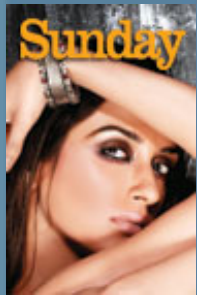


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### VIEW: Revision of Pakistan's PRSP —*Syed Mohammad Ali*



*Local government officials and public representatives are still unaware that the country has an overarching strategy to alleviate poverty. It is however vital for these public officials and representatives, as well as the public, to have a greater voice in making and implementing policies like the PRSP, so that the fruits of prosperity are distributed more equitably*

For the past three years, the Government of Pakistan has been trying to reduce poverty in the country through policies and measures outlined in a Poverty Reduction Strategy Paper. The PRSP has thus become a frequent subject of this column. Since PRSP Secretariat in the Ministry of Finance is presently revising the strategy, this is a particularly good time for analysts and practitioners to turn their attention to the PRSP updating process. The updated PRSP will remain in effect until 2009.

It should be noted that the PRSP is endorsed as a prerequisite for concessional development loans from the World Bank. Thus over 50 countries around the world have formulated PRSPs. The participating governments are encouraged to formulate 'independent' PRSPs in view of their nation-specific circumstances. But while one would expect such independent policy making to promote heterogeneity, the PRSPs look remarkably similar. This is because the resource-constrained countries find themselves compelled to accord priority to macroeconomic stabilisation and avoid contradicting neo-liberal assumptions — like the efficiency of the private sector in managing social services delivery. Such compulsions have led to adoption of rather standardised PRSPs across the globe. The PRSP for Pakistan, for example, emphasises the need for sustaining high economic growth, improving social services and social safety nets for the poor, and making governance more effective — more or less standard measures endorsed by several other countries that have adopted the PRSP approach. None of these represents a unique policy option.

Most developing countries, including Pakistan, have emphasised in their PRSPs investment in human capital to alleviate poverty. Yet there is an apparent contradiction in a state's commitment to invest in human capital and its simultaneously pursuing the goals of privatisation, contract employment and downsizing — measures that are causing complications in terms of reducing poverty not only in Pakistan but also in Latin America and in Africa.

The use of micro-credit to help reduce poverty is another favourite PRSP recipe in many countries. While there is room for increasing micro-credit availability to meet the demand of micro-entrepreneurs, the overall effect of expensive micro-credit programmes on poverty remains questionable. The chronic poor appear to remain beyond the scope of micro-credit programmes, given that they are often too desperate and deprived to use credit to improve their lives. Most developing countries using the PRSP approach are struggling to reduce poverty by securing pro-poor growth in what is still a volatile and inequitable global economic system. This makes the prospect of reducing domestic inequalities look

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like an insurmountable challenge.

Progress reports released by the PRSP Secretariat provide a closer look at the PRSP for Pakistan. These reports have evaluated the progress in poverty reduction not only since 2003, when the PRSP was finalised, but from 2001, when the interim PRSP process began. It is interesting to note that these progress reports give more weight to GDP growth and its benefits instead of focusing on removing poverty within existing circumstances. The growth-based poverty reduction approach avoids analysing the distributive aspects of growth. Instead, the PRSP has introduced the Pakistan Social and Living Standard Measurement (PSLSM) for the purposes of its appraisal, which reports household perceptions concerning their economic condition. Unfortunately, almost half of the households surveyed across Pakistan (in urban as well as rural areas) reported no change in their economic situation during the last year. According to PRSP Secretariat evaluations, too, a lot remains to be done to reduce the gender gaps in literacy and enrolments, and to provide better health facilities and access to safe drinking water. While the PRSP now admits that land distribution among poor households needs to be accelerated to shore up efforts for alleviation of rural poverty, it has so far done little on this front.

Beneficiary and civil society participation in the PRSP process needs to be bolstered for the strategy to become more effective. In principle, PRSP consultations are supposed to share control over priority setting, policymaking and resource allocation with a range of relevant stakeholders, including civil society organisations and the poor. In practice, the PRSP processes have been criticised for ad hoc and hurried consultations. Government officials have generally been accused of communicating their agendas rather than listening to demands of marginalised constituencies while formulating poverty reduction strategies. At least one valuable move initiated by the current PRSP revision process in Pakistan is to return to the communities which had been consulted before formulation of the initial PRSP, to seek further input from them before updating the strategy. While this is a good idea, the methodology for seeking input from communities concerning the PRSP needs to be carefully managed so as to get explicit suggestions concerning specific interventions instead of seeking generalised comments, which can be easily manipulated to serve as a justification for predetermined interventions.

To deepen the sense of local ownership of the PRSP process, there is a need for the government machinery to start giving more attention to institutionalising participation. Aligning local development plans with the PRSP process is essential in this regard, and some form of strategic planning at the local level is needed so that local governments can consult local stakeholders in drawing up PRSP recommendations, instead of the entire process being managed by the Ministry of Finance. Yet there are admitted capacity challenges facing local governments, which make it difficult for them to assume this responsibility. Local government officials and public representatives are still unaware that the country has an overarching strategy to alleviate poverty. It is however vital for these public officials and representatives, as well as the public, to have a greater voice in making and implementing policies like the PRSP, so that the fruits of prosperity are distributed more equitably.

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