

Reduction in poverty due to democratization? PRSP - opportunities and contradictions in a new development policy strategy

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Hans-Joachim Spanger / Jonas Wolff

Poverty Reduction through Democratisation?

**PRSP: Challenges of a
New Development Assistance Strategy**

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SUMMARY

The unpretentious acronym, “PRSP”, embodies a concept of thorough reform in the policies of international development. In September 1999, the World Bank and the IMF declared “Poverty Reduction Strategy Papers” to be the new fundamental principles for both their loan policies and the extension of debt relief to highly indebted poor countries (HIPC II). However, the new policies take much more into account than this. In the struggle against poverty in low-income countries, national exertions towards development as well as the donors in development co-operation will be gathered together under one roof. The PRSP initiative takes up two familiar accusations levelled at international development policies. Instead of external interference by an all powerful donor, the principle of national ownership is to take its place, which shall allow the respective countries to set up their own development plans. And instead of an imposed development programme, there are to be the principles of participation whereby the “civil society” and in particular “the poor” themselves are to assist in the setting up, operation and control of such programmes.

Inasmuch as the struggle against poverty is declared as the main aim of all development activity and, at the same time, the successes in this connection are seen as taking place within a national framework of democratic and participative self-determination, two honourable principles in international development policies are united in the new PRSP approach: the promotion of democracy and the eradication of poverty. While poverty has had its place on social and political development agendas for decades, with the demands for participation and ownership – following the discussions on “good governance” since the end of the 1980’s – democratisation has finally found a place in IMF and World Bank strategy. The following report considers the extent of this conceptual change and scrutinises the underlying notion of an harmonious integration of perfectly fitting dimensions of development according to the maxim: “Poverty reduction through democratisation”.

As a concept, PRSP embraces far-reaching changes and, no less, opens up far-reaching chances. However, the implementation has shown inconsistencies, contradictions and limitations which query the concept itself. Thus, the rhetoric of “participation” in PRSP has so far only been translated into consultation steered by respective governments during which, more or less, large parts of organised society can put forward their demands. In addition, parliaments rarely take part in the proceedings. As a result, democratic, representative institutions are being replaced by diffuse and non-committal dialogue. At the same time, macroeconomic policies are generally left aside, despite the fact that these, following the official announcements, should become the subject of public debate as well. And all the PRSP policies hitherto – undiluted by “ownership” and “participation” – have been bent on continuing the well-known, neo-liberal programme schemes. This is secured from outside by the international financial institutions: conceptually, since only in this way economic growth can be assured which, for its part, is the *conditio sine qua non* of successful poverty reduction; from a practical point of view, since it is the executive boards of IMF and World Bank which finally decide on the acceptance of a PRSP (and

therefore on debt relief and further loans). In this way, the continued practice of conditionality systematically limits the extent of participation and ownership and with it democratic self-determination.

On the other hand, postulates such as participation and ownership as well as emphasis on the rule of law, competitive politics and democratic elections as a standard frame of reference certainly create room for activities promoting democracy. Since national governments as well as IMF and World Bank will be assessed with regard to the promises of ownership and participation the PRSP process raises transparency and, in many cases, for the first time at all allows civil society to engage in decision making on basic social and political issues in the countries concerned.

The report places the new development strategy embodied by the abbreviation, "PRSP", within the double tradition of previous experience in the international promotion of democracy and poverty reduction. From the perspectives of the two democracy-related elements, ownership and participation, an intermediate account of the PRSP initiative will be drawn up. This will be in the manner of a desk study and is the result of an assessment of the lively debate which has unfolded since September, 1999, both within the development community and among scholars in the field. Evidence will be drawn from two case analyses, one from Bolivia and one from Tanzania, an exemplary intensification of matters evolves. Both countries are generally thought of as "strong performers" as far as the issue of structural adjustment is concerned, have, during the so-called "third wave of democratisation", initiated a transition to democracy, and belong to the first participants in the new initiative. In demonstrating the two cases in point, it is clear how the conditions in each respective country determine the concrete potential of the PRSP initiative.

In Bolivia – where already in the 1990s local participation together with simultaneous decentralisation had been tested – not only were relatively comprehensive dialogues possible, but, in the course of the PRSP process, legalised forms of participation and social control were further extended. This was made possible above all by the presence of well-organised social groups which insisted on the implementation of PRSP promises from their own government and the international community. Whereas in the case of the Bolivian "success story", too, there are limits to the PRSP initiative, in the case of Tanzania these are all the more apparent. It is perhaps significant that democratisation – referred to in the Bolivian PRSP as an explicit objective of the strategy – in the case of Tanzania does not play a role at all. The extent of participation in Tanzania was clearly limited and one cannot (yet) speak here of an institutionalisation of participation at all. At the same time, both cases reveal the democratic potential, as PRSP processes stimulated dynamics in society pushing for further changes both in the political system as a whole as well as in the relationship between the state and society.

How participation is to take place is decided for the most part by national governments. The IMF and World Bank demand only that – and not *how* – consultations be undertaken. Nevertheless, they maintain the right to finally decide upon the acceptance of PRSP and continue to link debt relief and new loans to concrete conditions, although these latter have been reduced in number. Financial aid can now hardly be linked solely to the goals of those receiving it, but requires the acquiescence of the donors. In order to

show the declared principles of ownership off to its best advantage, the report suggests that the acceptance of PRSP as the obligatory development strategy be delegated to the business of annual conferences of the respective donor community. In addition, conditions should focus on implementation and results (ex post) rather than on a diverse range of concrete measures, and should include clearly demarcated minimum standards for social participation in setting up PRSP.

What will become of the possibilities opened up by PRSP last but not least depends on whether the donors – and here we may refer directly to the German Federal Government – are prepared to adapt themselves in the matter of developmental co-operation. Ownership is not exhausted by strategies set up by national bodies, but demands no less that the donors integrate their bilateral assistance. For this reason, externally guided projects are to be replaced by an internally incorporated budget aid. Only in this way can the serious gaps in financing PRSPs be closed and can the new strategy be expected to yield at least some results in reducing poverty.

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“Democracy offers the opportunities; it does not offer guarantees of success.”¹

1. Introduction

In the year 2000, the United Nations “Millennium Summit” once more confirmed the traditional, distinguished development objectives of the international community. According to these, the number of people suffering from hunger in the world and those living on less than one US dollar a day was to be halved by the year 2015, child mortality under five reduced by two thirds, maternal mortality by three quarters; the further proliferation of mass epidemics such as AIDS and malaria be stopped, and, moreover, all children should be at least guaranteed a primary school education. These objectives were to be reached by a “global development partnership” which, both nationally and internationally, was to be manifested by open and fair trade, an adequate financial system and supported by the principles of good governance, development and the struggle against poverty.

All this sounds uncomfortably familiar. During the course of the last forty years of global partnership in development, we have obviously not succeeded in reducing, let alone eradicating poverty. Be it the “Green Revolution” of the 1960s or the strategy of furnishing basic needs of the 1970s or the politics of structural adjustment of the 1980s and 1990s, little has changed in the social and material misery in the former “Third World”. For this reason, a new beginning is quite appropriate, and yet, in view of the negative experience so far, the question arises as to what could be done in future which would be more promising. Eradicating poverty as a “theme dissecting all the political concerns” or as an “all-embracing objective of this readjusted development policy” are declaratory goals which in themselves will hardly suffice.²

However, there are not only old objectives, but new beginnings. To these belong the recognition of the political pre-requisites for successful development which have gained in importance in the course of Samuel Huntington’s once diagnosed “third wave of democratisation” and with the end of the East-West conflict. The Federal Ministry for Economic Co-operation and Development (BMZ) maintains that:

“Development co-operation focuses on the basic conditions in the public and in the societal spheres of the partner countries in order to lay the ground for a structurally oriented eradication of poverty. Good Governance, which respects democratic principles and brings about

1 Georg Sørensen, *Democracy and Democratisation. Processes and Prospects in a Changing World*, Boulder (Westview Press), 1993, p. 89.

2 BMZ, *Auf dem Weg zur Halbierung der Armut – Zwischenbericht 2002*. Aktualisierte Kurzfassung zum Zwischenbericht über den Stand der Umsetzung des Aktionsprogramms 2015, www.bmz.de/aktuell/armutshalbierung.html (accessed 2003-05-19). All translations of German and Spanish quotations are the authors’ own.

encouraging preconditions for economic and social development, is a pre-requisite for fighting poverty.”³

This diagnosis – which elevates democratisation as a condition for an effective fight against poverty – is based on the assumption that not only the well-known socio-economic factors belong to the “primary causes of poverty”, but also the “political and social exclusion of part of the population and bad governance”. Considered in detail, these “political poverty issues” include “deficits in political organisation (disproportionate emphasis on the state sector, excessive state consumption and restrictions of private economic activity through production in state-owned factories, over regulation, lack of legal security and enforceable rights), which result in misallocation of resources to the disadvantage of the poor, and poor quality of governance which is grounded in structural deficiencies of the economic system (clientelism, corruption, discrimination, autocracy, lack of transparency and accountability in the governmental sphere, no control of the government via a competitive party system or the separation of powers).”⁴ The present Secretary to the United Nations, Kofi Annan, has added to this list by saying: “Good governance is perhaps the single most important factor in eradicating poverty and promoting development.”⁵

These new official development priorities are no less reflected in academic discussions. Thus Richard Sandbrook paradigmatically states:

“Mass poverty, economic stagnation, and ecological degradation are obviously cause as well as effect of political disorder. Nevertheless, politics is primary: ‘getting the politics right’ is a precondition of rising prosperity as well as of the liberty, security, and services for which all people yearn.”⁶

And in no way is it owing to a *déformation professionnelle* of democracy research when Adam Przeworski together with his colleagues asserts: “Poverty breeds poverty and dictatorship” – whereby the circle is completed from the opposite perspective.⁷

However, the “politicisation of development policies” is not limited to such democratisation postulates with which democracy promotion has become an integral part of development aid itself. Moreover it would be badly advised to seize upon another *deus ex machina* from the depths which – so much is already clear from the course of the “third wave” – would only end in further frustration. Rather it is a (self) critical reflection upon

3 BMZ, Verwaltungsreform in der deutschen Entwicklungszusammenarbeit. Ein Positionspapier des BMZ, *BMZ Spezial* 046, August 2002, p. 6. On the term “structural poverty”, see also Karl Osner, Strukturelle Armutsbekämpfung. Durch selbstverwaltete Institutionen die Politik der Regierungen beeinflussen, in: *E+Z*, vol. 37, no. 5-6, May-June 1996.

4 BMZ, Verschuldungsprobleme armer Entwicklungsländer. Stellungnahme des Wissenschaftlichen Beirats des BMZ, *BMZ Spezial* 025, July 2000, p. 21.

5 Quoted from the new strategic document of the US administration “Foreign Aid in the National Interest”, www.usaid.gov (accessed 2003-05-15).

6 Richard Sandbrook, *Closing the Circle. Democratisation and Development in Africa*, Toronto (Between the Lines), 2000, p. 1.

7 A. Przeworski, M. Alvarez, J. A. Cheibub, F. Limongi, What Makes Democracy Endure?, in: *Journal of Democracy*, vol. 7, no. 1, 1996, p. 49.

the performance, or lack of performance, of orthodox structural adjustment in the past that accompanied the rediscovery of poverty. This had started earlier and thereby brought about a number of modifications in detail. However, as long as globalisation was allowed to continue without restraint in the 1990s, and the vision of a “new economy” not only encouraged speculative illusions of an endless upward swing on the stock exchange, but also hopes of a brave new world beyond inflation and recession, the pillars of structural adjustment and those of the Washington Consensus were not to be shaken. Only when the Asian crisis sent out its shock waves during 1997-8 and when the “new economy” proved to be one of a number of short-lived ideologies of economic history, was the way clear for a fresh, concerted attack on the problem of poverty, armed now with a new codeword: PRS – *Poverty Reduction Strategy*.

At first, the change took place at the rhetorical level: at the annual meetings of the International Monetary Fund (IMF) and the World Bank in September, 1999, it was decided to re-name the former “Enhanced Structural Adjustment Facility” (ESAF) of the IMF to “Poverty Reduction and Growth Facility” (PRGF). The same was true for the World Bank which adopted the term “Poverty Reduction Support Credit” (PRSC) for the former structural adjustment loans. However, matters did not remain at the rhetorical level since – and this was the actual innovation – credit within the framework of the PRGF and PRSC would in future be based on a national *Poverty Reduction Strategy Paper* (PRSP). And in order to create effective incentives, the extended debt relief for “Highly Indebted Poor Countries” (HIPC II) was equally attached to the drafting of PRSPs. Thus a new instrument was set up which not only placed relationships between the International Financial Institutions (IFI) and the approximately eighty eligible developing countries on a new footing, but was in fact to become a model for donors in general.

According to the IMF, PRSP stands for a medium-term development strategy “based on a process involving the active participation of civil society, NGOs, donors, and international institutions”, whereby “the strategy and the policies should emerge out of national debates in which the voices of the poor, especially, are heard”. The IFI see themselves in this as a service institution to “assist in the process”.⁸ At the same time, however, it is the Executive Boards of the IMF and World Bank who decide on the acceptance of a PRSP which, in its turn is a condition for debt relief as well as for receiving credit. In concrete terms, the countries are required at first to submit an interim PRSP (I-PRSP) on the basis of which the “Decision Point” of the HIPC II-initiative will be reached so that an initial debt relief can be facilitated. For the final “Completion Point” of the HIPC-initiative a full PRSP and progress in its implementation are then necessary. Every two to

8 IMF, *The IMF's Poverty Reduction and Growth Facility (PRGF). A Fact Sheet*, March 2001, www.imf.org, p. 3. IMF and the World Bank co-operate “by engaging in debates and consultations over policy and by providing analytical support and technical assistance as requested by national authorities” (ibid.). Civil society participation in addition to NGOs also refers to trade unions and local-based *grassroots* organisations, farmer and indigenous organisations, social as well as religious organisations, cf. Sara Grusky, *The IMF and World Bank Initiate a New Reform Package. The Poverty Reduction Strategy Papers: An Initial NGO Assessment*, Bread for the World Institute Debt & Development Dossier, no. 3, April 2000, www.jubileeplus.org/analysis/reports/bread010600.htm (accessed 2002-05-16), p. 4.

five years the strategy is to be reviewed – participation included. In the intervening years, “PRSP Progress Reports” document the state of the implementation. Assistance from the IMF and World Bank can already be approved on the basis of I-PRSP and “PRSP Preparation Status Reports”; after the setting up of a PRSP, the annual “Progress Reports” form the basis for further loan agreements. Until March, 2003, 24 states had presented a PRSP (a further 24 an I-PRSP), 14 countries in Africa (14 I-PRSPs), 4 in Latin America (0 I-PRSPs), 3 in Europe and Central Asia (6 I-PRSPs), 2 countries in Asia (3 I-PRSPs) as well as one in the Middle East (1 I-PRSP).⁹

The new strategy is based on two central issues: the introduction and safeguarding of a democratic system and the consolidation and extension of a market economy. Allegedly, both work harmoniously together with one another, and both equally are seen as supportive in fulfilling the requirements of good governance and democratisation, of ownership and participation, poverty reduction and economic growth, of liberalisation and privatisation. Indeed, the PRSP concept is no longer entirely dependent on economic reforms, but explicitly combines these with the promotion of a policy which on participatory and self-determinative lines adheres to democratic principles. In the “Poverty Reduction Strategy Sourcebook” of the World Bank we read that participation requires to be embedded in and supported by democratic structures, in concrete terms by “electoral rules that mandate regular and fair competition between seekers of political office”, by “the protection of the law to all citizens – and that can be guaranteed by an independent judiciary”, by “parliamentary oversight mechanisms such as independent audit institutions” as well as “access to information, and freedom of the media to investigate and report”. The connection between democracy and the struggle against poverty is equally clear, since: “Regular, free, and fair elections that can result in changes of government, and the right to stand for elections are fundamental to empowering the poor.”¹⁰

Although the genuinely “apolitical” IFI in the course of discovering good governance had opened up to the political dimensions of development as early as the late 1980s, democratisation as a relevant paradigm did not find footing with the IMF and World Bank until it appeared in conjunction with PRSP concepts and the promotion of ownership and participation. However this, too, only occurred indirectly, which raises the issue of its practical relevance, the more so as conflicts and contradictions cannot be overlooked. Thus, in line with the limited mandate, “negative” democracy aid which is dependent on the fulfilment of political conditions, is hardly to be expected by the IFI. The same applies to “positive” measures. Whether political decentralisation, legal reform, the participation of civil society or the enforcement of civil and human rights is to be reached via national strategies in the struggle against poverty will in the end be decided by the national government in question. The same applies to the question as to whether the participation of

9 World Bank, PRSP/I-PRSP/JSA Board Presentations by Region, March 6, 2003, www.worldbank.org (accessed 2003-03-21); World Bank, *Overview of Poverty Reduction Strategies*, undated, www.worldbank.org (accessed 2003-03-21).

10 World Bank, *Poverty Reduction Strategy Sourcebook*, Draft of April 2001, www.worldbank.org (accessed 2002-05-16), pp. 6, 11.

civil society during the PRSP process in fact means more than a single consultation of large NGOs. While it is true that broad-based participation is valid conceptionally as a *conditio sine qua non* of new strategies against poverty, the IMF and the World Bank have not so far followed this up with the presentation of basic standards in the sense of, e.g., procedural conditions.¹¹

In all this one is not concerned with procedural questions alone, but with the influence social groups could have on the shaping of the content of the PRSP. A public discussion of structural adjustment would indeed have far-reaching democratic consequences and would, moreover, be a considerable challenge to the IMF and World Bank and their economic policies. The very sense of hitherto externally presented structural adjustment maxims can so easily come into conflict with the essential principles of ownership and participation – directed towards self-determination –, and this is something which would seriously affect the harmonious picture of a complementary strategy.¹²

For a large number of non-governmental organisations it is already evident that the new political and economic development strategy is concerned with pure ideology, a verdict which, in its radicalism, at least appears somewhat premature. The PRSP concept with its complementary strategy to promote economic and democratic development in the interests of the battle against poverty, however, most certainly signals a “potentially significant change”.¹³ It is just this potential which is to be examined at close quarters. Three years after its inauguration, the practical experience is of course still limited, but, despite this, both in the development community and in scientific circles, a lively debate has already come into being which at least allows us to make an intermediate assessment. This will be done as a desk study by citing two illuminating cases, that of Bolivia and that of Tanzania. Both countries offer themselves as examples, since both have generally been regarded as “strong performers” in structural adjustment, both have started a transition to democracy in the course of the so-called “third wave” and both very early on have committed themselves to the PRSP process. As an illustration to the background of this new political development strategy, it is nevertheless necessary to refer briefly to the genesis and essence of the promotion of democracy and the struggle against poverty.

11 “It is for governments to decide whom to consult and how to determine the final content of their strategies. Each country needs to develop its participatory process in the light of its unique circumstances and find an appropriate balance.” IMF, *IMF Lending to Poor Countries – How does the PRGF differ from the ESAF?*, April 2001, www.imf.org (accessed 2003-03-20), p. 3. Explicit condition is only a description of consultations in the PRSP; cf. IMF, IDA, *Review of the Poverty Reduction Strategy Paper (PRSP) Approach: Early Experiences with Interim PRSPs and Full PRSPs*, March 26, 2002, www.imf.org (accessed 2002-05-16), pp. 21, 26.

12 With regard to “tension between national ownership and policy conditionality”, UNCTAD sceptically observes: “In effect, the country owns the technical process of policy formulation, but it still lacks the freedom which would release the creative potential of the approach.” UNCTAD, National development strategies, the PRSP process and effective poverty reduction, in: UNCTAD, *The Least Developed Countries Report 2002*, June 2002, Geneva, www.unctad.org (accessed 2002-10-17).

13 Grusky, op. cit. (note 8), p. 2.

2. Democracy Promotion and Poverty Reduction in Development Co-operation

2.1. Democracy Promotion – a New Objective

Democracy promotion can look back on the one hand to a long tradition, but on the other, as an objective and tool in development policy it is a relatively recent phenomenon. Not only in Germany it took until the early 1990s that the promotion of democracy and human rights entered the official agendas for development co-operation in terms of aid programmes and projects.¹⁴ Subsequently to an initial redrafting of the criteria for allocating funds in 1991, the Federal Ministry for Economic Co-operation and Development in 1996 laid down five criteria, namely, the respect for human rights, the participation of the people in political decisions, rule of law, a social market economy and an overall state-orientation to development, which became distinct spheres of activity in development co-operation. A similar state of affairs is valid for the European Union which, in 1991, in a series of EU-guidelines, assigned the promotion of democracy the rank of an “overarching objective of foreign aid” – with incentives, sanctions and stipulations which were to be included in all future Union agreements on co-operation. This was then further consolidated when, in November 2000, the European Council and the Commission, acting against a background of the new, global development priorities, unanimously agreed that the fight against poverty could only be given promise of success if it were based on a genuine democracy – thus the promotion of democratic institutions, good governance and the rule of law ranked among the six major fields of EU development policy.¹⁵

It is true that the established democracies operating on the premises that the world should be made in their own image had prior to this favoured democratic systems in other countries. There was no question, therefore, in the “African Year”, 1960, for example, that they tried to introduce a democratic basis to state independence at the end of their emphatically undemocratic colonial rule which, however, in most cases proved to be a short-lived experiment. For two reasons they were able to accept the collapse of many democratic regimes in the Third World. Modernisation theory which in the 1960s and into the 1970s guided development co-operation left little room for a genuine promotion of democracies and the Cold War manifested itself as a utilitarian relationship of the democratic West to all shades of regimes, including undemocratic ones. Under the postulate of “freedom”, democracy was primarily seen as a weapon in the ideological struggle

14 Cf. Gero Erdmann, Eine zulässige Einmischung. Demokratie- und Menschenrechtsförderung in der Entwicklungszusammenarbeit, in: *E+Z*, vol. 41, no. 6, 2000, p. 160; Bernd Eisenblätter, *Entwicklungspolitik ist Demokratiepoltik*, Tagung der Konrad-Adenauer-Stiftung, Caddenabia, October 30, 2000.

15 Carlos Santiso, Promoting Democracy by Conditioning Aid? Towards a More Effective EU Development Assistance, in: *Internationale Politik und Gesellschaft*, no. 3, 2002, pp. 108, 111. Cf. Richard Youngs, *The European Union and the Promotion of Democracy*, Oxford (University Press), 2001.

against real socialism, not, however, as an instrument for undermining despotic regimes as long as they faithfully served Western interests as in the case of Guatemala, Zaire or South Korea. Here, elementary, economic, cultural and institutional pre-conditions for the introduction of democracies were lacking – this was the technocratic modernisation postulate which managed to transform itself quietly into no less an argument of exculpation. Initially, economic development had to take place – according to the view of the times under the firm, guiding and possibly authoritarian hand of so-called “developmental states” – only then could democracies begin to flourish.

This, however, did not apply to the equally authoritarian states of “socialist orientation”, especially when this included an alliance with the Soviet Union. These were forcefully confronted with demands for democracy:

“In the 1950s and 1960s the CIA was the primary U.S. government agency engaged in what became known as democracy promotion in the 1980s.”¹⁶

To these belonged the covert support for political parties, trade unions, student and women’s organisations – in other words all those bodies which today constitute “civil society” – plus the electronic and print media. Everything which covertly took place in those days of the Cold War has, since the 1980s, come out into the open, based on the unqualified confidence in the universal validity of democratic values. It is an irony of fate that this change was brought about by the last true Cold War warrior in the person of America’s president, Ronald Reagan.¹⁷ Using a dual strategy of active re-armament and democratic diversion, he sought to land the socialist regimes where they belonged according to his legendary remark – on the rubbish dump of history. And as a testing ground he selected those countries in the western hemisphere where the challenge was most obvious and success was most likely, above all in Nicaragua.¹⁸

However, that was not enough. Even at that time and especially in the USA, acquiescence to the spread of democracies was always accompanied by domestic considerations – with regard to the legitimisation of an interventionist foreign policy. This was valid at the time of Ronald Reagan, as former CIA Director, William Colby, freely admitted in the *Washington Post* in 1982: “It is not necessary to turn to the covert approach. Many of the programs which in the late 1950s were conducted as covert operations now are conducted quite openly, and consequently without controversy.”¹⁹ In a similar way, the same is true

16 Elizabeth Cohn, Michael J. Nojeim, Promoting Democracy, in: David W. Deut (ed.), *U.S.-Latin American Policymaking – A Reference Handbook*, Westport/London, 1995, p. 466.

17 Cf. here Thomas Carothers, Taking Stock of Democracy Assistance, in: Michael Cox, John Ikenburry, Takashi Inoguchi (eds.), *American Democracy Promotion. Impulses, Strategies, and Impacts*, Oxford (University Press), 2000, pp. 182-186.

18 In the camouflaged language of official development policy, this can be read as: “In countries where political elites were not committed to democratic reforms, USAID and its partners increasingly worked to support NGOs whose various advocacy activities help define ‘civil society’ – the political space of citizen participation.” USAID DG Office: History of USAID DG Activities, www.usaid.gov (accessed 2003-05-19).

19 Quoted after Cohn, Nojeim, op. cit. (note 16), p. 467.

today where in the case of the recent war on Iraq and in the absence of any convincing evidence of threat, it was said to serve the noble objective of freeing the country in the interests of democracy and – as if this were not enough – of freeing the Arab world as a whole. The only, yet considerable, difference between Reagan and Bush is that, under Reagan democratisation was valid as an argument to avoid potential military involvement, whereas today exactly the opposite is true: democratisation as the ideological justification for military aggression.²⁰

The democratisation postulate was originally not so much motivated by development considerations as by foreign policy, and gained greatly in momentum when, in the course of the “third wave of democratisation”, it opened up unexpected new possibilities. Democracy promotion became an important area in foreign and development policy of western democracies with the expectation that its spread would encourage political and economic co-operation, allied with the chance of living peacefully together with one another – in accordance with their self-image and in the confidence of a larger capacity to solve problems characteristic of democracies.²¹ The former US Deputy Secretary of State, Strobe Talbott, once disguised this bundle of motives at the climax of democratisation policy during the Clinton era by saying that the furtherance and safeguarding of democracy in other countries offered a unique chance in “that American values and interests reinforce each other.”²²

The same happened in development policy where in the transition to the 1990s changes ensued that attributed greater relevance to the political preconditions of development. This applied to development theory where the preference for economic development, propagated by the classical representatives of modernisation like Seymour Martin Lipset or Jagdish Bhagwati was progressively questioned, right up to the proposition that for economic development that of the political realm was of crucial importance. And it was also true of development assistance where, according to experience with the first generation of structural adjustment and its purely macro-economic and decidedly anti-state bias a re-consideration of the role of the state in the development process took place.

20 Cf. on the Reagan era *ibid.*, p. 474: “Through promoting democracy, the United States can take an active, long-term role in other countries, without raising potential problems of military entanglements.” And further: “While direct military intervention and covert operations are viewed negatively by most U.p. citizens, democracy promotion offers another, more attractive option. [...] Antiinterventionists also were put on the defensive because they were placed in the position of appearing to oppose democracy.”

21 Cf. here Eberhard Sandschneider, *Demokratieförderung von außen*, in: *Internationale Politik*, no. 5, 1997, p. 13; Peter Burnell, *Democracy Assistance: Origins and Organizations*, in: *ibid.* (ed.), *Democracy Assistance. International Co-operation for Democratisation*, London (Frank Cass), 2000, pp. 34-48.

22 Strobe Talbott, *Democracy and the National Interest*, in: *Foreign Affairs*, vol. 75, no. 6, 1996, p. 49. In the national security strategy of the Clinton Administration this was more comprehensively defined as: “The core of our strategy is to help democracy and free-markets expand and survive in other places where we have the strongest security concerns and where we can make the greatest difference. This is not a democratic crusade; it is a pragmatic commitment to see freedom take hold where that will help us most. Thus, we must target our efforts to assist states that assist our strategic interest [...]” The White House (ed.), *A National Security Strategy of Engagement and Enlargement*, February 1996, www.fas.org/spp/military/docops/national/1996stra.html (accessed 2003-05-20).

Here, the World Bank and its demand since the end of the 1980s for “good governance” played a key role. This is understood today officially as:

“We define governance as the traditions and institutions by which authority in a country is exercised for the common good. This includes (i) the process by which those in authority are selected, monitored and replaced, (ii) the capacity of the government to effectively manage its resources and implement sound policies, and (iii) the respect of citizens and the state for the institutions that govern economic and social interactions among them.”²³

In a purely instrumental sense we are concerned here with “good governance” as a means above all of dealing with limited resources in an efficient and responsible manner, something which is best guaranteed under a democratic dispensation. In this sense there is a close connection with the democratic postulate. Nevertheless, the original addressees are the state and its capabilities, “civil society” only came upon the scene in the course of the 1990s. Its incorporation became a hallmark of the current World Bank presidency of James Wolfensohn. Although – or rather because of – the fact that not only the intransigence of governmental recipients, but also the social protests against its associated conditions, questioned the World Bank’s development programme, Wolfensohn consequently sought specific agreement with unofficial sectors. Thus, we learned at the World Bank’s meeting in September 1997, that:

“We must listen to stakeholders. Our partnerships must be inclusive – involving [...] labour organisations, NGOs, foundations and the private sector.”²⁴

In the matter of practical implementation, the World Bank in setting up “Country Assistance Strategies” no longer exclusively negotiated with respective governments, but consulted civil society representatives as well. And in 1997, with its “Structural Adjustment Participatory Review Initiative” (SAPRI) the bank for the first time analysed and evaluated the effects of structural adjustment from the point of view of those directly affected by them.²⁵ In the same year, the World Bank extended its concept of participation by the component of national ownership: “Development requires much too much sustained political will to be externally imposed. It *cannot* be donor-driven.”²⁶ With this the ground was prepared on which the concepts of participation and ownership could flourish and finally find a footing in the new Poverty Reduction Strategy in 1999.

There is no doubt about the fact that efforts to allow those directly concerned to have a say in their affairs and also to allow the secrets of governmental negotiations on structural adjustment to be subjected to critical public scrutiny presents a degree of progress.

23 World Bank Institute, *Thematic Programs: Governance*, www.worldbank.org (accessed 2003-05-15).

24 Quoted from Julie Hearn, *Foreign Aid, Democratisation and Civil Society in Africa: a Study of South Africa, Ghana and Uganda*, University of Sussex, Institute of Development Studies (Discussion Paper 368), 1999, p. 11.

25 An initiative, however, from which the World Bank then quickly retreated when it discovered that the results were not sufficiently flattering.

26 Quoted from Christy Thornton, *Change and Stagnation in World Bank Poverty Programs*, Spring 2002, Columbia University, New York, www.columbia.edu/cu/cssn/cssa/spr02/thornton-world-bank.html (accessed 2002-10-30), p. 32.

Nevertheless, conflicting goals remain. The World Bank and the donors have realised that the economic reforms propagated by them, painful and controversial though they are, only have a chance when the body politic and society on the side of the recipients actively support them. As far as this is concerned, ownership and participation are indispensable since, “despite its protestations of being ‘apolitical’, the World Bank has a stake in seeing an enabling political environment for its economic policy”.²⁷ However, the critical spirit should as far as possible remain within the limits of a higher cognisance of political and economic understanding which seriously impinges on ownership and participation. According to critical comment, this therefore remains just as procedural as many of the democratic regimes which have been established in the course of the “third wave”: “[T]he political imperative of democracy promotion is treated as simply a technical and supplementary element, only mobilised to reinforce the prevailing economic catechism of export-oriented free markets with little state intervention.”²⁸

Democracy promotion is confronted with a similar dilemma. On the one hand, it has to create a world which accords with the democratic success stories of the northern hemisphere. On the other hand, it can be the starting point for democratically legitimate, yet cataclysmic changes such as that following the first free elections in Algeria which enabled Islamic forces to make a breakthrough. In this democracy promotion can be compared with walking a tight rope. Critical voices therefore speak of very limited procedural objectives at the cost of real participation:

“The immediate purpose of US intervention in national democratisation movements was to gain influence over and to try to shape their outcomes in such a way as to pre-empt more radical political change, to preserve the social order and international relations of asymmetry. Beyond this immediate purpose, the new political intervention is aimed at advancing the agenda of the transnational elite – consolidation of polyarchic political systems and neo-liberal restructuring. It seeks to develop technocratic elites and transnational kernels in intervened countries who will advance this agenda through the formal state apparatus and through the organs of civil society in their respective countries.”²⁹

This is reflected in the promotion of civil society where, traditionally, the USA assumes a leading role: at least as far as the Clinton era is concerned, 85% of all democracy promoting funds went there, with the objective – limited indeed, but not reprehensible – to open up political decisions to public debate and to extend the accountability of the political leadership. In this way, according to an empirical study on Africa, those civil society organisations which propagated political and economic liberalism received the most support:

“The most popular civil society actors in terms of democracy assistance were formal, urban-based, professional, elite advocacy NGOs. [...] Donors are not funding the popular sectors of society, but are strengthening a new African elite committed to the promotion of a lim-

27 Hearn, op. cit. (note 24), p. 11.

28 Thus, Béatrice Hibou, *The World Bank: Missionary Deeds (and misdeeds)*, in: Peter J. Schraeder (ed.), *Exporting Democracy. Rhetoric vs. Reality*, Boulder (Lynne Rienner), 2002, p. 174.

29 Thus William I. Robinson, *Promoting Polyarchy. Globalisation, US Intervention, and Hegemony*, Cambridge University Press, 1996, pp. 318f.

ited form of procedural democracy and structural-adjustment-type economic policies in partnership with the West.”³⁰

Democratisation policies such as these having the limited range of social engineering easily run the risk of missing their objective, since the social inequalities and economic injustices on which the old regimes rested are simply discounted. But a successful democratic transformation requires “radical, almost revolutionary change” and more: “The strategic problem of transition is to get to democracy without being either killed by those who have arms or starved by those who control productive resources.”³¹ In contrast to traditionally practised development co-operation, democracy promotion presents a direct intervention and so represents a potential danger to those who happen to be in power. This is of course an immediate threat in the case where opposition parties are receiving support according to the motto “level the playing field”.³² But it is also valid for the situation where, to all intents and purposes, neutral activities are being carried, such as the observation of elections or the participation of civil society – and especially the “poor” – in the *domaine réservé* of governmental decisions.

Another set of problems concerns state capacity and efficiency: How can democracy and good governance be propagated and realised when the recipients, although adorned with the symbols of state authority, are in reality suffering from that endemic decay referred to by the term “state failure”. Many democratisation projects have foundered on a lack of capacity to absorb for the reason that

“Poor countries need democracy, but the democratic institutions and processes they can afford are limited, different from those in use in the established industrial democracies, and probably less than ideal.”³³

“Capacity-building” is therefore an essential condition for ownership and participation, again anything but a technocratic process. However, the support of political parties or of non-governmental organisations in the past has among the favoured candidates of the West all too often allowed both a receiver mentality and an expectation of standards to develop which quite misses all contact with the reality of their social environment. Even when such organisations for these reasons easily adhere to the political agendas of their supporters, an uncomfortable consequence remains: hardly are the donors gone and the more or less artificially imposed structure collapses.

In the last analysis, it is absolutely an open-ended matter after the paradigm change of the 1980s as to whether democratisation postulate of participation will manage to achieve the desired effect of creating the “enabling political environment” for economic rational-

30 Hearn, op. cit. (note 24), p. 4. Cf. also Julie Hearn, Mark Robinson, Civil Society and Democracy Assistance in Africa, in: Burnell, op. cit. (note 21), pp. 241-262.

31 Adam Przeworski as quoted in Marina Ottaway, From Political Opening to Democratisation?, in: Ibid. (ed.), *Democracy in Africa. The Hard Road Ahead*, Boulder, Col (Lynne Rienner), 1997, p. 2.

32 Sarah E. Mendelson, Democracy Assistance and Political Transition in Russia. Between Success and Failure, in: *International Security*, vol. 25, no. 4, 2001, p. 74.

33 Marina Ottaway, Theresa Chung, Toward a New Paradigm, in: *Journal of Democracy*, vol. 10, no. 4, 1999, p. 100.

ity in general and the preferred agenda of the World Bank in particular. Bhagwati's "cruel choice" between democracy and capital accumulation or Alexander Gerschenkron's thesis that a delayed capital intensive growth needs authoritarian state intervention are no longer fashionable; today one the view prevails that democracy and the free market mutually reinforce each other. On the other hand, empirical evidence and scholarly theories are, even today, anything else but definitively clear. Arguing for the idea of complementary interaction, it is said that political rights to freedom are those which soonest assure economic productivity, while conflicts are seen in the fact that democracy with its equality postulate and capitalism with its efficiency postulate are based on entirely different principles or that authoritarian systems are much more likely to be in a position to carry through a reduction in consumption in favour of necessary investments. Consensus does not reach much beyond the statement that economic development provides a basis for democracy, whereas the opposite is much less certain. Having said this, little more is expressed than a relationship in terms of historical epochs which is something hardly suited to instruct political decisions.³⁴

As a consequence, there remain a series of conflicts and imponderables which question the success in harmonising democratisation, marketisation and structural adjustment in the interests of the new strategy to eradicate poverty.

2.2. Poverty Eradication – an Old Problem

The problem of poverty has characterised the discussions on international development policies ever since World Bank president Robert McNamara proclaimed his basic needs approach in the 1970s. In the course of political up- and downturns the problem has been (re) discovered, has been given new names and equipped with new strategies – without, however, bringing relief for those affected. Now, with the introduction of PRS, the Washington financial institutions have initiated the newest boom in discussing the problem of poverty. World Bank official history describes this new impetus as a result of long-term strategic change:

„In the 1950s and 1960s many viewed large investments in physical capital and infrastructure as the primary means of development. In the 1970s awareness grew that physical capital was not enough, and that at least as important were health and education. [...] The 1980s saw another shift of emphasis following the debt crisis and global recession and the contrasting experiences of East Asia and Latin America, South Asia, and Sub-Saharan Africa. Emphasis was placed on improving economic management and allowing greater play for market forces. *World Development Report 1990: Poverty* proposed a two-part strategy: promoting labor-intensive growth through economic openness and investment in infrastructure and providing basic services to poor people in health and education. In the 1990s gov-

34 Cf. Juliet Johnson, In Pursuit of a Prosperous International System, in: Schraeder, op. cit. (note 28), pp. 32-34, 39.

ernance and institutions moved toward center stage—as did issues of vulnerability at the local and national levels.³⁵

It is true that in the first two decades after World War II, poverty did not play a role at all. The theme neither turned up in the World Bank's *Articles of Agreement*, nor in its publications. When US President Truman in 1949 spoke of "grinding poverty" and the need to combat it – and incidentally, even at that time, through "helping [them] to help themselves",³⁶ and, when in the 1950s the World Bank began to issue "development funds", it was primarily a matter of pouring capital into technologically intensive infrastructure projects in order to promote, in the spirit of modernisation theory, individual development projects at strategic points, which would give the necessary boost to a point of developmental take-off.³⁷ In general, "development" was to be translated as (industrial) growth; the struggle against poverty needed only to benefit as a result from a "trickle down" mechanism and needed no separate encouragement.

This situation changed in the 1970s. Following upon World Bank president McNamara's strategy of "satisfying basic needs", the international community discovered "poverty" as a new theme.³⁸ In 1973, McNamara declared absolute poverty to be a main target in development policy. At the centre of this policy there was to be concerted intervention in favour of the very poor, especially those in the countryside. Instead of "poor countries", one spoke now of "the poor" as individuals. Following criticism of obsession with growth, which the "Pearson Report" had brought forward in 1969, there was also the demand for redistribution. "Redistribution With Growth" was the title of a World Bank publication in 1947, and McNamara's initiative governed the discussions on development policies during the 1970s: "By the late 1970s, everyone involved in development was talking, writing, and structuring policies about poverty issues."³⁹ Yet, as early as 1978, the concept of basic needs of the Federal Government in Germany emphasised, as we find it today, the connection between the struggle against poverty and participation when the "creation of institutions which will enable the poor to take an active part in the development process" is presented as an essential element of national basic needs strategy.⁴⁰

The 1980s, on the other hand, are characterised by a narrowing of attention primarily to macro-economic programmes of structural adjustment and macro-economic stabilisa-

35 World Bank, *Attacking Poverty. World Development Report 2000/2001*, Oxford (University Press), 2001, p. 6.

36 Cit. Reinold E. Thiel, Hindernisse bei der Armutsbekämpfung, in: *E+Z*, vol. 37, no. 5-6, May/June 1996, p. 131.

37 Cf. Martha Finnemore, *National Interests in International Society*, Ithaca/London (Cornell Univ. Press), 1996, pp. 92-97; Ravi Kanbur, *Income Distribution and Development*, 1997, www.worldbank.org (accessed 2002-10-30), p. 3.

38 Cf. Detlef Schwefel, Grundbedürfnisse und Entwicklungspolitik, in: *E+Z*, vol. 19, no. 6, June, 1978; Paul P. Streeten, Mabub ul Haq, Grundbedürfnisse und Wachstum: Ein Widerspruch?, in: *E+Z*, vol. 19, no. 12, December 1978; Finnemore, op. cit. (note 37), pp. 107ff.

39 Finnemore, op. cit. (note 37), p. 97.

40 Das Grundbedürfniskonzept der Bundesregierung, extracts in: *E+Z*, vol. 19, no. 12, December 1978, p. 11.

tion. With the upswing of monetarism and neo-classics in economics whose practical implementation in development brought about the debt crisis, the eradication of poverty lost its relevance. The idea of the “trickle down” effect experienced a renaissance – now it was the turn of the neo-liberal economic reforms that were to lead to growth and social progress.⁴¹ As a prime example, the developmental successes of the Asian “tigers” were cited as the palpable proof of modernisation theory, and with the dominance of structural adjustment, the IMF became *de facto* the central figure of multilateral development policy.

Experience with structural adjustment programmes, however, quickly brought growing criticism to the fore. In 1987, the UNICEF, in its study, “Adjustment with a Human Face”, emphasised the grave social repercussions of structural adjustment and sent a reminder on social shock absorption. In the same year, Barber Conable, then president of the World Bank, “re-dedicated [the Bank] to the ‘fight against poverty’”,⁴² while the UN Development Programme (UNDP) developed the concept of “human development”. The “re-discovery” of poverty culminated in 1990 in very similar reports from the World Bank and UNDP which signalled a move away from the purely market-orientated structural adjustment policy to one which was more strongly focused on development “with a human face”.⁴³

The World Bank responded with a dual strategy to the conflict of aims between macro-economic, liberal reforms on the one side, and poverty-orientated state interventions on the other, which combined the “classical” poverty reduction concepts, “basic needs” namely and “helping people to help themselves”, with a continued emphasis on growth and so-called “trickle down”. Above all, it became important to make growth labour-intensive so as to dampen the negative “social costs” of structural adjustment. In concrete terms, this meant “that only by shifting resources towards more efficient, tradable, pro-rural, labour-intensive sectors would growth occur and the poor benefit”.⁴⁴ In the meantime, the IMF, too, had declared poverty reduction and equal opportunity as part of its

41 Cf. Stephan Haggard, Markets, Poverty Alleviation, and Income Distribution: An Assessment of Neoliberal Claims, in: *Ethics & International Affairs*, vol. 5, 1991, p. 176 “The development discussion of the 80s was mainly [...] a debate on the structural adjustment programmes. ‘Liberalisation’, ‘deregulation’, ‘privatisation’ were the key concepts. According to the wisdom of the manual of Mainstream Economy, the state should limit itself to guaranteeing inner and outer security and place structural pre-conditions onto the factor market.” Dirk Messner, Staat und Entwicklung, in: *Blätter für deutsche und internationale Politik*, vol. 40, no. 11, November 1995, p. 1339.

42 Thornton, op. cit. (note 26), p. 27. In the words of official World Bank history records: “External criticism surged after 1985, much of it centred on the austerity of the adjustment effort.” Cit. from *ibid.*, p. 26.

43 World Bank, *Poverty. World Development Report 1990*, Washington, DC (World Bank), 1990; UNDP, *Human Development Report 1990*, New York and others (Oxford University Press), 1990. See also Jörg Goldberg, Allmächtsphantasien der Weltbanker. Bilanz einer Dekade der Armutsbekämpfung, in: *Blätter für deutsche und internationale Politik*, vol. 45, no. 1, January 2000, p. 108.

44 World Bank, *Poverty Reduction in the 1990s: An Evaluation of Strategy and Performance*, 2000, www.worldbank.org (accessed 2002-10-30), p. 5.

work within the concept of “high quality growth”.⁴⁵ In concrete terms, the World Bank began to carry out participatory poverty assessments in 1993 in order to systematically highlight the human and social dimensions of development and to place the role of the poor as principal figures in the foreground. The first link between the subjects of poverty and democracy began to emerge.

With regard to this renewed focus on poverty, and the largely unabated continuance of structural adjustment programmes, the World Bank, however, was unable to palliate criticism levelled at the Washington Consensus which kept on undergirding its work. Critics concentrated on the dualism between economic and social policies since, in the meantime, structural adjustment and macro-economic stability were treated as independent demands framing the concrete poverty programmes: “A dual track policy of economic and socio-political measures had [developed] which, for the most part stood next to one another and not infrequently openly contradicted one another: the classical, radical market-orientated [...] principles of structural adjustment on the one hand, and the concerted programmes of poverty reduction on the other. This frequently led to a situation where nothing worked.”⁴⁶

The strategies which the World Bank employed as of 1995 to counter the continuing sharp criticism both from inside and outside indicate the direction later taken by the PRSP initiative. In this way, the Bank engineered new “partnerships” with NGOs, donor and recipient countries within the framework of its “strategic compact” initiative. In February, 1996, the “Participation Sourcebook” appeared along with a comprehensive discussion of methods for the promotion of participation in development projects, and for the first time drew attention to the question of “what poverty means to the poor”. This idea later guided the Bank’s “Voices of the Poor” study, which became the empirical bases of the World Development Report for 2000/2001.⁴⁷ At the same time, World Bank president Wolfensohn emphasised a “new paradigm” for development which highlighted the “social underpinnings” of development and laid stress on a “broader, more integrated

45 Cf. Sanjeev Gupta et al, *The IMF and the Poor*, in: Raundi Halvorson-Quevedo, Harmut Schneider (ed.), *Waging the Global War on Poverty. Strategies and Case Studies*, Paris (OECD), 2000, p. 89.

46 Jörg Goldberg, *Front gegen die Armut? Neue Strategien der Bretton-Woods-Institutionen*, in: *Blätter für deutsche und internationale Politik*, vol. 45, no. 4, April 2000, p. 459. Cf. also Tilmann Elliesen, *Weltbank-Programme in der Kritik: “Armutproduktion durch Strukturanpassung”*, in: *E+Z*, vol. 43, no. 7, July 2002. Even the World Bank itself analyses that reality shows anything but a consistent deployment of an orientation to poverty, so that it could say in its Evaluation Report for its “Country Assistance Strategies” (CAS) in the 90s: “The central focus of all CAS documents is growth. Nearly 80 percent of those reviewed identified broad-based growth as critical to sustainable poverty reduction, although fewer than 10 percent made any explicit reference to labour-intensive growth. [...] [T]he CAS review found surprisingly limited differentiation in the policy agenda across CASs [...]. Over 90 percent of CASs recommend a strategy of macro-stability, liberalization, and trade and tariff reform to support broad-based growth. [...] The implicit assumption seems to be that growth resulting from macroeconomic stability and improved resource allocation will automatically lead to increased incomes and employment for the poor and non-poor alike [...]” World Bank, *Poverty Reduction in the 1990s*, op. cit. (note 44), pp. 10f.

47 Within the framework of the “Voices of the Poor” Initiative it was attempted in the course of 60,000 interviews to discover what the poor thought of poverty. Cf. Thornton, op. cit. (note 26), p. 34.

approach”.⁴⁸ However, it was not only the World Bank which determined the upswing of a concern with poverty in the 1990s. At the Copenhagen World Summit in 1995, the community of states declared the global eradication of poverty as an “ethical, social, political and economic imperative”. With its paper, “Shaping the 21st Century”, the OECD’s Development Assistance Committee (DAC) a year later brought forward its poverty-orientated “International Development Goals” onto the agenda. The United Nations declared 1996 to be the “Year of Poverty Eradication”.⁴⁹ And the bilateral donors, too, increasingly committed themselves to the goal of reducing poverty.⁵⁰

In January, 1999, Wolfensohn with his “Comprehensive Development Framework” (CDF) introduced the conceptual beginnings of the PRSP initiative.⁵¹ Following Cord Jakobeit, the World Bank’s most recent focus on poverty before the introduction of PRSP possessed four characteristics: a horizontal extension of the strategy (which not only embraced the macro-economic framework, but also the political, institutional, human, social, infrastructural, ecological, and cultural aspects of development); a vertical extension (geared to all the relevant state and private actors at all levels); a selective concentration (on development and reform oriented countries); an improved co-ordination and division of labour between donors.⁵²

In 2001, a second World Development Report (after the one 1990) explicitly focussed on poverty in which the World Bank was obliged to admit that certain important measures had fallen short of their objectives. The report proposed a three-part strategy to poverty reduction by “promoting opportunity, facilitating empowerment, and enhancing security”, an initiative which clearly exceeded the World Bank’s conceptions of poverty hitherto. Whereas the strategy of the late 1980s and the early 1990s within the framework of the so-called “dual strategy”, focussed on labour-intensive growth in combination with programmes for the promotion of human capital, the World Development Report of 2000/2001 not only placed its hopes on improved possibilities for the poor in participating in economic growth, but, in the sense of a new trinity, also combined this with empowerment for the poor as well as an improved defence against risk:

“Despite not being an explicit concern of the World Bank’s Articles of Agreement, poverty alleviation has become *the* central policy issue for the Bank, now defining its very mission. Through the redefinition of poverty in the 2000 *World Development Report* and the restructuring of the institutional approach to poverty with the creation of the Poverty Reduc-

48 Quot. *ibid.*, pp. 31f.

49 Cf. Reinold E. Thiel, *Armutsbekämpfung – nur ein Rückblick?*, in: *E+Z*, vol. 41, no. 6, June 2000, p. 159.

50 Cf. Aidan Cox, John Healey, *Poverty Reduction: A Review of Donor Strategies and Practices*, in: Halvorson-Quevedo, Schneider, *op. cit.* (note 45), pp. 29ff.

51 James D. Wolfensohn, *A proposal for a comprehensive development framework*, Washington D.C., January 1999. “The explicit purpose of the CDF is the more effective implementation of poverty alleviation programs though a broadened understanding of the means of development, a more inclusive process of policy creation, and a greater emphasis on country ownership of policies.” Thornton, *op. cit.* (note 26), p. 33.

52 Cf. Cord Jakobeit, *Die Weltbank und “Menschliche Entwicklung”*. A new strategic approach from Washington, in: *E+Z*, vol. 40, no. 5, May 1999.

tion Strategy Paper program, the World Bank has experienced what one former Bank economist [Barend A. De Vries 1996] characterized as ‘an institutional revolution still in progress’. [...] Emerging from the Bank’s new approach to poverty reduction is a seemingly revolutionary rhetoric that redefines poverty alleviation to include the promotion of opportunity, the facilitation of empowerment, and the enhancement of the security of the world’s poor. If poverty alleviation is to be central to development strategy, it must, according to Bank logic, address the complicated and multifaceted nature of poverty *together* with the need for economic growth.”⁵³

This “rhetorical revolution” which, at the latest with PRSP, had also reached the IMF, must nevertheless be regarded against the background of a distinguished “paradigm maintenance” (Robert Wade), i.e., a remarkable stability in “meta policy” enforced by the dominant member states (above all, the USA) as well as by the overwhelming influence of Anglo-Saxon economists at the World Bank and the IMF. This “meta policy”, according to Wade, implies that “policies that seem to be inconsistent with neoclassical normative theory are excluded from the start”.⁵⁴ It poses the question what weight poverty reduction will actually carry in its recent boom in multilateral development policy incorporated by the introduction of PRSP.

3. PRSP or Reconciling Democracy Promotion and Poverty Reduction

Conceptually speaking, the PRSP initiative undoubtedly constitutes “a fundamental rupture with past practice” of Bretton Woods-Institutions.⁵⁵ It is not only that development

53 Thornton, op. cit. (note 26), pp. 17f. In the first version of the report, the dimensions “empowerment” and “security” came before “opportunity”. In the course of its compilation, the report was considerably weakened, not only at this point, above all by direct intervention by the US government. It was in fact made compatible with the “classical” objectives of the Washington Consensus; cf. here *ibid.*, pp. 38ff, as well as Robert Wade, Showdown at the World Bank, in: *New Left Review*, no. 7, January/February 2001. That the priority of eradicating poverty is not so clear and controversial after all is shown by the fact that the co-ordinator of this particular World Development Report, Ravi Kanbur, was dismissed while still at work on its compilation – because of critical passages on the effects of globalisation on the poor and on the importance of economic growth for poverty reduction, and this apparently as the result of pressure from the US Department of Finance; cf. Goldberg, Die Kur ist die Krankheit. Erfahrungen mit Armutsbekämpfung nach den Rezepten des Washingtoner Consensus, in: *Blätter für deutsche und internationale Politik*, vol. 46, no. 9, September 2001, p. 1091, and “Weiterer Rücktritt bei der Weltbank”, in: *E+Z*, vol. 41, no. 9, September 2000, p. 234.

54 Robert Wade, Japan, the World Bank, and the Art of Paradigm Maintenance: The East Asian Miracle in Political Perspective, in: *New Left Review*, no. 1/217, May-June 1996, p. 16. Thornton then also complains that: “Because the Bank’s autonomy is checked by the academic, professional and financial power of the US through the overarching meta-policy, the new language of the WDR [World Development Report 2000] and the new policies of the PRSP program [...] have done little to change the character of development policy.” Thornton, op. cit. (note 26), p. 18.

55 Jean-Pierre Cling, Mireille Razafindrakoto, François Roubanud, *The PRSP Initiative: Old Wine in New Bottles?*, DIAL, Research Unit CIPRE from IRD, September 2002, www.dial.prd.fr/actu_recherche/PRSPs.pdf (accessed 2002-03-07), p. 2.

strategies in the future will be obliged to follow the “over-arching” goal of poverty eradication and operate via participation and national ownership, but that they shall also be sustainable, and express a democratically based obligation to themselves. In the PRSP initiative, therefore, the two tendencies of international development policies outlined above unite. In this, the anchoring of democracy and poverty in policies of the Washington institutions – if only in the first place programmatically – is without doubt a breakthrough since, with the PRSP process, the basic macro-economic orientation and structural reforms become, *nolens volens*, the subject of public debate, and it now falls to the developing countries to develop, in a participative process, the programmes and measures to reduce poverty.⁵⁶ If, as a consequence, development strategies are subjected to the normative goal of poverty eradication and, further exposed, to a broad range of public opinion the established Washington Consensus of orthodox structural adjustment and stabilization will be increasingly questioned.

However, a careful scrutiny of the matter reveals that these far-reaching consequences have not yet appeared in the application of the PRSP initiative. On the one hand, the harmonious conception of the triad of poverty reduction, democracy and structural adjustment laid down in the documents of the IMF and the World Bank shows that a departure from the Washington Consensus does not enter into consideration. The IFI of course proceed from the assumption that the neo-liberal prescriptions are very much in the interest of poverty reduction and that therefore a democratic decision-making process can only lead to their confirmation. On the other hand, in the implementation of PRSP initiatives, clear lines of demarcation are drawn limiting both ownership and participation. In the national framework, it is the government which assumes the dominant role in setting up the PRSP, whereas internationally it is the World Bank and IMF which constitute the last instance in accepting the paper and, by this way, decide upon debt relief and further loans. It is therefore not surprising when practically all analyses come to the conclusion that the extension of participation and ownership via PRSP had virtually no influence on the basic policy orientation of the donor institutions.⁵⁷

This area of tension involving claim, reality and possibility will be dealt with in greater detail whereby the central theme of the report – the relationship between democratisation and the struggle against poverty occupies a prominent place. The basis for this are the relevant PRSP documents from World Bank and IMF as well as scientific analyses and critical assessments of the PRSP initiative as conducted by the international development

56 Cf. IMF, *The IMF's Poverty Reduction and Growth Facility (PRGF). A Fact Sheet*, March 2001, www.imf.org (accessed 2002-05-16), p. 2.

57 This has been confirmed by the IMF and World Bank: “National poverty reduction strategies recognize that sound growth requires investment, not least in human capital and infrastructure, as well as the right macroeconomic and structural policies, good governance, and healthy institutions. Countries are seeking to build an improved investment climate, to compete in world markets, and to foster development that is less dependent upon official financing in the long-term.” IMF, IDA, *Review of the Poverty Reduction Strategy Paper (PRSP) Approach, Main Findings*, March 15, 2002, www.imf.org (accessed 2002-05-16), pp. 2f.

community.⁵⁸ At the core of these considerations is the question of how far the PRSP initiative embraces the objective of a structurally oriented struggle against poverty based on democratic procedures and participation processes, and to what extent economic programmes in the interest of poverty reduction will be subjected to social participation and national ownership.

3.1. Integrating Democracy Promotion and Poverty Reduction – the Theory

IMF and World Bank express a twofold expectation with regard to participation. On the one hand, it is to "deliver a sense of broad-based ownership, not only by government but by civil and political society at large". On the other, it is to "strengthen democratic governance and accountability in countries where poverty is related to weak government accountability and the disenfranchisement of large sectors of the population."⁵⁹ The two slogans, "participation" and "ownership" – along with poverty eradication as first priority – comprise the central principle of the PRSP approach. "Ownership" stands for the national responsibility for the strategy; "participation" refers to the political and social forces in cognising this responsibility. Both mutually condition each other. Since "country ownership" not only refers to the government, this therefore insinuates the participation of society. Conversely, participation remains a thing which is null and void at the level of

58 The evaluation is based on the following PRSP analyses: Rosemary McGee, *Assessing participation in poverty reduction strategy papers: a desk-based synthesis of experience in sub-Saharan Africa*, IDS Research Report, no. 52, February 2002, Brighton, Sussex, www.ids.ac.uk (accessed 2002-08-15); Rosemary McGee, *Participation in Poverty Reduction Strategies: A Synthesis of Experience with Participatory Approaches to Policy Design, Implementation and Monitoring*, IDS Working Paper, no. 109, 2000, Brighton, Sussex, www.ids.ac.uk (accessed 2002-06-13); Cling, Razafindrakoto, Roubanud, op. cit. (note 55); Walter Eberlei, Thomas Siebold, *Armutsbekämpfung in Afrika: Neue Ansätze oder alte Konzepte?*, Duisburg (Institut für Entwicklung und Frieden, INEF-Report, no. 64) 2002; Charles Abugre, *Still Sapping the Poor: A Critique of IMF Poverty Reduction Strategies*, June 2000 (Updated February 2001), in: World Development Movement, www.wdm.org.uk (accessed 2002-05-23); Grusky, op. cit. (note 8); Miriam Walther, *Armutstrategiepapiere (PRSP). Neuanfang in der Strukturanpassungspolitik von IMF und Weltbank?*, WEED Arbeitspapier, Bonn, Mai 2002; UNCTAD (ed.), *Economic Development in Africa. From Adjustment to Poverty Reduction: What is New?*, New York/ Geneva (United Nations), 2002; European Network on Debt and Development (EURODAD), *PRSP – The Story So Far...*, September 2001, http://bicusa.org/ptoc/html/endd_prsp2001.htm (accessed 2002-08-15); Overseas Development Institute (ODI) (ed.), *PRSP: Institutionalisation Study: Final Report*, Chapter 1: Overview of PRSP processes and monitoring, submitted to the Strategic Partnership with Africa, October 15, 2001, www.odi.org.uk (accessed 2002-08-22). Irene Knoke, Pedro Morazan, *PRSP: Beyond the Theory, Practical Experiences and Positions of Involved Civil Society Organisations*, "Brot für die Welt", May 2002, www.eurodad.org (accessed 2002-08-15); OXFAM, *Influencing Poverty Reduction Strategies: A Guide*, Oxfam Policy Papers, March 2002, www.oxfam.org.uk (accessed 2002-05-16); World Development Movement (ed.), *Policies to Roll-back the State and Privatise? Debt-Poverty Reduction Strategy Paper*. A debt policy report, April 2001, www.wdm.org.uk (accessed 2002-05-16); Jubilee South, Focus on the Global South et al (eds.), *The World Bank and the PRSP: Flawed Thinking and Failing Experiences*, Ottawa, November 16, 2001, www.focusweb.org (accessed 2002-05-16); Jubilee South, *Poverty Reduction Strategy Papers: Structural Adjustment Programmes in Disguise*, Jubilee South Pan-African Declaration on PRSPs, Kampala, May 10-12, 2001, <http://aidc.org.za/sapsn/declaration/kampala.html> (accessed 2002-05-16).

59 McGee, *Assessing participation ...*, op. cit. (note 58), p. 4.

political decision making if this is dominated from the outside.⁶⁰ Having said this, we may not overlook that despite the emphasis on broad participation and national ownership the PRSP process is, even in its design, quite clearly executed by the government: “While the PRSP process is ‘country-owned’, it is clearly ‘government-led.’”⁶¹

Basically, ownership and participation in the development discourse occupy a dual function. On the one hand they appear as necessary in order to produce poverty reduction and growth strategies that are appropriate to specific conditions. On the other hand, ownership and participation are considered necessary from the point of view of pure efficiency, since experience shows that development projects and programmes without the acceptance of the “target groups” are bound to failure. The second appreciation seems to be the dominant one as far as the IFI go, as here it is less a matter of the participative choice of a way than of the resolve in pursuing a chosen way. In another context, the World Bank has formulated it as follows:

“It must be remembered that the goal is not partnership *per se*. Partnership is a means to an end. The real goal is the shared objective. Partnership is a tool to reach this goal more effectively, and more efficiently, for the benefit of all involved.”⁶²

The purely instrumental appreciation of participation and ownership could not be expressed more succinctly, something, too, which also shows up in the PRSP concept in that participation is demanded but, at the same time, systematically limited. When the “shared objective” and respective strategies are supposed to be known, the PRSP process as a consequence adjusts itself above all to the forms and less to the content.⁶³ This, however, is only plausible in conditions of homogeneity within “civil society” and if participation is essentially conceived as an “undertaking embracing partnership”.⁶⁴ Yet, transformation strategies, such as the PRSP claims to be, have a very limited range when they choose to ignore social inequalities entailing development barriers and potential for conflict. For this reason it is small wonder that right from the start the IFI have had to spend much effort in order to guide the PRSP process into the preferred channels. This is clearly demonstrated by the PRSP contents and preparation processes.

60 Cf. McGee, *Participation in Poverty Reduction Strategies*, op. cit. (note 58), p. 8.

61 IMF, *IMF Lending to Poor Countries...*, op. cit. (note 11), p. 3.

62 World Bank, *Partnership for development: proposed actions for the World Bank*. A discussion paper, 1998, p. 5.

63 Here, there is no doubt when the IMF remarks on PRGF: “The core aim of the PRGF is to arrive at policies that are more clearly focused on economic growth and poverty reduction and, as a result of better national ownership, more consistently implemented.” IMF, *IMF Lending to Poor Countries...*, op. cit. (note 11), p. 1.

64 Ann-Kathrin Schneider, *Die Weltbank in der Wolfensohn-Epoche: Armutsbekämpfung zwischen Rhetorik und Reformversagen*, WEED (ed.), *Informationsbrief Weltwirtschaft & Entwicklung*, Sonderdienst no. 7, December 2002, p. 3.

3.2. Dimensions of Participation and Ownership – the Practice

Essentially, there are four forms of participation: participation through information, consultation, common decision and the initiation and control by the stakeholders.⁶⁵ Within the framework of PRSP, participation has so far limited itself to the consultation type. This is plausible enough, because according to classical democratic theory, the participation of non-representative social groups in political decision-making may not exceed the bounds of consultation. Notwithstanding, this kind of participation can vary appreciably in depth and scale, as demonstrated by PRSP processes in different countries. Since IMF and World Bank do not set out basic procedural standards, the form of consultation is determined primarily by specific national circumstances – even when the IFI, responding to social demands, have intervened here and there to directly influence the procedural course of consultations.⁶⁶

In their first evaluation in 2002, the IFI have confirmed that the PRSP approach has contributed to "openness and transparency and broad-based participation."⁶⁷ Independent studies, too, have found evidence for a furtherance of social participation and indeed a growth of transparency during the course of the PRSP processes. In effect, this has meant a larger participation in the discussion of poverty as well as better access to political decision-making. Nevertheless, there is general agreement that the quality of participation from country to country differs greatly, and throughout requires improvement. There is considerable criticism of the fact that there was an inadequate participation of "the poor", of "women", of trade unions and of parliament. A consistent characteristic was the disregard of parliamentary participation and control. Within the executive, the PRSP process in the main led to the strengthening of the so-called "key ministries" (for Finance and Economy). In addition, the desired institutionalisation of participation remained – thus the IMF and World Bank – hardly a fulfilled challenge.⁶⁸

Criticism also pointed to time pressure that proved to be a burden to participation when elaborating the first generation of PRSPs. This was derived from the linking of HIPC debt relief and the PRSP initiative. Whereas debt relief is badly needed as quickly as possible, national processes of consultation and dialogue take their time. In view of this, an impression was gained that "civil society participation was stifled in a tight corset."⁶⁹

65 Cf. McGee, *Participation in Poverty Reduction Strategies*, op. cit. (note 58), p. 14.

66 Cf. Grusky, op. cit. (note 8), p. 5.

67 IMF, IDA, *Review of the PRSP Approach: Early Experiences...*, op. cit. (note 11), p. 21.

68 Cf. IMF, IDA, *Poverty Reduction Strategy Papers – Progress in Implementation*, September 11, 2002, www.worldbank.org (accessed 2002-10-30), p. 15.

69 Barbara Unmüßig, *Jubilee 2000: Kleine Bilanz einer großen Bewegung*, www.weedbonn.org/finance/jubilee2000.htm (accessed 2002-05-23), p. 3. The IFI also confirm this; cf. IMF, IDA, *Review of the PRSP Approach: Early Experiences...*, op. cit. (note 11), p. 20; Horst Köhler, James D. Wolfensohn, *Memorandum. Fighting Poverty and Strengthening Growth in Low-Income Countries*, April 20, 2001, www.imf.org (accessed 2002-05-16), p. 3.

In contrast to participation whose forms and extent can be empirically evaluated, ownership is something which requires a high degree of interpretation. Both the IMF and the World Bank are of the opinion that there is a “growing sense of ownership among most governments of their poverty reduction strategies.”⁷⁰ In her very critical analysis of the PRSP initiative, Rosemary McGee notes that it indeed places more value on ownership than all other programmes hitherto.⁷¹ Despite this, there are clear limits. The ODI, apropos of this, notes in a comprehensive study that from the point of view of domestic politics, ownership exists for the most part in the “technocratic” dimension, and does not extend very much further than the ministries responsible for economic policy.⁷² As far as foreign relations are concerned, there are numerous studies which refer to the continued powerful influence of the IMF and the World Bank, above all regarding the macro-economic frameworks of the respective PRS. These limitations, however, can only be properly assessed by evaluating as to what extent the transfer of responsibility in the drafting of PRSP to the national level influences the substance of the new poverty reduction strategies.

3.3.1. *Traces of Participation: Good Governance and Democracy Promotion*

As far as the subject of good governance is concerned, the IMF and World Bank have noted a distinctly identifiable, positive effect of the participation processes since, in many instances the conduct of governments had thereby found its way into the poverty reduction strategies.⁷³ There are, however, many distinct differences from one country to another. While in a few cases the substantial improvement of governance has been elevated to a central dimension of the PRSP, the theme of corruption stands starkly to the fore. This certainly corresponds to the preferences of the Washington institutions which have placed particular emphasis on the latter. The issue of decentralisation has been equally raised which is plausible from the point of view of welfare provisions but quickly collides with the highly restricted resources of the lower levels of state apparatus. Participation, as far as this is concerned, also means control of local representatives and has awakened demands on institutionalised participation, a matter which has been touched upon in a number of PRSPs but has hardly been implemented. Altogether, the demanded reforms are inspired by a narrowly defined, technocratic view of good governance.⁷⁴

70 IMF, IDA, *Review of the PRSP Approach: Early Experiences...*, op. cit. (note 11), p. 5.

71 McGee, *Participation in Poverty Reduction Strategies*, op. cit. (note 58), p. 21.

72 ODI, *PRSP: Institutionalisation Study*, op. cit. (note 58), p. 55.

73 IMF, IDA, *Review of the PRSP Approach: Early Experiences...*, op. cit. (note 11), p. 56. Cf. also IMF, IDA, *Background Information to the Joint IMF/World Bank Review of the Poverty Reduction Strategy Paper Approach*, March 26, 2002, www.imf.org (accessed 2002-05-16), p. 5.

74 “Good governance is necessary to assure sound management of public resources, and achieve greater transparency, including active public scrutiny and government accountability in fiscal management.” IMF, IDA, *Poverty Reduction Strategy Papers – Operational Issues*, December 10, 1999, www.imf.org (accessed 2002-05-16), p. 3.

While the IFI discerned a significant influence on the part of “civil society” with regard to governance issues in PRSPs, the conclusions drawn by the NGOs are much more ambivalent. A typical assessment here is that the participation of social groups in the preparation of PRSPs has “probably contributed to the emancipation and articulation of civil society in every country”, whereas the concrete opportunities of influencing the content, objectives and strategies of PRSPs ought to be “ranked as disappointing”.⁷⁵ Similarly, a French study stresses above all the potential of PRSP participation as “a motor for strengthening civil society”.⁷⁶ Consequently, it is primarily the indirect effects – in terms of political empowerment – which are positively registered, and attributed to the attractions which the PRSP process offers. However, direct influence on official political issues is regarded as marginal, especially where this concerns basic economic decisions.

3.3.2. Ownership and Participation versus the Continuity of Economic Blueprint

In one result all analyses of the PRSP initiative are unanimous: On the central issue of structural adjustment and the policies of macro-economic stabilisation there is unequivocal continuity – and this despite the fact that “in all HIPC countries a strong, social front has formed against an orthodox, neo-liberal adjustment policy”.⁷⁷ Thus, the orthodoxy of keeping inflation low runs through all PRSPs.⁷⁸ Strict limitations of budget deficits as well as the liberalisation of foreign trade and the banking system are uncompromised stipulations which are seen as essential preconditions for reducing poverty. Here, ownership and participation have left no traces in their drive to overcome: “one size fits all”.⁷⁹

PRSP similarities to earlier “Policy Framework Papers” and the relationship between PRSPs and parallel IMF agreements under the new Poverty Reduction and Growth Facility (PRGF) reveal no less the continuity of neo-liberalism. Although the IMF insists that the latter is based on priorities of the PRSP, experience indicates that the opposite is the case, whereby the PRGF credit agreements stake out the macro-economic frame wherein the PRSP may operate. Moreover, current IMF agreements within the framework of ESAP were simply re-named as PRGF agreements in a number of cases and notably in Bolivia. Although the “streamlining” of IMF conditionality reduced the number of conditions and tailored their content to the “core competencies” of IMF and World Bank, the leeway in

75 Gabriele Müller, *Frühjahrstagung von IMF und Weltbank. Die HIPC-Schuldeninitiative nach zwei Jahren – die Euphorie ist verflogen*, 2001, www.weedbonn.org (accessed 2002-05-23), pp. 4f.

76 Cling, Razafindrakoto, Roubanud, op. cit. (note 55), p. 11. The authors also assess the PRSP initiative as “great potential for strengthening democracy” (p. 3).

77 Müller, op. cit. (note 75), p. 6.

78 Even in countries with an inflation rate of 3-5% (e.g. Mauritania, Niger und Uganda), the fight against inflation remains on the PRSP agenda as a main monetary objective; cf. UNCTAD, *Economic Development in Africa*, op. cit. (note 58), p. 24.

79 For very different countries such as Bolivia, Burkina Faso, Mauritania, Tanzania, and Uganda, a WEED-Study has precisely this to say: “It is noticeable how similar the five Strategy Papers are – and this despite the differentiated country contexts and the varying courses of participation processes.” Walther, op. cit. (note 58), p. 7.

making decisions on economic issues in the countries concerned has not increased. Critics even complain that, as a consequence of linking HIPC debt relief to PRSP acceptance, the role of the IMF and the World Bank's executive boards may have been further strengthened.

As a rule and contrary to official proclamations, macro-economic issues and structural adjustment are not subject to national ownership and social participation in PRS implementation. Not only does IFI acceptance of a PRSP remain conditional on the observance of the traditional macro-economic objectives, but open debate on these issues during the consultation process is, for the most part, also excluded. It sounds therefore bigoted when the IMF and World Bank find fault in declaring that the political dialogue should be deepened in many respects "including the design of macro-economic frameworks underpinning PRSPs, the development of alternative scenarios and policy reform options."⁸⁰ Participation and ownership appear to be firmly limited to the social area – and for that reason to the compensatory back-up of conventional IMF programmes by poverty reduction measures.⁸¹

In principle, the PRSP approach has added two, explicitly poverty oriented elements to the conventional stabilisation and structural adjustment policies. For one, the realisation that economic growth does not always "trickle down" to automatically reducing poverty calls for "policies that facilitate the access of the poor to human, physical and financial assets to improve their earning capacity". Secondly, temporary negative effects of economic reforms require "that such policies should be accompanied by safety nets and targeted spending programmes".⁸² In concrete terms, anti-poverty measures in PRSPs include the extension of basic health and basic education:

"Other areas – such as monetary and exchange rate policies, the trade regime or budget management, which are also relevant to poverty – are excluded, apparently with the approval of the IFI, and are the domain of the Fund negotiating directly with the respective governments. In this way, the PRSPs are mainly intent on expenditure programmes and here on social services and infrastructure. The areas of health and education are most prominent; they are frequently the smallest common denominator in the political process, and can be easily 'sold' to the donors. Yet, the directly productive, employment-producing sectors are neglected."⁸³

80 IMF, IDA, *Poverty Reduction Strategy Papers – Progress in Implementation*, op. cit. (note 68), p. 5.

81 John Sender concludes in the same manner that the new poverty-orientation of World Bank means no break with the principles of the Washington Consensus, but that the social recommendations are merely "thin gloss superimposed on a fundamental adherence to the tents of the neoliberal faith"; John Sender, *Reassessing the Role of the World Bank in Sub-Saharan Africa*, in: Jonathan R. Pincus, Jeffrey A. Winters (ed.), *Reinventing the World Bank*, Ithaca/London (Cornell University Press), 2002, p. 198.

82 UNCTAD, *Economic Development in Africa*, op. cit. (note 58), p. 4.

83 Eberlei, Siebold, op. cit. (note 58), p. 48. Jubilee South et al make the criticism that in the PRSPs the necessary elements are lacking for the struggle against poverty such as "land and agrarian reform, progressive taxation, support for domestic markets and protection, food sovereignty, the protection of environment and labour *vis-à-vis* investors, assurances of social rights and entitlements, and other forms of governmental protection *vis-à-vis* the free market". Jubilee South, *Focus on the Global South* et al, op. cit. (note 58), p. 2.

Despite conceptual flexibility, the continuity of economic orthodoxy unmistakably constitutes valid terms of reference of concrete strategies against poverty. If one is to take the declared links between poverty reduction, participation and ownership seriously, nationally organised processes would be open to social deliberation and would accordingly have to combine the poverty-reducing objectives with appropriate macro-economic policies and structural reforms. However, the integration of poverty reduction and structural adjustment – thus the (mostly implicit) premises of the IMF and World Bank – is thought to take place without receiving essential modification of the latter. And this is not changed either by such metaphors as “pro-poor growth” as these are by no means filled with substance in the PRSP design.⁸⁴ While it is hardly a matter of contention that economic growth is an essential pre-condition for progress in the struggle against poverty, it is far more unconvincing that growth should be conditionally associated with the well known neo-liberal prescriptions.⁸⁵ This association implies reversing priorities: Whereas the PRSP concept originally defined poverty reduction as the main goal and structural reform merely as a means to this end, now these economic reforms appear to be pre-conditions for economic growth and, thus, for the reduction of poverty.

4. PRSP - Bolivia and Tanzania

Not only in structural adjustment, but also in the PRSP process, both Bolivia and Tanzania are generally considered “strong performers” – at least as far as speed goes. Already at the beginning of the year 2000, both presented their interim PRSP and a few months later, their PRSP, and both achieved in 2002 the “Completion Point” upon which they were awarded full HIPC II debt relief. We have therefore chosen two cases which, from the point of view of the IMF and World Bank, belong to the most successful examples of the initiative. Comparative observations on the two countries at the same time reveal in detail the opportunities and limitations, the potential and contradictions as well as inconsistencies with which the PRSP concept is associated. This is equally true for the visible differences between both countries as for their similarly visible common features.

The question of participation and democracy, reveals particularly marked differences. A case in point is that there is hardly any weight given to democratisation in the Tanza-

84 Cf. Eberlei, Siebold, op. cit. (note 58), p. 46. In the World Bank’s PRSP Sourcebook the intended chapter on pro-poor growth remained the only one unwritten and does no longer exist in the latest version; cf. *ibid.*, p. 47; World Bank, *Poverty Reduction Strategy Sourcebook*, op. cit. (note 10). IMF and World Bank openly admit that the understanding of the term “pro-poor growth” urgently requires dilation; cf. IMF, IDA, *Poverty Reduction Strategy Papers – Progress in Implementation*, op. cit. (note 68), p. 17.

85 IMF and World Bank emphasise: “Rapid, sustainable growth is a necessary condition for poverty reduction, along with a pattern of growth in which the poor fully participate. This will require prudent macro-economic management, robust private sector activity and investment, and sound sectoral and structural policies.” IMF, IDA, *Poverty Reduction Strategy Papers – Operational Issues*, op. cit. (note 74), p. 3.

nian PRSP, whereas this plays a central role in the Bolivian strategy. Above all, Bolivia's participatory process is often put forward as an exemplary case, building upon other, foregoing initiatives. This is true, for example, for the local institutions of people's participation ("social control") with which, within the framework of the "Second Generation of Reform" after 1993, the orthodox structural adjustment was extended to a programme of comprehensive, social modernisation and complemented by projects for decentralisation and popular participation (*participación popular*).⁸⁶ Added to this, the government under Hugo Banzer immediately after its election initiated a national dialogue in October, 1997. During a twelve-day series of discussions, political parties, trade unions, churches and NGOs were able to voice their demands and ideas, a dialogue which led to the development of a plan to combat poverty. After all, there are well-organised social groups in Bolivia – especially surrounding the Catholic Church –, which are close to the consensus orientated PRSP initiative and therefore urged their government and donors to turn the official promise of active participation into reality. This not only facilitated a relatively comprehensive dialogue, but in the course of the PRSP process, the possibilities for participation and social control were further extended, institutionalised and legally consolidated.

In Tanzania, on the other hand, these link-ups were only existent in a rudimentary form with the result that participation took on a quite different form. Nevertheless, the Tanzanian strategy – as the Bolivian – advanced the ideas of decentralisation and participation as well: The local administrations became the focal point in combating poverty, and here influence and control of "the poor" are to materialise. Even with regard to institutionalising social participation, first initiatives occurred. The PRSP initiative in Tanzania remains above all a potential for the promotion of democracy whose further development very definitely depends on complex social dynamics. However, this is also basically true for Bolivia, where we (still) cannot speak of a participation in which "the poor" are truly involved and which seriously addresses matters of social conflict. In the same terms, both countries have confirmed the general observation that the parliaments have only played a marginal role in the PRSP process. Yet diffuse and almost by definition selective social participation requires embeddedness in representative structures.

While the design and the dynamics of the participation process is distinguished by national characteristics, the content of PRSPs shows much more similarities. Although in both countries there is widespread criticism of the Washington Consensus, these political and economic controversies left no traces within the PRSP framework. The organisations,

86 Cf. Albert von Gleich, *Poverty Reduction Strategies – the Experience of Bolivia*, HWWA Report, no. 178, 1998, Hamburg, p. 12; Hans J. Petersen, Die wirtschaftliche Reformpolitik der Regierung Sánchez de Lozada, in: *Lateinamerika. Analysen-Daten-Dokumentation*, vol. 13, no. 31, 1996, pp. 52f; Ulrich Goedeking, Bolivien: Die ersten 100 Tage der Regierung Banzer, in: *Lateinamerika. Analysen-Daten-Dokumentation*, vol. 15, no. 37, February 1998, p. 18. While decentralisation led to the redistribution of resources from central government budget to local governments, the *participación popular* created mechanisms of social control at local political level; cf. Rodolfo Mercado, Dezentralisierung und Participación Popular, in: *Lateinamerika. Analysen-Daten-Dokumentation*, vol. 13, no. 31, 1996.

for instance, which have been invited to participate in the drafting of the Tanzanian PRSP stressed the negative balance which has arisen since the 1980s via structural adjustment:

“Fifteen years of structural adjustment programs (SAPs) have not improved the quality of life for Tanzanian citizens. The IMF and the World Bank have financed structural adjustment policies in Tanzania for about 15 years. Per capita income and basic human welfare indicators have fallen during this time period. For example, per capita GDP has fallen to the 1960 level and primary school enrolment rates plunged below 50 percent from an average of 80 percent during the 1980s.”⁸⁷

In Bolivia, too, there was widespread criticism of “neo-liberalism” which could not be ignored and yet, despite this, both PRSPs rely completely upon economic continuity. Only in this way, the argument goes, is the prime condition for the reduction of poverty – economic growth – achievable. Relations between growth and poverty therefore remain a purely rhetorical consideration, and so the dualism between structural adjustment and the eradication of poverty untouched. Both strategies are based on economic growth by continuing the conventional policies of reform without, however, filling out the frequently reiterated metaphor of “pro-poor growth” with substance.

If the macro-economic framework is not opened up for discussion, then participation collides with its own standards, and the claim to national ownership will be questioned. It thus must still be proved whether the dynamics of the PRSP process can in the long run contribute to the extension of the ideas of participation and ownership, thereby overcoming its limitations as development strategy. Up to now it has served in Tanzania as in Bolivia mainly as a framework for the poverty oriented use of the “new” financial funds from debt relief. Here we can recognise first successes, since the expenditures in favour of PRSP priority sectors such as basic education, basic health and rural development have considerably increased. In Bolivia, moreover, innovative steps were taken to set up an institutionalised body to distribute these monies. However, PRSP is intent to embrace far more than the mildly participatory erection of an externally financed poverty programme.

As the regularly escalating social disputes in Bolivia demonstrate, the PRSP process in its present form is not in a position to measure up to the claims of the initiative. Without an opening of participation to broader societal groups and demands, and without anchoring the processes in the representative democratic structures, as deficient as these may be, national ownership is hardly reachable. However, this change is not ruled out on principal grounds and is promoted by non-governmental actors on national and international level, but as yet it awaits consistent implementation as the two cases, Tanzania and Bolivia, make clear.

87 “Year 2000 Country Profile: The Status of Tanzania with the IMF and World Bank”, in: Globalisation Challenge Initiative (ed.), *Structural Adjustment Program (SAP) Information Alert Series*, no. 2, November 22, 2000, p. 3.

4.1. Bolivia

Regarding the relationship between structural adjustment, poverty reduction and democratisation, Bolivia has paradigmatic significance. In the first place, it has, since its first stabilisation and structural adjustment programme in 1985, enjoyed the position of being an exemplary case in consistent reform policy. However, after almost twenty years of neo-liberal reforms, Bolivia remains – with an average income of less than 1000 US dollars a year per head – one of the poorest and most heavily in-debted countries in South America. About two thirds of the population live below the national poverty line, and social inequality went up further in the 1990s. At the time of writing, the country is recorded as having the sixth highest level of income inequality worldwide.⁸⁸ This ambivalent position of being a “poster child” of the international development community and at the same time the “poor house” of South America constitutes Bolivia’s high dependence on development aid, a fact which underlines the importance of the PRSP initiative. The amount of official development assistance to Bolivia runs to 10% of the GDP, that is 50% of public investment.⁸⁹ From the point of view of the relationship between democracy and structural adjustment, it is also of interest to note that all economic reforms were undertaken by an uninterrupted series of democratic governments.

4.1.1. PRSP: Institutionalised Participation and its Budgetary Effects

Only a few months after the introduction of PRSP and HIPC II, Bolivia presented its interim PRSP in January 2000 with which it reached the debt relief initiative’s “Decision Point”. After a renewed and now explicitly PRSP-adjusted National Dialogue (*Diálogo Nacional 2000*), the PRSP finalised at the beginning of 2001. In June, 2001, Bolivia reached the “Completion Point”, only second to Uganda. For public finances, HIPC II means a further nominal reduction of debt to the tune of 1.3 billion US dollars where total HIPC debt relief, according to IMF figures, runs at about 2 billion US dollars. The official and officially-guaranteed debt thus will be reduced from 213% of exports (1998), to 172% by 2007, whereas the relationship between debt service and exports will be reduced from 19.3% to 16%. In the coming ten years it is reckoned that an average of 120

88 Cf. Nadia Molenaers, Robrecht Renard, *Strengthening Civil Society from the Outside? Donor-driven Consultation and Participation Processes in Poverty Reduction Strategies (PRSP): the Bolivian Case*, IDPM-UA (Institute of Development Policy and Management/ University of Antwerp) Discussion Paper, no. 5, 2002, www.eurodad.org/uploadstore/cms/docs/IDPMParticipation.pdf (accessed 2003-05-19), p. 7; Isabel Arauco, Rosalind Eyben, *Steps Towards Reducing Exclusion in Bolivia*, paper to the World Bank Conference ABCDE-Europe “Towards Pro-Poor Policies”, Oslo, June 2002, <http://wbln0018.worldbank.org/EURVP/web.nsf/Pages/ABCDE+2002-Papers> (accessed 2003-03-11), p. 3, footnote 1; Pedro Valenzuela, *Conflict Analysis Colombia, Bolivia and the Andean Region*, Report for Sida (Swedish International Development Co-operation Agency), May 2002, www.sida.se/Sida/articles/1600-1699/1625/Saconflictanalysis.pdf (accessed 2003-03-11), p. 15.

89 ODI, *Experience with Poverty Reduction Strategies in Latin America and the Caribbean*, PRSP synthesis note, February 5, 2003, www.prspsynthesis.org (accessed 2003-03-07), p. 4.

million US dollars per year will be available for the struggle against poverty.⁹⁰ While, from the NGO point of view, the extent of debt relief is in some doubt, there is no question that the annual debt service will again considerably increase at the middle of the decade.⁹¹

The PRSP has formulated clear goals for the mid to long-term (up to 2005, 2010 and 2015).⁹² The social objectives up to 2015 comprise in particular the reduction in the incidence of poverty from 63% to 41% of the population, the reduction by half of the incidence of extreme poverty from 36% to 17%,⁹³ an increase in life expectancy from 62 to 69 years, the reduction in infant mortality from 67 to 40 per 1000 births and of maternal mortality from 390 to 200 per 100,000 births together with significant increases in school attendance and completion rates. In order to reach these objectives, an economic growth rate of annually 4% in the 1990s, 5% in the year 2003, and 5.5 % in 2008 is aimed at. This requires, growth in private investment is to be fostered through further structural reforms, including a stable legal and judicial system, more flexible labour markets and macro-economic stability. The four main components of PRSP are (1) the extension of employment and income opportunities, in particular for small agricultural producers and micro-enterprises, (2) the development of human capital by basic education and preventive healthcare, (3) an improved social protection for the poor and (4) the promotion of social participation and integration. The implementation costs of the strategy are set out in the PRSP by two different invoices. The first relates public expenditures to all components of the PRS. In this case, the PRSP reckons with a needed amount of 7.4 billion US dollars in the period from 2001 to 2006, whereby half of this is to be financed internally. Along with this global expenditure, the PRSP also refers to a specific fund for poverty reduction which is exclusively financed externally: from debt relief and externally financed projects, the strategy (again for the period from 2001 to 2006) reckons with just under 420

90 Cf. IMF, "IMF and World Bank Support US \$1.2 billion in additional debt service relief for Bolivia Under Enhanced HIPC", *IMF Press Release*, no. 01/29, June 8, 2001, www.imf.org (accessed 2002-10-07); Walther, op. cit. (note 58), p. 8; Mechthild Minkner-Bünjer, Entschuldungsinitiative HIPC für Bolivien: eine neue Chance für die Armutsbekämpfung?, in: *Brennpunkt Lateinamerika. Politik – Wirtschaft – Gesellschaft*, no. 24, December 27, 2000, Hamburg (Institut für Iberoamerika-Kunde), p. 251.

91 According to IFI reports, debt service will increase again in the second half of the decade from about US\$ 230 million between 2002 and 2005, and in 2008 will exceed the 300 million mark to lie on average in the coming decades (2011-2020) at around US\$ 680 million. IMF, IDA, *Bolivia. Completion Point Document for the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative*, May 21, 2001, www.imf.org (accessed 2002-10-07), pp. 41ff. Depending on the respective bases of reckoning and prognosis, the concrete figures for debt relief as for debt quotas are markedly different; cf. Matthias Woiwode, *Bolivia: Important Discussions Got Underway*, January 2001, www.bolivien-netzwerk.de (accessed 2002-10-04), p. 1; Jubilee 2000 (ed.), *Jubilee Research Databank: Profile: Bolivia*, www.jubilee2000uk.org (accessed 2003-03-18).

92 Government of Bolivia, *Bolivia Poverty Reduction Strategy Paper – PRSP*, March 2001, La Paz, www.imf.org (accessed 2002-05-16).

93 The figures are generally not internationally comparable – e.g. with Tanzania. The Bolivian poverty rates refer to an income-oriented "Headcount Index of Poverty". The general official poverty line amounts to an monthly income of about US\$ 50; "extreme" poverty is measured by a basket of foodstuff oriented at the minimum basic needs (monthly US\$ 23 in rural districts, and an average of US\$ 29 in city areas).

million US\$ per year for the struggle against poverty. From this sum, 104 million derive from HIPC debt relief.⁹⁴

The primary responsibility for the struggle against poverty is placed at the door of local administration (*municipalidades*). This means essentially that, on the one hand, the HIPC resources are distributed directly to the communal level by using poverty indicators, and on the other, indirectly via national development funds. A law passed in July, 2001, the *Ley Diálogo Nacional 2000*, institutionalised these mechanisms.⁹⁵ A transparent distribution of HIPC funds according to the PRSP is to be reached, in the first place, by directly channelling the resources from the Central Bank to municipalities and development funds. In the second place, funds have to be allocated according to a rigid distribution scheme which grants 20% for school education, 10% for healthcare services and 70% for municipal investments in “productive and social infrastructure”; this last 70% also flows via a distribution plan based on poverty indicators mainly to the poorest municipalities. And thirdly, a general authority managing the different development funds (*Directorio Único de Fondos*) is established which, for its part, is subjected to the mechanisms of “social control” (see below).

The IMF and World Bank acknowledge the PRSP as “a sound poverty diagnosis, the integration of poverty reduction in a consistent, macro-economic framework, and a major effort to broaden participation by including municipalities in the national dialogue.” Yet “weak institutions, inadequate governance, and corruption; the economy’s vulnerability to external shocks; limited acceptance of the PRSP; and possible delays with institutional reforms“ are emphasised to be a problem.⁹⁶ A general problem is created by too optimistic an approach as far as macro-economic projections are concerned which has already led to distinct adjustment of PRSP objectives. The expected growth rate in the period from 2003 to 2015 has been reduced from 5/5.5% to 3.9/4.8%, and the poverty objective for 2015 is now set at a rate of 53.7% (instead of 40.6%), and in the case of extreme poverty at 27.3% (instead of 17.3%) – for a long-term strategy a considerable “adjustment” after hardly two years. Contrary to Tanzania, where the “Progress Reports” mostly speak of successes, it seems that Bolivia since its change of government has realised a much more critical assessment of its PRSP. The latest government report in early 2003 finds fault with definite weak points right through the range of PRSP components – especially in the lack of concrete measures to assist the poor.⁹⁷

94 Government of Bolivia, *PRSP*, op. cit. (note 92), p. 161ff.

95 Congreso Nacional de Bolivia, *Ley 2235 Diálogo Nacional 2000*, July 31, 2001, www.veips.gov.bo/pre/ley/ley2235.html (accessed 2003-03-13).

96 Wayne Lewis, in: Ramiro Cavero Uriona et al, *Crafting Bolivia’s PRSP: 5 Points of View*, in: *Finance & Development*. A quarterly magazine of the IMF, vol. 39, no. 2 (June 2002), www.imf.org/external/pubs/ft/fandd/2002/06/cavero.htm (accessed 2002-10-07). For details see IMF, IDA, *Bolivia Poverty Reduction Strategy Paper Joint Staff Assessment*, May 10, 2001, www.imf.org (accessed 2002-10-07).

97 Cf. UDAPE (Unidad de Análisis de Políticas Sociales y Económicas), *Estrategia Boliviana de Reducción de la Pobreza: Informe de Avance y Perspectivas*, La Paz, February 2003, www.ebrp.gov.bo (accessed 2003-05-19). This is the latest from three governmental PRSP Progress Reports which, however, – in contrast to

In conjunction with the first HIPC initiative, Walter Eberlei had noted that the expenditure “for the social sector did not appreciably increase compared to the previous years” and that, in addition to this, as the HIPC resources were integrated into the national budget it became no longer realisable, “whether the available funds do in fact benefit poverty reduction.”⁹⁸ By comparison, with regard to the second HIPC initiative and PRSP, progress cannot be denied. On the one hand, the institutionalised “outsourcing” of debt relief funds from the national budget and their distribution according to a legally prescribed scheme has significantly raised transparency. On the other, an absolute as well as a relative increase can indeed be noticed in poverty-oriented state expenditure, and here quite clearly in the areas of education, health and rural development. This, however, only slightly exceeds the additionally available resources linked to debt relief. Thus a detectable redeployment of budget allocations in favour of poverty reduction – apart from the poverty oriented use of HIPC funds – is not to be seen, at least on the basis of presented figures.⁹⁹ This confirms the general criticism that the PRSP process in Bolivia is concerned less with a participatory development strategy than with being an instrument for the distribution of HIPC resources. On the positive side, Bolivia not only shows evidence of a remarkably innovative concept in the controlled distribution of these funds, but – in notable contrast to Tanzania – has even legally enshrined the relevant procedures.¹⁰⁰

4.1.2. PRSP and Democratisation: a Harmonising Link

In his examination of the relationship between economic development and democratisation in Bolivia, George Bukes remarked that poverty ought to be overcome not least in the interests of democracy. “When democracy does not receive backing through developmental and political successes, the negative tendencies can so increase that democracy

the previously two reports from Tanzania – were evidently not presented as official “Progress Reports” to the IFI, since the reports are neither to be found on the IMF Homepage, nor do exist any IFI *staff assessments*.

98 Walter Eberlei, *HIPC-Initiative und Armutsbekämpfung*, a paper commissioned by the Jubilee 2000 campaign of the dioceses of Hildesheim and Trier, January 2000, www.bolivien-netzwerk.de (accessed 2002-05-23), p. 4.

99 In this way, “poverty-related expenditures” increase in relation to GDP from 10% (1997) to 12.2% (2003) or, in comparison to expenditure as a whole, from 35.6% (1997) to 43.6% (2003). If, however, one subtracts the additional resources available through debt relief, an increase of poverty-oriented expenditure remains of 10% of the GDP (1997) to 10.7% (2003) or as the case may be, of 35.6% of the expenditure as a whole (1997) to a good 38% (2003). Cf. IMF, IDA, *Bolivia. Completion Point Document*, op. cit. (note 91), Tabs 2, 3; IMF, *Bolivia: Statistical Annex*, Country Report no. 01/91, June 25, 2001, www.imf.org (accessed 2003-05-19), p. 24; partly independent calculations.

100 Bolivian PRSP mechanisms of course do not guarantee correct use of monies, but they do make irregularities more easily detectable. Thus, a decree issued by the government in December, 2002 concerning additional bilateral debt relief beyond HIPC II to the tune of US\$ 30 million annually assigned these resources – in violation of the Dialogue Law – directly to the national budget. This met with direct and resolute criticism from the local administrations, the Catholic Church as well as from the newly established national institution for social control (*Mecanismo Nacional de Control Social*, see below); cf. reports in the daily paper, *La Razón*, www.la-razon.com, e.g. from March, 12, 2003, April, 14, 2003, and April 15, 2003.

cannot stand up.”¹⁰¹ Basically, the PRSP concept is in agreement with this analysis. Whereas democracy plays no role in Tanzania’s PRSP, in Bolivia “improving the quality of democracy” is in fact an explicit political objective of the PRSP and an essential building block – the reduction of poverty being considered as a necessary condition for the preservation of democracy, just as democratisation is considered a pre-condition for the effective struggle against poverty.¹⁰²

In this way, PRSP also integrates structural adjustment into a harmonising configuration in which success in all three dimensions is dependent on one another as working alternately to strengthen one another. Structural adjustment may well have laid down the foundations for economic stability, but not for overcoming social exclusion and poverty. The social upheavals of 2000, however, showed that poverty, inequality and social exclusion put democracy at risk. For this reason, growth-oriented economic reforms require the sociopolitical complement of direct poverty reduction, just as success in the struggle against poverty is based on a successful economic policy.¹⁰³ In addition, the objective of eradicating poverty demands “joint responsibility between state and society in combating social exclusion”, and here democratic participation comes into play. Programmatically speaking, this requires more than mere consultation. Indeed the PRSP expresses “the need for the general public to become involved in steering the strategy”, and the National Dialogue 2000 is described as the first step towards “making democratic debate a central element in improving the quality of democracy”.¹⁰⁴

At the centre of the democracy oriented dimensions of the Bolivian PRSP there is the area of decentralisation and participation which coalesce in the notion of “social control” of political decisions (through “civil society”) at local level. Along with it are concrete demands for institution-/capacity-building, combating corruption and reform of the judicial system which can be subsumed under the term good governance. The “promotion of social integration and grassroots participation” is placed among the four strategic components of PRSP. This entails, together with the strengthening of “citizen organization and participation”, the dismantling of inequality and of those barriers which rest upon ethnic discrimination. Some PRSP sections are concerned with rights and opportunities for indigenous groups and women.¹⁰⁵

101 Georg Bukes, *Der Zusammenhang von wirtschaftlicher Entwicklung und Demokratisierung. Das Beispiel Bolivien*, Hamburg (Institut für Lateinamerika-Kunde), 2000, p. 167.

102 Cf. Government of Bolivia, *PRSP*, op. cit. (note 92), p. 14, see also pp. 11, 113.

103 Relevant quotations which formulate these relationships are to be found in *ibid.*, pp. 11ff, 17.

104 *Ibid.*, p. 12. In this, the dialogue is described – in terms of the deliberative democracy as outlined by Juergen Habermas – as “public forum in which society’s participants, both territorial and functional, could join with the political system’s players and agree on a State policy for the fight against poverty and social exclusion” (*ibid.*, p. 12). The PRSP speaks explicitly of a “deliberative process” on which the PRSP is based and also of a contribution of a national dialogue “to development of participatory democracy” (*ibid.*, pp. 12, 43).

105 Cf. Government of Bolivia, *PRSP*, op. cit. (note 92), pp. 17, 113ff, 118, 122ff, 138.

4.1.3. Participation and Ownership: Bolivian Best Practices?

For many observers, and in comparison with previous consultation processes in Bolivia, the PRSP process appears to be a considerable step in the direction of civil society participation. A closer inspection, however, discovers an ambiguous picture regarding the degree and form of participation where matters appear on the one hand “very progressive” and “extremely limited and exclusive” on the other.¹⁰⁶

The very heart of the participation process was the three-month National Dialogue 2000 (in what follows referred to as “ND”) which preceded the drafting of the PRSP. Conceived in the government’s original conception only to deal with the distribution of HIPC resources, this “social agenda”, due to pressure from the public, was then broadened to include an “economic” and a “political agenda”. However, the extent of consultations outside the “social” area remained very restricted. At the centre of deliberations were the four themes of: the causes of poverty, the mechanisms of distributing HIPC resources, participation in the monitoring of their application and the ND follow-up.¹⁰⁷ In the sense of a bottom-up process, the dialogue was based on discussion fora at local level which focussed on concrete issues of poverty reduction and distribution of financial resources. The results were introduced into regional and national consultations, and once again it was only public pressure which led to the opening up of these consultations to include a wider range of social groups. The decision of the “donor community”, through a specific fund, to support the participation of “civil society” in the ND proved supportive.¹⁰⁸ The extent of participation has been assessed by the IMF as “extensive with over 1,200 people at the municipal level taking part”.¹⁰⁹

Along with the ND, independent processes of social discussion and co-ordination took place. Among others, a federation of small businesses originating from the informal sector (*Comité de Enlace*) organised its own independent consultation process. The *Foro Jubileo* initiated by the Catholic Church, was of considerable significance.¹¹⁰ Via financial support from donors and international NGOs, a parallel, bottom-up process was launched which culminated in a three-day national forum (*Foro Nacional Jubileo 2000*) to pass a common

106 Christian Aid, *Participating in Dialogue?: The Estrategia Boliviana de Reducción de la Pobreza*, Christian Aid policy briefing, January 2002, www.christian-aid.org.uk (accessed 2002-10-02), p. 4.

107 Cavero et al, op. cit. (note 96), p. 1.

108 Cf. McGee, *Assessing Participation...*, op. cit. (note 58), p. 31.

109 Lewis, in: Cavero et al, op. cit. (note 96).

110 In the Bolivian Jubilee 2000 campaign, *Foro Jubileo 2000*, 40 Bolivian NGOs (among them trade union associations, employer’s association, umbrella organisations of the small farmers, students, pensioners, handicapped people, and indígenas) were brought together. During the forums within the framework of the *foro* in the spring of 2000, altogether over 800 organisations and institutions took part. This was conducted under the auspices of the Catholic Bishops’ Conference. Cf. Dietmar Müßig, *Schuldenerlass zur Armutsbekämpfung?*, in: *ila – Zeitschrift der Informationsstelle Lateinamerika*, no. 244, April 2001, Bonn, p. 13.

point of view. Again, it was public and international pressure which allowed for the incorporation of this contribution into the official dialogue.¹¹¹

According to official statements, the results of the National Dialogue served as a “starting point for the preparation of the PRSP”.¹¹² The elaboration of the PRSP remained the task of the government; the first draft, however, was re-worked after short public consultations and indeed modified in certain areas, especially with regard to the indigenous population, gender and environmental issues. The ODI remarked that this “consultation effected significant change in the PRSP”.¹¹³ Bolivian NGOs, however, described the modifications to the PRSP as “of no great importance”.¹¹⁴ In actual fact, the ND 2000 did contribute to the extension of decentralisation and popular participation which was proposed in the PRSP and implemented with the *Ley Diálogo Nacional*. With this law, the ND is formalised as a PRSP monitoring process which, among other things, is to bring about greater social control of the distribution of resources (from the debt relief and from the development funds). The procedural bases for this are the new mechanisms of social control (*Mecanismo Nacional de Control Social*) as well as strengthened local authorities. “Social control” (as demanded by the *Foro Jubileo 2000*) does not mean participation in the sense of co-administration of state expenditure, but the institutionalisation of an independent control which is co-ordinated by the Catholic Church.¹¹⁵ Social monitoring via regular dialogues is also linked to the dynamic evolution of the poverty reduction strategy.

Nevertheless, in the literature regarding PRSP in Bolivia some hard criticism of the actual conduct of the process has been voiced.¹¹⁶ Complaints about the marginalisation of parliament, political parties and the opposition are most prominent. In the ND, the parliament as an institution was simply not involved. Neither was the opposition drawn into the drafting of the PRSP, and as far as the *Foro* was concerned, all political parties were on principle excluded. This is not only problematical from the point of view of democratic theory. It also has quite practical consequences, since the long-term implementation of

111 Cf. Genevieve Painter, *Quality Participation In Poverty Reduction Strategies. Experiences from Malawi, Bolivia and Rwanda* (Draft), April 2002, www.angonet.org/servidor_ReducaodaPobreza.html (accessed 2003-03-11), p. 32.

112 Ramiro Cavero Uriona, in: Cavero et al., op. cit. (note 96).

113 ODI, *Experience with Poverty Reduction Strategies...*, op. cit. (note 89), pp. 6ff.

114 Hugo Fernández, *Preguntas claves para examinar el concepto de los DELP*, A Paper to the World Bank “Latin American Forum on Poverty Reduction Strategies”, December 3-4, 2001, Santa Cruz, Bolivia, www.worldbank.org (accessed 2003-03-13), p. 4.

115 Cf. Georg Krekeler, Irene Tokarski, *Entschuldung und Zivilgesellschaft. Länderbeispiel Bolivien*, study commissioned by Misereor, Aachen, August 2000, www.bolivien-netzwerk.de (accessed 2002-10-04), p. 9.

116 The following concerns in particular the evaluation of these documents und analyses: Molenaers, Renard, op. cit. (note 88); Painter, op. cit. (note 111); IMF, IDA, *Background Information*, op. cit. (note 73); ODI, *Experience with Poverty Reduction Strategies...*, op. cit. (note 89); Fernández, op. cit. (note 114); Cavero et al, op. cit. (note 96); Christian Aid, op. cit. (note 106); Krekeler, Tokarski, op. cit. (note 115); CIDA (Canadian International Development Agency), *The Experience of Bolivia with the PRSP Approach*, Brown Bag Hosted by CIDA’s Poverty Reduction Network, December 14, 2001, www.acdi-cida.ca (accessed 2002-10-07); Walther, op. cit. (note 58).

PRSP depends on an ownership reaching beyond the small circle of people currently involved in government.¹¹⁷ In addition, neither were the “poor” very well represented at the consultation table. For the most part no independent representatives of social groups took part in discussion at local level, but a select group of already existing local representatives, who, within the framework of the *participación popular* form the municipal level of the political system. Local consultations – the basis of the ND – served more as a dialogue between central state and local political elites.¹¹⁸ In addition, a large cross-section of the poor population were hindered in participating because the documents were not translated into indigenous languages nor delivered in an easily comprehensible form. In this way, the ND was lost to women, indigenous people, urban and rural poor. Where the “civil society” was drawn into the dialogue this was primarily through the traditionally strong organisations, the larger NGOs and the Catholic Church which, via the Jubilee Debt Relief Campaign, became the focal point of social discussion, co-ordination and organisation, and will, within the framework of the mechanisms of “social control”, certainly remain so. However, even regarding the independent parallel process, there was complaint about insufficient embracement of social movements, indigenous communities and (to a lesser extent) trade unions.

Not only was the scope of participation limited, but, furthermore, it varied markedly depending on the themes to be discussed. The government reserved the right to selectively invite participants to the respective “agendas”, and, as far as the “Economic Agenda” was concerned, large sections of the society were excluded. In addition, the government determined the topics to be discussed and, in principle, excluded macro-economic subjects. This apparently corresponded with the intentions of the IFI. Accordingly, an IMF representative is quoted as emphasising that the demands of the social forum “should influence the ND [National Dialogue] but only in terms of shaping allocations of [...HIPC] funds, and that macro-economic targets were not open to discussion”.¹¹⁹ In the governmental description of the dialogue on the “Economic Agenda”, any controversy is simply absent. On the contrary, one gains the impression that civil society wished to force through the

117 Following the elections in the summer of 2002, the poverty strategy was largely ignored. The new government of the former head of state, Sánchez de Lozada, apparently didn't feel sufficiently involved in the planning of the strategy on the part of her predecessor. Only after a lot of controversy did the new coalition government agree to adopt the poverty strategy – and still announcing modifications. Cf. ODI, *Experience with Poverty Reduction Strategies...*, op. cit. (note 89), p. 6.

118 Cf. Molenaers, Renard, op. cit. (note 88), p. 17. The local round tables comprised the mayor, the vice president of the local council, the president of the “Vigilance Committee” (an independent group of citizens comprising the local control organ) and one woman elected from this committee. On the other hand, the ND lacked any kind of connection to the indigenous communities which comprise about 70% of the population.

119 Cit. McGee, *Assessing Participation...*, op. cit. (note 58), pp. 32ff. Many NGOs criticize a “pre-set policy agenda” from government and the “international community”, “which essentially preserved the structural adjustment measures already in place”. ODI, *Experience with Poverty Reduction Strategies...*, op. cit. (note 89), p. 8. Despite the comprehensive control over the dialogues it was neither possible within the framework of the “Economic” nor the “Political Agenda” to come to articulate common inputs to the PRSP.

previous reforms.¹²⁰ It appears in the PRSP that – and here the experiences in both Bolivia and Tanzania fit perfectly with general criticism of the PRSP process – the macro-economic framework of the strategy is already pre-determined to make sure the continuity of former reform policies.¹²¹ Yet discussion was not only restricted in the area of macro-economic stabilisation and structural adjustment, but also as far as politically highly charged issues were concerned such as land distribution and reform, redistribution policies in general, the highly controversial policies of privatisation or the subjects of coca plantation and drugs, themes which are largely left out of account. As a result of these ND selection processes it was possible for the government to radically “depoliticise” the subject of poverty. The enforcement of these constraints on participation was facilitated by the time pressure exerted on the dialogue by the desired debt relief.

The deficiencies and gaps of the consultation process culminate in the problem that the participative process – regardless of all the innovations and successes – had to fall short of its main objective, namely, the generation of some social consensus regarding poverty reduction strategy. This failure was made perfectly clear when seven networks of Bolivian NGOs, as well as the technical team of the *Foro Jubileo 2000* in a letter to the executive directors of the IMF and World Bank demanded the rejection of the PRSP.¹²² The lack of a social consensus is also underlined by the renewed severe social protests in February, 2003, during which 30 people died and at least 100 were injured (and which turned out to be only a prelude to the social explosions of October, 2003, which led to the ousting of President Sánchez de Lozada). Among other things, the protests were provoked by the measures to reduce the budget deficit agreed upon in the credit negotiations between the government and the IMF (especially the introduction of a new income tax).¹²³ The hope of

120 Cf. Government of Bolivia, *PRSP*, op. cit. (note 92), pp. 44ff, 51ff.

121 This continuity in the macro-economic strategies in PRSP is clearly emphasised and is reflected distinctly in economic and political objectives. Public debt, for example, should be reduced quickly and independently from business cycle or socio-political requirements. Monetary policy, on the other hand, remains exclusively oriented towards price stability. From the trade political point of view, the problem of falling terms of trade is to be encountered with further structural reforms and the progressive liberalisation of trade. Further, the role of the state which is to be strengthened in its task of regulation corresponds to the well-known neo-liberal ideas of the state seen as an efficiently administered provider of public services. Cf. Government of Bolivia, *PRSP*, op. cit. (note 92), pp. 13, 137, 195, 200ff. A further indication of continuity of IMF programme set-up is given by the simple renaming of the currently running IMF credit agreements. Bolivia's current economic programme which was accepted by the IMF in September, 1998, under the then structural adjustment facility (ESAF) was simply renamed as PRGF agreement.

122 “We are for poverty reduction, but not like this”, letter documented in: Angonet, www.angonet.org/Servidor_Reducaopobrezy/PRSP/documentps/WeAreForPovertyBut.htm (accessed 2003-03-11). The Undersigned criticize among other things that the strategy relies upon a continuity of structural adjustment policies without attention to their effects on poverty, that it is based on the conventional patterns of economic growth as a key to reduce poverty without tackling social inequality in Bolivia with a redistribution of income, and that the PRSP and the ND law will only increase the “serious financial and technical problems in facing local development administration”, among other issues, through a decentralisation which, at local level, is neither covered by resources nor capacity.

123 Cf. e.g. *The Economist*, Bolivia. What Will the IMF say now?, February 22, 2003, p. 33; *WEED press release*, „WEED zu Bolivien: Gewalt ist eine Folge der verfehlten Politik des IWF – IWF soll Politikdiktat

IMF and World Bank that “the institutionalisation of the national dialogue process might reduce these tensions by providing channels for the peaceful expression of dissent”¹²⁴ does not yet seem to have been fulfilled. The simultaneity of consensus oriented dialogue processes and vehement social protest (accompanied by violent and repressive state reaction) in the course of the year 2000 early indicated the limited legitimacy and scope of the PRSP process.¹²⁵ Ignoring issues such as coca eradication and privatisation in the PRSP process, and the inadequate integration of traditional, rural communities and social movements have proved detrimental. The transformation of behaviour of social groups from *protesta* (protest) to *propuesta* (proposal), attributed to the process of participation, only concerns a very small, and in any case already well-integrated section of the much-lauded “civil society”.¹²⁶

The rejection of the PRSP by large sections of organised society in Bolivia demonstrates that one can certainly not speak of national ownership of the strategy. As the reserved attitude of the new government under Sánchez de Lozada towards PRSP shows, not even the traditional political elite feels comfortable as “owners” of the strategy. Whether one can speak at least of ownership limited to the Banzer administration is difficult to say. Contrary to structural adjustment and stabilisation policies the extension of participation and decentralisation can certainly not be regarded as the “intellectual property” of this government.¹²⁷ The ODI, for its part, observes “criticisms about the lack of government ownership of the PRSP outside the key ministries involved in the drafting process” which are of a political as well as of a technical nature – a scepticism which is also reminiscent of Tanzania.¹²⁸

In the PRSP, the national dialogue is largely attributed to the far reaching function of having “contributed to development of participatory democracy while strengthening civil society and the policy system through an enhanced relationship between these parties” – a

aufgeben“ , February 14, 2003; Juan Forero, Economic Crisis and Vocal Opposition Test Bolivia’s President, in: *The New York Times*, February 16, 2003, www.nytimes.com (accessed 2002-03-07).

124 IMF, IDA, *Bolivia PRSP Joint Staff Assessment*, May 10, 2001, www.imf.org, p. 11 (accessed 2002-10-07).

125 For Mechthild Minkner-Bünjer, the escalating protests in September, 2000, already represented the end for the moment of “the dream of co-operation between government and representatives of the poor in the HPIC initiative. [...] The Banzer government which a few weeks before had praised the struggle against poverty within the framework of the HPIC initiative, the democratic attitude of the regime, and that of the civil society, now saw itself confronted with a furious multitude. [...] The ‘blue smoke screen’ of participation and debt relief could no longer veil the precarious situation well below the poverty line.” Minkner-Bünjer, op. cit. (note 90), p. 256.

126 Cf. Molenaers, Renard, op. cit. (note 88), p. 12.

127 “The shift from policy conditionality to process conditionality has made little difference in some countries (Bolivia, Mozambique) because they have already adjusted so much to the policies and professional mindsets favoured by the World Bank and IMF that policy conditions are now not needed to reinforce these.” McGee, *Assessing Participation...*, op. cit. (note 58), p. 15.

128 ODI, *Experience with Poverty Reduction Strategies*, op. cit. (note 89), p. 5. The NGO representative, Hugo Fernández, also reports that the sector ministries were only marginally involved in the PRSP process; Fernández, op. cit. (note 114), p. 2.

view which is partially shared by some NGOs and external observers.¹²⁹ And despite all criticism, PRSP has provided new opportunities. For instance, external support and pressure on the part of the donors and NGOs made it possible to engage in independent participation processes.¹³⁰ The extent of engagement of social groups in the National Dialogue was also considerably greater than in Banzer's first National Dialogue. Of prime importance is, after all, the institutionalisation of the mechanisms developed during the PRSP process which otherwise was not to be expected. It is, however, too early for an evaluation of the importance of these institutional reforms. The National Dialogue 2003 was consistently delayed, and its significance played down by the government which emphasised that parliament was responsible for processing social demands.¹³¹ In the present highly polarised political situation, the subject of a participative revision or further development of PRSP is not on the agenda. Much more important is whether it will be possible to bring the embittered social and political groups within the country to a social "summit" or to a "social pact".¹³² With regard to the fault lines of Bolivian democracy revealed by the recent escalation of social conflict, the PRSP process remains largely without means. The marginalisation of parliament and the systematic limitation of discussion excluding controversial issues can rather contribute to bringing these conflicts to a head.

4.2. Tanzania

The banning of "ignorance, disease, poverty" has been among the major objectives of the Tanzanian government since the foundation of the country. And until the 1970s, good progress had been made according to official estimates. However, because of "various domestic and external shocks and policy weaknesses", it has been officially acknowledged that there has been a substantial stagnation and the situation has considerably deteriorated since then. The Washington financial institutions confirm both statements, but come to a different diagnosis of the country's lack of success. In their opinion, the policies of the government have not been "sufficiently growth oriented" and "expenditure programs were typically under funded and poorly prioritised". This has radically changed in the last few years, since the "[p]olicies for sustained economic growth are now assigned high priority and the importance of maintaining macro-economic stability is fully acknowledged" as well as "broad-based participation" in the PRSP process has revealed the

129 Government of Bolivia, *PRSP*, op. cit. (note 92), p. 43. Cf. Juan Carlos Núñez, in: Cavero et al, op. cit. (note 96); McGee, *Assessing Participation...*, op. cit. (note 58), p. 30.

130 "[It] must be clearly stated that without the trend-setting decision of the G-7 countries during the Cologne Summit with regard to the debt relief issue and the conditions associated with it [i.e. HIPC II und PRSP] a social campaign for more social control and poverty orientation in politics could not have been expected for Bolivia in the foreseeable future." Krekeler, Tokarksi, op. cit. (note 115), p. 18.

131 Cf. e.g. the reports in the Bolivian daily, *La Razón*, from April 15, 2003 (www.la-razon.com) as well as *Red ATB* from April 15, 2003 (see www.bolivia.com).

132 Cf. e.g. *La Razón* (April 28, 2003, May 6, 2003, May 8, 2003, May 9, 2003), www.la-razon.com.

“multi-dimensional aspects of poverty”¹³³ As a consequence, it was the IMF and the World Bank which led Tanzania onto the economic and political path of virtue which the country has been following since the mid-1980s, at first rather hesitantly and since 1996 with determination.¹³⁴

The abundance of national reforms and poverty reduction plans which have been set up recently and which, apparently, have been rather uncoordinated – “relatively decentralized” in official parlance – reflect this rapprochement process. Among these is the “Vision 2025” in which long-term economic and social objectives are laid down. This provides the basis for the “National Poverty Eradication Strategy”, planned on the medium term up to 2010. Next comes the “Tanzania Assistance Strategy”, a medium-term development strategy for common efforts together with the donor community, and also the “Medium-Term Expenditure Framework” for budget planning. And finally, the PRSP has been added, as a medium-term orientated strategy and as a distinctive feature “subject to relatively hard (central Government) budget constraints”.¹³⁵

4.2.1. *The PRSP: Wish and Reality in Combating Poverty*

In March, 2000, the Tanzanian government presented its Interim PRSP.¹³⁶ Hardly six months later, the completed PRSP followed which after evaluation by the IMF and the World Bank was officially endorsed in December. It is nowhere so detailed or comprehensive as the Bolivian PRSP. The first of the “Progress Reports” followed on time in August, 2001.¹³⁷ Upon acceptance in November, the “Completion Point Document” was presented to the country, wherewith the desired debt relief for Tanzania within the framework of HIPC was made possible. The qualifying “Decision Point” had already been achieved in April of that year.¹³⁸

The staff at the IMF and World Bank respectively noted on the Progress Report that “significant achievements” had been made as far as the substance of the programme was

133 IMF, IDA, *Tanzania PRSP. Joint Staff Assessment by the Staffs of the IMF and IDA*, November 2, 2000, p. 2, in: www.imf.org (accessed 2002-06-20).

134 See on the history of structural adjustment in Tanzania Felix Naschold, Adrian Fozzard, *How, When and Why Does Poverty Get Budget Priority? Poverty Reduction Strategy and Public Expenditure in Tanzania*, London (ODI Working Paper no. 165) April 2002, pp. 1-5.

135 The United Republic of Tanzania, *Poverty Reduction Strategy Paper*, October 1, 2000, pp. 3f, in: www.imf.org (accessed 2002-06-20).

136 United Republic of Tanzania, *Interim Poverty Reduction Strategy Paper (PRSP)*, March 14, 2000, in: www.imf.org (accessed 2002-06-20). However, the poverty strategy is valid only for the mainland; Zanzibar is not mentioned anywhere – not even in the statistics. In addition to this, the donor community had severely limited co-operation with Zanzibar after the highly controversial elections which the new government under President Karume tried to loosen by the setting up of an independent PRSP in 2001.

137 The United Republic of Tanzania, *Poverty Reduction Strategy Paper. Progress Report 2000/01*, August 14, 2001, in: www.imf.org (accessed 2002-06-20).

138 IMF, IDA, *Tanzania. Completion Point Document for the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative*, November 8, 2001, p. 5, in: www.imf.org (accessed 2002-06-20).

concerned and also with an eye to the political changes which had been made in favour of the poor and in the establishment of a “more open and consultative environment for the discussion of policy”. Still requested, however, were (1) a thorough evaluation of the new poverty household survey of the year 2000, (2) an investigation into the relationships between macro-economic policies, structural reforms and poverty, (3) a detailed costing of the planned measures, (4) as well as the setting up of the announced strategy of rural development and a concrete plan on the implementation of the agricultural strategy.¹³⁹ The second Progress Report for the year 2001/02 which with delay appeared in March, 2003, presented the – predominant – successes in the implementation of the PRSP.¹⁴⁰

Even the IMF and the World Bank admitted that the speed with which the Tanzania government had set up its PRSP was considerably owing to the desire “to move as quickly as possible to the HIPC completion point.”¹⁴¹ In this way, Tanzania qualified for a debt relief of about 50% or 2 billion US dollars and managed to reduce its debt to a level which at a net current level of 150% of the export earnings was deemed sustainable over the long term by the financial institutions. Without considering the bilateral relief, this gives a medium-term debt service at just under 150 million US dollars, which in 1998/9 was still 224 million dollars. As a result, Tanzania can add 70 million US dollars to its budget – to be used in the fight against poverty.¹⁴² Although this lowers the debt service to less than 10% of export earnings, it is generally agreed among all participants in Tanzania as in Washington, that due to the continued high deficits in the current account and for realising PRSP aims high external financial needs will persist. In this connection, the IMF and World Bank in the forefront and during the course of the PRSP process have recently promised 500 million US dollars in new credits. As with Bolivia, the debt will again increase after the middle of the decade and gradually exhaust the relief.

The PRSP differentiates between various forms and aspects of poverty, which extends from income via education and health up to vulnerability to unforeseeable events.¹⁴³ Even when the relevant data stem from the year 1991 and are therefore only of limited value,

139 IMF, IDA, *Tanzania PRSP – Progress Report. Joint Staff Assessment by the Staffs of the IMF and IDA*, November 1, 2001, pp. 1, 7, in: www.imf.org (accessed 2002-06-20).

140 The United Republic of Tanzania, *Poverty Reduction Strategy. The Second Progress Report 2001/02*, March 2003, in: www.worldbank.org (accessed 2003-05-05). As to the earlier announcement, cf. “IMF completes the Fourth Review Under Tanzania’s PRGF Arrangement and Approves US \$25 Million Disbursement”, *IMF News Brief*, no. 02/34, April 16, 2002, in: www.imf.org (accessed 2002-06-20).

141 IMF, IDA, *Tanzania PRSP. Joint Staff Assessment...*, op. cit. (note 133), p. 1.

142 Cf. Michael Hanfstängl, *Wie wirkt sich der HIPC-II-Schuldenerlass auf die Armutsbekämpfung Tansanias aus?*, January 29, 2001, pp. 3f, in: www.tanzania-network.de (from 19.9.2002). Measured by the average debt service of the 1990s, and with regard to agreed and bilateral prospective relief, he arrived at between 50 and 100 million US dollars a year, which can also be traced to the fact that the publicized data – even from the same institutions – also considerably deviate from one another; see Michael Hanfstängl, “Wie geht es weiter mit der Entschuldung und Armutsbekämpfung in Tansania?”, February 27, 2003, in: www.tanzania-network.de (accessed 2003-05-19).

143 “Vulnerability” is not, however, more closely treated up to the second “Progress Report” – “in the absence of a clear understanding of the concept and its manifestations in Tanzania”, as it is to be seen in the “Executive Summary”.

the PRSP proceeds from the assumption that roughly 50% of the population are poor and not in a position to satisfy their basic needs, while 30% are extremely poor so as not to be able even to feed themselves.¹⁴⁴ However, on the basis of new statistical data from 2001 these figures were cut down without giving details in the Second Progress Report. According to these, 35.7% of the population are not in a position to furnish their basic needs and 18.7% find themselves on the border of starvation.¹⁴⁵

The priorities of the PRSP correspond with the “millennium objectives”, yet poverty, as well as infant, child and maternal mortality is to be halved by the year 2010 already. Moreover, there is to be an increase by 2003 of primary schooling up to 85% of children as well as an increase in the access of the rural community to clean water. This is to increase from 48.5% in the year 2000 to 55% in 2003.¹⁴⁶ The Second Progress Report documents greatest successes in the education sector. In the health sector, in the water supply and in the building and maintenance of traffic infrastructure, considerable problems are still outstanding, so that the intended objectives for the year 2003 were impaired. In all, the PRSP lists seven sectors as requiring urgent attention to which the government wishes to “confine” its financial commitments: primary education and basic health, water supply, the building and maintenance of roads, judicial issues, the promotion of agriculture and AIDS.¹⁴⁷

144 The United Republic of Tanzania, *PRSP...*, op. cit. (note 135), pp. 5-10. In the Interim PRSP we find that 15 to 18 million Tanzanians (50% of the population) have less than US \$0.65 a day and nearly 12.5 million less than US \$0.50 a day in order to feed themselves.

145 On the other hand, it is asserted that the rural areas are most hard hit (57% and 32% in the old, 38.7% and 20.4% in the new statistical data) and Dar es Salaam the least (where, however, the proportions are reversed, since, in the old statistics it was 5.6% without adequate basic needs, and in the new it is assessed at 17.6%). The United Republic of Tanzania, *The Second Progress Report...*, op. cit. (note 140), pp. 4f. It is irritating to realise that the data for 1991/92 were corrected to give lower values without a reason being supplied. According to these, it is only 38.6% without basic needs and in the matter of food 21.6% of the population which can be rated as “poor”.

146 These objectives are by no means new. They were cited for the education sector in the last “Policy Framework Paper” on structural adjustment – in the expectation, however, that their implementation could already be realized by 2001 or 2002. Cf. Tanzania, *Enhanced Structural Adjustment Facility. Policy Framework Paper for 1998/99-2000/01*, Prepared by the Tanzanian Authorities in Collaboration with the Staffs of the International Monetary Fund and the World Bank, January 19, 1999, pp. 14f, in: www.imf.org (accessed 2002-06-20). One serious problem is referred to which does not turn up in the PRSP: the “genuine crisis” in tertiary education with 1% students only. This does not touch upon the poverty situation in Tanzania too closely, since tertiary training only concerns the privileged classes anyway, but it is a massive sign of poverty of the country. If the PRSP, therefore, is the single significant developmental instrument in the future, then this is the point where things can easily move into a wrong direction. With this in mind, the Second Progress Report announced that there will be a strategy regarding secondary education up to 2005.

147 The United Republic of Tanzania, *PRSP...*, op. cit. (note 135), p. 22. Here, too, in the second “Progress Report” there has been a change, as AIDS, together with gender, good governance, environment and employment policies, were introduced as a “cross-cutting issue”, which ought to deserve particular attention “as they have a bearing on initiatives towards poverty reduction” (p. VII). IMF und World Bank still miss measures to control the population growth in the PRSP; cf. IMF, IDA, *Tanzania PRSP. Joint Staff Assessment...*, op. cit. (note 133), p. 5.

Neither the Tanzanian PRSP nor the IMF and World Bank entertain the slightest doubt that the decisive condition for the struggle against poverty is economic growth generated by the “steady pursuit of sound macro-economic policies” and the continued implementation of structural reforms in the interests of increasing market efficiency. This alone – thus the praise from Washington – has accounted for “the strong economic performance” over the last few years.¹⁴⁸ And indeed, since the introduction of the PRSP – in stark contrast to Bolivia – the most optimistic aspirations have been fulfilled. The gross domestic product grew in 2001 by 5.6% (2000: 4.9%; 1999: 4.7%); inflation sank further again to below 5% and the currency reserves rose to a point where import needs were covered for six months – and this despite a current account deficit which still amounts to 10% of GDP.

However, the projections also indicate that, in order to halve poverty, future growth rates in excess of 7% will be needed. In addition, growth has been concentrated over the last few years on (gold) mining and tourism which show the lowest effect in employment. Tourism, for example, employing 170,000, accounts for only 1% of the able-bodied population and contributes 14% to the GDP, while mining for only 2.5%. Agriculture tells another story. Here, 80% of the nation’s human resources are employed and the contribution to the GDP is 50% (from which, however, almost half accounts for subsistence). Yet, agricultural growth remained at 5.5% in 2001 (after being 3.4% in 2000) just under the average and was, moreover, seriously affected by the still declining market prices of most important export goods such as coffee, cotton and cashew nuts. For this reason alone, economic growth as such can only have modest effects. The Second Progress Report therefore complains that good macro-economic performance has not been transformed into “micro-level benefits”. This remains an unsolved challenge.¹⁴⁹

As to the direct and concerted attack on poverty, not only budgetary reallocation is planned within the framework of the PRSP, but also the elaboration of sectoral strategies which will constitute a sensible application of increased funds. Among these belong the “National Strategy for Primary Education” which was completed in 2001 and, as a decisive measure, announced the abolition of school fees in the area of primary education. These were – on recommendation and in compliance with the then valid guidelines of the World Bank – first introduced in the 1990s and apparently contributed to a decrease in schooling.¹⁵⁰ Another important document is the Agricultural Sector Development Strat-

148 Cf. e.g. “IMF, IMF completes Fifth Review Under Tanzania’s PRGF Arrangement and Approves US \$27 Million Disbursement”, *IMF News Brief*, no. 02/115, November 19, 2002, www.imf.org (accessed 2002-06-20).

149 The United Republic of Tanzania, *The Second Progress Report...*, op. cit. (note 140), p. 20. That this could concern delicate issues of economic power is at least hinted at when the changes concerning “macro-incentives” in agriculture are complained of as in no way always reaching their addressees, the farmers, but fall into the hands of traders and “middle men” (p. 22).

150 Cf. Nancy C. Alexander, Takoma Park, *Paying for Education: How the World Bank & IMF Influence Education in Developing Countries*, January 2002, in: www.challengeglobalization.org (accessed 2003-03-20). The fact that greater flexibility has occurred here may well be attributed to the legal initiative of the

egy which was also completed in the summer of 2001, but, because of the much more complex challenge, is still waiting to be implemented. Among other matters, it is intended here to introduce further tax relief, give assistance to successful marketing, as well as reforms in order to expand and diversify the “pro-poor” sectors “with a view to enabling the poor to share increasingly in the benefits of globalisation”. The departure from an agricultural sector with collective-type features such as the Ujamaa-concept which, in addition, had been burdened with the financial weight of (the state’s) industrial plans certainly encouraged activities at grass-roots level, but also released substantial “discontent”. A whole series of – “as far as possible market-orientated” – measures is intended to work against it.¹⁵¹

Even if at the time of adopting the PRSP, an exact costing of the desired measures was lacking, the budget shows a substantial increase in expenditure for the listed priority sections. These have risen from 4.4% of the GDP in the fiscal year, 1999/2000, to over 6.3% in 2000/01, 9% in 2001/02 to 11% in 2002/3.¹⁵² This, however, does not change the fact that large financing gaps persist and it is not sure whether these will be closed by foreign donors. The PRSP has already admitted that the measures for reducing poverty depend, as in the past, heavily on the availability of external resources, a fact which leads to considerable insecurity in planning. It is intended to use 70% of the of the planned expenditures from internal resources and 30% from external. This signifies an increase in the calculated ODA income of just under 350 million US dollars in the fiscal year 1999/2000 to approximately 500 million US dollars in 2002/03.¹⁵³ Since Tanzania had spent 6.24 US dollars per head of the population in 1998/99 on debt service and almost the same amount for education (6.28 US dollars)¹⁵⁴, the problem remains even after debt relief that the available resources fall far short of covering all the facets of poverty reduction – or even the priorities.

4.2.2. PRSP and Democratisation: a Peripheral Phenomenon

As opposed to Bolivia, there is no mention of democratisation in the Tanzanian PRSP, but governance and institutional reform are being mentioned – though as a relatively peripheral issue. This might sound remarkable, since there has been a democratic change going on in Tanzania for years. Between 1995 and 2000, multi-party elections took place for the first time since the 1960s in which, however, the ruling party, CCM, could easily win the

US Congress which urged the representatives of the US in the IFI to block all funds, should these be associated with demands for fees in primary education and basic medical health.

151 IMF, IDA, *Tanzania PRSP. Joint Staff Assessment...*, op. cit. (note 133), pp. 15, 17. The more comprehensive “Rural Development Strategy” was to be completed by 2001, but as yet there is only a draft extant. The same applies to the district-specific PRSP, previously announced for spring 2003.

152 The United Republic of Tanzania, *Progress Report...*, op. cit. (note 137), p. 20.

153 This has come about against the background of an unchanged, restrictive fiscal policy which, with the inclusion of grants from development co-operation, envisages a budget deficit in the region of only –1 to –0.5% of GDP.

154 Hanfstängl, *Wie wirkt sich der HIPC-II-Schuldenerlass ...*, op. cit. (note 142), p. 6.

day. It was not only that this party knew how to exploit its dominant position prior to the elections, it also managed to profit from the fact that the opposition parties were weak, fragmented and rather artificial creations.¹⁵⁵ And so the CCM candidate, Benjamin Mkapa, received 61.8% of the votes in the 1995 presidential elections and in 2000 managed to acquire 71.1% while his party in the 1995 parliamentary elections secured 78.1%, and in 2000 there was a similar increase to bring in 89% of all the parliamentary seats. However, this result, which reminds one of the formal one-party rule, cannot solely be attributed to the dominant power position of the CCM and its rigorous methods. The fact that, contrary to neighbouring states like Zambia and Kenya, no relevant opposition has come into being up to now is much more a consequence of the fact that the CCM, unlike in any other state in Africa, has managed to penetrate and integrate the country. Yet stability and stagnation have gone hand in hand with one another. As – paradoxical – result the rule of one party in the country has brought about astonishing acceptance among the electorate which, at the same time, has certainly insisted on the right of political participation. It was therefore relatively easy to control this genuine process of democratisation from “above”.¹⁵⁶ On the islands of Zanzibar and Pemba, however, political tensions are much more marked, and after the chaotic course of the last elections at the turn of the millennium, 2000/01, these found their expression in bloody demonstrations.

These characteristics of the Tanzanian political system may well explain why explicit acknowledgement of democracy is lacking in the PRSP and why concrete measures for the improvement of governance are scant. On the one hand, both the IMF and World Bank pointedly note in their evaluation that governance is an important element in the PRSP, since “poor people stress the importance of improving governance to help reduce their vulnerability and insecurity”.¹⁵⁷ And indeed the social groups debating the PRSP in the “zonal workshops” had complained that poor governance was one of their most serious grievances at least at local level. On the other hand, the IMF and World Bank rightly raise the issue that plans in this regard such as the “National Anti-Corruption Strategy and Action Plan” from 1997 had found no echo in the PRSP. Although the subject of corruption has become a widely discussed topic in Tanzania, in practice not much has happened to change things, which may also point to the specifically African “double talk” where a problem is openly proclaimed and yet precisely in this way is talked into something insignificant. At the same time there have been further initiatives and progress since the adoption of the PRSP, which are detailed in the Progress Report.¹⁵⁸

155 Cf. here “Economic Reforms and Democratisation in Tanzania: the case of the elections 2000 and the need to go beyond electionalism.” Paper to the conference on “Democratisation and Conflict Management in West Africa”, February 28 – March 3, 2002, p. 10.

156 Cf. here Gero Erdmann, Die tansanische Art der Demokratisierung, in: *Habari*, no. 4, 2000, in: www.tanzania-network.de.

157 IMF, IDA, *Tanzania PRSP. Joint Staff Assessment...*, op. cit. (note 133), p. 7.

158 IMF, IDA, *Tanzania PRSP – Progress Report. Joint Staff Assessment...*, op. cit. (note 139), p. 2; The United Republic of Tanzania, *Progress Report...*, op. cit. (note 137), pp. 4, 11, 34. Tanzania thus ranges in the Index of Corruption of Transparency International after a short improvement still in tenth place from the bottom just ahead of Kenya and Uganda.

As far as concrete measures in the interests of good governance are concerned, the reform and strengthening of the judiciary has been mentioned and the intention of entrusting local officials with the responsibility of carrying out social services. In this way, and in compliance with the efforts at decentralisation launched in 1999, local administrations have been charged with the tasks of education, health, water supply, roads, agriculture and social development in general the kernel of the struggle against poverty. Not only this reminds one of the Bolivian example. The PRSP also lays emphasis on the desire to involve the poor in the planning and extension of development policies during the course of “Local Government reforms”.¹⁵⁹ Although the IMF and World Bank have voiced no objections in principle, they nevertheless note (and not without reason) that the shift of authority requires “appropriate monitoring and accountability mechanisms to ensure the proper and effective use of resources”. In strong contrast to Bolivia, there were no initiatives in the matter of decentralisation and “social control” at hand. Therefore, the IFI in conjunction with the fears of Tanzanian NGOs, entertain doubt about whether there is sufficient readiness and resolution to implement the PRSP at local level.¹⁶⁰ Thus one can read in the evaluation of the first Progress Report the complaint that there is “a gap between good policy measures under the local government reform program, and the implementation of these reforms on the ground”¹⁶¹

In as far as the IMF and World Bank have drawn attention to matters of public administration, it is the classical, technocratically applied themes of governance as these were typical for the second generation of structural adjustment. Along with the war on corruption, there is also tax reform as well as the implementation of budgetary policies, the improvement of the conditions for private business and, finally, the restructuring and privatisation of public utilities.¹⁶² This may well serve the interests of the market, but it may in no way support democracy. In this, the demand for participation promised to prove a corrective, but in this area, too, experience is at best a mixed affair.

4.2.3. *Participation and Ownership: Contradictory Interpretations*

According to the views of the IMF and World Bank, the drafting of the Tanzanian PRSP was rooted in a “broad-based participation of civil society”.¹⁶³ Those taking part in it, nev-

159 The United Republic of Tanzania, *PRSP...*, op. cit. (note 135), p. 20. The reform of local administration has begun in 1999, when 35 “pilot districts” were started and should be completed in 2004. The legal preconditions seem successively to have been created since 1997.

160 IMF, IDA, *Tanzania PRSP. Joint Staff Assessment ...*, op. cit. (note 133), pp. 9.

161 IMF, IDA, *Tanzania PRSP – Progress Report, Joint Staff Assessment...*, op. cit. (note 139), p. 2. In the second “Progress Report” the Tanzanian government itself complains of the fact that the local representatives lack necessary “capacity” in managing the infrastructure in this case. The United Republic of Tanzania, *The Second Progress Report...*, op. cit. (note 140), p. 33.

162 IMF, IDA, *Tanzania Completion Point Document ...*, op. cit. (note 138), pp. 8-11. Without regard for the demonstratively proposed intention to limit itself to its core competencies, the IMF within the framework of the PRGF negotiations in 2001 confirmed its – conditional – demands for the privatisation of the water suppliers DAWASA – as well as the demand to allow foreign portfolio investments.

163 IMF, IDA, *Tanzania PRSP. Joint Staff Assessment...*, op. cit. (note 133), p. 1.

ertheless, see the matter quite differently: “However, this rhetoric misrepresents, or covers up, the truth” – thus Rebecca Muna from the Tanzania Coalition on Debt and Development (TCDD) which, together with OXFAM has actively entered the discussion process with its own workshops and papers.¹⁶⁴ In fact, we are concerned here with a consultation process working under time pressure with inadequate preparation and limited effect after the setting up of the interim PRSP found no participation at all. NGO representatives among others complained that the process was conducted in a “superficial and half-hearted manner”, that they were inadequately involved in discussion, were not in possession of sufficient information, remained dependent on unofficial sources and, added to this, could not find adequate expression to contribute to the conclusions of the document.¹⁶⁵ This criticism corresponds with most experiences in the first PRSP generation to which, in an evaluation, the IMF generally observed that “there was limited civil society participation in policy formulation.”¹⁶⁶

The most important instrument in the process of “civil society” participation were seven “zonal workshops” in May, 2000 during which the so-called “grassroots stakeholders” were asked about their opinions. Altogether, 804 people took part in this “workshopping approach to participation”, as they were sarcastically called.¹⁶⁷ These, respectively, were randomly selected village inhabitants (four per district), one district MP, a district executive director, a councillor and five NGO representatives per district. There were working groups and finally a plenary meeting. The subjects discussed were the definition, features and indicators with respect to poverty as well as the determination of priorities as far as tasks and measures were concerned. The PRSP maintains that by far the most important tasks identified were the issues of education and training, followed by agriculture, health, traffic, infrastructure and water supplies. The following problem areas were specifically listed: “poor governance” (also more than 50%, specifically a lack of transparency and accountability in particular at the local level, inadequate financing of key sectors in the struggle against poverty), cultural, social and gender factors, illiteracy, inadequate traffic infrastructure and finally, agricultural problems such as inadequate market access for agricultural goods as well as the lack of seed and insufficient financing.

In June, 2000, a meeting with the donor community and with participation of the IMF and the World Bank took place, and later another in which MPs were also present. During both, the zonal workshop proposals were considered. The upshot was the formation of a “National Workshop” in August of the same year comprising 25 participants where, next

164 Rebecca Muna, *Civil Society Participation in the PRSP. A Case Study of Tanzania*, in: www.tanzania-network.de (accessed 2003-05-19).

165 Ibid.; cf. also “The new face of IMF structural adjustment (Tanzania)”, June 2000, in: www.nadir.org (accessed 2003-05-19); “United Nations Development Fund for Women (UNIFEM). Contribution to the World Bank&IMF PRSP Review”, November 26, 2001, in: www.worldbank.org (accessed 2003-05-19).

166 Caroline M. Robb, Allison M. Scott, *Reviewing Early Poverty Reduction Strategy Papers in Africa*, IMF Policy Discussion Paper PDP/01/5, November 2001, pp. 19, 25-31.

167 “The new face...”, op. cit. (note 165).

to representatives of the Central and Regional governments, again the donors, international organizations, private business, NGOs, media and representatives of the so-called “informal sector” also took part in order to discuss the first draft of the PRSP. Complementary themes such as unemployment and in particular juvenile and urban unemployment, child labour, financing of small farmer and small businesses as well as a generally supportive environment for the private sector were brought up for consideration.¹⁶⁸

Altogether, participation did not achieve much more than that both sides got to know each other. However, with regard to the firm reservations of the NGOs, it has to be pointed out that in a society which has for decades been marked by a one-party rulership of socialist orientation, Tanzania must first develop a vital culture of debate so that progress comes about only gradually, though continually. Further, it may not be overlooked that many of the NGOs present themselves as little more than the means of perceiving the very personal interests of their founders, interests which manifest themselves as maintaining the goodwill of their foreign donors – a problem which is all too familiar in other parts of the world.¹⁶⁹ This relativises the number of 9000 NGOs which have arisen up until 1999. For the most part located in Dar es Salaam, they owe their very existence not only to democratisation, but also to the circumstance that the state in accordance with the donor community has transferred many social services to this sector.¹⁷⁰

In setting up the two Progress Reports, an enlargement of participation did not seem necessary – “based on the assumption that the concerns and views of the poor have not changed significantly from those documented recently in the zonal workshops and described in the original PRSP”.¹⁷¹ Nevertheless, the first Progress Report lists a number of specific tasks entrusted to the “domestic stakeholders“, the representatives of the poor, the “civil society” and the private sector. These are: (1) Consultation on sector-specific strategies, (2) zonal workshops and the participatory evaluation of poverty in order, where necessary, to change the focus of the PRSP, (3) the evaluation of PRSP drafts in special workshops, (4) participation in the meetings of the “Consultative Group” with the donor community.¹⁷² There are not only indications of a consolidation, but also prospects for the institutionalisation of future participation. Such a transformation of the “consultative exercises undertaken during the formulation of the PRSP into a fully institutionalised and sustainable process of public accountability” has already been suggested by the IMF and World Bank with “poverty monitoring” in mind.¹⁷³ And indeed, the second Progress Report demonstrates that considerable progress has been made in the creation of a “Poverty Monitoring System”. In this way, and with the participation of a “wide range of

168 The United Republic of Tanzania, *PRSP...*, op. cit. (note 135), pp. 4f and Annex 1.

169 Cf. Hanfstängl, *Wie wirkt sich der HIPC-II-Schuldenerlass...*, op. cit. (note 142), p. 5. For a general criticism, see also Chung, Ottaway, op. cit. (note 33).

170 Cf. “Economic Reforms...”, op. cit. (note 155), p. 13.

171 The United Republic of Tanzania, *Progress Report...*, op. cit. (note 137), p. 2.

172 Ibid.

173 IMF, IDA, *Tanzania PRSP. Joint Staff Assessment...*, op. cit. (note 133), p. 6.

stakeholders”, four technical working groups were set up which were to be concerned with poverty analysis as well as the circulation of relevant plans within the country.¹⁷⁴

Apparently in this case the government – contrary to the first PRSP – took demands from society seriously. Thus, in April, 2001, the “Tanzania Coalition on Debt and Development” once more organised a parallel workshop, an occasion on which it reiterated that the former proposals had found no echo in the PRSP and that, for this reason, the NGOs wished to develop their own monitoring system.¹⁷⁵ However, one could get the impression that the government is in favour of engaging NGOs, above all in those areas where it is indispensable in the successful fight against poverty, that is, in the identification of the phenomenon as well as the mobilisation of the necessary personnel in their daily contact with those affected. Yet in the matter of monitoring budget appropriations and expenses there are no institutionalised precautions which signal effective participation. At the same time it is a recognisable fact that in the combination of calls for participation from without and the readiness for change from within certainly embody chances for further democratisation.

There are extremely varying views as to the second element, that is ownership. According to the IFI, the PRSP process in Tanzania did not only run its course with participation, but was, in addition, “strongly owned domestically”, and had contributed greatly to the strengthening of poverty reducing measures.¹⁷⁶ Critical observers – as in Bolivia – are much more cautious, and their views much more differentiated. An extensive study on the part of the ODI thus states on the institutionalisation of the PRSP process in Tanzania:

“[O]wnership of the rhetoric of PRSPs is not the same as political commitment to the PRSP approach. In Tanzania, political commitment exists at the very top but it dilutes as one goes down the political hierarchy. Building that commitment from the bottom is as important as securing it at the top. In the end the test for the PRSP may not be the quality of the strategy per se, but the degree to which it becomes a platform for doing things differently.”¹⁷⁷

174 At the centre of research activities will be the up to now unsolved questions of “vulnerability”, of the “Macro-Micro Linkages” as well as poverty in the urban regions. The work group responsible for the dissemination of the PRSP had in 2002 set up a simplified version of the first “Progress Reports” and had also set up and published a guideline to monitoring. As an activity in the interests of popularising the new strategy, the Second Progress Report further pointed to the “Poverty Policy Week” in September 2002 that is planned to appear annually to provide a more formal forum for “stakeholders’ participation in the national dialogue”. Cf. The United Republic of Tanzania, *The Second Progress Report...*, op. cit. (note 140), pp. VIII, 73f. This, however, contains much more substance than the hitherto rather ritualistic pronouncements on the part of the Tanzanian government, that it had applied participatory beginnings three years before the PRSP in arranging development strategies.

175 Cf. TCDD, *The Report on Civil Society Workshop on Poverty/PRSP Monitoring Skills*, Dar es Salaam, April 4-6, 2001, p. 7.

176 IMF, IDA, *Tanzania PRSP – Progress Report. Joint Staff Assessment...*, op. cit. (note 139), p. 7. The “Completion Point Document” even emphasises that PRSP “has become fully owned in-country”; IMF, IDA, *Tanzania. Completion Point Document...*, op. cit. (note 138), p. 6.

177 ODI (ed.), *PRSP Institutionalisation Study: Final Report*. Chapter 9 – Institutionalising the PRSP approach in Tanzania. Submitted to the Strategic Partnership with Africa, August 30, 2001, p. IX.

And a further NGO study on the implementation of the PRSP laconically notes that Tanzania's PRSP was "country-led but not country owned".¹⁷⁸ With the same effect, representatives of the non-governmental organisations criticise on principal grounds that, on the contrary, the PRSP undermined its declared objective, in that it accorded the international financial institutions as a final authority an unseemly large – indeed unprecedented – influence, since "[n]ever before have the IMF and the World Bank possessed the power to endorse a borrower's entire national plan, such as the PRSP."¹⁷⁹ Such fundamental criticism is certainly exaggerated, because there has been regular complaint that the "excessive levels of conditionality" in the business of according credit – even with the HIPC debt relief there were twenty conditions attached – "amounts to micro-management of the Government of Tanzania by its creditors".¹⁸⁰ This formerly much higher number is intended to be cut back in the framework of the PRSP. Furthermore, in the course of developmental co-operation, the "micro-management" of project aid is to be replaced by a global budget assistance on the basis of a PRSP and this, of course, requires a mutually agreed strategy. It is therefore of great importance to know whether and in what form the postulates of participation and ownership are actually and materially reflected in the economic growth concepts which were once referred to as structural adjustment. However, the PRSP process has up to now only left the slightest traces of influence in this *domaine réservé* of the Washington financial institutions as can be shown as much for Tanzania as for Bolivia.

A highly dubious thesis from the IMF and the World Bank whose presentation is nowhere to be found in the Tanzanian PRSP, is that the discussions among those concerned with the zonal workshops "indicated a broad consensus on the priority of accelerating economic growth, and on the ongoing agenda of structural reforms as the main tool for poverty reduction."¹⁸¹ Quite to the contrary, the most vehement criticism on the part of the NGOs was that the macro-economic objectives as well as individual structural reforms were not made part of the consultation process and, as in the past, were not open to the public, but a matter of negotiation between the IFI and the Tanzanian government.¹⁸² At this point, Tanzania fits in perfectly with the general experience of PRSP processes. In the case of Tanzania, there could be the added difficulty that within the political system, the processes of decision making do not only run on "centralistic" and hierarchical lines, but that all development issues in the past have been negotiated in an "iron triangle" whose sides are formed by the president, his finance minister and the donor community.¹⁸³

178 Christopher Mwakasege (TASOET), *The Tanzanian experience of implementing PRSP for the first two years. An NGO Perspective*, December 2002, in: www.tasoet.org (accessed 2003-05-19).

179 Muna, op. cit. (note 164)

180 "Year 2000...", op. cit. (note 87), p. 14.

181 IMF, IDA, *Tanzania PRSP. Joint Staff Assessment...*, op. cit. (note 133), p. 2.

182 Cf. e.g. "Year 2000...", op. cit. (note 87), p. 2.

183 Cf. "Economic Reforms...", op. cit. (note 155), p. 5. At any rate, one of the most massive interventions of the IFI took place within this triangle when, after the exposure of a corruption scandal in the finance

The continuity of the main tenets of economic policy is clear: “[S]ubstantial further progress toward a market-based economy and movement away from the previous reliance on control mechanisms and government ownership of the means of production” present basic premisses of the PRSP.¹⁸⁴ And IMF and World Bank emphasise that the current macro-economic and structural reforms make up the “core of the PRS”. At the same time, the IFI return criticism of this programme to the Tanzanian government and complain that the connection to poverty reduction has received too little attention, and that the paper concentrated too intensely on “poverty-specific reforms”. It goes on: “Nonetheless, the staffs would urge the authorities, as they prepare the first annual report on the implementation of the PRS, to emphasize the broader macro-economic and structural reform context.”¹⁸⁵ Yet nothing really changed in the first Progress Report as the IMF and World Bank notice in their criticism: “In this context, the next report should provide a more thorough discussion of monetary and external sector policies, as well as the role of the financial sector in the poverty reduction strategy.”¹⁸⁶ However, an “impact analysis” has not been conducted either, and the “macro-micro linkages” for the time being belong to the “unsolved questions”.

In Tanzania, too, the “macro-economic framework” thus determines the space for participation and ownership. Certainly, the PRSP has demonstrated that the targeted deployment of limited means can bring partial success and obviate negative trends. Schooling, for example, reached earlier levels of performance in the shortest time. Whether this signalises an enduring trend will have to remain open for the time being, but considering the profound financial bottlenecks, some doubt is in order. At other places, though, and in the course of structural adjustment, problems have come to a head and, as a result, have provided a good deal of potential conflict. Thus the granting of privilege to superior foreign capital conceals the very real hazard of almost all the dynamic sectors of Tanzanian economy being taken over by persons whose interests lie outside the country. This, under the slogan of “indigenisation”, has already released nationalistic reflexes. Promoted to some extent by the government itself, it has begun to build up resistance against an all

administration in 1994 under the then president, Mwinyi, they demanded the resignation of his finance minister, see Hanfstängl, *Wie wirkt sich der HIPC-II-Schuldenerlass...*, op. cit. (note 142), p. 7.

184 Tanzania, *Enhanced Structural Adjustment Facility*, op. cit. (note 146), pp. 1f. In this way up to the end of 2001, two thirds of the 400 Parastatals were privatised. Reform of the civil service led to a reduction of personnel from 355,000 to 270,000. And finally, there were singular preferences for foreign investors, which, according to the Investor’s Guide to East Africa, received contributions to invested capital to the tune of 25 to 100%, an unlimited repatriation of profits, custom-free imports of manufactured goods, tax holidays and, of course, freedom from expropriation. Cf. The summary in Hanfstängl, *Wie wirkt sich der HIPC-II-Schuldenerlass...*, op. cit. (note 142), p. 7.

185 IMF, IDA, *Tanzania PRSP. Joint Staff Assessment...*, op. cit. (note 133), p.6, 11.

186 IMF, IFA, *Tanzania PRSP – Progress Report. Joint Staff Assessment...*, op. cit. (note 139), p. 5. The same demands are to be seen in a first general evaluation paper on the PRSP process from the IMF. In it, the authors miss impact analyses on the poor of the abolition of subsidies or exchange rate changes as well as of structural reforms such as liberalisation or reform of the civil service. Robb, Scott, op. cit. (note 166), p. 19.

too ubiquitous – in this particular case – South African presence.¹⁸⁷ Another problem is presented by the high number of unemployed and the growth of social inequality in the urban centres – especially in Dar es Salaam – which is not only a consequence of rural stagnation and the high birth rate, but also of the wave of lay-offs in the wake of privatisation. In agriculture, too, the hopes that productivity would increase through liberalisation and privatisation have been dashed by raised prices and reduced market access. All these problems are mentioned succinctly in the PRSP but no more yet.

5. Lessons learned?

The new strategy to eradicate poverty inherent in the modest term, PRSP, unites the strong and the weak elements which distinguish some of the not so infrequent changes of course in development policy. As both a key principle and concept, PRSP embodies a far-reaching transformation which opens up no less sweeping chances. Its implementation on the other hand all too clearly reflects the political and social realities of the developing world as well as the degree of persistence of those national and international institutions who have made it their goal to significantly improve these.

This is true especially for those aspects which occupy a central place in this report – participation and ownership and the promotion of democracy. With the introduction of PRSP, these receive the rank of integral parts of, and necessary conditions for overcoming the social and economic deficiencies manifested by persistent poverty. Thus the developing countries should finally enter the “driver’s seat” – this means, ownership. In addition, not the political elites alone, but society as a whole and especially those affected by poverty should be responsible for the means and goals of development; this means participation. Both, namely, require a minimum of democratic rights, freedom of expression and, ideally, a political order in which competition can operate in a free and fair way, where the rule of law and an impartial judicial system secure civil rights, and guarantee institutional free play.

After only three years, experience has shown that those noble intentions have not yet found their way into political reality. This alone would not have been worth mentioning had it not also been for the fact that their implementation has illuminated inconsistencies, contradictions and restrictions which are quite qualified to throw doubt on the concept as a whole. This affects the PRSP concept itself as put into practice by its creators, the IMF and World Bank. In addition, it affects the bilateral donors inasmuch as they are expected to fit their national concepts into new frames of reference. Both require a considerable

187 Cf. the contribution of Rolf Hofmeier on Tanzania in the *Africa Year Book 1999*, published by Institut für Afrika-Kunde (Rolf Hofmeier/Cord Jakobkeit), Opladen (Leske+Budrich), 2000, p. 324, and also *Africa-Year Book 2000*, p. 323. At the privatisation of the “Parastatals” only 14 larger concerns completely passed into foreign hands (albeit the larger ones) and 122 into indigenous; cf. *Africa Year Book 2001*, p. 341.

ability to adapt without allowing the new strategy to suffer the fate of its numerous predecessors and get dashed to pieces on the rocks of great intentions and small accomplishments or between morality and self-interest.

What concerns the weakness in implementing the PRSP concept, it may be hesitation and insecurity at the beginning, that participation up to now is to be exclusively equated with consultation of organised social groups – in its most narrow sense. In this respect, IMF and World Bank have adopted an attitude of reserve. While their declared intentions have been to suggest clear conditions as to form and content of participation – since allegedly effective poverty reduction is only possible through broad participation on the basis of democratic conditions – they still assign governments considerable liberties to do what they like. In the matter of economic conditions, however, where the PRSP concept suggests specific national solutions, the promised flexibility is up to now still not forthcoming. At any rate, in the documented cases at least the organised part of society clearly expressed themselves in the elaboration of PRSP, which can certainly be evaluated as a contribution to political empowerment and, as such, also to democratisation. Inasmuch as social mobilisation and participation processes are brought into action, we can assert that the PRSP initiative has, as a result, directly and indirectly, allowed democratic effects to unfold.

Yet, NGOs have complained that participation concerning strategic decisions of the political executive to the PRSP were restricted to a minimum and demand not only a consultative seat, but also a vote. This objection is just as worthy of consideration as it is problematical as far as democratic theory goes, since it can contribute to the erosion of democratic processes when diffuse, decentralised dialogue and control take the place of representative institutions.¹⁸⁸ It is hardly a matter of coincidence that participation of parliamentary bodies in setting up the PRSPs have remained essentially reduced to a minimum, despite the fact that these as national development plans considerably prejudice budget decisions, and thus intervene appreciably in classical parliamentary prerogative. In the end, an expansion of social control mechanisms which would coincide with the increasing organisation and co-ordination of social groups will only in the course of strengthening and democratising state authority at all levels contribute to the evolution and strengthening of democracy. Otherwise, it would only provide leeway for tactical finesse on the part of the central government and also extend the possibilities for individual, well organized “partners” at the non-governmental level to wield their influence, something which would reinforce the paternal or clientelist structures in different guises which, with the help of participation, are to be overcome.

As positive as the demand for participation is, as important are the kind and the degree of its realisation since otherwise “Phoney participation processes can undermine democratic processes as much as autocratic processes do”. This concerns the domestic side of

188 The ODI speaks of a “gap between the central policymaking fora (which often include formal civil society organisations) and decentralised, often informal, participatory processes”. ODI, *Experience with Poverty Reduction Strategies...*, op. cit. (note 89), p. 6.

participation; however, there is also an external which has been sarcastically summed up in the observation, “I participate, you participate, he/she participates, we participate, you participate and THEY decide.”¹⁸⁹ With that, probably the most important limitation of the implementation of PRSP is addressed, since although massive criticism has been levelled at the neo-liberal structural adjustment policy on the part of global “civil society”, it finds its continuation almost undiminished in PRSPs – regardless of all participation.

This experience has led to the conviction of many NGOs that, as stated by Charles Abugre, “participation is only directed at ‘engineering consent’ to the subtle dictates of creditors”. In other words, that participation is only acceptable inasmuch “it does not interfere with serious matters of macro-economic and structural policies”.¹⁹⁰ A sceptical interpretation of this would be that PRSP is little more than the tactical answer to the recognition that classical structural adjustment and stabilisation policies no longer allow themselves to be imposed upon. Accordingly, participation, under the control of national executives, is essentially concerned with anchoring the Washington Consensus in society, whereas the “over-arching” objective to eradicate poverty provides the orthodox economic and political growth maxims with a trace of legitimacy. And, in practical terms, the PRSP – whatever the differences in detail – confines itself to using available resources from the HIPC debt relief for social measures in the interests of the poor – controlled by social groups and external “development partners” in the framework of the consultation process.¹⁹¹ Yet, this basic criticism unintentionally reveals that PRSP processes just do not function simply as legitimisation endeavours of the IFI, but, on the contrary, provide debates in society with new starting points and new leeway. The more frequently the IMF and World Bank paint “democratic principles” on their flags, the more they will be measured at these and acknowledge the cleft between declaration and practice.

This in particular applies to the rules of the IFI, to give the “country owned” strategy papers the last – and deciding – stamps of approval, so that these in conditions of expanded participatory rights may remain on the path of Washington virtue. This is justifiable, though not legitimate – even when, of course, it cannot be demanded of any donor that he give the taxpayers’ money away solely in keeping with the demands of the recipi-

189 Alexander, Park, op. cit. (note 150).

190 Abugre, op. cit. (note 58), p. 22. An example of recent US policy with regard to Bolivia may clarify the limited effectiveness of the democratisation paradigm: when, after the second round of the Bolivian elections, the indigenous leader of the Coca farmers and a sharp critic of neo-liberal reforms, Evo Morales, came in second just behind Sánchez de Lozada, in the deciding ballot, the US ambassador in the country made it unequivocally clear that the election of Morales would jeopardize US financial support. See, Michael Shifter, Latin America’s New Political Leaders: Walking on a Wire, in: *Current History*, vol. 102, no. 661, February 2003, p. 57; Tim Padgett, Letter from Bolivia: Taking the Side of The Coca Farmer, in: CNN.com, July 29, 2002, www.cnn.com (accessed 2003-05-12).

191 That this can also be positive for the poor in the affected countries is not to be denied. However, there is a considerable difference as to whether the PRSP initiative is merely hovering in the wings of a conventional macro-economic programme via a poverty orientated and participatory use of HIPC resources, or whether, with the help of the instruments of participation, it is serving to bring about a comprehensive strategic re-orientation of national and international development policies.

ents. In order to offer justification and at the same time provide the PRSP concept with a better *raison d'être*, there is a conceivable alternative in that the donor community as whole accepts the strategy papers. This would help to strengthen the weak negotiation position of developing countries, and accord greater weight to pluralism on the part of the donors. In this sense it has been suggested to place the PRSP for endorsement before the donors at a round table.¹⁹² The respective donor conferences as an already existing institution present themselves as a possibility here.

A further dimension of donor interference is presented by the conditionalities which, as in the past, are attached to funding by the IMF and World Bank and which claim validity for all donors. Although the “micro-management” of the developing countries has come to an end with the introduction of PRSP, it does not suffice to merely reduce the number of conditions. The inherent conflict between ownership and externally imposed conditions might be more convincingly allayed by modifying their form and character. A flexible, country specific *ex post* conditionality to be pruned to the absolutely essential would in any case be much more compliant with the declared intentions of the PRSP initiative.¹⁹³ The same applies to prescribed procedural conditions affecting basic standards for participation, for example. In contrast to the classical economic conditions those do not yet exist. In order to take the varying pre-conditions for the participatory process in developing countries into account, the donors – in dialogue with official and non-governmental groups and in a transparent decision making process – could thus conceivably lay down objectives specific to the country in question to which external support can then be bound.¹⁹⁴

Regardless of the indicated modifications, the future of the PRSP concepts will depend on the donors and their readiness to follow the goals and priorities of the new strategy in their bilateral development co-operation. Above all, this will demand turning away from

192 Cf. EURODAD, *PRSP – The Story So Far...*, op. cit. (note 58), p. 2; Walter Eberlei, “An der Spitze der Armutsbekämpfer, Weltbank und Währungsfonds machen Tempo bei der Umsetzung ihrer neuen Strategie”, in: *epd Entwicklungspolitik*, no. 3, February 2000, p. 16.

193 Ex post conditionality is orientated to results and not to individual policy measures; cf. Angela Wood, *Comments on the IMF staff's review of conditionality*, Bretton Woods Project, April 2001, www.brettonwoodsproject.org (accessed 2002-08-15), p. 7. Bevan und Adam mean by the term *ex post* conditionality a concept “where donors would no longer seek to ‘buy’ specific policy choices, but rather would provide support to countries whose policy regimes were, in some general sense, deemed conducive to sustainable poverty-reducing growth. Under this view the provision of policy advice from donors and IFIs would be ‘unbundled’ from the provision of finance, creating more space for recipients to develop their own programmes.” David L. Bevan, Christopher S. Adam, *Poverty Reduction Strategies and Macroeconomic Policy Framework*, Draft Guidance Note, University of Oxford, July 26, 2000, www.globalisation.gov.uk/BackgroundWord/PovertyReductionStrategiesDavidBevan.doc (accessed 2003-06-13), p. 22.

194 Procedural conditions ought to be made flexible and clearly formulated as Molenaers and Renard, op. cit. (note 88), emphasise. They argue “that participation as imposed by donors, is at the same time too ambitious to be workable and too vague to be monitored”, and that is why “the participation conditionality should be ‘contextualized’ in the sense of being modelled to the specific history and institutional context of every country”; *ibid.*, p. 5.

the currently practised, conventional, project hampered aid, and in its place implement direct budget aid to help realise PRSP objectives. This kind of re-thinking which can be viewed as a minimal condition to give substance to ownership and participation has progressed at a different speed. Bolivia, for example, is generally thought to be a “good example of better donor coordination”¹⁹⁵ and according to the BMZ, bi- and multilateral donors are “unanimous about the distinct improvement of donor co-ordination with regard to the PRS process.”¹⁹⁶ This came out of the “Nuevo Marco de Relaciamento” (New Relations Framework), published in 1999, which forms the framework for agreements between the Bolivian government and the donors. In Tanzania, this corresponds to the “Tanzania Assistance Strategy” from the same year. The donor co-ordination continues to run via the “Bolivia Consultative Group” whose annual meetings no longer take place in Paris, but in La Paz – a symbolic reference to ownership.

After the bilateral donors (via a fund administrated by UNDP) had participated in the financing of the national dialogues, they have now organised into four working groups to support the PRSP.¹⁹⁷ This, too, signalled the weight they placed in their policy on the Bolivian PRSP. Thus a new “country strategy paper” of the European Commission was launched in May, 2002, “that fully backs the PRSP and aspires to promote sector-wide working within the ‘New Relations Framework’”.¹⁹⁸ The same is true for bilateral co-operation. For instance, the Netherlands and Bolivia have identified three sectors for budgetary aid (education, decentralisation and agricultural development), and the British DFID supports specific PRSP objectives such as “pro-poor growth, social inclusion, participatory governance” both via the government (mainly in the form of budgetary aid) and via “civil society” initiatives.¹⁹⁹ According to the BMZ, Germany too plans to adopt “the PRS process as a starting point” for its future priority funding, and has already participated in a number of “basket funding” activities in Bolivia.²⁰⁰ The GTZ refers to this no

195 ODI, *Experience with Poverty Reduction Strategies*, op. cit. (note 89), p. 14.

196 BMZ, *Deutsche Entwicklungszusammenarbeit mit Bolivien* (Deutsche Beteiligung an PRS-Prozessen), Summary, May 7, 2003, www.bmz.de (accessed 2003-05-21).

197 These are: “Sustainability of the PRSP” (macro-economic policies, HIPC, and market access), co-ordinated by IMF und EU; “Implementation and Monitoring of the PRSP” (public investments, Bolivian CDF, National Dialogue, social control), co-ordinated by the Netherlands; “Institutionality” (anti-corruption, rule of law, state modernisation), co-ordinated by Denmark and UNDP; “Participation and Social Integration”, co-ordinated by UNDP. In addition Spain, the UN Drug Control Program and the EU are active members of the USAID-led “Alternative Development Donor Group”; cf. USAID, *Bolivia*, www.usaid.gov/country/lac/bo (accessed 2003-03-18).

198 ODI, *Experience with Poverty Reduction Strategies ...*, op. cit. (note 89), p. 11. The Country Strategy Paper is to be found at http://europa.eu.int/comm/external_relations/bolivia/csp/index.htm.

199 Ibid., p. 12, Box 4.

200 BMZ, *Deutsche Entwicklungszusammenarbeit mit Bolivien*, op. cit. (note 196). Among others, it participates (together with the World Bank and other bilateral donors) in a programme for institutional reform and (together with UNDP and numerous bilateral donors) in a basket for the support of an ombudsman (*Defensoria del Pueblo*). Cf. BMZ, *Harmonisierung von Geberpraktiken in der deutschen Entwicklungszusammenarbeit*, in: www.bmz.de (accessed 2003-05-22).

less as a “primary concern [...] to improve the institutional and organisational preconditions for the implementation of the Bolivian reforms and political poverty reduction.”²⁰¹

The development policies of the USA, however, have not yet shown an inclination to adjust to the Bolivian poverty reduction strategy. USAID’s emphasis is on supporting the Bolivian democracy as well as anti-drug operations.²⁰² This fits in with the policies of the Bush Administration which is contemplating a “revolution in foreign assistance” not through PRSP but its “Millennium Challenge Account”. This new programme, however, only awards aid to that very small number of best performing countries that meet the criteria of “ruling justly, investing in their people and encouraging economic freedom”.²⁰³ It is up to the Peace Corps and the remaining donors to look after matters of the rest.

However, the German government too arouses doubt when it is maintained that German development co-operation needs only “small adjustments, because of the PRSP process”, since “all its programmes and projects are to be found in the Bolivian PRSP and have been orientated to reducing poverty anyway”.²⁰⁴ In view of the numerous changes of course in development policy, rhetorical adjustments certainly belong to the most popular exercises of a bureaucracy bent on continuity. The instrument of “basket financing”, for instance, which plays a central role in the bilateral development co-operation as far as Bolivia is concerned, is in no way an innovation – and the existent “baskets” can be easily given new titles and assigned to the new PRS areas. Claiming coherence in such a way while at the same time maintaining continuity in programme and project aid, leads the PRSP initiative, with its emphasis on participation and ownership, simply *ad absurdum*. Why set up a national poverty strategy under laborious conditions involving dialogue and tedious negotiation if (not only) the German development policy is already familiar with priorities and needs?

Yet an unusually frank BMZ internal evaluation of Tanzania indicates that the PRSP concept represents quite a challenge to the conduct of German development co-

201 Cf. GTZ, *Countries: Bolivia*, www.gtz.de/laender (accessed 2003-03-18). Explicitly the GTZ refers to its support of the PRSP implementation since January, 2002 within the framework of the programme: „Dezentrale Regierungsführung zur Unterstützung der nationalen Armutsbekämpfungsstrategie“ (PADEP).

202 The following are valid as development objectives: “nurturing and institutionalising democratic principles, providing opportunities to increase the incomes of the poor, improving the health of Bolivians, protecting the environment, and promoting alternative development.” USAID, *Bolivia*, op. cit. (note 197). As a matter of general principle, the Bush Administration places its accents in a rather traditional cut which show little readiness to orientate itself to PRSP: “The key to raising living standards and reducing poverty around the world is increasing productivity growth, especially in the poorest countries. We will continue to press the multilateral development banks to focus on activities that increase economic productivity, such as improvements in education, health, rule of law, and private sector development. Every project, every loan, every grant must be judged by how it will increase productivity growth in developing countries.” The White House (ed.), *The National Security Strategy of the United States of America*, Washington, D.C., September 2002, p. 22.

203 Testimony of Andrew S. Natsios, Administrator, USAID, On the Millennium Challenge Account, March, 6, 2003, www.usaid.gov/press/spe_test/testimony/2003/ty030306.html (accessed 2003-05-23).

204 BMZ, *Deutsche Entwicklungszusammenarbeit mit Bolivien*, op. cit. (note 196).

operation. It can be taken as being of general relevance, since the BMZ, along with classical individual projects, also has projects which are explicitly assigned to the PRSP in Tanzania.²⁰⁵ In the evaluation of March, 2003, we read that “the contribution of the German development co-operation to the PRS in Tanzania is as yet in its beginnings” and that Germany has not contributed to the drafting of the PRSP. According to evaluation this derives from the fact that Germany’s development co-operation still rests on individual projects tailored to country strategies elaborated by the German authorities. As a consequence and in contrast to many other donors, “only first steps” were recognisable. Yet PRSP, it went on, required “complex adjustments” or something akin to a “thorough reconstruction of the German development co-operation”.²⁰⁶ This corresponds much more with Tanzania’s complaint in its PRSP, that “substantial efforts toward poverty reduction by international partners are still being implemented outside the framework of the central Government budget”, whereby “specific donor-driven projects” are especially prominent.²⁰⁷ The readiness to leave well-beaten paths will decide the fate of the PRSP. This, however, does not only collide with foreign policy and economic interests which are the real driving forces of development assistance, humanitarian rhetoric notwithstanding. It also affects the concerted resistance of the governmental as well as non-governmental aid lobby which in other circumstances are all too eager to criticise a development policy by remote control.

205 This is also valid for the “co-financing of the PRSC – budgetary financing for implementing the Tanzanian poverty reduction strategy” together with the World Bank and ten other donors. In addition there is, among others, the “basket financing” in the health sector together with six other donors. Cf. BMZ, *Harmonisierung von Geberpraktiken in der deutschen Entwicklungszusammenarbeit*. Afrika südlich der Sahara, www.bmz.de (accessed 2003-05-23).

206 BMZ, *Kurzfassung der Evaluierung “Deutsche Beteiligung am PRS-Prozess und an programmorientierter EZ – Teilstudie Tansania*, in: www.bmz.de (accessed 2003-05-22).

207 The United Republic of Tanzania. *PRSP...*, op. cit. (note 135), pp. 4, 19.

Appendix

Bolivia and Tanzania in comparison – Basic Data

Indicator	Bolivia	Latin America & Caribbean	Tanzania	Sub-Saharan-Africa
Population <i>in millions, 2001^A</i>	8.5	523.6	34.4	673.9
Gross domestic product <i>in billions of current US-\$, 2001^A</i>	8.0	2,000	9.3	315.7
Gross national product per head <i>Atlas method, in current US-\$, 2001^A</i>	950	3,580	270	460
Foreign debt, Net Present Value <i>in % of exports, 2001^D</i>	131	n/a	143	n/a
Foreign debt service, NPV <i>in % of exports, 2001^D</i>	17	n/a	8	n/a
Official Development Aid per head <i>in current US-\$, 2001^A</i>	85.6	11.4	35.8	20.7
Poverty rates:				
<i>Population below 1 US-\$/day, in %, 1999^B</i>	14.4	12.1	19.9 ¹	48.1
<i>Population below 2 US-\$/day, in %, 1999^C</i>	34.3	n/a	59.7 ³	n/a
<i>Pop. Below the "minimum level of dietary energy consumption", in %, 1999^B</i>	22.0	12.0	46.0	33.0
Life expectancy <i>in years, 2001^A</i>	63.1	70.6	43.7	46.2
Child mortality <i>per 1000 births, 2001^A</i>	60.0	27.9	104.0	105.4
Illiteracy <i>in % of fifteen year-olds and older, 2001^A</i>	14.0	10.8	24.0	37.7
Human Development Index (HDI) <i>Rank / Value, 2000^{E,4}</i>	114 / 0.653	-- / 0.767	151 / 0.440	-- / 0.471

Sources:

A: World Bank, *World Development Indicators database*, April 2003, <http://devdata.worldbank.org> (accessed 2003-06-24);

B: World Bank, *Millennium Development Goals, data from April 2002*, www.developmentgoals.org/Data.htm (accessed 2003-06-24);

C: World Bank, *Data by Topic: Poverty*, www.worldbank.org/data/databytopic/poverty.html;

D: IMF, IDA, *The Enhanced HIPC Initiative and the Achievement of Long-Term External Debt Sustainability*, 15.4. 2002, www.worldbank.org (accessed 2003-06-24), p. 35ff;

E: UNDP, *Deepening Democracy in a Fragmented World. Human Development Report 2002*, www.undp.org (accessed 2003-06-26).

Notes:

n/a: no announced; 1: Data for 1995; 2: Data for 1994; 3: Data for 1993; 4: The HDI 2000 ranges from Norway (Rank 1, Value: 0.942) to Sierra Leone (Rank 173, Value: 0.275).

Abbreviations

GDP:	Gross domestic product
BMZ:	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (Federal Ministry for Economic Co-operation and Development)
CAS:	Country Assistance Strategies of the World Bank
CDF:	Comprehensive Development Framework
DAC:	Development Assistance Committee, development committee of the OECD
ESAF:	Enhanced Structural Adjustment Facility, former IMF loan facility
EURODAD:	European Network on Debt and Development
HIPC:	Heavily Indebted Poor Countries
HIPC II:	Enhanced HIPC-Debt Initiative
IDA:	International Development Association, organisation of the World Bank Group
IFI:	International Financial Institutions, here: IMF and World Bank
I-PRSP:	Interim-Poverty Reduction Strategy Paper
IMF:	International Monetary Fund
ND:	National Dialogue (Diálogo Nacional) 2000 in Bolivia
NGO:	Non-Governmental Organisation
ODA:	Official Development Assistance
ODI:	Overseas Development Institute
PPA:	Participatory Poverty Assessment
PRGF:	Poverty Reduction and Growth Facility, IMF loan facility
PRS:	Poverty Reduction Strategy
PRSC:	Poverty Reduction Support Credit, World Bank credit line
PRSP:	Poverty Reduction Strategy Paper
SAP:	Structural Adjustment Program(s)
SAPRI:	Structural Adjustment Participatory Review Initiative
TCDD:	Tanzania Coalition on Debt and Development
UNCTAD:	United Nations Conference on Trade and Development
UNDP:	United Nations Development Program
USAID:	United States Agency for International Development