

**Bangladesh: Economic Growth,
Social Development and the
Process of PRSP Preparation**

**Speech of the Hon'ble Minister of
Finance and Planning**

**Bangladesh Development Forum 2004
May 8-10, 2004
Dhaka**

Mr. Chairperson, Excellencies, distinguished participants representing the development partners, my cabinet colleagues, government officials, ladies and gentlemen,

A very good morning to you all.

Dear friends,

You are all aware that Bangladesh has achieved noteworthy progress in reducing poverty and attaining social Millennium Development Goals (MDGs). But we also know that this progress has been achieved under extremely adverse circumstances and would have been impossible without the resilience and initiatives of our people. Our document 'A National Strategy for Economic Growth, Poverty Reduction and Social Development', which is our Interim Poverty Reduction Strategy Paper, highlights the country's silent ascent in the global map of development as a land of hope and performance rather than of disaster and disarray. This turnaround meant an emergence from a case of pessimistic denial to one with promise as a democracy and considerable success in a number of areas of social development, food security and macroeconomy.

Graduation to Medium Human Development League

In 2003, Bangladesh, for the first time in its independent history, has graduated from being the test case of development 'to the league of medium human development' according to the Human Development Report of UNDP. Again, Bangladesh was the only country in the LDC league to accomplish this status.

This graduation to the rank of Medium Human Development League was the result of achievements in the area of lowering population growth, in fostering women's empowerment and children's rights, in reducing aid dependence, in achieving success in human development, in dispelling growth-pessimism, in maintaining decent level of macroeconomic stability with pronounced outward orientation, in achieving near self-sufficiency in rice production, in developing effective disaster management capacity and in promoting NGOs as participants to our development programs.

The 1990s and beyond marked a significant break for Bangladesh as income poverty resumed a notable descent, following the stagnation from the mid-1980s. Poverty declined faster in rural areas and an increasing empowerment of women helped narrow the gender gap in several ways. With a better fiscal discipline, enhanced domestic resource mobilization and a continuing development in human resources, Bangladesh has been able to substantially reduce its dependence on foreign aid over the years. ODA as percentage of country's GDP declined from 5.8 percent in 1980/81 to only 2.8 percent in 2002/03.

We are proud to note that Bangladesh has been governed by three successive governments elected through free and fair elections. In the process, the country developed a vibrant pluralist democratic civil society marked by cultural activism, developmental debates, and an active and free press. Not many countries at the similar level of income can list these achievements.

However, the level of our social attainments is still modest compared to standards set by quite a few developing countries. And we still continue to face daunting problems in many areas. But we are endeavoring to resolve these challenging problems by strengthening and reforming our existing administrative and political institutions and developing new ones. And all these institutions would be within the framework of our democratic process with accountability to the people.

The Process of PRSP Preparation

As you all know, having prepared the I-PRSP in March, 2003 we have set ourselves to a well-rounded process of preparing the full-blown PRSP by December, 2004. We adhere to the core principles of PRSP that it should be country-driven, results-oriented, comprehensive in scope, partnership-oriented, long-term in perspective and fully participatory in nature.

We know that the PRSP process has opened up new spaces for dialogue on public policy and representatives of civil society have had access to policy debates that were hitherto entirely closed to

them. We have been trying to ensure consultations with as broad a class of participants as possible including the socially excluded people. The aim of the government is to elicit views, share experiences and understand the expectations of the stakeholders.

The Institutional Arrangements for Preparation of PRSP

The General Economics Division of the Planning Commission, identified by the Government as the National Poverty Focal Point (NPF), has been working with the central task of building our PRSP. There has been a 21-member National Steering Committee set up under the chairmanship of the Principal Secretary to the Hon'ble Prime Minister. The National Steering Committee has been providing overall guidance and directions to the preparation of PRSP. The National Steering Committee is also mandated to oversee implementation of I-PRSP policy reforms as contained in the medium-term policy matrix and monitor other poverty indicators. The Steering Committee and the NPF work under my overall supervision and they bring up to me important points of processes as well as of substance for consultation and approval.

The Thematic Groups

The National Steering Committee already chalked out its work plan and a road map for the run up to the preparation of the PRSP. The Committee decided to constitute twelve thematic groups under the leadership of various relevant Ministries to ensure full participation of all concerned Ministries/ Divisions and independent experts in relevant fields in the process of preparation of PRSP. Thematic areas have been chosen for all major cross-cutting issues, macroeconomic and real sector issues and a number of special topics which have direct bearing on poverty alleviation including those areas mentioned in the Joint Staff Assessment Report of the Bank and the Fund as well as those in last year's Bangladesh Development Forum Meeting.

The Thematic Groups are to address, in their respective areas, gaps and lapses identified to have been remaining in I-PRSP, provide a brief account of the current developments, identify

strengths and constraints to pro-poor growth, draw up and recommend strategies and policies, develop poverty reduction indicators and develop criteria for selecting programs.

Participatory Consultation: Process and Substance

We have instituted an elaborate arrangement to undertake participatory consultation with a cross-sections of stakeholders both at the national as well as at the regional levels. Such participatory consultation meetings, one at the national and six at the divisional headquarters, generating almost unprecedented enthusiasm among the participants, have just been successfully concluded. We shall soon start another kind of participatory consultation where we shall directly enter into dialogues with small but uniform groups of the poor and the vulnerable.

Our consultation at the regional level involved participants from assetless people, human rights associations, research organisations, environmental groups, members of civil societies, women's and children's groups, local NGOs, private entrepreneurs, professional groups and last but not the least the local government officials. The structure, framework, characteristics, contents and guidelines for participation as well as for actual consultation were so designed that we could generate a free and fair discussions on the general subject of poverty and on twelve topical issues. In particular, we ensured that critical voices of women and civil society organizations are heard with full attention. **The quintessence of the participatory consultation was to collect the unhindered and unalloyed opinion of the people regarding the various routes to poverty reduction.**

From the consultation-meetings, we have obtained a set of very comprehensive recommendations on the general subject of poverty and more importantly on twelve pre-designed topics. Most important, we have also been able to capture the regional dimension of poverty in Bangladesh. We hope that the extracts from these recommendations along with the reports of the Thematic Groups will undoubtedly enrich the contents of our PRSP.

Attaining Social MDGs and Objectives of PRSP

As I have mentioned at the outset, Bangladesh witnessed considerable economic and social progress over the past decade or so. The progress in achieving key social MDGs has not been just the success at the aggregate level, it has been shared by almost all socio-economic categories. However, we know that further improvements in many social MDGs would need substantial increases in the income earning ability of the poor, leading to faster progress in the reduction of income poverty.

Bangladesh's PRSP will emphasise policies for enhancing pro-poor economic growth which will be anchored on macroeconomic stability, enabling environment for fair and competitive business, promoting employment, infrastructure development, development of ICT and fostering agricultural and rural development having a due role of water resources development and management. Social development and devising effective safety nets and targeted programs for women, children and all disadvantaged groups will be other strategic blocks of the PRSP under preparation. There will be appropriately designed strategies to support these strategic blocks.

Resource Allocation for Poverty Alleviation

While priorities of government's development budget in the past have always been aligned with the overall objective of pro-poor economic growth, allocations from the revenue budget also attempted to support that objective. In addition to this general thrust in resource allocation, the government is committed to spend 2.5 percent of GDP for directly poverty alleviating projects during FY 04 through FY 06.

Concluding Remarks

The socio-economic progress that our country has achieved in the past and the recent robust macroeconomic stability that we have been able to re-establish will have to be sustained. An overriding pre-condition for us to proceed further is ensuring good governance, which in the first place hinges on peaceful political atmosphere in the country. While a responsible and democratic government as ours will never absolve its responsibility, it alone

cannot bring peace and congenial atmosphere for further uninterrupted socio-economic progress of our country. We need cooperation and help from all, and from our friends in the opposition political parties in particular. The commitment of our government to improving the economic well-being of our people is firm and unwavering.

Given our overarching goal of poverty reduction, we will continue to make efforts to draw up and prioritise development programs and projects supporting that goal. In implementing our high priority policies, programs and projects we seek your cooperation and support.

I thank you all.

Long Live Bangladesh.