



World Bank VP Patel tells The Independent
Ruling party has more responsibility to make democracy functional

MIR MOSTAFIZUR RAHAMAN —
 The ruling party has more responsibility than other parties to make parliament and democracy functional, observed the visiting World Bank Vice President Praful Patel in an exclusive interview with The Independent yesterday.

Patel who played key role in the just concluded Bangladesh Development Forum meet dwelt on governance, government-NGO relation, future WB policy, privatisation and other important issues during the one hour long interview.

He was assisted by John A Roome, Operations Director of the South Asia Region and Junaid K Ahmad, Regional



Praful Patel

Team Leader of Water and Sanitation Programme of the World Bank

"Bangladesh has carried out a fair amount of economic liberalisation, notably in industry, agriculture and trade, but let me add that its record is mixed and much more needs to be done to improve its business climate and promote investment, growth and job creation. We therefore believe that further progress will depend on the effectiveness and pace at which policy, legal, regulatory and institutional reforms are carried out," he added.

Responding to a question on the

country's confrontational political situation he said that both the opposition and the ruling party have a responsibility to make parliamentary democracy functional. But the ruling party has the bigger responsibility in this regard. "If the government side shows me an invitation card and says, 'Look we invited them but they do not respond' we would not be convinced. They have to go far beyond this by trying in many ways. And in Bangladesh's case we have observed that the opposition is not involved in democratic practices. I have twice asked for an appointment with the opposition leader but I have not got any response in this regard," said Patel.

Patel, a Ugandan national, assumed his current position in July 2003. He oversees the Banks operation in Afghanistan, India, Nepal, Bangladesh, Pakistan, Sri Lanka, Bhutan and the Maldives.

He noted that though the donors do not want to interfere in the domestic affairs of a country, they are concerned because confrontational politics disrupts development, deters investors and affect the poor harshly and disproportionately.

"It is therefore a development issue and concern. The country alone will need to identify a solution to the problem. Experience of other parliamentary democracies can be useful, but the solution will ultimately have to be homegrown. The Government has told us that it is engaging with the major opposition political party so as to facilitate its return to Parliament and participation in the PRSP deliberations and the Government is awaiting a response," he said.

When asked to explain the reasons of the country's success in some areas despite all the hurdles, Patel said, "Bangladesh has many success stories. Its NGOs set an example throughout the world in improving the condition of the poor. And in many countries the model of Bangladesh is being replicated. In education sector and in fighting diarrhoea Bangladesh has done wonderful things which give the impression that despite all the impediments the private sector have done a wonder.

"Despite all these hurdles in terms of governance and infrastructure how the country achieved a respectable growth of 5.5 per cent? And my answer is that the

respectable growth outcome reflects considerable economic liberalisation, participation of the private sector and NGOs and the resilience of the people at large. Development outcome has been on account of, in addition to prudent macroeconomic policies and structural economic reforms, the resilience of the economic agents, notably private sector and NGOs, and the people," he said. The World Bank Vice-President said, law and order situation has been unfavourable and capacity public institutions have been weak, and these have prevented full realisation of Bangladesh's growth potential. The pick up in growth will depend on the effectiveness of measures to address law and order problems and strengthen public institutions and the pace at which the situation improves. But one should remember that reform is a very important ingredient of performance and success, he said.

When asked whether the donors were convinced with the government's explanation regarding the recent actions against some top NGOs who were allegedly involved in politics, Patel said that in Bangladesh hundreds of NGOs were working. If 6 or 7 of them were found doing unwanted things that does not mean that the government would change the entire system. It is true that there should be transparency and accountability among the NGOs but in

this regard the code of conduct can be formulated by the NGOs themselves and there can be a 'self-monitoring' procedure as practised in many countries in different private sectors. "You are aware that the government is in the process of reviewing laws and regulations relating to NGO activities and preparing a new regulatory framework. Donors have urged the government to consult the relevant stakeholders, notably the NGOs, adequately in formulating the regulatory framework, and we have expressed hope that this will be a realistic framework that promotes NGOs participation in Bangladesh's development," Patel said.

Underscoring the need for reform in the legal system to ensure good governance he said that many of the laws in the country are outdated and complex. "Judicial processes, too, are complex and inefficient. These impose higher costs of litigation, particularly on the poor. India has passed a Freedom of Information Act and Sri Lanka is on the verge of adopting one soon, while Bangladesh still has an outdated Official Secrets Act. So, there is considerable scope for improving transparency," he added.

In this context he said that enforcement of business contracts is a major constraint on private sector development in Bangladesh. This is because the laws are complex and legal processes are time consuming and costly. "As you may

know, litigation related to disputes regarding land ownership, for instance, account for the largest proportion of the total, and this affects the poor harshly. Laws and regulations need to be updated, consolidated and simplified so as to make them friendly to people and thereby help lower the costs of litigation," he said.

He said that the country would easily achieve the desired economic growth if there would be improved infrastructure and governance. He observed that both issue is interrelated and improvement only in infrastructure or only in governance would not be enough to have a desired economic growth of 8 per cent.

Responding to a question why Bangladesh is cited as an example of poor law and order though there are other countries where law and order is worse than Bangladesh, the World Bank executive said, "As you know, today we are focusing on Bangladesh, a country that needs to address its large backlog of under-development and poverty. Poor law and order is a development issue for Bangladesh as it disrupts its development activities, deters investors and affects the poor harshly. This is why the Government needs to focus on the law and order issues. As you will agree, we should look to other countries for good experiences that can help actions at home".

Replying to a question on the future financing policy of the Bank in the country he said there are certain areas where the country needs more support, for example, power; infrastructure, including ports and railways; water supply and sanitation.

"In the context of helping faster economic growth and sustaining momentum, enhanced infrastructure and its maintenance is critical, and the Bank is willing to provide assistance in the near future in addition to supporting social sectors".

Evaluating the present privatisation programme of the government Patel said, "Our understanding is that the privatisation programme were in place."