

Bangladesh: The Draft Poverty Reduction Strategy Paper (PRSP)–A Review

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1. INTRODUCTION

1.1 The Purpose of the PRSP

The PRSP is intended to be a national programme for poverty reduction, the formulation of which is required by the World Bank and the IMF as an aid conditionality. For the IMF, it replaces the Policy Framework Paper (PFP), which outlined a country's policies and reform proposals. The PRSP is to be the framework for the IMF and the World Bank on which to base their lending programmes to developing countries and providing debt relief to the highly indebted poor countries (HIPC's). The HIPC's and users of ESAF (enhanced structural adjustment facility) must prepare their own PRSPs before they can seek new programme support from the IMF or the Bank. A country's PRSP must be approved by the IMF and the World Bank before a lending programme can be negotiated for it or multilateral debt relief is available to it, as the case may be. In the case of debt relief, a PRSP outlines, amongst other things, how resources saved from debt relief will be spent. The PRSP is expected to be developed in a participatory manner so that it is nationally owned. The document is required to lay out a policy framework and the agenda for tackling poverty.

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Editor's note: This paper was prepared in December 2002 as a critical review of the Interim Poverty Reduction Strategy Paper (I-PRSP) as released in April 2002 by the Ministry of Finance, Government of Bangladesh. It was at the time indicated that the final PRSP would be available by March 2004. However, as of now, The final version is yet to be available. The basic policy and programme thrusts will probably remain broadly the same in the final PRSP as in the I-PRSP. Even otherwise, this review of I-PRSP has value of its own. Hence, this paper is being published in this volume.

Poverty is multidimensional. It has many-fold expressions and, indeed, many roots. It has to be understood and addressed from economic perspectives such as access to resources and employment as well as from socio-cultural perspectives such as inequity, gender, caste, ethnicity, and community. Hence, for combating poverty in the country, all routes, income and non-income, matter. It should be attacked directly at its location with due regard to its extent and causes and processes. The poverty reduction strategy to be formulated needs, therefore, to be contextually relevant and realistic.

Attack on poverty must, therefore, continue relentlessly but such economic and social instruments must be used as can effectively address the basic causes of poverty. The traditional notion of stimulating strong GDP growth that would stimulate employment generation which in turn would reduce poverty has proven to be largely ineffective worldwide. The so-called S-curve syndrome of the innovation-diffusion theory or the notion of “trickle-down” has not been of much avail in addressing poverty.

1.2 Poverty in Bangladesh

Bangladesh is one of the poorest countries of the world. One out of every two of its citizens is absolutely poor on the basis of cost-of-basic-needs; and two out of three of the poor are hardcore poor. Every plan, five-yearly or otherwise, of the government since the early Pakistani days has aimed at reducing widespread poverty; and, generally speaking, there have been some successes over the years. But, given the rate at which population grew, the number of the poor is larger today compared to, say, 1991/92 and not much less than the total population of Bangladesh at the time of independence in 1971. Socio-economic disparity in Bangladesh is glaring and has been increasing, particularly in the wake of economic liberalization, vigorously pursued since the early 1990s.

1.3 PRSP Formulation in Bangladesh

Bangladesh is not a HIPC, but it is an LDC and seeks financial resources (soft loans, grants) from multilateral and bilateral sources and has accepted an obligation of formulating a PRSP. The PRSP formulation process initiated by the Government of Bangladesh is currently in progress. A “Draft for Discussion” or the interim PRSP (I-PRSP)—henceforth draft PRSP—titled *Bangladesh: A National Strategy for Economic Growth and Poverty Reduction* (Ministry of Finance, Government of Bangladesh, April 2002), has been made available for review by all concerned and interested. This review is expected to be an input into the PRSP finalization process. The succeeding section contains a brief summary of the basic contents of the draft PRSP. The next section presents a critical review

of this draft document in the context of the socio-economic and political realities currently prevailing in the country. Global experiences with respect to economic growth and poverty reduction are also highlighted. The final section outlines elements of an alternative PRSP.

2. DRAFT PRSP: A QUICK SUMMARY

2.1 Structure of the Paper

The draft document under review is divided into seven chapters. The introductory chapter (chapter 1) discusses the context of the PRSP's national ownership, the progress achieved by Bangladesh in different fields (the silent ascent), and progress in cross-country perspectives. Chapter 2 reviews the poverty situation in Bangladesh; chapter 3 reviews the positive achievements and negative concerns about poverty reduction gathered through grass-roots consultations; chapter 4 presents the broad poverty reduction targets and social development goals as well as the feasibility of the attainment of the targets; chapter 5, the core chapter of the document, presents the proposed poverty reduction strategy; chapter 6 provides the policy matrix for the national poverty reduction strategy; and the last chapter, chapter 7, outlines some approaches to monitoring and evaluating the progress in implementing the strategy.

In addition to the seven chapters listed above the document also includes ten informative tables in the main text and seven others in the annex. Table 10 sets the time-line for full strategy development with targeted dates of completion of the activities, consultations with the stakeholders, and necessary adjustments in the framework by December 2002; the specification of disaggregated targets and programmes/projects, detailed costing and financing, and the operationalization of the poverty focal point and civil initiatives by March 2003; and finalization of the full strategy by March 2004.

In addition to the Annex Tables the document also includes nine important annexes viz. Methodology of Poverty Analysis (Annex1), Employment and Labour Market Issues (Annex2), Macro-economic Setting and Balances of the Bangladesh Economy (Annex 3), Agriculture and Rural Development (Annex 4), Manufacturing Sector (Annex 5), Infrastructure Development (Annex 6), Women's Advancement and Removing Gender Gaps (Annex 7). Proposed Poverty Reduction Indicators Tracking and Monitoring Matrix (Annex 8), and the Indicators of Macroeconomic Management (Annex 9).

2.2 Chapter-wise Brief Summary

Chapter 1 reports that different stakeholders were consulted regarding the needs and demands of the poor. The purpose of those consultations was to reach a broad-based consensus on a poverty reduction agenda, thereby securing national ownership of the strategy paper.

Chapter 1 also records that Bangladesh, over the years, has achieved some notable successes, which include significant reduction in population growth, infant mortality, and illiteracy rates; and significant increases in agricultural production, and women's education and participation in social and economic activities.

In chapter 2, a review of the poverty situation of the country is presented. On the basis of cost-of-basic-needs, poverty ratio fell by about one percentage point per year during the 1990s, declining from about 59 per cent in 1991/92 to 50 per cent in 2000. The reduction was relatively higher in the urban areas than in the rural areas. But income inequalities increased during the decade. As regards human poverty reduction that takes into account progress in education, health, and nutritional status, the progress has been relatively faster compared to income poverty. However, even though improvement in certain social indicators has been notable this has not often been accompanied by gender equality. Also, there is considerable regional variation in both income-poverty and social indicators.

Chapter 3 records several positive trends as well as negative concerns that emerged from the consultations with the poor and cross-sections of civil society. The positive trends include increase in education and health facilities, reduction in gender inequality in education, greater awareness about diseases and environmental health, positive increase in labour and credit market dynamism, a perceptible increase in employment opportunities both within and outside agriculture, enhanced access of the poor in some non-income dimensions of poverty, and some progress in women empowerment. But the participants in the consultations very strongly feel that all these past successes may prove fragile if the negative concerns are not properly guarded against. These negative concerns relate to: poor law and order; organized crimes; extortion and economic and social violence; lack of physical infrastructure; poor quality of education, health and other social services; lack of effective local government and administrative decentralization; and lack of coordination among development agencies and institutions particularly at the local level; lack of employment and economic opportunities; lack of social capital and low level of collective action at the community level; and lack of democratization of the political process.

In chapter 4, a set of poverty reduction targets and social development goals has been proposed to be achieved by 2015. These goals and targets are similar to those of the Millennium Development Goals (MDGs) and Bangladesh's commitment under the Partnership Agreement on Poverty Reduction (PAPR) with the Asian Development Bank (ADB). The targets are: (i) reduction of the incidence of national poverty by 50 per cent; (ii) attainment of universal primary education for all girls and boys of primary school age; (iii) elimination of gender disparity in primary and secondary education; (iv) reduction of infant and under five mortality rates by 65 per cent and elimination of gender disparity in child mortality; (v) reduction of the proportion of malnourished children under five by 50 per cent and elimination of gender disparity in child malnutrition; (vi) reduction of maternal mortality rate by 75 per cent; and (vii) ensuring availability of reproductive health services to all women.

It has been stated that the attainment of these targets, particularly that of reducing the incidence of national poverty by 50 per cent, will require a sustained GDP growth rate of about 7 per cent per year over the next 15 years. Moreover, proactive public actions will be needed to realize the goals.

Chapter 5 sets out the poverty reduction policy package. It presents the poverty reduction strategy, grouped into five major categories, in detail. The *first* element is concerned with increasing pro-poor economic growth aimed at increasing income and employment of the poor. Relevant policy and institutional aspects have been outlined, a particular focus being on ensuring macroeconomic balances. Response directions indicated include: monetary and fiscal policy reforms, privatization of SoEs and private sector development, ensuring cost-effective fiscal and financial services, ensuring better environment for foreign investment; promotion of good governance including separation of judiciary; policies regarding agriculture and rural development including intensification of rice-crop production and diversification of high-return non-cereal crops and improvement in non-crop agriculture; policies for growth in the manufacturing sector which should envisage skill and technological upgrading, capacity building, development of export-oriented industries, development of small and medium enterprises etc.; and policies for infrastructure development including development of information technology.

The *second* element envisages policies for increasing human development of the poor for raising their capability through education, health, nutrition, and social interventions. Emphasis has been placed on vocational and technical education, increasing allocation to education from the current level of 2.2 per cent of GDP to

at least 4.5 per cent by 2010, involvement of NGOs in providing high-quality health care services and so on.

The *third* element relates to policies for women's advancement and for removing gender gaps. The policy thrusts include improvement of female life expectancy, elimination of violence against women, reduction of high maternal mortality, increasing employment and economic opportunities for women without barriers, ensuring equality of rights for women, and creating women-friendly institutional environment.

The *fourth* element is about social safety nets for the poor against income/consumption shocks. This element also includes policies for increasing social solidarity and strengthening natural disaster mitigating mechanisms.

The *fifth* element is concerned with issues such as participatory governance, improving non-material dimensions of well-being including security, power, removing institutional hurdles to social mobility, and improving the performance of anti-poverty institutions, and policies for environmental conservation.

For the implementation of the poverty reduction strategy, the draft document has specified a medium term macroeconomic framework covering the period FY 2003 and FY 2005 in chapter 6. The framework was worked out on the basis of the estimated values of the key macroeconomic fundamentals for FY 2002, which, it has been suggested, will be updated and adjusted periodically on the basis of actual changes, as part of the preparation of the strategy.

The last chapter, chapter 7, emphasizes a process of monitoring and evaluation of the progress in the implementation of the poverty reduction strategy and the outcome indicators. This will provide the basis for any corrective measures that may be needed to be designed and put in place towards more effective and efficient implementation of the strategy. In this connection, a poverty reduction indicators tracking and monitoring matrix has been proposed in the annexure (Annex-8).

3. A CRITICAL REVIEW OF THE DRAFT PRSP

3.1 Past Performance and Present Poverty Situation

It has been rightly pointed out that Bangladesh's performance has been significant in several respects, including reduction in population growth rate, infant mortality, maternal mortality, and illiteracy rates; and significant increases in agricultural

production and women's education and participation. Also, however inadequate, democratic governance has been in place since 1991.

However, soft loans and grants had little, if any, role to play in such ascents. In fact, loans and grants received in billions over the past three decades have not been of much avail for the country's people at large. An overwhelmingly large part of those billions has gone to foreign consultants, contractors, and for the importation of luxury goods on the one hand, and misappropriation by people in authority and their collaborators in business and other walks of life on the other. In reality, it is the people's resilience and hard work that have in large part been responsible for the country's success stories. For example, there has been little public investment in agriculture since Independence. Indeed, at Independence, the population of the country was 73 million and we were food deficient. But, today, the population is well over 130 million and we are virtually self-sufficient in food, nationally speaking. But, due to lack of access to employment and assets, over half the country's population, as pointed out earlier, is poor, without access to adequate food and other basic needs.

3.2 The PRSP Process

The World Bank and the IMF asked assistance-seeking developing countries in 1999 for PRSPs to be prepared and submitted by them to the Bank-Fund duo for approval. This requirement has been imposed as an aid conditionally. Bangladesh embarked upon the task of its PRSP preparation in pursuance of this Bank-Fund call. Not every country has so far chosen to prepare a PRSP. Notably, India refused to participate in the process.

It has been mentioned in the introductory chapter of the draft PRSP that in the process of its preparation, consultations with cross-sections of the stakeholders at upazila, division and local levels were held. These consultations, it is claimed, would both ensure the right priorities and a broad-based consensus on the poverty reduction agenda. But, while this conventional way of opinion surveys through consultations with cross sections of stakeholders is a step forward towards participation, the draft document does not contain a strategy that is either participatory or democratic. It essentially remains a bureaucratic and technocratic exercise within the ongoing free market framework, as enjoined by the World Bank and the IMF.

As is understood now, the PRSP will be finalized taking into cognizance the views expressed on the draft by the interested groups, agencies, and individuals. There is one view that the available review process is an opportunity for expressing

genuine opinions by concerned people to make the final document as relevant and effective as possible. But, there is another view that since it is being formulated within the framework of the ongoing Washington Consensus based free market, its chance of success is no better than similar programmes undertaken in the past.

Indeed, civil society groups in Bangladesh and others concerned have raised doubts about the efficacy of this process in pursuing the goal of poverty reduction. The PRSP is clearly an externally driven instrument essentially related to accessing soft loans, and seeking debt relief where appropriate. In Bangladesh, the economic policy-making has historically been heavily concerned with external assistance procurement and, hence, by and large, followed the 'always wise' prescriptions of the World Bank, the IMF, and the influential bilateral assistance providers.

It is held by many that, in the PRSP preparation process, the so-called 'policy ownership', 'participatory policy-making' and consultations with the stakeholders', on which the strategy is supposed to be based, are likely to remain hollow slogans as the final outcome is not expected by the World Bank and IMF to deviate in any significant way from the ongoing neo-liberal free market-driven policies and processes. This view is in line with the following statement emanating from a centre which routinely monitors World Bank and IMF activities: "The IMF appears to believe that participation will not challenge [the structural adjustment] programme content, i.e. it will not lead to radically different programmes being formulated, it will simply give civil society a better understanding of why 'IMF-style' reforms are necessary and thus ownership of them. Generally, many donors believe it will be business as usual with a greater focus on social sectors and better safety nets to address the poverty element" (Angela Wood, April 2000).

3.3 Grassroots Consultations and PRSP Preparation

Moreover, the consultations at the grass-roots levels, it has been pointed out in the document, have indicated the fragility of the successes achieved so far. The consultations have also indicated various points of worrying slippage and underscored various salient moments of regress. The citizens' concerns about, for example, the deteriorating law and order situation in the country, economic and social violence, lack of physical infrastructure, lack of effective local government and of decentralization, lack of democratization of the political process, and poor quality of education, health and other social services are genuine and reflect major past failures. The document records that the grass-roots level consultations have

suggested the creation of a multi-tier local government at union, upazila, and district levels for improved governance, accelerated economic growth, and faster poverty reduction. A close scrutiny of the proposed strategy document reveals that this suggestion has been ignored. The proposed strategy has talked more about the promotion of good governance at the centre.

3.4 The Conceptual Basis

In fact, the ongoing free market paradigm is inherently iniquitous; and the poor and the disadvantaged have little opportunity to participate in and benefit equitably from the various socio-economic processes that the ruling paradigm generates. The PRSP is simply a renewal of the basic ideas contained in the structural adjustment programmes—in the name of poverty reduction in place of the earlier focus on economic growth. The basic thrusts would remain unchanged, which the World Bank and IMF approval process would, it is believed, make sure.

Poverty alleviation is necessarily Bangladesh's topmost priority and it should essentially be the prime focus of the country's development planning and, undoubtedly, of the forthcoming sixth five year plan. There is no controversy about it. But the strategy for poverty reduction must be truly based on national perspectives. It should be home-grown and not based on 'dictates' from outside.

3.5 The Sixth Five Year Plan and the PSRP

It has been stated in the draft PRSP that the strategy being formulated will form the core of the Sixth Five Year Plan (2002-2007). But in the light of the past uninspiring achievements, such plan making does not generate confidence. Indeed, the proposals that the PRSP is advancing contain little that is new. These have been tried in the past, without much avail. How can, then, a worthwhile five year plan be formulated with such proposals as its core. The Sixth Five-Year Plan, according to its design, is a conventional top-down exercise. The country has had long experience of such plans and the resulting frustrating outcomes. It is therefore likely to add another dismal episode in continuation of the previous such plans. Since, as stated earlier, the fundamental cause of poverty is the glaring and increasing disparity in income distribution and access to assets and opportunities, a five year plan, if it is to be prepared, must be developed around the basic approach of addressing increasing disempowerment of the people at large and the related realities prevailing on the ground. That would call for a thorough overhaul of the policy and institutional regimes from the perspective of participatory democracy.

3.6 Bottom-up Planning

Since a strategy for poverty reduction to be effective must be directed towards effectively reducing socio-economic disparity, a bottom-up planning rather than a top-down approach should be the appropriate mechanism for addressing poverty reduction effectively. And both preparation and implementation of such a bottom-up plan depends on an effective local government with devolved powers and ensured access to adequate financial resources. Though the draft document recognizes the significance of bottom-up planning and the importance of local governance, it suggests no strategy and directions for the formulation and implementation of bottom-up plans.

3.7 Macro-Economic Stability

In discussing the policies for ensuring macroeconomic stability, draft document places emphasis on reforms in the public revenue and expenditure systems together with the creation of a sound macroeconomic environment, which will help promote investment and avoid economic chaos. Those in poverty should benefit directly from it and the policy should ensure sustained employment for the poor, the document claims. But there is nothing new in these statements. How can the macro economic dynamics lead to employment creation for the poor has not been spelt out? In fact, in the 1990s, Bangladesh achieved noteworthy macro economic stability in the wake of its undertaking stabilization policies within the framework of economic liberalization and has since, broadly speaking, maintained that stability with occasional blemishes in one respect or another. But, the GDP growth rate has not accelerated, let alone pro-poor economic growth. And, unemployment has worsened, as has socio-economic disparity.

3.8 Pro-Poor Policies

On close examination it is seen that the policies proposed are pro-poor in rhetoric and do not offer imaginative initiatives to bring about real improvements in the lives of the people in poverty. The strategy for ensuring macroeconomic stability and, for that matter, the suggested strategies for leveraging globalization, developing private sector, and managing financial sector well are all 'business as usual' prescriptions, which have been and will remain pro-rich rather than pro-poor. Macroeconomic approaches which ignore microeconomic realities cannot be helpful to the poor people operating at local spaces, often engaged in eking out a living. The draft document recognizes the need for reducing social inequality, but it lacks realistic proposals even for arresting further worsening of income distribution.

It talks about the need for providing access of the poor to land through tenancy market, human assets via education and training, financial assets via micro credit, social assets through grassroots organizations of the poor, and political assets through greater empowerment. An emphasis has been placed on NGOs and CBSs in the process of helping the poor to access assets of various kinds. All these are part of business-as-usual-speak and the prescribed policy prescriptions imply only tinkering with the status quo.

An appropriate redistribution of assets, starting with land ownership, is essential and so is reorientation of access to employment in favour of the poor. Easy access to credit for small and medium enterprises is another called-for major element. Micro credit is good as far as it goes; but it creates a low level equilibrium trap, and no sustained upgrading of economic operations is known to have occurred starting with micro credit. Also, the poor remain disadvantaged even when they receive some education because the schools they can go to give them very poor quality education. Local people's participation in ensuring quality education and training is a key necessity. But, these and other poor-centred steps are unlikely to be taken as long as the ongoing free market policies and processes, underpinned by rampant corruption and criminalization, hold away. Under this paradigm, the rich and powerful in fact are enhancing their wealth and power and people at large remain marginal. Hence, unless there is a paradigm shift to participatory democracy in political and economic processes, social inequality will continue to increase, rather than declining.

The approach must be 'poor-centred'—rather than 'pro-poor'—to provide the conceptualization process with a radical twist. The former would imply starting with the poor and their circumstances i.e. bottom-up, while the latter (pro-poor) essentially provides a top-down thinking process in which people's plight is to be dealt with through trickle down type of policies and activities. It is in the latter sense that the proposals have been put forward in the draft PRSP.

3.9 Agriculture and Rural Development

The draft document proposes that a supportive policy and institutional environment will be created for agriculture and rural non-farm activities. But, the policies suggested are basically the ones which have been in place. The basic problem of skewed land distribution and the inability of small and marginal farmers to invest in agriculture have not been even touched. The issue of land degradation and the possible adverse impacts of climate change on agriculture also remain unaddressed.

As to the non-farm activities, there has been awareness in Bangladesh about the importance of these activities for a long time. Over the years, policies have been discussed and what needs to be done identified. But the main issue here: is there the will to act?

3.10 People's Health

Regarding people's health, it has been recognized that health and nutrition remain relatively neglected and it has been suggested that these will be corrected. Again the proposed approaches and policies are within the framework of reaching out to the people at large through traditional channels. But such policies and approaches are known to have remained ineffective to a large extent in the past. Placing faith on the process that has not adequately delivered in the past is unlikely to respond properly to the health sector needs in future. Moreover, health risks faced by the poor as a consequence of environmental degradation including air and water pollution and the unsatisfactory conditions in which they generally live have not received any attention. But, these health risks are real and are likely to be compounded in the wake of climate change.

A major overhauling of the whole health management—preventive and curative—process is needed in order that people at large can participate in planning and implementing health sector programmes, starting from the grassroots.

3.11 Women's Status

It has been rightly identified that women's advancement is a critical need for poverty alleviation and social progress. The draft document recognizes that there has been significant improvement in women's education and social status. But, unfortunately, the progress has remained mainly limited to the urban middle classes. There has been little change in the situation of women of poorer segments of society. A major thrust is therefore necessary to mobilize resources and promote institutions at the grassroots for the advancement of the poor and disadvantaged women. Action is also necessary relating to women's rights and legal issues, particularly from the point of view of implementation but, also, if necessary, formulation/re-formulation and enactment of legal provisions.

3.12 Safety Nets

Safety nets, in terms of work and income transfer programmes as well social solidarity building, should be understood in the sense of protecting the livelihoods

of those who are most vulnerable and cannot be enabled to participate in economic processes in any meaningful way. Those who can be enabled should be facilitated to get involved in the mainstream economic and market processes. However, when natural disasters strike, an immediate need arises for assisting people to survive and recover from sudden destitution. These activities can also be categorized as safety nets, for which there must be preparation.

The document has rightly pointed out the need for safety nets in both the senses. But it has also talked about credit, education, and health related activities as part of safety nets; these aspects should not be categorized as safety nets but as part of mainstream activities.

3.13 Water Sector

Water sector has not received the attention it deserves. Indeed, water sector problems are becoming increasingly entrenched. It is absolutely necessary that water management should be based on an integrated approach involving all sources of water as well as all of its uses (drinking, household use, agriculture, industry, navigation, fishery, forestry, environment), i.e. a holistic approach is needed. But, the main point here is that appropriate water sector intervention can be helpful towards alleviation of poverty. There is a number of critical water-poverty interfaces such as the following: lack of access to clean water for drinking purposes and for other domestic uses can jeopardize the life and living of the poor; drinking and domestic use of polluted water can cause health hazards for them—arsenic contamination of groundwater in Bangladesh affecting the source of drinking water for millions of poor Bangladeshis is a case in point; lack of water for overall agricultural use at critical times of crop growth and for other economic activities that generate employment opportunities adversely impact on the livelihoods of the poor people; the urban poor, who often live in urban slums, suffer from lack of access to clean water for drinking and household purposes—in fact, they often have no alternative to drinking and using for other purposes contaminated water, which tells on their health and increases their economic vulnerability; water also causes such hazards as floods and river bank erosion constricting economic conditions of the affected people. It is necessary to analyze these and other water-poverty interfaces with a view to finding out the best possible ways of addressing them.

3.14 Poverty Alleviation and Environmental Concerns

The draft document has recognized the importance of environmental degradation and risks that the poor face. It is also recognized that women and children are particular victims of environmental degradation and that the poor are not

necessarily the polluters but are forced by circumstances to impinge on natural resources unsustainably. It has referred, in general, to the need for sound environmental management in order that the livelihoods of the poor are not adversely impacted upon. It has also talked about the need for the identification of groups of people who are at high risk of exposure to both poverty and environmental degradation as well as for a holistic approach to address both poverty and environmental issues.

Clearly, these statements are part of the general wisdom now and there can be no dispute about what has been said and proposed to be done. But the point is that the document has not outlined an effective strategy to reduce environmental risks that the poor face. In particular, no awareness has been shown regarding the projected climate change and sea level rise and the severe impacts these developments can lead to in terms of both sudden poverty and further entrenching of endemic poverty. The more frequent floods, cyclones, and other natural hazards as a result of climate change will make for immediate destitution for many affected people. At the same time, the long-term economic prospects of the affected people will be damaged. They will also face health hazards due to vector-borne as well as heat-related diseases.

The various linkages between poverty and the ongoing process of environmental degradation, which may be compounded as a result of climate change and sea level rise, need to be investigated and characterized with a view to addressing them as a measure towards environmental protection and poverty alleviation. In this context, both knowledge-base creation and improvement and institutional capacity building for environmental management are important elements. The crucial issues relating to these aspects of poverty alleviation and environmental management need, therefore, to be identified. The draft document falls far short of proposing any meaningful approach and strategy to environmental management for ensuring economic growth and poverty alleviation as well as protecting the environmental health.

3.15 The Global Setting

Bangladesh, like any other country, is part of a global system. The global dynamics are therefore very relevant for Bangladesh in its efforts to move forward in economic and social terms. However, the global setting is highly iniquitous, and the situation is in fact worsening. The following statistics give a graphic description of the prevailing global scene. Twenty per cent of the world population now disposes of 86 per cent of the world's total wealth, the proportion was 80 per cent 10 years earlier.

Bangladesh, being a least developed country, is at the wrong end of this global iniquitous order. Bangladesh receives negligible foreign direct investment; and the foreign assistance climate is worsening. Also the developed countries broadly remain in a protective mode in so far as their markets are concerned. On the other hand, Bangladesh has opened up markets precipitously, while, at the same time, it is dependent on a few exportables. In fact, readymade garments, jute and jute goods, fish, and tea account for almost 80 per cent of its annual export earnings. A major problem will arise after 31 December 2004 when the quota system relating to garments exports will be dismantled. All available evidence suggests that Bangladesh's garment exports will virtually collapse after that. On the other hand, there is international pressure on Bangladesh to further liberalize its import regime. The process disempowers Bangladesh in so far as protecting and supporting its potential industries and services are concerned. Hence, Bangladesh faces a rather hostile international environment.

Under the circumstances, Bangladesh must focus on improving its internal strengths in terms of human capability, social capital, good governance, and economic reorganization to face the external environment more effectively towards enhancing its benefits from the available opportunities and minimizing injuries from the challenges.

4. ELEMENTS OF AN ALTERNATIVE APPROACH

It has been seen from the review of the draft PRSP presented above that the strategy proposed is basically within the ongoing neo-liberal economic framework. While it recognizes that social inequality is a major problem, there is little awareness shown that this is the basic conundrum which must be faced squarely in developing an appropriate strategy for poverty alleviation. Indeed, in the wake of economic liberalization and globalization, disparity has been accentuating globally, and within nations including Bangladesh. A least developed country like Bangladesh faces a hostile global environment and is enjoined by the World Bank and the IMF and other international and bilateral assistance providers to liberalize and globalize without recognizing that the country needs to develop its own strategy on the basis of the realities prevailing in the country. The policy and institutional proposals offered in the draft PRSP contain very little that is new. All have been tried in the past without much avail. Hence, there is no guarantee that the same policies and institutional framework will deliver in future. Also, the ownership of the PRSP when finalized is unlikely to lie with the people of the country, despite the fact that consultations with cross-sections of various

stakeholders have been undertaken. In fact, the consultations have not properly involved the grassroots. Moreover, some of the fundamental issues raised by the people who participated in the consultations have not been properly addressed. Also, since the final document will have to be approved by the World Bank and the IMF, it is generally seen to be an exercise reflecting the concerns of those organizations more than the genuine concerns of the people of Bangladesh.

A paradigm shift is therefore necessary to be developed centering around policies and institutions aimed at reducing socio-economic disparity and increasing inclusion, participation, and empowerment of the people at large. It is important to focus also on the development of productive forces at the grassroots level to enable the poor to find avenues for income generation either through self-employment or wage-employment. In fact, a major focus must be on employment generation, which needs to be properly conceptualized on the basis of education, training, and organization of the various groups of poor and deprived people. The basic framework is participatory democracy, which can effectively mobilize local people and local resources. In this context, an effective local government is a crucial element. Simultaneously, environmental issues need to be built into the economic and social processes for ensuring sustained economic and social progress. The above are elements of sustainable development which is seen as an alternative to the ongoing neo-liberal paradigm.

Indeed, largely as a result of initiatives taken by the United Nations (e.g. the report of the World Commission on Environment and Development (1987), the 1992 Rio Earth Summit, various other agreements/protocols/conventions, and various preparatory activities leading to the Johannesburg World Summit on Sustainable Development in August-September 2002) there are some policies and institutional developments already in place internationally as well as in countries around the world including Bangladesh. But nothing much has happened in practice. It is necessary to build on these few achievements towards the establishment of the new paradigm.

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