



The World Bank

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### **Statement on the Second Forum on Poverty Reduction Strategies for the Balkans**

The Second Forum on Poverty Reduction Strategies for the Balkans—Albania, Bosnia and Herzegovina, Serbia and Montenegro/Kosovo, and the former Yugoslav Republic of Macedonia—was held in Thessaloniki, Greece from March 29–31, 2004.

All of the countries are now carrying out their own national poverty reduction strategies, so the Forum provided a well-received opportunity to share experiences in implementation. The Forum allowed participants—especially the teams responsible for Poverty Reduction Strategy Papers (PRSPs)—to focus on common challenges being faced in terms of setting policy and expenditure priorities and in making progress towards meeting PRSP objectives.

#### **Fostering growth through smart policy choices**

Discussions at the forum focused on the implementation of policies to foster growth and reduce poverty. These centered on policies to promote macroeconomic stability, liberalize trade, reduce corruption and strengthen the rule of law. Another area of focus was social policies to enhance human capabilities and provide effective social protection. Participants recognized the need to ensure that the benefits from growth reach all segments of society.

The participants also discussed the importance of parliamentary and civil society monitoring and evaluation of the implementation of poverty reduction strategies. They recognized that such involvement could usefully complement government systems. Institutional arrangements, however, needed to be put in place and strengthened in order to enable such assessments to feed into the domestic policy making process and thereby assist national authorities in making any necessary mid-course policy adjustments.

The need to speed donor coordination and harmonization was another theme discussed at the forum. Participants also discussed the adequacy and predictability of external inflows. There was general recognition of the substantial convergence of goals and measures

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embodied in the various initiatives, including the Millennium Development Goals, the Stabilization Association Agreements, the Stability Pact, and the PRSP process.

### **Implementation challenges ahead**

Though each country faces specific circumstances and stages in their PRSP implementation, some of the challenges they have in common include:

- The need to develop clear policy priorities for attacking poverty;
- Steps to ensure that annual budgets and expenditure frameworks reflect PRSP priorities;
- Careful monitoring and evaluation of PRSP implementation, including active use of parliamentary and civil society mechanisms;
- Need to strengthen capacity in governments, parliaments and civil society, and;
- Ensuring that financial support from donors reflects country needs, priorities and absorptive capacity; and that, increasingly the country-driven PRSP process becomes the primary instrument for donor coordination.

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The Thessaloniki Forum was organized by the World Bank, the International Monetary Fund, the U.K. Department for International Development, and the United Nations Development Programme. Additional financial support was provided by the Governments of Greece and Germany, and the Swiss Agency for Development and Cooperation. This Forum followed the first Balkan Forum on Poverty Reduction Strategies held from October 29–November 1, 2002 in Baden, Austria.

*For details on the forum, visit:*

[http://www.worldbank.org/wbi/attackingpoverty/events/Greece\\_0304/overview.htm](http://www.worldbank.org/wbi/attackingpoverty/events/Greece_0304/overview.htm)

*For more information about PRSPs, visit:*

<http://www.imf.org/external/np/exr/facts/prsp.htm>