"PRSP---A Critique and Commentary of the PRSP as a Panacea to Poverty Alleviation and the Development Crisis in Zambia"

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Introduction

It is not my intention this afternoon to explain the different relationships and roles played by Civil Society and Government in the formulation of the Poverty Reduction Strategy Paper (PRSP) in Zambia; I think such a role is better placed in the hands of the Civil Society Organization for Poverty Reduction (CSPR) and other bodies specialised in such but mine is, going by theme, to offer a critique to the PRSP as a development initiative.

The PRSP—The Case of Old Wine in New Skins!

In principle, the PRSP remains as a blueprint document for tackling poverty in the heavily and indebted poor countries, essentially the PRSP came to replace the old tripartite Policy Framework Papers (PFPs) drawn up between the International Monetary Fund (IMF), World Bank and a country government for "soft" (concessional) loans. Originally conceived in the context of the Heavily Indebted Poor Country (HIPC) Debt Relief initiative, PRSPs, which are now fashionable with the new thinking of the Fund and the Bank on poverty reduction, were envisaged as the centrepiece for policy dialogue and negotiations in all countries that receive concessional financing from the donors.

The PRSP takes the form of a document that, in theory and practice, is prepared by the country government and civil society including the poor-all under the supervision of the Bank-Fund teams. Working in partnership, the players are said to analyse the incidence, nature and causes of poverty in a particular country, who the poor are, and define strategies and schemes for overcoming poverty with clear and specified policy and expenditure targets. Compared to the previous attempts to tackle poverty and related issues, what is new in the PRSPs is the objective of achieving a strategy that will presumably be "locally generated and owned" and developed through a "wide participatory dialogue" focused at both the micro and macro policy levels[1].

It is further assumed that the PRSP process should also "encourage accountability of governments to their own people and domestic constituencies rather than to external funders" so that the "poor become active participants not just passive recipients". But we would ask: is it possible for governments to be accountable to their own people rather than the IMF and World Bank when the whole process was initiated and is to be largely funded by the Bank and Fund? I should also mention here that policies from the SAP era, such as user fees and privatisation of public utilities and commercial services, have been retained in the current PRSP era. These policies stand

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[1] *From "The World Bank and the PRSP: Flawed Thinking and Failing Experiences" Paper by Jubilee South, Focus on the Global South, AWEPON, and the Centro de Estudios internacionales with the support of the World Council of Churches*

accused of failing to take into account the social and economic costs to the poor such as loss of access to basic health and education services. From the onset the World Bank and the International Monetary Fund (IMF) devised the PRSPs as a response to the failure of SAPs and also to reinforce the goal of poverty reduction over the main SAP objective of enhancing economic growth. However, poverty in Zambia like elsewhere has continued to increase partly as a result of significant reductions in the public spending. For instance, at the insistence of the IMF, the government has imposed a wage freeze for most of its workers and the aim is to bring the civil service wage bill to 5% of the Gross Domestic Product (GDP) and also to make us compare favourably with other HIPC countries in the sub-region. This is an economic benchmark we have to meet as a nation if foreign funding has to continue trickling in but the question here is: at what cost to the worker?

Donor Supervision and Influence

The mere fact that the World Bank and the IMF have been supervising and monitoring the PRSP processes even at micro levels across poor countries renders the whole question of local ownership a mockery and thus making the entire programme a foreign tool and another conditionality for accessing aid from the international financial institutions. Why is it a must that the final document of the PRSP must be submitted to the Fund-Bank Boards for approval and not the key stakeholders in the participating countries?

Suppose, in hypothetical terms, there is a sudden shift and change in the thinking and policy direction on the part of the IMF and World Bank regarding poverty solutions, would the PRSPs still remain blueprints for tackling poverty in the poor countries? I am persuaded and inclined to think that the PRSP lacks the political will and genuine local ownership to make it a legally binding document.

Weaknesses in the PRSPs

The PRSP while fundamentally trying to address the causes and incidence of poverty in poor countries, it suffers from one serious setback, it does not address the external factors that to a greater extent, influence the widespread incidence of poverty in the heavily indebted and poor countries. For instance, it is silent on the unfair trade practices obtaining between Africa and Europe or America. The current approach implies that lack of growth is one of the main causes of the ever increasing poverty levels in the HIPC Countries, hence the emphasis on 'pro-poor market growth'. However, the main failing with this reasoning is that it does not consider the other side of the coin: poverty being the main blockade to growth!

As Professor Joseph Stiglitz of Columbia University and former chief economist of the World Bank continues to argue "the more developed countries like the United States have preached the rhetoric of free trade and eliminating subsidies and free markets, but with respect to the goods that developing countries care about—agricultural goods and textiles—the advanced industrial countries continue to close their doors and provide huge subsidies". The US government in trying to justify its action on subsidies on its industries has consistently argued that this is the only effective way of protecting and stabilizing its national employment levels.

Following similar logic and arguments we are prompted to ask a question: why shouldn't African countries also protect their industries from unfair global trade through the same economic game of subsidies? Surely what is sauce for the goose is sauce for the gander too! Currently the agricultural products in Europe are heavily subsidized while the African commodities are not thereby rendering our products uncompetitive at the global markets. Last year the Secretary General of the United Nations Koffi Annan while addressing the World Food Programme (WFP) in Rome lamented the developed countries' policy on subsidies especially their negative impact on the poor countries' economies. Unless this is redressed Africa's position and influence in the global economy will continue to remain insignificant.

One would be quick to ask: do PRSPs in their present body, soul and content represent fundamental changes in the Bank-Fund programs and thinking? There seem to be no significant departure from the old and infamous Structural Adjustment Programs (SAPs) in the PRSPs apart from the addition of the "poverty reduction" to justify their appearance.

Accessing Financial Resources Under a Liberal Environment

The IMF Poverty Reduction and Growth Facility (PRGF) speaks of concessional lending with an explicit focus on poverty reduction in the context of a growth-oriented strategy. What this means is that while various key stakeholders such as government and the civil society are free to discuss poverty reduction, they can not step out side the new liberal free market "growth" framework guiding the "broad economic policies" that emphasize privatisation of the economy and liberalization of trade among other things. Africa's experience with privatisation in the last decade has been disastrous to say the least.

Surely one does not need to be reminded that the liberal policies that have been vigorously implemented in our fragile economies have left a trail of untold social and economic suffering. The Zambian case from 1992 to date exemplifies the whole situation. Liberalization and privatisation have often manifested their ugly faces in form of company closures and massive job losses through retrenchments. Those of you who have been to Livingstone in the last few years have seen what liberalisation of an economy without proper safer guards can do to industries—the textile industry is completely wiped off together with massive job losses! In light of these bitter experiences, can PRSPs be relied upon to cure poverty problems in the poor countries?

Who is Pulling the Strings in the PRSP Process?

In Zambia the privatisation, investment law, liberalization, unfair trade practices e.g. the award of tax rebates to foreign companies and the marketisation of land and other resources in general have diminished living standards and access to assistance. These perspectives provide the overall framework of reference for discussion between the IMF/Bank missions and government about the content of the PRSP.Ownership in this regard is reduced to a rich big brother invitation to financially resource starved national governments and civil society to sign on.

The fact that the IMF and World Bank insist when dealing with poor countries needy of debt relief and concessional assistance by making them to come up with a PRSP makes the whole process another form of conditionality. Countries have to prepare a Poverty Reduction Strategy Paper, which includes macroeconomic, structural, and sectoral as well as social elements. This means that in addition to traditional adjustment targets, new conditions must be met. Although increased emphasis on poverty reduction is to be welcomed, it is clear that the PRSP approach still has major shortcomings, one of which is the fact that macro-economic issues still restrict social ambitions in terms of denied access to decent healthcare and school places through user fees.

Furthermore, the need to have a PRSP delays the road to the HIPC Completion Point, the point where debtor countries receive irrevocable debt relief (Uganda for example, has been working on a Poverty Reduction Strategy for over five years, and even after this the World Bank and the IMF are not fully satisfied and demand more details). On the other hand, the quality of the PRSP including important aspects such as, for example, consultation and participation risk being undermined as countries are in a hurry to reach the Completion Point.

PRSP and Debt Relief

The PRSP seen from the Debt relief angle is too slow and accompanied by a set of complex conditions that have to be met before debt relief is finally granted. For the Zambian case the country cannot be granted full debt relief until the PRSP has been implemented for at least one year after which a Debt Sustainability Analysis (DSA) will be conducted. The DSA will then be used to determine how much debt relief will be given to Zambia but the road to the Completion Point is not without hitches! Sometimes donors tend to shift 'goal posts' and hide under the familiar jargon and rhetoric of 'poor governance' record as a basis for denying debt relief to a needy debtor country. Zambia's experience with donors two years ago confirms what Iam talking about—the country was promised debt relief but that was never delivered thereby throwing government activities and programs off track.

Similarities between PRSPs and SAPs

From the arguments above, it is evident that the PRSP process is fast approaching the SAP process with the overall emphasis on market based pro-poor growth at the expense of the social and economic development of the more vulnerable groups within the various implementing countries. Thus we can draw similarities between PRSPs and SAPs:

- An over reliance on the trickle down effect
- Failing to recognise the cost of growth in terms of the reduction in the social capital
- Setting targets that are heavily influenced by external funders and insufficiently influenced by the results of the public participation

Conclusion

In concluding this explosive subject I want to reinforce one point here that Zambia and Africa in general have huge development potentials in terms of abundant labour, rich soils, minerals and water resources that remain untapped but the continent will not be able to overcome its development hurdles for as long as it continues to rely on ideologies that are designed in the West and that have little relevance to our unique economic, social and political setting.

I thank you all.