



Poverty Reduction Strategies and Donor Country Strategies: **Do they add up to effective aid?**

An analysis of their role in four CIDA core
countries in Africa

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executive summary

Canada's approach to aid effectiveness is tied to the quality of the Poverty Reduction Strategies (PRS) in developing countries and the country development plans in donor agencies such as CIDA. The International Policy Statement emphasizes aid effectiveness as one of its major goals. The basic principles are local ownership, greater partnership, donor harmonization, policy coherence, and a focus on results. The primary tools for achieving aid effectiveness are geographic concentration and sector specialization. All of this is rooted in and implemented through CIDA's country development frameworks. Country development plans are largely based on the Poverty Reduction Strategies that developing countries are required to prepare in order to obtain debt relief from the World Bank and the International Monetary Fund (IMF). The quality of these plans is essential for aid effectiveness.

Significant improvement is needed in the development and implementation of Poverty Reduction Strategies and donor country development plans in order to achieve aid effectiveness. Research conducted by World Vision partners in four of CIDA's core countries (Ethiopia, Mozambique, Senegal and Tanzania) identifies four areas that need improvement in order to achieve aid effectiveness:

- 1 stronger linkages between national policies and local programming
- 2 pro-poor economic development strategies that address inequities as well as national growth
- 3 accountability to the poor through increased transparency, access to information, and citizen participation
- 4 greater flexibility in macro-economic policies by the World Bank and the IMF.

Canada has two major tools that can be used to strengthen its country development frameworks, which are key to the new aid modalities adopted in the International Policy Statement. Based on the evidence in this report, World Vision recommends modifications to Canada's current approach through two main avenues.

I. Better balance between investing in technical governing capacity and enabling citizens to hold their own governments accountable.

Good governance and accountability are seen as linchpins in Canada's new approach to aid, but the focus of country development frameworks is primarily on technical assistance to government departments in developing countries. Significant resources should also be invested in strengthening democratic processes, with a focus on supporting initiatives that enable citizens to hold their own governments accountable. The recent review of PRS by the World Bank confirmed the need to strengthen mutual accountability, but then gives priority to external accountability to donors. For sustainable development, equal or greater attention

must be given to making governments accountable to the people affected by PRS and active engagement with the people who are struggling to escape poverty.

2. Greater integration of human rights into poverty reduction strategies, starting with the progressive realization of the rights of children.

Existing international human rights conventions put people at the centre and recognize that the poor and vulnerable are subjects with rights and need to be active participants in their own development. They also provide an integrating framework for civil, economic, and social development. The Convention on the Rights of the Child (CRC), in particular, provides a holistic framework for development. It includes the important principle of progressive realization, which encourages gradual progress without creating unrealistic expectations.

International conventions provide a common basis for dialogue between donor agencies and developing countries. This is especially true of the CRC, which has been adopted by almost all countries. Helping countries progressively realize their obligations under the CRC should receive greater attention through the PRS process, especially for those countries where children comprise a large percentage of the population. This would provide a healthy corrective to the current imbalance of influence by powerful international financial institutions and help to ensure that the impact of policy choices for poor people is adequately considered. National action plans to implement *A World Fit for Children*, which was adopted by all members of the United Nations, are almost ignored in poverty reduction strategies. These could be advanced by Canada as a key instrument toward achieving genuine holistic and sustainable development. This would also be in keeping with *A Canada Fit for Children*, which was adopted by cabinet in 2003 and includes commitments for international policy as well as domestic policy.

summary of recommendations

Following are some of the key recommendations in the research report. The full report carries more specific recommendations for each of the four countries, including practical steps to improve aid effectiveness.

- I** To encourage transparency, accountability to the citizenry of developing countries, and responsiveness to the needs of affected populations, CIDA should give greater priority to citizen accountability mechanisms in its country development frameworks. This should include a shift of resources from budgetary support to support for civil society initiatives in PRS processes and civil society/government dialogues on effective poverty reduction for specific situations.

- 2 To strengthen the economic basis of poverty reduction strategies, CIDA should consider:
 - a. Supporting the development of pro-poor employment strategies, with particular attention to the relationship between education and livelihoods for young people;
 - b. Ensuring that food security and agricultural strategies are well-developed; and
 - c. Supporting independent research into the links between macro-economic policy decisions and their impacts on poverty at the household level, including analysis of alternative models. The practical goal is to recommend alternative economic policies that would enhance pro-poor growth.
- 3 In keeping with Canada's leadership on child rights, Canada should work with other countries to develop impact assessment tools, implementation strategies, and monitoring measures to ensure that the rights of children receive adequate attention in Poverty Reduction Strategies, especially in countries where children are a large percentage of the population and a large percentage of those affected by poverty.
- 4 Canada should use its membership on the boards of the World Bank and IMF to press for substantive changes in the PRS process to:
 - allow flexibility in the conditions imposed by the international financial institutions;
 - shift from sporadic consultation to sustained citizen participation;
 - enhance the role of parliaments in poverty reduction strategies; and
 - give priority to empowering local communities for poverty reduction.
- 5 As a reflection of the priority Canada puts on inclusion and respect for human rights, Canada should show leadership in an international movement to require international financial institutions to take into consideration the commitments that countries have made to international human rights conventions, and include progressive realization of these as part of good governance in a democratic society.
- 6 Working in parallel with governing bodies, international networks of development NGOs, such as World Vision, should give greater attention to active participation in the monitoring, review, and revision of Poverty Reduction Strategies, as well as implementing PRS-funded projects. To achieve this, resource allocations for program implementation will need to include resources for monitoring, analysis, and dialogue with authorities on policy and program implementation.

The full report can be found on World Vision Canada's Web site at www.worldvision.ca