

BANGLADESH- PRSP IMPLEMENTATION FORUM

SESSION II - EMPOWERMENT AND SOCIAL DEVELOPMENT

LEAD DP DISCUSSANT STATEMENT BY PRAFUL PATEL, VICE PRESIDENT, WORLD BANK

Mr. Chairman the Honorable Minister for Finance and Planning, Mr. Co-Chairman Honorable Minister for Local Government and Rural Development, Honorable Principal Secretary to the Prime Minister, Colleagues from the Government and Development Partners:

I would like to take this opportunity to congratulate Bangladesh on developing a truly home grown and comprehensive PRSP. It is a good document and it outlines a good program; the task before us in this Forum is to launch the implementation phase with clear, implementable targets for the coming twelve months. *I would like to ask my colleague Junaid Ahmad who is very familiar with the country to deliver this statement on my behalf.*

In this session we are addressing the issue of how to get the benefits of development to the poor. Our experience not only in Bangladesh but elsewhere in South Asia and globally is that empowerment of the poor is a necessary, although not necessarily sufficient, condition for success.

Lagging MDGs

Bangladesh is well positioned to meet many of the MDGs, and we should be mindful not to lose sight of the magnitude of this achievement. It is one of the few low income countries on track to meet MDGs in poverty reduction, child mortality and gender. We need to ensure that we do not put the progress toward these goals at risk, while at the same time focusing attention on the MDGs that are still lagging, notably malnutrition, maternal mortality and TB. All of these will be difficult to achieve. We recommend that by next October the Government may wish to consider the following measures: (a) increase resources in the FY06-07 Health Ministry budget to address the off-track MDGs and introduce clear pro-poor targeting; (b) implement the management changes in health as proposed under the new health sector strategy; and (c) develop an effective nutrition program targeting at-risk women.

Empowerment is best assured by increasing the accountability of service providers to service users – in Bangladesh this is generally not the case for the poor, who depend on public services which are not accountable to them but rather to distant central authorities. We believe that the best way to improve accountability is to provide ways to empower the poor consumer directly.

Local Governance

Strengthening local governance is an important instrument for achieving this goal. Bangladesh has had local government for over a hundred years. Union parishads have been functioning with regular elections for a long time. Apart from their role in distribution of food aid, the potential of local Governments as full development partners have not been fully used. Last year the Government introduced Taka 200,000 block grants for UPs. Small in amount, but in terms of shift in policy direction, it was a bold one. However, local Governments have not been given many responsibilities. The important issue of the accountability and roles of higher tiers, such as the upazilas, remain to be addressed. The discussion on quality of service delivery points to the important role for local government - as they tend to be more responsive on account of their voters being closer to them. But for local governments to play this role they need to be empowered, made more transparent and their capacity to monitor services developed further.

The arguments against empowering and activating the UPs range from lack of capacity to fear of capture by local elites. However, the recent history of local government elections has shown that there is an increased anti-incumbent rotation of individuals and thus there may be a lower likelihood of elite capture at the local level. In addition, global experience clearly indicates that unless local governments have real responsibilities, there will be little incentive for capacity to grow. Devolution of responsibilities and growth of capacity are thus correlated. Finally, international experience suggests that without a strong local government, it will be difficult to scale up and sustain the community innovations in service delivery that characterizes Bangladesh.

The PRSP recommends transferring more programs dealing with *local* public goods to *local* control. The Development Partners are ready to support this approach and support a greater role for local government in education, health, safety nets and water supply.

In particular, we are ready to work with Bangladesh to establish a more open and participatory budget process for local government, the empowerment of local government to monitor local public services, and the provision of capacity building to assist them in achieving these goals.

In this context, we would recommend that, by October 2006, the Government working with the development partners may wish to support a strategy to: (a) increase UP Block grants; (b) introduce transparency in UP budgeting and pilot citizen report cards; (c) the Government working through the new Management Services Agency contracts 200 Community Clinics to

NGO management in close collaboration with the relevant Union Parishads; and (d) operationalize demand-side financing pilots (vouchers and other models).

Education and Labor Markets

Despite important innovations in the education sector --the PRSP correctly notes that the education system in Bangladesh is not yet fully pro-poor. The quality and content of education do not serve the goal of empowering poor people with knowledge and skills for human development and poverty reduction. While the numbers of institutions and enrolments have grown at all levels – this is an important achievement -- the quality of education has deteriorated, especially in institutions where the children of poor families go. Furthermore, the education system does not always provide the students with the needed labor market skills so that they can enjoy the benefits of economic growth.

But Bangladesh recognizes these challenges and has already started to address these in many ways. We welcome the proposal to establish primary school quality standards and also to increase school contact hours, starting with the schools under PEDP-II. We also welcome the initiative to improve career prospects for primary teachers.

The Government proposals to tackle the accountability problems that undermine quality education - by granting greater autonomy to educational institutions, linking subventions or allocations to their performance, and mobilizing community participation - should all help to improve the basic problem of empowerment we noted earlier. We need to assure quality in secondary schools, which receive Government funding, by using independent accreditation panels of experts to certify school quality. We congratulate the Government on its moves to increase the country's capacity to provide vocational and technical training by allowing private providers to use the facilities of public technical training institutes during the hours they are not in use.

Social Protection

While there has been a significant decline in poverty rates over the last decade, according to the PRSP, 40% of Bangladesh's population remains poor and vulnerable. Even if Bangladesh, achieves the MDG goal of halving the 1990 poverty rate by 2015 -- through a combination of sound macro-economic policies, institutional reforms, and good governance -- the extent of poverty/vulnerability would still be significant and, in absolute terms, the numbers would remain high. Bangladesh relies on a range of informal and formal instruments to mitigate the risk of falling into poverty, and to cope with poverty.

However, recent research has shown that some 18% of households descended into poverty over the 1998-2000 period, suggesting that the effectiveness of these instruments need to be

sharpened. The Government (and many NGOs) have initiated numerous safety net programs, aimed at tackling social vulnerability – there are a range of cash, food and in-kind safety net programs targeted at different risk groups, from disadvantaged children to the elderly poor. In addition, to reduce the risk of falling into poverty, the country has initiated a number of skills development/vocational training programs. These measures are exactly right but to tackle the poverty challenge facing this nation, there is a need to increase their scale and coverage and strengthen their effectiveness. Some households need protection against vulnerability to short-term shocks that threaten to push them into poverty, particularly those resulting from health shocks and unemployment. Others, such as the elderly and infirm, will need longer term support. There is scope for innovative initiatives to address these problems, including community based ones.

Here again the role of local governments is interesting. There is potential to reduce the overhead costs of running multiple programs through many Ministries by relying on the local government (Union Parishads) as the focal point for program delivery. Another appropriate innovation is the use of Uniform Targeting Mechanisms: Many countries have successfully used an approach called “proxy means test”, which “scores” households based on easy to observe characteristics such as location and quality of house, ownership of durable goods, education and livelihood of households.

There is also a need to address new vulnerabilities that have emerged from the growth of employment derived from globalized production and trade, environmental impacts resulting from climate change, rapid urbanization and decreasing personal security. This is especially concentrated on women and girls. Finally Bangladesh faces persistent problems of predictable seasonal localized poverty. But, local and international experience provides us with practical lessons of how to address these vulnerabilities.

We would suggest that by next October, Bangladesh and its development partners seek to work together to: (a) start a systematic program against seasonal and localized poverty (especially *Monga*); (b) implement a pilot to run safety net programs under UP control using a uniform proxy means test; (c) cost comprehensive safety net provision for elderly, infirm and disabled, including community-based support; (d) initiate a pilot unemployment insurance scheme; and (e) promote livelihood strategies and options for poor that incorporates disaster management and risk reduction practices.

Gender

A cross-cutting theme is the role and empowerment of women, who continue to experience constrained opportunities, high rates of violence, and disproportionate poverty. This disadvantaged social position stymies progress on the maternal health MDG and on women's participation in the labor market. Further, this relative disempowerment of women is both a cause and a consequence of widespread social vulnerability, resulting in precarious social lives governed by forces beyond the control of women.

In order to address the gender biases, , we are ready to support Bangladesh to take action to attain the following goals by the next October: (a) develop a timetable for ratification of international commitments on women's empowerment and gender equality; (b) enforce existing laws on violence against women (VAW), strengthen VAW cells in police stations and monitor number of cases filed and punishments meted out; and (c) research and assess the measures that can be taken to eradicate the problem of dowries, which, though illegal, remain persistent. A Country Gender Assessment has been initiated by the World Bank with the support of our Development Partners, which we hope will contribute to this policy agenda.

I would like to close by again congratulating Bangladesh on a comprehensive PRSP which aims at empowering the poor. To empower the poor is to empower the nation. As Bangladesh's Development Partners please be rest assured of our support on this essential goal .

Thank you.