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Poverty Reduction Strategy Papers: A new convergence. What does it miss, and what can be done about it?

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Early August 2001, the World Bank and the IMF announced a comprehensive review of the Poverty Reduction Strategy Paper (PRSP) approach adopted in 1999 to 'help poor countries and their development partners strengthen the impact of their common efforts on poverty reduction'[2]. In general, PRSPs describe a country's "macroeconomic, structural and social policies and programmes over a three year or longer horizon, to promote broad based growth and reduce poverty, as well as associated external financing needs and major sources of financing". PRSPs are a professedly 'comprehensive' country approach to poverty, combining powerful econometric and ethnographic approaches to poverty policy with a battery of 'participatory' techniques, a sharp neo-liberal economism and preparedness to innovate, ultimately linked to other budgetary and debt related frameworks. In practice, PRSPs tend to reproduce a four pronged approach to poverty reduction. First, broad based growth, more recently rendered as 'pro-poor' growth, focussing on 'employment creating growth'. Second, investments in human capital, typically the health and education sectors. And third, 'good governance', which has grown from anti-corruption and public accountability measures to embrace macro-economic fiscal management and decentralized governance. The fourth element includes special purpose financing arrangements, sometimes called ' social safety nets', for those adversely affected by the adjustment process and/or unable to participate in the growth.

Despite limited evidence of the overall formula's success, PRSPs have quickly multiplied and travelled. By the end of 2001, 15-20 countries are expected to have completed their first full PRSP, dozens more will have completed the first stage, called Interim PRSPs. In the review, widespread public participation has been invited on the following kinds of question: have governments taken the lead on PRSPs; has civil society effectively participated; how has this affected the content of the PRSPs; have they improved donor and government coordination; has the Bank and IMF fully supported the process?

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[2] World Bank 2001: 'Reviewing Poverty Reduction Strategy Program' http://www.worldbank.org/developmentnews/stories/html/080601a.htm.

Rather than taking for granted the instrumental terms charted for this review, we want to locate our contribution in the terms of a broader (and widening) international policy context. PRSPs are part of a 'post Washington consensus' re-morphing of neo-liberal approaches, in which governments and agencies of various stripes in both OECD and developing countries are renewing focus on linkages between the poor, their capabilities, and market opportunities; between local and central governance, between 'social cohesion', (or 'social capability'), and 'wellbeing'. This convergence is especially noticeable in UK third way public policy around 'social exclusion' [3], or for example in the New Zealand Treasury's bellwether 2001 policy statement 'Towards an Inclusive Economy'[4]. On the ground, it can be seen in the proliferation of locality based approaches to 'social exclusion', for example Area Based Initiatives or Health Action Zones in Britain, in local government's 'Social Inclusion Strategies' and territorialised wellbeing and related programmes in a number of OECD countries[5] and, interestingly, in the quiet resurgence of 'integrated area development' programs in developing countries.

In PRSP, too, a range of at first glance disparate positions come together. Most remarked in contemporary PRSPs is how the legacy of neo-liberal economic policy, with its concern to rapidly advance global openness and integration, and to privatise and deregulate state assets and enterprises, is jumbled together with populist concerns about growing inequality and the exclusion of wide swathes of the population from economic opportunity, with measures to protect vulnerable populations from increasingly volatile rural economies as agro-industries in traditional sectors like wheat, rice or other staples are restructured and shed labour in response to these forces. In addressing PRSP, then, we want to consider the wider position and impact to date of these kinds of multidimensional approaches to poverty, using both OECD (notably New Zealand) and developing country (especially Uganda) experience. What are the basic orientations and structural predilections of these approaches, and what are some key areas of weakness?

Dimensions of a wider policy context

Standing back further, the structural dimensions of the current convergence become clearer. The orthodox underpinnings of the convergence, adherence to neo-liberal economic policy in face of evidence that this approach generates uneven effects in relation to poverty, raises plausible questions as to whether poverty reduction is in fact a primary goal of such approaches. But beyond this, this convergence is marked principally by what is shared and what is set aside. First, they share the primary 'inclusion and integration' orientation well versed in the PRSP approach. Second, with steady refinement over the 1990s, they have embedded in practice a plural, wide-ranging set to techniques for identifying, mapping, measuring and reporting on poverty, as popularised by publications like 'Voices of the

[3] http://fistserv.macarthur.uws.edu.au/ufp/soc_excl_com_regen.asp
[4] New Zealand Government, Department of Treasury, July 2001, Towards an Inclusive Economy, http://www.treasury.govt.nz/workingpapers/2001/01-15.asp
[5] http://www.ccc.govt.nz/publications/socialwellbeingpolicy/

Poor[6]'. Third, the renewed awareness of the consequences of exclusion for stability and security is evinced by the earnest invitation-cum-rules based obligation on the poor to participate in either enterprise, work or training. Here, they promote the development of partnerships with NGO and third sector organizations to secure participation and legitimate the wider project, and reinforce 'community' as the primary site for decentralized approaches to governance. And, in confidently projecting values and ideals well ahead of their demonstrated capacity to deliver, they seem to have a special facility for re-spinning new progressive outfits for old conservative policy[7], or building what Perry Anderson described as "the best ideological shell of neo-liberalism today"[8].

We think it is crucial to note that this convergence is occurring in the context of widening local and global inequalities, a concentration of certain kinds of global economic power, and a heightened sense of global instability: in short, of systemic shifts in global and local political economy. This emerging convergence seems more a reaction to symptoms and especially the *risks* of this circumstance than as a progressive response to its causes. Indeed critics can plausibly argue that advocates of the convergence have not really addressed these critical political economic dimensions. Their approaches appear rhetorical, experimental, doctrinaire, neo-colonial and disciplinary. Many PRSPs, however, do have some of these political economic dimensions on their radar, notably the local manifestations of instability, inequality and empowerment. But at the same time, the elements of agreement about poverty reduction and engagement with political economic shifts, as Ravi Kanbur notes, seem to be submerged by critics and advocates talking past each other[9]. Here, the level playing field economism of 'finance ministry' ("Group A") advocates reach to popular participation and dialogue to ground and legitimate themselves; whereas the 'civil society' (Group B) critics reiterate chants about global market power and sharp adjustment costs, many which fail to shake or even register in the basic PRS frameworks[10].

PRSPs are we argue something of a 'third way for the third world', an attempt to build inclusive public social policy around a basic neo-liberal framework, and to position it as a new way forward which transcends ideological divides, while including diverse interests, from the poor to global capital. As Thirdwayisms, they are certainly full of governmental and

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[6] Narayan, D. et al., (2000). Voices of the Poor: Can Anyone Hear Us? Oxford University Press and the World Bank, Washington DC. See, for instance, the New Zealand Ministry of Social Policy's 2001 Social Report' http://www.dsw.govt.nz/publications/docs/srintro.pdf

[7] Rose, N. (1999a). Powers of Freedom: Reframing political thought. Cambridge, Cambridge University Press; Rose, N. (1999b). Inventiveness in Politics. Economy and Society 28 (3): 467-493.

[8] Anderson, P. (2000). Renewals. New Left Review II (1): 11. See also Callinicos, A. (2001). Against the Third Way. Cambridge, Polity.

[9] Kanbur, R. (2001). Economic Policy, Distribution and Poverty: The Nature of Disagreements. World Development **29** (6): 1083-1094, p.1084.

[10] Kanbur insightfully locates the key differences between these groups in perspectival terms, where 'different parts of the same objective reality are being seen and magnified (2001, 1087). The key differences, which we will not develop here, are (i) between approaches to measuring poverty reduction in differently aggregated terms, (ii) between different timeframes, and (iii) between different perspectives on market power. The last of these comes closest to describing the approach taken in this paper, though in other aspects it seeks to develop a wider political economic framework.

public management inventiveness[11]. But like other Thirdwayisms they are also prone to accusations of being mere spin and deceit, and of embodying a basic duplicity in dealing on the one hand with 'the poor — who are to be 'included' — and on the other with the political economy of poverty and inequality — which is not robustly addressed, except through commitments to growth and 'inclusion': inclusion instead of equality[12]. Other PRSP aspects of this convergence also seem to sit awkwardly together, and diverge from Thirdway formulae in being at once more experimental and yet paradoxically quite lacking in political and local economic imagination. On the one hand, critics are able to show that the 'good governance' and 'empowerment' dimensions of PRSPs are like Thirdway approaches prepared to imagine, countenance and support all kinds of experimental, untested and theory- driven technical innovations in New Public Management (that is, to the technical and governmental role of the state). We see efforts to bring the market and private sector into the state: from doctinaire privatisation to New Zealand style new institutional economics. So, often in PRSPs, we see contractualism, decentralization, third sector partnerships and other efforts to 'help the poor manage their own risks'. On the other hand, even compared to the thinnest of OECD Thirdwayisms, there seems limited imagination in the overall PRSP approach about potential facilitative roles of government in relation to productive opportunity[13]. Here, we don't just refer to what in IFI publications gets caricatured as old fashioned state ownership and protectionism[14], but to routine strategic commercial strategies such as adding value locally to local raw materials; to building local productivity; to partnerships in training for industry; through to enhancing competitive advantage based on local conditions and resource endowments. Here too, what Kanbur describes as their 'sharp, hard' policy messaging approach — "give them an inch of nuance and they'll take a mile of protection" —[15], only raises suspicions that they are little more than the doctrinaire, obfuscating vehicle of core economic interests. Worse, given actual practice in core economies, such pedantic narrowness is hypocritical, disrespectful, and places potentially damaging strictures on developing countries' choices of opportunity.

More suspicions follow, and further polarise. The past decade has undeniably seen an unprecedented concentration of global corporate power, notably through mergers in a number of industries, services and infrastructure. Like Thirdwayism, the PRSP paradigm generates enormous antagonism in its explicit advocacy of global integration[16], while at the same time maintaining an eerie silence about how key political economic dimensions of newly configured global market and other power play out locally. PRSPs are explicitly a

[11] Rose, N. (1999b) Inventiveness in Politics. Economy and Society 28 (3): 467-493.
[12] See Ruth Levitas (1998). The Inclusive Society? Social Exclusion and New Labour. London, MacMillan
[13] e.g., Klugman, J. (2001) PRSP overview.
http://www.worldbank.org/poverty/strategies/chapters/overview/overview.htm Though we note as below that actual PRSP documents have a good deal to say about sectoral aspects.
[14] See, for example, World Development Report 2000/2001 Attacking Poverty. Oxford, Oxford University Press, p 61, for this kind of caricature. Note there is no mention here of the Asian Tiger experience.
[15] Kanbur (2001). Loc. Cit., p.1092
[16] Kanbur describes main areas of dispute over integrations as comprising 'pace and sequencing of fiscal adjustment, monetary and interest rate policy, exchange rate regimes, trade and openness, internal and external financial liberalization including deregulation of capital flows, the scale and methods of large scale privatisation of state owned enterprises, etc.

technical instrument of global integration, promoting global rules based governance regimes, global branding of policy in populist terms, and through their common format and content move in an unnervingly similar way from one country another. They come with powerful surveillance devices, like the techniques of PPAs and PRAs, for mapping poverty into local place. Via disciplinary budget technologies including Medium Term Expenditure Frameworks (MTEFs) and associated financing instruments, they are uniquely capable of inscribing local places and people into national and global agreements about how governments and people should relate through social, economic and governance policies. Through standardised public budgetary, accountability and reporting arrangements, PRSPs are connected to most affairs of state — not just social sector expenditure and local area development, but increasingly, to the police and judiciary, through to larger frameworks of trade and tarrifs, foreign direct investments and ownership, international borrowings and conditionalities. Since the achievement of such a global framework would be of enormous benefit to corporate agents in core economies, critics are surely justified to question the obscured role of such interests in PRSPs, and ask generic questions about how widely the costs and benefits of this approach are likely to be shared: questions of growth and poverty, but also of (in)equality, economic agency, ownership, control, and core nation hegemony. Again, these are issues of basic transformations in political economy.

These issues are manifest in particular countries and localities, where their visible political and economic effects offer a crucial basis for grounded critique and reorientation. On the positive side, PRSPs have unprecedented potential to link global poverty concerns with remote, diverse and far flung localities, and to focus resources, attention and accountability in ways previously unheard of. But, despite new found interest in vulnerability and voice, security and stability, PRSPs tend to come with a peculiarly stunted view of local politics and economies, of the potential role of locally representative authorities and how and for what they should be accountable 'downwards' to their constituencies and 'upwards' to higher levels of government. And, while local manifestations of inequality and marginality have certainly captured PRS attention, critics are on strong ground when they argue that attempts to address poverty on a 'locality-first' basis, perhaps via partnerships with local government and third sector actors, are naïve and gravely misleading.

The argument

Overall, we take the view that a profound, principled challenge to the mainstream developmentalism embodied in PRSPs is needed, but that this does not imply adoption of an 'alternative paradigm'. Neither is much to be gained by a Group B ‘civil society’ vs Group A ‘finance ministry’ approach.[17] Rather for our purposes here, an appropriate challenge is to be found in the search for development strategies which acknowledge the reality and

[17] See Pieterse, J. A. (1998). My Paradigm or Yours? Alternative Development, Post-Development, Reflexive Development, Development and Change. 29: 343-373.

potential benefits of globalisation, and that for most developing countries rapid and sustained economic growth is a fundamental prerequisite to poverty alleviation.

Part I of this paper charts the recent emergence of PRSPs in terms of a none- too- level institutional, political and theoretical field. The global integration agenda conventionally expressed in the PRSPs we have reviewed and contributed to has two fundamental flaws. One is that in the face of mounting empirical evidence to the contrary, PRSPs continue to impose a narrow neo-liberal economism that seems unacceptably hard and sharp in the face of growing empirical evidence that the much hoped for general and robust relations between its precepts and growth, equality and poverty reduction may simply not be there. Given the uncertainty of the evidence, a less doctrinaire and more cautious, diverse approach would be more prudent.

A second flaw, the focus on rapid implementation of these expanding frameworks at all costs, is a consequence of the first. We argue that the scope of this convergence in ‘good governance’, especially through its macro-planning mechanisms, represents (again with few apologies and little caution) an attempt to generate a level of global to local integration, discipline and technical management of marginal economies, governance and populations unprecedented since colonial times. In the second part of this paper, we discuss PRSPs alongside a range of other linked devices for planning and managing poverty alleviation, including Medium Term Expenditure Frameworks (or MTEFs), and for channelling resources to specially targeted sectors, localities or categories of people, the most prominent of which are called Social Funds (SFs) and Poverty Action Funds (PAFs). The Ugandan experience is instructive because it has been held up as exemplar of good practice with PRSPs and MTEFs and with instruments like PAFs. While there are success stories, there are costs for nations, places and local communities entering these frames, especially in identity and stigma, global surveillance, subordination and loss of local autonomies. The enormous technical, political and administrative capital necessary to design and implement these PRSPs, along with their PRGFs, PAFs and etc., comes at a huge cost. On the ground, the implementation distorts priorities, removes key aspects of public choice and debate from political scrutiny and, most importantly, diverts these energies from the pressing task of designing appropriate domestic poverty and growth strategies. Raw, theory-led experimentation too is not without its costs, in terms of stability and exhaustion of local actors.

Thirdly, we argue that decentralized governance, elaborated with a realistic sense of political economy and of immanent tendencies to inequality, does and can offer a certain kind of focal point, where outcomes, politics, and crucially local difference can be seen in some import. Which is not to say we endorse uncritically place targeted, decentralized approaches to poverty: far from it. Rather we argue that one cost of the inordinate devotion in poverty reduction policy to global integration, openness and the adoption of singular conceptions of international best practice is that we have few operational insights into the limits and potentials of this approach. The diversity of local responses — the thousand flowers that might bloom — ironically tend overwhelmingly to be seen only in terms of the already globalised parameters of the bigger framework. Our fourth point is then quite clear. In arguing for the potentials of local democratization, local knowledge and experimentation, and for more attention in poverty reduction strategy to local competitive, productive capacity — rather than blue prints delivered from higher planes — a recent remark by arch critic Dani Rodrik should be a constant reminder for all participants in this debate, namely, that "The plausible variation in institutional set-ups is larger than is usually presupposed"[18].

The second part of the paper thus presents a more particular and place-based address to the generic question of PRSP's relation to political economic dimensions of poverty. PRSPs tend now to reflect an assortment of arguments about poverty, but increasingly as a result of the World Bank's sponsoring of 'participatory poverty assessments', much is said about stability, control, empowerment, and vulnerability. From Ugandan experience we show that when linked up with budget management and poverty financing instruments like PAFs, perversely PRSPs tend to support activities that are clearly at odds with this dimension of poverty. Uganda's experience helps to reflect on how poverty is conceived in the world of PRSPs and MTEFs and in turn to connect with other conceptions of poverty, denoted by words like 'vulnerability,' 'security,' 'inequality,' 'dependency', 'local control', 'non-subordination', 'social integration,' 'rights', 'empowerment,' and 'ethnicity', which are so far underplayed in reflection on these instruments of governance.

Finally, we conclude this paper in Part III by proposing a refreshed and more robust political economy of place. We reflect on various aspects of political economy, place, and poverty: the territorialisation of poverty into place, and the reliance at least in part there on local partnerships of decentralized governance and joined up services: how much can this do, in the context of wider instabilities and inequalities? On the other hand, what should a realistic political economy approach to (localised, globalised) poverty address? How to have political and technical moments working together? What policy and practical instruments might such an arrangement contain, and how might it deal with the diverse, often contradictory interests of global capital and local people? What realistic programs should it take on, sensitive to both wider structural forces and the need to buffer localities from these? What local- cum-global common accountability platforms around key social areas might be established? What political mechanisms and agencies would such a formation need, and how do the current ones (IFIs, NGOs, Multilaterals, OECD, GXs) stack up? We reflect on the emergence of an oppositional movement of 'global citizens', and how these moves to re-politicise and democratise global policy processes like PRSP figure in this.

[18] Rodrik, D. (2000). Institutions for High Quality Growth: What They Are and How to Acquire Them. Studies in Comparative International Development, Fall 2000, **35** (3): 3-31. P. 5.

Part I: Poverty Alleviation: from rhetoric to an integrated framework

"Education and health… are regarded as quintessentially proper objects of government expenditure… They have the character of investment (in human capital) as well as consumption. Moreover, they tend to help the disadvantaged. This is an objective that fell under a cloud in the early years of the Reagan administration, but that has recovered its standing of the 70s ("basic needs") in the late 80s… Thus, the Managing Director of the IMF, Michel Camdessus, has declared the Fund to have a concern about the impact of its programs on the poor, and more recently Barber Conable, President of the Bank, has reasserted its commitment to end poverty"

John Williamson[19] What Washington Means by Policy Reform, 11

The renewed orientation to Poverty Reduction was marked in history both by the World Bank's 1990 World Development Report and when, infamously, John Williamson outlined what was to become the 'Washington Consensus' in his 1990 paper "What Washington Means by Policy Reform". Here, basic structural adjustment doctrines drawn in retrospect from Latin American debt crises are described as broadly paradigmatic among core (Washington) International Financial Institutions (IFIs), including the Bank, the Fund, and significantly the US Treasury. Whether or not the Washington Consensus previously formally and formulaically existed outside of Williamson's seminar presentation, it has since then "acquired a life of its own, becoming a brand known worldwide and used quite independently of its original intent, and even of its content" [20] reified both in its critic's eyes[21], and in policy[22].

While elements have certainly shifted[23], its overall ambit has proved remarkably durable, despite its notorious role in ongoing crises (especially the Asian crisis of 1997-98), despite moves to establish 'post Washington Consenses', and not least its general failure to deliver empirically validated growth and poverty reduction. This durability in the face of equivocal outcomes has only raised critical voices ire. Among critics, Dani Rodrik, Robert Wade, and Joseph Stiglitz have achieved a popular cult and forwarded-email following as Washington heretics, especially among wider 'civil society' IFI watchers. Other IFI insiders like Levine and Zervos, Ravi Kanbur, and David Dollar have had their arguments picked up by those

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[19] Williamson, J. (1990). What Washington Means by Policy Reform. In J. Williamson, Ed. Latin American Adjustment: How Much Has Happened? Washington: Institute for International Economics, pp. 7-38.

[20] Moises Naim, (1999). Fads and Fashion in Economic Reforms: Washington Consensus or Washington Confusion? Working Draft of a paper prepared for the IMF Conference on Second Generation Reforms, Washington DC, October 26 1999. IMF/ Washington. www.imf.org/external/pubs/ft/seminar/1999/reforms/Naim.HTM

[21] see eg Unravelling the Washington Consensus: An interview with Joseph Stiglitz. In Multinational Monitor April (2000). 21 (4). www.essential.org/monitor/mm2000/00april/interview.html Joseph Stiglitz, 1998. More Instruments and Broader Goals: Moving Toward the Post-Washington Consensus. The 1998 WIDER lecture, Helsinki, Finland January 7, 1998. www.worldbank.org/html/extdr/extme/js-010798/wider.htm. Joseph Stiglitz. 1999. Whither reform? Ten Years of the Transition: Paper prepared for the Annual Bank Conference on Development Economics, Washington, D.C., April 28-30, 1999. Ben Fine, 2000. chapter 8: Making the Post-Washington Consensus. From Ben Fine, 2000, Social Capital versus Social Theory: Political economy and social science at the turn of the millennium. London, Routledge.

[22] The consensus 10 commandments appear in a small box in the 200/2001 WDR , p.63.

[23] John Williamson. 1999, What should the World Bank think about the Washington Consensus? Paper prepared as a background to the World Bank's World Development Report 2000. Institute for International Economics Papers: http://207.238.152.36/papers/williamson0799.htm

arguing that policy prescriptions and empirical realities are no simple match. Wade[24],with Kanbur plausibly locates some of the durability in its firm ensconcement in G7 and other countries' finance ministries, and especially in US core economic policy institutions. Perhaps more important may be its reification in the global financial markets' indicator 'rules of thumb' that feature in traders' assessments of the probity of national economies. As the imprimatur of responsible management and orthodoxy, it has become what populist writer on globalisation Thomas Friedman caricatures as the 'Golden Straitjacket', the only plausible defence against the vagaries and blinkered panics of this 'Electronic Herd'[25].

The Washington Consensus' impact was perhaps most profound, however, in assuring the place of sharp, hard, globalised economic policy at the center of core institutions' development practice. As Williamson noted in 1999, "Standing back even more, one can view it as an attempt to summarize the policies that were widely viewed as supportive of development at the end of two decades when economists became convinced that the key to rapid economic development lay not in a country's natural resources, or even in its physical or human capital, but rather in the set of economic policies that it pursued"[26]. Despite its emergence from the localised and historically specific experience of dealing with chronic Latin American debt, the policy reorientations of the Washington Consensus style quickly became global practice, at once a policy prescription for global integration, and a globally applied technical device to that end. Thus, Dani Rodrik: "Global integration has become, for all practical purposes, a substitute for a development strategy. This trend is bad news for the world's poor. The new agenda of global integration rests on shaky empirical ground and seriously distorts policymakers' priorities"[27]. The prescription quickly generated a range of critiques that the policy was 'one-size- fits-all', dangerous to particular local settings, all of which were clearly not created equally, or with similar development pathways ahead of them. Highly rationalised, devoid of a sense of historical difference in recipient countries, it has often been applied with an urgency which meant its impact locally was all the more violent. As characterised and summed by Kanbur, advocates of this approach "tend to believe that the cause of poverty reduction is best served by more rapid adjustment to fiscal imbalances, rapid adjustment to lower inflation and external deficits and the use of high interest rates to achieve these ends, internal and external financial sector liberalisation, deregulation of capital controls, deep and rapid privatisation of state owned enterprises and— perhaps the strongest unifying factor in this group — rapid and major opening up of an economy to trade an foreign investment"[28]. And as he noted previously elsewhere, "On the substance of Williamson's original version of the Washington consensus, I would agree that we need a more nuanced view of the impact of these policies on poverty reduction. I would

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[24] Wade R. (2001). Economic growth and the role of government: or how to stop New Zealand from falling out of the OECD. Paper Presented to the Catching the Knowledge Wave Conference 1-3 August 2001; Auckland, New Zealand. www.knowledgewave.org.nz.

[25] Friedman, T. (2000). The Lexus and the Olive Tree. London: Harper Collins.

[26] Williamson (1999). Loc Cit, p. 4)

[27] Rodrik, D. (2001). Trading in Illusions. Foreign Policy, March- April 2001. http://www.foreignpolicy.com/issue_marapr_2001/rodrick.html

[28] Kanbur (2001). Loc Cit., p. 1085

in fact go much further, and emphasize that local realities matter and a broad approach as captured in one consensus or another is bound to be problematic if applied across the board. On some issues, like trade liberalization, I would be more skeptical than Williamson—at least, I would be even more wary of making blanket statements"[29].

Kanbur, principal author of the 200/2001 World Development Report "Attacking Poverty", and key player in PRSP development, is very much an insider. His 1999 short paper "The strange case of the Washington Consensus"[30] is worth quoting at some length: "There is no question in my mind that in the 1980s, and to a certain extent well into the 1990s, many saw the main task as being storming the citadel of statist development strategies. In this mindset, nuances were beside the point — intellectual curiosities which paled in comparison to the benefits of rapid and deep movements away from the former paradigm. And, moreover, Washington institutions were deeply suspicious of the real intentions of those they were dealing with. They suspected, perhaps rightly, that those on the other side were hell bent on preserving the status quo. In this setting, a negotiating stance, rather than a dialogue based on mutual comprehension, was appropriate. So the negotiators from Washington always took a more purist stance, a more extreme stance than even their own intellectual framework permitted (they were all surely well schooled in the theory of the second best)…. "If you want 28 enterprises privatized, start by asking for 56", seemed to be the opening gambit. Is it any wonder then, that those on the other side came away with the impression that those from Washington had a consensus, and one which did not match Williamson's nuanced formulation? I am exaggerating, of course. But all of us involved in Operations will surely recognize what I have described. And the situation now is very different. The empirical outcomes have forced a nuancing of even the intellectual analysis (with much greater appreciation of the conditional nature of the original policy prescriptions); the triumphalism of "the end of history" is much abated, and it has slowly come to be realized that if the government and the population of a country are not convinced about reforms then they probably won't stick and the aid which flows behind them will be wasted. It is these lessons which I think are important for those who will represent Washington institutions in the first decades of the twenty first century".

Elsewhere, the 1990s saw a rising awareness of the importance of national and regional path dependency in public policy. The dean of OECD social policy, Gosta Esping-Andersen's seminal 1990 work "Three Worlds of Welfare Capitalism"[31] demonstrated the divergent paths taken by OECD nations, and traced these back to a range of historical factors and orientations. As the 90s wore on, while this diversity came under increasing pressure for hegemonic neo-liberal and Thirdway approaches, the net result at the end of

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[29] Kanbur, R. (1999). The Strange Case of The Washington Consensus: A Brief Note on John Williamson's "What Should the Bank Think about the Washington Consensus?". http://www.people.cornell.edu/pages/sk145/papers/Washington%20Consensus.pdf

[30] ibid.

[31] Esping-Andersen, G. (1990). The Three Worlds of Welfare Capitalism. Cambridge: The Polity Press.

the decade was no great reduction in path dependent diversity[32]. On the other hand, the only countries to avoid major increases in relative poverty and inequality over this period did so only because they actively redistributed income through state means[33].

Equivocal and worse empirical results continued to gain recognition. While policy reconfirmed basic associations between growth and poverty reduction, growth itself has been harder to come by, especially at certain regional aggregations. Thus Wade notes that, "over the whole period from 1980 to 1998 the growth of per capita GDP in the three developing regions of Latin America, Africa and Eastern Europe/Former Soviet Union was either zero (Latin America and Africa) or negative (Eastern Europe/Former Soviet Union)"[34]. The former Soviet Union's experience of rapid economic meltdown following orthodox economic 'shock therapy' pointed vividly to the need to consider local institutional and political dimensions when intervening[35]. Post structural adjustment experiences of sharp interest rate raises, sudden unassailable import competition, price and input factor shocks (e.g., fertilizer, technical advice) harming local business emerged from numbers of countries, accompanied by sudden rises in staple prices, balance of payments difficulties, and ongoing financial shock vulnerabilities[36]. Even in the OECD core, while the important goal of low inflation was consistently achieved, growth was historically comparatively quite low, and in aggregate outside the OECD, non-existent. OECD countries that have implemented the doctrines in their letter, for example New Zealand[37], experienced very moderate growth indeed, especially compared to countries which adopted more eclectic and gradualist approaches, such as Australia, the real OECD economic star of the decade. Unemployment remained historically high in West, declining only slowly in many countries, or manifesting as working poor (and even imprisoned populations) in fully neo-liberal countries, including the UK, New Zealand, and the USA. At the same time, economistic insouciance about high and rising inequality was beginning to be challenged. Social epidemiologists were among the first to measure the effects of inequality and relative marginality on a range of aspects of wellbeing, from material determinants including nutrition and shelter, to early childhood development, to exposure to risk factors, to social cohesion, injury and violence, stress and other psycho-social determinants of health[38].

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[32] Esping-Andersen, G. (1999). Social Foundations of PostIndustrial Economies. Oxford, Oxford University Press.

[33] Esping-Andersen, G. (2001). Households, Families and Children. Paper prepared for the RC19 Meetings, September 2001. Oviedo, Spain.

[34] Wade, R. (2001). Loc. Cit.

[35] Stiglitz, J. (1999). Loc. Cit.

[36] Hellinger, D, K. Hansen-Kuhn, and A. Fehling. (2001). Stripping Adjustment Policies of their Poverty Reduction Clothing: A New Convergence in the Challenge to Current Global Economic Management. http://www.developmentgap.org/UN%20paper.pdf New Zealand's experience in the 80s mirrored this point for point.

[37] 'New Zealand's radical economic liberalization from the mid 1980s to the mid 1990s was part of a worldwide movement, though the New Zealand government did it more comprehensively and persistently than any other'. Schick, A. (1998). Why Most Developing Countries Should Not Try New Zealand Reforms. World Bank Research Observer, 13 (1) (Feb 1998): 123-31. See e.g., The Economist, Dec 2, 2000: 69-71. New Zealand's Economy: Can the Kiwi Fly?

[38] See, for example, Wilkinson R. (1996). Unhealthy Societies: The Afflictions of Inequality. London, Routledge. Ross, N., M. Wolfson, J R Dunn, J-M Berthelot, G A Kaplan, J W Lynch. (2000). Relation between income

Through the late 90s, it was increasingly noted that the economies that grew remarkably, the Asian tigers, China, India, Vietnam[39], had taken unorthodox approaches, liberalising aspects of their markets, integrating in certain ways, but also retaining the prerogative to disconnect, to limit capital and other flows, and to maintain a degree of government involvement in the economy and overall stability that was well beyond the Washington prescription. Indeed, openness to the global economy was rewarded with exposure to macro-economic instability, especially in Thailand and Indonesia. Critics of global integration, including some close to the Bank, found ample country based evidence of destructive effects of reform on key productive sectors, and on increasing the vulnerability of the poor[40].

It's no secret that issues of governance rose to an extraordinary prominence in the period, and great hope is invested in the potential of public management reform to deliver pro-poor growth. Cambodia's PRSP echoes most, "… building institutional capacity and strengthening good governance is the key to the concept of sustainable development with equity"[41]. As lines between government and market were redrawn, the 1990s saw a great deal of experimental reforms with public sector management. Again in OECD experience New Zealand was a bellwether case, importing almost verbatim the institutional economics of Williamson, Demsetz, Coase and North, and turning an extraordinary amount of it into practice[42]. But again results have been very mixed indeed, and many reforms, costly in both human and budgetary terms, have subsequently between entirely reversed. New Zealand's health sector reforms were aptly described as "jumping on the spot"[43], with the radically reformed sector witnessing no evident improvement in health services for poor, while the rich were 'encouraged' by under-funding of public sector health care to take up private cover. Certainly, a third sector emerged, and took up increasingly prominent roles, especially in relation to the wellbeing of Indigenous people and marginal localities[44]. But while the third sector were emphatically engaged by government, the experience of very active participation was far from that promised by advocates of community and NGO partnership in poverty reduction. Rather, the sector experienced a regime of harsh

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inequality in Canada and in the United States: crosssectional assessment using census data and vital statistics. British Medical Journal 320 1 April 2000: 898-902. Lynch, JW., G. Davey-Smith, GA Kaplan, JS House, 2000. Income Inequality and mortality: importance to health of both individual inclome, psychosocial environment, or material conditions. British Medical Journal **320** (29 April 2000)

[39] Fforde, A. (2001) Light within the ASEAN gloom? The Vietnamese Economy since the first Asian Economic Crisis (1997) and in the light of the 2001 downturn. Paper presented at the Vietnam update 2001: Governance in Vietnam: the Role of Organizations. Australian National University.

[40] Hellinger, et. al. (2001). Loc. Cit. In New Zealand, and elsewhere, wider pro-market policy has seen both little growth and greatly widened inequalities, and the public sector management results are at least equivocal. Again, Wade (2001): '…public disaffection has been inflamed by the fall in the quality of service in newly privatized industries that impinge on people's daily lives—notably the disastrous deterioration in rail service (Britain, New Zealand) and in power supply (California, New Zealand)'.

[41] Royal Government of Cambodia, (2000). Interim Poverty Reduction Strategy Paper. Phnom Penh, page 25.

[42] Schick (1998). Loc. Cit. See also 'The Gorringe Papers', an archive of new institutional economics writing by one of the major architects of New Zealand's bureaucratic revolution. http://www.treasury.govt.nz/gorringe/

[43] Cooper M. (1994). Jumping on the Spot - Health Reform New Zealand Style. Health Econ. 3: 69-72.

[44] Fougere, G. (2001). "Transforming health sectors: new logics of organizing in the New Zealand health system." Social Science and Medicine **52**(8): 1233-42.

contracturalism, which undermined collaboration, trust, at the same time made it more difficult to focus on population based needs. A key government report on the sector notes that "… more than a decade of social and economic change and state sector reform has left many in community organisations mistrustful of government and feeling undervalued and disempowered in their dealings with bureaucracy. Many people in iwi and community organisations now feel excluded from key policy decisions"[45].

Meantime, a raft of global studies attesting to the relationship between growth, governance, openness and other aspects of public policy were called into question by a range of substantive studies, notably with Levine and Zervos[46]. They argued that "a wide assortment of fiscal, monetary and trade-policy indicators have very fragile relationships with long run growth ... we could not find robust ties between indicators of monetary and fiscal policy and long run growth". Other critical studies over the subsequent period raised more questions. Rodriguez and Rodrik[47], for example, argued in relation to trade policy and openness, that *pace* Washington Consensus received wisdom, "if there is an inverse relationship between trade barriers and economic growth, it is not one that immediately stands out in the data". And again, searching for types of institution that allow markets to perform adequately, Rodrik shows that "while we can identify in broad terms what these are, there is no unique mapping between markets and non market institutions that underpin them"[48]. Then, discussing the implications for IFI policy advice, which has routinely advocated a single neo-liberal approach, citing the successes of Korea, he argues that the model "is not only untested, but it forecloses some development strategies that have worked in the past, and others that could work in the future". However, "even if the IFIs could shed their preference in favour of the neo-liberal model, there would remain an organisational bias towards providing similar, if not identical, advice to client governments"[49].

At the same time, IFI's own analysts have famously found that policy based lending, where public sector reform conditionalities are attached to the release of loans monies, has been singly ineffective where underlying conditions have not been favourable[50]. Notions of underlying and crucial local differences and ongoing path dependence have been further reinforced in studies showing that longstanding inequalities across societies and between locations powerfully determine the inequality outcomes from what growth does come. Ultimately, it would seem hubris itself to ignore critic Rodrik's admonition, to the effect that while "No-one can be seriously against the introduction of proper accounting standards or

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[45] Community and Voluntary Sector Working Party, Apiril (2001). Communities and Government: Potential for Partnership. http://www.msp.govt.nz/voluntary/workingpartyreport.html , p.3.
[46] Levine, R and S Zervos, (1993). What have we learnt about policy and growth from cross country regressions? The American Economic Review 82 (2) Papers and Proceedings, May 1993: 426-430.
[47] Rodriguez, F., and D. Rodrik. (1999). Trade Policy and Economic Growth: A Skeptic's Guide to the Cross National Evidence. NBER Working Paper 7081. www.nber.org/papers/w7081
[48] Rodrik (2000). Loc. Cit., p.3
[49] Ibid., p. 7.
[50] ADB (1996). Review of the Bank's Program Lending Policies; ADB (1999). Review of ADB's Program Lending Policies, November; Collier, P. (2000). For a New Relationship Between Donors and Recipients: The End of Conditionality? World Bank, Washington DC; and; Dollar, D. and J. Svensson (1998). What Explains the Success or Failure of Structural Adjustment Programs?, World Bank, Washington DC.

against improved prudential supervision of financial intermediaries. The more serious concern with regard to IFI conditionality is that such standards will act as the wedge with which a broader set of institutional preferences— in favour of open capital accounts, deregulated labour markets, arms length finance, American style corporate governance, and hostile to industrial policies— will be imparted on recipient countries"[51].Yet despite this and other contest about the so-called Washington Consensus, as we will see, in practice, the convention is held in place by the tremendous investment made since the mid-1990s in instruments to superintend the relationship between these globally negotiated conventions and national and local sites for their application.

Framing and Measuring poverty

Meantime, the framing of poverty, and the elaboration of understandings within that frame, continued throughout the 1990s. One component of a host of policy papers produced in the early 1990s[52] was the commitment to produce Poverty Assessments (PAs) for all borrowing countries as part of efforts to improve the informational base of pro-poor lending "as a basis for a collaborative approach to poverty reduction by country officials and the Bank"[53]. By the mid-1990s, more than 25 PA s had been completed in Sub-saharan African countries, carried out by a mix of international consultants and, in the main, staff from ministries of finance and planning in the recipient countries. PAs consistently manifested three themes: development of a poverty profile, reflecting what we'll explain later, a ‘money metric’ approach measured against a poverty line of household income; analysis of the causes of poverty; and three, a a consistently recommended strategy.

Kanbur and Squire[54] map how a multi-dimensional conception of poverty has at least since the 1990 World Development Report become firmly accepted in a wide range of policies and strategies promoted for poverty alleviation. For our purposes, two points stand out in how poverty strategies have evolved. One, which they highlight, results from increasing use of participatory assessments of poverty, and the new attention given to vulnerability, power and control in conceptions of poverty. A second, quite different feature arises from the linking of these assessments, through programmatic poverty strategies, to top level budget planning and expenditure management arrangements. In Part II, we show the contradictions that have resulted between these two trends. This sets up our discussion in Part III of the key flaws in the PRSP approach and of prospects for their correction.

For almost twenty years, 'people - centred' participatory rural development research, popularised by Robert Chamber's 'Whose Reality Counts' publications, has pointed out the aspects of poverty missed or glossed over by conventional measures of 'income' or

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[51] Rodrik (2000). Loc. Cit., p. 28.
[52] World Bank (1991). Assistance Strategies to Reduce Poverty, Washington DC, (1992a). The World Bank; Poverty Handbook, Washington DC, The World Bank; (1992b). Operational Directive 4.15, Washington DC, The World Bank.
[53] World Bank, (1992b), loc. Cit., p.4.
[54] Kanbur, R. and L. Squire (1999). The Evolution of Thinking about Poverty: Exploring the Interactions,

'consumption' poverty. Pushed by elements within the World Bank eager to be seen to be forming alliances with NGOs and other proponents of 'participatory development', participatory poverty assessments (PPAs) where quickly adopted from 1993 and by 1998, about 45 PPAs were underway, and now accompany most PRSP preparations.

The PPAs are open to all sorts of critical commentary, and in many respects they do simply validate what had been exhaustively documented by earlier research [55], but three features are striking for the point we develop in Part II. First, PPAs established that whilst poverty manifests as material deprivation — hunger, the lack of food, shelter, clothing — the poor also highlight common psychological and political dimensions to poverty. *Voices of the Poor* for instance, reports a woman in Latvia, *"*Poverty is humiliation, the sense of being dependent on them, and of being forced to accept rudeness, insults and indifference when we seek help*."* As expected, prevalent in the poor's accounts is lack of access to basic infrastructure and services. But whereas official accounts of poverty highlight the 'social gap', that is the difference between rich and poor in indicators of educational, health or other standards of attainment, the poor rarely have such a static view of what is required in their lives. Education is valued, for instance, but only if it offers an escape from poverty, not in its own right. Lack of access to affordable, effective health care is dreaded, not just as a source of 'ill health', important though that is, but as a source of vulnerability and, ultimately, destitution. Finally, in some respects also contrary to conventional emphasis, the poor rarely speak of 'lack of income' *per se*, but rather focus instead on constraints they face in managing their assets (human, material, social, political) through which they cope with their vulnerability.

The second unsurprising feature, then, was that the PPAs' 'voices of the poor' spoke of poverty in terms of vulnerability, power and local control. Striking is people's concern with the risk and volatility of their incomes — due in large measure to their vulnerability to environmental calamities — climatic perturbations prompting crop failure, etc — but also vulnerability due to powerlessness. The latter has been described by some as the most fundamental characteristic of poverty and now the 'empowerment' theme has been incorporated into the PRSP approach.

Third, less often announced but clearly following on from this, the PPAs are interesting in the contrast they provide with conventional accounts of 'governance failure' and what to do about it. Poor people recognise the state has responsibilities to equitably provide affordable, effective public goods and services. They feel government has failed to deliver and indeed that their interactions with local state institutions are marked by rudeness, humiliation, harassment and corruption. However, accounts of the experience of poverty highlight not just the failure of public institutions to deliver services to which they are entitled but, it seems, two more profound points. First, it is commonly perceived that interactions with

[55] Eg., Chambers, R. (1995). Poverty and Livelihoods: Whose Reality Counts, DP 346, Institute for Development Studies, Sussex. Goetz, A. and J. Gaventa (2001). Bringing Citizen Voice and Client Focus into Service Delivery, IDS Working Paper 138, identifies "14 different types of 'voice' mechanisms that are available".

government agencies actually erode important household, political, civil, natural resource and social assets and thus increase vulnerability to poverty. The impact of a brutalising police force and a corrupt judiciary is for instance remarked by the poor far more often than is attended to in conventional programs to deal with poverty. This is particularly demoralising for the poor, who already feel defenseless against the power of the state and the elite. Second, beyond the obvious point that people should not have to fear increased vulnerability due to actions of the local state, it is also clear that poor people expect that government to assist them both to connect up with the opportunities presented by the market, and to intermediate and mitigate the volatility induced by globalised market forces. In these respects, the poor's conceptions of poverty highlight the ways in which agencies of government operate, how this can attenuate their sense of vulnerability and lack of control over their lives and, alternately, assist them as interlocutors with global market forces.

Convergence: the re-launching of Poverty Reduction

In the aftermath of the Asian crisis, and in the context rising uncertainty around core IFI business and the power of policy to effect real poverty alleviation, the durable Washington consensus has come together conspicuously with poverty assessment, and been confronted directly by the voices of the poor. As key players in the IFIs fought over blame, and over the reliability of core Washington consensus doctrine, and as they found themselves assailed by empirical doubts and details, violent global protest and ever more shrill civil society critics, Poverty Reduction appears to have offered a way to publicly reposition IFIs away from the deeply unpopular approaches to structural adjustment.

Some of the changes do appear to relatively cosmetic, and this may have only further incensed critics. While the policy messages are as hard and sharp and narrow and doctrinaire as ever, IFI websites and corporate promotional material place the poor upfront of glossy brochures and opulent institutions. Despite notable efforts at accommodation, the capturing of the Poors' Voices and their prominent display in Bank press releases and publications sit awkwardly alongside the highly technicised agenda dominated by the core economies. Much seems little more than relabelling, often performed somewhat cynically: National development plans become PRSPs backed by PRSCs, ESAFs become PRGFs. Within actual PRSCs, the links between liberalisation and openness and poverty continue to be trumpeted, even where evidence is thin: a recent document promises the PRSC will "promote faster growth and poverty reduction" by "improving the climate for the private sector, thereby generating jobs and higher wages; reforming State enterprises to improve efficiency and free up fiscal resources for poverty reduction program; restructuring the banking system to reduce the risk of financial crisis, which could otherwise undermine poverty reduction efforts; and integrating with the world economy to expand labor-intensive exports". Fine aims all, yet the links between the two parts of each statement are more easily achieved rhetorically than in practice.

But in other respects the impact of protest and poverty itself is being felt, and genuine efforts to accommodate the diverse threads of the 1990s cannot go unnoticed. In most important respects, the PRSPs underway since 1999 represent the global convergence in attempts to bring together all the contradictory hopes and recipes of this diversity. This is evident across the three core 'prongs' of the PRSP approach: pro-poor growth; social inclusive human development; and in the good governance concerns to ensure adoption of global rules for market- state - community interaction.

In OECD circles, the emergence of similar, variously Thirdway approaches in core economies has, despite inclusive aims, done little to take the edge off Washington Consensus economic policy. Inequality remains high, and often growing. New Zealand's new centre-left government, for example, has stuck with its open economy and, aided by greatly lowered exchange rates and now very cheap educated labour, is currently riding out gathering global recession plausibly well, with so far low unemployment and some growth to show. A raft of new policy labelled 'social development' promises skills training and other compulsory 'opportunity' and 'inclusion' to the unemployed[56]. National and many local governments are becoming more inventive and facilitative, in mild forms of industry policy, and in partnerships with both social agencies and business. The poverty measurement, inclusion, place based and third sector partnerships dimensions of social policy are generating renewed enthusiasm from some social sectors, even though poverty effects remain quite unclear[57].

Poverty Reduction Strategy too, it seems will live or die according to the ultimate ability of neo-liberalism joined to a range of much less certain, security oriented range of social policies to actually provide poverty uplift. In sum, the ongoing uncertainty in all of these areas is at least cause for caution, by which we don't mean a return to sharp, hard economic conservatism. Nevertheless in the short term, the address to developing countries and poverty through highly rationalised, Washington Consensus oriented frameworks continues to be elaborated, as following sections highlight.

Part II: PRSP Financing, Local Poverty and Politics: International and Uganda experiences

The re-framing of poverty, via the coming together of macro- planning and budgetting with debt relief, plurally funded poverty alleviation approaches and decentralized governance is now a fact of life in the bulk of poor countries, especially in Africa. As we describe here, country PRSPs provide a uniquely comprehensive framing of poverty amenable to diverse,

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[56] See e.g., New Zealand Government (2001). Pathways to opportunity: From Social Welfare to Social Development. http://www.msp.govt.nz/keyinitiatives/pathwaystoopportunity.html

[57] Maskill, C. and I. Hodges. (2001). Intersectoral Initiatives for Improving the Health of Local Communities: A Literature Review. Report to Ministry of Health, mimeo. May. See also http://www.nhc.govt.nz/pub/improvinghealth/ImprovingHealth1.pdf

often conflicting interests — ministries of finance sit together with ministries of local government, education or social welfare, and bilateral donors and IFIs commune with representatives of local and international NGOs, engineering contractors and private entrepreneurs. But the PRSP is far more than a forum for exchange about priorities; rather, in practice, PRSPs must be administered according to globally prescribed budget management and accountability arrangements through which available resources are, and are seen to be, converted into measurable changes in agreed indicators of need.

Just as NGOs and other critics of conventional poverty strategies were highlighting 'empowerment' centred views of poverty, they were also joining with IFIs and bilateral agencies to prompt and articulate important shifts in thinking about how resources for poverty reduction should be mobilised and controlled. Well targeted lobbying on developing country debt led to the HIPC (Highly Indebted Poor Countries) initiative[58]. Now, 22 of 41 heavily indebted countries have qualified for debt relief under the HIPC[59]. However, eligibility under HIPC comes with two sets of provisos. First, access to HIPC benefits is conditional on the adoption of a range of policies believed necessary for debt sustainability, to improve connections between local economies and international capital and commodity markets, and to implement globally sanctioned (that is, as we've noted, mildly nuanced Washington Consensus style) regimes of macro-fiscal management. Second, regardless of political persuasion, proponents of the HIPC insisted that eligibility carry the proviso that the ‘debt dividend’ be channelled to support ‘pro-poor’ public sector investments. HIPC then became an 'accountability framework' to explicitly bind country debt management into global macro-economic, governance and social policies. The need to create a mechanism whereby poor countries could be seen to be prepared for this process in part prompted PRSPs, now required by the Boards of the IMF and World Bank to access HIPC benefits and, increasingly, any form of concessional financing. On the one hand, PRSPs are "expected to enhance country ownership of HIPC's economic adjustment and reform programs"[60]. But they are also, from a different point of view, a means of ensuring that budgetary decisions made by developing countries are globally legible ('transparency') and in accordance with negotiated agreements ('accountability to conditionalities') about 'reaching international development goals'.

The emergence of PRSPs as a common, 'pro-poor' accountability framework were, as we've noted part of a larger convergence about how poor countries economies should be governed. In highly indebted countries, a reconfiguring was occurring of the roles and responsibilities of governments to their citizens. Now, governments' principal responsibility, once PRSP accountability frameworks are in place, is to match these with financing and

[58] Notably the Jubilee Network, Oxfam International, Bread for the World, and 50 Years is Enough Network. The adequacy of HIPC is highly contested, which we don't have space for here - for a summary, see Rowden, R. (2001). 'A World of Debt', The American Prospect, 12 (12). http://www.prospect.org/rowden-r.html.
[59] See IMF/World Bank (2001). The Challenge of Maintaining Long-Term External Debt Sustainability, Development Committee (Joint Ministerial Committee of the Boards of Governors of the bank and the fund on the Transfer of Real Resources to Developing Countries), DC2001-0013, April 20.
[60] Ibid., p. 8.

expenditure instruments through which resources can be directly transferred to people and places identified as 'in need' and for which measurable results can be demonstrated through social and financial audit reports and other legal compliance instruments. To be administered in practice, then, debt management and poverty reduction strategies required macro-budget and expenditure management devices and increasingly popular decentralized service delivery arrangements for connecting international financing agencies with highly localised places and target groups. Although each has a considerable, often dissonant history in development practice, PRSPs play an important role in linking these for the purpose of coordinating international, national and local governance.

PRSPs thus serve multiple purposes, representational, policy- rational, articulative and technical: they define specifics of local poverty in wider terms, they detail local strategies to 'alleviate' poverty according to international conventions, and then, create at national level a framework for targetted, managed actions against poverty. But PRSPs have been judged most effective only when backed up by macro budget planning and control devices binding donors and governments. Most widely applied is the Medium Term Expenditure Framework (MTEF). This approach to linking poverty alleviation to top level budget planning is a very recent and so far uneven convergence, but one travelling at gathering speed throughout the developing world. Sector Wide Approaches (SWAps) were an earlier, less ambitious step to address similar donor concerns about lack of coordination of development assistance, the need for 'concerted action', focussed and well targetted assistance, and not least also to find a mechanism through which governments could be held to commitments.[61] SWAps provide both a policy and a resource management framework through which all plans, budgets and expenditure arrangements for, say, education or health are wrapped together, against which governments (national and local) and donors channel finance for a commonly agreed set of conditionalities or performance measures according to a medium term, 4-5 year plan of action.

MTEFs, like PRSPs, are developed generally under international tutelage and negotiated with donors and IFIs. The MTEF links policy, plans and budgets over a medium-term (i.e., 3-4 years); it consists of a top-down resource envelope, (aka, 'the hard budget constraint'), and a bottom-up estimation of the current and medium-term costs of development policies. The persuasive, ambitious MTEF 'tool box' language is instructive. Thus, for the Uganda government, "the objective of the MTEF is the design of all public expenditure by a clear analysis of the link between inputs, outputs and outcomes, in a framework which ensures consistency of sectoral expenditure levels with the overall resource constraint in order to ensure macroeconomic stability and to maximise the efficiency of public expenditure in attaining predetermined outcomes"[62]. MTEFs are the national budgetary complement to the PRSPs. They provide one, comprehensive device binding together global agreements,

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[61] For instance, in the health sector, see Cassels, A. (1997). A guide to Sector-Wide Approaches for health Development: Concepts, Issues and Working Arrangements. WHO, Geneva.

[62] Government of Uganda, (2000). Poverty Reduction Strategy Paper: Uganda's Poverty Eradication Action Plan: Summary and Main Objectives, Ministry of Finance, Planning and Economic Development, p. 17.

national inter-sectoral budgeting and highly localised investments, in ways that were never possible through the 'national development plan' and 'national accounts' type devices popular in the immediate post-colonial period.

MTEFs take considerable time and resources to develop. The Uganda MTEF, for instance, began in 1992 and has undergone three major phases since then: the first, from 1992-1994, focused on the macroeconomic framework and selective treatment of medium-term allocation (e.g. wage bill, defense, roads, etc.). The second, from 1995-1997, examined the macroeconomic framework in addition to comprehensive sector allocations, which linked to sector policy objectives (e.g., Universal Primary Education, or the Ten Year Roads Sector Plan). The current phase, which began in 1998, focuses on annual consultations with donors, national technocrats, and civil society. Here is where MTEFs are most powerful, since in most aid dependent countries, ‘meeting the MTEF’ involves the coordinated agreement of a large number of bilateral and multilateral donors to reach agreement on annual national budgets, detailing resources for each sector and spending unit of government.

MTEFs constitute the sub-stratum of budget planning and expenditure controls held together at the top by the overarching commitment to 'poverty reduction' through the PRSP. The WB/IMF have invested heavily to promote 'local ownership', but the PRSP/MTEF linkage has drawn much criticism from civil society groups; that they have come to represent the larger architecture of conditionalities governing the engagement of sovereign governments with global finance, that they super-intend extra-parliamentary technocratic decision making, that they bind all localities with a national programme of 'pre-defined' ends, and so on. But so far this has been muted and inconsequential alongside the applause that 'responsible governments' are finally getting their houses in order. From our perspective, these concerns are obviously crucial but we want to illustrate the perverse effects of these devices at the local level. The various strands of the PRSP approach — the four prongs mentioned earlier — have had rich rhetorical value in the past. Now, it is being hardwired into budgetary structures through MTEF-type processes and as a result, in a number of countries unprecedented volumes of funds are flowing direct from international sources, through central agencies straight to community level programmes in health, education, infrastructure, agriculture and so on.

To be sure, increased resources for poverty-focussed services at the local level is undeniably a 'good thing'. Yet the way this appears to be occurring, and in some of the cases held up as exemplar performance, shows up certain contradictions in how the PRSP package is put together in practice and these, we argue, point to more serious problems of the approach overall. At one level, these contradictions simply confirm remarks well versed by critics — that the IFIs' new gesture toward empowerment is simply a populist and inconsequential add-on to the persistent concern of neo-liberal development policy to clear away all impediments to connecting the local more fully with global capital and markets. But it is more than this. There have been well-publicised disputes within World Bank circles about the relative position given to 'empowerment' and economic 'opportunity' at the policy level[63]. But no-where do we see a careful attention in PRSPs to an understanding of vulnerability, empowerment and opportunity in a way that suggests any real sense of local political economy. One cost is that we fail to see the ways in which PRSP approaches have a destructive effect on local governance. Another cost is that we do not examine how the PRSP approach could be positively engaged through decentralized approaches to promoting local productive capacity. Local political economy, in other words, is seen only as a source of perverted priorities, corruption and malfeasance, an 'inconvenience' to be skirted around, and against which NGOs or private sector agencies are to be rallied to police fiscal transfers made for service delivery.

The results of PPAs do feature in PRSPs — the Ugandan PRSP, called the Poverty Eradication Action Plan (PEAP) often refers to people's concerns with powerlessness, vulnerability, or isolation, all drawn from the PPA. However, these power and control centred conceptions of poverty are typically crowded out by the predominant money-metric and 'social gap' approaches of the PRSPs. Consistent with this conception, the implicit remedies involve filling this gap by specially targeted interventions to impact on the indicators. Now, when this is connected with the MTEF, the 'problem of poverty' is to be reconciled by increasing direct spending on pro-poor public goods and services. The PPAs, then, when locked into the PRSPs make local community poverty needs legible in terms of health, education, rural water and sanitation, etc priorities, and instrumentally link these directly back to central planning levels. The PRSP-budget link ensures they are monetised as budget line items in the MTEF, from where direct transfers are orchestrated down to the local level. The directness of these links from centre to locality, back to the centre and down again through investments is important: information about local poverty travels up, making localities legible and legitimating poverty alleviation processes at central level with local voice. On the other side of the budget, pre-defined local goods and services travel down.

This political significance is clearer if we turn to the devices of governing the downwards transfer of public goods and services routinely deployed to ‘deliver’ poverty alleviation programmes to localities. Most well known are Social Funds. Social Funds have in general fulfilled two requirements, both ideally suited to the needs of international agencies keen to advance their dual mandate of instituting policies on macro-economic adjustment on the one hand (including the debt relief initiative) and resurgent concerns for poverty alleviation on the other. When first conceived, Social Funds provided a direct, easily measured and publicised device through which to demonstrate humanitarian concern for the plight of very large sections of the population adversely affected by structural adjustment. Since 1987, the World Bank has approved about 100 social fund-type projects in more than 60 countries with a total value of about $3.4 billion[64]. They remain popular - providing direct high volume

[63] See Wade, R. (2001) The US Role in the Malaise at the World Bank: Get Up, Guilliver! Ppaer to American Political Science Association Annual Meeting, San Francisco, August 28-30.
[64] Parker, A. and R. Serrano (2000). Promoting Good Local Governance through Social Funds and Decentralization, World Bank, Washington DC and UN Capital Development Fund, New York, p. 13.

disbursement channels connecting international agencies and local poor communities according to international standards of need.

Second, in current parlance, they have become a device to 'ring fence' resources earmarked for poverty reduction, such as through the HIPC. Nowadays, Social Funds are linked through the MTEF to establish direct links international agencies, central government and communities, locked into central ministry Project Implementation Units under international agency contracts and quickly by-passing all governmental domains. The results of PPAs had frequently characterised the intervening levels of government between centre and local poor as an obstacle, a potential corrupter of a direct process of identifying and meeting needs. Social Funds parlayed directly to this convention by mirroring the basic conception of poverty as 'lack': offering direct, controlled transfers to specific localities with pre-defined 'objects of financing' that could not be tampered with by local politics. The promise of direct, ring-fenced linkages between international concern for the poor and, through these investments, measurable changes in poverty indices at the local level, everywhere proved powerfully persuasive at donor-government Consultative Group meetings over the MTEF. This has had strikingly similar consequences in two respects: the rapid increases in volume of resources channelled to local investments, and second, their impact on local politics, in particular, relations between local and national politics on the one hand, and between local political leaders and their constituencies on the other.

Ugandan experiences

Uganda presents arguably the leading example of macro-budgetary frameworks linked to debt reduction, its case being especially significant for having combined local and wider framing of poverty with decentralized approaches at local political levels. Ironically, while no 'social funds' were applied in their popular form, the 'ring fencing' ethos came, at the end of the 1990s, to dominate Ugandan central - local relations in sophisticated and perverse ways. The Poverty Action Fund (PAF) was created in 1998/99, to channel HIPC and other debt-relief funds, donor budget support and government's own resources into activities in support of Uganda's PRSP, the Poverty Eradication Action Plan (PEAP) [65]. The PAF has four key characteristics. First, it is partly a presentational device for ring-fencing a sub-set of 'poverty focussed' MTEF budget lines. Second all PAF expenditures must directly finance poverty reduction interventions. Third, budget additionality is closely monitored by donors through the PAF/MTEF, by comparing current financing with the level of funding of the same activities in the 1997/8 budget by sector, locality and the details of goods and services for which investments are made. Fourth, stringent accountability requirements are supposed to be applied — monthly, quarterly, annual plans, budgets and expenditures are centrally approved and tied to compliance criteria, backed by enforceable interdiction procedures.

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[65] Objectives 1 and 2 of PEAP cover macroeconomic management, security and other national issues. PEAP Objective 3 is '*raising incomes of the poor*' and Objective 4 is '*improving the quality of life'.*

The majority of the PAFresources are transferred to Local Governments, vested with wide-ranging powers and functions under Uganda's renowned decentralization laws — the significance of which we'll return to shortly. The PAF has ring fenced a rapidly increasing volume of resources and share of the national budget. Since 1998, PAF capital financing (for schools, primary health care, agricultural extension services, water supplies, roads, etc), increased from almost zero to around US$51 million in 2000/01. The total PAF budget is currently around US$ 290 million, almost 33% of the total national budget, of which about 75% is transferred to districts as conditional grants. Because PAF funds are to be used only for pre-defined packages of investments, transfers are made to local government through the conditional grant modality. Releases are conditional on submission to line ministries of a plethora of work plans, budgets and expenditure reports. Quite evidently, the PAF-conditional grant mechanism has enabled a substantial growth in primary service provision. However local governments are now on the receiving end of 26 different transfer systems, of which the conditional grants ring fenced by the PAF are much the most significant in number and volume of funds.

The PAF experience is a good basis on which to observe the local political and governance consequences of what we earlier termed the 'social gap' understanding of poverty when engineered at national scale across all sectors and levels. In Uganda, the assignment of planning, management and accountability responsibilities to local governments under decentralization saw the ring fencing modality of the PAF clash directly with local governance. Uganda's democratic decentralization, introduced in 1992, but with full force after the 1997 Local Government Act, in some respects mirrors globally popular experiments with decentralized governance[66]. While globally the evidence is equivocal, in Uganda there is good cause to argue that decentralization has enhanced the responsiveness of planning and allocations to local needs, improved the efficiency of resource use, increased local accountability and built long term capacity in democratic local governments. But Uganda experience also shows that whether these benefits are sustained depends crucially on relations between central government and local councils, and between them and their local constituencies. Decentralization is first and foremost a restructuring of governmental relations in the direction of the locality, involving the designation and ideally the funding of new mandates, capacities and accountabilities at the local level. At face value, the necessary conditions for this to occur have been instituted through the Local Government Act 1997 and associated regulations [67].

[66] This global pattern is summarised in Porter, D. and D. Craig (2001). Devolving the Hydra, Respecting Local Domains, *in press*, Economy and Society.
[67] Manor, J. (1999). The Political Economy of Decentralization, World Bank, Washington DC, notes three important conditions are necessary if decentralization is to lead to improved governance (Manor 1999): () Significant powers and responsibilities for local service delivery should be devolved to representative local authorities in line with their capacities (political decentralization); (ii) Sufficient resources, through a combination of local taxes and grants from higher level governments, must be provided to enable local governments to fulfill their responsibilities (fiscal decentralization); and (iii) proper channels for accountability are needed to encourage strong accountability between bureaucrats and elected representatives, and between elected representatives and their electorate (institutional decentralization).

Experience with the PAF, however, shows that the kind of central - local relations that are established can profoundly affect whether improved local governance occurs, and whether this delivers on its promises for poverty alleviation[68]. On the one hand, the growth of the PAF has resulted in a dramatic increase in school attendance and construction, the availability of health services, road improvement and water-point construction, although agriculture services are poorly resourced compared to the social sectors, and the impact on agricultural production, productivity, diversification and incomes has been minimal to date, largely as a result of the preference of donors for directing resources into social sector expenditure. On the other hand, local councillors' views about the impact of the PAF on local governance and control are unequivocal. The PAF system has reinforced the dominance of central line-ministry-led sectoral approaches to implementation. District heads of department have become in effect agents of the central government, undermining the principles of decentralization. Accountability for planning and implementing activities is largely 'upwards' from district administrators to line ministry heads. The accountability of administrators to elected local leaders, the key in decentralization, is increasingly ad hoc.

This has two consequences. First, local transparency is poor, with decisions about priorities, plans and investments being made by the administrators, central and local, effectively shutting out the kind of scrutiny by elected leaders necessary for local accountability. Second, the ability of local councillors to respond to the needs expressed by their constituents, and being seen to respond, has become greatly constrained. Few resource allocation decisions can be made by them, and thus the crucial 'downwards accountability' of leaders to the electorate is undermined. Community involvement in planning and responding to poverty is, under the PAF, almost non-existent, which results in a weak sense of local ownership, in turn limiting people's mobilisation in support of common interest activities, and undermining their commitment to operating and maintaining the facilities and services financed by the PAF. Finally, a range of 'knock on' effects of the PAF is now also emerging. The 'success' of the PAF, in ring-fencing resources, attracting both the HIPC dividend and additional donor resources, has turned the attention of decentralized local governments away from their constituencies, toward the centre, from where resources flow. Just as central transfers have increased sharply in recent years, local revenue collection has remained stagnant or in many cases fallen dramatically, reflecting reduced incentives on the part of councils to collect tax, and on the part of constituents to feel any obligation to their local councils. Thus, this further undermines the accountability of elected leaders to their constituents for delivering services in response to local taxes and revenues. Further, with the bulk of local administrative and political capacity now diverted to managing a new form

[68] This commentary is summarised from Government of Uganda (2001). Fiscal Decentralization in Uganda: the Way Forward, Ministry of Finance, Planning and Economic Development/Donor Sub-group on Decentralization, January; Onyach-Olaa, M, & D. Porter (1999). Local Government Performance and Accountability. Proceedings of African Union of Local Authorities Conference, Kampala, and: Obwona, M et al., (2000). Fiscal Decentralization and Sub-national Government Finance in relation to Service Provision in Uganda, NALAD and World Bank, Washington DC . See also Bevan, D. and G. Palomba 2000: Uganda: the budget and medium term expenditure framework set in a wider context. Background paper for the World Bank Poverty Reduction Support Credit, mimeo. Department for International Development.

of patrimonial relation with the centre, other priorities and potential roles of local government for stimulating local productive capacity and innovation are well off the stage of local politics.

While many of these outcomes are peculiar to the Uganda situation, they reflect the PRSP approach in its practised, rather than its rhetorical form. Of two points relevant here, the second is more significant. First, these consequences of the PRSP/PAF in Uganda are in large part they are the product of the 'money metric', 'social gap' filling approach to poverty inherent in the PRSP and are greatly exacerbated by the ring-fending mentality of the PAF. The tendency to see poverty as a 'lack', as a resource or service gap to be filled has perverse effects and, when joined up with Social Fund and PAF types of governance arrangements, is clearly detrimental to poverty reduction strategies which place control, power and local governance at the centre of response to poverty. But, second, for many adherents of this approach to poverty reduction there is no contradiction. Empowerment is to be achieved through placing poor communities in close connection with the market. Pro-poor social fund transfers substitute for 'state failure' in the short run, improve people's capabilities through better health and education in the medium term, and enable their long term integration with national markets responding to international market signals.

Constructing the frameworks: benefits and costs

Ugandan experience shows what can be achieved through common accountability frameworks, the national poverty eradication plans, corresponding budgets, negotiated agreements and the unprecedented focus of resources around a common sense of purpose brought to bear by donors, governments and civil society organisations in the PRSP framework. But the costs are unprecedented as well, not just in terms of the bevies of international and local consultants, civil servants, politicians, critics and advocates required to design and manage the detail of these financing instruments, to superintend the multitude of donor-government and community forums to reach and sustain agreement. Rather, the main cost is in opportunities foregone by the lopsidedness between the 'technical' and the 'political' in conventional PRSP processes. This, in the large frame, is most marked in the way political authorities, national and local governments, are reformed and narrowed down to focus on the plethora of financial stability and integration 'rules' by way of best practices, considered necessary for sound financial systems and for the 'accountable' delivery of resources to areas of local need according, again, to globally determined standards and strictures.

This supports all sorts of experimental and largely untested approaches - in terms of confidence about outcomes - to public management, about bringing the market and private sector into dealing with local issues that once were responsibility of representative institutions to at least try to deal with. Now, much is lost as a consequence of the PRSP-style focus on representing and categorising poverty in global terms, and dumbing down poverty so 'discovered' into strategic mantras of 'pro-poor growth', 'inclusive social development' and 'good governance'. Much, too, is lost as a consequence of the ideological demand that the state's role is limited in these terms, except ensuring that the rules suited to the market will prevail. In all this, you get a stunning poverty of imagination when it comes to the potential roles of the state in relation to productive opportunity.

In this way, PRSPs show an intriguing face of globalisation. Globalisation pushes, depends on a progressive shift from informal to formal institutions. This requires, and further reinforces the displacement of the many locally attuned social norms and rules of conduct with formally specified, globally legible and legally binding norms and rules. This means that the role of the state in setting up and policing institutional frameworks is likely to increase. Assuming that this will result in rising productivity, though this is by no means clear, the extent to which the poor are able to influence these processes will determine whether patterns of growth are pro-poor and whether the extension of markets will impact positively on poverty. There is no need here to reiterate the chorus of doubts now being expressed about this. But it also has other immediate consequences. Governments, national, local, are reformed and reconfigured in terms of this role. And the profile of expertise available to IFIs has, over time, become geared toward transferring the 'openness and inclusiveness' orthodoxy on the one hand, and fostering 'third sector' and 'private sector' engagement on the other. One result is that you get a much depleted capacity to practically engage with these local political economic manifestations of poverty or with the highly contingent ways that new opportunities might be turned to good effect.

Now, how might PRS policy reflect this realisation?

Part III Local-global: knowledge, politics, economies

A flick through PRSPs from wildly divergent country's reveals great universality in vocabulary, process, form, content and even prescription. This paper joins others in the critical recognition of a globalised, one-size-fits- all orientation to PRSP and related programmes. With some exceptions, PRSPs provide a good deal of evidence of the macro still driving the national, the global the local, the rational the practical, the technical driving the political and economic. What is refreshing and promising, however, is when divergence occurs, the presence of local concerns, of dimensions grounded in local situations, and the amount of local, contingent material that is finding its way into PRSP contexts.

Our suspicion is that this may change. As IFIs are drawn by the PRSP process into closer, more country and locality focused approaches, the place of local specificities, the extent of their challenge to global orthodoxies, and the need for more and even closer contextual, locality knowledge and people-focused approaches might be enhanced. Presently, the forms are universal and narrow enough, the documents brief enough, for local contingency not to cloud sharp global clarity. But this might change, with time, ownership, local knowledge, growing local capacity, and political experience. This 'decentralization' of knowledge of poverty, and highlighting of the interactions between global, national and local poverty, is one we want to promote here.

This will need far more than just framing up poverty with local voice[69], even in the important ways that voice has been recently foregrounded. Simply building local voice into participatory planning arrangements for the delivery of pre-determined services through the silos of Social Funds/PAFs will continue to muffle a clearer appreciation of local political economy[70]. Ironically, the retrieval of local voice for global poverty themes ends up being more descriptive than explanatory, and even distracts from an understanding of the causal dimensions of the vulnerabilities the poor often describe. OECD health sector experience with Thirdway style initiatives such as Health Action Zones shows up the limitations of downstream, locally focused and curative approaches to illnesses. Ill health may show up in local epidemiological data, and need to be treated locally, but narrowly technical bandaids for local symptoms do not address wider systemic problems (of exclusion, income, environment, inequality, identity) that must be addressed at a much different scale[71].

In large, globalising processes mean that localities and nations rich and poor are being pushed into repositioning themselves in terms of increasingly extra-local structures of inclusion and exclusion opportunity and exploitation. In this process the importance of salient characteristics of the locality is ironically increasingly important, as people and organizations find themselves having to establish a local come global niche, linked to yet stable within spreading and networked social, political and economic arrangements[72]. PRSP adjustment style policies seek in large to get national positioning in relation to the global established on a globally 'rational' basis. But while macrostability is certainly important (and it is not clear that the current policy mix delivers this), it will ultimately be much more specific and local dimensions of economy, politics and the social which linked to global change will determine outcomes for any particular poor.

PRSPs need to move beyond their current foci on narrow national level financial and economic integration, on the governance mechanisms attuned only to that, and on the residual and vulnerable position of the poor seen in that light. They will ultimately need to engage much more substantively with issues of local comparative and competitive advantage, sectoral strengths and weaknesses, structural and political (gender and identity) issues of marginality, and genuine local governmental and other capacity, political legitimacy, and partnerships. To do this PRSPs will need to overcome and move beyond their preoccupation with global come national sharp and hard economic settings, swallow their distaste for facilitative and partnership roles for local and wider government, and

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[69] On framing poverty, see Craig, D. and D. Porter (1997). Framing Participation: development projects, professionals and organisations. Development in Practice, 7 (3).

[70] Participatory planning in Uganda, in this light, is discussed in Porter, D. & M. Onyach-Olaa (2000). 'Inclusive Planning and Allocation for Rural Services' in D. Eade (ed.) Development and Management, Oxfam & Open University, Oxford, with M. Onyach-Olaa, pp. 104-120.

[71] Wilkinson, R. (1996). Unhealthy societies: the afflictions of inequality. London. Routledge.

[72] Swyngedouw,E. (1997). Neither Global nor Local: 'glocalization' and the politics of scale. In: Spaces of Globalization: reasserting the power of the local. (Ed: Cox,Kevin R) The Guildford Press, New York and London, 137-166.

develop much more nuanced understandings of local and sectoral productive opportunity, in wider global contexts. To do this they will not incidentally require a great deal more local ownership, to the point where they cease to become a globalised imposition, and become much more a matter of local self-positioning in relation to global structures of opportunity and vulnerability.

Repositioning the knowledge base: local - global knowledge, monitoring and strategy

"Countries that have achieved long term economic growth have usually combined the opportunities offered by world markets with a growth strategy that mobilises the capabilities of domestic institutions and investors". Dani Rodrik[73]

PRSPs need to be much better grounded, then, in local knowledge about local sectoral, political and economic positions. Crucially, this involves understanding the local in relation to wider contexts. Overall, we feel confident that the role of such knowledge will grow anyway in all development contexts, including, if it is to be sustained, PRSP. But we think PRSP would do well to consider deliberately broadening its local knowledge base and engagement, and specifically in a small number of key directions. At the same time, to reiterate, we are well aware that such a broadening would lead to contests for primacy between local and global kinds of knowledge, and for legitimate ownership: these contests we consider all to the good.

What we are arguing for overall is a locally and specifically focused set of political economic understandings, poverty measurements and productive opportunity assessments which pay attention to the ways in which local, national and global changes are interacting with and impacting on local places, sectors, and industries. Three illustrations of what we mean. First, it will involve a clear delineation of local governmental, educational, technical and other capacities and mandates: some of the usual business of good decentralization programmes, and informed subsidiarity debates. This would involve scoping possibilities, but also crucially identifying areas where local initiative is simply inadequate to the task, and wider systemic issues, such as the distribution and security of physical assets and opportunities, need addressing. Second, it would continue to involve the ongoing development of an understanding of gender, class, ethnicity, minority, caste, geographical and other unequal dimensions of deprivation, represented in social reporting modes in causal as well as descriptive terms: an amplified, more political-economic version of 'Voices of the Poor', where the sorting and buffering mechanisms of inequality and interventions are made graphically visible. Third, it would involve a certain monitoring of the effects of global and national changes, for example in core productive sectors and income distributions, on local situations. It would involve development of closer understandings of regional and local economies and core sectors in relation to wider change: here, issues of impact on local producers, impact of integration and outside ownership, monopolization and other market

[73] Rodrik, D. (2001). Trading in Illusions, Foreign Policy Magazine, March/April.

power could be flagged much more emphatically, and recognized and contested at international level.

Done right, it could become a form of knowledge useful to the poor themselves, disseminated locally, practically oriented, risk sensitive[74]*.*

What analyses and knowledges like this might achieve is locating both the poor, but also local economies and governments in a more realistic framework of action and interests, and a clearer register of both adjustment costs and opportunities for the poor. This seems a tall order. But it is exactly the kind of local-global knowledge based mapping, positioning and benchmarking exercise which is now routinely carried out by local territorial authorities, industry and enterprise in many OECD countries, as they try to assess the structures of opportunity, and enter into specific locally developed partnerships to draw on locally specific, appropriate networked resources. There, this kind of local-come-global knowledge is becoming the basis for local, regional and national strategy directed at both poverty, competitive advantage, and related social, educational and health policy. We are not arguing here for a hyper-rationalised 5 year planning exercise: rather we are arguing for the enhancement of knowledge and capacity around both local productive sectors, potential roles of local government and other actors in relation to these. This local specificity would tend towards encouraging the kind of diversity urged by critics like Rodrik, who argues we think quite reasonably that "there is simply no alternative to a homegrown business plan'[75]. At the very least, a certain amount of room to move is arguably warranted, and with it a suspension of tired caricatures of blundering bureaucrats centrally planning their ways back to arch-protectionism. Districts or countries may or may not end up with winners picked. But the evidence suggests they be given the opportunity.

More than that, we see this kind of practical local political economic knowledge as emerging almost naturally from a PRSP approach, provided that subsequent iterations frankly monitor lessons from earlier rounds, seriously commit to gathering local and national voices of the poor, and, importantly, of local governments and industry. Thus the ability to make local knowledge related to global knowledge (and vice versa) is not limited to the voices of the poor, or the export of rational frameworks such as the Washington Consensus. Rather, technologies available today for mapping social and economic features onto each other at a local, national and global level are not beyond the reach of any of the agencies involved in the PRSP process, and need not be an enormous financial burden. And again, as local knowledge requirements continue to deepen over time, so the role and capacity and political and technical positioning of local people will become all the more crucial, to the point where informed ownership and partnership will be not so much a wishful sentiment as a political fact.

[74] Kanbur, R. and L. Squire (1999). Loc. Cit.
[75] Rodrik, D. (2001). Loc. Cit.

Decentralized Local Partnerships in services and beyond

Dani Rodrik's data mining exercises suggest that decentralized, participatory democracies provide for better economic growth, greater predictability and stability, and are more resilient to shocks, and deliver superior distributional outcomes[76]. But it is also clear from experience with decentralization that this requires a local and national state that is not limited to determining the institutional framework for markets to grow. For decentralization has everywhere been conclusively shown to be no panacea for the poor, and there is abundant evidence of the tyranny effects of decentralization as well. Decentralization can merely decentralize tyranny, and also greatly increase volatility.

Decentralization, then, while it has important technical dimensions, is no technical fix. In fact, in places where effects have seemed most positive to date, the strength of the process has come from the nature of its politicization. Democratic local governance strengthens relations between a government and its citizenry, which in turn heightens public interest in local politics. New elements, women and minorities, can be attracted into local politics. Greater representation is useful, but if focussing only on the allocation of resources transferred from above to fill 'service gaps', it has been shown to offer only limited scope for poverty alleviation. Yet, if appropriately mandated and resourced "it can be helpful in promoting universalistic local development activities that will benefit the weak and vulnerable along with everyone else"[77].

Whether this is achieved, again, depends more on local politics than on the technical design of interventions. But from experience, three things seem clear, each of which are directly relevant to the features of PRSPs we have highlighted here. One is that for local political systems to be attuned to local needs and opportunities, to be 'downwardly accountable', they need to depend for the bulk of their legitimacy on what they do with locally raised resources and efforts[78]. This contrasts greatly with the mini 'rentier states' that tend to emerge as a consequence of abundantly resourced national poverty action programs. Higher level transfers can be crucial for maintaining basic human needs services, but they are most effective if used also to support a facilitative, engaging relation of local authorities with productive enterprises, whether these be the farmer in the field, or local efforts to add value and trade. Here our second point, to be sure, is not a blanket re-call for local 'state owned enterprises'. Rather, it seems now quite clear that the precepts of neo-liberal doctrines, insisting on disengagement of local state agencies and an across the board up-take by the market, has proven singularly destructive. In a poor rural locality, we have in mind fairly basic things, like making sure there is recurrent budget, and mandate, to support

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[76] Rodrik. D. (2000). Institutions for High Quality Growth: What are they and how to get them? Studies in Comparative International Development. 35 (3): 2-31

[77] Blair, H. (2000). Participation and Accountability at the Periphery: democratic local governance in six countries. World Development. 28 (1): 21-39. p. 35.

[78] One of the few analyses of this issue is Moore, M. (1999). Death Without Taxes: Democracy, State Capacity and Dependence in the Fourth World, in Robinson, M and G White (eds.) The Democratic Developmental State: Politics and Institutional Design. Oxford, OUP. pp. 84-124.

disease identification and prevention (crops, livestock, abattoirs, processing, etc); to ensure that local common property resources are secured and policed; to underwrite local credit promotion; to provide regular local information about agricultural output, surpluses, shortages, prices, etc; to support capital risk guarantees and the like, for local industry and trade; and to support widely accredited training. Third, none of these kinds of local engagements and responses will be possible in the absence, on the one hand, of clear, supporting policy mandate from national governments, or, on the other, of national authorities, some specialized, others offering generic services, in shifting their skills from the 'control and interdict' role of policing international accounting and auditing requirements, to 'supporting, mentoring, and regulating' the efforts of local authorities to engage with their specific context. Few of these engagements require sophisticated interventions. The main 'rocket science' required seems to be in shifting the field of vision typical of PRSPs when, back up at the national level, these important and fairly obvious requirements tend to be put aside.

Our arguments here, then are of a generic nature, rather than of a simply prescriptive one. In general, we think that local knowledge linked to wider opportunity and vulnerability will make a difference. Similarly we would argue that enhancing downward accountabilities, and democratic participation over time is a worthwhile goal. In general, we would argue for a consideration of the economic/ technical much more well grounded in the political: that a certain politicizing of technical domains such as health and education[79], while a fearsome prospect for economists, might generate more long term ownership and stability of whatever reforms prove possible. Balancing political and technical is never a straightforward matter, but it is on average least well and least durably solved we would argue by the simple imposition of a technical over a political solution. This politicization of the technical we would go so far as to apply to questions of FDI, and international ownership of especially utilities. We would also argue that rapid and deep change, especially driven by technocrats, is empirically likely to lead to volatility and vulnerability, and that therefore it is to be rarely countenanced. Charting the relative success and stability of gradualist approaches to opening up to the global economy (China, India, Vietnam, Australia, Korea, Japan…), we would argue that gradualism might be a useful watchword in the case of a range of PRSP related changes, political, technical, and economic. And we would argue in general for some greater respect of local and national political and economic domains, for some space for the disconnect, and for some kinds of unorthodoxy.

All of this requires, as Kanbur notes, a movement away from an adversarial, hard and sharp policy advocacy role on the part of IFIs, and within the scope of the documents they sponsor, and dearly hope to get nations to 'own'. There is currently some room and incentive to move we think, in all of these directions: in fact, without such movement, suspicions that the PRSP process is nothing more than structural adjustment (re-spun with

[79] New Zealand's health reforms experience, moving full circle from locally elected boards to free market hospital enterprises and back in a very few years is highly relevant here.

the poor’s voices, and bolstered with disciplinary frameworks) seems likely to continue to spill over into a range of arguably well justified opposition. The local grounding might, in some ways, muddy the crystal clear waters of Washington Consensus global rationalism, and make certain interests and relative market power positions more explicit, and for this reason we might expect ongoing opposition from interests vested in a purist globalism. It might even (though history is not quite as promising here) promote concerted national and regional action to contest global market power, on the part of not just NGOs and civil society, but perhaps of the poor themselves, raising voices not just of pain and vulnerability, but of anger and organised action. But this of course is a political matter, for which no simple technical solution will finally do.