



No extra aid if crime, graft go unchecked

Donors hint at \$1.6b disbursement a year for FY03-05

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Bangladesh will not be given additional aid for the next year's Poverty Reduction Strategy Paper (PRSP) in the event of its failure to fulfil commitments to crime and corruption control, good governance and infrastructure development, donors warned yesterday.

The warning came on the last day of the three-day Bangladesh Development Forum (BDF) meeting at the Sonargaon Hotel, where Praful C Patel, World Bank vice-president

for South Asia, said: "Total disbursement is likely to average about \$1.6 billion a year between FY2003 and FY2005."

"We should aim to increase disbursement to \$2 billion a year, from both increased commitments and faster aid utilisation, based on an agreed PRSP and progress on the issues discussed," Patel, also head coordinator of the donor community at the BDF meet, said in his closing statement.

The additional requirement for full implementation of the PRSP can be financed by three sources: increased domestic revenue, greater private investment and more donor funds, he said.

Referring to comments of the Swiss representative to the meet, Patel says the success of the PRSP depends on decentralisation. "Bringing the government closer to people through strong local government (bodies) is essential to increase accountability and service delivery."

The BDF meet that opened on Saturday described the non-economic issues such as political killings and a failure to form an independent anti-corruption commission as major roadblocks to economic growth.

No agency but the International Monetary Fund raised economic issues at the forum and donor agencies incessantly queried the government on any concrete plan of action against the non-economic hindrance to development.

Echoing the views of other speakers at the forum, Patel said Bangladesh's growth could have been higher if there had been better policy and institutions.

He said law and order improvement is central not only to people's safety but to investment climate that would reduce the cost of doing business.

Patel also touched on the speakers' concern at Bangladesh's dys-

functional politics and the low public confidence in the police and courts.

Over the three days, the development partners have expressed concern at the attacks on journalists and the religious minorities and encouraged a quick implementation of the Chittagong Hill Tracts peace accord.

"We hope that the government will tackle and resolve these obstacles with a sense of urgency and strong political will. We wish to see substantial progress achieved in investment climate by next year's BDF."

Patel commended the government for passing the Anti-Corruption Act, announcing the Energy Regulatory Commission and making important procurement, financial management and banking reforms.

On non-governmental organisations (NGOs), he said the government agreed that development partners and NGOs will be consulted before the proposed bill on NGOs is tabled in parliament.

"The government also confirmed that it had no intention to interfere with or fix ceilings on interest rates for microcredit."

"Development partners also urged the government to quickly complete the investigations of specific NGOs," a World Bank press release said.

On the progress in aid governance, Patel quoted the Asian Development Bank representative as saying: "Simple is beautiful."

Finance and Planning Minister Saifur Rahman said in his closing statement that Bangladesh's goal is to become self-reliant and the government is committed to increasingly financing the PRSP with domestic resources.

On reaching the Millennium Development Goals, Saifur said, "Bangladesh will require more than 7 percent GDP growth a year, which requires substantial investment." He welcomed the donors' intention to meet the financial gap.

On the donors' concern on law and order downside and weak governance, the minister said the government is "doing its best" to form a consensus of all to implement reform to solve the problems. "The results of reform are visible everywhere."