

Implementation of Poverty Reduction Strategies in the NIS

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- **Countries/ Regions Covered:** Armenia, Georgia, Kyrgyz Republic, Tajikistan, Azerbaijan, Moldova and Uzbekistan.

Background and Objectives of the Commissioned Study

Poverty Reduction Strategy Papers (PRSP) are being prepared by seven Newly Independent States (NIS) of the former Soviet Union and, of these, five countries have completed full PRSPs and have started implementation. The objective of this study is to identify the key challenges facing NIS governments in implementing full PRSPs and sets out recommendations for addressing them. The study also provides useful insights to be used by the EC in the policy dialogue with partner governments in the NIS on PRSPs, and as input for the preparation of the next generation of Indicative Programmes (2007-12) and for the development of Action Programmes from 2004 onwards.

Research Findings

The Poverty Reduction Strategy (PRS) process in the NIS coincided with a fundamental change in social and economic organisation, from central planning to market regulation. As a result, markets in the NISs tend to be underdeveloped, inefficient or absent altogether. The NISs lack the institutions of states, not only those of policy formation, such as ministries of planning, but also basic agencies of national management. As a result, the NISs entered their transition to the market poorly equipped in terms of institutions to carry out the basic function of government.

The report concludes that many of the findings and lessons from the NIS reflect those of the global studies. This reveals some of the fundamental issues related to the PRSP process across all countries:

- Implementation of the PRS process in the five countries with approved PRSPs is weak both in terms of undertaking the priority reforms and interventions and amending the document;
- The three features (a) the budget system, (b) clear plans of action and (c) monitoring system are not in place;
- Political commitment to the PRS process seems to be adequate in all the countries implementing the PRS process, however capacity for implementation remains a major problem in all countries;
- The fact that none of the countries had a comprehensive national planning framework at the start of the PRS process proved to be a major advantage; compared with countries that had such frameworks already in place and found the PRS process introducing new development management systems.
- For NIS countries, PRSP process is a major change and a complete new way of conducting business, especially from a political perspective.

In cooperation with



Main Conclusions

Recommendations for Donors:

- End the dichotomy between direct and indirect PRSP support i.e. to implement the PRS process support is needed beyond that based around a PRSP secretariat or management unit. The whole process of public administration reform and reorientation of the state is required.
- Provide assistance to public administration strengthening in a programmatic way.
- Where public administration systems are adequate, increase the use of budget support.
- Introduce new mutual accountability mechanisms where the donor is also accountable to the

recipient citizens. The PRSP and the Millennium Development Goals should be developed as a framework not only for coordination and alignment but also for accountability.

- Donors should support and participate in regional information sharing but should not attempt to drive the process.

Specific Recommendations for EU:

- Although the EU has engaged with the PRS process across the region it has not been seen as one of the main players supporting governments in the process. The EU should seek a balance between direct and indirect PRSP support in the region;
- The EU could play a greater role by balancing the influence of the World Bank and the IMF by identifying clear alternative policies.

Recommendations for Countries

Implementing PRSPs:

- The PRSP needs to be in the centre of the planning process. It must address the multi-dimensional nature of poverty and take into account all the facets linked to public interventions;
- PRS must be viewed as a long term process;
- Develop mechanisms to ensure greater mutual accountability between government and the donor community;
- Place greater focus on communicating the role of the PRS process in the overall development planning framework and the roles of the various stakeholders;
- Revise the donor-recipient relationship according to the principles of the PRSP and demand greater accountability for actions.

For further information on this research project, please visit:

EC-PREP website: www.ec-prep.org

SOAS website: www.soas.ac.uk

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