



Decent Work and Poverty Reduction Strategies

A reference manual for ILO staff and constituents

Decent Work

and Poverty Reduction Strategies (PRS)

A reference manual
for ILO staff and constituents

National Policy Group
Policy Integration Department



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labour
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Foreword

Director-General,
17th October 2004

“Give me a fair chance at a decent job” – that is what women and men are demanding. Every policy-maker seeking to combat poverty should answer the people’s test: how will your policy advice improve the quantity and quality of jobs? This is one of the best steps we can take to eradicate poverty once and for all.

Clearly, creating decent jobs is the missing link between economic growth and poverty reduction. The problem is not lack of effort but lack of opportunity. Seeking the opportunity to move beyond survival into productivity that drives personal and societal development requires good policies and governance at every level. Job creation and decent work should therefore be a measure of success of Poverty Reduction Strategies (PRSs) and of development cooperation.

The ILO’s mandate and work on poverty reduction are long standing and multi-faceted. The renewed focus by the development community on poverty reduction as an overriding goal and the initiatives to design comprehensive national poverty reduction strategies provide new opportunities for the promotion of the Decent Work Agenda.

Towards this, ILO and constituents are increasingly working with policy-makers at country level in the design and implementation of Poverty Reduction Strategies. The objective is to ensure that these strategies embrace the principles and rights at work, productive employment and social protection, and listen to the voices of the ILO constituents.

The purpose of this *Manual* is to support and enhance these efforts. It has been developed in response to requests from ILO constituents and staff for practical guidance in strengthening links between the Decent Work Agenda and new national frameworks for poverty reduction, such as PRSPs. It draws on the practical experience gained through the ILO programme of support to PRSPs in some 15 countries from 2000 to 2005.

Many countries have formulated poverty strategies which incorporate the Millennium Development Goals. Yet experience has varied significantly from country to country. The ILO highlights four overarching areas in need of more concentrated attention:

- 1 Equity as a fundamental principle for ensuring that economic growth benefits the greatest number of people and reduces poverty. Fair and effective fiscal policies are one crucial requirement for this.
- 2 A more thorough analysis of employment and other aspects of decent work which give rise to the inclusion of fundamental principles and rights at work and social protection.
- 3 Systematic integration of labour ministries, employers’ and workers’ organizations to strengthen national ownership and consideration of decent work.
- 4 Strengthened partnership and dialogue with the UN system, the IFIs and bilateral partners at the country level for developing coherent responses.

To address these will require increasing the capacity of ILO constituents to engage in dialogue, and equally to build and communicate evidence-based arguments for incorporating their issues into poverty strategies. Seizing opportunities to engage depends first on constituents determining their perspective on the PRS process in their country. This *Manual* provides guidance for deepening and informing discussions about this, with the aim of directing our joint efforts towards the concerted global drive to reduce and eradicate poverty.

While the *Manual* is built around the needs of PRSPs and enhanced Heavily Indebted Poor Countries (HIPC) initiatives, the contents are also relevant to non-HIPC countries devising national poverty strategies. Its structure follows the cycle of planning, implementing and reviewing these strategies in any given country. Each section analyses experience to date, provides a range of information resources, and discusses potential areas of added value.

The comparative advantage of the ILO lies in the four pillars of decent work: rights, employment, social protection and social dialogue. There are opportunities for embedding these into coherent and integrated poverty reduction strategies even though every national context and process is unique. These are summarised in the following chart, and elaborated throughout the *Manual*.

This *Manual* is an essential component of the capacity-building strategy. As is explained in the following chapter, it can be used as a stand-alone resource or accompanied by training activities and workshops. The capacity-building strategy being elaborated is flexible and responsive to specific demands and relevant to a wide range of contexts. This *Manual* is produced as a living and evolving resource to be enriched with further feedback and discussions with all stakeholders.

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How to use the Manual

This *Decent Work and Poverty Reduction Strategies* manual is available on the ILO internet site

This *Manual* is available in three formats: hard copy, CD Rom, and via the ILO website. These formats address the personal preferences of users and the variation in access to technology of ILO staff and constituents. The *Manual* is being produced in three languages (English, French and Spanish) and disseminated via ILO field offices in the regions around the globe.

It is structured as a series of brief sections of basic background information and analysis, complemented by signposting to more detailed information available on the enclosed CD Rom, the Internet and the ILO website. Each section concludes with points for discussion designed particularly for ILO field staff and constituents. These provide guidance for facilitated learning and debate and may also be used as the basis for knowledge sharing between country contexts.

The extensive electronic links provide an avenue for users to deepen understanding on particular issues and tools. Users are also encouraged to follow these links to learn in detail the experiences gained in other contexts. There are, of course, many resources and tools beyond the more than four hundred provided here. The *Manual* provides those considered key at the time of production, but staff and constituents are encouraged to utilise additional resources on the ILO website and the worldwide web.

The *Manual* is not an attempt to reflect comprehensively all aspects of ILO work or projects. It does, however, draw together many areas which relate to national Poverty Reduction Strategies (PRSs) and the integration of decent work into these national policy instruments. For example, it provides a brief description of documents written within the ILO about PRSs since 2000 and it illustrates how the

Overview of the *Manual's* contents

Section one provides an historical and conceptual overview of PRSs. It also explains the linkages between PRSs and the Millennium Development Goals. Improving coordination and coherence, and ILO country programming within this, is also discussed.

Section two explains the structure and processes of formulating PRSs and indicates the key linkages and areas of influence for the Decent Work Agenda.

Section three highlights the importance of national budgets and finance, and their implications for ILO and constituents. This national context is also highlighted in **Section four** which describes implementation and review processes.

Section five highlights the growing need for evidence-based policy formulation in PRSs based on poverty monitoring systems. The role of qualitative and quantitative data, and the need to strengthen research and analysis to inform policy are highlighted.

Section six provides a flavour of initial experience and issues emerging in the revision phase of PRSs.

many existing tools, databases, and good practices might be used to best advantage in relation to decent work and the PRS process.

The table opposite provides a matrix of the main content of PRS papers and possible entry points.

Few people are likely to read the entire *Manual* from cover to cover. Indeed, as a reference manual, each section is able to stand-alone. Users are encouraged to pull sections out, build on them for advocacy, or use them to clarify particular issues. Its intention is to assist ILO field staff and constituents to strengthen the Decent Work Agenda in the PRS process. Users' comments on how well it does this, and how it could be improved, are most welcome.

References and links

Throughout this *Manual*, key reference materials are listed alongside the main text and also tabulated at the end of each section with their web addresses.

All of these reference materials that are available in a suitable format are included on the CD-ROM, together with the full *Manual* which has links to them from the titles in the reference column. In this version, the tabulated web addresses are linked to the relevant websites.

The version available directly on the ILO website has (coloured) links to the web versions of the references, both from the reference column and from the list at the end of each section. These references were all current at the end of January 2005. However, websites are constantly being maintained and updated; it is inevitable that some links will become inoperative. If possible, use the CD-ROM version which includes its own set of documents.

Decent Work and PRSs

Main content of PRS papers	ILO pillars of Decent Work	Technical areas (elaborated in Section 2)
Macroeconomic issues	Rights and employment	<ul style="list-style-type: none"> ■ Growth targets ■ Employment ■ Trade liberalization (including trade regionalization) ■ Monetary frameworks ■ Fiscal framework ■ Exchange rate policies ■ Financial reforms
Poverty status	All pillars	<ul style="list-style-type: none"> ■ Analytical research capacity ■ Quantitative poverty data ■ Rural development, agriculture, local economic development ■ Informal economy ■ Youth employment
The consultative process	Social dialogue	<ul style="list-style-type: none"> ■ Strategic communication ■ Social dialogue
Good governance	Rights and social dialogue	<ul style="list-style-type: none"> ■ Labour standards ■ Social dialogue: methods and social partners ■ Fundamental principles and rights at work
Human development	Rights and employment	<ul style="list-style-type: none"> ■ Rights to Basic Services: <ul style="list-style-type: none"> ■ Health: <ul style="list-style-type: none"> ■ HIV/AIDS in the workplace ■ National health and social security policies ■ Education: <ul style="list-style-type: none"> ■ Child labour ■ Youth: secondary, vocational/skills
Private sector development and infrastructure	Employment	<ul style="list-style-type: none"> ■ Privatization ■ SME development/support ■ Cooperatives ■ Infrastructure
Social protection and social inclusion	Social protection	<ul style="list-style-type: none"> ■ Social protection and poverty reduction ■ Rights to social security ■ Occupational safety and health ■ Social inclusion issues including: <ul style="list-style-type: none"> ■ Indigenous and tribal people ■ Persons with disabilities ■ Migrants ■ Crisis situations
Cross-cutting issue: gender equality	All pillars	<ul style="list-style-type: none"> ■ Gender budgeting ■ Gender-disaggregated data ■ Building coalitions: social dialogue ■ Gender, poverty and employment ■ Gender and small enterprises
Cross-cutting issue: HIV/AIDS	All pillars	<ul style="list-style-type: none"> ■ Addressing HIV/AIDS in the workplace ■ Labour laws ■ Discrimination in the workplace ■ Policy development

Note that statistics and research are relevant to all content areas

Acronyms

CAS	Country Assistance Strategy (World Bank)	NPV	Net Present Value
CCA	Common Country Assessment (of the United Nations)	ODA	Overseas Development Assistance
CDF	Comprehensive Development Framework (World Bank)	ODI	Overseas Development Institute
CSO	Civil Society Organization	OECD	Organization for Economic Co-operation and Development
DAC	Development Assistance Committee (OECD)	PDR	Policy Development and Review Department (IMF)
DFID	Department for International Development (UK)	PER	Public Expenditure Review
ESAF	Enhanced Structural Adjustment Facility (IMF, replacing PRGF)	PFM	Public Financial Management
G7	Group of 7 Countries (Canada, France, Germany, Italy, Japan, USA, UK)	PFP	Policy Framework Paper (IMF/World Bank framework document)
G8	G7 plus Russia	PPA	Participatory Poverty Assessment
HIPC	Heavily Indebted Poor Countries Initiative	PREM	Poverty Reduction and Economic Management (World Bank, policy department)
IBRD	International Bank for Reconstruction and Development (World Bank Group)	PRGF	Poverty Reduction and Growth Facility (IMF)
ICA	International Cooperative Alliance	PRS	Poverty Reduction Strategy
ICFTU	International Confederation of Free Trade Unions	PRSC	Poverty Reduction Support Credit (World Bank)
ICLS	International Conference of Labour Statisticians	PRSP	Poverty Reduction Strategy Paper
IDA	International Development Association (World Bank)	PSIA	Poverty and Social Impact Assessment (World Bank and DFID)
IDT	International Development Targets	REPOA	Research on Poverty Alleviation (Tanzania)
IFI	International Financial Institution (denoting here, World Bank and IMF only)	SAP	Structural Adjustment Programme
IFP/SKILLS	InFocus Programme on Skills, Knowledge and Employability (ILO)	SAPRIN	Structural Adjustment Participatory Review International Network (formerly Structural Adjustment Participatory Review Initiative, SAPRI)
ILC	International Labour Conference	STEP	Strategies and Tools against Exclusion and Poverty (ILO)
ILO	International Labour Organization	SWAp	Sector-Wide approaches to programming
IMF	International Monetary Fund	UNCT	United Nations Country Team
INTEGRATION	Policy Integration Department (ILO)	UNDAF	United Nations Development Assistance Framework
I-PRSP	Interim Poverty Reduction Strategy Paper	UNDG	United Nations Development Group
JSA	Joint Staff Assessment	UNDP	United Nations Development Programme
MDF	Multilateral Debt Fund	WB	World Bank
MDG	Millennium Development Goals	WDR	World Development Report
MoF	Ministry of Finance		
MoL	Ministry of Labour		
MTEF	Medium Term Expenditure Framework		
NGO	Non-Governmental Organization		
NPG	National Policy Group (INTEGRATION, ILO, Geneva)		

Section 1

Decent Work and PRSs, an overview

1A Why engage with PRSs? The ILO perspective

The ILO's mandate for pursuing action against poverty is contained in the Philadelphia Declaration of 1944 which states that poverty constitutes a danger to prosperity everywhere. The ILO has a long history of work on poverty reduction both at the policy level and in practice. This work is now being reinforced in the context of the international commitment to achieve the Millennium Development Goals (MDGs)

The four pillars of the ILO's work, namely rights at work, employment, social protection and social dialogue, are mutually reinforcing in addressing poverty reduction. The ILO is currently developing ways of promoting a more coherent approach to addressing poverty reduction as a means for achieving decent work for all

OECD, *The DAC Guidelines on Poverty Reduction*

Global Employment Agenda

Islam, Rizwanul, 2004. *Pro-poor growth: linkages and policies in Trade Unions and Poverty Reduction Strategies*, Labour Education

The ILO's work on poverty reduction generally, and the PRS process specifically, is grounded in social justice and the twin concepts of **entitlements** and **equity**. The starting point is the fact that work is the main, often the only, way for poor people to get and stay out of poverty.

This approach, based on the principles of social justice, can be expressed as a right to inclusion, protection, and access to decent work and decent incomes. Poor people lack entitlements because their ability to command, for example, decent work depends on the entitlement relations in any given society. For a poor person, access to decent work depends on what they own (often not a lot), what exchange possibilities are offered (often very few), what is given, and what is taken away. Poverty reduction is therefore about increasing the endowments of the poor, their entitlements and their voice.

Economic and social considerations

The achievement of these rights involves the development of both economic and social capabilities. PRSs, as national policy frameworks, are increasingly important in determining the pathway of economic and social development in many countries. The value added by ILO engagement, as compared to other development partners, in the PRS process is in its ability to work with constituents to highlight the importance of the inclusion of labour issues: employment, redistribution, equity and solidarity. These should be intrinsic to macro-economic policies in every country.

This approach underlines that economic growth is an essential but not sufficient condition for poverty reduction. Poverty reduction involves growth with a substantial reorientation in favour of the poor (often referred to as 'pro-poor growth'). It includes changes in institutions, laws, regulations and practices that are part of the process that creates and perpetuates poverty.

The ILO sees employment as fundamental to the fight against poverty and social exclusion, and has developed an international strategy for the promotion of freely chosen productive employment – the Global Employment Agenda. The Agenda's main aim is to place employment at the heart of economic and social policies; it provides a useful conceptual foundation for engaging in PRSs at country level.

The ILO engagement in the PRS process

Since mid 2001 the ILO has sought to engage in the PRS process at country level. The focus has been on developing and promoting coherent cross-sectoral PRS papers which connect poverty reduction and decent work. In practice, this centres on four broad approaches:

- Incorporating aspects of decent work into PRS papers.
- Empowering constituents (ministries of labour, trade unions, employers' organizations and cooperatives) to influence the preparation of a country's PRS document, and the implementation of its strategies.
- Influencing ministries of finance and planning in terms of incorporating key issues of decent work and employment into national planning and resource-allocation processes.
- Influencing development organizations (including multilaterals, bilaterals and NGOs among others) and governments to embrace principles and rights at work, employment policies, and social protection as central to poverty reduction.

The ILO has sought to give more attention in PRSs to equity in addition to growth, arguing that they need to give more coverage to the policy implications related to redistribution. Trade unions, employers' organizations and labour ministries need to be more regularly engaged in the consultative process underpinning the design and implementation of PRSs (see Section 2C3). Without this, the participation and national ownership principles of the PRS process may be undermined. This goes beyond just engaging in the process, constituents need to be involved in more thorough analysis of employment and social protection. This should give rise to a more explicit role for decent work in strategies to reduce poverty.

ILO, March 2002,
(ESP) GB.283/ESP/3

November 2002 Governing Body
Paper on PRSs

Poverty reduction and the ILO

ILO policy documents increasingly draw attention to poverty reduction as a central theme and provide essential background for engagement in PRS processes. The Director-General's report, *Working out of Poverty* provides an analysis of poverty from the perspective of the lack of opportunities for decent work and social inclusion. Highlighting the barriers that people living and working in poverty face in making an income that provides a decent living, the report sets out a strategy for ensuring that employment is a high priority in national and international efforts to realize the Millennium Development Goals (see Section 1D). It details the ILO portfolio of community-based programmes for job creation and social inclusion.

ILO, 2003, *Working out of Poverty*

A Fair Globalization; the Role of the ILO offers an overview of how the ILO can develop the central recommendation of the World Commission on the Social Dimension of Globalization: that decent work should become a global goal, not just an ILO goal. Six broad policy themes are examined: national policies to address globalization; decent work in global production systems; global policy coherence for growth; investment and employment, constructing a socio-economic floor; the global economy and the cross-border movement of people; and strengthening the international labour-standards system. Globalization, and its impact, is increasingly important to national poverty reduction efforts, including those articulated in PRS papers (see Section 2C for further discussion).

Director-General, 2004, *A Fair Globalization: The Role of the ILO*

1B What are PRSs?

PRSs first emerged in 2000 as country strategies for addressing poverty. They act as road maps, by setting out priorities for poverty-focused domestic policies and programmes as well as for development assistance. They are developed under the leadership of national governments, with the coordinated support of the International Financial Institutions (IFIs), bilateral donors and the UN. PRSs are results-oriented, containing targets and indicators. Most are set within a three- to five-year rolling time frame.

PRSs and the HIPC initiative

Paris Club

HIPC

World Bank, 2002, Questions and answers about the PRSP

Producing a PRS paper is a prerequisite for multilateral debt relief from Paris Club members under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. PRS papers are also becoming the official basis for IFI lending in many other low-income countries. A PRS provides a framework for the use of funds made available from debt write-offs and new loans. However, not all debts are multilateral or to Paris Club members; other creditors (bilateral and commercial) are encouraged to mirror the HIPC debt-relief process.

For further details see the World Bank HIPC web site. It contains background basics, progress to date by country, and analytical work on debt sustainability

and it has a useful flow chart

Enhanced HIPC debt relief is structured on two important points in time when resources are released for public expenditure:

- **Decision point:** when the World Bank and International Monetary Fund (IMF) Boards decide whether to provide the first phase of debt relief. It is based on agreed I-PRSP commitments. The Bank and IMF judge whether the Interim Poverty Reduction Strategy Paper (I-PRSP) shows adequate commitment to macroeconomic policy performance and the development of a full PRS paper inclusive of a consultative process with civil society. Decision point results in Paris Club creditors rescheduling up to 67% (at NPV) of eligible debts maturing during the subsequent three-year implementation of the PRS.
- **Completion point:** when up to 90% of debt is cleared by Paris Club creditors. Completion point is floating, in other words it is tied to the implementation of policies determined at decision point. The World Bank, IMF and national government determine when consideration of completion should be presented to the Boards.

Guidance on I-PRSPs and Joint Staff Assessments of I-PRSPs is available on the IMF website; Where all country I-PRSPs can be viewed on line

An I-PRSP is the first step towards the decision for debt relief. I-PRSPs were introduced to avoid delays in receiving assistance by delinking the need for full public consultation in their preparation. I-PRSPs are written by governments and have to contain:

- a commitment to poverty reduction;
- an outline strategy for completing the full PRS paper (including a consultative process); and

- a draft policy matrix outlining agreed actions to be taken on macro policy in the country.

To date (September 2004), there was no requirement that the preparation of the I-PRSP include consultations with stakeholders beyond national government level.

Building on existing policies

The majority of PRSs are based on existing national ‘visions’ or policies which express a broad commitment to eliminating poverty. Although these often provide the broad pathway forward, they articulate general policy often without specifying actions or policy changes. **The intent of PRS papers is to add value to these visions by providing prioritized plans of action and policy reforms linked to the national budget.**

Encouraging the PRS papers to build on existing strategies and plans at sectoral and national levels leads to policy coherence focused on poverty-reducing priorities. An example of this is Uganda’s PRS, known as the PEAP (Poverty Eradication Action Plan) which was first developed in 1997, pre-dating the PRS initiative (1999). A number of other countries have also based their interim and full PRSs on existing strategies (e.g. Sri Lanka, Bangladesh, Vietnam).

National debt-sustainability strategies

As a result of rising concerns about future debt accumulation, even after enhanced HIPC debt relief kicks in, there is increasing focus on devising and adhering to national debt-sustainability strategies. Further details about this are discussed in Sections 3A and 3B. These strategies are being reinforced in some countries by new legislation restricting individual ministries’ authority to sign loan agreements with IFIs without former agreement from their ministries of finance and in some cases parliaments.

What makes PRSs different?

In principle, six main features differentiate PRSs from previous national plans and other planning instruments. Each are discussed below:

- 1 National ownership
- 2 Public consultation
- 3 Links to public expenditure
- 4 Links to development assistance
- 5 Prioritized public actions
- 6 Monitoring of poverty

National ownership: the PRS process should be nationally owned and driven, although many stakeholders appreciate that the concept originated through the enhanced HIPC initiative, the World Bank and the IMF in the late 1990s. There are challenges in achieving ownership. Key amongst these is the requirement that each I-PRSP, PRS paper and Annual Progress Report be endorsed by the World Bank and IMF Boards. Can national ownership be established for a process which depends so heavily on external endorsement? Opinions about this differ widely, the most vocal have emerged from civil society; in particular through the Bretton Woods Project and Oxfam UK.

IMF, 2000. *Overview of Uganda’s PEAP*

World Bank and IMF Staff, 2003, *Sri Lanka: Staff Assessment (JSA) of Poverty Reduction Strategy Paper (PRSP)*

World Bank and IMF Staff, 2003, *Bangladesh: Staff Assessment (JSA) of Interim Poverty Reduction Strategy Paper (I-PRSP)*

World Bank, 2004, *When is External Debt Sustainable?*

CAFOD, 2003, *An alternative approach to debt cancellation and new borrowing for Africa*

Bretton Woods Project, 2003, *PRSPs: Political Space at whose expense?*

Oxfam, 2004, *Donorship to Ownership: Moving towards PRSP round 2*

Bretton Woods Project, 2003, *Poverty Reduction Strategy Papers (PRSPs): A Rough Guide*

The Bretton Woods Project describes the ownership issue in the following way:

In practice it (national ownership) often means building 'ownership' around pre-existing, IFI-preferred standard economic policies. While there have been examples of innovation in some areas, the macroeconomic framework has remained largely unchanged. There is a contradiction between the rhetoric on ownership and the request for World Bank/IMF Boards to endorse the PRSP. Many NGOs are concerned that this contradiction means that governments opt for programmes that they know will be accepted even if this conflicts with priorities identified through consultative processes.

World Bank, 2003, Strategic Communication Section in PRSP

Public consultation: governments are required to consult with a wide range of stakeholders when designing a PRS paper. These include civil society, trade unions, the private sector and development partners (see Section 2C3).

ODI, 2002, *How, When and Why does Poverty get Budget Priority?*

Links to public expenditure: PRSs are expected to be (but often are not) costed within the national budget framework, and by sector. The link between the PRS, public budgets, and Public Expenditure Reviews (PERs) are expected to deepen as implementation progresses (see Section 3).

World Bank, 2004, *Why Harmonize?*

Links to development assistance: PRSs are also increasingly influencing donor assistance, especially in Africa. In an effort to reduce transaction costs and increase coherence in development approaches, bilaterals, the World Bank and the IMF are increasingly using PRSs to underpin their country assistance and are moving away from developing individual-agency country plans for assistance. Indeed in some African countries, PRSs have become a key tool for a wide range of development partners, including UN agencies, in harmonizing resource allocations (both technical and financial) behind a common framework for achieving poverty reduction (see Section 1E).

Bretton Woods Project, 2003, *Harmonization and coherence: White Knights or Trojan Horses*

PRS documents prioritize public actions, therefore contributing to coherence of public, private and civil society's efforts to reduce poverty. Perhaps most practically, PRSs help to clarify priority actions in terms of reforms and ministerial strategies.

The Poverty Reduction Strategy Initiatives, An Independent Evaluation of the World Bank's Support through 2003

Monitoring poverty has become more systematic in many PRS countries. The establishment of national indicators and targets, and annual reporting mechanisms to national constituents is a key element of any PRS. These have helped to retain momentum in the PRS process within many countries, especially in those countries which have engaged a wide range of stakeholders in the monitoring process (see Section 5).

World Bank, 2002, *Poverty Reduction Strategy Sourcebook*

The World Bank's *Poverty Reduction Strategy Sourcebook* is a guide to assist countries in the development and strengthening of PRSs. It reflects the thinking and practices associated with the Bank's Comprehensive Development Framework as well as lessons emerging from the *World Development Report on Poverty*. The *Sourcebook* is the single most frequently used guide to PRSs. It is intended to be suggestive and to be used selectively as a resource. It does not provide 'the answers' which can only emerge as a result of analysis and dialogue at country level.

Trade Unions and Employers' Associations have an important role to play in PRSs. In this regard, the World Bank has published *Trade Union Participation in the PRSP Process*. This calls for, among other things, more dialogue between the labour

movement and the IFIs, strengthening trade unions' capacities and analytical work on labour market policies and core labour standards. The ICFTU *Guide to Poverty Reduction* is also a valuable resource. It provides practical advice and information about the trade union movement's vocal criticism and increasing pressure on the World Bank and IMF to reconsider their Structural Adjustment Programmes which were supposed to promote growth.

Discussion points

- To what extent are the six main features of the PRS process addressed in your country (i.e. national ownership, public consultation, links to public expenditure, links to development assistance, prioritization of public actions, and monitoring of poverty)?
- How do the various stakeholders in your country view the issue of country ownership of the PRS process and what, if anything, is changing?
- What has been the impact of structural adjustment programmes to date? What changes are taking place under the PRS process?
- What is your country's situation in terms of debt generally and HIPC relief specifically?

Egulu, L., 2004, *Trade Union Participation in the PRSP Process*, Social Protection Discussion Paper No. 0417 World Bank

International Confederation of Free Trade Unions (ICFTU), 2001, *Guide to Poverty Reduction Strategy Papers*

1C Historical trends: where do PRS papers fit?

The international community's approaches to development assistance have followed clear trends during the last half century. They are crudely categorized in Table 1.

IMF, 1999, *Fads and Fashion in Economic Reforms: Washington Consensus or Washington Confusion?*

The concept of basic needs was elaborated in the ILO at the World Employment Conference, 1976

ODI, 2003, *The PRSP Initiative: multilateral policy change on the role of research*

Table 1.1 Historical trends in development assistance

Schematic trends		Characteristics
1960s: modernization phase	With development agencies' support, newly independent governments lead productive sector and displace private sector.	National development plans, government-led industrialization, nationalization.
1970s: basic needs phase	Development agencies focus on project approaches; government's viewed as recipients. Basic needs approach elaborated via ILO.	Development-agency-driven projects predominate and include their own management structures outside government, integrated approaches to rural development emerge.
"Washington Consensus" Phase	1980s	Governments respond to increasing conditionalities and begin to shift focus to the private sector.
	1990s	Rising concerns about social impact of structural-adjustment programmes.
Early 2000s	Increased emphasis on governance and accountability to domestic institutions. Central focus on policy coherence.	Structural Adjustment Programmes, privatization; some experimentation with 'participatory' approaches. Sector-wide approaches emerge, direct budget support begins, 'partnership' rhetoric replaces conditionality. MDGs agreed as global goals. National poverty frameworks (PRSs; CDFs) include public consultation in policy development; concerns rising about public expenditure management.

OECD, *DAC Guidelines on Poverty Reduction*

H. Dagdeverin, R. van der Hoeven and J. Weeks, 2001/10, *Redistribution matters: Growth for poverty reduction*, ILO

The Eurodad Organization and the Group of 77 and the Paris Club within the IMF

President Clinton's 100% debt relief speech 1999

Early concerns were for economic growth, because many believed that this would lead almost automatically to poverty reduction through the 'trickle-down' effect. More recently, though, it has become obvious that in many circumstances the rich have become richer while the poor have become poorer. Consideration is therefore now being given to growth policies which are more equitable and pro-poor in many countries, and also within development discourse generally.

The 1980s saw a shift from a state-led approach to a more pluralist (neo-liberal) development approach. The 1990s saw a widespread openness to, and desire for, a different approach for the new millennium. There were voices calling for change both inside and outside the main institutions; most emphatically from the global debt coalition of civil society organizations (Jubilee 2000) and the Group of 77 and the Paris Club within the IMF. This led up to several key events and publications in the latter half of the decade.

The World Summit for Social Development (WSSD)

Held in March 1995 in Copenhagen, the Summit was, up to that time, the largest ever gathering of world leaders. It created a global consensus and a common resolve to fight poverty around the world. WSSD highlighted three overriding objectives of development, namely the conquest of poverty; the achievement of full employment; and the fostering of social integration. The Summit made 10 commitments (see box below) and created a Programme of Action to create a national and international environment favourable to the inclusion of social development as a main element in poverty reduction. In 2000, the ILO hosted the follow-up session to the summit. It is clear that the ideas generated by the WSSD were influential in determining the nature of what later became the PRS process.

World Summit for Social Development, Copenhagen – Putting people at the centre of development

World Summit for Social Development – Programme of Action

Shaping the 21st Century:

The Contribution of Development Cooperation

Published in May 1996 by the OECD, this document proposed a global development partnership to achieve three ambitious but realizable goals – economic well-being, social development, and environmental sustainability and regeneration. OECD members agreed to assist the people and governments of developing countries in three ways:

The Development Assistance Committee (DAC) is the principal body through which the OECD deals with issues related to cooperation with developing countries.

- by a willingness to make mutual commitments with development partners, supported by adequate resources;
- by improving the coordination of assistance in support of nationally owned development strategies; and
- by a determined effort to achieve coherence between aid policies and other policies which impact on developing countries.

OECD, 1996, Shaping the 21st Century

OECD, 2001, DAC Guidelines on Poverty Reduction

The Highly Indebted Poor Country (HIPC) initiative

Launched by the World Bank and IMF in 1996, the HIPC initiative was the first major attempt to reduce external debt of the poorest countries. It allowed eligible countries (originally 26) to reduce their debt to 'sustainable' levels. After a major review in 1999, the HIPC initiative was enhanced to provide deeper, broader and quicker debt relief.

HIPC World Bank

HIPC IMF

Eurodad (European Network on debt and Development)

ELDIS, 2000, Debt Relief Resource Guide

It was at this point that (enhanced) HIPC became linked to the PRS process. Since debt relief was intended to be in addition to existing aid, and since many countries had not managed their debt well in the past, the World Bank and IMF felt they needed to insert extra safeguards. This concern was the origins of the PRS process. The aim was to ensure (enhanced) HIPC funds were used for poverty reduction and that this could be verified. Debt reduction via enhanced HIPC became the objective for producing a PRS paper endorsed by the World Bank and IMF Boards.

The World Bank's Comprehensive Development Framework (CDF)

Established in 1998, the CDF recommends a holistic approach to development at the national level by seeking a better balance in policymaking and implementation. It highlights the interdependence of all elements of development – social, structural, human, governance, environmental, macroeconomic and financial.

Comprehensive Development Framework

Getting serious about Meeting the Millennium Development Goals – a Comprehensive Development Framework progress report

Essentially the CDF is a matrix for coordinating all the development activities of a country. It has been the brainchild of the Bank President, James Wolfensohn. There are sceptics, many of whom are concerned about the Bank adopting the central position in the development process via the use of CDF. To date the CDF has had limited success in embedding itself in countries, but the shift in perspective from the World Bank as 'bankers' to identifying themselves as 'development partners' suggests that CDF (or a similar concept) may emerge in the future via PRSs and adjusted lending instruments (see Section 6A for further discussion).

Ten commitments: World Summit for Social Development (Copenhagen 1995)

- 1 Create an economic, political, social, cultural and legal environment that will enable people to achieve social development
- 2 Eradicate absolute poverty by a target date to be set by each country
- 3 Support full employment as a basic policy goal
- 4 Promote social integration based on the enhancement and protection of all human rights
- 5 Achieve equality and equity between women and men
- 6 Attain universal and equitable access to education and primary health care
- 7 Accelerate the development of Africa and the least developed countries
- 8 Ensure that structural-adjustment programmes include social-development goals
- 9 Increase resources allocated to social development
- 10 Strengthen cooperation for social development through the UN

See: [Information on the UN website](#)

How do PRSs and MDGs link? 1 D

The eight Millennium Development Goals (MDGs) were derived from the world summits and conferences in the 1990s and the Millennium Declaration, adopted by 189 nations in September 2000. They are globally accepted, but depend on country-level progress for their achievement.

The Millennium Development Goals

- 1 Eradicate extreme poverty and hunger
- 2 Achieve universal primary education
- 3 Promote gender equality and empower women
- 4 Reduce child mortality
- 5 Improve maternal health
- 6 Combat HIV/AIDS, malaria and other diseases
- 7 Ensure environmental sustainability
- 8 Develop a global partnership for development

The MDGs are linked to 18 targets and 48 indicators.

The Millennium Declaration

The Declaration underpins the MDGs by stipulating important factors not mentioned in the MDGs. These include the need for good governance, and the involvement of the private sector and civil society. MDG 1 requires redistribution through social-protection systems. MDG 2 can be further achieved with a progressive system of family benefits. MDG 3 relates to **women's employment**. MDGs 4–6 are not possible without widening affordable access to health care.

Employment is included in the Declaration as 'decent and productive work', with a focus on young people who are considered as more vulnerable in the labour market than older people. In response to these specific indicators, the ILO is working for the inclusion of the concept of decent work in general. The ILO is urging others to recognize the importance of decent work for the achievement of all MDGs.

UN System support to the MDGs

The UNDP Administrator coordinates support, chairs the UNDG and leads the MDG Campaign. The Millennium Strategy guides action to these Goals through a four-pronged approach:

- **MDG Reports** monitor progress at global, regional and country levels.
- **The Millennium Project** identifies new solutions and ideas from across the natural and social sciences, drawing on the best intellectual firepower from the North and South.

For the storyline of the MDGs see the box on page 16

Detailed information about the MDGs, targets and indicators

The UN Secretary General, 2003, Why do the Millennium Goals matter?

MDG 8 points to the need for more coordination between and within developing and developed countries

The General Assembly, 2000, The Millennium Declaration

The United Nations Development Group (UNDG) is an instrument to improve the effectiveness of the UN at country level by developing policies and procedures to bring agencies together. It is chaired by the UNDP on behalf of the Secretary-General. The UNDP Resident Representative is the resident coordinator of UN development activities in the field

UNDP

The MDG Reports are simple and intend to inform public debate and political discussion. Individual country reports are available online

Millennium Research Project

Millennium Campaign

- **The Millennium Campaign** builds and sustains local support for achieving the MDGs, based on reports, research and other resources.
- **Coordinated country assistance** from the entire UN system is needed behind the Goals. This means aligning projects and programmes.

Progress towards achieving the MDGs

UN, 2004, *Background Note on Country-level Work in 2004*

See also Secretary General's 2003 report for more information about the progress

The UN Country Team (UNCT) jointly provides support for regular MDG country reporting. Country reports assess progress towards the goals, and inform public debates about national indicators and targets. According to the 2004 Millennium Project report, nearly 60 countries are off track, the majority in sub-Saharan Africa. However, the Project argues that there is still time for every country to make progress towards the MDGs, but it will be important to establish them as a central objective in development. The Millennium Project, which is working on a strategy to reach the goals, will launch a key report on this in 2005.

MDGs and PRSs

Joint World Bank/UN letter of May 2003 to UN Resident Coordinators and World Bank Country Directors

Translating the MDGs into action requires national frameworks. Both the World Bank and the UN stress that integrating the MDGs into PRSs is key to ensuring that they become central to national policy processes. PRSs constitute the primary strategic and implementation vehicles to reach the MDGs. The PRS process can provide the mechanism for mobilizing national actors to achieve the MDGs; but partnerships, complementary effort, and regular frank consultation between national institutions and development partners involved in poverty reduction will be needed.

The UNDP Administrator describes the link between the two frameworks as follows:

Mark Malloch Brown, UNDP Administrator, 2003, *Poverty Reduction, the Private Sector and the Millennium Development Goals: A New Framework for a New Future*

MDGs help set and frame the (global) development agenda ... They are an end – a shared framework that all governments and international agencies have signed up to and by which development progress can be measured – while PRSPs ... are the primary means to get there. ... [The MDGs are] both the front and back end of the PRSP: the Goals represent the overarching framework for the PRSP and the way to monitor whether they are performing as advertised: paying real attention to the needs of the poor and overall development priorities, not just economic targets.

UNDG Report, 2003, *An assessment of the role and experiences of UN Agencies in Poverty Reduction Strategy Papers* cites Mali as an example of good UN-BWI cooperation. Mali is among the ILO PRSP Pilot Countries

Under the leadership of national governments, the IFIs, bilateral donors and the UN provide coordinated support to the nationally-led PRS process. However, UNDG suggests that more active appreciation of – and participation in – the PRS process is needed from all UN agencies. It stresses that at each national level the UN Development Assistance Framework (UNDAF) should clearly link to the national PRS paper. Consequently the Common Country Assessment (CCA), which underpins the UNDAF, should provide analytical input into the PRS paper. Similarly, the World Bank's Country Assistance Strategy (CAS) needs to be aligned with the PRS paper and UNDAF (see Section 1E). This could reflect the Bank's declared commitment to align more fully with PRSs and MDGs.

The UNDAF

The UNDP sums up the importance of integration and coherence as follows:

UNDP Administrator, 2003, *The United Nations, the World Bank and the Millennium Development Goals: A New Framework for Partnership*

The PRSPs are a major breakthrough in development and we ... recognize and applaud them as such ... [Our] aim must always be to help ensure real alignment between MDGs and PRSPs ... we [have] unequivocally agreed that the UNDAF – is not an alter-

native to the PRSP. Rather it is an important but limited business instrument for ensuring the UN team's cohesion behind the overall national development strategy that will be increasingly expressed through the PRSP. And the fact that the World Bank is now an observer at the UNDG further underlines this new cooperation.

The ILO, as Chair of the UNDG's Working Group on PRS processes, underlined the importance of country ownership and the need to customize the MDGs to national circumstances and national medium-term goals and strategies. Integrating the MDGs fully into national priorities, policies and resource allocation decisions is of increasing importance. Most PRS papers finalized after mid 2001 refer to the MDGs; many use some of the MDG indicators as their national PRS indicators (see also Section 5C, tables). For example, Cameroon's PRS indicators illustrate strong alignment with the MDGs.

However, so far few PRSs include all the MDG indicators as national PRS indicators. This is in part because PRSs have shorter time intervals for reporting than do MDGs. Secondly, most governments prioritize country-specific poverty issues, monitored and reported on through national poverty monitoring systems (see Section 5); whereas MDG reporting is most often coordinated by local UNDP offices. Coordinating and linking national poverty monitoring and MDG monitoring is fundamental to the achievement of PRS objectives and the MDGs.

Are the MDGs affordable?

MDG 8 includes a commitment by developed countries to increase Overseas Development Assistance (ODA) in support of MDGs. Despite increases from some donors, ODA has been lagging. There is clearly not yet enough international financial assistance to achieve the MDGs in many of the poorest countries. Jeffrey Sachs, Special Advisor to UN Secretary General on the MDGs has pointed out that, "all that is needed is will[ingness] and farsightedness from donors. ... The problem is just money" he stresses, "... to do what's needed, [rather than doing only what's possible with] what's available". The 2004 Millennium Project Report highlights the role of the multilateral system (IMF, World Bank, UN) in providing countries with high-quality technical assistance to develop the best possible implementation plans for reaching the MDGs.

The ILO contribution in relation to the MDGs

According to the ILO Director-General :

... the ILO and its constituents should participate actively in the various bodies working on the drive to achieve the MDGs by ensuring that our mandate is fully integrated into a coherent international framework and the voice of employers' and workers' organizations occupies its rightful place.

The ILO also contributes to the data analyses of the Inter-Agency Expert Group, whose annual reports feed into the Secretary-General's report to the UN General Assembly on the implementation of the Millennium Declaration. The ILO's specific reporting role focuses on:

- MDG 3 (target 4, indicator 11): **The share of women in wage employment and in the non-agricultural sector** (under the direction of Bureau of Statistics, Policy Integration Department of the ILO).

Good practice: Aligning PRSs with MDGs

Cameroon's PRS indicators are aligned with the MDGs having included several MDG indicators. The PRSP (page 31–33) shows how much progress has already been achieved and provides measures for what is still needed to reach the goals

See: [World Bank poverty files](#)

There is an urgent need for renewed commitment by political leaders to open trade and increase aid and debt relief, to give developing countries a fair chance to reduce extreme poverty within their borders. See more about Sachs' speech

Cost estimates suggest that meeting the MDGs by 2015 will require an additional USD 50–75 billion per year in development assistance

DG report to the ILC 2003; *Working out of Poverty*

The Inter-agency Expert Group includes the UN Secretariat, different UN agencies, the BWIs, OECD and national experts from statistical offices and other agencies concerned with development data for the MDGs. It meets once a year to review the agreed indicators

GB, 2001, Poverty Reduction and decent work in a globalizing World

Anker, Richard, Igor Chernyshev, Philippe Egger, Farhad Mehran and Joseph Ritter, 2002, *Measuring Decent Work with Statistical Indicators*, Paper No. 2

An Asian example of a regional ILO approach to the MDGs

ILO paper submitted to the UNDG meeting July 2002; *ILO's work on the implementation of the MDGs*

For further information about how the ILO's work contributes to the attainment of the MDGs, fact sheets are being developed by the Policy INTEGRATION department (forthcoming) site

Further information of the new ILO MDG Intranet website (EXREL)

- MDG 8 (target 16, indicator 45): **The unemployment rate of 15 to 24 year olds** (under the direction of ILO EMP/TRENDS.) This work connects with the Youth Employment Network (YEN), a joint World Bank, UN, ILO initiative.

The ILO is also involved at the international level in:

- **The UN Experts Group** that advises the Millennium Project and the 2005 publication on the progress of reaching the MDGs (via the Policy Integration Department of the ILO).
- **Millennium Project Task Forces** that feed into this work, including Task Force 1 on halving poverty, which includes consideration of youth employment. Task Force 3 on gender equality and Task Force 8 on slum upgrading, all of which have ILO officials as members. Officials are invited based on their individual expertise.

The ILO's interests are not confined to only the MDGs it reports on directly. The primary entry point relates to MDG 1, since **decent and productive employment** is the main route out of poverty. An interagency task force is being set up to incorporate decent and productive employment across MDG indicators by analysing their impact on employment.

The challenge for many ILO country offices will be the alignment of their initiatives on decent work with other common frameworks. Linkages between the ILO Decent Work Agenda and the MDGs are being developed. Understanding how different combinations of decent work relate to poverty is critical. Towards this, the ILO is developing a core set of Decent Work Indicators (see table in Section 5C). It will be necessary to develop further the linkages between these, the MDGs and national PRSs.

Attaining the MDGs and the goal of decent work are likely to happen hand-in-hand. The Director-General's 2003 Report to the International Labour Conference sums up the links like this:

- **Rights:** without rights, the poor will not get out of poverty
- **Employment:** the principal route out of poverty is work
- **Protection:** poor people are unprotected people
- **Dialogue:** the way to solve problems peacefully; the ILO can offer those living in poverty its experience in dialogue and conflict resolution as a way of advancing their interests

Discussion points

- To what extent are MDGs incorporated into your country's national poverty monitoring system for PRS?
- What country-level activities are being undertaken to monitor progress on the MDGs? What role do ILO constituents play in this process?

Summary history of the MDGs

- The MDGs include the latest development issues such as debt relief, partnership, and economic growth through trade and development.
- In June 2000 the Special Session of the General Assembly on Social Development adopted a global goal of halving the proportion of people living in extreme poverty by 2015. This goal along with other commitments in **the Millennium Declaration** was adopted by 189 nations in September 2000.
- These goals were subsequently codified into the time-bound, measurable **eight MDGs**. The complete list with targets and indicators for the MDGs first appeared in September 2001 in a UN Document called *Road map towards the implementation on the United Nations Millennium Declaration*.
- In support of the MDGs a **Millennium Project** was launched to recommend the best strategies for achieving the MDGs. Over a period of three years the Project is working to devise a recommended plan of implementation that will allow all developing countries to meet the MDGs and thereby substantially improve the human condition by 2015.
- The March 2002 **Monterrey Consensus** provides a framework for partnership between rich and poor countries, as called upon by MDG8. This was reaffirmed in the September 2002 **Johannesburg Declaration on Sustainable Development**.
- The *Human Development Report 2003* proposes the **Millennium Development Compact** – a policy approach to achieving the MDGs.

See: *Road map towards the implementation on the United Nations Millennium Declaration*.
Human Development Report 2003

1E Coherence, coordination and country programming

Killick, T., 2004, *Politics, Evidence and the New Aid Agenda*

Aid Harmonization, the most useful website on harmonization issues

OECD, 2003, *DAC Guidelines and Reference Series: Harmonizing Donor Practices for Effective Aid Delivery*

UN, 2002, *Monterrey Consensus*

See: UNDG's September 2004 *Coordination Highlights*

World Bank President James D. Wolfensohn June 2002, at the 1st Roundtable on Better Measuring, Monitoring and Managing for Development Results, Washington, D.C.

(see issues briefs, development effectiveness)

UNDG, 2002, *Synthesis Report: Coordination for Results*

UNDG 2002, *Action Plan, Harmonization and Alignment*

Evaluation of UNDP's Role in the PRSP Process

Many countries have PRSs in place, and others are quickly coming on stream. PRSs represent **a process and not just a document**, with a wide range of ongoing implementation activities, workshops, reviews, and revisions. How do these link together?

In most countries the linkages and coordination between government, development partners, private sector and non-governmental initiatives are weak. However, there is a global push for improvement, often referred to as 'harmonization'. Many country-level efforts are taking place, illustrated in the growing number of annual Consultative Group meetings, *PRS Annual Reviews*, and forums to discuss public budgeting, expenditure and coordinated donor support.

Even though there is a long way to go in most countries, all partners have a strong desire to improve effectiveness and reduce transaction costs through coordinated efforts. The principles, as articulated at the **Monterrey Conference** (March 2002) highlight the need to build partnerships as a means of more effective progress towards the MDGs. Specifically, development agencies are encouraged to intensify efforts to:

harmonize their operational procedures at the highest standard so as to reduce transaction costs and make ODA disbursement and delivery more flexible, taking into account national development needs and objectives under the ownership of the recipient country.

The IFIs also recognise the importance of harmonization efforts created by the pressure on resources, and the pressure of poverty and inequity:

... it is crucial that we take the next step in coming together as a community not only to measure but also to affect the way in to which we manage and work with each other to ensure that we bring about results.

UN Agencies

For United Nations agencies at country level (like the ILO):

improving coordination to achieve results more effectively is a central element ... Aligning UN activities more coherently and ensuring that these in turn align with national processes and priorities will make the greatest impact on the lives of the people in the countries the UN services.

In many countries there is a recognized lack of clarity between the respective roles of UNDP, the UN Country Team (UNCT) and the IFIs. This is hampering a coherent approach by UN agencies. Reasons vary, but a recent UNDP report highlights as a key issue that some agency representatives appear to resist engagement, even when the agency's headquarters formally supports the process. Whatever the reason, coherence is proving an elusive goal despite steps being taken across the UN system, and by the ILO.

Good practice: ILO initiatives on engagement

Two examples of good practice include the Asia/Pacific region's training of facilitators for the forthcoming round of UNDAFs (2005); and the ILO active engagement in the joint strategic review of UN agencies' engagement in the PRS process in the United Republic of Tanzania (2004/05).

This push for coherent and well-coordinated support must bolster national ownership and capacity to manage development. UNDG reports regularly about country-level UN planning processes. The overall impression is that things are improving with:

- Increased support to national strategies and plans, including PRS papers
- Increased harmonization of UN programme cycles
- Better linkages between UN instruments (CCAs, UNDAFs, MDG Report), national processes (PRS papers) and national activities (including statistical activities)
- Sharper analysis and focus of operational activities through quality Common Country Assessments (CCAs) and UN Development Assistance Frameworks (UNDAFs)

Good practice: Practical moves in coherence and harmonization

The Cambodia UN Country Team has agreed to use the national poverty reduction strategy to fulfil the requirement for a UN Common Country Assessment (CCA). Similarly in the United Republic of Tanzania a CCA was deemed unnecessary in 2000 as preference was given to the use of analytical work underpinning the first PRS paper.

These moves, although not necessarily desirable in **all** countries, should be commended. One ILO field staff member reflected on it this way:

"The UN Teams successfully omitted one overarching framework (in Cambodia); we know all too well that there are too many development frameworks, declarations, goals, etc under which we work. It is not easy for governments to align all these and to report on achievements. Having one less framework above our heads really helps."

Nonetheless, the ILO Director-General emphasizes the need for further efforts.

For the first time (1995, Copenhagen Summit), the international community at the highest political level committed itself to the eradication of poverty as a global objective ... Since 1995, the United Nations family has increasingly reoriented its development approach ... at the UN Millennium Summit in 2000, the world's political leaders committed the community of nations to a **concerted coordinated** drive to reduce poverty ... the ILO is working with the Bretton Woods institutions to build the goals of employment and decent work into country-level poverty reduction strategies.

UNDAFs and PRSs

Efforts are increasing to link UN country planning frameworks, such as UNDAFs, and country PRSs. In 2001 only six countries had made this linkage; by 2003, some 43 were in the process. The key to in-country success is the UN Country Team (UNCT), which is established to ensure coordinated actions.

UNDG (2002) *Strengthening of the United Nations: an agenda for further change*

For more information on the ILO contribution to PRS, see:

Decent Work and poverty reduction strategies – country examples:

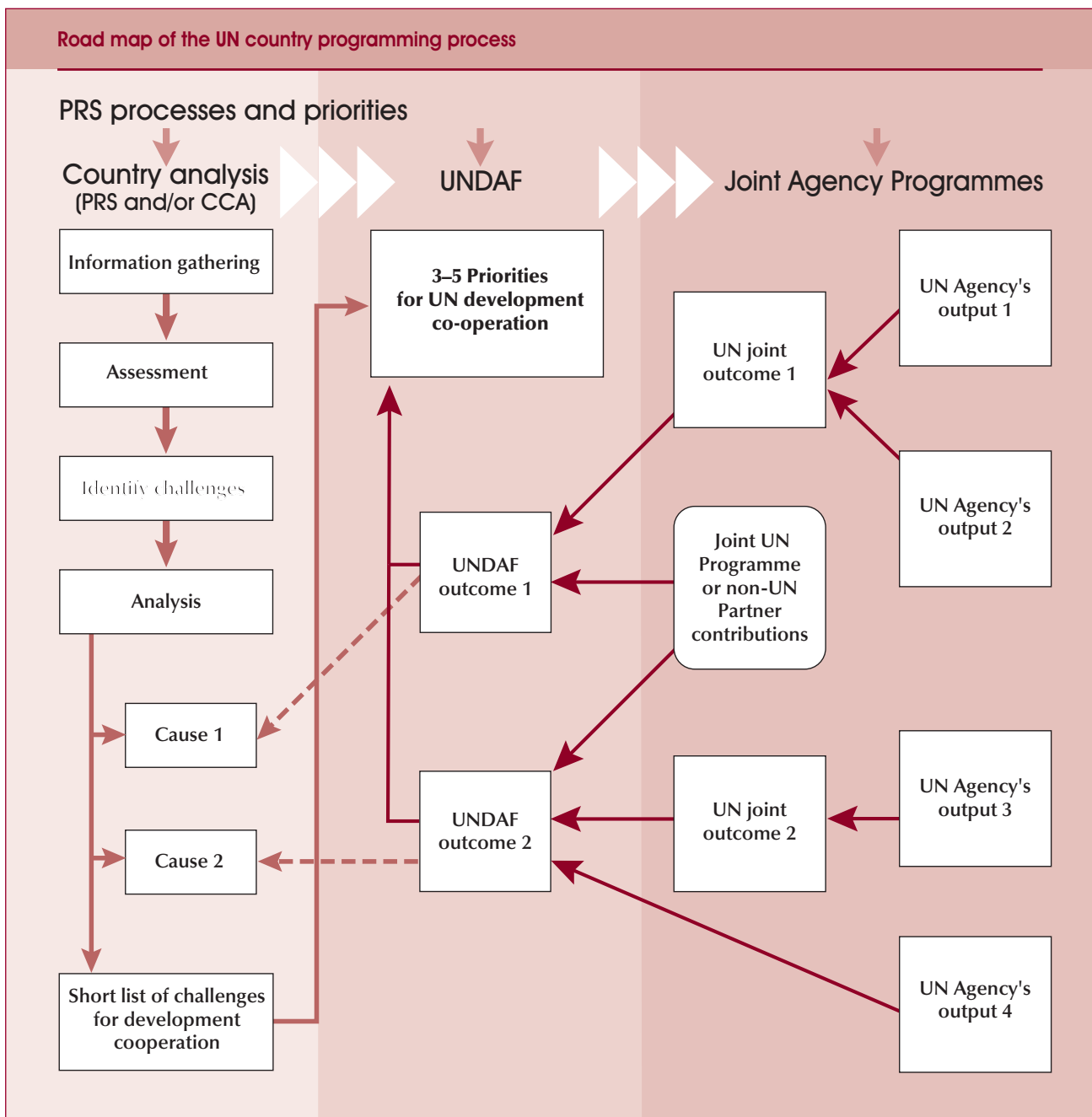
Buckley, G., 2003, *Social Dialogue and the PRSP Process in Cambodia: an Assessment*, ILO

and on Tanzania, see

Casale, G. and S. Pursey, 2002, *Towards a Decent Work Strategy for Poverty Reduction in Tanzania*, ILO IFP/DIALOGUE

ILO, 2003, *Working Out of Poverty* (pages 5, 14)

UNDG, 2002, *Synthesis Report: Coordination for Results*



UNDG, 2003, *Common Country Assessments and United Nations Development Assistance Framework: Guidelines for UN Country Teams*

Many lessons have been learned; those clearly relevant to the ILO include:

- UN agencies will become more effective development players when they unite around common UN messages in providing inputs to the PRS papers and its processes. The UNDAF is the vehicle for this and joint agency programming could improve impact.
- The CCA/UNDAF process should consistently follow the PRS process. Time frames set for UNDAF cycles should take account of, and harmonize with, PRS processes. To the extent possible, the analysis done for CCA and PRS papers should be combined, as has been the case in Cambodia and the United Republic of Tanzania.

- The provision of technical assistance by UN agencies to respective line ministries can often enable them to articulate their perspectives and concerns more effectively.
- The UN has an important role to play in identifying and strengthening the capacity of national partners to monitor poverty reduction. Increasing the national capacity for generating reliable, relevant statistics is critical for PRS and MDG monitoring, and it is a growing area of support for UN agencies. Further, stronger, bolder steps would be highly beneficial.

UNDP, 2003, *Evaluation of UNDP's Role in the PRSP Process*

Development partners: coordination and programming

Nearly all development partners have agreed in principle to align their programmes with national poverty strategies, such as PRSs. Yet much remains to be done to achieve this objective. The dominant view from country governments, given at a World Bank conference (2004) is that governments should take the lead in coordinating and aligning development partners' contributions, and that the partners need to accept and defer to their leadership. There is also recognition by some governments that alignment of development partners would be facilitated by greater prioritisation within PRSs (especially true in countries with PRS papers formulated since 2002).

Review of the PRS approach: Main Findings

Killick, T., 2004, *Politics, Evidence and the New Aid Agenda*

Good practice: Practical harmonization and simplification

Mozambique is an interesting model of new development cooperation and effectiveness; it is one of the pilot countries for OECD/DAC donor harmonization and simplification. Yet it also illustrates a challenge for UN agencies. Coordination is led by the Development Partners Group (DPG), with UNDP and World Bank as co-chairs, and all Heads of Mission as partners. It provides an entry point for communications with government. However its relevance has been partly overtaken by the dialogue created by the G16 (donors engaged in budget support). The UN is reviewing its role as bilaterals gain strength in influencing through high-level in-country policy expertise, considered to be less burdened with micro management of projects than is UN expertise. The UN is carefully considering their comparative advantage, leaning towards a capacity-development role, and recognising the need to minimize UN theme groups and instead engage in nationally-led PRS groups. These issues in Mozambique mirror similar challenges in other countries (Cambodia, Ethiopia, Malawi, United Republic of Tanzania and Vietnam).

OECD-DAC (2004), *Survey on Progress in Harmonisation*

Although alignment is a challenge for all development partners, the World Bank and IMF have a particular responsibility to show willingness and ability to do so. For the Bank the key step will be to align their Country Assistance Strategies (CAS), in timing and substance, with PRS preparation and revision. The principle that CASs should be based on PRS papers is set out in new draft CAS guidelines. For the IMF the key challenge is to align the PRGF with the PRS. Linkages are to date still weak. Both institutions nonetheless accept as 'good practice' the disclosure of lending and grant documents associated with PRSs (i.e., PRGF, PRSC, and Structural Adjustment Credits from both the Bank and IMF).

See Glossary at end of the *Manual* for definitions of CAS, PRSC and PRGF

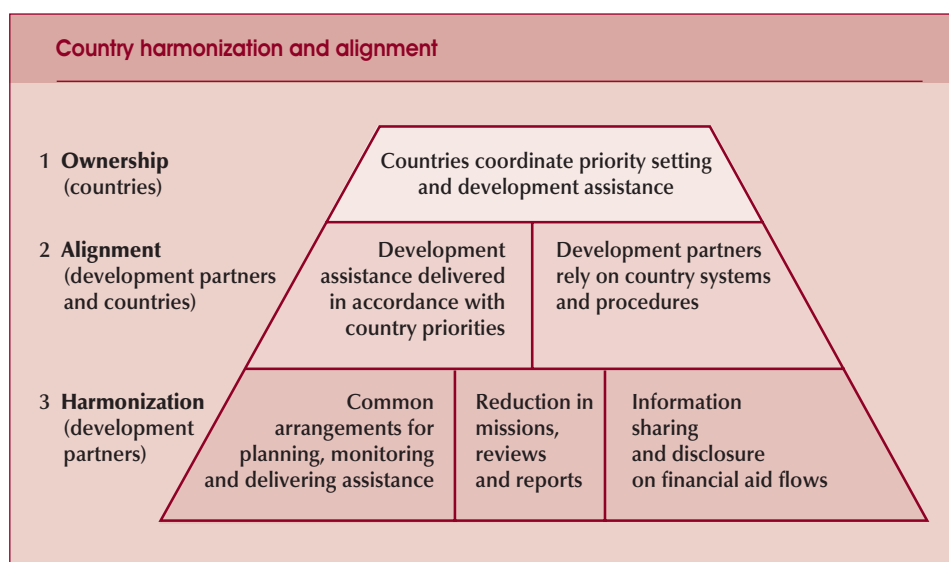
World Bank, *Country Assistance Strategies*

CASs are country-specific business plans which guide the work of the World Bank

Overall, good practices for **all** development partners include:

- **Alignment of organizational plans** with PRS papers, including performance targets, conditions, and choice of instruments against PRS objectives
- **Using consultative groups** and similar forums to identify alignment issues

- **Reducing the heavy burden** on countries by harmonizing and simplifying procedures and reporting
- **Expanding ‘programmatic’ support** through sector-wide approaches; shifting from micro projects
- **Supporting national analysis and research**, rather than agency-driven agendas and reports



What is the best strategy of engagement for ILO?

Sequencing refers to the order in which each potential priority is put forward for consideration. It is country specific and requires strategic thinking

Advice from the field is to avoid trying to board the PRS train with too many pieces of luggage. In other words, be strategic about the focus of work. Make sure that whatever is chosen links well with nationally-set priorities and is the most relevant to the Decent Work Agenda. Recognize that everything cannot, and should not, be done at once; sequencing is important to ensure adequate time for capacity building and national leadership. This does not mean that projects and programmes should cease, but that their relevance to the PRS process may not yet be a national policy priority. Concentrating on one or two well-defined areas of concern and associated actions is far more likely to have impact than trying to push for a wide range of priorities. This holds true throughout the PRS processes: from the formulation through implementation, annual reviews and eventual revisions.

Decent Work Country Programming

Goldin, I. (et al), (undated,) *The Role and Effectiveness of Development Assistance*

For ILO, Decent Work Country Programmes should align with national development priorities. This may mean re-aligning some projects and programmes. This is not only true for ILO, but applies to many development partner organizations. It requires an understanding of the landscape of national frameworks, whether PRSs, Five-Year Plans, or other nationally-defined instruments. It also requires consideration of the relationship between these frameworks and various ministries' sectoral plans.

Such coherence may require 'light' alignment, simply clarifying links between each country programme/project and PRS priorities; or it may need 'deeper' alignment, involving concentrating or adjusting priorities and thus adjusting project resources. Whatever the extent of alignment, the time it takes should not be under-

estimated nor should the influence of broad organizational objectives on the final choices of priorities. For the ILO, alignment essentially means examining the national priorities and determining the extent to which the country programme (and projects) will mirror these. Therefore, working coherently may require enhanced prioritisation on needs as defined nationally. The challenge in many locations will be striking a balance between national PRS priorities and those of the constituents' where they are not one and the same.

Decent Work Pilot Programmes give useful insights, including in relation to balancing priorities. They have been derived by integrating locally-identified needs with ILO strategic priorities as set out in the overall Programme and Budget. They reflect both the expressed needs of local constituents with respect to decent work and the field office's remit, considering its comparative advantage as a development partner.

Good practice: Strategic prioritization

Ghana's Decent Work Pilot Programme offers a useful example of strategic prioritization. It focuses on the theme, "productive and decent work in micro- and small enterprises: a development strategy for the informal economy". It uses a local development approach, and gradually develops collaborations and synergies on the basis of common analysis of the main issues and the best strategies to tackle them. The rationale for this is that small enterprises in Ghana are all confronting similar issues in relation to levels of productivity, working conditions, skills formation, integration of younger workers, earning levels, application of basic rights, social protection, safety and health, organization and negotiation: all ILO areas of technical work. This theme area is of key concern expressed in Ghana's PRSP, therefore the programme is perceived as helping to implement national priorities

Guidance on country-level planning processes is provided by PROGRAM. The overall emphasis is on Decent Work Country Programming as a participatory tool for ILO staff and constituents. It begins with problem analysis and lesson learning from experience to date and, increasingly, bases priorities on those agreed through national frameworks such as the PRS. Medium term outcomes, a resource implementation plan, and monitoring & evaluation mechanisms are also required. This planning process is described in detail in the Strategic Management Module (SMM), part of the IRIS system.

Decent Work Pilot Programme:

Bahrain
Bangladesh
Denmark
Ghana
Kazakhstan
Morocco
Panama
Philippines

IRIS/SMM

Click on the link "Log in as guest user"

Discussion points

- Does the ILO Decent Work Country Programme follow and support the priorities of the PRS? Why/why not?
- What are the links between your Country Programme and the UNDAF? What are the challenges and issues involved in this? Factors to consider include: the political context, the stage of PRS and UNDAF development, the focus of ongoing ILO constituent priorities, and the ILO human resource capacity.
- Have new priorities been introduced into your country programme and old themes phased out? Why/why not?
- What alignment issues do you consider most urgent and essential (within ILO; within the UN system; within the development partner community)? Why? What resource implications (both financial and human) might these have?
- Are consultative groups and similar forums used effectively to identify important issues (including harmonization) between, and across, development partners? Why/why not?
- What support, if any, is the ILO giving to multi-agency programmatic approaches, and to nationally-led and defined research and analysis?

Progress on PRSs to date 1F

From the beginning of the PRS process (1999) until June 2004, 40 countries had prepared full PRS papers and this number continues to increase (the World Bank and national websites carry updated information). Six countries have presented progress reports to the Board during this same period and five have reached their third year of implementation. Revisions by those in their third year began in late 2003 in Uganda, the United Republic of Tanzania and Burkina Faso. Most PRS countries are in Africa; but a growing number are emerging in Europe and Central Asia. A list of links to each PRS paper is provided at the end of this Section. Updates on progress reporting and reviews (JSAs) can be found on the links provided here.

World Bank, 2004, Board Presentations by Region

World Bank has a PRSP Document Library

PRSP Documents are on the IMF web site

An evolving process

The World Bank's vision of the PRS concept is that it will evolve over time, in the light of in-country experience. It is important that PRS papers are of good quality, but expectations must take account of individual country circumstances. In many countries, capacity to undertake poverty diagnostics (described in the macroeconomic and Poverty Status chapters of PRS papers), to manage a national-scale consultative process, and to formulate poverty policies linked to budget allocations has been limited. The depth of analysis in PRS papers has varied with initial capacity, availability of good up-to-date data and clear understanding of expectations for I-PRSP/PRS contents. The trend has been for PRS papers to become longer, and less prioritized in terms of specific sectoral prioritization and reforms.

IMF Reports and Publications are arranged by Country

IMF, 2000, Guidelines for content of I-PRSP

Overall lessons from PRS design and implementation include the following:

- PRS papers are not nice neat little documents: indeed many of the most recent ones are over 200 pages, whereas the first PRS papers (Uganda and the United Republic of Tanzania) averaged just 80 pages.
- Producing PRS papers is taking longer than expected (averaging 26 months). In countries in conflict, PRS papers are taking longest and many face deep-rooted governance challenges.
- PRS papers are now implanted into the international development architecture as key tools for national planning and development assistance.
- PRS papers are burdened with multiple and sometimes contradictory objectives (e.g. growth versus social spending, partnership versus delivery, etc). Decisions as to whether to focus a PRS paper narrowly or broadly must be made by the countries themselves. Development partners, including the the ILO, need to engage in this.

John Page, Director, Poverty Reduction, World Bank at a Workshop on PRSP for ILO Country Offices – Turin, Italy, 16–19 September 2003

The Poverty Reduction Strategy Initiative, An Independent Evaluation of the WB's Support through 2003

IMF/World Bank, 2003, PRSPs – Progress in Implementation

DAC Guidelines on Poverty Reduction – Chapter 2

Institute of Development Studies, 2002, *Consultation and empowerment: Governance implications of Participatory Public Policy Formulation in six developing countries*. A collaborative policy research programme

- Public consultations are proving a challenge in PRS processes; it is not always clear how the dialogue influences policies and implementation. Some argue that it is an exercise in ‘social engineering’ and co-option; others view it as a calculating approach to focusing the public on the process rather than on substantive PRS issues.
- Harmonization and scaling up of development efforts is an important part of the way forward and much more integration of development assistance into national poverty strategies is required in order to reduce transaction costs.

Country level lessons have revolved around the following:

National Democratic United Nations, 2003, *Strengthening Parliamentary Involvement in the PRS Process and MDGs*

- Social-sector public spending is increasing, especially in health, education and rural development.
- Parliaments and elected officials are beginning to take a growing part in the process.
- Sectoral ministries have often felt excluded, although they are increasingly feeling the need to engage.
- Ministries of finance (MoF) must be engaged. In cases where they are, decisions tend to be more connected to public expenditure; this is vital.
- Both service delivery and growth are vital to strategic approaches to poverty reduction and must be addressed in PRS papers.

ICFTU, 2000, *Trade Unions should get involved in Poverty Reduction Strategies*

- Organized labour should engage. This is a major challenge as often it has not happened. The degree of participation has varied widely depending on country political structures and traditions. Several countries have built on existing labour practices during the process of national PRS consultations.
- Verbal recognition of the need for development-agency coordination is prevalent, but putting it into practice is proving tough. There has been minimal progress in removing agency flags. Countries are increasingly encouraging development partners to align with national efforts, **not** to have separate projects, programmes and priorities.

World Bank/IMF, 2003, *PRSP – Progress in Implementation*

Tensions

At the country level, several aspects have produced tensions, including:

Accountability and monitoring. The challenge is to shift PRSs closer to national structures (such as parliaments) that are accountable to the public for public expenditure, away from being mainly accountability to development partners.

Good practice: Accountability and monitoring

Uganda is a useful example of how accountability can be enhanced. It has made significant strides in enhanced transparency and accountability in the budget management process, at local and national levels. The Poverty Action Fund (PAF) has contributed to government expenditure on poverty-reducing activities and institutionalizing the reporting systems.

Uganda's PER

Everyone wants to engage with PRSs – all stakeholders want their interests included in the documents. Prioritization is however vital – decisions on priorities have to be taken. But whose priorities count – parliamentarians, finance ministries, donors, World Bank/IMF, civil society and/or constituents? The ILO and constituents focus on the inclusion of labour and social issues as PRS priorities.

Inconsistency between the problem identification sections of PRS papers (Poverty Status chapters) and the proposed strategies to address them tend to be inadequate. Only some countries include a policy matrix, normally annexed to the main PRS document. These matrixes specify actions and time frames.

Growth targets: the World Bank and IMF are increasingly encouraging governments to be more realistic in their macroeconomic projections incorporated in PRS papers. Most growth projections have proved over optimistic and required downward revision.

What focus is needed in our further efforts on PRSs?

- The budget is central to the provision of allocations and therefore to government actions. Budget processes are key mechanisms to be monitored to ensure that resources are allocated and used for priority poverty-reducing actions. Public Financial Management (PFM) systems must be strategically strengthened as a matter of priority.
- Most countries need to have budgeting and Public Expenditure Review (PER/MTEF) processes strengthened.
- Poverty monitoring systems need to be strengthened, including their statistical capacity and MDG reporting. Country ownership of indicators is key; blueprinting the MDGs onto a country is not advisable (see Sections D1 and 5).
- Mid-course corrections to PRS processes must be promoted. If a country omits something, corrections should be possible; this is why annual PRS reviews and revisions are so important. The PRS paper only tells part of the story. *Annual Reviews*, and country analytical documents are also important (see Sections 4B and 6).

See Section 3 for more information on public budgeting and finance

PER/MTEF: Public Expenditure Reviews/Medium Term Expenditure Frameworks

The Decent Work Agenda: the ILO role

The ILO is working to ensure that rights at work, employment, social protection and social dialogue form an integral part of PRS processes. The PRS process provides a framework through which the ILO, together with its constituents, can broaden participation and national ownership through social dialogue. This may involve analytical work, in close collaboration with national authorities, on the role of decent work in poverty reduction. It is equally important to strengthen the advocacy capacity of constituents to influence the variety of stakeholders in the PRS process; to provide technical support to national programmes on decent work and poverty reduction (e.g. to scale up national social-protection schemes; to enhance micro finance through the credit union movement; and to ensure regular Labour Force Surveys (LFSs).

The ILO Committee of Experts on the Application of International Labour Standards is monitoring the PRS processes with a view to ensuring that those countries that have ratified the Employment Convention (No.122) include the promotion of employment in their PRSs.

ILO 2002, GB.285/ESP/2, 285th session, November

ILO Circular No 232, 20.08.2002: *ILO participation in the PRSP Process*

In the early stages of PRSs, strengthening Labour Force Surveys may take priority ILO support, but also strengthening statistical output from other household surveys, establishment surveys and administrative records may be needed in the medium term

Table 1.2 Countries covered by the PRS initiative that have ratified the Employment Convention (No. 122), by region

Region	No	Countries
Africa	7	Cameroon, Guinea, Madagascar, Mauritania, Senegal, Uganda, Zambia
Asia	2	Cambodia, Mongolia
Latin America and Caribbean	3	Bolivia, Honduras, Nicaragua
Europe	8	Armenia, Azerbaijan, Bosnia-Herzegovina, Georgia, Kyrgyz Republic, Moldova, Serbia-Montenegro, Tajikistan
Middle East and North Africa	2	Djibouti, Yemen

[Link to Convention 122](#)

These efforts must, in every case, underline the point that poverty reduction involves growth which is pro-poor. This is why the concept of decent work, which brings together the economic and social goals in people's lives, is so important to poverty reduction.

Table 1.3 Individual country's PRSPs

Country	PRSP	I-PRSP	Country	PRSP	I-PRSP	Country	PRSP	I-PRSP
Africa			Mozambique	Sep 01		Georgia	Nov 03	
Benin	Mar 03		Niger	Feb 02		Kyrgyz Republic*	Feb 03	
Burkina Faso	Jun 00	Jan 04	Rwanda	Aug 02		Macedonia		Dec 00
Burundi			Sao Tome & Principe		Apr 00	Moldova *		Dec 00
Cameroon	Jul 03		Senegal	Dec 02		Serbia & Montenegro	Mar 04	
Cape Verde		Apr 02	Sierra Leone		Sep 01	Tajikistan		Dec 02
Central Africa Republic		Jan 01	Tanzania *	Nov 00		Middle East & North Africa		
Chad	Nov 03		Uganda	May 00		Djibouti	Jun 04	
Congo, DR		Jun 03	Zambia	May 02		Yemen	Aug 02	
Cote d'Ivoire		Mar 02	East Asia & South Pacific			South Asia		
Ethiopia *	Sep 02		Cambodia *	Feb 03		Bangladesh		Jun 03
Gambia	Jul 02		Indonesia *		Apr 03	Nepal *	Nov 03	
Ghana *	May 03		Lao		Apr 01	Pakistan	Mar 04	
Guinea	Jul 02		Mongolia	Sep 03		Sri Lanka	Apr 03	
Guinea Bissau		Dec 00	Vietnam *	Jul 02		Latin America & The Caribbean		
Kenya	May 04		Europe & Central Asia			Bolivia	Jun 01	
Lesotho		Mar 01	Albania	Jun 02		Dominica		Dec 03
Madagascar	Nov 03		Armenia	Nov 03		Guyana	Sep 02	
Malawi	Aug 02		Azerbaijan	May 03		Honduras *	Oct 01	
Mali *	Mar 03		Bosnia-Herzegovina	Jun 04		Nicaragua	Sep 01	
Mauritania	Feb 01							

* Main focus of the ILO's engagement in the PRS process (as of early 2004).



Section 1 web references

1A The ILO perspective

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OECD, The DAC Guidelines on Poverty Reduction	http://www.oecd.org/dataoecd/47/14/2672735.pdf
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I-PRSPs & Joint Staff Assessments	http://www.imf.org/external/np/prsp/2000/prsp.htm#AnnexVI
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 - Bangladesh <http://www.ilo.org/public/english/bureau/dwpp/countries/bangladesh/index.htm>
 - Denmark <http://www.ilo.org/public/english/bureau/dwpp/countries/denmark/index.htm>
 - Ghana <http://www.ilo.org/public/english/bureau/dwpp/countries/ghana/index.htm>
 - Kazakhstan <http://www.ilo.org/public/english/bureau/dwpp/countries/kazakhstan/index.htm>
 - Morocco <http://www.ilo.org/public/english/bureau/dwpp/countries/morocco/index.htm>
 - Panama <http://www.ilo.org/public/english/bureau/dwpp/countries/panama/index.htm>
 - Philippines <http://www.ilo.org/public/english/bureau/dwpp/countries/philippines/index.htm>
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http://www.accessdemocracy.org/library/1684_gov_poverty_public_050504.pdf
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http://www.afrol.com/Categories/Economy_Develop/pov001_trade_unions.htm
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 Uganda's PER
http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2002/11/16/000094946_02110604071066/Rendered/PDF/multi0page.pdf
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<http://www.ilo.org/public/english/standards/relm/gb/docs/gb285/pdf/esp-2.pdf>
- ILO participation in the PRSP Process*
<http://www.ilo.org/iloroot/intranet/english/bureau/program/mas/circulars/2/n232rac/index.pdf>
- Link to Convention 122*
<http://www.ilo.org/ilolex/english/convdisp1.htm>
- Individual Country's PRSPs:
 Africa
- Benin http://poverty.worldbank.org/files/13970_Benin_PRSP.pdf
 - Burkina Faso <http://poverty.worldbank.org/files/Burkina%20Faso%20PRSP.pdf>
 - Burundi http://poverty.worldbank.org/files/Burundi_IPRSP.pdf
 - Cameroon http://poverty.worldbank.org/files/Cameroon_-_PRSP1.pdf
 - Cape Verde http://poverty.worldbank.org/files/CV_IPRSP.pdf
 - Central Africa Republic <http://poverty.worldbank.org/files/cenafrika%20iprsp.pdf>
 - Chad http://poverty.worldbank.org/files/Chad_PRSP.pdf
 - Congo, DR http://poverty.worldbank.org/files/DRC_IPRSP.pdf
 - Cote d'Ivoire http://poverty.worldbank.org/files/Cote_Divoire_IPRSP.pdf
 - Ethiopia http://siteresources.worldbank.org/INTETHIOPIA/Overview/20207639/2002_07_prsp.pdf
 - Gambia http://poverty.worldbank.org/files/12016_GambiaPRSP.pdf
 - Ghana http://poverty.worldbank.org/files/Ghana_PRSP.pdf
 - Guinea http://poverty.worldbank.org/files/12082_Guinea_PRSP.pdf
 - Guinea Bissau <http://poverty.worldbank.org/files/guineabissau%20iprsp.pdf>
 - Kenya <http://poverty.worldbank.org/files/Kenya%20IPRSP.pdf>
 - Lesotho <http://poverty.worldbank.org/files/lesotho%20iprsp.pdf>
 - Madagascar <http://www.imf.org/external/pubs/ft/SCR/2003/CRO3323.pdf>
 - Malawi http://poverty.worldbank.org/files/Malawi_PRSP.pdf
 - Mali http://poverty.worldbank.org/files/Mali_PRSP.pdf
 - Mauritania http://poverty.worldbank.org/files/mauritania_prsp.pdf
 - Mozambique http://poverty.worldbank.org/files/Mozambique_PRSP.pdf
 - Niger http://poverty.worldbank.org/files/9355_NigerPRSP.pdf
 - Rwanda http://poverty.worldbank.org/files/Rwanda_PRSP.pdf
 - Sao Tome & Principe <http://poverty.worldbank.org/files/sao%20tome%20principe%20iprsp.pdf>
 - Senegal http://poverty.worldbank.org/files/Senegal_PRSP.pdf
 - Sierra Leone http://poverty.worldbank.org/files/Sierra_Leone_IPRSP.pdf
 - Tanzania <http://poverty.worldbank.org/files/TanzaniaPRSP.pdf>
 - Uganda <http://poverty.worldbank.org/files/Uganda%20IPRSP.pdf>
 - Zambia http://poverty.worldbank.org/files/11240_Zambia_PRSP.pdf

East Asia & South Pacific	
Cambodia	http://poverty.worldbank.org/files/cambodia_PRSP2.pdf
Indonesia	http://poverty.worldbank.org/files/14019_Indonesia_I-PRSP.pdf
Lao	http://poverty.worldbank.org/files/lao%20iprsp.pdf
Mongolia	http://poverty.worldbank.org/files/Mongolia_PRSP.pdf
Vietnam	http://poverty.worldbank.org/files/Vietnam_PRSP.pdf
Europe & Central Asia	
Albania	http://poverty.worldbank.org/files/Albania_PRSP.pdf
Armenia	http://poverty.worldbank.org/files/Armenia_PRSP.pdf
Azerbaijan	http://poverty.worldbank.org/files/Azerbaijan_PRSP.pdf
Bosnia-Herzegovina	http://siteresources.worldbank.org/INTPRS1/Resources/Country-Papers-and-JSAs/bosnia_prsp.pdf
Georgia	http://poverty.worldbank.org/files/Georgia_PRSP.pdf
Kyrgyz Republic	http://poverty.worldbank.org/files/Kyrgyz_PRSP.pdf
Macedonia	http://poverty.worldbank.org/files/macedonia%20iprsp.pdf
Moldova	http://poverty.worldbank.org/files/Moldova_IPRSP.pdf
Serbia & Montenegro	http://www.1worldbank.org/prem/poverty/strategies/cpapers/serbia_prsp.pdf
Tajikistan	http://poverty.worldbank.org/files/Tajikistan_PRSP.pdf
Middle East & North Africa	
Djibouti	http://poverty.worldbank.org/files/djibouti_prsp.pdf
Yemen	http://poverty.worldbank.org/files/Yemen_PRSP.pdf
South Asia	
Bangladesh	http://poverty.worldbank.org/files/14223_Bangladesh_IPRSP.pdf
Nepal	http://poverty.worldbank.org/files/Nepal_PRSP.pdf
Pakistan	http://poverty.worldbank.org/files/15020_Pakistan_PRSP.pdf
Sri Lanka	http://poverty.worldbank.org/files/Sri_Lanka_PRSP.pdf
Latin America & The Caribbean	
Bolivia	http://poverty.worldbank.org/files/bolivaprsp.pdf
Dominica	http://poverty.worldbank.org/files/Dominica_IPRSP.pdf
Guyana	http://poverty.worldbank.org/files/Guyana_PRSP_main_text.pdf
Honduras	http://poverty.worldbank.org/files/Honduras_PRSP.pdf
Nicaragua	http://poverty.worldbank.org/files/Nicaragua_PRSP.pdf



Section 2

Preparing a PRS

2A PRS cycles and structures

Although there are variations between countries in the preparation processes of I-PRSPs, full PRS papers and PRS revisions, a general cycle is evident as illustrated in the diagram on page 2:3. The details differ, and the scope for engagement by the ILO and social partners is potentially very wide.

IMF and World Bank, 2002;
*Review of the Poverty Reduction
Strategy Paper (PRSP) Approach:
Early experience with Interim
PRSPs and Full PRSPs*

World Bank/IMF country timelines

The pace at which countries prepare PRS papers has been slower than originally anticipated by the World Bank/IMF and the question of ‘speed versus quality’ has been one of the most debated issues especially in relation to the consultative process.

The PRS cycle is benchmarked by the production of key documents (I-PRSPs, PRS papers and revised PRSs). Production of these is interspersed with consultations and analytical assessments of progress (*Annual Progress Reports, Joint Staff Assessments* and national reports on poverty). The planned timetable for documents to be submitted by each country to the World Bank/IMF Board is on the internet.

Who prepares PRS papers?

The key actors vary at each point in the cycle. A commonly asked question is: who writes the full PRS paper? Government leads the process, but in most cases it is an iterative process involving a wide range of institutions and a broad-based consultation. The findings from the process are then written up by persons within government or considered as expert advisers. There are usually two or three drafts, circulated publicly.

The consultative phase, a key point for **social partner** engagement, takes place between the I-PRSP and full PRS paper’s production, and subsequently during annual consultations on PRS progress and during PRS revision. Annual consultations are part of gauging progress during implementation and are very important during the year of PRS revision (3–5 years after the first PRS paper is approved).

In most countries there are particular institutional arrangements for the PRS process. Special committees are put in place to retain oversight. The most high-level is commonly a committee of ministers, most often presided over by a high-level government official such as the Prime Minister (e.g., Mauritania). A **PRS technical committee** serves this higher committee and is responsible for regular decision taking. The chairperson is often a senior official from the ministry of finance or planning. The membership of the Technical Committee sometimes includes civil society organizations, research institutes and line ministry representatives. World Bank officials are sometimes present and occasionally UN technical advisers are ex-officio members. Donors and other development partners are rarely represented.

Link to PRSPs in:
Niger
Mauritania
Tanzania

The PRS technical committees are serviced by departments within government. For example, in Niger this is based in the Executive Office of the Prime Minister; in the United Republic of Tanzania it is in the Poverty Eradication Division of the Vice President’s Office; and in Mauritania it is in the Ministry of Economic Affairs and Development. The key point is that there are several spheres and layers of influence

in the institutional arrangements of PRSs, and it is important to be strategic about how and with whom to engage.

Technical working groups are often established for the drafting and monitoring of the PRS. These involve a wide range of civil society, research institutes, social partners, and development agencies. Working groups tend to be structured around particular areas (health; education, agriculture, etc.) or around themes such as human capability or pro-poor growth.

How the ILO can engage in the cycle?

Making the link between this cycle of events and institutional arrangements, and the government planning process is vital for effective engagement. In particular it is important to understand how the PRS cycle fits into the budgeting processes of government (both at local and national levels). It is also important to understand the link with public expenditure reviews (PER) and medium term expenditure frameworks (MTEF). Further discussion of public finance and its links is provided in Section 3.

Good practice: PRS cycle and the budgeting process

The Mozambique PRS paper and Uganda's Poverty Eradication Action Plan (PEAP) provide useful models of linking institutional arrangements and the government planning and budgeting process. In Nepal the National Planning Commission together with the Ministry of Finance use employment as a key indicator for public spending/ investment decisions.

Mozambique PRSP (pg 8–9)

Uganda PEAP, (pg 19)

Nepal, see: *Decent Work For Poverty Reduction: An ILO contribution to the PRSP in Nepal*

Finally, development partners' own country frameworks of assistance often link to, and influence, the PRS process. Chief among these is the World Bank's Country Assistance Strategy (CAS). The CAS determines the framework for the Bank's portfolio of future and existing loans. It is important to know the timing of the CAS preparation in each country. In principle CAS preparation should be informed by the PRS process; however, in some countries CAS preparation precedes, or takes place simultaneous to, the preparation of the full PRS paper (or its revision).

Despite the institutions' statements of principle, in reality CAS and the lending frameworks of the World Bank and IMF (i.e. PRSC and PRGF) sometimes precede PRS formulation. The influence and implications of this runs deep. Research and analytical work underpin the CAS (often as studies summarized in a World Bank Country Economic Memorandum). In some countries tensions exist between the IFI-determined research agenda and methodologies, and those of national stakeholders (Pakistan Uganda, United Republic of Tanzania, Zambia,). Resources and technical skills available to the IFIs for research weigh in their favour. UN agencies may have a strong role to play in re-enforcing national ownership of research and information. The core IMF and World Bank speciality areas are summarized in Section 2C1.

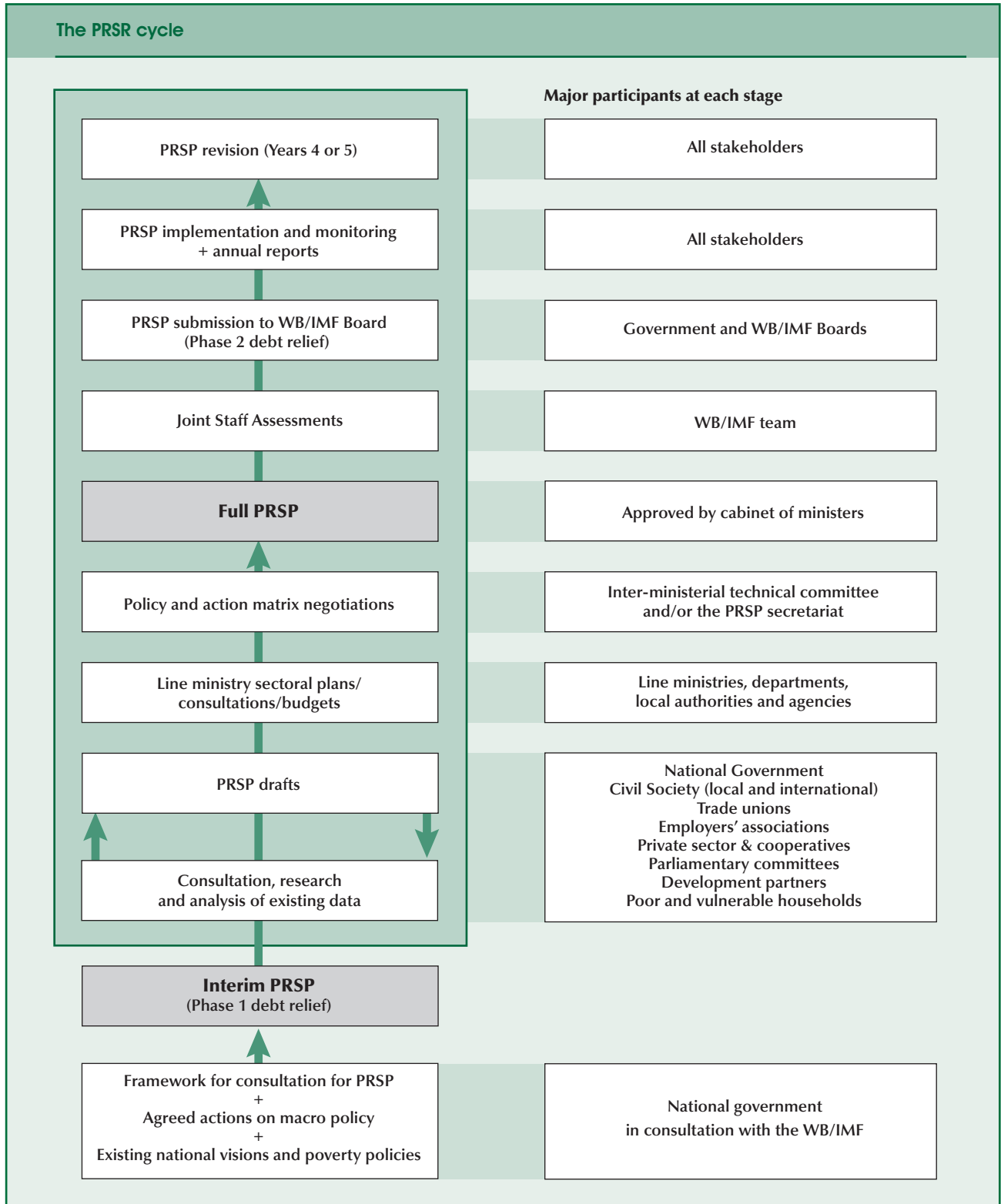
World Bank Country Assistance Strategies

It may be useful to produce a timeline matrix of PRS, UNDAF, CAS and ILO strategic programming

Discussion points

- Are staff and constituents well informed about the Annual Reviews, the Consultative Group (CG) meetings, Public Expenditure Reviews, and public budget formulation?

- Given the institutional arrangements in your country, what (and when) are the most strategic points of influence?
- When, and what, research is undertaken by the World Bank and IMF? Is it coordinated with nationally determined research? How does it influence the PRS process?



What do PRS papers (normally) contain? 2B

Given that PRS papers should be country owned and context specific there can be no hard blueprints for what they should contain. However, given the way in which poverty is understood and the patterns of assistance from development agencies, commonalities are to be expected. The outline below indicates recent trends in what is a necessarily a fluid and fast-changing situation.

Guidebooks have been prepared to assist with the process of developing PRS papers. Notable amongst these are the *PRS Sourcebook* from the World Bank and *DAC Guidelines on Poverty Reduction* from the OECD.

[World Bank Sourcebook](#)

[DAC Guidelines on Poverty](#)

The World Bank has specific country PRSPs and JSAs online

Content of a PRS paper	
<p>Macroeconomic and structural issues</p> <ul style="list-style-type: none"> Growth and employment Economic framework Fiscal and monetary policies Trade policy and markets Privatization 	<p>Private sector</p> <ul style="list-style-type: none"> Enabling environment for business Informal economy Cooperatives Credit/banking Information and communication technology Natural resources for production
<p>Poverty status</p> <ul style="list-style-type: none"> Rural and urban poverty diagnostic Inequality, social welfare, ethnicity, youth, gender Agriculture and land reform 	<p>Infrastructure</p> <ul style="list-style-type: none"> Energy Transport Water and sanitation Utilities
<p>The consultative process</p> <p>(<i>The who, how, where, and when of wide ranging social dialogue</i>)</p> <ul style="list-style-type: none"> Process to date Future commitments 	<p>Poverty monitoring and analysis</p> <ul style="list-style-type: none"> Institutional arrangements for poverty monitoring PRSP indicators, targets and MDGs Strengthening statistical systems
<p>Good governance</p> <p>(Sometimes treated as a cross-cutting issue)</p> <ul style="list-style-type: none"> Legal/ regulatory/ judicial reform Civil-service reform Local-government reform/decentralization Public financial management Corruption 	<p>Cross-cutting Issues</p> <ul style="list-style-type: none"> Gender HIV/AIDS Environment Strategic communication in PRS paper Community-driven development
<p>Human development/capability</p> <ul style="list-style-type: none"> Health/nutrition Education Human rights Social protection/ social inclusion/ vulnerability/safety nets Labour market 	<p>Policy matrix</p> <ul style="list-style-type: none"> Objectives, progress to date, planned actions Costing, financing, budgeting, and medium-term expenditure frameworks
	<p>Country specific topics</p> <ul style="list-style-type: none"> Child labour Migration Conflict/security/disaster preparedness Human trafficking Food security

IMF, 1999, *Questions for Country Authorities to consider when designing a PRSP*

Other lists that help to chart what might be included in a PRSP:

IMF, 2001, *Guidelines for Joint Staff Assessment of a Poverty Reduction Strategy Paper*

UNDG 2003, *UN country Team Engagement in PRSPs*

Sixteen questions

The following list of questions from the World Bank and IMF guides the process of information gathering and analysis for preparing the contents of the first PRS paper in most cases.

Obstacles to poverty reduction

- 1 What are the key patterns of poverty in its various dimensions?
- 2 How are these influenced by the level and pattern of growth; public policy; public service provision; social and institutional functioning; and by exogenous shocks?
- 3 What are the main obstacles to more rapid growth and to spreading the benefits of growth to the poor?

Objectives and targets

- 4 What targets for the various dimensions of poverty reduction have been established?
- 5 What are the targets for selected intermediate indicators?

Strategy/action plan

- 6 What are the priority public policies to increase growth and reduce poverty?
- 7 What institutional changes are needed to implement the strategy?
- 8 How can public spending and institutions be made more efficient and responsive to the needs of the poor?

Monitoring and evaluation systems

- 9 What is the framework for monitoring progress of the strategy and what is the involvement of civil society in the process of evaluation?
- 10 What safeguards ensure the transparency and accountability of public budgeting and expenditure?

External assistance and the external environment

- 11 What level of external assistance is expected to be available to support the country's efforts?
- 12 Could more assistance be effectively absorbed, and if it were, what would be the likely impact on poverty reduction goals?
- 13 How does technical assistance, from all sources, support implementation of the strategy?
- 14 What would be the effect of greater access to partner country markets on growth and poverty reduction?

The participatory process

- 15 What was the nature of the participatory process and how were the views and interests of the poor incorporated?
- 16 What impact did the process have on the formulation and content of the strategy?

The Decent Work Agenda and PRSs

ILO staff and constituents have raised concerns that the above content and list do not adequately cover the Decent Work Agenda. The case for addressing each ILO strategic objective is highlighted in the Director-General's report *Working out of Poverty* as follows:

- **Rights:** people in poverty need voice to obtain recognition of rights and demand respect. They need representation and participation. They also need good laws that are enforced and work for, not against, their interests. Without rights and empowerment, the poor will not get out of poverty.
- **Employment:** poverty elimination is impossible unless the economy generates opportunities for investment, entrepreneurship, job creation and sustainable livelihoods. The principal route out of poverty is work.
- **Protection:** poor people are unprotected people. The earning power of those living in poverty is suppressed by marginalization and lack of support systems ... Support for people unable to work because of age, illness or severe disability is essential.
- **Dialogue:** people in poverty understand the need to negotiate and know that dialogue is the way to solve problems peacefully

ILO staff and constituents have a key role to play in ensuring that the Decent Work Agenda is considered during the design and implementation of PRSs. It is important to consider how well each of the above are addressed. For example, employment, as an issue, was not initially given high priority in many PRS papers; full appreciation was not given to the fact that social stability and poverty reduction can only take place with increased opportunities for decent work. However, as this comes to be better understood, the issue of employment and the importance of broadening social protection efforts are rising on the policy agenda of many countries.

Many aspects of social dialogue are covered in the consultative process sections of PRS papers. However, trade-union participation in PRS processes remains a challenge. Many unions remain sceptical of World Bank and IMF openness and intent, and still others lack ties with CSOs and do not identify with them. These and other issues are well documented (see Section 2C3 for further discussion).

Given the widespread rhetoric of country ownership and broad-based participation, the door is open in most countries for the engagement of ILO social partners in the PRS process. Towards this end, there is a need for timely and well focused inputs from research and analysis about the particular decent work situation in-country. But remember the importance of not trying to board the train with too much luggage (i.e. prioritize). Strategic networking is also required to ensure places (and voices) at the various tables.

Discussion points

- How will ILO and constituents work with government to prioritize and sequence the wide range of potential Decent Work Agenda issues?
- To what extent do other development partners appreciate the role of decent work to social stability and poverty reduction in your country?

ILO, 2003, *Working out of Poverty*

ILO 2002, *Poverty Reduction Strategy papers: an assessment of the ILO's experience*

Egulu, Lawrence 2004, *Trade Union Participation in the PRSP Process*, World Bank

Social dialogue and the PRS process: an Assessment

Working Out of Poverty: An ILO submission for the Indonesia PRSP (2004)

Tripartism and Decent Work in Poverty Reduction Strategies in Ethiopia

Decent Work for Poverty Reduction: An ILO Contribution to the PRSP in Nepal

Towards a Decent Work Strategy for Poverty Reduction in Tanzania

2C Linking the ILO activities to PRSs

World Commission on the Social Dimensions of Globalization, 2004 *A Fair Globalization: Creating opportunities for all*

World Commission on the Social Dimensions of Globalization, *A Fair Globalization: The role of the ILO*, 2004 ILC, 2nd Session

See also:

Egger, P., 2002, *Globalization and Decent Work: Options for Panama*, ILO, Integration/NPG

and:

Hurtado, AG., 2004, *The social dimension of globalization in Latin America: Lessons from Bolivia and Chile*, ILO, Integration

This section has nine short subsections based on the main content areas of PRS papers indicated in the table. It is important to understand that the content areas reflect current trends in PRS papers and do not necessarily link directly with all ILO areas of work.

Each subsection begins with a brief overview of the content from a PRS perspective, followed by the main contributions that the ILO might make. Examples of ILO tools and best practice are briefly noted with hyperlinks to these and to further information.

One key area which is beginning to emerge through the PRS process is the importance of **globalization**. Although not specified in the chart, staff and constituents should appreciate the rising interest often articulated in relation to trade and its poverty linkages, and the increasing concern about policy coherence and the role of the private sector. The current unbalanced outcomes, both between and within countries, have limited the positive potential of globalization. How countries manage their internal affairs influences the extent to which people benefit from globalization and are protected from its negative effects. In this sense, responses need to begin at home. PRS processes provide clear avenues, yet many have yet to embrace key aspects, such as regional and sub-regional cooperation, as instruments in poverty reduction. Reinforcing the social dimensions of globalization through PRS processes is an emerging challenge. For a discussion of how to begin at home, see the two key links to the World Commission on the Social Dimensions of Globalization and to the role of the ILO in following up the Commission.

Table 2.1 PRSs and ILO areas of work (with corresponding <i>Manual</i> section numbers)		
Main content of PRS papers	Decent work contributions – ILO technical areas	Section
Macroeconomic issues	<ul style="list-style-type: none"> ■ Growth targets ■ Employment ■ Trade liberalization (including trade regionalization) ■ Monetary frameworks ■ Fiscal framework ■ Exchange rate policies ■ Financial reforms 	2C1
Poverty status	<ul style="list-style-type: none"> ■ Analytical research capacity ■ Quantitative poverty data ■ Rural development, agriculture, local economic development ■ Informal economy ■ Youth employment 	2C2
The consultative process	<ul style="list-style-type: none"> ■ Strategic communication ■ Social dialogue 	2C3
Good governance	<ul style="list-style-type: none"> ■ Labour standards ■ Social dialogue: methods and social partners ■ Fundamental principles and rights at work 	2C4
Human development	<ul style="list-style-type: none"> ■ Rights to basic services: <ul style="list-style-type: none"> ■ Health: <ul style="list-style-type: none"> ■ HIV/AIDS in the workplace ■ National health and social security policies ■ Education: <ul style="list-style-type: none"> ■ Child labour ■ Youth: secondary, vocational/skills 	2C5
Private sector development and infrastructure	<ul style="list-style-type: none"> ■ Privatization ■ SME development/support ■ Cooperatives ■ Infrastructure 	2C6
Social protection and social inclusion	<ul style="list-style-type: none"> ■ Social protection and poverty reduction ■ Rights to social security ■ Occupational safety and health ■ Social inclusion issues including: <ul style="list-style-type: none"> ■ Indigenous and tribal people ■ Persons with disabilities ■ Migrants ■ Crisis situations 	2C7
Cross-cutting issue: gender equality	<ul style="list-style-type: none"> ■ Gender budgeting ■ Gender-disaggregated data ■ Building coalitions: social dialogue ■ Gender, poverty and employment ■ Gender and small enterprises 	2C8
Cross-cutting issue: HIV/AIDS	<ul style="list-style-type: none"> ■ Addressing HIV/AIDS in the workplace ■ Labour laws ■ Discrimination in the workplace ■ Policy development 	2C9

It is important to note that quantitative data are relevant to all content areas in PRS papers; therefore, Statistics has not been indicated separately

2C1 Macroeconomic issues

Gottschalk, R., 2004, *The Macroeconomic Policy Content of PRSPs, IDS*

SAPs and macro economics: Khan, A.R., 2003, *Comparative Study of Selected Asian Countries*

Opiyo, F., 2003, *Comparative Study of Selected African Countries*

The trend in macroeconomic policies in PRSPs

This section discusses macroeconomic trends with particular emphasis given to employment. In general, the PRS process involves the adoption of a range of policies and structural reforms as described below. Overall, these have been a continuation, with some adaptation, of those implemented in many countries under the Structural Adjustment Programmes (SAPs) promoted by the World Bank and IMF during the 1980s and 1990s.

So what has changed? The major difference is in emphasis. SAPs focused on stability, with growth in the long term. Poverty reduction was not explicitly pursued. Under PRSPs, economic growth and poverty reduction are emphasized. The ILO is concerned about the growing disenchantment with the social effects of liberalization and globalization, and the current (2003/04) slow-down in global growth of outputs and employment. In the end the vital consideration in all countries is how to attain stable growth and employment in the long run.

An analysis of 15 PRS papers reveals that the most commonly proposed macroeconomic and structural reforms fall into five strands summarized in the chart below and subsequently analysed.

Table 2.2 Commonly proposed macroeconomic and structural reforms

Macroeconomic and structural reforms	Details of current trends in PRS papers
1 Growth targets	Reaching 4–8% growth per annum, depending on growth patterns of the 1990s. May include labour reforms and trade
2 Monetary framework	Low inflation rates guaranteed within international standards (3–5% maximum)
3 Fiscal framework	De-linking monetary expansion from fiscal demands, and promoting central bank autonomy
4 Exchange rate policies	Maintaining competitive exchange rates crucial to export growth and diversification, and to generating foreign exchange
5 Financial reforms	Strengthening banking systems , regulations and supervision to meet international standards

1. Growth targets

In spite of evidence that growth has been volatile and inadequate in many countries during recent years, high growth targets are still the norm in PRS papers. The key elements for accelerating growth are: increased investment in economic and social infrastructure; promotion of a stable macroeconomic environment; and structural and institutional reforms. The latter two are supposed to contribute to growth by providing the private sector with appropriate incentives for investment. The targets are enumerated but additional resources, needed to support the growth, are not

United Nations Conference on Trade and Development (UNCTAD), 2004, *Linking International Trade with Poverty Reduction*

ILO, 2003, *The Global Employment Agenda*

identified. Also, few PRS papers clarify instruments to deal with shocks and volatility. Although most PRS countries acknowledge that their growth targets are ambitious, few identify the required domestic revenue targets and aid flows to make them happen.

One important missing component is a strategy for increasing employment as a goal of macroeconomic policy, rather than simply as the residual of growth outcomes. Employment should not be a residual; nor should it be merely a sector policy at the margins of economic policy. Growth must be employment-intensive and inclusive, which requires successful coordination of macroeconomic and structural policies. These are key concerns frequently raised by the ILO.

Economic growth is the single most important factor influencing poverty, and macroeconomic stability is essential for high and sustainable rates of growth. Hence, macroeconomic stability tends to underpin poverty strategies. However, macroeconomic stability by itself is not sufficient for high rates of economic growth and growth alone is not sufficient for poverty reduction. Growth associated with progressive changes in income distribution will have a greater impact on poverty than growth which leaves it unchanged. Hence, policies that **improve the distribution of income and assets** within a society, such as land reform, pro-poor public expenditure and measures to increase poor people's access to financial markets, should form essential elements of a country's PRS.

Policies that are good for the economy as a whole are not necessarily the same policies that are good for eradicating poverty. The objectives of growth and stability are necessary for poverty reduction, but they are far from being sufficient conditions. Other pre-requisites are macroeconomic and structural policies that promote economic inclusion, empowerment and social investment.

Trade is often cited as a key to PRS countries reaching their growth targets. This may be in part because poverty reduction (according to current thinking) requires sustained and expanded **export-led growth**. While most people understand the basic debates around international trade, and most especially agricultural subsidies and the current uneven playing field between north and south, the links between trade and poverty reduction are not always clear. For PRS countries, the challenge is to identify trade policies and actions that both reduce poverty and support growth.

Most PRS papers discuss two aspects of trade: projections of export growth (in the macroeconomic framework, including quantitative targets), and a range of trade objectives (e.g. Mali, Senegal, Rwanda). In general, export growth is expected to be higher than the previous five-year general growth rates and export expansion is expected to account for the major part of projected GDP increases. As of 2002, Senegal was the only PRS country which did not expect export-led growth; the source of growth was not clearly explained in their PRS paper.

Increased 'openness'

Openness is generally understood to mean reduced or rationalized tariff systems, which are commonly assumed to lead to increased competitiveness and export diversification. In general, PRSs closely relate trade development to private (formal) sector development and an improvement in the foreign investment climate.

ILO, 2004, *World Employment Report* (forthcoming)

Islam, Iyanatul, 2003, *Avoiding the stabilization trap: Towards a macroeconomic policy framework for growth, employment and poverty reduction*, ILO

Muqtada, M., 2003, *Macroeconomic stability, growth and employment: Issues and Considerations beyond the Washington Consensus* ILO

PRSP Sourcebook

Gomez, R. and Lawson, M. 2003, *Pro-Poor Macroeconomic policies require poverty and social impact analysis*, EURODAD Economic Policy Empowerment Programme

UNCTAD, LDC Report, 2004, *Linking International Trade and Poverty Reduction*

See also, Miberg, W. 2004, *The changing structure of international trade linked to global production systems: what are the policy implications?* INTEGRATION

Link to PRSPs:
Mali
Rwanda
Senegal

Schiff, M. and L.A. Winters, 2003, *Regional Integration and Development*

For a discussion of the relationship between trade union rights and trade competitiveness, see Kucera, D. and R. Sarna, 2004, *How do trade union rights affect trade competitiveness?* ILO INTEGRATION/ Statistical Development and Analysis Group

UNCTAD, 2004, *The Least Developed Countries Report, Part 2, Chapter 7*

WB Poverty and Trade Tools

The only countries NOT members of some form of customs union or free trade agreement are Afghanistan, Kiribati, the Solomon Islands, Tuvalu and Vanuatu

Rodriguez, F. and Rodrik, D. 1999 *Trade policy and economic growth: a sceptic's guide to cross-national evidence*

For regional (south-south) trade, see WTO, 2003 *World Trade Report*, section 1.B.1 on South-south trade and 1.B.3 on RTAs

Berg, A. and Krueger, A., 2003, *Trade, growth and Poverty: a selective study* IMF Working Paper WP/03/30

Other country studies see:
Nepal
Madagascar
Malawi

For an interesting discussion of the impact of trade liberalization, see:

Piva, M., 2003, *The Impact of Technology Transfer on Employment and Income Distribution in Developing Countries*, ILO, INTEGRATION/IPG and:

Robbins, D. 2003, *The impact of trade liberalization upon inequality in developing countries*, INTEGRATION/IPG

Good practice: Trade, employment and poverty

Cambodia and Mauritania, for example, address this wider view; their PRS papers include detailed treatment of the impact of trade on employment and job creation. The challenge for other countries is to drill deeper into this link and identify pro-poor trade policies and actions based on their potential to generate jobs and productivity.

PRS papers: [Cambodia](#) [Mauritania](#)

There is limited analysis of demand-side constraints on exports, supply-side production challenges, or the potential of enhanced commercial diplomacy as means of achieving their objectives. Also, few PRSs consider import issues and even fewer mention improving procurement systems as an objective.

Although the link is made between trade and growth in many PRS papers, the onward link to poverty reduction is seldom clearly articulated. Some argue (UNCTAD, 2004) that the narrow focus on trade **liberalization** is a problem; **trade and employment** are the central issues to understanding the trade-poverty dynamic.

A country must have functional and financially viable labour-market institutions to ensure it is in a position to actually take advantage of trade benefits that result from trade liberalization. The IMF, and in some cases the World Bank, promote labour-market reforms that focus on deregulation strategies rather than reform of labour-market institutions to achieve poverty reduction objectives.

Regional trade

The rapid spread of regional (including south-south) trade is potentially important for pro-poor growth, yet it is seldom articulated as such in PRS papers. All PRS countries are either in, or discussing, regional integration arrangements. Some are also entering south-south trade arrangements. Unlike global multilateral trade liberalization, rules and arrangements for regional and south-south integration are patchy. Some developing countries are turning to regional trade strategies; in part because they are seen to be more accessible to rural households and producers than are international trade mechanisms. For many countries this involves reducing tariffs and quotas, but can extend to 'deep integration' involving protocols such as the free movement of labour across borders. These are set to have major implications for employment trends, workers' rights and social protection mechanisms.

The impact of trade on poverty

Overall, methods of assessing the poverty impact of trade (both regionally and internationally) are just emerging. To date these have focused on assessing relative price changes via household surveys, and on computable modelling using Social Accounting Matrices and micro simulations (Nepal, Madagascar, Bangladesh). Nonetheless, valuable country-specific policy and trade information is emerging through what is known as the 'integrated framework'. This multi-agency technical assistance programme has facilitated Diagnostic Trade Integration Studies in more than 20 countries to date, but improved methods of analysis and nationally-driven research need to be further developed.

Will trade **liberalization** in its current form make a difference? It is not clear. So far it is showing evidence of increasing exports from many PRS countries, but imports to these countries have increased even more rapidly. This is leading to

worsening overall trade balances in many PRS countries and the further knock-on effect of exacerbated aid dependency.

Growth in trade requires open and expanded markets, but at the same time it is not just about enhancing markets, there needs to be a focus on investment in LDC's productive capacities including essential infrastructure. Simply opening trade will not bring investment; market access should run both ways.

At the same time, the expansion into new markets will increase the demand for domestic labour if there is a focus on sectors where labour is concentrated and if there is a focus on dynamic sectors of the economy. In this way growth can be employment intensive. The case of India's booming IT industry is one example of creating employment in a growing area of the economy.

2. Monetary framework

The monetary framework, which aims to stabilize economies by controlling inflation has been appreciably achieved in many PRS countries, especially in Latin America. Yet this narrow focus on price stability has in most cases overshadowed and squeezed out other key issues, most especially employment and access to affordable credit to fuel growth. Mauritania's PRS paper is perhaps the only exception to date (January 2004). How countries adopt price stability is often vaguely described in PRS papers. Some give reference to adopting money-based targets (Ethiopia, Mozambique, Rwanda and Uganda) and central-bank autonomy (Zambia, Malawi). Although many PRS countries have achieved price stability, there is growing concern that they have not adapted their monetary policies to broaden their focus and encompass employment objectives.

Most PRS countries have 3–5% inflation-rate targets. But some argue that this threshold is too low. Indeed, a study by Khan and Senhadji (2001) suggested, "the threshold level of inflation above which inflation significantly slows growth is estimated at ... 11–12% for developing countries". Furthermore, there is a considerable debate on what constitutes a proper stabilization of inflation. Questions remain about how aggressively inflation rates should be reduced, under what circumstances inflation rates should be reduced and what instruments should be used to stabilize inflation. Critics claim that IMF-supported targets push for unnecessarily low inflation rates, are performed too aggressively, neglect economies' business cycles and use inappropriate instruments.

3. Fiscal policies

Fiscal policies focus heavily on balancing budgets (after grants) in PRS countries, in other words having a small budget deficit. During the past two decades every developing country has been advised to cut fiscal deficits and to reduce the size of government and its expenditure. Fiscal policies commonly focus on these issues and on ensuring government commitments to increase public revenue through tax reforms. The trend to date reflects the clear strides made in the 1990s to reduce budget deficits in many PRS countries. However, in some countries growth has slowed since 2000 (Uganda, Bolivia) and the deficits have increased again (sometimes called counter-cyclical fiscal trends). Unfortunately, most PRS countries intend to reform taxes by widening the tax base, mainly through VAT, while easing tax on the corporate sector. This can be regressive and may indeed deepen poverty and increase inequalities unless selective VAT exemptions are undertaken (for

Majid, N., ILO, 2003, *Globalization and poverty*

Ghose, A. 2003 *Jobs and Incomes in a Globalizing World*, ILO (paid publication) Summary

Ghosh, J., 2004, *Macroeconomic reforms and a labour policy framework for India*, ILO/EMPSTRAT

Link to PRSPs in:

Bolivia
Ethiopia
Honduras
Malawi
Mauritania
Mozambique
Rwanda
Uganda
Zambia

Khan, Mohsin S. and Abdelhak S. Senhadji, *Threshold Effects in the Relationship Between Inflation and Growth* IMF Staff Papers, Vol. 48, No. 1 (2001), pp. 1–21; previously published as IMF Working Paper, WP/00/110 (June 2000)

Link to PRSPs in:

Bolivia
Uganda

Smith, T., 2003, *Women and Tax in South Africa*

The International Budget

Project assists organizations and researchers to analyse budget policies and processes. Work has been done in many PRS countries

See also Floro, M. 2002
*Mobilizing Domestic Resources for
Development: Through the Lens of
Poor Women*

Tanzi, Vito and Howell H. Zee, *Tax
Policy for Emerging Markets:
Developing Countries*
Washington, DC: IMF Working
Paper, WP/00/35 (March 2000)
have cautioned against
increasingly progressive taxes as
they could have negative
implications on investment and
growth

See for example, Haq, T.A. 2003,
*Fiscal strategy for growth and
employment in Pakistan: An
alternative consideration. A case
study prepared within the
framework of the ILO Global
Employment Agenda, ILO
EMPSTRAT*

example, exempting medicines, food and clothing from VAT). Therefore, the degree of regression depends on VAT rates and to what they are applied.

Yet, in general, policy choices can only be assessed properly by analysing the impact of various tax policies on poverty, using detailed information based on repeated household surveys; this is complicated by issues related to changes in foreign tax structures and capital mobility. In any case, there is some agreement that tax codes should be simplified and that tax exemptions may need to be revisited in many countries.

Good practice: Mobilizing revenue from direct taxation

Vietnam stands apart from other PRS countries in terms of its progressiveness in mobilizing revenue from direct (rather than indirect) taxation. The country's PRS seeks to raise the share of revenues from direct taxes as a percentage of total state budget revenue based on completing the Business Income Tax Law along the lines of reducing the tax rate and moving towards a unified framework for taxing the income of both Vietnamese and foreign-invested enterprises; promulgating the Individual Income Tax Law instead of the State Law of Income tax for high-income individuals to ensure social equity and creating a driving force for development.

See: [Vietnam](#)

The ILO stresses that simply having jobs is not sufficient to lift people out of poverty. There must be a focus on increasing productivity and creating decent-work opportunities in order to increase living standards and obtain long-run sustainable growth.

This process will inevitably entail winners and losers as the result of productivity gains. This is where fiscal policy can also play a role, by focusing on progressive tax policies to redistribute the profits from these gains. Distribution can be in the form of benefit programmes (e.g. unemployment compensation, interest-free credit, pensions and skills training).

4. Exchange-rate policies

Why do exchange rates matter for growth and poverty reduction? It is generally agreed by economists that having a competitive exchange rate improves the export sector. There is the assumption that in PRS countries which are agriculturally based, exports benefit rural areas where production is concentrated. A stable exchange rate also gives some protection to import-competing industries. This is particularly important in locations where trade barriers may be reduced. PRS countries have labour-intensive production which could suffer if the level of protection falls too rapidly or intensively. Given the lack of social insurance and employment alternatives, the poverty impact can be enormous.

Good practice: Flexible exchange rates and trade

Some PRS countries are adopting flexible exchange-rate policies involving 'casual' interventions to avoid excessive rate variability. This helps to ensure competitiveness, and has provided a hedge against shocks and changes in terms of trade in some countries (Honduras, Mozambique, Uganda).

See: [Honduras, Mozambique and Uganda](#)

5. Financial reforms

Financial reforms generally include strengthening the banking system, regulations and supervision. This includes increasing competition, which is increasingly done through internationalization of the banking system; although this is seldom explicitly mentioned in the PRS papers. There is concern in some countries that changing banking regulations to adhere to international standards may lead to capital outflows, mainly from local elites. More fundamental is the concern that reforms are not designed to support pro-poor growth. They tend, for example, to tighten credit policies that, while increasing loan recovery rates, may simultaneously decrease the already-restricted access to credit for micro-enterprises and SMEs. Squeezing out micro, small and medium enterprises will only exacerbate the already grave employment situation in many developing countries. These enterprises play an important role, especially in terms of employment and, to a lesser extent, output. Formal SMEs account for 17% of total employment in low-income countries. Informal enterprises account for a far higher proportion and face even greater challenges in accessing credit from formal banking markets. In Ghana, for example, 53% of manufacturing workers are employed by enterprises with less than 100 workers.

There is broad agreement that a sound financial sector is crucial for poverty-reducing growth. There is less agreement on whether governments are good at providing financial services and whether developing countries should tap market forces so that bank owners, participants in the financial markets and bank supervisors have incentives to monitor one another and avoid excessive risk. There is again broad agreement that:

- well functioning markets need legal and regulatory underpinnings;
- good financial safety nets require good institutions; and
- diversity of financial intermediaries is good for financial stability and development.

Even greater debate centres on what legal and regulatory underpinnings are needed, and how to get good institutions and a diversity of financial intermediaries. The key issue in this debate is on the impact of capital-account liberalization.

Cobham (2001) provides a summary of the literature on the growth impacts of capital-account liberalization, reviews its impacts on government spending, and considers whether financial liberalization brings benefits to the poor through greater employment opportunities and access to credit. Cobham concludes that while theory implies there will be efficiency benefits for international finance, the existence of growth benefits for developing countries has simply not been established.

To conclude, while there is some broad agreement that macroeconomic stability is necessary for sustainable growth and poverty reduction, there is little agreement on what constitutes macroeconomic stability. There also remain sharp disagreements on how to define and maintain macroeconomic stability, especially in already slow-growing or stagnating economies. While the ILO argues that in developing countries, stability and structural adjustment policies should be adapted to increase investment (and therefore employment and social development). Doing this may require identifying toleration limits on aspects such as inflation and fiscal deficits, and consideration of alternative scenarios for generating higher and

Mazumdar & Mazaheri, , 2001, *The Manufacturing Sector in Sub-Saharan Africa: An Analysis on Firm Surveys in Seven Countries*, World Bank Regional Programme on Enterprise Development, Discussion Paper (Hard copy only)

See also: ILO Social Finance Programme on access to credit and microfinance

See: Ghana PRS paper

Cobham, Alex, *Capital Account Liberalization and Poverty*. Paper prepared for an expert group meeting held at Oxford University, January 2001; published as Part II of a joint Bretton Woods and Oxfam report examining the links between capital account liberalization and poverty, which is available on the internet

New global stimuli such as "debt for job swaps" could be considered for a new economic takeoff

ILO, 2003, *The Global Employment Agenda*

Good practice: Ghana's employment framework for poverty reduction

During 2003–04, a team of researchers and policy specialists was formed from the ILO, UNDP, the University of Ghana, and the University of Massachusetts. Their intention was to identify ways of intensifying Ghana's employment-growth path outlined in the country's PRS. The team's report provides a useful framework of analysis for other countries and is rich in context-specific analysis in four areas: **macroeconomic policies and price stability, the financial sector, budgeting policy and public investment, and trade policy**. It highlights that successful implementation of an employment framework will not only require strategic policies and labour-force information, but also improved institutional coordination.

Interesting suggestions prevail; the following are a snapshot relating to monetary policies:

- Controlling inflation is an important target, but adding two indicators would give a more balanced approach to monetary policies, namely: 1) employment and other indicators of economic activity; and 2) the real exchange rate.
- Even if monetary policy were loosened, the structure of the financial system in Ghana prevents credit from being directed towards poverty-reducing development. It is also vital to:
 - 1 introduce asset-based reserve requirements;
 - 2 underwrite strategic projects;
 - 3 increase coordination between banks, government and businesses; and
 - 4 integrate informal credit sources into the banking system.

See: Heintz, J., *Elements of an Employment Framework for Poverty Reduction in Ghana*, 2004.

productive employment (see Good Practice, Ghana). Given the volatility of growth and the insecurity of labour markets, governments may need to consider such scenarios in their macroeconomic planning in order to accommodate the growing need for social protection. These will be, by necessity, country specific and the extent of autonomy any country may be in a position to pursue will clearly vary. Yet it is clear that a country's macroeconomic policies are increasingly sensitive to deregulation of foreign exchange markets and trends in globalization.

Discussion points

- To what extent is the macro policy framework and proposed reforms in your country pro-poor? What are the key concerns and the most strategic interventions?
- What advice is required on macroeconomic policies in order to achieve growth with employment creation? What is the ILO role, given its mandate as defined in the box overleaf?
- How sound (in relation to the labour market and social security/protection) is the current advice on structural reform?
- What analytical work has been undertaken to consider trade policy actions which could generate employment and reduce poverty? Sector analysis? Trade diagnostic studies? Regional versus international trade – which has the potential for the greatest impact on poverty in your country?
- Is the trade balance (export to import) having a knock-on affect in further exacerbating aid dependency?

Core areas of speciality: Linking ILO responsibilities with the IMF and World Bank

There are clear links and overlap between the ILO's mandate and that of the IMF and World Bank. In considering these, the Philadelphia Convention (1944) is key. It states that, "...it is the responsibility of the ILO to examine and consider international economic and financial policies and measures... (Article II)."

This was re-enforced by the Director-General (2004) in his statement about the ILO's role in relation to globalization, "The ILO has an integrated economic and social mandate and the responsibility to evaluate economic policies in the light of their impact on social and labour policies."

- The IMF's core areas are macroeconomic policies (monetary, fiscal, and exchange-rate policies) and directly related structural reforms
- The Bank's core areas are design of poverty reduction strategies (including poverty diagnostics, sectoral strategies, effectiveness of public expenditures, and social safety nets) and structural, social and governance reforms
- Overlapping areas are the environment for private sector growth, trade, financial sector, tax and customs policy administration, and issues related to public expenditure management, budget execution and monitoring, and fiscal transparency.

World Commission on the Social Dimensions of Globalization, 2004 *A Fair Globalization: The role of the ILO*, ILC, 2nd Session

2C2 Poverty status/diagnostic

World Bank, 2001, *Poverty Diagnostic Tools for Poverty reduction Strategies*

Chronic Poverty Report

Each PRS paper must be grounded in a country-level understanding of the extent, nature and dimensions of poverty and its determinants. It therefore requires an analysis of poverty based on available quantitative and qualitative information. This should be multi-dimensional in nature, going beyond income and asset holdings of the poor, to encompass non-monetary dimensions and rights. While education, health and access to services will almost always be part of this diagnostic, the relevance of other dimensions depends primarily on country circumstances, stakeholder engagement and data availability. It is important that the poverty diagnosis be, as far as possible, disaggregated by age, gender, region, disability and ethnicity. Where this is not possible, steps to move towards disaggregated data should be identified and embedded in the PRS policy actions (i.e. the matrix/grid attached to the main text of the PRS paper).

ILO constituents: their concerns

Although producing the poverty diagnosis is often a complex and politicized process, influencing its contents is important because it provides the main rationale for the policy direction and commitments of the government towards poverty reduction. It is an important opportunity to embed country-specific analysis and policy actions on rights, decent work and globalization.

What, specifically, should the focus be? Logically, this will be country specific. Nonetheless, in each PRS paper it should go beyond a static profile of the poor, to analyse factors preventing movement out of poverty. Labour-market analysis is therefore vital in identifying trouble spots such as low productivity, skills mismatch and low earnings of particular groups. It is also a strategic time to provide the rationale for indicators on labour-force participation, employment rates, levels and distribution of earnings and productivity, social protection and formal versus the informal economy (see Section 5C, Indicators).

Poverty diagnosis should, by definition, include a clear analysis of socially excluded groups and advocate for their inclusion as a basic right. This may require assisting with technical analysis in relation to child labour, migration, forced labour, indigenous and tribal people, persons with disabilities, and other groups.

Data: the importance

The main challenges in undertaking this work revolve around availability of adequate poverty data and capacity for its rigorous analysis. Data should be both quantitative and qualitative. Yet data deficiencies can, and often do, constrain analysis. In relation to decent work this may mean the lack of trend data caused by irregularly-conducted surveys on household income and expenditure or on the national labour force. For many PRS countries strengthening national statistics is an important priority during PRS implementation (see also, Section 5, Poverty Monitoring).

ILO data sources

The ILO Headquarters can assist on data issues in a number of ways. The Bureau of Statistics (STAT) gathers a wide range of labour statistics (including employment, unemployment, wages, hours of work, etc) from countries and disseminates these through LABORSTA, a data base on labour statistics for over 200 countries and territories, and other media. These data are used for *Key Indicators in the Labour Market* (KILM) – together with other data collected from OECD, national statistical agencies and other partners in the Labour Market Indicators Library Network – to produce indicators on a wide range of labour market issues. STAT also generates statistics on the informal economy that are used by KILM. Estimates and projections are compiled by STAT and the Statistical Development and Analysis unit (INTEGRATION/SDA). IPEC also has a Statistical Information and Monitoring Programme on Child Labour for over 50 countries. It assists countries in generating comprehensive data on child labour.

ILO data sources:

KILM

STAT

LABORSTA

Labour Market Indicators
Library Network

IPEC

Country-level data

Data from countries may need significant poverty analysis. This normally includes the extent of income poverty, analysis of the social dimensions of poverty including its evolution over time, analysis of gender dimensions of poverty, distribution of assets (natural, physical, financial and human) and the identification of constraints to poverty reduction (economic, social and institutional – including governance issues).

The diagnosis should reveal the most critical barriers facing the poor. It is therefore an opportunity to make an evidence-based case relating to reforms which have potential to expand poor peoples' opportunities. Some areas for consideration might include: regulations such as minimum wages and working hours; taxes; labour laws; land laws; business regulations; social security; and other regulations affecting gender, ethnic equality, persons with disabilities and/or child labour. This should help to develop priorities and sequencing of reforms.

Poverty measurements and PRSs

Poverty measurements are a required part of PRS papers, and form the backbone of the overall diagnosis. They quantify the incidence of poverty, based on the proportion of individuals (or households) whose resources are below the cut-off point, referred to as a poverty line. Thus, the poverty line is used as a means to identify the poor. There is not a single agreed methodology for determining poverty lines. However, in most developing countries the concept used is an absolute poverty line – the point at which a household (or individual) possesses just enough resources and/or abilities to meet current needs. Yet, who defines what is 'enough'? In developing countries, most definitions rely on a calculation of the cost of a basket of basic goods and services (see also, Glossary definitions and links).

Understanding the depth and severity of poverty in particular areas and for particular groups is important when setting national programme and policy priorities. It may be that some groups have a high poverty incidence but a low poverty gap. For example, in Madagascar, unskilled workers have the third highest poverty incidence but when compared to (extremely poor) herders their poverty tends to be less severe (lower poverty gap). For governments it may mean having to choose where to use scarce resources: to address the needs of those just below the poverty line, or the poorest.

World Bank Sourcebook, p 46

World Bank, 1996, *How Should we Assess Poverty Using Data from Different Surveys?*

Methods of poverty analysis for the Kyrgyz Republic in 2002

World Bank, 2003, *World Global Poverty Calculations Taken to Task*

UNDP, 2003, *Poverty Gap Ratios*

Poverty and people with disabilities

People with disabilities are usually amongst the poorest members of their communities, rural or urban, but are rarely identified in the poverty diagnosis. There is a systemic relationship between poverty and disability – poor people are more at risk of disability, and disabled persons and families with a disabled member are more at risk of living in poverty. Specific policy measures and strategies are required to address the poverty of people with disabilities, who represent an important minority of any community.

Web site, IFP Skills Paper on *Disability and Poverty Reduction Strategies*

Publications on poverty mapping

These issues, which highlight the distributional aspects of poverty, are of growing concern in many countries. Decentralization processes, which seek to strengthen local governments, are part of the answer and are key in many countries such as Indonesia, Nepal, India, Brazil and Uganda, to name a few.

Understanding variations in poverty may also benefit from poverty-mapping methodologies which overlay household income and expenditure data with census data to provide small-area poverty statistics. This may require support to statistical and analytical capacity, but is a valuable investment.

Good practice: Nicaragua: from poverty maps to transition maps

Poverty mapping, used for more than a decade in several Central American countries to assist policy makers in identifying target groups and locations, is changing. Originally linked to assistance-based policies such as land titling, grants, credit and technical assistance, there is recognition now of the need to balance assistance with more dynamic approaches to enhance production. This recognition has led to a recent methodology known as transition mapping, relevant particularly to addressing the dynamic needs of the informal sector and small-scale agricultural producers.

See: *Technical report*

More specific sectoral areas that are key to ILO involvement in Poverty Status chapters are discussed below; they include:

- Rural development and agriculture
- The informal economy
- Youth employment.

Rural development

To ensure that the poor benefit from the growth process, many PRS papers propose a development strategy that prioritizes rural development and agriculture. Considering that 75 per cent of the world's poor people live in rural areas, with the agriculture sector absorbing 40 per cent of developing countries' workers and contributing over 20 per cent of their GDP, targeting agriculture is vital to reducing poverty. This is the sector with the greatest proportion of female employment in the poorest regions in the world, so concentrating efforts on this sector may also contribute to greater gender equality.

Data:

IFAD, 2001, Rural Poverty Report
– *The Challenge of ending rural poverty*

KILM, Data series 4a

World Bank, 2003, *World Development Indicators*

Land rights are fundamental to ensuring equitable growth particularly in agriculture. When a country has an inequitable distribution of land, pro-poor growth suffers. However, within many contexts, the push is for facilitating markets in land. Questions are increasingly being asked in many countries as to whether market-driven land acquisition will exacerbate inequality. Clearly a strong regulatory function by governments is also needed. Yet the push is to use land as collateral for lending and the establishment of land banks. Some argue that this push (mainly by IFIs) to de-politicize the land issue is a strategy to weaken social movements and may drive poor people further into debt.

Agricultural productivity and poverty

Increasing agricultural productivity alleviates poverty more than does non-agricultural growth, especially in countries where land distribution is relatively equal. There are a number of ways in which productivity growth in agriculture contributes to poverty reduction:

- It contributes to general growth – which reduces poverty.
- It fosters a better supply of food at lower prices.
- It stimulates rural non-farm activities, an important income source for the rural poor.
- Labour productivity growth leads to higher wages.

To maximize the effect that growth in agriculture has on poverty reduction, the following points need to be emphasized in the poverty diagnosis:

- Growth that is led by increases in labour productivity – as opposed to being driven only by technical factors and inputs – has the greatest effect on poverty.
- Poverty reduction is most likely to occur when employment is created. This is at least true for the period in the development process where other sectors do not yet have the capability to absorb surplus labour in rural areas. To this end, agricultural policies should be as employment friendly as possible, particularly in countries with surplus labour in rural areas.
- To ensure that the overall gains from agricultural development are sustainable the focus needs to be on the creation of **decent jobs**, not just any jobs.

There are region-specific issues that should be taken into account. These are in addition to the overarching issue of land reform mentioned above.

In **sub-Saharan Africa**, the majority of agricultural output comes from poor small-holders who consume a large portion of their own output. In this case, direct effects of productivity improvements – such as greater production and revenues, increased home consumption and increased nutritional value of food – are very important in terms of poverty reduction. Thus encouraging technological innovations among poor farmers will have direct benefits in reducing poverty, but it is not just about production. In many countries the bulk of agricultural cash crops are marketed through cooperatives and other buyers of produce. The products are then traded up the supply chain, often at far greater values than the original producers realize or can control. Smoothing supply and marketing chains can make a huge difference to the rural poor.

In September 2003 ACTRAV organized an International Workers' Symposium on Decent Work in Agriculture to raise awareness and promote the ILO mandate

Country specific information on land reform

[Land Reforms: An Evaluation of World Bank Strategies, IDEAS 2003](#)

World Employment Report 2004 (forthcoming)

[Majid, Nomaan, 2004, Reaching Millennium Goals: How well does agricultural productivity growth reduce poverty? ILO EMP/STRAT](#)

For country level data on agricultural productivity and labour force participation see KILM

Efforts by the ILO to help improve social protection for agricultural workers are placed within the broader framework of ILO Global Campaign on Social Security and Coverage for All. ILO Strategies and Tools against Social Exclusion and Poverty Programme (STEP) seeks to develop innovative mechanisms

[Afrobarometer, 2003, Africa's Unemployment Crisis: Evolving Public Attitude](#)

ILO Jobs in Africa is a Programme to support the creation of decent and productive employment for poverty reduction in Africa. The Programme provides the framework for regionalizing the Global Employment Agenda in the context of the New Partnership for Africa Development (NEPAD) and supporting the formulation processes of the Poverty Reduction Strategy Papers (PRSPs) with the ultimate objective of reducing the Decent Work deficit in Africa

Throughout much of **Asia**, many of the poor are landless and live in rural areas. In this case, the indirect effects of agricultural growth – such as reduced food prices, and positive employment and wage effects – are most important for poverty reduction. Here targeting technological improvements toward employment creation may provide the best mechanisms to alleviate poverty.

Finally, in many parts of **Latin America**, the number of urban poor now broadly exceeds the number of rural poor and large farmers own a majority of the land in many countries. One of the best ways to reduce poverty with productivity improvements is through reductions in the prices of the types of food that the poor most often consume.

In all cases it is important to focus on stabilizing the prices of export goods.

The informal economy

In reality, poor people in developing countries often work as small-scale producers in the informal economy. This is acknowledged in many PRS papers, and the poverty diagnosis section of the PRS should provide up-to-date and country-specific analysis. Although there is no universally accepted definition of the informal economy, there is a broad understanding that it encompasses all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements. They may be waged workers or own-account workers. The majority of workers and enterprises produce legal goods and services, albeit sometimes not in conformity with procedural regulations or the strict letter of the law. They should be distinguished from criminal and illegal activities which are the subject of criminal law and are not appropriate for regulation or protection under law. According to a World Bank study, the informal economy in developing countries (2000) was equivalent to 41 percent of their official GDP. *The Report and Resolution concerning decent work and the informal economy (2002)* provides essential background for all ILO staff.

ILO member states recognize the contribution made by small-scale producers (both in the formal and informal economy) to their economies through *Recommendation 189*, entitled *General Conditions to Stimulate Job Creation in Small and Medium Enterprises* and through *Recommendation 193* on the promotion of cooperatives. These recommendations, combined with ILO's *Report and Resolution* provide the foundation analysis of key issue on informality and Small and Medium Enterprises (SMEs).

The ILO encourages the creation of a supportive environment for the growth of **decent work**, and specific policies and incentives for assisting and upgrading the informal sector. Two working papers provide conceptualization and information – with promising examples. These have particular relevance to developing policy responses.

To understand scale and statistical trends, STAT has country-level data on the number of persons employed (by sex and rural/urban distribution) in the informal economy in some countries as well as the number of micro and small enterprises operating in many places. To complement this, INTEGRATION has produced an information base containing over 500 ILO documents and tools directly related to the informal economy. Each entry contains resource information and a brief summary of the document itself.

The OECD's document on measuring the non-observed economy is also a vital resource for country-level and international work on the informal economy.

Schneider, H. 2002, *Size and measurement of the informal economy in 110 countries around the world*. WB Working Paper

Recommendations 189 and 193

Report and Resolution concerning decent work and the informal economy (2002)

Martha Alter Chen, Renana Jhabvala and Frances Lund, *Supporting workers in the Informal Economy: A Policy framework*, ILO 2002/2

Solorzano, Trejos, Diego, J., and Del Cid, M., *Decent Work in the informal economy in Central America*, Working Paper No. 7, Policy Integration Department, 2003 (hard copy only)

STAT, 2002, *ILO Compendium of official statistics on employment in the informal sector*, Working paper No.1

The Informal Economy Tools and Informal Economy Database produced by ILO, INTEGRATION

OECD, 2002, *Measuring the Non-observed Economy: A Handbook* (also in French and Russian)

Policies

The importance of supporting governments to create policy and legal frameworks conducive to small enterprises and the creation of quality jobs cannot be overstated. These can provide the basis on which effective financial and business development can be encouraged and sustained. Assessing the policy and legal frameworks is the first step, but this is not easy. They are often embedded within context-specific social, economic, cultural and historical factors unique to each country.

The links between being informally employed, and being poor are explored in an important recent handbook for policy makers, *Mainstreaming Informal Employment and Gender in Poverty Reduction*. This maps out the impacts of economic restructuring and liberalization on different categories of informal producers and workers, both men and women.

The ILO SEED programme

The ILO SEED programme has practical materials to guide such assessments for use by policy-makers, researchers, regulators, and others. They include:

- tools for assessing policy;
- a small-enterprise survey kit;
- working papers on a range of topics; and
- a database of small-enterprise promotion policies.

These focus on how to analyse, facilitate and monitor policy reforms and how best to develop an 'enabling environment'. The environment in which enterprises operate contains many elements (policy/legal, representational, market, cultural, resources, and public investments). While the policy and legal frameworks are only one element, they can have an effect on all the others and are the most frequently prioritized for action within PRS papers.

Getting the three layers that shape the policy sphere of government activities reformed can be challenging. The range of policies/laws, regulations/procedures and administration affecting small and medium enterprises all require analysis and adjustment. ILO SEED provides a useful starting point and examples of good practice.

Poverty diagnosis and policies

The PRS poverty diagnosis should be linked to the policy actions. Issues and practical examples to consider and use to inform actions might include:

- Informal sector workers can be mobilized to gain representation and a voice in policy matters through links to the in-country cooperative and trade union movements. The SYDICOOP project in East Africa provides details on this experience supported by the ILO.
- Developing skills opens avenues of progression to new opportunities: this is especially true for the poor. IFP/SKILLS has a number of working papers on training and skills development in the informal economy (Belarus, China, Columbia, Jamaica, Kenya, the north-west region of Russia, south India, United Republic of Tanzania and Uganda) as well as a Synthesis Report which can give guidance to those countries considering skills development initiatives.

See, *ILO/SEED, Promoting the Informal Sector: A Policy Framework*

For a discussion of the impact of globalization on social exclusion and work in the informal economy, see:

Carr, M. and M. Chen, 2004, *Globalization, social exclusion and work: with special reference to informal employment and gender*, INTEGRATION

Chen, M., Carr, M., and Vaneck, J., *Mainstreaming Informal Employment and Gender in Poverty Reduction*, Commonwealth Secretariat Publications

The term 'enabling environment' refers to the various elements external to enterprises themselves

See ILO SEED for more information about their programme

The March 2004 GB saw an interesting discussion on promoting decent work through entrepreneurship

More information on ILO cooperative programmes

Cooperative Programmes site

See Section 2C5 Human Development for a discussion of education and training

IFP/SKILLS working paper series on the informal economy

Hans Christian Haan, *Synthesis study: Training for work in the Informal Economy*, 2004 forthcoming, IFP/SKILLS

See Section 2C9 for a discussion of HIV/AIDS in the workplace

ILO Code of Practice on HIV/AIDS Manual

See Section 2C7, Social Protection

Van Ginneken, W (ed.), *Social security for the excluded majority: Case studies of developing countries*, ILO 1999

Global Employment Trends for Youth, Aug. 2004

ILO, 2003, *Global Employment Trends Model*;

see also Technical Note.

KILM has youth unemployment rates, over time, by country disaggregated by gender available

See Section 1D on MDGs and PRSs

ILO, 2001, *Youth and Work: Global trends*

■ The HIV/AIDS pandemic – by illness, orphans, discrimination or loss of adult breadwinners – pushes many families and communities into survival through informal work. ILO/AIDS' education and training manual on *Implementing the ILO Code of Practice on HIV/AIDS and the world of work* has a module on HIV/AIDS and the informal economy, which suggests ways for the formal sector to involve informal workers and micro enterprises.

■ Few of the most vulnerable and marginalized groups who tend to end up in the informal economy have formal social security. Specific laws, policies and programmes to extend social protection vary by country and circumstance. For an in-depth analysis on the extension of social security for informal workers in developing countries and innovative policy recommendation for countries designing and implementing new programmes, see van Ginneken's book.

Youth employment

Only 25 per cent of the global working-age population (between 15 and 64) are under the age of 24, yet youth makes up as much as 47 per cent of the total unemployed workforce (2003 figures). In the ten-year period from 1993 to 2003 there was an increase of approximately 19 million unemployed young people in the world (11.2 million young men and 7.5 million young women).

Youth unemployment rates in some PRS countries exceed 40%. This figure, combined with the youth employment target for the Millennium Development Goals, means efforts must be made to include youth more explicitly in PRS processes and actions.

Table 2.3 Youth unemployment in the world, 1993, 1998, 2000–2003 (millions)

Year	1993	1998	2000	2001	2002	2003
Youth unemployment, male	41.2	46.9	48.5	49.1	51.3	52.4
Youth unemployment, female	28.3	32.4	33.5	33.8	35.2	35.8
Youth unemployment, total	69.5	79.3	82.0	82.9	86.5	88.2

The ILO Global Employment Agenda (GEA)

The ILO GEA outlines key priorities. Youth unemployment and underemployment impose heavy costs on governments; they lead to considerable forgone income, reduce taxation revenues, and contribute to costly social problems (such as poorer health, the breakdown of relationships and families, and increased crime). Youth unemployment also means that government investment in education and training is wasted, and that voter support among young people may be weakened.

It is useful to identify youth unemployment for special attention, particularly in light of the fact that youth unemployment rates exceed adult rates in all countries for which ILO data is available. The potential of youth is too often ignored. Some countries, such as Indonesia, Guyana, United Republic of Tanzania and Bosnia have run workshops for youth during the PRS process. Others have appointed youth representatives on PRS committees, or have appointed the leaders of NGOs working with youth. A good example of an ILO contribution to youth and PRSs is documented in the Technical Briefing Note for Indonesia.

Link to PRS papers in:

Guyana

Bosnia

Working out of Poverty: an ILO submission for the Indonesian PRSP, ILO Jakarta, Feb 2004 (For further information on ILO Submission to the Indonesian PRSP and A Series of Policy Recommendations: *Decent Work and Poverty Reduction in Indonesia*, contact ILO Jakarta Public Information Centre at ILO Jakarta Office)

UN guidance

The *United Nations General Assembly document A/56/422*, provides overall guidance in the preparation of national reviews and action plans on youth employment (operative paragraph 2, 57/165). In developing action plans, governments and concerned participants may wish to base these, “not only on the needs of young people but also on the strengths that they bring to businesses, communities and societies”.

An integrated approach

Are policy makers currently too dismissive of the issue of youth unemployment and their growing sense of relative deprivation? Certainly some initiatives have begun. Yet the lack of a strategic way forward is evident in most PRS countries, and the attitude of ‘leave it to growth’ continues to prevail.

Governments need to consider an integrated approach with youth employment as part of general employment policies and sectoral policies. Youth-specific components should also be simultaneously developed through active labour-market policies.

Towards addressing this, the ILO Skills and Employability Department has produced a paper outlining the criteria for determining what makes a good training practice for disadvantaged young people. It containing approximately 50 ‘good practices’ and provides guidelines for the design and implementation of education and training programmes for marginalized young women and men.

The Youth Employment Network (YEN) has developed a ‘road map’ summarizing the impediments to the creation of employment for young people, and identifies policies and actions to consider. The road map directs readers to practical examples of ways to overcome impediments, including examples of desirable policy approaches and good practice.

In developing countries most youth employment is found in the informal economy, which accounts for eight out of nine new entrants in some countries. This makes the development of skills related to informal employment particularly relevant to young people.

Youth entrepreneurship

One way of addressing youth unemployment is the encouragement of entrepreneurship in young people. IFP/SEED has prepared a two-part working paper addressing education for entrepreneurship. Part I analyses awareness and promotion programmes in formal and non-formal education from around the world. Part II contains an extensive directory with short descriptions of over 100 current and recently completed programmes for entrepreneurship education. These guides are designed for the use of education and employment planners and decision makers.

See also O'Malley, Kate 2004, *Children and Young People Participating in PRSP Processes: Lessons from Save the Children's experiences*, Save the Children UK

Guidance for the preparation of national reviews and action plans

YEN, Consolidated Outcome of the High Level Panel's Working Groups on Employability, Equal Opportunities, Employment Creation and Entrepreneurship, ILO Geneva, 30 June–1 July, 2003

Haffendorn, K. and C. Salzana, 2003 Facilitating Youth Entrepreneurship Part I: *An analysis of awareness and promotion programmes in formal and non-formal education*, IFP/SEED and Part II; *A directory of awareness and promotion programmes in formal and non-formal education*, 2004 (Hard copy available; forthcoming on IFP/SEED website)

Discussion points

- To what extent is national data and its analysis informing policy formulation in your country? How can, or does, the ILO strengthen national capacity for data analysis? Should this be a priority?
- How has the poverty line been determined in your country? What are the implications?
- Are specific vulnerable and/or chronically poor groups identified in the poverty diagnosis of the PRS in your country? Why/why not?
- How well does the poverty diagnosis consider gender issues and the rights of socially excluded groups.

Agriculture

- How significant are land-reform issues to poverty reduction in your country?
- To what extent is agriculture prioritized in your PRS; are the policy actions and strategies well defined?

Informal Economy

- What PRS actions are planned to enhance the enabling environment for micro, small and medium enterprises, as well as for the informal economy? What role is there for the ILO and constituent engagement?

Youth

- Is the PRS clear and specific about youth employment issues and actions? Why/Why not? What further steps may be needed and what alliances towards these should be formed or strengthened?

The consultative process 2C3

PRS papers are developed, reviewed and revised through a consultative process. This is one of the special qualities of the PRS process, in comparison with earlier Structural Adjustment Programmes. Both the I-PRSP and the full PRS paper in each country describes the process of consultation. Nevertheless, I-PRSPs do not require public consultation, they simply need to describe the consultative process expected to take place in formulating the PRS. PRS papers usually indicate the format, frequency, and location of consultations; a summary of the main issues raised and views of the participants; an account of the impact of the consultations on the design of the strategy; and a discussion of the role of parliament and civil society in future monitoring and implementation. *Joint Staff Assessments* (JSA) by the World Bank comment on the extent (if not always the impact) of the consultative process.

In early PRS documents there was a trade off between the quality and speed of the process. Countries were eager to produce them so that enhanced HIPC and other concessionary lending programmes might begin. The introduction of I-PRSPs, which include preliminary ideas for consultation, gives countries time to develop more effective consultation in the full PRS process.

Communications strategy

The key to success is to have a well planned and resourced national communications strategy that encourages social dialogue and allows a wide range of stakeholders to share knowledge and ideas on the design, implementation and monitoring of the PRS. A consultative process in a specific country can be guided by best practice in other places, but in essence it will be unique and it will involve iterative learning. The design of broad-based consultative processes involves much 'learning by doing'. There is no simple blue print, although guidelines based on best practice are being developed.

The PRS process aims to promote open dialogue with all levels of stakeholder. The belief is that broad public debate will lead to greater local ownership and accountability. Most people now recognize that the PRS process offers a potential window of opportunity to develop country-owned and pro-poor poverty strategies. A well-planned and resourced communications strategy facilitates a meaningful system of ongoing popular participation. This should incorporate tripartite dialogue with both workers' and employers' groups.

Details of the communications strategy and participatory processes will depend on the unique circumstances of a particular country, but common features of best practice are emerging. There is considerable scope for the ILO's expertise in social dialogue to inform and enhance the process. The ILO *Social Dialogue Resource Book* for practitioners provides analytical background knowledge and demonstrates the functions of social dialogue in plain, concrete terms, with practical examples to illustrate important points.

Where the gap between I-PRSP and PRSP is more than a year then countries are now also expected to produce a progress report

PRSP Sourcebook – *Strategic Communication in PRSPs. Participation – generally*

Good communication strategies in Vietnam, Niger, Bolivia
In Bolivia, for example, the alliance between the unions, faith-based organizations and other community-based organizations led to a more inclusive process

Ishikawa, Junko, 2003, *Key features of National Social Dialogue: A Social Dialogue Resource Book* ILO

World Bank, 2004, *Strategic Communication in PRSPs*

Two-way dialogue

Strategic communication is much more than disseminating information to people to inform them about the PRS paper. It is the active solicitation of their perspectives, which should shape the formulation of policy through a two-way flow of information and consensus among stakeholders about the development agenda. The role of communication within PRS processes include:

- raising awareness of underlying PRS principles;
- maintaining momentum to reinforce the importance and continuity of the PRS process;
- facilitating a watchdog role; and
- helping to manage expectations of stakeholders and civil society.

Communication is essential throughout the PRS process: from poverty analysis to development of policy and from financing to monitoring. Communication methods should be used to create an open and inclusive national dialogue to mobilize public opinion around the PRS process (including its implementation and eventual revision).

Good practice: Expanding PRS participation

In some countries popularizing the PRS paper in local languages and having it illustrated by local artists has helped to improve public awareness and stimulate debate. The most extensive popularizing has been done in the United Republic of Tanzania, where the first PRS paper and each *Annual Progress Report*, as well as the *Poverty Monitoring Master Plan* and major survey results have been popularized and disseminated in thousands of copies. Uganda's *People's Guide to the Budget* is also an innovative example of Government's and civil society's joint efforts to better inform the public (not available online). Of course written media are not the only answer; public debates held locally or on radio or television have also become popular ways of engaging people in the PRS process. Web-based discussion forums on PRS issues are still very underdeveloped, in part because of poor people's lack of access to this medium in most countries.

Haki Kazi Catalyst,

ILO, 2004, *Trade Unions and Poverty Reduction Strategies*, Labour Education Nos. 134–135

Trade union involvement

The ILO Bureau of Workers' Activities (ACTRAV) has produced a valuable analysis of trade unions' engagement in poverty reduction. This brings a series of analytical papers together under one cover and includes views on structural-adjustment programmes as well as specific country examples of trade union and PRS processes in Niger, Kyrgyzstan, Cambodia, Ghana, and the Central African Republic.

The overview from this document emphasizes that the PRS process:

gives a free hand to government and civil society, in a participatory process ... The ... underlying macroeconomic framework and development strategy ... remains constrained by disciplines of stabilization and structural adjustment. Trade union involvement ... must therefore be mindful of this reality and seek to engage, in order to widen the poverty reduction agenda.

Many unions are increasingly aware that to engage efficiently calls for greater capacity building on socio-economic policy. Supporting this should be a major focus of ILO work at country level. Coalitions with like-minded organizations are key, as is knowledge and engagement with national budgeting and expenditure processes (see Section 3B). In all this, more and more unions are learning that the PRS process cannot be likened to traditional industrial relations structures. This means that unions have to proactively engage in PRS consultative processes, and in PRS analysis and monitoring.

International Organizations

The World Bank and ICTFU have produced a summary of the issues and challenges in engaging in PRSPs. It covers experiences in 23 countries.

Although the ILO has traditionally focused its support for social dialogue on its constituents, it is now extending its reach to a broader range of workers and workplaces. Social dialogue takes many forms ranging through information sharing, consultation, and negotiation to collective bargaining. These have relevance at many levels and stages in the PRS consultation process. The ILO can help develop the knowledge and skills of the groups who are best placed to make the case for '**working out of poverty**'.

Also, at a strategic level, the ILO can make valuable contributions to establishing the **enabling conditions** for social dialogue. These include: building respect for the fundamental rights of freedom of association and collective bargaining; helping to mould the political will and commitment for all parties to engage in various forms of social dialogue; helping to build strong and independent organizations with technical capacity and access to relevant information; and advising on appropriate institutional support for the promotion of the Decent Work Agenda.

Mobilizing social partners

Mobilizing the social partners to enhance the consultative process is important. Here are some practical ways to do this:

- Inform social partners in advance of major PRS events; ensure that there is an informed person who does this regularly.
- Ensure that social partners receive the PRS documents in due time.
- Facilitate meetings between partners to discuss the PRS paper and processes.
- Facilitate the development of tripartite machinery to discuss the PRS paper and its national budget implications (but make sure these discussions clearly link to, or are one and the same as, national forums).
- Verify that the PRS paper reflects inputs from the social partners at its various stages of development and revision. Keep the social partners informed.

Discussion points

- Is the communications strategy for the PRS consultative process in your country clear and widely disseminated? How does the ILO and constituents engage?
- What is your office's strategy in ensuring the social partners are informed and up to date about the PRS?
- To what extent are the PRS consultative and ILO social dialogue processes linked?

Egulu, Lawrence 2004, *Trade Union Participation in the PRSP Process*, World Bank

Social dialogue and the poverty Reduction Strategy Paper Process in Cambodia: an Assessment

Decent Work for Poverty Reduction: An ILO Contribution to the PRSP in Nepal

Working out of poverty in Ghana

Working out of poverty: An ILO Submission for the Indonesia PRSP

ILO, 2003, *Working Out of Poverty*

See Section 2C4. *Good Governance* for a discussion on forms of social dialogue

O'Donovan, Patricia, *PPT Poverty: The role of governance and social dialogue*

2C4 Good governance

UNDP, *Promoting democracy through reform*

Good governance is a critical element of poverty reduction. Unresolved governance issues stand in the way of ordinary people obtaining opportunities, justice and access to livelihood resources. These barriers create and perpetuate poverty. Better governance is a key factor in conflict resolution, growth and poverty reduction.

Information about the UN Convention

Governance issues feature prominently in a large number of I-PRSP and PRS papers. They tend to focus on public financial management, decentralization, civil service reforms and judicial reforms. Few directly address issues of rights. Equally few PRSs address corruption issues, even though evidence from Transparency International's decade of research by country indicates that corruption hits the poorest hardest and the rich least. Nine out of ten developing countries score less than 5 out of a clean slate of 10 in the most recent *Corruption Perception Survey* (2003). Evidence from country-level Participatory Poverty Assessments reinforce this concern (Uganda, Nigeria, Kenya). Global efforts, including the new *UN Convention Against Corruption* (October 2003) mark a milestone for the way forward.

Implementation of governance reforms

Shah, S, 2002, *World Bank development Report – Walk before you run: Governance and Public sector Reforms in Poverty Reduction Strategies*, Draft, World Bank

There is considerable tension between the desire for complete, even if superficial, coverage of governance issues and choosing realistic priorities for public action. In many instances PRS papers take on board the need to improve public financial management systems as a core priority; emphasizing the preparation, implementation and reporting of the annual budget.

Uganda PRSP

DFID, 2004, *Making government work for poor people: building state capability. Strategies for achieving the international development targets*

The processes for preparing and assessing PRS papers often fail to gauge the political realism of their implementation. In some instances, well-reasoned and analytically strong PRS papers may not address the political sustainability of reforms, or indeed the political incentives at the heart of how public services work for poor people. There is, though, increasing emphasis on enhancing transparency mechanisms through public disclosure policies and public access to information. Such actions can have a powerful impact in creating incentives for greater accountability and compliance with existing laws and regulations within the civil service and the political establishment.

World Bank, *Mainstreaming Poverty Reduction – Poverty Working Group Position Paper for the Meeting of the Consultative Group on Indonesia Mid-Year Review*, 2002

Georgia has experience in the politics of PRSs, as do Bolivia, Uganda and Vietnam. The suggested web sites provide interesting analysis of this dimension.

Hamilton, K., 2004, *Politics and the PRSP Approach: Georgia Case Study*

PRS implementation is affected by national policies, yet the move towards increasingly decentralized government requires better governance at local authority level in many countries. The push for transparency of public-sector transfers is welcomed, but still needs significant improvement if countries are to reach the MDGs. The elements of good governance below are applicable at both national and local authority levels.

Elements of good governance

- 1 **Participation:** all men and women should have a voice in decision making, either directly or through legitimate intermediate institutions that represent their interests. This freedom of association and speech implies full implementation of *ILO Convention 87*.
- 2 **Rule of law:** legal frameworks should be fair and enforced impartially, particularly the laws on human rights.
- 3 **Transparency:** transparency is built on the free flow of information. Information must be made available in a timely manner so that stakeholders can participate and contribute properly; this is crucial to the success of PRSs.
- 4 **Responsiveness:** institutions and processes should try to serve all stakeholders. This is particularly the responsibility of government and the judiciary.
- 5 **Consensus orientation:** mediating differing interests to reach a broad consensus on what is in the public's best interests. This is also a key objective of social dialogue and a challenge for social partners given their heterogeneous membership base.
- 6 **Equity:** all men and women should have opportunities to improve or maintain their well-being and voice through their representative organizations.
- 7 **Effectiveness and efficiency:** processes and institutions should produce results that meet the needs of the poor while making the best use of resources.
- 8 **Accountability:** decision makers in government, the private sector and civil society organizations – including trade unions and employers' organizations – should be accountable to the public, as well as to institutional stakeholders. Accountability can be exemplified by the increase in national public attitude surveys on governance and democracy. They are increasingly important to public policy makers and politicians. Two of the strongest examples are the **Afrobarometer** and the **Latinobarometer**. The former is an independent non-partisan research initiative involving collaboration in 16 African countries. Their reports on public attitudes on unemployment, international organizations and HIV/AIDS illustrate their high quality work.
- 9 **Strategic vision:** leaders and the public should have a broad and long-term perspective on good governance and human development, along with a sense of what is needed

Adapted from UNDP, 1997, *Governance for Sustainable Human Development*

Convention 87

Afrobarometer, 2004, *Africa's Unemployment Crisis: evolving public attitude*

Afrobarometer, 2003, *African's Views of International Organizations*

Afrobarometer, 2004, *Public Opinions and HIV/AIDS: facing up to the future?*

The ILO added value: *The Declaration on Fundamental Principles and Rights at Work*

The Declaration on Fundamental Principles and Rights at Work

All Member States of the ILO (even those that have not ratified it) have an obligation to respect the principles set out in *The Declaration*, which adds value to good-governance policy in poverty reduction, including:

DFID, 2004, *Labour standards and poverty reduction*

DFID, 2003, *Labour Standards and poverty reduction: Consultation document*

The texts of ILO Conventions can be found on the Ilolex database

Peccoud, D., 2004, *Philosophical and Spiritual Perspectives on Decent Work*

UNHCHR, 2002, *A Human Rights Approach to Poverty Reduction Strategies*

See: IFP/Dialogue website

ILO, *Key Features of National Social Dialogue: a social dialogue resource book*

IFP/DIALOGUE Brochure: *An Integrated Approach to Promoting Good Governance*, 2003 (hard copy only)

Buckley, G., 2003, *Social Dialogue and the PRSP Process in Cambodia: an Assessment*
ILO/DIALOGUE

Harvey, Ross and Lee, Chang-Hee, 2004, *Poverty Reduction Papers. Social Dialogue and the Role of Social Partners: An ILO Guide for Employers' and Workers' Organizations* (in draft)

- freedom of association and the effective recognition of the right to collective bargaining (*Conventions 87 and 98*);
- the elimination of all forms of forced or compulsory labour (*Conventions 29 and 105*);
- the effective abolition of child labour (*Conventions 138 and 182*); and
- the elimination of discrimination in respect of employment and occupation (*Conventions 100 and 111*).

These rights are the foundation of **equitable** economic growth and development.

In all societies there is an ethical dimension to work, connected to people's rights and entitlements. Better workers' rights can result in workplace efficiency, stability and, ultimately, faster and more balanced economic growth. Improved rights at the workplace guarantee better distribution of income, alongside improvements in efficiency and productivity. The *ILO Declaration* has a significant and crucial role to play in helping countries address labour-related governance challenges. It is a means of empowerment, creating opportunity, security and improving dignity.

The ILO and labour market governance

Good governance in the labour market is about the rule of law and this applies to all employment-related matters. A fair and reliable legal framework is important. The ILO promotes sound legal frameworks that respect core labour standards and other ratified conventions. It also contributes to good governance in promoting impartial and fair enforcement of those laws through capacity building of labour inspectors and judiciary.

Good governance is also about accountability and strategic vision of public administration. The ILO assists a number of these public administrations – ministries of labour, employment, vocational training, social protection, etc – in designing and implementing poverty reduction policies. This is another area where the ILO is adding value.

Consultative processes underpinning PRS papers have not always involved ILO constituents and social dialogue is rarely afforded the importance it deserves. The ILO social dialogue process in Cambodia is an example of one exception to this. It illustrates that without the voices of the ILO constituents PRS processes could stand less chance of being institutionalized.

Universal participation in social dialogue

The social dialogue process includes negotiation, consultation and exchange of information between, or among, representatives of governments, employers and workers on economic and social issues of common interest. In each case, social dialogue is about building trust. Social dialogue can be a tripartite process with the government as an official party or as bipartite relations between labour and management (or trade unions and employers' organizations). It may include indirect government involvement.

Enabling social dialogue requires the following:

- Strong, independent workers' and employers' organizations with technical capacity and access to relevant information

- All parties to have the political will and commitment to engage
- Respect for the fundamental rights of freedom of association and collective bargaining
- Appropriate institutional support.

Common forms of social dialogue include:

- **Information sharing:** one of the most basic and indispensable elements. In itself, it implies no real discussion or action on issues but it is nevertheless essential.
- **Consultation:** beyond mere sharing of information. This requires engagement through an exchange of views, which can, in turn, lead to more in-depth dialogue.
- **Negotiations and the conclusion of agreements:** while many institutions make use of consultation and information-sharing, some are empowered to reach binding agreements. Those institutions that do not have a mandate to do this normally serve in an advisory capacity to ministries, legislators and policy-makers.
- **Collective bargaining:** an integral or widespread form of social dialogue and a useful indicator of the capacity within a country to engage in national level tripartism. Collective bargaining takes place at enterprise, sectoral, regional, national and even multinational level.

Social dialogue is both a means and an end in the quest for poverty reduction. It is an essential process inherent to the drafting of PRS papers and the bedrock for an open, transparent and democratic society. The ILO and constituents increasingly integrate social dialogue into the PRS process by encouraging engagement in key forums organized during the PRS process. Support for the development and delivery of agreed and prioritized policy messages is considered fundamental.

It may prove useful to remember that cooperatives often best represent the voices of the small farmers and the urban poor in PRS countries. Their involvement in social dialogue processes (as part of PRS consultations) is, therefore, very important. In Vietnam and South Africa, cooperatives are included as part of the social dialogue mechanism

Posthuma, A.C., 2001, *Recent Transformations in Training and Social Dialogue in Latin America*

Discussion points

- Have the principles expressed in *The Declaration* been taken into account in your country's PRS?
- Have the fundamental *Conventions* been ratified in your country; to what extent are the fundamental principles and rights respected? Can the PRS process help to make improvements? How?
- To what extent has the social dialogue process succeeded in linking into and influencing the mainstream PRS consultative process? What have been the main challenges?
- What are the priority poverty concerns for employers' and workers' associations in your country?

2C5 Human development

World Bank Sourcebook Part 3:
Health, Nutrition and Population;
and Education

As countries develop their PRS papers, the role of human development, most especially health and education, receives considerable attention. This recognizes the fact that human development is about much more than economics and finance; it is about the creation of an environment in which people can develop their potential and exercise choices. For poor people, affordable access to basic social services is central to equality of opportunities and human development.

There is a recognized virtuous circle between human development (including equity), economic growth and poverty reduction. Economic growth is needed for human development. Investing in human capital increases choices (especially of work and productivity) and further accelerates growth; a healthy educated labour force influences the growth process. Equitable distribution of incomes and assets can reduce economic insecurity, encourage investment, and ensure motivation.

Human Development Index

Good practice: Integrating HD into PRSs

How is human development integrated into PRS papers? PRS countries in Eastern and Central Asia region provide practical advice about how this should be done:

- **Baseline:** the point of departure should be the current human development situation of the population. The country's poverty diagnosis is a pre-requisite.
- **Inputs:** human capital should be seen as an important input to PRS implementation and national development. Implementing the PRS is not just about having the financial resources; it is also about human capacity and capabilities.
- **Outcomes:** increased human development should be an outcome of PRS processes; the goal should be growth with equity for poverty eradication
- **Indicators:** human development indicators should be of two types, those of universal relevance (linked to the MDGs) and those which reflect cultural or local particularities.

World Bank, 2nd ECA Forum on Poverty Reduction Strategies; Group Discussion II – *A Human Development and Poverty*

Recent analysis indicates a strong trend which prioritizes efforts in health, education and access to water in most PRS countries. Spending on health and education especially has increased significantly as a share of GDP and total government spending, and in real per-capita terms; an increase that is projected to continue. Countries are increasingly defining essential health packages, re-focusing on achieving universal primary education and significantly improving and refining the costing of public actions.

These are discussed further below.

Health, nutrition and population

Health status, broadly defined, includes well-being – nutritionally and in relation to managing fertility. Ill health, malnutrition and high fertility are often reasons why households end up in poverty, or sink further into it. This is why health features prominently in the following MDGs:

- **Reducing extreme poverty** which includes the proportion under the age of five who are underweight
- **Reducing infant and child mortality**
- **Improving maternal health**
- **Combating HIV/AIDs, malaria and other diseases.**

Multi-sectoral approaches

An innovative aspect of many PRS processes is their recognition that achieving better health outcomes depends on a multi-sectoral approach, not just on actions by the ministry of health. PRS processes can help bring a poverty reduction focus to the health sector and pro-poor analysis to ministry budgets. Education, the environment, availability of roads and safe water supplies also contribute to better health and, therefore, contribute to achieving PRS objectives in health and food security. The Republic of Moldova provides a useful example of a multi-sectoral PRS approach to human development generally.

In the opinion of WHO, PRS papers cannot (and should not) replace existing health-sector plans and programmes nor should they be expected to contain full details of a comprehensive health strategy. PRS processes should draw from and link to these more detailed plans and give priority to health interventions most likely to improve the health of the poor.

What should we look for in a PRS paper to determine if it meets this criteria?

- Evidence of **generic health interventions** which are considered pro-poor (strategies for free primary health care, communicable-disease control, maternal and child health, nutrition and strengthening of health provision in rural areas).
- Specific **targeting** of the poorest groups or geographical locations (outreach services, user-fee exemption mechanisms, and strengthening of health services in the poorest districts).
- **Intervention in other sectors** which can have a positive impact on health (such as occupational safety and health issues; extension of water and sanitation, increased spending on education and information and increased tobacco taxes).

Overall, there has been a consistent focus on efforts to improve access to health services in most PRS countries. However, different combinations of approaches may be appropriate for different countries. In many African countries where the number of poor is excessively high, inadequate health services especially in rural areas disproportionately affect the poor. In all African PRS countries there has been an increased focus on primary health care, with efforts to balance the objective of improved quality of services with distributional concerns including exemption from user fees (Uganda; Ghana; United Republic of Tanzania) and free immunization for

Sourcebook Chapter 18

Improving Statistics for Measuring Development Outcomes

WHO, 2004, *PRSPs: Their significance for health, Second Synthesis Report*

Moldova PRSP

Gobind Nankani and Masood Ahmed, 2002, *Review of the PRSP Approach: Main findings*

Safework: ILO Programme on safety, health and the environment

ILO, UNESCO, WHO, 2004; *CBR: a strategy for Rehabilitation, Equalization of Opportunities, Poverty Reduction and Social Inclusion of people with Disabilities*; joint position paper

Link to PRS papers:

Ghana

Mozambique

Tanzania

Uganda

pregnant women and children under 5 years of age (Mauritania; Mozambique). In Latin America where health services are better established, a more targeted approach has been the trend.

HIV/AIDS

Regional Report for Southern Africa (Zambia and Malawi), presented to the Occupational Health and safety course held in Turin – Trade Union training in occupational health and safety with special focus on HIV/AIDS 06 05 2002 – 31 05 2002

HIV/AIDS has resulted in increased morbidity and mortality, that has negatively affected the productive sector in many countries. Non compliance with occupational safety and health regulations and policies dealing with appropriate training is an ongoing issue. There is a great need to strengthen awareness and education on the use of universal infection-control measures so as to identify and reduce the risk of HIV transmission in the workplace. The ILO can also contribute to efforts to make the workplace a catalyst for efforts to prevent the spread of HIV and reduce the impact of the pandemic. (see Section 2C9 for further discussion of HIV/AIDS in the workplace).

Maternity

Jane Paul, 2004, *Healthy Beginnings: Guidance on safe maternity at work*, ILO Occupational Health and Safety (hard copy only) ISBN: 92-2-115-238-3

Most PRS countries are committed to MDG 5 (to reduce by three quarters, between 1995 and 2015, the maternal mortality ratio) and recognize the importance of a “healthy beginning for both mothers and children”. Towards this, the ILO has developed a reference guide on *safe maternity at work*. It reviews the various occupational risks and offers checklists and sample forms to help identify and assess risk

Ongoing maintenance of health

Gwatkins, D.R., 2002, *Who would gain most from efforts to reach the Millennium Development Goals in Health?* World Bank

Monitoring progress in health services is a challenge in PRS countries, not only because of inconsistent data but also because of the tendency to present information in national averages. Many health goals in some countries may be achieved without significant improvements for the poorest. Monitoring progress in health of the poorest regions and groups is the next big challenge for PRS countries.

The ILO contribution to health-care services

The ILO supports **micro health insurance schemes**. Being prepared and able to address ill health is vital for all, and especially for the poor. The ILO STEP program (Strategies and Tools against Social Exclusion and Poverty) proves that the poor can be prepared by establishing health insurance schemes and these do make a difference to their health outcomes.

STEP has a network of over 150 members of **mutual health organizations** in eleven western and central Africa countries known as the Coordination Network (La Concertation). It is a forum for many actors at the national and international levels, among agencies and development programmes, informal-economy organizations, social partners and national public bodies. The network represents mutual health organizations, unions, federations, public structures and research centres. It supports structures for mutual health organizations and provides a broad variety of services: a website, a newsletter, a monitoring system and thematic workshops to support the mutual-health-organization movement.

STEP and IFP/SEED, 2001, *Mutual health organizations and micro-entrepreneurs' associations' guide*

STEP in conjunction with IFP/SEED has also prepared a guide about health protection among **micro-entrepreneurs**, and how it can be addressed by mutual health organizations. This includes costs and benefits of establishing such organizations.

Nepal offers a good example of the ILO STEP programme with local partners to develop health micro-insurance schemes and improve access to health care for workers in the informal economy. In this the ILO and the national government are connecting national-level policies and local initiatives. Government, trade-unions and NGOs act as partners in the provision and as advocates for extension. The Women's Empowerment through Employment and Health (WEEH) project in Bangladesh is another interesting example.

The ILO Financial, Actuarial and Statistical Services Branch (SOC/FAS) offers a range of services and relevant publications in this area. A book on creating and implementing informed national health-care policies through a solid understanding of the basics of modelling may be particularly relevant.

Finally, the Social Security Policy and Development Branch of the ILO has produced a working paper outlining key elements of national and international strategies to extend social-security programmes, particularly the promotion of community and area-based social insurance schemes.

Education

The Convention on the Rights of the Child is the starting point for all national education interventions. Ratified by all but two nations (Somalia and the United States) it commits governments to "pursue full implementation. ... to ensure that all segments of society ... are informed, and have access to education ..." This has been reinforced by the adoption of the Recommendation concerning Human Resources Development: Education, Training and Lifelong Learning at the 2004 ILC, which states that "Members should: recognize that education and training are a right for all and, in cooperation with the social partners, work towards ensuring access for all to lifelong learning".

Yet, more than 113 million children (the majority girls) in the developing world never enter a school and some 880 million adults remain illiterate. Unacceptable proportions of children who enter school leave without acquiring sustainable literacy. At current rates of education expansion, it is projected that even by 2015 over 100 million school-age children will still not be in primary school. This will seriously compromise countries' efforts to reduce poverty.

Three key PRS goals

Three key goals are taken as cornerstones of the education component of PRSs. These are consistent with the MDGs and 184 countries' commitments at the 2000 Dakar Education for All (EFA) forum. They are:

- raising the share of children who complete an adequate quality primary education, (towards the goal of universal primary education completion by the year 2015);
- eliminating gender disparities in primary education by 2005; and
- increasing the share of the literate adult population.

Education for all

All PRS papers emphasize access to education, especially at primary school level. The challenge is most acute in rural areas where remoteness and poverty can undermine children's abilities to attend. PRS papers reflect a range of measures to

World of Work Magazine

WEEH

Cichon M. et al.1999: *Modelling in Health care finance, A compendium of quantitative techniques for health care financing*, ILO SOC/FAS

Wouter van Ginneken, 2003, *Extending social security: Policies for developing countries*, Social Security Policy and Development Branch

UNHCHR, 2002, *Convention on the Rights of the Child*

Text of the Recommendation concerning Human Resources Development: Education, Training and Lifelong Learning, 2004 (No. 195)

Sourcebook Chapter 19 (Education)

Link to Education for All Framework (in numerous languages)

World Bank. 2002, Review of the PRSP Approach: Main findings

Good practice: Education of marginalized groups

PRS papers commonly give a clear diagnosis of education needs and the scope of the problem at the national level. Fewer set specific targets in relation to the education of marginalized groups or regions (Honduras and Viet Nam are positive exceptions with significant focus on ethnic minorities) or for people with disabilities (Malawi is a positive exception). This remains a challenge for the future. The ILO Skills Development Department has also produced a paper containing approximately 50 'good practices' of training disadvantaged youth. It outlines the criteria for determining what makes a training practice for disadvantaged youth 'good', serving as a guideline for the design and implementation of education and training programmes for marginalized young women and men.

Examples from: Vietnam; Honduras

Brewer, Laura 2004, *Youth at risk: Facilitating the transition to work*, ILO (will be available on IFP/SKILLS website)

Heidel, K, 2004, *PRSPs: Blind to the rights of the (Working) child? The (I) PRSPs' perception of Child labour: A problem outline and annotated collection of source material*

Technical Consultation on Mainstreaming Child Labour concerns in Development and Poverty Strategies, Report of proceedings, 1–2 December, 2003, ILO Headquarters, Geneva (available on DPNET website in 2004)

See: IPEC's Development Policy Network for the Elimination of Child Labour (DPNet)

and: *Time Bound Programmes, Manual for Action Planning*

For more information on education and training in LAC, see: CINETFOR/ILO

See: Johanson, R.K. 2004, *Implications of globalization and economic restructuring for skills development in sub-Saharan Africa*, INTEGRATION

improve enrolment, retention and quality of schooling. In a number of countries this has included massive increases in public expenditure on classroom construction and teachers' accommodation; followed by a focus on quality improvements through teacher training and community involvement in school management.

Efforts to achieve **education for all** (EFA) and the progressive **elimination of child labour** are inextricably linked. To achieve the goal of universal primary education by 2015, governments will not only have to increase endeavours to reach EFA, they will need to accelerate efforts to eliminate child labour. The prevention and elimination of child labour should be a key objective in PRSPs and in reforms of the education sector. This sector has great potential to contribute to the elimination of child labour and conversely, as child labour is one of the major obstacles to EFA; eliminating it can make an important contribution to reaching the goal of EFA.

Acknowledgement of the widespread employment of child labour needs to be an integral part of education planning. Specific ways to incorporate it include: recognition of the factors that push children out of school and pull them into the labour market (including distance, affordability, quality and relevance of education for work); dialogue and cooperation with stakeholders in the education sector; and improved targeting of education funding towards working children.

Secondary and vocational education

Education beyond the primary level is also vital to poverty reduction, and is increasingly recognized within PRS processes. This is emerging particularly out of growing concern about youth unemployment.

The heavy focus on primary schooling is beginning to loosen in some countries, as issues of employment and globalization rise on the development agenda. While the 1990s saw a decline in support for tertiary education generally and for overseas scholarships, some governments are now arguing that they need to strengthen national universities as well, so as not to fall further behind in development.

Not only does *Recommendation 195* promote training as a right for all, it acknowledges the need to make training more relevant to the needs of the poor, the needs of the economy and the needs of society. Often the training available to poor people perpetuates low skills, obsolete technologies, traditional or un-remunerative

trades and job stereotypes. As such it does not lead to gainful employment, particularly in the case of poor women.

A useful resource is the *Training Policy Model for Enhancing Employability and Gender Equity* by Formujer, a programme to strengthen the capacity of institutions in Latin America to address issues of training for work, especially for women.

There is a stream of small-scale project-level innovations in training methods and content targeted towards poverty, particularly in female-targeted projects. These feature:

- Participatory methods: participant bottom-up learning rather than top-down 'expert' training
- Literacy and livelihood-development training: combined for the very poor and illiterate
- Life skills, gender-awareness and empowerment: integrated into livelihood training
- Targeting: different economic sectors are targeted to form an integrated pro-poor sectoral approach.

Discussion points

Do the policies in your country:

- facilitate the development of human capital and reduce inequalities while stimulating growth;
- address issues of discrimination and social structures of society in order to better target policies and resources; and
- redistribute resources equitably across gender and regional and ethnic groups – favouring land, credit, food security and educational opportunities; and facilitate the reduction of child labour?

Formujer main web site

See Mayoux, L. 2004, *Learning and Decent Work for all: New directions in training and education for pro-poor growth*, ILO, IFP/SKILLS forthcoming to their website

See also ILO Community Based Training (CBT) methodology for (Self) Employment and Income Generation

2C6 Private-sector development and infrastructure

World Bank, A Framework for FDI Promotion

Ghose, A. 2004, Capital inflows and investment in developing countries, ILO/EMPSTRAT

World Bank, Does a country need a promotion agency to attract FDI?

The current macro-economic perspective, which emphasizes market-led growth, underpins PRSs in all countries. This perspective is based on the premise that opportunities for growth that are pro-poor will come via market liberalization, including foreign direct investment.

Indeed, most poor households depend for their income from private-sector activities, such as the sale of crops, labour, food or other services. These activities are affected by the quality, quantity and reliability of supporting services and infrastructure. So what is the trend in PRS papers in terms of these? What policy direction is being taken in most PRS countries?

Four avenues of change

In practice four strands have, or are beginning, to predominate in most PRS papers. These are:

- **Privatization** of State Owned Enterprises
- **Development of small and medium enterprises**
- **Development of cooperatives**
- **Infrastructure**, with emphasis on private-sector participation.

Pakistan: 10 year Plan (2001–11); 3 Year Plan (2001–2004)

Bolivia: Plan general de Desarrollo Economic y Social-PGDES

Vietnam: 5 Year Plan for Socio-economic Development

India: 10th Five year Plan

Message from the Director-General, 2004, Cooperatives for Fair Globalization

Before providing basic details on each of these, it is important to appreciate that most PRS countries have planning instruments which guide these four strands of policy. These are often separate from, but considered fundamental to, national reform processes. Ministries of finance and/or planning often produce such investment or growth plans every 5 to 10 years. What is sometimes stated as generalities in a PRS paper in relation to these strands are detailed in **other** national planning instruments.

The four strands refer directly to the formal economy without adequately acknowledging the significant impact on poverty of the informal economy and of the social economy (including the global cooperative movement). Together these provide the bulk of work opportunities for small producers and traders in developing countries. More detail on the informal economy is provided in Section 2C2.

Good practice: Consolidating national economic plans

In Yemen, the UNDP together with the Ministry of Planning are currently making efforts to consolidate the numerous national economic plans (including the ILO national employment agenda for Yemen) into one framework within the PRS process.

Yemen

Privatization

Privatization is the sale by governments of state-owned enterprises or assets to private persons or organizations. Recent research indicates the following:

- Most privatizations have taken place in developing countries. Since 1990 the share of state-owned enterprises of global GDP has declined from more than 10% (1979) to less than 6% (2001, OECD).
- Governments use three techniques: issuing shares, selling assets, and vouchers. These vary widely in their detail, but there is a tendency for governments to under-price share offerings. Employees of state-owned enterprises are often particularly favoured in allocations of share offers. To retain some control, governments frequently keep a 'golden' share that gives them power to veto certain changes.
- Privatization 'works' in the sense that firms usually become more efficient and profitable, but does not always function in the public's best interest due to the lack of price controls and regulations. Employment in the enterprise itself usually falls following privatization, but further research is needed to determine whether it leads to a net gain or loss of jobs on an economy-wide scale.

One of the most crucial issues during the next decade of PRSs may be the increasing need to establish regulatory bodies for privatized utilities such as energy, telecommunications, water and sanitation. Pushing for representation by workers and consumers is an important policy action required to safeguard the interest of users of utilities and other essential services in many PRS countries

Small and Medium Enterprises (SME)

To accelerate growth and reduce poverty, many PRS countries target assistance to SMEs. The precise definition of SMEs varies, but is usually based on number of employees or value of assets (5–100 workers for small enterprises, and 100–250 workers in medium size enterprises). The SME definition includes member-based enterprises and cooperatives, but in most instances does not include the informal economy.

Comparing across countries is challenging because of the varied definitions. Nonetheless, pro-SME policy is often based on the argument that, relative to large firms, SMEs enhance job growth, enable sustainable economic growth, and increase economic participation of marginalized groups. Sceptics (including some in the World Bank) argue that there is little evidence that SMEs are better at creating jobs than larger firms, and that subsidizing SMEs distorts 'optimal' firm size and thus undermines economies of scale.

Increasingly, PRS papers are arguing that a 'sound business environment' is what matters most, whether for big or small firms. They highlight lowering entry and exit requirements, defining property rights, enforcing contracts, and providing access to finance; as the most important elements for growth and for poverty reduction.

The ILO views the policy and legal frameworks in countries as key to the growth of SMEs. Usefully, it unpicks the concept by providing practical checklists to guide analysis in the areas of policy/legal base, regulations/procedures, and administration. SEED's work highlights the importance of policy analysis based on national data on SMEs, and impact analysis of policies and laws.

You can join the on-line discussion and debates around what SMEs offer to country economies and their role in poverty reduction, hosted by the World Bank.

Meggison and Netter, 2003, *From State to Market: A survey of Empirical Studies on Privatization*

See:
Africa Forum for Utility Regulation
and:
South Asian Forum for
Infrastructure Regulation

World Bank, 2004, *Does privatization Lead to Layoffs and Worsen Labor Conditions? On-line debate*

UK Cabinet Office, 2003, *Better Policy Making: A guide to Regulatory Impact Assessment*

The OECD's SME Ministerial meeting (June 2004) provided much evidence of the role of SMEs in job creation and development as well as the positive role SME policy can play in enhancing growth

See: SEED, *An Introduction to the Policy Challenge*

T. Beck et al, 2003, *SMEs, Growth and Poverty: cross-country evidence* World Bank

See the OECD's view of the role of SMEs in creating employment

Guide to ILO Recommendation 189, Job Creation in Small and Medium Enterprises, IFP/SEED

World Bank discussion forum

Birchall, J. 2003, *Rediscovering the Cooperative Advantage*, ILO

Recommendation 193

ILO/COOP *Promoting Co-operatives: A guide to ILO Recommendation No. 193* (forthcoming on COOP website)

There are Privatization toolkits for Infrastructure, Water & Sanitation, Solid Waste, Roads, Ports and Telecommunications

Tajgman, D., and de Veen, J., 1998, *Employment Intensive Infrastructure Programmes: Labour Policies and Practices* (priced publication)

Oakley, P., 2001, *Organization, Negotiation and Contracting in Development Programmes and Projects: Practice at Community Level*

Tournee, J., and van Esch, W., 2001, *Community Contracts in Urban Infrastructure Works* (hard copy only)

A useful example of PRS analytical work on the role of public works, see *An ILO contribution to the PRSP in Nepal* (p.6)

See the Employment Intensive Investment Programme (EIIP) on Poverty and Investment Strategies

Link to PRS papers:

[Ethiopia](#)

[Chad](#)

[Serbia & Montenegro](#)

Cooperatives

Cooperatives are deeply rooted in local communities while at the same time representing a global movement of over 800 million households worldwide. As business organizations they contribute to macro and local economic development and open up market opportunities for the smallest producers. Guided by human and social values, they draw on collective strength to promote the well-being of members, their families and their communities.

The foundation of the **ILO work** in this area is *Recommendation 193* (2002) concerning the Promotion of Cooperatives. The ILO, in conjunction with UK's Co-operative College and the International Co-operative Alliance (ICA), has published *A guide to ILO Recommendation 193*. The guide explains how the Recommendation can help ensure an enabling environment in which cooperatives can flourish, by identifying the key components of law and policies on cooperatives. It also shows how and why we need to campaign for such legal frameworks for cooperatives.

Infrastructure

Improving infrastructure is a very high priority in most PRSs, and is the focus of much public expenditure. Increasingly policymakers are focused on how the development of different types of infrastructure can affect growth and equity.

In most countries information exists about infrastructure supply, especially for main roads, and networked power supply, water and telecommunications utilities; but there tends to be less information about household consumption of the services where they are self provided or obtained from non-networked suppliers. In general, PRS countries are encouraged to adopt strategies which increase competition in service delivery, encourage service delivery by non-State actors, and to be clear about the objectives where subsidies are needed. The use of independent regulatory bodies to ensure quality of services is also slowly increasing.

In many instances encouraging the set up of small alternative service providers can improve delivery of services and complement large-scale providers. The ILO has many years of practical experience in encouraging this through community contracting, employment-intensive infrastructure programmes and the establishment of cooperatives.

Overall, in PRSs in Africa the focus is heavily on the roads sector, most especially rural roads, which tend to be stumbling in progress due to complex and outdated public procurement laws. Equally, the push to privatize utilities in many countries is embedded in PRSs (Chad, Ethiopia, and Serbia and Montenegro), on the assumption that this will lead to improved infrastructure.

Discussion points

Privatization

- What have been the effects of privatization on employment? What further privatizations are planned, and what are their likely impacts on workers?
- What steps are being taken to ensure the establishment of regulatory bodies for privatized utilities? Is there adequate representation of workers and consumers?

Cooperatives

- How significant have cooperatives been to development in your country? What role do they (and should they) play in the PRS?
- Does the regulatory framework support or hinder cooperatives?

Infrastructure

- Is the use of the ILO's experience in community contracting, employment-intensive infrastructure and cooperatives used in your country?

2C7 Social protection and social inclusion

Social protection and poverty reduction

See: *The Chronic Poverty Report 2004*

Social protection is rising up the development agenda, especially in PRS countries. Originally considered as public measures to insure income security, social protection is now discussed in broader terms in relation to:

- preventing, mitigating and enhancing the ability of **vulnerable people** to cope with and recover from major shocks and hazards;
- enabling **the chronically poor** to emerge from poverty, deprivation and insecurity.

Social protection's importance lies in its ability to interrupt the high levels of risk and vulnerability which not only lead to people becoming poor, but also contribute to sustained chronic poverty for many.

Perspectives on how social protection can best be used as an instrument for poverty reduction vary considerably. This section highlights aspects which underpin approaches taken in many PRS processes. Understanding these is the first step in thinking about how best to influence the process in favour of decent work.

According to the World Bank review, the degree of focus on social protection varies in PRS papers, being greatest in the Europe and Central Asia region and in Latin America. In these regions, countries have clearly diagnosed the sources of household risk; their strategy is to address a broad range of social protection issues as a coherent part of overall poverty reduction

However, others make the case that social protection is generally one of the weakest areas addressed in PRS papers, especially in sub-Saharan African countries. Some have made the case that this is because:

... (some) economists are worried about an approach that would allow citizens to make claims on the state for the fulfilment of 'rights' such as social security (or free access to primary health care). They argue that this puts at risk prudent fiscal management. But all rights cost money. Deciding which are most important, and which require priority funding in relation to state resources (and priority actions in poverty reduction) becomes the debate.

There is a wide range of mechanisms that can be used to advance social protection for the vulnerable and chronically poor. It is the combination of these that is vital to making a significant impact. Their coordination through a National Social Protection Strategy is important and should be linked to the PRSs.

The right to social security

Social protection is recognized in international agreements as a universal human right. Within this it is useful to view social security as a subset of social protection. Social security is the protection which society provides for its members through a series of

The contribution of Social Protection to the Millennium Development Goals

World Bank, 2002, Review of the PRSP Approach: Main findings

See also: Regional SP Sector Strategy Papers

Institute for Development Studies (IDS) Policy Briefing Number 17 May 2003

Social Protection Mechanisms (examples):

- **Social Security:** pensions (contributory and non-contributory), transfers (allowances; in kind pensions), national insurance schemes, food subsidies, labour-market measures (Core Labour Standards).
- **Asset Protection:** savings (including solidarity), asset-replacement loan schemes, insurance schemes (accident, disability and other), protective legislation (especially land and property laws).
- **Human Development:** fee waivers and exemptions, lifeline tariffs, health insurance, conditional transfers, childcare, micronutrient supplement programmes, school feeding programmes, sectoral policies (e.g. public health policy).
- **Safety nets:** food aid, public works and employment guarantee schemes, social action fund programmes.

public measures: to offset the absence or substantial reduction of income from work resulting from various contingencies (notably sickness, maternity, employment injury, unemployment, invalidity, old age and death of the breadwinner); to provide people with healthcare; and to provide benefits for families and children.

Social security contributes to economic development and is a powerful tool for preventing and alleviating poverty. It augments social cohesion and enhances worldwide productivity. Most social security measures are based around formal employment, and include social insurance and social assistance measures.

Only one in five people in the world have adequate coverage, while more than half the world's population has no social protection at all. The principle debate is how to extend coverage to the large number of self-employed outside the formal sector.

In 2001, representatives from governments, employers' and workers' organizations reached a new consensus on social security: the highest priority should be given to "policies and initiatives which can bring social security to those who are not covered by existing systems". A useful example of how this has been initiated within a PRS country can be found in the ILO working paper on Nepal.

Targeted protection

As a result of concerns about affordability and sustainability of social protection, some PRS countries have taken a targeted approach, focusing primarily on vulnerability. This is perceived by some as an affordable way to safeguard against deepening poverty through the creation of 'safety nets'. The approach is summarized as follows:

... the first step is to analyse the main source of risk and vulnerability of the population and identify the population groups most affected ... the second step is to identify groups which are covered by existing programmes and policies and assess the effectiveness ... special attention should be paid to the compatibility of the policy context and the expenditure programmes ...

This approach initially formed the backbone of some national social-protection strategies, examples of which can be found in Argentina, Malawi and Togo. Yet this approach does not begin with the principle that social protection is a 'right', but instead considers it a residual. This is where the UN and the World Bank differ in their points of view.

Facts:

In many sub-Saharan and South Asian countries, social security currently reaches fewer than 10 percent of the working population

Social security coverage is largely lacking in the informal economy, where most women work

Several countries have shown how to provide pension and health coverage to all citizens. (e.g. Republic of Korea, Costa Rica and Tunisia)

ILC 89th Session June 2001, Report of the Committee on Social Security

EMP/STRAT, 2003, Decent Work for Poverty reduction: An ILO contribution to the PRSP in Nepal

World Bank PRSP Sourcebook: social protection

See: Social Protection Strategy by country and region

Targeting is often less than ideal in providing protection: it is difficult to avoid wrongful exclusion and inclusion, it is expensive and administratively difficult to do well, and it reduces social solidarity. However, decision makers may insist on it, largely on cost grounds. In this situation, simple categories (e.g. age, location, widely recognised degree of exclusion) should be considered, within which provision ideally should be universal. As administrative capacity evolves, more sophisticated approaches to targeting may become feasible.

Addressing vulnerability

Common elements of poverty reduction strategies are social 'action' funds, public works programmes (the largest of which are in Bangladesh and India) and pension reforms. These are often cited in PRS countries as key mechanisms for addressing vulnerability. They are perceived as means to provide protection from risks by building the asset base of households and communities.

The World Bank Guide on Social Funds, Nov. 2001, World Bank European Vice Presidency

Social 'action' funds, started in the mid 1980s, and have been established in more than 50 countries. They involve concessionary loans and grants from the World Bank, that provide a pool of funds to which various groups (communities, municipalities, schools, etc) can apply for benefits to be provided to targeted recipients. Evidence indicates that women tend not to be involved in decision making of most social action funds unless specific measures are taken to include them.

However, there is growing awareness that although these mechanisms are important, social protection for the vulnerable and the chronically poor requires a broad range of mechanisms.

The World Bank Social Risk Management Framework

In addition to such mechanisms, research agendas are being devised for risk assessments (especially in Africa). The World Bank encourages use of their Social Risk Management Framework, for deepening understanding of non-economic risks and responses. This is being tested on a subset of high priority sources of risk (i.e. shocks) such as weather, health, HIV/AIDS, conflict and commodity prices. It is expected that its econometric modelling tools may identify ways of reducing the vulnerability of the poor.

Social Risk Management: The World Bank's Approach to Social Protection in a Globalizing World

The Decent Work approach

The targeted approach described above contrasts with the essential features of a decent-work approach based on the right to social protection; ILO's social protection efforts emphasize coverage and effectiveness for **all**.

ILO, 2001, Social Security: a new Consensus

However, in most PRS countries affordability is the issue and most have not yet assessed the 'fiscal space' for shifting to a rights-based approach in which all citizens have access to social protection, for example through primary healthcare, primary education and pension provisions. The key is to emphasize tax-financed benefit systems as well as contributory mechanisms

The ILO and the International Social Security Association have co-published a series of books: Quantitative Methods in Social Protection Series, which included Financing Social Security, Social Budgeting, Actuarial Mathematics of Social Security Pensions and Modelling in Health Care Finance

Affordable social protection

How can a country determine what might be affordable in social protection? Social budgeting, developed by SOC/FAS, is a useful tool. It is essentially a social-protection and expenditure-performance review. It provides a method of analysis of

Good practice: A rights-based approach to poverty reduction

One of the most potent recent examples of the poverty-reducing effects of a rights-based approach is in South Africa, where a universal pension has been established. Studies there have shown that pension benefits to women lead to large increases in anthropometrics measures in girls. The widow's pension in India has also shown its poverty-reducing effect and relief on bias against women.

Standing, G., and Samson, M., 2003, *A basic income grant for South Africa Widows pension* (World Bank)

the effectiveness and efficiency of present social transfers (often including health and education), identifies deficiencies, and helps clarify potential efficiency gains. Indeed, efficiency gains and prioritized actions are often underestimated in their potential to expand provision of social protection. **Social budgeting** then looks at the leeway for further transfers in the medium term. The process draws heavily on national public- expenditure review processes and is a key tool in financial governance. Encouraging a social-budgeting exercise as a priority action in the PRS process can be useful.

Still, policies may increasingly need to be complemented by new **global financing mechanisms** if universal social protection is to become a reality in many countries. The Global Social Trust Fund, which matches northern and southern countries, is a mechanism to watch as it may prove to be one means of filling medium-term financial needs for some countries.

Institutional arrangements

Strong institutional arrangements are vital to effective social protection. One lesson to date is that even well-designed policies and programmes will be ineffective if the institutional structures to support them are inadequate. National social-protection mechanisms redistribute 5–35% of GDP depending on a country's stage of development. This is a significant sum, the institutional governance of which is important for every PRS country. SOC/FAS and the University of Maastricht offer a Master's Degree in social protection financing which can assist in improving the governance of national funds, and are also able to provide tailor-made training courses for countries; the Turin Centre also operates short courses.

In many countries linking national social protection to local formal and informal institutions is seen as the best way forward. Current dominant thinking is that delivery mechanisms of public provision lead to top-down approaches that compromise sustainability. Emphasis on informal institutions, and the important role of local authorities in facilitating coordination is emerging, as are the promotion of new-style institutions such as public-private partnerships and not-for-profit companies.

Equally, it is increasingly understood that local communities and voluntary organizations can play a crucial role in the delivery of social protection. The ILO STEP Programme illustrates how establishing a grassroots network of organizations can significantly strengthen local social protection. This includes the promotion of community-managed mutual health insurance, and knowledge sharing about approaches amongst more than 150 African members.

Recommendations to the DG and the Governing Body of the ILO on the feasibility of a Global Social Trust by the participants in an Interregional Meeting of Experts in Geneva (14–16 May 2002)

Master's Degree, Maastricht

Turin course on social protection

See also: Centre for Informatics Apprenticeship and Resources in Social Inclusion ILO CIARIS

The SafeWork programme

SafeWork mandate

To ensure that social protection is extended into the workplace, the ILO SafeWork programme aims to place health and safety of all workers on the international agenda and to stimulate and support practical action at all levels. In order to accomplish this, a vital resource has been developed – *The Occupational Safety and Health Information Centre* – which provides country-specific legislation on safety, health and conditions of work

Social inclusion issues

Off the margins: older people, human rights and poverty reduction in Africa in the 21st century: Linking ageing to national poverty policies, the PRSPs and the Millennium Development Goals Background paper for Ageing and Poverty Workshop, Dar es Salaam, 29 – 31 October 2003 HelpAge International, October 2003

The ILO prioritises social security as a right for all. Yet PRS countries focus mainly on enhancing social protection for the most vulnerable as a priority stating point. Analysis of vulnerability may be included in many PRS papers, as is analysis of the depth of poverty. Vulnerable groups are frequently defined as the landless poor, orphans, children, child workers, street children, child-headed households, HIV/AIDS sufferers, widowed and single female heads of households, people with severe disabilities, food-insecure persons, dependent older persons, older-person-headed households with dependents, older-person households with no earning capacity, displaced persons and victims of calamities.

The response to vulnerability in most PRS papers is principally framed through ‘safety-net provision’ and through limited subsidies for basic services (such as health and education). The ILO response to vulnerability contrasts with this, is broader and focuses on universal social protection and social security.

Social protection and ‘safety nets’

Safety nets are usually short-term measures to address vulnerability. They have been advocated as responses to financial crises and adjustments. Broader social-protection thinking developed as a result of the limited impact of safety nets: they worked imperfectly, did not fully reach intended target groups, and often could not be set in place quickly enough.

This approach has significant implications for socially excluded groups who have the least access to social protection, and present the greatest challenge to government in terms of mechanisms which are sustainable and affordable. These groups may include ethnic minorities, persons with disabilities and migrants; all of whom are commonly marginalized in PRS processes. Effective policies that could help reduce their poverty and exclusion are often lacking. Supporting their engagement in PRS processes is an important area of ILO work; the following paragraphs provide guidance.

Indigenous and tribal people

Although there is no accepted definition of “ethnicity”, the term is used to refer to the sense of identity which derives from shared cultural characteristics such as language, religion, history or geographical location. Everyone belongs to an ethnic group, whether they are in the majority or minority

According to UN estimates, there are approximately 350 million indigenous and tribal people worldwide. In developing countries, they often represent the poorest. Their inclusion in PRS processes and documents, however, is generally weak.

The ILO has experience that can assist indigenous and tribal peoples; field offices may have a role to play in facilitating and supporting the incorporation of ethnic minorities’ concerns in policy actions. Key in doing this is the *Indigenous and Tribal Peoples Convention*, 1989 (No. 169). There is an easy-to-use manual to help understand the Convention, and how it can be used to gain recognition, promotion and protection of indigenous and tribal peoples’ rights. The ILO web sites of Egalite, Cooperatives, and IFP/SEED provide further guidance.

Good practice: PRSs and indigenous groups

Bolivia's PRS reflects the importance of addressing the poverty faced by indigenous people. It incorporates the themes of greater equity for indigenous groups as a cross-cutting issue. It places emphasis on combating extreme poverty in rural areas, where indigenous people and small farmers – and particularly women in both groups – suffer most acutely from social exclusion.

[Bolivia PRSP](#)

As with all groups, negotiating is key. An ILO handbook is available and provides a wide range of contact details for active indigenous groups; they can improve linking and networking, and therefore save time! For those facing challenges in relation to multinational corporations, a working paper on reconciling conflicting interests between indigenous people and oil development is available on line.

Persons with disabilities

According to global estimates, persons with disabilities comprise 7–10% of the population. Available data, though scarce, indicate that people with disabilities in developing countries are the poorest of the poor; their unemployment rates are systematically higher than any other population group (up to 80% in some PRS countries). Provided with suitable conditions, the majority of men and women with disabilities want to and can do productive work, yet are likely to fall below most redistributive policies. There is evidence that the socio-economic integration of persons with disabilities is not only a matter of social justice and rights, but is cost-effective. The World Bank estimates the annual loss of global GDP resulting from the unemployment of persons with disabilities between US\$1.37 and US\$1.94 trillion

Yet disability issues are inadequately treated in PRS papers, with the notable exceptions of Honduras and Malawi. The Equity Issues Group of IFP/SKILLS has developed a strategy and action proposal on access of persons with disabilities to productive work, to ensure it is part of PRSs. It provides a checklist suggesting what ILO technical units, field offices and constituents can do. In addition, a *resource book* has been prepared to enable developing countries to provide training to strengthen the capacity of employment-service personnel to improve job opportunities for disabled men and women seeking employment.

Good practice: PRSs and persons with disabilities

The Malawi PRSP is strong on bringing persons with disabilities into the mainstream in sectors such as education; the explicit participation of Disabled Persons Organizations (DPOs) in the consultation process in Malawi led to the identification of persons with disabilities in the poverty diagnosis and to references to specific disability policies in the evaluation of present poverty reduction strategies.

The Honduras PRSP aims straight at the disability policy level by proposing to create a 'National Disability Council' and a 'Technical Unit for Integrated Rehabilitation' to support the Council in creating and implementing the national policy, the National Plan and the agreements of the Council.

See: [Honduras PRS paper](#) and: [Malawi PRS paper](#)

ILO, 2003, *ILO Convention on Indigenous and Tribal Peoples, 1989 (No. 169): A Manual*

Barsh, R. and K. Bastien, 1998, *Effective Negotiation by Indigenous People An action guide with special reference to North America*, ILO

See also COOP's INDISCO programme

Metts, 2000, *Disability issues, trends and recommendations for the World Bank*

IFP/SKILLS, 2002, *Disability and poverty reduction strategies*

IFP/SKILLS, 2004, *Assisting people with disabilities in finding employment; A resource book for trainers of employment service personnel* (hard copy only)

Migrants

According to UN and ILO estimates, there are about 185 million people on the move and 120 million of them are migrant workers and their families. Twenty million African workers live and work outside their countries of origin. By 2015, one out of ten African workers will be living and working outside his or her own country.

Migrants are potential agents of development, who strengthen cooperation between their home and host societies. They contribute to development through investment and remittances and through their skills and entrepreneurship. The total value of their remittances through official channels has more than doubled between 1988 and 1999. World Bank figures suggest that workers' remittances to developing countries may exceed \$90 billion annually. At this level, remittances are significantly larger than official aid flows to developing countries, and in fact, are the second largest source of external finance behind FDI.

Recent research data from 74 low- and middle-income developing countries on the impact of international migration reveal that it contributes to poverty reduction.

- On average, a 10 percent increase in the proportion of international migrants in a country's population leads to a 1.6 percent decline in the share of people living on less than US\$1.00 per person per day.
- On average, a 10 percent increase in the share of remittances in a country's GDP leads to a 1.2 percent decline in the share of people living on less than US\$1.00 per person per day.
- A 10 percent increase in remittances will lead to a 2.0 percent decline in the depth and/or severity of poverty in the developing world.

Nevertheless, the issues of 'brain drain' remain a reality, as many skilled people from developing countries migrate in search of opportunities. The ILO has developed a non-binding multilateral framework for migrant workers in a global economy that addresses many of these issues.

Crisis situations

Social protection for people in crisis often requires emergency efforts and considerable resourcing. Crisis can derail an entire well-planned PRS process. The ILO has developed tools to address issues of employment and decent work in crisis situations:

Good practice: Migration policy

The ILO identifies the best national migration policies as having:

- informed and transparent labour-migration admissions systems;
- standards-based approaches to 'migration management';
- enforcement of minimum national employment conditions in all sectors of activity;
- Plans of Action against discrimination and xenophobia; and
- institutional mechanisms for consultation and coordination.

Taran and Geronimi, 2003, *Globalization, Labour and Migration: Protection is Paramount*
ILO International Migration Programme

See ILO Migration Survey 2003 Country Summaries (hard copy and CD Rom)

Poverty Reduction Group, World Bank, Paper Prepared for DFID/World Bank Conference on Migrant Remittances, Richard H. Adams, Jr. and John Page, 2003, *The Impact of International Migration and Remittances on Poverty in Developing Countries*

ILO Social Finance unit has produced a series of working paper on international migration

Labour Migration Statistics are available on ILO International Labour Migration Database

ILC, 2004, *Towards a fair deal for migrant workers in a global economy*

ILC 2004 Report to the Committee on Migrant Workers

- *Business and Decent Work in Conflict Zones: A 'why' and 'how' guide* is designed to support companies that are operating or envisage operating in areas ridden by tensions and conflict. It offers practical tips to build a peaceful and productive atmosphere within the company and the surrounding environment.
- A manual, *Guidelines for establishing Emergency Public Employment Services* has been prepared to guide ILO staff, and others, on how to set up effective and efficient emergency employment services in post-crisis contexts.
- A manual, *ILO Crisis Response Trainers' Guide* helps to design and facilitate training courses and presentations on ILO crisis response, with an emphasis on the centrality of employment and decent work concerns.

Lorreta de Luca, 2003, *Business and Decent Work in Conflict Zones: A "why" and "how" guide*, ILO

ILO CRISIS,
Manual: Guidelines for establishing Emergency Public Employment Services

Manual: ILO Crisis Response Trainers' Guide

Making PRSs more inclusive

In summary, what do you need to know about making PRSs more inclusive? The economic and social costs of excluding certain groups are high. Remember statistics are often limited or non-existent for many vulnerable groups; familiarize yourself with the statistics that are available: national census and Household Budget/Expenditure surveys and statistics generated by representative associations of particular vulnerable groups, *KILM* and *Global Employment Trends* (ILO). (See also section 2C2: Poverty status/diagnostic for further details.) To help increase inclusivity:

Global Employment Trends

- Support national analyses focused on exclusion and encourage policy-makers to use this information.
- Work with government in providing technical support in costing exclusion; familiarize yourself with the manuals and guidelines referred to in this section.
- Liaise with associations and organizations representing vulnerable groups.
- See Section 2C8: Cross-cutting issues: gender equality, (particularly 'Incorporating gender equality in PRS papers') and adapt it for other marginalized groups.

Discussion points

- Is the government's policy and approach to social protection clear? Is there a national strategic plan, a social 'action' fund and risk assessments under way? Who are the key influencers and implementers?
- To what extent does the national strategy incorporate the expansion of community-managed formal and informal organizations in developing social protection?
- Have priority areas of universal or targeted social protection been costed? How do they compare and contrast in terms of value for money?
- How well are the most vulnerable groups addressed in government plans? Have the needs of indigenous peoples, persons with disabilities, migrants and people in crisis been taken into account?

2C8 Cross-cutting issues: gender equality

World Bank PRSP Sourcebook,
Gender Chapter

Although the issue of Gender appears in one section here, as a cross-cutting issue it is meant to woven throughout the PRS process

For more on gender budgeting see:

Women's Budget Group (WBG)

Bellamy, K. 2002, *Gender Budgeting: A Background paper for the Council of Europe's Informal Network of Experts on Gender Budgeting*, UK Women's Budget Group

Gender is a main cross-cutting issue in the Decent Work Agenda for country PRSs. It is a **required** part of PRS documents submitted to the World Bank and IMF Boards. The *World Bank Sourcebook* acknowledges that "evidence is growing that gender sensitive development strategies contribute significantly to growth and equity".

Indeed the *Sourcebook* provides valuable information about **how** gender analysis can be integrated into poverty diagnostics of PRS papers, and gives examples of policy gaps and interventions in a wide range of countries.

In many PRS papers women are seen as beneficiaries rather than agents of change, and there are weaknesses with regard to gender disaggregated data and the extent to which the participatory process reflects women's needs.

Good practice: Gender budgeting

Gender budgeting is increasingly being used as a tool to improve resource allocations to ensure that men and women benefit more equally. Coupling resource allocation with analysis of expenditure, via gender auditing, can help to provide an overall picture of who is getting what resources. Initiatives on gender-sensitive budgeting are ongoing in Kenya, the United Republic of Tanzania, South Africa and Uganda.

Budlender, D. 2002, *Gender Budgets make more cents*

Whitehead, A. 2004, *Failing Women, Sustaining Poverty*

JSA's evaluate the soundness of country PRS papers and PRSP Progress Reports. They are undertaken by World Bank and IMF staff and provide a basis to assist the Boards in judging whether to proceed with further assistance and debt relief

Guidelines for JSA Reviews do not explicitly require assessment of progress on gender; composition of JSA teams is limited (to date) to IMF and World Bank staff members only; female participation on teams has been limited to date

Mauritania JSA (2003)

Nicaragua JSA (2004)

Other interesting national initiatives include Mauritania's launch and wide dissemination of a *gender promotion strategy* and *personal status code* promoting the rights of women and children; the push in Uganda to examine alternative growth scenarios to address gender disparities; and the centrality of home- and land-titling efforts in Nicaragua. Civil society provides a wide range of alternative perspectives on gender in PRS process.

Reporting on gender issues

A brief overview of *Joint Staff Assessments* (2003) indicates some unevenness in reflecting progress on gender during PRS implementation despite it being part of each country's original PRS paper. Efforts and progress at country level are not always well reflected, in part because of the nature and composition of JSA reviews. Problems include: the tendency for 'women's issues' to be placed within the concerns of vulnerable groups; the assumption is that, in initial PRS papers, women's issues are primarily addressed in health and education, although in some places this has improved during implementation and annual reviews; and lack of gender balance and participation by ILO constituents.

Incorporating gender equality in PRS papers

What means can be used to include gender issues in PRSs (design, implementation and monitoring)? Here are some ideas and references:

- **During design:** develop, with other key gender-focused organizations, a 'technical briefing note' that analyses and highlights concerns. Ensure that this is used as a joint tool for advocacy. Pay attention to the balance between equity and growth, and push for gender-balanced representation in discussions (especially by ILO constituents).
- **During implementation:** work with others to track progress in mainstreaming gender into new policies and strategies under formulation; or undertake in-depth analysis of new statistical and participatory information (especially on employment issues). Play a proactive part in disseminating information about gender in your context; work with others!
- **During monitoring:** lobby for gender disaggregated information and join others in preparing analytical work and policy briefs. Support nationals in their presentation of these at national forums. Within these, identify and highlight changes in poverty indicators which are of greatest concern.

Mainstreaming gender into PRS papers has been most successful where coalitions have been built which bring together gender activists in civil society, key ministries, advocates within the civil service, and development partners.

Good practice: Gender mainstreaming

PRSs prepared by Uganda and the United Republic of Tanzania are good examples of making gender a mainstream issue. During PRS formulation and revision, appropriate coalitions have prepared brief poverty diagnostic reports on gender and poverty. These have helped to focus and build consensus around key issues. The Panorama Laboral publications demonstrate what is being done in Latin America and the Caribbean.

Uganda JSA, Tanzania PRSP
Panorama Laboral – Labour Overview 2003 – Latin America and The Caribbean

Indonesia PRS paper

An example of gender research done by a women's coalition which has influenced policy

See also

Kenya, Uganda and the United Republic of Tanzania: *Gender and Employment Dimensions of Poverty Policy issues, Challenges and Responses*, ILO, 2004 (GPE Regional Brief)

The importance of data

Quantitative data disaggregated by gender is a fundamental element of mainstreaming gender in national policy-making processes. The ILO has a useful guide to this, in relation to labour statistics. Most offices of national statistics produce these statistics, or have the potential so to do, but do not always publish them in national social-statistics reports. Creating a demand for this through a coalition is an important activity.

Qualitative information emerging from *Participatory Poverty Assessments* (PPAs), *Poverty and Social Impact Assessments* (PSIAs) and empirical studies can also lead to powerful advocacy documents when drawn together into a national overview of the situation of women and men. Two useful examples of this include: *East Africa's Gender Poverty and Employment analysis* (ILO), and UNICEF's *Analysis of the Situation of Children and Women* series, which covers dozens of countries worldwide.

Greenwood, A.M. *Incorporating Gender Issues in Labour Statistics* ILO STAT

See also Checklist of good practices for mainstreaming gender in labour statistics

Fawzi El-Solh, C., 2003, *Gender, poverty and employment in the Arab Region*, ILO INTEGRATION

Good practice: Gender and employment dimensions of poverty

An examination of the poverty reduction policies in Kenya, Uganda and the United Republic of Tanzania reveal a growing concern with decent- work deficits as labour laws are reformed and harmonized across borders. Women's political representation has increased over the last decade and recognition of its significant role in the lives of most people is more evident. With clear reforms and increasing expenditures on education and health in all three countries, there is an expectation that improvements will soon be evident.

ILO, 2004, *Gender and Employment Dimensions of Poverty: Policy Issues, Challenges and Responses, East Africa (Kenya, Uganda and the United Republic of Tanzania)* INTEGRATION/NPG, (forthcoming)

Marinkis, A. 2003, *Gender, poverty and employment in the Southern Cone countries*, ILO INTEGRATION

Modular Package on Gender, Poverty and Employment

Summary of the nine thematic modules

Turin GPE online support

ILO, 2004, *Social Dialogue and Poverty Reduction Strategies: A Guide to the Integration of Gender Equality* IFP/DIALOGUE (hard copy only)

FAMOS check
A Briefing Note: FAMOS Check, Gender Mainstreaming Tool for SME Policies

The Policy Integration Department (ILO) has published two useful Papers which examine the relationship between gender, poverty and employment, drawing on quantitative data in the Arab States and Southern Cone countries of Latin America,

Valuable tools from the ILO

The *Modular Package on Gender, Poverty and Employment* brings together the issues, strategies, and experiences in poverty eradication in one gender-based framework. The *Modular Package* has nine thematic modules and is available in two parts: a *Facilitator's Kit* for those organizing and facilitating awareness-raising, training and information-sharing activities; and a *Reader's Kit* for those participating in the awareness-raising and activities or those wishing to learn more about the subject matter on their own. Web-based support and training using these tools is available via the Turin Centre.

Promoting Gender Equality – a Resource Kit for Trade Unions provides background information, practical guidelines, checklists, case studies, examples of 'good' and 'bad' practice, and reference materials. This kit has been written to assist and enhance the efforts of trade unions to promote gender equality and protect vulnerable women workers, and to improve the understanding and appreciation of the role of trade unions.

Social Dialogue and Poverty Reduction Strategies: A Guide to the Integration of Gender Equality aims to enhance the role and capacities of the social partners to advocate for gender equality. If a country is beginning the PRS process, users are encouraged to use all the modules in sequence. If the country has already embarked on the process, each module can be used separately. The modules include:

- *Poverty Reduction, Social Dialogue and Gender Equality*
- *Advocacy for Gender Equality*
- *Gender Analysis for Decent Work*
- *Policy responses for Decent Work*
- *Monitoring and Evaluation of Gender Equality in the PRS process*

The *FAMOS Check* briefing note (Female and Male Operated Small Enterprises) provides institutions and private service providers with a tool to carry out a 'self check' on the quality of their service provision in general, and their provision for

women entrepreneurs in particular. Recognizing that the contributions of women entrepreneurs, as well as their business needs and demands, are often overlooked; this tool was designed to encourage activities in the development of the micro, small and medium-sized enterprises sector.

Discussion points

- Given the wide range of activities which can be undertaken, how will you facilitate the inclusion of gender concerns into the PRS process? What is the ILO's specific focus? Why?
- Who are the key gender activists, constituent partners (on gender issues), and gender focal points in government and UN agencies with whom you need to engage? What support might make a key difference in the PRS process?

2C9 Cross-cutting issues: HIV/AIDS

HIV/AIDS at a glance

Bonnel, R. 2000, *Economic analysis of HIV/AIDS WB*

ILO, 2004, *HIV/AIDS and work: global estimates, impact and response*

For many years HIV/AIDS was viewed only as a medical problem, but it is now recognized as a cross-cutting development issue with major implications for poverty reduction. Over 30 million people have died of AIDS in the last two decades, and 38 million (2003) are HIV-positive. Most persons who are HIV-positive live in the poorest countries of sub-Saharan Africa, where transmission is increasing most rapidly in women, especially adolescents and young adults aged 15 to 24. According to new ILO estimates, globally 26 million labour-force participants aged between 15 and 64 are HIV-positive, and a further 10 million persons who make some form of economic contribution are also HIV-positive. HIV/AIDS undermines human capital and reduces revenues available for development, while it generates increased demand for public services especially in health. Through its impact on the workforce and on enterprise efficiency in both private and public sectors, the epidemic is intensifying poverty, slowing economic growth, and reversing a number of development gains.

HIV/AIDS in PRS papers

Link to World Bank JSAs:

Tanzania

Mozambique

Malawi

Mali

Ethiopia

D. Cohen, 2002, *Human Capital and the HIV epidemic in sub-Saharan Africa*

ICDDR, 2003, *Prevalence of, and Factors Associated with HIV/AIDS-related Stigma and Discriminatory Attitudes in Botswana*

There are clear trends in sub-Saharan PRS papers, where HIV/AIDS tends to be most recognized as a cross-cutting issue. This is reflected in a range of 2003 PRS assessments, including:

- **Mozambique's** incorporation of a national plan of action, progress in preparing information campaigns, establishment of voluntary testing and counselling services, and its need to assess impact on public expenditure and growth;
- **The United Republic of Tanzania's** intensification of the national AIDS programme; and
- **Malawi's** establishment of a new National AIDS Commission.

There are growing concerns about the epidemic in other regions, most especially in China, India and the Caribbean; to date, however, their reflection in poverty reduction strategies is somewhat patchy.

The ILO contribution

The organization's effort focuses on HIV/AIDS as a workplace issue, seeking to increase understanding of the labour, social and economic consequences of the epidemic, and to make the workplace a catalyst for efforts to prevent the spread of HIV and reduce the impact of AIDS. The ILO is well positioned for this mission given its tripartite structure, network of offices, and extensive experience in guiding laws and standards to protect the rights of workers and improve working conditions.

At the national policy level, two important strands of work link ILO's focus with PRSs (and other national strategies).

ILO, 2004, *Why Aids is a workplace issue*

- **Building links to national HIV/AIDS plans** to ensure the involvement of social partners and the inclusion of workplace issues.
- **Revision of labour and other laws** in order to reduce discrimination in relation to HIV/AIDS. The ILO has developed a database that provides a collection of national instruments and laws dealing with HIV/AIDS and the world of work. However, it should be noted that it is often laws other than labour laws that allow discrimination on the basis of HIV/AIDS (See Good Practice example below).

The ILO/AIDS programme (within the Social Protection sector) has valuable tools to support these strands of work. Key amongst these is the *ILO Code of Practice on HIV/AIDS and the world of work*. Developed through a widespread consultation process with government, employers' associations, and workers' associations in all regions. It is now available in a wide range of languages. This *Code of Practice* has been used in dozens of countries and continues to be in high demand.

The *Code of Practice* contains fundamental principles for policy development and practical guidelines from which concrete responses can be developed at enterprise, community and national levels. The code covers the following areas:

- **Prevention** of HIV/AIDS
- **Management and mitigation** of the impact of HIV/AIDS on the world of work
- **Care and support** of workers infected and affected by HIV/AIDS
- **Elimination of stigma and discrimination** on the basis of real or perceived HIV status

A comprehensive, modular *training manual* has also been prepared to guide ILO constituents and other stakeholders in the use of the *Code of Practice*. The manual is an education and reference document as well as a tool for training, a framework for social dialogue and a guide for action. Each module is designed to involve people in active learning through the presentation of key issues, case studies, diverse learning activities, and samples of legislation, policies and collective agreements.

ILO/AIDS, with the support of the Swedish International Development Cooperation Agency, has helped develop a regional strategy and a set of inter-country mechanisms for the prevention of HIV transmission in the transport sectors of eight Southern African Countries. Studies on the labour and socio-economic consequences of HIV/AIDS in Mozambique, the United Republic of Tanzania and Zambia are under way. The ILO has also documented progress in Cambodia, India and Vietnam, including examples of projects that have successfully addressed stigma and discrimination.

ILO/AIDS has recently published a report on these and other technical cooperation activities.

Discussion points

- What efforts are being made to address HIV/AIDS in the workplace within your country? Has the *ILO Code of Practice* been widely disseminated?
- Do adequate legal instruments exist in your country to reduce discrimination based on HIV status? Is there need for improvements?
- Is your country aware of the extent to which HIV/AIDS will impact on future labour supply and, thus, productivity?

The ILO Response

Electronic version of Code available in

Arabic	Nepali
Azeri	Portuguese
Chinese	Russian
English	Spanish
French	Thai
Hindi	Ukrainian
Japanese	Urdu
Kiswahili	

Summary of the key principles

Code of Practice

A guide to the manual is also available

SARPN, 2003, *Mobile Populations and HIV/AIDS in the Southern African Region – Recommendations for Action*

ILO, 2004, *Technical Cooperation: a means to implement the ILO Code of Practice on HIV/AIDS and the world of work*

Good practice: Legal initiatives and HIV/AIDS

Several countries have put in place legal instruments that cover HIV/AIDS and employment issues. These include:

Specific AIDS laws

Cambodia: a new comprehensive law (2002) addressing confidentiality, among other issues. It also bans mandatory testing of job applicants and workers, and requires all institutions and enterprises to collaborate with the national AIDS authority to develop HIV/AIDS workplace- education programmes.

Costa Rica: a comprehensive law (1998) covering areas such as care and support and blood safety, as well as protection against discrimination extending to relatives; regulations include a quick administrative grievance procedure.

Mozambique: a new law (2002) for all workers and job applicants in the public and private sector. It prohibits discrimination and mandatory testing.

Labour legislation

Bahamas: an Employment Act (2001) prohibits discrimination against an employee or job applicant on the basis of HIV/AIDS. This includes benefits similar to retirement benefits for persons with AIDS who can no longer work.

Namibia: National Code on HIV/AIDS in Employment (1998) adopted under the Labour Act (1992) includes an interesting tripartite monitoring and review system.

Tanzania (United Rep. of): an Employment and Labour Relations Bill (2004) prohibits an employer, trade union, or employers' association from discriminating against, or harassing, a person on the grounds of HIV/AIDS.

Zimbabwe: Expanded Labour Regulations (1998) including: provision of information/education during working hours; ban on mandatory testing; and safe practices against occupational transmission.

Insurance laws

South Africa: Medical Schemes Act (1998) prohibiting medical scheme providers from discriminating against members on the basis of HIV status. Also stipulates a minimum level of benefits that must be offered to members.

Anti-discrimination laws

Romania: a 2002 ordinance provides for the adoption of affirmative measures and sanctions to ensure the elimination of all forms of discrimination in employment and profession.

Disability laws

China, Hong Kong Special Administrative region: a Disability Discrimination Ordinance (1995) contains provisions on the obligation of employers to make reasonable accommodation to help disabled persons remain in work as long as possible. The definition of disability includes HIV/AIDS even when asymptomatic.

Collective agreements

Several credit union cooperative societies in **Trinidad and Tobago** have signed collective agreements with the Banking Insurance and General Workers Union under which both parties commit themselves to hold discussions with a view to formulating a policy on HIV/AIDS.

For further information (including a description of support from the ILO in legislative reforms, and summary court cases), see *Legal Initiatives that can help fight HIV/AIDS in the World of Work*, by Marie-Claude Chartier

Table 2.4 Projected labour force losses due to AIDS (2004 update)

(Percentage losses by 2015 compared to labour force size without HIV/AIDS, 38 African countries)

Country	Projected loss over 30%	Projected loss 10–30%	Projected loss 1–9%
Angola			6.8
Benin			4.2
Botswana	36.2		
Burkina Faso			9.3
Burundi		15.8	
Cameroon		13.8	
Central African Rep.		18.4	
Chad			5.2
Congo		11.9	
Cote d'Ivoire		14.3	
Dem. Rep. Congo			8.9
Djibouti			9.7
Equatorial Guinea			4.6
Eritrea			3.7
Ethiopia			8.5
Gabon			6.1
Gambia			2.7
Ghana			4.7
Guinea			2.9
Guinea Bissau			3.7
Kenya		18.9	
Lesotho	32.3		
Liberia			8.2
Malawi		22.5	
Mali			2.5
Mozambique		14.9	
Namibia		24.6	
Nigeria			7.5
Rwanda		15.7	
Sierra Leone			9.7
South Africa		25.3	
Sudan			3.2
Swaziland	34.3		
Togo			7.9
Uganda		11.2	
United Rep. Tanzania		10.6	
Zambia		28.1	
Zimbabwe	40.7		

Provisional estimates. Source: *ILO: HIV/AIDS and the World of Work: global estimates, impact and response* (ILO, forthcoming).

2D Influencing and advocacy

ILO, 2005, *The ILO Advocacy Guidebook for Decent Work, Integration/NPG* (forthcoming)

This section gives guidance on methods of influencing the PRS process. It is drawn from a range of generic good practice. Underpinning this is a commitment to country ownership throughout the PRS process. Effective influencing and advocacy requires individual knowledge, skills and attitudes. *The ILO Advocacy Guidebook* provides further information and ideas.

Strategies for Managing Meetings

Begin by asking these questions, either as a group or individually:

- How well do you know the **national context**? (Are you well informed and up to date on policy issues and current affairs?)
- How willing are you to **engage with others** in the PRS process? (building alliances, but not necessarily being in the lead or the limelight)
- **Social preparedness** is key: How skilled are you at supporting coalitions to develop clear agreed messages, and skills to deliver them at the right time?
- Do you know how to encourage **'secondary' influencing**? (nationals who are opinion leaders and influencers. They are often more effective advocates on issues than non-nationals. Build alliances!)

Cranfield School of Management, 2004 course: *Influencing Skills for the New Workplace*

Seafield Research and Development Services, *What kind of people do you need to make a good team?* Training module

- Can you **accept that change takes place incrementally**? (Influencing national policy processes often happens far more slowly than the pace of project implementation).
- Do you **honour commitments** which you make? (This is a key aspect of building trust and being considered to have integrity).
- Can you **spot opportunities and think flexibly**? (seeing the linkages between your actions, the actions of others and the national scenario)

Three elements are needed in order to have a positive influence on the PRS process:

- **Knowledge of the national context** and of development history, the Decent Work Agenda, international debates about PRSs and development trends (see Section 1C), the regional context and a basic understanding of socio-economic change.
- **Skills/competencies in listening**, presenting, critical thinking, networking, negotiating, working in teams and building rapport.
- **A positive attitude** of genuine interest in the context and poverty reduction, learning, and integrity.

Remember, sometimes the best way to influence the process is to work behind the scenes

To understand how the ILO has engaged in PRSs in various countries, see:

Decent work and Poverty Reduction Strategies – country examples

To influence country-level discussions involves understanding the PRS process, knowing and building good relationships with key stakeholders and having something to say which is relevant and grounded in realities. This might involve helping to define problem areas or engaging in detailed discussions and analysis about policy actions relating to decent work.

Success in meetings

Considerable influencing takes place in meetings. Here are some important tips about how to make them more productive.

- **Understand** that meetings are often poorly run; with a little preparation you can make them more productive. If you are called to an agenda-less meeting, assist by preparing a list of meeting topics. If an agenda and papers have been prepared beforehand, you should read these and know exactly how what you want to achieve fits with the meeting plan. However, be careful; dominating a meeting with your own perspectives may not be as influential in the long run as you think!
- **Be aware** of gender and cultural differences in communicating ideas. Do not assume that silence or long pauses means that people have little to say. Pace yourself. Be patient. In some societies women may need to be sensitive to when and how they intervene to gain influence.
- **Recognize** that planning is all. Good preparation enables you to raise significant issues, which can influence the discussion. Discussions and e-mail contact, with colleagues and with like-minded partners outside the ILO, prior to the meeting is a good investment.
- **Watch** out for the tricks that clever and experienced chairpersons play on less attentive participants: tactical ordering of the agenda (placing important agenda items at the end of the meeting); controlling choices (options in which only one is workable); and supervision of the minutes (the person who controls the minutes effectively makes the decisions).
- **Be judicious** in your own interventions. Contribute only on the issues that you know and care most about. It's a weakness to chip in on everything – particularly if you don't represent a very definite point of view.
- **Follow up** promptly on everything you have agreed to do – and let the others know about it (preferably by e-mail or some other clear written proof). You can quickly build up a reputation for efficiency this way – something that will make you stand out, since most people struggle in this.
- **Try** to defuse any major confrontation. Remember that meetings are primarily vehicles for decision-making and consultation. Angry differences are better sorted out off-stage.

Documentation

As well as engaging in meetings, influencing the PRS process may require documented analysis. Technical briefing notes (TBNs) are one potential tool for influencing PRS papers and revisions, and advocating the Decent Work Agenda. These ILO inputs (short issues papers on key decent-work areas) are a practical means of making decent work more readily understood in the national context. Once formulated, TBNs can be discussed at national workshops and translated for local consumption.

So far, TBNs have been used most often in Asia. In contrast, in African PRS processes, technical papers and comments on PRS drafts are increasingly being prepared in the form of joint responses by UN Agencies or by civil society. This has

Buckley, G., 2004, *Decent work in a least developed country: a critical assessment of the Ethiopia PRSP*, ILO Integration/NPG

Casale, G. and S. Pursey, 2002, *Towards a Decent Work Strategy for Poverty Reduction in Tanzania*, ILO IFP/DIALOGUE

Various other contributions are referred to throughout the manual

Effective Meetings-Tips

Yukiko Arai, ILO, presentation on *Decent Work in Action: Poverty Reduction Strategy as an entry point for an integrated ILO operation*

Good practice: TBNs and influence

The Indonesian PRS preparation benefited from 13 TBNs on various decent-work issues ranging from universal social protection to the opportunities and challenges of migration.

Possible topics for TBNs are endless. Here are some ideas that field staff have developed to date:

- Employment dimensions of macro and sectoral policies
- Decentralization and decent work: Making the connection to the MDGs
- Job creation, SMEs (including cooperatives) and local economic development
- Youth employment: pathways to work
- Rural development; decent work, agriculture and infrastructure
- Addressing gender issues in poverty reduction
- Skills development for economic growth and sustainable livelihoods
- Promoting principles and rights at work
- Eliminating the worst of child labour
- Social protection for all
- Promoting good governance in the labour market by strengthening tripartism and social dialogue
- Migration: opportunities and challenges for poverty reduction
- Monitoring and evaluation: statistics and capacity issues.

Tauvik Mahamad, presentation, *ILO contributions to the PRSP process in Indonesia*

lead to an increase in coordinated, rather than single-agency, responses. An approach that is proving useful in Uganda, the United Republic of Tanzania and Burkina Faso.

Discussion points

- Are there circumstances in which an issue of strong concern to external stakeholders should override country priorities and ownership?
- There are those who would argue that without significant resources and/or a position of power, knowledge, skills and the right attitude it is not possible to influence the PRS content or process. Do you agree, in your context? Why?
- Do you have the technical knowledge and the right relationship with influential institutions (e.g. research agencies, relevant ministries etc.) to be actively involved in the PRS process?
- Are there cultural and gender differences that influence the decision-making process in your country? How can you be aware and work within these?

Section 2 web references

2A PRS Cycles and structures

Early experience with Interim PRSPs and Full PRSPs

<http://www.imf.org/external/NP/prspgen/review/2002/032602a.htm>

World Bank/IMF country timelines

http://poverty.worldbank.org/files/country_timelines.pdf

Link to PRSPs in:

Niger

http://poverty.worldbank.org/files/9355_NigerPRSP.pdf

Mauritania

http://poverty.worldbank.org/files/mauritania_prsp.pdf

Tanzania

<http://poverty.worldbank.org/files/TanzaniaPRSP.pdf>

Mozambique PRSP (pg 8–9)

http://poverty.worldbank.org/files/Mozambique_PRSP.pdf

Uganda PEAP, (pg 19)

<http://poverty.worldbank.org/files/Uganda%20IIPRSP.pdf>

Decent Work For Poverty Reduction: An ILO contribution to the PRSP in Nepal

<http://www-ilo-mirror.cornell.edu/public/english/employment/strat/cepr/download/nepal2.pdf>

World Bank Country Assistance Strategies

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:20120746~menuPK:51551~pagePK:41367~piPK:51533~theSitePK:40941,00.html>

2B What do PRS papers contain?

World Bank Sourcebook

<http://www.worldbank.org/poverty/strategies/sourcons.htm>

DAC Guidelines on Poverty

http://www.oecd.org/document/1/0,2340,en_2649_34621_1885953_119820_1_1_1,00.html

Online versions of specific country PRSPs and JSAs

<http://poverty.worldbank.org/prsp/docs/3477/>

<http://poverty.worldbank.org/prsp/docs/3478/>

IMF, 1999, *Questions for Country Authorities to consider when designing a PRSP*

<http://www.imf.org/external/np/pdr/prsp/poverty1.htm#BOX3>

IMF, 2001, *Guidelines for Joint Staff Assessment of a Poverty Reduction Strategy Paper*

<http://www.imf.org/external/np/prsp/2001/042001.htm#annex2>

UNDG, 2003, *UN Country Team Engagement in PRSPs*

http://www.undg.org/documents/3533-2nd_PRSP_Guidance_Note.doc

ILO, 2003, *Working out of Poverty*

<http://www.ilo.org/public/english/support/publ/pdf/poverty.pdf>

ILO, 2002, *Poverty Reduction Strategy Papers: an assessment of the ILO's experience*

<http://www.ilo.org/public/english/standards/reim/gb/docs/gb285/pdf/esp-2.pdf>

Egulu, Lawrence 2004, *Trade Union Participation in the PRSP Process, World Bank*

[http://wbln0018.worldbank.org/HDNet/hddocs.nsf/2d5135ecbf351de6852566a90069b8b6/7a0f881805ec10bc85256ee600757c0d/\\$FILE/0417.pdf](http://wbln0018.worldbank.org/HDNet/hddocs.nsf/2d5135ecbf351de6852566a90069b8b6/7a0f881805ec10bc85256ee600757c0d/$FILE/0417.pdf)

Social dialogue and the PRS process: an Assessment

<http://www.ilo.org/public/english/dialogue/ifpdial/downloads/papers/cambodia.pdf>

Working Out of Poverty: An ILO submission for the Indonesia PRSP

<http://www.ilo.org/public/english/bureau/integration/departme/national/prsp/download/indonesia/ilosubmission.pdf>

- Tripartism and Decent Work in Poverty Reduction Strategies in Ethiopia*
<http://www.ilo.org/public/english/bureau/integration/departme/national/prsp/download/ethiopia/tripartism.pdf>
- Decent Work for Poverty Reduction: An ILO Contribution to the PRSP in Nepal*
<http://www-ilo-mirror.cornell.edu/public/english/employment/strat/ceip/download/nepal2.pdf>
- Towards a Decent Work Strategy for Poverty Reduction in Tanzania*
<http://www.ilo.org/public/english/dialogue/ifpdial/downloads/papers/tanzania.pdf>
- 2C Linking the ILO areas of work to PRSs
- A Fair Globalization: Creating opportunities for all*
<http://www.ilo.org/public/english/wcsdg/docs/report.pdf>
- A Fair Globalization: The role of the ILO*
<http://www.ilo.org/public/english/fairglobalization/role/index.htm>
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http://www-ilo-mirror.cornell.edu/public/english/bureau/integration/download/publicat/4_3_141_paper3.pdf
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http://www.ilo.org/public/english/bureau/integration/download/publicat/4_3_208_wcsdg-wp-23.pdf
- 2C1 Macroeconomic issues
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<http://www.ids.ac.uk/ids/global/pdfs/RGPRSPpaper.pdf>
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<http://www.unctad.org/Templates/WebFlyer.asp?intItemID=3074&lang=1>
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http://www.ilo.org/public/english/bureau/integration/download/publicat/4_3_244_wcsdg-wp-33.pdf

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- Nepal <http://www.bepress.com/csae/paper170/>
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- Malawi http://poverty.worldbank.org/files/Malawi_JSA_PRSP.pdf
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Section 3

National budgets and financing of PRSs

3A Where does PRS financing come from?

Revenue for PRS activities comes from a range of sources, most of which are channelled through the government's national budget. Revenue sources include (enhanced) HIPC debt relief, further borrowing (both domestic and external), taxes and levies, user fees, donor grants, concessions/licensing and funds from privatization processes. Additionally, some activities are administered outside of the national budget, through Sector Wide Approaches (SWAPs) and projects (UN, bilateral and civil society).

The impact of enhanced HIPC debt relief

The HIPC initiative provides relief from the repayment of debts negotiated through the International Financial Institutions. The assessment that surrounds agreeing this relief is often also used by bilaterals (especially the Paris Club members) to agree relief from debt owed to them. Less often, it is used to write off commercial debts. HIPC debt relief frees resources that would otherwise be used to repay loans; resources that become available to the national budget. The funds are not necessarily allocated to specific types of expenditure within the budget, although the conditions required to get HIPC debt relief include the production of a PRS paper focused on poverty reduction actions with the most potential (see Section 1). PRS papers should, in principle, lead to prioritized poverty-reducing expenditures. It is estimated that approximately \$90 billion of debt relief will become available for the initial 33 countries that qualify under the initiative. You can find debt-relief details by country on the web link given here.

What signs of impact are emerging from the HIPC initiative? Some examples include the provision of free child immunizations (Mozambique), the abolition of fees in education (Malawi, Uganda, United Republic of Tanzania), and an increase in national spending on HIV/AIDS (Mali, Mozambique and Senegal,). Both governments and civil society organizations, however, argue that debt repayments, even after HIPC relief, are still too high in many countries. There is slow progress in moving HIPC initiatives from decision to completion point (see Section 1); non-Paris-Club bilaterals and commercial lenders are **not** following the principles of HIPC relief; and shocks and adverse terms of trade are undermining progress. There are some notable 'problem' countries, apparently doomed to perpetual debt; Zambia is a stark example.

Avoiding excessive debt accumulation

There is a growing call for national debt-sustainability strategies in response to the concern for avoiding excessive debt accumulation in future. HIPC initiatives do not oblige countries to have such strategies, although some stakeholders feel they should be a requirement. In response, the World Bank and IMF have agreed a framework (March 2004) for lending decisions that require any new loans to be geared to a country's capacity to carry debt. Where additional resources beyond debt-carrying capacity are needed, these should be provided as grants rather than as loans. The

[Key World Bank web site about HIPC](#)

[Key IMF HIPC site](#)

[HIPC amounts, progress, and issues country by country](#)

[Impact of HIPC \(statistical overview\)](#)

[Key statements by big thinkers](#)

[PRS Annual Progress Reports:](#)

[Malawi](#)

[Mali](#)

[Mozambique](#)

[Tanzania](#)

[Uganda](#)

[Zambia](#)

[World Bank, 2004, Joint World Bank-IMF Paper on New Approach to Lending](#)

implications are that grant financing will increase and new instruments may develop to address the aftermath of shocks. However, civil- society activists continue to contend that judgments on debt-carrying capacity tend to be over-optimistic (based on projections of growth and export earnings). The decline in coffee prices and its impact on debt in Uganda is a classic case where export earnings were overestimated (by 36%). The World Bank and IMF know that commodities such as coffee, tea, copper, cashews and cotton may be slow to recover in near future. Concerned voices are increasingly arguing the need for more cautious forecasting of growth and exports, and the need to end the huge subsidies given to agricultural producers in the North which cause imbalances in trade (see link).

Government borrowing, though, goes far beyond multilateral debt. Most countries also borrow from commercial sources, directly from other countries (bilaterally), and from domestic sources too.

Taxation trends

A government's own revenues come primarily from taxes, levies and user fees. All countries have targets for their own revenue generation. In many sub-Saharan African countries these are very low, and often local authority revenues are not included in national figures. Yet in many countries local authority taxes, levies and user fees (in health and education, and also on small scale producers) are the most crippling for the poor. Rationalizing local taxes and reforming tax administration is central, not peripheral, to poverty reduction in many countries. It is important to note how reforms tend to focus on increasing indirect taxes, such as VAT, and less often on income taxes. In most countries this adversely affects the poor. (See also Section 2C1).

How do donors fund PRSs?

Donors fund PRSs in a number of ways, but increasingly through jointly agreed **general budget support** (especially in Africa, though less frequently in Asia and Eastern Europe). This is money given directly into the national budget. In some instances it is 'ring fenced' for particular sectors, but in countries where **medium-term expenditure frameworks** and **public-expenditure reviews** (see Section 3B) are in place, there is a trend to ease up on ring fencing. Mozambique and the United Republic of Tanzania are examples of non-ring-fencing approaches.

Aid dependency is deepening in many countries, especially in Africa. This is of increasing concern to national governments as it can, and has, affected the extent of local accountability versus accountability to donors (see Section 6A, discussion of conditionalities).

Bilateral and multilateral donors rarely put all grant resources into a government's budget, although they are increasingly moving in that direction. They often support civil society, area-based programmes and projects. The proportion of donor funding going into government budgets is highest in countries judged to have a favourable policy environment, reasonable governance and growing strength in public financial management.

The International Financial Facility (IFF)

Launched in 2004 by the UK Government, IFF is an emerging response to development funding that could enable donors to double aid flows by borrowing from the international capital markets between now and 2015. The bulk of funding would be given as grants, not loans. Questions are being asked, though, as to what

Easterly, W., 2004, The effect of IMF and WB programmes on poverty

Elliott, L., 2002, Stop treating debtors as poor cows

For the basics on tax see:

Bird, R.M., 2003, An Introduction to Tax Policy Design and Development

See also the international budget project

Jubilee Research Briefing on the International Financial Facility

Brief overview of trends

Bevan, D., Poverty Reduction and other Policies

For an interesting discussion on "dealing with donors" in Vietnam, see: Norland, I., Tran Ngoc Ca and Nguyen Dinh Tuyen 2004, *Dealing with donors: The politics of Vietnam's Comprehensive Poverty reduction and Growth Strategy*

IFF background

this would mean in terms of aid flows after 2015; what conditions will be put on countries (e.g. the requirement to open up to global markets); and why countries with arrears to the IMF are ineligible.

Funding PRS activities outside government budgets

Information on SWAPs
Brown, A. *et al*, *The Status of Sector Wide Approaches*

There may be a case for funding PRS activities outside government budgets (e.g. SWAPs and projects). For SWAPs, there may be a need to kick-start a particular sector reform process or increase coordinated policy actions before channelling funds directly through the government budget. Area-based programmes are often funded where new ideas and ways of working are being tried out, or in instances where local authority implementation needs strengthening. Project funding is also based on this rationale, which includes the need to support civil-society activists and independent research/analysis. It is often recognized that funding of civil society and research is unlikely to be done directly by governments in most developing countries.

What are the implications for the ILO and its constituents?

Increased resources available as a result of HIPC debt relief are unlikely to affect the ILO directly, because they form part of the government's national budget. They may, however be felt among government constituents in the form of increased allocations to ministries of labour. The extent of this has yet to be assessed.

More broadly, the changes in development cooperation away from project support, towards direct budget support and SWAPs are likely to have a far greater impact on ILO at country level. Some donors are encouraging more joint UN agency programming clearly aligned with PRS priorities and actions. The link to PRS priorities is likely to increase, including in terms of:

- Ministries defining their support needs from the ILO and other UN agencies, especially in relation to key national reforms prioritised in the PRS.
- Governments defining areas where 'pilot' projects are required as a matter of priority.
- Impact and cost-benefit analyses of projects to determine potential for scaling-up.

The question of comparative advantage is important. The capacity development and advisory roles of all UN agencies are often cited. Yet, some UN agencies as well as donors are asking: Is it capacity development or actually implementation support we provide most often? If it is the latter does it put responsibility into national hands? This is seen as essential for impact, for sustainability and for accountability. The advisory role is also being questioned in some instances where support focuses primarily on projects and less on policy. Do we have the skilled staff in the right place for providing consistent high calibre policy advice?

As concerns grow about the perceived limited influence on policy that can be exerted without having funds, the question being asked is: will future services from the ILO be increasingly dependent on money from pooled contributions, and services as defined by governments? Finally, and in parallel to direct budget support, many donors recognise the need for the independent role of civil society in holding governments to account. This includes, according to many donors, the role of trade unions and employers' associations. Yet the early signs are that this too is shifting into strategic funding arrangements and outsourcing of management by donors, and away from small-scale project support.

Discussion points

- Is there a debt sustainability strategy produced by the country where you work? How is HIPC, and other debt relief affecting resources available through the national budget?
- How donor-dependent is the national budget? How is this affecting the path of development?
- What tax reforms are under way, and how are these likely to affect employment and productivity, especially for low income households and producers?
- To what extent are donors shifting towards general budget support and away from project support? How might/does this affect the UN and the ILO (and constituents)?

3B Public resource management: why is it so important?

Foster, M., (et al) 2003, How, When and Why does Poverty get Budget Priority?

One of the main challenges facing PRS countries is the translation of PRS goals into policies and programmes that can deliver reductions in poverty levels. Public resources are a key element in translating goals into reality. Budgets and how public funds are raised, allocated and managed are the main avenues through which governments carry out poverty reduction. Public budgets are the largest source of support for poverty reduction efforts in PRS countries; far outstripping funding administered through development-partner projects.

How are public budgets formulated and agreed?

Fozzard, A., 2001, The Basic Budgeting Problem: Approaches to Resource Allocation into the Public Sector

In most countries there are two types of budget: central and local government. These tie together in a variety of ways, but in most PRS countries there are annually announced national budgets (and speeches) presented by ministers of finance and/or planning. These outline achievements of the past year, and policy shifts and resource allocations for the forthcoming year. Elected representatives are responsible for approving annual budgets; but normally there is also a key sub-committee of parliament that provides budget oversight.

For an interesting discussion of gender and public resources management see World Bank 2004, *Engendering Development*

The main problem is that countries face countervailing pressures and hard choices in their budget processes. Much of this is political; but in some contexts considerable pressure and lobbying also comes from financiers (IFIs, donors and the private sector). Trade offs exist between giving priority, for example, to infrastructure renewal or to social services; or between spending more on primary education to achieve universal access and focusing on training people at a higher level to decrease reliance on external expertise. The technical competence for making these decisions is present in many PRS countries, but it is sometimes supplemented with technical assistance, particularly from the World Bank and IMF.

Foster, M. and Fozzard, A., 2000, Aid and Public Expenditure: A Guide

World Bank, 2002, How to involve Politicians in Expenditure Management

Examining budget proposals

It is important to encourage discussion among constituents about the national budget and its implications. Some key issues include:

World Bank, 1998, Public Expenditure Management Handbook

- What respective roles should constituents and development partners play in setting national priorities? How can this be done?
- To what extent do general budget allocations hide the detail of how resources are used in practice (e.g. is it enough to know that allocations to the health sector are increasing if most is going to personal emoluments or to the small number of hospitals serving mainly those who are better off)? How can the knowledge of detailed allocations be deepened?
- How employment-intensive is the budget; how many jobs might it create (or eliminate)?

- Are changes in allocations to priority PRS sectors assessed against the entire budget (e.g. the education allocation might have increased by 5% this year, while another sector, such as military expenditure, with limited poverty-reducing potential, might have increased even more)?

How is expenditure monitored?

There are several key elements to monitoring public expenditure, and these may or may not exist in each context, or may link together in varying ways.

- **The cabinet, and parliamentary finance and budget committees:** although institutional arrangements vary, in general the cabinet is collectively responsible for legitimizing budget decisions that reconcile competing claims on limited public resources. Budget committees prepare the groundwork. Greater linkage and support needs to be made of this mechanism, especially by ILO constituents.
- **Public-expenditure reviews:** PERs analyse public-sector budgets and expenditure, and are increasingly used as key documents in the appraisal of general budget support from IFIs and donors. Sector-specific PERs are prepared and generally feed into an overview of trends and findings, presented increasingly through public **Consultative Group** meetings open to civil society and constituents. It is rare, to date, that a country has undertaken a PER focused on employment. Is there capacity in your country to do this, or to make employment a mainstream issue in sector-specific PERs?
- **Auditing procedures:** audits determine if public funds have been spent for designated purposes (budget compliance; value for money). They are also key in clarifying arrears and debts of ministries, departments and local authorities. A useful checklist of sound auditing has been developed (see link) which includes the need for swift responses to queries, independence of the Auditor General's Office and its functions, and public disclosure. How well has the ministry of labour performed in your country in terms of its audit reports each year?
- **Medium-term expenditure frameworks:** MTEFs connect policy, planning and budgeting into one framework. They usually cover a period of three to five years and are based on the premise that annual budgeting addresses too short a period to shift spending patterns. They are considered the key means of ensuring outcome budgeting based on strategic priorities. Uganda's is considered a good example. Has there been an employment assessment of your MTEF? Is there capacity to project its potential to create jobs and monitor its achievements in this respect?

Oxford Policy Management, 1999, *Prioritization and fiscal responsibility: How to involve Politicians in Expenditure Management*

Audit Checklist:

World Bank, 1998, *Public Expenditure Management Handbook* (Page 110)

Holmes, M., and Evans, A., 2003, *A Review of Experience in Implementing Medium Term Expenditure Frameworks in a PRSP Context*

Holmes, M. 2003, (PPT) *Medium Term Expenditure Frameworks (MTEFs): A review of implementation experience*

Bevan, D.L., and Palomba, G., 2002, *Uganda: the Budget and MTEF Set in a Wider Context*

The Budget and Medium-Term Expenditure Framework in Uganda, Africa Region Working Paper Series No 24 (2001)

Discussion points

- What cycle of public budgeting and expenditure reporting takes place in your context? At national and local levels?
- What, potentially, is the most effective way of becoming informed and involved? What influence do you hope to have, and why?
- In your country is there capacity for, and interest in, understanding public expenditure reviews and how they relate to employment?
- How well has the Ministry of Labour performed in terms of its annual audit reports? Why should this be important for the ILO to track?
- Has there been an employment assessment of your country's Medium Term Expenditure Framework (MTEF)?

Section 3 web references

3A PRS funding sources

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<http://www.imf.org/external/np/etr/facts/hipc.htm>
- HIPC amounts, progress, and issues country by country
http://www.jubileeresearch.org/hipc/progress_report/country.htm
- Foster, M. and Fozzard, A., 2000, *Aid and Public Expenditure: A Guide*
http://www.odi.org.uk/publications/working_papers/wp141.pdf
- Impact of HIPC (statistical overview)
http://jdc-web.org.uk/debt-files/impact_of_hipc.htm
- Key statements by big thinkers
<http://www.dse.de/ef/debts/rep.htm>
- PRS Annual Progress Reports:
- Malawi http://poverty.worldbank.org/files/Malawi_PRSP_APR.pdf
 - Mali http://poverty.worldbank.org/files/Mali_PRSP_APR.pdf
 - Mozambique http://poverty.worldbank.org/files/BPES_2003_Inglis_FMI.pdf
 - Tanzania http://poverty.worldbank.org/files/Tanzania_PRSP_APR.pdf
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<http://www.jubileeresearch.org/latest/iff120303.htm>
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<http://www.csae.ox.ac.uk/chissano/bevan.pdf>
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http://www.hm-treasury.gov.uk/documents/international_issues/int_gnd_intfinance.cfm
- Brown, A. et al, *The Status of Sector Wide Approaches*
<http://www.odi.org.uk/publications/wp142.pdf>

3B Public resource management

- Foster, M., (et al) 2003, *How, When and Why does Poverty get Budget Priority?* http://www.odi.org.uk/publications/working_papers/wp168.pdf
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- World Bank, 1998, *Public Expenditure Management Handbook* (Page 110) <http://www1.worldbank.org/publicsector/pe/handbook/pem98.pdf>
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Section 4

Implementation and annual reviews

4A PRS implementation: who, what and why?

The writing and approval of the PRS paper, and subsequent release of HIPC funds do **not** signal the end of the process. Implementation begins at this point. What actions are implemented, who is responsible, and how is progress determined?

World Bank, 2003, Annual Review of Development Effectiveness

Governments emphasize that PRS implementation is **everyone's** responsibility. All stakeholders are encouraged to focus on priorities as defined in the PRS paper, from citizens to development partners, from non-governmental organizations to government representatives and administrators, and from the private sector to worker's organizations. There is generally an increasing push for 'outcome-based' approaches which have direct poverty-reducing results, but how does this happen in reality?

Government implementation

Pakistan's Implementation Committee

Government policy actions are specified in grid/matrix format in the annex to most PRS papers. It is, in essence, an agreement of key actions to be undertaken and reported on annually when the PRS paper is reviewed (see Section 4B). The actions tend to include law reforms, policy revisions or development, new national-scale poverty programmes, research and analysis (including national surveys) and planned reviews. The grid is normally updated each year under guidance and direction from the national PRS secretariat/coordinating committee. Pakistan offers a useful standard example.

Are the PRS policy actions real development targets?

PRGF matrix by country (Excel)

PRGF was introduced in 1999 to replace the ESAF (Enhance Structural Adjustment Facility)

Opinions vary; some argue that PRS 'policy actions' are just more conditionalities required to obtain international support – simply a continuation of the imposition of international priorities and the current development paradigm which undermines local and national accountability; others argue that they represent an improvement because they are openly discussed and negotiated. Whatever the perspective, PRS policy actions certainly are not the only show in town in terms of conditions for IFI lending or donor support! Although harmonization of these conditions is beginning in many countries, there is still a long way to go.

IMF actions/conditions under the PRGF

IMF, 2004, Report of the Evaluation of Poverty Reduction Strategy Papers and The Poverty Reduction and Growth Facility

PRSC policy

Equally important are the IMF agreed policy actions/conditions under the Poverty Reduction Growth Facility (PRGF), with targets relating to fiscal balance, inflation, reserves, privatization, tax, liberalization, etc. The PRGF matrix is an invaluable tool for comparing and contrasting country policy actions. It can help determine how pro-poor the agreed IMF programme is, and how well aligned it is with PRS policy actions.

Additional World Bank conditions

World Bank country strategies (CASs)

There are also additional World Bank policy actions/conditions under the Poverty Reduction Support Credit (PRSC) with targets relating to economic governance, public-service delivery, public-service reform, the business environment and donor

harmonization. Although important, PRSC often encompasses less than one quarter of the Bank's total in-country lending, and understanding the entire World Bank lending portfolio is often very complex. Nonetheless, to the extent practicable, PRS, PRGF and PRSC instruments are negotiated on the same time frame and in principle they should proceed in parallel.

An assessment of these instruments was undertaken by Nordic development agencies (2003) for seven PRS countries. It highlights that these instruments do (in theory) link macro-economic and structural policies to poverty reduction, but the extent to which this linkage is spelled out for all parties remains unclear and seems to include a large element of theoretical thinking, rather than proven empirical impact of the policy choices on poverty.

Trends and challenges in PRS implementation

In most PRS countries there is a clear shift in public expenditure towards targeted actions to reduce poverty; there is also increased focus on designing key policies to improve service delivery and governance; and there is increasing evidence of efforts to improve public-expenditure management. Challenges remain, and for countries in the early phase of PRS implementation the following concerns have emerged:

- Rising concerns about the breadth of government commitment **beyond the government technocrats responsible** for PRS preparation (i.e. the PRS secretariat)
- Potential imbalance between **ambitions and realism** in PRS targets
- Weak **public expenditure management** and links to budget constraints; diminishing prioritization
- The urgent **need to align** and harmonize development partners around PRS priorities, rather than priorities determined by their own organization.

Decent work in PRS implementation

Decent-work programmes are the major tool for ILO offices and the Director-General has emphasized the need to "ensure outcomes are grounded in regional and country strategies". He stresses that strategies that emphasize working with others and those having a lasting influence on policies and decisions will be favoured.

The essence of Decent Work Country Programmes is the complementarity and linkages between country strategies (such as PRSs) and the ILO's mainstream objectives. These mainstream objectives focus on:

- the ILO contribution to a fair and inclusive globalization;
- working out of poverty;
- proactive advance on gender equality;
- using the development potential of *International Labour Standards* and other ILO policy instruments;
- expanding the national (and international) influence of tripartism; and
- advocating and supporting the right to the provision of social protection.

Analytical and advisory work;
See: Country Assistance Strategy Documents

EURODAD, 2003, *Review of Nordic monitoring of the WB and the IMF*

IMF/World Bank, 2003, *Progress in Implementation of PRSPs*

Director-General's Programme Guidance Letter (P&B 2006/07)

ILO Decent Work Pilot Programme

See manuals:

ACTRAV, 2004/1–2, *Trade Unions and poverty reduction strategies*, Labour Education Nos.134–135

IFP/Dialogue, 2004, *Social Dialogue and Poverty Reduction Strategies: A guide to the Integration of Gender Equality*,

IFP/Dialogue and Sub-Regional Office for East Asia, PRSP, 2004, *Social Dialogue and the Role of the Social Partners: An ILO guidebook for employers' and workers' organizations*, (forthcoming)

Holden, P., and Walter, D., 2004, *Poverty Initiatives: Past Present and Future Approaches*, ILO INTEGRATION

See: ILO Resource Database

Local Development and Decent Work (LDDW) Resource Kit 2004 (forthcoming to INTEGRATION website)

For the ILO, this is leading to intensification of work with constituents in providing technical and capacity-building support to engage in understanding the PRS paper content and the implications for their work. This has involved very practical work keeping constituents up to date on the annual review process and ways of productively engaging and raising issues. The ILO has developed useful manuals for working with constituents, which can help to strengthen efforts:

- *Trade Unions and poverty reduction strategies*
- *Social Dialogue and Poverty Reduction Strategies: A guide to the Integration of Gender Equality*
- *Social Dialogue and the Role of the Social Partners: An ILO guidebook for employers' and workers' organizations*

There is a wide range of ILO programmes and projects that address poverty; it is not the intention of this manual to highlight them all. However, there is a working paper which maps many that have been implemented through ILO sectors. It includes regional analyses and provides some specific examples.

For useful tools and resource online, consult the ILO *Resource database on Poverty, Local Development and Decent Work*.

Finally, the *Local Development and Decent Work (LDDW) Resource Kit*, provides a collection of practical and easy-to-use tools designed to help and enable local planners, decision makers and development practitioners to make decisions and implement actions. These resources are based on local development knowledge and practices within the Philippines and other countries.

The purpose of this *Resource Kit* is to add value to current planning frameworks in the country at the municipal level, and eventually at the provincial level. The value addition of this kit is the inclusion of a decent-work perspective in an integrated economic and social development framework.

Discussion points

- What policy actions, as expressed in the PRS paper, are priorities for the ILO Decent Work Country Programme? Have you assessed their potential for lasting influence on policies and national decisions?
- Are you familiar with the policy actions agreed between government and the IFIs in terms of the PRGF and PRSC? Are they linked to and harmonized with the PRS priorities? What implications do they have for workers and employers?
- How do ILO projects and programmes contribute to PRS implementation.

Annual review process 4B

Annual PRS Progress Report

Each PRS country produces an *Annual PRS Progress Report* to its constituents and the World Bank and IMF Boards. Primarily a government-led PRS secretariat coordinates information and compiles this. Information is gathered from a range of sources from the national poverty-monitoring system, to key ministries (both sectoral and planning/finance). In some contexts, the findings are presented in draft to an open forum involving civil society and citizens (including workers and employers). Increasingly this forum is the **Consultative Group mechanism** (a forum which traditionally was used for public pledging of donor support). Some argue that this public consultation, rather than World Bank/IMF Board meetings, should act as the trigger for continuing financing. In any case, this is the forum where comments, contributions to implementation and challenges to priorities are tabled. The draft report is subsequently revised and finalized in light of comments given and submitted to the World Bank and IMF.

World Bank, *Guidelines on Annual Reviews/Annual Review Process*

Donor reports

Donors also produce brief reports assessing PRS progress, these include the World Bank/IMF *Joint Staff Assessments (JSAs)* and bilateral (often joint) statements. The UN agencies, to date, have rarely prepared joint responses on PRS progress in any country. The *JSA Report* is essentially the International Financial Institutions' judgment on PRS implementation. There are some concerns about the exclusivity of this perspective, but to date it remains important in part because it expresses the World Bank and IMF views on the most important policy actions to be taken next. Bilateral statements are produced by missions in country and channelled through representatives sitting on the Boards. It is therefore feasible in principle to influence the World Bank and IMF Board discussions about any particular countries' PRS in two ways: either through the *JSA Report* or through bilateral mission statements.

World Bank/IMF *Joint Staff Assessments (JSAs)*

More information is available in: Statements to World Bank/IMF Development Committees (by dates); Annual Progress reports; Fuller poverty analysis reports; and in individual country PPAs, Human Development Reports, etc.

Poverty analysis

In reality, *Annual Progress Reports* often deepen the analysis of poverty by providing a summary of new data and information on trends and indicators. More in-depth analyses may also be produced in the form of national poverty reports. The *Annual Progress Report* summarizes inputs (public budget allocations) and policy outcomes. It commonly follows a similar format to the PRS paper itself, and includes a revised and updated policy action grid to guide the subsequent year's implementation.

Unified reporting

There is increasing recognition of the need to reduce individual development-partners' requirements for government reports and to avoid fragmented monitoring

and evaluation systems. The *Annual PRS Progress Report* is seen in many countries to have the potential to fulfil a wide range of diverse reporting requirements.

Evans, A., and Coyle, E., 2002,
*PRSP Monitoring and Synthesis
Project: reporting and Monitoring*

Whereas the PRS paper provides a medium-term vision for poverty reduction, the *Annual PRS Progress Report* records short-term progress and sets down opportunities for re-alignment. However, it is increasingly clear that producing a full report every year is costly, especially in terms of government time. Yet two years without any reporting may be too long for most external donors, particularly in poor or difficult policy environments. A compromise may be to produce a full report every two years and summary updates annually; this possibility is under discussion at World Bank and IMF headquarters.

Tanzania annual review process

Poverty Policy Week (PPW) Report
(2002)

To reduce demands on time, while opening up opportunities for public debate on progress, the United Republic of Tanzania introduced the concept of a 'poverty policy week': five full days of open forums on progress and issues of concern. This happens before finalization of the *Annual PRS Progress Report*. It is an opportunity for all stakeholders to engage and reduces the number of workshops initiated by development agencies, which are frequently de-linked from national priorities and processes.

Discussion points

- How should the ILO and constituents engage in the PRS annual review process without increasing demands on the government?
- How well are decent-work issues addressed annually? How might this be improved?
- How well are UN agencies coordinated and coherent in their responses and inputs to PRS annual reports and reviews?

Section 4 web references

4A PRS Implementation

- World Bank, 2003, Annual Review of Development Effectiveness <http://www.worldbank.org/oed/arde2003>
- Pakistan's Implementation Committee <http://www.pakistan.gov.pk/finance-division/informationandservices/poverty-reduction-05.html>
- PRGF matrix by country <http://www.eurodad.org/uploadstore/cms/docs/PRGFmatrix18countries.xls>
- The Evaluation of Poverty Reduction Strategy Papers and The Poverty Reduction and Growth Facility* <http://www.imf.org/External/NP/ieo/2004/prspgrgf/eng/report.pdf>
- PRSC policy <http://wbln0018.worldbank.org/html/eswwebsite.nsf/PRSC/Guidelines+PRSC?OpenDocument>
- Country Assistance Strategy Documents <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:20120746~menuPK:51557~pagePK:41367~piPK:51533~theSitePK:40941,00.html>
- EURODAD, 2003, *Review of Nordic monitoring of the WB and the IMF* <http://www.eurodad.org/articles/default.aspx?id=495>
- IMF/World Bank, 2003, *Progress in Implementation of PRSPs* <http://www.imf.org/external/np/prspgen/2003/091203.pdf>
- Director-General's Programme Guidance Letter (P&B 2006/07) <http://www.ilo.org/intranet/english/bureau/program/download/pdf/pgl06.pdf>
- ILO Decent Work Pilot Programme <http://www.ilo.org/public/english/bureau/dwpp/>
- Holden, P., and Walter, D., 2004, *Poverty Initiatives: Past Present and Future Approaches*, ILO http://www.ilo.org/public/english/bureau/integration/download/publicat/4_3_236_wp-08.pdf
- ILO Resource Database <http://www.ilo.org/dyn/dwresources>
- Local Development and Decent Work (LDDW) Resource Kit 2004 <http://www.ilo.org/integration>

4B Annual review process

- World Bank, Guidelines on Annual Reviews/Annual Review Process http://poverty.worldbank.org/files/jsaguide_annualprogrep.pdf
- World Bank/IMF Joint Staff Assessments (JSAs) <http://poverty.worldbank.org/files/jsa%20guidelines.pdf>
- Statements to World Bank/IMF Development Committees <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/0,,menuPK:60001657~pagePK:64001141~piPK:64001176~theSitePK:277473,00.html>
- Annual Progress reports <http://poverty.worldbank.org/prsp/index.php?view=sub&id=4581>
- Uganda PPA <http://www.uppap.or.ug/>
- Poverty and Human development Report, Tanzania (2002) http://hdr.undp.org/reports/detail_reports.cfm?view=843
- Evans, A., and Coyle, E., 2002, PRSP Monitoring and *Synthesis Project: reporting and Monitoring* <http://www.prpsynthesis.org/brief2.doc>
- OED Review of the PRS Process <http://www.worldbank.org/oed/prsp/index.html>
- Tanzania annual review process <http://www.povertymonitoring.go.tz/download.htm>
- Poverty Policy Week (PPW) Report (2002) <http://www.povertymonitoring.go.tz/downloads/povpolweek/povertypolicyweek2002report.doc>

Section 5

Poverty monitoring

5A The concept

World Bank Sourcebook: Poverty Monitoring

PRSPs require close and effective monitoring, which is primarily (but not exclusively) the responsibility of government. Plans for monitoring are required and commonly describe:

- **the method** of poverty monitoring in terms of output monitoring and outcome monitoring;
- **national poverty indicators**, including data sources and survey frequency;
- **research and analytical priorities**, including key national reports; and
- **institutional arrangements** describing who will do what in the monitoring process.

UNDP, 2003, *Evaluation of UNDP's Role in the PRSP Process*, Volume I, Main Report, pg 35

Good practice: poverty-monitoring plans

Some countries have produced poverty-monitoring plans as supplementary documents to their PRSP papers. These are detailed, but few are as yet web enabled. The United Republic of Tanzania's *Poverty Monitoring Master Plan* is one exception. It represents a very thorough description of multi-stakeholder engagement, indicators, and outputs.

United Republic of Tanzania, *Poverty Monitoring Master Plan*

UN Agencies' involvement

The UN can, and does, play an important role in strengthening national poverty-monitoring capacities, and in ensuring that national systems link into MDG monitoring. In UNDP's evaluation of their role in PRSP process, one of the key findings is that, "institutional arrangements and capacities for poverty monitoring required for PRSPs are inadequate ... monitoring progress towards poverty reduction represents the greatest unrealized opportunity within the PRSP process for UNDP".

A useful, clear description of the different types of indicators

This unrealized opportunity should be recognized by other UN agencies as well, considering the importance of this process to their mandates. For the ILO, engaging in poverty monitoring is key to mainstreaming decent work into national processes in PRSP countries. But what type of monitoring is required in PRSP countries? There are generally two types: **output** monitoring and **poverty-outcome** monitoring.

Output monitoring is a process of judging whether actions agreed in the PRSP paper have been undertaken; it is essentially monitoring of implementation. The policy action grids annexed to PRSP papers and/or *PRSP Annual Progress Reports* set out the original agreement. The judgment as to whether things have been done results from a consensus view between the government and World Bank/IMF country teams, who lead the *Joint Staff Assessment (JSA)*. The process is led by the

PRS secretariat/coordinating committee and usually also involves the relevant line ministry responsible for particular actions. Public forums in which progress is discussed are also increasingly encouraged. In these government officials report to development partners, civil society, and parliamentarians on progress against agreed actions (see Section 4B for further details).

Poverty-outcome monitoring focuses on clarifying what has changed in the lives of the poor, as compared to other parts of society. It is primarily about impact, and there are recognized challenges in attribution (whether observed changes were caused by particular inputs or actions). Judging change involves assessing progress on agreed poverty indicators (see Section 5C), as well as on analytical assessments which provide empirical evidence to deepen understanding and answer the ‘why’ questions which often emerge from statistical analyses. Qualitative studies may include *Participatory Poverty Assessments* (PPAs), *Poverty and Social Impact Assessments* (PSIAs) or research into specific issue or specific geographic disparities.

Discussion points

- How is the UN engaged in poverty monitoring in your country? Are its data analyses and reports done in the country, and does the process enhance national capacities?
- What ‘output’ and what ‘outcome’ monitoring is done in your country? Is there a poverty-monitoring plan that describes these as well as the institutional arrangements?
- How can the ILO and its constituents most effectively engage in poverty monitoring? What added value might they bring to existing systems?

Guidelines for Joint Staff Assessments of PRSPs, (Annex Z)

Eurodad, *PRSP Outcomes at the World Bank and IMF meetings* (2004) gives a critical appraisal

PPAs:

Norton, A., (et al.) 2001, *A Rough Guide to PPAs*

PSIAs:

World Bank, 2003, Users Guide to Poverty and Social Impact Analysis

5B Institutional arrangements

Initially most countries' poverty-monitoring arrangements are ad hoc. Gradually they evolve into a 'system' involving several stakeholders with delineated roles and responsibilities, and mechanisms for collaboration and reporting. In most PRS countries there is a conscious effort to build on existing data-collection systems and analyses, while recognizing the need for strengthening them.

The PRS Secretariat and other institutions

The 'system' for national poverty monitoring varies, but the hub is usually a PRS secretariat established in a particular ministry. In sub-Saharan Africa it tends to be ministries of finance (Kenya, Mozambique, the Gambia). In Asian countries, on the other hand, ministries of planning seem to often take the leading role (Vietnam, Bangladesh, Nepal).

Overall, four core sets of institutions are involved in the system:

1. The PRS secretariat/coordinating unit (as lead)
2. The national bureaux of statistics
3. Line ministries (and their relevant planning, statistics and research sections)
4. Research institutions and civil society organizations

Complementary contributions

These institutions should function together and complement each other if an effective poverty-monitoring system is to provide regular (annual) overviews of changes in poverty. Both clear complementarity between institutions and well-defined distinct roles and responsibilities are important. To guide these, most PRS papers contain diagrams describing the institutional arrangements in their country.

The variation in poverty-monitoring systems lies in the relative power of each institution in each country. This is not something easily gleaned from official documents; and sharing and combining information is not often part of these institutions' culture. National bureaux of statistics play a central role in the poverty-monitoring systems in most PRS countries; but the roles of independent research institutions, civil society, and ministries such as local government, labour, and community development tend to be less well defined; thus these bodies tend to be less actively engaged. Encouraging broad engagement is key; poverty monitoring is more than just statistics.

Does this matter in terms of embedding **decent work** in national policy agendas? Yes. If key stakeholders are not involved in the main processes of monitoring, they will be less well-informed and therefore have less influence on policy choices. If the intention is to increase the pressure for prioritizing labour and social-protection issues in PRS countries, understanding what is changing and what is not is essential.

ODI, 2003, PRSP Synthesis Note
7: PRS Monitoring in Africa

ODI, 2003, PRSP Synthesis Note
8: Experiences of PRSs in Asia

DFID, 2004, *Research on the
current state of Poverty Monitoring
Systems* (Forthcoming)

ODI, 2004, PRSP Connections,
Issue 10

Elected representatives

The function and role of **parliament** (or other elected representative bodies) in relation to poverty monitoring is often poorly defined. However, the **cabinet** is usually given formal oversight of key reports and outcomes from the system. Ghana, Malawi, the United Republic of Tanzania and Mozambique all specify links between PRS monitoring and parliaments, but their extent varies. In general, government technocrats have been far more engaged and committed to the PRS process, and its monitoring, than elected representatives in most countries.

National statistics capacities

In most countries, national bureaux of statistics have a central role in kick-starting the process of poverty monitoring. The bureaux of statistics are therefore key and their capacity must be ensured. National household-based surveys provide the single largest portion of information for tracking change in PRS indicators in most countries. The most common surveys in PRS monitoring are *national censuses*, *household budget surveys*, *labour force surveys* and *demographic and health surveys*. However these surveys may be irregularly undertaken, vary in quality, have inadequate sample sizes, and frequently use non-harmonized concepts, definitions and classifications. These factors can make comparative analyses and the identification of trends difficult, if not impossible.

Supporting a national strategy for statistical development is vitally important, and can also be useful in mobilizing national resources and moving beyond ad hoc surveys that respond primarily to those with the most resources. National household survey information should be considered a public good in that its role is to inform planners and national priorities. ILO staff should remember that if market demand prevails in statistical information gathering, the varied priorities of development partners may dominate over national best interest, as has been the case in several sub-Saharan African countries during the 1990s.

Paris 21 was launched to act as a catalyst for promoting a culture of evidence-based policymaking and monitoring in all countries, and especially in developing countries. Partnership in Statistics for Development in the 21st Century

Semboja, J., and Wingfield-Digby, P., 2001, *Developing a Multi-year Survey Programme at the National Bureau of Statistics for Poverty Monitoring*

Good practice: Data brings equality in from the cold

Since the mid 1990s income distribution has become an increasingly hot issue in development, nowhere more so than in Latin America. The revival stems in part from increased availability of household-level data. As data has become available, analysts have the means to test their hypotheses such as the trade-offs between equity and efficiency, or redistribution and growth.

Tracking changes within and across countries to inform policies is rising in importance in all PRS countries. Succinct results of recent research on poverty and inequality in developing countries.

National surveys

National statistical bureaux normally produce only first-level analyses of household surveys. For some surveys they do this in conjunction with relevant line ministries such as the ministry of labour or ministry of health. An important part of strengthening poverty monitoring is to consider the need for technical support to build capacity in survey-instrument design and sampling methods, field management and supervision, data entry, editing and data processing, and information presentation. In many PRS countries this can mean the difference

between good quality information and information which is disregarded because of lack of user confidence.

Considerable expertise and context-specific knowledge is required to advise on survey design, sampling and analytical methods. ILO staff and constituents would do well to seek expertise to avoid the common mistake of advocating ill-advised changes in national surveys which can, and often do, create challenges when trends need to be assessed.

The usefulness of specific poverty surveys

Standard CWIQ info and questionnaire:

Malawi

Mozambique, with presentation

In Ghana, Malawi, and Mozambique, the World Bank has promoted the use of *Core Welfare Indicator Questionnaire* (CWIQ). It involves a comparatively short electronically-scanned questionnaire and computer generated analysis which enables a rapid view of poverty levels, mainly using proxy indicators in place of expenditure data. Its use is controversial in terms of cost, rigidity of the survey questions, cross tabulation of analysis, and in its use of proxies. An alternative used in some countries (e.g. United Republic of Tanzania) is a poverty module embedded in each annual national household survey.

The ILO contribution to poverty monitoring

See ILO stats web pages

The ILO often provides technical support to poverty monitoring through work on national labour-force surveys, national accounts, the inclusion of the informal economy in national surveys, and by improving national employment indicators. The ILO Bureau of Statistics in Geneva and labour statistics specialists in the field can assist in identifying technical expertise in statistics.

There are many areas to engage in, but three key aspects of PRS monitoring of particular importance to the ILO and its constituents include support to:

Hussmanns, R. *Defining and Measuring Informal Employment* (forthcoming on Stats web site)

Paper copies of selected survey instruments may be obtained from the ILO Bureau of Statistics in Geneva

International Conference of Labour Statistics. *Report of the 17th Conference 2003*

Background reading on poverty and the informal economy: see Blunch, NH., S. Canagarajah and D. Raju, 2001, *The Informal Sector Revisited: A synthesis across space and time* World Bank

- **Regularly conducted labour-force surveys:** LABORSTA provides the main ILO statistical database for a wide range of detailed labour statistics and provides details of methods used by countries in the *Sources and Methods* series. INFORM also maintains an inventory database on LFSs. Gender disaggregation of statistical results and adherence to international standard definitions should be promoted; as should the incorporation of a module focused on child labour issues. There is also a manual, (*Surveys of Economically Active Population: Employment, Unemployment and Underemployment*) on the Statistics' web site.

- **Measuring informal employment:** guidance on defining and measuring this, including key survey questions, has been produced by the ILO Bureau of Statistics. A useful example of what can/should be produced has been done in Moldova.

- **Employment and poverty indicators:** unemployment figures are generally limited because they do not represent the total employment problem in many developing countries (there are challenges in definition and interpretation). Indicators should preferably focus on underemployment (not so much in terms of time-related underemployment, but especially in terms mismatch of skills and employment, and of low income and productivity), and employment-related income. However, there are challenges in terms of clarifying questions that would be required on survey instruments for cross tabulation to determine skills-employment mismatch. Adapting these to the national context and the need for assessing changes in poverty is key.

The consumer price index (CPI)

The CPI measures the rate at which the prices of consumer goods and services are changing over time. It is a key index for purposes of economic and social policy making, especially monetary policy and social policy, and has substantial and wide-ranging implications for governments, businesses and workers, as well as households. In this regard the ILO has produced a *Consumer Price Index Manual: Theory and Practice*, providing guidelines for constructing and calculating CPIs.

ILO, 2004, *Consumer Price Index Manual: Theory and Practice*, (hard copy only)

Inter-Secretariat Working Group on National Accounts, 1993, *System of National Accounts*

Ensuring the quality of statistics

Good quality economic statistics, via national accounts, are also vital for national policy making in every country. The introductory chapter of *System of National Accounts 1993* (OECD) provides useful background information. An important aspect is the extent to which these statistics cover all economic activities, including the informal economy. The OECD Handbook, *Measuring the Non-observed Economy*, provides a useful resource on concepts, problems and procedures.

For training modules on labour statistics, see:

ILO, 2003, *Labour Statistics, Module 1: Statistics of employment, underemployment: economically active population*(Hard copy only: ISBN 92-2-115385-1)

OECD, 2002, *Measuring the Non-observed Economy: A Handbook* (also in French and Russian)

Employment statistics

In general, the ILO's key concern is with employment, both wage and self employment, whether formal or informal. This needs to be reflected in national surveys which feed poverty monitoring systems. The 17th International Conference of Labour Statisticians (2003) specifies (in Resolution 1) specific analysis of household income-and-expenditure statistics in relation to:

- Earnings from formal and informal employment
- Earnings from wage employment
- Earnings from self employment.

It also stresses the importance of disaggregating earnings from informal employment into specific categories (according to type of activity and income sources).

Finally, but essentially, it is important to ensure national analysis is disaggregated by gender and ethnicity. Although the importance of gender disaggregation is increasingly recognized, the gaps faced by minorities have yet to be given priority in most national agendas.

Discussion points

- Is the minimum data clear, in terms of what is required from national surveys as evidence, on each PRS indicator? Is there a resourced national survey and census plan linked to this?
- Are institutional arrangements for poverty analysis, and reporting and dissemination of the conclusions, well defined in your country? What capacity issues are most important to making this function well? How broad based and inclusive is it?

5C National poverty indicators and Decent Work indicators

Anker, Richard, Igor Chernyshev, Philippe Egger, Farhad Mehran and Joseph Ritter, 2002, *Measuring Decent Work with Statistical Indicators*, Paper No. 2

World Bank Poverty Monitoring Social Indicators: See Table, at the end of the section

ILO Decent Work Indicators: See Table at end of section

See also:, *International Labour Review* article on Decent Work Indicators

Paternostrò, S., 2002 An Approach to Poverty and Social Impact Assessment

Norton, A., 2001, *A Rough Guide to Participatory Poverty Assessments*

One of the biggest challenges for PRS countries is identifying indicators of progress, setting targets, and monitoring against these targets. The most desirable characteristics of poverty monitoring indicators, according to the World Bank, are that they should be reliable, and quick and cheap to collect. In general it is more useful to identify a small number of indicators, measure them well and use the results for policy making, than to enumerate a long list of indicators that cannot be measured well and are not used for policy decisions. However, achieving this can be challenging given the variety of national stakeholders' views. Nonetheless, every PRS country has its own set of indicators, many of which are comparable across countries, some of which are country-specific and many of which link to the MDGs.

The list of the 32 lead 'social indicators' provided by the Bank on the *Poverty Monitoring Database* is given below. These are used to compare progress across countries. However, they are not a strict requirement for inclusion in national PRS papers. They do however provide a useful starting point, and link well to many MDG indicators.

Decent-work indicators

The indicators prepared by the ILO Statistics Development and Analysis Unit of the Policy Integration Department are also given below. These have been compiled in relation to feasibility of collection, relevance to one or more aspect of decent work, and achievability in terms of international comparisons. Details on each indicator are provided in an ILO *Working Paper*, based on the central premise that it is important that the ILO settle on a basic core set of decent- work indicators and a plan of action for statistical activities.

Indicators and targets are central to national poverty monitoring, but do not explain 'how' or 'why' things may have changed or stayed the same. Deeper analysis of the data, complemented by empirical and qualitative research is important. *Poverty and Social Impact Analyses* (PSIAs) and *Participatory Poverty Assessments* (PPAs) are two tools which have been used to deepen understanding of the impact of changes. Undertaking these on a national scale requires significant coordination and resources. Joining others in support of such research is most effective. It is less often useful to do single-agency-driven research.

Discussion point

- Which decent work indicators are included in the national poverty-monitoring system? Who is responsible for their data collection and analysis? Are resources and capacity available?

World Bank poverty monitoring social indicators

Population

Total population, mid-year (millions)
 Growth rate (% annual average for period)
 Urban population (% of population)
 Total fertility rate (births per woman)

Poverty (% of population)

National headcount index
 Urban headcount index
 Rural headcount index

Income

GNI per capita (US\$)
 Consumer price index (1995=100)
 Food price index (1995=100)

Income/consumption distribution Gini index

Lowest quintile (% of income or consumption)
 Highest quintile (% of income or consumption)

Source:

World Bank, Poverty Monitoring Database, Social Indicators.

Social indicators

Public expenditure
 Health (% of GDP)
 Education (% of GDP)
 Social security and welfare (% of GDP)
 Net primary school enrolment rate (% of age group)
 Female, male, total
 Access to an improved water source (% of population)
 Rural, urban, total
 Immunization rate (% under 12 months)
 Measles, DPT
 Child malnutrition (% under 5 years)
 Life expectancy at birth (years)
 Female, male, total
 Mortality
 Infant (per 1,000 live births)
 Under 5 (per 1,000 live births)
 Adult (15–59)
 Male (per 1,000 population)
 Female (per 1,000 population)
 Maternal (per 100,000 live births)
 Births attended by skilled health staff (%)

ILO decent work indicators

Employment opportunities

Labour force participation rate
 Employment/population ratio
 Unemployment rate
 Youth unemployment rate
 Time-related underemployment
 Share of wage in non-agricultural employment
 Female share of non-agricultural employment

Unacceptable work

Children not in school by employment status (% by age)
 Children in wage employment activity rate (% by age)

Adequate earnings and productive work

Inadequate pay rate ¹
 Average earnings in selected occupations
 Excessive hours of work
 Time-related underemployment rate
 Employees with recent job training ²

Decent hours

Excessive hours of work (% of employed, by status of employment)
 Time-related underemployment rate ³

Stability and security of work

Tenure less than one year ⁴
 Temporary work (% who classify their work as temporary)

Combining work and family life

Employment rate for women with children under compulsory school age (ratio to the rate for all women 20–49)
 Excessive hours of work

Fair treatment in employment

Occupational segregation by sex ⁵
 Female share of employment in managerial and administrative occupations
 Share of women in non-agricultural wage employment
 Female/male wage or earnings ratio (selected occupations)
 Female/male ratios or differences for other indicators

Safe work environment

Fatal injury rate
 Labour inspectors
 Occupational injury insurance coverage
 Excessive hours of work

Social protection

Public social-security expenditure
 Public expenditure on needs-based income support
 Beneficiaries of cash income support
 Share of population over 65 benefiting from a pension
 Share of economically active population contributing to a pension fund
 Average monthly pension
 Occupational injury insurance coverage

Social dialogue and workplace relations

Union density rate
 Collective wage bargaining coverage rate
 Strikes and lockouts

Economic and social context of decent work

Output per employed person (PPP level)
 Growth of output per employed person
 Education of adult population (adult literacy, adult secondary completion rates)
 Composition of employment by economic sector (agriculture, industries, services)
 Income inequality
 Poverty (% of population <\$1 or £\$2/day)
 Informal economy employment (% of non-agricultural or urban employment)

Source: Anker, Richard, Igor Chernyshev, Philippe Egger, Farhad Mehran and Joseph Ritter, *Measuring Decent Work with Statistical Indicators*, Policy Integration Dept., Statistical Development and Analysis Group, Working Paper No. 2, October 2002.

¹ Per cent of unemployed below 1/2 of median or an absolute minimum, whichever is greater, by status in employment.

² Per cent with job training during last 12 months provided or paid for by employer or state.

³ Per cent of employed population working less than the hours threshold, but available and wanting to work additional hours.

⁴ Per cent of employed persons who have held their main job/work for less than one year, by age, by status in employment.

⁵ Per cent of non-agricultural employment in male-dominated and in female-dominated occupations and index of dissimilarity.

Research and analytical outputs 5D

Data is only as useful as its analysis, and often requires complementary empirical research to deepen understanding of key poverty issues and trends. Setting nationally-driven research agendas is important, and can deepen commitment and understanding of poverty and the decent-work agenda. This can be encouraged by supporting linkages between national research groups and policy makers, setting jointly-agreed research agendas, and providing technical support where required.

Research and policies

An often-asked question is, does research affect policy? The answer seems generally to be, “it can, but is likely to do so in diffuse ways”. Few policy actions are decided in a brisk clear-cut style. The role of research and analysis may be indirect and difficult to trace. Some studies have shown, in a number of countries, that a decisive factor for the utilization of research and analysis in policy design is the origin of the original decision to undertake the research. Policies are much more likely to be influenced when the initiative arises from within government or within their acknowledged research ‘think tank’, rather than when the research is carried out at the suggestion of external stakeholders.

How can research most effectively influence policy? Research should be strategically positioned to form the background to solutions of recognized current and future practical problems. Some argue that it needs to be available in ‘reservoirs of knowledge’ from where users ‘fish’ or find what they need. Users need access to these ‘reservoirs’, and need to be taught the skills to ‘fish’ there. This vision clearly challenges conventional linear thinking, in which research leads to traceable, logical paths to policy decisions.

Creating reservoirs of knowledge to be used by policy makers requires an agreed programme of research based on local needs. This will not appear automatically; multi-stakeholder structures and networks need to be created. Differences in power relations among the various stakeholders will be a strong determinant of membership and of the channels through which research can influence policy. Balancing government, researchers, NGOs and development-partner interests requires wisdom and skill. In many countries there is increasing dependence on studies by short-term consultants. Policy makers (government and donor financiers) contract out work, in parallel with national research groups’ programmes. These two strands must be merged to support common goals and the emergence of evidence-based policy making.

Two important lessons are that research should not isolate itself from local reality, influencing policy means being part and parcel of policy making; and that it takes time for research to turn into policy – do not start to worry too early. For the ILO and its constituents it will become increasingly important to focus technical-cooperation efforts specifically on poverty monitoring and nationally-driven research and analysis.

Utilization of research for Development Cooperation: Linking Knowledge Production to Development Policy and Practice, Netherlands Development Assistance Research Council, 2001

Ibid, Semboja, pg 74–75

See also:

Poverty and Human
Development Reports (TZ) 2002
and 2003

Human Development Reports

Good practice: Research and analysis

The Research and Analysis Technical Working Group in the United Republic of Tanzania is an emerging example of a reservoir of knowledge for policy-making. This group draws together and commissions work on the causes of poverty and the impact of policy changes. Government leads the group, with key research institutes functioning as the secretariat and providing technical resources. Members are selected as individuals based on their analytical skills. They are drawn from research institutes, universities, government, civil society and development partners. Their role is to set the national research agenda annually, to function as peer- group reviewers of research emerging from the vast array of activities in the country and to recommend commissioned research. Each year the research results are consolidated into a national *Poverty and Human Development Report*. This underpins and informs the PRS review process.

Research and Analysis Technical working group

Discussion points

- What are the priorities nationally in terms of research and analysis on poverty and decent work?
- How should the ILO and its constituents best engage in national research efforts? Is there a role for ad-hoc agency-defined pieces of research?



Section 5 web references

5A The concept

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- ILO stats web pages <http://www.ilo.org/public/english/support/lib/dblist.htm#statistics>
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- Measuring Decent Work with Statistical Indicators* http://www.ilo.org/public/english/bureau/integration/download/publicat/4_3_124_paper2.pdf
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- Linking Knowledge Production to Development Policy and Practice* <http://www.rawoo.nl/pdf/rawoo21.pdf>
- Poverty and Human Development Reports (TZ) 2002 <http://www.tanzania.go.tz/pdf/phdrexc.pdf>
- and 2003 http://www.tanzania.go.tz/pdf/PHDR_2003.pdf
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Section 6

The Revision Process

6A Expectations and emerging issues

Revision

See Section 2A on PRS Cycles and Structures to review the PRS process

[IMF, PRGF main site](#)

[World Bank PRSC main site](#)

The revision of PRS papers (often referred to as second-generation PRSs) requires approximately 12 to 18 months of intensive work and strong government leadership. Revision takes place during the final year of PRS implementation as set out in the original PRS paper; thus there is no 'gap' year in implementation for the revision. The main reason is the need for continuity, but evidence is clear that it leads to extremely heavy workloads for all stakeholders as they continue to implement PRS priorities while simultaneously planning for the next phase. Continued implementation is also tricky because it relies on the national budgeting process. Revised PRSs need to be in place before the drafting of budget guidelines for the year in which the first PRS expires. The synchronizing of PRS planning and national budgeting is, however, far from smooth in most countries; this is something to watch and advocate for.

The Poverty Reduction Strategy Initiative, An Independent Evaluation of the World Bank's Support through 2003

Expectations of the revision process vary. In Uganda and the United Republic of Tanzania, the revision processes have gone furthest (to date). Stakeholders have focused heavily on 'process issues' envisaging and advocating for wider consultation than that which took place during the preparation of the first PRSs. Also, stakeholders often view revision as an opportunity to advocate and intensively lobby for the incorporation of concerns which may not have received high priority in the first PRS. The extent to which these expectations can be met and ultimately influence PRS papers needs to be set within the context described below.

Trends in international development are also influencing country-level PRS revisions. A much-contested question is whether PRSs will retain their high profile after enhanced HIPC funds have been agreed. Some expect PRSs to fade in

Jubilee 2000, assessment of Uganda PRSC and PRGF

Good practice: the PRSC in Uganda

The Poverty Reduction Support Credit (PRSC) in Uganda is acting as an implementation tool for the PEAP/PRS. It is a loan from the World Bank to the Government for PEAP implementation and for key reform processes. Advocates of PRSC argue that this is because of the shortcomings in the PEAP, which tends to consist of very broad statements of development aspirations, without clear prioritization. The PRSC helps put priorities in place, yet it is also problematic. PRSC processes have very limited stakeholder engagement and are strongly driven by the World Bank and bilateral budget-support donors. Setting benchmarks for PRSC (i.e. conditionalities) means shifting accountability away from national stakeholders towards donors. To safeguard against this it is increasingly important for UN agencies to support governments in making the case for performance assessment of PRSC to be one and the same as assessment of PRSs. Policy dialogue with donors should be based on a nationally-determined framework and monitoring arrangements.

importance, while others highlight the increasing role of the World Bank and IMF adjusted lending instruments (i.e. PRSC and PRGF – see Glossary definitions) in ensuring PRSs continue as an operational framework for development at country level.

ILO staff and constituents would be well advised to understand these instruments in their countries, because they are central to determining second-generation PRS priorities. Translation of PRS objectives (as expressed in the general draft text of PRS documents) into specific policy commitments and actions (annexed to PRSs) is key to what takes place in any given country, and the World Bank and IMF are often heavily influential. This is in part because, where PRSCs and PRGFs have been agreed during the first PRS cycle, still-to-be-completed commitments to policy actions may need to be carried forward into the second-generation PRS. Loans from these institutions to governments are made on the basis of these commitments to policy actions and progress is judged against these.

Conditionalities

These commitments to policy actions are often referred to as ‘conditionalities’. They are likely to have a significant influence on many of the ultimate priorities indicated in second-generation PRS papers. Some argue that PRSC and PRGF conditionalities are intensifying and are in direct contradiction with the principle of country ownership. The tension is created because these instruments are negotiated by government technocrats with World Bank/IMF staff, seldom with broad stakeholder involvement. Some civil society groups are calling for a separation of lending and advice functions of the World Bank and of the IMF, independent external reviews of the effect of conditionalities on poverty reduction, and the democratic ownership of policy choices. The institutions have made promises to streamline conditionalities. Some commentators argue that this has been limited to date, and that IMF structural conditions are simply being passed on to the Bank’s conditionalities. An independent evaluation of progress by the World Bank and IMF on PRSs (2004) suggests changes, “to reduce or eliminate uniform requirements, to encourage PRSPs to explore a wider range of policy options and to define clearer partnership frameworks for better accountability”. In principle this should reduce conditionality, but, in practice, evidence of streamlining has yet to emerge.

Yet, reducing explicit conditionality may still not change the relationship between countries and these institutions. World Bank and IMF advice holds greatest sway in countries with limited alternatives for accessing development finance. Such imbalances create room for policy imposition to be presented as ‘best practice’. This can become further magnified when bilateral donors align themselves with the institutions (particularly through agreeing additional policy actions required to obtain direct budget support) and end up effectively shutting out possible alternative policy choices and reducing national self-determination.

Involvement of UN agencies

What role should UN agencies play at the country level? The UN may need to strengthen its voice in ensuring PRSs (and PRSC and PRGF agreements) do not override domestic political and policymaking processes. This is re-enforced in the

In the past, “conditionalities” were IFI requirements for governments to secure loans

Aligning the PRGF and PRS Approaches: Issues and Options (2003)

Streamlining of Structural Conditionality: what has happened? (2003) Eurodad

Ties that Bind: Possible shifts on conditionality? (2004) Bretton Woods Project

Development: Fewer Conditions World Bank Promises

Evaluation of UNDP’s Role in the PRSP Process: volume 1 (2003)

Evaluation of UNDP's Role in the PRSP Process, which stresses the need to “develop a view on the appropriateness of policy and performance conditionalities ... by stressing the distinction between PRSs being country driven and nationally owned”. This will require knowledge beyond generalities. Key to this is building the understanding and analytical capacity of constituents in relation to the above landscape of frameworks, their pace of alignment, and their interface with national budgets and debt sustainability strategies. Negotiating will be important, but can the UN (and constituents) get a seat at the table? Despite consultations on the general PRS framework, there has been only limited consultation on PRSC and PRGF frameworks. Public disclosure on the content and details of government commitments to specific policy actions and overall loan portfolios has been weak in most countries. Improving on this is vital.

Introducing the ILO's priorities

Bridging Research and Policy

How much negotiating space is there for introducing additional priority actions into PRSs, over and above what has been agreed under the PRSC and PRGF? Answers will differ from country to country, but what is clear is that governments will prioritize public efforts and resources to areas that help ensure the achievement of previously agreed policy actions. It is only by doing this that they continue to be eligible for more World Bank and IMF loans. Space (and resources) for additional priorities may be narrow, thus re-enforcing the case for making strategic choices, ensuring the use of common performance frameworks based on the PRS and not trying to ‘board the PRS train with too many priorities’.

Building southern research capacity

The African Capacity Building Foundation

How can you best get your priorities considered? Having a strong evidence-based case grounded in country realities is vital. Increasingly this will need to be rigorously researched. International comparisons are valuable, but the key is national evidence; this may require time and support to build national capacities in research and analysis. Policy suggestions and their implications must also be costed. There is limited potential, for example, in making the case for expanding labour-based road construction if the numbers and types of jobs it could create, and the cost to the public (and private) sector are not clearly and rigorously projected.

Having a sound well-researched case is one thing; communicating it effectively is another. The ILO and its constituents may need to build strong coalitions and partnerships with those who have a successful track record in influencing national policy. There is little sense in ‘going it alone’ as an organization or agency. The key to getting employment and social protection incorporated in PRSs is unlikely to be for the ILO to repeatedly make the case about why these are important, even with supporting evidence. The ILO should focus on facilitating workers’ and employers’ associations to bring these points to the table.

Limitations to the revision process

During the revision process of PRSs, policy makers are frequently overwhelmed by the number of priorities being suggested. Intuitively they seek out those with the broadest base of advocates. The more organizations making the case for the same priorities, the better. But remember, policy makers are often extremely over-stretched during PRS revision and clear unambiguous and practical suggestions are often the most successful.

During the revision of PRSs it will become increasingly important to go beyond problem identification by suggesting how best to address key poverty issues. Where it is possible, estimates should be made of the potential impact of suggested priorities on PRS indicators and targets and on MDGs. Remember, gone are the days when it was adequate to make suggestions based on perceived needs; well-researched, politically astute and costed arguments are required.

Finally, early revisions in Uganda and the United Republic of Tanzania indicate a push for stronger 'outcome-orientated' second generation PRSs. What does this mean in reality? Outcome-orientated PRSs focus on what the country hopes to have achieved by the end of the PRS cycle. They are, by definition, quite general with potentially less specificity on the pathways to the outcomes (i.e. policy actions). It is too early to determine if this is a positive shift in terms of national ownership and self determination of policy directions. Equally important is to manage expectations that the benefits of PRSs will neither be linear nor necessarily clear within one or two iterations of the process. Admittedly it is early days in PRS revisions, but the shift to outcome orientation may be evidence of a strategic move towards PRSs fulfilling the original intentions of the Common Development Framework (see Section 1C), and of the deepening role of IFIs in determining national policy directions. If this is the case, it may be further reason for the UN agencies to encourage the opening up of PRSC and PRGF negotiations to wider consultation beyond the narrow set of World Bank, IMF, bilateral and government administrative staff.

Piron, L.H. and Evans, A., 2004
Politics and the PRSP Approach: Synthesis Paper, ODI

Discussion points

- Are you familiar with the content, timing, and implications of PRSC and PRGF agreements in your country? What analysis should be done by the UN agencies?
- Is the PRS process in your country improving in terms of national ownership? Why/why not?
- To what extent have stakeholders in your country focused on 'process issues' rather than substantive issues in the PRS revision?

6B Practicalities and lessons to date

Experiences in Uganda and the United Republic of Tanzania

Information in this section is drawn primarily from the processes and experience to date in Uganda and the United Republic of Tanzania, where PRS revision began in 2003. Patterns to the process are similar and, as with the first phase PRS process, likely to influence how things are done in other countries.

Deepening the Understanding of Poverty-UPPAP(2002)

Poverty and Human Development Report Tanzania 2003

In both countries the end of the first phase PRS and the beginning of revision has been marked by the production of a major nationally-produced report presenting evidence on progress towards the targets set out in the original PRS and giving an overview of thematic issues. The intention has been to provide the bulk of the analytical insights on which revised PRSs can be based. Wide circulation of these has proved important to ensuring the broadest understanding of the latest information on trends in poverty in each country. Public discussions and dissemination have proved intensive processes led by government, but including many varied forums of stakeholders, from parliamentary debates to civil-society policy forums.

Consultation Guidelines for PRS Review (Tanzania)

Following the production and dissemination of the national analytical report, the governments each produced a guide to the revision process. This provides an overview of what and why it is necessary to revise the PRS, and elaborates the details to guide the consultative process with stakeholders. In both countries the guides provide parameters for identifying challenges and emerging issues. They also detail the steps in the drafting process and provide a timetable for the year-long revision process, which includes key national and regional events. Attached to each guide are annexes outlining cross-cutting issues (e.g. gender, HIV/AIDs, environment) and ways to mainstream them. The guides were written by the lead PRS units in government and disseminated at national stakeholder meetings.

Frameworks for revision

Each country put together an ambitious guide, both in terms of the extent of the consultations and the time frames anticipating more extensively decentralized consultative processes than in first round PRSs. Consultative processes have involved hundreds of stakeholders in both countries, and the full process is requiring a minimum of 18 months.

Progress

Poverty Monitoring web site (Tanzania)

A range of initiatives, led by government and other stakeholders, took place during the first months of PRS revision. In both countries these focused on deepening knowledge and strategic coherence around key issues of concern such as putting cross-cutting issues, such as gender, in the mainstream (Uganda), and commissioned research on key issues such as the impact of user fees and strategic planning for social protection (United Republic of Tanzania).

The first six months of revision was the period of the first substantive inputs from stakeholders (government, civil society, development partners and the private sector). Working groups were formed around themes and sectors, and UN Agencies were encouraged to work together where common themes overlap. In both Uganda and the United Republic of Tanzania, additional guidance was provided by government, including frameworks for written submissions and guidance on setting indicators and targets. This was done in an effort to make the hundreds of submissions more manageable for the drafting teams to synthesize.

Drafting teams for the first draft of the revised PRSs were formed in both countries. Individuals were selected by government officials and their advisers. They came from government, civil society, research institutes and/or development-partner staff. Key criteria in selection included, breadth and depth of knowledge, keeping in mind the need for general representation beyond government and the need for high quality synthesis and documentation.

Drafting teams struggled in both countries to glean the main messages and priorities from a huge and somewhat overwhelming amount of information. First full drafts, with accompanying matrixes, were circulated for comment, and stakeholders were given further, and somewhat more firm, guidelines about organizing joint substantive responses. These were gathered and consolidated; and then a second draft was produced by a narrower team of drafters. The second draft was circulated and national-level forums for final comments were held. The final alterations and adjustments were then made to the final (third) draft circulated and tabled to all stakeholders including parliaments for review prior to being tabled at the World Bank and IMF Boards in Washington.

Involvement of the ILO

The ILO engagement in the processes has been strongest in the United Republic of Tanzania because of the presence of an office and staff. In Uganda both workers' and employers' organizations have engaged in the revision. In both countries constituents have been invited to PRS discussions that have been helped by the more structured processes than those for the preparation of the first PRSs. Yet the lack of capacity to elaborate development scenarios remains a major deficiency.

What have we learned?

Some key lessons for other countries undertaking PRS revision are:

- **Setting clear guidelines** and frameworks for stakeholders use in preparing written inputs can help both the consultative and the synthesis processes.
- **Technical support** for working groups can help to improve their policy analysis, planning and budgeting.
- Transforming the large number of **stakeholder submissions** into a coherent and affordable strategy is challenging and some stakeholders will, no doubt, feel that inadequate attention to their issues of concern are given in the final PRS document.
- **The gatekeeper role** of the government's coordinating unit for PRS revision is enormous and respect for this should be retained.

Good practice: Workers in the PRS processes of the United Republic of Tanzania, and Uganda

The shaping and implementation of first generation PRSs witnessed very limited workers' engagement in both of these countries. Second generation processes are seeing a change. Trade unions have taken up their seats on key thematic working groups in Uganda, and are facilitating wide consultation with members in the United Republic of Tanzania. What has led to this change? Scepticism about PRSs as merely Structural Adjustment under a new name certainly remains and workshops run in parallel to mainstream processes hardly seemed to inspire action by workers; but there is growing realisation that engaging holds more potential for influencing change than remaining outside. Government has made resources available to a wide range of stakeholders including trade unions in the United Republic of Tanzania, and in both countries awareness of the timing and importance of national stakeholder events is on the rise among workers. The next challenge is for workers to consistently present evidence-based arguments on issues: moving beyond general statements to suggesting ways forward which are costed and context specific. Capacity building for this is essential.

Egulu, L., 2004, *Trade Union Participation in PRS Processes*

Albee, A., and Egulu, L., *PRS Revisions in Tanzania and Uganda*, ILO Integration and ACTRAV (forthcoming, 2005)

In conclusion, the revision of PRSs involves a series of interwoven steps from which many more lessons will be learned and changes made. Despite every effort to broaden the consultative process during revision, and to invite substantive inputs, the risk remains of shifting policy dialogue away from national stakeholders. The UN has an important role to play to ensure continuing national ownership of the process and priorities expressed in PRS papers. Working on joint efforts, and supporting constituent capacity to engage, will be central to ILO in future.

Discussion points

- What lessons have you learnt from the first phase of the PRS? What can you do to improve the process, and the outcome?
- What specific support can/should you provide to improve constituent engagement with, and substantive contributions to, the revision process?
- Are others, such as government, providing support for engaging in PRS revision to the Ministry of Labour, and to workers' and employers' organizations?

Section 6 web references

IMF, PRGF main site	http://www.imf.org/external/np/extr/facts/prgf.htm
World Bank PRSC main site	http://www1.worldbank.org/publicsector/civilservice/acext/vol1page3.htm
<i>The Poverty Reduction Strategy Initiative, An Independent Evaluation of the World Bank's Support through 2003</i>	http://www.worldbank.org/oed/prsp/
Jubilee 2000, assessment of Uganda PRSC and PRGF	http://www.jubileeusa.org/jubilee.cgi?path=/resources/reports&page=Uganda_PRSP-PRSC-PRGF_summary.html
<i>Aligning the PRGF and PRS Approaches: Issues and Options</i>	http://www.imf.org/external/np/prsp/2003/eng/042503.pdf
<i>Streamlining of Structural Conditionality: what has happened?</i>	http://www.eurodad.org/articles/default.aspx?id=458
<i>Ties that Bind: Possible shifts on conditionality?</i>	http://www.brettonwoodsproject.org/article.shtml?cmd[126]=x-126-51274
<i>Development: Fewer Conditions World Bank Promises</i>	http://allafrica.com/stories/200408250002.html
<i>Evaluation of UNDP's Role in the PRSP Process: volume 1 (2003)</i>	http://www.jposc.org/content/workshops/cairo%20workshop/evaluation%20of%20the%20role%20of%20undp%20in%20the%20prsp%20process.pdf
Debt sustainability by country (IMF)	http://www.imf.org/external/country/index.htm
Bridging Research and Policy	http://www.gdnet.org/rapnet/research/studies/case_studies/Case_Studies_Synthesis_Summary.html#Top
Building southern research capacity	http://www.odi.org.uk/RAPID/Projects/R0008/conclusions.html
The African Capacity Building Foundation	http://www.acbf-pact.org/aboutACBF/countryCoverage.asp
Piron, L.H. and Evans, A., 2004 <i>Politics and the PRSP Approach: Synthesis Paper</i> , ODI	http://www.prspsynthesis.org/wp237_politics_synthesis.pdf
6B Practicalities and lessons to date	
<i>Deepening the Understanding of Poverty-UPPAP(2002)</i>	http://www.uppap.or.ug/docs/District_PPA_Reports/NationalRpt.pdf
<i>Poverty and Human Development Report Tanzania 2003</i>	http://www.tanzania.go.tz/pdf/PHDR_2003.pdf
<i>Consultation Guidelines for PRS Review (Tanzania)</i>	http://www.povertymonitoring.go.tz/download.htm#dsa
PEAP Revision website (Uganda)	http://www.finance.go.ug/peap_revision/
Poverty Monitoring web site (Tanzania)	http://www.povertymonitoring.go.tz/

This concludes the first version of the *Decent Work and Poverty Reduction Strategies*. As the process of implementing and revising Poverty Reduction Strategies continues there will, no doubt, be need for further elaboration and revision of this Manual. If you would like to make suggestions or contributions, please send them to the National Policy Group, INTEGRATION, at ILO Headquarters in Geneva.



Glossary

Glossary

- CAS** The Country Assistance Strategy (CAS) is the central vehicle for Board review of the World Bank Group's assistance to countries. The CAS document (a) describes the Bank's strategy based on an assessment of priorities in the country, and (b) indicates the level and composition of assistance to be provided based on the strategy and the country's portfolio performance. The CAS is prepared with the government in a participatory way; its key elements are discussed with the government prior to Board consideration. However, it is not a negotiated document. Any differences between the country's own agenda and the strategy advocated by the Bank are highlighted in the CAS document.
<http://www-wds.worldbank.org/navigation.jsp?pcont=browdo>
- CCA** The Common Country Assessment (CCA) is the common instrument of the United Nations system to analyse the national development situation and identify key development issues with a focus on the MDGs and the other commitments, goals and targets of the Millennium Declaration and international conferences, summits, conventions and human rights instruments of the UN system.
Guidelines for CCA and UNDAF (Oct 2003)
http://www.undg.org/documents/3056-2003_Updated_CCA__UNDAF_Guidelines_-_English.doc
- CDF** The Comprehensive Development Framework is a (World Bank led) approach by which countries can achieve more effective poverty reduction. It emphasizes the interdependence of all elements of development – social, structural, human, governance, environmental, economic, and financial. It advocates: (a) a holistic long-term strategy; (b) the country in the lead, both 'owning' and directing the development agenda, with the Bank and other partners each defining their support in their respective business plans; (c) stronger partnerships among governments, donors, civil society, the private sector, and other development stakeholders in implementing the country strategy; and (d) a transparent focus on development results to ensure better practical success in reducing poverty.
<http://www.worldbank.org/cdf/>
- DAC** The Development Assistance Committee (DAC) is the principal body through which the OECD deals with issues related to cooperation with developing countries. The DAC concentrates on how international development cooperation contributes to the capacity of developing countries to participate in the global economy and the capacity of people to overcome poverty and participate fully in their societies. Members of the DAC are expected to have certain common objectives concerning the conduct of their aid programmes. To this end, the OECD has published guidelines for development practitioners in capitals and in the field.
http://www.oecd.org/department/0,2688,en_2649_33721_1_1_1_1_1,00.html
DAC Guidelines
http://www.oecd.org/document/10/0,2340,en_2649_33721_1916746_1_1_1_1,00.html
DAC, Shaping the 21st century (1996)
<http://www.oecd.org/dataoecd/23/35/2508761.pdf>
DAC Poverty Guidelines (2001)
http://www.oecd.org/document/1/0,2340,en_2649_33721_1885953_1_1_1_1,00.html

- Empowerment** The World Bank defines empowerment as the expansion of assets and of the capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives. In simpler terms, this means strengthening the capabilities of the poor to exercise control over things that affect their lives. The World Bank admits that empowerment, as a term, has meaning that changes with social and political context, depending on its interpretation, but its core significance always remains the same – putting people on equal footing with each other, by giving marginalized or victimized people the opportunity, voice and power to rise above their challenges.
<http://www.s-j-c.net/Empowerment.htm>
- Enabling environment** An enabling environment is a set of interrelated conditions – such as legal, bureaucratic, fiscal, informational, political, and cultural – that have an effect on the capacity of CSOs and other development actors to engage in development processes in a sustained and effective manner.
- G7/8** The Group of Seven (G-7) major industrial countries have held annual economic summits (meetings at the level of head of state or government) since 1975. Since 1987, the G-7 finance ministers and central bank governors have met at least semi-annually to monitor developments in the world economy and assess economic policies. The Managing Director of the IMF usually participates, by invitation, in the surveillance discussions of the G-7 finance ministers and central bank governors. The G-8 was conceived when Russia first participated in part of the 1994 Naples Summit of the G-7. At the 1998 Birmingham Summit, Russia joined as full participant, which marked the establishment of the Group of Eight (G-8). However, the G-8 did not replace the G-7, which continues to function as a forum for discussion of economic and financial issues among the major industrial countries. Members of the G8 include – Canada, France, Germany, Italy, Japan, Russia, United Kingdom, United States.
 More about the G7/8 http://www.g7.utoronto.ca/what_is_g8.html
 G8 Information Centre <http://www.g7.utoronto.ca/>
 Guide to IMF Committees, Groups, and Clubs
<http://www.imf.org/external/np/exr/facts/groups.htm#G7>
- Gender analysis** Examination of the access and control that men and women have over resources. This includes analysing the sexual division of labour and the control women and men have over the inputs required for their labour and the outputs (benefits) of their labour. It also refers to a systematic way of determining men's and women's often differing development needs and preferences and the different impacts of development on women and men. It takes into account how class, race, ethnicity, or other factors interact with gender to produce discriminatory results.
http://poverty.worldbank.org/files/4221_chap10.pdf
- Gini coefficient** A measure of income inequality developed by the Italian statistician, Corrado Gini. It is calculated using areas on the Lorenz curve (a graphical representation of income inequality). See the following for details:
http://en.wikipedia.org/wiki/Gini_coefficient
http://en.wikipedia.org/wiki/Lorenz_curve
- Good governance** This includes the elements of: participation (social dialogue and tripartism); credibility (fair policies, laws and rules which are known and applied uniformly); transparency (decision-making, information and government services available for all); and responsibility (an open organization which is accountable).
<http://www.ilo.org/public/english/dialogue/ifpdial/la/index.htm>
- HDI** Human Development Index is a summary measure of human development using three basic dimensions: life expectancy at birth; adult literacy (2/3 weight) combined with primary, secondary and tertiary gross enrolment ratios in education (1/3 weight); and GDP per capita (PPP US\$).
<http://www.undp.org/hdr2001>

- HIPC** The HIPC Initiative is a comprehensive approach to multilateral debt reduction for heavily indebted poor countries pursuing IMF- and World Bank-supported adjustment and reform programmes. The principal objective is to bring the country's debt burden to sustainable levels, subject to satisfactory policy performance, so as to ensure that adjustment and reform efforts are not put at risk by continued high debt and debt service burdens.
<http://www.imf.org/external/np/etr/facts/hipc.htm>
<http://www.worldbank.org/hipc/about/about.html>
 HIPC Flow Chart –<http://www.worldbank.org/hipc/about/FLOWCHRT4.pdf>
- IDG** The seven International Development Goals, which have been revised and replaced by the eight Millennium Development Goals.
 2000 – a better world for all – <http://www.paris21.org/betterworld/home.htm>
- IEO** Established by the International Monetary Fund's Executive Board in July 2001, the Independent Evaluation Office provides objective and independent evaluation on issues related to the IMF. The Office operates independently of IMF management and at arm's length from the IMF's Executive Board. It enhances the learning culture of the Fund, promotes understanding of the Fund's work, and supports the IMF's Executive Board in its governance and oversight.
<http://www.imf.org/external/np/ieo/index.htm>
- IMF** The International Monetary Fund was created in 1945 to help promote the health of the world economy. Headquartered in Washington DC, it is governed by and accountable to the governments of the 184 countries that make up its near-global membership.
<http://www.imf.org/external/np/etr/facts/glance.htm>
- I-PRSP** Interim PRS papers summarize the current knowledge and analysis of a country's poverty situation, describe existing poverty reduction efforts, and lay out the process for producing a fully developed PRS paper in a participatory fashion. The PRS paper Preparation Status Report is a transitional instrument that has been introduced to deal with cases in which countries take longer than a year to develop a full PRS paper, and where there is an operational need for an update in the context of the IMF programme.
 Guidance on I-PRSPs and Joint Staff Assessments of I-PRSPs –
<http://poverty.worldbank.org/files/IPRSP%20Guidance%20Note%20Sept%2007.pdf>
- JSA** Joint Staff Assessments (JSAs), so called because they are prepared by the staffs of both the World Bank and IMF, are submitted with a member country's PRS Paper (PRSP) or Interim PRSP (I-PRSP) to the Executive Boards of the two institutions. A JSA evaluates the strengths and weaknesses of a country's poverty reduction efforts, and considers whether the PRS paper or I-PRSP provides a sound basis for concessional assistance from the Bank and Fund, as well as for debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) Debt Initiative.
<http://www.imf.org/external/np/jsa/index.asp>
- Macroeconomic reforms** Macroeconomic reforms carried out through structural adjustment programmes have become an instrument of global economic policy. Key elements of structural reform programmes include:
- correcting fiscal imbalances, largely through reductions in public expenditures;
 - reducing the role of the state in economic affairs;
 - privatizing major sectors of national economies;
 - deregulating the domestic economy;
 - removing impediments to the international flow of capital and supporting the formation of domestic capital markets;
 - liberalizing currency markets;
 - removing restrictive trade policies; and,
 - deregulating and reforming domestic labour markets.
- <http://www.panda.org/downloads/policy/ppe.pdf>

- MDG** Millennium Development Goals – 8 goals, 18 targets and 48 indicators. Adopted by a consensus of experts from the United Nations Secretariat and IMF, OECD and the World Bank. (Road Map towards the Implementation of the United Nations Millennium Declaration, A/56/326 [PDF, 450KB])
Portal site: <http://www.un.org/millenniumgoals/> and <http://www.unmillenniumproject.org/> and <http://www.developmentgoals.org/>
Millennium Indicators Database http://unstats.un.org/unsd/mi/mi_goals.asp
Key documents in one list – <http://www.undg.org/content.cfm?id=496>
- Monterrey consensus** The Monterrey Consensus resulted from the International Conference on Financing for Development of March 2002. It dealt with the issues of trade, aid, debt, investment, strengthening national capacities, and coherence of global and regional financial structures in order to formulate a strategy for using resources more effectively to achieve the MDGs.
Conference – <http://www.un.org/esa/ffd/ffdconf/>
Consensus – <http://www.un.org/esa/ffd/0302finalMonterreyConsensus.pdf>
- OECD** The OECD groups 30 member countries sharing a commitment to democratic government and the market economy. With active relationships with some 70 other countries, NGOs and civil society, it has a global reach. Best known for its publications and its statistics, its work covers economic and social issues from macroeconomics, to trade, education, development, and science and innovation.
http://www.oecd.org/about/0,2337,en_2649_201185_1_1_1_1_1,00.html
- OED** The Operations Evaluation Department (OED) is an independent unit within the World Bank; it reports directly to the Bank's Board of Executive Directors. OED assesses what works and what does not; how a borrower plans to run and maintain a project; and the lasting contribution of the Bank to a country's overall development. The goals of evaluation are to learn from experience, to provide an objective basis for assessing the results of the Bank's work, and to provide accountability in the achievement of its objectives. It also improves Bank work by identifying and disseminating the lessons learned from experience and by framing recommendations drawn from evaluation findings.
<http://www.worldbank.org/oed/>
- Paris Club** The Paris Club is an informal forum created by major sovereign creditors in 1956 to negotiate with debtor countries experiencing difficulties in servicing their debts. Although it has kept its informal status, it is now one of, if not the most, important institution when it comes to the treatment of developing countries' debts. This is particularly true for low income countries' debt, which is owed mainly to multilateral and Paris Club creditors.
Website – <http://www.clubdeparis.org/en/>
Eurodad on the Paris Club – <http://www.eurodad.org/workareas/default.aspx?id=103>
- Paris21** Established in November 1999 in response to the UN Economic and Social Council resolution on the goals of the UN Conference on Development, the Partnership in Statistics for Development in the 21st Century (PARIS21) was launched to act as a catalyst for promoting a culture of evidence-based policymaking and monitoring in all countries, and especially in developing countries.
Partnership in Statistics for Development in the 21st Century <http://www.paris21.org/>
- Poverty gap ratio** The mean distance below the \$1 (1993 PPP US\$) a day poverty line. The mean is taken over the entire population, counting the non-poor as having zero poverty gap. The measure reflects the depth of poverty as well as its incidence.
http://www.undp.org/hdr2003/indicator/indic_266.html
- Poverty headcount ratio** The percentage of the national population whose incomes are below the official threshold set by the national government.
<http://www.developmentgoals.org/mdgun/1b.htm>

- Poverty incidence** Proportion of families with per capita income below an agreed poverty threshold; often used to denote sub-national poverty estimates and trends.
- Poverty Line** The official threshold set by the national government. A member of a society is considered poor if his or her living standard falls below an acceptable norm according to the prevailing socio-cultural values in that society. There are two approaches to setting the poverty line: (a) defining the minimum level of living standards before being considered poor; and (b) making comparisons among these minimum levels for families of different size and/or composition in different locations and time.
For a discussion see *Poverty Lines in Theory and Practice*:
http://www-wds.worldbank.org/servet/WDS_IBank_Servlet?pcont=details&eid=000094946_99031911030079
- Poverty monitoring** Poverty monitoring is taken to be any process designed to gather, store, analyse and disseminate information on the distribution of the living standard within a given society. The importance of such an activity is linked to the analytical needs of policy design, implementation and evaluation.
<http://www4.worldbank.org/afr/poverty/monitoring/default.htm>
- PRGF** The Poverty Reduction and Growth Facility is the IMF's low-interest lending facility for poor countries. Established in Sept 1999 as a replacement for the Enhanced Structural Adjustment Facility, it makes the objectives of poverty reduction and growth more central to lending operations in its poorest member countries.
Key Features of IMF Poverty Reduction and Growth Facility (PRGF) Supported Programmes (Aug 2000) – <http://www.imf.org/external/np/prgf/2000/eng/key.htm>
The Poverty Reduction and Growth Facility (PRGF) – Operational Issues (Key Document – Dec 1999) – <http://www.imf.org/external/np/pdr/prsp/poverty2.htm>
- PRS paper and I-PRSP** Poverty Reduction Strategy (PRS) papers are prepared by countries through a participatory process involving domestic stakeholders as well as external development partners, including the World Bank and International Monetary Fund. Revised every three to five years, but reported on annually, PRS papers describe the country's macroeconomic, structural and social policies and programmes promote broad-based growth and reduce poverty. They also describe associated external financing needs and major sources of financing. Interim PRSPs (I-PRSPs) summarize the current knowledge and analysis of a country's poverty situation, describe the existing poverty reduction efforts, and lay out the process for producing a fully developed PRS paper in a participatory fashion. The country documents, along with the accompanying IMF/World Bank Joint Staff Assessments (JSAs), are being made available on the World Bank and IMF websites by agreement with the member country as a service to users of the World Bank and IMF websites.
<http://www.imf.org/external/np/prsp/prsp.asp>
- PRSC** Poverty Reduction Support Credits (PRSCs) were introduced in May 2001. They focus on poverty reduction as the central objective of development assistance with the goals of enhancing country ownership, facilitating partnerships with other institutions, and building on rigorous analytical underpinnings for fiduciary, social, structural, and sectoral reforms.
[http://lnweb18.worldbank.org/SCSL%20Dev/OD%208.60/CW-OD-860.nsf/0/630fc891fe588f6885256bdc0050ced3/\\$FILE/ATT5LDRV/PRSCNote10-02.pdf](http://lnweb18.worldbank.org/SCSL%20Dev/OD%208.60/CW-OD-860.nsf/0/630fc891fe588f6885256bdc0050ced3/$FILE/ATT5LDRV/PRSCNote10-02.pdf)
- \$1 (PPP) per day poverty** Proportion of the population below \$1US per day is the percentage of the population living on less than £1.08 a day at 1993 international prices. It includes consumption from own production and income in kind. Because this poverty line has fixed purchasing power across countries or areas, it is often called an "absolute poverty line". Estimates are based on incomes and consumption levels derived from household surveys.
See <http://www.developmentgoals.org/mdgun/1a.htm>

Purchasing Power Parities (PPPs)	<p>These are currency conversion rates that both convert to a common currency and equalize the purchasing power. In other words they eliminate the differences in price levels between countries.</p> <p>See the International Comparison Programme (ICP) website: http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/ICPEXT/0,,contentMDK:20118247~menuPK:62002075~pagePK:60002244~piPK:62002388~theSitePK:270065,00.html</p>
Safety nets	<p>This is a World Bank term used to mean targeted social assistance (often administered through social 'action' funds) originally conceived as short term compensatory measures during structural adjustment or other national crises.</p>
Social assistance	<p>Benefits of cash or kind financed by governments, provided mostly on the basis of income and assets. The concept also includes universal benefits schemes that are tax based and not means tested.</p>
Social dialogue	<p>This includes all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. The definition and concept of social dialogue varies from country to country and from region to region and it is still evolving.</p> <p>http://www.ilo.org/public/english/dialogue/ifpdial/sd/index.htm</p>
Social insurance	<p>Social security financed by contributions</p>
Social Security	<p>The protection that a society provides to individuals and households to ensure access to health care and to guarantee income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity, or loss of a breadwinner.</p> <p>http://www.ilo.org/public/english/protection/socsec/pol/campagne/intro/ See also International Social Security Association www.issa.int</p>
Stakeholder analysis	<p>Stakeholder analysis identifies people, groups and organizations who may be affected by a particular policy reform or who may affect the reform. Identifying and disaggregating the stakeholders – and distinguishing between those who are affected positively by the reform and those who are affected negatively – is central to Poverty and Social Impact Assessments (PSIAs). Analysing stakeholders who may affect the reform (organized groups such as unions, business associations or NGOs) is also critical to understanding the likely support or opposition of various groups to the reform. Stakeholder analysis plays an important role in deciding the level of disaggregation of various groups when collecting or analysing data in order to estimate the impacts of a policy change.</p> <p>http://inweb18.worldbank.org/ESSD/sdvext.nsf/81ByDocName/ToolsandMethodsStakeholderanalysis http://poverty.worldbank.org/files/12761_1_Stakeholders.pdf</p>
SWAp	<p>Sector-Wide Approach; a process in which a coherent sector strategy is developed and jointly funded through a pooled arrangement by a number of donors (e.g. for health or education). It is generally accompanied by efforts to strengthen government procedures for disbursement and accountability. A SWAp should ideally involve broad stakeholder consultation in the design of a coherent sector strategy at micro, meso and macro levels.</p> <p>http://www.keysheets.org/red_7_swaps.html</p>
Tripartite cooperation	<p>This refers to all dealings between the government and workers' and employers' organizations concerning the formulation and implementation of economic and social policy.</p> <p>http://www.ilo.org/public/english/dialogue/themes/tri.htm</p>
UNDAF	<p>The common strategic framework for the operational activities of the United Nations system at the country level; the UN Development Assistance Framework provides a collective, coherent and integrated United Nations system response to national priorities and needs within the framework of the MDGs. Increasingly, UNDAFs are the platform for joint UN</p>

Agency programmes, in support of PRS priorities. The UNDAF often emerges from the analytical and collaborative effort of the CCA and is the foundation for United Nations system programmes of cooperation. CCAs are, in some cases, proving redundant in light of PRS analytical work.

http://www.un.org/special-rep/ohrrls/ohrrls/cca_undaf_prsp.htm

Guidelines for CCA and UNDAF (Oct 2003) –

http://www.undg.org/documents/3056-2003_Updated_CCA__UNDAF_Guidelines_-_English.doc

UNDG The United Nations Development Group (UNDG) is an instrument for UN reform created by the Secretary General in 1997 to improve the effectiveness of UN development at the country level. The UNDG brings together the operational agencies to develop policies and procedures that allow them to work together and analyse country issues, plan support strategies, implement support programmes, monitor results and advocate change. These initiatives increase UN impact in helping countries achieve the MDGs, including poverty reduction.

Washington consensus A much debated concept related to trade and development. Fiscal austerity, privatization and market liberalization were the three pillars of Washington Consensus advice throughout the 1980s and 1990s. Joseph Stiglitz (former head economist of the World Bank) reckons that the advice is fundamentally sound but not if pushed too far, too fast and without due consideration of the particularities of particular country contexts. There is thus now an augmented Washington consensus. Others consider the approach is fundamentally flawed and see it as being fatally linked to 'neoliberalism' and 'globalization'. Without unpacking the concept with reference to a particular country the phrase produces more heat than light. For a brief overview with some good links see:

<http://www.cid.harvard.edu/cidtrade/issues/washington.html>

For a fuller and very useful account see Moises Naim's (1999) paper at:

<http://www.imf.org/external/pubs/ft/seminar/1999/reforms/Naim.HTM>

World Bank The World Bank Group's mission is to fight poverty and improve the living standards of people in the developing world. It is a development Bank which provides loans, policy advice, technical assistance and knowledge-sharing services to low and middle income countries to reduce poverty. The Bank's purpose is to promote growth to create jobs and to empower poor people to take advantage of these opportunities. The World Bank Group consists of five closely associated institutions, all owned by member countries. Each institution plays a distinct role in the mission to fight poverty and improve living standards.

<http://www.worldbank.org/>