

**Our Planning Our Sovereignty
A Review of PRSP Impact
in Bangladesh**

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Abstract

This paper has reviewed critically and analyzed the existing situation and economical impact in Bangladesh's economy due to implantation of donor driven PRSP. We believe that we should have sovereign power to design of our own development policy in considering the reality of country's problem and perspectives.

In fact, implementation of SAP (structural adjustment program) failed to reach its goal of poverty reduction and created unemployment and economic disparity among the people of different social classes in many Asian and African poor countries, which made IMF bound to rethink on it. Thus, in 2000, International Monetary Fund and World Bank (IMF & WB) came forward with a new development prescription 'the theory of continued economic growth' for the poor & developing countries. Supporting to this theory the WB Group argued that, achieving of continued economic growth is most effectual in poverty reduction for a country rather than adopting integrated development strategies.

Bangladesh has compelled to prepare this conditional PRSP just to have the financial assistance from development partners. In the following years of PRSP implementation it has been found that the existing 'corporate sector bias' economic policies have been implemented those were never be a pro poor development strategies. Besides, country's economy has gone the verge of hardship due to negative impacts of the implementation of PRSP conditions. Even after fulfilling all compliances, the IMF & WB have regretted to disburse the 6th installment of PRGF (Poverty Reduction Growth Facilities) loan for Bangladesh just excusing that, "the PRSP period is over".

Due to implementation of PRSP conditions in Bangladesh, the number of poor people has been increased about 55.8 million in 2000 where it was 51.6 million in 1991 (HIES-2005). One of the main causes for increasing poverty rate in Bangladesh is existing income discrimination. According to the Gini Co-Efficient, this income discrimination rate is 0.46. The difference between the income discrimination of rich and poor is on increasing trend. According to the Poverty Monitoring Report-2005 of Bangladesh Bureau of Statistics, in 1990 the income of the most 5 percent rich people was equivalent to the 18 times of most 5 percent poor people's income, and in 2005 this situation is now raised to 84 fold.

Out of this, PRSP has created an over inflationary situation (14.7% according to Bangladesh Bank quarterly report December 2007) along with unemployment due to import and market liberalization. The government budget deficit (3.9% GDP) is still going higher and facing trouble in Balance of Payment (BoP).

In that context, we on behalf of the Equity & Justice Working Group-EJWG would like to inform to our civil society and government policy maker about the awful upshot of PRSP on our economy. We think that, we have to be out from all kinds of obligation of WB IMF and a pragmatic development plan to be prepared to reduce the poverty.

Our Planning Our Sovereignty "A Review of PRSP impact in Bangladesh"

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Acronyms

ADB	Asian Development Bank
ADP	Annual Development Program
BB	Bangladesh Bank
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BBS	Bangladesh Bureau of Statistics
FDI	Foreign Direct Investment
GDP	Gross Domestic product
GM	Genetically Modified
HIES	Household Income Expenditure Survey
HIPCs	Highly Indebted Poor Countries
IFI	International Financial Institution
IMF	International Monetary Fund
MDG	Millennium Development Goal
MNC	Multi National Company
MT	Metric Ton
PRGF	Poverty Reduction Growth facilities
PRSP	Poverty Reduction Strategy Paper
PSI	Policy Support Instrument
SAP	Structural Adjustment Program
SAARC	South Asian Association for Regional Cooperation
SIDR	Cyclone SIDR
SoE	State own Enterprises
WB	World Bank
WTO	World Trade Organization

A Review on the impact of the implementation of 1st phase PRSP in Bangladesh and significance of country's sovereign right in development planning

1. Background of the introducing PRSP

In the following years of the liberation of Bangladesh in 1971, the five-year development plan and its implementation strategies was the base of country's economic development. This development plan was sector segregated wherein country's development partners, where fits their interest, were directly involved in the planning and implementation of sector-wise development activities under different programs and projects. Such type of development planning would play a positive role strengthening major

Characteristics FY plan	Features PRSP
<ul style="list-style-type: none"> Sector segregated integrated development plan and finance 	<ul style="list-style-type: none"> Growth oriented development plan No clearly defined future financial plan for other development sectors
<ul style="list-style-type: none"> Sector segregated sovereign planning for country's economic development that resulted to create employment scope and increase domestic production 	<ul style="list-style-type: none"> Dismantling of the state own industries, Creating space for corporate investment in national economy.
<ul style="list-style-type: none"> Conducive tax system for the native industries 	<ul style="list-style-type: none"> Import liberalization and promoting free market economy
<ul style="list-style-type: none"> Strong and productive State role in pro poor issue and service sectors. Strong control and regulatory measures on market mechanisms 	<ul style="list-style-type: none"> Corporate capital will devour the small local capital. That's why essential goods will go out of purchasing capacity of mass.
<ul style="list-style-type: none"> Government's role in service sector which is accept the access of poor in resources and contribute to equal distribution. 	<ul style="list-style-type: none"> The achieved growth will be concentrated among few riches and capitalist. So that equal distribution of resources wouldn't be ensured.

economic sectors like agriculture, fisheries, micro-enterprises, small industries etc, and public service sectors like health, education, transportation, social safety nets etc which had direct impact in pro-poor growth and country's poverty reduction.

Since 1980s to 1990s development partners in Bangladesh, especially the World Bank and IMF, had been advising the government to make reforms in financial strategies under Structural Adjustment Program (SAP) to achieve the so called macro economic stability. This reform program was comprised with devaluation of local currency; reduction of state expenditure in service sector, market liberalization etc. Like Bangladesh many other poor countries adopted this policy, but failed to achieve the desired goal of economic stability.

In fact, implementation of SAP failed to reach its goal of poverty reduction and created unemployment and economic disparity among the people of different social classes in many Asian and African poor countries, which made IMF bound to rethink on it. Thus, in 2000, International Monetary Fund and World Bank (IMF & WB) came forward with a new development prescription 'the theory of continued economic growth' for the poor & developing countries. Supporting to this theory the WB Group argued that, achieving of continued economic growth is most effectual in poverty reduction for a country rather than adopting integrated development strategies. On paper, this theory said 'sustained poverty reduction would be possible through continued growth in economy and per capita income'. But, practicality of the implementation of this theory is just opposite to the sense of sustained poverty reduction and pro-poor economic growth. The basic principal and characteristics of this new theory is to support decentralization of State owned Enterprises (SoEs), create space for free market economy through import liberalization, dismantling role state role in delivering basic services to its citizen and, facilitate access of corporate investment of the Northern rich countries in the basic service sectors and natural resource based industries. This corporate and private sector bias financing framework of the IMF, in turn, has been allowing the MNCs to dominate the economy of poor countries, grasp the natural resources and repatriation of resources to their country of origin.

Therefore, to promote corporate interest, the IMF & WB imposed a pre condition to the loan recipient countries for preparing 'poverty reduction strategy paper' PRSP. PRSP is a basic requirement of the international financial institutions –IFIs (e.g. the World Bank and IMF) to the poor countries that receive development loan from those institutions. In September 1999, the World Bank and IMF declared that debt cancellation of the HIPC (Highly Indebted Poor Countries) and soft loan receive opportunity will depend on the formulation of National poverty strategy of the debt bearer countries.

Just to have the financial assistance from development partners Bangladesh compelled to prepare and somehow prepared the conditional PRSP. In the following years of PRSP implementation it has been found that the existing 'corporate sector bias' economic policies would never be a pro poor development plan. Besides, country's economy is in the verge of hardship due to negative impacts of the implementation of PRSP conditions, and we are worried how to resilience from this looming threat. Even after fulfilling all compliances, the IMF & WB have regretted to disburse the 6th installment of PRGF (Poverty Reduction Growth Facilities) loan for Bangladesh just excusing that, "the PRSP period is over".

Seeing no other option the government has expanded the PRSP period for 2007-08 fiscal years as within the given short time-frame it is impossible for the present caretaker government to go for new and long-term development plan. On the other hand, increasingly discourse on the result and negative impact of the implementation of previous PRSP provoked the present government to take decision to discontinue the funding assistance from IMF & WB until national parliament election held and planned to prepare the second term of PRSP for the period of 2009-11 fiscal years.

In this context, the IMF, WB and their collaborators again has established a so-called 'PRSP Implementation Forum' in the name of assistance to Bangladesh. Virtually, like as previous, this forum again will impose the grappling conditions which will impede country's pro poor development activities and will create a dominating environment for multinational companies to restrain the resources of Bangladesh.

2. PRSP and current scenario of the economy of Bangladesh

The PRSP was not to mobilize real and pro poor development; it was just to ensure the flow of loan or financial support from the donors. That's why; the government had to give attention to accept various conditions like privatization, market liberalization, investment reduction in public service sector and decline the subsidies. According to the comment of an eminent economist, (who is that economist.... any reference) these policies were absolutely incongruence with the government poverty reduction policy. As a result, during PRSP implementation period the economic situation of Bangladesh has gone worsen. The development indicators in pre & post PRSP period justifies this argument

a. Increased number of poor people, at least 4 million, in last decades

Although it has been said frequently that the level of poverty reduced during PRSP period (Fiscal year 2005-2007) but reality is very different. In a country like Bangladesh, there is no scope to consider poverty ratio and total

population with poverty at the similar view. There is a meaningful difference between the poverty ratio and the number of poor people. Considering the number of country's total population the trend of cumulative number of poor is increasing, but statistically the poverty ratio is on decreasing trend as of 01 percent per annum which is not addressing the decreasing of poverty in real sense.

According to the Household wise Income and Expenditure Survey (HIES)-2005 of Bangladesh Bureau of Statistics (BBS), the number of country's total poor is 56 million, of which 42.1 million are extreme poor (those have less than \$ 1 income in a day).

In 1990-91, the number of poor people in Bangladesh was 51.6 million, this number increased to 55.3 million in 1995-96 and 55.8 million in 2000. During last 15 years, 1991 to 2005, the number of poor people increased by 4.4 million.

The PRSP strategic policy matrix 1(5) states that, the government has to invest at least 9 percent of its GDP by 2008 to ensure pro poor development. These investments will be made especially for poverty reduction and human development sector such as agriculture, education and health. But, in fact, scrutinizing the budgets of last five fiscal years, we can see that investment in poverty reduction and human development sectors didn't cross 5 percent of GDP. This is also to mention that, in 2007-08 fiscal years although the finance minister made commitment to allocate at least 57 percent of annual budget in poverty reduction program, but it was only 36.8 percent of total budget allocation and 5.2 percent of country's GDP.

One of the main causes for increasing poverty rate in Bangladesh is existing income discrimination. According to the Gini Co-Efficient, this income discrimination rate is 0.46. The difference between the income discrimination of rich and poor is on increasing trend. According to the Poverty Monitoring Report-2005 of Bangladesh Bureau of Statistics, in 1990 the income of the most 5 percent rich people was equivalent to the 18 times of most 5 percent poor people's income, and in 2005 this situation is now raised to 84 fold.

b. Macroeconomic scenario

PRSP asserted the stability of macroeconomic condition as very important tools for economic growth. That's why the stabilization of macroeconomic policy has been incorporated as a prime target in PRSP policy matrix. The main indicator of macroeconomic stability is maintaining monetary discipline that will contribute to enhance the state capital market, increase the domestic production, employment and government revenue. As a result, growth will be achieved and thus poverty will be reduced through investment of growth.

The above assumptions are universal economic theory and in order to achieve desired economic output, indeed we have to follow the expansionary monetary policy for developing countries where India, Malaysia, China and South Korea are the burning paradigm of following expansionary monetary policy. But in Bangladesh reverse economic policies have been practicing since 1990. The under laying cause is Bangladesh has been running with the advice of IMF & WB and since last five years Bangladesh has been adopting a contraction monetary policy. That's why the flow of money reduced and capital market shrunk which causing decline of domestic production & employment.

c. PRSP failed to achieve desired growth rate

It has been stated in the Macro Economic policy in the PRSP that, the achieving of expected growth is very important to reduce poverty. But it did not clarify about specific target to be required for poverty reduction in a country like Bangladesh. That's why WB and IMF have the illicit chance to restrain the domestic investment through unexpected pressing of contraction monetary policy and smoothing the way of elevating the import of corporate capital.

Bangladesh needs 15-20 percent domestic investment of its total GDP to ensure the increasing growth rate towards ending poverty. At this backdrop, Bangladesh has the capacity to invest this required capital from its own capital market. But due to adopting of contraction monetary policy, Bangladesh isn't able to cross the above target of domestic investment. Therefore, the GDP growth rate during the last five years remains almost static within 6-6.5 percent. This slow pace of GDP growth is unacceptable and unexpected as the GDP growth in the countries neighboring to Bangladesh e.g. India, Sri Lanka and Pakistan's are respectively 9.0 and 7.7 and 6.6 percent. If we want to do something better in poverty reduction, we have to ensure minimum 7-9 percent annual growth rate.

d. The Government is now the leading debtor

PRSP urged that, to ensure discipline in the financial sector, the trend of borrowing loan of government have to keep below from 3 percent to 1.8 percent of GDP; alternatively government should generate money through accelerating revenue collection. But in Bangladesh, revenue collection structure is mostly based on import tax accumulation and the government has liberalized its import policy through lifting all sort of restriction on imported goods. Government also reduced import tax level near 5 percent or less than that. That's why; revenue collection target has not achieved in PRSP period and increased government borrowing enormously.

According to the quarterly financial report (January, 2008) of Bangladesh Bank (BB), the government borrowing from banking system has raised by tk.1,68,510 million (in 2006-2007 fiscal year) which is 3.2 percent of total GDP. And the cumulative outstanding of government domestic borrowing is tk. 8, 76048 million which is 17.58 percent of country's GDP. Here it's also to mention that, government has borrowed tk. 98,500 million from banking & non- banking system in the first six month of fiscal year 2007-08. If this trend continues, at end of the fiscal year, government's borrowing might cross 20 percent of GDP and this increasing trend of borrowing never reflect as a stable economic condition, especially, in the country context like Bangladesh. Nevertheless the IMF and WB condemned Bangladesh for not following their advice in economic management.

e. Trade liberalization impeding the growth of local industries

In 2000, prior to PRSP implementation, country's highest tax structure was up to 300 percent. But in the following years of PRSP implementation this structure had been declining and 2007-08 fiscal years this structure declined to 25 percent. During pre-PRSP period tax structure was revised and reset as four layers i.e 0, 10, 15 and 25 percent of tax rate on import. This kind of trade liberalization within very short time could hardly found in any other country across the world.

We think and believe that, it is quite impossible to maintain the restrictive rules and regulation in a broader way in trade and market as Bangladesh is an active participator of globalization. In this context, it was required to have sufficient time space to build up country's own capacity for competing with global perspective which was possible by maintaining the WTO (World Trade Organization) rules. But IMF and WB didn't give that time and chance to Bangladesh.

In the existing tax structure (fiscal year 2007-08) import tax on raw materials has raised to 29.75 percent from 27.75% in the previous year. This higher taxation on raw material import will cause higher import cost of raw materials, higher production cost etc., consequently, the local industries will loss comparative advantage to grow-up, and also will face future threat in terms of competition with global goods. On the other hand, import tax on finished products has been reduced to 46.75 percent from 50.75 percent. So it is clear that the existing revised tax structure suggested by IMF & WB wouldn't help to survive and sustain the local industries even in future.

f. Inflation endangered the livelihood of mass people

According to the economic context in Bangladesh, inflation up to 5-6 percent is reasonable and helpful to accelerate the local investment, trade and productivity. Quarterly report of Bangladesh Bank in December-2007 calculated the existing inflation rate 14.7 percent, which has reached at extreme level. This increasing inflation rate raised price of basic commodities so high, which is beyond the means of common people. Though government blames price hiking in international market, but, in fact, price hiking has been happening due to implementation of IMF, WB conditions like import & trade liberalization and reducing public investment agricultural production and rural employment creation.



g. Contribution of agriculture sector to GDP is in declining

During 70-80s agriculture sector in Bangladesh created employment for 85 percent of country's population and contributed 50-60 percent of GDP. Over the years this contribution declined gradually as the country adopted industrialization strategies for rapid economic growth. Nevertheless the agriculture sector is still retaining at least 60-65 percent of employment. Recognizing the contribution of agriculture in country's economy and employment generation, government pledged to make agriculture sector more productive through commercialization of farming practices, instead of subsistence level, supporting the input supply & technologies, and introducing organic technology etc. Government also pledged in the PRSP document to ensure the food security through employment generation for poor people.

But in case of budgetary allocation we see that, 80 percent of budget in agriculture sector has been allocated in unproductive sector i.e. revenue expenditure in agriculture program which doesn't pay any complementary role to fulfill the above commitment. Not only that, government subsidy in agriculture sector reduces every year following the suggestion of the IMF & WB. As a result farmer faces unfair competition in local market due to dumping of cheap agricultural goods from the other countries. That is why, the growth of agriculture sector and its contribution to GDP sharply declined over the last decade which is now only 2 percent per year and 23 percent respectively. During the last three years subsidy to agriculture sector was only 0.3 percent of agriculture sector GDP whereas, as per WTO, the maximum sanction of agriculture subsidy is 10 percent of its annual GDP.

Although, in the fiscal year 2007-08, government increased subsidy to taka 22500 million (e.g. 15000 million for fuel and 7500 million for endowment fund & research) but farmers may not get any direct benefit from this subsidy as subsidy to fuel will go directly to the owners of irrigation providers, and subsidy to agricultural inputs will go to the traders. Besides, government has declared to raise the price of fertilizer. All these will result aquiculture practices costlier to the subsistence farmers, which further will decrease contribution of agriculture to the GDP. Thus implementation of these policies during the PRSP period put the country in severe food crisis instead of achieving committed food security.

3. Lack of coherence between PRSP and MDG achievement

Bangladesh is one of the signatories among 189 countries in the declaration of Millennium Development Goal (MDG) of the United Nations (UN). The millennium conference on the United Nations in 2000 declared 08 development goals as MDG; targeted to reduced global poverty by half by 2015. Bangladesh is committed to achieve the goals by 2015 and has been working accordingly.

According to the MDG- 01, Bangladesh has to reduce its poverty by 50 percent from the poverty level in 1990-95. The accelerating growth of GDP, defined as the main strategic tool in PRSP, has been considered as the strategic way of poverty reduction and achieving GDG 01. But there is no specific policy how GDP growth will be used to achieve the MDG through reducing poverty. In PRSP, government also said that; if we want to reduce the poverty along with achieving MDG goal, we have to achieve the GDP growth rate at least 7 percent per annum, whereas during PRSP implementation period annual average GDP achievement was 6-6.5 percent.

In this backdrop it also observed that government didn't take any effective measure to use the benefit of achieved growth for poverty reduction. In fact, ensuring an equal distribution of growth is a pre condition of reducing poverty which has not seen at all, which alternatively resulted increased level of inequality as the achieved national growth concentrated and griped among some riches. As a result the number of poor people has been increased by 4.5 million during last 15 years. Out of these, achievements of other MDG indicators are also very frustrating; for example, the maternal mortality rate is 380 per 100 thousand which is highest in the world, under five children mortality rate 69/1000 (according to the BBS statistics, 2007) and if this rate continue it may require to extend MGD target to 2022. Presently, coverage of safe water and hygiene rate is respectively 77 percent and 35 percent, which also would require more years beyond 2015 to achieve 100 percent coverage. Again, sector wise allocation of annual budget in line with MDG

achievement is more frustrating as during last five years government budget allocation in these sectors was 25 percent less comparing MDG requirement.

4. A country should fulfill its commitment: The IMF and WB shouldn't!

It has been mentioned earlier that, Bangladesh government has implemented PRSP to ensure the smooth flow of loan assistance from the WB and IMF. Since the beginning of PRSP, IMF and WB had been saying that developing countries were to be put in the driving seat and, development policies to be formulated and implemented with domestic participation and sharing. Bangladesh tried to prepare this document accordingly but the IMF, WB didn't keep on their commitment to undue intervene with government economic policy. Rather they retreated and imposed some conditions to streamline of some reform policies (especially liberalization and decentralization of SoEs) with government plan and also to its lending assistance, which made government bound to implement different reform policies. Although accomplishment of all these imposed reform policies the IMF, WB didn't disburse \$ 490 million of PRGF (Poverty Reduction Growth Facilities) loan in time, made unnecessary delay pressuring government with more new conditions like price rising of fuel, more import liberalization etc.

As per PRGF loan agreement IMF supposed to ensure its credit support \$ 490 million to Bangladesh within three years period of PRSP (2005-07 fiscal years). Despite accomplishment of all the conditionality by the government of Bangladesh, IMF didn't release last installment of PRGF of \$100 million (PRGF 70 million and Trade Integration Mechanism \$ 30 million) showing excuse that "PRGF period is over"

5. Analysis of PRSP policy matrix: No implementation of pro-poor issues

PRSP formulated development policies for 18 different sectors. In this relation the government of Bangladesh promulgated that targeted national growth will be achieved through implementation of these sector specific development activities and policies, which alternatively will contribute to the poverty reduction. Therefore, since the implementation PRSP government had been reminding that pro-poor development issues should be prioritized in reducing poverty, otherwise expected target might no be achieved. But the analysis of the accomplishment of policy matrix revealed that the issues/policies in line with the IMF and corporate interest were more focused and implemented than the issues/policies related to poverty reduction. As result, in the PRSP period poverty and unemployment has been increased than previous years.

Implemented	Not implemented
<p>Policy Matrix-01 Macro Economic Sustainability and achieve Pro Poor Economic Growth :</p> <ul style="list-style-type: none"> Decentralization of State owned Enterprises (SoE) & Lay Off. Pro Poor Financial Institutions and handed over to private sector. Expansion of VAT to essential & investment goods, which reduced employment opportunity in both agriculture & industrial sector Lowering interest rate on Savings Certificate According to the advice of the WB & IMF Contraction Monetary Policy has been taken in the name of controlling inflation. That's why investment and employment declined. 	<ul style="list-style-type: none"> Reduction of Government Borrowing as per target (It was fixed as 1.8% of GDP). Pro poor growth policy has not ensured. As per PRSP plan the achieved economic growth was not invested in pro poor development issues like poverty reduction, Health and Education. Implementation of Necessary Administrative Reform, which was recommended by the PERC (Public Expenditure Review Commission) Introduction of Alternative Savings Instrument for the poor mass Strengthening Realization of Bad Debt Effective measures to control inflation
<p>Policy Matrix-02 Expedite the Trade and augment the Foreign Remittance :</p> <ul style="list-style-type: none"> Floating Exchange Rate System Reduction of LC margin for imported goods, which caused increased import of inferior goods causing of Balance of Payment deficit in International Trade. Revision of Import Tax Structure (at present the Import Tax Rate is 0-25%) Reduction the number of sensitive goods list to be imported (Now it is only 63, it was 300 in 1990-92 fiscal year). 	<ul style="list-style-type: none"> Achieving market access facilities in foreign countries through using Rules of Origin of the WTO Ensuring Financial & Technical support from the government to expedite the exporting of unconventional product Explore & expansion of international labor market
<p>Policy Matrix-03 SME (Small & Medium scale Enterprises) Development :</p> <ul style="list-style-type: none"> Reformation of Trade policy favoring import liberalization, which put the native small industries under threat Formation of Better Business Forum in 2007-08 FY with the participation of private sector specialists and policy makers 	<ul style="list-style-type: none"> Necessary Database & Information Center on Market information Strengthening BSTI (Bangladesh Standard & Testing Institute) to satisfy international quality standard Establishing One Stop Service in Divisional Town to ensure the services for small entrepreneurs Establishing Board of Investment with the joint support of Public & Private sectors.

<p>Policy Matrix-04 Agriculture Extension and Poverty Reduction :</p> <ul style="list-style-type: none"> Strengthening Private sector participation & services in Agriculture Management and Trade Introduction of Bio-Technology in Agro-Management. Related researches are continuing in Rajshahi University through the support of donors Introduction of Hi-Breed seed of Multi National Companies and providing enabling environment for marketing in the country. 	<ul style="list-style-type: none"> Use of Organic fertilizer and pest management policy Modernization of Land Management Board and Land policy to prevent the abuse of Agro-Land Research Center establish in order to quality improve of land Strengthen government Agro-Marketing system and the policy increasing finance in Annual development Plan (ADP) Strengthen the BADC (Bangladesh Agriculture Development Corporation) to expedite the Agro-Marketing and seed production
<p>Policy Matrix-05 Non Farm Agriculture and Economic activities:</p> <ul style="list-style-type: none"> Establishment of Employment Bank for youth employment creation and support to the entrepreneur 	<ul style="list-style-type: none"> Sufficient funding support policy and enabling environment of investment to encourage non farm agriculture activities Explore the market of Non-farm agricultural product in local and abroad.
<p>Policy Matrix-06 Safety Net for Poverty Reduction :</p> <ul style="list-style-type: none"> Expansion of Safety Net program has in the Fiscal Year (FY) 2007-08 	<ul style="list-style-type: none"> Review and analysis the different Social Security program adopted by other countries and introduce new system one based on the experience Especial development program for ethnic minority yet to be implemented Introduction of Social Insurance system for poor mass.
<p>Policy Matrix-07 Integrated Disaster Management for growth and poverty Reduction:</p> <ul style="list-style-type: none"> Mainstreaming Disaster Management and Risk Reduction policy with National Development Policy Prepare NAPA (National Action Plan for Adaptation) for disaster management, risk reduction and adaptation. 	<ul style="list-style-type: none"> Strengthening National Institutions engross with Disaster management (DMB, SPARSO, BWDB and WARPO etc) activities Revision of Standing Orders in Disaster according to Disaster Impact and Risk Assessment approach Establishment of IDRMR (Institute of Disaster Risk Management and Research)

	<ul style="list-style-type: none"> • Policy on Identification the local initiatives and indigenous knowledge in Disaster Management and dissemination to enhance the community level management skill. • Internet based information and communication system.
Policy Matrix-08 Food Security : <ul style="list-style-type: none"> • Agro Trade and related Business are liberalized. That's why the country market is overwhelmed with imported Hi-Breed seed and pesticides 	<ul style="list-style-type: none"> • Ensuring food & nutrition to the poor mass • Policy of enhancing the purchasing power of poor (e.g. investment policy in Labor oriented Agro and Non Agro business) • Balancing and Modernization of government food stock and preservation system • Policy of research on food diversification and crops intensify • Ensuring availability of agriculture technology and inputs.
Policy Matrix-09 Poverty Reduction through Micro Credit : <ul style="list-style-type: none"> • Reduction of interest Rate in Micro Credit program • Establishment of Regulatory Framework by Central Bank to improve the quality management of Micro Credit 	<ul style="list-style-type: none"> • Suitable Micro Credit services for Hard Core poor • Sufficient funding arrangement for Credit operators • Necessary Training and Technical support for marketing of the products.
Policy Matrix- 10 Water Resource Development and Management : <ul style="list-style-type: none"> • Rehabilitation program of Tista Barrage, Matamuhari and GK Irrigation project in order to increase the surface water flow • Actions to improve the drainage system according to the post 1998 FAP (Flood Action Plan). 	<ul style="list-style-type: none"> • Undertake the study to assess the water flow and utilization strategies of main rivers • Policy to maintain the Eco system and rehabilitation for hard core poor in outreach and char areas • Policy on protecting river erosion to save vulnerable areas especially most economic importance zones and densely populated areas are yet to implement

	<ul style="list-style-type: none"> • Integrated Coastal Zone Management policy • National Water Management Policy (NWMP).
Policy Matrix- 11 Infrastructural Development (Power, Gas, Fuel and Transportation) <ul style="list-style-type: none"> • FDI in Power & Gas sector and further reducing the capacity of Petrobangla • Development of National and Regional Highway network • Establishment of Fiber Optical Network which connected the country with Information Highway • Increasing capacity of National Port and achieving international standard 	<ul style="list-style-type: none"> • Achievement of the target of power generation • Reduction of system loss • Connecting Bhola (the biggest Island) with other city and divisional districts through National Highway • Government had to cancel the agreement of 450 MW Power project due to corruption • Establishment of Independent Regulatory Commission for Power Management • Introducing new management policy to reduce the System Loss in Power Sector • Establishment of Internal Container Depot (ICD) • Strengthening the Circular Water Way and modernization of Traffic Signaling system to reduce the Traffic Jam • Expansion of Fiber Optic facilities country wide especially district and upazilla level
Policy Matrix- 12 Develop ICT (Information & Communication Technology) and Bio-Technology : <ul style="list-style-type: none"> • Establishment of Fiber Optical Network which connected the country with Information Highway and international communication • Website development of a few ministries and putting information regularly • Establishment of Bio-Technology and Intellectual Property Rights Cell under the Ministry of Science & Technology • Set up Hi-Speed computer net work system to develop the weather forecasting model. 	<ul style="list-style-type: none"> • Coverage of ICT centre at all government high school • Establishment of ICT Training centre in 15 important districts of the country • Research on Bio- Technology (e.g. Agriculture, Food, Medicine and its marketing etc) • Policy on the utilization of ICT in E-Governance • Policies for Study & Research on different Natural & Environmental calamities and actions, by which the necessary solution & strategies could be find out

<p>Policy Matrix- 13 Education Sector Development :</p> <ul style="list-style-type: none"> • The target has been achieved on enrollment and Gender balance in Primary Education • Undertaking ROSC (Reaching Out of School Children) project which is contributing the re admission of drop out children in Primary Education • Formulation of private sector participation policy to enhance the education rate 	<ul style="list-style-type: none"> • Ensuring quality education due to lack of ; • sufficient educational materials & inputs • Increase the number of Teacher and their Training • Modernize the education curriculum and make it time fashion • Mainstreaming policy between government Primary Curriculum and NGOs • Introducing ECD (Early Child Development) program for rural children • IGA oriented education program for poor children • Introducing similar curriculum for both Madrasha (religious education) and general education • Regulatory Frame work for quality control in Higher Education • Reviewing Course Curriculum considering demand of Higher education in national and international level • Policy of Budget allocation in Education sector at least 5% of GDP • Policy of ensuring Infrastructural facilities (at least 50% of their demand) for most depriving areas in education.
<p>Policy Matrix- 14 Health, Population and Nutrition and safe food:</p> <ul style="list-style-type: none"> • Implementation the HNPSP (Health, Nutrition and Population Sector Program) program up to the year of 2007 and its outputs are drawn as following, <p>Scenario on Maternal & Child Health:</p> <ul style="list-style-type: none"> • The existing Maternal Mortality Rate (MMR) is 380/100,000 where target in PRSP was 275/100,000 • The existing Infant mortality rate is 69/1000 target was 32/000 	<ul style="list-style-type: none"> • Budget allocation as per commitment. The budget allocation was confined in 5- 6 percent in PRSP period, where commitment was to 10-12 percent. • Policy yet to adopt in ensuring safe & nutrition food like, • Establishment of Health laboratory in district level • Strengthening BSTI • Running of community clinics in full

<p>Scenario on Reproductive Health:</p> <ul style="list-style-type: none"> • TBA (Trained Birth Attendant) rate in rural areas is 14 percent where target was to increase by 25 percent • TFR (Total Fertility Rate) is 2.9 where target was 2.7 <p>Scenario on Nutrition Program:</p> <ul style="list-style-type: none"> • Rate of Child Malnutrition (Under 02 Yr of age) 48 percent • Policy has taken to remove the geographical inequality in case of child malnutrition • The level of reducing Anemia epidemic; now stands at 49 percent but target was 45 percent 	<ul style="list-style-type: none"> swing to improve rural health system • Equipping Union Health Clinics as per need • Establishment of One Stop Crisis Centre in order to develop rural women health • Establishment of a strong and independent Health Regulatory framework
<p>Policy Matrix- 15 Women Advancement & Rights :</p> <ul style="list-style-type: none"> • Ensuring female representative and participation in different government executive council and committee and Parliamentary Standing Committee • Introduction of Women and Children Repression Act, 2003 • Increasing maternal leave facilities up to four month instead of 3 month. • Expanding VGD, VGF, FSVG and RMP for rural vulnerable women. 	<ul style="list-style-type: none"> • Signing the CEDAW Charter and implement uniform Family code to establish of women rights • Policy on Equal pay for equal work for women • “Policy on Code of Conduct of owners or employers to female worker” is not formulated after analysis their behavior • Establishing One Stop Crisis Centre in order to prevent violence against women • Implementation of especial protection and assistance policy for women in disaster period • Policy on equal participation of Female in prime economic activities like, • Equal pay for equal work • Private sector facilities ensure in maternity leave • Priority to access of female in Khas Land (Govt. Land) • Access in to modern Technology in Agro and Non Agro sector. • Policy of calculation the female contribution in House hold level in GDP.

<p>Policy Matrix- 16 Children Advancement & Rights :</p> <ul style="list-style-type: none"> Continuation of EPI (Expanded Program of Immunization) for reducing the infant and child mortality rate 93.7 percent achievement of Gross enrollment rate in Primary Education (BANBEIS Report-05) Continuation of ROSC (Reaching Out of School Children) project to re-enroll drop out children. 	<ul style="list-style-type: none"> According to the MDG (Millennium Development Goal) review report, the Child mortality rate is 69/1000, EPI rate 77% and Child malnutrition is 48% those are frustrating The pace of achieving MDG on above 3 focus point of child advancement is average 1.4%. If this ratio continue would take time up to the year 2024 to achieve Government didn't take the effective policy like controlling teacher student ratio (at present 1: 59 that's not in favor of quality education), provide modern equipment and necessary training for teachers to ensure the quality education in Primary level Drop out rate is 47 % which is still high Child Labor are still taking place in risky and hardship activities.
<p>Policy Matrix- 17 Good Governance</p> <ul style="list-style-type: none"> Separation of Judiciary from the Administration Establishment of an independent and active Anti Corruption Commission Reforming is going on in state police force 	<ul style="list-style-type: none"> Transparency in public expenditure especially public purchasing and implementation of on line (internet based) tendering system. Formulation of the much awaited Rights to Information Act Establishment of Human Rights Commission Enacting participatory budgeting and pro poor budget allocation policy Policy to strengthen the local government
<p>Policy Matrix- 18 Environment and Sustainable Development :</p> <ul style="list-style-type: none"> Social afforestation program is continue to raise the forest land Stop 2 stroke vehicle and introduction of CNG (compressed Natural Gas) run vehicle to reduce the air pollution Stop using of plastic shopping bag Regulatory measures against environment polluting industries Preparation of NAPA (National Plan of Action) to adapt with climate change effect and its risks. 	<ul style="list-style-type: none"> Implementation of balanced organic agricultural farming system Policy of Land Zoning to ensure the sustainable environment Policy on Property Rights of ownership & utilization of water bodies and harvesting forest

6. Neglected sectors in the PRSP

a. No investment for agriculture development

During 70-80s agriculture sector in Bangladesh created employment for 85 percent of country's population and contributed 50-60 percent of GDP. Over the years this contribution declined gradually as the country adopted industrialization strategies for rapid economic growth. Nevertheless the agriculture sector is still retaining at least 60-65 percent of employment. Recognizing the contribution of agriculture in country's economy and employment generation, government pledged to make agriculture sector more productive through commercialization of farming practices, instead of subsistence level, supporting the input supply & technologies, and In Bangladesh agriculture sector is critically important for rural employment generation and supporting country's food security. During 70-80s this sector contribution to GDP was 50-60 percent and around 85 percent of country's population was depended on agriculture for their livings. Still agriculture is the mainstay of country's economy and the only sector of creating mass rural employment; presently 60-65 percent, which is in declining trend. Recognizing the prospect and contribution of agriculture sector, government pledged to develop this sector making it more productive, supporting farmers with input supplies & technologies, introducing of organic technology etc. In PRSP document government also pledged to ensure food security through agriculture development and creating employment scope for the poor people.

But in case of budgetary allocation we see the reverse scenario, fairly 80 percent of agriculture sector budget spent in non-productive purposes like revenue expenditure, which couldn't pay any complementary role fulfilling government's commitment of boosting production and ensuring food security.

There is also a discrepancy in financing agriculture sub sectors like fisheries, poultry & livestock and forest sectors. In the recent years, the average annual ADP (Annual Development Program) allocation to agriculture is 6-7 percent, which is less than 3 percent to other sub sectors. As a result, as a whole, growth rate of this sector is in declining trend; presently only 2 percent which was 4 percent in 2000.

Besides the IMF and WB continuously insisting government for agriculture subsidy reduction and allowing corporate investment and export led farming practices. In fact, it's a conspiracy of disempowering subsistence farmers and farming practices, and anti-poverty position. Besides, ecological loss of corporate farming also would be huge.

b. No transparent and specific financing plan in the PRSP

It is very clear that, PRSP was implemented only ensure the flow of foreign

loan and donation. That's why there was no reflection of any qualitative and knowledge based investment to prepare of an important, long term and outcome based document like PRSP.

If we analyze the policy matrix of PRSP will assume that, all development plan will be implemented during PRSP period and Bangladesh will become a rich country by this stipulated time. But the reality is that, the hope of getting \$ 200 million per year, PRSP has prepared (Though IMF has regretted to disburse the last installment of \$100 million of PRGF loan just giving the excuse of "PRGF period is over" after accomplishment all of their conditions). Nonetheless Bangladesh is one of the signatory of UN declared MDG; where there are at least \$ 7.5-9.0 billion will be required by 2015 to achieve the first five targets of reducing poverty. PRSP has either totally avoided this matter or denied just getting loan.

7. The strategic plan of WB and IMF for Bangladesh:

The analysis of the economic potentiality and accessibility to resources of Bangladesh reveal the followings;

- a. Although Bangladesh is a densely populated country, presently 150 million people with around \$ 500 per capita national income, but it has numerous prospects like; exporting skilled human resources, offering low cost labor force to the FDI and corporate investment compete with global market. Thus, the corporate capital would show their interest of investment in Bangladesh.
- b. Despite facing political volatility, natural disasters Bangladesh has established its position at global level and recognized globally for its struggling for development. Bangladesh is also maintaining a satisfactory level of GDP growth ratio since last five years which is accelerating country's economy. If this growth rate continues, by 2020-2025, Bangladesh will become a middle income country, also a vast market of consumers (around 100-120 million) will be created.
- c. Geographically Bangladesh is enriched with vast natural resources. Among these natural resources, fertile land, natural gas, coal, oil and especially fisheries are referred as prime. Thus, the Multi National Companies (MNCs) might have their covetous target of grasping these resources and repatriate these resources to their country of origin. The corporate investment may offer a devious investment proposal in Bangladesh under the name of development.
- d. Remittance is one of our main sources of earning foreign currencies, which, following the garments sector, has been demarking as the second largest sector in export earnings and it is increasing gradually. Bangladesh Bank Report in January, 2008 says, during first six month of 2007-08 fiscal years Bangladesh has earned \$ 3,447 million remittances, which helped to create

the surplus of foreign reserve after meeting up Balance of Payment. Presently, in January 2008, country's foreign reserve balance raised to \$ 5514 million.

Bangladesh has been facing barrier to invest these resources in development activities due to conditionalities imposed by the IMF and WB. Therefore, undue intervention of the IMF and WB in the country's sovereign development and investment planning is virtually to create space for corporate investment and allow the MNCs to repatriate profit and resources from the country.

- e. The above conspiracies would be possible and successful country's control and regulatory role over resources could be reduced anyway. The IMF and WB is doing the same through imposing the PRSP from their long term blueprint and helping the MNCs to capture and control over country's resources. But due to accountability to the common people, the last political government didn't materialize the all conditions and the IMF and WB interest through PRSP.

The IMF and WB didn't retreat their policies and again tried to arrange so called PSI (Policy Support Instrument) tool towards implementing the pending reforms agendas by non political government, which also was not successful due to frequent protest from civil society group.

- f. The IMF and WB has got the chance again to materialize their vested interest in our country following the catastrophic cyclone SIDR that hit the country in November, 2007 and caused financial damage of \$ 3 billion. This huge financial loss as well as complete loss of agricultural standing crops plunged Bangladesh into a deep trap of economical depression. That is why Bangladesh has again compelled to seek assistance from donors' especially from the World Bank.

Having the chance, the IMF & WB has started the tricky game again, for example; the WB and IMF are trying to intervene in agriculture sector and encouraging government for reviewing investment policies and further reduction of subsidies. The objective of this devious advice is to open up country's agriculture sector for MNC's investment.

As a part of this blueprint, the IMF recently has published a report saying that, to meet growing food demand by 2020 Bangladesh would require more 6.5 million Metric Ton (MT) vegetable, 1.6 million MT fruit, 1.4 million MT meat and 2.6 million MT milk. And to ensure this production Bangladesh has to invest at least \$ 8,000 million in its agriculture sector.

On the other hand WB's proposal is: as Bangladesh is a disaster prone country and will not be able to invest enough to boost its production at

required level so it's better producing GM food and bio-fuel; earnings bio-fuel export could be utilized for food import. This study report and associated recommendations are an approach of misleading country's agricultural development policies; endangering the traditional food security and create an opportunity to open the agriculture sector for MNCs. In this context, the WB already made an initial agreement with the government of Bangladesh for agriculture sector support; the main area of this support is to promote Hi-Breed & GM seeds.

Secondly; IMF has recommended to our government to revise the existing tax system and proposed an outline from their part. This draft is proposing some contradictory policy management issue which may hamper the revenue mobility and also offer to reduce the corporate tax that will go absolutely disfavor of our revenue augmentation policy.

Thirdly; IMF & WB has been keeping our government under pressure to make agreement with TATA and Asia Energy to invest in Coal mining and Still production project, those offers are proved as non profitable and environmentally will be damage in our country context. But government has prepared a draft Coal policy according to Asia Energy's blue print. If this policy is really apply to our coal mine (Fulbari Coal Mine project) will be create a catastrophic to our environment.

So we have to protest just now against such like IMF & WB blue print policy. Other wise we have nothing to do accept looking the resource repatriate and ransack of this so called MNCs.

8. What can we do our self in development Planning?

This is now perceptibly has reflected as peoples' demand to save and protect our national resources from the exploitative blue print of IMF, WB and their MNC collaborators. In this backdrop we have to rethink about our future development if really want to expect poverty reduction.

A. Our development Plan must be lighted by the Five year plan

Government has so far proceeding to prepare the second phase PRSP for 2009-2011 fiscal periods and expected to finalize before budget declaration of 2008-09. Here is mentioned that the government had claim about the first PRSP prepared through people participation and country owned along with also pro poor result oriented in development, those were not materialized due to imposing conditionalities of donors. That's why country has being faced the crisis in employment creation and domestic investment increase.

In the above situation it will be further suicidal effect if the second phase of PRSP will be prepared only to ensure the flow of foreign loans, which may turn Bangladesh as a neo economic colony of the aggressive multinational companies.

In that context we demanding to cancel the preparation of second PRSP implantation and should go for the Five year plan like of the decade of 70's. Many countries across the world have so far faced the losses after implementation of PRSP. That's why Vietnam and Cambodia has already gone back to their previous own development plan instead of PRSP.

So, Bangladesh also should promulgate and implement five year plan to face poverty and to create also employment. This development plan must be based upon our problems, using our own resources and avoiding all sorts of conditions of WB and IMF.

B. Prior consultations of the Civil Society, economists and politicians must be given importance to draw of any development plan

It was said that PRSP would be in totally national ownership, it would be prepared with prior consultation with people from all sectors, but in fact, PRSP was prepared by some bureaucrats and consultants and it was done according to the imposing suggestion and conditions of WB and IMF. So we demand that, in any development plan have to involve our politicians, economists and civil society in time. In that way we can hope for some fruitful achievements in poverty reduction and employment creation.

C. The specific development plan has to declare in the election manifesto of national political parties

The outline of future development plan & program has to be mention and declare in the election manifesto of different political parties. This will be a mandatory those who are going to compete in the coming national election. Thus they will be feeling pressure and will be accountable to people in implementing the pro poor development agenda.

D. We must have our own Development Goal in case of long term development plan.

Government should have specific development goal in long range (for next 10-15 year period) to poverty reduction, employment creation, education, health and other development plan. For example, Vietnam and Cambodia has taken their own development goal in light of the MDG.

E. There must be specific yearly target in development plan

Even though PRSP has some good development policies but specific projection and how much target to be achieved per year remain absent. Thus, the various changes or development indicators during the PRSP period remain under dark. We think that, development plan is a very important document for a country's long term plan. So specific target on how much will be achieved per year have to mention in the development policy out line and ensure budget allocation accordingly.

F. Extended Service sector definitions have to adopt and increase the state control & investment

Bangladesh must have to adopt the policy of increasing her investment in education, health and poverty reduction sector towards poverty reduction which is absolute contradictory with IMF WB policy. But like a development and poor countries, the role of state is considered as prime and whereas private sectors contribution is very less & poor even many cases run with profit. So that, in the context of Bangladesh service sector's definition will be redefined in light of employment creation and improve education and also have to increase the investment along with control.

G. We can utilize our own foreign reserve to our development activities

Usually Bangladesh government's has to receive the loan from donors to ensure necessary financing in the annual development plan. This borrowing is happen due to shortfall between expected revenue earned and increased yearly expenditure. If we analyze the financing need of 2007-08 ADP (Annual Development Plan) will see that, there are 49% (near about US\$ 1,850 million) finance has been projected from foreign fund or donors. So in that case, as we have a huge foreign reserve (near about US\$ 06 billion) can easily borrow and use in our development program instead of conditional loan.

H. Public and Parliamentary audit have to done on received loans under the name of development from WB, IMF and other donors

Since the decade of 80's, loan from WB and IMF was started under the SAP program. This tendency has been still unchanged. Despite the strong opposition from civil society and different parties inside the country, government and the bureaucrats has been taking loans frequently showing various peculiar excuses since there are huge lucrative scopes of corruption under the program through foreign loans. So we demand that, there must be done the public and parliamentary audit on how much loan we have already received and also the loans have been used.

I. We can build a regional development bank like Latin America

To lessen dependency from the IMF WB, South American countries have already established an alternative regional development bank (Bank of South). They are trying to retreat from so called development support of IMF and WB. The main economic power behind this initiative is Brazil. Brazil has already declared to pay back all the loan of IMF and WB. So we are the member countries of SAARC and BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) can establish a bank like Bank of South which can play an effective role to make free from the exploitation of IMF and WB.

আমাদের পরিকল্পনা আমাদের সার্বভৌমত্ব
“বাংলাদেশে পিআরএসপি’র ফলাফলের উপর একটি
পর্যালোচনা”