

1. Introduction

After more than five decades of development work, the absolute number of poor in the world is still rising. Even though there are improvements in some countries, more than 1.2 billion people (20% of the global population) still survive on less than US\$1 a day (United Nations Development Program [UNDP], 2003). Over the course of many failures, the subject of international development discourse has evolved from “trickle-down” economics to social development (Atal, 1997). One-size-fits-all recipes to eradicate poverty have proved to be inadequate not only in developing countries but also in the developed world from which they originated (Atal, 1997). The international community, including the World Bank, has recognized the multidimensional nature of poverty and the need for countries to develop their own poverty reduction strategies with the participation of multiple stakeholders.

It is widely known that many policies and programs of the World Bank have failed to reach the poor and even caused social and environmental damage (Fox & Brown, 1998a). Some examples are the widely criticized structural adjustment loans (See Pender, 2001; Battikha, 2002), the controversial dams such as Arun III in Nepal and Sardar Sarovar in India (See Bissell, 2003), and the Polonoroeste highway in the Brazilian Amazon (See Vianna, 2003). Learning from its mistakes, in 1999 The World Bank adopted the Comprehensive Development Framework (CDF), which promotes a more holistic¹, participatory, and country-owned approach to poverty reduction (The World Bank, 2003a). One of the initiatives that

¹ An approach that addresses the interrelating nature of the various dimensions of development: human, social, physical, structural, environmental, economic, financial, and governance (The World Bank, 2004e).

has resulted from this new framework is the Poverty Reduction Strategy Papers (PRSPs) process.

The PRSPs introduced the concept of “country-driven” and “country-owned” strategies to promote economic growth and reduce poverty. In other words, “[c]ountries must be in the driver’s seat and set the course”, which is supposed to promote ownership of the strategies (The World Bank, 2004e). Governments are in charge of elaborating PRSPs. In order to promote ownership of the strategies, PRSPs should be the result of an extensive broad-based participatory process that not only involves the government, but also civil society, the private sector, and development agencies.

A strong emphasis is placed on the importance of involving members of civil society, especially the poor, in the design of policies that will affect their lives. This has opened the political space for the participation of Civil Society Organizations (CSOs), assumed to be intermediaries of the poor. However, the participation of CSOs in developing PRSPs hardly goes beyond consultation and very often is not representative of the poor. The purpose of this paper is to provide a critical examination of the participation of civil society in PRSPs. Three questions are addressed in this paper: 1) To what extent have different groups within civil society participated in developing PRSPs? 2) Has the input of civil society been taken into account in the content of PRSPs? 3) What are the lessons to be learned from the PRSP participatory process in Bolivia?

Chapter Two begins by providing a conceptual framework of the participatory approach to development. I examine the different interpretations and degrees of

participation and then I provide an analysis of its advantages and disadvantages. The next chapter traces the evolution of the World Bank's approach to poverty reduction which ultimately resulted in the creation of PRSPs. Then, I describe the process of developing PRSPs and what PRSPs should include. Chapter Four examines the role of three key stakeholders in PRSPs: civil society, the state, and the World Bank. Chapter Five provides a review of both the Bank's internal and external assessment of participation in PRSPs. Complementing Chapter Five's broad picture of participation in PRSPs, Chapter Six provides an analysis of the Bolivian case study using the Bank's assessment criteria for comparison purposes. Finally, Chapter Seven provides conclusions, and policy implications.

2. The Participatory Approach to Development

“[P]articipation seems to bring with it transformative powers at a number of levels, from individual to collective behaviour, and even to improve the performance of public agencies” (Sandercock, 1998, p. 151)

Participatory development has gained a great deal of attention and support in the last two decades as a response to the failures of traditional top-down approaches (Cook & Kothari, 2001). This chapter provides a conceptual framework of the participatory approach to development, examines different interpretations and degrees of participation, and analyzes the contemporary debate about its benefits and pitfalls.

2.1. The Concept of Participation

Even though it has become more predominant and comprehensive since the 1980s, the idea of involving people in development is more than fifty years old. In the 1950s, and to a greater extent in the 1960s, people were encouraged to participate in the implementation of infrastructure projects which affected the participants, but were designed and controlled by development agencies (UNDP, 1998). In the late 1970s and 1980s the recognition of the multidimensional nature of poverty required a more direct involvement of poor people in development practices (UNDP, 1998). According to the World Bank (2004f), in participatory poverty assessments, the poor emphasized vulnerability, physical and social isolation, lack of security and self-esteem, and lack of power and dignity as other dimensions of poverty in addition to traditional dimensions (i.e. income, health, and education). Since the 1980s, participation has no longer been limited to project implementation, but also encompasses planning, monitoring, and evaluation. Also,

participation of people in policy decision-making started to be considered (UNDP, 1998).

Despite its importance in development, participation does not have a single universal definition or generalized analytical framework. According to Paul (1987), there is significant disagreement in the development literature about the meaning of participation. Also, the UNDP (1998) recognizes that participation is a broad and complex term whose varying interpretations will determine the different strategies and methodologies used in participatory practices. In general, participation can be seen as a means or as an end in itself (Moser, 1983). The former perspective considers participation to be a *process* (e.g. participation in the design or implementation of projects) through which people contribute to different objectives (e.g. project effectiveness). The latter perspective sees participation as the objective in itself (e.g. community development). As Table No. 1 illustrates, either perspective can be analyzed at two different levels: political decision-making level (macro-level) and project level (micro-level).

Table No. 1 Perspectives on Participation		
	MEANS	END
MACRO	Participation in design of policy	Empower people to influence policy
MICRO	Participation in implementation of projects	Empower people to influence projects

This paper is concerned with participatory development as a process (means) that allows people to influence the design of poverty reduction strategies (macro-level) that will affect them. Participation throughout this paper refers to the

definition provided by the World Bank (1994), “ a process through which stakeholders influence and share control over development initiatives, and the decisions and resources which affect them” (p. 1). Because participation is about the power to control and influence development outcomes, it is important to analyze it in terms of various degrees or levels of participation.

2.2. Levels of Participation

“[P]articipation without redistribution of power is an empty and frustrating process for the powerless. It allows the powerholders to claim that all sides were considered, but makes it possible for only some of those sides to benefit. It maintains the status quo” (Arnstein, 1969, p. 216).

Sherry Arnstein (1969) recognized that participation has gradations that depend on the extent of the *power* that governments give citizens in determining development outcomes. She was the first scholar to provide “a ladder of citizen participation”, the title of one of the most influential articles on citizen participation. Her ladder of citizen participation was divided into eight rungs that range from non-participation (therapy and manipulation) to tokenism (informing, consultation, placation) to citizen power (partnership, delegated power, and citizen control). Following Arnstein, other scholars have analyzed levels of participation. Germane to this paper are Samuel Paul (1987) and Marisa Choguill (1996).

Paul’s piece is a World Bank discussion paper entitled “Community Participation in Development Projects: The World Bank Experience”. He recognizes that participation in World Bank projects has focused a lot more on increasing project effectiveness and efficiency and cost sharing, rather than on capacity building and empowerment of communities. Unlike Arnstein, he recognizes only four levels of *community*, rather than *citizen*, participation:

information, consultation, decision making, and initiating action. Paul's analysis found that participation in World Bank's projects ranged from information, the lowest level of community participation, to a limited participation in decision making. Many, he argues, did not go beyond consultation.

Choguill (1996) presents a revised ladder of participation. Like Paul, the ladder refers to community, rather than citizens. But, unlike Paul and Arnstein, her analysis applies to developing, rather than developed, countries. Also, Choguill extends her analysis to refer not only to participation in project implementation but also to participation in policy decision-making processes. Whereas Arnstein and Paul place self-management at the peak of the ladder, Choguill considers that community self-management without government support is the lowest level of participation and has proven unsuccessful in developing countries. She argues that government should support and empower communities so they can reach the capacity to design and control development initiatives.

Although very useful to facilitate our understanding of participation, these approaches can be improved upon. On the one hand, Paul's typology is too simplified. In my view, his category of decision making is too broad and can benefit from being divided into subcategories. On the other hand, Arnstein's and Choguill's ladders of participation fail to recognize the difference between objectives, intensity, and instruments. Arnstein's non-participation category should not be part of the typology. Rather than levels of participation, manipulation and therapy are objectives that motivate participation. In these cases, she is seeing participation as

an end in itself (i.e. persuading and curing citizens, respectively) whereas in the rest of the ladder she refers to participation as a means.

Choguill makes the same mistake when she includes conspiracy and dissimulation. Conspiracy is not a new type of participation but information that is provided to the public with the objective of justifying a government's action against the poor. In the case of dissimulation, any level of participation (i.e. information or consultation) can take place with the objective of educating the community or engineering its support for a determined agenda. She also confuses instruments with intensity when she claims that self-management should be considered the lowest degree of participation. That the government leaves the community to develop initiatives on their own without any support does not mean that the community does not participate. It means, for good or bad, that the community participates at the maximum level without intervention by the government.

Building on the aforementioned typologies, I present a revised one that will be used in Chapters Five and Six to analyze the extent of CSOs participation in PRSPs. This ladder consists of six rungs. The rungs are arranged from highest to lowest, depending on the distribution of power between the community and the development agency. The highest level of participation is achieved when the community is ready to be entirely responsible for decision-making and planning of development initiatives. At the bottom is information, which I consider a level of non-participation. At this level, the community is a passive recipient and it is not really participating in the initiative. In my view, participation starts with consultation. From there up the community increases its power in determining

development outcomes. Table No. 2 below summarizes each of the four typologies discussed.

Table No. 2 Levels of Participation*

Arnstein (1969)	Paul (1987)	Choguill (1996)	Abad (2004)
<u>1) Citizen control</u> Citizens have full control of planning and managing projects	<u>1) Initiating action</u> Community has initiative to design and implement projects on their own	<u>1) Empowerment</u> Community has majority in decision-making. Influence process and outcomes with government support	<u>1) Total decision-making</u> Community is entirely responsible for decision-making and planning
<u>2) Delegated power</u> Citizens have majority of seats in decision-making over a project	<u>2) Decision making</u> Community contributes to decision-making about design and implementation of "assigned" project	<u>2) Partnership</u> Community and government share planning and decision-making responsibilities	<u>2) Dominant decision-making</u> Community has dominant role in decision-making and planning
<u>3) Partnership</u> Citizens and powerholders share planning and decision-making responsibilities	<u>3) Consultation</u> Two-way communication. No guarantee input will be taken into consideration	<u>3) Conciliation</u> Paternalistic. Community is heard but persuaded or forced to accept elite's agenda	<u>3) Balanced decision-making</u> Power distribution is balanced. Agency and community share planning and decision-making responsibilities
<u>4) Placation</u> Citizens have access to decision-making but powerholders have last word	<u>4) Information</u> Inform community to facilitate action. One-way communication	<u>4) Dissimulation</u> Participation's purpose is educating community, engineering its support	<u>4) Partial decision-making</u> Community has partial access to decision-making. Agency sets agenda and has the last word
<u>5) Consultation</u> Two-way communication. No guarantee input will be taken into consideration		<u>5) Diplomacy</u> Government apathy. Community consultation. No guarantee input will be taken into consideration	<u>5) Consultation</u> Two-way communication. No guarantee input will be taken into consideration
<u>6) Informing</u> Inform citizens of rights, responsibilities, and options. One-way communication		<u>6) Informing</u> Inform community of rights, responsibilities, and options. One-way communication	<u>6) Information</u> Inform community of rights, responsibilities, and options. One-way communication
<u>7) Therapy</u> Cure powerlessness pathology		<u>7) Conspiracy</u> Government actions favor other groups; the poor are considered an embarrassment	
<u>8) Manipulation</u> Persuade citizens to accept agenda		<u>8) Self-management</u> Government apathy. Community plans and controls projects	

* Levels of participation are arranged from highest (1) to lowest (8)

2.3. The Debate on Participation

There are many attributes associated with participation but the concept is the subject of much debate. This section will address the two sides of the debate.

The extensive adoption and promotion of participatory development is grounded on various assumptions about its potential benefits. First, it is assumed that participation will bring local knowledge, promote democracy and empowerment of hitherto marginalized people, and therefore contribute to more effective and sustainable development practices (Cook & Kothari, 2001; Cleaver, 2001; Stiglitz, 2002). Second, participation of people in policymaking and projects that affect them is deemed to promote ownership and acceptance of these policies and projects, thus contributing to their political sustainability (Stiglitz, 2002). Third, participation is supported as a means to challenge traditional power structures (Kothari, 2001), to press for government accountability and transparency, and to promote social capital (Stiglitz, 2002). Finally, participation of CSOs in projects is supposed to help governments to gain citizen's trust in the project and to help improve their image because it would appear that they are interested in listening to what people may have to say (Mpepo, 2000). It is important to note that there is not enough evidence to support the idea that participation has brought social change or has enhanced the living standards of the poor (Clever, 2001).

There has been extensive criticism of the conceptual underpinnings and the methodological, economic, and political aspects of participation (Cook & Kothari, 2001). For example, Cleaver (2001) and Cooke (2001) criticize the failure to recognize the heterogeneous nature of community when deciding who participates. The World Bank (1994) reckons the costs (in terms of money and time) associated with identifying and

organizing stakeholders, the possibility of conflicts of interest and frustration when expectations are too high to fulfill, the risk of involving stakeholders who are not representative of the intended population, and the problem of co-optation of the process by dominant groups at the expense of the poor.

Contrary to common assumptions about its bottom-up nature, participation is considered rather top-down by some development specialists. For instance, David Mosse (2001) claims that the “local knowledge” that is supposed to result from participation is manipulated either by local dominant groups or shaped by international interests². Likewise, Uma Kothari (2001) argues that participation is about the identification and interpretation of local knowledge, suggesting the introduction of bias by development practitioners, government officials, or even translators. Finally, Hildyard et al (2001) assert that CSOs have minimal bargaining power and it is only used to reduce transaction costs and to legitimize decisions that are already made by others with different agendas.

In sum, participation means different things to different agents who can promote it for different purposes. It can be seen as a means or as an end, and can be analyzed in the context of projects or policy. The extent of participation can range from information (lowest level) to total power in decision-making processes (highest level). Despite the extensive criticism of its conceptual, methodological, economic, and political aspects, participation has been greatly promoted as a key to achieve development effectiveness and sustainability. Participation is central to the process of developing PRSPs, particularly because it is supposed to promote ownership of policies. Before analyzing participation in PRSPs, the next two chapters examine the origins, the process, and the key stakeholders of PRSPs.

² Local or indigenous knowledge refers to the understanding of a unique culture or society (Warren, 1991).

3. The PRSP Initiative and its Origins

3.1. The Origins of the PRSPs

At their Annual Meeting in September 1999, the World Bank and the International Monetary Fund (IMF) introduced the PRSPs (The World Bank, 2004b)³. The PRSP initiative represents a radical reform in traditional World Bank practices (Cling, Razafindrakoto & Rouband, 2002; Battikha, 2002) and, as Christiansen & Hovland (2003) point out, “an operational solution that solved several internal problems and provided an answer to external pressures” (p. x). This chapter will trace the evolution of the World Bank’s approach to development from a neo-liberal economic model to a greater focus on poverty reduction and debt relief that ultimately triggered the adoption of the PRSPs.

The mission of the World Bank is “to fight poverty and improve the living standards of people in the developing world” (The World Bank, 2004g)⁴. The World Bank’s approach to fulfill its mission has been the subject of a “non-linear” process of evolution since the establishment of the Bank in 1944 (Kanbur⁵ & Vines, 2000). Starting in the period of 1945-1955, the dominant development thinking was “growth does it all” (Kanbur & Vines, 2000, p. 88). In this period, the World Bank’s primary objective was not curbing poverty but reconstructing the Western European economy that was left in ruins after World War II. The World Bank was concentrating at the time on economic infrastructure projects (Kanbur & Vines, 2000). The idea that economic growth was

³ Even though the PRSPs was a jointly initiative of The World Bank and The IMF, this paper focuses on the World Bank because of its mission of poverty reduction (in contrast to the IMF’s mission of global economic stability).

⁴ More about the World Bank is discussed in Chapter 4, section 4.3.

⁵ Ravi Kanbur worked at the World Bank from 1989 to 1997. He also was the director of the World Bank’s 2000 World Development Report on Poverty and Development.

enough and would eventually benefit the poor, the so-called “trickle-down economics”, dominated World Bank’s practice until the late 1960s (Evans, 2000).

From 1955 to the 1970s, the basic assumptions of trickle-down economics were increasingly questioned (Kanbur & Vines, 2000). Various scholars argued that economic growth was a source of inequality and insufficient as a means to reduce poverty⁶. The 1960s was a decade in which the approach to development moved away from a focus on infrastructure and reconstruction towards attention to human capital and basic needs. For example, in the US, John F. Kennedy’s Alliance for Progress (1961) and Lyndon B. Johnson’s War on Poverty and Great Society Program (1964-1967) both focused on alleviating poverty. In the 1970s, the World Bank declared “war on poverty” with the leadership of newly appointed president Robert McNamara, Johnson’s former Secretary of Defense (Kanbur & Vines, 2000, p. 96). At that time, the Bank redefined its mission as a development institution whose lending operations had to be linked with poverty reduction (Evans, 2000). This was the time of the “basic needs” approach and the redistribution of the benefits of economic growth (Kanbur & Vines, 2000; Evans, 2000). But, the small impact of this approach on poverty reduction, along with global macroeconomic shocks that characterized the 1980s and 1990s, brought a new version of the trickle-down economics back to center stage.

In the 1980s, the world experienced profound macroeconomic shocks: rise in oil prices, global recession, a debt crisis in Latin American, and a drop in commodity prices (Kanbur & Vines, 2000). This was the ‘Thatcher-Reagan-Kohl

⁶ See Lewis, 1954; Kuznets, 1955; Fishlow, 1972; Little, Skitovsky & Scott, 1970 (cited in Kanbur & Vines, 2000)

era', characterized by the emphasis on the structural adjustment of the developing world following the "Washington consensus" policies (Kanbur & Vines, 2000; Pender, 2001). The Washington Consensus was "a consensus between the IMF, the World Bank, and the U.S. Treasury about the 'right' policies for developing countries" (Stiglitz, 2003, p. 16). These policies focused on public budget austerity, the reduction of both inflation and balance of payments deficits, the control of exchange rate distortions, market liberalization, competitiveness, privatization, and other market-based policies (Pender, 2001).

The World Bank and the IMF strongly promoted structural adjustment programs (SAPs) in the Third World (Battikha, 2002). With SAPs, financial assistance to developing countries was contingent on their adopting Washington Consensus policies. In the words of Stiglitz (2003), a former World Bank chief economist and senior vice president, "[t]he IMF and the World Bank became the new missionary institutions, through which these ideas [free market] were pushed on the reluctant poor countries that often badly needed their loans and grants" (p. 13). This was a time characterized by a belief that correcting distortions (mainly reducing the role of the state and opening markets) would lead to economic growth, which in turn would reduce poverty and inequality (Kanbur & Vines, 2000). The only difference with the pure neoclassical ideology of the 1950s and 1960s was the additional focus on the human dimension of poverty.

Multinational corporations and banks, predominantly from developed countries, benefited from structural adjustment, but poor countries were the clear losers (Kanbur & Vines, 2000; Stiglitz, 2003). According to Michael Hirsh (1995), "after a decade of

following World Bank advice, living standards in Africa have fallen by 2 percent annually, unemployment has quadrupled to 100 million and real wages have plunged by a third” (quoted in Pender, 2000). Even Mexico, considered by the World Bank to be a case study of successful practice of SAPs, was in financial crisis by 1994 (Pender, 2001). Additionally, unforeseen events in the 1990s such as the proliferation of HIV/AIDS (especially in Africa), civil wars and natural disasters (e.g. hurricanes, earthquakes, droughts, flooding, etc) in Latin America and Sub-Saharan Africa, and the economic and social transition of Eastern Europe and Central Asia contributed to an increase in the absolute number of the world poor (Evans, 2000).

The Bank’s effectiveness as a development institution was questioned not only internally, but also externally; it “had lost the certainty it had derived for so long from the policy framework it prescribed” (Pender, 2001, p. 402). In 1994, on its 50th anniversary, the World Bank was the target of global civil society protest under the “Fifty Years is Enough” campaign (Kanbur & Vines, 2000). Recognizing the failure of its market-based development models and coming under extensive external pressure, the World Bank was forced to rethink its strategies. It was under the leadership and initiative of President James D. Wolfensohn (appointed in June 1995), that the World Bank started a period of reform (Kanbur & Vines, 2000; Pender, 2001)⁷. This reform was characterized by new “holistic, participatory, and results-based approach to development and poverty reduction” (The World Bank, 2003a, p. 14)⁸.

⁷ Some of his initiatives include the focus on the links between debt relief and poverty reduction and the involvement of civil society organizations in dialogue, consultation and collaboration in World Bank-financed projects (Pender, 2001).

⁸ The Bank uses the term “results-based” to refer to the importance of monitoring and evaluating results of its loans and analytical work for future improvement (The World Bank, 2004h).

In January 1999, the World Bank launched the Comprehensive Development Framework (CDF) (The World Bank, 2004e). The CDF is based on four principles: “a long-term holistic development agenda; broad-based country ownership; donor coordination; and accountability for development results” (The World Bank, 2003a, p. 14). The CDF represented a significant reform in the Bank’s traditional mode of thinking. According to Collier (2000), the CDF’s “main innovation is its emphasis upon partnership, both between donors and the government, and between the government and civil society” (p. 323).

At the same time, a debate about debt relief took place in the evaluation of the Heavily Indebted Poor Countries (HIPC) program and gained much pressure, especially from the international coalition Jubilee 2000 (Christiansen & Hovland, 2003)⁹. The HIPC was the first initiative intended to reduce external debt levels of the poorest countries; it was proposed by the World Bank and IMF and agreed by member governments in 1996 (The World Bank, 2004b). However, developing countries, global civil society, and international development agencies claimed that the HIPC needed to be improved because it did not solve the debt problem of poor countries (Scholte & Schnabel, 2002). In September 1999, the HIPC was enhanced. This time the objective was not only to reduce debt, but also to reduce poverty (Scholte & Schnabel, 2002; The World Bank, 2003d). Poor countries were required to elaborate PRSPs to qualify for debt relief (The World Bank, 2003d). The PRSP is the mechanism for both implementing the CDF’s principles and linking poverty reduction with debt relief and concessional lending (Levinson, 2002; Christiansen & Hovland, 2003).

⁹ Jubilee 2000 is an international movement created in 1996 to campaign for debt cancellation of the poorest countries in the world (Third World Network, 2004).

3.2. The PRSP Initiative

The PRSPs are documents that “describe the country’s macroeconomic, structural and social policies and programs to promote growth and reduce poverty” (The World Bank, 2004b)¹⁰. There are three characteristics of the PRSPs that represent real changes in traditional World Bank practices (Christiansen & Hovland, 2003; Levinson, 2002). First, lending and debt relief depends upon policy reform and programs developed locally and not in Washington. However, in order to get debt relief through the HIPC program or to get ‘concessional lending’ low-income countries must have their PRSPs approved by the World Bank and the IMF¹¹. Second, other stakeholders are involved through a participatory process. Governments develop PRSPs in collaboration with civil society, private sector, the World Bank, the IMF, and other development agencies (The World Bank, 2004b). Finally, PRSPs recognize the multidimensional nature of poverty.

Even though the World Bank claims that ‘there is no blueprint for a PRSP’, it does specify that a PRSP should include the following:¹²

- a) A description of the participatory process used and its impact, as well as an explanation of the role of civil society in future monitoring and implementation of the strategy.
- b) A comprehensive poverty assessment that describes who the poor are and where they live.
- c) A set of prioritized macroeconomic, structural and social policies with corresponding budget.
- d) Defined medium and long-term poverty reduction goals and corresponding indicators of progress.

¹⁰ Retrieved November 12, 2004 from <http://poverty.worldbank.org/prsp/>

¹¹ Concessional lending refers to zero interest loans from IDA and low interest loans through IMF’s Poverty Reduction and Growth Facility (PRGF).

¹² Retrieved August 21, 2001 from <http://www.worldbank.org/poverty/strategies/overview.htm>.

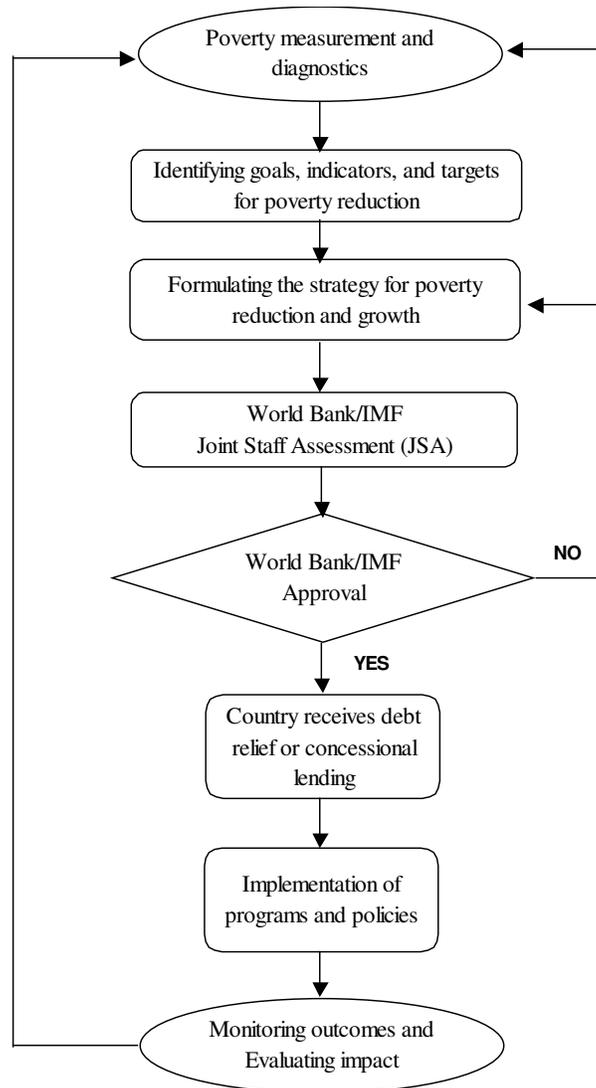
It is hard to believe though, that the poorest and indebted countries, who usually have very low technical and institutional capacity to develop PRSPs on their own, and also who have to get the strategies approved by the World Bank and IMF, do not follow the World Bank's blueprint. Following these principles and gathering this information entails a complex and long process that many countries are unable to complete in the short term. In order to accelerate the process of debt relief under the HIPC, countries may present an Interim PRSP (IPRSP). The IPRSP should describe the country's current strategies to curb poverty along with its plan on how the PRSP will be developed (The World Bank, 2004b). If the PRSP cannot be completed after a year following the IPRSP, a progress report should be presented to keep receiving aid.

The staff from the World Bank and the IMF evaluate the soundness of the IPRSPs and full PRSPs and present their recommendations to the Boards of Directors in a Joint Staff Assessment (JSA). Finally, the Boards of the World Bank and IMF have to endorse the IPRSPs and PRSPs for the countries to obtain debt relief or financial aid from these two institutions. After a PRSP is completed, progress reports are expected annually and a full revision is required every three years. Figure No. 1 presents the complete cycle of the PRSP process.

As of September 2004, forty countries had presented a complete PRSP to the Board, of which twenty are in Africa, three in East Asia and Pacific (EAP) region, eight in Europe and Central Asia (ECA), four in Latin America and Caribbean (LAC), two in the Middle East and North Africa (MENA), and three in

the South Asia Region (SAR)¹³. Seventy low-income countries are supposed to present PRSPs, and eventually other countries are expected to join the process (Levinson, 2002).

Figure No. 1: The PRSP Process



Source: Built upon Klugman's model (2001, p. 5)

¹³ See countries in Appendix A.

There are two joint reviews of the approach undertaken by the World Bank and the IMF in 2002 and in 2004¹⁴. However, these reviews focus on weaknesses and good practices of the process without providing any concrete evidence of its impact on poverty reduction. In general, they found that the PRSP approach has contributed to having a more open dialogue between governments and civil society, to giving poverty reduction a greater space in policy debate, and to helping governments make better-informed decisions. Also, they argue, the donor community, from United Nations (UN) organizations to bilateral donors, supports the PRSP approach. A good example of donor support is the multi-donor PRSP Trust Fund, managed by the World Bank, the UN, and the contributing governments of Japan, the Netherlands, and Switzerland. The Fund finances capacity building in countries that are developing PRSPs (The World Bank, 2004b).

¹⁴ See IMF/IDA (2002) and The World Bank/IMF (2004)

4. The Key Stakeholders in PRSPs

In order to design effective and sustainable poverty reduction strategies, all the stakeholders should be involved in the process: the state with the political power, the private sector as the economic engine, the civil society representing the people (especially the poor), and the international organizations as catalysts. All of these stakeholders can contribute their different perspectives and resources (e.g. financial or technical) to the process. This chapter focuses on three stakeholders that are key to the analysis proposed in this paper: civil society, the state, and the World Bank.

4.1. Civil Society

“[T]here has been no dearth of attempts to define what is variously referred to as *civil society* or the nonprofit, the nongovernment, the voluntary, the independent, the charitable, the philanthropic, the associational, and the third sector” (Najam, 1996, emphasis added)

The term “civil society” has been defined differently depending on the context in which it is used, who is interpreting it, and what is the purpose of the analysis (Garrison, 2000). Like participation, civil society does not have a single universal definition. There is a lack of agreement and coherence in the literature about what it is and who is part of it. Some consider civil society, in its broadest sense, as comprised of organizations that are neither business nor the state (Simons, 1991). Others may restrict the term civil society to refer only to organizations that promote democracy (Hyden, 1997); or as in the case of Bolivia, those organizations that oppose the state (Christian Aid, 2002). Whereas some scholars consider political parties as part of civil society (Stiglitz, 2002), others separate them as part of “political society” (Biekart, 1999). Whereas some use civil society and

nongovernmental organizations (NGOs) interchangeably (Eigen, 1998), others refer to NGOs as one type of organizations in civil society. For example, the World Bank uses the term civil society to refer to “a wide array of organizations: community groups, non-governmental organizations (NGOs), labor unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations”¹⁵ (The World Bank, 2004a).

It is very important then to define what civil society is, and who belongs to it. Like Kaldor, Anheier & Glasius’s (2003), I consider civil society is not only about organizations but also about people “and the values and ideas they represent” (p.4). These people and organizations “are distinct from the process of production and from the public apparatuses of the state” (Simon, 1991). Like Biekart (1999) I consider political parties are part of *political* society instead of *civil* society. And, I expand the World Bank list of organizations by including social movements, social networks, and the poor as part of civil society. I must be clear though, that there is no definition that can perfectly capture the diversity of civil society, a term that will vary according to different political, economic, and social contexts.

Due to their important role in development and poverty reduction, NGOs and the poor are the focus of the next two subsections.

4.1.1. NGOs

Over the last two decades, NGOs have grown in number, scale of work, and have even gained a voice in political space (Najam, 2000; Edwards & Hulme, 2002). Not only governments but also international organizations, especially the World Bank, have come

¹⁵ Civil Society website, overview section. Retrieved August 21, 2004 from <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:20101499~menuPK:244752~pagePK:220503~piPK:220476~theSitePK:228717,00.html>

to consider NGO's input essential for project effectiveness and policy sustainability. But, why have NGOs become important players in the development arena? What characteristics make them valuable contributors to the formulation of poverty reduction strategies? There are many assumptions about the comparative advantages of NGOs over other development actors (e.g. governments), even though there is insufficient systematic empirical evidence to confirm or deny them. As Esman and Uphoff (1984, p. 58) comment "[a]lmost anything that one can say about [NGOs] is true –or false- in at least some instance, somewhere" (quoted in Najam, 2000, p. 390).

One widely known and debated assumption about NGOs is their capacity to be innovative, creative, and more cost-efficient than governments (Arellano-Lopez & Petras, 1994; Edwards & Hulme, 1996). Also, NGOs are claimed to be flexible and experimental, and they are praised for their "bureaucratic agility" (Arellano-Lopez & Petras, 1994, p. 560), although empirical evidence from Latin America and other parts of the world has challenged these assumptions (Edwards & Hulme, 1996).

NGOs are also considered vehicles of local democratization (Clark, 1991), one of the reasons that made NGOs major recipients of official aid during the time of the New Policy Agenda¹⁶ (Edwards & Hulme, 1996). NGOs are praised for their participatory approaches to development and their capacity to empower marginalized people (Arellano-Lopez & Petras, 1994; Rasheed, 1997), and they are supposed to promote ownership of poverty reduction strategies (The World Bank, 2003a). However, Jelin (1997) claims that NGOs are not always democratic and sometimes can be paternalistic and even authoritarian. Arellano-Lopez & Petras (1994) claim that NGOs have

¹⁶ The New Policy Agenda emphasizes that private is more efficient than public and that good governance and democratization are essential for the economy to work. Development aid is shifted from the state to the market and NGOs.

contributed to the political and economic isolation of grassroots organizations (GROs), acting as brokers between them and the state and international agencies. Edwards & Hulme (2002) conclude that the evidence about NGOs as democratizing agents is little, rather mixed, and cannot be generalized.

NGOs are deemed by some to be counterweights to state power (Mackintosh, 1992; Edwards & Hulme, 2002). Mackintosh (1992) argues that NGOs may be seen as means of empowerment of the powerless against the powerholders. According to John Garrison, a senior civil society expert at the Bank, NGOs are unlikely to be corrupt because of the small funds they manage, and can help to restructure governments¹⁷. However, with the New Policy Agenda NGOs have received funds that are increasingly significant by local standards and is not uncommon to hear that NGOs are perceived as corrupt (Edward & Hulme, 2002). Also, Eversole (2003) argues that many CSOs “are not particularly *grassroots* in nature. And none are exempt from questioning their role in existing power structures” (p. xvi; emphasis added).

NGOs’ thinking and activities are perceived as independent, which allows them to “represent beneficiary views to governments clearly and without obfuscation” (Gibbs, Fumo & Kuby, 1999, p. 20). However, “in general the level of autonomy and participation NGOs feel they can exercise is questioned, whether in relation to international organizations, powerful interest groups or governments” (Feliu, 2003, p. 54). The high dependence on external funding raises questions about the objectivity of NGOs and the legitimacy of their claims when participating in policymaking. Notably, the most powerful NGOs in the developing world are foreign-based (Mackintosh, 1992). One can argue that NGOs participate in the PRSPs as mere vehicles of foreign political

¹⁷ John Garrison: Guest Speaker, NGOs in Development Class, February 25, 2004

ideas against the idea of “country-owned” strategies. The strong influence of international donors in national politics through NGOs is well illustrated in the experience of Latin America in the 1980s (Meyer, 1999)¹⁸. In a more recent study of NGOs in Latin America, Eversole (2003) argues that not only international but also national NGOs and GROs can bring external interests and biases. Mackintosh (1992) argues that many NGOs in the South have been criticized for representing either the interests of the state or the elites. Furthermore, Edwards & Hulme (1996) add that GROs and NGOs have failed to develop participatory approaches to decision-making scenarios in which it is difficult to get involved without becoming politically biased.

It is also assumed that NGOs can provide not only technical expertise but also local knowledge, two key elements to development projects’ success (Clark, 1991; Jelin, 1997). NGOs are supposed to have competent professionals working within communities who know about their specific culture and society. However, it is not uncommon to find that many people working in NGOs are middle-class urban professionals who apply paternalistic solutions about development and poverty reduction without even consulting the community with whom they work (Wilson, 2003; Mayta, 2003). For example, Arellano-Lopez & Petras (1994) argue that professional from urban areas are part of the technical staff of most NGOs in Bolivia. NGO projects in Africa, Asia, and Latin America, that aimed to improve living standards of women through different projects, failed to recognize agriculture as a traditional activity embedded in their culture (Clark, 1991; Wilson, 2003).

¹⁸ In the 1980s European donors supported leftist NGOs in Brazil, Peru and Nicaragua while US institutions, such as the Ford Foundation and USAID, supported conservative NGOs in Honduras, El Salvador, Guatemala and Costa Rica (Meyer, 1999).

Finally, NGOs are assumed to have the capacity to reach the poorest communities, know their realities, and communicate their priorities (Clark, 1991; Atal, 1997; Feliu, 2003). NGOs with these characteristics should reduce transaction costs for development agencies who want input from poor communities. However, as Jelin (1997) claims, NGOs are often self-appointed organizations with particular interests and no institutionalized accountability. Even though NGOs claim to speak for the poor, these organizations may be inevitably biased by their own perspectives and see poverty alleviation through their particular lens, which may not necessarily correspond to the priorities of the poor (Atal, 1997). Clark (1991) adds that NGOs work mostly with communities that already have the skills and resources to develop, not necessarily the poorest ones. For example, Fondo Social de Emergencia (FSE), a public program to ameliorate the effects of SAPs on the poor in Bolivia, did not reach the poorest; it did reach people in need living in departments of Bolivia with potential for economic growth where NGOs, who represented 81% of the implementing agencies, operated (Arellano-Lopez & Petras, 1994)¹⁹.

In sum, there are a great variety of NGOs with different purposes, target groups, areas of work, level of skills and knowledge, and methodologies, which makes it very difficult to generalize about their role and capacity to participate in the PRSP process effectively. There are capable and incapable NGOs; the documented experience is mixed. Capable NGOs are characterized by their ability to contribute with local knowledge, new perspectives, and innovation. Capable NGOs will promote democracy, participation and empowerment. They will be independent and able to hold governments accountable. And, most important, they will allow the voices of the poorest to be heard. Capable NGOs can

¹⁹ More about NGOs in Bolivia is presented in Chapter 6

bring ownership and sustainability to the PRSP process. These NGOs will be the “policy entrepreneurs”, to use Najam’s term (2000, p. 379), with the power to influence national policy to the real benefit of the poorest.

4.1.2. The Poor

Understanding the multidimensional nature and determinants of poverty is not an easy task. Due to the different ways of measuring poverty, its definition will vary widely within and across countries. According to Macarov (2003), “each government and agency uses the formula that it thinks will tend to minimize the number of the poor, and for this reason some even change definitions from time to time. Narayan (1997) argues that traditional poverty lines based on household consumption and expenditure surveys simplify the concept of poverty by missing other important dimensions.

In a consultation with about 40.000 poor people (women and men) in 47 countries, Narayan et al. (2000) found that the poor rarely define poverty in terms of income; instead they refer to the lack of food and assets (e.g. housing, land). Moreover, they argue, poverty is associated with powerlessness, vulnerability, physical and social isolation, lack of basic infrastructure (e.g. water, roads, transportation), lack of access to health and education services, unemployment, lack of social and economic security, and discrimination. Poverty is also associated with certain social groups with specific characteristics that put them in disadvantage in society (e.g. ethnicity). For example, the majority of the poor in Bolivia are of indigenous origin²⁰.

Instead of or in addition to the participation of NGOs and other CSOs, the poor could be involved in poverty reduction planning directly; after all, who can understand poverty better than the people who have to cope with it every day? However, poverty

²⁰ Additional information is provided in the analysis of the Bolivia case study in Chapter 6.

marginalizes people and leaves little time or resources for them to participate in civil society, which is considered a luxury when the priority of the poor is survival (Atal, 1997). As Webster & Engberg-Pedersen (2002) point out, “[f]rom the perspective of the poor there are several problems with political endeavours: they tend not to deliver immediate material gains; they are often dangerous, in that they exacerbate the vulnerability of the poor; and they require resources that the poor seldom possess” (p. 6). Involving poor people in the design of poverty reduction strategies can be a double-edged sword. On the one hand, poor people contribute up-to-date realities whose diversity and constant change cannot be captured by scientists’ averages (Chambers, 1997). On the other hand, the diversity of the nature of poverty and the lack of skills of the poor necessarily involves complexity and high costs when trying to make them participate. Who are the poor, where can we find them, and whose voices should we listen to?

Even though the contribution of NGOs, other civil society organizations, and the poor can be critical, the elaboration of PRSPs is the ultimate responsibility of the state; after all, the World Bank and IMF’s business is with governments. The important role of the state and its relations with civil society is the focus of the next section.

4.2. The State²¹

...is primarily concerned with the preservation of social order. It accomplishes this goal through its legitimate authority and coercive sanction from society, it represents the interests of the majority (or dominant groups), and it operates in the realm of the political system (Najam, 2000, p. 378)

In the 1950s, 1960s and up to late 1970s the state was seen as the key player in economic and social development; state intervention was seen as necessary in the

²¹ My analysis is limited to democratic states.

presence of market failures; and, the state was perceived as the policymaker deciding what is best for the public interest (Mackintosh, 1992). In the 1980s, a convergence of criticism of the state from different political perspectives paved the way for reform, which changed the roles not only of the public but also of the private and nonprofit sectors. The economic influence of the anti-state pro-market World Bank-IMF model, the failure of the state as service provider, the Cold War, and the economic crises have diminished the size and power of the state in the developing world and increased the role for markets and nonprofits in economic development (Mackintosh, 1992; Hodson, 1997; Lindenberg & Bryant, 2001).

Despite the strong criticism against it, the state is still a player in the development arena, and a very important one. As Collier (2000) points out, “major economic policies...are in the long term determined by a domestic political process” (p. 304-305). In the case of poverty, the state has the responsibility to address it and a key role in creating the solid framework needed to curb it. Because it is elected by the people, the government has the legitimacy to design and implement policies that can exacerbate or reduce poverty; also, the government alone has the power to create and approve anti-poverty laws and provide the funding and mechanisms to enforce them.

The World Bank works especially with governments because they are shareholders, governors, and clients of the Bank, and they have ultimate decision-making authority in public policy and are implementers of Bank’s programs and projects (The World Bank, 1994). Because they have a unique role in poverty reduction and are World Bank’s key partners, governments are in charge of

elaborating PRSPs and have the responsibility of making it participatory and country-owned.

The effectiveness of the participatory approach to the PRSPs will largely depend on governments. First of all, governments can facilitate or impede the involvement of civil society in policymaking through the legal framework. For example, in Bolivia the civil code validates *de facto* organizations and the 1994 Law of Popular Participation makes it mandatory for local governments to consult with civil society (Fiszbein & Lowden, 1999; Kohl, 2003). Second, the impact of civil society on the process will depend on the willingness of governments to prepare their staff to work with civil society organizations, consult with them and take into account their input (Fiszbein & Lowden, 1999). According to Gibbs et al. (1999), few governments (e.g. Bolivia) have the capacity to work with civil society and that is because the majority lacks willingness to do so.

Najam (2000) argues that the nature of the relation between governments and civil society is not uniform and will depend on the institutional interests of both actors. These relations, he argues, will be characterized by cooperation, confrontation, co-optation, or complementarity depending on the commonality of their goals and strategies. He adds that, even though tension characterizes these relations, there is evidence from developed and developing countries that show these relations are increasingly cooperative.

Even though governments are in charge of undertaking the PRSP process, the World Bank has a pivotal role as one of the creators and endorsers of the initiative. The next section focuses on the role of the World Bank and its relations with civil society.

4.3. The World Bank

The World Bank Group (WBG) was established in 1944 and is comprised of five institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for the Settlement of Investment Disputes (ICSID) (The World Bank, 2003a). While IFC, MIGA, and ICSID activities focus on developing the private sector and increasing foreign investment, IBRD and IDA main role is supporting the WBG's mission of poverty reduction. Through loans, guarantees, research, and advice, IBRD supports sustainable development and poverty reduction in middle-income and low-income countries. IDA also provides loans to support poverty reduction initiatives, but free of interest and only to low-income countries²². This paper uses the term the "World Bank" to refer to IBRD and IDA only, which is consistent with the literature.

The World Bank is owned by member nations who are shareholders of Bank stock (The World Bank, 2003a). IBRD and IDA are comprised of 184 and 165 member countries, respectively. Member countries govern the World Bank through the Board of Governors and 24 Executive Directors who have ultimate decision-making power (The World Bank, 2004g). Each member country appoints a governor, usually the Ministry of Finance. Each of the five countries with largest shareholding (the United States, Japan, Germany, France, and the United Kingdom) appoints an Executive Director; the other countries elect 19 Executive Directors every two years (The World Bank, 2003a).

It is important to note that the United States has great power in the Bank. First, each country receives "voting power" (i.e. number of votes as a percentage of total votes)

²² More about the World Bank structure and role in development is discussed in Chapter IV, section c.

according to the number of shares of stock that owns. The United States has the largest share of votes in IBRD and IDA (16.39% and 14.22%), followed by Japan (7.86% and 10.85%), Germany (4.49% and 6.97%), France (4.30% both), and the United Kingdom (4.30% and 5.04%). Second the US is the only country with veto power (Gilbert & Vines, 2000). Finally, the President of the World Bank is always American (Stiglitz, 2003).

The World Bank has had a tremendous impact on the development of third world countries and has become the “world’s most influential international aid agency” (Fox & Brown, 1998a, p.1). It is not only one of the largest sources of development aid in the world (The World Bank, 2003a), but has also played a leading role in promoting global economic, social, and environmental policy. As Kanbur & Vines (2000) claim, “it [the World Bank] is large enough to influence both academic opinion and the political climate” (p. 87). Because it has such a strategic position internationally and is one of the PRSPs’ creators, the World Bank’s role in the PRSP process is fundamental.

Due to its political and economic power at the global level and the resulting high dependence of many developing countries on its loans and debt relief, the World Bank enjoys significant leverage to influence borrowing countries. This point is illustrated by the conditionality associated with PRSPs (Hopkins et al, 2000). Low-income countries depend on the World Bank and IMF approval of PRSPs in order to obtain concessional lending or to qualify for debt relief in the HIPC program. As Hopkins et al (2000) claim, “for a government to receive aid [from the World Bank] it must deliver sound policies” (p. 290). Therefore, the World Bank has bargaining power to convince governments to produce participatory, sound, and sustainable poverty reduction strategies.

Hopkins et al. (2000) see the World Bank not only as a bank, but also as a development agency and research institution. The World Bank, they argue, monitors and supervises not only the projects it supports but also the economic and political environment in borrowing countries. Even though governments enjoy local knowledge, they often do not have the technical expertise the Bank can offer (Collier, 2000). Therefore, the Bank supports governments with technical assistance, advice on policy, and development capacity building. According to Squire (2000), the World Bank is one of the world's largest development research institutions. In 1996, approximately 2.5% of the World Bank's operational budget (\$ 25 million) was expended in research and about 30% in economic and sector analysis (Gilbert et al., 2000). Through its research department and its highly qualified economists, the Bank has the comparative advantage to access data and produce research and publications that are very influential in developing countries (Gilbert et al., 2000).

The role of the World Bank is not limited to its relations with governments; it can also contribute greatly to the PRSP process through its relations with CSOs. Over the last two decades, the relations between the World Bank and CSOs have evolved dramatically. In the 1970s, CSOs had a limited role in the provision of relief to the negative effects of the Bank's SAPs (Hodson, 1997). Since the 1990s, significant changes within the Bank have helped improve its relations with civil society. In 1994, the World Bank created the Inspection Panel that allows local people affected by its projects to call for independent investigation of non-compliance of social and environmental policies (Fox, 2003). The same year, the Bank adopted the policy on information disclosure (BP 17.50) to allow public access to certain bank documentation (The World Bank, 2004a).

Another important change within the Bank has been the hiring of a team of civil society specialists, with prior experience in the field of development and social sciences. In the case of the PRSPs, governments can consult with civil society specialists at the Bank about participatory processes and how to engage in relations with CSOs²³. Due to its strategic position in the global development arena, the World Bank has a pivotal role in promoting a better environment for collaboration between civil society and governments. It performs a catalytic role, providing training and sharing knowledge about best practices, and supporting the design of national policy with involvement of CSOs. For example, in 1997 the World Bank issued the “Handbook on Good Practices for Laws Relating to Nongovernmental Organizations” intended to assist governments in the development of their nongovernmental sector.

According to the Operational Evaluation Department (OED) the collaboration between civil society, government, and the Bank has increased about tenfold in the last ten years (Garrison, 2000). The World Bank (2002) claims that in 2001, 68% of its projects (i.e. 179 projects) had “intended civil society involvement” vis-à-vis 22% in 1990. What these figures obscure is the fact that by “intended” the World Bank refers to both *real* involvement and *planned* involvement aggregately. About 60% of projects (i.e. 160) had actual civil society involvement limited to identification, preparation, and appraisal, but it is not clear to what extend. The Bank claims that 97% of projects involved consultation, 67% collaboration (i.e. partnership), and 31% empowerment, but it is not clear if the participation was actual or planned.

²³ Especially in the past few years, many studies that focus on civil society participation in Bank activities have been published.

The Bank does not have a clearly articulated policy that guides its engagement with civil society. It is true that some of its operational policies (OPs) and Bank procedures (BPs) include statements with “participatory language” (The World Bank, 2004a). For example, OP 1.00 on Poverty Reduction mentions that the Bank prepares poverty assessments in collaboration with civil society (The World Bank, 2004c)²⁴. It is important to note, however, that PRSPs are barely mentioned in a footnote in this policy and there is no articulation about how civil society should be involved in this process. The participatory language is limited to suggesting, recommending, or advising; *should* is used rather than *must* when addressing participation of civil society in Bank-related activities. Even in the policy for indigenous peoples, which aims at avoiding these groups are negatively affected by Bank-projects, a mechanism to guarantee their genuine participation is lacking²⁵.

There is also the Good Practice (GP) No. 14.70 called “Involving Nongovernmental Organizations in Bank-Supported Activities”(The World Bank, 2000). A GP is not a policy but an advisory statement. In general, GP No. 14.70 elaborates on the strengths and weaknesses of NGOs, the criteria to select NGO partners, the benefits of involving them in various phases of the project cycle and in policy dialogue, examples of successful practice with NGOs, and the role of the Bank in facilitating NGO-State relations. The documents clarify that it is up to governments to engage themselves with NGOs. In a discussion paper posted online, the Civil Society Team recognizes that the Bank’s staff is unclear about how to effectively engage with CSOs, and is also unsure of

²⁴ Other examples are OP 2.30 Development Cooperation and Conflict, BP 17.50 Disclosure of Information, and OP 4.01 Environmental Assessment.

²⁵ See Operational directive 4.20 Indigenous People (The World Bank, 1991)

the benefits accruing from such an engagement²⁶. They also state that there are weak incentives and a perception that this process is costly and time consuming (The World Bank, 2003c).

The World Bank requires the PRSP to be “participatory”. However, the World Bank uses the term participation too broadly without providing specific standards about who must participate, how, and on what issues. As Molenaers & Renard (2003) put it “regarding the depth and scope of the participation process, there is only a strong suggestion that some participation be organised” (p. 136) also, “the imposed participation condition is too vague to be monitored and too ambitious to be workable” (p. 156). First of all, the World Bank requires broad-based participation, but it is up to the governments to decide who and how many people or organizations participate in the process. The process of preparing PRSPs does not have to involve “representative” CSOs or the poor for the World Bank to approve the document.

Second, the World Bank does not specify the level of participation that countries must reach. It does not clarify the differences between mere information provided by the government (which is not real participation) and real power given to civil society to influence decision making (e.g. a balanced decision-making level of participation). This gives freedom to governments to claim that they have developed PRSPs in a participatory manner, when they have really only consulted or informed other stakeholders.

Finally, the World Bank does not require governments to design the agenda for discussion in a participatory manner; it does not specify what issues have to be on the discussion table; and, it does not specify what stages of the formulation process must be

²⁶ Retrieved October 29, 2004 from <http://siteresources.worldbank.org/CSO/Resources/CSPaper.pdf>

participatory. This lack of clarity gives freedom to governments to set the agenda without participation and to decide who discusses what and when. Therefore, as it will be discussed in the following chapters, many governments set the agenda a-priori, limited the participation of civil society to the discussion of social issues, left the economic agenda confined to the participation of selected individuals, and excluded civil society from the drafting process.

This chapter provided an examination of three key stakeholders in the PRSP process: civil society, the state, and the World Bank. Three main points, derived from this discussion, are particularly important for the analyses in the following chapters. First, NGOs and other CSOs are not necessarily representative of the poor. Second, the effectiveness of the participatory process will greatly depend on governments who are in charge of preparing PRSPs. Finally, the World Bank has a pivotal role in the PRSP process not only because of the conditionality it links to the PRSP, but also because of the financial and technical assistance it provides. In the next chapter I examine the World Bank's general assessment of civil society participation in PRSPs.

5. Civil Society Participation in PRSPs: the World Bank's Assessment

In order to promote “country ownership” of poverty reduction policies and programs, PRSPs as conceived, are prepared by governments in a multi-stakeholder participatory process. Since ownership is not limited to governments, but embraces different segments of society, an assessment of the participation of civil society is very important. This chapter provides an examination of the Bank’s review of the PRSP participatory process with a focus on civil society participation. Also, it includes a synthesis of the Bank’s compilation of a wide range of external assessments.

In January 2002, The Participation and Civic Engagement Group in the Social Development Department at the World Bank published “Participation in Poverty Reduction Strategy Papers: A Retrospective Study”. This study consisted of three components: 1) the World Bank’s assessment of participation in 33 Interim PRSPs, 2) the World Bank’s assessment of participation in nine PRSPs, and 3) a synthesis of external assessments of participation in PRSPs²⁷. Each component followed a three-dimensional structure of analysis. The first dimension is “**form**” that addresses issues related to how the participatory process took place. The second dimension is “**outcome**” that analyzes issues related to the impact of the participatory process on the content of the strategies. And, the third dimension is “**sustainability**” that refers to the potential of the participatory process to be used in future practices. In the following subsections I briefly examine the main points of the study by contrasting the World Bank’s findings with those of the external assessments.

²⁷ External assessments undertaken by “20 development and non-governmental agencies that have been following the PRSP process for the past two years in over 50 developing countries” (p. 7)

5.1 Form (how the process took place)

Political commitment. The Bank found that most countries had a high degree of political commitment to participation. Also, the Bank argues, when preparing PRSPs all countries followed the Participation Action Plan (PAP) they had outlined in the Interim PRSPs, albeit the process took longer than expected²⁸. However, external reviews are suspicious of government motivations to allow a participatory process, because of the conditionality linked to the process.

Increased awareness and dialogue. External reviews recognize that civil society participation has improved awareness of the PRSP process and government credibility. Even in countries where CSO-government relations are not collaborative, CSOs have created their own consultative processes. Also, both reviews argue the PRSP participatory process has made possible for the first time that members of civil society dialogue with governments at the policy level.

Participants. Since Interim PRSPs are not required to be participatory, only a few countries had a diverse representation of civil society based on objective selection criteria. The Bank claims that this situation improved in the full PRSP process with a much more diverse list of participants ranging from “Catholic Churches, trade unions and the private sector to youth organizations, the media and donors” (p. 32). However, it acknowledges that there were “constraints to deepening and widening the process to all constituents to a desired extent”, for example, women groups (p. 32). External reviews revealed that the government generally selected which CSOs could participate. Key organizations (e.g. trade unions), grassroots organizations, women groups, and the poor

²⁸ The PAP describes how (i.e. schedule, institutional arrangements, stakeholder analysis) the country will undertake the participatory process when preparing PRSPs (The World Bank, 2004f).

were mostly excluded. When the poor were included, they have not been active participants because they lack technical capabilities.

Level of participation. The Bank's internal review shows that participation in PRSPs was restricted to urban areas and limited to *information* and *consultation* to a lesser or greater degree that depended on both government willingness and civil society capacity. External assessments add that consultations were not inclusive but rather superficial.

Objective of participation. While the Bank suggests that participation was promoted to achieve ownership and sustainability of the strategies, external assessments suggest that the objective of consultations was engineering civil society support; in other words, what Choguill (1996) calls *dissimulation*.

Scope of participation. Both internal and external reviews argue that civil society has been excluded from discussions about economic policy. Also, both reviews argue that the drafting of the IPRSPs and PRSPs was confined to a few public officials, generally from the Ministries of Finance and Planning, and was highly influenced by the IMF and the World Bank. CSOs were not involved at this stage but later when finished drafts were submitted for discussion. External reviews argue that CSOs inputs have been filtered and policies have been adapted to traditional Fund-Bank models, so ownership of strategies is not real. The Bank review suggests that there is an attempt to integrate CSOs' views and to add them in an appendix in the final PRSP; however, the authors do not say how many countries actually did so.

Information dissemination. The Bank claims that public access to information improved greatly in PRSPs, vis-à-vis IPRSPs, through increasing use of the media.

However, external reviews argue that national information dissemination strategies have been inadequate. Generally, rural people are still unaware of their right to participate in PRSPs; important information on budgets and IPRSPs has not always been available to the public, and most documents have been written in English and use technical language inaccessible to the poor.

Donor support. Internal and external assessments point out that few donors, besides the IMF and the World Bank, have supported the participatory process in PRSP through financial and technical aid. External reviews add that the World Bank fails to evaluate the quality of the participatory process and conditions its approval only on the adoption of an “adequate” participatory process without defining what adequate means.

5.2. Outcome (impact of process in content)

Both internal and external reviews recognize that the impact of civil society participation on the content of the strategies is mixed. There are some cases in which CSO participation influenced policy in favor of the poor, such as in Bolivia, Rwanda, and Uganda. In general, “CSO inputs have typically influenced the sectoral agenda of health, nutrition, education, and widened the definition and multi-dimensional understanding of poverty” (p. 32). But, very often CSOs were not involved in technical discussions about public expenditures or macroeconomic policy and they were not able to challenge or change the neo-liberal development model still predominant in all countries and promoted by the Fund and the Bank.

The internal review points out that poverty analysis in PRSPs do not capture the complexity of poverty. Almost no documents take into account that the poor are a very heterogeneous group whose subgroups have different needs. External reviews add that

even though participation has contributed to a better understanding of poverty dimensions, a link between public expenditure and poverty reduction objectives is still missing.

The Bank argues that for the first time policies address particular gender and ethnic issues, but only superficially. External assessments consider gender issues did not have an adequate treatment. They argue that gender issues are usually incorporated under other categories, such as vulnerable groups or health, and are rarely considered as crosscutting issues.

5.3. Sustainability (potential for future practices)

Spillover effects. Both internal and external assessments indicate that the participatory process has had spillover effects such as the emergence of NGO networks to influence the process, institutional arrangements of government-civil society interaction, and the creation of new legal frameworks on civic participation in some countries (e.g. in Bolivia, Nicaragua, Mauritania, and Cambodia).

Decentralization and accountability. The participatory process has created the opportunity for CSO participation in monitoring and evaluation of public expenditures and public service agencies contributing to decentralization and accountability. However, not much attention is paid to CSO participation in implementation and monitoring of PRSPs. This point is agreed upon by both internal and external reviews.

Capacity building. Both reviews acknowledge that CSOs need capacity building, especially on technical skills, to improve their engagement in public policy. Also, external reviews emphasize that CSOs need additional funding to be able to participate and continue their traditional activities at the same time.

In my view, even though the study provides a good general picture of the *form*, *outcome*, and *sustainability* aspects of the PRSP participatory process, the Bank's assessment is generic and superficial. Findings refer to countries with significantly differing circumstances, and therefore compile disparate experiences on participation. The study lacks deep internal analysis of participation in PRSPs for country-specific cases²⁹. Following the Bank's analytical criterion, the next chapter presents my analysis of participation of civil society in PRSPs in Bolivia.

²⁹ The authors announced that a country-specific analysis of this sort would be available in the future.

6. Civil Society Participation in PRSPs: The Case of Bolivia

Bolivia was one of the first countries to present a full PRSP, *Estrategia Boliviana de Reduccion de la Pobreza* (EBRP), which was the result of an extensive participatory process that has been praised and criticized internationally³⁰. According to Christian Aid (2002), “Bolivia has made more efforts than most countries over the past decade to institutionalise popular participation and to decentralise government” (p. 6). In this chapter, I provide an examination of the participation of civil society in formulating the PRSP for the case of Bolivia. I first provide an overview of the political, economic, and social context in which the PRSP took place. Then, following World Bank criterion (i.e. form, outcome, and sustainability), I present a critical assessment of civil society participation in the EBRP.

6.1. Political, Economic and Social Context

It was in 1982 when Bolivia returned to representative democracy, after long and frequent periods of military regime. In 1985, a multi-party political system was consolidated and the constitution re-established (Booth & Piron, 2004). This system has created a better environment for civil society political participation, which is relatively high in Bolivia (Christian Aid, 2002). However, the constitutional regime is not entirely democratic and lacks a clear institutional structure (Christian Aid, 2002). The Bolivian government operates through coalitions due to the fragmentation of its political system into many parties and the nature of the electoral process³¹ (Booth & Piron, 2004; Christian Aid, 2002). Also, the fact that civil service officials are replaced after elections does not allow for institutional memory or policy coherence (Booth & Piron, 2004).

³⁰ Booth & Piron (2004); Christian Aid (2002); Molenaers & Renard (2003).

³¹ Parties have proportional representation and voting in Congress.

Since 1985, Bolivia has followed the Bank-Fund structural adjustment prescription and has been considered the “star pupil of international donors” (Christian Aid, 2002). Structural reform in Bolivia “redefined the role of the government, turned the economy toward a free market direction, and promoted opening to the rest of the world” (Republica de Bolivia, 2001). It led to the privatization of state-owned enterprises and basic services (Kohl, 2003). After two decades of reform, Bolivia is still one of the poorest countries in Latin America, with profound income inequality, and human development indicators below the regional average (Republica de Bolivia, 2001). It is one of the most indebted and aid-dependent countries in Latin America (Molenaers & Renard, 2003)³². Like most Latin American countries, the government in Bolivia is perceived as corrupt and inefficient. The last Corruption Perception Index (CPI), published by Transparency International (2004), the leading global NGO dealing with corruption, places Bolivia as one of the most corrupt governments in the world³³.

Bolivia has a growing, diverse, and dynamic civil society. In Bolivia, the proportion of people that participates in civil society organizations, especially in rural areas, is above regional average (Republica de Bolivia, 2000a). According to Molenaers & Renard (2003), about forty percent of Bolivians are engaged in associational life, a higher percentage than other Latin American countries. Within civil society, NGOs have gained an important role in development. The transition from authoritarian to democratic regime and the social and economic impact of structural reform in the 1980s paved the way for a

³² Programs aimed to curb poverty in Bolivia have been mostly financed by international organizations (Arellano-Lopez & Petras, 1994). Also, Bolivia and Guyana are the only South American countries in the HIPC program (Molenaers & Renard, 2003).

³³ Since 1995, the CPI has ranked more than 90 countries in terms of the perception of corruption among politicians and public officials. The CPI in Bolivia in 2004 was 2.2 (10 is clean and 0 is highly corrupt). Rank= 112 out of 145 countries (from clean to corrupt).

rapid emergence and participation of NGOs in Latin America, including Bolivia (Meyer, 1999). The number of NGOs in Bolivia has increased tremendously over the last decade. Since the 1990s, NGOs have become key players in the development arena receiving millions of dollars to implement projects that would reduce the impact of structural adjustment (Bebbington, 1997; Graham, 1992 cited in Kohl, 2003). In 2000, the number of NGOs increased by 53% compared to 1990, one of the highest growth rates in South America (World Resources Institute, 2004).

Another group within civil society that has a leading role in Bolivia is the Catholic Church. The Catholic Church has actively participated in political debate; it is very respected by politicians, and highly trusted by citizens (Molenaers & Renard, 2003). However, some perceive the Catholic Church as a government's ally. (Christian Aid, 2002).

Different interests, agendas, and membership structures divide civil society in Bolivia. For example, whereas NGOs staff is generally comprised of middle-class urban professionals of European origin, social movements are run by and represent indigenous people. (Christian Aid, 2002). While NGOs have economic knowledge and lobbying skills, social movements have great capacity to mobilize thousands of people and work closer to the poor (Christian Aid, 2002). Even within and between social movements, disparate interests and agendas make coordination difficult and conflict usual (Christian Aid, 2002).

Despite these divisions, social movements have become stronger in Bolivia. Traditional urban trade unions have been overshadowed by peasant movements, which have gained greater autonomy and political power (Booth & Piron, 2004).

Civil society in Bolivia has a long tradition of social movements and violent protest against the government, which has become a “culture of bypassing the institutions of formal democracy and relying on self-organization of the trade union type to voice dissent on the streets and highways” (Booth & Piron, 2004, p. 10). Due to its history of political and economic struggle, Bolivia’s concept of civil society has come to refer to any organization that opposes the state.

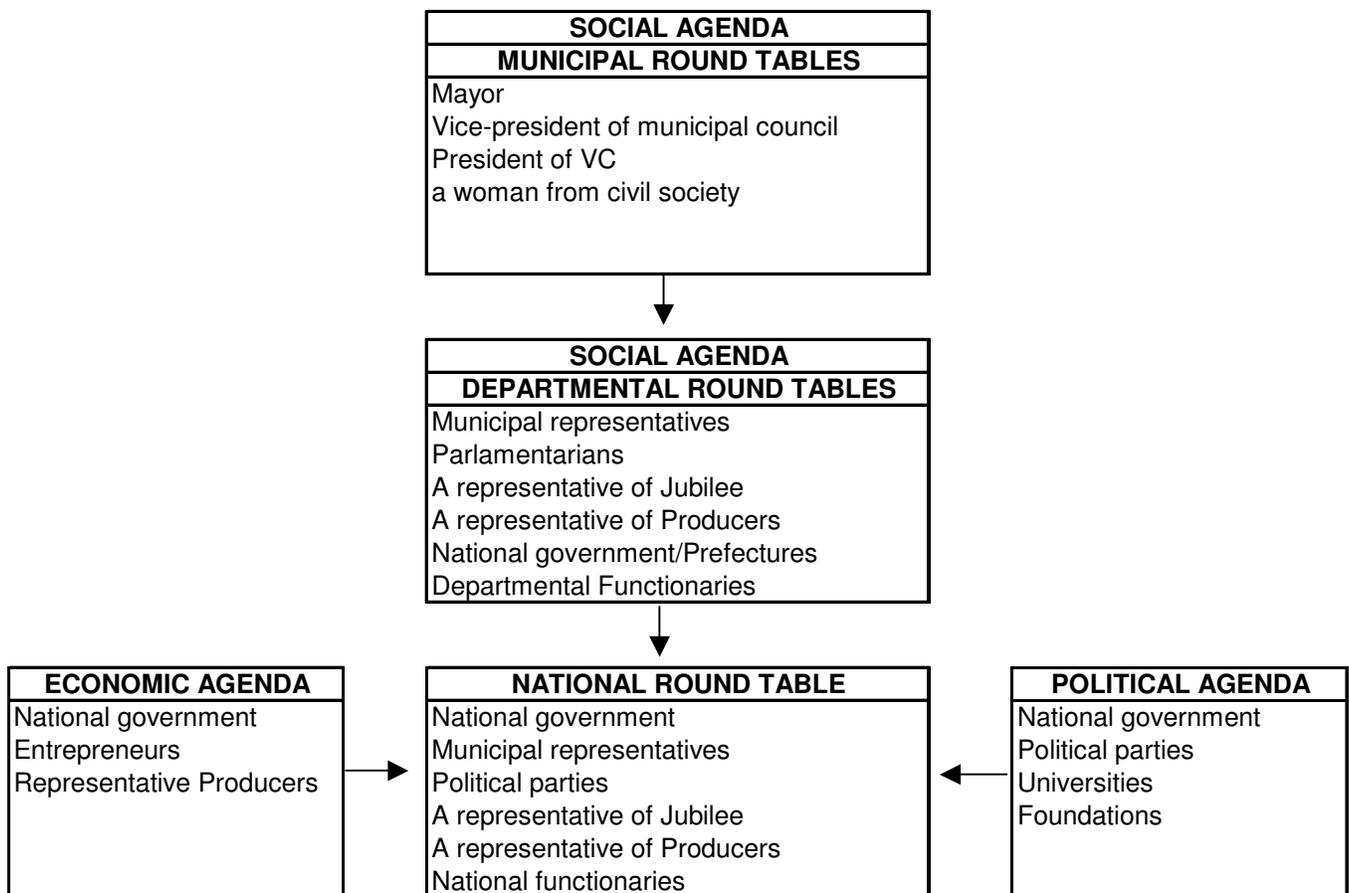
6.2. The Participatory Process

Since the PRSP had to be prepared in a participatory manner, the Bolivian government convened the National Dialogue 2000. The National Dialogue 2000 took place from June to August at the municipal, department, and national level. It involved representatives from government, civil society, private sector, and international organizations. This process built on the experience of a previous National Dialogue the government convened in 1997 to elaborate its development plan. The 1997 National Dialogue, entitled “Bolivia Towards the 21st Century”, resulted in national development plan for 1997-2002 (The World Bank, 2002d). However, the 1997 National Dialogue was considered by some as a top-down process that responded to interests of the coalition in government (Booth & Piron, 2004).

The Ministry of Sustainable Development, specifically the Vice-Ministry for Popular Participation, organized the National Dialogue 2000. A Technical Secretariat of external consultants, financed by donors and located in the UNDP office, was assigned to plan the process (Christian Aid, 2002; The World Bank, 2002d). The dialogue was divided into three agendas: social, economic, and political. The social agenda was discussed at the municipal and departmental level. The government discussed the

economic agenda primarily with large entrepreneurs and the political agenda mainly with political parties; participation of civil society in these discussions was very limited (Molenaers & Renard, 2003). Initially, the three agendas were to be discussed in a National round table; however, at the end only the economic and social agenda were incorporated (Molenaers & Renard, 2003). Figure No. 2 below illustrates the structure of these discussions.

Figure No. 2: Layout of the Bolivian National Dialogue 2000



Source: based on Christian Aid (2002); Molenaers & Renard (2003)

In the framework of the 1994 Law of Popular Participation (LPP), the process was very focused on municipalities based on the assumption that they had local knowledge about the needs of the poor (Christian Aid, 2002). The 1994 LPP not only transferred twenty percent of the national budget to the municipalities (many located in rural areas), but also made it mandatory that peasants, indigenous, and neighborhood groups participate in local decision making and control local governments' expenditures (Fiszbein & Lowden, 1999; Kohl, 2003). Through the LPP law, these local groups were legally recognized as Grassroots Territorial Organizations (GTOs) (Kohl, 2003). Depending on the size of the municipality, three to ten members are selected from the GTOs to be part of the Vigilance Committee (VC) (Kohl, 2003). The VC is in charge of supervising the municipal budget to ensure that funds are adequately spent (Kohl, 2003).

The dialogue first took place in all 311 municipalities. The Technical Secretariat elaborated a questionnaire based on four topics: 1) diagnostic of poverty (who are the poor and how to address their problems), 2) distribution criteria of HIPC funds, 3) mechanism for civil society to control and evaluate the management of HIPC fund and implementation of the PRSP, 4) institutionalization of the National Dialogue (The World Bank, 2002d). Each participant received the questionnaire and also information about the Dialogue and the HIPC funds. Over two days, nine round tables took place in the capitals of each Department (The World Bank, 2002d). Participants, divided into working groups, discussed the questionnaire and conclusions were debated in a plenary meeting (The World Bank, 2002d). But each municipality only included the Mayor, the President of the Council (who, by law, is from the opposition), a representative from the VC, and a woman from civil society (selected by the VC) in the discussion. The main objective of

involving the poor was not achieved. As Molenaers & Renard (2003) claim, “[t]he government mainly listened to local office holders through the political institutions of the Law of Popular Participation” (p. 151).

There was no direct involvement of national or sectorial CSOs (Molenaers & Renard, 2003; The World Bank, 2002d). However, from December 1999 to August 2000, various independent dialogues of unprecedented scope were organized by civil society and funded by donors (The World Bank, 2002d). Perhaps, the most influential on the EBRP was the National Forum Jubilee 2000, which was organized by the Catholic Church and preceded the government’s National Dialogue. This forum was considered to be more representative and to have more serious policy debate than the National dialogue (Booth & Piron, 2004). This consultative process involved the Church, NGOs, peasant confederations, trade unions, miners, indigenous people, and small producers (The World Bank, 2002c, 2002d). Another important independent dialogue was organized by *Comite de Enlace*, a network of small and medium scale enterprise associations, which involved about 32,000 people and submit proposals to the National Dialogue (Christian Aid, 2002). After pressing the government, Jubilee 2000 and Comite de Enlace gained a space in the departmental and national round tables of the National Dialogue (Molenaers & Renard, 2003).

After municipal round tables, a representative was sent to the Departmental round table to discuss the social agenda for two days with parliamentarians and representatives from the Jubilee 2000, NGOs networks, small-scale producers and traders, prefectures, department, and national government (Christian Aid, 2002). Participants were divided into working groups of approximately 30 people (The World Bank, 2002d). Finally, a

national round table took place with representatives from the municipal round tables, departmental round tables, national government, Jubilee 2000, producers and political parties. The social agenda occupied the first half of the national table leaving the second half for the discussion of the economic agenda (The World Bank, 2002d). Out of a population of 8.5 million people (Kohl, 2003), a total of 2,423 people participated in the Dialogue: 1,215 in municipal round tables, 935 in departmental, and 273 in national round tables (Republica de Bolivia, 2001).

It is important to note that, at the time of the 2000 National Dialogue, two major violent social protests took place in Bolivia. In April, the protest against water privatization started in the city of Cochabamba and ended with a “province-wide highway blockade” (Booth & Piron, 2004, p. 19). The same year in September, the national peasant confederation CSUTCB blocked highways nationally for a month, to press the government to stop the coca eradication plan, increase wages, among other radical demands (Booth & Piron, 2004). As a consequence of this political turmoil, some civil society organizations either boycotted the Dialogue or did not attend (Booth & Piron, 2004). The social unrest that has characterized Bolivia suggests that many Bolivians do not trust the government, are not satisfied with the government’s policies and programs (particularly the neo-liberal model), and are not satisfied with the manner democracy functions³⁴.

The National Dialogue had four main flaws that impeded genuine participation of civil society and the ownership of the PRSP that is associated with participation. First, two days was too short a period to discuss such complex issues in depth. Second, the

³⁴ According to Molenaers & Renard (2003), in 2001, about 22% of Bolivian were not satisfied with the way democracy was functioning.

Dialogue failed to recognize that social, economic, and political agendas are interrelated and treated them separately. Third, each of these agendas was set a-priori without any participation. Finally, there were no mechanisms to ensure that government and civil society representatives consult with the poor before participating in the round tables. These issues will be further analyzed in the next section.

6.3. A Critical Assessment

Following the World Bank's analytical criterion my analysis of civil society participation in the EBRP is focused on form, outcome, and sustainability. My assessment is based on my analysis of the actual PRSP but is also informed by external assessments.

6.3.1. Form

Political commitment. It can be said that the Bolivian government had a high degree of political commitment to coordinate the participatory process. Unlike the Interim version, the full EBRP was the result of an extensive participatory process that improved on the experience of a previous National Dialogue in 1997. The National Dialogue 2000 was more inclusive and decentralized at the municipal level. The Bolivian government followed the Participation Action Plan outline in the IPRSP, but it finished the process one year later than planned.

Participants. The government wanted the Dialogue to be comprehensive, and it was spatially because included all municipalities. However, it was not really representative. At the municipal level only the Mayor, the President of the Council, one representative of the VC, and one woman from civil society (selected by the VC) participated. In other words, fifty percent of the participants were from the government

and the other fifty percent were from the VC, whose staff is paid by the government. Moreover, according to Molenaers & Renard (2003), about 80% of the Presidents of the VC belonged to a political party and have generally responded to their parties' interests. The authors add that the state has co-opted the VC through political parties.

At the municipal level, CSOs with highly professional staff were excluded mainly because they were critical of state policies (Molenaers & Renard, 2003). At the departmental and national levels, only a representative from Jubilee 2000 and a representative from producers were included. However, some representatives of these two organizations claimed that their suggestions were not included in the final draft (Molenaers & Renard, 2003). As Molenaers & Renard (2003) argue, "this process was more about central government consulting local government than central government consulting civil society" (p. 142).

It is estimated that about 35% of the participants were women (Christian Aid, 2002). This was the result of the requirement that one representative from civil society had to be a woman at the municipal level. However, the criterion to select the woman is unknown. Moreover, it was not required that women had to participate at the departmental and national levels. Furthermore, poor indigenous women were not represented, not even at the municipal level, and there were no mechanisms to facilitate their involvement; times were inadequate and language inaccessible (Christian Aid, 2002).

According to Christian Aid (2002), few representatives of civil society consulted with their constituencies before the dialogue, and there were no mechanisms to assure the participation of the poorest. Furthermore, the fact that the language used for the National

Dialogue 2000 was Spanish automatically excludes the majority of the population: indigenous peoples.

Level of participation. Bolivia's participatory process was an example of "partial decision-making"(see table No. 2). As stated in chapter Two, civil society reaches the partial decision-making level of participation when the power is unbalanced in favor of the agency that not only sets the agenda but also has the last word. Even though citizens did not write the draft directly, they did have partial access to decision making through the National Dialogue and afterwards when they had the opportunity to comment on the draft and some of their concerns were taken into account in the final paper. However, it was the government who set the agenda. In fact, the I-PRSP suggests that the agenda for the National Dialogue was set a-priori around four pillars: opportunity, equity, dignity, and institutional reform. Also, it was the government who decided what input from civil society was to be considered in the PRSP. Finally, it was the World Bank who had ultimate authority to approve or deny the strategy.

Objective of participation. The Bank claims that participation is promoted in order to achieve ownership and sustainability of the strategies. However, according to CIDA (2001), civil society participation in Bolivia has only "added legitimacy to something that was already written by a small technical unit" (p. 2).

Scope of participation. Participation of CSOs was limited to the discussion of the distribution of HIPC funds and social control mechanisms. Economic and political agendas were discussed only at the departmental and national round tables. CSOs were generally limited to discussing the social Agenda while business people and the government did participate in the economic and political agenda (CRS, 2001). Even

organizations, such as *Centro de Estudios para el Desarrollo Laboral y Agrario* (CEDLA), that did have technical analytical capabilities, were not invited (Christian Aid, 2002)³⁵. This is not surprising because the neo-liberal model, which dominates the macroeconomic and structural policies, is highly criticized by most CSOs (Molenaers & Renard, 2003). The National Dialogue failed to recognize that social and economic issues are interrelated.

Like other PRSP countries, the writing of the draft in Bolivia was confined to a limited number of public officials and was highly influenced by the IMF and World Bank. A national consultant was in charge of drafting the PRSP and set up an advisory committee comprised of representatives from the World Bank, the Inter-American Development Bank (IDB), Department for International Development (DFID), and the UNDP (Booth & Piron, 2004). Also, the IMF contributed to the macroeconomic policy section (Booth & Piron, 2004). CSOs were not included in the drafting process. Once the draft was finished, the government organized three workshops as part of the seminar “Government Listens” in order to obtain civil society feedback on the strategy (Republica de Bolivia, 2001). However, according to CRS (2001), this seminar invited only a limited number of organizations located in the capital, La Paz.

Information dissemination. Like in other PRSP countries, Bolivia faced information constraints; information dissemination was neither enough nor on time. Some efforts were made to raise awareness of the process, even to the Quechua and Aymara population, through local television and radio (Christian Aid, 2002). However, the results of a survey administered at that time showed that only 12% of the people

³⁵ CEDLA is a research institution that produces and disseminates critical knowledge with focus on the labor issues in rural and urban areas (CEDLA, 2004).

interviewed knew about the dialogue, the majority of them had high-income levels (Andersen & Nina, 2001; cited in Molenaers & Renard, 2003). Moreover, the Bolivian government posted the PRSP draft online even though the majority of citizens did not have Internet access (CRS, 2001). CSOs had to obtain the PRSP draft from a European organization after failing to obtain it from the government. Furthermore, even though the majority of the population is of indigenous origin and speaks Quechua and Aymara, information and dialogue were in Spanish. This limited the participation of rural women in particular, who could not express themselves in Spanish in an effective way (Christian Aid, 2002). Also, CSOs were invited to consultations and provided information at short notice so they did not have time to prepare (CRS, 2001). Finally, the language of the information provided was very technical and therefore inaccessible to the poor. The PRSP was available in Spanish and English but it was clearly written for a highly educated audience.

Donor support. Donors gave great support to the participatory process, especially funding civil society participation initiatives (Christian Aid, 2002). According to the World Bank (2002d), donors from UK, Germany, Denmark, the Netherlands, and the UNDP created a Special Fund that supported civil society participation initiatives. This Fund not only supported the National Forum Jubilee 2000 and the Comite de Enlace's dialogue but also consultative process of other twelve CSOs (The World Bank, 2002d).

6.3.2. Outcome

Based on the 1997 development plan, the IPRSP addressed four issues: *opportunity, equity, dignity, and institutional reform.* The agenda for the PRSP, as stated in the IPRSP, was set a-priori around these four pillars, which were decided without the

participation of civil society. However, I argue that civil society participation did make some difference in the PRSP. The PRSP ended up focusing on four strategic components that, although were closely related to some of the four pillars of the IPRSP, did introduce changes.

The first component, “enhanced employment and income opportunities”, as compared to the IPRSP first pillar “opportunity”, adds an emphasis on rural development through the support of micro-enterprises for small agricultural producers and the infrastructure development in rural areas. The second component, “building the productive capabilities of the poor”, is equivalent to the second pillar “equity”. The third component, “enhanced security and protection”, is completely new and replaces the pillar “dignity” focused on the eradication of coca crops. This component addresses the development of vulnerable groups (i.e. children, women, the elderly, peasants). Finally, “promotion of social integration and grassroots participation”, builds on the fourth pillar “institutional reform”, but adds an emphasis in empowering indigenous people to participate in decision-making processes. Additionally, gender equality, development of indigenous people, and environmental sustainability were addressed as crosscutting issues.

CSOs were mostly included in discussion about the social agenda. As a result of the dialogues, the strategy paid a lot of attention to rural development, had a great emphasis on education and health programs, linked corruption with poverty, and presented a plan to promote gender equality and ethnic identity development. It is important to note that CSOs were excluded from the discussion on the economic agenda, which ended up being the same neo-liberal model that has predominated in Bolivia since

1985. While the social agenda and the treatment of poverty were very central to the strategy, the analysis of macroeconomic policy was superficial.

Through the seminar “Government Listens”, CSOs (albeit a limited number of them) had the opportunity to comment on the draft. Not all, but a significant number of suggestions were incorporated in the final draft; for example, the importance of promoting “culturally based” microenterprises, the need to put more emphasis on “alternative and technical” education, and the need to involve other civil society groups (e.g. women) in the VC.

Unlike the IPRSP, the final strategy provided a deep diagnostic assessment of poverty, addressing its multi-dimension nature as a result of the National Dialogue. It took into account that the poor was not a homogeneous group. It emphasized the ethnic and gender dimension of poverty, and recognized that rural people, and within this group women, the elderly, and children, were the most affected by poverty. Furthermore, it did not limit itself to use the traditional poverty indicators based on income levels, but also considered Unsatisfied Basic Needs (UBN)³⁶.

6.3.3. Sustainability

Spillover effects, decentralization, and accountability. Maybe the most important outcome resulting from civil society participation was the creation of the Dialogue Law (Ley del Dialogo), passed by Congress on July 2001 (CRS, 2001; Christian Aid, 2002). First, this law institutionalizes the National Dialogue to be repeated every three years. Second, it determines the criteria of distribution of HIPC funds at the municipal and departmental levels and the funding of municipal projects. The law allows that 70% of

³⁶ UBN measures poverty through indicators of availability of basic services, quality of housing, and levels of education.

the HIPC funds be distributed, based on poverty indicators, directly to municipalities and the 30% equally among departments (Republica de Bolivia, 2001). Third, it institutionalizes the social control mechanism. The social control mechanism, chaired by the Catholic Church, allows civil society to audit and evaluate the management of HIPC funds and the implementation of the PRSP at the municipal, departmental, and national levels (Booth & Piron, 2004; Molenaers & Renard, 2003). It is important to mention that it was the National Forum Jubilee 2000 who proposed the social control mechanism (The World Bank, 2002d).

The National Dialogue 2000 allowed large CSOs to become stronger, create alliances, and coordinate efforts (Molenaers & Renard, 2003; The World Bank, 2002d). For example the *Comite de Enlace* that united small- and medium-sized producers, and the Catholic Church who was given a major role in the coordination of this mechanism.

Improved database. Another important advance was the proposed creation of a database about health, education, and basic services with focus on small farmer, indigenous, and native communities. This will allow for a better diagnostic of poverty in the future (Republica de Bolivia, 2001).

Environmental policy. The EBRP indicates that the implementation of environmental policy will take place based on consultation and participation of civil society.

Capacity building. Through the National Forum Jubilee 2000, the *Comite de Enlace*'s dialogue, and other initiatives, CSOs demonstrated that they had capacity and credibility to organize dialogue processes at the national level (Molenaers & Renard, 2003; The World Bank, 2002d). However, in general CSOs in Bolivia did not have

experience in decision-making processes because they mainly participated in implementation of projects (CIDA, 2001). It is important that donors and governments invest on building capacity of CSOs in Bolivia, especially in technical skills, so they can engage more effectively in policy dialogue and discuss not only social policy but also economic policy.

7. Conclusions and Policy Implications

*“People living in poverty do not need charity; they need empowerment to contribute their untapped potential towards our common agenda to build a brighter future for coming generations”
(Federico Mayor, 17, October, 1995, quoted in Atal & Øyen, 1997)*

7.1. Conclusions

Through the PRSP participatory process, civil society has had for the first time the opportunity to engage in policy discussion. In many low-income countries, including Bolivia, this process has contributed to a more open dialogue within governments and between governments and civil society. It has also contributed to a greater focus on poverty issues and to a better understanding of the multiple dimensions of poverty. But, ***to what extent have different groups within civil society participated in developing PRSPs?*** In answering this question I analyzed how the participatory process took place (i.e. form).

In general, participation has been very limited in the formulation of Interim PRSPs because it is non-mandatory. However, the Interim PRSPs allow governments to obtain debt relief and concessional lending before completing PRSPs. Also, Interim PRSPs are supposed to present the plan to develop the full PRSP and the Participation Action Plan. In other words, governments are obtaining debt relief and concessional lending based on poverty diagnostics and participation plans that are developed without enough participation of civil society.

Even though the preparation of PRSPs is required to be participatory, the list of participants is still limited and not representative. The poor, who are perhaps the most important stakeholders in the process, are usually excluded. If they are included, they are

passive participants because they do not have the resources, technical capabilities, or the power to engage in a genuine way. In Bolivia, indigenous groups, especially women, were not adequately represented, not even at the municipal level. Even though the Law of Popular Participation requires municipalities to consult with civil society, there were no mechanisms in place to ensure the involvement of the poor.

In most countries, participation took place in the urban areas and was limited to *information* and *consultation*. The drafting of the PRSP was limited to a few technical staff from the government. Civil society was consulted once the draft was finished and there was no guarantee their concerns were incorporated in the final PRSP. Unlike most PRSP countries, Bolivia did take the dialogue to the rural areas. The participatory process was decentralized allowing rural municipalities to be part of the discussion. Also, the level of participation went beyond *consultation*, and reached the level of *partial decision-making* (See Table No. 2, chapter Two).

Even though civil society in Bolivia reached a higher level of participation than other PRSP countries, this participation was still limited. The power was unbalanced between civil society and the government and between the government and the World Bank and the IMF. The government decided who discusses what and when. Like most countries, participation of civil society in Bolivia was restricted to the discussion of social issues, while the macroeconomic agenda was reserved exclusively for business and the government. Also, the World Bank and the IMF had the power to approve or reject the strategy. Therefore, civil society had still limited power in the final content of the PRSP.

This limited participation of civil society was partly the result of the World Bank's lack of clear rules and standards of participation. The World Bank's requirement of

participation is vague. It does not specify what groups within civil society must participate; it does not require these groups to be representative; and, it does not explicitly require the poor to be involved. Moreover, the World Bank does not specify the level of participation that countries must reach. Finally, the World Bank does not require governments to design the agenda for discussion in a participatory manner; it does not specify what issues have to be on the discussion table; and, it does not specify what stages of the formulation process must be participatory. This lack of clarity gives governments the freedom to set the agenda without participation, to decide who discusses what and when, and to decide what level of power (i.e. what level of participation) each participant has in influencing the content of PRSPs.

Has the input of civil society been taken into account in the content of PRSPs? In other words, what has been the impact of civil society participation on the content of the strategy (i.e. outcome)?

The evidence across countries is mixed. In most countries, including Bolivia, civil society influenced the content of social policy within the PRSP without any impact on economic policy. The neo-liberal macroeconomic model that the World Bank and the IMF have promoted remains the same.

Participation of civil society in Bolivia had some influence on the strategic components of the PRSP vis-à-vis those proposed by the IPRSP. The PRSP incorporated an emphasis on rural development; replaced the focus on eradication of coca crops by a focus on security and protection of vulnerable groups (i.e. children, women, the elderly, and peasants); and added an emphasis on empowering indigenous people.

Whereas most PRSPs failed to recognize that the poor is a heterogeneous group, the Bolivian PRSP (i.e. EBRP) showed a deep diagnostic assessment of poverty. The EBRP emphasized the multiple dimensions of poverty and recognized that rural people - especially women, the elderly, and children- were the most affected by poverty. The EBRP adopted other indicators of poverty (e.g. UBN) besides income. Whereas most PRSPs treated gender and ethnic issues superficially, the EBRP dedicated specific sections to address these issues and made reference to them as crosscutting issues.

The participation of civil society produced some spillover effects such as alliances within civil society or the introduction of a new legal framework for future participatory practices (i.e. sustainability). In the case of Bolivia, for example, one of the most important outcomes resulting from civil society participation in the EBRP was the Dialogue Law. This law institutionalized the National Dialogue to be repeated every three years; it institutionalized the social control mechanism; and, it allowed a fair distribution of HIPC funds according to poverty levels in the municipalities.

What are the lessons learned from the PRSP participatory process in Bolivia?

Important lessons can be derived from the participatory process that took place in Bolivia to design its EBRP. Positive results and limitations of the process should be taken into account for future national dialogues not only in Bolivia but also in other countries that are preparing the strategy. It is important to take into account that the PRSP approach is relatively new and has not reached its potential; there is ample opportunity for improvement. In my view, however, it is remarkable that a very poor country like Bolivia has been engaged in national dialogue since 1997 and has learned “by doing”³⁷.

³⁷ Learn from experience through a “trial-and-error process” (Ebrahim, 2003, p. 108).

7.1.1. Positive results

In Bolivia, the participatory process accomplished the following:

- a. Participation is now institutionalized through the Dialogue Law, which guarantees that the National Dialogue will take place in spite of changes in government representatives.
- b. The policy dialogue was decentralized at the municipal level, which facilitated reaching rural areas.
- c. The dialogue within different levels of government improved and there was a more open dialogue between government and civil society representatives.
- d. There was a better understanding of the multi-dimensional nature of poverty.
- e. The national development strategy placed poverty at the center, and considered ethnic and gender as crosscutting issues.
- f. Distribution criteria based on poverty indicators are now established, which guarantees that poor municipalities will receive HIPC funds proportional to their needs.

7.1.2. Limitations

In Bolivia, the participatory process had the following limitations:

- a. The Interim PRSP was not participatory and did not provide a good assessment of poverty. It was exclusive and did not present a detailed plan of how the full PRSP would be developed.
- b. Participation of civil society in the preparation of PRSP was not representative. Key organizations were not invited to the dialogue, and there were no mechanisms to involve the poor.

- c. Political power was unequally distributed and civil society participation was limited to *partial decision-making*. Only a small number of public officials wrote the PRSP draft. CSOs were only consulted, but the government had the power to decide what issues to discuss and which CSO recommendations to include. The Fund-Bank internal review (JSA) was based on this draft without considering those CSO recommendations that were excluded. The IMF and the World Bank had the power to decide whether or not the PRSP was sound.
- d. The agenda for discussion was divided into social, economic, and political issues, without recognizing the interrelation between them. Also, the agenda was set a-priori by the government. Civil society participation was limited to discussion of the social agenda.
- e. Discussions were in Spanish even though the majority of the population speaks Quechua and Aymara.
- f. Information about IPRSP and PRSP was not easily available and was written for a highly prepared audience. The technical language of the PRSP made difficult for the poor to participate.
- g. The participation of political parties was limited to the national level. As a result the opposition did not endorse the EBRP compromising sustainability. This was demonstrated by the changes between the first EBRP and the EBRP II due to changes in governments. Unlike the EBRP, the EBRPII was not only discussed with donors prior to input from civil society, but also the government decided to open the discussion on an already written PRSP rather than write the draft informed by the participatory process (Booth & Piron, 2004).

h. The EBRP was not only constrained but also shaped by the political context in the country (Booth & Piron, 2004). One level of community participation that has not been categorized is what I call outside participation. In the case of Bolivia, civil society had to exert influence in the process from outside through social mobilization and protest. For example, the content of the first draft did not include many recommendations made by CSOs in the National Dialogue. According to Christian Aid (2002), content changed only after a protest of more than 12,000 citizens in La Paz and pressure from international donors.

In brief, looking at how the participatory process took place (form) in Bolivia one can conclude that participation of civil society was limited to “partial decision-making”. As a result of the partial power it has in the preparation of the PRSP, civil society is still unable to influence issues that out of the table (e.g. macroeconomic policy). Therefore, the impact of civil society participation in the content of the PRSP (outcome) is still limited. Finally, even though the level of participation has been limited, the participatory process produced important spillover effects (sustainability), such as the creation of alliances within civil society and the introduction of the Dialogue Law.

7.2. Policy Implications

Some critics argue that the PRSP should be separated from the HIPC to eliminate the conditionality associated with the strategy (e.g. CRS, 2001). I completely disagree because elaborating the strategy in-house in a participatory manner to obtain debt relief enhances the legitimacy of the process and creates incentives for government accountability to the people. A good mechanism to reduce external influence could be approval of the strategy by a committee

comprised of other donors (besides the Bank and the Fund) and one representative from government and from civil society.

Another critique is the pressure of time imposed on the PRSP because of the urgency of low-income countries to qualify for debt relief within the HIPC program. Planning poverty reduction strategies in a multi-stakeholder setting is a long-term, complex process that requires time, especially if input from CSOs is sought. The IPRSP was introduced to reduce these tensions, however it has not added any value, at least in the case of Bolivia. CRS (2001) proposes to eliminate the IPRSP because it is ineffective. I would rather improve the structure of the IPRSP and make it participatory enough to allow for some CSO input without delaying the process. The IPRSP should be more focused on providing a detailed plan for the PRSP participatory process including timetables and selection criteria to assure participants are representative.

It is essential to have the input of the poor when designing policies that will ultimately affect their lives. It is true that CSOs can be the closest to them, but it cannot be totally assured that they will represent the poor, or at least the poorest. Involving poor people directly will be very difficult because, among other causes, they have to survive and participating represents a high opportunity cost for them; if development practitioners really want their input that cost will need to be compensated. At least, governments and donors should work on changing the technical language used in the consultations and the PRSP document to make it more accessible to the poor.

Due to the diversity of CSOs, the variety of claims they represent, the lack of technical skills, and their conflictive relationship with the state, it is necessary for these organizations to be better organized and trained. Many CSOs will need to build capacity

to negotiate and manage conflict, capacity to coordinate efforts with other organizations, and capacity to analyze technical information. For example, as a result of the UNDP training of CSOs in negotiation and conflict management in Zambia, 80% of CSOs' proposals were included in the first draft of the Zambia's PRSP (Mpepo, 2000).

If organized and trained, civil society could go beyond information and consultation and reach a “**balanced decision-making**” level of participation. At this level, civil society shares planning and decision-making responsibilities with the government (See Table No. 2, chapter Two). However, having a highly coordinated and professionalized civil society is not enough. Participation generally has not go beyond information and consultation because of the current way the PRSP participatory process is conceived. Currently, the World Bank's requirement of participation is vague. It gives total freedom and power to governments to decide who participates and to what extent, what issues are discussed, and what input is incorporated in the PRSP. Civil society could only reach a “balanced decision-making” level of participation if the World Bank sets and monitors standards that determine the scope, level, and quality of participation.

As one of the world's most important development and research institutions, and the creator of the PRSP initiative, the World Bank should enable a higher level of participation in the PRSP process. The World Bank should have a policy that addresses participation in PRSPs. This policy should clarify who must participate, at what level, what issues must be discussed, and what stages of the process must include participation. The Bank should evaluate the quality of participation in the PRSP process (e.g. using an analytical framework, such as the ladder of participation proposed in chapter Two) before

approving the PRSP. Also, it is important the Bank provides information and creates incentives for the staff to support the participatory process.

However, it is important to mention that it is unrealistic to think that the participation of civil society in the PRSP can ever go beyond “balanced decision-making”. The nature of the PRSP process implicitly limits the level of participation civil society can reach. Upon approval of the PRSP, the World Bank provides debt relief and concessional lending to governments not to civil society. It is the government, not civil society, who has to be accountable for the use of the HIPC funds and the implementation of the PRSP. Therefore, it is very unlikely that civil society can have more power than government (i.e. dominant decision-making or total decision-making) in the preparation of the PRSP.

For the poverty reduction strategies to be sustainable and inclusive they have to be designed in a participatory process in which civil society voices are heard, especially those of the poor. For the participation of civil society in PRSP to be effective it is important to have 1) governments willing to consult with stakeholders and open to the input of civil society at all levels, 2) capable and organized civil society organizations that are representative of the poor and that contribute with their experience, local knowledge, and comparative advantages in order to promote ownership and trust in the process, and 3) supporting international institutions that create an enabling environment of participation and collaboration that would allow poverty reduction strategies to be truly country-owned, democratic, and realistic.

The world is to reduce poverty by half by 2015, as declared in the UN Millennium Development Goals (MDG)³⁸. The effective design and implementation of PRSPs is central to achieving these goals. Countries will need to learn “by imitating”, “by exploring”, and “by doing”, so that the participatory PRSP process, which is now just five years old, will reach its full potential in the medium and long term³⁹. This paper is intended to contribute to that learning process.

³⁸ In the UN Meeting in 2000, countries from around the world agreed to eight goals: eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDs, malaria, and other diseases, ensure environmental sustainability, and develop a global partnership for development (UN, 2004).

³⁹ Learning by imitating, by exploring, and by doing is a typology used by Ebrahim (2003, p. 108) to refer to learning in NGOs. This typology draws mainly from the work of James March.

Appendix A: Countries that Completed PRSPs Documents

Board Presentations of PRSP Documents								
As at September 30, 2004								
	Country	Region	I-PRSP	PRSP	PR 1	PR 2	PR 3	
1	Benin	AFR	13-Jul-00	20-Mar-03				
2	Burkina Faso	AFR		30-Jun-00	6-Dec-01	5-Nov-02	25-Mar-04	
3	Burundi	AFR	22-Jan-04					
4	Cameroon	AFR	10-Oct-00	31-Jul-03				
5	Cape Verde	AFR	8-Apr-02					
6	CAR	AFR	18-Jan-01					
7	Chad	AFR	25-Jul-00	13-Nov-03				
8	Congo, DR	AFR	11-Jun-02					
9	Cote D'Ivoire	AFR	28-Mar-02					
10	Ethiopia	AFR	20-Mar-01	17-Sep-02	17-Feb-04			
11	Gambia	AFR	14-Dec-00	16-Jul-02				
12	Ghana	AFR	24-Aug-00	8-May-03	13-Jul-04			
13	Guinea	AFR	22-Dec-00	25-Jul-02	9-Sep-04			
14	Guinea Bissau	AFR	14-Dec-00					
15	Kenya	AFR	1-Aug-00	6-May-04				
16	Lesotho	AFR	6-Mar-01					
17	Madagascar	AFR	19-Dec-00	18-Nov-03				
18	Malawi	AFR	21-Dec-00	29-Aug-02	23-Oct-03			
19	Mali	AFR	7-Sep-00	6-Mar-03	29-Jun-04			
20	Mauritania	AFR		6-Feb-01	18-Jun-02	18-Jul-03		
21	Mozambique	AFR	6-Apr-00	25-Sep-01	25-Jul-03	6-Jul-04		
22	Niger	AFR	20-Dec-00	7-Feb-02	19-Nov-03			
23	Rwanda	AFR	21-Dec-00	6-Aug-02	17-Jun-04			
24	Sao Tome & Principe	AFR	27-Apr-00					
25	Senegal	AFR	20-Jun-00	23-Dec-02				
26	Sierra Leone	AFR	25-Sep-01					
27	Tanzania	AFR	4-Apr-00	30-Nov-00	27-Nov-01	27-May-03	8-Jun-04	
28	Uganda	AFR		2-May-00	31-May-01	23-Jul-02	9-Sep-03	
29	Zambia	AFR	4-Aug-00	22-May-02	15-Jun-04			
30	Cambodia	EAP	18-Jan-01	20-Feb-03				
31	Lao	EAP	24-Apr-01					
32	Mongolia	EAP	27-Sep-01	9-Sep-03				
33	Vietnam	EAP	12-Apr-01	2-Jul-02	19-Feb-04			
34	Albania	ECA	8-Jun-00	20-Jun-02	10-Jul-03	20-Jul-04		
35	Armenia	ECA	22-May-01	20-Nov-03				
36	Azerbaijan	ECA	5-Jul-01	27-May-03				
37	Bosnia-Herzegovina*	ECA	00-Oct-02	15-Jun-04				
38	Georgia	ECA	11-Jan-01	6-Nov-03				
39	Krygyz Republic	ECA	4-Dec-01	27-Feb-03	6-Jul-04			
40	Macedonia, FYR	ECA	14-Dec-00					
41	Moldova	ECA	19-Dec-00					
42	Serbia & Montenegro	ECA	8-Aug-02	16-Mar-04				
43	Tajikistan	ECA	31-Oct-00	5-Dec-02	6-Jul-04			
44	Bolivia	LAC	27-Jan-00	5-Jun-01				
45	Dominica	LAC	19-Dec-03					
46	Guyana	LAC	14-Nov-00	17-Sep-02	3-Aug-04			
47	Honduras	LAC	6-Jul-00	11-Oct-01	26-Feb-04			
48	Nicaragua	LAC	21-Dec-00	25-Sep-01	11-Dec-02	22-Jan-04		
49	Djibouti	MENA	27-Nov-01	8-Jun-04				
50	Yemen	MENA	27-Feb-00	1-Aug-02				
51	Bangladesh	SAR	17-Jun-03					
52	Nepal	SAR		18-Nov-03				
53	Pakistan	SAR	4-Dec-01	11-Mar-04				
54	Sri Lanka	SAR		1-Apr-03				
Sub Totals		AFR	29	26	20	13	5	3
		EAP	4	4	3	1	0	0
		ECA	10	10	8	3	1	0
		LAC	5	5	4	3	1	0
		MENA	2	2	2	0	0	0
		SAR	4	2	3	0	0	0
Total			54	49	40	20	7	3

*Bosnia's IPRSP was not formally discussed by the Board; it was summarized alongside the CAS.

Source: The World Bank. Retrieved November 12, 2004 from <http://siteresources.worldbank.org/INTPRS1/Resources/boardlist.pdf>

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