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Business

Recipe for better use of aid

Bangladesh Development Forum comes to a close

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The Bangladesh Development Forum (BDF) 2010 that concluded yesterday adopted a joint cooperation strategy and agreed to make an action plan as the next step on aid effectiveness.

The strategy prepared by 19 development partners will improve understanding between the government and the development partners, according to both the parties.

Chris Austin, country director of UK Department for International Development (DFID) and the co-chair of Local Consultative Group, expressed optimism about the strategy.

"It's a compact guideline and will help Bangladesh set priority work," Austin told The Daily Star in an interview yesterday.

The meeting agreed to prepare a joint action plan on aid effectiveness to improve the country's capacity in utilising external assistance.

The BDF 2010 has identified some major weaknesses including low internal resource mobilisation, inadequate public expenditure, poor infrastructure and transport system, inefficient bureaucracy and acute energy crisis.

Climate change is also becoming a great challenge for Bangladesh, which according to the development partners and other experts is the most vulnerable in the world.

Austin termed this year's meeting 'really a good one'.

"Both sides got engaged strongly, talked on the priorities and discussed to make the best use of external resources," he said.

He said if Bangladesh wants to become a middle-income country, it must grow at 8 percent or more.

The joint cooperation strategy will help Bangladesh achieve the middle-income country status, reduce poverty and improve transport and communication, farm production and make Bangladesh a digital country by setting the priority projects, Austin added.

It will help both Bangladesh and the development partners take decisions on current issues and set future course of actions, he said.

Bangladesh receives on an average \$2 billion from the development partners annually, which is over 40 percent of the annual development outlay. "We want to increase it further, but there must be priority of projects," he added.



Chris Austin, co-chair of the Local Consultative Group, speaks at Bangladesh Development Forum (BDF) 2010 that ended in Dhaka yesterday. The BDF adopted a joint cooperation strategy and agreed to design an action plan on how to better utilise external resources.

Austin, however, cautioned Bangladesh against its poor delivery of services for which it may fail to achieve the status of a middle-income country.

Bangladesh is one of the worst performers in the world in collecting internal revenue with less than 11 percent tax to its GDP (gross domestic product).

"The government needs more internal resources to deliver services," said the DFID country head.

Austin said population density and shrinking land are also becoming big challenges for Bangladesh.

He said tackling the impacts of global economic crisis like the 2009 one is also a challenge. "Although Bangladesh was almost untouched by the impacts of the current economic crisis, it doesn't mean that it will be unaffected," said Austin. "So your macroeconomic framework must be developed in line with those challenges."

On the allegation that the World Bank will charge 15 percent from 60 million pounds donated by the UK to adapt climate change, he said it is not right.

"The WB will take just one percent of the fund for providing the technical assistance," he added.

The BDF 2010 was organised after four and a half years, but Austin said it would be better to have a meeting every year for a better coordination between the government and the development partners.

About the joint cooperation strategy, Finance Minister AMA Muhith said: "The strategy will indicate how we are advancing. Future course of actions will also be determined on it."

The minister said yesterday an agreement to this effect will be signed by June this year.

He said: "The action plan will identify our faults and streamline the project approval process."

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