

Civil Society, the Private Sector and the PRSP Approach

A Round Table Facilitated by CIDA

Hull, December 13, 2001

Summary Report

As part of its contribution to the Comprehensive Review of the PRSPs currently being organized by the World Bank and the International Monetary Fund (IMF), the Canadian International Development Agency (CIDA) invited representatives from civil society and the private sector to a Round Table on Thursday, December 13, 2001 in Hull, Quebec.

The goal of the Round Table was to draw out the practical lessons learned on the ground about the participation of civil society and the private sector in the PRSP process; and to facilitate a dialogue between civil society members of the PRSP countries on their roles in the implementation of PRSPs.

This report summarizes the variety of views expressed by participants throughout the discussions and identifies areas of broad consensus. It is organized according to the main themes discussed: ownership and participation, content of the PRSPs, donor assistance and instruments. A number of key messages have arisen from the discussion - those messages are summarized in Annex 1. The list of the participants to the round table is also appended as Annex 2.

Opening Remarks

James Melanson, Director, International Financial Institutions, Multilateral Programmes Branch at CIDA welcomed all participants especially those attending from Bolivia, Nicaragua and Vietnam, as well as those participating by video conference from Senegal and Burkina Faso.

Mr Melanson indicated that CIDA has been a strong proponent of the PRSP approach since its inception and sees PRSPs as the best way of translating the principle of country ownership into practice. The process represents a tremendous opportunity for civil society to engage meaningfully in the planning and implementation of development programs and can be a key reference point for co-ordinating and harmonizing donor assistance. CIDA is currently aligning its programming with that of the PRSPs.

However, CIDA realizes the process is new and experiencing some growing pains and feels there are a number of areas that need to be addressed, in particular the heavy burden placed on the capacity of developing country governments and the limited involvement of national democratic institutions. CIDA is committed to continuing this work and improving the PRSP approach recognizing that change takes time and that civil society representatives have to be fully engaged.

Theme 1: Ownership and Participation

What have been the achievements to date? What are the challenges? What are the key determinants to meaningful participation?

Presentations

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Although there are active civil society groups in *Burkina Faso* and they have been involved in the validation process, it would have been preferable for the civil society groups to have been involved from the very beginning in the drafting of the PRSP and participating in every stage of the process. Even though the document has been approved, it would be useful to have a consultation with civil society at the local, regional and national levels to draw up the national strategy for follow-up mechanisms.

In *Senegal*, the number of people living in poverty has doubled over the last seven years (from 23% to 51%) even though Senegal is experiencing economic growth of about 5% per year. Thus poverty is growing at an even higher rate instead of being eliminated. Senegal needs to augment its capacity to manage budgets and increase understanding of the budgetary process by parliamentarians.

The PRSP can be a framework for action and used to increase transparency in the management of funds. In Senegal the PRSP process was not publicized well enough (unions did not participate), and not enough information was provided to ensure participation. Even though the document is currently being validated and there is a time limit, it is important to encourage increased participation.

In *Vietnam*, civil society is not a familiar term, and even the concept of local NGOs is fairly new. Perceptions of poverty (and thus how you alleviate poverty) differ. For example, for a minority person in Vietnam, poverty means having very few children, a rich person would have many children. Indigenous poor people in Vietnam are very isolated — they do not have access to the policy-making process, nor do they have the opportunity to understand the laws or policies emanating from the government. They are isolated by their social, cultural and economic relations, as well as their geographical conditions and they lack information. All of this leads to low self-confidence in decision-making, and problems with ownership of property, land, natural resources and ideas. In order to reduce this kind of poverty, local people have to be able to participate in decision-making and have local control.

This means facilitating networking, open exchanges and discussions; promoting pilot approaches by local people not outsiders; integrating poverty alleviation into traditional administrative structures; creating laws that protect NGOs from the state; and familiarizing states with the concept of lobbying by NGOs.

Bolivia is in the midst of third generation Structural Adjustment Program (SAP) reforms which are being integrated into the PRSP process. After 15 years of SAPs, there are two paradoxes: first, the lack of democratization in Bolivia and second, the lack of economic equity

Debt relief and poverty reduction strategies began in Bolivia as conditions imposed by the World Bank and the IMF on the government. Since 1985, multilateral organizations have participated in defining Bolivia's public policy directions; in setting its goals and credits and in generating "the social debt of SAP". Even though Bolivia has repurchased \$3.3 billion through debt relief in the past two years, its overall debt has doubled in that time.

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After 15 years, Bolivia has not strengthened its economy. Growth levels averaged 1% over the last three years, and have never reached higher than 3%. Internal public debt is equivalent to foreign debt payments. Open unemployment is up to 12%. The new policies are generating social conflict and greater demands on the state and the state has not been able to develop an ability or capacity for income generation to sustain its social policy demands. All of these factors affect participation.

Discussion

It is important to thoroughly understand the local context when defining achievements, challenges and meaningful participation.

There have been some positive aspects of the PRSP process. It has created a lot of discussion and thinking about what poverty is and what the reform process could be. In some countries civil society is participating and beginning to find a voice — a wedge — and a possible platform to get involved. But the wedge needs to be pushed in a lot further.

According to the definition provided by the World Bank - participation is the process through which stakeholders implement and share control of decision-making and distribution of resources - participation in the PRSP process so far has been minimal and rather superficial, almost rubber stamp verification. Civil society has simply added legitimacy to something that was already written by a small technical unit. Participation has often been by national NGOs based in capital cities who are mainly represented by men. Each one of these challenges offers a solution. This is an opportunity to build the capacity of civil society and of parliamentarians to undertake solid research and offer alternative policy suggestions. It is also an opportunity to promote government ownership of public policy, to take into account the assessments of the current and past reform programs and to build in lessons learned into the PRSPs, including at the macro-economic level.

There is concern in many countries about who is running the process — in some countries it may be the World Bank because the national government doesn't have the capacity. At the same time, it must be kept in mind that no matter who is running the process, the PRSPs should not be seen as a one-size-fits-all formula — it needs to be developed according to local contexts and needs.

Time is also an issue. The World Bank needs to confirm that rushing through a PRSP does not mean a loan will come through faster.

Participation implies shared decision-making, but this has not yet been the case in the PRSP process. Too often consultation has meant information-giving and not a proactive effort to elicit the views of poor people. Civil society groups have to participate in the design of the PRSP, in the setting of the agenda and of the priorities. This means that people have to be given access to the document in their own language and on time. Often people don't even know what the PRSP process is or that they have the right to participate.

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In *Nicaragua*, the PRSP process was similar to that of Bolivia, Burkina Faso and Senegal. The PRSP was prepared on the basis of previous programs and does not address the root causes of poverty. Only 9 out of 17 departments in Nicaragua were consulted. Coordinadora Civil para la Emergencia y la Reconstrucción (CCER) carried out its own debate process in all 17 departments and provided the government with a list of recommendations, but none were incorporated into the final PRSP. Civil society groups can help shape a national development process but the PRSP process was not sufficient. CCER believes that the PRSP should be debated at four levels: local, government, civil society, and international organizations.

Country ownership needs to be defined more clearly. Is it government ownership or country ownership? Is it ownership over the pre-existing World Bank plan or over a national plan? How will this process affect other autonomous development plans?

Other determinants such as Bank endorsement of the PRSP, joint staff assessments to look at gaps, and not-yet-public guidelines on poverty reduction support credits need to be taken into account as well. Some civil society organizations would argue that there should be no Bank or Fund endorsement, no joint staff assessments. Certain changes should also be made at the institutional level such as the disclosure of structural adjustment documents, preferably in local languages.

The World Bank has supported two very participatory processes in the past: the SAP Review Initiative (SAPRI) and the World Commission on Dams and not used the results. The SAPRI in particular is very relevant to the PRSP process — should it not be taken into consideration?

Transnational and multinational organizations, as well as local trade organizations, should be included in the elaboration of PRSPs. This might lead to more realistic expectations regarding the private sector's role.

The World Bank representative noted that the Bank itself is working on another definition of participation: "The process through which citizens or citizens organizations or other sectors influence the development of a strategy and its implementation, all the while enhancing transparency". The participation theme needs to focus internally on the Bank and externally on the Bank's partners, parliamentarians and trade unions etc. Getting the voice of different stakeholders who have not traditionally been involved is in itself a small first step — the credit goes to the country stakeholders. Is it meaningful participation? Consultations are used to give or collect information, not to make a change in the document or the draft. The Bank needs to move from consultation to participation which would be working together to change the content of the document, to bring it to not just a broad internal consensus, but country ownership. This includes negotiating and coming up with different scenarios from the participants side.

Theme 2: The Content of the PRSP

What contribution can civil society make to improve the quality and relevance of poverty reduction strategies? What are the linkages between local government and civil society

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organizations with regard to the identification of public investment priorities and implementation? What role can civil society play in the monitoring and evaluation of PRSP?

Presentations

In *Senegal*, Cambodia and Ethiopia, a research project undertaken by World Vision has shown that if PRSPs are to be effective, pro-poor, country-owned and participatory, improvements must occur in the PRSP process itself, in the World Bank's approach to poverty reduction and in strengthening national democratic processes and institutions.

In the case of Senegal, time constraints have restricted the appropriate development of the PRSP. The World Bank/IMF should consider staggering debt relief so there is a bit more time to develop these important documents. As well, although there is broad agreement that agricultural diversification is key to economic development, there is no clear articulation in the PRSP on how this should be accomplished, especially in an environment of economic liberalization, increased competition and trade barriers for agricultural products.

Effective civil society participation requires participation not only in setting social policy (fairly good in Senegal) priorities but also in setting economic directions (falls short — civil society involved in collecting information but not in policy-level discussions). These should not be separated out. It is recommended that Senegalese civil society organizations and elected officials review the draft PRSP to ensure that social and economic strategies are consistently integrated and that measurable indicators for program success are clearly defined.

At the same time, there is a need for broad-based participation of stakeholder groups — to move beyond NGOs and include more community leaders, poor people in remote areas and women. In Senegal, parliamentarians are to be involved only in the very last stage and yet they should be engaged in the entire process.

Could donors consider measures to strengthen democratic processes and institutions along with PRSPs? The PRSP is often treated as a technical process, but it is also a political process that should include the political arena. There should be a frank discussion among international donors, recipient governments and civil society of the constraints national governments face in developing PRSPs.

Participation in the development, implementation and evaluation process is as important as the actual PRSP. This requires time. There should be tripartite participation (donors, state and NGOs) to monitor how the PRSP is being implemented and to develop indicators.

In *Bolivia*, democratization and the creation of new municipalities in Bolivia provide enormous potential for local participation in planning. But the PRSP does not take into account poor people as productive agents. As long as it considers poor people as passive recipients it will not be effective. How can poor citizens create their own wealth and participate in markets?

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Bolivia has one of the most open economies in the world. But even with 1000 poverty strategies, poor people will never be able to compete with the enormous subsidies provided in the G7 countries. One of the key problems in Bolivia is the question of equity and uneven distribution of resources. This will have to be addressed in order to reduce poverty. Perhaps the way to start is by creating conditions for citizen participation, deepening democracy, strengthening municipalities' productive capacities and establishing a more appropriate income tax system.

Currently, 70% of the resources gained from debt relief are being allocated to projects in the rural areas ranging from infrastructure to building mechanisms to improve reforestation and market traditional products. Bolivia needs 20 to 40 years of sustainability to see if the PRSP is successful.

Discussion

The broader international context is key when assessing PRSPs. The WTO rules can have much more impact on questions of poverty than any ODA target. The PRSPs should include strategies for achieving the 2015 Millennium Goals and World Bank lending should be geared towards these targets.

The more participation there is from the private sector actors the more likely it is that poverty reduction strategies will take tackle growth issues realistically.

All PRSPs should promote and include the commitment to respect core labour standards. There is a link between core labour standards, poverty and development and this should be strengthened through the PRSP process.

Donors appear to be orienting all of their efforts towards poverty eradication into one process — the PRSP. But poverty is a complex process, and poverty eradication is a political process. The politics of profound inequality affect the opportunities for poverty eradication. The PRSP process may be the beginning of a wedge but the timelines and the strings must be broken. Debt cancellation must be complete and 100% for poorest countries. Development cooperation relationships cannot be based on a series of conditionalities whether formal or informal. Developing countries must develop their own indigenous processes for addressing poverty — they may not be perfect but they must be authentic.

What will be the process for monitoring and evaluating PRSPs? Civil society has been involved in identifying poverty issues, but how can they be involved in the next step? How can participation be institutionalized? Macro-economic policies can be made coherent with social policies by putting into place mechanisms that systematize this information and allow civil society to be involved and feedback into the national policy development process.

It must be recognized that significant changes have emerged in the PRSPs in terms of rural development strategies, a new emphasis on health and education — all of these impact on income distribution. There has been no comparable shift in macroeconomic policy. On the other hand, the continuing emphasis on macroeconomic stability is the result of 15 years of instability, inflation and foreign exchange shocks. Reference to macroeconomic stability in PRSPs does not necessarily mean that these are not home-

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grown strategies. *Voices of the Poor* has demonstrated that nothing is more damaging for poor people than macroeconomic instability.

When thinking about civil society, people in the North often tend to generalize from their own - Canadian - experience and see civil society groups as free-standing institutions with the potential to operate in a sustained, continuing way. For many indigenous civil society groups in the South, the challenge is to find the roots for continuity, the basis for ongoing connection to the government system. This can't be addressed by simply strengthening the groups themselves, but also by strengthening the relationships of the groups with the government.

It needs to be recognized that there have been some profound changes in the Bank — as an institution it has realized how impossible it is to make conditionalities work. It is important for Canada to back up those new forces within the Bank, to recognize that there is some real potential for new initiatives that are very different from anything that has been on the international agenda in the last 20 years. The PRSPs are a sign of this.

Theme 3: Donor Assistance and Instruments

What are the capacity constraints faced by civil society in PRSP countries? Can donor assistance help? What kind of support could civil society organizations from industrialized countries usefully contribute to reinforce local ownership?

Presentation

In *Vietnam*, the PRSP process has provided opportunities to lead to a better understanding of poverty issues at the macro and micro-levels; established a level of consensus among government, civil society and donors; created a forum for dialogue on poverty issues that did not exist before; increased the recognition of the role of local NGOs in the policy process and provided greater access to information on the policy planning process.

The capacity constraints faced by civil society organizations include, as mentioned earlier: time; limited access to information and means to verify data; misunderstandings in translation of terminologies used by external consultants; enhanced knowledge required to systematize their experiences with communities and provide policy feedback; the need for further exposure to alternative methods of data collection, participatory poverty assessment and monitoring; and the limited recognition of the legitimate role of civil society in the policy development process.

International civil society organizations can help to overcome these constraints by: building capacity for policy feedback from civil society to government and donors; helping to create forums and acceptance of policy feedback from civil society; providing training to develop alternative poverty monitoring systems such as surveys and PPAs; providing technical assistance for decentralization and community-based economic development; conducting qualitative and quantitative research on the impact of PRSP policies on the poor; and developing alternative means for cross-country comparisons to evaluate the impacts of different policies on poverty reduction.

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Donor agencies can help by: promoting the legitimacy of civil society participation in policy-making; maintaining the integrity of country ownership; providing financial resources for independent analyses of policy impacts at macro and micro levels from civil society organizations; training civil society organizations to participate in policy formulation, implementation and monitoring; developing and implementing innovative approaches to community-based development and developing programming strategies that promote partnerships between government and civil society.

Discussion

In Burkina Faso, in order for real participation to occur civil society needs to be designing the strategy and be involved in the implementation and follow-up. These should all be conditions for donor support. Civil society in the South needs support from civil society in the North, in particular to build the capacity of their lobbying efforts. But this support should not be tied to carrying out the projects of the North in the South. At the same time, civil society in the South would like civil society in the North to organize and carry out information and solidarity campaigns in the North because it is not always clear that people in the North are aware of the problems the South faces.

It is important to take advantage of strengths — civil society organizations are constantly working with social sectors and communities so they are permanently aware of the situation and the interests and wishes of the poor people and can usefully intervene when dealing with these issues.

In Nicaragua, civil society organizations have accumulated specialized experiences i.e. food safety; but the government still views them as the opposition and does not have a positive perception of their potential contribution.

In Bolivia, civil society organizations have often become implementors of public policy and as a result often don't have a critical analysis of the causes of poverty. Other democratic platforms such as community television need to be supported to increase civil society participation and analysis.

The creation in Vietnam of a task force comprised of the World Bank, Asian Development Bank and NGOs is a good sign. In Latin America, NGOs do not necessarily represent civil society and are often tiny private development institutions made of up middle-class intellectuals. The social movements are not participating in these consultation processes and that is why there is no local ownership of the PRSPs.

Debt relief was initially considered to be a great victory of social movements, but that is no longer the case today. How can developing countries regain that leadership? How can we ensure the new leadership is shared, diverse and has equal participation in the decisions made at the multilateral and bilateral levels? How does this integrate with the political power structures in each country? These questions were debated throughout Bolivia last year, but the political powers were not present at any of these meetings.

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The idea of a new Basket Fund — where all the donors put their money in to finance development — is an interesting one. It would have the advantage of eliminating the project-focused approach and offers the potential for an integrated approach. How can civil society participate in the management of these funds? How can priorities be maintained and not lost in general budgets?

Local NGOs feel they are not being used to their full capacity by partners in the North. Part of the problem is that CIDA funding is still tied to specific projects and the Canadian public still sees civil society as having a charitable relationship with the South. It is time for a more structured system of listening and dialogue. At the same time, there is room for more collaboration between Northern NGOs working in a particular country in the South and for Northern and Southern NGOs in a particular country to develop joint approaches and strategies.

One strategy is to facilitate capacity building of civil society so these organizations can sit at the table in a meaningful way. CIDA can have an influence in letting them sit at the table. At the moment, NGOs do not believe they can influence the PRSPs in any major way.

Donors need to proactively engage the private sector in PRSPs. As generators of wealth, they have successful experiences to share. But the private sector doesn't naturally get together to talk about poverty — a catalyst is needed.

Human rights must also be taken into account — poverty will only be eradicated when human rights are truly exercised.

Conclusion: Key messages

Several clusters of issues have been identified in our discussions:

1. Basic conditions for meaningful participation

In order for there to be meaningful participation throughout the PRSP process, civil society must be involved in identifying issues, setting targets, monitoring and evaluation, feedback and policy revision. Part of this process should include new approaches i.e. sector-wide approach. Participation should be 'transparent' so that people understand the process and those who should be contributing have the opportunity to do so in a timely and effective manner.

Civil society includes the private sector as important creators of wealth.

The PRSP process can be an opportunity to create space for civil society but the experience to date has revealed limitations. In order to be made sustainable and locally-owned, the PRSP process must have adequate time and resources. Greater flexibility on the part of IFT's towards debt cancellation is required to relieve time pressures in the development of the PRSPs.

Neither government nor civil society nor international donors alone can solve the problems of poverty. They will have to reach agreements and make joint decisions.

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2. Substance of poverty reduction strategies

Trade, structural adjustment and other external factors should be included in the PRSPs. Civil society should be involved in the analysis of these issues and in the drawing out of conclusions. It is clear that the distinct realities of each country must be taken into account in the development of its poverty strategy and the participation process. This must be the starting point for any donors. Public instruments for managing government budgets must also be strengthened. PRSPs should focus more on social investments.

3. Bretton Woods Institutions

More coherence between the policies set by the institution and its operations are required, not only for the World Bank and the IMF but also for other multilateral institutions such as the ILO, UNDP and others. The Bretton Woods institutions should move towards more transparency, including the disclosure of the adjustment lending documents related to PRSPs.

4. Role of donors

Donors can be instrumental in promoting the legitimacy of civil society participation in policy-making; ensuring 'true' country ownership; providing financial resources for independent analyses and training; and developing working partnerships between government and civil society.

5. Role of civil society

Civil society in the North should take on an increased advocacy role in the North as well as an increased role in building the capacities of indigenous civil society in the South. Gender must be a cross-sectoral issue in any capacity-building efforts. Resources need to be put at the disposal of civil society in order to strengthen meaningful participation.

It is also important to understand exactly what civil society is in the North and in the South and ensure that all the stakeholders who need to be involved in the PRSP process are involved including those who have not traditionally been involved such as parliamentarians, trade unions, media, NGOs and think-tanks.

Accountability is also becoming critical. Can civil society organizations hold everyone's feet to the fire? What are the mechanisms that can be used to make policies and systems more transparent? These could include citizen's report cards and public policy forums.

Closing Remarks

CIDA thanked the participants from both North and South for sharing their experiences and considers this the first step in a continuing process of dialogue around the PRSPs. This report will be shared with the Canadian delegation to the January 2002 World Bank/IMF Conference and posted on the section of the World Bank website devoted to the Comprehensive Review of the PRSP approach.

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ANNEX 1

Key messages from Civil Society and the Private Sector

On December 13, the Canadian International Development Agency invited representatives from Canadian civil society and the private sector to dialogue with their counterparts from Bolivia, Burkina Faso, Nicaragua, Senegal and Vietnam on their respective roles in the PRSP process. The participants at the round table had a wide range of experience and expressed a variety of views. The following is CIDA's summary of the key messages that have emerged from the discussions.

- The PRSP approach presents an **opportunity for increasing the voice of civil society** in the policy and programs that affect the population in PRSP countries. While some argue that the strong point of the PRSP experience so far is the major attempt to assure extensive civil society input, many say that his potential is far from being realized. The consultations that have been held so far have tended to be perfunctory and have not reflected the participatory principles advocated by the proponents of the approach.

Many civil society actors also point out that the macro-economic policy conditionalities attached to loan and debt relief programs by the Bank and the Fund can seriously constrain both national ownership of appropriate poverty strategies and effective civil society influence over the content of PRSPs.

- The **linkage between the PRSP and access to HIPC or IDA resources** can limit full participation by imposing tight, unrealistic deadlines that do not allow the time and space necessary for an authentic participatory process. PRSPs should be, to the extent possible, de-linked from debt relief. Some civil society representatives reiterated the importance of full unconditional debt cancellation for the poorest countries as advocated by the global Jubilee Debt Campaign.

This linkage also leads governments to adopt strategies and policies that they know will be most acceptable to multilateral and bilateral donors. These power dynamics - involving in particular the Bretton Woods Institutions - can often result in distortions of the national policy and investment agenda. All parties need to be recognize this dynamic and the limitations it is likely to bring to the PRSP approach.

The fact that only the Bretton Woods Institutions endorse PRSPs is also questionable.

On the other hand, the fact that the PRSP are aimed at the real-world context of foreign resource constraint that must be tackled by most countries is a strength. Countries are being given a direct access to the resources allocation mechanisms that they did not have before, and this means civil society groups too are now able to interface much more directly with the key financial institutions that must be influenced.

- The concept of **pro-poor growth** requires more work and elaboration. What is needed are strategies that can balance social investment with sustainable and equitable economic growth and redistribute social and economic assets to improve the livelihood of those living in poverty.

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Poverty is also influenced by the broader international environment. Highly unequal international trade relationships have a direct impact on poverty in developing countries and should be taken into consideration.

The 2015 targets are at the heart of poverty reduction efforts. They should be referred to in each PRSP. As well, investments in health and education should be prioritized and donors should help strengthen the capacity of social ministries like health and education to participate in national planning exercises, such as PRSPs.

- True ownership requires **full participation of a country's political institutions**. Otherwise, the PRSPs are merely technocratic documents that are not owned by countries and not sustainable in a democratic context. A focus on the "paper" aspect can lead to a parallel planning process that is more concerned about meeting conditions than integrating poverty reduction strategies into national socio-economic development plans. Comprehensive and integrated poverty reduction strategies that have been subject to debate and some level of consensus by different stakeholders will ensure that national development plans are geared towards equitable economic growth and responsive to the needs of the poor.

Throughout the process, efforts should be harmonized and the interface between the various actors should be strengthened.

No matter how good the process of participation, if there is no scope for influencing the substance of poverty reduction strategies, the PRSP process will not have served its real purpose.

- There are a number of **critical conditions required for appropriate participation by civil society**. They include:
 - timely provision of information to allow sufficient time for civil society to digest the information and share it with their own constituencies;
 - improved access to information and the means to verify data, including timely translation of documentation in the language used by the poor and affected population;
 - involvement of the media as a conduit to broadly disseminate information and analysis;
 - participation to span all the steps in the process - from the initial analysis and development of options, to implementation of programs, to monitoring and evaluation as well as instruments established to support the implementation of the strategies such as SWAPs;
 - involvement should not be restricted to the social investments aspects of the PRSP but should also include macro-level and growth related issues;
 - the policy and poverty reduction approach of PRSPs should not be predetermined ahead of time;
 - the strength of civil society organizations is their understanding of poverty and their potential to represent the interests of the poor in policy fora. Their role could be enhanced by improving their capacity for systematizing their experience and providing policy feedback.
- **Women and women's organizations** as well as social movements have not been well represented in PRSP consultations and these organizations require significant capacity building.
- **Transparency** throughout the process leaves a lot to be desired in terms of public policy, budgeting and planning for the use of PRSP funds.

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The Bretton Woods Institutions need to be more consistent in their policies and operations with the principles underpinning the PRSPs. For example, adjustment lending operations in support of the PRSPs such as the PRSCs are still not disclosed to the population concerned. This represents a real obstacle to meaningful participation and national ownership of key development policies.

- The **role of the private sector** in promoting pro-poor growth has been largely ignored so far. More space should be provided for the transparent participation of private sector organizations and associations, in particular small and medium enterprises. These enterprises and organizations will also require significant capacity building to participate effectively in the PRSP process.
- **International civil society** can help build the capacity of local civil society to participate in the development, implementation and monitoring of appropriate poverty reduction strategies by providing financial resources and technical assistance to conduct quantitative/qualitative research on the impact of PRSP and other government/donors policies on the poor and marginalized groups.

International civil society can also play a more direct role by promoting the legitimacy of civil society participation in policy dialogue and by advocating for appropriate donor policies to strengthen commitment to authentic country ownership.

- **Donors** should provide financial resources to support the independent and autonomous analysis of policy impacts at the macro and micro level; to develop the capacity of civil society and the private sector to participate in policy formulation, implementation and monitoring; and, to develop and implement innovative approaches to community-based economic and social development. Donors should however avoid imposing unrealistic participation expectations on poor countries.

Donors also play an important role in monitoring the process in different countries and providing their feedback to the Boards of the World Bank and IMF in order to ensure the integrity of commitments to civil society participation and to national ownership and to call for flexibility when required by individual country circumstances.

Increased **levels of ODA** are critical to the success of PRSPs.

- The PRSP process matters insofar as it can help change the kinds of support the international financial institutions and international donors are prepared to provide.

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