

## **Closing statement – Agreed Implementation Action Plan**

### **List of 11 key actions points jointly agreed by Government and Development Partners during the Forum to be achieved in next 12 months.**

1. Implementation plan and joint-committee established by **December 2005**
2. PRS will guide budget allocation process, particularly for pro-poor allocation programs for the next fiscal year.
3. MTBF to be extended to 6 more Ministries by **June 2006**
4. Increase block grants to UPs and broaden functions by the start of the next fiscal year,
5. Place new members against vacant posts of Bangladesh Energy Regulatory Commission (BERC), Bangladesh Telecommunications Regulatory Commission (BTRC) , Security Exchanges Commission (SEC)
6. Implement Procurement Law
7. Rationalize Annual Development Plans to match PRSP
8. Capacity building plan for Bureau of Statistics
9. Take measures for civil service reforms
10. Review SME policies
11. Review Policy of Empowerment and Development of Women

**Bangladesh**  
**Accelerated Poverty Reduction Strategy Implementation Forum**

**Closing Statement by the Chairman**  
**The Honourable Minister of Finance and Planning**

For about two days, we have been discussing and deliberating to understand and build our insight both about the context of poverty in Bangladesh and the strategy for its reduction as envisaged in the PRSP, formulated by the Government of Bangladesh through a participatory process and also in consultation with the development partners. We have also tried to have a frank and open dialogue in respect of challenges of implementation of the PRSP and how to deal with them.

The PRSP is a home-grown document based on our experience and ground reality. The formulation and finalization of the PRSP and its predecessor I-PRSP has been a milestone in the process of establishing ownership upon the national development outlook, including poverty reduction. I am happy to note that during the last two days all the development partners present here have endorsed and termed the PRSP an excellent document. However, we totally agree with you that everything depends on the implementation. If formulation of the PRSP was difficult, its implementation will be an even greater challenge. We want to take this challenge, in close support of and collaboration with all sections of our people and assistance from our development partners.

It now remains for me to sum up our discussions over the past two days. Let me begin by thanking our development partners for the very constructive deliberations on Bangladesh's Accelerated Poverty Reduction Strategy. I want to reiterate the commitment of the Prime Minister and our government to the full implementation of this strategy. We recognize the importance of the PRS having a broad ownership in Bangladesh. We believe that we have had very comprehensive discussions but we know that the process does not end with the production of a paper and with this Forum. We will continue to reach out to all elements in Bangladeshi society including those that do not agree with us on these issues, to ensure that a broad consensus exists to undertake the steps we need to take to enable us as a society to work together to eliminate the scourge of poverty from our country.

I will organize my closing remarks by each of the five sessions, very briefly summarizing the issues we discussed and indicating the priority actions that we need to take. I will conclude by listing ten priority actions that we, the government, will commit ourselves to undertaking over the next 12 months. The list I choose will need to be doable. I do not want to commit myself to something that I cannot deliver. This does not mean that I am rejecting some of the many fine ideas that have come up during our discussions. Indeed the very complexity of the development process requires that we

move on a broad front. But as you have clearly signaled, you want to be able to see us deliver on a few important things, and we will try to do this.

Let me also note that the focus of this meeting has been on the development agenda. But as many of you reminded us, there is a larger political reform agenda out there that we know we must address over time. Governance reforms take time to achieve. And you will need to be patient with us. But this does not mean that we are not concerned about weak governance. We fully understand your concern about governance, transparency, law and order, security etc. We agree that for the proper implementation of the PRSP all out efforts will be required. We also understand that governance remains to be a burning issue. The PRSP has correctly pointed out that governance weaknesses stand in the way of an acceleration of growth. It is also true that the poor get disproportionately more affected because of weak governance. Governance is something that we too worry about all the time, and I assure you we will try to address these issues, recognizing that we will need to build domestic consensus and that we will need a lot of help in order to undertake these reforms.

## **Implementation**

As I have said time and again, the main challenge we face is that of implementation and enforcement. We have in the PRS a fine program of action. Our laws are for the most part the best you can find anywhere. But it is all a matter of implementation and enforcement. So not surprisingly, the first item on our agenda yesterday was implementation of the PRS. We warmly welcome the endorsement of our development partners of the PRS. We also welcome your commitment to align your development cooperation efforts with the PRS. This not only implies aligning with the priorities stated in the PRS, but also aligning your operations to our processes, to our financial needs, and ensuring greater certainty of financial support taking into account unexpected macro-economic shocks like the one we are facing, which explains my anxiety about the disbursement of the Development Support Credit tranche.

On our side, I fully recognize the importance of establishing a prioritized implementation plan for the next 12 months.

- We will draw on the priorities established today to develop a more detailed concrete follow up plan in consultation with the LCG and have this ready before the beginning of the next calendar year.
- I also commit ourselves to ensuring that the PRS guides the budget allocation process in our next budget for Fiscal year 2007, focusing in particular on pro poor programs.
- As I indicated we will also roll out the Medium term budgetary framework to 6 more ministries. I know you wanted us to do more. We will try but I don't want to commit myself to something I may not be able to deliver.
- I also agree that we need to move on developing a PRS Monitoring Evaluation Framework and have this ready during the course of the year.

We are committed to reviewing jointly with you progress on implementation of the PRS. We will meet annually in this forum, and are prepared to consider a mid term

review at a more informal level with the LCG. This will enable us to monitor progress on agreed performance targets as well as more broadly look at progress as a whole.

### **Social Development and Empowering the Poor**

The focus of our discussion was on five issues:

- moving aggressively to meet the MDG targets where we are lagging;
- bringing government closer to the people
- developing a national social protection strategy
- improving access and educational quality
- implementing a strong gender policy.

I support your suggestion that we increase budget allocations for key areas where we are not doing as well as we might: malnutrition, maternal mortality, etc. and targeting such expenditures to the poor. And we support the proposal for implementing the proposals under our health management strategy.

Bringing government closer to the people has been an important part of the dialogue on governance and service delivery in our PRS. In this context, I note your support for our decision to provide block grants to the Union Parishads- the lowest tier of governance within Bangladesh's unitary system of governance. The development partners endorsed the idea of strong local governance by proposing to strengthen the UP block grant system and through it a greater enhancement of the fiscal and management capacity of the UPs as well as their accountability to communities. I recognize that these grants are rather small, and we will increase these grants in the next budget in line with increased functional authority to the Union Parishads.

The PRSP and the excellent discussions that characterized the last two days should be noted for having opened up a broader dialogue on issues of decentralization such as the questions of a reformed upazila and urban local governments. Creating accountable local governments will not happen overnight. Nor should it be done quickly. This requires careful management. But it is a critical element in our poverty reduction strategy. I would like to propose that we set up a task force led by the Minister of Local Government and my ministry to chart out the big issues and options in decentralization, and I hope that donors will work with us on this issue.

On social protection, I recognize that we need to begin to lay the seeds of a proper social protection system. We will be happy to explore some pilots in this area that would provide the basis for developing such a system. We are also committed to ensuring a more systematic effort to address the seasonal/localized poverty issues and welcome the help offered by Australia and others.

On education quality, we are indeed ready to link budgetary support to quality in both government run and private schools that we support. On gender, as I said yesterday you are preaching to the converted. I am as appalled as any one else at the violence against

women and agree that we need to ensure that the monitoring cells on violence against women function effectively, and we will consider reviewing how these are functioning.

### **Enhancing Competitiveness**

Session III dealt with a range of issues on how we improve competitiveness and address barriers to investment in Bangladesh. We touched on a range of issues including improving the legal and regulatory environment, addressing the huge infrastructure deficit, labor and environmental standards and trade policy and SME policy.

We recognize that reforming regulatory institutions are going to be critical to reducing the cost of doing business in Bangladesh. The World Bank and DFID are supporting a program of regulatory reforms including the establishment of a regulatory reform unit. We are committed to implementing this. We will also continue to strengthen Bangladesh Bank and enhance its supervision authority over the publicly owned banks. We also will continue to make progress on the agreed reforms of the Agrani and Janata Bank prior to their divestment.

On infrastructure, we need to take steps to come up with a clear plan of action that will enable us to break the infrastructure bottleneck. Master Plans are being prepared and these will be completed and we will implement these as soon as they have been reviewed. We also recognize that the Bangladesh Energy Regulatory Commission needs to be fully operational, addressing the outstanding staffing and organogram issues. We also are prepared to corporatize the BPDB in due course of time.

I note the proposal on trade policy changes particularly as they related to the garments sector. This is not a straight forward issue, but I am prepared to look into it.

On SME policy, we recognize the need to reexamine our overall policy stance in this area as the PRS suggests to ensure that it is consistent with a pro-poor strategy.

### **Good Governance**

In this session, we talked of local governance, corruption, criminal justice reform and implementation capacity. I have already mentioned local governance, so I will focus on the other issues.

On corruption, the PRS has proposed the need for better ways of measuring corruption, and I would support an effort to develop a set of indicators that we can systematically collect and monitor. I would suggest that we discuss this issue as part of the follow up plans. On the issue of the Anti Corruption Commission, you heard the honourable Law Minister on the lengths we have gone to ensure the independence of the Commission.

On the Human Rights Commission, we are committed to establishing one, and I hear you that we need to focus on the process by which the Commissioners are selected.

The most important measure on corruption is the Procurement law. We expect to present this to Parliament shortly as the Cabinet has approved it. We also welcome the idea of E-Procurement, and are happy to work with our development partners on an independent annual evaluation of procurement to monitor our progress in implementing the new law.

On the separation of the executive from the judiciary, this is an issue on which the Supreme Court and government are fully engaged. The issue is not straight forward, as the honourable Minister of Law and Justice explained. But we are committed to the separation of the executive from the judiciary and I assure you we will comply with the Supreme Court's rulings on this issue, subject to the implementation constraints we have discussed.

On implementation, the PRS rightly focuses on the need to rationalize the Annual Development Plans and to reduce the number of non-performing projects. We are committed to doing this and agree that achieving this in time for the June 2006 budget will be important.

I also recognize that we must address the issue of capacity in the civil service. We welcome the many offers of assistance in this area and we need to develop a clear program jointly around which donors can come together to support such an effort. On police reform, I agree that we must stop the non-essential use of the police so they can do the job they are paid to do. This is also in the PRS and we will follow up on this.

### **Aid Harmonization and Aid Effectiveness**

The last session discussed issues relating to harmonizing aid efforts for Bangladesh so they can be used effectively.

In this session we have put in place institutional arrangements for implementation planning and monitoring of the PRS. Government will set up a Poverty Reduction Strategy Implementation Joint GOB-DP Committee to coordinate PRS implementation. The Joint Committee will be organized by the Economic Relations Division of the Ministry of Finance and be headed by the Secretary. The Committee will meet every quarter.

Recognizing the importance of the effective use of funds, we are committed to reforms of procurement and financial management. I have already talked about procurement in the anti-corruption context but I want to commit myself here to developing a time bound Public Financial Management Improvement Plan that will enable us to take concrete specific steps to improve public financial management.

I also welcome the commitment of our development partners to following program based approaches to ensure sector coordination and consistency of messages to

the government. This reduces the costs to us of managing different aid programs and we welcome it.

We also are committed to as the Japanese delegation put, "Managing for Results". We welcome the offer of help to strengthen monitoring and evaluation activities as well as statistical capacity building.

Finally, we have agreed to establish a joint mechanism of government and development partners for harmonization implementation and monitoring. This Joint Harmonization Implementation Task Force will be led by ERD. Meetings of the task force will be held regularly to track the progress of harmonization action plan and Paris Declaration implementation.