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Statement by the Hon. **SHAH A.M.S. KIBRIA**,
Governor of the Bank for **BANGLADESH**,
at the Joint Annual Discussion

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Governor of the Bank for Bangladesh,
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Honourable Chair,
Fellow Governors,
President of the Bank,
Managing Director of the Fund,
Distinguished Delegates, Excellencies,

It is an honour for me to address the 1999 Annual Meeting of the Bank and the Fund. I take this opportunity to extend to you, Mr. Chairperson, my warmest felicitations on your election to the Chair. Let me also congratulate the Managing Director and the President for the leadership through very difficult times.

2. We are only a few months away from the Twenty-first Century. Our hopes for the new century are driven by the accelerating pace of technological innovations and the spread of liberal pluralism in recent decades. The twenty-first century is likely to bring some fundamental shifts in global economic organization, international relations and the pace and nature of economic development. Globalization and localization represent some of the most potent forces of change. The nation-state is envisaged to assume a new role in the emerging world: it will negotiate with the actors in the global arena on the one hand and those in the local arena on the other to set up new institutions to pursue diverse goals. This process of change will necessarily be accompanied by greater instability and uncertainty, and we must ensure that international institutions are geared to meeting these new challenges. The existing institutions are the result of a series of ‘contracts’ in which the whole international community participated, directly or indirectly, and these

institutions have evolved through a process of continuous 'negotiation', renewal and reform. It seems to me that the challenge of the new century requires a degree of coordinated planning which only the governments of nation-states can provide. The civil society performs a key function in defining and articulating public interests, but it represents a collection of disparate causes and interests. Nation states which embrace democratic values can play an effective role in guiding the transition to the new era while expanding space for civil society and in orderly resolution of divergent interests and attitudes in a plural society. Moreover, in preparing for the new century, we will be well advised to recognize the limitations of the nation-states and the need to develop institutions which can deal effectively with challenges and problems which transcend national boundaries.

Mr. Chairperson,

3. We note with some satisfaction that the Official Development Assistance (ODA) from DAC members rose to \$51.5 billion in 1998 which is 0.23 percent of the aggregate GDP of the member countries – up from 0.22 percent which was the lowest level ever reached. Though this is an improvement, regrettably it is about one-third of the goal of 0.7 percent of the GDP of the DAC countries set by the United Nations. We would urge the DAC members to reach the goal set unanimously by the developed and the developing countries.

4. In the context of official development assistance, I would like to draw your attention to the need for flow of adequate resources to the developing countries. There is need for pragmatism and for the Bank and the Fund to take into account the local context and, in particular the realities of democratic governance in designing institutional and policy reforms. More importantly, the recipient countries must have a greater role in diagnosing and designing their own reform programmes. Adequate concessional funding is needed to sustain public investment programmes geared towards private sector oriented growth. The Bank and the Fund should be working to ensure adequate availability of resources to the developing countries while continuing with efforts for better policy and institutional reforms. In this regard, special considerations should be given to countries which have avoided large scale commercial borrowing, preferring to pursue cautious financial policies geared to maintenance of macroeconomic stability.

Mr. Chairperson,

5. Let me now briefly turn to the development initiatives of the Government of Bangladesh taken under the leadership of Prime Minister Sheikh Hasina.

- We achieved a growth rate of over 5.2 percent in FY 99, despite the floods of 1998 – the worst in history. Macroeconomic stability was maintained against the backdrop of the Asian Economic Crisis.

- Government continued to make progress in Structural Reforms, despite the difficult macroeconomic situation.
- Reforms of state owned enterprises and particularly their divestiture continued. Government has succeeded in building up a strong coalition of stake-holders in favour of reforms.
- Government has introduced a series of safety-net measures. Though modest in scale, these have given new hope to many groups largely by-passed by recent economic growth and development programmes. These include old age allowance and allowances to widows with young children and distressed women abandoned by their husbands; shelters for the aged without family or community support; establishment of an Employment Bank and a Housing Fund. The last two schemes were financed entirely by Government and are directed towards helping the poor or the ultra-poor. The representatives of local government institutions, members of civil society and NGOs participate in selection of the beneficiaries and administration of these social security schemes.
- Public expenditure on education and health including nutrition has increased. Emphasis is on primary education and literacy, primary health care, reproductive health, HIV & AIDS. Expenditures on basic social services have risen steadily during 1990's to over 25 percent of government spending.

- Government has undertaken wide-ranging programmes for mitigation of various environmental problems such as arsenic pollution, air pollution and deforestation.
- Government supports a wide range of micro-credit and poverty alleviation programs and provides support to NGOs implementing similar programmes. Micro-credit programmes of NGOs are refinanced through the Palli Karma Shahayak Foundation (PKSF); in addition, Government has guaranteed bonds issued by Grameen Bank and makes grants to eligible NGOs .
- In order to enhance accountability, Government has strengthened the role of the Parliament and the Standing Committees. Members of the Parliament – and not the Ministers – chair these committees.
- In order to broaden the scope of public participation and decentralization of governance, Government has initiated the process of establishing representative local self-government institutions at village, union, upazila or sub-district and district levels. Reservation of seats for direct election of women in all local government institutions enhances political empowerment of women. Furthermore, local government institutions are expected to enhance accountability and quality of services delivered at the local level.

6. The Government of Bangladesh would like to thank the World Bank for its active help and cooperation in all our development efforts and the IMF for its timely assistance following the floods of last year. We look forward to working with both these institutions to deal with the daunting development challenges that we face.

Let me conclude, Mr. Chairperson, with thanks to you, the Fellow Governors, and the Distinguished Delegates for a patient hearing.