



# Poor law and order may upset economic gains, donors say

## FE Report

The killing of Ahsanullah Master MP cast a gloom over the opening day of the Bangladesh Development Forum (BDF) meeting Saturday as the government came under the flak of the donors for its failure to stem deteriorating law and order and the worsening political scenario in the country.

A day after the opposition MP was slain in Gazipur, donors seized the opportunity to harshly express their concerns over the politically-linked violence, killings, mass arrests, criminality and growing corruption in the country.

In a speech sprinkled with fair amount of praise for the government's recent achievements in human development, education, food sufficiency and macro economic stability, Patel was critical of the sliding trend in some of the non-economic factors, which, he observed, could lead to chaos and eat up country's economic gains.

Speaking on behalf of the 32 development partners, World Bank Vice President Praful C Patel slammed the government's treatment of Dr. Badruddoza's attempt to form a party, dysfunctional politics in the country and a legal system that no one trusts.

"Democratic processes seemed to have been undermined. Several recent murders of businessmen and the seeming protection of the perpetrators have only served to heighten concerns over law and order. Yesterday's (Friday) event reflected that," Patel told the BDF opening.

Setting the tone for the three-day donor-government interactions, the World Bank South Asia chief said that ordinary people are no longer safe in the country while hard-won economic gains and critical human development successes are now imperiled.

"And right here at home, ordinary citizens, your richest resource, need to be reassured as they walk in the street or sit at home with their children. Are they

safe?", he asked.

"All these perceptions and realities can only come to undermine the present economic successes. Reversing these alarming events is a challenge as such behaviour has become well-rooted in the society," Patel added.

The World Bank regional chief said Bangladeshis are paying dear prices for these events as the businessmen are driven away from the country as these obstacles have become endemic to the country for too long now.

"You may be losing your competitive edge to other countries - and this will be hard to regain. In a globalised world, this has a high opportunity cost. You may be risking the integrity and strength of your very institutions," Patel told a galaxy of ministers, bureaucrats and the representatives of the donors.

Expressing concerns over the rising tensions between the government and the NGOs, Patel said the recent draft update to the laws governing NGOs had serious flaws and the development community is deeply concerned.

Recognising some of the recent achievements by the government, Patel said the Anti-Corruption Commission Act was an important beginning and the government should now guarantee its independence.

"Steps underway on judicial and police reforms are other beginnings. The new approach to public procurement offers the promise of transforming opportunities for corruption in contracting," he mentioned.

The WB regional chief urged

the government to ensure greater transparency in the legal-judicial system, create business-friendly institutions and courts, people-friendly law and order and empower the citizens.

"Both investors and the average citizens need an environment in which they feel a day-to-day sense of personal security, a predictable security that is reassuring and even-handed," he said.

He further suggested the government strengthen the local government, make the government more open and accountable and upgrade its ailing infrastructure, which is a big constraint.

Praising the fighting spirit of the local people, Patel said Bangladesh has a history in which its resilient people have often chosen to redefine their destinies.

"If the politicians can take care of some of the norms on which a healthy society relies - personal security, transparency, fair legal protection, a level regulatory playing field, Bangladeshis will do the rest."

International Monetary Fund (IMF) representative to the BDF meeting Nissanke Weerasinghe said macroeconomic fundamentals of the country are in a sound footing and the economy is set to grow by 5.5 per cent this fiscal.

Lauding the government's sound economic policies and advances in structural reforms for the economic achievements, Weerasinghe said fiscal deficit has been kept well under control despite shortfall in tax collection; monetary policy has been cautious while providing adequate room for private sector loans.

"The floating of the taka in May 2003 was well-managed and the

modest depreciation of the taka vis-à-vis the US dollar since then has bolstered the competitive position of Bangladesh's exporters," Weerasinghe said.

The IMF advisor for the Asia and Pacific Department mentioned that structural reforms in the past year saw the government making good progress in tax administration and nationalised commercial banks, but privatisation of the state-owned enterprises has been stalled due to stiff opposition by vested interests.

The newly-appointed mission chief of the Fund, however, said while poor infrastructure has held back growth in private investment, the country still has a high cost of doing business, limited human capital and poor governance.

He mentioned that the withdrawal of the garments quota at the end of 2004 will be a key concern as it would hold down growth of exports, GDP and employment below levels attainable in the longer term.

Weerasinghe said, to support Bangladesh's adjustment to the post-MFA regime, the IMF is considering augmenting Bangladesh's PRGF access under its newly established Trade Integration Mechanism (TIM).

"The challenge ahead will be to create an enabling environment for economic growth in line with the Millennium Development Goals (MDG) while ensuring that the benefits of such growth accrue to the poor," he emphasised.

He further mentioned that reform of the NCBs, trade and state-owned enterprises would remain the most vital macro-economic challenges for the country in the coming year.