

*Check Against Delivery*

Poverty Reduction Strategy (PRS) Implementation Forum 2005

Inaugural Session

Address

by

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Dhaka  
15 November

Hon'ble Prime Minister  
Distinguished Cabinet Colleagues  
Distinguished Vice President of the World Bank  
Representative of IMF/ADB,  
Distinguished Representatives of Other Development Partners  
Excellencies,  
Ladies and Gentlemen

Assalamualaikum & Good afternoon.

1. It gives me immense pleasure in welcoming you all this afternoon to the Inaugural Ceremony of the Poverty Reduction Strategy (PRS) Implementation Forum 2005 in Dhaka. This Forum is the first of its kind focussed solely on country's PRSP. Earlier we used to meet every year in Bangladesh Development Forum to share our common agenda for socio economic development in Bangladesh. I recall the useful discussion that we had with our development partners at the last forum held in May 2004 in Dhaka in which we exchanged views and ideas on how best could we work in partnership to promote and accelerate our development process.

2. I would like to express my gratitude to our Hon'ble Prime Minister for her gracious presence in the inaugural session of the Forum. Her presence will inspire our deliberations in the Forum. I also take this opportunity to express my sincere thanks to all of you who have travelled a long way to join us here. We highly value your participation and hope that together we can form a meaningful partnership for successfully addressing the challenges that lie ahead of us.

**Ladies and Gentlemen,**

3. The struggle against poverty is the greatest moral imperative of our times. The true success can only come with the clarity of our vision and the strength of our purpose. Government of Bangladesh in her determined journey towards a poverty-free Bangladesh based on equity and social justice through ensuring rapid reduction of poverty and raising standard of living of general Peoples, prepared an-Interim Poverty Reduction Strategy Paper (I-PRSP) in 2003. The Government gradually implemented a wider and deeper reform process within the framework of I-PRSP. The final PRSP was ultimately approved in October last. As a matter of fact, I-PRSP played an important role in smooth transition to the PRSP in its current form. The Strategy aims at achieving macro economic stability, economic growth and reduction of poverty. The document is home-grown and the result of extensive and participatory consultation with all stake holders. The goal of PRSP is to unlock the full potential of the people and to apply it to achieve economic growth and accelerated poverty reduction. The document is aptly named "**Unlocking the Potential: National Strategy for Accelerated Poverty Reduction**". Henceforth, our PRSP will act as the guiding principle for all our development activities in future.

**Ladies and Gentlemen,**

4. Poverty has many faces. The battle against it too is to be waged on many fronts and with unremitting vigour. The vision on which PRSP is based has the following eight strategic agenda: Employment, nutrition, quality education, maternal health, local governance, criminal justice, sanitation and safe water, and monitoring. This eight-point agenda identified in the document will shape our efforts in the immediate future and in the run-up to the MDG dead-line of 2015 and the Strategic Development Goals (SDG) dead-line of 2010. Each of these and all of these together represent a compelling agenda to concentrate the efforts of our nation. On the long road ahead to a poverty-free Bangladesh, we must combine realism with ambition, set targets, prioritize programmes, tap available capacities, build social consensus and exercise strategic vigilance. Implementation of PRS requires active support and cooperation from our valued development partners. I hope, the deliberation on PRS over the next two days will come out with concrete recommendations and mechanism as to how best we can implement PRS.

**Ladies and Gentlemen,**

5. Let me now present a brief account of what we could achieve over the last few years and the challenges we have been encountering.

6. I understand you will appreciate that over the years, the International aid modality and aid relationship have undergone radical changes. The traditional aid relationship has been substituted by the present aid relationship based on a spirit of partnership. This happened because of the aid effectiveness that reduced our aid dependence to a great extent. Unlike in the early years of independence, today our aid dependence is only 1.6% of our GDP (48% of our annual development budget). The rest is mobilized from our internal resources. In the last fiscal, it was 50:50 indicating an increasing trend in our efforts to achieve self-reliance in our development finance. And yet to implement our PRSP well in time, we would require all out support from our development partners which was promised at various international conferences including the Monetary Conference on financing for development.

**Ladies and Gentlemen,**

7. We have made noteworthy achievements in macroeconomic management and human development. Acceleration of economic growth; high rate of export and import growth; attainment of current account surplus for consecutive three years; increased foreign direct investment flow; regaining confidence in share market - are some of our major achievements.

**Ladies and Gentlemen,**

8. Significant progress has been made in the social sectors – particularly in education, health and social welfare. Bangladesh has achieved the highest primary school enrollment rate in the developing world. It has achieved gender parity in enrollment at the

primary and lower secondary levels. Our immunization rates are more impressive than most of the developing world. Micro-credit programmes are in place to empower women. Budget allocation for human development i.e. education, health, nutrition is substantially increased every year. We are giving increasing attention to ensuring quality of expenditure in service delivery and reducing wastage and leakage in resource utilization.

**Ladies and Gentlemen,**

9. Facilitation of remittance inflows helped to grow remittance at unprecedented rates over last few years. During the first three months of the current FY, remittance achieved significant growth of 27% over the same period of the previous year.

**Ladies and Gentlemen,**

10. Most of our fiscal reform agenda are in the process of implementation. The impressive macro-economic performance in the recent years bears testimony to the impact of these reforms. We received the recommendations of the Revenue Reforms Commission and Public Expenditure Review Commission for implementing them to augment mobilization of more domestic resources and increase the tax-GDP ratio. The entire tax administration is being modernized and tax structure rationalized with vigorous enforcement measures. I am pleased to note that consequent upon tax reform measures, the first quarter Income Tax collection increased by 50% over the same period of previous year

**Ladies and Gentlemen,**

11. Bangladesh Bank has been given greater autonomy through amendment of the Bangladesh Bank Order. Nationalized Commercial Banks have been brought under the supervisory control of the Bangladesh Bank. A number of NCBs are being restructured and their resolution plans are being finalized. Recently enacted Money Loan Court Law has proved effective in recovery of non-performing loans. The Government is committed to implement reforms as recommended by the joint World Bank and IMF team on Financial Sector Adjustment Programme.

**Ladies and Gentlemen,**

12. Our objective is to make Private Sector the principal vehicle of our development process. We will continue to liberalise trade regime and investment policies and reduce the cost of doing business through necessary reforms. The Government is firmly committed to remove infrastructural bottlenecks to promote private sector led economic growth. Liberal measures have been taken for creating an investment-friendly environment. Regulatory Commissions have been set up and reform measures are being implemented for removing structural bottlenecks including reduction of system loss, improving bill collections and enforcing adequate pricing policies for utilities. Improvement of infrastructures has been recognized as key to create jobs & encourage

investment. We therefore need accelerated financial support from development partners in power, railway, roads and energy sectors to attract local and foreign investment.

**Distinguished Representatives from Development Partners,**

13. You are aware how the recent price hike of fuel in the international market seriously affected the global economy, particularly in a country like ours. Oil price in the international market shot up beyond \$70 a barrel adversely affecting our economy. To cater for the price-hike, we had to spend US \$ 600 million more on our import in FY 2004-05 compared to the previous year. This could not be met without destabilizing the macro economic stability. The balance of payment position is such that even the banks are in liquidity crisis. This has posed a serious challenge to our PRSP target for deficit financing.

To enable the government tackle this state of imbalance, I would request the development partners particularly the World Bank to appreciate the reality in the field and extend its support soonest possible eg. the Development Support Credit as promised earlier.

**Ladies and Gentlemen,**

14. Improving governance, law and order and combating corruption still remain the key challenges of the Government. To improve overall governance, we have undertaken a series of reforms in various sectors such as banking, procurement, financial management, education, judiciary, civil service, health, police administration etc. We have given emphasis on training, merit-based promotion and developing specialization in the civil service. This will help enhance capacity of the Government. Independent Anti Corruption Commission has already been set up and this is now operational. Public Procurement Regulations have been in practice since 2003 and this brought about visible transparency in the procurement area. The Public Procurement Act 2005 is also underway. The Tax Ombudsmen will soon be in place.

And I know that we have still a lot many things to do.

**Ladies and Gentlemen,**

15. You will appreciate that broad-based consensus and political support are pre-requisites for implementing sustainable economic and good governance reforms. All transitional democracies face challenges from political opposition and vested interest groups. We are no exception. But the unhealthy, intolerant and dissentious political process we have been facing is unprecedented. Instead of promoting democracy, it has become a road block for democratic process. The pace of reforms therefore has been uneven at times. I am sure we could have achieved much more in these areas had there been broad-based support and cooperation from all concerned. Let me reassure you, Ladies and Gentlemen, we remain firmly committed to tackle political process in a constructive manner with a spirit of understanding and good will. We hope we shall get their support for our people for faster poverty reduction.

**Ladies and Gentlemen,**

16. Poverty situation in this country is not simply disparities of income. It goes well beyond that to include education, health, nutrition, vulnerability, crime etc. Reducing poverty, therefore, is about bringing social transformation that needs a comprehensive framework and multidimensional approach. So in line with the MDGs, we framed our PRSP which is a unique document for our future development. What is crucial now is to translate this into action. This PRS Implementation Forum is therefore particularly important in terms of finding out implementation mechanism and resource mobilization, monitoring the implementation progress and addressing the hurdles faced in the process. For this we would like to solicit support of our development partners and would request them to scale up their aid to Bangladesh. There is evidence on record that, unlike many of the third world countries, we are good performers and we are confident that the development partners will take note of it and go by the spirit of Rome and Paris Declaration that underscored performance-based allocation of ODA.

**Ladies & Gentlemen,**

17. In this context, I may recall the Monterrey consensus wherein the developed world, to achieve the MDGs by 2015, had pledged to scale up their ODA by .07% of their GDP. The pledge is yet to be fulfilled. The silver lining is that some of them have reaffirmed their pledge in the last UN Summit in New York.

I would also like to refer to the Paris Declaration of early this year and would request for predictable aid commitment. The aid committed should be disbursed in time to enable us to implement the budget framed on the basis of predicted aid. I must here mention the serious difficulties we have been put into due to the unpredictability of DSC-III.

18. I would also like to mention about two other major issues of Paris Declaration-i.e. Harmonization and Alignment. We need to further harmonize in our development interaction. I would request our development partners in particular to further align themselves with the country procedures to make aid more effective and render both of us mutually accountable.

**Ladies and Gentlemen,**

19. Before I conclude, I would like to invite you all to engage in constructive dialogue over the next two days over PRSP. It will exchange us an opportunity to assess and give views about the implementation plans of the Government which will be of immense help for us both.

Thank you, Very much.

Allah Hafez.