



Intersectoral Coordination of Decent Work in the Context of Poverty Reduction Strategy Papers (PRSP): Lessons learnt for the SDGs

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“The idea of social and human development has become the ‘step-child’ of international priorities and that, rhetoric aside, development does not always take into account human values and social goals; rather, development is often confused with economic growth”

(Rodolfo Stavenhagen, at the UNRISD Conference on *Taking Social Responsibility for Social Development*, 29 June 2000, Geneva) (Stavenhagen, 2003)



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Abstract

The goal of this article is to introduce the reader to an analysis of the sector-specific applications of Decent Work in times of the Poverty Reduction Strategy Papers (PRSPs) namely to health, education, rural development, trade, environment and governance. In addition, the authors end the discussion of each sector by highlighting the perspective of employment and human resource development which has not been sufficiently addressed by the International Financial Institutions and International Organization.

What follows are overviews of key actors' sectoral approaches to poverty reduction within the context of PRSP processes as reported and analyzed during the period of 2000-2002. Each sector specific section first discusses the World Bank's objectives, sometimes complemented by an IMF perspective. This is followed by a presentation of the respective views of the leading development agencies on the PRSPs (by sector). Subsequent to that follow descriptions of positions taken by bilateral donors and NGRDOs (Non-governmental research and development organizations) in these specific sectors and PRSP. Each section closes with a summary of ILO's views on and suggestions for inclusion of employment and decent work within PRSPs by sector at that time

Looking back at what was successful or less successful in regard to intersectoral application of Decent Work to the PRSPs provides lessons learnt which is very relevant for the current question of how to implement the SDGs. Most of the SDGs are interdependent and need to be made interactive and the International Organizations holding respective sectoral mandates need to engage in meaningful collaboration rather than continue with old habits of defensive hording of territory.

Referring to the 2030 Agenda terminology, this paper offers an analysis of the cross-sector relevance of SDG 8 (Decent Work and Economic Growth) and how decent work, employment and economic growth had a positive or less effective impact on other sectors such as Health- using 2030 Agenda terminology - (SDG 3), Education (SDG 4); Rural Development and poverty reduction (SDG 1 & 2), Trade (SDG 17); environment (SDGs 6,13,14,15) and governance (SDG 16).

Keywords: PRSPs, intersectoral collaboration, inter-agency cooperation, SDG implementation.

Introduction:

Inter-agency cooperation in the field of development aid has not been easy in the past and might not be so in the times of the SDGs. This paper builds on previous publications (Saner & Yiu, 2009); Yiu & Saner, 2011; Saner & Sapienza, 2012; which analyzed specific sector applications of the PRSPs. The PRSPs replaced the Structural Adjustment Programs (SAP) of the International Financial Institutions (IFIs) who in turn developed the PRSPs. With the ending of the Millennium Development Goals (MDGs) in 2015, a new generation of capacity building and development assistance needs to be created to help the Least Developed Countries (LDCs) and Low Income Developing Countries (LIDCs) reach their own SDGs. A successor policy instrument to the PRSP has not been developed yet. This paper is intended to provide the reader with insights about the level of effectiveness of the past PRSP period and how the lessons learnt from this historical period could positively

inform the present and provide needed solutions for the LDCs and LIDCs and how Inter-agency cooperation could be improved (SANER, R; Yiu,L2017).

1 PRSPs and health

1.1 *How does health underlie the poverty phenomenon?*

The lack of health has been identified as a key indicator reflecting poverty. It is a complex determinant, since “poverty is both a consequence and a cause of ill health” (World Bank, 2002a, Vol., 2, Ch. 28:203).

Poor households generally reflect poor health. Infectious diseases, malnutrition, high mortality rates and low life expectancy are among the many maladies that reveal and aggravate poverty. The picture becomes more acute when this poor health profile impedes work. Unable to work, a sick person cannot buy medicines, obtain treatment and recover. Further, “the illness of a household breadwinner and the consequent loss of income can undermine a poor household’s ability to cope financially” (World Bank, 2002a, *ibid.*).

Thus, poverty and lack of health create a vicious cycle, where illness reduces the chances of overcoming poverty, and this in turn contributes to poor health outcomes.

1.2 *Poverty indicators in health*

Among the international concerted initiatives of poverty reduction, the *Millennium Declaration* (2000) and its resulting Millennium Development Goals (MDGs) has recognized the importance of health. There are three relevant MDGs targeting poverty from a health perspective. These are:¹

Goals and Targets	Indicators for monitoring progress
Goal 1: Eradicate extreme poverty and hunger	
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	4. prevalence of underweight children under five years of age 5. Proportion of population below minimum level of dietary energy consumption
Goal 2: Reduce child mortality	
Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	13. Under-five mortality rate 14. Infant mortality rate 15. Proportion of one-year-old children immunized against measles
Goal 3: Improve maternal health	
Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	16. Maternal mortality ratio 17. Proportion of births attended by skilled health personnel
Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	18. HIV prevalence among 15-24 year old pregnant women 19. Condom use rate of the contraceptive prevalence rate 20. Number of children orphaned by HIV/AIDS 21. Prevalence and death rates associated with malaria 22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures 23. Prevalence and death rates associated with tuberculosis 24. Proportion of tuberculosis cases detected and cured under

¹ For information on the Millennium Development Goals, please visit: <http://www.un.org/millenniumgoals/>

directly observed treatment short course (DOTS)

These MDGs, through their respective targets and indicators, are particularly useful in poverty reduction. They measure levels of health. They allow monitoring of progress, as well as an evaluation of the results of a Poverty Reduction Strategy with a health component.

1.3 How does the PRSP address health?

The World Bank perspective

The PRSP is an instrument for poverty reduction with a multidisciplinary approach. It is meant to tackle all the elements that contribute to raising poverty, including health. As such, from a health perspective, the PRSP process should *diagnose and analyse* the health situation, identify the causes of bad health, the health system components and what government actions and policies may be necessary to break the poverty and ill-health vicious cycle.

The diagnosis and analysis stage of the PRSP should also pay particular attention to *intersectoral linkages*² that have an impact on health. “Such an analysis should aim to show how action in sectors other than health services might help improve the health of the poor and reduce the impoverishing effects or ill health” (World Bank, 2002a: 224).

Furthermore, because the PRSP is supposed to be the end result of a participatory process in a poor country, it should ideally reflect the most urgent needs brought forward by the relevant sectors involved. In the case of health, the PRSP envisages actions and partnership among three main sectors: households and communities, the health system and the government. When *prioritizing actions and policy design*, these three sectors need to consider:

- “assessing what changes at the household and community level would be necessary and sufficient to provide the needed contribution from the health sector;
- assessing what groups of actions the government can take in each of the three areas – macroeconomic, systems, interventions – that would be necessary and sufficient to achieve the desired changes at the household and community levels for the poor;
- assessing what specific inputs and costs would be associated with these actions; and
- assessing what indicators should be used to evaluate progress and how these would be collected and used to adjust the Programme” (World Bank, 2002a: 224-226).

In this context, actions will be constrained by budgets. Consolidating and ranking priorities, defining concrete actions and identifying targets and indicators of health outcomes for monitoring and evaluation of the strategy are necessary.

² There is a longstanding recognition of the incidence of agriculture, nutrition, access to drinking water and environment, among other factors, on health. Policies and government actions in such sectors are therefore crucial to health. For an exhaustive approach on an intersectoral approach to health, please see WHO, 1986.

1.4 Optimizing policy design and policy implementation in the health sector

Several actors have expressed their views on how to deal with health and poverty in an optimal form. After critically assessing the shortcomings of PRSPs, among the many contributions the following stand out:

The World Health Organization (WHO) perspective

The WHO has voiced its concerns on health and poverty in *The Report of Working Group I of the Commission on Macroeconomics and Health*, recognizing: "...ill health disproportionately afflicts poor people... Ill health therefore imposes a higher level of risk on the poor" (WHO, 2002:9).

As such, the WHO has stressed that action towards improving health must focus on pro-poor outcomes, where: "Beyond health facilities themselves, governments have a role in deciding which non-sector policies also influence the accessibility of services, with transportation being the obvious target. But, in the final analysis, given the clear effect of income on the differences in health determinants between the poor and non-poor, it will be government financing and redistributive policies that are likely to have the greatest impact" (WHO, 2002:52).

The WHO considers that PRSPs can be appropriate for addressing health. However, in its critical assessment of PRSPs, certain biases and common errors in policy design and implementation have been identified.

In the preliminary report of the *WHO monitoring project of PRSPs*, findings on the reviews of PRSPs from ten countries have been gathered and analyzed. These reveal: "an important distinction needs to be made in discussion of the health component of the PRSP, between a 'health strategy for poverty reduction', and a 'health strategy to meet the needs of the poor(est)' – these two objectives are overlapping, but different" ((Dood and Hinshelwood, 2002:1).

The WHO review finds that PRSPs have concentrated on the first component, by mainly focusing on investment in health to reduce poverty, but that insufficient efforts toward the second component have been made. The main shortcomings in the PRSPs which hamper pro-poor outcomes are:

- lack of attention to the role of the private sector as a health provider;
- limited discussion of financial barriers to care;
- many strategies not considering a focus on people with disabilities;
- not addressing non-communicable diseases such as smoking;
- absence of monitoring indicators for impact evaluation on the poor and for participation in the monitoring process.

Further, sufficient consideration to intersectoral action is also critical. Though sectors such as agriculture, education and the environment fall outside the scope of health policies, these directly affect the poor. As such, "an appropriate restructuring of the development processes at the national level is required to enable sectors to formulate policies and act in relation to multisectoral goals, so that horizontal linkages become clearly

identified at all levels, and development strategies are not confined within sectoral boundaries” (WHO, 1986:17).

In conclusion, the main message from the WHO is that a special emphasis on health policies targeting the poor is essential. Elements of correct policy design should consider identifying the diseases afflicting the poor and how to provide access to medicines, especially with regard to AIDS and other infectious diseases.

The WHO has proposed a *framework for action* (WHO, 2001) for the poor, envisaging participation of two main actors, namely the international community and the governments of least-developed countries (LDCs). These two need to undertake a number of joint and parallel actions in order to improve health. The core actions considered by the framework are:

- Mobilize additional resources
- Channel and manage funds efficiently and effectively
- Identify, prioritize, produce and distribute global public goods for health
- Develop effective health systems
- Measure progress
- Advocate and foster social mobilization and awareness
- Seek policy coherence across the different sectors

The perspective of a bilateral donor

Along the same line, other active voices in favor of better health for the poor are NGOs. Several of these organizations have contributed with research on health policy design in poverty alleviation.

In particular, the UK Department for International Development (DFID) outlines four key responses in order to improve health for the poorer sectors of society. These are:

- Response one: addressing the priority health problems of the poor people; strengthening access to care, services and products.
- Response two: Investment in strong, efficient and effective health systems (public, private and informal).
- Response three: A more effective global response to HIV/AIDS.
- Response four: Supporting the necessary social, political and physical environments that enable poor people to maximize access to better health. (DFID, 2000:32).

These responses can only be successful if there is a building of partnership at the local, national and international community level. In this regard, a binding commitment to the achievement of international development targets is stressed in the following DFID statement: “We will pursue these goals through partnerships at country, regional and global levels, through our engagement in international summits and for drawing on DFID’s field experience and network of health professionals” (DFID, 2000:36).

1.5 Health and poverty reduction from the ILO perspective

“The ILO has a mandate to work on health-related issues as indicated explicitly in the Philadelphia Declaration, reflected through a large number of ILO Conventions on social security, and as reconfirmed by the 2001 International Labour Conference. However, the ILO does not aim to work on all health aspects. Only health issues closely related to the world of work have a place within its decent work mandate. Its action in this field is mainly focused on the demand side that is on the health needs of workers, employers and their families. The work that it does thus complements that of other UN agencies working in this sector, notably WHO, UNICEF and UNFPA (these agencies are more focused on the supply side). This complementarity of mandates has given rise to inter-agency agreements and various concrete collaborations, for example:

- ILO/Pan American Health Organization initiative on the extension of social protection in health in Latin America and the Caribbean;
- Coalition between ILO-STEP, UNFPA, UNICEF and WHO in the framework of a global Programme on the improvement of access to quality health care for poor and excluded populations;
- Joint ILO-STEP / WHO initiative on contracting between health care providers and health service users in Africa;
- ILO-STEP participation within the Commission on Macroeconomics and Health (CMH) of the WHO, in collaboration with the World Bank, on community health care financing schemes;

- Partnership with WHO and the World Bank in a joint research project on community health care financing schemes.” (Walter and Holden, 2003: 25-26)

The ILO has more recently addressed the health factor in its Decent Work Agenda (DWA), where it identifies nine core areas of action, namely: (ILO, 2003a: 7-11).

- Skills development for sustainable livelihoods
- Investing in jobs and the community
- Promoting entrepreneurship
- Making money work for poverty reduction
- Building local development through cooperatives
- Overcoming discrimination
- Working to end child labor
- Ensuring incomes and basic social security
- Working safely out of poverty

The DWA recognizes the importance of health in poverty reduction through two of these core actions: *working safely out of poverty* and *ensuring incomes and basic social security*.

The ILO has stressed that: “The importance of universal access to basic health care and primary and secondary education is well recognized by many developing countries. For a poor family, securing basic income, basic health care and school places for the children is a foundation for participating productively in society and the economy” (ILO, 2003a: 12).

Ensuring incomes and basic social security improves access to proper food and to sanitary and medical services, which in turn prevents sickness, enhances family planning and sanitary habits and conditions, thereby contributing to better health and less poverty.

In relation to work safety, the ILO has noted: “The poorest workers are the least protected... prevention of occupational accidents and diseases is missing... Hazardous work takes its toll on the health of workers and on productivity” (ILO, 2003a: 12).” *Work security* translates into occupational health and safety, where accidents, illness and strains on the worker are addressed.

In this respect, the ILO’s contribution to better health policies in the PRSPs is “...to provide support to PRSP processes both at the design stage and, increasingly, at the stage of implementation (ILO, 2003a: 101). As such, the identified priority issues relating to health which the PRSP should address are:

- “The impact of poor health, particularly HIV/AIDS, on employment and incomes and the policy priorities
- Financing of health care and the potential for extending insurance schemes to people living in or vulnerable to poverty
- Income support systems for families with school-age children, the elderly and people with disabilities

- Reform of existing social insurance schemes with a view to a medium-term strategy for extension of coverage and synergies with small-scale voluntary schemes
- Improvement of mechanisms for establishing and enforcing minimum wages
- Occupational health and safety policies, with particular focus on hazardous occupations such as agriculture, construction, mining and small-scale manufacturing, where many lower income workers are employed
- Community maternity support” (ILO, 2003a: 104).

In conclusion, the ILO envisages the importance of health care, prevention and safety as crucial elements of labor policies and practices for working out of poverty.

2 PRSPs and education

2.1 The links between poverty and education

An important factor underlying poverty is education. Lack of education is an indication of both present and future impoverished conditions, since “inadequate education is one of the most powerful determinants of poverty, as unequal access to education opportunity is a strong correlate of income inequality” (World Bank, 2002a, Vol. 2, Ch. 19: 233).

Because higher levels of education raise the possibilities of the poor to have access to better-paid jobs and also provide them with important skill levels, investing in education can be a solid basis of a Poverty Reduction Strategy.

2.2 Poverty indicators in education

Among the international targets of poverty reduction, the MDGs clearly envisage education. The second and third of the MDGs, namely “Achieve universal primary education” and “Promote gender equality and empower women”, respectively, focus on improving specific educational outcomes by the year 2015.³

As such, the second goal seeks to ensure that all children are able to complete full primary schooling. It defines three key indicators for monitoring progress: the net enrolment ratio in primary education, the proportion of pupils starting grade 1 who reach grade 5 and the literacy rate of 15-24 year-olds.

The third MDG aims at reducing gender disparity in primary and secondary education through efforts toward more proportional ratios of girls to boys in primary, secondary and tertiary education. Literate females to males of 15-24 years of age are seen to bring about these improvements from an educational perspective.

2.3 How does the PRSP address education?

³For information on the Millennium Development Goals, please visit: <http://www.un.org/millenniumgoals/>

The World Bank perspective

“No country has succeeded without educating its people. Education is key to sustaining growth and reducing poverty... The World Bank is firmly committed to achieving the goal of *Education for All*.”⁴ (Italics added)

The PRSP envisages a primordial need for investing in education to reduce poverty, based on “...the catalytic role of basic education for those individuals in society who are most likely to be poor –that is, girls, ethnic minorities, orphans, people with disabilities, and people living in rural areas. Basic education or literacy training, of adequate quality, is crucial to equipping disadvantaged individuals with the means to contribute to and benefit from economic growth” (World Bank, 2002a: 233).

Thus, a successful PRSP must contain relevant educational policy design and implementation, targeting the more vulnerable and marginalized sectors of society.

The PRSP process in education should first start by *identifying key educational outcomes* which are related to poverty reduction in its diagnostic and analysis stage and then study the *individual, household and community factors* which have an impact on the sector. The third element of the PSRP diagnosis is the *education system performance*. It has been noted that: “Many low income countries spend a percentage of national resources on education equivalent to the percentage spent by more developed countries, but produce much lower outcomes. The special challenge for heavily indebted poor countries (HIPC) and other low-income countries is to achieve a major improvement in the returns on their education spending as they access incremental resources for the sector through debt relief” (World Bank, 2002a:237).

The fourth component of the analysis focuses on *overall government policies*, outside the education sector. This multifocal approach in the PRSP is based on the premise that: “Policies that affect macroeconomic conditions and the labor market and the nature of governance in a country obviously shape education sector performance” (World Bank, 2002a:237).

Further, policy design should concentrate on the educational challenges that most low-income countries face, namely:

- “expanding the supply of schooling to ensure that all children have access to basic education;
- improving quality; and
- stimulating demand, especially to increase the participation of girls” (World Bank, 2002a:253).

The recommendations offered for structuring policy design and implementation are based on more cost-effective schooling models; “... finding low-cost, effective strategies with respect to teaching quality, instructional materials, school and system accountability, and education administration” (World Bank, 2002a: 256). An example of a successful cost-effective model is multigrade schooling. “Colombia, Guatemala, Burkina Faso, Zambia,

⁴ Statement by James D. Wolfensohn, President of the World Bank, in a plenary address to the World Education Forum 2000 (UNESCO, 2000a: 25).

The Philippines and other countries have found multigrade schooling (one teacher teaching several different grades in a single classroom) to be the most cost-effective way of making optimal use of classroom facilities and of providing complete primary schooling in sparsely populated areas” (World Bank, 2002a: 255).

Finally, special attention to strategies for addressing household and community factors must be given, such as “public awareness campaigns that highlight the need for all children, including girls and children with disabilities, to participate in school...” (World Bank, 2002a: 259).

2.4 *Optimizing policy design and policy implementation in the education sector*

The United Nations Educational, Scientific and Cultural Organization (UNESCO) perspective

A leading international actor with education as its central mandate is UNESCO. Among its most ambitious objectives is the promotion of *Education for All* (EFA). EFA is framework for collective action recently endorsed by the international community for achieving a set of goals in education, known as the Dakar Framework for Action.

The EFA goals which were adopted at the World Education Forum 2000 were (UNESCO, 2000a: 43)⁵:

“(i) expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children;

(ii) ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to and complete free and compulsory primary education of good quality;

(iii) ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life-skills programs;

(iv) achieving a 50 per cent improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for adults;

(v) eliminating gender disparities in primary and secondary education by 2005, especially for women, and achieving gender equality in education by 2015, with a focus on ensuring girls’ full and equal access to and achievement in basic education of good quality;

(vi) improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills.”

Notably, all these goals relate to poverty and are a more substantive and elaborate expression of the MDGs in education.

⁵ “Dakar Framework for Action. Education For All: Meeting our Collective Commitments”. Adopted by the World Education Forum, Dakar, Senegal, 26-28 April 2000. In *World Education Forum Final Report* (UNESCO, 2000a: 43).

In the context of the World Education Forum 2000,⁶ UNESCO fostered dialogue on the relevance of debt relief for education. The “strategy sessions” on the topic produced the following observations on the relevance of education in current PRSPs:

- “The HIPC, PRSP and CDF initiatives each greatly facilitate establishment of closer linkages between education sector policy frameworks and macroeconomic frameworks” (UNESCO, 2000b)
- “Among the new efforts is the Heavily Indebted Poor Countries Initiative (HIPC), which has reduced the debt burdens of many of the world’s poorest and most heavily indebted nations” (UNESCO, 2000a: 23).
- “The discussions showed that international partners and alliances can play important roles in fostering linkages between education sector policy frameworks and macroeconomic frameworks” (UNESCO, 2000a: 23).

UNESCO sees potential in improving education conditions and reaching EFA goals through the PRSP, being supportive of the evolution of the process so far.

The perspective of a bilateral donor

Several donor agencies have expressed their support for UNESCO’s *Education for All* initiative in a collective consultation of NGOs. By extensively outlining their commitment and views on priority areas, these actors have contributed to the EFA assessment of the World Education Forum 2000 (UNESCO, 2001).

A different voice on PRSP initiatives in education is the Overseas Development Institute (ODI). It has critically assessed the probabilities of achieving the education MDGs by reviewing the targets and policy recommendations both the World Bank and UNESCO have outlined.

The ODI focuses on the areas of reform and expenditure allocation in education which could raise educational performance and improve the chances of attaining the MDGs:

“The actions, which are needed in differing degrees in differing countries, consist of:

- committing more effective resources to primary education, by increasing public expenditure where it is low as a share of GDP, and/or by redirecting it to the primary sector;
- taking performance management measures to reduce waste and excess cost, and to increase the internal efficiency of school systems;
- improving education quality, through proper attention to the deployment and motivation of trained teachers and the provision of learning material;

⁶For more information on the World Education Forum, please visit: http://www.unesco.org/education/efa/wef_2000/index.shtml.

- reducing the private costs for the poor people of sending children to school” (Roberts, 2003:35-36).

Further, the ODI notes that “there are grounds for serious concern about the efficiency and effectiveness of public expenditure Programs in poor countries, and thus their ability to achieve the MDGs in education and health. The problems identified relate to the demand-side factor, resource allocation, governance and the influence of vested interests, financial management, performance management, motivation and technical efficiency, as well as to low levels of external financing” (Roberts, 2003:82).

An elucidating example of this concern is the case of Uganda, an HIPC country which has also received bilateral support from the EU and the UK, as well as international support from the IFIs for its educational sector reforms. The criticism with relation to donor support and involvement in the process highlighted:

“The donors did not... lose sight of the momentous developments in the education sector. Their quarterly meetings with the government began as a review of financial progress. The meetings soon extended to monitoring school construction, enrolments, the recruitment of teachers and the provision of teaching materials... The Ministry of Education ... was assisted by the establishment of a reporting and monitoring system ... The prime focus of the donor attention was financial accountability; in the view of some, the donors did not press hard enough on the important question of the quality of teaching” (Roberts, 2003:75).

2.5 *Education and poverty reduction from the ILO perspective*

The ILO’s DWA objectives for working out of poverty are very much in line with international poverty reduction efforts in the field of education. The ILO’s commitment and contribution to education concentrate on *skill development for sustainable livelihoods* and *working to end child labor* (ILO, 2003a:8).

“In partnership with the United Nations Education, Scientific and Cultural Organization (UNESCO), the ILO is making the connection between education and the acquisition of skills for a productive working life” (ILO, 2003a:8)

“Several ILO units are also involved in the ILO/Universitas Programme. Jointly with UNDP and UNOPS, the ILO is directly in charge of initiatives aiming at identifying, promoting and transferring socio-economic innovations related to decent work.” (Walter and Holden, 2003:26)

An example of specific poverty initiatives of *skill development* undertaken by the ILO is the technical support provided by the ILO to one of the PRSP countries, namely Honduras. In a recent assessment undertaken by the ILO on its poverty initiatives, it was noted that:

“The project was devised to develop capacity for productive work by providing elements of instrumental and occupation education, which means equipping the target population with basic knowledge for the world of work in productive conditions, starting from reading and writing abilities... The National Centre for Education for Work (CENET) was created to harness the methodology and to expand and systematize it at the national level. The ILO has provided technical assistance (1996 and 2001) for the institutional, financial and methodological strengthening of the Centre to make it an instrument for rural poverty reduction. The project has had a significant impact at the community and municipal levels, as well as at the institutional level with the implementation of a diploma Programme in Education for Work” (Walter and Holden, 2003:30).

With regard to child labour: “The ILO promotes development by advocating adequate educational alternatives for girls and boys, access to income and security for their parents and stronger laws and enforcement mechanisms. In other words, eradicating child labour takes an integrated, gender-sensitive, family-centred strategy: children out of work and into school – parents into work and out of unemployment. This comprehensive approach is at the heart of the time-bound Programmes to eliminate child labour by a certain date” (ILO, 2003a: 10).

The policy recommendations that the ILO proposes in relation to education and training are:

- “Recognition that the primary responsibility for investment in training rests with governments but has to be shared with enterprises, the social partners, and individuals so that education and training are closely linked to economic and employment growth strategies and Programs.
- Urgent reforms are needed to improve basic education and literacy of women and men in the poorest countries. The development of core work skills (such as communication and problem solving) is an important part of a reform package to prepare individuals for the knowledge and skills-based society.
- Training systems need to become more flexible and responsive to rapidly changing skill requirements. Reforms should focus on how learning can be facilitated, not just on training for specific occupational categories. School-to-work schemes for young people should integrate education with workplace learning” (ILO, 2003a: 40).

The ILO proposes the design of specific Programmes in a “step-by-step” approach with a strong tripartite dialogue and local community component prevalent. Specifically, “The action phase involves capacity building and specific projects aimed at releasing children from work, reintegrating them into school and the family, and preventing child labour at its source. By working with employers, unions, teachers, and NGOs and directly with communities where child labour is prevalent, local action groups are formed to design and implement Programmes specific to their needs” (ILO, 2003a; cited in ILO, 2001b: 59).

3 PRSPs and rural development

3.1 *The links between poverty and rural development*

One of the most severe forms of poverty which strikes humanity is rural poverty. Subsistence in these sectors is highly dependent on the environment and agricultural conditions, thus making them a very vulnerable sector of society.

“Over 70 per cent of the poor are located in rural areas, and spatial disparity of the living conditions of the poor people in rural areas compared to urban location in terms of access to health, education, economic opportunity, infrastructure, and communications, etc. is evident. There has been a persistent neglect by both donor agencies and governments in addressing the specific needs of rural areas and the rural poor” (Proctor, 2002:21).

It is in this impoverished context that the rural poor depend on agriculture for both their meagre income and food supply. For the welfare of a large portion of society, the rural economy must be a priority of a Poverty Reduction Strategy.

3.2 *Poverty indicators related to rural poverty*

Rural poverty is complex. It stems from shortcomings in diverse areas, such as lack of infrastructure and technology, environmental degradation and sustainability. It is multifunctional and cannot be measured through one set of parameters.

A central aspect to eliminating rural poverty is the eradication of extreme poverty and hunger, the first of the MDGs, since food security is intrinsic to eliminating rural poverty. Notably, this is a cross-sectoral goal which also is central to *health* and has been recognized as one of the policy clusters by the *Millennium Development Compact*, which aims at “helping small farmers increase productivity and break out of subsistence farming and chronic hunger – especially in countries with predominantly rural populations” (UNDP, 2003a: 18).

The seventh MDG is to “ensure environmental sustainability”. Though not directly concentrating on rural development, this MDG focuses on environmental degradation, often an important cause of increased rural poverty.

Target 10 shows commitment to “halve, by 2015, the proportion of people without sustainable access to safe drinking water”, foreseeing an increase in the proportion of the population with sustainable access to an improved water source, urban and *rural*”.

It is noteworthy to mention that this is the only MDG indicator which stresses the inclusion of the rural sector *verbally*.

3.3 *How does the PRSP address rural poverty?*

The World Bank perspective

“...in most developing countries the likelihood of being poor and the severity of poverty are greater in rural than in urban areas. For example, the incidence of rural poverty reported in many of the first PRSPs was between

10 and 40 percentage points greater than in urban areas” (World Bank, 2002a, Vol. 2, Ch. 15:67).

Learning from the earlier experiences of the PRSPs, in an internal Bank review on the content of rural development of 12 PRSP⁷ countries, it was noted that:

“A major drawback of the rural strategies in the PRSPs is the lack of a systematic and consistent approach to addressing core rural issues... Another concern is that almost all the strategies refer to the rural poor as a homogenous group and the heterogeneity of the rural poor is not adequately recognized” (Proctor, 2002:4).

Since the rural sector tends to reflect higher poverty rates, the focus of PRSPs is on pro-poor growth in the rural sector and, in particular, on agriculture. The key elements a PRSP should consider are (World Bank, 2002a: 68-69):

- integrating rural poverty into the four parts of the PRSP process, namely in the diagnosis and analysis, design, implementation and monitoring stages;
- the incidence of benefits and the importance of sequencing public investment, where ensuring a minimum level of assets for the rural poor is necessary;
- packaging investments with other elements addressing needs, such as access to financial services or knowledge, in order for the rural poor to capture the benefits of the investments in place;
- empowering women as *key economic actors*;
- fostering participation and responsibility in rurally based communities;
- generating incentives and capacity to strengthen private sector involvement in rural activities;
- strengthening the institutional capacity for broad-based rural development.

3.4 Optimizing policy design and policy implementation in the rural sector

There are several relevant international organizations advocating rural development as a means to reduce poverty. Notably, the United Nations Development Programme (UNDP) and the Food and Agriculture Organization (FAO) have both been following the PRS processes in rural development in different ways.

The United Nations Development Programme (UNDP) perspective

The UNDP is supportive of the PRSP and is involved in collaborating directly with the process. It has outlined the means and actions through which it can contribute to a PRSP, since “the UNDP expects to play a major role in maximizing the potential of PRSPs to contribute to poverty reduction” (UNDP, 2002c: 5).

⁷ The countries assessed were Uganda, Tanzania, Burkina Faso, Mauritania, Mozambique, Niger, Guinea, Zambia, Gambia, Honduras, Nicaragua, and Bolivia.

More specifically, the UNDP has undertaken activities towards alleviating rural poverty. In its UNDP Integrated Drylands Development Programme, it focused on diverse projects dealing with environmental degradation in 16 pilot Programme countries.

Under the strategic areas of support for Mali, one of the PRSP countries involved in the Programme, the UNDP committed itself to “provide assistance to the rural population in the utilization of environmental and climatic information systems” (UNDP, 2001, Annex 1) and has streamlined this Programme into the PRSP framework.

Other UN system organizations have also shown support for the PRSPs. The *UN System Network on Rural Development and Food Security* is committed to eliminating both hunger and rural poverty. In a recent document where the relevance of building partnerships to achieve the MDGs is highlighted, this UN System Network stressed its commitment by stating: “Thematic groups can also help ensure that the elimination of hunger is recognized and reflected in poverty reduction goals and strategies: for example, through assisting national governments in the preparation of Poverty Reduction Strategy Papers (PRSPs) in the Heavily-Indebted Poor Countries (HIPC) Initiative” (UN System Network on Rural Development and Food Security, 2003:44).

The Food and Agriculture Organization (FAO) perspective

In a preliminary assessment on the basis of collected country experiences in 14 countries, the FAO recognized: “The PRSP seems to have delivered a series of important benefits. The process appears to support and contribute to the building of national commitment and ownership around poverty objectives... However, in some countries, the commitment of the government in carrying on with the process of finalizing and implementing the PRSP is still uncertain” (Jadhav, 2002:2).

In particular, the FAO has been more critical with regard to the policy content of the PRSP, stressing that: “Conventional policies for market restructuring and reform... cannot simply be assumed to be poverty reducing... Experience shows that difficulty of access to markets, high transaction costs and low prices resulting from inefficient markets have often resulted in a regression of small farmers to subsistence agriculture denying these poor farmers the growth opportunities the market has to offer them” (Jadhav, 2002:2).

The FAO has stressed the importance of income distribution as a very important element, often ignored in PRSPs, since “growth and distribution both matter when it comes to poverty eradication” (Jadhav, 2002:3).

Another major point of criticism by the FAO has been in relation to the absence of human rights issues in the PRSPs. In the particular case of rural development, the emphasis on the problems of food insecurity should be a major concern of the PRSPs.

With respect to the implementation of PRSPs, the FAO has noted: “...many PRSPs tend to repeat existing strategies without giving them the expected pro-poor slant. Given that most of the poor in developing countries live in rural areas and depend on agriculture for at least part of their income, agriculture and rural development should have a more prominent place in PRSPs than what is currently observed” (Jadjav. 2—2:3).

More recently, the FAO's efforts are centered on raising the livelihoods of a large number of the world's poor, which are the rural poor. It noted that:

“Approximately one-quarter of the global poor... are livestock keepers. A key feature of livestock-keeping is the variety of ways it supports the livelihood strategies of the poor. Livestock can provide a steady stream of revenues, help to raise whole farm productivity and are often the only livelihood option available to the landless as they allow the exploitation of common-property resources for private gain” (FAO, 2003:1).

As such, the FAO's contribution to poverty reduction is its *Pro-Poor Livestock Policy Initiative (PPLPI)*, which is deemed to formulate national and international livestock policies which foster *equitable, safe and clean livestock farming*, so as to create income opportunities for the poor.⁸

The FAO has noted that “many of the poorer countries depend on livestock to a considerable extent, an extent that is hardly reflected in the PRSP documents. Even though the role of agriculture is widely acknowledged in the PRSPs, this does not automatically include an assessment of the livestock sector...” (FAO, 2003:1).

Further, “pastoral countries, where livestock is the mainstay of the subsistence, such as Niger or Tajikistan, only refer to livestock in passing. Some countries, such as Guinea-Bissau and Sierra Leone completely ignore it. No single country gives full credits to the role of livestock... The countries that come closest to meeting this target are probably Mozambique and Mauritania, which stress the importance of livestock throughout the PRSPs and in particular seem to grasp its role in securing livelihoods” (FAO, 2003:1-2).

The FAO recommends to raise the profile of livestock in conjunction with other sectors that are important to the poor and suggests that strategies for the livestock sector should be based on an empirical analysis, also reflecting the concerns of the poor.

Other international actors' perspectives

The International Fund for Agriculture Development (IFAD), a specialized UN agency mobilizing resources for rural poverty Programs, has actively participated in grouping contributions from several NGOs on rural poverty reduction.

The *IFAD NGO Consultation Workshop –Rural Development in East and Southern Africa*, held in Nairobi in 2002,⁹ set the scene for discussions on different aspects of rural poverty in Africa. Among the many contributions, the seventh session of the Workshop focused entirely on the PRSP process.

Here, the main criticism and concerns voiced by participants were: (IFAD, 2002)

⁸ For more information on the Pro-Poor Livestock Initiative, please visit: http://www.fao.org/ag/againfo/projects/en/pplpi/project_docs.html

⁹ For more information on the IFAD/NGO Workshop in Nairobi, Kenya, May 2002, please visit: <http://www.ifad.org/ngo/dialogue/index.htm>.

- “The PRSPs should be owned by the people who prepare them, but there are contradictory actions by the World Bank and IMF in that they give governments direction on the content.”¹⁰
- “Participation of civil society has been hindered by problems such as access to key documents and information in local languages, insufficient representation by key social groups, and a rushed timeframe in order to hasten the delivery of debt relief.”¹¹
- “It is important to involve all key stakeholders in the preparation of the PRSP and in related implementation, monitoring and evaluation. This allows them to own it.”¹²
- “PRSPs have focused on social-sector objectives; these have been inconsistent with a macroeconomic and structural policy framework.”¹³

Concluding remarks in relation to rural development stressed that “PRSPs hold the promise of establishing clear priorities, focusing resources on critical questions and creating enduring frameworks for collaboration... This can only be achieved by working together through stakeholder partnerships, as this is the only way of ensuring that PRSPs become the vehicle for stimulating rural revival” (IFAD, 2002:85).

Further, the report emphasizes “... it is now time to elevate participation from occasional consultations to day-to-day involvement and influence over decision-making at all levels. Effective poverty reduction requires putting more resources –especially land, water and finances – directly into the hands of the rural poor and increasing their role in defining and solving policy problems. We cannot make development happen for the poor, but we can work better with them to put them in charge of their own development. This is the reason for IFAD’s consistent support for decentralization in the region” (IFAD, 2002:86).

3.5 Rural poverty reduction from the ILO perspective

The ILO has recognized the important link existing between rural poverty and labor.

“Rural industries and services are frequently disadvantaged by comparison to urban sectors, despite the need to expand work opportunities for the rural poor and avoid increasing the pressure of migration to already stressed urban environments. Agricultural policies have often favored production by capital- and land-intensive larger farmers and trading companies rather than targeting the needs of small farmers and landless laborers. Redressing these imbalances are key elements of pro-poor growth and must be combined with an intelligent use of capital-intensive technologies specific to the resources and needs of particular countries” (ILO, 2003a: 34).

¹⁰ Taken from the contribution of Edward Heinemann, IFAD, Italy (IFAD, 2002:79).

¹¹ Taken from the contribution of Chiara Sella Bandinelli, Association of Italian NGOs, Italy (IFAD, 2002:81).

¹² Taken from the contribution of Kamau Waweru and Monica Aoko, Ministry of Finance and Planning, Kenya (IFAD, 2002:82).

¹³ Taken from the contribution of Jacqueline Woodman, EURODAD (IFAD, 2002:83).

Further, from a child labor perspective, the Director of the ILO's International Programme on the Elimination of Child Labor (IPEC),¹⁴ recently commented:

“...some 264 million children worldwide are child laborers and some 70 per cent of these children work in agriculture and fishing or forestry. Many of them are involved in work related to processing and harvesting... Some 120 million children in agriculture are involved in hazardous child labor which can result in them being killed, injured or suffering ill-health...”¹⁵

An elucidating example where the ILO's commitment has made progress is the implementation of the IPEC in east and South Africa. Here, the ILO created a partnership with tobacco industries to reduce child labour. Efforts were centred on creating school facilities, targeting the levels of school attendance and supporting family incomes.

In addition, the ILO has also recognized the relevance of international joint action, stressing:

“the FAO... can assist in enhancing agriculture productivity and technology and help organize communities to make sure that families can have enough income... The FAO-UNESCO initiative Education for Rural People seeks the enhancement of education in rural areas to guarantee food security and poverty reduction through an increase in technical support towards countries willing to address the basic educational needs for rural people. This initiative is similar to the one being carried out between the ILO, UNESCO, the World Bank and UNICEF which seeks to bring the attention of development and education ministers to the importance of poverty reduction and combating child labor through education.”¹⁶

“The ILO is a founding member of the "Committee on the Advancement and Promotion of Cooperatives" (COPAC, see www.copacgva.com), which brings together the ILO, the FAO, the UN-DESA, the International Cooperative Alliance and IFAP. The 63rd board meeting took place in 2003 in Stockholm to discuss, inter alia, the implementation of ILO Recommendation 193. ILO recently initiated the first conference of cooperative development partners, which attracted some 33 national and international cooperative development agencies, with the aim of discussing the role of cooperatives in poverty reduction. A strategy was developed which culminates in a meeting with the President of the World Bank in 2003. The World Bank has subcontracted the ILO on several occasions to provide technical expertise in the field of cooperative policy, legislation and HRD. The most recent case is Turkey, where the ILO will implement the HRD component of a large cooperative restructuring project. The ILO has an agreement with the FAO stipulating that it is responsible, within the UN family, for cooperative development in general, while the FAO focuses on

¹⁴ For further information on IPEC, please visit: <http://www.ilo.org/childlabour>.

¹⁵ Interview with Mr. Frans Röselaers, Director of the ILO's International Programme on the Elimination of Child Labour. Dec. 2003. UN System Network on Rural Development and Food Security (2003). Available on the web at:

http://www.rdfs.net/news/interviews/0312in/0312in_ILO%20Child%20Labour_en.htm.

¹⁶ Ibid.

the promotion of producers' cooperatives in the agricultural sector. The ILO is closely collaborating with the International Fund for Agricultural Development (IFAD), and has just completed a joint project formulation mission to Guinea-Bissau.” (Walter and Holden, 2003:25)

“The ILO has had long standing cooperation with World Food Programme (WFP) on the Food for Work Programme. This Programme assists the absolute poor and food insecure households by providing food to people while they are improving their own assets. It supports the Programs by providing technical advice and training on labor-based infrastructure upgrading and supports the Programme design and evaluation (EIIP, COOP). Its support aims at improving the quality of productive work and employment and the quality of the assets which are created under food for work Programs. A new guide "Food as an incentive to support vulnerable households and communities in securing and improving their assets" has been produced jointly by the WFP and the ILO (EIIP). It has benefited from both ILO and WFP experiences in implementing community-based Food for Work Programs. It highlights key features of well-designed Food for Work activities, and provides valuable guidance for planning and implementing them to benefit the poor and hungry people they intend to assist.” (Walter and Holden, 2003:26)

Finally, the ILO’s Decent Work Agenda (DWA) envisages that “along with the generation of non-farm rural employment, the construction of better communications infrastructure and the provision of vital social services such as health and education, improved agricultural performance is a significant force in the fight against poverty” (ILO, 2003a:29).

4 PRSPs and trade

4.1 Does trade lead to poverty reduction?

Trade has long been recognized as a “growth engine”. The question is: Can trade policies also help reduce poverty?

The WTO Secretariat (WTO, 2000) identified two main questions relevant to the current trade and poverty debate: (1) Does trade lead to income divergence or convergence between countries? and (2) How can an analytical framework be developed which would make it possible to examine the connections between trade and poverty reduction at the country level?

The WTO Secretariat tried to demonstrate through empirical studies that trade liberalization helps poor countries catch up with rich ones. The hypothesis is that trade liberalization leads to faster economic growth, which in turn leads to poverty alleviation. The Secretariat’s report acknowledged that some members of society are worse off at the early stage of trade liberalization but also argued that the right way to alleviate their hardship is through a social safety net and job retraining rather than by abandoning reforms that could benefit most people.

The Doha Ministerial Declaration recognized both issues. It stated “international trade can play a major role in the promotion of economic development and alleviation of poverty” (WTO, 2001:1). There were numerous references to the concerns of developing countries in the Declaration. The direct links between the WTO’s work and poverty alleviation however did not figure in the Declaration.

The World Bank perspective

According to the World Bank, cross-country and individual country studies confirm the link between trade and growth. The mechanisms of trade policy should transmit price signals from world markets, combined with exchange rates, and should lead to resource allocation consistent with comparative advantage, thereby increasing productivity. The World Bank believes that trade liberalization can help the poor in two ways, namely the positive association between openness and growth and redistribution of income. It pointed out that trade protection leads to inefficient protection costs and will often transfer income as rents toward the rich away from the poor.

The World Bank recognizes the negative impact of trade liberalization on some of the poor during the early phases of trade liberalization. It postulates that trade liberalization mostly affects people’s personal income. As the poor have limited assets, lower priced goods would become more affordable for them. The World Bank estimates that the adjustment costs are typically short term and that trade liberalization should favor labor in developing economies, since their exports are typically labor intensive.

Lastly, the Bank recommends that overall national economic reforms should be supported by complementary trade policies. According to its precepts, a country will become more developed provided it encourages investment and competition, macroeconomic policies that encourage stable prices and a competitive exchange rate, tariff reforms, policies that affect agricultural and labor markets and an efficient social safety net to minimize the adjustment cost of trade reform.

The IMF perspective

The IMF’s paper *International trade and poverty alleviation* (Bannister and Thugge, 2001) presents an overview of the links between trade reform and poverty. It reviews the limited empirical evidence and discusses policy options for trade reform that might minimize its negative effects on the poor. The IMF draws lessons for the design of trade reforms that take into account their effects on the poor. These include the implementation of complementary reforms that facilitate the participation of the poor in formal markets and allow them to take advantage of market opportunities. In addition, the paper discusses how trade reforms can be designed to spread the costs of adjustment as widely as possible and to minimize them, including through the use of safety nets. The paper concludes that trade liberalization has a positive overall effect on the employment and income of the poor. However, as with all structural reforms, there are winners and losers, and there may be some episodes where the transitional costs of trade reform fall disproportionately on the poor. According to the IMF paper, the short-term costs of adjusting to trade reforms are outweighed by the benefits of adjusting to the international trade system.

The UNCTAD perspective

One of the most important criticisms against the current PRSPs focuses on the lack of long-term growth strategy. UNCTAD's *Least-Developed Countries Report* (UNCTAD, 2002) proposed an alternative approach to designing poverty reduction strategies. It proposed that the central task is to double average household living standards as quickly as possible through building productive capacities and generating livelihoods. It found that emerging PRSPs still give priorities to short-term stabilization over long-term development.

It also pointed out that trade issues are not treated in depth in PRSPs as an important aspect of long-term development strategies and thus appropriate trade and complementary policies are not included in the PRSPs. UNCTAD argues that the best way to move beyond adjustment now is by anchoring poverty reduction strategies to long-term development strategies, given genuine national ownership and policy autonomy in the PRSPs.

Drawing on the experience in East Asia, UNCTAD argues that sustainable growth requires mutually reinforcing interactions between investment growth and export growth through the creation of profitable investment opportunities, reducing the risks and uncertainties of investment activities, and ensuring the availability of finance that enables entrepreneurs to invest in expanding production. UNCTAD believes that an export-push strategy, which provides special incentives for exporters, is also necessary. Additionally, a supportive international policy environment regarding debt relief and commodity dependence and aid flow and effectiveness are crucial in the current era of globalization.

The perspective of bilateral donors and NGRDOs

The study conducted by the ODI (Hewitt and Gillson, 2003) investigates the trade and poverty content of existing PRSPs and loan related documents for 17 countries. It found that the extent and depth of trade coverage in completed PRSPs is limited. According to the authors, most PRSPs tend to focus more on expenditure than economic growth. Whilst there is a strong emphasis on social spending and redistributive mechanisms, production and growth stimuli are often downplayed.

Yet the World Bank and IMF loan instruments still manifest a strong outward orientation, while PRSPs pick up the more inward-looking aspects of redistribution. Such issues as employment and wages are given more attention in PRSPs, but the important linkages between these with production and trade have been omitted. Strong economic reasoning requires that growth aspects be included in PRSPs and inputs be included from national authorities, productive sectors (industrial and agricultural) and civil society.

Secondly, the study states that the trade content within PRSPs is rarely underpinned by a holistic poverty analysis. In terms of conditionalities, Hewitt and Gillson argue that it is still difficult to see how international trade-related conditions such as fiscal reform, supplementary trade taxes, tariff reductions and standard trade facilitation measures are justified analytically if they are not underpinned by ex-ante analysis of the likely poverty impact brought about by trade reform.

4.2 Trade and poverty reduction from The ILO perspective

The ILO's research (ILO, 2001c) admits that it is difficult to draw any firm conclusions on the basis of associations between changes in trade and growth and employment performance. It recognizes the considerable adjustment cost after trade liberalization. It therefore recommends the following:

Improving the governance of labor markets, by respecting the fundamental rights at work as defined in the ILO Declaration.

Moving up the value chain in terms of exported goods and services, by improving the skill sets and productivity of the workers.

Attracting an inflow of FDI, by developing Export Processing Zones where the investment of infrastructure and communication links could be concentrated.

Strengthening the competitiveness of national companies, by encouraging the strengthening factor conditions¹⁷ through appropriate employment and industrial policies.

Adopting the Decent Work Strategy to maximize the employment benefits of trade liberalization and related economic reforms, in particular through education and training policies.

Increasing the employment intensity of growth.

Pursuing active labor market policies to facilitate adjustment to changes in the structure of production strategy brought about by trade liberalization, and the strengthening of social protection.

“However, it is evident that many of the factors that need to be tackled lie in the global economy and are linked to trade and capital flows. Thus, promoting decent work also means changing the way the global economy works so that its benefits reach more people. Decent Work, then, is not only a development objective at the national level but also a guiding principle for the global economy.” (ILO GB285 2002a:7-8).

In summary, the ILO has presented the Director-General's Report *Working out of Poverty* to the 2003 International Labor Conference on its strategy for poverty reduction through work/employment. It received wide support from the ILO's constituents and will be the guiding document for this Guide.

5 PRSPs and the environment

5.1 *The links between poverty and the environment*

Governments in both developed and developing countries often give priority to rapid industrial development, expecting quick benefits rather than protecting natural

¹⁷ Using Michael Porter's terminology, which includes: rivalry among existing firms, bargaining power of suppliers, threat of substitute products or services, bargaining power of buyers and threats of new entrants. See Porter, 1985:5; Porter (ed.), 1986.

resources. They favor short-term actions, expecting to generate fast economic returns which can be used to reduce poverty and to stimulate economic growth. All too often environmental protection is viewed as an unnecessary cost and environmental regulations are viewed as trade barriers.

However, for millions of poor people, natural resource management is critical to sustainable livelihoods and health. For instance, access to clean drinking water and sanitation is still out of the reach of 1 billion people, thus causing water-borne diseases which in turn exacerbate household vulnerability to poverty.

Land-use practices are also important, as deforestation, desertification and floods affect millions of people around the world. Good land-use practices can help reduce risks and are important to achieving sustainable livelihoods and food security. For instance, sustainable use of a forest can provide fruitful employment for generations, but clear-cutting forests by large logging companies can only provide jobs for a limited time, with the result of environmental degradation and loss of employment and livelihood in the long term.

That is not to say that the poor cannot also achieve gains through utilization of natural resources. Forest certification schemes and other mechanisms in the biotechnology field can boost opportunities in the agricultural, horticultural and pharmaceutical sectors. However, regulatory regimes governing these industries are increasingly complex, so communities need training to deal with trade and environmental regulations and standards in the niche market of organic food products.

On the other side of the coin, not all communities have used their resources sustainably. Where there are no clear property or user rights or an adequate pricing policy, resources may be overexploited resulting in “the tragedy of the commons”, as no one has responsibility for common resources.

5.2 Poverty indicators in the environment

The Millennium Development Compact, and its series of poverty eradication compromises by the international community, clearly considers the environment as an important subject.

In the *Human Development Report 2003* of the UNDP, one of the six policy clusters considered fundamental for escaping poverty is environmental sustainability.

“Promoting environmental sustainability and improving urban management. All countries, but especially the very poorest, need to protect the biodiversity and ecosystems that support life (clean water and air, soil nutrients, forests, fisheries, other key ecosystems) and ensure that their cities are well managed to provide livelihoods and safe environments” (UNDP, 2003a:18).

The MDGs incorporate environment into their commitment agenda. The seventh goal is to “Ensure environmental sustainability” and contains the following targets and respective indicators:

MDGs: Goal and Targets	Indicators for monitoring progress
Goal 7: Ensure environmental sustainability	
Target 10: Integrate the principles of sustainable development into country policies and Programs and reverse the loss of environmental resources	25. Proportion of land area covered by forest 26. Ratio of area protected to maintain biological diversity to surface area 27. Energy use (kg oil equivalent) per \$1 GDP (PPP) 28. Carbon dioxide emissions (per capita) and consumption of ozone-depleting CFCs (ODP tons) 29. Proportion of population using solid fuels
Target 11: Halve, by 2015, the proportion of people without sustainable access to safe drinking water	30. Proportion of population with sustainable access to an improved water source, urban and rural
Target 12: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	31. Proportion of urban population with access to improved sanitation 32. Proportion of households with access to secure tenure (owned or rented)

In addition, this MDG also streamlines agricultural poverty into the set of internationally compromised targets, since it mentions the rural poor. Therefore, achieving the environmental goal has particular importance for rural development, since it recognizes the existing gap between the urban and rural poor and their vulnerability in relation to safe drinking water security.

5.3 *How does the PRSP address the environment?*

The World Bank perspective

The environment is seen as one of the crosscutting issues of poverty. “Environmental conditions have a major effect on the health, opportunity and security of poor people. Environmental activities can also provide effective ways to empower the poor. The many links between environmental management and poverty alleviation provide the rationale for systematic mainstreaming of the environment in PRSPs and their associated processes” (World Bank, 2002a, Vol. 1, Ch. 11:36).

In the context of PRSPs, two necessary conditions must be fulfilled in order for the process to be effective: “(1) poverty alleviation should not damage the environment of the poor, which would substitute gains in one area for the losses in another, and (2) improving environmental conditions can help reduce poverty” (World Bank, 2002a, Vol. 1, Ch. 11:36).

The procedure for addressing the environment in the PRSP consists of an analysis stage where the links between the environment and poverty are identified and diagnosed, as a first step. This is then followed by the identification and setting of targets which focus on the main problems of environment and health. As a third step of the process, it is necessary to evaluate which public actions could help reach the set targets on the basis of a cost-

benefit analysis, institutional capacities and drawing from previous experiences. Finally, in the last stage of the process, a monitoring system for assessing strategy outcomes has to be implemented.

The World Bank has recognized the existence of good practices in previous PRSPs processes and highlights several of these previous experiences. The following good practices relating to the environment and poverty reduction are quoted below:

- “The Kenya I-PRSP describes the environmental issues relating to land use and water and suggests strategies, monitoring indicators, and cost of implementation of the strategies relating to land use, water, and energy. The Kenya I-PRSP s also sensitive to loss of biodiversity” (World Bank, 2002a, Vol. 1, Ch. 11:392).
- “The PRSPs of Honduras, Burkina Faso, Mauritania, and Guinea present maps showing regional distribution of poverty, population, and natural resource attributes. The poverty and resource maps help in the assessment of spatial and temporal relationships between poverty and the resource base. They can also be used to track the effects of policy and management interventions in relation to poverty reduction” (World Bank, 2002a, Vol. 1, Ch. 11:393).
- “To limit the impacts of climatic fluctuations on the food security and incomes of the poor, the Mauritania Government intends to promote early warning systems and establish a rapid response mechanism. The plan includes a food security observatory and a national reserve enabling the managers to respond to a food crisis” (World Bank, 2002a, Vol. 1, Ch. 11:395).

5.4 Optimizing policy design and policy implementation in the environmental sector

The United Nations Environment Programme (UNEP) perspective

The United Nations Environment Programme (UNEP) is the main international institution in the field of environmental conservation and sustainable development. UNEP is mandated to analyse the link between poverty and the environment in the context of poverty reduction and to propose remedies to the growing threats to the environment and to sustainable human development.

“The Malmo Ministerial Declarations, the United Nations Millennium Declarations and the Governing Council Decisions 21/15 have given UNEP a clear mandate to play a critical role in advising governments, especially in the less-developed and the highly indebted poor countries, on ways and means to incorporate environmental considerations within the context of Poverty Reduction Strategy Papers (PRSPs), Country Assistance Strategies (CAS) and National Development Plans (NDP). This role is especially important now as the momentum for the development of the Poverty Reduction Strategy Papers (PRSPs) increases and is beginning to be accepted as the norm for international aid” (UNEP, 2001:2).

Steps towards the achievement of this mandate have included a series of expert meetings with representatives of the countries with PRSPs, as well as setting up a conceptual framework for streamlining the environment into the PRSP.

In synthesis, the UNEP framework establishes a series of guidelines for the use of local communities, officials, national policy makers and international aid agencies involved in integrating the environment into the PRSP. The “ESCAPE” guidelines include: (UNEP, 2001:5-7)

- “The three constituents of an ecosystem – provisioning, enriching, and regulating – are interdependent and must be managed within the limits of their functioning.”
- “Poverty reduction through ecosystem management must accept the fact that there are multiple stakeholders who have very different values and perceptions towards ecosystems and these may conflict with each other. These conflicts must be reconciled.”
- “Poverty reduction through ecosystem management must move away from a single focus approach on commodities towards a broader perspective of functioning and capabilities.”
- “Ecosystem management and poverty reduction strategies must be developed within a transparent and equitable participatory framework.”
- “Recognizing the varying temporal scales and lag effects that characterize ecosystem and human processes, objectives for ecosystem management and poverty reduction should be set in a manner that minimizes trade-offs.”
- “Recognizing potential gains from management, there is a need to understand the ecosystem in an economic and social context. An ecosystem management programme should:
 - reduce market and policy distortion that adversely affect ecosystems as well as perpetuate poverty;
 - align incentives to promote sustainable management practices;
 - internalize costs and benefits in the given ecosystem to the extent feasible;
 - identify non-market systems when market instruments fail.”
- “The ESCAPE approach should involve all relevant sector of society and scientific disciplines.”

The perspective of a local NGO

An interesting perspective is that of the NGO Forum on Cambodia, which comprised a group of NGOs directly involved in the PRSP in Cambodia. Among the many recommendations issued by NGOs in a rapid assessment of the Cambodian PRSP, the main critique in relation to the environment was the following:

“Ensure that there are clear indicators for monitoring the environmental impact of the plan in order that short term economic growth is not achieved by destroying the resources that future generations will depend on for their livelihoods” (ANGOC, 2001a, Recommendations Section).

Further, in their evaluation on the I-PRSP, actively participating NGOs and CSOs ranked the “promotion of rural development” as a top priority, under which three specific actions were envisaged in relation to the environment. These were:

- “Implement land reform which should focus on land distribution, land management and land administration.
- Implement forestry reform to crack down on large-scale illegal operations and protect the rights of poor communities and indigenous groups.
- Implement fisheries reform to ensure sustainable access of the poor to fisheries resources” (ANGOC, 2001b, Appendix 3).

Most notable was the contribution of CSO representatives of the poor in the initial discussions of the PRSP:

“From indigenous highlander women leaders: ‘We no longer have control over the forest resources in our village. Although we know that the government owns the forest and land, the government should first discuss with local communities regarding forest concessions.’ Indigenous women totally rely on the land and the forest; ‘her market is in the forest.’ ‘I dare to request, because when I attended meeting, the Governor says villagers (especially women) can give opinion. I was initially afraid of arguing (my case), but I dared to argue because the government said I can do so.’ ‘If we lose our land and forest, we cannot compete with others in the marketplace’” (ANGOC, 2001b).

5.5 The environment and poverty reduction from the ILO perspective

In the area of the environment, the ILO’s actions have been extended beyond the traditional emphasis on occupational safety and health and the working environment to also include: “strengthening the role of trade unions and employers’ organizations in securing sustainable development; environment and development training; employment, poverty and development issues; and environmental concerns related to women and indigenous and tribal people” (EARTHSCAN, 2001:234).

An important area where the ILO can make a difference for the poor is supporting sustainable livelihoods. This has been one of the approaches it envisages for reducing poverty.

“The ILO believes that supporting and sustaining livelihoods is best achieved through productive work and employment creation... beyond the traditional definitions and approaches to poverty reduction and offers a more coherent and integrated approach. It gives attention to factors and processes that constrain or enhance poor people’s ability to make a living in an

economically, ecologically and socially sustainable manner” (Walter and Holden, 2003:34).

“Even though people might be poor in monetary terms, they often have other assets that can be valued and built upon to earn a livelihood. Many indigenous people or certain rural communities have cultural, social and *environmental* assets that can be marketed. The ILO is concerned with excluded groups, and has for example developed Programs to help communities mainstream the use of their assets” (italics added) (Walter and Holden, 2003:39).

“The ILO and UN Habitat have had an inter-agency agreement since 1984 but direct project cooperation started in early 1990s with UN Habitat working with city and municipal authorities on environmental planning systems and ILO (EIIP) working with local communities on slum upgrading. The direct link between the two organizations aims at ensuring that city planning includes the poorest section of the cities and that employment and social inclusion become an integral part of the development strategies. The publication of "Cities at Work" (SEED and EIIP) for the Istanbul +5 and the World Urban Forum (April 2002 in Nairobi) emphasized the need for local authorities to address urban poverty, the development of employment and the importance of local economic development strategies. The ILO has been requested to assist the local authorities and a joint ILO-UN Habitat sub-regional course for municipal authorities has been conducted in Nairobi and is planned in 2003 for Bangkok and Dakar. There is also a joint ILO-UN Habitat publication on Shelter provision and employment generation.” (Walter and Holden, 2003:26)

Arising from its intensive efforts in raising the employment, working conditions and occupational safety of mine workers, the ILO has created a series of codes of safety practices for the sector.

Furthermore, because of the impact mining has on the environment and on the mineworkers, the ILO has been increasingly active in concerted efforts with other international organizations, such as UNEP. A recent initiative is the Mining, Minerals and Sustainable Development (MMSD) project, a joint project by organizations such as UNCTAD, UNEP, and the World Bank Group, among others.¹⁸ The ILO’s main task in the MMSD project is to foresee that workers in the mine sector have decent working conditions within an industry that is sustainable.

The MMSD project has produced considerable research with regards to sustainability in relation to a sustainable model for the mining sector. For instance, in a recent study assessing the possible strategies and tactics in the mining sector for indigenous people, it has been noted:

¹⁸ For further information on the ILO’s involvement in the MMSD and mining, please visit: <http://www.ilo.org/public/english/dialogue/sector/sectors/mining.htm>.

“... from the perspective of sustainable development, empowerment means that indigenous peoples do not diminish but rather improve their livelihoods and enhance their cultures in an encounter” (Downing, et al., 2002:34).

Among the elements considered necessary for this empowerment are:

- “The rights and access to indigenous land and nature are secured.
- The desired outcomes of the encounter for indigenous peoples emerge from meaningful, prior informed consent and participation.
- Non-indigenous stakeholders fully and opportunely disclose to the indigenous group their plans, agreements and financial arrangements related to the indigenous groups in a culturally appropriate manner and language.
- Likewise, the non-indigenous stakeholders identify and disclose all the risks of a proposed mining endeavor. Full risk assessment means not only identification of the threats posed by the loss of land – but also the full range of social, economic and environmental impacts.
- The basic human and civil rights are protected, as specified in international conventions” (Downing, et al., 2002:34).

5.6 Opportunities for employment creation through implementation of Multilateral Environmental Agreements (MEAs)

Multilateral Environmental Agreements (MEAs) address environmental issues through international conventions and protocols, some of which are listed below:

- Global warming – The United Nations Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol
- Ozone depletion - The Montreal Protocol
- Species protection - The Convention on International Trade in Endangered Species (CITES)
- Biodiversity loss - The Convention on Biological Diversity (CBD)
- The trade in hazardous waste - The Basel Convention

With varying degrees of success in implementation, these international agreements provide underexploited opportunities for the poor and the communities to devise alternative economic activities and employment. However, lacking political will and sufficient information, government policies continue to favor resource “extraction” instead of the renewable use of natural resources. The formal approach has caused a major dislocation of the rural population and an increasing number of urban poor.

Rural populations may have difficulty organizing themselves, as they often lack resources and are geographically dispersed. Thus they may not be able to achieve the full potential of their rights under certain articles of the MEAs to access benefits of natural resource protection or exploitation. Therefore, to take advantage of the opportunities available in the international trading system, communities require training not only in production, financial management and marketing, but also in legal education geared

towards understanding the possibilities for benefit sharing under the MEA rules and the related intellectual property rights regime in order to deal effectively with multinational companies and the regulatory framework of international trade. Most important of all, the rural population needs to identify opportunities to create new forms of labor-intensive employment in a sustainable manner without having to leave their communities in search of economic gains elsewhere.

The goal of the Kyoto Protocol agreement is to reduce global pollution in particular of CO₂. Reductions of CO₂ emissions could be achieved through production technology which would be more efficient and less polluting. Another means to achieve CO₂ reduction could be achieved through the Clean Development Mechanism (CDM) which consists e.g. of using forests of developing countries to absorb excess CO₂ produced in industrialized countries. Such CO₂ absorbing forests are called “sinks” in Kyoto Protocol terminology.

In order to ensure stable and secure CO₂ sinks, forests need to be maintained based on professional principles. To create “forest sinks” does not mean leaving a forest untouched for 20 years, since such a laissez-faire approach would increase the likelihood of forest fires which endanger the whole CO₂ contract. However, using the example of Bolivia, Saner (2003) suggests:

“to effectively manage forests for CO₂ credits would also mean creating jobs especially for people living near the forests. For Bolivia, this could mean creation of jobs for indigenous people” (Saner, 2003).

Active participation in the negotiation and implementation of MEAs could offer least-developed countries several opportunities to create employment and thereby reduce current high levels of poverty and inequality typical of rural areas.

6 PRSP and Governance

6.1 The links between poverty and governance

“Governance refers broadly to the exercise of power through a country’s economic, social, and political institutions in which institutions represent the organizational rules and routines, formal laws, and informal norms that together shape the incentives of public policy makers, overseers, and providers of public sectors” (World Bank, 2002a, Vol. 1, Ch. 8:271).

The qualities of governance and poverty are strongly interrelated. Bad governance is the product of badly functioning institutions, which in turn foster power abuse, bad service, corruption, legal and physical protection and lack of accountability, among other deficiencies. The sector of society that is most unable to face these maladies is typically the poor.

Because the quality of governance can determine the type of strategies and measures affecting the poor, bad governance trumps opportunities for reducing poverty. Thus, raising the quality of governance is key to any Poverty Reduction Strategy.

6.2 *Poverty indicators in governance*

The eighth MDG addresses governance. It states: “Develop a global partnership for development”. Target 12 forms part of this goal and enshrines to “Develop further an open, rule-based, predictable, non discriminatory trading and financial system”.

Further, in a subparagraph of Target 12, the text reads: “*Includes a commitment to good governance, development and poverty reduction – both nationally and internationally*” (italics added).

Interestingly, there are no indicators to measure governance in the MDGs. It is therefore very difficult to understand how and whether the international community intends to monitor efforts toward greater governance or quantify the effectiveness of strategies targeting governance improvement.

6.3 *How does the PRSP address governance?*

The World Bank perspective

Despite the lack of measurable indicators for governance in the MDGs, the *PRSP Sourcebook* has come up with a series of elements for *diagnosis*.

It is important to identify the causes of weak governance in each individual case, since these will vary from country to country. Another key element in this stage is to determine if there is sufficient incentive for change and if improving governance will have a pro-poor outcome.

In particular, dealing with corruption can have a positive impact on the poor. A corrupt government will misallocate public resources, undertake policies and measures in favor of sectors paying bribes, among other decisions. “The poor will be disproportionately affected by such practices, because they cannot afford to buy alternatives to publicly provided health services and education or private substitutes... Bribe payments cost the poor, in comparison with the rich, a larger share of their incomes. Indeed, household surveys consistently indicate that poorer families pay a larger share of their incomes as bribes in exchange for public services” (World Bank, 2002a: 273).

When seeking to raise the quality of governance, PRSPs should focus on:

- empowering the poor;
- improving capabilities of the poor by improving basic services;
- providing economic opportunities by increasing access to markets;
- providing security from economic shocks and from corruption, crime and violence.

The *design and implementation* of a strategy are much more complex. In a staff report by the World Bank and the IMF on PRSP implementation, there was recognition that among the main issues in nine full PRSPs, governance was critical to success. The report stressed: “Good governance and effective public sector performance are central to the implementation of poverty reduction strategies. Good governance for effective poverty reduction has to do with transparency and accountability, with effective service delivery, and with a conducive climate for investment and growth. The ways in which PRSPs are

approaching governance issues, including corruption and accountability, civil service reform, decentralization, and legal and judicial systems, were covered in depth in the joint Review and are being assessed by staff on an ongoing basis. While governance issues are partly technical, they also have to do with incentives and the political context in which institutions function at the national and local levels” (World Bank/IMF, 2002a: 14).

Because of the inherent complexities of a governance strategy, the World Bank recommendation is that “... it is advisable for reforms to start on a small scale and build outward. It is likely that in the course of implementation, the underlying problems will themselves be redefined” (World Bank, 2002k: 293).

Further, a key consideration at this stage for successful reforms is a pre-established commitment. “To find an entry point and get the process started, there needs to be at least one source of commitment, whether from a civil society group; a legislative, judicial, or government body; or a political party. The nature of the constituency will influence what can be done first. If there are only a few stakeholders, the initial work will be limited and it is all the more important to design it so as to appeal to broader interests” (World Bank, 2002a: 293-294).

Finally, a few recommendations are given on *monitoring and assessing* the strategy. First, the benefits of the reform must outweigh the costs. Second, political commitment will be determined by groups supporting the government which will benefit from the reforms, which is why it is necessary to foresee potential winners and losers. Finally, the reforms undertaken must be both feasible and sustainable, and this implies assessing the responsiveness for change from those sectors which will be crucial to the process, as well as the length of the reforms in the light of how long the current government may stay in power to guarantee the continuation of the process.

6.4 Optimizing policy design and policy implementation for better governance

The United Nations Development Programme (UNDP) perspective

The UNDP has been actively involved in fostering governance. Its core activities concentrate on providing assistance to democratic transition. Particular areas of governance where the UNDP has relevant experience are: legislatures, electoral systems and processes, justice and human rights, access to information, decentralization and local governance and public administration and civil service reform.¹⁹

Since 2001, the UNDP has been active in promoting parliamentary participation in the PRSPs. In joint partnership with the World Bank and the National Democratic Institute, it has concentrated on the involvement and role of parliament in PRSPs as a means to strengthen democratic governance structures in PRSPs. Drawing from this experience, the UNDP has noted that:

“... the PRSP process provides significant opportunities to use public consultation precedents to build better relationships between civil society networks to facilitate legislative and oversight functions and to increase information and dialogue channels between citizens and legislators. The

¹⁹ For detailed information on UNDP’s governance activities, please visit: <http://www.undp.org/governance>.

PRSP process can also be an important entry point to further strengthen parliamentary capacity for monitoring government poverty reduction targets and control over budgetary expenditures in line with PRSP objective” (UNDP, 2002c: 9).

The UNDP has made substantive inputs into the PRSP policy documents, as recorded in the *UNDP’s engagement in Poverty Reduction Strategy Papers Policy Note*. In countries like Burkina Faso, Gambia, Mauritania and Uganda, the UNDP has contributed to bringing the governance into the PRSP by “enabling the incorporating of various thematic linkages for effective PRS, such as governance, gender, environment, HIV/AIDS” (UNDP, 2002c: 9).

In the particular case of Angola, the UNDP designed a second country cooperation framework (CCF) with the Government of Angola. The UNDP’s support to the PRSP has a strong governance component and is envisaged as follows:

“UNDP support consists in strengthening the capacity of the Government, through the technical group created for this purpose, to ensure adequate familiarity with established PRSP principles, methodology and quality of analysis, and to undertake the widest possible consultation with all stakeholders, particularly the poor” (UNDP, 2001c: 6).

In this framework of *promoting and strengthening participatory governance* for Angola, it is envisaged that: “...UNDP will assist the Government in creating the basic conditions necessary to undertake effective decentralization, starting with an in-depth analysis and comprehensive institutional evaluation of the prevailing situation at the local level, as a basis for the development strategy of reform of local administration and institutionalization of participatory local governance” (UNDP, 2001c: 6).

The perspective of an university institute

There has been substantial criticism on behalf of civil society and NGRDOs in relation to governance in PRSPs.

An independent voice has been the Institute of Development Studies (IDS) of the University of Helsinki. When analyzing the extent to which the consultative process of the PRSP was representative and democratic in Tanzania, the main criticism by IDS was:

“The dominance of the public policy arena by a narrow corps of transnational development professionals occludes the possibility of deepening democratic oversight measure for national development. At the same time, the sites and structures of policy implementation are overseen by a de facto single-party political establishment driven by clientelist relations and procedures. In this context, the public assets allocated for the reduction of poverty are highly susceptible to fundability and abuse as the local politico-administrative elite can distribute resources among themselves via weakly regulated mechanisms of direct expenditure and subcontracting. The stalled process of decentralization, which has increased the discretion of local government authorities without putting effective financial controls in place, aggravates this problem. This disjuncture between policy formulation

and policy implementation forms an obstacle to poverty reduction inasmuch as the social relations of governance at the local level preclude an effective implementation of the PRS” (Gould and Ojanen, 2003:9).

6.5 Governance and poverty reduction from the ILO perspective

The ILO has shown formal commitment to improving governance and has expressed concern with regard to efforts undertaken in the PRSP process. In an official statement by the Director-General, it was stressed:

“We equally share the concern that further progress in terms of the number of countries to be brought into the process will be increasingly difficult in view of the fact that most of the remaining eligible countries are in conflict or post-conflict situations. This will also affect the PRSP process. Restoring peace and the institutions for democratic governance in such countries has thus been correctly identified as an important priority for the international community” (ILO, 2001c).

In addition, “The ILO has taken steps to be an active partner in this effort, especially through its special Programme on Crisis Response and Reconstruction. Under this Programme, we are engaged in the challenging task of providing assistance in fostering dialogue, building social and labor market institutions and in generating decent work in post-conflict situations. *This is an important aspect of sound political and economic governance and poverty reduction*” (ILO, 2001c). (Italics added)

In defining its role in strengthening governance, the ILO has considered the importance of governance of the labor market in its Decent Work Agenda (DWA), since “...weaknesses in governance result in a large informal economy where development is inhibited by barriers to investment, enterprise development and increased employment in decent conditions” (ILO, 2003a: 67).

“The ILO’s decent work strategy offers an integrate framework for promoting institutional change... that can help countries shape the governance of the labor market to promote opportunities for women and men to obtain productive work in conditions of freedom, equity, security and human dignity” (ILO2003a: 68).

As such, the ILO envisages its tripartite experience and approach for correcting these weaknesses, by stressing:

“Governments, local authorities and established trade unions and employers’ organizations have a major role to play in promoting the development of representative organizations and involving them in mechanisms of social dialogue over the policies needed to bring work in the informal economy within the ambit of economy-wide regulatory frameworks to promote decent work. Supporting this effort is a major priority for the ILO in its discussions with constituents on decent work strategies for poverty reduction” (ILO, 2003a: 75).

7. Conclusions

One of the Millennium Development Goals (MDGs) by 2015 was to eradicate extreme poverty and hunger by halving the proportion of people living with less than US\$1 per day. To achieve this goal, the development community supported the initiative of Poverty Reduction Strategy Papers (PRSPs) spearheaded by the World Bank and the International Monetary Fund (IMF) as a means to coordinate donor activities in the least-developed and highly indebted countries.

Recipient countries were encouraged to take ownership of the PRSP programs and to give their citizens a greater role to play in both the policy planning and implementation process. Broad-based participation constituted one of the criteria for getting endorsement from the Boards of the World Bank and the IMF for the countries' PRSPs. Without such endorsement, these countries were not able to secure Heavily Indebted Poor Country (HIPC) debt relief or gain access to other funds.

Although there was much criticism regarding the conditionalities imposed by the World Bank and the IMF and the participation process itself, PRSPs nevertheless presented genuine opportunities for the ILO and its constituents and like minded organizations to influence the macroeconomic policies at the country level. They provided an entry point for alternative policy advice and proposals to include employment into PRSPs.

The social dialogue component of the PRSP process offered opportunities to assert influence in the policy debate and to take up potentially vital roles in the monitoring, implementation and assessment of the policy impact of PRSPs. In the long term, employment needed to be included in all sector programs of PRSP in order to ensure that poverty reduction strategies indeed would reduce poverty in a sustainable and significant way.

Such inclusion of decent work and employment into other sectors were not very successful during the PRSPs. In view of the fact that no substantive evaluation has been conducted yet of the PRSPs, concerns have to be raised as to the lessons learnt for the even more complex and demanding implementation of the SDGs. The authors suggest that such a thorough evaluation of the PRSPs should urgently be undertaken for the benefit of the LDCs, LIDCs, International Organizations, the donor agencies and the global society at large.

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