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## **IMF, World Bank Conclude Joint Poverty Reduction Strategy Conference**

A four-day conference, bringing together more than 200 participants from developing countries, donor agencies and civil society groups to find ways to improve international poverty reduction efforts, closed Thursday with calls to tackle challenges that lay ahead in the fight against poverty.

*"In our post-September 11 world, the need to address poverty has become not only a moral imperative, not only a social and economic necessity, but also a central concern for everyone who strives for national and global security and peace,"* **World Bank President James D. Wolfensohn** told the conference.

The Poverty Reduction Strategy Papers (PRSP) approach—which stresses the need for national commitment and participation for success in fighting poverty—received broad support from developing country, donor and civil society participants at the January 14–17 poverty conference jointly hosted by the World Bank and International Monetary Fund in Washington.

*"Success in poverty reduction must be based on the efforts of poor countries themselves,"* **IMF Managing Director Horst Köhler** said in his closing remarks. *"But the process cannot be understood as a one-way street. The international community, too, has a critical role to play, by opening their markets to developing country exports, by reducing subsidies, by providing more adequate levels of concessional assistance for countries implementing strong policies, and by aligning their development assistance with national strategies and priorities."*

Participants also recognized that the PRSP—with its country-driven, participatory, results-oriented focus represents an important departure in the way the international development community has traditionally done business. Given the behavioral change the PRSP entails, participants acknowledged that its success would require sustained effort from all of the international community.

There was agreement on the importance of participation—of poor people, civil society, academia, donor agencies, international organizations, as well as of all parts of government—to the success of poverty reduction efforts. The PRSP has launched a process of national policy dialogue in countries where there is little prior tradition of broad based participation in decision making. Consistent with all other aspects of the PRSP approach, developing countries lead the dialogue, determining its nature and extent according to their particular circumstances.

*“Opening up the PRSP process to public debate and scrutiny is one of the major strengths of the PRSP approach. Participation has not always worked perfectly. But I believe there is strong evidence that it has created more space for previously excluded voices in government and broader society,”* said Mr. Wolfensohn.

A number of challenges must be addressed before the PRSP can be considered a success. Participants agreed that governments in poor countries will need more resources and technical assistance to craft and implement poverty reduction strategies. While assistance from developed country donors and international organizations is important, equally vital is information and experience gleaned from other developing countries further along in their fight against poverty.

In addition, donors’ assistance must be better coordinated. Currently, donor agencies and international organizations make separate, but often overlapping, demands on developing country government, taxing their already stretched resources. By serving as a framework for coordinating donor requests, the PRSP can help to free up resources to focus on poverty reduction priorities. There was also agreement that donor assistance should be linked to the budget cycle in developing countries to ensure that it is aligned with the priorities set forth in the poverty reduction strategy. *“There is unanimous and strong support that the PRSP should serve as a framework for donor assistance,”* said one donor, *“and a very clear recognition to harmonize and align donor assistance.”*

Donor countries were repeatedly cautioned to back their assistance with improved market access for the exports of poor countries. *“The true test of the credibility of wealthy nations’ efforts to combat poverty lies in their willingness to open up their own markets and phase out trade-distorting subsidies in areas where developing countries have a comparative advantage,”* said Mr. Köhler.

Participants agreed that there needs to be more creative thinking about how to address the unique needs of poor countries involved in or emerging from conflict. Understanding the gender impact of poverty reduction efforts is also critical to success.

It was recognized that more work is needed to fully understand how to bring about truly pro-poor growth, leading a participating civil society representative to remark, *“We applaud the centrality of poverty reduction in the PRSP, but we call for broader policy options.”* Participants generally accepted the limitations of the PRSP process, looking instead to how the process could be improved in the future. One country representative, speaking on behalf of his African counterparts, concluded, *“This is the beginning of the process; we will build on this as we move ahead.”*

This week's conference was a key input into the ongoing joint staff review of the PRSP approach being carried out by the World Bank and the IMF, as well as the IMF's staff review of its Poverty Reduction Growth Facility. The Bank and the IMF also invited written contributions from all interested parties that served as background to the conference.

These submissions, along with the conclusion from the conference, will also inform a PRSP Review Paper that will be presented to the Executive Boards of both institutions in March 2002. The Review Paper will be available on the Bank ([www.worldbank.org/prsp](http://www.worldbank.org/prsp)) and IMF ([www.imf.org](http://www.imf.org)) websites in mid-March 2002.

*For more information on the PRSP and review events, see:*  
<http://www.imf.org/external/np/prsp/prsp.asp>  
<http://www.worldbank.org/poverty/strategies/review/index.htm>

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