



Received / Makale Geliş Tarihi 04.03.2024
Published / Yayınlanma Tarihi 30.06.2024
Volume (Issue) Cilt (Sayı) 8 (43)
pp / ss 781-793

Review Article / İnceleme Makalesi
10.5281/zenodo.12603784
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Introduction to The Poverty Reduction Strategy Plans (PRSP): Process and Effectiveness Review

Yoksulluğu Azaltma Strateji Planlarına (PRSP) Giriş: Süreç ve Etkililik İncelemesi

ABSTRACT

This study tries to describe a comprehensive overview of the Poverty Reduction Strategy Plan papers. This is a crucial document that any current economist should understand. Currently, the globe is implementing seventeen development goals listed on the Sustainable Development Goals Agenda. The work addresses several themes that are pertinent to the Poverty Reduction Strategy Plans document, including the Interim Poverty Reduction Strategy Plan (IPRSP) and the Complete Poverty Reduction Strategy Plans (PRSP). The work also describes how historically the concept of poverty reduction strategy plans (PRSP) came to exist. It covers the time from when the PRSP method was presented in 1999 up to date. Also, the work explains the main principles that must be included in preparing the Poverty Reduction Strategy Plans (PRSP) documents and the challenges that face poor countries in the implementation of their corresponding Poverty Reduction Strategy Plans (PRSP) are discussed. Finally, the overall view of whether these plans really help the poor countries or they are just another mode of empowering the poor countries and international finance institutions will be given.

Keywords: Poverty, Development, Aids, Economic Development and Africa

Jel Code: I3, F63, F33, N47

ÖZET

Bu çalışma, Yoksulluğu Azaltma Strateji Planı belgelerine kapsamlı bir genel bakışı tanımlamaya çalışmaktadır. Bu, mevcut her ekonomistin anlaması gereken çok önemli bir belgedir. Şu anda dünya, Sürdürülebilir Kalkınma Hedefleri Gündeminde listelenen on yedi kalkınma hedefini uygulamaktadır. Çalışma, Geçici Yoksulluğu Azaltma Strateji Planı (IPRSP) ve Eksiksiz Yoksulluğu Azaltma Strateji Planları (PRSP) dahil olmak üzere Yoksulluğu Azaltma Strateji Planları belgesiyle ilgili çeşitli temaları ele almaktadır. Çalışma aynı zamanda Yoksulluğu Azaltma Strateji Planları (PRSP) kavramının tarihsel olarak nasıl ortaya çıktığını açıklamaktadır. PRSP yönteminin 1999 yılında sunulmasından günümüze kadar geçen süreyi kapsamaktadır. Çalışmada ayrıca, Yoksulluğu Azaltma Strateji Planları (PRSP) belgelerinin hazırlanmasında yer alması gereken temel ilkeler açıklanmakta ve ilgili Yoksulluğu Azaltma Strateji Planlarının (PRSP) uygulanmasında yoksul ülkelerin karşılaştığı zorluklar ele alınmaktadır. Son olarak, bu planların yoksul ülkelere gerçekten yardımcı olup olmadığı ya da yoksul ülkeleri ve uluslararası finans kuruluşlarını güçlendirmenin başka bir yolu olup olmadığı konusunda genel bir görüş verilecektir.

Anahtar Kelimeler: Yoksulluk, Kalkınma, Hibeler, Ekonomik Kalkınma ve Afrika

Jel Kodu: I3, F63, F33, N47

1. INTRODUCTION

Poverty is a multifaceted challenge that has existed for more than two decades. The concept of the (PRSP) has been used to solve the poverty problem and consequently has become very common (Noël, 2006). This strategy plan (PRSP) was primarily developed by the International Monetary Fund (IMF) and the World Bank (WB) for developing or poor countries (Jim, 2002). Although developed countries, such as the United Kingdom (UK), began to implement these strategies before the 1990s (Chantal, 2007). In developed countries, these strategic plans are called National Action Plans on Social Inclusion. The main goal of these strategies is to provide a road map for poor countries to eradicate poverty with the help of development partners (Marlier et al., 2005).

In general, poverty reduction strategy plans (PRSP) handle poverty via three primary techniques: fostering access to opportunity, facilitating empowerment via good governance, and enhancing security through investments in human capital such as the health and education sectors (Craig & Porter, 2003). They essentially outline a nation's structural, social initiatives and policies aimed at promoting economic growth and reducing poverty over a three-year period using key foreign funding sources (World Bank, 2001).

The International Monetary Fund (IMF) and the World Bank (WB) created loan-based poverty reduction policies that act as a base for development assistance to nations in need, providing cheap interest and debt relief. Countries get these loans on the condition that they fall into the category of Highly Indebted Poor Country (HIPC) and file the Poverty Reduction Strategy Paper (PRSP). The Poverty Reduction Strategies Plans (PRSP) are supposed to be country-driven, locally owned, and developed through broad participatory processes involving local government and civil society communities to facilitate implementation and surveillance (Hunter et al., 2003).

1.1. The Definition, Concept and Objectives of the Poverty Reduction Strategy Plans (PRSP)

Simply defined, poverty reduction strategy plans are policy booklets issued by borrower nations (poor countries) that include economic, social, and structural measures aimed at reducing poverty over a three-year or longer period. These plans serve as the primary vehicle for implementing the World Bank's long-term new approach to financing practices, which focuses on poverty reduction and empowers borrower nations to own and manage their own development agenda (Stewart & Wang, 2003).

Plans for reducing poverty have been mandatory for recipients of debt relief programs since 1999. These programs include the Heavily Indebted Poor Countries (HIPC)s, Concessional International Development Association (CIDA) lending, and the Poverty Reduction Growth Facility (PRGF) of the International Monetary Fund (IMF). All these official plans are funded by the International Monetary Fund and the World Bank. Throughout the implementation phase, nations that are included in the Heavily Indebted Poor Nations Initiative (HIPC) would either get full loan cancellation or some other kind of financial assistance (Stewart & Wang, 2003).

The Poverty Reduction Strategy Plans (PRSPs) materials are mostly national property. It stressed that Poverty Reduction Strategy Plans (PRSPs), which target poverty and growth, should be created by borrower nations and authorized by the World Bank (WB). In order to achieve maximum impact on poverty levels, the Poverty Reduction Strategy Plans (PRSPs) should be a program based on need, regardless of resources available, while taking nations' resources into consideration (WHO, 2004)

1.2. The Objective of Poverty Reduction Strategies

The primary purpose of the (IMF) and the (WB)'s Poverty Reduction Strategies Plans is to assist impoverished nations in developing and implementing effective poverty-reduction strategies. This primary aim can be met by achieving other minor goals, such as improving the relationship between debt relief and poverty reduction, and, lastly, ensuring that development partners' aids are employed more efficiently (Bretton Woods Project, 2003). The Poverty Reduction Strategy Plans (PRSPs) attempt to employ debt relief funds for poverty reduction purposes through several programs (Bretton Woods Project, 2003)

1.3. How Did the PRSP Came to Existence (History of PRSP)

1.3.1. Historical Views From 1960 to 1980 Following Independence

When most African nations acquired independence in the 1960s, they had great prospects for future prosperity and development. Governments, with the assistance of donors, concentrated on catching up with industrialized nations by prioritizing industrialization as the fundamental source of economic growth. To lessen the country's overwhelming reliance on imported commodities, the Import Substitution

Industrialization (ISI) system was implemented. Agriculture is the most important sector in this system since it provides raw materials and generates cash to fund other economic sectors in countries (Acemoglu et al., 2001).

Countries also thought that government control of the private sector was necessary to enhance it. As a result, most nations took a socialist strategy to development, in which the government controlled all elements of the economy. As a result, governments made significant investments in government-owned companies, imposed price controls on goods, and limited free commerce, credit, and foreign Exchange (Francis, 2003)

The socialist political strategy brought about major improvements in skilled labor, infrastructure, health, and education. However, the economic growth of African nations began to fall in the 1970s, and eventually economies were not performing well in comparison to other parts of the world. As a consequence, there were poor social conditions, a rise in debt, and bad economic performance. In addition, it resulted in large budget deficits, a payment imbalance, and a notable rise in the national debt (Franz et al., 2004).

African leaders, with the assistance of foreign financial institutions, suggested many remedies to the issue in the late 1970s. The first proposed solutions were the projects known as the Lagos Plan of Action (LPA) and the Regional Food Plan for Africa (AFPLAN) which were developed in 1955 during the Bandung Conference. The goal of these programs was to create middle-income countries in the Third World capable of addressing underdevelopment issues. Most African nations' institutional deficiencies made implementation difficult. In addition to institutional flaws, the communist approach made it impossible for most nations to meet the Bank (WB) and the (IMF) standards (Heidhues & Obare, 2011).

These strategies failed, and a second option was proposed based on a neoliberal philosophy of economic development. The solution comes from the World Bank's Berg Report (1981), called Towards Rapid Growth in Sub-Saharan Africa. According to the report, African governments and enforced policies are to blame for the continent's failure to prosper economically. The study suggested that governments refrain from meddling in commerce and currency exchange. This approach was followed by the implementation of conditional structural adjustment loans and sectoral adjustment loans, sometimes known as the Structural Adjustment Programs (SAPs) (Heidhues & Obare, 2011).

1.3.2. The Structural Adjustment Programs (1980-1999)

Structural Adjustment Programs (SAPs) were established in the 1980s to enhance agricultural, food, and nutrition in low-income countries. These policies were the result of the World Bank's (WB) and International Monetary Fund's (IMF) efforts to solve Africa's economic crisis during the 1970s. They came in effect between the 1980s and 1990s. The Structural Adjustment Programs (SAPs) were designed to solve Africa's economic development difficulties, such as poor public sector management, which led to poor choices regarding investments and infrastructure (Heidhues & Obare, 2011).

In general, Structural Adjustment Programs (SAPs) focused on trade liberalization to improve impoverished nations' balance of payments systems and reduce their foreign borrowing

(Franz et al., 2004). Despite receiving financial backing from the International Monetary Fund (IMF) and the World Bank (WB), the Structural Adjustment Programs (SAPs) did not have the intended economic impact on development and food security. This was owing to inadequate policy implementation in low-income communities, a lack of ownership, and political will to enact policies (Heidhues & Obare, 2011)

1.3.3. The Adoption of PRSP

The Poverty Reduction Strategies Framework was adopted following the collapse of what is termed the Enhanced Structural Adjustment Facility (ESAF), which established by the Britton Wood Institutions to assist low-income nations. The (ESAF) required low-income countries to develop Policy Framework Papers (PFPs). The review of the (ESAF) failed and did not achieve its stated aims due to a lack of national ownership, inadequate analysis of policy contents, and insufficient attention to policy trade-offs, as with prior programs (Segura et al., 2004)

In 1995, James Wolfensohn, who was the president of the World Bank, proposed a new agenda that emphasized consultation with NGOs and development partners. As impoverished nations increased their demand for debt relief, the World Bank and IMF conducted the (HIPC) studies on how debt relief may be utilized to eliminate poverty. To solve this issue, the Poverty Reduction Strategies Plan (PRSP) appeared to be the appropriate approach. Several NGO initiatives, including Jubilee 2000 and The Strategic Partnership

with Africa, contributed significantly to the formation and funding of the Highly Indebted Poor Countries Initiative (HIPC II). Finally, in September 1999, the (IMF) and the (WB) established the PRSP strategy (Driscoll & Christiansen, 2004).

The Poverty Reduction Strategies replaced the Policy Framework Papers (PFPs) to increase country ownership of development programs and foster closer coordination between the Britton Woods Institutions and development partners. Other objectives were to increase public responsibility and action. The new PRSP method focuses on building a country-owned process with wide involvement in order to create successful poverty-reduction measures (Segura et al., 2004).

2. THE CONTRAST OF THE STRUCTURAL ADJUSTMENT PROGRAM AND THE (PRSP)

The World Bank's Poverty Reduction Strategies Plans (PRSP) are a new framework for providing economic help to marginalized nations. The Poverty Reduction Strategy regime launched in the 2000s and is regarded to be the predecessor regime of the old Structural Adjustment Program or Lending. These aids can be Poverty Reduction Strategy Credits (PRSC), project loans, grant aid, and, in some cases, technical aid such as the Structural Adjustment Programs (SAPs). The (SAPs) is an old aid program that started around 1980s and ended in the late 1990s. Despite likenesses between these two techniques or regimes, Ishikawa (2003) noted the following differences

To begin, the Structural Adjustment Programs was created to help all developing nations, regardless of economic level, but the Poverty Reduction Strategy Plans are primarily intended to aid low-income countries. Second, whereas the structural adjustment lending regime's primary purpose was to enhance economic development, and poverty eradication was viewed as a byproduct of growth, the Poverty Reduction Strategies' primary goal is poverty elimination, with growth viewed as only one of several end effects. Third, the conditions in the structural adjustment program or financing (SAP) are ex ante, whereas the conditions in the Poverty Reduction Strategies Approach (PRSP) are ex post (Ishikawa 2003).

2.1. Underpinning Principles of Poverty Reduction Strategy Plans (PRSP)

According to the World Bank's Comprehensive Development Framework (CDF), there are five major concepts to consider while developing Poverty Reduction Strategies (PRSP). Briefly, they are as follows:

Plans must be owned by a country: The phrase "owned by a country" does not mean that the responsible ministry must merely sign the paperwork. It essentially entails the cooperation of many ministries, parliamentary bodies, and local governments. It also advocates broad participation from civic society, women, ethnic minorities, research institutes, academic institutions, the commercial sector, and labor unions. Internal and external development partners (Levinsohn 2003). This concept states that Poverty Reduction Strategy Plans (PRSP) should be owned and controlled by the country's own government. This indicates that the Poverty Reduction Strategy Plans (PRSP) should be established with broad participation from civil society and the commercial sector at all stages. The Principle of Poverty Reduction Strategy Plans (PRSP) (Driscoll & Christiansen, 2004).

The Plans (PRSP) must be result-oriented. The Poverty Reduction Strategy Plans (PRSP) must prioritize and focus on outcomes that help those in need. To accomplish outcomes, the plans (PRSP) should be developed within a shared budgetary framework (Harrison et al., 2003). This concept tries to avoid the mistakes committed in the prior approach to lowering poverty rates before 1999. The accountable parties participating in the formulation of the (PRSP) must guarantee that the plans have an impact on individuals in need (Levinsohn 2003).

The plans (PRSPs) must be extensive and long-term in scope: Poverty Reduction Strategy Plans (PRSP) should include macroeconomic, structural, sectorial, and social components, as well as understand the multidimensional character of poverty throughout time. After 3-5 years, Poverty Reduction Strategy Plans (PRSP) should be reviewed and revised (Harrison et al., 2003).

The Plans (PRSP) must have priorities: To make Poverty Reduction Strategy Plans (PRSP) possible, prioritize execution in budgetary and institutional terms (Driscoll & Christiansen, 2004)

Poverty Reduction Strategy Plans (PRSPs) must be partnership-focused: To improve decision-making accountability, the (PRSP) should be developed in partnership with bilateral, multilateral, and non-governmental organizations. The goal of this method is to establish joint responsibility amongst development partners (Harrison et al., 2003).

3. THE PREPARATION OF POVERTY REDUCTION STRATEGY PLANS (PRSP) CYCLES AND STRUCTURES

Countries take different approaches to establishing Interim Poverty Reduction Strategies Plans (IPRSPs), full Poverty Reduction Strategies Plans (PRSPs), and accompanying PRSP evaluations. However, the processes match in all nations. Because of the collaborative nature of the plans, the preparation process takes a long time to achieve the high quality that donors expect. The Poverty Reduction Strategies Plans (PRSP) preparations resulted in three official papers. These papers include interim Poverty Reduction Strategy Plans, a complete paper on poverty reduction plans, and an evaluation of the poverty reduction strategy (Hughes & Haworth, 2011).

The preparation procedures of the (PRSP) begin with an Interim Poverty Reduction Strategy Plan (IPRSP). This paper is created before Poverty Reduction Strategies Plans (PRSPs). Its goal is to establish and clarify a country's existing poverty-reduction programs, and blueprint or road map for the development of comprehensive Poverty Reduction Strategy Plans (PRSP). It is typically created by the Ministry of Finance under the direction of the main government, with input from other development partners. The time it takes to prepare the entire Poverty Reduction Strategy Plan (PRSP) after receiving the Interim Poverty Reduction Strategy Plan (IPRSP) ranges from 9 to 24 months (Driscoll & Christiansen, 2004).

The (IMF) and (WB) assess both papers (interim and comprehensive Poverty Reduction Strategies Plans (PRSP)) and submit evaluation reports to the Joint Staff Assessments. The assessments include comments and suggestions that explain if the country is entitled to a concessional loan or debt relief. A country's debt is first reduced after submitting the Interim Poverty Reduction Strategy Plans (IPRSP), and then again after submitting the complete (PRSP). The (IMF) and (WB) demand countries to file Annual Implementation Reports (APRs) that detail the operation of the Poverty Reduction Strategy Plans (PRSPs). These strategies must be reviewed and assessed every two or five years in order to improve (Driscoll & Christiansen, 2004).

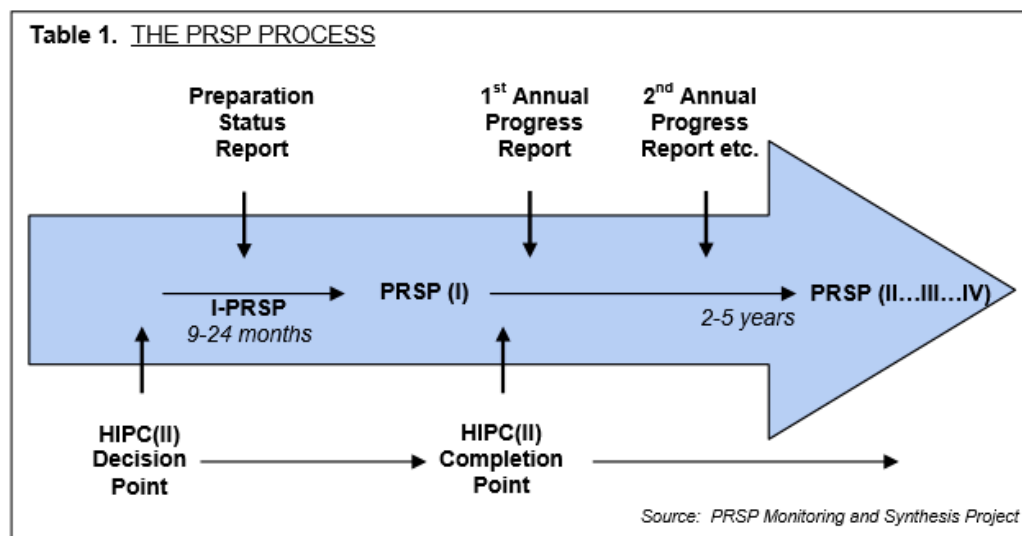


Figure 1: Poverty reduction strategy plan process (Driscoll & Christiansen, 2004).

3.1. The Main Actors (Participants) of the (PRSP)

The government plays the key role in the process, which entails extensive institutional discussions. Following the consultation, the agreements achieved are formally documented by government officials who are specialists in the subject. The consultation phase often occurs in the writing the Interim Poverty Reduction Strategy Plan (IPRSP), the complete (PRSP), and the review of the (PRSP). Most governments have particular committees or agencies in charge of implementing and overseeing the Poverty Reduction Strategy Plan (PRSP) (Hughes & Haworth, 2011).

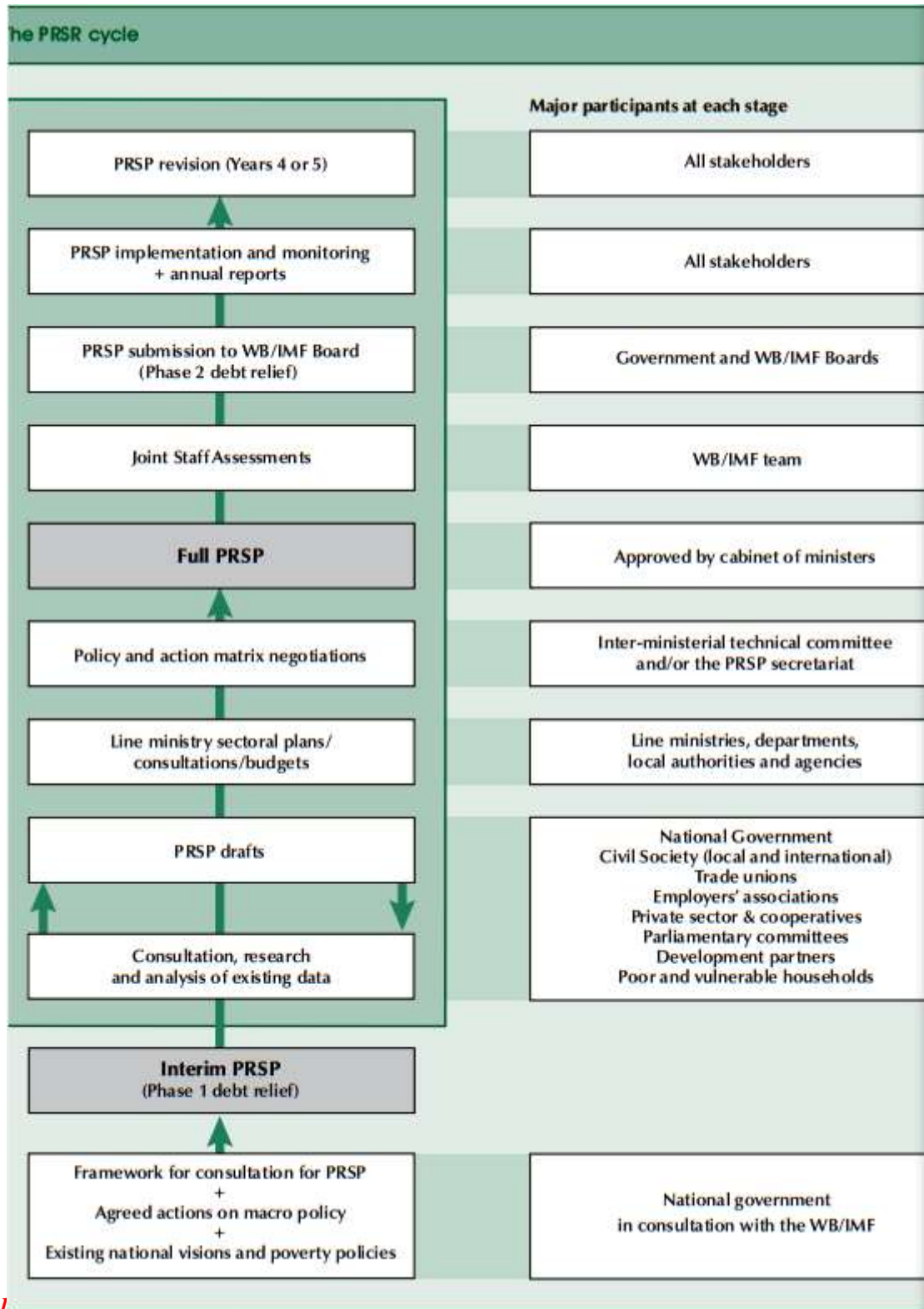


Figure: 2 The Players or Actors the (PRSPs) Development Process (Hughes & Haworth, 2011)

3.2. Assumptions of the Formations and Implementation of the Poverty Reduction Strategy Plans (PRSP)

Typically, the Poverty Reduction Strategy Plan (PRSP) is thought to be a technocratic document. This is because the primary actors in this method (the International Monetary Fund and the World Bank) required that the paper be non-political. The Poverty Reduction Strategy Plan (PRSP) is primarily driven by political procedures. Based on this fact, the following are the three fundamental assumptions that support its formulation and implementation (Craig & Porter, 2003).

Poverty alleviation is a political process: Any Poverty Reduction Plan must include powers, partnerships, access to state or national resources, and sectoral laws and regulations. All these elements are accessible or done under the influence of politics. To properly implement the Plan (PRSP), the stated variables must be changed and used in a way that allows impoverished people to establish long-term, good livelihoods.

The Plan (PRSP) seeks to influence local and domestic political processes: The success or failure of poverty reduction initiatives in poor nations is determined by the effectiveness of the state's political structure. Accountability, representativeness, adequate institutionalization, and responsiveness are all factors that influence the state's political efficacy. If the government is ineffective, the plan (PRSP) goals may not be met due to weak institutionalization, accountability, ineffectiveness, or representativeness.

The Plan (PRSP) proposes altering power dynamics between poor and affluent nations: Poverty reduction schemes, such as the SAPs, have historically failed as an outcome of the execution of conditional policies. As a result, there was no balance between wealthy and poor countries. The introduction of the Plan (PRSP) implies that development partners and donors should now focus on policy processes aimed at increasing the effectiveness of development aid and restoring power balances between rich and poor countries, rather than conditionality.

3.3. The Myths Surrounding the Plan (PRSP)

The Plans (PRSP) have advocates, but they also have detractors who do not trust in their foundation and ideas. Supporters of the Plan (PRSP) are accused of misrepresenting the reality, claiming that the PRSP is a miracle solution to the long-standing puzzle of poverty in underdeveloped nations. According to (Driscoll & Christiansen, 2004) there are three misconceptions that may be labeled as follows

The End of Conditionality: It should be noted that previous poverty-eradication initiatives, such as the Structural Adjusted Program, failed owing to the huge constraints tied to the enforced policies. As a result, the Poverty Reduction Strategies Plans (PRSP) that followed the failure of the SAPs are not a novel concept. It is the same concept that was developed using the lessons acquired from the previous unsuccessful Structural Adjusted Program (SAP). This indicates that the Poverty Reduction Strategies Plans (PRSP) did not remove the constraints associated with debt relief and concessional loans. It simply shifted the attention to the policy process rather than the status of specific policies.

Silver bullet technology: The term "silver bullet technology" refers to something that provides a miraculous and quick solution to issues, or long-time mystery such as poverty. The Poverty Reduction Strategies Plan (PRSP) is not a technological tool that can solve every problem perfectly. However, it is just a tool that focuses on changes affecting a large portion of civil society.

The overnight sensation: One of the important basics of the Poverty Reduction Strategies Plan (PRSP) is that it be long-term. The term "overnight sensation" refers to Poverty Reduction Strategies Plans' (PRSP) ability to achieve its intended aims immediately. In actuality, the Poverty Reduction Strategies Plan (PRSP) strategy does not offer a quick fix to a complicated problem that has remained unresolved for years.

4. WHAT MUST BE IN A POVERTY REDUCTION STRATEGIES PLAN (THE CONTENT OF THE PRSP)

According to the World Bank, (2000) the (PRSP) strategy aims to strengthen the fundamental concepts of country ownership, holistic development, and broad public engagement. Unfortunately, there is no blueprint. Countries differ in how they structure their poverty reduction strategies. Although these strategies must be comparable, The World Bank recommends the following basic aspects for every poverty reduction strategy plan:

Identifying the hurdles to poverty reduction and growth: Normally A poverty reduction strategy begins with a brief introduction and description of who the poor are, where they live, and which vulnerable areas should be improved. This is often accomplished by examining current macroeconomic, social, structural, and institutional evaluations to suggest strategies to accelerate growth and eliminate poverty.

Policies and objectives: Every Poverty Reduction Strategy Plan (PRSP) should have policies and matching targets. Through these policies, one may gain a better knowledge of poverty and its causes. In addition, Poverty Reduction Strategy Plans (PRSP) should specify the medium-term goals and long-term goals that must be realized through a country's Poverty Reduction Strategy Plans.

Monitoring: To ensure that Poverty Reduction policies, including short- and long-term objectives, are smoothed and implemented, a Poverty Reduction Strategy should include a framework that outlines how monitoring progress will be made. It should also explain how implementation progress will be communicated to development partners.

External aid: To increase donor compliance, countries must align their policies and long- and short-term goals with the total government budget. As a result, the Poverty Reduction Strategies Plan (PRSP) should specify the amount of external financing and technical assistance required from development partners to carry out the plan.

Participatory process: A plan (PRSP) must also include information on the structure, intensity, and location of the consultation process used to prepare the strategy's materials. In this section, the major topics and concerns mentioned by participants will be summarized.

4.1. Challenges that Face the Plans (PRSPS)

The IMF and the WB presented the idea for Plans (PRSP) to impoverished nations as a requirement for receiving debt reduction and economic assistance over two decades ago. The Plans (PRSPs) is largely sponsored by the United Nations (UN), international organizations, financial contributors, and civil society groups worldwide. By 2010, over 140 nations were already constructing their Poverty Reduction Strategies (PRSP), beginning with the Interim Poverty Reduction Strategy Plan (IPRSP), while other nations were well into the third cycle of their PRSP (Khan, 2010).

The primary purpose of the Plans (PRSP) is poverty alleviation. This aim has been supported by the Millennium Development Goals (MDGs) from September 2000. The (MDGs) had eight core targets in total. The first of these goals are to eliminate extreme poverty and hunger. All of these goals were to be achieved by the end of 2015. All development partners want poor nations to make progress and improve in order to attain these goals. So, it is obvious that the (MDGs) are inseparably linked to the implementation of the Plans (PRSPs). Though, many nations have failed to attain the (MDGs) for poverty reduction. Surprisingly, poverty appeared to increase in certain Sub-Saharan African nations despite the fact that countries such as China, and Brazil, succeeded to lower income poverty levels (Benjamin, 2008).

There have been several Plans (PRSPs) assessments conducted to answer the issue of why the majority of low-income nations failed to properly implement their Poverty Reduction Strategy. Here are some of the reasons:

4.1.1. Reasons or Problems Concerning the Scope and Nature of Poverty Reduction Strategies

Gaps in poverty diagnosis: Gaps in poverty diagnosis: The Plans (PRSPs) were unable to be properly implemented due to insufficient or inaccurate poverty diagnosis. Poverty diagnosis is hampered by a lack of current data. Countries may diagnose poverty based on income rather than the factors of poverty. As a result, the Poverty Reduction Strategy Plans (PRSP) provided insufficient explanations for the poverty problem (Zuckerman et al., 2003).

Furthermore, poor poverty diagnosis resulted in inadequate information regarding gender, women's wages, and livelihoods in the Plans (PRSPs). As a result, the priorities, which are an important component of Poverty Reduction Strategy Plans (PRSPs), become unachievable (Whitehead, 2003).

Over optimistic growth projections: Overly optimistic growth projections: It is noted that the majority of the Plans (PRSPs) concentrated on promoting growth rather than complementing programs to eliminate structural poverty. Most countries' growth predictions for exports and financial income appear to be overly optimistic. Growth estimates are based on unrealized exports. There is also inadequate examination of the macroeconomic framework and structural improvements connected to poverty alleviation (Rafael & Lawson, 2005).

Poor treatment of governance concerns: For the Plans (PRSP) to be implemented successfully, openness, responsibility of public institutions, the rule of law, and government commitment are required. If a country's system does not adhere to good governance standards, poverty reduction targets may not be met (Dissanayake, 2013). Countries are working hard to modernize their justice systems, but progress has been gradual (Brautigam, 1996)

4.1.2. Challenges Related to Costing, Budgeting and Financial Management

To fulfill its intended aims, the Poverty Reduction Strategy Plans (PRSP) must prioritize resource allocation. This indicates that the government budget is extremely important in the implementation of the Plan (PRSP). As a result, governments must ensure that their poverty reduction strategy plans (PRSPs) reflect their budgets; otherwise, the government would be unable to properly implement the Poverty Reduction Plans (Levie, 2004).

Costs for the Plans (PRSPs): The Medium-Term Expenditure Framework (MTEF) enables impoverished nations to combine their national budgets and planning efforts. The (MTEF) is a planning instrument used to forecast resources for both domestic and externally funded projects. However, it is difficult to accurately estimate the Plans (PRSPs). This is because the (MTEF) is technically difficult and necessitates very trustworthy data. As a result, most impoverished nations' poverty reduction strategies fail owing to inadequate cost assessment (World Bank, 2004).

Weak relationship between the plans (PRSPs) and budgets: One of the issues that nations confront while developing and executing the (PRSP) is integrating the government's yearly budget with its medium-term expenditure plan. This makes prioritizing the Plans (PRSPs) difficult (Cheru, 2006)

Poor financial management and spending tracking: Effective execution of the Medium-Term spending Framework (MTEF) requires recording and monitoring of public expenditures. A sophisticated financial accounting system, as well as open budgeting and audits, are essential for an efficient monitoring and tracking process. In most impoverished nations, the budget system is inefficient and unreliable, with insufficient transparency to allow for easy and effective tracking and monitoring (UNECA, 2002).

4.1.3. The Challenge of Institutionalizing of the Participation Process

The participation approach distinguishes Poverty Reduction Strategy Plans (PRSP) from traditional development initiatives like Structural Adjustment initiatives (SAP). The involvement makes the Poverty Reduction Strategy Plan (PRSP) country-driven, unlike the Structural Adjustment Program, which was conditional and donor-driven and proven unsuccessful over time. Participation is supposed to create a sense of ownership, enhance policy creation, and ultimately lead to effective implementation. However, in certain underdeveloped nations, including local stakeholders is extremely difficult. In general, the participation procedure is not actual easy, and it is overseen by higher authorities (Sanchez & Cash, 2003).

Absence of true government commitment to the participatory process: The government's commitment to a participatory approach is critical for consultation and cooperative decision making (Painter, 2002). The government that permits individuals to participate in governance can effectively implement the Plans (PRSPs) (Eberlei, 2001). In certain poor nations, the participation process is not carried out properly. Consultations on the Plans (PRSP) are conducted in a haste without sufficient communication, particularly during the first stages of PRSP preparation (Whaites, 2002).

Limited involvement for legislative representatives: To achieve the national ownership aspect, the Plans (PRSPs) should include fully elected authorities. The participation of parliamentary members is critical because it allows parliament to promote accountability and openness in decision making. In many impoverished nations, parliamentary members and other high-level officials have not enthusiastically take part in the Plans (PRSP) process (UNCTAD, 2002).

Exclusion of the private sector: Exclusion of the private owned sectors: The private owned sector is crucial to development. Most governments do not include the private sector in the Plans (PRSP) process. Only a few developing nations actively participate in and communicate with the private sector during the Plan (PRSP) formulation process (World Bank, 2001). In most developing nations, organizations responsible for commerce such as the Chamber of Commerce and the Association of Manufacturers engage are consulted, but the informal private sector, such as women entrepreneurs, is not involved on a national scale (Eberlei, 2001).

4.1.4. Challenges in Meeting National Capacity Needs

Poor nations have national capacity issues while developing their own Poverty Reduction Strategy (PRSP). Most impoverished nations employ workers with little capabilities. A number of assessments have been undertaken in different countries, and the findings show that there is a considerable gap in the capacity to undertake poverty analysis, plan, implement, and monitor poverty reduction activities.

(Cheru, 2006).

Poverty diagnosis and analysis: Most poor nations, particularly those in Africa, lack the human and institutional ability to conduct appropriate and systematic analyses in order to develop, execute, and monitor poverty reduction programs (Booth & Lucas, 2001). Furthermore, while poor countries do have competent workers with the skills needed for complex tasks such as evaluating poverty elements and poverty reduction strategy plans (PRSP), it is extremely difficult to retain and motivate skilled workers in most poor countries due to inadequate incentive schemes and structures in the civil service sector (Mick & Douglas, 2002).

Coordination and national ownership: Most impoverished nations experience poor coordination of economic policy initiatives while developing and executing the Poverty Reduction Strategies (PRSP). Most of the time, this occurs when there is an ongoing inter-ministerial disagreement about which ministry is accountable for a certain policy initiative, or when there is a conflict between sectoral ministries and ministry budgets (Cheru, 2006).

Poor monitoring and evaluation capacity is another difficulty that most low-income nations encounter, particularly during the implementation phase. This difficulty is mostly driven by a lack of technological capacity. Currently, most poor nations monitor and evaluate programs rather than focusing on the outcomes of poverty reduction policies and initiatives. Instead, they focus on closely adhering to government laws, regulations, and budgeting (Lucas et al., 2004).

4.1.5. Challenges Related to Harmonization of Development Partners Policies

Since the IMF and the WB developed the Plans (PRSP) idea, donor policies and practices have changed significantly (Booth & Lucas, 2001). Changes in development partners' practices might take the form of budget support or additional financing. In Uganda and Tanzania, for example, development partnerships have shifted from stand-alone project aid to program aid and budget support (Koudougou, 2002)

Unpredictability in development funding from development partners: The time congruence between development partner policies and a country's Poverty Reduction Strategies is critical to a successful execution phase, mostly in terms of donor money predictability. The fact that most impoverished nations rely on uncertain financing from development partners has a damaging impact on the Plan's (PRSP) execution. It should be mentioned that most poor nations lack the financial flexibility to provide enough budgets for poverty reduction, therefore they rely on donor monies (Healey et al., 2000)

5. THE RELATIONSHIP BETWEEN THE POVERTY REDUCTION STRATEGY PLAN (PRSP) AND THE MDGS/SDGS

The United Nations Millennium Declaration was introduced during the United Nations Summit held in 2000. This proclamation aims to coordinate worldwide efforts to eliminate extreme poverty. All international development partners and UN member countries agreed on this global approach, including its eight supporting goals (Woodbridge, 2015).

These objectives were presented as clear, quantifiable, and time-bound benchmarks that primarily focused on human development. Both poor and developed countries have promised to meet these objectives by 2015. To fulfill the MDGs, ten to twelve implications were necessary, followed by collective national policies, plans, and strategies backed by international initiatives. The underlying premise of the MDGs is to establish a goal-oriented international collaboration and local initiatives to assist low-income nations in eradicating poverty and promoting human capital development. It should be emphasized that the MDGs contained no answers for poverty reduction or human development (UNESCAP, 2015).

The Plans (PRSP) are the ones that give genuine plans for eradicating poverty, including financing, implementation, and monitoring frameworks. The Plan (PRSP) outlines the framework and tactics for achieving poverty eradication and other Millennium Development Goals. The Poverty Reduction Strategy Plan (PRSP) will be implemented over a longer period (three to five years). However, this execution duration is shorter than the Millennium Development Goals (MDG) implementation period, which was set at 15 years (UNESCAP, 2015).

Following the expiry of the MDGs in 2015, a new policy known as SDGs was implemented. The SDGs are intended to promote people, prosperity, peace, and partnerships. The SDGs are made up of 17 goals, 169 targets, and indicators. The Sustainable Development Goals not only aim to eradicate poverty but also to promote international development and the preservation of human life. The SDGs are anticipated to guide all United Nations member nations' development goals and national policy preparations for the next 15 years, from 2015 to 2030. This means that, while the MDGs are exclusively applicable to developing

nations, the Sustainable Development Goals apply to both developed and developing countries (Woodbridge, 2015).

6. CONCLUSION (DO THE PRSPS REALLY WORK ON THE POOR COUNTRIES?)

Policy changes are done in developing countries in conditions that weaken impoverished nations' autonomy. Between 2000 and 2020, international organizations such as the IMF and the WB conducted a variety of reforms and development efforts in the majority of impoverished countries in Africa, Latin America, and Asia. Budgets, tax and spending policies, trade, tariffs, pricing, privatization, and credit policies are frequently linked to reforms and initiatives. Countries that carry out these adjustment programs often have less control over their economic policies and choices. This will have significant long-term consequences for recipient countries (Stewart & Wang, 2003).

Furthermore, it is believed that most impoverished nations construct their Poverty Reduction Strategies Plans (PRSP) in a rush due to a lack of time, resulting in biased plans that favor development partners in order to gain more financial support. Despite the fact that poor nations had varying economic levels, natural and financial resources, and government structures, their Poverty Reduction Strategies Plans (PRSP) often contained comparable economic ideas. This means that international financial institutions (IFIs) have influence on impoverished countries. This suggests that most of the plans (PRSPs) lack the sense of being owned by the government (Bartlett, 2011).

This is a difficult issue to answer since it relies on how the term "ownership" is perceived. The notion of ownership is difficult. The legal word "ownership" refers to private property of commodities or land. However, psychologically, it is interpreted as possession. When this phrase is employed in policy programs, the legal meaning is lost, and only the psychological meaning is used. The psychological meaning is based on human perceptions in such a way that governments, local people, and institutions are led to think they have ownership of poverty reduction strategies (Stewart & Wang, 2003).

According to the IMF and WB, poverty reduction strategies should be led by countries or national governments. That is, the Poverty Reduction Strategies process and its contents should be produced in accordance with the notion of country ownership. This suggests that policies must be tailored to the local environment and capacity, as well as benefiting the country as a whole, rather than just external development partners (Adelakun, 2011)

Furthermore, in order to accomplish the notion of national ownership of Poverty Reduction Strategies, civil society engagement is viewed as necessary. To be country-driven and domestically owned, Poverty Reduction Strategies must incorporate wide engagement from civil society (Segura et al., 2004).

In many underdeveloped countries, the Poverty Reduction Strategies Plans (PRSP) system frequently restricts civil society participation in program formulation, giving governments disproportionate power. This is due to parallels between PRSP and other Structural Adjustment Programs, with few procedural differences. As a result, PRSP methods have limited relevance to most International Financial Institution operations, reducing their effectiveness in empowering impoverished nations (Stewart & Wang, 2003).

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