We welcome the discussion on the Country Assistance Strategy for Bangladesh and the Proposed Credit to Bangladesh for HIV/AIDS Prevention Project.

We noted from the CAS report that Bangladesh with its sound economic policies have made progress in improving opportunities for the poor during the past decade with economic growth averaging 5 per cent per annum. Real per capita income grew by about 3 percent per annum and other indicators of economic and social wellbeing have improved. Though growth is respectable, poverty still remains high especially in rural areas. The Government of Bangladesh has shown considerable courage and commitment in tackling its socio-economic problems with the implementation of the current Fifth Five Year Plan. However, we believe that much remains to be done, especially in strengthening institutional weaknesses and enhancing policy and structural reforms, in order to make a substantial impact on poverty.

It is heartening to note that the Government through the Poverty Reduction Partnership Agreement with the ADB is serious in pursuing a consistent and integrated poverty reduction strategy with the articulation of a pro-poor strategy focusing on private sector-led growth and promoting integrated rural development as well as improving social and human development services. But further progress is needed, and certain obstacles to poverty reduction policies could have been stressed even more.

In this regard, we appreciate the CAS’ candid discussion of good governance and anti-corruption measures. Strengthening governance and eliminating corruption is critical to Bangladesh’s economic, social and political development. Good governance is fundamental to mobilizing private sector confidence and a major determinant of poverty reduction. Bangladesh’s ability to sustain the momentum of economic growth depends on creating a much more transparent, accountable governing system.
In our opinion, the CAS overarching objective of poverty reduction through human resource development, rural development and supporting private investment along with efforts at institutional capacity building, governance and macroeconomic stability are very appropriate. It is very important for Bangladesh at this very juncture to continue to receive all the necessary support and assistance from the Bank to help the country realize its aspiration of reducing poverty substantially within one generation. Bangladesh is at a critical stage and the Bank should not be found wanting.

We can support the proposed CAS scenarios for Bangladesh. The Bank’s policy of not upgrading its lending scenario until the government has begun to accelerate the pace of reforms and that progress is made on macroeconomic performance, structural reform in key sectors and portfolio performance is appropriate. However, we hope that Bangladesh would be able to quickly graduate to a base case scenario if there are noticeable progress made on all fronts following the 2001 elections. We are glad that IFC and MIGA have also made various contributions in strengthening domestic firms and facilitating foreign investment, although in our opinion, they can play a much more significant role. Concerning risks, we note Bangladesh faces a variety of risks which in our view should be monitored closely and mitigated by the Bank as well as the government as far as possible. However, we believe that these risks are still manageable and the outcome arising from the Bank’s assistance would benefit significantly the people of Bangladesh.

In conclusion, we would also like to support the Proposed Credit to Bangladesh for HIV/AIDS Prevention Project. Clearly, HIV/AIDS is a priority and we believe that effective implementation of the HIV/AIDS prevention project is of key importance to preserving any progress in health indicators which would have a positive impact on poverty alleviation. In this regard, we are pleased to note that there is tremendous commitment from all concern to prevent the spread of the disease.

We wish the Government of Bangladesh every success in their efforts to address and overcome future challenges in the implementation of its policies and programs.