very active Working Group on Poverty and Social Policy which provided analysis on national poverty processes and strong support for the development of PPAs, as well as mapping out issues related to coordination and partnership.<sup>27</sup>

A second key set of issues was related to the activities of the Working Group on Public Expenditure. There was a particular focus on aid delivery, public expenditure reform and reviews, budgeting approaches such as the Medium Term Expenditure Framework (MTEF) and aid instruments and procedures, which also resulted in wider debates about ownership and partnership.<sup>28</sup> In addition, there was work being done on national poverty processes.

Key players: Mick Foster (DFID), Nick Amin (DFID), Barbara Hendrie (DFID), Jeff Katz (World Bank), Hugh Bredenkamp (IMF), Gunilla Olsson (SIDA social development and later Ministry of Foreign Affairs).

### *3.2.3 The UK Government*

The UK is an important actor in this story because it played the role of advocate of many of the ideas that merged into the PRSP initiative.

#### **DFID: a new lease of life for UK aid**

In the wake of the 1997 election of the New Labour government, the Overseas Development Administration (ODA) was removed from under the Foreign and Commonwealth Office and set up as a separate ministry entitled the Department for International Development (DFID), with a Cabinet position. The new institutional importance of the Department was reinforced by the political and personal influence of the new Secretary of State, Clare Short. With the heightened political profile of British official development assistance came increases in aid flows in the second term that Labour was in office.

Central to the new agenda brought in by Clare Short was an emphasis on the impact of aid on poverty, which resulted in her strong support for the International Development Targets (IDTs) which laid the foundation for the Millennium Development Goals (MDGs).<sup>29</sup> From this emerged a concern about the untying of aid from domestic political and economic self-interest. This built on the critiques of projects and the adoption of Sector Wide Approach (SWAP) principles taken from prior ODA thinking. Initially however there was little enthusiasm for the debt relief debate, which was seen as missing, and even distracting from, the main point, which was poverty reduction.

#### **Linking debt relief and poverty reduction**

A shift in DFID thinking occurred around the drafting of a speech in May 1998 at Queen Elizabeth House, Oxford (see Short, 1998). The work, undertaken by Clare Short and Paul Spray (who had joined from Christian Aid’s policy department), served to establish DFID’s position of linking

<sup>27</sup> See, for example, the synthesis report on national poverty processes by Greeley and Jenkins (1999), which built on country studies from Ghana, Uganda and Tanzania.

<sup>28</sup> The reports and guidelines produced by the SPA are available at [www.spa-psa.org](http://www.spa-psa.org)

<sup>29</sup> The IDTs were presented in May 1996 in the DAC document ‘Shaping the 21<sup>st</sup> century: The contribution of development cooperation’ (<http://webnet1.oecd.org/pdf/M00003000/M00003334.pdf>). For a discussion of their role see Poston et al. (2003).

deeper and faster debt relief to a programme of poverty reduction. The shift in position was probably reinforced by the hero's welcome that Clare Short received a few weeks later at the G7 summit in Birmingham. Within DFID the bringing together of the debt relief and poverty reduction agendas is seen as the starting point of a concept that developed into the PRSP.<sup>30</sup>

### **The Treasury**

Central to understanding the institutional dynamics in the UK is the close political relationship between Clare Short and the Chancellor of the Exchequer, Gordon Brown. There was strong support for Clare Short's agenda, which, given the domestic and international power of the Treasury, had substantially enhanced the UK's policy. The Treasury, however, lacked staff in this area; in 1997 there was only one team working on the Paris Club and IMF arrangements. Their lack of capacity *de facto* strengthened DFID's position, who were left to develop the content of policy, but with strong support from the Treasury and Gordon Brown in particular.

In contrast to Clare Short, Gordon Brown is said to have a tendency to focus on initiatives, and one of the minor impetuses in the Treasury seems to have been the need to have something on debt that 'didn't have Kenneth Clarke's name written all over it', as one interviewee put it. This highlights the historically important role of UK Chancellors, going back to Nigel Lawson, in supporting debt relief agendas of different sorts.

### **UK DEL**

A related and significant player was the UK delegation to the Boards of the IMF and World Bank (known as the UK DEL). The Chancellor of the Exchequer and the Secretary of State for International Development are the top UK representatives and, in this capacity, are known as the UK Governors to the IMF and World Bank. The Governors sit on the ministerial committees that meet in Washington twice a year to decide on the overall strategic direction for the institutions. However, on a daily basis the Governors delegate power to an Executive Director who is a Treasury civil servant seconded to go to Washington for about three years.

The political shift domestically in 1997 was also reflected in a change in the UK DEL. David Stanton was replaced by Gus O'Donnell, which marked a major shift in attitude. Most importantly, UK DEL's position became far more open and the relationship with the NGO lobby community changed. The level of activity and influence on the Boards increased, mirroring the shift in focus of the UK government on development issues. The acceptance by Gordon Brown of the Chair of the IMF Board of Executives in September 1999 further increased the level of influence of the UK.

Actors in DFID: Clare Short, Paul Spray, Nick Amin, Mick Foster.

UK Treasury: Gordon Brown, Gus O'Donnell, John Cunliffe, Shriti Vadeera (worked for Warburg's debt rescheduling, now special adviser).

## **3.2.4 The US Government**

The US is a significant player in the story of the PRSPs, largely because of their financial importance. While not a main proponent for the PRSP approach, the US was nevertheless influential because it could potentially have created serious obstacles.

### **History of approach to poverty and debt**

In the interviews conducted for this study, the attitude towards poverty in the US was identified as an important underlying influence on US policy. The public view of poverty is perceived to be in part about effort and morality. There is a consequent separation of the deserving and the

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<sup>30</sup> See especially DFID (1999a, 1999b); Grant (1999); Spray (1999); Spray and Grant (1998).

undeserving poor, i.e. those whose poverty is of their own making or who have not seized the opportunities available to help themselves. This extends beyond individuals to governments, who can also be seen as ‘deserving’ or ‘undeserving’. As one interviewee put it, there is ‘a strong visceral reaction that no one should get something for nothing’. The main implication of this seems to be a concern for targeting assistance or debt relief to the deserving, or perhaps more importantly for ensuring that the undeserving should not be beneficiaries. Linked to this is a discomfort not with inequality itself, but with people raising the issue of inequality and income distribution issues and debt relief. The link to HIPC, which meant a focus on Africa and thus the poorest of the poor, and therefore the deserving, rather than middle income countries, helped keep the debate surrounding these issues on easier ground for US politics.

At the same time, as one interviewee commented, there was an important counter-strand of ‘Cold War guilt’. This included a recognition that the US has played a very significant role in much of the debt acquired during that era. The lending had been financially irresponsible, based on political considerations rather than impact on development, and it was argued particularly by emerging NGO movements that the legacy of this bad lending should not be borne by the people of those countries (see e.g. Jubilee, 1998).

### **Conditionality up to the hilt**

Partly as a consequence of some of the historical approaches discussed above, the idea that debts could just be forgiven was completely out of bounds for the US Administration and Treasury. The focus of any debt relief was, therefore, not on speed or depth, but on exactly who would benefit from it. The people of sub-Saharan Africa might constitute the deserving, but the governments would not. The conclusions reached were largely about the need for conditionality to keep the benefits out of reach of the undeserving. Demands for conditionality, therefore, became a rallying point for the conservative, ‘non-bleeding heart’ Republicans and rightwing Democrats. How this point of view came to be reconciled with ideas, influenced by research findings, about the diminishing effectiveness of traditional forms of conditionality, is an important part of the PRSP story.

### **Financial crises of the 1990s and implications for HIPC**

Central to the story in the US were the financial crises of the mid/late 1990s, which started with Mexico in 1995 and went on to include the Asia crisis and the disarray in Argentina and Russia. The US Treasury had been directly involved in some of these situations, and the result was much debate in Congress and the media about whether commercial banks should be bailed out, and rising concerns about big loans. The specific implications of these crises in relation to debates around the Heavily Indebted Poor Countries (HIPC) Initiative was that the IMF would require replenishing as a consequence of the losses sustained, but this would need to happen in the context of heightened fears and problematic questions about the role of the IMF itself. While the financial crises fed the campaigns for the abolition of the IFIs, they also provided opportunities for these institutions. The mechanism through which the US chose to contribute to HIPC was through additional financing to the replenishment of IMF funds. Nevertheless, the huge bailouts provided to commercial banks in middle-income countries stood in contrast to the extreme stringencies of the conditions applied to low-income countries as part of HIPC1.

### **Attitudes to the IFIs and ESAF**

Questions about the role of the IFIs and development assistance played an important part in the US approach towards PRSPs. The ‘50 Years is Enough’ campaign was a very ferocious attack on the World Bank and IMF from the left, based on critiques of the neo-liberal development model.<sup>31</sup> However, it also fed the scepticism on the right about the whole aid endeavour. While the campaign never reached the same levels of popular momentum with the US public, it did overlay the very

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<sup>31</sup> See <http://www.50years.org>

general perception that aid levels were excessive and ineffective. For example, surveys have systematically found that people think that around 15% of the budget goes on aid, when the proportion is in reality less than 0.5%.<sup>32</sup> Congress has thus never been particularly well disposed towards aid in general and the IFIs in particular. The role of the Enhanced Structural Adjustment Facility (ESAF) of the IMF, and IMF involvement in low-income countries, were a particular focus of this strand of thought and campaigning. It also linked in with fear within the Treasury and the Administration in general about whether ESAF was working and focusing on the right things, particularly in terms of the impact on growth.

### **The Clinton Administration**

The Clinton government was re-elected in November 1996, but with a Republican majority in both Houses. It did not appear likely that the Administration would find it easy to get any legislation through to increase development assistance. The Hill had no strong or united position, and while there was a higher proportion of those with liberal tendencies, this did not become a causal factor as it was to become for the incoming UK Labour government.

However, the financial crises and the subsequent need to replenish IMF funds in 1998 provided an ‘opportunity’ for the Clinton administration to increase US contributions to the IMF through the ‘Quota legislation’ and to link this to contributions to HIPC2. Clinton’s economic adviser Gene Sperling and Secretary of the Treasury Larry Summers (former Chief Economist to the World Bank) worked closely together on this. Their success in passing the legislation was linked to the intense lobbying efforts of NGOs. These are discussed further below, but were central to the shift from what seemed a relatively hopeless case to the adoption of the Bill and later the bilateral cancellation of debt. Another key player allied to the Sperling and Summers team was the pop star Bono, who was charismatic and extremely well briefed, and there was a perception at least that he had the ‘youth’ constituency behind him.<sup>33</sup>

In 1999 the Bill was introduced to approve \$435 million of bilateral debt cancellation, and approved shortly before the HIPC2 initiative went to the Boards of the World Bank and IMF. The political significance of the Clinton administration getting these bills through should not be underestimated. It was unprecedented to get this amount of new money in an election year and with a Republican congress. However, this new money came with substantial conditions attached, which were traded with a particular group of Republicans led by Phil Graham. Firstly the ‘Meltzer Commission’ (or the International Financial Institution Advisory Commission) was established in 1998 ‘to consider the future roles of seven international financial institutions: the International Monetary Fund, the World Bank Group, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the World Trade Organisation, and the Bank for International Settlements.’<sup>34</sup> This Commission would report in Spring 2000 and was linked to the legislation approving approximately \$18 billion of additional American funding for the IMF.

Key actors: Gene Sperling (Clinton’s Economic Adviser), Larry Summers (Secretary of the Treasury, former Chief Economist to the World Bank), Tim Geithner (Treasury, Under-Secretary for Global Affairs).

In Congress: Jim Leach (R-Iowa), Spencer Bachus (R-Alabama), John Kasich (R-Ohio), Barney Frank (D-Massachusetts) and Maxine Waters (D-California).

<sup>32</sup> See <http://www.usaid.gov/about/polls.html>, and the ‘Reality of Aid’ series published annually by Earthscan.

<sup>33</sup> See e.g. the article on ‘Pro Bono’ at <http://www.guardian.co.uk/g2/story/0,3604,669223,00.html>

<sup>34</sup> <http://www.house.gov/jec/imf/meltzer.htm>

### 3.2.5 *The NGO movement*

The increasing role of NGOs in the 1990s was instrumental in creating much of the political impetus and changing the nature of the debates around debt relief. The dynamics of the NGO movement, spread across numerous nations, issues and interest groups, are even more complex than the dynamics of the actors described above. It is nevertheless important to try to capture the central role of these groups, particularly in terms of their impact on the establishment and then critique of the first incarnation of the Heavily Indebted Poor Countries (HIPC) Initiative. Through the 1990s several NGOs became increasingly adept at presenting the problems related to poverty and debt, and the media was used very effectively to raise the profile of these issues. This facilitated the strong public pressure that enabled the NGO-led movements, particularly the Drop the Debt campaign, to successfully pressure policy-makers.

This description focuses on the NGO events and players in the UK and US which were probably the most significant in relation to the PRSP and which tell fascinatingly different stories.

#### **Jubilee 2000 and the ‘Drop the Debt’ campaign**

The Jubilee 2000 movement was set up in the UK in April 1996, building on a series of different efforts. The organisation was set up by a group of individuals and NGOs, such as Martin Dent, Bill Peters, Ann Pettifor, Christian Aid, Catholic Fund for Overseas Development (CAFOD), Tearfund, and the World Development Movement.<sup>35</sup> Importantly, the movement was linked to the Catholic Church and the Anglican Church globally.<sup>36</sup> The public momentum began to build with a series of national campaigns in, for example, Italy, the US and Africa, launched in 1997 and 1998. The G7 Summit in Birmingham in May 1998 was the point at which popular momentum gathered behind the ‘Drop the Debt’ campaign, with the formation of a human chain of 300,000 people around the building in which the summit was held. This was perhaps the starting point of what evolved into a global protest movement and the events in Cologne, Seattle and Genoa (and becoming increasingly more violent and less targeted). The announcement of the HIPC Initiative at the Cologne summit in June 1999 was accompanied by the Global Chain reaction.

Within this general build-up, a number of meetings were identified as having a particular impact on the World Bank and IMF. Key early events cited included the World Faith and Development Conference in February 1998, which included a swingeing personal attack on Wolfensohn, who was joint host. The Lambeth Conference of Anglican Bishops in July 1998 was another occasion when Wolfensohn felt seriously attacked; his speech was preceded by a Christian Aid video about structural adjustment which made him very angry. Camdessus received a similar reception at a meeting of Bishops in Church House, which was also said by IMF staff to have provided the focus for IMF attention ‘so that he had something to say when he got there’, as one interviewee put it.

#### **Building coherence and links**

In large part as a consequence of the wide support given to protests at the G7 summit at Birmingham in 1998, the campaign began to transform. The board of Jubilee 2000 rapidly became an important forum for discussion and idea formation around the links between debt relief and poverty reduction. It also gradually became more coherent, overcoming the NGO factionalism of the early days, including the splitting off of ‘Jubilee South’ after disagreements over the process of who would establish the distribution of resources freed up by debt relief. At the same time, Northern NGOs – such as Oxfam, Christian Aid and CAFOD – were channelling support to Southern NGOs that were working on debt and structural adjustment. Increasing numbers of

<sup>35</sup> Barrett (2000), [http://www.jubileeplus.org/analysis/reports/world\\_never\\_same\\_again/when.htm](http://www.jubileeplus.org/analysis/reports/world_never_same_again/when.htm) Other key players in the new campaign include Isabel Carter, Tim Green, Tim Chester, Mark Green and Will Reid, see <http://www.jubileeplus.org/analysis/reports/J2REPORT.pdf>

<sup>36</sup> For example, Jubilee 2000 backed the Lambeth Conference of Anglican Bishops in July 1998 and arranged a meeting with the Pope in September 1999.

Southern NGOs were combining their work on debt relief with work on the pro-poor use of HIPC resources. For example, the Uganda Debt Network, supported by Oxfam, was on the monitoring committee of the Uganda Poverty Action Fund (PAF) and also ran popular campaigns on corruption.

This concern over who would benefit from debt relief was expressed by many, and it was important for NGO voices to come together on this issue. Increased coherence was accompanied by an improvement in technical capacity and focus. NGOs' own research, and the use of more academic researchers and other technical specialists to comment on their work, became an increasingly integrated part of their advocacy strategy. These efforts at greater analytical rigour were however largely limited to Jubilee 2000, Oxfam, CAFOD and Christian Aid.<sup>37</sup> A series of important technical skills acquired by this group of NGOs were transferred from Debt Relief International (DRI). Important linkages from this group seem to have extended into the IFIs, and an interesting chain of leaks associated with the development and critique of the first HIPC initiative worked through to Oxfam and the Financial Times.

### **US movement**

The level and role of public support in the US was much lower. The Jubilee movement in the US ended quite quickly in stalemate, with a voting system which meant that more radical agendas could and did block decisions within the organisation. The focus of activity in the US thus shifted out of the Jubilee movement to a subset of largely Christian NGOs who took their case directly to the US Administration and the Houses of Congress. Similarly to the UK actors, there was an increase in the sophistication of the movement's advocacy efforts, with rising staff numbers and dramatic increases in competency and expertise. This was an essential part of their success.

This subset of organisations was known as the 'Debt Round Table', and it chose to focus on the direct lobbying of the legislature, with particular effort aimed at bringing on board a group of Republican congressmen. The climax of this effort included a coalition of 40 multilaterals and trade organisations, churches and businesses. The Jubilee movement and the rise of pressure from the Churches provided an important groundswell that provided 'cover' for the political activities and politicians, particularly Republicans, to support debt relief. Key actors within the NGO community were also closely involved in the drafting of legislations.

An interesting twist and backdrop to NGO activities in the US was the '50 years is enough' campaign, which was essentially aimed at dismantling the IFIs, who they saw as peddlers of a particularly virulent form of economic exploitation. The '50 years is enough' campaign rather strangely managed to combine their arguments for the abolition of the World Bank and IMF with a right wing market-oriented approach, and were not particularly influential in the PRSP story.

Key actors: Tom Hart (Episcopal Church), Jo-Marie Greisgraber (Jubilee), Justin Forsyth (Oxfam).

### *3.2.6 The Uganda experience*

From the interviews conducted it is clear that the 'Southern' government input into the gradual development of the PRSP initiative was minor. Other than some limited discussion at Executive Director level of the World Bank and IMF, the contribution of Southern governments was largely indirect, through the demonstration effect of poverty reduction programmes in practice. Countries named in this respect were Mozambique, Tanzania, Bolivia, and especially Uganda.

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<sup>37</sup> Examples of the NGO publications that developed include Christian Aid (1997); DRI (1999); Jubilee 2000 Coalition (1997); Oxfam International (1997; 1998a; 1998b; 1998c; 1998d; 1999a; 1999b; 1999c; 1999d; 1999e; 2000a; 2000b; 2000c; 2000d; 2000e; 2001a; 2001b; 2001c; 2001d).

The experience of Uganda is discussed here because of its illustrative value and its influence on the further development of the PRSP approach. Key actors involved in the Uganda model later based their input into the development of the PRSP on their experience of Uganda's success.

### **The poverty agenda**

Uganda was often cited in the interviews conducted for this study as the model as well as the source of the PRSP concept. The central feature of the Ugandan experience is the Poverty Eradication Action Plan (PEAP), the first version of which was published in the summer of 1997. The document seems to have been the result of two distinct impulses. In the mid-1990s, the domestic political agenda shifted towards seeing poverty as the central challenge facing the country.<sup>38</sup> What were initially quite general statements gained impetus from the Consultative Group (CG) meeting in 1997, where donors raised questions about what exactly the government was going to do about its new commitment. This domestic agenda was influenced by the response to a 1994/95 'Greycover report' written by Israt Hussain from the World Bank, which proposed a classic trickle down development strategy for Uganda. In terms of poverty, the report recommended only a focus on primary health and education. The response by a key set of government officials and multi- and bilateral donors in-country was rapid and sharp. The UNICEF Resident Representative was nominated to write a response, which very effectively critiqued the approach.

### **HIPC1**

During the same period, important debt-reduction initiatives were taking place. The Paris Club arrangements had been negotiated and commercial debt was starting to come under control, but the substantial remaining multi-lateral debt was a problem. Bilateral donors agreed to assist by paying for the debt overhang through a 'Multilateral Debt Fund' (MDF) for Uganda. There was some question of the logic of bilateral donors giving money to the IFIs, and it is in this context that when HIPC1 was introduced in 1997, the MDF was turned into the Poverty Action Fund (PAF). The PAF identified programmes from the PEAP within the national budget, which the HIPC funds were nominally put towards. A key trigger for its establishment was the complete lack of clarity around whether the IMF would classify HIPC relief as a grant or not. If the answer was 'not', then in practice the relief would make no additional funds available to the government. Since the IMF was not prepared to make a decision on this point before the finalisation of the budget in March, the Ministry of Finance decided to ringfence the money to be spent on the PEAP through the PAF.

### **Public Expenditure Management**

Guidelines on Public Expenditure Management (PEM) were developed by the Chief Economic Adviser to the Ugandan Minister of Finance, Allister Moon, in 1996. These guidelines responded to, and implemented much of, the most current thinking on aid and public expenditure, focusing on the need to account for aid in terms of the national budget and on the role of government as coordinator of these processes. Particular emphasis was placed on persuading donors to drop earmarking and to introduce greater results-orientation through the Medium Term Expenditure Framework (MTEF). In late 1997, this was taken further with a move towards sectoral budget framework papers which were based on coopting a World Bank Public Expenditure Review (PER) process to assist in their development. These were the basis for attempts to cost the PEAP. The linkage between the budget and the PEAP was formalised and strengthened with the 1998 budget. The PAF in turn reinforced this agenda as budgets were to be reported on quarterly, and NGOs were invited to assist in the monitoring of the process.

### **Coalitions and participation**

A key element of the Ugandan experience was the involvement of NGOs, particularly Oxfam, in building coalitions and alliance with the Ministry of Finance. Oxfam and the Government of Uganda initiated Uganda's first Participatory Poverty Assessment (PPA) – in collaboration with

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<sup>38</sup> For further discussion of the PEAP process and the domestic politics behind it, see Piron (forthcoming 2003).



Action Aid, Novib, and the Ugandan NGO CDRN (Community Development Resource Network). The NGO networks seem to have laid an important foundation for NGOs to work with participatory methodologies, particularly to investigate the nature of poverty as one of the inputs into the PEAP and PPA. The level of participation can in part be seen as a response to the lack of consultation in the proposed IFI approaches of the mid-1990s and the coalition of agencies and government that was built as a consequence. The openness can also be seen as a placatory measure by the Government in the light of critiques of President Museveni's system of 'non-party' democracy. Both the general ideas about civil society involvement and the specifics of the Ugandan PPA can be seen as formative in the design of the later PRSPs.

### **Research**

There was much research that directly influenced the Uganda story (see e.g. Appleton, 1998). The sharp decline in poverty levels that was suggested by survey analysis undoubtedly gave an important impetus to the PEAP process (although the results were not known until after the inception of the first PEAP). Much of this laid an important foundation for the second PEAP which later became Uganda's first PRSP. In the drafting of the PEAP, John Mackinnon (independent consultant with a history as an academic) and Ritva Reinikka (World Bank) were particularly identified as having drawn in and used research, both in the drafting process and to convince members of the government that certain policy changes were important. The shift in approach to primary education was particularly identified as an example. It is notable that three of the papers presented to the Addis Ababa HIPC Review Seminar in July 1999 were based on the Uganda experience.

### **Success**

The tangible success of the ideas and approaches developed in Uganda was of central importance for the subsequent impact of the approach. The reduction of poverty from 56% to 44% that was achieved over 1992 to 1997 was a major factor in validating the approach taken by the government and lent much credibility to the model (Appleton, 2001).

Key players: Emmanuel Tumusiime-Mutebile (Permanent Secretary/Secretary to the Treasury), Chris Kassami (former Deputy Secretary to the Treasury, currently Permanent Secretary/Secretary to the Treasury), Mary Muduuli (former Director of Budget, now Deputy Secretary to the Treasury), Damoni Kitabire (Senior Economic Adviser), Marcus Manuel (Senior Economic Adviser), Gerald Senduala (Minister of Finance), Mayanja Nkangi (former Minister of Finance), Ishmael Magona (Assistant Commissioner on Social Services), Keith Muhakanizi (Director, Economic Affairs), Yoweri Kaguta Museveni (President), John Mackinnon (consultant), Ritva Reinikka (World Bank), Tony Burdon (Oxfam), Allister Moon (Chief Economic Advisers to the Ministry of Finance).

## **3.3 IFI processes preceding the adoption of the PRSPs**

As discussed above, by the late 1990s the IFIs were feeling under a lot of pressure. The G7 were pressing for 'delivery' and were increasingly frustrated with the wrangling between the IFIs. The conditionality and aid effectiveness debates were becoming heated. Whether or not the critiques of conditionality and SAPs were considered fair, even the staunchest member of World Bank and IMF staff recognised that they had a public relations problem which was being fuelled by the secretiveness of their operations. During the late 1990s a number of specific processes and events took place within the World Bank and IMF which played a major role in establishing the conditions in which the PRSP idea developed and was accepted.

### 3.3.1 *Failure of the Policy Framework Paper*

The Policy Framework Papers (PFP) were introduced by Camdessus as a device to try and ensure coordination of the World Bank and IMF at country level. While in theory PFPs were government documents, in practice governments had little sense of ownership over them. The document contained sections that required input from both IFIs and was then signed off by the government of the country as part of a tripartite agreement. By the 1990s however it was clear that it was only an IMF device. It was not an operational document for the World Bank, in the sense that it played no part in any World Bank procedures. While the IMF needed World Bank input for the document it was of no relevance to the World Bank's work. World Bank staff instead worked entirely through their Country Assistance Strategies (CAS). There was increasing recognition amongst staff in the IMF that this was a problem, and that a framework for collaboration needed to be established that was central to both institutions' operations, and could serve as a framework for both lending and debt relief. While this recognition was mounting amongst staff, Camdessus was more reluctant to consider abolition of the PFP. Thus the question of a credible replacement of the PFP became more pressing.

### 3.3.2 *Wolfensohn's Comprehensive Development Framework*

The Comprehensive Development Framework (CDF) launched in January 1999 was very closely identified with James Wolfensohn himself. The CDF laid out four principles that should govern the orientation and coordination of aid at the country level: (a) long term and holistic; (b) country ownership and participation; (c) results orientation; and (d) country-led partnership (Wolfensohn, 1999). These principles embody a very high level acknowledgement of the research-based critiques of aid in the past and an attempt to produce a solution. However, our interviews suggested that the CDF faced a problem in that there was little incentive to take it seriously within the World Bank because it had 'no operational content'. Its structure in practice mirrored the Bank's departments – each sub-pillar had a department – which meant that the staff did not actually have to change the way they operated.<sup>39</sup> However the CDF did play a vital role in preparing the ground for PRSPs, at least as a manifestation of a similar set of pressures. The CDF pulled together a large number of the strands of thought that the PRSP approach later built on.

### 3.3.3 *The ESAF reviews*

The review of the Enhanced Structural Adjustment Facility (ESAF) was another important process that prepared the ground for the PRSP's development and acceptance. The ESAF Review is usually used to refer to the External ESAF Review (IMF, 1998a; 1998c), but the fact that it was accompanied by an Internal ESAF Review is part of the reason that the review process had such a significant effect. The two review processes started in January 1997 and were both headed by Hugh Bredenkamp, then in the Policy Development and Review Department (PDR) of the IMF. The significance of the commissioning, and in large part acceptance by the IMF, of an independent review of their activities should not be underestimated. This in itself was a pioneering change in practice and played a role in opening the door of the IMF to greater public engagement and debate.

A central critique in both the reviews was the need to pay more attention to building government ownership and national consensus for reform and for better World Bank–IMF coordination, particularly on fiscal issues and ex ante social impact assessments and monitoring. The internal review went as far as proposing the piloting of new modes of collaboration between the World

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<sup>39</sup> For a more detailed discussion of the CDF, see the World Bank's forthcoming 'Multistakeholder Evaluation of the Comprehensive Development Framework: Synthesis report'.

Bank and IMF in low-income countries, focusing on the two issues just mentioned as well as speeding up public enterprise and financial sector reforms. The external review however went further than this, recommending the IMF to be more flexible and to address concerns about the control of agendas and negotiation processes. While accepting the general critique, the Executive Board was uncomfortable with the ‘inflexibility’ question.

Other issues in the internal review can be summarised by saying that the IMF should focus on ex ante action (support conditional on ‘prior actions’) and allow semi-annual or quarterly reviews and disbursements. For the external review, the additional recommendations were focused largely around the need for greater attention to sequencing of reforms (which was agreed to by the Executive Board), and the need to change debt sustainability indicators from exports to GDP which are less distorted by the openness of the economy (which was partially agreed to by the Board).

### **Why the impact?**

There are a number of key issues around why the ESAF Reviews had such an impact. They can be summarised as follows:

- they were IMF-commissioned, which was always likely to increase their palatability;
- the external review was accompanied by an internal one and there was significant congruence on some key conclusions;
- they did not question the basic policy content embodied in ESAF-supported programmes;
- the external experts were all highly regarded mainstream economists which gave them high levels of credibility both within and outside the IMF.<sup>40</sup>

It should be noted that the external review in particular was quite ill-received by IMF staff initially. However, there was a significant shift in attitude over time. A key player in the change in perception was Tony Boote, then Division Chief of the Official Financing Operations Division (in the Policy Development and Review Department, PDR), who took on the agenda that the reviews embodied and brought this forward positively within the organisation. The person heading up the two projects, Hugh Bredenkamp, also had important connections to the HIPC review process and the SPA, which helped to cross-fertilise the experiences and ensure some of the coherence that developed between them. With time there was an ‘acceptance of bad collateral effects’ of some of the elements of the approach, but it was emphasised by a number of interviewees that this was not a rejection of the economic model.

### *3.3.4 Debt relief and HIPC*

At the same time as the ESAF reviews were undertaken, the pressure and critiques building up behind HIPC1 played a central role in the PRSP story. This section sets out very briefly how the debt relief agenda emerged, resulting in HIPC1, and then in more detail discusses the critiques of HIPC1 from which HIPC2 and the PRSP initiatives emerged.

#### **The acceptance of debt relief**

The shift towards an acceptance of the need for, or desirability of, debt relief was largely based on two sets of arguments which can loosely be categorised as morality and efficiency. The moral issues were concerned with the burden of the debt falling on the poorest countries and people in the world. Principal sums had been paid off many times over, and it was argued that the creditor should bear some of the costs of a bad lending decision, as in the commercial sector. The efficiency issues were

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<sup>40</sup> Kwesi Botchwey (Harvard Institute for International Development), Paul Collier (Oxford University), Jan Willem Gunning (Free University of Amsterdam), and Koichi Hamada (Yale University).

centred on the concern that debt repayment had a negative effect on growth due to the debt overhang. In economic terms, the position of these countries was well on the declining marginal returns side of a debt Laffer curve, which meant that there was a disincentive to repay beyond a certain level of external debt, thus distorting investment and growth. Early attempts to address this were largely undertaken through the Paris Club in the early 1990s.<sup>41</sup> HIPC1

The HIPC initiative was originally launched by the World Bank and IMF in 1996 as an instrument to provide poor countries with a means of getting out of the debt trap. The initiative was a significant departure from previous practices of dealing with debt problems. The main feature was an attempt to move away from ad hoc efforts and attempt to provide comprehensive debt relief to countries that established a good track record of implementing reforms.<sup>42</sup>

### **The critiques – ‘broader, deeper, faster, better’**

The scope and form of articulation of the critiques of HIPC1 varied, and they came from a range of sources, including NGOs, academics, religious leaders and organisations, a number of UN agencies, and increasingly bilaterals as well. The campaigning surrounding the Jubilee movement and the Drop the Debt campaign undoubtedly gave a great deal of the political import to these critiques, which can be summarised as follows:

- *Broader – The criterion of debt sustainability.* The definition was criticised because (i) it was set at a level that was too high and thus excluded many of the poorest countries, and (ii) it used exports as the basis for calculation, rather than fiscal sustainability. This was an area of much detailed debate and wrangling.
- *Deeper – Not enough debt relief.* The levels of relief being provided were not going to be sufficient to generate growth or poverty reduction.
- *Faster – The delivery of relief was too slow.* The long periods between qualification and relief were attributed, amongst other things, to the level of complexity and lack of clarity about procedures, the extensive number of micro conditions, and the need for a country to have graduated from two consecutive IMF programmes over a six year period. Seven countries entered HIPC1, of which only three actually reached completion point.<sup>43</sup>
- *Better – The lack of a clear link to impact.* This point encompasses a set of criticisms mainly related to the definition of what the money should be spent on, and the incentives for ensuring it had an impact. The definition was generally regarded as too narrowly focused on the social sectors, with suggestions that it should be refocused on human development or poverty reduction more generally – or even on the International Development Targets (IDTs). The incentives issue was in part about ownership debates, including critiques of aid modalities such as social funds and arguments for programmatic approaches such as those set out in the DAC Guidelines. However, there were also concerns about the increasing number of external specifications of how the money should be allocated.

### **The HIPC review process**

With the criticisms of HIPC building up towards the end of 1998, staff responsible for HIPC1 were beginning to acknowledge the need for changes. Opinions varied as to whether this was implied acceptance of the actual content of the critiques or just a recognition that there was a public relations problem. Throughout the period of the design of HIPC1, the level of leaks from within the

<sup>41</sup> There was some – but very little – relevant research on this. See e.g. an article by Elbadawi et al. (1997) which estimated the effect of the debt overhang on African investment.

<sup>42</sup> For further information on HIPC1 and prior debt relief see Daseking and Powell (1999).

<sup>43</sup> The rest eventually reach completion point on HIPC 2 terms, with the exception of Cote d’Ivoire because of the deterioration of the political situation in the country.

World Bank and IMF had been very high,<sup>44</sup> suggesting perhaps that there was indeed some level of recognition of the validity of the critiques.

In early 1999 the World Bank and IMF began a review of HIPC, with an external consultation process being launched in February.<sup>45</sup> The request was for comments and proposals on debt relief and HIPC including from member countries, multilateral creditors, NGOs, religious groups, and other interested institutions. The focus, as they put it, was on the ‘deeper, broader, faster’ elements of improving the HIPC framework. This evolved into the first phase of a two-phase consultation process beginning in February 1999. The first phase emphasised concerns and modifications to the current HIPC framework, including debt sustainability targets, timing of decision and completion points, and performance under economic and social reform programmes. This culminated in a set of changes being discussed and agreed by the Development and Interim Committees in April 1999. At this point the ideas about the link between debt relief and its impact on poverty levels were largely concerned with applying more ‘stroke of the pen’ conditionality, which would ensure that debt relief was accompanied by increases in public expenditure on health and education.

The second phase of the HIPC review, in addition to taking further a number of issues from phase one, focused in more depth on the linking of debt relief to poverty reduction. The consultation process in phase two was also more extensive and proactive. It included a crucial consultation meeting in Addis Ababa in late July 1999, which is discussed further below.

### **The HIPC reforms**

On 23<sup>rd</sup> July 1999 the joint staff finalised their suggested changes to HIPC for an informal meeting of both sets of Directors on 3<sup>rd</sup> August. This document (IMF/World Bank, 1999b; see also IMF, 1999; MacArthur and Trotsenberg, 1999) proposed:

- lower sustainability targets
- calculations based on decision-point data instead of the completion point
- interim assistance between decision and completion points
- floating completion points
- ‘front-loading’ of debt relief after completion point

## **3.4 The last few months**

The impetus and activities that were to lead to the PRSP initiative accelerated dramatically around mid-1999. The number of Jubilee 2000 debt relief demonstrations and events was mounting (see Appendix 4 for full time line). The G7 Cologne Summit of June 1999 provided a great deal of momentum. The need to announce something concrete at the event was precipitated by Chancellor Shroeder’s launch of the Cologne Initiative in January 1999. He had promised this would provide ‘radical debt relief’. The announcement made in June was of an ‘enhanced’ HIPC with a reduced debt to export ratio of 150% and the fiscal indicator set at 250%. More importantly for this story, there was also an endorsement for this relief to be provided for countries which demonstrated ‘commitment to reform and poverty reduction’.

We have seen how the linking of debt relief and what became the PRSP was prepared by the IFIs’ HIPC Review process. It was also during mid-1999 that two important papers were written – *Heavily Indebted Poor Countries (HIPC) Initiative – Strengthening the Link between Debt Relief*

<sup>44</sup> Ending up, via Oxfam, as articles in the Financial Times and the Economist in particular.

<sup>45</sup> See the two volumes on the HIPC Debt Initiative (1999a, 1999b) and the series of joint IMF and World Bank papers from 1999.

and *Poverty Reduction* (IMF/World Bank, 1999a),<sup>46</sup> and *Building Poverty Reduction Strategies in Developing Countries* (World Bank, 1999).<sup>47</sup> This work was mainly, if not exclusively, undertaken by the respective policy departments of the World Bank and IMF, who at this point were under strong pressure from the G7 Finance Ministers and G8 Heads of State to limit institutional turf battles and to work together towards a few common goals. HIPC was seen as an example of successful collaboration, and there were increasing expectations that the IFIs would take HIPC forward and deliver on the poverty and debt concerns.

Despite the strong focus on the link to HIPC, there was little consultation or engagement with even the Africa Departments of the two institutions, let alone other departments. Within the IMF the work concentrated on the HIPC Review, which was run in the IMF by Tony Boote. Within the World Bank there were three groups working on these issues. The first came together around ‘the PRSP paper’, led by Jeni Klugman, and the second consisted of the World Bank members of the HIPC team – particularly Peter Fallen. The third group that contributed was the team that had formed around the World Development Report 2000/01 on poverty, which was led by Ravi Kanbur until he resigned in June 2002.<sup>48</sup> Masood Ahmed, then head of PREM in the World Bank, was central in making the connections and drawing together the work of these three groups.

In June 1999 there was an SPA meeting in Washington. This was identified as playing an important role particularly for the further mobilisation of DFID’s ideas. Nick Amin from DFID commissioned a set of papers that developed the notion of linking relief and poverty reduction, with a little more emphasis on the consequences. This set included the last minute papers put together by John Healey (Foster et al., 1999) and Tony Burdon (Oxfam GB, 1999).

In July 1999 there were two further conferences that continued to develop the linkage and build the momentum. The first was a conference entitled *Making The Link Between Debt Relief and Poverty Reduction*, hosted by the US Executive Directors of the World Bank and IMF. It was also held in Washington and attended by NGOs, religious groups, poverty experts and representatives from governments and the Washington-based IFIs.

The second, a particularly pivotal event, was the conclusion of the second phase of the HIPC review consultations. This consisted of a meeting held in Addis Ababa on 29<sup>th</sup> to 30<sup>th</sup> July 1999, which was chaired by the UN Economic Commission for Africa. Participants included a range of NGOs and religious organisations (e.g. Oxfam, Afrodad, World Vision, Christian Aid, Jesuits for Debt Relief and Development), international organisations (e.g. UNDP, UNICEF, EU, AfDB) and both debtor and creditor countries including Uganda, Canada, the Netherlands, and UK. The consultation and submissions made to the conference were put together in a two-volume compendium which was forwarded to the Executive Board (HIPC Debt Initiative, 1999a, 1999b).

Despite the fact that the Addis Ababa meeting was the main mechanism during the consultation process for input from the ‘South’, especially Southern governments, still only around half of the participants were from Southern institutions. It is also worth noting that all the presentations at the meeting were made by Northern organisations, apart from the presentation on the Uganda experience (HIPC Debt Initiative, 1999a). In the compendium of comments (HIPC Debt Initiative, 1999b), containing around 20 submissions, there are only three substantive comments from Southern institutions.

<sup>46</sup> Available at <http://www.worldbank.org/hipc/hipc-review/Linkage.pdf>

<sup>47</sup> Available at [http://WorldBankn0018.worldbank.org/DCS/DevCom.nsf/\(documentsattachmentsweb\)/September1999EnglishDC9929\(E\)/\\$FILE/DC99-29E.pdf](http://WorldBankn0018.worldbank.org/DCS/DevCom.nsf/(documentsattachmentsweb)/September1999EnglishDC9929(E)/$FILE/DC99-29E.pdf)

<sup>48</sup> See <http://www.brettonwoodsproject.org/action/wdr/kanbur.html> and <http://www.worldbank.org/poverty/wdrpoverty/rkanbur.htm>

Interviewees for this study identified three particular submissions to the review process as being especially important. The first was the submission by UNICEF/Oxfam International which was particularly based on Tony Burdon's experience of Uganda.<sup>49</sup> This paper was commonly referred to in World Bank and IMF documents and interviews. The paper suggested a model for integrating debt relief into national poverty reduction efforts through a two-phase approach, with the first phase leading up to a decision point and the second leading up to completion point.

The second paper, written by Foster et al. (1999),<sup>50</sup> was more generally referred to by SPA, DFID and ODI-linked interviewees, and less so by IMF and World Bank staff. This paper was submitted by DFID from ODI, and seems to have been quite central to DFID's thinking. The main recommendation in this paper is that in order to complete under HIPC, countries should have to meet process conditions such as a pro-poor planning and budgetary framework. This should replace existing social and structural-reform conditions in determining access to debt relief.

The last paper that was identified by a number of players, particularly in DFID, was a shorter paper by Paul Spray, which was also translated into French, and which put forward DFID's main proposals.<sup>51</sup> In this paper there is a strong emphasis on feeding debt relief into improved public expenditure management and building on national processes.

The conference in Addis was also identified as the place where the operationalisation of the linkage between HIPC and poverty reduction, and mechanisms to achieve this such as the PRSP, were worked out. Masood Ahmed (head of the World Bank's policy department) and Tony Boote (one of the Division Chiefs in the IMF's policy department and head of the HIPC Review team) are said to have discussed and fleshed out several of the ideas and possible approaches at this point. At the beginning of August 1999 the Commonwealth Secretariat hosted a conference along similar lines in London on *Implementing the HIPC Initiative: Sharing Experiences*.

The backdrop within both of the IFIs was resistance to the emerging proposals. Ideas which had been discussed earlier in the HIPC review process, such as adding some 'stroke of the pen' poverty conditionality to lending, were easier to accept. Stroke of the pen conditionality would largely centre on specifying increases in spending on education and health, and perhaps add some further specification about primary provision.

On the 5<sup>th</sup> August 1999 the Enhanced HIPC Initiative was reviewed by the Board of the IMF, overcoming the concerns particularly of Japan, the US and Germany about how relief would be spent, whether the poor would benefit, and the moral hazard that would result from bailing out the most indebted countries.

The exact nature of the relationship between HIPC, PRSPs and IDA and IMF adjustment lending was not entirely clear at this point. Although there were similar eligibility criteria for the low-income country lending streams of the World Bank (lending through IDA) and IMF (lending through ESAF), they were not entirely the same.<sup>52</sup> More importantly however, a large number of IDA- or ESAF-eligible countries did not have access to HIPC debt relief, and it was unclear what the status of these countries would be in relation to the PRSP initiative once it was linked to HIPC. The IMF's concerns about issues related to the ESAF reviews, questions about their role in low-income countries, and the need to address the coordination problem between them and the World Bank, meant that the IMF was interested in extending the PRSP beyond HIPC from the start. For the IMF it would be expedient to link PRSPs not only to HIPC but also to its low-income

<sup>49</sup> UNICEF and Oxfam International (1999). Also included in the HIPC Debt Initiative Compendium (1999b).

<sup>50</sup> Also included in the HIPC Debt Initiative Compendium (1999b).

<sup>51</sup> Spray in HIPC Debt Initiative (1999a).

<sup>52</sup> For example, it is possible to have IDA lending from the World Bank, but not a low-income country loan from the IMF (under the Poverty Reduction and Growth Facility Programme, PRGF).

adjustment lending stream. Once this position was clear, the World Bank more or less had to follow suit and extend the PRSP approach to its own low-income lending window, IDA. As the PRSP paper that went to the Joint Boards in September stated: 'It is envisaged that PRSP will gradually be done for all ESAF/IDA eligible countries.' What this meant in practice, however, was only worked out much later.

The Joint Board meeting in September 1999 received two papers, one on PRSPs and one on the link between PRSPs and HIPC. The meeting was not uncontroversial and there was a great deal of debate. Even the naming of the new IMF facility that was to replace ESAF took up several hours in itself (the new facility was institutionalised as the Poverty Reduction and Growth Facility (PRGF) two months later, in November 1999.) Though much was left to be clarified, the meeting did make the crucial and formal link between the use of PRSPs and eligibility for HIPC, IDA and ESAF/PRGF flows.

### **3.5 Epilogue**

In October 1999, Mick Foster and Andy Norton were asked to come to the World Bank to present their ideas on a number of PRSP-related issues that were identified by the World Bank as needing clarification. These issues included government ownership, initiative overload, who would assess PRSPs and with what criteria, timing, and country variation. In a hugely overcrowded room, it became clear that many World Bank staff were totally unaware of the implications of the shift being made. A set of anxieties emerged about ability to control this process, fear that the documents would be rejected by the Board, and timetable pressures due to HIPC that might undermine any institutionalisation of the process. The concerns in the IMF seem to have receded more rapidly, in part because the PRSP initiative would make IMF staff jobs easier in the narrow sense, opening up their concerns to wider debate. The fears that remained were largely to do with their increased reliance on the World Bank, and concerns that their efficiency would be reduced by that dependence.

Partial solutions to these problems were developed in the December operational issues papers. The idea of an interim PRSP, or IPRSP, was introduced. IPRSPs served as a means to preserve the link between the PRSP approach and PRGF lending, while not delaying access to PRGF resources given the likely time horizon to produce a full PRSP. IPRSPs also established a means to ease the pressure on getting countries into HIPC2, as did the World Bank and IMF Joint Staff Assessment (JSA) mechanism. This mechanism allowed the IFIs to skirt the potentially problematic issue of their endorsing or authorising a sovereign government's domestic policy.



## 4 Analysis and Reflection

This section pulls together the elements of the narrative, and assesses them in relation to the general hypotheses developed under ODI's Bridging Research and Policy study (Crewe and Young, 2002). The Bridging Research and Policy framework examines the uptake of research into policy by exploring three inter-related areas: (1) the policy *context*, in terms of the politics and institutions framing a policy decision; (2) the *evidence* and its credibility and how it is communicated; and (3) the *links* between groups and individuals that provide influence and legitimacy.

### 4.1 Policy context: politics and institutions

The political and economic structures and interests that opened up the space in which the PRSP initiative came to be adopted can be seen at different levels: at a global level, relating to various – research-based – problem streams within international development that had built up during the late 1990s; at an institutional level within the IFIs themselves; and at a national level, relating to pressures within a number of individual board members' countries – particularly the US, UK and the rest of Europe. Each of these levels will be discussed in turn.

#### 4.1.1 *The problem environment and convergence around HIPC2*

Around the late 1990s there was a major convergence of factors that led to a widespread sense of there being 'a problem' within the international development policy field. These factors were both economic and political, and related to structures and interests both inside and outside the IFIs. A new set of problems was being faced by policy-makers at a global level in the context of a major shift provided by the end of the Cold War, which meant that aid could move away from being regarded largely as a geopolitical strategic tool. In addition, the Asia crisis and the lacklustre performance of sub-Saharan Africa posed serious challenges. Questions about the efficacy of the policy framework focused on the nature and sequencing of economic reforms and the use of policy conditionality.

In relation to the IFIs there was also a specific set of problems that began to converge at this point. These were clustered around the issues of coordination (represented by the failure of the PFP), debt relief (represented by the HIPC review), and structural adjustment lending and policy content (represented by the ESAF reviews). Pressure was building up to find solutions. What exactly the problems were perceived to be differed between groups: some thought there were substantive content and operational problems; while others thought it was largely a public relations problem. However, most actors adopted the common policy narrative that there was a serious perception of the 'failure' of structural adjustment. A 'policy narrative', as described by Roe (1991), is a scenario or story that is commonly adopted and believed in without rigorous evidence to back it up. Roe suggests that policy narratives persist and continue to inform policy-making despite lack of critical scrutiny, largely because there is strong pressure to carry on reproducing simplifying narratives when difficult decisions have to be made.

Due to the above set of issues that converged during the late 1990s, a policy window was opening in the international development field. Policy windows occur when there is an opening for new views to enter the policy domain and inform policy decisions (Kingdon, 1984). While policy-makers may not have agreed on the exact nature of the problem in the late 1990s, there was a sense that there were serious challenges that needed to be addressed. Amongst a significant number of influential policy-makers, practitioners and academics, there was therefore a search for new conceptual frameworks that could provide credible answers and operational implications.

Against this background, the HIPC review in 1999 can be seen as a trigger for the PRSP tipping point in the field of international development policy. As Gladwell (2000) argues, social change is brought about by tipping points, or a relatively minor occurrence that suddenly triggers large changes and which may galvanise trends that have been building up ‘beneath the surface’. These trends are often problem streams, i.e. a set of interlinked issues which may not necessarily have been regarded as problematic previously, but which at a certain point come to be seen as significant challenges within a policy domain (Kingdon, 1984). The most important problem streams that were brought together around HIPC2 were:

- problems related to the first round of debt relief through HIPC, including:
  - how to ensure that debt relief is spent well and benefits the poor
  - how to ensure implementation through higher levels of government ownership
  - better coordination between the World Bank and IMF
- the need to operationalise the ideas expressed in the CDF about long-term, holistic, owned, participatory, results-oriented and country-led policy frameworks.

The need to rethink HIPC became a trigger that the diverse problem streams latched onto, and the formulation of the PRSP initiative, initially for HIPC and then for wider purposes, became a vehicle for attempting to address these concerns.

#### 4.1.2 *Within the IFIs*

The internal context within the IFIs played a large part in the uptake of the research-based ideas, and the various processes that eventually merged into the PRSP initiative. As outlined earlier, the Boards of the IMF and World Bank are mostly made up of Ministers of Finance and representatives of central banks, and are therefore generally more interested in global financial issues than in development questions. The conservatism of the Boards has traditionally permeated the institutions, as staff use self-censorship to be certain that programmes and policies will ‘get through the Board’. This means that the room for manoeuvre in terms of policy issues is at least perceived to be limited within the institutions. According to Clay and Schaffer (1984), the room for manoeuvre within policy processes refers to the degree of leeway that staff have when they are interpreting and implementing policies. Staff will usually form an opinion about how limited this room is and adapt their behaviour accordingly.

As discussed earlier, there are significant differences between the World Bank and IMF. The IMF’s hierarchical structure means that both research and policy processes tend to be more conservative and slightly more rigid than in the World Bank. Within the World Bank, on the other hand, the less hierarchical nature of the institution and the internal competition of ideas means that there is generally room for more junior staff – the World Bank’s ‘street level bureaucrats’ – to interpret and reinterpret policies. Street level bureaucrats are the employees of an institution who are responsible for implementation, and who – according to Lipsky (1980) – ultimately decide how policy is to be translated into practice. The role of street level bureaucrats seems more prominent in the World Bank than in the IMF.

Nevertheless there was increased room for manoeuvre within the IMF around the late 1990s. This was mainly due to the perceived failure of the PFP as an operational tool in the World Bank, and the IMF’s acceptance of the failure because *de facto* it was clear that the Bank no longer bought into it. This generated a search for new solutions that the PRSP provided, at least in theory. There was also a sense in the IMF of being under siege, especially over the questions of their role in low-income countries and their legitimacy in the light of the 1997 Asia crisis, and the critiques that developed

around the external ESAF review in 1998. The PRSP initiative presented an opportunity for the IMF to reformulate ESAF and to show that they were trying to address some of these problems.

A significant change in the policy environment was created by Wolfensohn's CDF in early 1999. The CDF presented a significantly new framework of principles and as such it can be argued that it was a 'fundamental policy decision' at a conceptual level, i.e. a decision that significantly altered the existing grounds for decision-making (Lindquist, 1988). However, there were no financial arrangements attached to the CDF. This contributed to the perception that there was a need to link the CDF concepts to both financial and bureaucratic systems within the World Bank. The formulation of the PRSP initiative later in 1999 combined the CDF principles with an explicit objective of poverty reduction and the background work on poverty that was leading up to the World Development Report 2000. The PRSP initiative also brought together conceptual and operational concerns, particularly through its link to HIPC2.

The challenges that the IFIs were facing meant that many of the policy and review decisions immediately preceding the PRSP were of an 'incremental' nature, i.e. were taken on an ad hoc basis as each problem became pressing (Lindquist, 1988). These included the need to solve the PFP and IFI coordination problems; the challenge of making debt relief 'broader, deeper, faster, better' and ensuring that resources freed up by debt relief would be well spent; and, lastly, how to operationalise the explicit focus on poverty reduction and the CDF principles. If the PRSP initiative is viewed as the grouping of all these issues, it could surely be seen as an 'emergent' policy decision, i.e. a decision based on a broad new vision (Lindquist, 1988).

#### *4.1.3 Leading national actors*

In the UK, the Labour government was elected in 1997 and DFID was established as a separate ministry, with a strong alliance between Clare Short in DFID and Gordon Brown in the Treasury. These changes created a major new player on the international scene with a strong agenda of poverty reduction, which changed the policy environment.

At the same time, Jubilee 2000 gathered momentum both in the UK and in other European countries and was able to mobilise considerable public pressure, often in collaboration with faith-based organisations and other groups. Jubilee 2000 strongly contributed to the sense that there were serious challenges that needed to be addressed. This put pressure on national governments in Europe (and also on the IFIs) to be seen to be making positive steps towards increased debt relief for the Third World.

The US role in the PRSP story is in general about possible obstacles they might pose rather than their contribution to new frameworks. The fact remains that the US is a vital member of the international decision-making community that needed to be appeased. This was particularly pertinent in a US context in the 1990s characterised by lower levels of public interest in development issues, and political concerns about the need to replenish the funds of the IMF at the same time as the role of the IMF was causing problematic questions. There were also abolitionist tendencies in NGOs, which had some influence through lobbying activities. In general, the Clinton administration increased the room for manoeuvre to make 'progressive' changes by the World Bank and IMF – especially through the work of Larry Summers (former Chief Economist to the World Bank) as Secretary of the Treasury and the intense lobbying by the NGOs in the Debt Round Table. However, this space was dramatically reduced by the election of the Republican Senate and Congress. Thus the legislation that included increased financial contribution for HIPC involved 'cutting a deal' with the right that resulted in setting up the Meltzer Commission.

## 4.2 Evidence: credibility and communication

The evidence that contributed to the emergence of the PRSP initiative can in general terms be divided into two types. The first is the more academic development research that fed into the shifts towards poverty, participation and aid effectiveness over the course of the 1970s, 80s and 90s. This was an important contribution to problematising the approaches that preceded the PRSP. The second is a set of more specific policy-oriented pieces of research, largely undertaken in the late 1990s. This included submissions to parts of the ESAF review, the review of HIPC, the outputs of the SPA Working Groups, and NGO work on debt relief – especially the work by Jubilee 2000 and Oxfam, which in turn drew on studies by Debt Relief International (DRI) as one of their information sources.

### 4.2.1 *Development research and shifts to poverty, participation and aid effectiveness*

The contextual shift provided by the end of the Cold War in 1989 and the wave of democratisation in the early 1990s set the stage for a new focus within development. As the emphasis shifted away from geopolitical and security concerns, a new framework of possible thought became adopted. A framework of possible thought comprises a set of views that seem persuasive in the current context and which gradually come to seem self-evident (Chomsky, 1987). Thus new research on the issues of poverty, participation and aid effectiveness within international development gained importance and credibility during the 1990s, and set the stage for operational models that would follow up the views in practice. The most important influence of this body of work was its indirect shaping of the policy discourse through its critiques of historical practices. The process might be seen as an example of the ‘percolation’ model described by Weiss (1977), who suggests that the most important impact of research is achieved as new research concepts and interpretations gradually filter through various policy networks and contribute to the general framework.

On the whole, the general space that was opened up for and by development research during the 1990s was perhaps due to both the quantity of the work in these areas and the large number of highly credible academics undertaking it. Within the World Bank and IMF, the most well-recognised strand of development research was the one concerned with aid effectiveness, conditionality, and the question of why development expenditures were not going to plan. This research was produced by well-known and respected economists such as Collier, Dollar, and Killick. Their research was presented in an economic discourse that was readily accessible to IMF and World Bank staff, and their conclusions were also regarded as being validated by staff field experience. These factors could all be seen to contribute to the credibility that they were perceived to have within the IFIs.

### 4.2.2 *Applied policy research*

In contrast to the more academic research referred to above, the field of applied policy research focuses far more on policy recommendations and on providing workable solutions. Much of the policy research discussed in this section gained credibility and influence partly because of factors that could be compared to good marketing strategies (see e.g. Lambin, 1996). For example, the applied research frequently formulated concrete solutions, found the right packaging for the recommendations, and was developed in interaction with the target group.

One of the key sources of the credibility of much of this research was the fact that it was directly commissioned by the policy-makers in the IFIs. In very general terms, external research is regarded as less credible by both IFIs than internally produced or commissioned research. The least credible research is that which questions the paradigm and which is not written in a language that is

accessible or relevant to IFI staff. Thus the internal ESAF review was in general terms regarded as more credible by IMF staff than the external review. Nevertheless, the external review was also in the end largely accepted by the IMF, as the review did not question the content of structural adjustment. While the World Bank is probably more open to external ideas, many of the same issues apply.

Much of the applied research on debt relief was carried out by NGOs, especially the Jubilee 2000 coalition. In the beginning, research and dissemination by some NGOs was fairly emotive and distorting, and ignored the complexity of the situation. Partly because of this, and partly because of ingrained perceptions about the lack of rigour and credibility of NGO research in general, NGO evidence was not taken seriously by the mainstream of many of the government institutions and IFIs. However, a substantial increase in credibility occurred. This was mainly due to a shift undertaken by the NGOs themselves in the type of research being produced, resulting in a marked improvement in the quality of their analyses and attempts to package the findings in language that was more palatable to policy-makers. Oxfam became particularly adept at this, building on both country evidence and economic analysis in their papers on debt, and their policy briefs were read by staff within the IFIs. Another important factor seems to have been the links developed between NGO researchers and key people inside donor institutions. The importance of linkages between actors is discussed more fully below.

Finally, the role of the Uganda model did much to lend credibility to many of the policy research recommendations related to national poverty reduction programmes. The Uganda PEAP served as a successful 'pilot' case and was quite powerful in convincing policy-makers of the feasibility and merits of the PRSP initiative. This reinforces the view that 'action research' has considerable potential to influence wider policy if it feeds directly into the current policy context (Patel in RAWOO, 2001). It also brings to mind the theory often expounded in communication and media studies that 'seeing is believing' (Philo, 1996) and the relevance of this view to policy processes.

### **4.3 Links: influence and legitimacy**

The role of formal and informal contacts between institutions, within various networks, and between individuals, is very important in the PRSP story. Such contacts played a central role both in the development of the ideas and in their adoption in the form of the PRSP initiative. The literature on advocacy coalitions and policy communities seems relevant here (see e.g. Sabatier and Jenkins-Smith, 1999). This suggests that ideas are more likely to have an impact on policy if they are discussed and refined within groups that either have a similar outlook, or are willing to compromise in order to support the same strategy. Policy coalitions and communities are especially influential if they also manage to maintain links with a few prominent individuals and important politicians.

Perhaps the most important of the links in relation to the emergence of the PRSPs was the connection that was built between the World Bank and IMF policy departments in the late 1990s. A central component of this was the HIPC review, which was carried out by a team of both IMF and World Bank staff. The new and powerful connection between the IFIs, while partly due to new joint modalities, was also in large part made possible because the individuals concerned had sympathy for each other's approaches and worked well together.

At a political level, another important network was formed by the Utstein Group, which brought together some of the more influential bilateral European development ministers, and coordinated their approaches on poverty reduction issues vis-à-vis the IFIs. In many respects the Utstein Group can be seen as a policy community, i.e. a network of actors who had a stake in a particular policy area and who perhaps had an interest in acting together to change it (Pross, 1986). Significant formal forums for researcher-policy-maker links were also facilitated by the ESAF review teams

and the SPA Working Groups. The Working Groups were influential because they managed to forge links between strategically placed policy-makers in the IFIs and some of the key bilaterals. In this respect they too functioned as a policy community. In addition, the SPA and its Working Groups generated a high level of commitment to the PRSP idea by functioning as an epistemic community, i.e. a network of colleagues who shared a similar approach and whose connections with each other created a valuable discussion forum, and an informal basis from which to make public pronouncements (Haas, 1991).

Similarly, the influence of Jubilee 2000 was based on a network between influential actors, especially within the Jubilee Steering Committee. This was an important forum where many debates and ideas were shared. One of Jubilee's main achievements was the development of a global network that brought together a large number of individuals and groups across different contexts. In this respect, Jubilee 2000 was an effective advocacy coalition, i.e. a coalition between actors who are different in many ways but who share a similar perspective on a particular issue, and who are willing to cooperate on the basis of this shared perspective (Sabatier and Jenkins-Smith, 1999).

The above groups were formal entities. However, informal links also played a part in the PRSP initiative. One example of an informal network is the rather unholy alliance for debt relief that emerged between Clinton, Bono, Christian NGOs and right-wing Senators in the US. Another interesting set of informal links formed around HIPC, as documents were leaked to Oxfam UK, and then passed on to the Financial Times and the Economist with Oxfam's commentary on them. This chain of links had an interesting impact on moves to increase transparency later on in the HIPC review process. Important informal links were also evident in the loose network of people that had been involved in the Uganda experience. These included figures such as Mick Foster, Allister Moon, Marcus Manuel and Tony Burdon. Their familiarity with the Ugandan model and its success was transferred with them to a variety of institutions, most notably Oxfam, DFID and the World Bank.

The emergence of the PRSP initiative is not only characterised by groups and networks, but also to a remarkable extent by the input of specific individuals. There were 'policy champions' and 'entrepreneurs' at various levels that did much to move the PRSP agenda forward. Most prominent amongst these were perhaps Masood Ahmed and Jack Boorman (heads of the World Bank and IMF policy departments), Tony Boote (IMF policy department), Stan Fischer (Deputy Managing Director IMF) and Clare Short (DFID). In Gladwell's (2000) terms, these individuals can be described as both 'connectors' – networkers who know who to pass information to and who are respected – and 'salesmen' – powerful and persuasive individuals who are listened to where others might be ignored.

In sum, one of the central features of the PRSP policy change is the fact that there is no single source or single narrative that captures how the policy change came about. Similar sets of pressures, critiques and ideas were being addressed in different contexts, and different elements of what became labelled as the PRSP initiative emerged simultaneously in a number of places during the late 1990s. This led to a broad feeling of ownership of the PRSP idea within various different groups, which undoubtedly strengthened commitment to the initiative and was instrumental in the speed of its adoption.

## 5 Conclusion

The previous section has outlined an analysis of how the idea of the PRSP came to be adopted, and the relative contribution of research to that process. In sum, the PRSP was an operational solution that solved several internal problems and provided an answer to external pressures, particularly for the IFIs but also within different bilateral organisations. The fact that an idea as potentially radical as the PRSP initiative got through the Boards of the IMF and World Bank in September 1999 is in significant part due to the level of ownership felt for the idea from its emergence in a variety of debates and places over the late 1990s. It was influenced indirectly by academic research within the international development field and directly by applied policy research, particularly policy-oriented research undertaken in relation to the ESAF and HIPC Reviews, poverty reduction strategies, and debt relief.

In conclusion, what does this tell us about research/policy links? The case study has tested the conceptual framework that was presented in Section 2. On the whole the three-dimensional framework – ‘context, evidence, links’ – has proved to be useful. The PRSP case study has also highlighted a few additional points that are not captured in the initial hypotheses. As stated in Section 2, the three initial hypotheses were:

Research is more likely to contribute to evidence-based and pro-poor policy-making if:

- it recognises and acknowledges the political and institutional limits and pressures of policy-makers, and resonates with their ideological assumptions, or sufficient pressure is exerted to challenge those limits;
- outputs are based on local involvement and credible evidence, and are communicated via the most appropriate communicators, channels, style, format and timing;
- researchers and policy-makers share particular types of networks and develop chains of legitimacy for particular policy areas.

We suggest that the PRSP case study supports a slightly different set of four propositions, as follows:

### **1. Researchers are more likely to be influential if they interact with policy-makers and understand their constraints and agendas.**

The case study of the PRSP initiative presented in this paper suggests that the first hypothesis is valid; i.e. researchers are more likely to directly influence policy-making if they engage with the political and institutional pressures facing the policy-makers. As confirmed by the PRSP story, research commissioned by policy-makers who are asking genuine questions, or which involves direct interaction with policy staff, is most likely to have an influence. Applied policy-oriented research or evidence which translates academic findings into the policy context is more useful for policy-makers than pure academic research.

### **2. Research is more likely to be influential when it is regarded as rigorous.**

The second hypothesis seems to be partly valid; the channels and formats used to present research do make a difference. However, as can be seen in the increased credibility gained by NGO research, it is important to note that the rigour of the analysis itself is also a decisive factor; it is not just a matter of the language and formats used. The degree of local involvement, on the other hand, is not directly relevant to this case study. If local involvement is taken to mean involvement by Southern governments or civil society actors, then such involvement in the process leading up to the PRSP was largely limited to the demonstration effect of changes in practice – as in the case of Uganda – while direct input was limited.

### **3. Researchers are likely to have an indirect influence through networks.**

The third hypothesis, on the importance of networks, seems to be more relevant. Those researchers who were involved in one of the networks around HIPC, ESAF, SPA, PREM or debt relief were more likely to have an impact than researchers outside these circles. There was a high degree of interaction between individuals within different institutions. As one of the interviewees put it, 'none of the players is more than two handshakes away from any of the others'. The dynamic between informal networks and formal institutions was particularly important, as it meant that ideas emerged in multiple places at the same time. A high level of ownership of ideas across various institutions increased the impact and speed of research uptake.

### **4. Evidence can change the policy context.**

While most literature on bridging research and policy assumes that it is very difficult to change the context, the PRSP case study shows how evidence can to some degree bring about change in the context, even when it challenges policy-makers and fuels conflict. The NGO campaigns on debt relief drew on research that spoke the language of policy-makers but which strongly challenged their viewpoints. This generated conflict but brought about significant change. The conflict that was created was effective because it changed the domestic political environment in a number of countries, and put pressure on the G7 to insist on changes in debt relief policy. Those changes in turn triggered further initiatives that together have made a substantial difference to the context in which future policy debates will take place.



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## Appendix 1: Research Methodology and Timing

<b>Activity</b>	<b>Timing</b>
1. Research question framed in consultation with key ODI researchers	June 2002
2. Refining the research framework in light of initial consultation	June 2002
3. Literature search and overview of essential documentary sources	July 2002
4. Interviews with key informants in the UK	August 2002
5. Further refining of the research questions	August 2002
6. Interviews with key informants in Washington	October 2002
7. Preparation of Working Paper and circulation for comments	November 2002 to April 2003

## Appendix 2: Key Informants

<b>Interviewee</b>	<b>Job at time of interview</b>	<b>Previous job</b>
Masood Ahmed	IMF	Head of Poverty Reduction and Economic Management (PREM), World Bank
Brian Ames	IMF	Africa Department, IMF
Nick Amin	Central Economist, DFID (ESCOR)	DFID representative to SPA
Jack Boorman	IMF	Director of Policy Development and Review Department (PDR), IMF
Anthony Boote	Assistant Director Caribbean II Division, Western Hemisphere Department, IMF	Head of HIPC Review Team, Division Chief of Official Financing Operations Division (in the Policy Development and Review Department, PDR), IMF
Hugh Bredenkamp	Mission Chief, Ghana, IMF	Head of ESAF Review, Teams/Division Chief for PRSP, IMF
Tony Burdon	Head of Poverty Reduction Strategies Branch, UK Treasury	Uganda Country Representative, Policy Advisor, Oxfam
Paul Collier	World Bank	Centre for the Study of African Economies, Oxford
Mick Foster	Chief Economist, UK Home Office	Centre for Aid and Public Expenditure (CAPE), ODI
Alan Gelb	Chief Economist and Sector Director, World Bank	Africa department and HIPC team, World Bank
Peter Grant	DFID	Head of International Economic Department, International Debt Group, DFID
Thomas H. Hart	Director, Government Relations, The Episcopal Church, Washington, DC	
Doug Helinger	Development Gap	
Jeffrey Katz	Manager, Partnerships and External Affairs, Africa Region, World Bank	HIPC Unit, Poverty Reduction and Economic Management (PREM), World Bank
Tony Killick	Senior Research Associate, ODI	Director, ODI
Damoni Kitabire	Senior Economist, Policy Development and Review Department (PDR), IMF	Director of Economic Affairs, Planning and Economic Development, Ugandan Ministry of Finance
Jeni Klugman	Lead Economist, Poverty Reduction Group, Poverty Reduction and Economic Management (PREM), World Bank	Poverty Reduction and Economic Management (PREM), World Bank
Jerome I. Levinson	Lawyer in Residence, Washington College of Law, American University	Member of the Meltzer Commission
John Mackinnon	Economic Consultant, Independent	Work on Uganda

Marcus Manuel	Head, International Poverty Reduction Team, UK Treasury	Adviser to Ugandan Minister of Finance
Matthew Martin	Director, Debt Relief International (DRI)	Debt Relief International (DRI)
David Mepham	Institute for Public Policy Research (IPPR)	Ex-special adviser to Clare Short
Joan M. Nelson	Retired	Senior Scholar, Woodrow Wilson International Center, Smithsonian Institution; Scholar-in-Residence, School of International Service, American University
Andy Norton	Social Development Adviser, DFID	Research Fellow, ODI
Ann Pettifor	Director, Jubilee Research	Jubilee 2000
Mark Plant	Division Chief for PRSP, IMF	Africa Department, IMF
Giovana Prennushi	Lead Economist, Poverty Reduction Group, Poverty Reduction and Economic Management (PREM), World Bank	Poverty Reduction and Economic Management (PREM), World Bank
Laure Redifer	IMF	US Delegation to the IMF
Alison Scott	DFID	Social Development Adviser, IMF
Paul Spray	DFID	Head of Policy, Christian Aid (until 1997)
Rachel Turner	DFID	
Axel van Trotsenburg	Country Director, World Bank	Manager, HIPC Unit, Poverty Reduction and Economic Management (PREM), World Bank
Kevin Watkins	Head of Research, Oxfam	Oxfam



## Appendix 3: The Research Questions

### Overall research question

How can policy-makers and researchers make better use of research to contribute to more evidence-based policies that reduce poverty, alleviate suffering and save lives?

### The policy context: politics and institutions

To what extent is the impact of research on policy-making shaped by political and institutional structures and ideological assumptions?

#### 1. How did the global, national and community-level political, social and economic structures and interests affect the room for manoeuvre of male and female decision-makers in particular policy areas?

Any political, social or economic factors which might have influenced the key decision makers. These might include:

- financial interests of international banks in relation to debt cancellation
- socio-economic interests of vets in blocking the liberalisation of regulations

#### 2. Impact of local political interests of warring factions on food distribution How did assumptions influence policy-making, to what extent were decisions routine, incremental, fundamental or emergent, and who supported or resisted change?

Information about:

- existing knowledge and values and the various actors
- the old and new ideas underlying decisions
- how much new policies might change the status quo
- who supported and resisted the changes and how

#### 3. How did applied and academic research influence the development of policy when being put into practice?

How the policies were developed, adapted or distorted as they were put into practice by, e.g., getting information about actions taken, and research used, by project partners, 'street level bureaucrats', and communities.

### Evidence: credibility and communication

To what extent did local involvement, the quality of research, and communications strategies affect the impact that research had on policy-making in particular areas?

#### 1. How was information gathered and by whom?

Who did the research – beneficiaries, NGO practitioners, activists, academics, consultants, government researchers; was it academic/applied and before/during/after/not part of a 'project' with non-research aims.

#### 2. What was perceived as credible evidence by different actors and why?

Information about what parts of the knowledge that was produced was valued, by whom, and how they assessed research quality.

**3. Did researchers segment their audience and if so, how, and did this affect impact on policy?**

Information about whether information was tailored for particular policy-makers (according to organisation, gender, discipline, policy area, etc.) and what impact it had.

**4. How and why was information ignored, reinterpreted and distorted and by whom?**

Information about what happened to research findings within policy communities, e.g. snowballs, whispers, trickles etc.

**5. Did the communicator, channel, format, style or timing of the communication play a role in influencing policy-makers?**

How the research findings were communicated, at what stages, and by whom, and assessment of what worked, what failed, when and why.

## **Links: influence and legitimacy**

To what extent is research used more effectively in policy processes if researchers and policy-makers share particular kind of networks, common goals and chains of legitimacy for particular policy areas?

**1. What roles were played by which kind of groups and male/female individuals and what were the links between them?**

Information about the relationships and networks between actors. They might include: epistemic communities, global public policy networks, issue groups, advocacy coalitions; and citizen action groups, etc.

**2. Which women or men had significant influence over the policy?**

Who were regarded as experts in the particular policy area? Who were the effective and ineffective policy entrepreneurs, connectors, mavens and salesmen? Were there any differences in impact according to gender, nationality, race and/or class?

**3. How did women and men researchers and advocates establish legitimacy; did it make any difference to the policy outcomes?**

What were the chains of legitimacy between various stakeholders (e.g. whether southern partners controlled monitoring of action research, or degree to which informants were consulted about policy recommendations), and assessment of the influence of these chains on the quality of policy decisions.

## Appendix 4: The PRSP Initiative Chronology

	IFIs	Bilateral/donors	NGOs	Zeitgeist
	<b>HIPC, CDF, PFP, ESAF</b>	<b>DFID and Treasury, US Admin, SPA, G7</b>	<b>Jubilee 2000, NGOs</b>	
<b>1986</b>	<b>March 27</b> IMF creates a Structural Adjustment Facility (SAF) to provide balance of payments assistance on concessional terms to low-income developing countries (LICs).			
<b>1987</b>	IMF Managing Director Michel Camdessus proposes a plan for new concessional IMF lending for LICs – the ESAF – at the Venice G7 summit.	<b>April</b> UK Chancellor of the Exchequer Nigel Lawson launches first of a series of UK LIC debt initiatives, arguing that Paris Club rescheduling for LICs should be below market rates of interest. <b>December</b> Special Programme for Africa (SPA) is launched.		Unicef’s ‘Adjustment with a Human Face’ is published.
<b>1988</b>		G7 Summit in Toronto produces the ‘Toronto terms’ on debt rescheduling.		
<b>1990</b>	<b>March</b> First operation under the Debt-Reduction Facility for IDA-Only Countries: \$9.1 million to Bolivia. <b>WDR</b> Though McNamara began pushing for poverty reduction as the overarching aim of the Bank in the 1970s, this aim was only strengthened much later on. Poverty reduction was officially put on the table with the World Development Report 1990.	<b>September</b> UK Chancellor of the Exchequer John Major proposes the ‘Trinidad terms’ for LIC debt rescheduling at the Commonwealth Finance Minister’s meeting in Trinidad. <b>October</b> Second phase of Special Program of Assistance (SPA II) is launched. Eighteen donors pledge \$7.4 billion in co-financing to support adjustment programmes in low-income, heavily indebted countries of sub-Saharan Africa.		East and West Germany are re-united (October 3). The first UNDP Human Development Report is published.
<b>1991</b>	<b>September</b> WB’s poverty policy paper ‘Assistance Strategies to Reduce Poverty’ is issued, from which the Bank endorsed Poverty Assessments (PA) to be undertaken for almost all borrowing countries.	Paris Club creditors agree to ‘London terms’ for LIC debt rescheduling, which increases degree of concessionality to 50%.		International Development Strategy for the Fourth UN Development Decade 1991.
<b>1992</b>	<b>May 11</b> Operational Directive 415 on poverty reduction and the Poverty Reduction Handbook are issued in the Bank. <b>November 3</b> The report of the Task Force on Portfolio Management (the ‘Wapenhans Report’) is transmitted to the Executive Directors.			
<b>1993</b>	WB’s Africa Region creates a Poverty Task Force to evaluate how to reduce poverty. <b>March</b> First internal ESAF review discussed by Executive Board. <b>January 21</b> President Preston sends a memo to staff regarding the results of the ‘Wapenhans Report’ and what it will mean for Bank business. <b>August 26</b> Executive Directors approve a new information disclosure policy.			

1994		<b>May 17</b> WB issues a statement saying that it welcomes constructive debate on development issues, but feels that the proposals of the '50 Years is Enough' anti-WB campaign are misconceived or outdated. <b>June 25</b> WB issues Governance: The WB experience, which argues that good government is critical to economic development.	Naples economic summit increases concessions to 67%.	'50 Years is Enough' campaign is established.	
1995	<b>Jan</b>		'Naples terms' begin to be implemented.		
	<b>Mar</b>	<b>March 17</b> Armeane Choksi sends memo to staff on the recently completed Social Summit in Copenhagen, describing the Bank's position on the controversies over NGO involvement, adjustment, Africa, and multilateral debt.			
	<b>Jun</b>	<b>June 1</b> James D. Wolfensohn becomes the ninth president of the Bank. He issues memo announcing his immediate plans and what he expects from staff.			
	<b>Sep</b>	<b>September 8</b> Vice Presidents announce the establishment of two Bank-wide working groups on Change Agenda: one to focus on the issue of professional excellence, and the other on how to develop a culture of client responsiveness, results and accountability.			Fourth World Conference on Women in Beijing speaks out on impoverished poor women.
1996	<b>Feb</b>	<b>February 26</b> President Wolfensohn launches the WB Participation Sourcebook, and calls for empowerment of stakeholders in development decision-making.		African Leaders Tour around the UK organised by Debt Crisis Network.	
	<b>Apr</b>	Plans for original Heavily Indebted Poor Countries (HIPC) Initiative leaked at IMF/WB spring meetings.		Jubilee 2000 established with first staff member backed by Christian Aid, CAFOD, Tearfund and World Development Movement (WDM).	
	<b>Jun</b>	<b>June 17</b> President Wolfensohn announces that independent audits of country procurement and related aspects of project execution will be undertaken for select projects to strengthen accountability. <b>June 24</b> WB releases new report on poverty, Poverty Reduction and the WB: Progress and Challenges in the 1990s. The Bank says it will judge itself and its staff by their contributions to achieving the goal of poverty reduction.			
	<b>Sep</b>	Official launch of HIPC Initiative at IMF/WB Annual Meetings in Washington, DC.			
	<b>Oct</b>	<b>October 1</b> HIPC Initiative was approved by governments around the world meeting in Washington. <b>October 1</b> At his Annual Meetings speech, President Wolfensohn identifies corruption as a 'cancer' and a barrier to development, and calls for a new compact between donors, investors and recipients.			

	<b>Nov</b>	<b>November 7</b> HIPC Trust Fund formally established, to be administered by the IDA, and with an initial funding of \$500 million from the WB, to be joined with funds from other donors. HIPC Implementation Unit created in WB. <b>November 27</b> WB releases <i>Taking Action to Reduce Poverty in Sub-Saharan Africa</i> , outlining specific actions that the Bank will take to improve results in poverty alleviation.	<b>November 5</b> President Clinton is re-elected.		
	<b>Dec</b>	<b>December 20</b> WB announces the creation of three new networks: Environmentally and Socially Sustainable Development (ESSD), Finance, Private Sector and Infrastructure (FPSI), and Poverty Reduction and Economic Management (PREM).			
<b>1997</b>	<b>Jan</b>	<b>January 31</b> President Wolfensohn's memo to staff describes the three pillars of the 'Strategic Compact' to renew the institution and to improve development effectiveness. <b>July 18</b> Second internal ESAF review discussed by the Executive Board; Board decides to conduct an external ESAF review as well to complement internal review.		Launch of the website – <a href="http://www.jubilee2000uk.org">http://www.jubilee2000uk.org</a>	
	<b>Feb</b>	<b>February 19</b> President Wolfensohn's memo to staff describes the 'Cost Effectiveness Review', aimed at reducing overheads, lowering the cost of doing business, reviewing cost effectiveness of all services, and allowing the institution to shift resources to front-line operations.			
	<b>Mar</b>			International Confederation of Free Trade Unions backs Jubilee 2000.	
	<b>Apr</b>	<b>April 23</b> Uganda receives debt relief package, becoming the first country to benefit under the HIPC Initiative.		Launch of Jubilee 2000 countdown stock marks 1000 days to the millennium.	
	<b>May</b>		<b>1 May</b> Labour Party under Tony Blair wins British elections.		
	<b>Jun</b>		US Campaign Launch at the Denver G7 summit.	US Campaign Launch at the Denver G7 summit.	
	<b>Jul</b>	<b>July 14</b> The First Global Forum, held in Washington, launches SAPRI.		Structural Adjustment Participatory Review Initiative (later SAPRIN) is set up.	
	<b>Sep</b>	<b>September 10</b> Debt relief package for Bolivia approved by WB under the HIPC Initiative. <b>September 23</b> President Wolfensohn opens Annual Meetings in Hong Kong, calling for a narrowing of the gap between rich and poor, and good governance in member nations. He describes the Bank's Strategic Compact.	Chancellor Gordon Brown launches Mauritius Mandate.		

	<b>Oct</b>			Formation of UK Coalition and appointment of new staff. Scottish Campaign Launch.	
	<b>Nov</b>		<b>November 13</b> US Congress approves continued funding for IDA.		
	<b>Dec</b>	<b>December 23</b> Guyana becomes the fourth country to receive debt relief under the HIPC Initiative, with the WB 'buying back' and cancelling \$27m in debt.			
<b>1998</b>	<b>Jan</b>		<b>September 27</b> Social Democratic Party defeats Christian Democratic Union in German federal elections.		Asian currencies and stock markets continue to plunge, creating an economic crisis for the continent.
	<b>Feb</b>	<b>February 18</b> World Faiths and Development conference held at Lambeth Palace, London, and hosted by President Wolfensohn and the Archbishop of Canterbury Dr George Cary.		Italian campaign launch. Jubilee 2000 marks 45th anniversary for Germany's post WWII debt cancellation (the 1953 London Agreement).	
	<b>Mar</b>	<b>March 19</b> Cote d'Ivoire becomes fifth country to be included under the HIPC initiative.		Launch of Jubilee 2000, All Party Parliamentary Group in UK.	
	<b>Apr</b>		Paul Spray arrives at DFID and is asked to write a piece on debt.	Launch of Jubilee 2000 Africa Campaign, Accra Ghana. Bono from U2 joins the campaign.	
	<b>May</b>		G7 Summit, Birmingham. Protestors form a Human Chain around the building. <b>21 May</b> Clare Short holds a speech at QEH, the drafting of which brought together DFID's position on the linkage between debt relief and poverty reduction agendas.	G7 Summit, Birmingham. Protestors form a Human Chain around the building.	
	<b>Jul</b>	<b>July 17</b> President Wolfensohn sends memo to all staff containing his response to US Senator Mitch McConnell on corruption issues.		<b>July 28</b> The Lambeth Anglican Conference of Bishops, which occurs every 10 years, backs Jubilee 2000.	
	<b>Aug</b>			<b>August 18</b> 500 days to go – Trafalgar Square petition banner.	
	<b>Sep</b>	IMF/WB Invite Jubilee 2000 and other groups to address seminar.	Announcement of HIPC review by Gordon Brown	IMF/WB Invite Jubilee 2000 and other groups to address seminar.	

	<b>Oct</b>	<b>October 5</b> Development Committee meets in Washington to discuss the Asian financial crisis and the Bank Group's response, Bank-Fund collaboration, the increased role of partnerships, HIPC Initiative implementation, and post-conflict assistance. <b>October 6</b> President Wolfensohn opens the 1998 Annual Meetings in Washington, warning that financial reforms are not sufficient, and that human needs and social justice must also be sought.			
	<b>Nov</b>	<b>November 10</b> A WB report 'Assessing Aid: What Works, What Doesn't and Why' is published. The report calls for more foreign aid and for open trade, secure private property rights, the absence of corruption, respect for the rule of law, social safety nets, and sound macroeconomic and financial policies. <b>December 10</b> WB provides \$150m grant to Mozambique for economic reform as part of the HIPC Initiative.		International meeting of Jubilee 2000 campaign, Rome. 400 day count-down actions.	
	<b>Dec</b>				Harare 50th Anniversary meeting of World Council of Churches calls for debt cancellation.
<b>1999</b>	<b>Jan</b>	<b>January 24</b> President Wolfensohn, in a speech in Abidjan, Cote d'Ivoire, calls for development partners to look beyond individual projects and adopt a Comprehensive Development Framework (CDF) to improve the effectiveness of development activities.	<b>January 1</b> Chancellor Schroder, as chair of G8, calls for more 'radical debt relief' through the Cologne Initiative.	Latin American campaign launch in Tegucigalpa.	
	<b>Feb</b>			Bono, Muhammed Ali, David Bowie and the British music industry back the Jubilee 2000 campaign at the annual British Music Awards, watched by a billion people worldwide.	
	<b>Mar</b>			Peru campaign launch. 300 days events, including rally at St Paul's Cathedral, London, addressed by Gordon Brown.	
	<b>Apr</b>	<b>April 19</b> WB Executive Directors approve a programme for policy-based guarantees, Learning and Innovation Loans, Adaptable Program Loans, Programmatic Structural Adjustment Loans, and Special Structural Adjustment Loans.		Mozambique's President backs Jubilee 2000. Philippines campaigners form human chain around Asian Development Bank in Manila.	African Trade Unions back debt cancellation. Foreign Debt Tribunal held in Rio, Brazil.
	<b>May</b>	<b>May 13</b> On the day that Guyana reached its completion point under the HIPC Initiative, the WB approves (further) debt relief for Guyana as part of the Initiative.		Comic Relief's Debtwish Campaign	

	<b>Jun</b>	<b>June 18</b> Bolivia serves as a pilot country for the CDF with the approval of two loans for health and institutional reform. <b>June 30</b> Mozambique receives debt relief through the HIPC Initiative.	At the 1999 Cologne Summit, creditors announce the 'Enhanced' HIPC Initiative which reduced the debt-to-exports ratio to 150% and the fiscal indicator to 250%. <b>June 24</b> Special Program of Assistance for Africa (SPA) donors meet in Washington to discuss the coordination and effectiveness of aid to Africa.	Global Chain Reaction brings one million people into action including <b>12th</b> Edinburgh, <b>13th</b> in London around River Thames, <b>15th</b> 200 day countdown events, <b>19th</b> Cologne G8 Summit. MTV Europe runs massive pan-European ad campaign and telephone poll.	
	<b>Jul</b>	<b>July 29–30</b> UN ECA conference on HIPC, Addis Ababa, Ethiopia.			
	<b>Aug</b>	IMF Executive Board review IMF and WB proposals to modify HIPC Initiative framework.		Jubilee 2000 receives Rainbow Push Coalition award from Jesse Jackson.	
	<b>Sep</b>	<b>September</b> At the Annual Meetings of the WB Group and the IMF, Poverty Reduction Strategy Papers (PRSPs) are agreed upon as being the basis for all Bank and Fund concessional lending and for debt relief under Enhanced HIPC. PRSPs should build upon the principles of the CDF. As a result of Annual Meetings, IMF creates the Poverty Reduction and Growth Facility (PRGF) to replace ESAF, in an effort to integrate poverty reduction objectives and growth more fully into its operations for the poorest countries. <b>September 10</b> Gordon Brown is selected as Chairman of the IMF's Interim Committee. <b>September 26</b> First-ever joint meeting of the IMF's Interim Committee and the Bank's Development Committee. <b>September 30</b> The IMF Board of Governors approves a proposal to transform the Interim Committee into the International Monetary and Financial Committee. The change is accompanied by an explicit provision for preparatory meetings of representatives of the committee.	<b>September 29</b> Clinton pledges to cancel 100% of HIPC bilateral debt owed to USA.	<b>September 23</b> 100 day countdown: Pope meets Jubilee 2000 coalition including Bono, Jeffrey Sachs, Quincey Jones, Bob Geldof, Willie Colon and Ann Pettifor.	
	<b>Oct</b>				Hurricane Mitch hits Honduras.
	<b>Nov</b>	<b>November 9</b> Michel Camdessus announces his retirement as Managing Director of the International Monetary Fund. <b>November 11</b> Second World Faiths Development Dialogue held at Washington, hosted by the WB and the Archbishop of Canterbury. The meeting is to help to bridge the gap between faith communities and the WB in order to enable them to work together more effectively. <b>November 22</b> The ESAF is renamed the Poverty Reduction and Growth Facility (PRGF); its objectives are to foster durable growth, thereby raising living standards and reducing poverty.		Thousands demonstrate in 20 sites throughout Spain. Human chain for debt cancellation at WTO conference, Seattle. <b>November 11</b> 50 day countdown: Human Chain around UK Treasury to call for 100% debt cancellation.	<b>Nov 30 – Dec 3</b> WTO conference disrupted by violent protests in Seattle.



	<b>Dec</b>		SPA name is changed to Strategic Partnership with Africa. <b>December 17</b> Gordon Brown announces 100% bilateral debt cancellation for HIPC countries.		
<b>2000</b>	<b>Feb</b>	<b>February 8</b> WB Group approves a debt reduction package for Bolivia under the Enhanced HIPC Initiative. IDA contributions will amount to US \$253 million. <b>February 10</b> WB Group approves a debt reduction package for Mauritania under the Enhanced HIPC Initiative. IDA assistance will amount to US\$185m.			
	<b>Mar</b>	President Wolfensohn responds to the Meltzer Commission report in an article published in the Washington Post.	The International Financial Institution Advisory Commission ('Meltzer Commission'), authorized by the US Congress in November 1998, releases its report. The report is highly critical of the Bank and Fund.		
	<b>Apr</b>	WB Group approves a comprehensive debt reduction package for Tanzania under the Enhanced HIPC Initiative. The assistance provided by IDA (of US\$1.2bn) will be spread over a period of 20 years, covering 69.1% of Tanzania's debt-service obligations to IDA. <b>April 16</b> Development Committee meetings in Washington are marred by protests of thousands demanding an end to globalisation.			
	<b>May</b>	WB Group has determined that Uganda has met the conditions for its completion point under the Enhanced HIPC Initiative. Including the US\$650m provided under the original Initiative, total debt-service under the HIPC Initiative relief will yield roughly US\$2bn.			
	<b>Jun</b>	WB Group approves a comprehensive debt reduction package for Senegal under the Enhanced HIPC Initiative. Total relief from all of Senegal's creditors is worth around US\$800m.			
	<b>Jul</b>	<b>July 11</b> WB Group determines that Burkina Faso has satisfied the requirements to reach its completion point under the original HIPC Initiative, and is thereby eligible to begin receiving around \$400m in debt service relief. Burkina Faso has also qualified for additional assistance under the enhanced framework (adopted in September 1999) amounting to \$300m in debt service relief over time. <b>July 18</b> WB Group approves a comprehensive debt reduction package for Benin under the Enhanced HIPC Initiative. Total relief from all of Benin's creditors is worth around US\$460m.			

	<b>Sep</b>	WB Group determines that Mali is eligible to begin receiving irrevocably \$220m in debt service relief under the original HIPC Initiative. In addition, Mali qualifies for additional assistance under the Enhanced framework amounting to \$650m in debt service relief over time (\$401m in net present value, NPV, terms). <b>September 26</b> Annual Meetings in Prague are marred by violence and protests against globalisation and the debt relief initiative and close a day earlier than scheduled. Bank and IMF officials declare the meetings successful.	<b>September 8</b> Campaigners call for a new deal on debt cancellation when they meet Horst Köhler, the new Managing Director of the IMF, at a meeting in Downing St, London, hosted by Chancellor Gordon Brown and International Development Secretary Clare Short.		
	<b>Oct</b>	WB Group approves a comprehensive debt reduction package for Cameroon under the Enhanced HIPC Initiative. Total debt relief from all of Cameroon's creditors is worth around US\$2bn in nominal terms. The debt relief frees about \$100m per year for the next three years for expenditures on health care, primary education, HIV/AIDS prevention, and other critical social services.			
	<b>Nov</b>	WB Group approves a comprehensive debt reduction package for Guyana under the Enhanced HIPC2 Initiative. This debt relief package will save Guyana about US\$590m in debt service over the coming years, and is equal to US\$329m in NPV terms. This amount is in addition to relief previously committed under the original HIPC Initiative.		<b>November 6</b> President Bill Clinton signs into law a bill that provides \$435m from the US government to cancel international debts of as many as 33 of the world's poorest countries.	
<b>2001</b>	<b>May</b>	The Bank introduces Poverty Reduction Support Credits (PRSCs), which focus on poverty reduction as the central objective of development assistance, with the goals of enhancing country ownership, facilitating partnerships with other institutions, and building on rigorous analytical underpinnings for fiduciary, social, structural, and sectoral reforms. Eventually, the PRSC is expected to become an important vehicle of IDA financial support to low-income countries with strong programmes.			