

7. Recommendations

7.1 Key recommendation: replace IMF/World Bank dominance with multi-stakeholder PRSP fora

A key problem at present is the failure of the Bank and Fund to adopt roles which allow broad country ownership of PRSPs. An overarching recommendation therefore, is that a development forum with broad stakeholder participation, including government, parliament, civil society, donors and the IFIs should be adopted as a structure within which to take key decisions on the PRSP framework. This should include design, implementation, monitoring and reporting of the PRSP. It should ensure that: the PRSP is aligned to budget realities and timeframes; donor programmes and conditionalities are harmonised in a framework drawn directly from the PRSP; independent ex-ante PSAs are carried out on major policy reforms; and donor responses to policy failure by the government are proportionate and do not undermine poverty reduction.

7.2 Stakeholder-specific recommendations

Recommendations specific to the current situation for the key stakeholders are as follows.

Civil society

- must invest strategically in development of analytical capacity on macro-economic issues;
- needs to develop empowering strategies for education and mobilisation of grassroots communities to allow them to seek accountability and progress in poverty reduction;
- needs to ensure inclusion of marginalised groups in grass-roots and macro-level initiatives for poverty reduction;
- needs to hold government accountable through budget analysis, monitoring and public advocacy.

Governments

- need to initiate permanent, formal frameworks for participation;
- must make budget transparency and accessibility of budget information for

civil society and parliament a priority and include a formal role for civil society in institutional arrangements for overseeing the debt relief process;

- must allow space at local and national level for expression of priorities and alternatives drawn up by marginalised groups of poor people and include these as priorities in local and national planning;
- need to challenge IMF and World Bank policies by using ex-ante PSAs for the development of policy options which should be debated in multi-stakeholder fora (see above) before adoption.

Donors

- should provide consistent, long-term support to both civil society and government in order to institutionalise participation based on the rights-based and rules-based standards;
- must change their aid modalities towards those that strengthen government systems, focusing on budget support and guaranteeing predictable aid flows as much as possible;
- should work with government and civil society to determine clear criteria based on government performance for the reduction or increase in aid flows, rather than using the IMF's 'signalling' function;
- should provide practical, non-directive support for government-led PSAs;
- should support civil society organisations to develop analysis and advocate for a PRS approach which responds firstly to the needs of the vulnerable, while also promoting this approach with government.

The World Bank and IMF

Changes to Bank/Fund processes, policy and structures

- Both the Bank and Fund should work with civil society representatives in individual countries to develop agreed principles and terms of reference for engagement and policy dialogue.
- Both institutions need to change their policy, attitude and behaviour in relation to dialogue with civil society on macroeconomic policy. This must go beyond transparency and include

openness to presenting and discussing their policy proposals and those of civil society.

- Joint Staff Assessments of Annual Progress Reports and PRSP reviews should include as an appendix a comprehensive note on the consultations held with civil society and a summary of their proposals on issues of process and substantive policy reforms. The same initiative should be extended to government, to allow their views to be communicated directly to the Executive Directors on the Boards.
- Bank and Fund policy conditionalities should be: drawn directly from the PRSP; outcome-based; disaggregated; positive (e.g. to result in increased resources for surpassing minimum standards); subject to ex-ante PSIAs; and harmonised with other donors.
- Both the Bank and Fund should fulfil their commitment to ensuring that independent PSIAs are carried out systematically on all major macroeconomic and structural policies. PSIAs should involve civil society at formulation, analysis and policy-decision making stages.
- The Bank and Fund should delegate greater decision making to staff located in the PRSP countries in order to create the conditions for in-depth dialogue with government and civil society and greater country ownership of policy reforms and poverty reduction strategies. This may require relocation of staff to country offices.
- HIPC debt relief should be delinked from the PRSP process and the Fund and Bank should provide technical assistance for establishment of monitoring systems for expenditure of debt relief.

Bank/Fund interventions with governments

- The Bank and Fund should use their leverage with government and technical assistance programmes to promote formal structures for civil society participation, in a manner that is appropriate and sensitive to building government commitment to participation.
- Both the Bank and the Fund should work to ensure through their technical

assistance that institutional frameworks for budget management and transparency include disclosure of timely and accessible information to the public.

Bank Fund interventions with donors

- The Bank and Fund's conditionalities must be harmonised with those of other donors in a framework which is drawn directly from the PRSP.
- The Bank and Fund should work with all donors, in the context of a multi-stakeholder PRSP forum as outlined above, to deal with issues of programming, policy failure, conditionality harmonisation and suspension of aid.