Joint NGO Briefing Paper

Where is the impact?

There should be no more delay in delivering Poverty and Social Impact Analysis for World Bank and IMF-supported policy reforms in developing countries

April 2003

The World Bank and IMF continue to drive forward policy reforms in developing countries with almost no prior analysis of the likely impact on poverty. Despite repeated commitments to ensure Poverty and Social Impact Analysis (PSIA) is carried out on all key reforms, very little progress has been made. The Spring Meetings are a perfect opportunity for the World Bank and IMF to present a comprehensive strategy to ensure that all key structural and economic reforms sytematically include country-owned PSIA based on genuine policy options.

Summary

The World Bank and IMF continue to drive forward policy reforms in developing countries with almost no prior analysis and public discussion of the likely impact of those reforms on poverty. Both organisations have made repeated commitments to ensure that *ex ante* Poverty and Social Impact Analyses (PSIA) are made an integral part of all major structural and macro-economic reforms. However, despite some progress, the vast majority of reforms do not include an assessment of the impact they will have on poor women and men.

PSIA has the potential to complement the PRSP process by increasing the ownership of reforms, and by generating evidence based policy that will lead to real success in reducing poverty and reaching the Millenium Development Goals (MDGs).

We welcome the World Bank and DFID pilot PSIA studies. However, although this is clearly a step in the right direction, the pilots have so far proved disappointing for two reasons. First, they have been carried out with very little transparency, leading to minimal country **ownership** and debate. Second, the pilots have failed to address different policy **options**, focusing instead on the sequencing and mitigation of already agreed reforms.

This is unacceptable. The World Bank and IMF can and should do more to ensure that country owned PSIA demonstrating options are carried out on **all** key economic and structural reforms.

Recommendations

1 **The pace of implementation of PSIA commitments must be accelerated**

- At the Spring Meetings in April 2003, the World Bank and IMF should present a comprehensive PSIA strategy for ensuring that all key structural and economic reforms sytematically include country-owned PSIA
- By the time of the annual meetings in September 2003 the boards of the World Bank and IMF should ensure that no key reform is included in a Bank or Fund programme until a country-owned PSIA has been carried out.
- PSIA should be integrated into the second round of the PRSP process in every country
- Capacity constraints must not be an excuse for inaction and further delays. Even very simple approaches to PSIA based on existing knowledge and data can improve policy making, whilst more complex approaches are developed.

2 **PSIA should be genuinely mainstreamed**

- All Board papers for both the Fund's PRGF and the World Bank's adjustment lending should include a summary of the country-owned PSIA. In the World Bank, PSIA could be covered in different documents – Poverty Assessment, Country Economic Memorandum, Development Policy Review, Public Expenditure Review, sector studies or be a free standing study. To ensure clarity and a systematic approach to PSIA, all loan documents should include a summary of the PSIA

- The World Bank's CAS and the IMF's new three year PRGF-supported program should detail planned reforms and PSIA. This could be simply presented in the form of a grid that highlights what the major reforms will be over the next three years; the donor(s) supporting the reform; the institution(s) funding and undertaking the PSIA and the timing of the analysis. This would ensure greater forward looking accountability.

- PSIA must be carried out for all major World Bank reforms**.** As a matter of due diligence, no World Bank structural reform measures or programmes should be implemented without consideration of how they will impact on poverty, and no major reforms should be implemented unless a country-led PSIA has taken place. This requirement for country-owned PSIA should be included in the new Structural Adjustment Operational Procedure/Bank Procedures.

- PSIA must be carried out on every IMF macroeconomic framework**.** As a matter of due diligence, the IMF should undertake to ensure a PSIA is carried out of its proposed macro-economic framework of economic reforms, in line with the key features of the PRGF. The outcome should be a set of macro policy options that can be openly discussed, and should include an assessment of what financing will be required to meet the Millenium Development Goals in a particular country. Where the Fund is also potentially supporting structural reforms, PSIA must also be carried out in conjunction with the Bank, and results must be included in the PRGF.

3 **PSIA should foster debate and be inclusive and widely owned from the outset.**

- In order to foster debate around a range of policy options, PSIA should be carried out at least 6 to 9 months in advance of policy formulation and agreement on structural and economic reforms to be undertaken. PSIA findings should be published and widely discussed.

- For each PSIA a multi-stakeholder group including Government, civil society, donors and Parliamentarians should lead from the outset: setting the terms of reference, identifying priority areas for analysis, discussing policy options, ensuring that outcomes of analysis affect policy decisions and monitoring implementation. This is most sensibly executed through the mechanism of an ongoing PRSP process where many such groups already exist

- Where possible PSIA should be undertaken by local researchers. For each PSIA, the multi-stakeholder group would take responsibility for selecting researchers to undertake the analysis

4 **Ensuring quality and relevance of PSIA**

- PSIA should involve a triangulation of methods (both qualitative and quantitative)

- All PSIA for both macroeconomic and structural reform should include a gendered analysis of impact. The World Bank and IMF should be ready to provide support in helping to achieve this if requested by an in-country multi-stakeholder group.

Where is the impact? Moving towards evidence based policy making for poverty reduction.

Poverty and Social Impact Analysis (PSIA) is the assessment of intended and unintended consequences of policy interventions on the poorest women and men in a country. PSIA for key reforms in a country has the potential to complement the PRSP process by generating reforms that are based on informed *ownership* and a discussion of different policy *options*.

Low-income countries across the world have been subject to major economic and structural reforms over the past two decades. It is shocking that despite the massive economic, social and political upheaval these reforms entailed, there has been no systematic attempt to determine in advance or *ex ante* what would be the likely impact on poor women and men. In the event, many of these reforms failed to deliver in terms of sustainable growth and poverty reduction. It is widely recognized that this was due to poorly designed reforms that stuck to one generic approach, failed to explore **options**, and were largely imposed by the World Bank and IMF with minimal country **ownership**.

The Poverty Reduction Strategy process was broadly welcomed as a potential step towards the development of economic and structural policies that are country-owned and focus on poverty reduction. Three years after the introduction of the PRSP, 21 have been completed. Although there have been some gains in terms of greater participation in many countries, overall PRSPs have been disappointing. In terms of their content they continue to reflect the same economic and structural blueprint promoted by the World Bank and IMF. In no country has there been a broad debate about alternative structural and economic policies, and how they might affect poverty. At the same time, there has been minimal discussion of what countries will need to do to meet the challenge of the Millennium Development Goals (MDGs).

Poverty and Social Impact Analysis (PSIA) has the potential to complement the PRSP process, to increase ownership, and to address the continuing absence of debate over reform options and their potential impact on poverty. By analysing the likely impact of reforms, PSIA can deepen and broaden the debate on national poverty strategies, and at the same time map out what is needed to reach the MDG's in 2015.

PSIA: commitments from the World Bank and IMF and work to date

Both the World Bank and the IMF have made repeated commitments since 1999 to carry out PSIA on all key reforms.

In January 2002, the World Bank's President Wolfensohn reiterated the commitment of the World Bank to PSIA, saying that PSIA would be mainstreamed within all Bank programmes 'within six months'[1]. The IMFC also stated in its 2002 communiqué that PSIA should be implemented systematically in all PRGF programmes, in line with the identification of PSIA as one of the seven key features of the PRGF[2].

In the past year the World Bank has produced a draft 'user's guide' to PSIA, and has also carried out a series of pilot PSIA studies around the world, many of which are now either completed or nearing completion. At the same time the UK Department for International Development (DFID) has also carried out a series of pilot studies in parallel to the World Bank. More recently the World Bank has also begun to draw up a timetable for mainstreaming PSIA in a number of countries.

Within the IMF it has been strongly felt that the World Bank should take the lead on PSIA given the Bank's poverty expertise. Nevertheless, recent PRGF agreements have included small sections entitled PSIA that make an attempt to outline the economic rationale behind the proposed reform programme.

PSIA: reforms continue without any analysis, pilot studies flawed

Despite these welcome developments, progress overall on PSIA has not been fast enough, and the pilot studies have generally not resulted in either ownership or policy options. At the same time PRSPs are being finalised, new PRGFs, PRSCs and other structural lending agreed, and major reforms continue to be implemented without any systematic assessment of what impact they may have on poor women and men. This is surprising as much can be done now even with limited data and capacity.

PSIA is a new area on which there is a lot of learning to be done by all actors. However, despite this there is a lot more that could be done by both the World Bank and IMF to ensure that PSIA are systematically undertaken for all key reforms/policies as soon as possible, and that they are based on ownership and options. Key reforms that have enormous effects on the lives of poor people continue to be implemented, with little analysis of their potential impact and no discussion of alternatives. In **Georgia**, for example, the municipal water supply system for the capital Tbilisi is about to be privatised. Yet in recent conversations with Oxfam the World Bank representative made it very clear that there are no plans to support any form of impact assessment, despite the crucial importance of water to poor people. Equally, while PRGFs are currently being renegotiated in **Honduras** and **Bolivia**, there is no clear timetable or strategy from the IMF for its proactive support for impact analysis of the proposed conditionalities, such as labour market reform (**Bolivia**) or reduction of teacher salaries (**Honduras**)[3]. In **Senegal,** the reform of the groundnut sector is a HIPC condition and forms part of both the Fund's and Bank's policy dialogue. However, the groundnut processing company is due to be privatized this year and there are no plans for PSIA. Further, the marketing company was privatized last year. There was no PSIA undertaken before the privatization and there is no analysis of the impacts during implementation. This seems somewhat unbelievable considering how important groundnuts are to poor people in **Senegal**.

While the joint DFID/World Bank pilot PSIA were a welcome step in the right direction, the implementation of the pilot studies still raised a number of concerns. A central objective of PSIA processes is to generate country-level debate of a range of policy options, in order that a broad range of stakeholders may have the opportunity to appraise each potential policy choice in the light of supporting evidence[4]. However, the allocation of roles and responsibilities in undertaking PSIA is still very unclear. From our conversations with leading CSOs in the countries where the pilots have taken place, it seems that the pilot studies have failed to achieve involvement and **ownership**. In **Malawi,** for example, the World Bank pilot study was on privatisation of the state grain marketing board ADMARC, an important and emotive issue for everyone in Malawi particularly in the context of the current food crisis. It was instigated in January of 2002 by a team flown in from Washington, and it is clear from recent conversations with Oxfam that Malawian CSOs and parliament were completely unaware of the World Bank study, and have had no involvement in it. A promised stakeholders meeting to discuss the PSIA findings in November last year never took place. However, at the same time both CSOs and parliament have been extremely active on this issue, but it does not seem that their analysis has been used in the PSIA pilot[5].

The DFID pilot studies have made more effort to be carried out in close partnership with Government and undertaken by independent teams of researchers. However, participation by other stakeholders still seems to have been minimal and was confined to consultation on a single policy rather than a genuinely participatory process to consider a range of policy options. In **Honduras**, for example, there was a general awareness of the DFID/Government of Honduras study on electricity privatisation, and initial meetings were held with key CSO stakeholders in the early stages, but since then there has been no further involvement of CSOs[6].

The second key objective of PSIA should be to introduce genuine policy **options**. Instead of assuming only one set blueprint for reform, PSIA should demonstrate the potential impact of a range of policy choices that can then form the basis of a genuine debate and policy selection. However, the World Bank and DFID pilot studies for the most part fail to do this. Instead they take single pre-existing reforms, which are assumed to be going ahead, and focus on sequencing and mitigation measures. They do not question whether or not this reform is the appropriate or best one for poverty reduction. For example, rather than considering whether or not privatisation is a good thing for poor people, the World Bank pilot PSIA in **Chad** on privatisation of the cotton marketing board only looks at 'alternative privatisation scenarios'[7]. Given that Chad already has some of the lowest cotton production costs in the world but is still losing valuable market access in the face of massive US subsidies, the importance of the government of Chad's role in marketing is critical. A PSIA process should examine a range of options, including not only privatisation but also other strategies, if it is to lead to genuine policy choice and national ownership.

The DFID pilot study in **Mozambique** is a good example of where a genuine choice is being investigated, on the costs and benefits to the poor of raising taxes on fuel. However, this study is the exception unfortunately, as most of the DFID pilots focus on the sequencing and mitigation of reforms that have already been decided. In **Armenia**, for example, the study is clear from the outset that it will not look at alternatives to water privatisation, as this has been agreed with the Government under already existing Structural Adjustment Programmes with the World Bank. Instead it will confine itself to 'suggest policy intervention measures that could mitigate the negative social consequences of reforms'[8]. Even these policy suggestions are limited, and there is no discussion of the capacity of Government to actually implement the mitigation measures, a critical factor in all proposed safety net programmes.

Lastly in terms of both the analysis of options and the generation of ownership, very few of the pilot studies made any attempt to integrate gender concerns, with the notable exception of the DFID study in **Uganda**.

The main response of the IMF to challenges on PSIA is that it is the responsibility of the World Bank. Resident representatives interviewed by Oxfam in various countries around the world all gave this response, and it was reiterated by the Managing Director when giving evidence to British MPs in July 2002[9]. Despite this, a handful of recent PRGF documents have made a cursory attempt to include a small section entitled PSIA[10]. However, a recent IMF discussion paper concedes that 'when looking across reform measures, it is clear that much more remains to be done [on PSIA]'. The paper finds for example, that although macroeconomic reforms were undertaken in 94 percent of all PRGFs, 'none of the PRGF-supported program documents present a rigorous study assessing poverty and social impact'[11].

It is therefore clear that despite rhetorical commitment to PSIA at the global level, there has not been nearly enough movement on this issue, and far more could be done by the World Bank and IMF to ensure these studies are mainstreamed for all key economic and structural reforms.

What would an ideal PSIA look like?

The primary objective of PSIA is twofold: to generate broad debate within a country over different reform **options** and at the same time ensure **ownership** of the reform agenda that is chosen. Given this, what should an ideal PSIA look like?

Who should be responsible for PSIA?

PSIA should be led by country authorities, and should involve multi-stakeholder groups including civil society. At the same time, the World Bank and IMF have a responsibility to ensure that no key reform is included in a Bank and Fund programme until a PSIA has been carried out.

If PSIA are to be effective and valuable, it is critical that they are country owned. In each country a government-led multi-stakeholder steering group, including representatives from national government, parliamentarians, civil society, and international donors (including the

IFIs), should take primary responsibility for guiding the PSIA process. This is most sensibly executed through the mechanism of an ongoing PRSP process. Specific sectoral working groups can be set up depending on the specific area in which the reforms are proposed. These steering groups should take the lead from the conceptual stage, setting the terms of reference, identifying priority areas for analysis, discussing policy options, ensuring that outcomes of analysis affect policy decisions, and lastly monitoring implementation.

For example, the World Bank may want to support a reform process in agriculture in a specific country. Often as a result of the PRSP, agriculture sector working groups or similar institutions now exist in many countries. These groups do/or can include civil society, parliamentarians, key donors and government. Given this, in our country example, the first step would be for the Bank to join the discussion of agricultural reform by this group. Often these groups are busy developing sector plans anyway, either as part of the PRSP or separately. If a group exists, and the Bank is already a member so much the better, if not then the Bank should encourage the relevant Ministry to form such a group or to expand its membership to include civil society and parliamentarians.

For the IMF a similar process should be followed, working through a multi-sectoral macroeconomic working group. These were significantly missing in even some of the best PRSP processes, and would therefore need to be set up as a matter of urgency. Again they should include Government, donors, civil society and parliamentarians wherever possible.

Who should carry out PSIA?

PSIA should be carried out by teams of researchers managed by the multi-stakeholder group. Local researchers should be used wherever possible. Donor technical assistance will also be very important in most situations, but should only seek to support the agreed terms of reference for the study.

Assuming the multi-stakeholder group accepts the need for a study, the next step should be for them to draw up a terms of reference. At the same time the donors should reach agreement on who is going to support the study. Funding can be channeled through a joint trust fund as was the case for many PRSP processes.

Researchers who are sourced should be local wherever possible. However, given the lack of capacity in many places and the extensive resources of the World Bank and other donors, a partnership involving local researchers and donor staff is probably most likely. Specialised UN agencies like UNDP, FAO or WHO could also play a role. **Mozambique** is an example of where this worked well. FAO conducted research on Mozambique's sugar policies and although the IMF did not agree with the results, it accepted their outcome and the Government's decision based on the study[12].

At the same time the multi-stakeholder group should be encouraged to publicise the study, especially if it is on a very contentious area of reform such as state marketing boards, utilities, etc. As with the PRSP funding for publicity and dissemination should be factored into the costs of the study. The objective is to generate as broad a debate on the issue as possible.

The study researchers should then be managed by the group or a sub-committee, and should present their results to the group as a whole and these should also be publicly disseminated to encourage broader debate. Civil society can play a key role in doing this dissemination in many contexts, as would Parliamentary committee structures and the media.

As described above, funding for the studies can be based on a trust fund to which the major donors should contribute, either internationally and/or at the country level as was the case with the funding of PRSP processes. Funds would be managed by the multi-stakeholder group with one unified reporting framework.

How many PSIA should be carried out in a country and when?

Two sets of full PSIA should be carried out in each country; one set on key *structural* reforms for which the World Bank should have primary responsibility and another set on the overall *macroeconomic* framework for which the IMF should take the lead. PSIA should be carried out at least 6-9 months in advance of reforms being finalised, and should gradually fall into line with the PRSP process.

It would be impractical to carry out PSIA on all structural reforms in a country in the near future. Given this, full studies should be carried out only on key reforms, and the World Bank should be mandated to ensure that these take place as a pre-requisite of a programme being approved by the board. In addition all other reforms should not proceed without some consideration of their impact on poverty. For the World Bank this requirement for country owned PSIA on key reforms should be included in the new Structural Adjustment Operational Procedure/Bank Procedure. The Bank would be required to show that the areas to be studied were chosen openly and with participation of all stakeholders; that the studies themselves were managed and led by the country authorities; that they were from the outset based on broad ownership of the reform debate; and finally that they led to a genuine discussion of policy reform options. There should also be channels whereby complaints that this process had not been followed can be assessed, discussed and responded to.

Secondly the IMF should undertake to ensure a country-owned PSIA of its proposed macro-economic framework is carried out, in line with the key features of the PRGF. The outcome should be a set of macro policy options that can be openly discussed. In addition, guidelines should also be given for circumstances in which extra economic impact analysis should be carried out if decided upon by a country, for example in the context of dramatic exogenous shocks to an economy such as commodity price collapse.

IMF PRGF arrangements also include structural reforms on many occasions, for example privatisation in the Gambia or civil service reform in Cambodia. In such cases the World Bank should take a lead but the IMF should play an active role if it remains committed to including these reforms in this area as part of its lending.

Regarding macro-economic reforms, the IMF should not wait for the World Bank to carry out PSIA but should instead develop its own capacity to support these macro-economic studies within the area of its core expertise. The pilot study in **Rwanda** carried out by DFID and other work carried out in this area shows that these studies are feasible and that expertise exists[13]. This could include theoretical studies of macro micro-linkages; applied/ quantitative work using Computed General Equilibrium (CGE) models; and work tracing the individual, household and community level impacts of macroecnomic policy changes.[14] Both quantitative and qualitative approaches can be used.

There is already activity and experience in each of these areas, but a substantial increase in activity will be required. Unfortunately at present the trend appears to be in the opposite direction. For example, a joint exercise with the World Bank to develop CGE approaches collapsed in 2001 with the IMF withdrawing from the exercise[15].

These analyses should seek to fully integrate gender and the gendered impacts of proposed reforms, drawing on the growing body of expertise in this area. This is the case for both structural and macro-economic reforms; for example the impact of labour market reform on women workers, or export led growth on women farmers. The gendered analysis in the DFID PSIA pilot study of the **Ugandan** strategic export initiative is a good example of best practice in this area.

To be effective and allow genuine debate, PSIA would need to be started at least 6-9 months before any reform programme is started, preferably in the context of PRSP negotiations/renegotiations. The stress should be on existing country timeframes not on a pressure for the World Bank or IMF to lend. With crisis lending by the IMF this would be more difficult, but there is no reason why longer-term World Bank and IMF supported reforms should not fully integrate this analysis upstream, as part of the CAS and PRGF negotiations. To take a PRSP situation, this would mean that broad reform areas would be identified at the beginning of the PRSP process and studies commissioned. Groups would then reconvene 4-6 months down the line to discuss the study findings and to facilitate a broad debate on options.

How soon should PSIA become the norm for key structural and economic reforms?

The slow pace of PSIA implementation is unacceptable. The World Bank and IMF should come up with a comprehensive strategy for the mainstreaming of country owned PSIA in all key structural and economic reforms by the spring meetings in April 2003. By the time of the annual meetings in September 2003 the boards of the WB and IMF should not accept the inclusion of key reforms in Bank or Fund programmes unless they are clearly based on country-owned PSIA.

The comprehensive strategy would detail exactly what steps will be taken by when to ensure the mainstreaming of PSIA in all key structural and economic reforms. As a minimum this should include a commitment that by the end of 2003 all IDA countries should have formed multi-stakeholder groups and identified study areas, and that timetables for PSIA including their integration to second round PRSP formulation should be finalised. At the same time PSIA should be made a requirement for all adjustment lending in the new World Bank operational policy on structural adjustment. The IMF should outline the steps it will take to develop its own capacity to support macro-economic PSIA. All board papers for both the Fund's PRGF and the World Bank's adjustment lending should include a summary of the country owned PSIA that have been carried out. Both the PRGF and CAS could include a simple grid which lists the key reform areas and details what PSIA is planned, which agency is ensuring it takes place, who is carrying it out and who is providing resources. This would both improve transparency and accountability whilst highlighting gaps that need to be addressed.

Recommendations

1 **The pace of implementation of PSIA commitments must be accelerated**

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- By the time of the annual meetings in September 2003 the boards of the World Bank and IMF should ensure that no key reform is included in a Bank or Fund programme until a country-owned PSIA has been carried out
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- The World Bank's CAS and the IMF's new three year PRGF-supported program should detail planned reforms and PSIA. This could be simply presented in the form of a grid that highlights what the major reforms will be over the next three years; the donor(s) supporting the reform; the institution(s) funding and undertaking the PSIA and the timing of the analysis. This would ensure greater forward looking accountability.
- PSIA must be carried out for all major World Bank reforms**.** As a matter of due diligence, no World Bank structural reform measures or programmes should be implemented without consideration of how they will impact on poverty, and no major reforms should be implemented unless a country-led PSIA has taken place. This requirement for country-owned PSIA should be included in the new Structural Adjustment Operational Procedure/Bank Procedures.
- PSIA must be carried out on every IMF macroeconomic framework**.** As a matter of due diligence, the IMF should undertake to ensure a PSIA is carried out of its proposed macro-economic framework of economic reforms, in line with the key features of the PRGF. The outcome should be a set of macro policy options that can be openly discussed, and should include an assessment of what financing will be required to meet the Millenium Development Goals in a particular country. Where the Fund is supporting structural reforms, PSIA must also be carried out in conjuction with the Bank, and results must be included in the PRGF.

3 **PSIA should foster debate and be inclusive and widely owned from the outset.**

- In order to foster debate around a range of policy options, PSIA should be carried out at least 6 to 9 months in advance of policy formulation and agreement on structural and economic reforms to be undertaken. PSIA findings should be published and widely discussed.
- For each PSIA a multi-stakeholder group including Government, Civil Society, donors and Parliamentarians should lead from the outset: setting the terms of reference, identifying priority areas for analysis, discussing policy options, ensuring that outcomes of analysis affect policy decisions and monitoring implementation. This is most sensibly executed through the mechanism of an ongoing PRSP process where many such groups already exist
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4 **Ensuring quality and relevance of PSIA**

- PSIA should involve a triangulation of methods (both qualitative and quantitative)
- All PSIA for both macroeconomic and structural reform should include a gendered analysis of impact. The World Bank and IMF should be ready to provide support in helping to achieve this if requested by an in-country multi-stakeholder group.

End notes

[1] This commitment was made at his meeting with Civil Society during the PRSP Review in January 2002.

[2] See IMF 2000 *Key Features of IMF Poverty Reduction and Growth Facility (PRGF) Supported Programmes* August 16th.

[3] These examples are taken from forthcoming research to be released on Bolivia and the IMF by CEDLA a Bolivian NGO, in collaboration with Christian Aid and Oxfam, and from research carried out by Oxfam International and FOSDEH in Honduras, also forthcoming. The Senegal issue has been raised by civil society in Senegal.

[4] This is recognised by the IMF in a recent paper, which is clear that 'the objective of PSIA is to support country ownership of policies by informing public debate on the most appropriate policy combination' (Robb, Caroline *PSIA- Linking Macroeconomic Policies to Poverty Outcomes: Summary of Early Experiences* IMF Working Paper 03/43)

[5] Information provided by the Malawi Economic Justice Network and Oxfam Malawi Programme.

[6] Information provided by FOSDEH and the Oxfam Honduras programme.

[7] From presentation made by the World Bank to joint WB/DFID meeting on Structural Adjustment Operational Guidelines revision, London, July 2002.

[8] Draft DFID Pilot document, Armenia.

[9] Response of the IMF Managing Director to questions on PSIA raised when he gave evidence to the House of Commons Treasury Select Committee on July 4th 2002.

[10] See for example Malawi Article IV August 2002.

[11] IMF 2002 *Poverty and Social Impact Analysis in PRGF-Supported Programs* Gabriela Inchauste December 24th

[12] For more information on this see http://www.afrol.com/News2001/moz004_cashew_sugar.htm

[13] An excellent summary of existing work to date in this area is in Gunter, B 'Towards Poverty Reducing Macroeconomic Policies' available at www.new-rules.org

[14] It is also critical that flexibility is not simply interpreted as different funding scenarios, but instead goes deeper to look at key trade offs, for example between very low inflation targets and poverty reducing expenditure.

[15] As reported in Bevan, D and Adams, C *PRGF Stocktake* undertaken for DFID November 2001.