



**State Elites and the New Poverty Agenda
in Bangladesh**

Neil Webster, Zarina Rahman Khan,
Abu Hossain Muhammad Ahsan,
Akhter Hussain and Mahbubur Rahman

DIIS Working Paper 2009:22

NEIL WEBSTER

Senior Researcher, DIIS
nwe@diis.dk

ZARINA RAHMAN KHAN

ABU HOSSAIN MUHAMMAD AHSAN

AKHTER HUSSAIN

MAHBUBUR RAHMAN

DIIS Working Papers make available DIIS researchers' and DIIS project partners' work in progress towards proper publishing. They may include important documentation which is not necessarily published elsewhere. DIIS Working Papers are published under the responsibility of the author alone. DIIS Working Papers should not be quoted without the express permission of the author.

DIIS WORKING PAPER 2009:22

© Copenhagen 2009

Danish Institute for International Studies, DIIS
Strandgade 56, DK-1401 Copenhagen, Denmark

Ph: +45 32 69 87 87

Fax: +45 32 69 87 00

E-mail: diis@diis.dk

Web: www.diis.dk

Cover Design: Carsten Schiøler

Layout: Allan Lind Jørgensen

Printed in Denmark by Vesterkopi AS

ISBN: 978-87-7605-348-2

Price: DKK 25.00 (VAT included)

DIIS publications can be downloaded
free of charge from www.diis.dk

**DIIS WORKING PAPER SUB-SERIES
ON ELITES, PRODUCTION AND POVERTY**

This working paper sub-series includes papers generated in relation to the research programme 'Elites, Production and Poverty'. This collaborative research programme, launched in 2008, brings together research institutions and universities in Bangladesh, Denmark, Ghana, Mozambique, Tanzania and Uganda and is funded by the Danish Consultative Research Committee for Development Research. The Elites programme is coordinated by the Danish Institute for International Studies, Copenhagen, and runs until the end of 2011. More information about the research and access to publications can be found on the website [HYPER-LINK "http://www.diiis.dk/EPP"](http://www.diiis.dk/EPP)www.diiis.dk/EPP.

Earlier papers in this subseries:

Rweyemamu, Dennis: "Strategies for Growth and Poverty Reduction: Has Tanzania's Second PRSP Influenced implementation?" DIIS Working Paper 2009:13.

Kjaer, Anne Mette, and Fred Muhumuza: "The New Poverty Agenda in Uganda" DIIS Working Paper 2009:14.

Lindsay Whitfield: "The new 'New Poverty Agenda' in Ghana: what impact?" DIIS Working Paper 2009:15.

CONTENTS

Abbreviations	6
Abstract	7
1. Introduction	9
2. Rhetoric and reality in Bangladesh's approach to development	9
3. Did a PRSP approach change the framework for development and poverty reduction?	14
3.1 Thinking on poverty	14
3.2 From Five Year Planning to a PRSP approach	15
3.3 From I-PRSP to PRSP	18
3.4 The return to the 5 Year Plan	24
References	29
Government of Bangladesh Plan Documents and Reports	29

ABBREVIATIONS

AIDS	<i>Acquired Immune Deficiency Syndrome</i>
BB	<i>Bangladesh Bank</i>
BBS	<i>Bangladesh Bureau of Statistics</i>
BC1	<i>Budget Circular</i>
BIDS	<i>Bangladesh Institute of Development Studies</i>
BNP	<i>Bangladesh Nationalist Party</i>
BRAC	<i>Bangladesh Rural Advancement Committee</i>
CSO	<i>Civil Society Organisation</i>
DAC	<i>Development Assistance Committee</i>
ECNEC	<i>Executive Committee of the National Economic Council</i>
ERD	<i>Economic Relations Division</i>
GDP	<i>Gross Domestic Product</i>
GED	<i>General Economic Division</i>
GoB	<i>Government of Bangladesh</i>
HIPC	<i>Heavily Indebted Poor Countries</i>
IMF	<i>International Monetary Fund</i>
I-PRSP	<i>Interim Poverty Reduction Strategy Paper</i>
MBF	<i>Ministry Budget Framework</i>
MDG	<i>Millennium Development Goals</i>
MTBF	<i>Medium Term Budgetary Framework</i>
MTEF	<i>Medium Term Expenditure Framework</i>
MTMF	<i>Medium Term Macroeconomic Framework</i>
NGO	<i>Non-Governmental Organisation</i>
NPA	<i>New Poverty Agenda</i>
NPRC	<i>National Poverty Reduction Council</i>
NSAPR	<i>National Strategy for Accelerated Poverty Reduction</i>
NSC	<i>National Steering Committee</i>
ODA	<i>Overseas Development Assistance</i>
OECD	<i>Organisation for Economic Cooperation and Development</i>
PERC	<i>Public Expenditure Review Commission</i>
PRSP	<i>Poverty Reduction Strategy Paper</i>
STD	<i>Step Towards Development</i>
TF	<i>Task Force</i>
TYRIP	<i>Three Year Rolling Investment Programme</i>
WB	<i>World Bank</i>
WTO	<i>World Trade Organisation</i>

ABSTRACT

The New Poverty Agenda (NPA) refers to policies and approaches that the developing countries pursue for poverty reduction with the financial assistance of the donor countries and seeks to secure ownership of the political and bureaucratic elites. This paper seeks to analyse the Poverty Reduction Strategy Paper (PRSP) as part of this process in Bangladesh and to look at role of the state elites in it. The PRSP process in Bangladesh clearly indicates the key role played by the bureaucrats in its formulation and implementation. Civil society though playing a progressively important role in influencing policy agenda mostly backed up the bureaucracy. Introduction of the PRSP replacing the earlier Five Year Plans did not change the approach towards dealing with development rather transformed the way to do things. It ushered in a qualitative change in planning and development policy implementation as a population begins to assert itself upon the politics of the state elites.

I. INTRODUCTION

Poverty Reduction Strategy Paper is a relatively new term in Bangladesh development assistance yet it possesses the characteristic of much else in the aid industry, namely being donor driven, locally produced, and of indeterminate ownership. In line with a number of other developing countries Bangladesh prepared first an Interim-PRSP and thereafter a full PRSP, the former draft being finalized in 2005. Subsequently a second PRSP has been drafted. The government that came to power in the recent elections held in January 2009 has decided to realign the document with its election manifesto. The process is about to be completed as has been announced to the press. The new government had declared in April 2009 that it intended to return to a 5 year planning process in 2011. Thus it appears that a PRSP and a 5 year plan will co-exist in the coming years.

The rise and partial fall of the PRSP in Bangladesh is not to be seen as being merely a temporary pause in the 5 year plan approach to development planning and poverty reduction. Though their impact is not so apparent, significant changes have occurred and these together with the way PRSP was adopted and then rejected provide an opportunity to study this dimension of the new poverty agenda¹ in Bangladesh and to examine it through the lens of elite politics.

The term 'New Poverty Agenda' (NPA) refers to the variety and extent of policies and approaches through which the donor and international aid agencies pursue poverty reduction jointly with the beneficiary countries. Under NPA the policy process is initiated by

the donor countries and aid agencies, but it is a process that is designed, in theory, to secure ownership among political and bureaucratic elites within the state (i.e. state elites) and with civil society elites working with development outside of the state. For their part local donor elites are also intended to share with the government the ownership of these policies by alignment of their own policies with those of the government and the harmonization of development assistance strategies within the group of donor partners.

At the core of the NPA is an assumption that the political and bureaucratic elites see the agreed policies as desirable and feasible; that they will work to implement the programmes based upon these policies; and that the intended development outcomes are thereby achievable. Based upon an examination of history of the PRSP process in Bangladesh, this working paper seeks to explore the PRSP part of this process and to look at the commitment of the state elites to its policies and thereby to the new poverty agenda.

2. RHETORIC AND REALITY IN BANGLADESH'S APPROACH TO DEVELOPMENT

Economic development that promotes poverty reduction has been a stated objective of all governments that have held power in Bangladesh since the country achieved independence in 1971. It exists in the Constitution of the country as one of its fundamental goals, understandably so given the effects of British colonial rule on economic development in the sub-continent and thereafter the exploitation of the East Pakistan's economy by West Pakistan during the period 1947 to 1971. In 1971 it finally emerged as an independent sovereign country, but ravaged by war, with little by way

¹ See Simon Maxwell (2003) *Heaven or Hubris: Reflections on the New 'New Poverty Agenda'*, *Development Policy Review*, Vol. 21, pp. 5-25.

of industry, an under-resourced agricultural sector, and the majority of the population in poverty or absolute poverty. It was a society that had experienced systematic exclusion from power and influence in both the public and private sectors and it entered into independence with the loss of many from its relatively small educated elite with their deliberate targeting by the (west) Pakistani army in the universities and elsewhere during the struggle for independence.

Economic growth and poverty reduction have been the twin pillars for building the new country, at least in the policy rhetoric, with the latter perhaps dominating the national and international agenda in the early period.² However this is at the general level; once one begins to look into the specifics it becomes apparent that defining poverty with the object of policy formulation for its reduction has been a confused and often contested process, more often than not conditioned by the context, internal and external, faced by the incumbent government and the vested interests that those in office have pursued.

Between 1973 and 2002 Bangladesh's development policies were organized in Five Year Plans apart from one special Two Year Plan (1978-1980). Then, with the encouragement of the World Bank, the Fifth Five Year Plan was phased out in 2002 to be replaced by the PRSP approach; PRSPs took on the status of being the national policy framework for poverty reduction in Bangladesh. This remained the case until the election of the new government in 2008 and its statement that from 2011 it will return to the 5 year planning.

The development approach in Bangladesh can generally be characterized as state-led and

state regulated economic development with poverty reduction being a principal objective. From the outset of the Five Year Plans, poverty was declared as the priority issue in a development strategy where the overarching goals were to accelerate economic growth and to reduce poverty in terms of both income and consumption indicators. Official measurement of the incidence of poverty in the country has been based on the Household Income and Expenditure Surveys that have been conducted regularly since 1973-74. The Report on the Household Income and Expenditure Survey, 2005, prepared by the Bangladesh Bureau of Statistics (BBS) indicates a downward trend in income poverty, declining at the national level from 48.9% in 2000 to 40.0% in 2005. This is based on comparisons of the upper poverty line. Using the lower poverty line it decreased from 37.7% to 25.5%.³ It must be noted however that the level of poverty is a hotly debated subject with many experts claiming that the poverty and absolute poverty levels are underestimated, the indicators inadequate, and that too many dimensions of poverty are missed. Nevertheless there is some agreement that the proportion of poor is declining, though the absolute number might well be rising.⁴

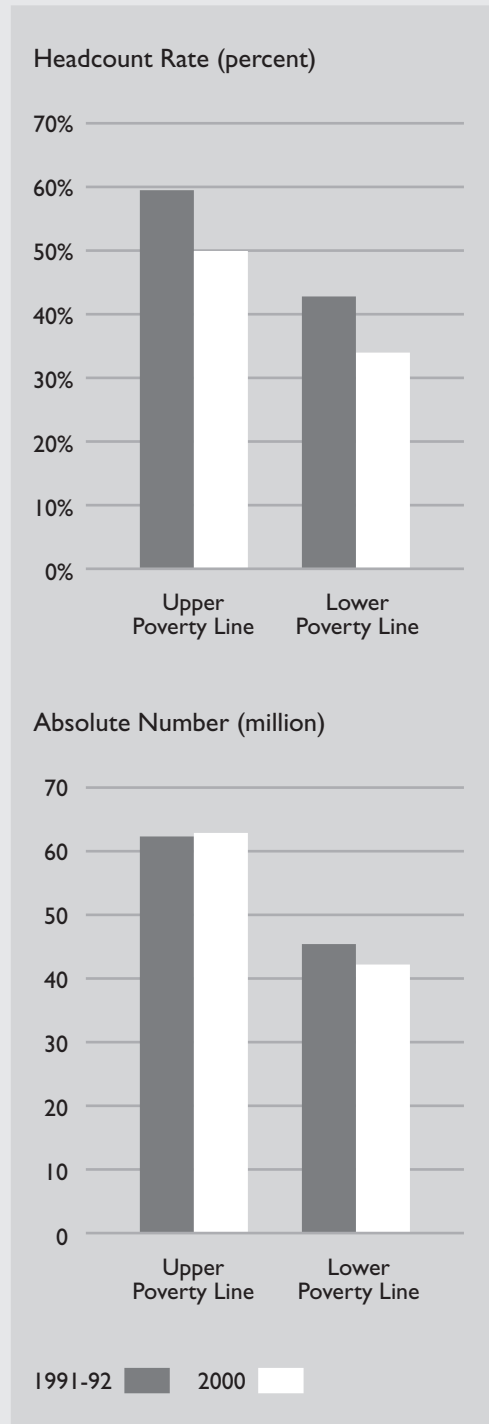
The two figures below show the changes over the last decade according to World Bank data, both in percentage and in total number of people living below Bangladesh's upper and lower poverty lines, as determined by income and consumption levels. Those living below the upper poverty line cannot consistently meet their basic human needs, while those living below the lower poverty line live in extreme deprivation.

² The international attention was high from the outset with notable events such as the two Madison Square Garden concerts organized by George Harrison and Ravi Shankar to raise funds for Bangladesh.

³ Bangladesh Economic Review, 2006.

⁴ Interview with Prof. Abul Barkat, Head of Dept. of Economics, Dhaka University and adviser to the present government, (24.05.2009).

Figures 1 and 2.
Poverty in Bangladesh⁵



⁵ Data from the World Bank web-site: www.worldbank.org.bd.

What the figures clearly indicate is that the case for overseas development assistance (ODA) has been and remains strong as Bangladesh remains an extremely poor country with an economy distorted and weakened by two phases of colonialism. At the same time the strong presence of ODA has not surprisingly had a profound influence on Bangladesh's approach to development. It is also seen that from 1971 through to 2002 the different governments' policies and strategies for development and poverty reduction have followed the line of the dominant donor orthodoxies of these decades.

If the 1960s, albeit as a part of Pakistan, were characterized by a development approach rooted in the principle of trickle-down growth implemented through strong and often dictatorial (including military) government, the 1970s saw a shift towards state-led distribution-oriented policy agendas. There were reactions to the increasing inequalities of the 1960s that in the case of Bangladesh were seen to have promoted the systematic marginalization and impoverishment of a whole province (East Pakistan). Policies now focused on meeting the basic needs of the poor and pushing for economic growth with poverty eradication, not merely alleviation.⁶ That the policies did not appear to have the desired effect only emerged later; available evidence indicating that the number below the poverty line in the last year of the Second Five Year Plan (1987) was actually higher than it was at the outset of the First Five Year Plan (1973-74). Furthermore growth in the Gross Domestic Product (GDP) averaged 3.2 percent in the Second Five Year Plan against 6.6 percent in the 1970s; the Second Five Year Plan recording two years of declining per capita income and two years of declining

⁶ Sobhan (2007) Vol. 1. p 265.

manufacturing sector growth rates, all-in-all not indicative of an economy capable of supporting redistributive policies on the part of the government.

That there the donors' orthodoxy was dominant in the 1970s is certainly not surprising given the weakened national capacity to plan and govern development in the early post-Pakistan decades. Bangladesh was a newly independent state that had relatively few in the civil service with the administrative experience of leading and managing ministries in formulating policies and drafting implementation strategies. Administrative resources were weak and the state of the economy was such that there was little possibility other than accepting the support and assistance of the donors. To these capacity weaknesses was added the fundamental problem of severe poverty and most in the civil society elite – leaders of national Non-Governmental Organisations (NGOs), think tanks and academics agree with the view that with such a high incidence of poverty the country in the 1970s could not establish a “homegrown holistic, dynamic, strategic framework to combat poverty,” but they go further in their conclusion to argue from the 1970s onwards “What served as a strategy for poverty alleviation has been a number of various donor driven, supply led and thus potentially unsustainable.” (Bhattacharya and Titumir, 2000:2)

Development policies in the 1980s and 1990s are seen as being Bangladeshi manifestations of the Washington Consensus in which poverty reduction would be tackled through growth secured through structural adjustment policies and the down-sizing of the role of the state and the enhancement of the role of the market in guiding economic choices. These policies had resulted by 2002 in “a largely liberalized import regime, a much reduced public sector, very limited in-

put subsidies for the agricultural sector and in the area of manufacturing, a much reduced public sector where virtually no new investment has taken place in the last 15 years. In the financial sector interest rates have largely been left to the banks, where the presence of the private sector has been substantially expanded and directed credit has been largely eliminated.” (Sobhan, 2002 cited in Sobhan 2007:327)

As already indicated the poverty reducing impact of the reform approach is difficult to assess and there is little common agreement. It can be noted that the latter half of the 1990s there was a marked acceleration in agricultural growth and from the early nineties it is agreed that there was some modest success in tacking income poverty with human development indicators and human poverty indicators declining quite quickly (Government of Bangladesh 2000:56); the numbers living in absolute poverty reduced significantly (see Figure 2), partly attributable to a steady GDP growth rate in the nineties averaging 5 percent.

The tradition of donor influence continues with both government advisers and independent experts agreeing that the change from Five Year National Development Plans to the PRSP approach was a move more desired by the donors and specifically the World Bank than on the part of the government and state elites of Bangladesh. While economic inequalities and the political problems of inefficient and unaccountable governance might at that point have been considerable in Bangladesh, that there had been some success in economic growth and in poverty reduction suggests that something was working to push development in the direction desired by most independent observers. Perhaps the important point to be made here is that certain key sub-sectors in the economy were beginning to per-

form very well and were providing the basis for the general improvement in economic growth taking place. Here we can point to the ready made garment industry, the knit-wear industry, frozen foods with fish and particularly shrimps and prawns dominating, together with some success in the agricultural economy. The last is significant in that it enabled domestic food prices to be fairly stable as well as providing some exports to neighbouring countries.

The growing success of these manufacturing and exporting industries also increased the power of the economic elites' voice in policy areas; but not to a level where they could contest the pressure for

a new approach coming from the donors. But then one must ask as to whether this economic elite had an interest in whether it was a five year plan or a PRSP that guided national policy? Probably not? As for the state elite; the bureaucrats need donor funds to maintain their sector policies and programmes and the political elite in governance also had an interest in maintaining their close relations with the international donor community with its strong presence in the country. However, it could also be expressed another way; adopting a PRSP approach did not necessarily commit the state elites to doing much apart from the preparation of the PRSP itself.

Table I. Bangladesh's development condition⁷

	2000	2005	2006
Official development assistance and official aid (current US\$)	1,171,730,000	1,335,920,000	1,221,790,000
Merchandise trade (% of GDP)	32	38	45
Workers' remittances & compensation of employees paid (current US\$)	4,000,000	5,458,000	3,322,000
Agriculture, value added (% of GDP)	26	20	20
Industry, value added (current US\$)	11,490,266,112	16,640,009,216	16,640,009,216
Services, etc., value added (% of GDP)	49	52	52
GDP growth (annual %)	6	6	
GNI per capita, Atlas method (current US\$)	360	440	450
Life expectancy at birth, total (years)	61	63	64
Fertility rate, total (births per woman)	3	3	3
Mortality rate, infant (per 1,000 live births)	66	52	49
Mortality rate, under-5 (per 1,000)	91	68	64
Births attended by skilled health staff (% of total)	12	..	20
Malnutrition prevalence, weight for age (% of children under 5)	48	39	..

Source: World Bank (www.worldbank.org.bd)

⁷ World Bank Country Economic Data at: <http://www.worldbank.org.bd> .

In line with the latter view, the donor agencies remained a necessary part of the policy landscape in Bangladesh, but it is also apparent that the power of their leverage was not what it once had been. While the economy was experiencing growth, the level of aid assistance remained virtually the same throughout the 1990s and therefore declined in size in relation to the Bangladesh economy. It also declined markedly in comparison to others inflows, notably from overseas migrant workers; with aid disbursements in 2002 being approximately 60 percent of the value of these remittances (see Table 1). The donor partners' advocacy of a new more inclusive PRSP approach to policy formulation and planning in Bangladesh came at a point in time when the country was in a position of less dependency and the fact that growth and reduced aid dependency were achieved under the 5 year plans did not go unnoticed by some within the state elite.

At the present point in time the state of development in Bangladesh can be summarized as being one of relative success, but with fundamental problems remaining a situation illustrated in the selection of core indicators presented in Table 1 taken from World Bank data on Bangladesh.

3. DID A PRSP APPROACH CHANGE THE FRAMEWORK FOR DEVELOPMENT AND POVERTY REDUCTION?

3.1 Thinking on poverty

The Interim Poverty Reduction Strategy Paper (I-PRSP) and the PRSP⁸ do not explicitly define poverty or attempt to analyze the poverty condition in Bangladesh; it is left implicit in the papers' presentations of the key dimensions and determinants of the nation's poverty situation. As previously noted, the main empirical source for presenting the country's poverty and changes in poverty are the Household Income and Expenditure Surveys.

The PRSP does point to the multidimensional nature of poverty, stating that the level and nature of poverty should be seen in a 'holistic way taking into recognition all credible quantitative and qualitative evidences'. Furthermore in defining poverty the PRSP document states: "Poverty is a broad front. It is about income levels. It is about food security. It is about quality of life. It is about asset bases. It is about human resource capacities. It is about vulnerabilities and inequalities. It is about human security. It is about initiative horizons. It is each of these and all of these together." (PRSP: 2005:2).

Inequality arising out of growth in the economy is also discussed in the PRSPs. While absolute poverty measured by the head count index declined at a faster rate in urban areas compared to the rural over the nineties, it resulted in a rise in inequality. Because of this the PRSP states that the "growth-pov-

⁸ The title of the I-PRSP and the PRSP in Bangladesh are "Bangladesh: A National Strategy for Economic Growth, Poverty Reduction and Social Development" and "Unlocking the Potential: National Strategy for Accelerated Poverty Reduction" respectively.

erty link underlying the poverty trends show that Bangladesh has moved from a situation of lower growth with equity having a smaller impact on poverty reduction in the 80s to a situation of higher growth with inequality having a larger impact on poverty reduction in the 90s.” (PRSP: 2005: xiv).

The critical role played by the donors in the initiation, formulation and implementation of policies for economic growth in general and poverty reduction in particular might not be immediately apparent in the PRSP documents, but it is widely acknowledged in Bangladesh that it is they who are leaders in setting the poverty approach, displaying a “consensus in perceiving poverty as a multi-dimensional concept, resulting from lack of human, physical and financial capabilities to sustain livelihoods. Accordingly the manifestation of poverty is reduced or lack of access to material, economic, social, political or cultural resources needed to satisfy basic needs.” (Bhattacharya & Titumir 2000:5). There is also seen to be a donor consensus as to the complexity of poverty and on the need to tailor poverty reducing programmes to the contextual realities of individual countries reflected in the document. Finally, the poverty consequences of certain general problems such as environmental degradation, political and economic instability, AIDS (Acquired Immune Deficiency Syndrome), natural disasters and large scale migration presented also reflect donor concerns and a conceptualization of that has its roots in the World Bank in Washington and the DAC (Development Assistance Committee) of the OECD (Organisation for Economic Cooperation and Development) in Paris rather than the government offices in Dhaka.

However it takes two to tango and while the thinking on poverty might have its roots outside Bangladesh, there is no doubt that

there is more than mere acquiescence on the part of the government in its acceptance. The conceptualization of poverty as multi-dimensional, the type and range of dimensions included in conceptualizing poverty, and the fact that these have been adopted are indications that it is more than just rhetoric on the part of the government. It is believed by many of those interviewed that although they might not have initiated the new thinking on poverty there is genuine agreement from within the state elite. There is also strong advocacy from civil society elites that such an approach is necessary.

3.2 From Five Year Planning to a PRSP approach

Prior to the PRSP, the 5 Year Plans were prepared by the Planning Commission in the Ministry of Planning with all other ministries contributing to the process. The different ministries prepared their draft plans on the basis of implementation results of the previous plans, but following guidelines sent out by the Planning Commission for the new plan. The Five Year Plan drafted by the Planning Commission was then submitted for approval to the Cabinet and thereafter implemented on the basis of annual National Budgets that were presented and endorsed in the national parliament. In this way each sector ministry arrived at its budget, the accompanying set of programmes and implementation strategy. As the process implies, it was heavily dependent upon the thinking within the Planning Commission, the priorities of the Ministry of Finance and the concerned ministry’s status and priority with respect to other ministries and the government.

It is evident that this planning process for the Five Year Plans involved only a limited degree of consultation and that this was re-

stricted to the upper echelons of the bureaucracy within the concerned ministry⁹, to selected expert advisers, and to a section of the political elite composed mainly of ministers and governing party leaders. In addition local donor representatives and their advisers, multilateral and bilateral donor partners according to sector and level of engagement, also had considerable influence, but for the public or civil society, there was little or no opportunity for participation or influence.

As previously stated, the absence of participation did not mean that the poor were forgotten. Poverty reduction was also the core objective of these earlier Five Year Plans; for example the First Five Year Plan included within its twelve objectives a clear statement that poverty alleviation “is the foremost objective of the Plan. It requires an expansion of employment opportunities of the unemployed and under-employed. It also requires acceleration in the rate of growth of national income, as well as effective fiscal and pricing policies for its equitable distribution” (First 5 Year Plan, 1973:09). The same focus on poverty alleviation and employment generation runs through the subsequent Five Year Plans. A recurrent theme is also to view the poor and disadvantaged as assets and not liabilities and therefore a group to be brought to the centre of the development process and not to be treated as a residual or non-contributing element to the development process.

The major strategies suggested for achieving these in the 5 year Plans involved: (i) integration of group-based approach with sector-based approach, (ii) community involvement in the centrally implemented projects, and (iii) participatory planning in rural areas. However

the focus in terms of contents and approach was dictated heavily by the terms and conditions of the international lending institutions and the bilateral development partners on whom the country was dependent for assistance. It is held that the pre-PRSP policy regimes were “built upon the World Bank sponsored Structural Adjustment Reforms (SAR) or the Washington Consensus grounded on the neo-liberal market framework” (Ahmed & Ehsan, 2005:57). The framework “did not pay much attention on the power relations, common ownership over the productive assets, or the problems associated with the empowerment of the poor.” (ibid, 59)

The planning process changed significantly in Bangladesh after the World Bank (WB) and the International Monetary Fund (IMF) decided that nationally owned participatory poverty reduction strategies should provide the basis for all their concessional lending and eligibility for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. The development and implementation of the PRSPs were to be ‘country driven’, ‘results oriented’, ‘comprehensive’ ‘prioritized’, ‘partner oriented’, and ‘based on a long term perspective’ for poverty reduction.¹⁰ Furthermore the PRSP were to be prepared through a participatory process involving all stakeholders, they were to be updated every three years but with annual progress reports. The “PRSP describes the country’s macroeconomic, structural and social policies and programs over a three year or a longer horizon to promote broad based growth and reduce poverty, and also to identify associated external financing needs and major sources of financing”. (CPD. 2005: 39) These would be clear goals and targets with input, output and measurable indicators of performance.

⁹ From 1975 there were planning cells of the Planning Commission in most ministries through which information was channelled.

¹⁰ See www.imf.org/external/np/exr/facts/prsp .

In acknowledgement of the fact that many countries would not be able to develop full PRSPs quickly, leading to delays in debt relief under the HIPC initiative or assistance from IMF, some countries including Bangladesh were encouraged to formulate Interim PRSPs (I-PRSP). The purpose of the I-PRSP was to summarize the current knowledge and analysis of a country's poverty situation, describe the existing poverty reduction strategies and lay out the process for producing a fully developed PRSP through a participatory process.

In the case of Bangladesh, the Interim Poverty Reduction Paper (I-PRSP) is entitled "A National Strategy for Economic Growth, Poverty Reduction and Social Development" for Bangladesh was completed in March, 2003. The first meeting on the I-PRSP in November 2000 and took its starting point in the Comprehensive Development Framework. An eleven member Task Force headed by the Secretary, Economic Relations Division and representatives of the key ministries was formed to oversee the preparation process. This was a major shift from the previous process in which the Planning Commission was the lead government institution in the formulation of the 5 Year Plan. The Task Force (TF) for the I-PRSP included the Principal Secretary to the Prime Minister and secretaries of 10 ministries. Intended and stated to be a consultative process that would include various views and expertise outside the government machinery however was not reflected in this measure since the TF as is evident from its composition was more of an inter-ministerial committee. It did not include any civil society representatives or representation from the private sector or from development NGOs. More than 22 meetings of the Task Force were held to review and guide

the progress of the preparation. The coordinator of the Strategy Paper organized 15 meetings with different ministries.

Another departure from the earlier planning process was the involvement of experts in formulation of the strategy paper. Two consultants from the Bangladesh Institute of Development Studies (BIDS), a semi-government research institute, were contracted to carry out the preparation of the report. Eleven other short term consultants were engaged to prepare analytical reports on key sub sectors of the economy. Consultation with a cross section of the population in and outside government was also a new approach in the preparation of national policy documents. The PRSP team held consultations with civil society representatives prior to the preparation of the draft and after. BRAC (Bangladesh Rural Advancement Committee), a national NGO with international work experience, facilitated the meetings with two at national level (GoB officials and NGOs and civil society), one with donors and the rest at the divisional levels. One international seminar was held on the PRSP in Dhaka with joint assistance of the WB and IMF. Twelve consultation meetings were held on the draft I-PRSP and it was made available on the central bank, Bangladesh Bank (BB) website.¹¹ It has been observed that no broad NGO coalition was part of the consultation process.

Civil society representatives and other stakeholders, particularly independent think tanks and smaller NGOs like Step Towards Development (STD) were critical of the preparation process. They were particularly concerned with the organizational focal point, the consultative and documentation

¹¹ See www.bangladesh-bank.org.

procedures and the allocation of responsibilities in the preparation process. In the opinion of the civil society representatives, the Planning Commission rather than the Economic Relations Division would have been the more appropriate focal point as it is the strategic planning agency of the government. The civil society representatives were critical of their exclusion from the preparatory stages where they could have helped in such areas as the subjects to be discussed, assessing and reviewing the recommendations reached and in securing the broad ownership of the document through their greater inclusion. An important point to note here is that as there is no list of recommendations in the report and no minutes of the consultations leading to the final report; therefore it is not possible to ascertain whether or to what extent grassroots' opinions and views have been considered. From interviews it would appear that consultation was limited to a few select individuals from civil society organizations at best.

From a civil society perspective it would have been better if the responsibility for drafting the I-PRSP had been given to a research institution rather than to individual consultants. This could have provided for a broader range of expert inputs. That the document was not endorsed by the Parliament is also considered by many civil society representatives as reflecting a lack of national consultation and ownership. Generally it is felt it was a case of a missed opportunity for an open, participatory and consensus-based exercise.

Some of the steps taken in the PRSP formulation differed from that of the I-PRSP and were seen as an improvement by civil society representatives and other stakeholders. These included the shifting of the National Poverty Focal Point from the ERD (Economic Relations Division) of the Finance

Ministry to the GED (General Economic Division) of the Planning Commission, the formation of the NPRC (National Poverty Reduction Council) as the apex body to be supported by the NSC (National Steering Committee). This focal point was responsible for monitoring the implementation of the I-PRSP, the preparation of the PRSP and for providing secretarial services to the National Steering Committee and National Poverty Reduction Council.

Like the Task Force, the National Steering Committee was comprised solely of secretaries from the different ministries making it an inter-ministerial committee and thereby missing the opportunity to involve a wider section of society in the design phase of the PRSP. No civil society representatives including development NGOs and the private sector were included in the Committee. While various background papers were prepared by consultants these were not shared with the public for scrutiny and recommendations, a process that could have promoted a broader ownership of the final document in addition to the improvements that inputs from a wider section of society might have brought. The PRSP like the I-PRSP was never discussed in the Parliament; it was circulated to certain standing committees only. A full PRSP titled "Unlocking the Potential – National Strategy for Accelerated Poverty Reduction (NSAPR) was approved at the Executive Committee of the National Economic Council (ECNEC) chaired by the prime minister in October 2005.

3.3 From I-PRSP to PRSP

The I-PRSP was composed of five broad components in which the policy fields for engaging in strategies for poverty reduction were addressed:

Promoting pro-poor economic growth for increasing income and employment of the poor,

Fostering human development of the poor for raising their capability through education, health, nutrition and social interventions

Supporting women's advancement and closing gender gaps in development

Improving social protection measures for the poor, especially women, against anticipated and unanticipated income/consumption shocks through targeted and other efforts

Promoting participatory governance for enhancing voice of the poor and improving non material dimensions of well being including security, power and social inclusion by improving the performance of anti poverty institutions and removing institutional hurdles to social mobility. (I-PRSP, 2003:27-52)

With the PRSP, the objective was to take this agenda forward and to prepare a medium term socio-economic framework with a revised set of prioritized strategies to combat poverty and to continue efforts to attain the MDGs (Millennium Development Goals). The revised strategies for poverty alleviation took over where the I-PRSP left off with implementation commencing in the financial years of 2005 to 2007.

The PRSP presents a medium term strategic agenda with the goal of accelerated poverty reduction in Bangladesh. In the revised strategies poverty reduction and development are to be pursued through specific priorities areas including employment, nutrition, quality of education, local governance, maternal health, sanitation and safe water, criminal justice, and monitoring. These are formulated into four strategic objectives:

Enhancing of pro-poor growth,
Boosting critical sectors for pro-poor economic growth,

Devising effective safety nets, and

Ensuring social development.

These objectives are to be achieved through 4 supporting strategies:

Ensuring participation, social inclusion and empowerment,

Promoting good governance,

Providing service delivery, and

Caring for environment and sustainable development.

The conceptual framework for the full PRSP is summarized and presented in Figure 3.

As previously stated, even before the phasing out of the Fifth Five Year Plan the government had taken the decision to adopt I-PRSP as a mid-term policy framework to implement some of the economic policy initiatives proposed. Amongst the more significant of these measures were:

A Public Expenditure Review Commission (PERC),

The separation of accounts from audits,

The taking of two technical assistance projects to modernize Customs Administration, VAT and Income Tax,

A set of measures to enhance capability in the area of trade policy including the strengthening the WTO (World Trade Organisation) Cell in the Ministry of Commerce and the Tariff Commission,

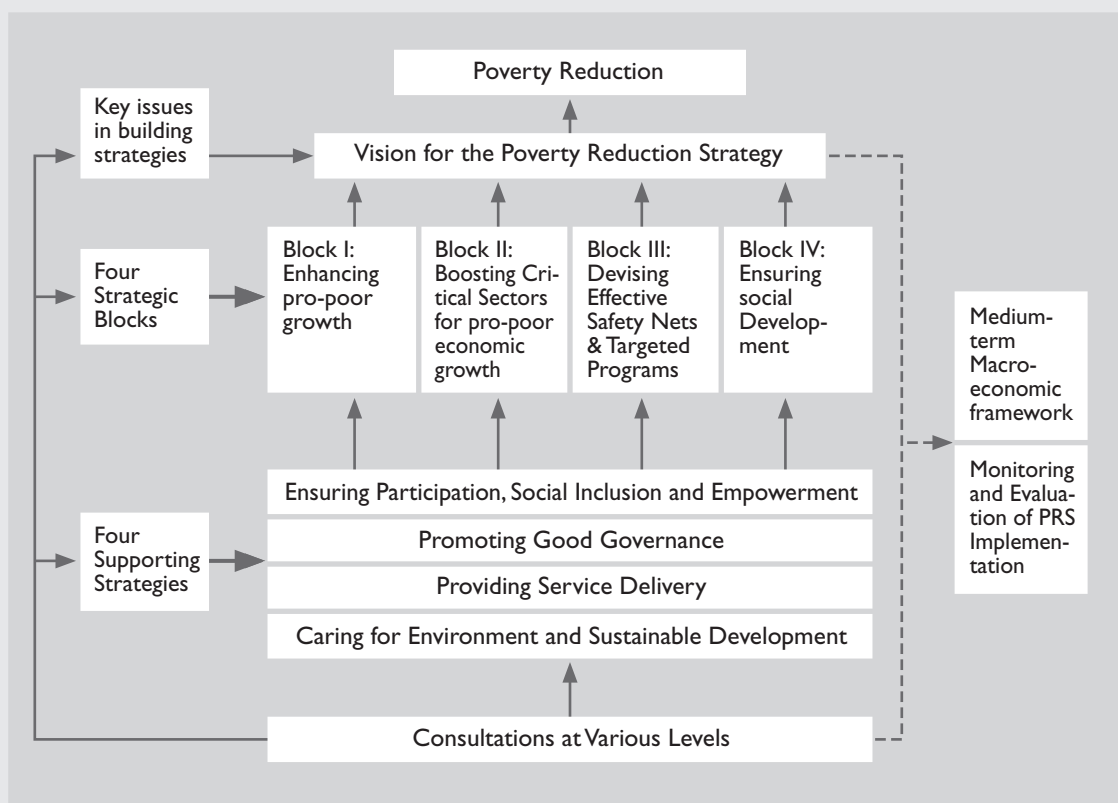
The adoption of a new privatization policy,

The closure of Adamjee Jute Mill and 16 other mills seen as failing,

The decision to privatize 100 State owned industries including 53 that had been earmarked for privatization in 2003,

The implementation of a long overdue increase in the prices of petroleum, gas

Fig 3. Flowchart of Poverty Reduction Strategy Framework



(Source: Bangladesh PRSP, 2005, 10)

and power,

The corporatization of Ashugonj Power Station,

An embargo on new recruitment and the formation of two committees to study staffing levels and the size of government.

With the full PRSP and with a view to maintaining macroeconomic stability, accelerating economic growth and poverty reduction, the government now introduced the Medium Term Budgetary Framework (MTBF) along with Medium Term Macroeconomic Framework (MTMF) and Ministry Budget Framework (MBF) in fiscal Year 2005-06. The

purpose of the MTBF is to ensure efficient and effective allocation and utilization of resources by establishing an effective linkage between annual budgetary process and PRSP. MTBF 2005/06/07 contains budget estimates of MTBF ministries for the fiscal year 2005-06 and projections of revenue receipts and public expenditures for the fiscal years 2006-07 and 2007-08. One prime objective was stated as being to prepare a reliable estimate of available resources, domestic and foreign, in the medium term and establish a balance between the policy priorities and the PRSP and overall availability of resources. In line with this objective line ministries were to be given enhanced

responsibilities and authorities for allocation and utilization of resources.

Two key features that should distinguish the MTBF from the traditional budgeting system are first the removal of distinction between development and non-development expenditures and second, the establishment of link between inputs and expected outputs (output targets) so that the performance of the ministries can be measured for improved expenditure monitoring. “The new budgetary system is expected to help allocate resources to different sectors/ ministries/divisions in line with the PRSP objectives. It is also expected that the MTBF would bring greater transparency and predictability to resource allocation and budget management and thus develop the basis for better accountability for resource use and results” (PRSP, 2005:64).

However the national budgets of the last few years have not shown such a change in the government’s approach to budgets, the practice being to maintain separate estimates and allocations for ‘development’ and for ‘revenue’. It is for the first time with the budget for 2009-2010 announced in the Parliament on 11th June, 2009 that there is mention of a unified budget.¹² The budget speech stated that “the dichotomy between non-development and development is essentially artificial. From the perspective of attaining objectives this becomes more evident. For example construction of schools is under the development budget, but salaries of teachers and other educational inputs are within the purview of non development budget. The desired outcome will not be achieved through the civil works connected with the construction of the schools alone ...” “Therefore the national budget should be unified to achieve

the strategic objectives of the government in the short and medium term.”¹³ This would be to fall into line with prevalent thinking as to what makes for an effective development budget. It would also suggest that the budgetary reforms under the PRSP are taking longer to implement than planned.

Officials involved in finalizing the MTBF document in 2009 nevertheless claim that the process of transition to a single budget has been underway ever since the Interim PRSP and that it can be seen in the MTBF which contains the ministry budget frameworks of 16 of the MTBF ministries. Here total expenditure is shown as a unified account, but for the individual ministries, for the financial year 2008-09 and in their projections for 2009-10 and 2010-11 in the Medium Term Expenditure there are both development and non-development components. According to a top Ministry of Finance official speaking off the record, this is symptomatic of the transition towards a single budget that is prepared and implemented by the each individual ministry. This is a significant development in that individual ministries are moving towards having a greater role in their planning and budgeting.

Along with the MTBF the Medium Term Expenditure Framework (MTEF) was also introduced. This is a transparent planning and budget formulation process by which the cabinet and central agencies establish credible contracts for allocating public resources to their strategic priorities while ensuring overall fiscal discipline. The process has two main objectives: the first of which is to set fiscal targets, the second aims at allocating resources to strategic priorities within these targets. The budget is set within the framework of the Three Year Rolling Investment Programme

¹² Finance Minister’s 2009-2010 Budget Speech in Parliament, 2009, Section 71.

¹³ *Ibid.*

(TYRIP) that is designed to make the poverty reduction strategies operational.

The MTBF process authorizes the implementing ministries to plan and budget their own activities within the framework of the PRSP. The government claims that through the MTBF the Finance Division and the concerned line ministries have already laid the foundation for more effective channelling of public resources towards the achievement of better outcomes for the poor and for women by establishing the strategic phase of the budget cycle. This provides a mechanism for linking the budget planning process to the NSAPR through what is known as Budget Circular (BC1). The BC1 requires ministries to consider how their planned strategies, activities and outputs contribute to poverty reduction and women's advancement and report on this in the budget planning process (Part A). The MTBF Document is based on Form-4 Part-B of the BC1 in which ministries are required to rank the expected outcomes and impacts of their projects and programmes. This is done through the Ministry Budget Framework (MBF) which is completed by Departments and Agencies of MTBF ministries and submitted to the Ministry of Finance. The line ministries are required to follow the reporting procedures which from the information gathered seem not to have been done efficiently.

The FY09 medium-term budget was prepared within a three year time-frame. As mentioned earlier, initially 16 ministries or divisions prepared their budget under Medium Term Budget Framework, accounting for about 58 percent of total programme spending and around 49 percent of total spending. (GoB, MTBF, 2008,2) Since then more ministries have been brought into the MTBF. Interviews with Finance Division officials revealed that in the budget to be placed before the parliament on June 11, 2009 about

20 Ministries will be in the MTBF, covering almost 80 per cent of total spending of the government. The budget of 2009-2010 has included 20 ministries; the remaining of the ministries and divisions of the Government will be brought under the MTBF system in a phased manner.

Side by side with the introduction of the MTBF, macro-modeling and analyzing capacity building in the Finance Division is continuing. Upgrading of the Medium Term Macroeconomic Framework (MTMF) for the second half of FY 09 is under progress and resource ceilings for FY 2010-2010-12 for the 20 MTBF ministries/divisions have been issued. The MTMF is a tool for checking the consistency of assumptions or projections concerning economic growth, the fiscal deficit, the balance of payments, the exchange rate, inflation, credit growth, monetary development and the share of the public and private sectors etc. The broad objectives of the PRSP's Medium Term Macro-Economic Framework (FY2004-FY2008) are to promote economic growth and employment, keeping consistency with the poverty reduction goal by channelling an increased share of government expenditure into social and infrastructural sectors and directly poverty reducing activities. In the PRSP it is stated that the "Government is committed to manage the macroeconomic policy instruments, i.e. fiscal policy, monetary and exchange rate policies, enhanced supervision and surveillance of the financial system to maintain macroeconomic stability, safeguard against adverse external and domestic shocks and create an enabling environment for pro-poor economic growth" (PRSP: 2005:181).

How has the decentralization of planning fared under the MTBF process? So far the MTBF procedures have been set in place, but any substantive assessment of its effective-

ness cannot yet be made. The line ministries officials are skeptical about the outcome of the process in terms of a real delegation of authority to plan, thereafter to receive a full budget allocation from the Ministry of Finance and in order to implement the plan. They do not believe that there is a by the Ministry of Finance to relinquish their traditional control over the line ministries. The slowness of the implementation of the process and the delays experienced in the release of the budget to the line ministries are seen as symptomatic of this reluctance. The experts involved in the formulation of the PRSP and in the annual budget preparation think that the mindset of the Ministry of Finance officials has to change for the MTBF to be functionally effective. In the MTBF 2009 documentation it is admitted that it will take a minimum of three to four years for it to be possible to see the influence of the MTBF on the allocation process. However it considers that by meeting their poverty and gender reporting requirements in their budget plans, the ministries have begun to establish a process for recognizing and strengthening the poverty and gender orientation of their activities. (GoB, 2008, 62). The response to the recent 2009-2010 budget by economists and other experts is generally more positive, but they see its implementation as being the real test of whether or not change is occurring.

In terms of achieving targets at the output level, the implementation of the I-PRSP and PRSP to date is considered to be only 'partial' with some strategic goals achieved while progress on others being 'either slow or negligible', 'Pervasive institutional weakness in macro and micro levels has emerged as the central cause for poor implementation of the NSAPR'. (Draft Review of PRSP by Planning Commission reported in *The New Nation Edition*, 2007).

Although progress on the strategic agenda for creating macroeconomic environment for pro-poor growth has been better, the review acknowledges that fiscal and monetary policies need fine-tuning and more structural and institutional reforms are required for the poor to benefit from the higher economic growth. Here lies the central role of the government in securing that the PRSPs capacity to promote intended outcomes in poverty reduction are not subordinated to the need to have economic growth to secure the necessary conditions for poverty reduction. These include a strong revenue base for the government to enable it to support infrastructural investment, improved social services and social protection programmes; increased employment in both agricultural and manufacturing sectors; a set of growth incentives for private sector production and trade.

The achievements to date cannot yet be assessed, but a few developments can be noted: in exports ready made garments and frozen foods have dominated, prawns in particular, but the role of the PRSP policies is not so clear as at best they have been aimed at facilitating growth with little directed at the many small producers in the prawn sector or the mainly female workforce in the ready made garment sector.¹⁴ In agriculture the provision of irrigation has been expanded and improved, but the share of agriculture in GDP remains lower than the level projected in the NSAPR document and therefore must be considered as only a partial success. This has a double impact on the poor, first through the provision tended to be skewed away from the poorer farmers and second, on the price of food products, rice in particular, for the

¹⁴ These two sectors are the focus of two further working papers currently being prepared by the Bangladesh research team within the framework of the ENPA research programme coordinated by the Danish Institute for International Studies.

poor throughout the country. This has been seen in 2008 and 2009 with sharp fluctuations in the cost of staple food commodity prices resulting in the state in 2009 having to stop rice exports and extend the food ration distribution in urban areas. In the objective of human resource development primary school enrolment and gender parity has improved, but not the quality of the provision.

It has been a difficult period of government with the failure to hold elections at the end of 2007, the appointment of a caretaker government by the military and general uncertainty as to the future direction that national governance would take during 2008 and early 2009 despite a commitment to hold democratic elections. During this period the planning, monitoring and evaluation units in most of the development ministries and agencies were reported as being weak and failing to “prepare their roadmaps to implement their respective NSAPR strategic goals.” (GoB: 2008, 62)

Regarding the status of the PRSP as a new systemic approach to poverty reduction, what can be said is that the process is still unfolding, with strong efforts on the part of the Ministry of Planning to establish the procedures established during the short period of its adoption. As to how far it has become made operational is still difficult to gauge as detailed assessments are not yet available leaving us with interviews with officials and advisers upon which the paper has drawn quite heavily. The reaction of representatives of civil society to the 2009-2010 budget is a good example of the general feeling that the jury is still out and a verdict has yet to be passed. It is clear that the challenge of achieving the PRSP’s objectives is dependent upon achieving a degree of effective implementation. As yet there is not strong evidence that this is the case. This requires close monitoring of the implementing agencies and the efficiency and willingness of

the Ministry of Finance disburse funds to the line ministries on time. Again, from the few interviews with the officials within the Ministry of Finance it would appear that those responsible for implementation are not aware of how the PRSP process of authorization of plans and budgets should work and have worked on a basis of business as usual. For their part, officials in the different line ministries consider themselves still to be recipients in this process with control remaining with the Ministry of Finance on the one hand and the Planning Commission on the other. They also mentioned in particular the reluctance of the Ministry of Finance to release funds on time and in the amounts budgeted for

Why is there a reluctance to change, to implement the new processes of the PRSP approach? A number of experts have explained that the delay in implementation is because there is no incentive for officials to change the way they operate. Lack of awareness and motivation on the part of officials in the implementing agencies are a common explanatory factor for much in regard to the delay in full implementation of the PRSP. However in the words of one expert while progress might not have been considerable, “Bangladesh cannot go back to the earlier practice because it comes from a set of values that no longer applies to Bangladesh.” (Siddique, 2009¹⁵)

3.4 The return to the 5 Year Plan

It might be a return to the 5 Year Plan as a format for planning, but many of the changes that the PRSP has introduced are likely to remain. While it cannot be ascertained for certain until the second PRSP comes to an end in 2011, it would seem that the changes

¹⁵ Interview with Dr Kaneez Siddique, economist, consultant, the Planning Commission.

that will remain include the move towards sector ministry planning prior to the Ministry of Finance making the budget allocations; a move towards working with a consolidated sector budget so that development and non-development or recurrent expenditures are brought together; a shift in the relationship between the Planning Commission and the Ministry of Finance such that the former plays a more prominent role; the use of tools such as MTBF to follow the implementation of the plans; the idea that participation that widens the input into the planning process can be a good thing.

There is no doubt that better planning and the improved monitoring of their implementation carries considerable potential for improved poverty reduction as well as economic growth and development. There is also little evidence to suggest that a return to the Five Year Plan will have a negative impact upon the formulation and implementation of poverty reduction policies in Bangladesh. The PRSP process was far from being participatory; the drafting of the PRSPs was limited to one or two main authors; many see the process as having been donor driven suggesting a weak national ownership; most ministries appeared to adopt the approach of continue business as usual, at least when it comes to talk on more participatory and inclusive planning.

It is also to be noted that the realignment of the PRSP is primarily a political move partly in terms of its later association with a particular government and partly as a reaction to the argument that the PRSP approach was too donor driven. It should also be noted that the party that recently came to government power has been a strong proponent of reducing overseas development assistance to Bangladesh even to the extent of talking of a need to end external aid. As previously noted the contribution of donor partners to

the annual budgets has been on the decline, while incomes from exports and remittances have been on a steady rise. The government decision of a return to 5-year plans is consistent with its stand on external aid and it draws strength from the improving economic condition of the country. The present governing party sees no irony in the fact that the I-PRSP process was adopted when it was also in power as the 1996-2001 government. Whether the Awami League's statements are just rhetoric is yet to be seen.

This perception of the so-called return to 5 year planning being not so much a return, but a reworking of the PRSP approach is based upon interviews with the key agents that shape the way development will move forward in Bangladesh, namely the state elites. The political elite, that is the few politicians at the highest point in the present government (particularly bureaucrat turned politicians) appear to be more committed to the ideas informing the new poverty agenda than the previous elected government; and more capable of implementing policies from such an agenda than the subsequent caretaker government. At the same time the Awami League government is under considerable pressure to deliver the rewards of victory to its supporters and these are not the same as those who voted and elected the party to power in the recent election. There is also that element of the political elite that is not in power, but it remains weak, on the political defensive and is also not necessarily opposed to the NPA¹⁶.

¹⁶ An indication of the extent to which the BNP opposition party has lost ground is to be seen in the fact that the leader of the BNP is being asked to leave her house in the military cantonment that she has allegedly occupied illegally for many years, the military having been an important source for her husband's and subsequently her own political power in the country. The fact that the army appears to accept such a symbolic move is indicative of the military's present position to respect the electoral mandate to the Awami League.

The scale of the Awami League's victory with the alliance that it leads having 302 out of 345 seats in Parliament, does place it in a strong position in the government, but that is no guarantee that the poverty reduction policies of the PRSP will be implemented or that the more participatory approach to planning and the greater delegation of responsibilities to ministries will be pursued to aid and facilitate the implementation of these policies. It should also be noted that the political influence on the PRSP process has been retained within the higher echelons of the political parties. None of the documents was placed, discussed or approved in the national parliament. The only reference to the PRSP in this representative political body is one sentence included in the presentations of the annual budgets by the Finance Ministers, nothing more.

The bureaucracy remains the strongest player in the Bangladesh policy arena. The description of the PRSP development and status in the previous sections clearly indicates the key role of the bureaucrats both in its formulation and implementation processes. The institutional arrangements to initiate, formulate, review and implement the PRSP were solidly located within the powerful ministries of finance and planning. The tasks allocated to the various positions in this arrangement were placed with this elite element within the bureaucracy, though under the nominal supervision of the prime minister. The task forces, focal point, and the NPRC were comprised predominantly of secretaries from important ministries thereby further securing a strong role for the bureaucratic elite in the design and implementation processes. It is also to be noted that those who have an advisory role to the political elite are very often former bureaucrats, often from the ministries of finance and planning or from

positions in the economic departments of Bangladesh Embassies and High Commissions, the World Bank, Asian Development Bank.¹⁷ Of the seven members of the core advisory group to the cabinet of the present government cabinet, three are ex-senior civil bureaucrats, one is an ex-military bureaucrat, two are retired academics (one having served in the Ford Foundation abroad) and one is a medical practitioner. These advisers enjoy the status and benefits of cabinet ministers.

Civil society in Bangladesh has been playing a progressively significant role in influencing the agenda setting of development policy formulation in the last one and half decades. Leading think tanks and NGOs are proactive in taking up issues in policies adopted or under consideration by the government. The policy dialogues, roundtable discussions, seminars and TV talk shows have become an important part of public discussions of policy. Yet civil society has also backed up the bureaucracy, demonstrating a remarkable ability to walk with feet in different camps. The leadership of the Center for Policy Dialogue, CPD, one of the best known CSOs (Civil Society Organisation) has been in the forefront of those providing critical commentaries of the donors' roles in the formulation processes of both I-PRSP and PRSP, pointing out that these approaches were not rigorously discussed in a participatory process outside the bureaucratic purview. At the same time during the period of two years

¹⁷ Most of these bureaucrats also have higher degrees from American Universities well known for catering to the WB/IMF models of development. The Secretary of the Finance Ministry during the formulation of I-PRSP later joined the WB as an Alternative Executive Director and continued serving till his retirement. (Additional Secretary, External Relation Division, MoF, GoB). Interestingly, one of the two consultants who drafted the I-PRSP also joined the WB in Washington and has been serving there since. One of the consultants who drafted the first PRSP and is the sole author of the second is an ex-WB bureaucrat.

(2007-08) interim government the organization functioned more or less as the caretaker government's policy think tank. It would be wrong to think that civil society has played a consistent role of critical but constructive engagement with respect to the state elites and their policies; their relationships have been too close for that probably; individuals have moved between the elite groups too often for a clear separation to be present. The leading CSOs on the direction of their leaders have tended to seek shelter where it was best provided and more often than not this has been found in close proximity to the donor community in Bangladesh, but rather close to the political and bureaucratic elites. However the importance of donor funding should not be underestimated; but if the funding provides the means to operate, it has been the relationship to the state elites that has permitted the space to operate within. In that the state elites and the multilaterals have appeared to agree on their approach to policy for a while, at least on the surface, then it has been these same policies that the CSOs can be said to have leant towards.

Bangladesh's story of adoption and subsequent mothballing of the PRSP is somewhat unique if not peculiar. It might appear that these about turns from 5 year plan to PRSP to 5 year plan are manifestation of different governments' positions towards economic development: Awami League's reluctant ushering in of the original I-PRSP, BNP's (Bangladesh Nationalist Party) warm acceptance, the caretaker government's full embrace and now the Awami League's partial setting to one side certainly suggest that politics has been the main factor in the rise and partial fall of the PRSP approach in Bangladesh.

The closer examination undertaken in this paper of the processes and the roles of key persons and the elite positions they occupy

does indicate other factors that have influenced the status of the PRSP in the country. The continuing economic progress, sometimes fast and sometimes slack, of the economy is a factor that cannot be ignored in putting together the narrative of development plans and policies. When the 5 year plans were abandoned for the NPA in the form of the PRSP what changed was not so much the approach towards dealing with development but mostly the way to do business. A shift from the state-led development paradigm to one of private enterprise and opening up of markets had started even when the 5 year plans were ongoing. The donors' interventions and influence were also present since the mid 1970s. What the PRSP as part of the NPA attempted to change was to decentralize the development processes by extending the responsibility of planning, implementation and reporting from the core ministries to the sector ministries. This was designed to enhance their responsibilities, to move towards output oriented target setting and to ensure an increased accountability through a more participatory planning process.

It might well be that a qualitative change in planning and development implementation has been set in motion in Bangladesh, though it might be that the political elite has not recognized that there is a certain inevitability to this process as economic development begins to take hold of the economy, as donors press for a more accountable form of governance, as poverty becomes a political issue not just a technical one, as a population begins to assert itself upon the politics of the state elites, whether they are political or bureaucratic. The next 5 years will be critical in this as an emerging economic elite presses for change and policies that create a more conducive environment for their interests and a population frustrated by its continuing poverty and

the inequities in the distribution of economic growth's benefits begins to challenge the lack of responsiveness from the political and bureaucratic elites to their aspirations.

Civil society has proved a disappointment, being little more than loud voices on the sidelines more often than not exploiting an opportunity in the PRSP to pursue their own aspirations rather than those they claim to represent. The donors have a critical role to play, but whether they can succeed in harmonizing their assistance and also provide constructive support to the processes that can facilitate a government in moving towards the positive and pro/poor elements of the NPA remains an uncertain factor in the equation. Analysing the interests and politics of the key elites and their potential for being agents of such a change will be a key element in this assessment. The true intentions of the new government in Bangladesh have yet to be fully revealed, but should it not begin to deliver substantial change and improvement for both the emerging economic elite, the small but expanding middle classes who follow closely on the tails of this same elite, and the broader aspirations of a politically aware population, then political posturing on the need or relevance of the PRSP might well be lost in an agenda driven by popular disappointment at the lack of change. Such an agenda has also been a major part of Bangladesh's recent history and the population deserves better.

REFERENCES

- Ahamed, S. M. & Ehsan, M. (2005), Bangladesh's Poverty Reduction Strategy: An Analysis from the Labour Market Perspective, Asian Affairs, Vol.27, No 4.
- Bangladesh Centre for Advanced Studies (BCAS) (2001), The costs and benefits of bagda shrimp farming in Bangladesh. Dhaka, Bangladesh: Author.
- Bhattacharya, D. (2005), Delivering on the PRSP in Bangladesh: An Analysis of the Implementation Challenges, Centre for Policy Dialogue Occasional Paper Series, Dhaka.
- Bhattacharya, D. and Rahman, M. (2000), "Experience with Implementation of WTO-ATC and Implications for Bangladesh", CPD Occasional Paper Series, Paper 7.
- Bhattacharya, D. and Titumir, Rashed A.M. (2000), Poverty Reduction in Bangladesh: Absence of a National Framework, An Abundance of Donors' Strategies, CPD, Bangladesh.
- CPD (2000), CPD Occasional Series 4, CPD, Dhaka, 2000.
- CPD (2001), Policy Brief on Administrative Reform and Local Government, CPD Task Force Report, Dhaka.
- CPD (2005), Finalization of the Poverty Reduction Strategy for Bangladesh: A Review of the process and Interim Measures, CPD: Review of PRSP Preparation Process, CPD, Dhaka.
- IMF and IDA-BD (2005), Joint Staff Advisory Note on the Poverty Reduction Strategy Paper, 2005.
- Maxwell, Simon (2003), Heaven or Hubris: Reflections on the New 'New Poverty Agenda', Development Policy Review, Vol. 21, pp. 5-25.
- Ministry of Foreign Affairs of Denmark (2005), Bangladesh-Denmark Partnership, Strategy for Development Cooperation, 2005-2009.
- UNDP, (2000): Poverty Report. New York, UNDP.
- World Bank, (2005), Bangladesh PRSP Forum Update: Recent developments and Future Perspectives.
- World Bank, (2006), Bangladesh Country Assistance Strategy, 2006-2009.

Government of Bangladesh Plan Documents and Reports

- GoB (1973), The First Five year Plan 1973-78, Planning Commission, GoB, 1973.
- GoB (1978), The Two year Plan 1978-80, Planning Commission, GoB, 1978.
- GoB (1985), The Third Five year Plan 1980-85, Planning Commission, Ministry of Planning, GoB, 1985.
- Government of Bangladesh (GoB), National Fisheries Policy, 1998.
- GoB (1998), The Fifth Five year Plan 1997-2002, Planning Commission, Ministry of Planning, GoB, 1998.

- GoB (2001), Report of the Household Income and Expenditure Survey 2000, Bangladesh Bureau of Statistics, GoB, Dhaka.
- GoB (2002), Bangladesh: A National Strategy for Economic Growth, Poverty Reduction and Social Development, Economic Relations Division, Ministry of Finance, GoB.
- GoB, (2003), Bangladesh: A National strategy for Economic Growth, Poverty Reduction, and Social Development, Economic Relations Division, Ministry of Finance.
- (GoB), Fisheries Sector Review.
- GoB (2005), Report of the Household Income and Expenditure Survey 2005, Bangladesh Bureau of Statistics, GoB, Dhaka,
- GoB (2005), Unlocking the Potential: National Strategy for Accelerated Poverty Reduction, General Economics Division, Planning Commission, GoB.
- GoB (2006), Budget 2006-2007, Finance Division Bangladesh Economic Review 2006, Economic Advisor's Wing, Ministry of Finance, Government of People's Republic of Bangladesh.
- GoB (2007), Finance Division, Ministry of Finance, GoB.
- GoB (2007), Budget 2007-2008, Finance Division, Ministry of Finance, Government of People's Republic of Bangladesh.
- GoB (2007), Millennium Development Goals, Mid-term Bangladesh Progress Report 2007, General Economics Division, Planning Commission, GoB.
- GoB (2008), Medium-Term Budget Framework (2008-09 to 2010-11), Dhaka.
- Government of Bangladesh (GoB) (2008), Medium-Term Budget Framework (2008-09 to 2010-11), Dhaka.