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## Address by Masood Ahmed

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Masood Ahmed is the Deputy Director of the Policy Development and Review Department, International Monetary Fund. This remarks is to be delivered at the ***Asia and Pacific Forum on Poverty: Reforming Policies and Institutions for Poverty Reduction***, to be held at the Asian Development Bank, Manila, 5-9 February 2001.

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What I would like to do is just take a few minutes and focus my remarks mainly on where we are in terms of the fight against poverty at the country level. From the comments that you heard from this panel, and in the preceding session, 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 in the sense that they target pro-poor growth in both senses, and look at all the elements underpinning it. There is consensus that they need to be results-focused, with more emphasis on development outcomes than before, and that need to be country-led -- developed in participation and partnership with stakeholders in the countries and partners outside. I will spend two minutes on each on this point, particularly focusing on how during this coming week I think we can advance the agenda on each of these three areas.

First, in terms of pro-poor growth, I think two years ago, pro-poor growth was a nice slogan but if you tried to get to handle around it, it was very tough to get a good definition of what people meant by pro-poor growth. It is a very exciting time because if you look at what has been happening in terms of what people think about it, looking at the factors in the field, there is now a lot more flesh that is being put into the concept of pro-poor growth – trying to bring together traditional aspects of how to get the basic economic fundamentals in place: how to get the private sector investment climate in place, how do you link it to issues of governance and public expenditure management, but also bringing in issues that have stepped outside the traditional walls. Things like Amartya Sen’s functioning capabilities framework are being linked into it. So 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 don’t think we are at the point yet where we still have a very coherent, fully-integrated framework on pro-poor growth, but looking at some of the papers that are here, I am looking forward to the discussion that will take place during the course of the week.

Second, still on pro-poor growth, which I want to footnote, where we are still pretty weak, (and this is more an issue for a lot of countries in Africa than it is for Asia) is how to get in place the elements that would generate sustained pro-poor growth. In other words, we now have a better understanding of what those elements are, but I think the institutional and social underpinnings

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that will lead to those elements being in place is an area where we are still struggling collectively to get a good hand around it.

Third is the focus on results. I see the focus on results as having two dimensions. One is a much stronger emphasis on the effective use of resources, accountability, transparency, good governance, and better management of public resources. There are lots of examples. Each of you know better than I do where money is simply wasted, so a strong focus – a strong political focus – in developing countries and in industrial countries that are providing donor assistance – to get much stronger, transparent, accountable use of money. But there is another dimension of the focus on results which is in some way, I think, analytically much more challenging. That is the fact that 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 trying to look at development outcomes is also a way of providing a feedback loop in revising the design of policies and the allocation of expenditures in a way that has the most impact on improving welfare. So I see the huge effort now underway in countries to try and develop the databases and the infrastructures to be able to monitor results and collect baseline data on things like the social welfare indicators, (e.g., simple things like enrollment rates or mortality rates or access rates or service delivery surveys). There is a whole range of areas, but there is a big rush to move the emphasis further along the spectrum towards outcomes.

The fourth point is of course the importance that poverty reduction efforts be country-led and participatory. And again I will make two points on that. One is that, precisely because we do not understand very well the link between inputs and outcomes, it is essential to bring into the process – both of design and implementation – a broad spectrum of people who bring different perspectives on how they see the link between inputs and outcomes. So, if you're sitting in the center – in a finance, planning, or sector ministry – you have one perspective on how inputs – whether it is resources, whether it is policies – affect development outcomes. But non-governmental organizations (NGOs) that are on the ground have a different perspective. Poor community representatives have a different perspective, international institutions working with lots of different countries have yet another perspective, and it is by bringing these perspectives

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together that we move towards an evidence-based approach in terms of 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 it is also an area where I think we are struggling to see how to balance these different elements. At the end of the day, the governments are still accountable in managing their policies. A key outstanding question in this area is: 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 which 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 inter-link in a way that demonstrates the impact of it, and I think Prof. Mundell's lecture raised a number of these issues. Now, we can go into the substance of those points, whether or not it agrees with the particular prescriptions he proposes or not, but that is not my point here. My point is that it is absolutely right to highlight that the country-level fight has to be complemented at the international level by trying to get a system in place that reduces the drag on country efforts to achieve poverty outcomes. The second dimension of that international effect is, of course, fostering market access. It makes no sense at all to encourage countries to improve their productive capacity, but then put impediments in their exports that reduce their ability to actually use that productive capacity. There is now, I think this year, a very interesting confluence of energy amongst academic institutions, international agencies, NGOs, and civil society, focusing on market access for the poorest countries, particularly as being an issue which now needs to be tackled after debt. I think it is a very good issue for us to be able to deal with now because without market access, you really cannot get some of the proceeds from national efforts to deal with poverty.

So, I just wanted to say that from the point of view of the Fund, of course, both the national and international issues are important. 18 months ago in the Fund, we replaced our old programs

with a new approach, which in fact, like in many other agencies represented at this table, is using our concession assistance directly in support of the strategies that we are all now talking about as being the basis for moving forward.