Anti Poverty or Anti Poor?

The Millennium Development Goals and the eradication of extreme poverty and hunger

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Preface

In October, 2003, Focus on the Global South, a regional program for policy research, analysis and action, in collaboration with the Poverty and Development Division of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), brought together representatives of 20 non-government and people's organizations from 13 countries to discuss Goal 1 of the United Nations Millenium Development Goals (MDGs): Eradicate Extreme Poverty and Hunger. The main purpose of this Asia-Pacific Civil Society Forum was to propose recommendations to the Committee on Poverty Reduction of the UNESCAP as to how countries of the regions could better achieve the goal.

This dossier contains the discussion paper and the statement that form the output of the Forum. The short statement was formally presented to the UNESCAP Committee on Poverty Reduction during the first session of its meeting on October 8, 2003 while the longer paper was distributed to the Committee member on the same day. The rest of the dossier is a compilation of relevant analyses and experience contributed by some of the participants as well as others in the regional civil society.

Focus on the Global South and the participants of the Asia-Pacific Civil Society Forum truly appreciate the effort by the UNESCAP Poverty an Development Division to promote dialogue between policy makers and civil society organizations, which the Division recognized as concerned stake holders on poverty reduction, and the resources it has committed to the Asia-Pacific Civil Society Forum, as well as to the printing of this dossier.

We sincerely hope that the UNESCAP Committee on Poverty Reduction appreciates the contribution from our side. After all, governments and civil society do need to work together if the goal of poverty reduction is to be effectively realized in the long run.

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The Millennium Development Goals (MDGs) and the Eradication of Extreme Poverty and Hunger

Discussion Paper

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The term "civil society" has been appropriated by mainstream development agencies. It has been erroneously defined to include non-state actors such as the business sector. In this document, we use "civil society" to mean non-state, non-business actors such as social movements, non-government and peoples' organizations, and most especially, the organizations of the poor.

I. Introduction: The Poverty Problem

According to the Human Development Report, since the 1980s, the number of people living in extreme poverty has increased by almost 100 million while total world income has increased by an average of 2.5% annually. At least 54 countries are poorer now than two decades ago. More than 800 million people suffer from malnutrition, more than 13 million children have died because of diarrheal diseases and, every year, over half a million women die during pregnancy or childbirth.

Despite impressive economic growth rates registered in some countries, the Asia Pacific region continues to have a sketchy track record in reducing poverty and hunger. On one hand, East Asia has been hailed as a paragon in terms of its ability to grow and transform economically within a short period in the 1980s and 1990s. India and China are seen as the newer emerging economic powerhouses in Asia. At the same time, the entire region is home to the largest concentration of people living in poverty and hunger, with specific sub-regions serving as pockets of extreme poverty. South Asia, in particular, remains one of the world's poorest regions and because it is so heavily populated, it is home to the largest number of poor people in the world. More than one-third of South Asians lack access to sanitation, one-third are in poverty, one-quarter are hungry, one-fifth of children never enter primary school, and one out of ten children die before they reach age five. Two of every five poor people live in South Asia, and one in four are in East Asia and the Pacific. Forty percent of world's undernourished people live in South Asia, and 24 percent in East Asia and the Pacific (Human Development Report 2003).

Increasing poverty is accompanied by an increase in global inequality. The richest 1 percent of the world's population now receives as much income as the poorest 57 percent, and the income of the richest 25 million Americans is the equivalent of that of almost two billion of the world's poorest people.

The Asia Pacific region is home to stark national inequalities in wealth, assets, incomes and opportunities. Inequalities in the quality of life and access to opportunities for human development are generally sharpest between rural and urban areas. In both rural and urban areas, ethnic minority and indigenous peoples' communities, marginal farmers and fishers, forest and upland communities, migrants, workers and women carry a disproportionate share of the burdens of extreme poverty and hunger. More and more workers, especially women, are being forced from the relatively protected formal sector to the unprotected informal sector. This is accompanied by a concentration of assets and resources in the hands of traditional elites and the newly prosperous, who have been able to take advantage of the economic opportunities offered by modernization and globalization.

The geo-political situation in the region also has particular bearing on the incidence of poverty and hunger. In their stated bid to ensure national security, governments are spending more on arms and defence, and less on social security and protection, public distribution systems and welfare programmes. Today, the "war on terror" has taken precedence over the war on poverty and hunger, and provides a useful excuse for governmental failure to prioritize national resources for the eradication of poverty and hunger.

While current conditions and processes of impoverishment and hunger must be urgently addressed, poverty and hunger are not "current conditions". The poor and hungry are the products of historical processes of marginalization, mal-development, expropriation and exploitation. Addressing poverty and hunger requires addressing the social, cultural, political and economic forces and processes that perpetuate vulnerability and marginalization. Failure to do this is the reason why, despite the millions of dollars that are spent every year on development and poverty reduction projects, absolute impoverishment has not decreased significantly.

In the second half of the 20th century, the international community responded to pressing issues of poverty and hunger by means of packages. These include post-war reconstruction, development, structural adjustment, growth with equity, and so on. However, these packages largely failed to address the core issues of poverty and hunger. At the close of the 20th century, the international community (the multilateral institutions, bilateral donors, international financial institutions (IFIs), and development banks) adopted a new package, that of "poverty reduction", as their primary agenda. In 1999, the World Bank and the International Monetary Fund (IMF) reformulated their structural adjustment programmes (SAPs) as the Poverty Reduction Strategy Papers (PRSP) and the Poverty Reduction and Growth Framework (PRGF) respectively. The PRSP-PRGF are now being used by donors and multilateral agencies - including the United Nations - as guidelines for national development in all low-income borrowing countries.

In September 2000, the United Nations (UN) General Assembly adopted the Millennium Declaration, which updated many of the development goals originally set (and not met) for the year 2000 and reformulated them for the year 2015. Some of the goals and targets of the Declaration were later refined into what are now known as the Millennium Development Goals (MDGs). This paper offers a framework for discussion on Goal 1 of the MDGs: Eradicate Extreme Poverty and Hunger. The Goal has two targets:

i. Halve, between 1990-2015, the proportion of people whose income is less than one dollar (US$ 1) a day;

ii. Halve, between 1990-2015, the proportion of people who suffer from hunger.

Focussing on the situation in Asia and the Pacific, this paper attempts to provide an alternative elaboration of the causes, elements and dimensions of extreme poverty and hunger, and the various constraints governments, national communities, and the global community face in addressing them. The paper offers key themes towards a new perspective for looking at extreme poverty and hunger, and initial ideas (both conceptual and practical) on the possible roles of different community, national and international actors in tackling the main challenges. A number of developments in the past decade - the financial crisis in Asia, the fragility of consensus in international trading bodies, the growing realisation that a number of past policies/programmes implemented through international institutions have failed to achieve most of their goals - have been revealed as integral factors in the crises of extreme poverty and hunger. They are vital lessons pointing towards possible solutions and it is a challenge for us to address these appropriately in the emerging decade.

II. Challenging the Way We Look at Poverty and Poverty Reduction

Absolute poverty is the main indicator used to assess progress towards the MDGs. It measures the proportion of a population surviving on less than a specific level of income per day. This level is the poverty line, or the level of income needed to meet basic needs for daily survival, and it varies from country to country. Shifting the poverty line by just a few units of national currency can significantly alter the picture we get of poverty in that country in terms of how many people we consider living in poverty. For example, the poverty line applied in Sri Lanka is one-third of the common norm of US$ 1 a day.

To address the problem of comparability, the World Bank uses an international (extreme) poverty line of US$ 1. Based on national poverty lines from a sample of developing countries, the international poverty line assumes that after adjusting for cost of living, US$ 1 is the average minimum consumption required for daily subsistence in the developing world.

While such an indicator may serve some useful purpose in inter-country and inter-regional comparisons, it tells us little about how people in different countries, regions and conditions experience poverty and hunger. But a predominantly income-based definition of poverty is inadequate to tackle different trends and dimensions of poverty in different regions and among different populations.

The Nature, Dimensions and Manifestations of Poverty

The actual experiences of farmers, fishers, workers, women, indigenous peoples, minority communities, and consumers, and of non-governmental organisations (NGOs) working with a variety of socio-economic and ethnic-cultural groups show that poverty and hunger are manifested and entrenched in a variety of ways:

1. *Access Issues.* Access of many communities and groups to essential services such as housing, water, education, health care and electricity has deteriorated over time. This has serious impacts on peoples' health, opportunities for human development, physical and social security, potential for decent work, ability to access sufficient food, information, etc.

   An increasing lack of access to food despite improved agricultural production and distribution systems contributes to the prevalence of hunger and malnutrition (e.g., India).

2. *Community Resources and Processes Under Stress.* The pressure to produce on a commercial scale, the deregulation and liberalization of the agriculture sector, and the often haphazard implementation of sectoral reform programmes, result in increased stress on small and family-based agricultural production. The pressure to produce at "competitive" prices aggravates the downward pressure on incomes due to competition from cheaper imports. Prices of farm inputs, largely controlled by transnational suppliers and large local agribusiness firms and distributors, continue to rise even while prices of farm products stagnate or even fall, leaving producers with marginal incomes and sometimes even losses.

   The privatization of electricity and water sources has added to these difficulties. Many agricultural producers are heavily indebted to both private money lenders and government banks or credit agencies, and mortgage their lands in order to obtain more credit to repay old debts, and so on. Particularly burdened are rural women who generally have no or little access to land and other assets, and serve as unpaid family workers in agricultural production. In the midst of decreasing incomes and resources, they are expected to provide food and other basic family needs by working more and doing with less.

   In many countries (e.g., Bangladesh, Sri Lanka and the Lao PDR), there is increased pressure by IFIs such as the World Bank and the Asian Development Bank (ADB) to export natural resources that are critical to the lives of local communities.

IFIs claim that these exports are essential in order to generate revenues to repay outstanding external public debt and finance future development programmes.

Such stress has in turn resulted in increased migration of agricultural workers and producers from rural to urban areas and across rural areas in search of seasonal employment. This takes the form of low-quality jobs in the informal economy, or in the case of women and girls, prostitution or domestic service. Migration under conditions of economic stress exacerbates food insecurity. Many have lost their lands and assets altogether to banks, moneylenders, local landlords, and private agricultural companies. In the direst situations - e.g., in India, Sri Lanka and South Korea - suicide rates among farmers are on the rise. Ironically, while national level defaulters on debt benefit from enhanced facilities to "restructure" debt and continue borrowing, the overwhelming burden of national debt is borne by the poor: small-scale agricultural producers, workers, migrants and rural communities living in resource rich areas.

3. *Decreasing Quality, Quantity and Stability of Employment.* The closure of manufacturing units and the relocation of production facilities due to industrial adjustment are often not mitigated by the rise of new industries and opportunities. The resulting unemployment and underemployment can be huge. Shifting production methods have particularly impacted those who have traditional skills and inadequate opportunities to learn new skills. At the same time, there has been tremendous pressure to adjust labour and social legislation in favour of shifting industries, resulting in even lower protection for workers.

   Increasing labour flexibility undermines job security by relying on temporary, contractual and subcontracted work in labour-intensive, export-oriented and service industries, and provides lower wages and less protection than traditional employment. Displacement from formal employment as well as the continuing lack of remunerative work leads to the further entrenchment and expansion of the informal economy.

4. *Indigenous Peoples/Ethnic Minorities.* Indigenous peoples/ethnic minorities in the Asia-Pacific Region are among the poorest groups in their respective countries/communities. This is despite the fact that regions inhabited by indigenous peoples/ethnic minorities have served as the resource base for extractive industries in the name of "national development." Wealth generated from indigenous territories does not trickle down to the people who have nurtured these lands and resources since time immemorial. Indigenous peoples are often forcibly (and violently) displaced from their ancestral land/domain to give way to mining, logging, hydroelectric dams, etc. The rights of indigenous peoples/ethnic minorities to their lands, and to self-determination are still not recognized by most nations in the Asia-Pacific region.

5. *Lack of Coping Mechanisms.* Coping capacities among poor rural and urban communities are being eroded, making them less able to respond to economic and natural crises, and more susceptible to risk. The erosion of coping strategies is due to increasing and chronic indebtedness, landlessness, involuntary migration and displacement, poor public provision of essential services, and market based pricing of food and other essential items.

6. *Social and Economic Dislocation.* More and more communities are being displaced from traditional lands, forests, watersheds, eco-systems and means of livelihoods because of privatised property regimes, export oriented growth strategies, and the destruction of traditional safety nets. Migration across rural and urban areas in search of work and livelihood, and often for sheer survival, is now a common feature in the Asia-Pacific region.

7. *Political Dislocation and Disempowerment.* Poor people, often due to their poverty and historical socio-economic conditions, are marginalized from political and decision-making processes, and hence from any role in shaping national and local development policies to respond to their needs. Those who lose, or do not have the protection of, citizenship, such as indigenous peoples, refugees and internally displaced peoples are denied even the most basic rights. Examples include Bhutanese refugees in Nepal, Rohingyas in Arakan State in Burma and upland ethnic groups in Thailand.

8. *The Nation State.* Ruling elites - including bureaucratic actors and political parties - are able to discriminate against groups and communities that do not support them. The policies of one country can also have impacts on communities in another country, e.g., dam projects that cause flooding in neighbouring countries, national policies that result in the creation of refugees, etc.

9. *Environmental Degradation and Pollution.* Rapid industrialization, urbanization and commercialized agriculture have reduced the natural resources available to poor communities in rural areas and directly affect the health of both rural and urban poor. High-grade food production land is converted to resorts, tourism and housing complexes, or pass into the hands of wealthy private entrepreneurs. Communities reliant on such lands are increasingly compelled to use marginal lands and resources for survival where higher investments are needed for lower output). In many countries, the IFIs support projects that damage eco-systems and result in environmental contamination.

10. *The Gender Gap.* Women are often worse affected than men in the same circumstances. The marginalization of women has structural roots at the state, community and family levels. In many societies, men are regarded as the heads of household and the sole owners of land and other property. Women are deprived of equal access to credit, education and other development programmes. Women are not sufficiently represented in decision-making bodies from village councils to province/state and national legislatures and executive bodies.

11. *Children.* Children are the most vulnerable to conditions of poverty and hunger. Lack of food, nutrition, social and physical security, healthcare and education, affect both present and future capacities of children. Increased stress on families and communities compounds the impact on children for years to come. Across the region, there has been little significant decrease in exploitative child labour, while the trafficking of women and children is on the rise.

12. *Corruption.* Graft and corruption in government are a significant cause of continuing poverty and hunger.

13. *Human Rights.* Poverty and hunger are violations of human rights. They result in exclusion, and feelings of hopelessness and helplessness.

14. *War.* Poverty, hunger and malnourishment, displacement and lost livelihoods are also a result of wars and conflicts. At the same time, economic policies that privilege some groups and create deprivations and suffering among others can result in societal tensions, conflicts and wars. Women and children are particularly vulnerable in such conditions and have bear the brunt of the impact.

The Limitations of the Growth Response

Just as the determination of poverty tends to be narrowly income-based, so does the response. The emphasis has been on rapid economic growth at the cost of equity and equality. At the same time, any direct intervention by governments is criticized and strongly discouraged.

There is a basic contradiction between poverty eradication and the narrow application of growth-oriented development strategies. This needs to be thrashed out so that a meaningful discussion of alternatives is possible.

Many studies show a correlation between economic growth and poverty reduction, and countries with the fastest growth have registered higher levels of poverty reduction. At the same time, countries with high growth have also registered increases in inequality. The benefits of growth have clearly not been equitably distributed among all sections of society. The prescription for economic growth has veered away from the development of internal capacities and markets, and concentrated disproportionately on opening up domestic economies to external economic forces and reliance on exogenous factors - e.g. demand for exports, terms of trade, foreign investment, etc. The diminished attention given to local endowments and internal economic capacities affects and often hinders the adoption of policies that can address extreme poverty and hunger. It is also important to distinguish between economic growth per se and policies that are purported to increase economic growth. Many such policies have indeed not led to higher growth and have proved to be anti-development. For instance, despite years of structural adjustment, Sri Lanka has not achieved the promised growth, let alone benefits of development.

The narrow focus on economic growth has not only failed to eliminate poverty. It has also resulted in policies that have created new forms of, or aggravated existing conditions of poverty and hunger. For instance, SAPs have institutionalised policies that opened up economies and shrunk governments' direct responsibility for redistribution of assets and benefits. Public support and subsidies were systematically torn down, and market-based price systems were made the primary determinant of allocation and distribution. With privatisation and the withdrawal of government subsidies for domestic industry, a significant proportion of the work force was shunted into the informal sector. By and large, economic growth has been achieved at the cost of the well being of workers, small-scale agricultural producers and consumers.

One of the problematic areas of structural adjustment is trade. It is often claimed that trade liberalisation leads to economic growth and hence poverty reduction. Yet, there is no convincing evidence to prove this. Instead, developing countries that shed existing protections are unprepared for the difficulties they face in open trade regimes, and are thus unable to address the displacements they experience.

The focus on measures adopted to achieve rapid growth has also increased the vulnerabilities of economies and communities. Economic crises triggered by financial instability and sharp currency fluctuations, for instance, have had had deleterious impact on both growth and poverty reduction. The financial crisis that started in East Asia in 1997 and triggered a domino effect of financial crises all over the world eroded much of the limited gains achieved in poverty reduction in East Asia over the previous 20 years. The crisis also highlighted the fragility of the sub-region's financial systems.

Aside from their failure to address the non-economic dimension of the problem, most work on poverty reduction so far is limited to the calculation of how much growth is necessary to reduce poverty over a given time. However, for extreme poverty, internal policies and public expenditures on key social services are crucial. An important issue that has so far been ignored when talking about extreme poverty and extreme hunger is the imperative for direct government intervention.

New initiatives, such as the PRSP, are supposed to address direct intervention issues. But PRSPs are in the mould of traditional debt relief packages that are tied to specific programmes. An initial scan of existing PRSPs also reveals that far from being a poverty reduction model, the PRSP is actually a repackaged growth and structural adjustment model. Most of the elements found in the SAPs of the 1980s and the 1990s are also found in the PRSP.

The various debt relief initiatives have failed to bring about a more comprehensive solution to the financial situation of poor developing countries. Most debt relief programmes have been tied to specific economic programs, and so limit the options for developing countries. Thus countries availing of debt relief have only limited space to initiate and fund what could be more appropriate internal policies.

The question of whether or not growth leads to poverty reduction remains controversial, and it is widely accepted that growth alone is insufficient to address poverty. A broader issue that needs to be discussed is whether the increase in money income and the transformation of informal subsistence economic activities into the formal monetarized system actually translate into a better quality of life, or, indeed whether this is a better state of being to aspire for. In conventional economic and development discourse, poverty is defined in terms of lack of income, housing and other material goods. However, for many communities, such as indigenous peoples, poverty and wealth are linked with land, water, bio-diversity, and other ecological and socio-cultural factors. The US$ 1 a day mark has little meaning for them, but the destruction of traditional environments through mining and logging has enormous significance for how these communities can sustain themselves.

The Dynamics of the International Trade and Finance System and Links to Poverty

The global trade and finance regimes are highly unequal and non-transparent, and are disproportionately weighted on the side of rich countries. International institutions tend to develop agenda of their own with little relevance to the requirements of individual country members. The result is a one-size-fits-all approach that has failed time and again.

The global trade and finance regimes have impacts at local levels. It is already well documented that fluctuations in world commodity prices can mean survival or destruction for millions of farmers in the region, and the volatility of capital can likewise result in the rapid loss of millions of jobs. Speculative capital is essentially non-productive and increases the exposure of recipient countries to financial risk.

The present global financial system is not transparent, (many financial transactions, including those involving speculative activities, highly-leveraged institutions such as hedge funds and derivatives are non-transparent and non-accountable); it is not rules-based (there is little or no regulation over many kinds of activities of financial institutions and over the massive international flow of funds; and it is also not predictable (amply demonstrated by the volatility, fluctuations and unpredictability of exchange rates and the sudden inflows and outflows of funds countries are subjected to).

The lack of regulation and predictability of the global financial system has been a source of financial and economic destabilisation for many developing countries with far-reaching consequences on poverty. Countries should therefore determine for themselves, without pressure, the appropriate degree, rate and type of financial liberalisation that they should undertake, consistent with the objective of poverty reduction.

Longer term capital flows such as FDI have generally been regarded as entirely beneficial to development. Hence transnational corporations have been arguing for rules that would allow them unfettered freedom to invest. The reality is that FDI comes at a price, and the costs must be outweighed by the benefits in order for FDI to play a pro-developmental role. Therefore, policies must be in place that seek to maximise the benefits such as equity-sharing, technology transfer arrangements and other performance requirements, and to take account of risks and minimise them, especially potentially large drains on foreign exchange through high import content and large profit repatriation.

Complex as it is, the issue of poverty has not been fully addressed due to a lack of accountability and sharing of responsibility for failed policies and development approaches/models among governments, donors and international institutions. There are also constraints offered by the political dynamics at the national level between governments and civil society, and at the international level among governments, and between governments and the international trade and finance system.

The globalised trade and finance system offers many challenges that must be met. Lack of control over a system several layers detached from them leaves the poor at the mercy of decision-makers that are equally remote to them. One of the biggest challenges here is the accurate translation of local realities and experiences into responsive and meaningful policies and programmes at the national and international levels.

The challenge for governments is to find ways to integrate into the global governance system and the global economy on their own terms, minimizing risks and retaining sufficient space for protective measures. Unfortunately, there is unevenness of capacity among governments to engage with the global system. A concrete manifestation of this is the failure to identify and develop national development agendas, and the reliance on international institutions to formulate domestic policies. Small countries cannot hope to intervene meaningfully in international bodies without first formulating an internal, cohesive development agenda of their own. Cohesive national agendas must be rooted in real political economy and felt needs and limitations, more than on sophisticated modelling and number crunching.

SUMMARY

A significant challenge in eradicating poverty and hunger is the inability of past and present poverty reduction programmes to address the distribution of resources, opportunities and impacts arising from policies and programmes. Policy and governance regimes do not affect all socio-economic groups, women, men, children and the elderly in the same way. Because of both historical and current conditions of marginalization, people in the same country and even the same local area may experience the results of these regimes differently. Liberalisation and privatisation may offer gains to those already better off and with the ability to access the opportunities that arise from these trends. But in far too many instances, it has left lower-end and primary producers, workers, and cash-poor rural and urban communities much more vulnerable than before, since they have to compete for income, services and opportunities in new, unequal and unpredictable markets, but without protection against the risks that new conditions bring.

In recent years, some people have even suggested that along with a poverty level, societies also establish ''wealth levels'', which would indicate levels of income above which people would be considered scandalously rich.

On balance, the drive towards modernisation, rapid economic growth and export-led development has resulted in a net transfer of wealth, resources and opportunities from the poor to the rich, from rural to urban areas, from workers to corporations, and from agricultural producers to agribusiness corporations. Present gains are valorised over future costs (as is evident in the ecological degradation that has resulted from unregulated investment and resource extraction projects) even as promises are made that present day suffering will bring future economic gain (as in past SAPs and current PRSP frameworks). Not only have market-dominated development strategies failed to deliver benefits to all, but they have also resulted in a perverse redistribution of the wealth of societies, where the poor subsidise the rich both within and outside national boundaries.

III. BARRIERS TO TACKLING EXTREME POVERTY AND HUNGER

Unless the MDGs can suitably address the core causes that create and entrench poverty and hunger, they are irrelevant. The main barriers to tackling extreme poverty and hunger are not limited to a lack of resources and finances, although both are critical to redressing the current imbalances of massive wealth and extreme poverty, and of excessive consumption and hunger. There is enough food in the world to feed everyone adequately, enough money to cancel the debts of the poor, enough resources to create decent jobs for all, and enough wealth to eliminate poverty in a sustained manner. What seems to be in short supply is the political will and commitment to tackle the structural foundations that create these imbalances.

On the Part of Civil Society/Peoples:

Few possibilities to engage with own governments in policy making. The capture of the national policy space by multilateral and international institutions limits the space left for citizens to participate in determining or shaping national policy. It is extremely unfortunate that governments implement prescribed policies that are informed more by ideology than by an appreciation of the huge distributional impacts of development policies.

Civil society-government relations are often characterized by a lack of trust. The credibility and legitimacy of civil society are frequently questioned by governments, who are quick to dismiss criticisms of national policies as 'anti-development.' Likewise, many civil society groups do not easily trust governments either.

Narrow base of participation and lack of continuity of engagement in international policy issues and fora. Participation in such fora is usually limited to well-resourced NGOs and specific civil society lobby formations. The voices of larger civil society, i.e., social movements, local workers' organisations, farmer and fisher groups, women's movements, migrants, ethnic and indigenous peoples' groups and rights networks are not given sufficient consideration.

The exclusion of larger civil society many not necessarily be deliberate or wilful. Many movements and networks are unfamiliar and therefore uncomfortable with the policy language that dominates international policy fora. Many are also unwilling to engage on platforms that display undue influence by external agencies. In their view, it might be a better use of their time and efforts to concentrate on their specific struggles than participate in processes with uncertain outcomes.

On the part of Governments:

Commitment to neo-liberal development approaches despite emerging evidence of their negative impacts. Governments in most developing countries seem either unable or unwilling to address the structural causes of extreme poverty and hunger. In general, there appears to be an uncritical acceptance of prescribed growth models, and slowness in adjusting to their negative impacts. Part of the reason for this is the policy conditions that accompany support from donors and official creditors. At the same time, governments themselves seem closed to exploring development models that structurally prioritise the elimination of poverty and hunger over rapid economic growth.

Access to capital and development financing. For many developing countries, access to finance capital and development financing remain challenging issues. Most governments raise money for development and anti-poverty programmes through external finance including Official Development Assistance (ODA), debt, export revenues and financial markets. The capacity for domestic resource mobilisation for development, welfare and poverty reduction is hence diminished. This narrows the policy options available to governments to regulate key economic sectors and re-direct spending in accordance with local/national priorities if these priorities conflict with conditions that facilitate access to capital and development financing.

Lack of political will. Governments' unwillingness to listen to their own peoples and nurture alternative models of development and development financing is accompanied by a failure to address the diverse dimensions of poverty and to translate anti-poverty rhetoric into action.
For instance, existing labour laws and laws to provide social protection, and make government agencies and investors accountable are rarely enforced.

Failure of government and markets to distribute resources, assets and "benefits" of development equally and equitably across socio-economic and cultural groups, gender and regions. Markets have repeatedly proved to be inappropriate and inequitable means of allocating resources and benefits. Most developing country governments have failed to address the deepening inequities that have arisen from market-based reforms and structural adjustment programmes. Distributional issues also receive insufficient attention in policy making since policy processes are usually dominated by a small national elite. For many critics, poverty reduction is more an effort to increase local purchasing power in support of market expansion, rather than a genuine effort to address urgent problems of hunger and deprivation.

Limited efforts by governments and international bodies to share information about the MDGs and other international policy initiatives that claim to tackle poverty and hunger. Many civil society networks working at the grassroots and local levels on poverty and hunger are not familiar with MDGS, the Millenium project and other related international programmes/initiatives. As a result, the wealth of knowledge and experience of such networks does not inform MDG implementation efforts. The MDG targets are also not meaningful to the poor themselves. The targets do not provide enough incentive for the poor to participate since the targets seem too distant to answer the urgent problems of the poor.

On the Part of Donors, the IFIs and the UN:

Inability or unwillingness to address the structural causes of extreme poverty and hunger. For the most part, donors, IFIs and the UN seem unable to move away from the neo-liberal policies that characterise the post-development era. Varying versions of these policies have been the cause of deterioration of living conditions under past structural adjustment programmes. But donors and international agencies are either unable, or unwilling to critically examine the role of these policies in creating and entrenching conditions of poverty and hunger.

Lack of accountability to aid and loan recipient governments and peoples for failed programmes and faulty policy advice.

Inability or unwillingness to meet their obligations to developing countries without using policy conditions as political leverage. For the most part, donors and creditors continue to insist on their preferred policy prescriptions as conditions attached to aid and loan programmes. They thus undermine sovereignty and democracy in recipient countries.

Contradictions between the stated goals of eradicating extreme poverty and hunger, and the development policies promoted by donors, IFIs and the UN. The policies and economic strategies promoted by the IFIs, regional banks, and bilateral donors/creditors often contradict important UN conventions on development and human rights, and undermine the UN's commitment to the MDGs. The UN Sub-Commission on Human Rights has noted that the policy conditions attached to World Bank-IMF debt relief and PRSP-PRGF programmes undermine the policy sovereignty of developing countries and obstruct developing countries from meeting their human rights obligations to their citizens.

Although UN agencies and programmes play focal roles in promoting and implementing the MDGs, the global trade and finance regimes are beyond their control or influence. But rather than push for reforms to make these regimes subservient to development and human rights goals, the UN system has moved towards reforming its own approaches to make them coherent with IFI policies. For example, UNDP and the World Bank have entered into a joint partnership to implement the MDGs, thus potentially closing off critical examination of the role of the World Bank and IMF in creating poverty through their structural adjustment programmes.

Lack of awareness and/or acceptance of alternative approaches to reducing poverty and hunger. A number of local, national and regional groups and networks have engaged with communities in efforts to reduce poverty and hunger that are successful, sustainable and empowering. But most UN and other donor agencies are not aware of these efforts, and their own programmes are not informed by the wealth of knowledge and experience generated by these efforts. For the most part, the UN and other donors operate in a world that appears to be disconnected from some of the most innovative and instructive initiatives in reducing poverty and ensuring food security and sovereignty.

The "professionalisation" of poverty: In a bid to avoid approaching poverty and hunger as political issues, there are tendencies among governments and donors to address poverty and hunger as technical problems, to be solved by technocrats and professional consultants. In fact the business of poverty has proved to be extremely lucrative for the "poverty experts." Donor agencies tie their aid packages to the purchase of goods and professional services from their own countries.

IV. The Challenge Ahead: What is to be Done?

Extreme poverty and hunger cannot be addressed in a sustained long-term manner unless governments and civil society work together. Civil society groups have the knowledge, experience and networks at multiple levels to elaborate and scale-up or replicate alternatives to the current development model. Many also have the expertise to provide feedback to governments about the impacts of policies and programmes. Governments have financial, political and institutional resources and the power of policy to make these alternatives a reality. Civil society and governments need to find ways in which they can play mutually critical and complementary roles in efforts to eliminate extreme poverty and hunger, and to build each other's capacity in this endeavour.

Civil society and governments will play differing roles in any collective endeavour and often, these roles are likely to be conflictive and even antagonistic. But this is no reason to not go ahead. Governments cannot respond to the development priorities of their countries without the active and informed participation of their peoples. Similarly, people need strong governments that can ensure equity, equality, and justice, and translate their constitutional and universal rights into everyday reality through appropriate policies and programmes.

Following from the above, we put forward the following recommendations:

1. The MDGs sideline the critical and important issue of human rights. Certain norms are particularly pertinent in addressing the problem of poverty, such as effective non-discrimination, the recognition of vulnerable groups, the right to an adequate standard of living, the right to freedom from hunger, the right to economic self-determination and the right to development. The Committee should affirm and operationalize rights based approaches to poverty eradication. Civil society organisations have already adopted this approach in their fight against poverty.

    a. Development policies, programmes and governance regimes must address the foundations of marginalisation of specific groups such as women, ethnic minority and indigenous communities, and those who have been systematically discriminated against on the basis of race, culture, religion or occupation.
    b. Special attention must be given to the particular risks and needs of children. Children, especially girls, are the most vulnerable to conditions of impoverishment, deprivation and hunger.

2. MDG 1 formulates the problem of poverty too narrowly in terms of vision, scope and direction. It cannot simply be reduced to a numerical target to be achieved by a certain date and by technical fixes. Durable and sustainable solutions to poverty will require the active involvement of the poor and civil society, a more comprehensive understanding of the root causes of poverty and its multidimensional and diverse consequences and the right policies.

3. In this respect, the practice of measuring poverty in terms of income and consumption levels is inadequate. We urge the Committee to take into consideration political, social, cultural and human rights dimensions, determined by factors like class, gender, race, geography and ethnicity. This broader definition is necessary in designing more sensitive and responsive policies and programs on poverty.

    a. Challenge the international "poverty line" approach to the eradication of extreme poverty and hunger. The US$ 1 a day standard may be useful for cross-country comparisons, but it is an inaccurate and misleading indicator of how people live and eat in varying local and national conditions.
    b. Alternative indicators and benchmarks are needed that accurately reflect the diversity across the Asia-Pacific region, including those which more accurately capture the extent of women's poverty and the degree to which women are poorer than men.
    c. Similarly, measures should be instituted that adequately indicate the poverty situation of other vulnerable groups, including children, older persons, people with HIV/AIDS, displaced peoples and refugees, migrant workers, retrenched workers, workers in the informal economy, indigenous peoples, and residents of disaster-prone geographical areas.

4. The participation of people at all levels and from all social, cultural and economic backgrounds is imperative for reducing

poverty and hunger. However, peoples' participation cannot be restricted to implementing government or donor led programmes. Instead, the people of a country must have sufficient voice and power in shaping the country's development model and in deciding how the resources of the country will be used. Such crucial decisions must not remain the preserve of any select or elite group. Poverty and hunger cannot be eliminated without the democratisation of policy making to the most local level possible.

In order for participation to be meaningful and genuine, responsibilities and roles in the fight against poverty should not be defined for civil society and the poor. The current process of formulating and implementing poverty reduction policies has not been successful in tackling the roots of poverty. This is due to the fact that the poor themselves are excluded from the entire process. We recommend the following principles as guidelines to be adopted by UNESCAP and every individual government in the Asia-Pacific region.

a. At the macro level, decisions on poverty reduction policies and projects must seek the consultation of civil society and organizations of the poor prior to implementation. The participation process must be transparent and accountable.
b. At the micro level, poverty reduction projects must seek the majority endorsement of the poor in the affected areas prior to approval
c. The indicators of these processes should be reflected in annual assessments

5. The MDGs do not provide an in-depth analytical review of policy reform and institutional change. Hence, to link the MDGs with a particular set of policy prescriptions would be the wrong approach, no matter which policies are prescribed, precisely because there is no single "correct" policy for all societies and circumstances. In this respect, externally imposed one-size-fits-all policies such as structural adjustment programmes and the way the current PRSP initiative of the World Bank and the IMF is being practiced are to be rejected by governments. We demand that the Committee and UNESCAP actively involve and recognise the poor as rightful participants in any formulation of poverty eradication strategies and policies.

   a. Institute domestic measures that safeguard national economies from financial and economic crises and debt-repayment problems. This could include capital controls, appropriate regulation of investment capital, sufficient and appropriate protection of domestic markets. Support trade policies that seek to re-examine and restructure tariff and non-tariff structures to ensure the survival and progress of local producers.
   b. Conduct a public "stock-taking" of national development policies and measures with emphasis on their distributional impacts; assess which of these policies have resulted in poverty, hunger and survival crises; build an explicit consensus (based on a clear mode of participation for organizations of the poor) among the public and government about how to change policies to correct past distributional impacts, as well as proactively address challenges of poverty and hunger. Such stock-taking should be institutionalised as regular monitoring to correct policies that result in skewed economic growth, locally and nationally.
6. Successful development efforts require appropriate policies at domestic, regional and international levels. However, the international economic structure is inequitable and currently antagonistic to the achievement of the MDGs themselves. The committee should urgently address the ramifications of globalisation and facilitate the formulation of the necessary reforms.

   a. Reform/restructure international trade, finance and investment regimes. This would involve rethinking the rules and regulations of these regimes as well as the institutions that govern them.
   b. Revisit the WTO Doha Work Programme, with a view of recasting it, and refocus efforts towards the review of implementation and impacts of the GATT-UR. Specifically, the review should tie in to the stock-

taking at the national level and must have the objective of correcting imbalances and remedying displacements.

7. Attention and financial resources are diverted away from the priorities of directly addressing poverty and hunger and instead are allocated to debt servicing and military spending. There is an urgent need to re-orient government expenditure. The Committee should identify clearly the resources needed for governments in implementing poverty eradication policies and programmes. Moreover, given the multidimensional aspects of poverty, the Committee must also consider the implementation of conscientious poverty-budgeting in all aspects of government expenditure. Finally, sufficient resources should also be identified and channelled to facilitate the participation of civil society and the poor.

   a. Provide higher budgetary allocations for anti-poverty and social development programs, and less for debt service and defence spending.
   b. Institute participatory budget processes, including gender budget initiatives.

8. Adopt strategies that address the root causes of extreme poverty and hunger.

   a. Genuine agrarian reform, which recognizes the rights of women and indigenous peoples to land and other productive resources;
   b. Policies that ensure the redistribution of wealth and resources through progressive taxation, caps and special taxes on certain types of incomes, etc.;
   c. A halt to all privatisation programmes, and subject them to evaluations through democratic and representative fora such as Parliaments and Assemblies; seek alternative solutions to the problems that privatisation programmes claim to address (e.g., efficiency of service delivery, debt repayment, etc.);
   d. Policies that ensure fair wages and compensation to workers, and fair prices to agricultural producers;
   e. Policies that prioritise the rights of workers and agricultural producers over those of investors and agribusiness companies;
   f. The acknowledgement of food as a fundamental human right; food must not be used as a "weapon" or left to the market for distribution;
   g. A halt to projects that induce displacement; seek constitutional protection for the rights of communities to common resources and assets;
   h. Policies that protect the rights of communities to water, land, forests, other natural resources, biodiversity and indigenous knowledge;
   i. Policies that ensure peoples' access to all services essential to their development, especially among the poor and historically marginalized; this includes education, social security and insurance, healthcare, information, etc.; access must be equitable and the quality of services must not vary according to socio-economic or gender backgrounds;
   j. Policies that recognize, support and protect the increasing numbers of workers in the informal economy;
   k. Integration of gender concerns in anti-poverty strategies.

9. Reject the TINA (There Is No Alternative) defence offered by governments and international agencies as an excuse to cling to economic models that have proven bad track records. Governments should take a stronger role and responsibility in providing for the needs of the poor. Support and promote alternative models of development that are being successfully practised by communities across the region.

We challenge the Committee to adopt a more comprehensive understanding of poverty and hunger and urgently intensify its work towards poverty eradication.

The Millennium Development Goals and the Poverty Reduction Strategy Paper: two wrongs don't make a right

By Nicola Bullard

In April 2003, the World Bank and the United Nations Development Group issued a memorandum outlining the ''relationship'' between the Millennium Development Goals (MDG) and national Poverty Reduction Strategy Papers (PRSP), stating that the PRSPs ''provide a key opportunity to moblise national actors to achieve the Millenium Development Goals''. (1)

Seventy countries are planning, preparing or reviewing PRSPs. This is the formal requirement for countries seeking assistance through the Highly Indebted Poor Countries (HIPC) initiative or access to World Bank concessional lending. PRSPs must be approved by the Board of Directors of the World Bank and the International Monetary Fund. Increasingly, PRSPs are the main framework for all donor lending and have become the dominant methodology for shaping national development strategies with the ostensible aim of ''poverty reduction.'' Linking the Millennium Development Goals to the PRSP signals a further consolidation of development thinking and risks undermining any potential gains of the participatory and country-led process envisaged by the PRSPs.

There are several reasons to be concerned about the marriage between the PRSPs and the MDGs.

First, the already limited scope for PRSPs to generate good country-level poverty reduction policies may be further limited by adopting the MDGs as the overriding target. In theory, PRSPs are participatory and have the potential to elicit the voices and the priorities of the poor themselves. Yet, by adopting the MDG targets, the PRSP's scope to generate more ambitious, or even different, targets will be limited. For example, food security may be a key demand of urban and rural poor, yet the MDG's second target simplifies this to ''reducing hunger by half''. Furthermore, by concentrating on the MDGs, the PRSP automatically limits policy choices and focuses evaluation and data collection on measuring progress towards achieving the MDGs rather than developing methodologies which provide an accurate picture of the effectiveness of different and innovative policy interventions and their micro distributional effects. That is, the PRSPs will focus on measuring national progress towards the MDGs rather than trying new and innovative policies reflecting the priorities of the poors and developing evaluation tools to measure the disaggregated impact of these policies.

Second, achieving the MDGs, or even making progress towards the MDGs, does not necessarily reflect structural change or even poverty reduction. Indeed, statistical ''achievement'' of the MDGs could be a purely conjunctural phenomenon, reflecting something as arbitrary as a massive devaluation in the US dollar, a campaign to keep children in school by a populist government, or the grim reality that half the adult population has died from AIDS-related diseases, rather than any underlying structural change or sustainable poverty reduction. Therefore, to use the MDGs as a measure of the success of a ''poverty reduction'' is flawed by the implicit assumption that the 18 targets indicate deeper structural change rather than mere statistics. What's more, their very simplicity disguises the complexity of poverty and the reality of power.

Third, the MDGs are externally imposed and therefore contrary to one of the çinnovativeé aspects of the PRSPs: that is, the Bank's and the Fund's proclaimed desire to nurture country-led processes that are participatory and inclusive. Pre-ordaining that the MDG country reports will become the ''key instrument to inform public debate for setting national targets'' automatically shapes the agenda and scope of action in much the same way that the PRSPs pre-determine the macro-economic framework within which ''poverty reduction'' policies are designed.(2)

Fourth, the UNDP and the Bank envisage that the PRSP will ''constitute the primary strategic and implementation vehicle to reach the MDGs''. (3) Regardless of whether the MDGs have anything to do with poverty reduction, the fact that they will be ''implemented'' through the PRSP prism and, therefore, that all bilateral and multilateral funding to support the MDGs will also flow through the PRSP, is problematic. The macro-economic pre-conditions of the PRSP (budget austerity, trade and financial liberalisation, etc.) ensure that the MDGs will be pursued through a narrow set of economic policy choices. Therefore, we will never know if there are other, more effective, paths of achieving (or, as seems more likely, not achieving) the MDGs, regardless of their usefulness.

Fifth, target 15 aims to ''deal comprehensively with the debt problems of the developing countries.'' The PRSP is a precondition for debt cancellation and rescheduling through the HIPC initiative, yet HIPC has proved to be a poor policy tool for dealing with debt, because the level of debt cancellation is far too low and the economic projections of growth and hence debt-GDP ratios were based on unrealistic growth rates and export earnings. The general view is that HIPC is not an effective way of ensuring sustainable debt reduction, yet HIPC is the raison d'étre for the PRSP and the PRSP is now the main vehicle to implement the MDG target on debt.

In summary, tying the MDGs to the PRSP is a bad combination of externally imposed ''poverty reduction'' targets operating within an externally imposed macroeconomic framework, tied to an ineffective debt reduction mechanism and subject to the approval of the World Bank and IMF directors. It signals an important convergence of ideology and power of the international development agencies and financial institutions, but it is not necessarily the most effective way, and certainly not the only way, to eliminate poverty and the structural causes of poverty in the South.

(1) ''How do the Millennium Development Goals relate to the Poverty Reduction Strategy Paper?'', World Bank and UN Development Group, April 2003.
(2) Ibid.
(3) Ibid.

Poverty Reduction Strategy Papers: A Poor Package for Poverty Reduction

By Jenina Joy Chavez Malaluan and Shalmali Guttal

The PRSP Package

The World Bank and the International Monetary Fund (IMF) claim that the Poverty Reduction Strategy Papers (PRSPs) signal a new approach to tackling the challenges of poverty alleviation and economic development among their low-income clients. Launched in September 1999, the PRSP has replaced the old tripartite Policy Framework Paper (PFP) drawn up between the IMF, World Bank and a country government for concessional loans.[1] Both the IMF and the World Bank are expected to align their respective lending programmes to a country's PRSP: in the case of the IMF, the Poverty Reduction Growth Facility (PRGF)—the old Enhanced Structural Adjustment Facility (ESAF)—and the Financial Programming Framework are expected to derive from the PRSP; with the World Bank, the Country Assistance Strategy (CAS) and all loans and grants must be based on the PRSP.

In this paper, we contend that little has changed in the substance, form and process of World Bank and IMF programmes. "Poverty" is used as window dressing to peddle more or less the same Structural Adjustment Programmes (SAPs) to low income countries that led them into a state of chronic economic crisis to begin with. Stringent policy conditionalities still rule supreme in Bank-Fund operations, the latest of which include an assortment of prescriptions loosely categorised as "good governance." Major international donors, however, appear to have blindly acquiesced to the Bank-Fund model of development, which is encapsulated in the PRSP and which has clearly failed over the past twenty years in numerous countries across Asia, Africa and Latin America. Countries as diverse as Kenya, Ghana, Ethiopia, Bolivia, the Russian Federation, Sri Lanka, Bangladesh and Indonesia were all forced to apply the Bank-Fund development model at one time or another, and all have suffered from deep and shattering economic crises as a result of Bank-Fund policy prescriptions. And yet today, the same policies continue to be supported even more ardently than before by donors, in a new package called the PRSP.

The PRSP framework was originally conceived as a condition of the Heavily Indebted Poor Country (HIPC) initiative. Countries seeking debt relief through the HIPC programme were required to prepare a PRSP to show how money freed up from debt servicing would be used to alleviate poverty. Since then, however, PRSPs have enlarged in scope and have become the centrepiece for policy dialogue and negotiations in all countries that receive financing from the World Bank's International Development Association (IDA).[2] Countries that urgently require Bank-Fund credits or debt relief can submit an Interim PRSP (IPRSP) for consideration by the Bank-Fund Boards on the condition that that the countries will prepare a full PRSP within a timeline agreeable to the Boards.[3]

Over 70 countries were initially identified by the World Bank and the IMF as required to develop PRSPs. To date, 45 IPRSPs and 22 full PRSPs have been completed and submitted to the Bank-Fund Boards.[4] However, the Bank and the Fund have yet to undertake independent, comprehensive and publicly accessible assessments of the impacts of past SAPs.

In theory, a PRSP is intended to be a document prepared by a country government - under the supervision of Bank-Fund teams - that identifies the incidence and causes of poverty, who the poor are, and strategies for overcoming poverty, including policy and expenditure targets. It is supposed to be "locally generated and owned", developed through "wide participatory dialogue", and focused at both the micro and macro policy-making levels. Further, the PRSP framework is expected to "encourage the accountability of governments to their own people and domestic constituencies rather than to external funders", whereby, "the poor become active participants not just passive recipients".[5]

Experiences thus far from Asia, Africa and Latin America indicate, however, that in reality, country governments have little control over the structure, content and policy prescriptions in their respective PRSPs, thus making a mockery of Bank-Fund claims of national ownership, public accountability and broad based participation. Despite the rhetoric of "nationally driven" development, the PRSP-PRGF frameworks continue to conflict with local and national priorities of reducing poverty, fostering domestically meaningful economic development, promoting equality and equity, and encouraging popular participation in the design of national development policies.[6]

Challenging Sovereignty

Because of the central roles that the Bank and Fund have in global policy making and governance, PRSPs have a leveraging role beyond debt relief and concessional credits. They have become the key policy instruments through which the world's major donors relate with low-income countries, countries undergoing economic crises and those emerging from protracted periods of conflict. Without a Bank-Fund approved PRSP, a low-income country can be virtually cut off from international aid, trade and finance. The United States (US), European Union (EU) and other OECD members have fully endorsed the PRSP framework and agreed to base their respective official aid programmes to low income and crisis ridden countries on the PRSP. Many have also agreed to co-finance poverty reduction credits, grants and technical assistance in conjunction with PRGF and CAS loan packages. The Netherlands and Japan have contributed US $20 million towards the establishment of a special multi-donor trust fund to build the capacity of countries to prepare PRSPs in accordance with World Bank principles. Additional contributions are expected from other donors as well. The Bank administers the trust fund and final approval for country proposals rests in the hands of Bank, UN and external donors.

Twinned with the HIPC initiative, PRSP prescriptions have grave implications for the economic sovereignty of low income and crisis-ridden countries. As in previous SAPs, PRSPs bind borrowing governments to implement Bank-Fund directed policies as conditions for receiving credits and other support from the Bank, Fund and bilateral donors. Experience shows that Bank-Fund conditions often prove to be more powerful than national laws since deeply indebted and cash strapped governments do not usually have access to alternative sources of development finance. 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 Bank, Fund and donor pressures than by domestic priorities and aspirations. In a number of countries, Bank-Fund policy requirements for debt relief and credits have resulted in deep cleavages among civil society, government institutions and national parliaments, and have deepened social unrest and conflict.

In Zambia, the IMF has informed the government that unless it sells the State owned Zambia National Commercial Bank (ZNCB), Zambia will not be eligible for one billion US dollars in debt relief under the HIPC programme. To obtain relief under the HIPC initiative, Zambia must comply with a number of requirements, including the sale of state assets. The Zambian public, the parliament and President Mwanawasa have vehemently opposed the sale of the ZNCB on the grounds that the ZNCB is a successful enterprise and one of the few sources of credit for Zambian people. Selling the ZNCB would result in the loss of thousands of jobs and compromise the interests of the Zambian people, as has already been the case with past Bank-Fund led privatisation programmes in the country.[7]

In Nicaragua, the Bank and Fund have demanded that the country privatise its water resources-including its hydroelectric dams-as a condition to further loans.[8] The condition comes in the wake of legislation passed by the Nicaraguan National Assembly in August 2002, suspending all water privatisation plans until a national debate on the issue takes place. By insisting on such conditionality, the Fund is disregarding and undermining national democratic process in Nicaragua.

In Pakistan, a range of actors which includes Non Government Organisations (NGOs), consumer rights groups, research institutes, unions, peasant and fisher-folk organisations, political parties, journalists and the Pakistan Human Rights Commission have formally rejected the structure, content and process of the PRSP in Pakistan. In an open letter to the Ministry of Finance, they have pointed out that the PRSP reinforces a previously tried and failed paradigm of development, undermines democratic process and threatens the sovereignty of the state. They object to the imposition of privatisation, liberalisation, deregulation and regressive taxation through the PRSP and the undue influence of International Financial Institution (IFIs)-the World Bank, IMF and the Asian Development Bank-on the Pakistani state.[9]

In the Solomon Islands, the IMF, supported by bilateral donors, refused to provide funds for the country's National Economic Recovery Plan unless the country first agreed to reduce government spending and implement severe job cuts. The retrenchment will result in 1300 job losses-about 30 percent of an already downsized public sector work force-and along with other IMF prescribed austerity measures, will compound the country's already severe economic and social crisis.[10]

Evidently, not much has changed in the modus operandi of the Bank and the Fund, despite their promises that borrowing countries will have greater say in determining economic programmes under the PRSP framework. The Bank-Fund use of the carrot-stick tactic undermines publicly accountable institutions of governance such as Parliaments and popular public debate, and weakens the positions of national policy making bodies that have to face the Bank and the Fund. Nor have the Bretton Woods Twins moved away from the Washington Consensus. In country after country, they continue to withhold crucial financial resources unless their deadlocked clients agree to impose their pet policies: trade and investment liberalisation, privatisation, deregulation, reducing government expenditure, restructuring of public services and sectors, low inflation, rapid economic growth, and so on.

Blind to Structural Adjustment

In the 1980s, nearly 70 countries implemented structural adjustment programs under the auspices of the IMF and the World Bank. The first 40 countries that qualified under the HIPC Initiative all underwent various forms of SAPs. Now that the PRSP approach is being implemented in these 40 and most of the original SAP countries, it should not be too much to expect that both the IMF and the World Bank should have done an ex ante assessment of the impact of SAPs in these countries. Yet, in their own words,

''(t)he limitation to the analysis of poverty is the absence of an explicit link between the diagnosis and the success (or failure) of past interventions, and implications for the selection of the priority policy areas for the future.''[11]

In June 2001, the World Bank released a report on the two decades of structural adjustment lending.[12] SAPs were originally designed to help countries out of short-term balance-of-payments difficulties. They eventually evolved to cover social, structural and sectoral reforms. According to the World Bank retrospective, the 191 adjustment operations in 64 countries approved in the 1980s had mixed performance records.[13] The major finding extracted from this retrospective and subsequent other research was that ''such reforms can be effective only when they are 'owned' by the country itself''.[14]

In July 2001, the World Bank concluded a five-year tripartite review (with government and civil society groups) of its SAPs in an exercise known as the Structural Adjustment Review Initiative (SAPRI). While the World Bank would not openly declare the SAPs as a major mistake, it did come close to acknowledging the SAPs' major weaknesses in the early 1990s. Unfortunately the World Bank's participation in the recently concluded SAPRI failed to elaborate these weaknesses or produce more nuanced policy learnings.

The tripartite review of SAPs was done in seven countries: Bangladesh, Hungary, Ghana, Uganda, Zimbabwe, Ecuador and El Salvador. The civil society group within the SAPRI also did citizen's assessments (without World Bank and government participation) in two countries, the Philippines and Mexico. After a process that lasted almost five years, the World Bank came out with a report where it offered three lessons:[15] 1) adjustment is a difficult process; 2) to be successful, adjustment has to be 'owned'; and 3) institutions, approach, and safety nets are essential in the adjustment process.

The Bank's conclusions on the impacts of SAPs diverged significantly from those of the civil society component of the SAPRI, which gave a much sharper and more comprehensive critique. Overall, the Bank failed to grasp or to even acknowledge the depth and breadth of problems that need to be addressed in its policy based lending. The assessment conducted by the by the Structural Adjustment Participatory Review International Network (SAPRIN) finds that SAPs created and entrenched continuing cycles of impoverishment and inequality, and that the anticipated gains in efficiency, competitiveness, revenues and savings from Bank-Fund prescribed macroeconomic policy prescriptions did not materialise.[16] What is more disturbing, though, is the limited extent these learnings have been absorbed by the Bank itself, or shared among its client governments.

The recently completed World Bank report on the Status of Implementation of HIPC (3 September 2002) shows that the Bank-Fund strategy of countries exporting themselves out of debt through exports of primary commodities has not worked. Debt indicators have particularly worsened for those countries dependant on the exports of cotton, cashew, fish and copper.

HIPC architects appear to have forgotten that it was the failure of two decades of structural adjustment, debt servicing and an export driven economic growth strategy that precipitated the humanitarian crises that called for urgent debt relief measures for highly indebted poor countries. Yet, the very same structural adjustment conditionalities and macroeconomic strategies continue to be at the core of HIPC programming, thereby entrenching chronic poverty in the HIPC programme countries.

Ownership, Participation and Quality: Shaky Ground

The PRSP framework is supposed to result in a long term, comprehensive, results-oriented, country-driven and participatory strategy to reduce poverty. However, experience to date shows that the ''quality'' of a national poverty reduction strategy acceptable to the World Bank and the IMF is incongruous with the main pillars of the PRSP framework: national ownership, participation and public accountability.

National Ownership

For the World Bank and the IMF, country ownership of a PRSP means the commitment of a country to implement a strategy that the Bank and Fund approve, come what may. It has little to do with authentically home-grown and nationally relevant strategies based on the socio-economic, historic and geographic particularities of different countries. Experiences across Asia, Africa and Latin America bear this out.

When advising governments on how to prepare a PRSP, Bank-Fund missions have come prepared with their perspectives on the country's poverty situation, their analysis of the country's obstacles to economic growth, their menu of policy options, and their views on how to mobilise resources for the PRSP, including external donor assistance. These perspectives form the basis of all discussion between Bank-Fund missions and borrowing governments about the structure and content of PRSPs. And despite claims that çcauses and solutions of poverty are country-specific'',[17] all PRSPs are expected to contain ''core elements'' that the Bank and the Fund consider essential to poverty reduction. These include: rapid economic growth, private sector development and expansion, good governance (largely oriented towards facilitating privatisation regimes), deregulation, trade and investment liberalisation, fiscal stability, macroeconomic management, public expenditure management and consultations with selected NGOs.

Claims of national ownership and alignment with national plans are further confounded by the involvement of Bank-Fund staff in various stages of the preparation of a PRSP. In addition to providing "policy advice" on fiscal management, structural, institutional and sectoral reforms, budgetary targets and expenditure priorities, Bank-Fund staff are also involved in joint staff assessments (JSAs) to ensure that the final product can be presented to their Boards for approval. Staffs are instructed to consider whether the document provides a "credible framework within which the Bank and Fund are prepared to design their programmes of concessional assistance",[18] and to "...discuss with the Authorities any modifications to the strategy that might be considered necessary to allow managements to recommend to the Boards that the PRSP be endorsed..."[19]

The primary criteria for judging the quality and acceptability of a PRSP relate to a government's macroeconomic framework, structural reform policies and strategies for rapid economic growth. Whether this formula reduces poverty in any qualitative and sustained sense appears to be relatively unimportant. Apparently, IMF lawyers have advised Fund staff that their documents must talk about economic growth whenever poverty reduction is mentioned, since the Fund's mandate does not include poverty reduction as a goal.[20]

According to a senior Fund official, three dimensions that the Fund considers essential in order to approve a PRSP are: broad-based consultation; faster, pro-poor growth, and; maintaining macroeconomic stability-i.e. keeping inflation and exchange rate volatility down. In practice, however, broad based consultation does not appear to include apply to the latter two dimensions.[21]

Given the high degree of involvement of Bank-Fund staff in the formulation of most PRSPs, it is difficult to believe that the papers would be significantly different if they were written entirely by the staff themselves. Also, countries that have been through past structural adjustment regimes and are now preparing PRSPs know what the Bank and the Fund want to see in such documents. Senior government officials in Ministries of Finance-who usually lead the PRSP process-are often groomed by the Bank and Fund, and have little trouble in reproducing the formula that will trigger the required financing. Although early Bank-Fund documents claim that there is no blueprint for PRSPs and that experimentation in the form of the PRSP must be encouraged, most PRSPs come out looking remarkably similar in both their poverty analyses and policy prescriptions that would purportedly result in poverty alleviation.

The World Bank determines how much money each of its low income clients will get based on three types of ratings: 1) the Country Policy and Institutional Assessment (CPIA); 2) the portfolio performance rating, and 3) the governance rating-including rapid government procurement. Of these, the CPIA counts for 80 percent of a country's overall rating and describes in Bank terms how the country has performed in twenty criteria grouped in four categories: Economic Management, Structural Policies, Policies for Social Inclusion and Public Sector Management, and Institutions. The higher a country's overall rating, the more money the IDA is authorised to lend to it. Taken together, the CPIA criteria, portfolio performances and governance ratings describe a slightly modernised version of a classic Bank-Fund SAP. A PRSP then is already pre-conditioned towards structural adjustment by the Bank's own lending criteria.

The CPIA score, in particular, militates against genuine public participation in the formulation of meaningful poverty reduction strategies and national ownership of domestic development policies. Although the CPIA measures the past performance of a borrowing country in what the Bank and Fund consider "good policies" (e.g. liberalisation, privatisation, fiscal discipline in public expenditure, removal of price controls, etc.), the rating criteria direct the nature of a country's relationship with the Bank and the Fund. If the country rates poorly on key criteria, the Bank offers the country an adjustment loan to "correct" the problems. At the same time, borrowing governments find themselves in a bind if their citizens choose a path towards poverty reduction that does correspond to the Bank-Fund roster of preferred "good" policies.[22]

The PRSP is supposed to be firmly grounded on existing national plans. However, it has a pre-prepared format and is accompanied by a massive, thousand-page source book that spells out how a PRSP should be prepared. If a government insists that existing national plans become the country's PRSP, it is the national plans that adjust to the PRSP requirements and not the other way around. In a document attached to an internal memo of the World Bank, it is clear that the PRSP and related documents such as those pertaining to Poverty Reduction Support Credit (PRSC) take primacy over a country's own national medium-term plans. To quote: "The Medium-Term Program supported by a PRSC may be based on an I-PRSP, when the I-PRSP describes a nationally owned broadly framed poverty reduction strategy considered adequate in the Joint Staff Assessment. In this case, the Medium-Term Program will likely be revised in the full PRSP, and the design of the series of PRSCs will also be reviewed and adjusted as appropriate."[23]

In Cambodia, the Lao PDR, Vietnam and Uganda-among others-PRSPs have conflicted with national, medium-term plans for poverty reduction and economic and social development, which are passed through National Assemblies and Parliaments. But since PRSPs are backed by the financial and political clout of the Bank and Fund, capital-hungry governments are both unable and unwilling to put up a fight.[24]

Participation

Participation is one of the main buzzwords of the PRSP strategy. However, the World Bank exposes its complete lack of understanding of participation when it holds up the document Voices of the Poor as a landmark exercise in participation. As long as people are allowed to speak about their hardships, this is considered participation in the eyes of the Bank. What the Bank fails to acknowledge is that given a reasonable degree of political security, people will always be capable of discussing their own situations and of describing the poverty they experience. The interpretation of these perspectives, however, remains a value-laden exercise, and the translation of these perspectives to policy actions remains beyond the reach of most members of society, especially the poor themselves.

PRSP processes have been extremely narrow in both their substance and participation. Participation has by and large been limited to inviting prominent and well-resourced NGOs to offer their perspectives on pre-prepared documents. Unions, workers' organisations, farmer and fisher groups, women's groups, indigenous peoples, medical associations and even academics have not been included in the process. Most PRSP consultations have yet to involve local populations in devising strategies for nationally meaningful development plans, or in monitoring the impacts of past policy reforms and programmes. Moreover, participation has not extended to financial programmes and macroeconomic planning. Bank-Fund claims of capacity constraints among civil society in these areas hold little water given the range of civil society expertise and skills in most countries, and the low levels of competence displayed by the Bank and Fund in monitoring their own programmes. The issue, according to Charles Abugre of ISODEC, appears to be more of exclusion than of capacity.[25]

In a number of countries, initial drafts of the I-PRSP and PRSP were not translated into local languages until the final stages, thus excluding local input into the formulation process. The time allotted to the general public for reading and absorbing the content of draft documents once completed was also limited, making it difficult for even those fluent in English and policy vocabulary to provide substantial comments. As a result, remarkably few people, both within and outside the governments, actually read the IPRSP and PRSP documents in their entirety.

The nature of civil society participation in PRSP processes also allows for the manipulation of civil society by the Bank, Fund and bilateral donors. Bank staff claim that they are helping to open up space for civil society to be involved in national development processes and to interact with bilateral donors. While it is true that civil society participation in the formulation of national development policies is limited in many countries, the Bank's self-assumed mediating role in the national arena has serious implications for national and local democratisation. The insertion of foreign donors and creditors between civil society and capital deficit governments weakens the influence of national-local civil society in setting national priorities, and governments become less accountable to their own citizens than to international creditors and donors. It is also entirely inappropriate for external donors and creditors to be involved in shaping national priorities in third countries that they themselves would fund.

Given the rhetoric of national ownership and participation in the PRSP framework, a question that the Bank and Fund have yet to address is how they assess participation and ownership when formal domestic capacity in national policy formulation is indeed weak. Capacity and political space are significant concerns in countries where modern civil society formations have not taken root as rapidly as modern development structures and practices. The presence of active civic bodies and the existence of sufficient political space provide the ground for meaningful public participation, and serve as checks to possible abuse by creditors, governments, donors, investors and other international institutions.

International donors and creditors have often flagged the ''absence of civil society'' in low-income countries as a major obstacle to development. What they usually mean is the absence of NGOs who are already familiar with, or can be taught the formal vocabulary of modern development, such as participation, planning, poverty reduction, sustainability, stakeholder analysis, good governance, etc. The response of the Bank and donors to such capacity constraints has usually been to design ''capacity building'' programs for governments in order to facilitate dialogue between civil society and government. But here again, a question that begs attention is whether ''improvement'' in the nature of dialogue between government and civil society is a role that donors and creditors should appropriate upon themselves.

Past experience shows that the involvement of the Bank and Fund in countries with vibrant and active civil societies has usually hindered meaningful civil society-government relationships. Where civil society formations have achieved a certain degree of maturity, their advocacy traverses a wide spectrum of issues, including the advocacy of policies that directly challenge those prescribed by the Bank and the Fund. And where governments must comply with policy conditions-as in SAPs and PRSPs-the combined political and economic power of the Bretton Woods Institutions (BWIs) pre-empts the ability of civil society to negotiate nationally relevant policies with their governments.

As yet, the Bank and Fund do not have clear standards to evaluate the quality of participation in the PRSPs. This is just as well since the Bank and Fund do not have the required expertise in this area. They have yet to comprehend that that genuine participation is a deeply political process of representation, negotiation and accountability. Instead, by focusing on ''capacity building'' and ''institutional strengthening,'' the Bank, Fund and international donors are attempting to reform decision-making processes in their low-income country clients. The wider the gap between policy-making structures and processes and their impacts on ordinary people, the easier it is for the BWIs to push their programmes.

Dodging Accountability

Although SAPs, the PRSP and PRGF are Bank-Fund programmes, they are financially and politically backed by rich and powerful donors. In the name of ''untying aid'' and ''donor coordination,'' the G-7 and other OECD members are linking much of their respective Official Development Assistance (ODA) programmes through the PRSP-PRGF. However, given the serious flaws in the very fundamentals of the PRSP, it is not an appropriate framework for coordinating international aid.

Coordinating international aid to low-income countries through the PRSP framework resembles the formation of a massive, powerful and unaccountable aid cartel, whose house rules are based on a development model already proven to be destructive to recipient countries. By channelling their resources through the PRSP, donors ensure that recipient governments are unable to find alternative policy advice and financing for national development. A PRSP dominated cartel will close off much-needed debate about, and support for alternatives to the Washington Consensus.

Donor coordination, while important, also raises questions of responsibility and accountability among aid providers. The policy coherence demanded by the PRSP framework is substantive and not simply logistical. If bilateral donors put all their eggs in the PRSP basket, they must then take equal responsibility for the impacts of bad policy advice, faulty assessments and failed programmes. Experience thus far shows that international donors are unwilling to take such responsibility. More likely, the continued failure of PRSPs in alleviating poverty will once again be attributed to weak capacity, poor governance and ''entrenched structural weaknesses'' among recipient countries.

If donors are genuinely committed to poverty reduction and national development in low-income countries, they must critically examine the impacts of the Bank-Fund imposed development model. Given their track record, the Bank and Fund cannot claim competence in alleviating poverty, promoting sustainable development or even fostering economic growth. Their policy advice to developing countries must be challenged. Equally important, donors must ensure that there is a publicly accountable system of checks and balances in the international aid industry, with sufficient avenues for redress for bad decisions, harmful policies and faulty programmes. The World Bank, IMF and donors must be accountable to the populations in client countries, who bear the brunt of the impacts of these policies and programmes. Without a wider system of accountability, donor coordination will become akin to countries with money ganging up against countries without money.

Similar flaws are evident in Bank-Fund definitions of good governance, which have become the newest conditions to be imposed on client countries through PRSPs. The Bank's framework for good governance recommends creating an enabling environment for the private sector and for protecting the rights of corporate, usually foreign, investors. While corruption, collusion, and misuse of public funds are rampant in many low-income countries, they are not absent in donor and creditor agencies, multinational corporate investors and the consulting companies that win lucrative contracts from the Bank and donors. However, the Bank's governance framework provides no legally binding regulations under which foreign investors, financiers, consultants and aid providers can be held accountable for wrong doing.

The Bank's governance framework does not promote the rights of local and national populations to development and self-determination. Instead, the Bank and the Fund generally by pass international human rights conventions altogether. During the deliberations of the 25th meeting of the UN Sub-Commission on Human Rights, the IMF claimed that it did not have to abide by human rights standards and is not bound to human rights declarations and conventions and since human rights are not mentioned in its Articles of Agreement.

Studies commissioned by the Sub-Commission show that in both, the HIPC and PRSP programmes, the lack of borrower country participation amounts to a breach of human rights of self-determination and public participation. A report by UN special rapporteurs Joseph Oloka-Onyango and Deepika Udagama criticises the Bank and Fund's emphasis on free market reforms and conditionalities, saying that it deprives communities of the rights to health, education and basic welfare. Challenging the IMF's assertions, the report also finds that multilateral institutions are not above international law, including human rights law, and that conditionality requirements breach the human rights obligations of multilateral institutions, as well as compel States to breach their own human rights commitments.[26]

At the conclusion of its 25th meeting, the UN Sub-Commission on the Promotion and Protection of Human Rights resolved that the World Bank and IMF are bound by obligations enshrined in international human rights covenants, and must incorporate human rights considerations in the formulation and review of PRSPs. The Sub-Commission also recommended that governments ensure the realisation of human rights in the implementation of PRSPs. It remains to be seen whether the Bank and Fund are capable of and willing to recognise moral/ethical authority standards higher than their own economic imperatives.

A Doctrinaire Approach to Policy Reform: The Policy Matrix

IPRSPs and PRSPs are accompanied by operational documents in the form of policy matrices. These matrices specify the concrete policy and legislative reforms the country must undertake, including the timelines for when these changes must take place. The policy matrix is translated into a loan document and is in effect, a set of conditionalities for borrowing countries.[27]

Despite a shared historical past-especially one marked by competing colonial powers and deep political conflicts- Cambodia, the Lao PDR and Vietnam face widely differing present-day realities. Yet, the sets of policy matrices for the Lao PDR, Cambodia and Vietnam converge in most major aspects. More remarkably, other policy matrices attached to PRSPs completed in Africa and Latin America share the same common elements.

The striking commonality among policy matrices approved with the IPRSPs and PRSPs is reminiscent of the one-size-fits-all approach to SAPs in the 1980s. As already mentioned, SAPs produced a series of problems and no clear successes. The various financial crises experienced the world over, most notably in East Asia in the second half of the 1990s, also unravelled many of the issues associated with indiscriminate adoption of liberalisation measures in many economies that proved ill prepared for them. Unfortunately, these lessons have not been integrated in the PRSP approach.

The PRSP upholds market-oriented policies to the exclusion of alternative approaches. It promotes open trade, investment and financial regimes, and seeks to rollback the government's direct role in the economy by seeking to abolish state-owned enterprises. Further, its response to critical socio-cultural issues such as access to land and water is narrowly economistic, and reforms in crucial areas such as health and education are oriented to serve the needs of the market. And all this is done in pursuit of fast economic growth.

The Growth Trap

High economic growth is what the PRSP is about. Growth rates are the most clearly defined targets in the IPRSP and PRSP documents, while poverty reduction projections are not quite so clear. In the transitioning Southeast Asian economies, the projection is to achieve a growth rate of 7 percent by the end of the first PRSP period in 2003. In Africa and Latin America, policy matrices are also particular about growth targets. Table 1 (next page) shows the growth targets for countries with full PRSPs. Some of these targets have already been scaled down from those put down in the IPRSPs.

Achieving the highest possible growth is not necessarily the same as achieving the highest possible poverty reduction. If a purely income-based definition of poverty were used, poverty indicators would have a high sensitivity to economic growth. Yet while economic growth can make possible palpable improvements in social indicators, it does not automatically address the issue of equity. Growth data do not say anything about distribution, or who benefit or do not benefit from growth. The fixation on growth is based on the concept of the trickle down effect, or the belief that if an economy grows fast enough and for a long enough period of time, economic activity will be so stimulated that even the farthest detached will be brought into economic activity to benefit from the creation of income.

Such reliance on the trickle down effect reduces the direct role of socio-economic institutions in reaching the poor, and renders the poor passive

Table 1
Medium-Term Growth Targets in Countries with Full PRSPs

COUNTRY	DATE OF FULL PRSP	GROWTH (% Real GDP)
Albania	November 2001	7-8%
Bolivia	31 March 2001	5-5.5%
Burkina Faso	25 May 2000	4-5%
Ethiopia	31 July 2002	7.1%
The Gambia	30 April 2002	6.2%
Guinea	31 January 2002	5.2%
Guyana	23 may 2002	5%
Honduras	31 August 2001	5.1%
Kyrgyz Republic	9 December 2002	5.2%
Malawi	April 2002	5.3%
Mauritania	31 March 2002	6.1%
Mozambique	30 April 2001	9.3%
Nicaragua	31 July 2001	5%
Niger	1 January 2002	4.3%
Rwanda	30 June 2002	6.2%
Senegal	31 May 2002	6.5-8%
Tajikistan	June 2002	6%
Tanzania	14 August 2001	6%
Uganda	24 March 2000	7%
Vietnam	31 May 2002	7-7.5%
Yemen	31 March 2002	4.7% average 6.3% for non-oil
Zambia	31 March 2002	4%

participants in the growth process. The growth focus is an inadequate response to poverty, which even PRSP documents acknowledge is a multi-faceted phenomenon.

A deeper understanding of the nature of poverty and deprivation is required to appreciate the need for more directed interventions on the part of the state and other institutions to effectively address specific problems associated with poverty. More than by safety nets and social insurance, growth must be managed alongside the strengthening of economic institutions and governance structures. The East Asian crisis revealed the vulnerabilities of economies that relied on rapid liberalisation to achieve high growth rates throughout the decade before their financial collapse. As a result, much of the poverty gains of past rapid growth were eroded due to the economic shock.

The PRSP approach does not fully address the ills that may come with rapid growth, e.g., problems related to urban congestion, rural migration, environmental degradation, and the overall limits to the carrying capacity of the earth's natural and human resources. Economic growth is an important component of development planning. However, it need not be the major focus of development. A more sensible poverty reduction strategy would prioritise policies that foster equity and address social, economic and political imbalances over growth targets. It is important to formulate anti-poverty and equity enhancing programs first and ensure that they are appropriately funded and implemented. And for whatever growth that is produced in this period to be accepted as the limit for this period and stage of the overall poverty reduction program.

LIBERALISING TRADE AND FOREIGN INVESTMENT

Without fail, the PRSP approach calls for trade programs that focus on market access and liberalisation. There is heavy reliance on exports, especially of cash crops and minerals, as means of increasing incomes.

The optimism with trade is evident in the lack of discussion of the two-way character of trade. Being able to export also means that these countries will be compelled to allow imports from other countries. Past experience shows that this is likely to have negative consequences for countries with weak domestic markets, negligible support for domestic producers and where a significant portion of the population is engaged in subsistence production. The PRSPs make no mention of this, and do not outline policies by which these countries can better deal with the influx of imports because of liberalisation.

There is also little mention of the challenges faced by these countries in terms of market access. Developing country exports, especially of agriculture, fisheries and light manufactures, will face obstacles in developed countries that have yet to shed their protectionist tendencies. The excessive use of sanitary and phytosanitary standards, for instance, will limit developing countries' access to the markets of rich nations. At the same time, producers in low-income countries will find it difficult to compete with rich country producers in their own and other markets. Rich country producers enjoy a range of subsidies and domestic support from their governments, allowing them essentially to dump in developing country markets.

In November 1996, the General Council of the World Trade Organisation (WTO) adopted a decision approving the proposed agreements between the WTO and the IMF, and between the WTO and the World Bank.[28] These agreements were finally signed in December 1996 and in April 1997, respectively. The agreements operationalise the mandate for greater coherence between the WTO and the Bank and Fund. The agreements give observer status to the Bank and Fund, on the one hand, and the WTO, on the other, in each other's official processes. The Bank and the Fund are given observer status in the WTO's Ministerial Conferences, committee meetings, and the General Council meetings. In turn, the WTO may attend the World Bank's Board of Governors and other meetings, and Executive Board meetings of the IMF when trade issues are being discussed.[29]

The policy coherence across the BWIs effectively seals off any opening for alternative policies for Bank-Fund client governments when it comes to trade. It sends a clear signal that the Bank and Fund will not assent to policy pronouncements in trade that will retard or in any way threaten the advance of the global trading system. Trade policies approved must be "in accordance with WTO regulations", and other trading arrangements, regional and bilateral.

A key problem with this policy coherence is the lack of appreciation of the political economy operating inside countries, and the skewed power dynamics in the global trading system. Take for instance the case of Vietnam. The section on trade policy in Vietnam's PRSP policy matrix carries a provision that reads:

"Make active preparation to take part in committed bilateral and multi-lateral cooperation mechanisms. Carry out the bilateral agreement with the United States, paving the way for accession to the World Trade Organization."[30]

Any which way one looks at it, the provision is loaded. In late 2001, barely weeks after the U.S.-Vietnam bilateral trade agreement was clinched, a law was passed by U.S. Congress disallowing the use of the name "catfish" for catfish other than those grown and caught in the U.S. This has greatly marginalised Vietnamese catfish farmers who export around 70 percent of their produce to the U.S., for use mostly by Vietnamese restaurants there. Since the law was passed, Vietnamese catfish has come to be known as "pacific dory."[31]

In tandem with trade liberalisation, the policy matrix lists the liberalisation of the foreign investment regime as another major reform area. This is supposedly in response to the dearth of capital in developing countries. Yet the almost obsessive focus on export processing zones

(EPZs) as a strategy to attract foreign investments betrays a limited understanding of the behaviour of foreign investments.

EPZs are supposed to capitalise on the locational comparative advantage generated by PRSP countries either as markets or sources of raw materials and other inputs (e.g. labour). Experiences in Southeast Asia and elsewhere, however, show that EPZs have limited success in terms of job creation and technology transfer. Basic infrastructure alone is not enough to guarantee the build-up of local productive capacity to enable domestic firms to move beyond their current roles as sub-contractors to foreign firms. EPZs are likewise notorious for long-term, negative social, environmental and human impacts, such as the exploitation of labour, women and youth, and environmental degradation.

Rolling Back the State Sector

PRSP policy matrices list a range of privatisation processes. These include: corporatisation, or the transformation of a state-owned enterprise (SOE) in line with a corporate set-up; equitisation, or the transformation of government ownership into "shares" that can be sold to the private sector; *liquidation,* or the abolition of an SOE, and; *sale, lease, divestiture* and *contracting out.*

Concerns over the restructuring of state sectors are not limited to employment, although impacts on employment are particularly visible. The motivations behind such restructuring are to recast the state's role in the economy and reconfigure control over national resources. Such restructuring is also always accompanied by other policies that seek to prioritise the functioning of 'markets' above all else.

The main drawback of privatisation processes is not only that public assets will be turned over to private hands. It is the unnecessary abandonment of the state as an "inefficient" allocator of resources and implementer of plans. However, a number of examples (most notable are the East Asian dragon economies of South Korea, Hong Kong, Taiwan and Singapore, and more recently, Malaysia and Thailand) point to the promise of the state as an efficient and necessary mover in industrial and development policy, and in ensuring equitable access to crucial assets and opportunities.

"Private Sector Fundamentalism"[32]

"Creating a level playing field" is the buzz-phrase for the private sector development part of the policy matrix. The target is to enact, revise or implement a code of commerce (called the Business Law in the Lao PDR, the Law on Enterprises in Vietnam, the Commercial Code in Cambodia, or the Securities Law in Guyana). Changes to Foreign Investment Laws are also targeted, along with new mechanisms to allow private sector participation in the financing of public infrastructure, like the Build-Operate-Transfer (BOT) laws and their many variants.

Bank-Fund led reforms are geared towards creating hospitable environments for *foreign* private investment, and not necessarily towards expanding a responsible and publicly accountable domestic private sector. However, since much of this foreign investment is in public utilities in which a number of foreign corporations from donor countries are interested, and given the fact that privatisation is a *de facto* condition of PRSPs, the true motivations behind such reforms are questionable.

There have been experiences in more developed countries in Asia where the privatisation process has been marred by scandals, controversies, and overtly questionable provisions (as in the case of privatisation that requires legislative changes). Yet donors have not raised questions, giving rise to the suspicion that it is not efficiency that is important for them. The bottom-line in privatisation programmes is for the private sector to take over from government, no matter what.

Deregulation: Setting Free Key Economic Sectors

Policy matrices for Asian, African and Latin American client countries dictate varying levels of wide-ranging reforms in the regulatory set-up of key economic sectors. From agriculture to finance, water to power, transport to telecommunications, all the major sectors are covered.

While some reforms in the governance of economic sectors are necessary to do away with problems of corruption and abuse of privilege, poor countries are often not able to oversee economic reforms since they have relatively weak regulatory and institutional mechanisms that can address emerging problems. A more serious concern, however, is the abrogation of preferential access or treatment for unprotected domestic constituencies, as in the case of small domestic producers and users of credit when development banking is recast in favour of financial sector reform.

Social Policies via the Market

Land and water are perhaps two types of resources that income-poor people have the strongest affinity with. Land and water represent multiple values for local populations and larger national and commercial interests.

The PRSP tackles the controversial issues of land rights and access to natural resources through changes in the legal framework for access, use, ownership and transfer of lands and water. Specifically, land titling, tradability and marketability are made possible with the view towards ostensibly reducing uncertainty in land markets and increasing incentives for investments on land. This is the focus for the land resource management in Cambodia and the Lao PDR. In Benin, Ethiopia, Madagascar, Mali, and Uganda, the policy matrices opt for "appropriate pricing policy" for water use either through "cost sharing", "cost recovery" or "significant users' financial participation".

User fees and cost recovery, reminiscent of SAPs, are also resurrected in other social services. In health services, they are being reintroduced in Burkina Faso, Ethiopia, Guyana, Madagascar, Malawi, Mauritania, Chad, Tanzania, and Uganda.[33]

Conditionality, Flexibility and the Legislative Route

The policy matrix enumerates wide-ranging reforms a PRSP country should implement within a given timeline. Many of these reforms require legislative action and a few would even require tinkering with national Constitutions. A number of structural reforms are integrated into the PRGF and the Structural Adjustment Credits as conditions.

Policy conditions that require use of the legislative process are highly inappropriate, especially in light of broader advocacy for stronger national institutions and the principle of sovereignty. When a senior IMF staff was asked in a forum in Manila about this, he responded that this is indeed not an easy task, and that "dictatorships are easier to deal with...but people and institutions must be part of the policy-formulation process."[34]

The Fund staff's comment may be seen as over-eagerness, or it may be seen as arrogance. What is clear, however, is that the Fund has missed the point. There are only so many roles any institution can appropriate for itself. The IMF, for instance, should at the very least, stick to its core expertise. Structural reforms such as trade and investment liberalisation measures should not be within its jurisdiction. The Fund's views on micro and structural issues should at best be regarded as recommendatory.

The cross-conditionality aspect of the IMF-World Bank relationship is well documented. The IMF is supposed to take on the macroeconomic and short-term stabilisation measures, while the Bank takes care of the longer-term structural measures, all within a twin package supported by both institutions. Over the years, the Bank and Fund have consolidated their policy advice towards market orientation, to the exclusion of alternative policies. They have thus failed to consider varied options for structural reforms. For instance, the fiscal burden of public utilities (at once a macro and a micro concern) can be addressed in many ways. Yet it is only privatisation in one form or another that is always promoted.

No matter how crowded the world of development policy becomes, real options should always be offered and sustained, and alternatives be allowed to flourish. Otherwise, multilateral institutions such as the World Bank and the IMF will continue to dominate national policy environments by imposing conditions, especially structural reforms. Lobbying by government in the national legislature for the passage of far-reaching structural reforms does not benefit the legislative process. More often than not, it leads to horse-trading and jockeying between elected representatives and appointed state actors. Nor does the national environment for policy debate improve when it is clear that reforms are conditions that must be met. And most important, such policy conditions defeat even the rhetoric in PRSPs about national ownership and participation.

A Time for New Imagination

The neo-liberal paradigm that the BWIs represent started to unravel in the latter half of the 1990s. The myriad critiques against them since then have culminated in a global backlash against the arrogance of policy imposition in the face of many failed experiments.

Structural adjustment was supposed to be the answer to the woes of a developing world that was crippled by a debilitating debt crisis. It was the start of the systematic rollback of what used to be 'state' or 'public', and was the start of market openness, private sector development and deregulation of key economic sectors. Yet after two decades, SAPs had little to show for them. The Third World was more indebted, and in more ways, than before. Yet unlike the start of the debt crisis, Third World states lost most of their assets to the private sector and relinquished governance and control over crucial sectors to the market. Worse, they were made vulnerable to newer types of financial crises that hit even the more prosperous countries.

The strong reaction against the policy mistakes of the past was perhaps the biggest motivation for the neo-liberal establishment to reinvent itself. Now, "poverty reduction" has become a shield to dodge fundamental criticisms about the economic model that the establishment is unable to move away from. And in their desperation to latch on to a new paradigm, the rest of the development world has also bought into the poverty reduction rhetoric.

But no amount of makeover can hide the imminent collapse of a system that will not survive another decade. Studies conducted by NGOs, independent researchers and the UN Commission on Human Rights find that PRSP-PRGF policy frameworks mirror SAPs, and that the Bank and Fund are unable to show conclusively how these policies will reduce poverty. Particularly egregious is the PRGF, which is so steeped in fiscal reforms, privatisation, austerity measures and restricting the welfare role of the State, that its connection with poverty reduction is not even illusory. It is this inflexibility, this blind attempt to cling on to a model that did not and will not work, that makes the PRSP a losing proposition.

The HIPC initiative, which parented the PRSP, is not only inadequate, but also misconceived, misdirected and based on faulty advice. The excessive conditions attached to HIPC have extracted a high price from the populations of debtor countries. Countries are paying more on debt servicing than before, not only in money, but also in their future economic potential. Countries cannot export their way out of the debt trap when they have no control over the markets for their exports, terms of trade, or over their domestic conditions of production. The commodity crises of the past few years show this only too well. The debt sustainability criteria central to the HIPC are meaningless and inaccurate. Countries that have been through protracted periods of structural adjustment and debt servicing have such massive backlogs of economic, social, technological and institutional capacity that a little extra cash in hand is not going to address their urgent development needs.

The vulnerability created by indiscriminate liberalisation, the corruption of the private corporate world, the hypocrisy of the multilateral trading system governed by the World Trade Organisation, and the continued capture of state power by irresponsible elites despite wide-ranging reforms, all highlight the inability of the neoliberal paradigm to address the real problems of the developing world.

The most crucial weakness of the paradigm has been the continued marginalization of the greater mass of the world's population. The creation of poverty is often accompanied by a parallel and simultaneous creation of wealth. Some groups and interests certainly have benefited from the various versions of SAPs and HIPC, and will continue to benefit from the transfer of public wealth to private coffers. These beneficiaries, however, do not include small-scale producers who lose their productive assets because of mounting debts, seasonal migrants who cannot keep their children in school, workers who are forced to work for bottom-end wages under "labour flexibilisation" programmes, women in low-income families whose burden of family care increases because of increased impoverishment, or a growing number of poor families who cannot afford the rising costs of food and healthcare.

It is this marginalization, this exclusion that is the most damning censure of the structural adjustment era resurrected in the PRSP. Despite its claim of national ownership and participation, underlying the PRSP is a paradigm that is as inflexible and as rigid as it is outdated.

Outdated models are meant to be cast aside and replaced, or at the very least subject to the same competition that they preach. There is such diversity in peoples and cultures, and multiplicity in systems and practice, that it does the world a disservice to constrict it to rigid policy regimes like those prescribed in the PRSP.

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Endnotes

This paper is based on and is an expansion of an earlier work, *Structural Adjustment in the Name of the Poor: The PRSP Experience in the Lao PDR, Cambodia and Vietnam*, January 2002.

[1] Concessional loans or assistance refers to World Bank financing through its International Development Association (IDA). IDA provides long term loans with minimal or zero interest to the poorest developing countries; the loan packages, however, come with policy conditionalities that the borrowing country must adhere to in order to qualify for concessional financing.

[2] For a comprehensive critique of the PRSP and PRGF, see: *Still Sapping the Poor: A critique of IMF Poverty Reduction Strategies*, Charles Abugre, ISODEC, June 2000.

[3] See the World Bank website: http://www.worldbank.org/poverty/strategies/overview.htm

[4] Ibid.; see also the IMF website: http://www.imf.org/external/np/prsp/prsp.asp

[5] *Participation in Poverty Reduction Papers,* Caroline M. Robb, Africa Department, International Monetary Fund, August 2000.

[6] See, for example:

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- *PRSP-Politics, Power and Poverty: A Civil Society Perspective.* Economic Policy Empowerment Programme, European Network on Debt and Development (EURODAD).
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[8] *IMF Strong-Arming Debtors Despite New Lending Guidelines.* Emad Mekay, Inter Press Service (IPS), December 10, 2002.

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[10] *Solomon Islands begins implementing IMF demand for severe job cuts.* Peter Byrne, World Socialist. November 21, 2002

[11] Joint (IMF and IDA) Staff Assessment of Bolivia's Poverty Reduction Strategy Paper, May 2001.

[12] *Adjustment Lending Retrospective.* World Bank Operations Policy and Country Services, June 15, 2001.

[13] *Ibid.*

[14] *From Adjustment Lending to Development Policy Support Lending: Key Issues in the Update of World Bank Policy,* World Bank, Operations Policy and Country Services. June 6, 2002.

[15] *Adjustment from Within: Lessons from the Structural Adjustment Participatory Review Initiative.* The World Bank, July 2001.

[16] *The Policy Roots of Economic Crisis and Poverty: A Multi-Country Participatory Assessment of Structural Adjustment.* SAPRIN, 2000. www.saprin.org/global_rpt.htm.

[17] *Poverty Reduction Strategy Paper-Operational Issues,* IMF-World Bank, December 10, 1999.

[18] *Guidelines for Joint Staff Assessment of Poverty Reduction Strategy Paper,* IMF-World Bank, April 18, 2001.

[19] *Poverty Reduction Strategy Paper-Operational Issues,* IMF-World Bank, December 10, 1999.

[20] *An Independent Guide to PRSP.* EURODAD, 2000.

[21] For example, see:
- Abugre, op cit;
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[22] *News and Notices for IMF and World Bank Watchers.* Volume 2, Number 6, Spring 2002. Citizens' Network on Essential Services, U.S.A.

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- The website of the NGO Forum on Cambodia at: http: www.ngoforum.org.kh
- *Poverty Reduction Strategies and Coherency of Loan Conditions: Do the new World Bank and IMF loans support countries' poverty reduction goals?* Warren Nyamugasira, Uganda National NGO Forum, Kampala, and Rick Rowden, RESULTS Educational Fund, Washington DC. April 2002;
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[25] Abugre, op cit.

[26] The Sub-Commission on Human Rights Resolution 2001/5 and Progress Report by Joseph Oloka-Onyango and Deepika Udagama can be found at the UN Sub-Commission on Human Rights website.

[27] For a detailed discussion of how the policy matrices found their way into official loan documents in Asia, see Malaluan and Guttal, Structural Adjustment in the Name of the Poor, January 2002.

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[31] See, *The Missisippi-Mekong Catfish Wars.* Shalmali Guttal, Focus on the Global South, September 14, 2002, and; *What do the catfish farmers say? Report of an interaction with catfish farmers in the Mekong Delta of Vietnam.* Action Aid Vietnam. Hanoi, August 2002.

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Privatising Human Rights - the impact of globalisation on access to adequate housing, water and sanitation[1]

By *Miloon Kothari*

The human rights of people and communities to housing, water and sanitation - guaranteed under international law and commitments of development targets made at global summits including the Millennium Summit and the World Summit on Sustainable Development - continue to erode as the process of privatisation deepens and accelerates.

By ratifying a number of international human rights instruments, [2] such as the International Covenant on Economic, Social and Cultural Rights, States have voluntarily accepted the obligations to progressively realise human rights to food, health, adequate housing, water and sanitation, which are essential for the well being of their citizens.

Globalisation and the process of increasing economic integration have limited the capacity of States to provide adequate resources for fulfilling the economic, social and cultural rights of their citizens. Several macroeconomic factors influence the availability of resources for social spending, including:

a. Small or even negative returns from trade liberalisation;

b. Financial volatility following deregulation of capital flows coupled with interest rate hikes which affect access to credit and mortgages;

c. Increased land speculation, which often forces out low-income residents to less desirable locations with poor service availability;

d. Heavy burden of debt servicing;

e. Fiscal constraints and austerity measures imposed by the IMF and the World Bank which invariably lead to reductions in financial allocations to social sectors; and

f. Public sector reform, particularly through decentralisation and privatisation.

Increased competition among cities to attract capital and businesses for generating employment and sources of tax revenues has led to widening inequalities between cities, with consequent discrepancies in the level of essential services provided to citizens. In the urban housing sector, reliance on market mechanisms has tended to result in neglect of the poor.

Notwithstanding the constraints and difficulties placed upon them, governments still have an important role to play in reconciling macroeconomic policies with social objectives, keeping in mind the primacy of their human rights obligations. Governments have the responsibility to make targeted interventions in order to ensure universal access to public services, including water and sanitation, on a fair and equitable basis; this is fundamental for the fulfilment of the right to adequate housing.

Such responsibility places an obligation on States to regulate, keeping in mind the human rights of the most vulnerable parts of their populations, the role of private actors. On the contrary, the past two decades have demonstrated that States are not capable of reining in the power of private actors such as Corporations. In many cases States are, in fact, encouraging the entry of Corporations into areas that have primarily been the purview of public interventions. Corporate globalisation, and its clear expression of privatisation of services, is one of the greatest threats to universal access to potable drinking water and sanitation. By turning a social good and scarce resource into an economic commodity, the world's economic and policy planners claim that existing water resources can be managed and consumed efficiently in accordance with competitive market principles. However the reality on the ground indicates that this is far from the truth. There are, therefore, many important reasons for opposing privatisation.

From a human rights perspective, three primary lessons can be drawn from experience with the privatisation of water services:

- Private businesses put too much emphasis on profits and cost recovery. Privatisation often leads to rate increases [and] job losses.

- Services to vulnerable groups are inadequate and of poor quality. Many of the poor end up paying up to twenty times more than the rich for water.[3]

- Privatisation can reduce accountability and local control. Multinational corporations are accountable to their shareholders, not to the citizens in the countries where they operate.

The consequences of having inadequate or no access to water are devastating-especially for women and children.[4] When water is not readily available it is particularly the women and children who have to spend a large amount of time fetching water back to their houses. This has detrimental impact on their health, security and education.

In many countries women and men do not enjoy equal access to basic resources and services. Female-headed households have less access than males, and if the services are privatised then the problem increases. Greater attention needs to be paid to the discrimination women face and to policies and measures adopted to alleviate it. There is also a need for laws and policies that regulate or define the habitability of housing to take into consideration the special needs of women.[5]

The Millennium Declaration adopted by the General Assembly recognised "solidarity" and "shared responsibilities"[6]. Such fundamental values are necessary for the essential task of evolving strategies for distributive justice, including land reform and increases in social spending on areas critical to the realisation of the right to adequate housing, such as access to potable water and sanitation. Such a reallocation or redistribution needs to be supported by international cooperation including 'joint' and 'separate action' by States, as called for by the general obligations to international human rights instruments.

In achieving these objectives, it is critical to recognise the obligations on States implicit in the legal provisions on international cooperation,[7] given the current global reality of growing income disparities and attendant increases in poverty and marginalisation. Serious attention must be paid to the need to assist developing countries in their efforts to improve the housing and living conditions of the poor and inadequately housed, through "joint and separate action" including by ensuring that States' international policies evolved at multilateral fora and institutions, are formulated so as to respect the full realisation of economic, social and cultural rights for all.

The solidarity and fraternity dimensions of international cooperation under international human rights instruments create the imperative that no action may be taken nor global social policies adopted which could inhibit States' abilities to implement the commitments they have to their people stemming from their obligations under these instruments. Most recently, in General Comment No. 15 on the right to water, the CESCR [Committee on Economic, Social and Cultural Rights] stated: "Steps should be taken by States parties to prevent their own citizens and companies from violating the right to water of individuals and communities of other countries."

States also need to examine policies - those of their own and of others - towards international institutions and international agreements, to ensure they are consistent with covenanted obligations on the right to adequate housing, including access to basic social services. Such reviews should include the human rights implications of World Trade Organisation trade agreements, particularly the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), country assistance agreements and agreements with the World Bank and IMF, as well as poverty reduction strategies such as the Poverty Reduction Strategy Papers (PRSPs).

Numerous UN human rights bodies have urged caution in the face of the existing international thrust on trade in services.[8] The human rights obligations[9] both at the national and international levels give a clear warning to the negotiators of trade agreements to step back from the expansion of any agreements, such as GATS, that leads to the privatisation of social services and the entry of corporations into the arena of providing social goods such as water. Such a step would, given the experience thus far, effect negatively on the realization of human rights. Human rights obligations, in fact, provide legal instruments for conscientious states to argue against the expansion of global trade and investment agreements into the sphere of recognised human rights.

In assessing whether privatisation is the correct option and in monitoring the privatisation of essential social services, it is important to employ a human rights approach. Such an approach would:

- be aimed at achieving sustainable development and poverty reduction[10];
- take into account gender perspectives[11] and empower people by ensuring their participation; it would ensure that subsidies are guaranteed for those who cannot afford to pay.
- lead to the development of human rights-based indicators and benchmarks to assist in the implementation of the human rights (and the MDGs) relevant to these issues,[12]
- ensure the rigorous implementation of human rights principles and instruments to ensure that national and international trade, investment and debt policies and agreements are designed with respect to the rights of individuals and communities.
- lead to the implementation of valuable, but underused, provisions of international cooperation as found in the international human rights instruments[13].

In achieving the above outlined imperatives and in ensuring a human rights thrust to the implementation of the MDG's and other strategies for poverty reduction it is critical that civil society engages more vigorously with the UN system. One such avenue is the monitoring work for the realisation of economic, social and cultural rights, of the UN treaty bodies and Special Rapporteur, aimed at ensuring consistency of the MDG implementation process with the existing State obligations from the human rights treaties they have ratified.[14] It is also important to engage with the parts of the UN that are charged with monitoring and campaigning for the implementation of the MDGs, including the Millennium Project and the Millennium Campaign.[15]

The principles that guide neo-liberal approaches on the privatisation and commodification of housing, water and sanitation, such as "cost recovery" and "unbundling", can be challenged by the human rights principles of "non-discrimination and equality", "progressive realisation" and "accountability". Failure to grasp the enormous potential that human rights have for sustaining environment and development and ensuring social justice will only lead to a world where we will witness dispossession and homelessness on an even larger scale.

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End notes

[1] Revised and abridged version of article with the same title in *Social Watch 2003. The Poor and the Market,* Third World Institute

[2] See www.unhchr.ch for full texts of the instruments. For documents related to housing see www.unhchr.ch/housing

[3] ''WSSCC and UN-Habitat Call for Urgent Action to Address Water and Sanitation crisis'', Water Supply and Sanitation Collaborative Council and UN-Habitat Press Release, 29 January 2002.

[4] An estimated 2.2 million people in developing countries, most of them children, die every year from diseases associated with lack of access to safe drinking water, inadequate sanitation and poor hygiene. See www.unicef.org

[5] The impact of privatisation on Women's access to housing, land and civic services will be included in the forthcoming report (2005) on Women and Housing by the Special Rapporteur on adequate housing to the UN Commission on Human Rights. For details on how civil society can contribute to this report see: www.unhchr.ch/housing.

[6] This critical recognition in the Millennium Declaration is sought to be operationalised through MDG 8 to 'Develop a global partnership for development'.

[7] Article 28 of the Universal Declaration of Human Rights proclaims that everyone is entitled to a social and international order in which the rights and freedoms contained in the Declaration can be realised, and articles 2.1, 11, 15, 22 and 23 of the International Covenant on Economic, Social and Cultural Rights build upon the foundation for international cooperation in Articles 55 and 56 of the Charter of the United Nations, and the obligation for states to recognise the essential role of international cooperation and to reaffirm their commitment to take joint and separate action.

[8] See, for example, Report of the High Commissioner for Human Rights, ''Liberalisation of Trade in Services and Human Rights'', E/CN.4/Sub.2/2002/9 and Resolution 2002/11 of the UN Sub-Commission on the Promotion and Protection of Human Rights.

[9] General Comment No. 15, for example, cites as a violation of State commitments to the Covenant of Economic, Social and Cultural Rights if there is ''failure of a State to take into account its international obligations regarding the right to water when entering into agreements with other States or with international obligations''.

[10] For a path breaking approach to poverty reduction See Draft Guidelines: A Human Rights Approach to Poverty Reduction, Office of the High Commissioner for Human Rights, 2002 at www.unhchr.ch/development/povertyfinal.html

[11] The MDG 3 to 'promote gender equality and empower women' needs to be integrated into all the MDG's. Implementation of State Obligations to the human rights instruments would ensure such integration.

[12] See, for example, the reports of the Special Rapporteur on Adequate Housing to the UN Commission on Human Rights (E/CN.4/2003/5) and the Report of the Special Rapporteur on the Right to Health, Mr. Paul Hunt, to the UN General Assembly (A/58/427), 10 October 2003.

[13] Universal Declaration op. cit. 7

[14] See 'The Millennium Development Goals and Economic, Social and Cultural Rights' Joint Statement by the UN Committee on Economic, Social and Cultural Rights and the UN Commission on Human Rights' Special Rapporteur on Economic, Social and Cultural Rights. 29 November 2002. See www.unhchr.ch/housing/MDG.doc

[15] See www.unmillenniumproject.org

Missing the Mark, or Deliberately Misleading?

The World Bank's Assessments of Absolute Poverty and Hunger

By Shalmali Guttal

Goal 1 of the Millennium Development Goals (MDGs)——Eradicate Extreme Poverty and Hunger——is already set up for failure by virtue of the Bank's fingerprints on its two targets:
1. Halve, between 1990-2015, the proportion of people whose income is less than one dollar (US$ 1) a day;
2. Halve, between 1990-2015, the proportion of people who suffer from hunger.

Although it is conceivable that the proportion of people whose income is less than US$ 1 a day can be halved by 2015, this does not imply that extreme poverty and hunger will be reduced by a significant or even proportionate measure. US$ 1 a day is not indicative of locally or nationally conceived notions of poverty in any society, and raising incomes above the US$ 1 mark does not automatically imbue people with benefits that they did not have when their incomes were below the US$ 1 mark.

Since 1990, the World Bank has used its World Development Reports (WDR) 1990 and 2000/2001 to establish itself as the global authority on locating and describing the world's poor and hungry. Given the vast resources at its disposal, and the political and institutional backing it enjoys from OECD Governments and academia, the Bank is currently the sole producer of global poverty estimates and has become extremely influential in constructing the picture of world poverty and hunger for policy makers and lay persons alike. However, this picture is inaccurate at best and deliberately misleading at worst.

Studies by independent researchers show that World Bank inferences on world poverty cannot hold up to academic scrutiny since they are based on shaky extrapolations from limited and questionable data sets. Critics familiar with the micro dimensions of poverty and hunger point out that World Bank poverty assessments are blind to non-income forms of poverty, and that Bank policies systematically marginalize development approaches that deviate from its own narrow, per-capita income and economic growth based strategies. And even if we were to accept the World Bank's obsession with incomes and economic growth as valid to poverty reduction, a growing body of knowledge shows that World Bank-International Monetary Fund (IMF) policies have not in fact resulted in the promised growth; on the contrary, in many developing countries, Bank-Fund Structural Adjustment Programmes (SAPs) have created and entrenched "policy induced poverty" that cannot be alleviated by increasing the incomes of the very poor and hungry by a few extra dollars.

The estimates of global poverty calculated and publicized by the World Bank are conceptually and methodologically flawed. The international poverty line (US 1 $ a day) used by the World Bank is arbitrary and not grounded in any clear conception of poverty.

In a recent examination of the Bank's methodology in coming up with poverty figures, Reddy and Pogge[1] show that the Bank's estimates of the extent, distribution and trend of global income poverty are not meaningful or reliable, and should not be accepted:

These estimates are flawed due to three related but distinct types of significant conceptual errors, which make it impossible to use them to identify with any reasonable accuracy the level, distribution or trend of global poverty. The first type of error involves the failure to define a global poverty line that corresponds to a clear underlying conception of poverty, so as to allow identification of the commodities that must be commanded in order to avoid being poor. The second type of error involves the failure to employ purchasing power parity factors that permit meaningful and accurate identification of the national currency equivalents of the global poverty line, and of changes in their value through time. The third type of error involves incorrect extrapolation from limited data, creating an appearance of precision and masking the high probable error of the estimates being generated.[2]

The authors argue that the above errors together lead to the likelihood of substantial distortions in estimates of global poverty and may have resulted in false claims about downward trends in global income poverty. In particular, growth in incomes of the non-poor across the world may have led to the mistaken conclusion that global poverty has fallen.

The World Bank's international poverty line is derived from calculations of purchasing power parities (PPPs) for a reference bundle of commodities that are ostensibly needed for well-being. However, Reddy and Pogge point out, available PPPs used by the Bank are not only vague in the commodities that they refer to, but also refer to the wrong set of commodities from the standpoint of poverty assessment. Existing methods of calculating PPPs involve aggregating information about quantities of a variety of commodities in different countries that are exchanged at different prices. PPPs derived from these methods reflect quantities and prices that have no relevance for assessing absolute poverty.

The Bank's assessment of increase or decrease in poverty is based by and large on an average increase or decrease in levels of private consumption, without taking into consideration the distribution of both incomes and consumption. Thus, growth in average incomes and consumption automatically implies - for the Bank - a decrease in poverty. But they tell us little about whose incomes and consumption have actually increased. Further, estimates of increased consumption are based on increased purchases of goods and services, which provide no indication that the poor are actually gaining from these purchases, or are better off than before. Reddy and Pogge point out that different income groups pay different prices for the same goods or commodities and that these differences in prices are higher in the poorest regions. There is evidence to show that the poor actually pay more for the same commodities or goods than the non-poor because of their physical location (for e.g., in distant or remote areas which have less competitive market structures), the quantities they buy (i.e., they buy in small amounts because of cash, credit and storage limitations) and because of their class and social positioning (social marginalization can lead to discrimination in retail markets). Such realities are ignored in the Bank's poverty assessments and certainly do not find their way into its poverty alleviation strategies.

An income based definition of poverty provides an extremely limited picture of poverty, and masks the increasing deprivation arising out of national and international inequalities.

Although household and family incomes are indicators of financial well-being, they do not provide an accurate picture of the incidence of poverty and hunger in a society, let alone the world. An increase in average incomes in a society masks the fact that even as incomes rise for one segment of society, they may decrease for other segments in the same society. Also, the relationship between economic growth and the income of the poor is not as unidirectional as Bank experts seek to project:

The extent to which the poor - or even the majority of the population - share in the gains from economic growth can vary considerably over time and as a result of policy changes. As it turns out, there are plenty of instances in which the poor, and the majority of the population have been left behind in the era of globalization - even where per capita income has grown.[3]

A growing body of data suggests that income inequalities are on the rise across countries, within countries and even among those counted as poor.[4] Furthermore, income estimates do not reveal the costs that poor and lower to middle income segments have to pay for food, water, housing, healthcare, education and other services that are essential to strengthen economic and social capacities. Nor do they provide an indication of increasing or decreasing vulnerability based on gender, age, rural-urban location, employment, ethnicity, caste, race, religion or social status.

Income disparities further compound disparities in social indicators such as nutrition, maternal mortality, child mortality and education. Higher incomes for some often mean that the majority may have to pay higher prices for basic goods and services, as markets tilt to favour the bigger spenders. Groups for which improvements in social indicators has been fastest seldom represent the disadvantaged people. Although several countries may show average improvements in a number of social indicators, the situation for disadvantaged groups is stagnant or deteriorating.[5]

Rural poor communities are likely to meet their food needs through means that are not captured by the World Bank's numerical definitions of poverty and hunger.

Majority of those living in rural areas tend to meet their food needs through daily and seasonal subsistence, as opposed to purchasing food in markets or through cash transactions. Agricultural communities generally feed themselves by growing their own food (staples, livestock, vegetables and fruit) and through foraging/gathering, hunting and fishing in nearby fields, forests and water bodies. In times of scarcity and hardship, trading labour for food within and across communities is common practice. In urban areas, on the other hand, the poor and low income communities are dependant on markets to meet their food needs.

Although many rural communities may be income-poor and lack access to health, education and other basic services, they may not be hungry. Deterioration of the natural environment and reduced access to environmental resources because of changes in resource tenure systems, infrastructure and resource extraction projects, and market oriented agriculture and development have been shown to increase hunger and deepen poverty. However, the World Bank's assessments of poverty are blind to rural realities and diversities, and to the failings of market based food systems to alleviate hunger among the rural poor.

The policy "advice" provided by the World Bank and the IMF has not resulted in the promised gains of economic growth and better living standards for all in their borrowing countries. Instead, they have entrenched forms of poverty and deprivation that can only be overcome through drastic policy changes, including a complete rejection of Bank-Fund policy packages.

Although it is difficult to separate out the causal relationships between the policy prescriptions imposed by the Bank and Fund and their impacts at local-national levels, economic growth over the past twenty odd years—the period during which these policies were put into place—has been dramatically reduced in most Bank-Fund borrowing countries. Not only have Bank-Fund policies not enhanced economic growth, but also they have deepened and entrenched poverty in almost every developing country that they have touched.

Since the mid-nineties, the IMF and its allied creditors have made serious policy errors that have reduced cumulative economic growth for hundreds of millions of people.[6] During the Asian financial crisis, the Fund's drastically tight monetary policies and fiscal austerity measures deepened recession and threw tens of millions of people into poverty. Similar stories have been repeated in country after country, from Russia and the transition countries of Eastern Europe to Turkey and Argentina. According to Weisbrot et al, all of these errors are part of a pattern of macroeconomic policies that have a pronounced contractionary bias. Getting rid of a current account deficit by shrinking the domestic economy, for example, is a Fund strategy that has been deployed for decades. While "fiscal discipline" and policies to contain inflation may be helpful in some instances, they have proven to be lethal when prescribed inappropriately or in excessive doses, as has usually been the case.

Perhaps the most exhaustive-and damaging-documentation of the impacts of Bank-Fund policies on developing countries is the SAPRIN (Structural Adjustment Participatory Review International Network) study report released in April, 2003, The Policy Roots of Economic Crisis and Poverty.[7] Originally launched by World Bank President James Wolfensohn in 1997, SAPRI (Structural Adjustment Participatory Review Initiative) - as it was known then - initiated a multi-constituency study of the impacts of Bank-Fund imposed economic policies and Structural Adjustment Programmes (SAPs) in countries across Latin America, Africa and Asia.[8]

The study finds that:

❑ indiscriminate trade and financial sector liberalization devastated local industry, especially small and medium enterprises that provided the bulk of national employment;

❑ agriculture and mining sector reforms undermined the viability of small farms and agricultural producers, weakened food security and damaged the natural environment;

❑ a combination of privatisation, civil service reforms and labour sector reforms resulted in the shrinking of labour-intensive industries, increasing unemployment and more precarious terms of employment-i.e., lowered wages, fewer rights for workers and worsening terms of employment;

❑ privatisation of public enterprises and utilities, the application of user fees in health and education, and sharp cuts in public social spending reduced the access of the poor to essential social services;

❑ macro level problems accompanied the local level failures of adjustment programmes; the promised gains of efficiency, competition, savings and revenues from SAPs did not materialize; instead, countries saw a deterioration of real wages, increased inequities in income distribution, the displacement of local, small-scale food producers, and increased impoverishment in both rural and urban areas;

❑ the burden of adjustment was borne by those most vulnerable to market forces and policy changes in societies; increased impoverishment because of adjustment programmes affected women and children more than men and adults in the same economic class; as distinct economic and social groups, indigenous peoples, small farmers and farmers suffered the most;

❑ the greatest beneficiaries of Bank-Fund adjustment programmes were local and national elites, large private producers, distributors and traders, and trans-national corporations;

SAPs hit hard at the capacities of both people and governments to address and overcome adversity, scarcity and hardships, leaving them vulnerable to deep and long-lasting economic and social crises. Many of these crises also had political dimensions as in some countries governments fell and in others, populations continue to face a decrease in democratic space, and civil and political rights.

The narrow and unchanging view of poverty advanced by the World Bank serves its own institutional needs and the needs of its sponsors, and not those of the poor, or even majority populations in its borrowing countries.

Despite growing evidence of its failures, the World Bank and IMF continue to promote their "Washington Consensus" package of policy prescriptions; once called a Structural Adjustment Programme, the package is now called the PRSP-PRGF.[9] Bank-Fund assessments of world poverty, hunger and financial health are oriented towards justifying strategies for rapid economic growth—no matter their social, environmental, political and economic costs—ostensibly to boost incomes and thus reduce poverty. However, it is clear from past experience that Bank-Fund policy packages and strategies do not boost the incomes of the poor, reduce inequalities, poverty and hunger, or even enhance economic growth. What then is the impulse for the blind ideological application of a failed formula?

Clearly, IMF and World Bank economists do not know enough about the specific conditions in each country to be giving the policy "advice" they do and to be making some of the decisions that they do. Many visit the countries under their charge for such short durations, and have such limited exposure to rural and urban life that it is difficult to accept their authoritative assessments of in-country conditions; Bank-Fund officials "on mission" rarely stray far from their hotel rooms and the offices of a few key ministries, and their contact with local populations is similarly limited.

Weisbrot et al also point out that other interests are at play in the decisions of the World Bank and the IMF, and "they may have multiple objectives that do not necessarily coincide with the interests of borrowing countries".[10] For example, it is now widely recognized that the opening of financial markets in East Asia, which was the primary cause of the Asian financial crisis, was promoted by the IMF and its patron, the US Treasury Department. The two institutions even sought to amend the Fund's charter so that it could exert authority over the capital of its member countries. The push for capital account liberalization had more to do with the search by US mutual funds for investment opportunities than the needs of borrowing countries.

Similarly, the sectoral reforms, unilateral liberalisation, privatisation, and regulatory regimes demanded of developing countries by the World Bank and IMF have far more to do with opening up the markets of these countries for increased profit-making by foreign, usually transnational corporations, than with enhancing national incomes or reducing poverty. OECD donors have unfailingly backed the Bank-Fund PRSP-PRGF programmes, and with good reason. It is their private companies, industries, businesses and experts that gain the most from Bank-Fund style poverty and hunger alleviation programmes in developing countries. And yes, the economic growth brought about by Bank-Fund policies does provide gains to national populations who are in already advantaged positions, and also encourage class mobility of a specific type. This is no accident; Bank-Fund policies are designed to serve these classes, and not the poor and hungry.

It's about increasing consumption, not about reducing poverty or hunger.

The World Bank and the IMF do not exhort governments to spend more on social services or protection for the poor and vulnerable, strengthen public distribution systems for food, provide support for domestic producers and traders, defend the rights of communities to natural resources, or build and strengthen local and domestic economies. On the contrary, they insist that governments step back from their traditional welfare and developmental roles and instead take on roles of "facilitators" for private sector expansion into the production and distribution of even the most basic goods and services. So clearly, reducing poverty and hunger is not top on the minds of the Bank and the Fund, no matter what they claim

For the World Bank, populations who live on less than US$ 1 a day, or are not yet integrated into the monetised economy are of little use as economic beings since they are not likely to consume the goods and services produced by the global corporations. In order for transnational and global corporations to flourish, the consuming capacity of these populations must be increased. And the Bank has found an effective way to do this by framing its actions and strategies in poverty reduction language, and by setting itself up as the expert on the poor and hungry.

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Endnotes

[1] Reddy, Sanjay G. and Thomas W. Pogge. *How* Not *to Count the Poor*. Columbia University. March 26, 2003.

[2] Ibid. pp: 4.

[3] Weisbrot, Mark, Dean Baker, Robert Naiman, and Gila Neta. *Growth May Be Good for the Poor - But are IMF and World Bank Policies Good for Growth? A Closer Look at the World Bank's Recent Defence of Its Policies.* May 11, 2001

[4] For example, UNCTAD (1997), UNDP (1999) and Milanovic (1999).

[5] Vandermoortele, Jan. *Are the MDGs Feasible?* Bureau for Development Policy, UNDP. July, 2002.

[6] *Weisbrot, Mark, et al, op cit*

[7] For the full report, visit the SAPRIN website: www.saprin.org

[8] By 2001, the World Bank withdrew from SAPRI and produced its own report: *Adjustment from Within, Lessons from the Structural Adjustment Participatory Review Initiative*. World Bank, July 30-31, 2001. The findings of this report are strikingly different from those of the SAPRIN study released in April, 2003.

[9] PRSP stands for Poverty Reduction Strategy Papers; PRGF stands for Poverty Reduction and Growth Facility. Both programmes are *de rigueur* for countries seeking concessional assistance from the Bank and the Fund.

[10] Weisbrot, Mark, et al, op cit

Subsidizing the Rich[1] Or Why the PRSP Will Not Reduce Poverty in Sri Lanka

by Movement for National Land and Agricultural Reform (MONLAR)

In June 2002 the Government of Sri Lanka discussed a package of policies for economic reforms with the World Bank. These proposals have been endorsed by both the World Bank and the International Monetary Fund (IMF) as *"Connecting to Growth: Sri Lanka's Poverty Reduction Strategy (PRSP)"*. Comprising 108 projects, Sri Lanka's PRSP carried an original US$ 6.095 billion price tag, "downgraded" in March 2003 by the World Bank to "around US$ 3 billion". For 2003-04, the World Bank estimated total external assistance (in loans and grants) to reach US$ 2.870 billion. In April 2003 the Sri Lankan Government secured the first of a series of loan packages from the international community - a US$ 320 million Poverty Reduction and Growth Facility (PRGF) from the IMF.

Notwithstanding the new name, the PRSP is nothing but a package of economic reforms designed to carry forward the structural adjustment that Sri Lanka has been implementing in the last two and a half decades. The economic policies adopted during the last two decades have been oriented towards accelerating "growth" through liberalization, export orientation and privatization, with the assumption that growth would trickle down and reduce poverty. The push for the same policies is a puzzle since the PRSP document itself admits that neither growth nor poverty reduction was achieved during this period[2]. The strategy in fact compelled the poor to bear a much heavier burden and to sacrifice social security and social development, and reversed human and democratic rights won through political struggle in previous decades.

More of the Same… And Some Things Worse

It is unfortunate that the authors of the PRSP did not bother to look at the contributions of past efforts to social and economic stability, democracy and political stability. The narrow focus on growth and accumulation misses a big part of Sri Lanka's history that needs to be stressed. Since independence, the government has attempted to implement social nurturing policies. But these policies have been systematically dismantled in favor of structural adjustment since the mid-1970s. The results leave much to be desired.

Sri Lanka had lower rural poverty and income disparities prior to 1977 than in the present. In 1992, according to the IFAD study on "State of World Rural Poverty" Sri Lanka has had the sharpest increase in rural poverty among 114 countries studied for the period 1965 to 1988. In 1965 rural poverty was about 13%. By 1988 it has increased to about 46 %. Until 1977 income disparities were low and declining, but policies for faster economic growth introduced since then have sharply increased disparities. In 1993, according to the WB's World Development Report, Sri Lanka had among the sharpest income disparities, behind only Brazil.

The PRSP document itself admitted that neither considerable economic growth nor substantial income redistribution took place during the 1990s. It said that "...neither the GDP growth rate nor its distributive effects were sufficient to bring out a marked reduction in poverty level in this country, in other words the benefits of economic growth have not trickled down automatically to the poor."

The insistence then on the same old policies is a big puzzle.

On June 5, 2002, the Sri Lankan Prime Minister said in an address that the biggest problem facing the country was debt, which had reached (Sri Lankan Rupees) Rs.

83,000 per capita. Yet the PRSP is a debt-creating strategy that pushes the same projects that created the current debt in the first place - huge infrastructure such as super highways, road networks, airports, harbors, communication facilities, and the like. New introductions include equally dubious projects like water marketing infrastructure and mechanisms for land titling.

Infrastructure Development. A long list of proposed infrastructure projects will mean new foreign loans of about US$ 1.265 billion. It was earlier promised that the private sector would be invited to undertake many of these projects under various build-operate-transfer (BOT) schemes. But the private sector has not been very keen in such infrastructure and indebtedness is always the comfortable fallback.

The large projects including the expansion of the Katunayake Airport, the construction of the Katunayake-Colombo, Matara-Colombo and the Kandy-Colombo Highways continue to meet protests from communities who face threats of displacement. The threats faced by communities range from physical dislocation to destruction of their sources of livelihood. Fish workers from Wattala are being displaced due to the heavy pumping of sand from the coast (for the Katunayake-Colombo Highway), and large scale digging for the Matara-Colombo Highway has been depleting water sources for the community. It is not clear what the plans are for these communities, and their protests have often been met with violence.

Infrastructure development is seen as the future of poverty reduction. It is said to be the central attraction for foreign investments and will set the stage for export development. But despite the huge debts incurred for the infrastructure development in the last 25 years, very little of the vaunted merits of these projects ever came to be. Hardly any export agriculture was developed, except for the traditional tea, tobacco and rubber, and attempts at introducing new export crops failed badly.

The massive infrastructure projects are done to attract and please a fickle foreign private sector set that flees the country at the slightest sign of insecurity. The rhetoric about "connectivity", or connecting the poor in the village to the national and international markets, remains a sorry rhetoric and not an honest statement of objective. Infrastructure development alone will never be enough to pull the ultras poor and the ultra-unprotected out of poverty. It is for this reason that infrastructure development remains and will remain a failure in terms of poverty reduction. It only succeeds in ballooning the debt burden of the country, and consequently of the country's poor.

Land Titling. In 1996, WB experts Robert Hunt and Douglas Lister authored the documents Non Plantation Sector Policy Alternatives. The document claims that the fact that the poor occupy much of the land in the rural agricultural sector, and that they are neither interested nor capable of producing the type of high value export crops that would lead to growth, is the biggest fetter to growth. The solution, therefore, is for the government to intervene and immediately create a "free land market" by granting freehold titles to all occupants of such smallholdings who are currently living on land granted by the State without freehold titles.

It will be remembered that the policy of not granting freehold titles was a conscious decision in Sri Lanka since the time of the Land Development Ordinance in 1927, to prevent the poor from losing their land due to poverty and indebtedness. The PRSP targets the issuance of "freehold titles" to 1.2 million families in 2003. Considering the numbers, the timeframe itself appears "rushed" and will only result in these small-scale farmers having to sell their land due to desperation, indebtedness, and poverty.

The idea behind the land titling program is to move the poor out of the rural areas and into the more attractive urban industry and services areas. Similar to the case of infrastructure development, there is no existing plan on how to assist those ready to make the transition. There is not even a comprehensive assessment of how the supposedly modern sectors will be able to absorb the new entrants. The only clear thing is that, with the freehold titles, many farmers will be kicked out of their lands quite soon, thus ensuring the reproduction of poverty.

Rural to Urban Migration. In some twisted form of logic, the rural poor are being encouraged in the PRSP to migrate to the cities as a way of poverty reduction. Because 90 percent of the poor are in the rural areas, moving them out will reduce poverty? The encouragement is actually a censure on the failure of past programmes to produce wide-ranging growth, limited as it is to the Western Province only.

What is not being said, but is nevertheless known to the poor, is that the strategy will make them even poorer and even more indebted than they already are.

Privatization. In most countries, including some of those in the global North, health and education have been regarded as essential services that should not be left entirely to the market. There is wide acceptance that government policies that ensured that health and education was available to all, including the poorest in the most remote villages, made a big contribution to the remarkable achievements that Sri Lanka has made in social development. The PRSP proposals for public-private sector participation in these services will lead to increased costs for the provision of the services as it has happened in other countries with the introduction of user fees. The poorest sections of society will likely lose access to these services. The entry of the private sector is always accompanied by a parallel process of cutting down on government services, which has the biggest impact on access.

The proposals suggest closing down some schools in remote rural areas, thereby creating a situation where the poorest children who cannot go to the larger schools away from their villages may drop out early. There is neither institutional nor financial support for teacher training, thereby further marginalizing ''voluntary teachers'' from being recruited into regular employment.

Lack of fund allocations and facilities to the government hospitals that provide free services have had a similar impact on the health services to the poorest people. Privatization in health services and medicine, including liberalized and uncontrolled importation of medicines has resulted in an extremely high increase in the cost of medicine and caused serious problems in ensuring the quality and safety of medicine.

Education and health in Sri Lanka have been services provided by the State. Those employed in such services had considered these as ''noble'' professions. The conscious weakening of state services has resulted in a serious deterioration of the ethical values in these professions, which are now simply seen as opportunities for making a lot of money.

Privatization has been the encroaching specter in most state corporations and services from banking to transport. The state being one of the biggest employers in Sri Lanka, privatization results in the reduction of employment and loss of employment security while improvements in services and costs have been suspect. The saddest thing about the move to privatize most of the state corporations is the lack of appreciation for what these corporations are able to contribute, and the absence of proper exit programmes for employees.

Water. Heavy borrowings, attracting the private sector, public-private partnership, cost recovery, full cost pricing - these are the terms that go with water and water infrastructure in the PRSP. According to the PRSP Rs. 60 billion is the needed investment in the sector in the first decade of this century. Eighteen (18) such water infrastructure projects are slated for external assistance. This would be a subsidy given to foreign water companies invited to sell (our) water to (our) people using infrastructure built with our (borrowed) money.

The first proposal to privatize water was made by the WB in March 1996 in the ''Non Plantation Sector policy alternatives'' document. Privatization should be done to discourage the small farmers from cultivating paddy, a low-value crop. It said that as long as irrigation was given free, these farmers would not shift out of paddy farming to high value (export) crops. Thus, it was recommended that irrigation should not be "free", but should be marketed through the private sector.

Since then, a new "National Water Resources Policy" has been drafted. The prevention of future water crises became the biggest claim of the new policy. Yet, interspersed between pronouncements of better water management, conservation and prevention of pollution and erosion etc., the intention of "water pricing" and "marketing" was clear. It intended diversion of more water into sectors other than irrigation and agriculture. "Bulk water entitlements" were to be issued to urban water suppliers, industrial sector users and for other uses such as production of electricity and those for entertainment, tourism etc. Infrastructure for measured supply of water to not only urban users but also to the rural agricultural users, such as construction of cemented channels, setting up water measuring mechanisms, etc. are being done.

But can water marketing really prevent future crises. And what are the real motivations behind these proposals?

It is most unacceptable that there is total disregard for the historical experience in Sri Lanka of ecological water management. Sri Lankans look at water as a common right of all people and all living beings, and not as a commodity for profit making. The conflict arising from the basic difference between the privatization motive and the community logic is potentially big and requires more than a well-oiled PR machine to manage.

Wide-Ranging Resistance

The PRSP is big and expensive, but it is also in a hurry and undemocratic. The manner by which the government presented the full package of legislative reforms to complete the economic reform agenda envisioned in the PRSP had been extremely rapid and undemocratic. As a result, a broad alliance of all sections of society, demanding a more democratic participatory process of planning and decision-making, was formed. The Alliance for Protection of National Resources and Human Rights (ANRHR) is an unprecedented, broad coalition of major trade unions and other civil society organizations representing industrial workers, farmers, fish workers, plantation workers, environmental organizations, women's organizations, rural communities, people affected by the process of privatization of state enterprises, those opposed to he privatization and sale of national assets, groups advocating labor rights and democratic rights, peace organizations, intellectuals, and religious leaders. The Alliance currently counts 125 organizations as members.

There was no meaningful people participation in the formulation of the PRSP, much less participation of the poor themselves. Most of the participants are government officials and representatives of the business associations and from the international financial institutions. It is not hard to see how they are supportive of the current PRSP for reasons other than its potential to reduce poverty.

Neither the government nor the World Bank seems to have been very interested in obtaining the views of the people. Not even a summary of the PRSP proposals had been made available to the general public, through public media, during the four years of its formulation. The document was made available only in August 2002 and only on the Internet in English. The Sri Lanka Country Director of the WB informed us that printed documents in English, Sinhala, and Tamil were available only about a week before the Executive Directors of the WB discussed it in Washington, at the end of March 2003.

In March 2003, even the World Bank admitted to the weaknesses of the consultation process, yet said that they would endorse the document just the same. The PRSP is purported to be a "living document" that will be further modified through broader consultation as it is implemented. Such claim, however, is not acceptable and attacks the very basis of the vaunted "participation" and "ownership" of the PRSP.

Accessibility of the PRSP and PRSP-related documents, and the general consultation process, becomes even more significant in view of the more fundamental concerns on the strategy espoused in the PRSP. The protests meeting the PRSP are products of a long experience with failed structural adjustment and the negative consequences it brought to the poor.

In October 2002, a major protest led by ANRHR had over 15,000 people from all sectors of society participating. Similar protests were launched in September to November 2003 in Anuradhapura, Kandy, Negambo, and several other regional towns. In March 2003 there were over 5000 people in Eppawela, who protested against the proposed privatization of water using a traditional cultural expression titled "Kadawara Pujawa". This was part of an ongoing campaign to protect the ancient irrigation systems and resources that people of Sri Lanka had built and sustained for centuries, from being handed over to private companies.

Of Vested Interests and Weak Government Ownership

Several general elections and a presidential election were held during the four-year period that the PRSP was being prepared. Despite the tremendous impact the PRSP has on policy-making, however, none of the major political parties made any reference to it in their election campaigns. It did not figure at all in their Election Manifestos. If ownership means the readiness of the government to stand by the PRSP as a strategy and platform of policy, its non-prominence speaks little about how aware at least the government is of its ramifications.

It is difficult to assess how "owned" a process or a document is when that process or document is alien to something a government aspires for, e.g. financial assistance. In public events, the WB and the IMF kept harping on the claim that the PRSP is government produced and therefore they will endorse it. Yet, many government officials in not a few fora would distance themselves from the PRSP, and even openly oppose specific policies it contains. In a TV debate on March 20, 2003, the Minister of Agriculture when confronted stated that he did not agree with the WB proposals on agriculture including those in the PRSP and that he would follow a different policy. Earlier on March 6 the Prime Minister stated that he disagreed with the Water Resources Policy that had been drafted, which was recommended by the WB. President Chandrika Bandaranayake and her party who were in control during the major part of the four years when this PRSP was formulated now openly disagree with the privatization policies in the PRSP, particularly the privatization of the state enterprises. Even considering political posturings, there is still a big question about who in fact "owns" these proposals.

The most recent experience is a submission by a delegation representing about 200 women's organizations from all sectors of society, including some of the larger national level women's organizations as well as grassroots women from farms, fisheries, plantations and the industrial sector. The delegation met the WB's Country Director on May 6, 2003 to state that they opposed the entire PRSP package and demanded that opportunities be made available for organizations of the people to make alternative proposals. The Country Director said that it was the government of Sri Lanka who is responsible for the PRSP, and stressed the importance of people's organizations to put up the pressure on the government to make changes.

It is not difficult to understand that governments, though elected, have to comply and agree to whatever the WB wants, including the approval of experts in the government planning processes. This is because the governments and the local elite classes that they represent draw tremendous benefits from such plans and they can always give the excuse that they "cannot do anything since this is the only way to secure WB loans". In the 25 years of structural adjustment in Sri Lanka, a very small group of very rich people has emerged. It is this group that has become the most influential and powerful group that decides the nature of government and what the government should do. This is another serious flaw in the World Bank's argument about country ownership.

It is not the poor who violate the principles of "good governance", but the governing whose main interest is to stay in power.

Regaining the Poor's Role in Poverty Reduction

Past efforts failed, and the new PRSP initiative is full of rhetoric violated at every turn. The biggest gap in existing poverty reduction strategy is the absence of the poor themselves. Poverty is an experience most understood by the poor, hence, they have the most to contribute in terms of insights. They are also the ones best to implement poverty reduction strategies.

The World Bank's definition of Poverty is "not having food when hungry, not having medicine when sick, not having proper shelter, not having the right to participate in decisions and not having human dignity". If we are looking at ways of reducing this poverty, to begin with, there are very simple and easy ways in which the poor themselves can use the resources that they have to reduce their poverty considerably.

Majority of the people in Sri Lanka still live in the villages and they depend on land as their main source of livelihood. This makes the National Land Use Policy which proposes that the "dependence on land for livelihoods and employment should be minimized" a strange proposal. It not only ignores the reality of agricultural Sri Lanka, but also undermines the potential of agricultural development for poverty reduction. It is essential that people's secure access to land and other natural resources is not denied. But in Sri Lanka, as in many other countries, the accumulation of land and other natural resources in the hands of a few fails to protect the poor's last means of survival.

The potential of the poor people themselves participating actively to reduce their poverty should be encouraged to a much greater extent. Strategies for poverty reduction must then be aimed at removing the existing obstacles that people face in utilizing the resources available to them, using the creative potential of such people to meet their most essential needs.

In ancient history land and natural resources were not privately owned. In addition, there were arrangements and regulations to ensure that these resources were used sustainably. These are valid considerations even today. In Mahawansa, the oldest written history of Sri Lanka, it is said that Arihath Mahinda who brought Buddhism to Sri Lanka preached to the King, Devanampiyatissa, who was then hunting deer thus: "King, this forest belongs to the birds of the air, and the animals that roam the forest, as much as it belongs to you. You are only the care-taker and not the owner".

The judiciary in Sri Lanka used this statement when the government was given a verdict against selling the Eppawela phosphate deposits to a US company, since this resource and the surrounding environment belong to the people and not to the government to sell it off for destructive exploitation. The government, the caretaker, has the responsibility to see that neither human nor animals and other living beings are deprived of the right to use the living resources, given to them by nature for free. Use of these essential resources for profit deprives the poor and the other living beings of access, and goes against their natural rights.

Sustainability was possible in the ancient irrigation systems and in the traditional agriculture practices since achieving this was considered the joint responsibility of all. The poor people who are pushed out of the economic operations within the globalised market are placed in a similar position where they have to depend on these collective efforts for survival. They also cannot acquire the "destructive" technological capacities and aspire to reach destructive consumption capacities that the world needs to eliminate if it is to survive. Therefore, all these factors could be seen not as disadvantages but as factors that provide them "comparative advantages" in becoming creators of a "better world" for themselves and the others, not only for humans but for all other life forms.

The proposal of "connecting to growth" should be seen with its benefits as well as costs. Those who succeed in connecting to growth should not be prevented from doing so, and indeed must be encouraged. But the poor should not be sacrificed so that a small few can make that connection. The alternatives are largely for the poor to develop their own agenda and strategy to directly use their potential and capacities to overcome their situation of poverty. The poor doing poverty reduction themselves will even be a big contribution towards "overall growth". Susan George said that "the market today excludes two thirds of the worlds population. They cannot enter the market and they are no longer needed in the market, so the system expects them to disappear. But, 2/3 of the world population will not simply agree to disappear, so they will create a world where they can live. This is where the hope for the future of the world lies."

There are actually existing alternatives and experiments that alleviate the situation of poor communities. There are small scale strategies that prove to be helpful in a big way at a fraction of the cost entailed by huge infrastructure projects. They need only be recognized, encouraged and promoted. If people will be indebted anyway, they should at least have a say on what they should be indebted for. No poverty reduction attempt will ever succeed if the poor is continuously regarded as passive actors in its implementation.

Sri Lanka, a country making a tremendous effort to "regain" peace after decades of war and violence could face a worse situation of reemergence of war, violence and political repression. This is pushed by poverty, and more specifically by the increasing burden placed on the poor to subsidize the rich.

Endnotes

[1] This article is an excerpt from Regaining Sri Lanka and the PRSP: Compelling the Poor to Subsidized the Rich prepared by Mr. Sarath Fernando of MONLAR on behalf of the Alliance for Protection of National Resources and Human Rights (ANRHR) in May 2003. The full paper may be downloaded from www.geocities.com/monlarslk. The author may be reached at monlar@sltnet.lk.

[2] Connecting to Growth: Sri Lanka's Poverty Reduction Strategy: June 2002, page 10. Sri Lanka's Poverty Reduction Strategy Paper (PRSP): Compelling the poor to subsidize the rich

War on Poverty in Thailand: A Political Will and Won't

By Chanida Chanyapate Bamford

People who have criticised the MDGs for being uninspiring at best would marvel at the Thai Prime Minister's recent announcement that Thailand will wipe out poverty in Thailand within 6 years. People who are familiar with the Prime Minister's triumphalist style would assume that this announcement is a direct challenge to the MDGs' 2015 target by halving the timeframe. No one would put it past him to try to beat the UN at its own game, and the World Bank and IMF, who were all clambering on the same poverty reduction bandwagon. For those scoffing about the lack of political will, here is an ardent example that is looking for world-wide recognition.

Poverty incidence in Thailand had been decreasing in the 80's and early 90's as Thailand enjoyed a boom in the export-oriented manufacturing and services industries. Millions of young people moved out of unpaid work in family-based agricultural production into the factories and other urban businesses where they could at least try to bargain for a legally established minimum wage. The financial crash of 1997, however, set the record back by about a decade; instead of the of a 1997 poverty ratio of 10.8 % which trends had predicted, Thailand ended up with 12.9 % or 7.9 million poor people in 1998. The number increased further to 9.9 million in 1999. This figure has purportedly declined since then, since Thailand's GDP has been growing again after the huge contraction of almost 10% in 1998.

The National Economic and Social Development Board (NESDB) set the income poverty line at about 800-900 baht per person per month depending on locality. At least this was calculated on the basis of minimum calorie intake requirements at local prices, a much more credible measurement than the artificial $1 dollar a day commonly used by the World Bank. Alas, however, at the current exchange rate, this is only $0.65-0.75 per day.

Applying this measurement to income statistics compiled at the subdistrict and district levels, the NESDB announced a couple of years ago that they had located the poorest villages in Pua District in the hills of the Northern province of Nan. To their amazement, the villagers met this news with great consternation. The villagers were reported in the press as insisting that they led healthy and peaceful lives surrounded by still plentiful natural forest resources and dismissed the label by simply saying "We're not poor". The quest to find the poor by these means seemed to have come up empty-handed and the matter was dropped from the previous government's agenda.

The fact that the poor have been difficult to identify in conveniently big numbers may have prompted Prime Minister Thaksin Shinawatra to launch the "war on poverty" with a plan to invite them to register themselves with the authorities. A pilot project is being carried out in 8 provinces to register poor people under seven different categories: landless farmers, the homeless, people engaged in underground businesses, workers who fell victim to overseas job scams, needy students, people facing bankruptcy and low-income earners in need of housing. The latest count after a week of registration was 50,000.

Meanwhile, the tens of thousands of villagers from various corners of the country, who gathered in front of the government house for 99 days in 1997-98 under the banner "Assembly of the Poor", have not been recognised as a suitable target for government poverty reduction programmes. These people were the real life representations of the reverse of fortune that would befall the Pua villagers if the government had their way in bringing "development" to the poor regions of the country. They were all victims of large development projects, mainly hydro dams and reforestation projects, that had deprived them or were threatening to deprive them of their primary means of livelihood, i.e. land, forests, rivers and sea.

Vanida Tantiwithayaphithak, Advisor to the Assembly of the Poor, pointed out that wealth for the rural population does not lie in the accumulation of worldly goods but in nature. Natural wealth has been a sure means of poverty prevention for the rural people. Since the whole population is supported by the same natural resource base, then when urban people, who are more engaged in the market economy, utilise more and more resources to create material wealth for themselves, there will be more and more poor people in rural areas. Some of them would turn into the urban poor as the rural communities became too resource-stressed to offer a living. Her plea was that the rich must not shun the poor because they themselves were party to the cause of poverty.

The present government under the leadership of billionaire Thaksin Shinawatra, being composed of mostly self-made business entrepreneurs, could hardly be expected to understand the community self-sufficiency and sustainability aspirations that characterised the demands of the Assembly of the Poor. Since the urban business class needs energy, the coal-fired power plants that were bitterly opposed by local communities have only been delayed until real needs become more urgent, while the Thai-Malaysian gas pipeline went ahead after the brutal suppression of local protesters. Calls for land redistribution fell on deaf ears and thousands of landless families that were farming unused tracts of land acquired by speculators through dubious means were violently evicted and arrested. It soon became obvious that while the government openly embraces poverty eradication as a cause, it is not on the side of the poor, but rather of the class that competes with the poor for use of natural resources. Anti-poverty, for the government, means being anti-poor.

Thaksin's newly-established nationalist Thai Rak Thai party won a landslide in the 2001 election on the promise of 3 popular programmes: universal health care at 30 baht per visit; a one million baht revolving fund for each village; and a debt moratorium for farmers. A government advisor described these as mechanisms for a transfer payment from the rich to the poor, though it was apparent to anyone that only the first programme fitted the bill. Other micro-finance schemes soon followed: people's banks; the one-tambon-one-product (OTOP) programme; the assets-to-capital conversion programme. The purpose was to turn as many people as possible into small entrepreneurs who would need loans to produce goods and services for the market. When the supply side stimulus did not produce a fast enough effect on the economy, a direct sale strategy was also implemented in the form of 'uea athon' low-cost housing, computers and insurance sales.

Within the 2 years of 'pro-poor' dole-outs from the public purse, with state-owned banks spurring consumption growth, the economy picked up steam again. The government staged a triumphal celebration as the IMF debt was paid back in full before the due date. Big businesses in real estate, construction and telecommunication are expanding. Thailand is firmly back on the growth path; Mr. Thaksin confidently predicts 8% growth in 2004 and an even better 10% in 2005.

What happened to the poor so far? Veerapon Sopa, rural activist advisor to the Assembly of the Poor, reported that only 30% of the one million baht revolving funds were used for productive activities, and among these activities, only 60% are expected to be successful enough to repay the loans. While the government might count increased consumption of mobile phones and motorcycles as well as refinancing old debts as legitimate activities under the economic stimulus programme, many were concerned about such schemes that would likely entrap people deeper into indebtedness.

Chang Noi, a columnist in the Nation newspaper, noting that the Thai companies that survived the financial crash needed 'a rising home market" to prosper as "the export economy was all taken over by foreigners", labelled the government's rural policies "capital-in-crisis". They are "actually designed to help the rich by appearing to help the poor. Instead of trickle-down these are gush-up" (The Nation, 5 August 2002).

The 30-baht-per-case health scheme has been a boon to human security to the poor, but the damage to the public health service is only now becoming apparent. With dwindling financial resources to pay for growing queues for treatment, state hospitals have had to engage is some savage cost-cutting measures. The slashing of overtime payments for government doctors started a trickle of resignations into the more lucrative private sector that now seems to have passed the tipping point. As more leave, the pressure on those remaining becomes intolerable.

The rural debt situation has shown no sign of improvement. According to the latest report by the Thailand Development Research Institute (TDRI), an independent think-tank, those currently living below poverty line have a debt burden of 9.8 to 19.8 times their income, and the lower the income, the higher the debt ratio. Even with an official counter report by the NESDB that household debts were not that bad, only 13 times household income, the future does not look so rosy for the poor, especially chronically indebted farmers who constitute more than half the impoverished population.

Deputy Prime Minister Somkid Jatusripitak assured government critics that the government has in fact "opened the door" for people; "if they're not allowed to create debts (invest), they can never pay off debts", he said (Bangkok Post, 3 December 2003).

According to Veerapon, this kind of talk neglects the fact that market mechanisms favour larger capital. Thai farmers have been borrowing to invest in crop production every year since the Bank of Agriculture and Agriculture Cooperatives (BAAC) was set up decades ago. The result has been ever deeper debt without any prospect of getting out of the vicious debt cycle. Most opted not to join the three year debt moratorium simply because they need to borrow anew to invest every year as there was never any savings left after paying back their debts. One solution for farmers' poverty would lie in ensuring that farmers, instead of just a few hundreds of traders, actually receive the government-guaranteed prices of produce in the domestic market.

Veerapon, like many farmers, questioned government economic policies that open the domestic market for exploitation by large-scale capital in the name of efficiency and promote wealth accumulation instead of distribution due to low rate of direct taxation. In fact, personal income tax rates in Thailand are among the lowest in Asia. It is not surprising, therefore, that income disparity in Thailand has been the highest in East Asia, higher than Malaysia and the Philippines, and has been increasing while neighbouring countries with similar economies have seen a trend to greater equity. Instead of poverty reduction, why don't we talk about wealth reduction and redistribution, Veerapon proposed to the Asia Pacific Civil Society Forum on Achieving the MDGs.

Any such re-thinking by the current government is unlikely as long as it continues to believe that it knows best what is good for the poor, rather than asking the poor themselves. Ironically, this is just what the UNDP did in its 2003 Human Development Report for Thailand. The Report quotes an elegant explanation from one villager, a member of the Assembly of the Poor, whose livelihood disappeared when the Pak Mun dam wantonly destroyed the fisheries on which whole communities relied.

"We know that the thing which has made us poor is not that we're idle and don't want to work. We're poor because of 'development'."

STATEMENT OF THE ASIA-PACIFIC CIVIL SOCIETY FORUM ON MILLENNIUM DEVELOPMENT GOALS AND THE ERADICATION OF EXTREME POVERTY AND HUNGER

6-8 October 2003

Bangkok, Thailand

We the representatives of non-government and people's organisations, gathered here in Bangkok from 14 countries in the Asia Pacific region, for the Asia Pacific Civil Society Forum, 6-8 October 2003 to give inputs into the inaugural meeting of the Committee on Poverty Reduction.

We have the following concerns and recommendations to make:

- The MDGs sideline the critical and important issue of human rights. Certain norms are particularly pertinent in addressing the problem of poverty, such as effective non-discrimination, the recognition of vulnerable groups, the right to an adequate standard of living, the right to to freedom from hunger, the right to economic self-determination and the right to development. The Committee should affirm and operationalize rights based approaches to poverty eradication. Civil society organisations have already adopted this approach in their fight against poverty.

- The MDG itself formulates the problem of poverty too narrowly in terms of vision, scope and direction. It cannot simply be reduced to a numerical target to be achieved by a certain date and by technical fixes. Durable and sustainable solutions to poverty will require the active involvement of the poor and civil society, a more comprehensive understanding of the root causes of poverty and its multidimensional and diverse consequences and the right policies.

- In this respect, the practice of measuring poverty in terms of income and consumption levels is inadequate. We urge the Committee to take into consideration political, social, cultural and human rights dimensions, determined by factors like class, gender, race, geography and ethnicity. This broader definition is necessary in designing more sensitive and responsive policies and programs on poverty. We have offered a preliminary conceptualisation of this in our "working paper."

- In order for participation to be meaningful and genuine, responsibilities and roles in the fight against poverty should not be defined for civil society and the poor. The current process of formulating and implementing poverty reduction policies has not been successful in tackling the roots of poverty. This is due to the fact that the poor themselves are excluded in the whole process. We recommend the following principle guidelines to be adopted by UNESCAP and every individual government in the Asia-Pacific region.
    - At the macro level, decisions on poverty reduction policies and projects must seek the consultation of the civil society and organization of the poor prior to the implementation. The participation process must be transparent and accountable.
    - At the micro level, poverty reduction project must seek the majority endorsement of the poor in the affected areas prior to approval

- The indicators of these processes should be reflected in annual assessments

- The MDG does not provide an in-depth analytical review of policy reform and institutional change. Hence, to link the MDGs with a particular set of policy prescriptions would be the wrong approach, no matter which policies are prescribed, precisely because there is no single "correct" policy for all societies and circumstances. In this respect, externally imposed one-size-fits-all policies such as the way the current PRSP initiative of the World Bank and the IMF is being practiced are to be rejected. We demand that the Committee and UNESCAP actively involve and recognise the poor as rightful participants in any formulation of poverty eradication strategies and policies.

- Successful development efforts require appropriate policies at domestic, regional and international levels. However, the international economic structure is inequitable and currently antagonistic to the achievement of the MDGs themselves. The committee should urgently address the ramifications of globalisation and to facilitate the formulation of the necessary reforms.

- Attention and financial resources are diverted away from the priorities of directly addressing poverty and hunger and instead are allocated to debt servicing and military spending. There is an urgent need to re-orient government expenditure. The Committee should identify clearly the resources needed for governments in implementing poverty eradication policies and programmes. Moreover, given the multidimensional aspects of poverty, the Committee must also consider the implementation of conscientious poverty-budgeting in all aspects of government expenditure. Finally, sufficient resources should also be identified and channelled to facilitate the participation of civil society and the poor.

We challenge the Committee to adopt a more comprehensive understanding of poverty and hunger and intensify its work towards poverty eradication urgently.

Signed by:

★ The Asia-Pacific Civil Society Forum, 6-8 October 2003
★ Asian Forum for Human Rights and Development (Forum Asia), Regional
★ ActionAid Bangladesh
★ LOKOJ, Bangladesh
★ The Womyn's Agenda for Change Project-Oxfam Hong Kong, Cambodia
★ ECREA, Fiji
★ Center for Organisation Research and Education (CORE), India
★ Solidaritas Perempuan, Indonesia
★ Institute of Global Justice, Indonesia
★ Federation of Indonesian Peasants Unions (FSPI), Indonesia
★ Third World Network, Malaysia
★ Rural Reconstruction Nepal/South Asia Poverty Eradication Network, Nepal
★ Partners With Melanesians Inc., Papua New Guinea
★ Tebtebba Foundation, Philippines
★ HomeNet Philippines
★ Movement for National Land and Agricultural Reform (MONLAR), Sri Lanka
★ Shan Women's Action Network (SWAN)
★ Asia-Pacific Forum on Women, Law and Development (APWLD), Regional
★ La'o Hamutuk/Institute for Reconstruction Monitoring and Analysis, Timor Leste
★ CARE International, Vietnam
★ Assembly of the Poor, Thailand
★ NGO Coordinating Committee on Development, Thailand
★ Focus on the Global South, Regional

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