

Address by Masood Ahmed

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I would like to take a few minutes and focus my remarks on where we are in the fight against poverty at the country level. From the comments that you have already heard, you know that there is a pretty broad-based consensus that the fight against poverty at the country level needs to be organized around country strategies that are comprehensive. They target pro-poor growth in both senses, e.g., target policies to spur growth which seek to influence the quality of growth so its benefits accrue to the poor, and look at all the elements underpinning it. They are results-focused, with more emphasis on development outcomes than before. They are country-led, developed in participation and partnership with stakeholders in the countries and partners outside. I would like to spend two minutes on each of these elements, particularly focusing on how I think we can advance the agenda on each of these three areas in this coming week.

Two years ago or so, pro-poor growth was a nice slogan, but it was very tough to get a good definition of what people meant by it. This is a very exciting time, because if you look at what people think about pro-poor growth, at the factors in the field, a lot more substance is being put into the concept of pro-poor growth: trying to bring together traditional aspects of how to get the economic fundamentals in place, how to get the private sector investment climate in place, how the concept is linked to issues of governance and public expenditure management, and also to issues that are outside the traditional walls, like Amartya Sen's functioning capabilities framework. I think that we are now moving further in terms of looking at measures of pro-poor growth and trying to see how to marry these concepts together. I do not think we yet have a very coherent, fully integrated framework for pro-poor growth, but looking at some of the papers that are being given here, I am looking forward to the discussion that will take place.

Still on pro-poor growth, we are still pretty weak in figuring out how to get in place the elements that would generate sustained pro-poor growth. This is even more of an issue for a lot of countries in Africa than it is for Asia. In other words, we now have a better understanding of what those elements are, but I think the institutional, social underpinnings that will lead to those elements being in place is an area where we are still struggling collectively to learn how to use them.

Second, the focus on results. I see the focus on results as having two dimensions. One is a much stronger emphasis on effective use of resources: accountability, transparency, good

governance, and better management of public resources. There are lots of examples—each of you knows better than I do—where money is simply wasted, so a strong focus is needed, a political focus, in developing countries and in industrial countries that are providing assistance, on getting much stronger, more transparent, accountable use of money. But there is another dimension of the focus on results that is in some way, I think, analytically much more challenging: we have to recognize that in a lot of areas the link between inputs and outcomes is not very well understood. In a lot of areas, the link between policy actions, expenditures, and outcomes is something we are still doing a lot more research on. So the focus on development outcomes is also a way of providing a feedback loop to revise the design of policies and the allocation of expenditures in a way that has the most impact on improving welfare. A huge effort is going on now in countries to try and develop the databases and the infrastructure to be able to monitor results and gather baseline data on things like the social welfare indicators, simple things like enrollment rates or mortality rates or access rates or service delivery surveys. There is a whole range of data, but there is a big rush to move the emphasis further along the spectrum toward outcomes.

The third point is, of course, the importance that poverty reduction efforts be country-led and participatory. And again I will make two points. One is that, precisely because we do not understand very well the link between inputs and outcomes, it is essential to bring into

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the process, both of design and of implementation, a broad spectrum of people who bring a different perspective on how they see the link between inputs and outcomes. So, if you are sitting in the center, in a finance ministry or planning ministry, you have one perspective on how inputs—whether they are resources or policies—affect

development outcomes. But nongovernment organizations that are on the ground have a different perspective, representatives of poor communities have a different perspective, international institutions working with lots of different countries have yet another perspective. It is by bringing these perspectives together that we move toward an evidence-based approach to getting the maximum impact for the inputs that we can afford to put in. So I see the emphasis on participation as being partly the question of bringing in that broader perspective. But we are also struggling to see how to balance these different elements. At the end of the day, governments are still accountable in managing their policies. How do you do that in a way that reinforces the dynamic for participation within each country?

Now, let me conclude by saying one word in the international dimension. A lot of our discussions are about how you support better poverty-targeted outcomes at the country level, but these actions have to be complemented by things that can be done right or wrong at the international level and that have a big impact. One of those is a discussion of how the international monetary and financial system affects the ability of countries to make a dent in their poverty profile. The Asian crisis is a perfect example of how the international and

domestic aspects interlink in a way that demonstrates the impact of it. I think Professor Mundell's lecture also raised a number of these issues.

Now, we can go into the substance of those points, whether or not it agrees with those particular prescriptions or not. But that is not my point here. My point is that it is absolutely right to emphasize that the country-level fight has to be complemented at the international level by efforts to get the system in place that reduces the drag on country efforts to achieve poverty outcomes. The second dimension of that international effect is of course market access. It makes no sense at all to encourage countries to improve their productive capacity, but then to impede their efforts to actually use that productive capacity. A very interesting confluence of energy is taking place this year among academic institutions, international agencies, nongovernment organizations, and civil society, focusing on market access for the poorest countries, particularly as being an issue that now needs to be tackled after debt. I think it is a very good issue for us to deal with now, because without market access, some of the proceeds from national efforts to deal with poverty cannot be realized.

So I just wanted to say that from the point of view of the International Monetary Fund, both the national and international issues are important. Eighteen months ago, we replaced our old programs with a new approach that in fact, like those of many other agencies represented at this table, is using our concession assistance directly in support of these strategies that we are all now talking about as being the basis for moving forward.