



**Speech by Ms Renata Dessallien
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Bangladesh Development Forum (BDF)

**Business Session 1:
Development Strategies, Governance, and Human Development**

Honourable Finance Minister, Mr Abul Maal Abdul Muhith

Excellencies, Ladies and Gentlemen,
Colleagues and friends,

- On behalf of the UN system, I congratulate the Government for convening this Forum, for preparing it in such a collaborative manner, and for including members of civil society both as lead discussants and as participants.
- We welcome the approval of the revised National Strategy for Accelerated Poverty Reduction II. We commend Government for submitting it to Parliament, and we welcome the decision to develop a Sixth Five Year Plan.
- We have 3 observations to share with you about development strategies in Bangladesh:
- First, it is our view that national plans work best when they are anchored in country specificity, in national values and aspirations. Yes, it is helpful to be informed by international good practice, but developing countries should resist being driven too much by external ideas, or their plans can become disconnected from the realities of the country.
- Second, for a national plan to become a transformative force it needs to be linked with the budgetary processes, backed by efficient implementation systems, and strong monitoring and accountability mechanism with real teeth. We welcome the Planning Ministry's assurances that this will be the case for the Sixth Five Year Plan. We commend the Ministry for establishing the Public-Private Stakeholder Committee, designed to engage citizens in overseeing public procurement, which has been a major implementation bottleneck, as well as source of integrity problems.
- Third, across the developing world, we see that the governments with the most effective development strategies are usually those with strong human resources in the planning field. Their Planning authorities house among the best and brightest minds of the land, able to anticipate emerging socioeconomic concerns, research them, introduce them into the public space, and engage with national experts across government and civil society. We recognise that Bangladesh's Planning Ministry and its Commission have some strong and dedicated individuals, but we suggest that overall the Government's capacity could benefit by bringing in more intellectual stars. Government has outsourced some of this capacity to public think tanks. But we suggest that this does not replace the need for top notch strategists in key sectors within Government.

- Part of the challenge in developing this in-house capacity derives from Government's remuneration packages and other conditions of service. And part of it relates to human resource management decisions, and tradeoffs between criteria of political affiliation versus professional merit with respect to promotions and transfers.
- We warmly welcome the Government's decision to develop a Civil Service Act that will, among other things, systematise merit based promotions, and enable civil servants to remain in post for long enough to make a meaningful contribution.

Honourable Minister, allow me to continue with a few thoughts on economic issues, human development and governance.

- The UN system commends the country for maintaining solid growth rates of around 5-6 percent for over a decade now, for weathering the recent financial meltdown and economic recession comparatively well, for many years of macroeconomic stability, and for the pro-poor dimensions of many national policies.
- We also welcome the Government's determination to become a middle income country and are confident that you will succeed. But let's not forget that middle income status is merely a per capita income threshold and it is quite possible for Bangladesh to cross that threshold while still remaining squarely in the group of Least Developed Countries. This is a more well-rounded classification that includes measures of human resource development and economic vulnerability. In this context, we would like to share five quick points with you.
- First, the dominance of apparels in Bangladesh's export sector makes it vulnerable. Export diversification is needed, and the more labour-intensive the new industries are, the better they can address the challenges of employment creation and poverty reduction. Frozen foods, jute, leather, and more recently ship building have shown potential. But for these and other industries to expand, they need an enabling environment from Government.
- In addition to regular supply of energy and good infrastructure (topics of later BDF sessions), these industries need access to working capital at better interest rates, skilled workers, and reductions in costs of doing business. Many of these challenges could be addressed through better public private-partnership. We encourage the Government to pick up where the Better Business Forum left off.
- Second, being a net food importer, Bangladesh is vulnerable to world food prices, especially those of its biggest neighbour. This has immediate implications for inflation and agricultural policies (we will expand on this during the appropriate BDF session later today).
- Third, to take advantage of the country's biggest asset, its people, skills training is a priority. Government recently developed a National Skills Development Policy focusing on improving quality and regulation of training institutes and coordination between various providers (public, private, NGOs and industry based). This is an excellent step, but the policy now needs rapid implementation.

- Fourth, Bangladesh has one of the lowest tax/GDP ratios in the world. We understand that of the country's 150 or so million people, only 753,000 actually paid income taxes, although 2.4 million people have been assigned taxpayer identification numbers, and some 27 million people earn more than the income tax threshold.
- Fifth, we are concerned about the lagging southern and western regions of the country such as Barisal, Rajshahi and Cox's Bazar, with poverty rates in excess of 50%, and some of the other serious pockets of low growth/high poverty in various parts of the country.
- Many of the above concerns could find answers through careful regional integration. Not only could this add an estimated 2% to annual growth rates, it could help create jobs and reduce regional disparities. By capitalising on the country's enviable geographical location -- close to two emerging giants, straddling two regional blocks, and at the centre of the Bay of Bengal, Bangladesh seems predestined to become an important regional trading hub. But the weight of history and popular misperceptions have held her back.
- We hope the Government's recent decisive moves toward regional integration herald the beginning of a much needed sea change. But for this to happen, careful and detailed strategizing and management are vital.

Honourable Minister, regarding Human Development:

- BD has made considerable progress in many areas of human development, often faster than other countries with similar GDP growth rates. Net enrolment in primary education have risen, gender parity in primary and secondary education have been achieved, and infant mortality rates have declined faster in Bangladesh than in any other Asian country. But many of these MDG achievements are threatened by population growth and movement. With 2 million new people added to the population each year, how will Government provide quality public services for all -- health care, education, drinking water, etc.? Reducing the population growth rate to replacement level is therefore a top priority.
- Second, we have concerns about the quality of health and education services, and access by disadvantaged groups. Capacity strengthening of both individuals and institutions is necessary. In this regard, we commend the GoB for its timely distribution of free textbooks in January 2010, and for introducing Compulsory Certificate Examinations for admission to Class VI last December for the first time. We also appreciate the government's work to operationalise the community health clinic structures.
- Third, while the size and objectives of the social safety net system is admirable, better targeting, monitoring, evaluation and coordination between ministries and other stakeholders is needed to minimize leakages and maximize impact.
- Fourth, high rates of internal migration to urban centres and huge waves of migrant workers abroad create both challenges and opportunities.
 - By 2030 it is projected that 50% of the population will be urban, and a good proportion will reside in slums. International experience shows that countries that neglect their urban slums end up regretting it. Not only are their stark social disparities morally intolerable, they can become breeding grounds for violence

and crime. We urge Government to develop an urban development policy to address this and other pressing urban congestion problems, and to include it in the Five Year Plan.

- How to provide education and skills training for migrant workers?
- Fifth, malnutrition, manifested as anaemia and micronutrient deficiencies, is prevalent amongst children and women. And within households, girl children and women have poorer nutrition than boys and men. The pressures of population growth, despite the growth in cereal production, have posed significant challenges for improving nutrition. More attention is required here.

Honourable Finance Minister, I conclude with a few words on governance, a favourite topic of discussion in Bangladesh.

- We believe that Bangladesh and democratic governance were made for each other. Bangladeshis value democracy, they have a natural penchant for debate, for participation, and this provides rich soil for the practice of democratic governance.
- But the democratic experience has not always been smooth, and democracy has not always delivered on people's expectations. Sometimes, in fact, the decisions of democratically elected government have actually undermined the process of state building and constitutionalism. They have deprofessionalised vital institutions of government, diluted their independence, eroding vital checks and balances required to make the democratic process function.
- Democracy's greatest defence at this juncture lies in Government's ability to build the institutions of the state, ring fencing those that must operate independently, developing professional competencies across all institutions, and upholding rule of law.
- Democracy without rule of law is toothless. Without rule of law, there is no protection of human rights and freedoms. We are heartened by important recent Supreme Court rulings, particularly the judgement on the Fifth Amendment, and we warmly welcome the recent formation of the Judicial Reform Committee by the Supreme Court. These convey the Government's commitment to strengthening democracy's basic framework conditions. We also commend the Parliament for passing so many important acts that can strengthen democratic institutions and processes, such as the Right to Information Act, the National Human Rights Commission Act, the Electoral Acts, to name a few.
- We encourage the Government to continue in this vein, and we urge it to pay special attention to ensuring high professional calibre and integrity, particularly in its judicial appointments and promotions, but also across-the-board. We recognise that in some cases the Government may find it necessary to include political criteria in the selection process, but this should be the exception, not the rule, and the political criteria cases need not obviate the criteria of professional excellence and integrity.
- It is well known that Bangladesh's democracy has been hampered by excessive competition between the country's two major political parties -- a competition that has sometimes exceeded normal democratic parameters. Part of the rationale for democracy in the first place relates to the deliberative process it is supposed to evoke between political groups in order to enrich public decision-making. When political competition

reaches such proportions that parties can no longer engage constructively on substantive issues of national importance, democracy starts to unravel.

- To enhance the quality and performance of democracy and to safeguard its uninterrupted continuance in Bangladesh, the country's political parties need to engage constructively. We welcome the opposition party's decision to return to Parliament plenary sessions, and their continued engagement in Parliamentary sub-committees. We commend the majority party for offering chairmanship of two Parliamentary committees to opposition MPs. But we suggest these measures may not be enough to qualitatively change the tenor of inter-party relations.
- Many proposals have been made over the years to address this issue, but in the end the solutions must come, indeed they can only come, from within the two major parties. We urge both of them to do the needful so as to engage collegially and constructively on issues of national importance.
- Two final points -- we urge Government to further develop local governance. This is important both to enhance local service delivery and to expand the democratic space. We have concerns about the state of local governance since the adoption of the Upazilla Act. We believe that greater fiscal transfers, greater participatory local decision-making, and clearer roles and responsibilities at Upazilla level in particular could go a long way in expediting Bangladesh's equitable growth.
- Last but certainly not least, we commend Government for subscribing to so many international normative conventions and treaties, particularly those related to human rights. We congratulate the Government on the recent establishment of the first National Human Rights Commission and hope that the appointment of the remaining Commissioners, along with Government approval of funding of the Commission, will be imminent. We also fully support Government's commitment to the equal rights of minority groups in general, and to full implementation of the Chittagong Hill Tracts Peace Accord and to resolving the Rohingya refugee concerns in particular.

Honourable Minister, in closing, may I reiterate the UN system's strong commitment to your Government in its efforts to accelerate growth and human development, and to deepen democracy and good governance. We have 10 UN agencies in Bangladesh, collectively delivering between USD 250 and 300 million annual in the last few years. We have begun preparations for our next programming cycle that will align with Government's Sixth Five Year Plan.

Honourable Minister, Bangladesh faces many challenges, but she also has remarkable strengths. Time and again Bangladesh has shown its ability to excel. We have only to look at the girls' stipend programme, the rapid reduction in population growth in the 1980s, the micro-credit movement, the size and quality of the country's UN peacekeeping contributions, the recent preparation of the photo voter list, to remind ourselves of this country's immense capabilities. We are therefore confident that your Government will succeed in tackling the current challenges, ushering in a Sonar Bangladesh.

Thank you.