

## Abstract

In late 1999 a joint meeting of the IMF and World Bank announced the introduction of Poverty Reduction Strategy Papers (PRSPs) as a means of securing comprehensive development, alongside a framework for the provision of increased financial support (specifically via debt relief). PRSPs were pathbreaking in at least two senses. First, because poverty reduction rather than other economic objectives became the focus of policy-based lending; and second, in bringing strategic planning back into the mainstream development agenda. As the decade progressed, PRSPs became the primary framework through which economic and social policy was crafted and managed in low-income countries, and there are now 67 PRSP arrangements in place. Yet, in spite of the passage of ten years, there remains no authoritative evaluation of the initiative's impact. This paper aims to fill this lacuna, by offering a cross-sectional appraisal based on sound counterfactual analysis. It makes use of a series of quantitative methods, including exhaustive econometric evaluations, of two specially constructed panel datasets. The analysis also employs Bourguignon's (2004) discussion of the poverty-growth-inequity triangle, and the role played by policy in mediating the core relations. The objective is to appraise performance in terms of poverty reduction, but also to disentangle the separate impacts of distributional change and economic growth. The results provide some evidence of a positive PRSP treatment effect in relation to poverty reduction, but with this operating exclusively via the growth channel. While this lends support to PRSPs as enhanced growth strategies, it undermines their claims to secure more widely balanced, and hence, pro-poor, growth. A number of evidential issues are also addressed, which cast doubt on the strength of the apparent performance gains.<sup>1</sup>

**Keywords:** Empirical studies of poverty dynamics, Evaluations and assessments of policies and programmes

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<sup>1</sup> The views expressed in this publication are those of the author(s) and do not necessarily represent those of the United Nations, including UNDP, or their Member States.