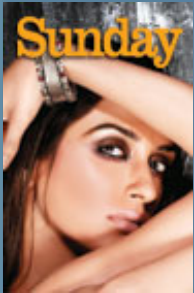


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VIEW: Another development strategy for Pakistan —Syed Mohammad Ali


The Planning Commission did recede into the background once structural adjustment lending was introduced. Through formulation of the PRSP, the Ministry of Finance has entered the field of development planning. The decision to subsume the PRSP in the MTDf could be seen as an attempt by the Planning Commission to retrieve charge of development planning

A new poverty reduction strategy was articulated by the World Bank and the International Monetary Fund in Washington in 1999 and subsequently encouraged across developing countries in the attempt to enhance the much-needed sense of national ownership and the participatory approach to development. Thus far, Poverty Reduction Strategy Papers have been formulated by 57 developing countries across the world, including our own.

Although the PRSP process is intended to become the mechanism for channelling all development aid to poor countries, the effectiveness and the participatory nature of the PRSP approach is certainly not without controversy. The Government of Pakistan, too, drafted the 'interim' and 'final' versions of the Poverty Reduction Strategy Paper to gain access to international funds at concessional rates. Formulated by the Ministry of Finance, the PRSP was presented at the Pakistan Development Forum in early 2004, under the title Accelerating Economic Growth and Reducing Poverty: The Road Ahead.

The IMF and World Bank reviewed and approved the PRSP. Thereafter, the World Bank approved a \$300 million Poverty Reduction Strategy Credit in September 2004, which was the first phase of a three-year programme to extend support for implementation of the PRSP. A PRSP Cell has also been established under the Ministry of Finance to coordinate and monitor the PRSP process. But it has not taken long for the status of the PRSP in Pakistan to become murky.

The reason for the ambiguity concerning the PRSP is the emergence of the Medium Term Development Framework for 2005 to 2010, which has been prepared by the Planning Commission of Pakistan. The National Economic Council has discussed a working draft of the MTDf and a presentation has been made to the donor community at the latest Pakistan Development Forum held at the end of the past month. The MTDf is to be launched before the annual budget is presented. The MTDf itself claims to have subsumed the goals and approaches of the PRSP. Yet there are several gaps between the two. The inconsistencies resulting from the formulation of the MTDf have been astutely described in a background paper commissioned by the Like Minded Donors' Group including the Swiss, the Dutch, the Canadians and the Norwegians.

The MTDf advocates a sizeable increase in public expenditures to reduce poverty thereby speeding up the trickle-down effect. This strategy is tough to sell given the prevailing focus on effectiveness of expenditures and improving the capacity of the institutions to utilize existing allocation

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of funds. The World Bank's Public Expenditure Review for 2004 explicitly blames inadequate spending for poor social service delivery. It says poor governance and lack of accountability are in large part responsible for the dismal state of neglect faced by a third of the country's population. Given this context, the MTFD needed a very convincing argument to justify the need to enhance public spending to alleviate poverty. Instead, the MTFD has relied on vague assumptions such as devolution of powers strengthening governance processes and in turn improving social service delivery. Devising specific, time-bound action plans with clear-cut indicators showing how public expenditure is linked to alleviating poverty would have been much more effective, particularly when it came to seeking donor support.

Even in qualitative terms, the MTFD does not clarify how poverty alleviation should be approached. The MTFD has only reiterated the value of government social assistance programmes such as Zakat, the Bait ul Maal and the food support and welfare programmes. The need for improvement was acknowledged in the PRSP too but not much has been done since then, given the lack of evident reforms being incorporated in the MTFD to improve the outreach and effectiveness of such programs. Concerning the need to monitor and evaluate results of overarching development efforts, it is important to note that even the proposed PRSP mechanism for this purpose is not yet fully operational. The MTFD should have built on the monitoring mechanism of the PRSP by attempting to take the analysis of effectiveness onto the district level, which may also have potentially demonstrated whether devolution of powers is in fact improving governance.

The parallel existence of unsynchronised policy documents is certainly not going to translate into a more concerted approach to achieve development goals. Some say that this policy divergence is indicative of a tussle between government departments over who should manage development funds. One has to admit that the Five Year Planning process undertaken by the Planning Commission did in fact recede into the background once structural adjustment lending was introduced in Pakistan. Primarily through its pivotal role in formulation of the PRSP, the Ministry of Finance, too, has entered the field of development planning. The decision to subsume the PRSP in the MTFD could be seen as an attempt by the Planning Commission to retrieve charge of development planning. This can be correlated to a conceptual shift within the international financial institutions, which have started showing greater willingness to include the state in economic planning. But even Joseph Stiglitz, the Nobel laureate who advocated this approach, would think twice about handing the task of development back to a state machinery like ours, that accumulated a large debt burden without ensuring adequate access or quality of care in the provision of basic social services.

At the end of the day, it seems quite plausible that if the results of the coming Pakistan Integrated Household Survey, which will be used to assess the PRSP approach, do not indicate improvements on ground, the Planning Commission may yet again assume a greater role in making development plans for the country. If that happens, one hopes that less effort is spent this time on reinventing the wheel, and more goes into speeding up the actual processes of development.

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