



**BANGLADESH**

**M. SAIFUR RAHMAN, Governor**

It is a great honor and privilege for me to address the Thirty-Fifth Annual Meeting of the Asian Development Bank (ADB) being held in this beautiful and historic city of Shanghai. My delegation would like to express its deep appreciation to the organizers for their warm hospitality and the excellent arrangements made for the meeting.

Since ADB commenced its operations in Bangladesh in 1973, it has made laudable contributions to Bangladesh's development, particularly in the areas of physical infrastructure and human development. ADB has always been our reliable development partner. We in Bangladesh deeply appreciate the flexibility and understanding with which ADB conducts its operations in our country.

We are pleased that ADB's Bangladesh Resident Mission will be celebrating its 20<sup>th</sup> year of operations in Bangladesh. During these years, the resident mission has made immense contributions in strengthening development partnerships with the Government of Bangladesh.

We note that during 2001, ADB strengthened itself with the approval of various policies and strategies aimed at enhancing its development impact and effectiveness of its assistance to the developing member countries. We welcome the recent reorganization of ADB creating a new South Asia Regional Department responsible for the entire range of economic, programming, and portfolio implementation-related activities in the region, including Bangladesh. We also support ADB's recent policy of strengthening resident missions' roles and functions. We believe that this will provide increased opportunities to the Government, private sector, and other stakeholders for more policy interactions with ADB's field offices.

We note that regional cooperation is a special theme in this year's Annual Report. We find this to be of great relevance in today's context for greater global integration. The scope and potential for development activities in this region are considerable, and ADB is in a unique situation to play the lead role of an honest broker and catalyst. We would like to see ADB play that role effectively.

We notice that ADB's operations are now increasingly linked to policy conditionalities. While such policy reforms are needed, it has also to be kept in mind that

each country faces its own unique challenges and constraints. As such, the framing, sequencing, and pacing of policy reforms should be more realistic. Country-specific realities must be duly taken into account while proposing policy reforms in ADB's projects and programs.

ADB has several thematic priorities that are relevant and indeed important to countries in the region. Even so, the temptation on the part of ADB to address every such thematic priority in each of its projects and programs must be resisted. This will help make the project design less complicated, implementable, and monitorable to ensure timely benefits to the borrowing member countries from such interventions.

Now I would like to highlight some of the challenges confronting the Bangladesh economy. It is only 7 months since our Government came to power with a strong political mandate to build a prosperous Bangladesh free of poverty, corruption, and violence; to establish rule of law; and to promote human rights.

In the backdrop of the sluggish global economy and depressed investment climate in the domestic front along with the burden of mounting public debt, the new Government had to start with falling foreign exchange reserves, export earnings, and industrial output. Besides, the post-September shock and its subsequent fallout all over the world have added further challenges to the already faltering global economy. Bangladesh was not an exception. The setback in our exports caused a downturn in growth, investment, and savings; increased unemployment; and heightened external and fiscal imbalances.

Swiftly and decisively, our Government took a number of measures to reactivate the economy and initiate reforms in the important sectors.

Largely due to our timely and measured interventions, the Bangladesh economy is now projected to grow by around 5% during fiscal year 2002 despite the deceleration in the global economy. Private investment is expected to grow. So would national savings, as the present upward trend of the workers' remittances is likely to continue. Fiscal and current account deficits would be within sustainable limits and monetary expansion would remain within rational bounds.

Our Government is committed to human development and enhancing good governance. The Government is committed to restoring macroeconomic stability, reforming state-owned enterprises. We want to get the Government out of business activities to pave the way for the private sector to take over. The Government is also committed to strengthening local government and supporting women's empowerment.

Despite some progress on the poverty front, it remains for us a formidable challenge. Nearly half the people in our country still live below the poverty line. Poverty reduction, therefore, remains high in our development agenda. The Government of Bangladesh and ADB have signed the Partnership Agreement on Poverty Reduction. However, the level of Asian Development Fund resources made available for the country has remained considerably lower than the level envisaged in the agreement. We would like to see that this level is increased to an appropriate level so that the shared goal of

poverty reduction in Bangladesh could be expeditiously accomplished because our success also defines ADB's success.