

Review

Review on the agenda for independent policy making in Bangladesh

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With the failures of the SAP regimes, the WB and IMF were forced to learn that country ownership of development policy was critical and based on the new insight they advocated for a new approach which was popularly known as poverty reduction strategy paper (PRSP). The major shift in PRSP was that the loan recipient countries were required to ensure 'country ownership' in their respective PRSP through participation of the major stakeholders. Bangladesh also developed a PRSP to receive loan from the WB and IMF. The ownership of Bangladesh's PRSP was seriously contested. Thus, this article broadly attempts to revisit the ownership dynamics in PRSP regime and provide a broader framework of an independent development agenda setting in Bangladesh as an incarnation of engaged policy making. In the process of reviewing ownership dynamics, it also shades light on Bangladesh's historical engagement with the WB and IMF to showcase donor influences with regard to policy reforms of a poor country like Bangladesh. The article also argues that if Bangladesh wants to ensure policy ownership it must address some local conditions since from hindsight it could be argued that ownership is a local agenda that is determined through the governance pattern of a particular country and cannot be ensured through imposition.

Keywords: Ownership, guided ownership, poverty reduction strategy paper (PRSP), independent policy making.

INTRODUCTION

The issue of policy ownership of the development agenda emerged as an important aspect in international development cooperation during the 1990s. The issue came to the forefront in development agenda in the face of the failures of donor led development strategies in developing countries including Bangladesh. Indeed, the evident failure of the Structural Adjustment Programs (SAP), introduced as a loan condition by the World Bank (WB) and the International Monetary Fund (IMF) in early 1980s, contributed to the rise of interest in policy ownership. The World Development Report (WDR) (2000/2001) categorically argued that local conditions and ownership of aid receiving country should be taken into consideration while maintaining development cooperation (World Bank, 2001)¹.

The ownership agenda was emphatically promoted in the Comprehensive Development Framework (CDF) announced by the then WB President, James

Wolfenshon, in 1999. Based on a new understanding of poverty, the Bretton-Woods twins (that is, the WB and the IMF) opted for introducing a new strategy replacing previous SAPs, under the principles of CDF. The new approach called for developing a strategy paper, popularly known as the Poverty Reduction Strategy Paper (PRSP), with explicit aim of poverty reduction in loan receiving countries. A PRSP emphasized policy ownership of the loan receiving countries which could be achieved through participation of major stakeholders ranging from public to private sector and civil society organizations. Bangladesh as a loan recipient under the poverty reduction and growth facility (PRGF) category of the IMF had committed in Bangladesh Development Forum (BDF) meeting in 2000 to preparing a PRSP as the major development strategy for poverty reduction replacing the traditional five year plan (FYP).

¹ The issue of policy ownership was however put forward much before WB-IMF by some economists of developing countries including Bangladesh. Amongst them, Rehman Sobhan has been arguing for policy ownership over three decades (for example Sobhan: 1982).

While the PRSP was a major paradigm shift within the WB-IMF development milieu, it also garnered many criticisms globally. Critics challenged the PRSP approach in terms of content, intention and procedure. Some critics argued that governments were forced to implement the WB-IMF PRSP strategies to obtain loans from either the WB-IMF or other bilateral donors. As deeply indebted and cash strapped governments do not usually have access to alternative sources of development finance, therefore, the WB-IMF policies are becoming more powerful than national laws and policies. Crucial national policies related to trade, investment, assets ownership, natural resources, fiscal management, banking, public administration, social development and even judicial systems are determined more by the WB-IMF and donor pressures than by domestic priorities and aspirations (Malaluan and Guttal, 2003). Broadly, the policy ownership agenda in the PRSP process was contested.

This paper revisits the ownership dynamics in the PRSP regime in Bangladesh. It also provides a broader framework to independently set the development agenda in Bangladesh as an incarnation of engaged policy making. In the process of reviewing the ownership dynamics, this paper also highlights Bangladesh's historical engagement with the WB and the IMF to showcase donor influences in regard to policy reforms of a poor country.

CONCEPTUALIZING 'OWNERSHIP' AND 'GUIDED OWNERSHIP'

Wolfensohn (1999) argued ownership in very simple terms that the loan receiving countries must be in the driver's seat and set the course. This means that the countries must determine the goals and the phasing, timing and sequencing of programs. In other words, no external meddling is expected in the process of agenda setting and implementation. The reform process needs to be domestically owned, through the use of indigenous expertise, consultation with stakeholders and drawing upon consensual political support within the country (Sobhan, 2002).

Helleiner (2000) defined ownership as the widest possible participation of beneficiaries in development actions that were essentially the process of planning, design, implementation, monitoring, and evaluation which have to be driven by the recipients. On the other hand, the recipient should be highly committed and try to seize ownership, as it cannot be given. Country ownership develops the quality of a state such that the people seem to understand that their representatives have freely chosen the strategies or programs to be implemented. The country then appears confident to risk the failure of a program and strategy and thus, acts consistently with this belief and acceptance of responsibility (Johnson, 2005).

Stiglitz (1998), in his *Prebisch* lecture provided a comprehensive view of development strategy that must aim at facilitating the transformation of the society. He

argued that such a transformative development strategy called for a transparent and participatory process to ensure ownership, policy consensus and to reach and motivate all stakeholders. Stiglitz (1998) considered ownership important because effective change could not be imposed from the outside and the attempt to impose change from the outside was likely to engender resistance and give rise to barriers to change.

Shimomura and Ohno (2005) suggested a three dimensional „true ownership“ approach in development cooperation. The three dimensions are: (a) goal of aid, (b) scope of ownership and (c) creativity of ideas. While they argued that ownership should be translated through strong will and commitment of national leaders to build a self-reliant economy, the key points of their understating was that development strategies and policies should assume eventual „graduation“ (or an „exit plan“) from aid, be supported by a concrete vision and realistic measures for growth promotion, and domestic resource mobilization. The graduation from aid or the exit plan is critically important in policy ownership. If aid dependence continues for an unlimited period of time, it is not possible for the aid receiving countries to repay the obligations of the donors.

Rahman (2011) provided a summary of basic features of policy ownership. First, strong will and commitment of national leaders to build a self-reliant economy must be demonstrated. Second, economic strategies and policies should indicate an exit plan from aid based upon a concrete vision and realistic measure. Third, agenda setting, the implementation strategy and timetable should be done without donor influence. Fourth, development strategies should be mapped in line with local conditions and in doing so a trial and error approach may be practiced to reach the best option. Fifth, a „blue print“ approach in following development strategies should not be pursued. Finally, local institutions should be given opportunities to prove and excel in ability.

Stakeholder participation to achieve ownership and realize the objectives of development interventions is very important. Earlier experiences suggest that policy conditionality may get the governments around the reform agendas but unless a consensus is reached or ownership achieved through dialogue or discussion, the continuity of policy change may be dismantled once a government changes. Moreover, development is linked to the change in mindset of the greater society rather than a select group in the society to create an internal urge for change. Without internal motivation for development even good policy imposition may not work and the motivation comes through involvement of the stakeholders in open and extensive discussions (Stiglitz, 2002, 2003; Williams, 2006).

Guided ownership is the opposite of true ownership. This type of ownership takes place when the loan receiving countries try to achieve policy ownership as part of loan conditions of the donors to satisfy the donors. It is the manifestation of the loan receiving countries'

commitment to national development goals and aspirations. The major aim of guided ownership is to provide a sense of legitimacy to motivate people that the policies are the outcomes of participatory processes. In the process of guided ownership, a managed participation of chosen actors or selected actors is also seen and thus, the participation of stakeholders in guided ownership is limited to mere information sharing, while true participation leads to empowerment of the stakeholders (Brinkerhoff and Crosby, 2002; Willems, 2003; Page and Czuba, 1999). Moreover, guided ownership does not express any intention of exit from aid dependency.

Ownership in the PRSP process is the best example of guided ownership. Though ownership has been the buzzword in the PRSP process, in reality experience suggests the ownership issue has been more of rhetoric than reality (Malaluan and Guttal, 2003; Oxfam, 2004). Non-government organizations (NGOs), consumers' rights groups, research institutes, peasants, political parties, etc. in many countries rejected the structure, content, and process of the PRSPs on the count that the ultimate ownership was with International Financial Institutions (IFIs).

Recipient countries were practically forced to do a PRSP in line with the WB-IMF model. Upon critical analysis of the PRSP process, it was argued that the PRSP was not the outcome of people's felt need, for people were not properly invited to participate. Participation was just „manipulated consent“ (Guttal, 2000). Similar to the global experience, there had been substantial criticisms in regard to the PRSP content and process in Bangladesh (Ahmad, 2002; Hossain, 2004; Titumir, 2002; Rahman, 2003; Sobhan, 2002a, b, 2003; Akash, 2002). The major criticisms attributed to Bangladesh's PRSP were: (a) lack of political will to eradicate poverty; (b) imbalanced distribution of wealth; and (c) lack of ownership in national poverty reduction strategy.

BANGLADESH'S PERPETUAL POLICY DEPENDENCE ON THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND: A BRIEF HISTORICAL RECAP

Bangladesh could be a good example for many readers of political economy of developing countries to show how a country with a huge spirit of independence chose its own developmental path to become a top adherent of multilateral financial institutions. The strategic shifts in the development agenda marked broadly that Bangladesh failed to withstand both internal confusion and external pressures to march on its own way to development. The failure, in fact, determined Bangladesh's future in regard to a persistent and overwhelming engagement with the Bretton Woods Institutions (BWIs) in the broader area of development strategies. There was political resistance and also resistance from the Planning Commission to the

creation of a rapport with the BWIs at the beginning. However, any such moves were not found in the later phases in the history of Bangladesh. Thus, it can be conjectured that though Bangladesh's initial acceptance of BWI tutoring was with much reluctance, the relationship was transformed afterwards into an obedient and persistent engagement.

The issue of foreign aid, especially from multilateral sources like the BWIs, became very delicate after independence. The BWIs found it difficult to win support from the founding leadership of Bangladesh as useful proxies for Western interests in the economy of Bangladesh. The blanket support by the BWIs for the ruling elite of the Western wing of Pakistan in the 1960s; as well as their overwhelming influence in development agenda setting; and the opposition of Western ruling establishment, particularly the then Nixon administration, to the movement for Bangladesh liberation influenced post independence decisions regarding BWIs. The founding goals, to make Bangladesh a socialist country, also contravened with the notion of seeking aid from capitalist establishments. In addition, the urge to maintain policy independence in development agenda was another major issue that made the leadership reluctant to approach to the BWIs for aid (Hossain, 1996). The first Prime Minister of independent Bangladesh was in such a euphoric mood that he declared immediately after independence that Bangladesh would not seek foreign assistance for development (Ahmed, 1991).

However, contrary to the political high spirit of self-reliance and policy independence, the war devastated country was in dire need for foreign assistance in order to rebuild the economy. Under such a contradiction of ideology and sentiment developed through the unparallel peril and ignominy of the liberation war, and the need that was well substantiated by the prevalent wreckage and carnage caused by the war, the engagement of Bangladesh with the BWIs was taking shape. The step towards establishing official cooperation between Bangladesh and the WB started with the visit of Robert D McNamara, the then president of the WB. While on a tour to India in February 1972, he expressed his desire to visit Bangladesh in order to discuss the possible contribution by the WB to rebuilding the war-ravaged economy of the country. However, until his arrival Bangladesh was not a member of the WB. In other words, the sovereignty of the new country was not recognized by the WB authority and this contributed to developing some reservations in receiving the WB's President in his first ever visit to Bangladesh. Moreover, the WB was primarily conjectured as the extension of the US establishment. The president was viewed as a card-carrying member of the Washington power elite who deliberately stood against the liberation movement of Bangladesh and supported the atrocities of Pakistani ruling military junta. Accordingly, the entire political milieu was not at all receptive to the WB's presence in Bangladesh. But the economic

necessity of Bangladesh and the changing accommodation of the attitudes based on the hard realities on both sides took Bangladesh into the WB's orbit (Parkinson, 1981).

The rising deficit, inflation and unemployment in industrialized countries beginning in 1970s caused disillusionment with these policies and led to search for new economic paradigms and policies popularly called as *structural adjustment* policies (SAP) (Dasgupta and Holsen, 1991; Taylor, 1996). Stiglitz (2002) however, argued that the most dramatic change in the BWIs occurred in 1980s with the preaching of an open market economy strategy in both the USA and the UK by Ronald Reagan and Margaret Thatcher. The IMF and WB became the new missionary institutions, through which these ideas were pushed on the reluctant poor countries that often badly needed their loans and grants. Like many other poor economies, Bangladesh became the part of the SAP of the WB-IMF in 1980s and accepted their policy conditionality. The major initial policy measures were devaluation of currency, liberalizing imports and reduction of the role of the Trading Corporation of Bangladesh (TCB), enhancing interest rates and squeezing credit to the government, brining economic efficiency into the State Owned Enterprises (SoEs), reviewing tax systems, incremental reduction of subsidies on food grains and agricultural inputs, cancellation of minimum prices of jute, and avoiding multiple currency practices.

In 1982, the economy was exposed to various vulnerabilities in the pretext of the crisis in the international economy following the second oil shock at the international level and climatic difficulties at the local level. While every indicator of economy was at an alarming situation the IMF chose to terminate the Extended Finance Facility (EFF) which began in July 1980. Their action was based on the grounds of non-compliance with policy reforms agreed upon. Thus, upon contemplating the economic crisis, the new government that emerged through a military coup opted for some reforms to show its compliance with IMF suggestions in order to get IMF support. The major reform agendas taken as short, medium and long term basis included, reduction in the public investment program, measures to raise domestic resources through upward revision of public sector goods and utilities led by petroleum products, reduction of subsidies on the public food distribution system and agricultural inputs, adjustment of the exchange rate and expansion of credit to the private sector, and the expansion of distribution of agricultural inputs including agricultural credit. During the second five-year plan, government initiated a New Industrial Policy (NIP) as part of the long-term measures. The major features of NIP were greater opportunities and credit facilities to private sector, disinvestment of jute and textile mills, activation of export processing zones and other measures to attract foreign private investment.

In the mid 1980s, both the IMF and the WB eventually

came together to work on policy reforms through the structural adjustment facility (SAF). Accordingly, aid was explicitly or implicitly made contingent upon reforms. In March 1986, Bangladesh was one of the first countries (among a total of 36) to resort to the SAF set up by the IMF which was to provide highly concessional but extremely conditional loans in support of bringing adjustments in the economic structure of developing economies. Bangladesh was also among the first movers (a total of 29) in making use of the enhanced structural adjustment facility (ESAF), which was launched by IMF in 1987. Later on, the economy of the country was guided by the conditionality and targets laid down in various policy framework papers (PFP) jointly written by the IMF-WB with negligible input from Bangladesh (Bhattacharya, 1995). In the SAF, a tripartite new element called a policy framework paper (PFP) emerged to work as the basis of cooperation between the IDA, the IMF and the government.

The impact of policy reforms under the structural adjustment on the poor in terms of employment was direct. It was obvious that the thrust of adjustment policy reforms in Bangladesh was mainly geared towards more privatization, more liberalization and more austerity. The instant effect of privatization was transfer of assets to the private sector (Akash, 2002). The economy observed a marked shift through the reforms that as an agrarian economy transformed into a service sector led economy ignoring the text book notion of economic development path as manufacturing sector failed to capture dominant position in the economy. In the process shopping malls replaced the mills that symbolized the collapse of manufacturing sector. It is poignant to note that the largest shopping mall „Bashundhara City’ in South Asia emerged here while the largest jute mill „Adamjee’ closed down (Muhammad and Muhammad, 2005).

Bangladesh continued to be policy dependent on the WB and the IMF again in the 1990s. Enjoined by the WB and IMF in 1999, as a condition to access foreign assistance provided in the form of concessional loans and grants from bilateral donors Bangladesh with many other countries embarked on preparing a poverty reduction strategy paper (PRSP). Initially, Bangladesh chose to prepare an I-PRSP but finally it produced a full PRSP. Bangladesh PRSP was titled as „*Unlocking the Potential: National Strategy for Accelerated Poverty Reduction*”.

UNFOLDING POLICY OWNERSHIP IN BANGLADESH’S PRSP

Rahman (2009) analyzed the ownership agenda in the Bangladesh PRSP and argued that the PRSP did not emerge as a response to local demand to deal with poverty reduction in Bangladesh. It was rather an imposition from the WB and the IMF to comply with IMF’s

PRGF loan. Thus, arguably Bangladesh was dependent in the PRSP formulation. Through an analysis of the formulation process, it was manifestly clear that all major stakeholders either were bypassed or deliberately failed to contribute to the grounding of the PRSP. Bangladesh's experiences coincided with global evidence that qualitative and effective participation was not in place and participation was just window dressing. The PRGF of the IMF was the main driving force behind the PRSP agenda in Bangladesh. Major Bangladeshi players during interviews narrated that the participation was very nominal. It appeared that Bangladesh's PRSP truly was an outcome of policy shift of the country towards realizing the WB-IMF agenda.

Participation of key stakeholders in the formulation process of the PRSP in Bangladesh lacked serious credibility. The engagement of public servants was extremely nominal in various line ministries. National parliament shared the same experience. Neither was there any strategic direction nor guidance from Parliament to develop the PRSP nor was there any discussion involving all members on the PRSP in Parliament. Some members got the opportunity only by courtesy of the UNDP Dhaka to comment on the draft PRSP but it was later found that their recommendations on the draft were fully ignored. Moreover, parliamentarians did not discuss critical issues of the agenda but rather they discussed general issues. The critical issues such as the role of the state in development, privatization, deregulation etc. were not on the agenda of discussion.

Analysis suggested that the General Economics Division of the Planning Commission earlier had given hints to the organizer as to who should be invited for discussion. This implied that only chosen persons took part in the discussions or consultation meetings. To one's utter surprise the closure of the largest jute mill, Adamji Jute Mill, was not even questioned or challenged in the discussion although it was commonsense that it must have occupied the mind of the labor leaders participating in regional or national consultations then.

The top leadership of the Bangladesh civil service evidently failed to seize the opportunity of ensuring national ownership in the development agenda, given for the first time by the WB-IMF. Civil service seemingly was low-spirited and not inclined to be innovative in guiding the national development agenda. The comments of public servants testified that the Bangladesh civil service was extremely uncritical about the political economy of development cooperation. Public servants in reality seemed to have leased out the responsibility of preparing the PRSP to consultants.

The bureaucratic failure could be accounted for by historical apathetic attitude of political leadership towards civil service in Bangladesh. Unfortunately, civil service in Bangladesh has never ever been given opportunity to thrive professionally and become a major actor in national development policy setting. Both authoritative subservient civil service. Many former senior bureaucrats

argue that it has been purposefully and systematically done. Of late, Bangladesh civil society enjoys a huge influence and authority over national public policy in Bangladesh but they also do not put civil service reform on the agenda. The reasons may be that in poor countries, in terms of political and economic development, an enterprising and strong civil service could be the only threat to the vested interest groups. Despite ample evidence around Southeast Asia concerning bureaucratic contribution to development, Bangladesh, unfortunately, prefers to continue the previous posture of not streamlining civil service to be professionally pro-people, result oriented and successful.

Political leadership did not want to be hostile to WB-IMF policies and thus, never demanded a thorough discussion on the PRSP in parliament nor did they formally discuss it in their party forums. All major political parties maintained that strategy. In an extremely confrontational political scenario in Bangladesh, the convergence among major political parties is usually not achieved. But it happened because the major political parties seemed to have endorsed much of the neo-liberal political and economic ideologies. The endorsement has been unilateral, as the political parties cannot come up with better alternatives due to lack of a culture of policy research and debate in the internal structure of political parties. They failed to capture the implications of donors' influences in development strategies. Thus, decidedly, one can see that the political leadership of Bangladesh took a compromise deal.

The mainstream civil society organizations² of Bangladesh are invariably donor dependent. Evidently, they have lost independence in their activism. The Bangladesh PRSP process could be fairly a spectacular example in that direction. Mainstream organizations did not make their voices heard. Although they are very enthusiastically active in various political activities in the name of ensuring good governance, they failed to critically engage themselves in the PRSP formulation process to ensure national ownership. The reason for taking on a political agenda by the major civil society organizations in Bangladesh is that most of the western donors including the WB-IMF made the governance issue in Bangladesh the real problem of the country. Thus since civil society are completely dependent on the donors, they have not been able to take on other options. Moreover, the PRSP agenda was the brainchild of the WB-IMF and their western cronies and as such, the civil society could not take role against it. Many academics term this attitude as civil society's „embeddedness' with the western donors.

The PRSP process in Bangladesh unequivocally illustrated that donors and consultants played the key roles in the process. Donors, gathering under the

² The organizations which are strongly engaged in policy advocacy and influence are considered mainstream organizations in this article. Their advocacy activities are largely part of donor supported projects/programs.

umbrella of the Local Consultative Group (LCG), maintained constant rapport with key government functionaries, particularly in the Finance Division. Officials in both the Planning Commission and Finance Ministry revealed that the macroeconomic thematic group³ did not involve any members either from civil society or other stakeholders. Moreover, they used IMF supplied data to make the economic development projection credible. Government's commitment to donors again was reflected in the fact that they held meetings with donors in regard to the PRSP implementation instead of holding such meetings with national actors such as political parties, national parliament members etc. The role of consultants was highly instrumental to prepare the PRSP document. In the thematic groups and National Steering Committee (NSC), the consultants virtually controlled the critical role of setting the agenda, since the political and bureaucratic leadership failed to give strategic direction.

Though failure of neo-liberal policies and lack of ownership during SAP regime apparently led the WB-IMF to a PRSP as an approach to poverty reduction in poor countries, it was observed that there was no major change in strategies and approaches of the WB-IMF. The available literature and research findings on the PRSP experience in Bangladesh and in other countries (European Network on Debt and Development, 2007; World Development Movement, 2005) strongly held the view that there was virtually no change in the WB-IMF development strategies and approaches. They are pursuing the same neo-liberal policies with clear lack of national ownership to influence the loan receiving countries.

National ownership of development policy or strategy demands strong will and commitment of national leaders to build a self-reliant economy, and development strategies and policies should assume eventual "graduation" (or an "exit plan") from aid and be supported by a concrete vision and realistic measures for growth promotion and domestic resource mobilization. Policies being beyond mere slogan also should be truly imbued with equitability and growth sustainability. It is fairly clear that every major reform measure is associated with donor's support— either financial or technical. It means the government could not move from its own initiative for any change. Government machineries seem to have failed to guide national development agendas. Arguably, one may claim that as a nation, Bangladesh has not yet captured the meaning and purpose of policy ownership.

Policy ownership means demonstrating a national commitment to depart from aid. The commitment to departure from aid requires an extra ordinary preparation

of the major stakeholders. After the preparation of the PRSP, no such special movement and agility neither of the government nor of the public servants was seen. The terms „window dressing“, „business as usual“, and „lip service“ etc. even fall short of describing the lack of ownership in Bangladesh's PRSP. During the orientation with members of parliament on the draft PRSP neither the Prime Minister nor the Finance Minister managed time to listen to the voices of their fellow parliamentarians. However, they conveniently managed to spend several days to account for their actions before the donors in the so-called Bangladesh Development Forum (BDF) meeting. This arguably exposes Bangladesh's political leaderships' greater commitment towards aid donors rather than towards the parliament - an opposite notion to that of the true ownership concept.

FRAMEWORK OF AN INDEPENDENT DEVELOPMENT AGENDA SETTING IN BANGLADESH

Based on the premise that people have the right to participate in development process, a pro-people and homegrown development strategy is the incarnation of the people's own analysis of development. It gets legitimacy and is strengthened through the direct involvement of the parliament as the major democratic institution that involves the needs of the different constituencies together to make policies context specific. It is devoid of any sort of donor intrusion as loan conditionality at any level. Stakeholders articulate their demands through various policy-contributing means such as political parties, CSOs, local government institutions, etc. It gives an opportunity to state agencies such as the civil service in line ministries to streamline local demands to prepare the draft strategy instead of the consultants. The debate in parliamentary standing committees and in parliament and public opinion on the draft proposals are central to building policy consensus. Parliamentary debate also ensures political accountability of the executives. Engaging various stakeholders in the policy process, from formulation to implementation, gives them opportunity to make a true partnership with government eventually leading to em-powerment (Figure 1).

The framework argues for a partnership approach among key institutions such as Committee on National Economic Development (CNED)⁴, line ministries, research bodies, to create an environment of independent strategic planning where research has predominant role. The partnership approach may provide realistic insights to line ministries to sharpen continuously development strategies.

³ There were 12 thematic groups involving different stakeholders to provide technical support to various line Ministries to prepare background papers for the national PRSP. Macroeconomic thematic group was one of the 12 groups. Though other groups involved participants from private sector and NGOs, macroeconomic group only involved IMF officials. This group played key role to formulate economic strategies of the country in the PRSP.

⁴ A new institution called Committee on National Economic Development (CNED) is proposed. The CNED with the Prime Minister as chair would involve key administrative, research and private sector functionaries to provide strategic guidelines for national development. Line ministries should be a strong part of the CNED while developing public policies and development strategies.

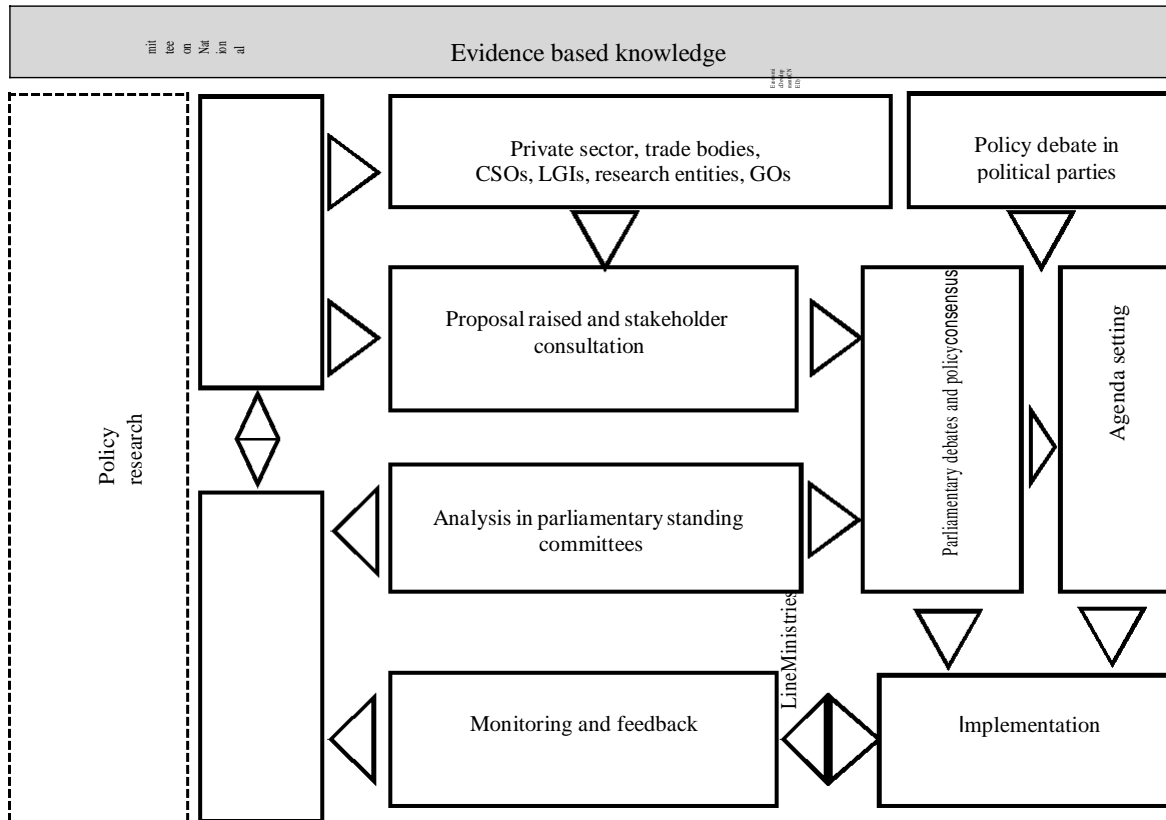


Figure 1. Framework of an independent and homegrown development agenda setting.

Indeed, the role of rigorous research and evaluation of both national and global strategies is also crucial. The adaptation of exogenous models may also be welcome. The line ministries should engage in constant policy research and monitoring to curtail the scope of policy influence of the pervasive international institutions.

Upon receiving strategic guidelines from CNED, the line ministries should go for wider consultations with different stakeholder particularly private sector and finally send a draft strategy to the parliament for debate and broader consensus on macro policies. In the process, parliamentary standing committees take opportunity to scrutinize the proposals in detail. Parliamentary debates and participation will ensure spatial equity and redistributive benefits of policies. The line ministries would maintain link with implementation channels of policies to seize the feedback on a continuous basis to redesign the agenda as and when required. The framework argues if such a structure is developed and practiced in development agenda setting, true national ownership is likely to be achieved which eventually ensures developmental benefits to people.

POLICY IMPLICATIONS

Homegrown development strategy should be a national

demand:

1. Grassroots demand could be instrumental in ensuring national independence of development agenda. Across the country local, regional and national actors must raise their voices to create an environment that compel the political leadership to think independently regarding the development of the country. Establishing accountability in political system may be the first step towards that goal.
2. Promoting capability of national political institutions: Research, policy debate or dialogue is the missing element in Bangladeshi political culture and thus, the political leadership suffers from an inbuilt inefficiency. The incapability of political leadership and institutions is sometime responsible for not paying due attention to some serious issues like the PRSP which has huge political and economic implications. The national parliament, being the highest political institution, may opt for opening a policy wing which at times may hold dialogue with the MPs on critical economic, social and foreign policy issues. In today's world academic , enlightenment of political leadership is crucial for proper national guidance.

Thus, major political parties should come up with their positions publicly on issues that entail policy debate and implications. They should form various sub-groups on major agendas involving political leaders and

professionals. This may act as a process of training of leadership who aim to be part of government once the party is elected. An enlightened political leadership can help restore better governance by various ways. For example, governance can be improved by: (1) paying more attention to major issues as they can capture the implications instead of engaging in demagogic political statements, (2) providing stronger leadership to public servants, (3) appreciating voices of various key stakeholders, or (4) encouraging a culture of policy dialogue in national parliament and political parties.

3. Reorienting civil service: The role of civil service is enormous in ensuring economic development. The contribution of an enterprising civil service in perspective of Southeast Asia is aptly recorded in the economic literature. While political leadership is changed with an election, public servants continue with their office till retirement. This enables public servants to gain more skill and expertise on public policy issues and thus, their input and contribution has much importance. The analysis of the situation implies that Bangladesh stands with a least enterprising and an uncritical civil service. While there are some historical reasons for that, the nation now must develop a highly professional and extremely motivated civil service. Human resource planning must undergo a huge reorientation. The prevalent structure of civil service may not be helpful to attain that goal and thus, a different executive service reorganizing the present administrative service should be developed to cope with the challenges and provide effective leadership.

Civil service has to be designed in a way that it pulls the best of the talented minds of the nation. Moreover, the present apathetic culture towards policy research needs to be dismantled and the junior level and mid level public servants should deliberately be linked to research environments. They must be interested in taking the research results into the policy formulation process. The present planning wing in line ministries needs to be dismantled and both the policy planning and implementation role has to be borne by executive service staff. Historically, Bangladesh has given little importance to research results while making policies. But, the research insulation has made Bangladesh public servants and political leadership less critical about the issues of political economy. Bangladesh should opt for a research/evidence-based progressive and result oriented civil service that could withstand the hegemony of international organizations.

4. Building strategic partnership among key institutions: A partnership among key institutions such as Committee on National Economic Development (CNED), various line ministries, public universities and research entities may provide immense impact on development policy formulation and implementation. In many countries, research results of public universities contribute to national policy and development but Bangladesh has failed to develop such an enabling and congenial environment. Research

results hardly see the light. Professional researchers, public officials, political leaders live in isolation and do not normally interface with each other. The partnership approach may serve some important purposes immediately: building a pool of researchers stemming from various sub-sectors particularly civil service and thereby creating a competitive research environment, promoting greater understanding on national development issues among key actors, formulating participatory public policies.

5. Excelling bilateral relations and representations in multilateral institutions: Failing to adhere to policies of the WB-IMF and other powerful lending countries may throw the aid receiving countries out of the prospect of economic assistance. In the face of such challenge, many poor countries accept the WB-IMF conditionality even knowing that it may harm national interest. Though seemingly difficult but the approach could be negotiated by good bilateral relations with particularly the developed countries. Good bilateral relations may ease the leverage. The other important issue is that Bangladesh should strive hard to ensure representation in various international organizations. This may demand promoting quality and efficiency of foreign and administrative services staff of the republic.

6. Strengthening international alliances: Building alliances with different loan receiving countries and strengthening the already established alliances may prevent the WB-IMF and other multilateral institutions from imposing detrimental economic policies and strategies. Strengthened interaction among developing countries particularly at the international level should generate a bold voice to make the world order pro-poor, anti-hegemonic and just. They should demand the international bodies be democratic and just in terms of representations in the governance structure. Moreover, the alliances should speak out for a trade regime that is not politically biased.

CONCLUSION

Arguably, policy ownership cannot be forcibly imposed or realized as a policy conditionality of the donors. Strong commitment of the aid receiving countries is fundamentally a necessary condition to ensure policy ownership in development agenda. Experience concerning the PRSP formulation process is extremely educative in this regard. Engaging key stakeholders, particularly the Parliament, civil service and an independent civil society, in the process of policy making is crucial to withstand donor conditionality and discover the best options for economic development of the country. It is practical knowledge that the donors neither could be competent nor are expected to make development choices for the aid receiving countries. Development choices must be made by the countries themselves. Countries must understand the difference between guided ownership and

true ownership and the implications on national development.

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