

Japan' Comments on Draft PRSP

March 15, 2005

I. Comments on Overall Strategy

Japan appreciates the Government of Bangladesh for their endeavour to prepare this comprehensive poverty reduction strategy, which shows the government's strong ownership for, and commitment to, poverty reduction. Japan supports many of the analysis presented in this paper. In particular, Japan welcomes the government's emphasis on economic growth for poverty reduction, highlighting the need for private sector development (PSD) and foreign direct investment (FDI). We also appreciate the government's commitment to achieving the Millennium Development Goals (MDGs), social developments and governance reform. Japan expects that this strategy would receive high recognition as the national poverty reduction strategy and that GoB implement this strategy successfully within the targeted framework.

Seven strategic avenues illustrated in the paper are well focused. Commitment to and emphasis on promoting employment through economic growth and PSD, improving quality of education, ensuring effective maternal health, commitment to local governance are all welcome. We support the government's commitment to further refinement of the strategy paper with prioritisation and sequencing of policy agenda. We are pleased to submit our comments as one of the major development partners which have long-term engagement and commitment to the development of Bangladesh. We will continue to provide support for government's endeavours to implement the national poverty reduction strategy.

Poverty Diagnosis and Participatory Consultation Process (Chapter II and Chapter III)

Japan appreciates the government's (especially National Poverty Focal Point's) leading role in conducting high-quality poverty diagnosis and consultation process. In particular, we would like to welcome the government's further commitment to continuing consultation with the members of Parliament in a more transparent and accountable manner (e.g. making the consultation outcome public).

Mid-Term Macroeconomic Framework (Chapter VI)

The Three-Year Rolling Investment Programme can be a powerful vehicle for further refinement of the strategy. The plan for TYRIP should be explained further, reflecting the lessons from short experience of TYRIP during I-PRSP. We would also like to hear the government's views on how to use TYRIP for discussion between development partners, as it envisages public investment through external assistance.

Goals, Target Attainment and Costing (Chapter VII)

The I-PRSP clearly states that an accelerated achievement of MDGs is the strategic objective. Although table 10 implies that the PRSP has the same goals, the text does not explicitly explain this point. It would be better if the text clearly stipulates the long-term goals (i.e. MDGs) as well as the goals of this PRSP. The latter may be regarded as interim goals during FY05-07.

Monitoring and Evaluation of PRS Implementation (Chapter VIII)

Japan welcomes the government's plan for poverty monitoring system built upon existing institutions of Bangladesh Bureau of Statistics (BBS), Implementation, Monitoring and Evaluation Division (IMED) and General Economics Division (GED). We share the government's view that monitoring and evaluation (M&E) needs to be an integral part of the PRSP process so that this can be a basis for the next strategy and possible policy redi rections.

The chapter can stress the importance of addressing capacity constraints of National Poverty Focal Point (NPFP). Although we understand that NPFP is highly competent, new tasks that NPFP has to undertake are extensive and challenging. Comprehensive strategy or master plan of capacity development for poverty and policy monitoring would be crucial. Such a strategy should be built upon existing statistics from BBS and line agencies, and there is also a need to strengthen IMED and GED on policy evaluation.

Policy Matrices

It would be better if the Policy Matrices have separate columns for responsible government agencies and stakeholders. Although Policy Matrices provide the government's comprehensive policy actions for this PRSP term, this draft may be providing varied views for stakeholders and responsible ministries/agencies. Responsibility of policy implementation should be given to the leading ministries/agencies, which have full obligation to coordinate with other stakeholders. Implementing agencies, NGOs, and Chambers of Commerce are not responsible for policy but responsible for their respective roles and duties. Clear distinction between stakeholders and responsible ministries/agencies would help the strategy to be prioritized.

II. Comments on Specific Issues/Sectors

1. Pro-Poor Economic Growth

We understand that the draft PRSP properly recognizes the roles that infrastructure plays in directly reducing poverty and indirectly contributing to poverty reduction through overall economic growth and industrial development. Paragraph 5.168 rightly points out three channels

stipulated as the growth-poverty nexus. However, growth-maximizing, large-scale infrastructure is also an essential factor for poverty reduction.

The draft PRSP gives us the impression that “infrastructure should be pro-poor” and undermines the pro-poor essence of economic growth through infrastructure development. We hope that the PRSP would ensure “the right-mix of both small and large-scale infrastructure which is a precondition of promoting the desired pattern and quality of growth and realizing its pro-poor potentials.”¹

Based upon such understanding of infrastructure’s roles, the first sentence of Paragraph 5.170 should include water supply and telecommunication network, since inadequate supply of those services is one of the most serious constraints against private investment and economic growth. Similar revision is suggested in Policy Matrix 3 “Private Sector and Small and Medium Enterprise Development”: improvement in water supply and telecommunication network should be included for the Key Target of “Improvement of Infrastructural Facilities” (p. 208). Building industrial estates, export processing zones and special economic zones well equipped with infrastructure services should also be recognized as effective measures for private sector development, which would eventually lead to poverty reduction. Such a strategy could be elaborated in Chapter 5.A.6.7 “Private Sector Development”.

Foreign Direct Investment (FDI)

Foreign Direct Investment is referred to in Chapter 5.A.6.6. FDI is important not only for resource mobilization or employment creation but also for technology transfer, improvement in managerial skills and social transformation. Such important roles deserve to be highlighted more in this section.

The draft PRSP envisages faster economic growth supported by increased investment. As the strategy points out, domestic resources have an important role to play, but FDI has an equally important role. Southeast and East Asian countries have experienced rapid investment growth, employment creation, and technological innovation through FDI in manufacturing sectors. Discussion on these benefits from FDI and suggestions for specific measures to increase FDI will increase the depth of this strategy.

Infrastructure

Financing aspect of the infrastructure including action plan for Public Private Partnership (PPP) is not clearly explained in the draft. Considering multiple effect of infrastructure construction, including the boosting of investment and removing the bottlenecks, the issue of financing infrastructure by mobilizing public and private resources should be discussed at greater length.

¹ Asian Development Bank and Government of Japan, 2004, Economic Growth and Poverty Reduction in Bangladesh (p.30)

Government is preparing for a multi-modal transport policy to expedite the development of total transport network of the country, including roads, railways, waterways and civil aviation. This should also be mentioned in the PRSP.

The strategy has covered the need of regular maintenance but failed to highlight the importance of efficient monitoring mechanisms to achieve the desired result from periodic maintenance programs carried out to increase the efficiency of existing infrastructure. Regarding the power sector, proper attention should also be paid to adequate overhauling of existing plants.

Regarding the road network, it is really important to focus on maintenance of constructed roads, and the draft PRSP does it appropriately. However, missing links should be connected for a balanced development in all parts of the country.

With the emerging necessity of regional cooperation, Bangladesh should maintain close network and cooperation with neighbours. The draft PRSP does not seem to cover the regional dimension of infrastructure development, especially road/rail links to India, Myanmar, Nepal, and Bhutan. The issue of cross border energy trade has not been incorporated either. For instance, Bhutan and Nepal have advantages in hydraulic power, while Bangladesh has gas potentials. Sector governance issue can also be articulated. Faster procurement with due process, enforceability of law, quality control, and economically viable decision making, among other things, are the main sector governance issues.

As for the power sector, it is appreciated that the Government of Bangladesh expressed the intention to carry out the power sector reforms such as unbundling the generation, transmission and distribution operations, and rationalizing tariff. Although the concrete timeframe of power sector financial restructuring and rationalizing tariff schedule have not been announced, we strongly expect these reforms to be accelerated from the viewpoint of strengthening sector governance.

Agriculture and Rural Development

The proposed agricultural policy and direction of strategy is good and well articulated. We share the draft PRSP's analysis of current situation of agriculture and rural economy in Bangladesh, and we also agree to the importance laid on productivity. We understand that the following three points are important and hence need to be further emphasized.

Rural Finance: Microfinance provides an opportunity for income generation, and the promotion of non-farm employment through microfinance is an important vehicle for poverty reduction. However, this strategy does not emphasize comprehensive financial services for rural areas. Promotion of financial service by micro finance institutions, rural banks and other financial service providers should offer poor people an opportunity for savings and agricultural insurance which mitigate risks and impact of disasters. Equally, establishing disaster funds might be the next step to enhance the flood and other disaster preparedness and thus to reduce vulnerability of the rural people.

Service delivery in agricultural extension and research: The strategy presents some thoughts on NGO and private service delivery in the social sector, but not much on agricultural service delivery. Properly reinvigorated agricultural extension service having adequate linkage with research work will enhance productivity through technology and knowledge dissemination to farmers. Equally, the linkage between service providers (i.e. Upazila Agricultural Officer and Block Supervisor) and beneficiaries (rural residents) should be established.

Agricultural marketing service also needs to be improved so that producers can have better access to information about the market. Market information including statistics on products and consumption should be strengthened.

Policy Matrix (p.219) should adequately reflect the above-mentioned possible interventions to include strengthening agricultural research and agriculture extension service, with key targets of increasing quality block supervisors.

ICT

It is appreciated that the main text clearly states that ICT development could be a major contributor to poverty reduction.

However, there is no reference to telecommunication sector reform. We strongly suggest that the Government of Bangladesh add clear statement in both main text and policy matrix for carrying out telecommunication sector reforms such as establishing efficient management through restructuring BTTB (Bangladesh Telephone and Telegraph Board), and strengthening the regulatory agency.

The Policy Matrix can be further strengthened if supplemented by actions to develop existing institutions of higher education for ICT human resource development (HRD) such as faculties of electronics and engineering in universities or polytechnics (e.g. Bangladesh University of Engineering and Technology). These academic institutions have an important role to play in the HRD for ICT industry. Strengthening these institutions shall contribute to supplying more skilled and competitive labours to the ICT industries.

When the National Policy on ICT is further updated, we hope that GoB would focus more on prospective export-oriented industries in ICT, such as design of semiconductor chips or CAD operations, and formulate an action plan to promote HRD in the prospective sectors and to promote Bangladeshi ICT industry in the global market.

Tourism

We suggest that appropriate attention is to be paid to tourism in the main text of the PRSP. Tourism has unique and multiple impacts on the Bangladeshi economy and society as a source of foreign currency, a driver for growth in meso-economy, a large source of employment, a potential opportunity for small and medium enterprises (i.e. restaurants and crafts industry) and the improvement of the national image.

Furthermore, tourism has the potential to improve national 'image'. Tourist and flourishing tourism industry will change general perception about Bangladesh being a country of "flood and poverty" to a historically interesting and friendly place. This will eventually improve investment environment.

Although the policy matrix for infrastructure mentions tourism, it would be necessary to express GoB's firm intention to promote tourism in the main text of the draft. We would like to emphasize the need for: i) a tourism development strategy for Bangladesh Parjatan Corporation and the private sector, and ii) policy deregulation and investment incentive in tourism industry.

2. Social Development

Education

The draft PRSP's emphasis on quality aspect of education is very welcome. However, Paragraph 5.276 does not necessarily address the quality aspect of education, defined simply by better curriculum with better teachers. Quality aspect will be further strengthened by Trainers of Trainers (ToT) institutions such as National Academy for Primary Education (NAPE), Primary Training Institute (PTI) and Upazila Resource Centre (URC).

It would be useful to include a clearer definition of education (Paragraph 5.278). The quality of education, according to TIMSS (Third International Math and Science Study), is determined by the curriculum and environmental factors (school, society and home). The curriculum consists of three different types; *intended curriculum* which includes the national standard, the so-called Course of Study and textbooks; *implemented curriculum* which refers to lessons taught by teachers based on the Course of Study; and *achieved curriculum* which means the capacity that children actually have acquired. Quality education is only possible when these curriculum, teachers/classes, and children, amongst good environment, operate on and affect each other.

In addition, the capacity of teachers should be further strengthened. Both formal and informal in-service training for teachers should be developed (Paragraph 4.40). The examples are: 1) Implementing lesson study initiated by classroom teachers focusing on lesson analysis (can be informal training), and 2) providing formal and systematic teacher training corresponding to each career stage (e. g. 1st, 5th and 10th year).

Non-formal Primary Education: To address government's commitment to "Education for All (EFA)" and MDGs, the Government should support not only "Literacy and Non-Formal Adult Education" but "Non-formal Primary Education (NFPE)". NFPE is an essential component of basic education for ensuring effective and flexible "opportunities" to education for all, particularly to those having difficulties in accessing formal education. Proper attention to the issue of "special needs education" is missing (Chapter 5.E), though this is related to the disadvantaged group and is one of major issues listed in PEDPII components.

In education management, the involvement of parents and community, seems missing, including the formation and functioning of the School Management Committee (SMC) (Paragraph 4.41).

Indicators listed in key targets are not matched with those of PEDPII targets (Policy Matrix 13).

Health

PRSP and HNPSP: PRSP should be updated, reflecting the discussions on HNPSP held between GoB and Development Partners. In particular, the issue of sector reforms (e.g. local planning, alternative financing, and public-private partnership) and governance (e.g. corruption, absenteeism, and human resource management) need to be addressed more concretely showing the government's commitment to move forward.

In the field of maternal and child health, comprehensive family health or family health literacy should be considered. Many research and reports show that for the reducing MMR or IMR, the opinions of not only women but also husbands and/or mothers-in-law are important factors. Since targeting women and children alone has limited success in improving the indicators, more emphasis should be placed on targeting husbands and/or mothers-in-law so that comprehensive family health can be ensured (Paragraph 5.315).

Paragraph 5.316 neatly describes the situation of maternal and reproductive health and goals (indicators). However, the explanation of how to improve the situation and achieve the goals is not clearly elaborated; in this regard, provision of Family Welfare Visitor (FWV) / Skilled Birth Attendant (SBA) training, strengthening monitoring, supportive supervision, referral systems and EOC (Emergency Obstetric Care) could be more emphasized.

There are some other endemic diseases causing enormous harm on the people, and filariasis already has WHO-adopted global strategy. We suggest that Paragraph 5.321 include the following line: "Other endemic diseases such as filariasis and leishmaniasis cause enormous burden on the people in this country."

Alcohol consumption under non-communicable disease is not included in the priority areas of HNPSP. In Bangladesh people's access to alcohol is strictly controlled. Therefore, alcohol consumption might not be a threat of non-communicable diseases, especially for the poor (Paragraph 5.322).

To reduce MMR or IMR, improving Behaviour Change Communication (BCC) among service providers and people is always counted as the key issue. However, BCC has not succeeded in bringing about behaviour change as desired. What is important is to find out what the real factor is behind behaviour change of human beings (Paragraph 5.334).

The fulfilment of basic needs for Union Health and Family Welfare Centre (UHFWCs) is the most urgent matter, since a large number of UHFWCs does not have access to safe water and electricity yet and suffers from the lack of essential drugs and human resources (Paragraph

5.336).

As described in the Paragraph 5.337, people are gradually shifting their attention to effective private service rather than free, but unsatisfied services of public sector. PRSP should show the direction on issues such as Public Private Partnership (PPP) as well as the role of public sector and its service improvement.

The draft PRSP discusses the need to reverse the declining trend in health expenditure as a percentage of total public expenditure and of GDP. HNPSP also foresees the expansion in government investment in health. To demonstrate the government's commitment, it would be better if the PRSP could cite clear indicators (% of increase) of expected health expenditure for monitoring (Paragraph 5.340).

Regarding the introduction of user fee, there should be a mechanism that allows local health facilities to keep a certain percentage of the total fund raised by user fee for their own use. This will enhance the motivation of health workers, thus leading to the improvement of service quality (Paragraph 5.342).

Urban Environment

It is appreciated that GoB has stressed the environmental issues in its poverty reduction strategy. The Chapter 5.B.2 "Water Resources Development and Management" can be further strengthened and complimented by the following two actions: 1) to provide safe and sufficient water for drinking, Industrial and commercial use through improvement and construction of water treatment plants, and 2) to ensure sanitation and good hygienic condition through proper disposal of domestic and industrial sewerage such as improvement and construction of sewage treatment plants. The need for improvement and construction of these treatment plants could be mentioned in 5.B.5 "Infrastructure Development".

Arsenic Mitigation

The PRSP rightly points out the access to safe water through arsenic mitigation as one of the priority areas. However, National Arsenic Policy and National Water Management Plan will need clear distinction of roles between the central government and the local government (p. 92). To realize their effective implementation, delegation of implementation of water policy to the local government, with adequate devolution and budget allocation, need to be carried forward. This view can be reflected in Chapter 5.H (Service Delivery).

3. Governance

The draft PRSP emphasizes practicality and avoids wish-list approach. This stance is welcome, as the entry points are clearly targeted and prioritized. However, it is hoped that mid-term priorities and policy directions are also explained in the paper. PRSP needs to show the overall direction of governance reform in the longer term, and to present entry points as a step

to be taken during this strategy's term. A clear statement of these mid-term (i.e. 2005-2007) agenda, linking entry points and broad action agenda in Paragraph 5.396, will mitigate the impression of less ambitious approach.

In order to "produce tangible benefits in the short term" as mentioned in paragraph 5.399, we think that the approach emphasizing sector governance would be effective, but the policy matrix is almost silent with policy agenda (FY05-07) or future priorities (p.295-297). We think that these sections of policy matrix should be strengthened including power and telecommunication sector reforms as we mentioned earlier.

In addressing the challenges of implementation and sector governance, human resource development is mentioned, but detailed policy to strengthen the capacity of the public sector supported by adequate training is not necessarily explained in the paper. Along with making the right incentives available (i.e. increase in pay scale of civil servants recommended by Pay Commission), capacity development needs to be clearly emphasised.

In order to support the re-functioning of oversight, it is necessary to strengthen result-based monitoring and evaluation framework, through which Implementation, Monitoring and Evaluation Division (IMED) and General Economic Division (GED) will undertake PRSP monitoring.

Law and order issue such as strengthening the police and other security services (coastal guard and village police) is important not only for security of people in urban and rural areas but also for encouraging economic activities and private investment including FDI inflow.

Local Governance and Service Delivery

Emphasis on local governance and service delivery is very welcome. PRSP sheds light on importance of service delivery to poverty reduction by making it an independent section. However, it simply emphasizes NGO-GO collaboration, while public service provision and administrative decentralisation, such as education, health, agricultural extension, is not elaborated. We understand that the government has the responsibility to provide essential service delivery. Even if the government devolves service delivery functions to non-profit or profit-making organisations, quality-control and oversight functions should be undertaken by the government. We believe that effective service from line ministries / departments in Upazila / Thana administration and making linkage of it to Union Parishad and residents are essential for implementing successful poverty reduction strategy. Strengthening public service delivery should be an integral part of a section on local governance (Chapter 5.F.4).

The government could redefine its own role in service delivery in relation to the collaboration with NGO and private (profit-making) sector. The draft PRSP is not clear on this point.

The long-term vision would need to include the functions and definition of local government. In particular, better access to quality public service is essential for poverty reduction.

Some of seven strategic avenues of PRSP priority, namely quality education, maternal health, nutrition, and strategic sectors such as agricultural productivity depend on public service delivery. The strengthening or restoration of existing function of line agencies is essential for poverty reduction. The structure may cover the following areas: i) financial management of Union and Upazila, ii) public service provision (role of Union and Upazila to tap central government resources for local needs), iii) promoting participation in the decision making process, iv) capacity development for Union Parishad and Upazila administration, and v) giving proper attention to gender issues.

4. Other Important Sectors

Disaster Management

In consideration of the recent tragedy in South Asia, we suggest the inclusion of *tsunami* caused by earthquake as possible disaster for Bangladesh to be prepared (Chapter 2.D).

Infrastructure for disaster management is equally important and thus needs to be emphasized more in the PRSP, although Paragraph 2.33 gives emphasis on “soft” or management aspect of disaster preparedness such as human capacity building, operation of early warning system and other capacity development measures for disaster preparedness. More balanced reference to both management and infrastructure would be necessary. Equally, improving existing facilities, e.g. renovating schools to multi-storied building, will enhance disaster preparedness.

Maps and Topographic Survey

"Topographic maps and their digital data which are basic infrastructures for development planning, land use, disaster prevention, environmental conservation, etc. should be prepared properly and shared among all the concerned." should be added to paragraph 5.170 .

Gender

The government's long-term commitment to gender issues is welcome. It would be further strengthened if PRSP emphasizes more on awareness programmes, which also cover male members of the community.

The Policy Matrix envisages the establishment of WID focal points in GoB, Women's organizations, and NGOs to promote gender equality of women. Since NGOs are expected to contribute to this issue, the promotion of coordination between GoB and NGOs could be elaborated in the main text (p.130).

To strengthen women's participation in income activities (Policy Matrix), GoB's experience in Women's Agriculture Training by Ministry of Women and Children Affairs would be of help in formulating new programs.

NGOs

Bangladesh has unique experiences of very active Non-Government Organisations (NGOs). To develop the environment to strengthen NGOs further, several points might be added to the PRSP.

Structure of collaboration/partnership between NGOs and GoB can be clarified to a greater extent. PRSP can also suggest measures to enhance efficiency and capacity of NGOs.

While NGOs have been regarded as service provider in Chapter 5.H, NGOs may play greater roles in other services specified in Chapter 5, such as advocacy, governance and monitoring.

(End)