

Slide show: Key Issues in a Poverty Reduction Strategy

by Shiela Marnie

© Asian Development Bank Institute 2004

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without the prior permission in writing of the Asian Development Bank. The views expressed in this CD-ROM are the views of the authors and do not necessarily reflect the views or policies of the Asian Development Bank Institute (ADBI), the Asian Development Bank (ADB), or its Board of Directors, or the governments they represent. ADBI does not guarantee the accuracy of the data included in this CD-ROM and accepts no responsibility for any consequences of their use. Terminology used may not necessarily be consistent with ADB official terms.

What is a Poverty Reduction Strategy?

- New approach, new understanding of poverty
- “Multi-dimensional”
- Income poverty (income and consumption levels)
- Non-income (health, employment, low level of security)
- Mix of policy actions needed to tackle different aspects of poverty

Different names – same purpose

- National Poverty Reduction Strategies
 - Poverty Reduction Strategy Papers (PRSP)
 - Living Standard Strategy
 - Millennium Development Goals (MDGs)
-
- As statements of government's commitment to poverty reduction
 - Pre-condition for donor support and focus on donor collaboration

ADB and PRSs

Each national strategy has its own characteristics, determined by the country-specific mix of problems.

Three aspects are stressed:

- Sustainable economic growth
- Inclusive social development
- Sound macroeconomic management, good governance

WB/IMF and PRSPs

Since 1999, a prerequisite for concessional lending.
Its basic requirements are:

- Prepared by the country
- Focus on faster and broad-based economic growth
- Macroeconomic stability
- Comprehensive understanding of poverty and its determinants

WB/IMF – Interim PRSPs (I-PRSP)

- Countries need time to develop full PRSP
- Preliminary and shorter versions (first step) – I-PRSP
- Basic ingredients are the same, but do not require a full participatory process
- Have to include a description of planned participatory process
- Have to include a time framework for development of full PRSP

UN-MDGs

8 goals, 18 targets, and 48 indicators.

Global goals, country-specific targets, including:

- Halving extreme poverty and hunger
- Achieving universal primary education
- Promoting gender equality
- Reducing under-five mortality by two-thirds
- Reversing the spread of HIV/Aids, malaria,
- Ensuring environmental sustainability

Ingredients of a Poverty Reduction Strategy

4 Main Questions:

- Where are we now?
- Where do we want to go?
- How do we want to get there?
- How will we know that we are getting there?

Where are we now?

- Analysis of poverty and its determinants
- Provides basis for strategy
- Comprehensive – showing multi-dimensional aspects
- Who are the poor?
- What are the main dimensions of poverty?
- Why are people poor?

Where do we want to go?

- On the basis of what we know about poverty, need to set medium and long-term targets
- Targets have to be realistic — grounded in macroeconomic framework, planned structural and social policies
- As with MDGs, need to identify goals, targets and indicators

How do we want to get there?

- Identify priority policy actions to guarantee sustainable economic growth and poverty reduction

Actions take into account:

- Costs
- Available resources
- Institutional capacities
- Effectiveness of past policies

How will we know we are getting there?

- PRS has to have system to monitor achievement of goals and targets
- Monitoring indicators for desired outcomes (reduction in poverty measured by income, health, education, etc.)
- Intermediate indicators for monitoring progress towards implementation of strategy (e.g. schools built, textbooks distributed)

Summary of a Poverty Reduction Strategy

- Understand the nature of poverty in the country
- Choose poverty reduction objectives
- Define the strategy for poverty reduction and economic growth
- Have a system to monitor achievement of objectives and impact of programme
- All of these steps have to be undertaken within the framework of a participatory process

Proposed outline of LSS

1. Statement of Government's commitment to improving living standards
2. Description of extent and nature of poverty
3. Outline of overall Strategy
4. Priority actions for macroeconomic stability and sustainable growth
5. Priority actions for social development — education, health, social protection
6. Environmental sustainability
7. Regional aspects of the LSS
8. Gender aspects
9. Institutional and budget aspects
10. Monitoring and Evaluation (links to the MDGs)
11. Appendices:
 - Macroeconomic framework
 - Policy matrix
 - Participatory plan for development of full PRSP