STRUCTURAL ADJUSTMENT OR POVERTY REDUCTION? AN OVERVIEW OF BANGLADESH’S I-PRSP

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Abstract: In this article, we make a review of Bangladesh’s Interim Poverty Reduction Strategy Paper (I-PRSP) viz.-a-viz. her former economic policy instruments such as structural adjustment policies and enhanced structural adjustment facilities in order to assess if the new programme is potentially superior to the old ones in terms of growth and poverty reduction. On close scrutiny, we find that the I-PRSP is essentially a new version of the older programme except for the addition of a so-called social dimension to it. We express logical apprehension about the prospect of the new programme namely, among others, reduction of poverty at 50% with the help of it by 2015.

Introduction

At independence in 1971, Bangladesh used to be regarded as the test case of development. Although it has attained some progress since, still much remains to be done in order both to consolidate the successes achieved and to uplift about half of its humans in a respectable standard. To employ all the job-seeking citizens Bangladesh will have to create 50 million new jobs by the next 25 years.

International donor community has been a part of Bangladesh’s development effort since independence. Stabilisation and Structural Adjustment Policies under the supervision of the two Bretton Woods Institutions (BWIs) have been the part and parcel of Bangladesh’s economic policy since independence. The policies that must be pursued to ensure a continued flow of concessional external assistance from the IMF and the WB are extremely comprehensive. They cover virtually every aspect of the economy, viz. public expenditures, interest rates, exchange rate, credit ceilings, tax and tariff regimes, market structures, pricing policies in agriculture, industry, trade, public enterprises enhancing the role of the private sector, etc.

During the last part of the twentieth century several factors forced the WB and the IMF to alter their attitude and launch a new system under which the concessional lending, that traditionally has taken the form of structural and sectoral adjustment loans, would be negotiated under nationally-owned participatory poverty reduction strategies and the respective countries will be required to draw up poverty reduction programs known as Poverty Reduction Strategy Papers (PRSPs). In this article, we first make a brief review of issues of stabilisation and structural adjustment policies that Bangladesh had in place since independence in section 2. In section 3, we make an overview of Bangladesh’s I-PRSP to draw conclusions as to how the same differs characteristically from the past policy instruments and make comments on its prospects. The last section draws the conclusion.
has been an experimental ground for stabilization and adjustment policies during over a quarter century through the present day.¹

IMF lending facilities since the 1970’s include Extended Fund Facility (EFF), Structural Adjustment Facility (SAF), and Enhanced Structural Adjustment Facility (ESAF). EFF was created in December 1980. SAF and ESAF were created respectively in 1986 and 1990. Poverty Reduction and Growth Facility (PRGF) emerged in 1999. Bangladesh borrowed funds from the IMF under all these facilities (see Table-1). The IMF appears to be viewed as a routine source of financing to be used when necessary. It is also alleged that Bangladesh has always used the IMF as lender of first resort.² In other words Bangladesh is now drawing from time to time installments of various sizes of a loan of US $700 million under PRGF. A word on the latter we say in the following sections.

<table>
<thead>
<tr>
<th>Facility</th>
<th>Approval Date</th>
<th>Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhanced Structural Adjustment Facility</td>
<td>10-08-90</td>
<td>13-09-93</td>
</tr>
<tr>
<td>Structural Adjustment Facility</td>
<td>06-02-87</td>
<td>05-02-90</td>
</tr>
<tr>
<td>Stand By (ordinary)</td>
<td>02-12-85</td>
<td>30-06-87</td>
</tr>
</tbody>
</table>

Source: IMF and Bhattacharya and Titumir

PRGF and Bangladesh’s I-PRSP

The latest lending facility, PRGF was created at the turn of the last century. PRGF replaced ESAF and became effective in November 1999. To qualify for PRGF loan the recipient country should prepare a PRSP or I-PRSP. It is assumed that in the PRSP or IPRSP important social and sectoral programs and structural reforms aimed at poverty reduction are identified and prioritized. It is also required that the paper be produced ensuring broad participation of government, non-government organizations, civil society and donors. In brief the PRGF programs have the following properties:-

1. Broad participation and greater ownership
2. Embedding the PRGF in the overall strategy for growth and the poverty reduction
3. Budgets are to be more pro-poor and pro-growth
4. Ensuring appropriate flexibility
5. More selective structural conditionality
6. Measures to improve public resources management/accountability
7. Social impact analysis of major macroeconomic adjustments and structural reforms.

A country willing to borrow under PRGF has to prepare PRSP, focused in terms on the above strategies. The World Bank alongside has introduced what it calls the Comprehensive Development Framework (CDF), which is based on the four basic targets, viz.

1. Country ownership
2. Country strategy formulation
3. Focus on development results
4. Partnership

Virtually all of these principles are incongruent with the PRSP.

Presently, the two Bretton Woods Institutions (BWIs) do base their debt relief and concessional lending on National PRSPs. Unluckily for the poor countries; other bilateral and multilateral donors too effectively require a prospective borrower to have a PRSP in place, before considering any kind of foreign aid. The IMF continues to play the gatekeepers’ role in the area in question. As of 14th April 2005, 56 countries of Asia, Africa, Latin America and the Caribbean, and Europe participated in this process. Out of these 56 countries, 40 countries have prepared
PRSPs and 16 other countries have prepared and going to prepare I-PRSPs. Of them 48 countries have prepared and submitted I-PRSPs also. Among the 40 countries, which prepared PRSPs, seven countries (Uganda, Burkina Faso, Serbia and Montenegro, Mauritania, Nepal, Bhutan & Sri Lanka) have directly submitted PRSPs while others submitted first I-PRSPs and then PRSPs. The rest of 16 countries first submitted I-PRSP and their PRSP progress reports. Bangladesh completed its I-PRSP in March 2003.3

**Bangladesh Borrows under PRGF**

Initiative for borrowing under PRGF was taken first in the terminal years of the 1990's (see Haque, 2000). But it was in June 2003 that the IMF granted Bangladesh a loan amounting to US $52 crores against her successful preparation of an Interim Poverty Reduction Strategy Paper (I-PRSP).

The Ministry of Finance completed preparation of Bangladesh’s I-PRSP in March 2003. Entitled *A national Strategy for Economic Growth, Poverty Reduction, and Social Development*, I-PRSP seeks inter alias to (1) consolidate past economic and social successes, (2) avoid the pitfalls of past development experiences, and (3) confront the new challenges in the context of globalization.

Past economic and social successes, according to the I-PRSP, include acceleration in per capita income growth, reduction in population growth, decrease in child mortality, improvements in child nutrition, expansion of primary and secondary education, reduction in gender inequality in education, overcoming the shadow of famine, enhanced capacity for disaster management, etc.

The paper notes that many of the successes cannot be sustained through business as usual approach. For example, high agricultural growth cannot be maintained in the next decade only by relying on the expansion of HYV rice technology due to declining profitability in rice farming. *Sustainability and consolidation require identification of new sources of economic growth.*

Avoiding the pitfalls include concern over the problem of law and order, deteriorating investment climate, persistent wastage, system loss and leakage, policy inconsistency and lack of coordination among the development agencies, poor quality of education, health and public services, and adverse consequences of polarized politics. *New challenges* are associated with changing global economic environment especially with market access, trade, aid, and investment, as well as growing urbanization, new public health concerns and security threats.

*Poverty reduction and accelerating the pace of social development* have been made the overarching strategic goals of the I-PRSP. IT envisions that by the year 2015, Bangladesh would achieve the following targets:

1. Remove the ugly face of poverty
2. Reduce number of people living below poverty line by 50 percent.
3. Attain universal primary education for boys and girls of eligible age
4. Eliminate gender disparity
5. Reduce infant and under five mortality rates by 65 percent.
6. Reduce the proportion of malnourished children under five by 50 percent
7. Reduce maternal mortality rate by 75 percent
8. Ensure access of reproductive health to all
9. Reduce social violence against the poor and disadvantaged groups
10. Ensure disaster management prevent environmental degradation

The job is not easy, declares I-PRSP; it will require significant additional efforts. Bangladesh needs to accelerate the pace of poverty reduction from 1.5 percent per year observed in the 1990s to 3.3 percent for the period of 2000-2015. “The calculations show that if the past trends of income inequality persist in the next decade, Bangladesh will have to sustain a GDP growth rate
of about 7 percent over the next 15 years for reaching the income poverty reduction target.” In what follows we look into the prospects of this envisaged objective.

**Table – 2**

**Adjustment Policies Under ESAF and I-PRSP**

<table>
<thead>
<tr>
<th>ESAF</th>
<th>I-PRSP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(i) Agricultural Policy</strong></td>
<td></td>
</tr>
<tr>
<td>Liberalization of import</td>
<td>continue the pro-active role in key public goods</td>
</tr>
<tr>
<td>Reduce subsidies</td>
<td>implement national agricultural policy 1999 to ensure</td>
</tr>
<tr>
<td>Maintain producer price incentive</td>
<td>right kind of intervention, promote optimal use of water resources, Facilitate cultivation of HYVs of rice and other crops, improve coordination across various food assisted programs, continue the past to maintain producer price incentive</td>
</tr>
<tr>
<td><strong>(ii) Industrial Policy</strong></td>
<td></td>
</tr>
<tr>
<td>Simplify investment regulation</td>
<td>Continue the 1999 industrial policy, Develop infrastructure, strengthen financial and capital markets by reforming institutions and improving law and order, and better environment for investment. Basic infrastructure including power, water supply, port, and telecommunication to be improved along with private sector participation.</td>
</tr>
<tr>
<td>Eliminate quantitative restrictions on imports</td>
<td></td>
</tr>
<tr>
<td>financial and capital markets</td>
<td></td>
</tr>
<tr>
<td>Except under reasons of religion, health, And security.</td>
<td></td>
</tr>
<tr>
<td>Rationalise tariff structure and reduce tariff</td>
<td></td>
</tr>
<tr>
<td>Remove export subsidies</td>
<td></td>
</tr>
<tr>
<td><strong>(iii) Public resource mobilization</strong></td>
<td></td>
</tr>
<tr>
<td>Expand the base of value added tax</td>
<td>Adjusting fuel power and gas prices. Introduction of measures to increase revenue collection limit deficit financing and domestic borrowing, extend the VAT net</td>
</tr>
<tr>
<td>Reform personal and company direct tax</td>
<td></td>
</tr>
<tr>
<td>Strengthen the tax administration</td>
<td></td>
</tr>
<tr>
<td>Adjust prices for public goods and services</td>
<td></td>
</tr>
</tbody>
</table>

**ESAF**

**I-PRSP**

**(iv) Public Enterprise policies**

- Reduce Excess labour
- Enforce payment of debt service liabilities
- Rationalise the Jute mills
- Improve operational management of the public utilities

**(v) Privatisation**

- Privatise selected public manufacturing/commercial Enterprises and identify enterprises for privatization
- Announce timetable for implementation

**(vi) Financial Sector Reform**

- Implement reforms aimed at a market oriented system of monetary management
- Liberalise interest rate further strengthen commercial bank loan recovery

**(vii) External Sector**

- Manage the exchange rate to ensure competitiveness
- Export diversification

Strict credit program to reduce pressure on exchange rate employ market based instruments to achieve inflation and reserve objectives, move towards flexible exchange rate, reform trade policy, development of Intellectual Property Rights in conformity with WTO standards
Referring to Table-2 one can hardly distinguish the set of poverty reduction measures from the one under the former ESAF. Almost all the proposed policies under the head I-PRSP look but different in degree from the ones under the head ESAF; they are not different in kind. For instance, agricultural policies under I-PRSP want to ensure right kind of intervention and maintain producer price incentive seeks to continue “the 1999 industrial policy” that embodies matters like privatisation, tariff rationalization (see industrial policy, 1999) which in turn are only old also seen under ESAF. Under public resource mobilisation matters like adjusting fuel, power and gas prices, measures to increase revenue, limiting deficit financing one can very much find under ESAF. Under public enterprise policies, hiring freeze in public sector enterprises and reduction of subsidies to SOEs is only extension of the old programmes and ESAF, viz. reduction of excess labour, rationalisation of jute mills etc. These are the very things that one finds under ESAF. In particular the macroeconomic policies are but the same as under ESAF. Structural adjustment policies too are but the same. Trade liberalisation, privatisation, adjustment of prices of public utilities are but too familiar set of instruments with which we have lived the last twenty odd years. Contrary to what the WB wants to establish as research the one under the former ESAF. Uddin and Hopper, (see website) show the dubious impact of privatisation of State owned Enterprises (SoEs) on the economy in general and poverty in particular. Bhattacharya and Titumir (op cit) too draws similar conclusion. Ironically the newly initiated programme wants to extend essentially the same past agenda. Both financial sector reform and external sector accommodate the very old agendas, such as liberalizing interest rate, strengthening the regulatory power of the Bangladesh bank. One novel aspect of financial sector of course is ‘appointing suitable person on the boards and top management of public financial institutions’. Under External sector the same old agendas dominate. Use of “market based instruments” to achieve inflation and reserve objectives, is as old as the ESAF. Adherence to flexible exchange rate is also as old. Development of ‘intellectual property rights’ in conformity with WTO standards, is new because the issue itself is a post-ESAF cocktail. In other words, people get essentially the “old wine in the new bottle”. Now, one may wonder as to how these very old things, which are found to be correlated with increasing inequality until now, will transform the poor’s lot for the better. The only specific agenda in Table-2, which speaks directly about poverty, is the 8th one, Human Resource and Poverty Alleviation.

To turn growth pro-poor oriented, according to the I-PRSP, special emphasis will be accorded in the following:

1. Rural development, agriculture development and non-farm activity.
2. Small and medium manufactured enterprise.
3. Rural electrification, roads, water supply and sanitation.
4. Information and communication technology.

And areas, which will find ‘ordinary’ attention we quote from the I-PRSP text, the strategic elements of anti-poverty policies, will cover five broad avenues.

1. The first set is pro-poor growth for increasing income and employment of the poor.
2. The second set for human development of the poor through education, health, nutrition and employment oriented skill.
4. Social protection of the poor by reducing vulnerability to disaster etc.
5. Participatory governance, enhance the voice of the poor and improve well-being of the poor in areas including security, power and social inclusion.

To “Accelerate” pro poor growth the following areas will be worked upon:
1. Higher private investment in all sectors.
2. Technological progress including information and communication technology.
3. Growth of small and medium enterprises.
4. Diversification of crop production.
5. Expansion and diversification of the export sector.

The objective of the above five measures is to ensure 7% growth on average for the fifteen years between 2000 and 2015. This will be aided by prioritization of jobs in the medium term in the following manner.
1. Follow stable macro-economic balances.
2. Strong institutions and improved governance.
3. Private sector led outward oriented growth.
5. Gender sensitive macro and policy framework and national budget.

Now following McKinley(2004) if one brands the agendas included in between subheads (i) and (vii) as ‘neoliberal’ ones and the rest as social policies one will have reasons to subscribe to McKinley’s allegations about the ongoing poverty reduction strategy under the leadership of the BIWs. To quote McKinley, ... the glaring inconsistency between economic policy conditionalities, which continue to be based on neoliberalism, and the social focus of Poverty Reduction Strategy Papers. There appears to be a shotgun wedding being enforced between neoliberalism in economic policies and “bleeding-heart” liberalism in social policies. Reconciling these two approaches has proven to be difficult. Social policies remain ill equipped to undo the detrimental effects of neoliberal economic policies- e.g. economic stagnation, growing underemployment, increasing vulnerability, intensifying insecurity and widespread poverty,... And referring to the glaring inconsistency, pointed out by McKinley, one may also be fearful that poverty, instead of falling could even be rising consequent upon the old wine therapy.

It may be pointed out that in the second half of the 1990s; the economy of Bangladesh registered an average growth rate which is one percentage point higher than that of the first half. During the second half of the 1990’s the economy was away from any of the adjustment programs. The suggestion is that adjustment programs hamper growth; the implications for poverty should not be difficult to imagine.

Table-3 depicts the reality on the social policies, ones about health and education. These, in turn, areas which all development agents including BWIs place high importance upon for accelerating economic growth.

Another perplexing aspect of the programming regime is that public investment tends to decline under it. As Table-4 depicts public investment continued to fall from the peak of 7.4% of GDP in FY2000 during the years that followed. In 2003, for example, public investment stood at 6.2% of GDP. Studies (e.g. McKinley,op.cit) show the positive impact of public investment on private investment. A one percentage point increase in public investment, according to McKinley, raises private investment by 0.66%. Imagine the implication of programming led paucity of public investment for growth and poverty reduction.

During FY2005, the fiscal deficit is projected to worsen to 4.7% of GDP, reflecting increasing expenditures in the face of weak revenue performance. Inflation is expected to accelerate to 7.0% in FY2005. Exports are expected to grow by 15.0% in FY2005, reflecting a steady up trend in garment exports. During in knitwear (up to about 38%). Imports are also projected to pick
up in FY2005, by 20.0%, due to increases in industrial raw the first half of the FY2004, exports recorded a 15.2% gain over the same period of FY2003 with an especially strong performance materials, capital goods, and oil. During the first 5 months of the preceding year, imports jumped 22.8%. Despite an increase in workers’ remittances, a widening trade deficit is expected to push the current account into a deficit of about $600 million (1.0% of GDP) during FY2005. (Asian Development Outlook 2005).

Table-3: Government Expenditure on health and Education

<table>
<thead>
<tr>
<th>Year</th>
<th>Public Expenditure on Education (In crore taka)</th>
<th>Public Expenditure on Health (In crore taka)</th>
<th>Total Population (In crore)</th>
<th>Price level (taking 1984-85 = 100)</th>
<th>Per capita Public Expenditure on Education</th>
<th>Per capita Real Public Expenditure on Education</th>
<th>Per capita Public Expenditure on Health</th>
<th>Per capita Real Public Expenditure on Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-96</td>
<td>2149</td>
<td>711</td>
<td>11.99</td>
<td>178.4</td>
<td>179.23</td>
<td>100.47</td>
<td>59.30</td>
<td>33.24</td>
</tr>
<tr>
<td>1996-97</td>
<td>2295</td>
<td>769</td>
<td>12.21</td>
<td>190.27</td>
<td>187.96</td>
<td>98.79</td>
<td>62.98</td>
<td>33.10</td>
</tr>
<tr>
<td>1997-98</td>
<td>2689</td>
<td>827</td>
<td>12.43</td>
<td>197.8</td>
<td>216.33</td>
<td>109.37</td>
<td>66.53</td>
<td>33.64</td>
</tr>
<tr>
<td>1998-99</td>
<td>2968</td>
<td>897</td>
<td>12.65</td>
<td>214.93</td>
<td>234.62</td>
<td>109.16</td>
<td>70.91</td>
<td>32.99</td>
</tr>
<tr>
<td>1999-00</td>
<td>3257</td>
<td>972</td>
<td>12.81</td>
<td>230.11</td>
<td>254.25</td>
<td>110.49</td>
<td>75.88</td>
<td>32.97</td>
</tr>
<tr>
<td>2000-01</td>
<td>3587</td>
<td>1099</td>
<td>12.98</td>
<td>236.52</td>
<td>276.35</td>
<td>116.84</td>
<td>84.67</td>
<td>35.80</td>
</tr>
<tr>
<td>2001-02</td>
<td>3812</td>
<td>1252</td>
<td>12.99</td>
<td>241.11</td>
<td>293.46</td>
<td>121.71</td>
<td>96.38</td>
<td>39.97</td>
</tr>
<tr>
<td>2002-03</td>
<td>3963</td>
<td>1334</td>
<td>13.16</td>
<td>247.85</td>
<td>301.14</td>
<td>121.50</td>
<td>101.37</td>
<td>40.90</td>
</tr>
<tr>
<td>2003-04</td>
<td>4562</td>
<td>1497</td>
<td>13.34</td>
<td>258.71</td>
<td>341.98</td>
<td>132.19</td>
<td>112.22</td>
<td>43.38</td>
</tr>
<tr>
<td>2004-05</td>
<td>5171</td>
<td>1803</td>
<td>13.52</td>
<td>273.8</td>
<td>382.47</td>
<td>139.69</td>
<td>133.36</td>
<td>48.71</td>
</tr>
<tr>
<td>2005-06</td>
<td>6371</td>
<td>2063</td>
<td>13.7</td>
<td>291.09</td>
<td>465.04</td>
<td>159.76</td>
<td>150.58</td>
<td>51.73</td>
</tr>
</tbody>
</table>


The impact of continuous rise in prices of oil, gas and other public utilities for poverty is also obvious; the poor is relegated into the darkness. As can be observed from Table-4, the economy suffered a contraction of growth in fiscal year 2002. This phenomenon can be correlated to the belt tightening that the government took resort to in that fiscal which in turn was necessitated by the donor agencies for Bangladesh to qualify any PRGF loan. The implication for poverty reduction of such man made hurdles can be easily imagined.

The same year also witnessed the following (i) decline in both imports and exports, with export as % of GDP stagnated at 13.5 for the years since 2002 (ii) decline in public investment, (iii) national saving for exceeding national investment etc. Interestingly for all the years since 2002, national saving by far exceeds national investment ! The belt tightening years of FY2002 and FY2003 also show per capita expenditure on education and health stagnating in real terms (see, Table-3).

Only during the latest years under consideration expenditure in real terms shows some modest rise. This rises however coincides with higher inflation, higher BOP deficits, rising budget deficits (which we do not document) and so on. The classic scenario of stabilisation programme!

We spend annually US $2 and US $5 equivalents per capita in health and education respectively. “The share of the health budget in the total budget has also been reduced compared to the pre-PRSP period (FY2002/03). The allocations to debt repayment and defence have increased in both absolute and proportional terms. In addition, the development budget for the health sector showed under spending in FY2002/03, while overspending occurred in the case of debt repayment and defence. The share of health budget is now only 0.93 percent of GDP at market price. The health budget should be at least 2% of GDP in line with other South Asian average (2.51%).” (See DORP, 2003, p.2). Paucity of investment, and its likely unsustainability, not unlike in the past, are still plaguing the social sectors, the newly christened thrust sectors for poverty reduction.
Table 4: Selected economic indicators of Bangladesh

<table>
<thead>
<tr>
<th>National Accounts (as % of GDP)</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross domestic savings</td>
<td>16.7</td>
<td>16.7</td>
<td>17.8</td>
<td>17.0</td>
<td>19.4</td>
<td>19.7</td>
<td>19.1</td>
<td>21.0</td>
</tr>
<tr>
<td>Gross National savings</td>
<td>21.0</td>
<td>21.3</td>
<td>23.0</td>
<td>21.4</td>
<td>29.9</td>
<td>31.6</td>
<td>31.2</td>
<td>32.3</td>
</tr>
<tr>
<td>Gross investment</td>
<td>21.6</td>
<td>22.2</td>
<td>23.0</td>
<td>23.1</td>
<td>24.0</td>
<td>25.3</td>
<td>26.6</td>
<td>28.3</td>
</tr>
<tr>
<td>Government investment</td>
<td>6.4</td>
<td>6.7</td>
<td>7.4</td>
<td>7.2</td>
<td>6.3</td>
<td>6.2</td>
<td>6.9</td>
<td>7.3</td>
</tr>
<tr>
<td>Private investment</td>
<td>15.3</td>
<td>15.5</td>
<td>15.6</td>
<td>15.8</td>
<td>17.7</td>
<td>19.1</td>
<td>19.7</td>
<td>21.1</td>
</tr>
<tr>
<td>Exports</td>
<td>13.3</td>
<td>13.2</td>
<td>14.0</td>
<td>15.4</td>
<td>14.5</td>
<td>13.5</td>
<td>13.5</td>
<td>13.5</td>
</tr>
<tr>
<td>Imports</td>
<td>18.3</td>
<td>18.7</td>
<td>19.2</td>
<td>21.5</td>
<td>19.1</td>
<td>19.1</td>
<td>20.9</td>
<td>20.8</td>
</tr>
<tr>
<td>Growth rates (% calculated from 1990 prices)</td>
<td>5.2</td>
<td>4.9</td>
<td>5.9</td>
<td>5.2</td>
<td>4.4</td>
<td>5.2</td>
<td>5.5</td>
<td>6.0</td>
</tr>
<tr>
<td>Debt Service Ratio</td>
<td>8.8</td>
<td>9.4</td>
<td>8.7</td>
<td>7.9</td>
<td>8.2</td>
<td>7.8</td>
<td>7.1</td>
<td>7.8</td>
</tr>
<tr>
<td>Absolute Debt Service in million US $</td>
<td>658</td>
<td>737</td>
<td>752</td>
<td>726</td>
<td>775</td>
<td>773</td>
<td>761</td>
<td>878</td>
</tr>
</tbody>
</table>

Source: Bangladesh Country Assistance Strategy, A progress report and update for 2004-05, World Bank, Washington D.C. * shows projected public opinion that it is due to lack of jobs that a section of the youth folk is joining the underground terrorists organizations. Since the blessings of the social policies must outweigh by far the evil effects of the neoliberal policies for the new programme to leave any positive outcome in the country the issues that we have pointed out should work as a wakening call for our policy makers.

Conclusion

On the basis of close scrutiny the instruments of Bangladesh's I-PRSP we arrive at the conclusion that the I-PRSP is but an old version in the new model. It looks highly ambitious as regards of its envisaged objectives viz-a-viz. the instruments it aims to employ. Particularly, the social policies which it super imposes on the previously existing neo-liberal policies looks too weak to materialize the ambitious objectives of, among others, reducing poverty by half by 2015.

Our data on education is aggregate in type; we do not have proportional figures for primary and higher education up to date. Traditionally, spending on higher education dominated total spending (See UNESCO, 2000). Primary education is marked significantly by dropouts. University graduates remain jobless and emigrate in there thousands, imaginably mostly do not return. Presently, there is prevailing a remarkably highly shared
Notes

1. Bangladesh joined the BWIs on August 17, 1972. Bangladesh contracted 13 Import Programme Credits (IPCs) amounting to a total of US $1165 million. The first three IPCs supported critical post independence rehabilitation needs. All the other IPCs had conditionalities addressing sectoral, microeconomic and institutional reforms. IPCs were phased out after the 13th IPC as the World Bank felt the necessity of “more extended dialogue and in-depth sector work.”

2. Routine procedures are set in motion by the government machinery as and when projections of balance of payments suggest a deficit, in the overall balance, if funds usable from low conditionally sources fall short of that deficit IMF’s high conditionally funds are used. (Matin,’86,p39),

3. In the meanwhile, however, Bangladesh has completed making its draft PRSP in December 2004 and submitted it in January 2005 entitled, “Unlocking the Potential: National Strategy for Accelerated Poverty Reduction”.

4. Appointment of foreign technical persons at public sector banks recently have created large public antipathy.

5. The dropout rate decreased from 35percent to 33percent over the period 1998-2001. The dropout rate is high mainly due to children’s need to help with farming and household chores, child-unfriendly teaching-learning methods, overcrowded classrooms and unattractive educational environment. (UNICEF, 2001).

References


18. The EFA 2000 Assessment: Country Reports, Bangladesh; World Education Forum, Website: *(http://www2.unesco.org/wef/countryreports/bangladesh/rapport_2_1.html)*.
