

Health Nutrition and Population Consortium (LCG Sub-Group)
Briefing Note for the Bangladesh Development Forum
May 2003

NB: The issues are relevant to three of the proposed BDF sessions: those on “governance”, “human development” and “government-donor partnership”.

It is widely accepted that investment in social sectors such as health and education (ie. in “human development”) is key not only to achieving poverty reduction but also to achieving sustainable economic growth. Moreover, several of the Millennium Development Goals are specific to health and education. Bangladesh has made considerable progress in reducing mortality and morbidity and in improving the nutritional status of the population. However, significant inequalities still exist, and progress in some areas is disappointing. If the MDGs are to be achieved in Bangladesh, GoB and its partners (both national and international) must renew their efforts through a wide range of interventions at different levels, together with substantial increases in investment.

Development Partners see investment in Human Development as a priority area in Bangladesh, and are willing to commit generously to supporting any Government or non-government programmes that have a sufficiently robust technical foundation to ensure improved pro-poor outcomes. DPs welcome the high priority that has been given to Human Development in the National Strategy for Economic Growth, Poverty Reduction and Social Development (the I-PRSP) and are also pleased to see that some progress is now being made in preparing a Conceptual Framework and a first draft Programme Implementation Plan for the next Health Nutrition and Population Sector Programme (HNPSP).

Both the I-PRSP and the HNPSP contain many good intentions and very ambitious targets. However, past experience shows that their achievement will face some formidable challenges. As background, it should be noted that:

- Provision of HNP services (whether public or private) with a predominantly clinical focus has been shown to have a limited role in achieving improved outcomes for the population, especially the poor. Other factors are known to play a greater role in determining HNP outcomes. These include interventions that focus on poverty reduction, the empowerment of women and addressing social norms, as well as interventions in other sectors such as education, improved water and sanitation, and employment opportunities.
- There is strong evidence that HNP service provision, as currently constituted, is not at all pro-poor, and that the level of participation by civil society in policy development, planning and monitoring remains low.
- Currently 63% of expenditure on health in Bangladesh is private out-of-pocket spending.
- In aggregate the population of Bangladesh only accesses about 20% of their health services from the public sector; the remainder is from the private sector, which is largely unregulated, and from the NGOs.
- Current levels of MoHFW expenditure on HNP services are well below \$4 per capita per year, compared to the internationally accepted minimum of about \$35 per capita for an essential services package (ESP) of basic services.
- The absorptive capacity of MoHFW is quite low, with budgets routinely underutilized.
- Attempts to reform various systems and structures of MoHFW in order to make it a more efficient, effective and responsive organization have generally not been successful,

5. In the context of the well-documented inefficiencies in the public sector (eg. the poor absorptive capacity of funding, or the inability to retain key staff in rural posts), MoHFW will need to set out the necessary reforms that will be undertaken to ensure that continued or increased investment will (1) be absorbed and (2) achieve the intended pro-poor outcomes. What are the details of the specific reforms envisaged during HNPSF, and what annual, objectively verifiable milestones will be set from the outset to measure progress on the reforms? (Disbursement of DP financing is likely to be tied to the achievement of such mutually agreed milestones.)
6. Following the tensions that have arisen in the MoHFW-DP relationship over the past months, it is necessary to set out clearly the essential parameters of a constructive partnership. Any partnership, whether business or social, needs to include both commitments and accountabilities that are honoured by both parties. Can an agreed Code of Conduct be put in place for HNPSF? What assurances can GoB give to DPs that commitments (eg. to implement certain reforms or to ensure agreed earmarking of public expenditure) will be honoured, even when individual officers and governments change? (And to what extent can DPs also ensure continuity of financing over longer periods, if it is tied to agreed performance measures?)
7. In view of the somewhat limited participation by civil society both in the implementation of HPSP and in the preparation of HNPSF, GoB may wish to consider how meaningful civil society representation can formally be incorporated into the planning, management and monitoring of HNP services at all levels. How can the allocation and utilization of resources for public HNP services, including resources made available by DPs, together with the quality of services provided, be made more accountable to the users of services? How can such public accountability be incorporated into the regular joint review of a GoB-DP jointly financed programme such as HNPSF?
8. As noted earlier, many of the constraints to improved performance faced by the HNP sector are governance problems that are broader than this one sector. Before committing major additional resources as budget support, DPs would expect assurances that GoB is taking significant actions to address these problems. In order to attract further DP investment in the sector, what steps will GoB take to reduce radically the incidence of corruption, absenteeism, inter-cadre conflict, unofficial user fees, rent seeking, leakage of supplies and commodities and similar pervasive problems that fundamentally affect the delivery of services to poor people?

LCG Subgroup on Macroeconomic Developments and Technical Assistance

Input for Joint Staff Assessment of “Bangladesh: A National Strategy for Economic Growth, Poverty Reduction and Social Development” (I-PRSP)

Summary assessment

- The medium-term macroeconomic framework (MTMF) for the national poverty reduction strategy is appropriate and plausible, with internal consistency being a particular strength.
- However, it has been developed through a technical process, largely within the Ministry of Finance, which has not yet addressed the connection between the economic environment and the broader governance context.
- There is a disconnect between the MTMF resource envelope that will underlie the PRGF and the policies and direction being suggested in the I-PRSP.
- There are two key challenges as we move to a full PRSP:
 - (i) to recognise the constraints on economic achievement from critical governance issues and integrate strategies to address these into the MTMF.
 - (ii) to embed the MTMF further into sectoral strategies and to use the resource envelope to ensure realistic prioritization across policies.

Goals and internal consistency of the MTMF

The framework aims for the achievement of ambitious growth and inflation targets that are consistent with the targeted reduction in poverty. At the same time, it foresees expenditure increases that would enable the government to implement key public actions within the poverty reduction framework, including investment in infrastructure, education, health care, and social protection. However, this does not mean that government can do all that is promised at once and prioritization has to occur.

The MTMF is internally consistent. The acceleration in growth is supported by sufficient room for bank financing of private sector development and improvements in the quality of public spending, including higher spending on infrastructure that benefits the poor. However, there are questions around the absorptive capacity of government in all sectors. Increases in poverty reducing spending are financed through a mix of savings on lower-priority spending, revenue increases, and additional foreign financing. The MTMF incorporates structural reform measures in macroeconomic and management of government finances, SOEs, and the banking system that are key for achieving sustained higher economic growth. These reforms will supplement prudent fiscal and monetary policies in containing inflationary pressures while allowing for an accumulation of international reserves and maintaining a sustainable government and external debt burden.

Governance

The I-PRSP has not been debated in Parliament and has been created apart from political processes. This mirrors weaknesses in the overall budget process with little public or Parliamentary scrutiny of decisions. Bangladesh’s prospects for achievements in the economic area are clouded by failures in what might be termed “political” (as against economic) governance, which are key constraints to development. The I-PRSP is largely silent on this and on the affects of poor governance on investment, economic growth, and foreign assistance. It is