

CIVIL SOCIETY ORGANIZATIONS AND THE PRSP PROCESS IN BANGLADESH: LESSONS LEARNED

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Abstract

A main area of civil society engagement with multilateral donors in poverty eradication strategies in recent year at the national level has been through the Poverty Reduction Strategy Paper (PRSP) process. Bangladesh provides an illustrative example of such engagement and associated challenges as the process has yet to be truly participatory and nationally owned. The fragmentation within civil society, the government's lack of interest in wider consultations with civil society and the donors' reluctance to go beyond their three-decade old development paradigm are the major barriers to a meaningful PRSP. The author argues, however, that it is not too late for the stakeholders to come together again to identify what went wrong and concertedly try to overcome the difficulties.

Introduction

The PRSP originated as a precondition to be fulfilled by a heavily indebted poor country (HIPC) in order to qualify for the debt relief initiated by the G-7 countries in the mid-1990s. Since 1999 the formulation of a PRSP has become mandatory for all the low-income countries that receive concessional loans from the World Bank (WB) and the International Monetary Fund (IMF). The PRSP has replaced the Policy Framework Paper that the WB, the IMF and a concessional loan recipient country government produced together. The new framework is in line with the updated lending policy that the WB claims as a departure from adjustment lending to development policy support lending.

As outlined in the *PRSP Sourcebook*, a PRSP should have comprehensive poverty diagnostics; clearly presented and budgeted priorities for macroeconomic, structural, and social policies; appropriate targets and indicators for monitoring progress; and a description of the participatory process that was used in its preparation. The Sourcebook also says that a PRSP should be based on the principles of the Comprehensive Development Framework of the WB. Accordingly, the document must be country-driven, result oriented, comprehensive in scope, partnership oriented, long-term in perspective, and participatory.

Bangladesh is a delta of 147,570 square kilometres with a population of 131.2 million. The GDP growth rate in 2002-03 was five point three per cent with a per capita income of US \$350. The World Economic Forum in its *Global Competitiveness Report 2003-2004* has ranked Bangladesh 98th among 120 countries in terms of economic growth. In terms of human development Bangladesh currently ranks 139th among 175 nations and falls in the medium human development category of the United Nations Development Programme. Bangladesh presents one of the most dismal scenarios in the South Asia region. Over 50 per cent of its population lives below the poverty line, which is based on the intake of 2122 kilocalories per capita per day. It has the highest rate of malnutrition in South Asia and one of the lowest adult literacy rates in the world. There is only one doctor for every 4,903 people and one hospital bed for every 3,473 people.

Bangladesh is one of those few countries that adopted the structural adjustment programme (SAP) at its initial stage taking a WB 'structural and sectoral adjustment loan' in 1980. Since then the country's external debt has been on the increase. In 1980 the amount of debt was US \$ 4 billion; by 1998 this number rose to US \$ 16 billion and to US \$ 18 billion in 2003. Today every child in Bangladesh is born with a debt burden of US \$ 128. According to the Jubilee 2000 Country Profile, the amount of debt service paid by Bangladesh in 1998 was US \$ 683 million and the country paid out \$ 1.04 in debt service for every \$ 1 received in aid grants.

However, the WB does not consider Bangladesh as a HIPC and, therefore, it is eligible for debt relief. Instead, it calls Bangladesh a 'moderately indebted low-income country'. At the same time, the government has not been keen to pursuing debt relief. Nevertheless, the government continues its poverty reduction efforts with concessional financing from the donors and has accordingly accepted the PRSP framework.

The objectives of this paper are to measure the extent and quality of civil society participation in the PRSP process, analyse its impact and reveal the lessons learned.

The Evolution of the PRSP Process in Bangladesh

The PRSP formulation process in Bangladesh began in December 2000 with the formation of a Task Force comprising senior government officials from several line ministries and departments. Two national consultants were also hired to draft the document.

The process progressed at a very slow pace and the consultations with different stakeholders could begin only in January 2002. The draft I-PRSP¹ was produced in April 2002 and finalized in December the same year. The I-PRSP would be developed into a full-fledged PRSP by December 2004 as scheduled. The government has started implementing the three-year programme under the I-PRSP since July 2003.

The WB and IMF have approved the I-PRSP and respectively pledged US \$ 530 million and US \$ 490 million in 'soft' loans ceded over a period of three years. By March 2004, the WB and the IMF had presented US \$ 30 million and US \$ 74 million respectively to Bangladesh. It is important to note that these credits are subject to the fulfillment of over one hundred stringent conditional ties on the recipient government. Over the years the international financial institutions (IFIs) have been pressing the government to go all-out with plans for liberalization, privatization and financial sector reforms. But the government has been carrying out the reform measures slowly and quite cautiously, as the political, economic and social costs of such reforms are very high. The last five years have seen the closure of half a million industrial units, particularly medium and small enterprises, and millions of people losing their jobs. But, despite these adverse consequences, the government is pressed to accelerate the pace of the reforms in various sectors in order to continue receiving financing from the donors.

Press reports indicate that, although the WB and the IMF accept the I-PRSP, they have pointed out several weaknesses in the document. A joint assessment made at the WB and IMF headquarters underlined that the document failed to identify the priority sectors and policies of the day and did not include an estimate of the probable cost of implementing the strategies under the mid-term plan. It also lacked the mechanism for implementing and monitoring the poverty alleviation strategies; coordinated measures to ensure equal participation of both the public and private sectors; concrete measures to ensure an enabling environment for investment through the improvement of economic governance and the law and order situation; and the provision for monitoring the consequences of reforms on the poverty situation and society at large. The WB and the IMF emphasized the importance of political reforms and asked the government to include a comprehensive plan for restructuring the electoral system in the PRSP.

To prepare a full-fledged PRSP the government has now formed 12 thematic groups consisting of officials from different government ministries and departments. The themes are:

1. Macroeconomic stability and pro-poor growth;
2. Financial sector reforms;
3. Infrastructural development and reforms including power, energy and communications;
4. Domestic resource mobilization;

¹ The I-PRSP is a document preceding the PRSP, usually by 12 months, which defines the country's process for poverty reductions and its plans for the development of the full PRSP. (Eds.)

5. Reforms in governance including civil service reforms, judicial reforms and law and order;
6. Health including population planning, nutrition and sanitation;
7. Education;
8. Women and children advancement and rights;
9. Rural development including food security, disaster management, safety-net programmes, microcredit and rural non-farming activities;
10. Agriculture;
11. Private sector development including small and medium enterprises (SMEs); and
12. Information and communication technology and technology policy.

A plan to organize six regional "participatory consultations" during March-April 2004 has also been made. The Bangladesh Development Forum (BDF), meant for aid negotiations between the government and the donors, will review the progress of I-PRSP implementation and the status of reforms pledged by the government in its next meeting scheduled in May 2004. Based on the review, the donors will decide whether or not to release the next portion of committed funds.

Civil Society and the PRSP

Prior to the preparation of the I-PRSP there had been two stages of consultation. A series of workshops were held before the preparation of the draft I-PRSP and a number of discussions organized after its preparation to finalize the document.

At the first stage, 21 consultation workshops were held at the *upazila* (district), divisional and national levels. BRAC, a leading NGO of the country, was given the responsibility of organizing 20 workshops. As stated in the *Report on Workshops on Poverty Reduction Strategy Paper* prepared by BRAC and in Bangladesh's I-PRSP entitled, *A National Strategy for Economic Growth, Poverty Reduction and Social Development*, the External Resource Division (ERD) of the government and the two national consultants facilitated the workshops.

A total of 13 consultations were conducted at the *upazila* level. Seven of those were with the poor, six with the rural and one with the urban poor. The other six *upazila*-level workshops were with the field-level functionaries of the government ministries and departments, representatives of local government, NGOs and other civil society organizations (CSOs) including women's groups and religious leaders.

Five divisional workshops, attended by government officials and representatives of NGOs, different professional groups, women's groups and other CSOs, were also organized. Of the three national level workshops, one was with government officials, one with representatives of CSOs including NGOs, and the other with Bangladesh's development partners.

At the second stage, as described in the I-PRSP, "twelve mid-term consultations with a wider cross-section of stakeholders were organized to solicit their views, incorporate suggested changes, and validate the proposed strategy."

The I-PRSP preparation process as well as the document has a number of weaknesses. One of the process's biggest faults is that it has been to a large extent exclusive. Some major segments of civil society, for example trade unions and farmers' organizations, have not been involved in the process. As for NGOs, many major actors were left out. Furthermore, the participation of the primary stakeholders, the poor, has been insignificant. Only 189 poor people, both rural and urban, were asked to reflect on some selected issues. The consultations' exclusivity rests on a specific design prepared unilaterally by the policy makers. Inasmuch, the poor were left with little opportunity to articulate their understanding of poverty, what they thought its real causes were and what strategies would work. However, moderators attempted to provide this constituency with a framework for discussion.

As documented in the BRAC report, the participants were asked to express their views and opinions on areas where they might have seen development and improvement and also on areas where there had been deterioration in the light of their experience over the last five to seven years. The workshops held at the first stage were organized in a hurry without adequate preparation. As narrated in the above report, "because of time constraints, BRAC had to face the challenge of organizing 20 workshops in two-weeks time, from 4th-20th January" and it "had exerted a significant amount of pressure on BRAC". Knowing these limitations were present, one can be sceptical about the quality of the participants and their inputs.

The above facts corroborate the criticism directed against the I-PRSP that it is no different in essence from a non-participatory technical document on poverty prepared by experts. One can also conclude that participation in the process was nothing more than a tokenism.

Women's groups and gender activists have questioned the I-PRSP as they find other serious gaps in it. In their view the document and the poverty reduction target set is not adequately gender sensitive.. It has neither considered the elimination of all forms of oppression against women and girls nor has it taken into account the issues of women's rights and freedom. The I-PRSP has not even recommended increased allocations for women's development in the national budget.

The I-PRSP does not show an interest in understanding and overcoming the systemic and structural dimensions of poverty through appropriate strategies. It talks about pro-poor growth without explaining what it actually means and how it can be achieved. It has focussed on growth without suggesting measures for equity. It ignores increasing inequalities in Bangladeshi society and the detrimental impact of the structural adjustment processes (SAPs) over the last two-and-a-half decades.

Outside the official consultations, civil society reflections on the PRSP process and the I-PRSP have been remarkable. These discussions were organized from time to time through seminars, workshops and meetings with the IFIs, and media campaigns by a wide range of organizations, groups and individuals including NGOs, women's groups, professional groups, trade unions, policy activists, researchers and opinion leaders.

Considerable amounts of information and data have also been generated and used in their campaigns to increase critical public awareness about the PRSP as both an opportunity and a risk.

Unfortunately, civil society actions to influence the PRSP process in Bangladesh have not been collective and concerted. In most cases an organization or a group acted in its own way and according to its own strategies. For this reason, the efforts made so far have not had a significant impact on the process.

A lost opportunity for all stakeholders

In the wake of globalization it was expected that an effective tripartite engagement of the state, the market and civil society would lead to the creation of a more democratic, humane and egalitarian world. Unfortunately, neither the coming together of the three actors has happened as desired nor has the world come any closer to reaching the above cherished goal. Rather, things have come the other way around. As a result of globalization, poverty and inequality are on the increase. The CSO-led anti-globalization movement has been gaining ground since 1996. The state while liberalizing the market is obviously trying to curb the autonomy of the third sector. And as things stand now, civil society participation in decision-making processes still remains a remote possibility.

The scenario has not been different in Bangladesh too. The space for CSO action is constantly being squeezed. As in many other places, crony CSOs have been created. Adherence to divisive policies by the state has had a disastrous impact on the sector leading to its split. A divided civil society thus failed to act as an effective actor despite the proactive role played by some vibrant institutions, groups and individuals.

Although the PRSP is a donor-driven task it can be transformed into a people's agenda. The government, the donors and civil society have their roles to play in making it possible. But it is the government who has to come forward and take the initiative to get all stakeholders meaningfully involved in the process. This way they can jointly produce something that is owned nationally. Unfortunately, this coming together has not happened. The government has not made any serious effort to integrate civil society and the primary stakeholders, the poor, into the preparation of the crucial policy document. It seems that the donors are also not quite keen on effectively pursuing the participation issue with the government. They are also reluctant to go beyond their three-decade old development paradigm. Consequently, none of the three key actors is in a position to strongly claim that the I-PRSP is fully under national ownership. To the donors, it is a government document; to the government, it is a specific donors' requirement and, to civil society, it is a document owned by the government and the donors. But unfortunately for all of them, it has been a lost opportunity as they have failed to reach a national consensus on the vitally important issue of poverty reduction.

Lessons for the CSOs

The number of NGOs or other CSOs who have been campaigning on the issue of PRSP has not been very significant. It cannot be expected that all types of CSOs will have an interest to work on macro-economic policy issues as the bulk of them are actually involved at the grassroots and engaged in service provision. It is also a fact that only a few of the CSOs have the clout and capacity to influence a national policy-making process. Participation in policy-making exercises is not an entirely new experience for the CSOs in Bangladesh. They were involved in sectoral policy-making initiatives in the past. But PRSP is a much comprehensive and complex process. The civil society in Bangladesh is yet to be adequately prepared and organized to deal with this challenging task.

So far they have not been able to build a broader unity to launch an effective campaign on the issue. The main barriers to this unity are the shrinking of the autonomy and space for civil society actions over the years and the state's divisive policies. In this context the following three major lessons for civil society in Bangladesh can be drawn:

1. There is no alternative to collective and concerted interventions if the CSOs have to influence the national policy process
2. A deeper understanding of the macro-economic policy issues and an enhanced capacity are the most important preconditions for a successful policy advocacy; and
3. Autonomy and adequate space are prerequisites for civil society to play an effective role.

Concluding Remark

The PRSP is yet to be finalized. Moreover, the PRSP is expected to be a dynamic and continuous process to incorporate changes from time to time. So, although the first opportunity is lost it is not yet too late for all the stakeholders to come together to identify what went wrong, recognize the gaps and deficiencies, and jointly try to make it a comprehensive and meaningful document in order to reach a national consensus on the strategies for poverty reduction.

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Biography

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