

BANGLADESH DEVELOPMENT FORUM 2004

Media Contact: Subrata S. Dhar
(880-2) 9669301
Email: sdhar4@worldbank.org

Development Partners laud Bangladesh's impressive economic and social gains, urge GOB to scale up reforms to ensure faster growth

Dhaka, May 10, 2004: Participants of the Bangladesh Development Forum commended the country's progress in health, population, and primary education. Over the last two decades, the country has reduced poverty faster than many other low income countries. Income poverty declined 1 percent per annum since the 1990s; infant mortality fell by half to 52 deaths per 1000; total fertility fell by 40 percent to 3.3 births per woman by 2000, and Bangladesh has achieved one of the highest primary school enrollment rates in the developing world.

The Forum, held in Dhaka on May 8-10, 2004, brought together many of the key decision-makers in Government, and 32 Development Partners. The Honorable Prime Minister inaugurated the Forum. It was co-chaired by Mr. M. Saifur Rahman, Honorable Minister for Finance and Planning, and Mr. Praful Patel, World Bank Vice President for South Asia Region.

Delegates commended Bangladesh's impressive macro-economic performance. This year's 5.5% growth rate, rising exports, a stable real exchange rate, comfortable reserves, and efforts stronger public finances, lay the ground for continued reduction in poverty in future years.

However, Bangladesh's growth could have been several percentage points higher and its poverty reduction faster, if performance on key policies had equaled that of some comparator countries. A huge "growth dividend" could come from better policies and institutions, especially better law and order, a reduced cost of doing business (ie., less corruption), a more competitive financial sector, and improved infrastructure. The Forum urged Bangladesh to build a national consensus on the key reforms most critical to poverty reduction, "ring-fencing" them, and keeping them out of confrontational politics.

Development Partners expressed strong support for the PRSP, and its thematic approach, as well as for the stakeholder consultations. Participants noted that, to be successful, the PRSP must be a national document, supported by all key stakeholders, to ensure policy continuity. Donors urged Government to focus on implementation and to ensure that the budget fully reflects PRSP priorities. All agreed that the PRSP was the basis for Bangladesh's strategy to achieve the MDGs, and that donors would use the PRSP, when completed, as the guiding framework for their future assistance to Bangladesh.

The meeting agreed that improved governance and better law and order were fundamental to improving the investment climate and to improving people's safety and security in their daily lives. Concerns were expressed by donors on the confrontational nature of politics,

on weakening confidence in legal processes and the police, the absence of the Opposition from Parliament, and attacks on journalists and minorities. Continued implementation of the CHT Peace Accords was stressed.

As regards governance, delegates welcomed the measures that Government had already taken, for example, passing the Anti Corruption Commission Act, the procurement and financial management reforms, establishing the Energy Regulatory Commission and banking reforms. They urged the Government to make the independent Anti-Corruption Commission operational as soon as possible.

To further reduce poverty, the meeting agreed that improvements in several other areas of governance are essential: strengthening the National Board of Revenue; revamping the Customs Administration; strengthening Bangladesh' Bank's supervision capability to pursue large bank defaulters, strengthening the lower courts and judicial system, and accelerating police reform.

Delegates agreed that promoting decentralization and the development of local government were vital for accountable service delivery and the effective implementation of the poverty reduction strategy.

NGOs were recognized as powerful contributors to the progress in poverty reduction in Bangladesh. Delegates agreed that the proposed legislation on NGOs should be reviewed in a consultative way and should be aimed at enabling NGOs to deliver services even better on the ground. Development partners also urged the Government to quickly complete the investigations of specific NGOs. Donors stressed that Government should not interfere with, or fix ceilings on, micro-credit interest rates; Government noted that micro-finance interest rates would continue to be market-determined..

To survive in a post-MFA world, participants agreed that Bangladesh urgently needs to improve its competitiveness, not just in terms of price but, more importantly, in reducing the time-to-market, and the cost of doing business, in order to ensure job growth and livelihoods, especially for women..

Better infrastructure is critical to sustain the progress made over the last several decades. Poorly managed and poor quality services, including electricity, urban water, ports and other transport infrastructure, have already cost Bangladeshi enterprises dearly in their efforts to gain and hold markets. Improved infrastructure services are key to reducing the cost of doing business, increasing competitiveness and reducing poverty. The financial investment and expertise needed in infrastructure are enormous, suggesting that, in addition to ODA, the private sector must be drawn into these sectors in an effective manner.

The Government and Development Partners reviewed together the progress in aid governance, focusing on project audits, financial reporting, procurement, project documentation, approval processes, and harmonization of donor procedures. Donors committed to further harmonizing their procedures, and emphasized government's speeding up implementation of aid-funded programs. We commend government's initiative to adopt Sector-wide approaches for health and education, which could be the basis for sector-wide approaches in other sectors.

Delegates appreciated the candor and openness in the discussions and look forward to the next meeting in Dhaka. Donors committed to continue their support for the Government in its poverty reduction efforts. They stressed their willingness to provide adequate financial support for the PRSP and its priorities.

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