

# ADB Participates in Poverty Reduction Strategy Forum

A high-level delegation from the Asian Development Bank (ADB) led by Young Hoi Lee, Managing Director General, attended the first Poverty Reduction Strategy Implementation Forum (PRSIF) in Dhaka in 2005, convened by the Government of Bangladesh.

In his statement at the inaugural session, Mr. Lee complimented the Government of Bangladesh for preparing the National Strategy for Accelerated Poverty Reduction (NSAPR) and expressed ADB's strong commitment to supporting the implementation process.

The PIF is a successor to the annual Bangladesh Development Forum, previ-

ously convened jointly by the Government and the World Bank.

Bangladesh Prime Minister Begum Khaleda Zia addressed the opening session and Minister for Finance and Planning, M. Saifur Rahman chaired the PIF.

John Samy, Deputy Director General, South Asia Department, led the ADB team in the business sessions, while Hua Du, Country Director, Bangladesh Resident Mission (BRM) and other BRM staff participated. The business sessions were also attended by government officials, representatives of development partners, development experts, and members of civil

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## Emergency Flood Project: Exceptional Progress

The Emergency Flood Damage Rehabilitation Project (EFDRP) has achieved 41% progress in its first year of implementation. Approved by the Asian Development Bank (ADB) on 20 January 2005, the project has so far completed 85% contract awards, compared with an elapsed loan period of 36%. The project is expected to be completed by the original target date of 31 January 2007.

The EFDRP focuses on rehabilitating damaged infrastructure (roads and bridges, rural and urban infrastructure, railways, and water resources) in priority areas identified through consultations with the Government, public and private sector stakeholders, civil society, and affected communities.

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**POVERTY FORUM** Young Hoi Lee, ADB Managing Director General (seated, middle), at the inaugural session of the PRSIF that Bangladesh Prime Minister Begum Khaleda Zia addresses

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In this issue, \$ refers to US dollars.

# ADB Assistance Energizes the Power Sector

The Asian Development Bank (ADB) has been supporting the improvement of the capacity and quality of power supply in Bangladesh since the country became a member of ADB in 1973. ADB loans and investment for the power sector, totaling about \$1.4 billion, constitute about 20% of total ADB assistance to Bangladesh to date. The main focus of ADB was on strengthening power generation, transmission, and distribution networks.

With ADB's support, the Bangladesh Power Development Board (BPDB) was reorganized with the creation of the Power Grid Company of Bangladesh Limited (PGCB) and entrusted the firm with managing the nationwide power transmission network. The franchise area of the Dhaka Electric Supply Authority was substantially reduced by the shift in some of its areas to the newly established Dhaka Electric Supply Company Limited (DESCO) and the Rural Electrification Board (REB).

ADB assisted the Government in selecting the site and soliciting bids to select a credible private sector investor in a transparent manner for the Meghnaghat power plants.

Also with ADB's support, PGCB completed a 230-kilovolt (KV) integrated transmission system with multiple supply



**IMPROVING DHAKA'S POWER SUPPLY** Hua Du, Country Director, Bangladesh Resident Mission, speaks at the inaugural ceremony of the Amin Bazar Power Substation

sources around Dhaka. It also developed two 230/132KV substations at Rampura and Aminbazar.

Through various projects, PGCB is enhancing by 50% the capacity of the existing 230/132-KV substations at Haripur, Hasnabad, and Tongi.

ADB is also assisting PGCB in con-

structing a 230-KV main transmission system in the western region from Bogra to Khulna and the second east-west interconnector along the Jamuna Bridge to help improve power supply in the western region. ADB will help in improving operations, reducing system losses, and enhancing bill collection. ■

## Emergency Flood Project: Exceptional Progress



**REHABILITATED ROAD** Students walk along a road in Tangail, repaired under EFDPR

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The project was prepared in response to the devastation caused by the catastrophic floods in July 2004. Nationwide, 36 million people (about 25% of the population) across 39 districts were affected by the floods.

At the Government's request, ADB approved advance action and retroactive financing of \$25 million for emergency flood damage rehabilitation assistance following a damage and needs assessment.

Besides rehabilitating the damaged infrastructure, the project will create opportunities for skilled and unskilled labor of 12 million person-days. ■

# Awareness-Raising Workshops on Public Communications Policy Held

**T**he need for information sharing to further improve project quality, sustainability, and effectiveness of poverty reduction efforts was stressed in a workshop on ADB's Public Communications Policy (PCP), organized by the Bangladesh Resident Mission (BRM) of the Asian Development Bank (ADB).

Cindy Malvicini, Head, Information Disclosure Unit of ADB's Department of External Relations, conducted the workshop in Dhaka on 5 December 2005 at the Local Government Engineering Department (LGED) auditorium.

Hua Du, BRM Country Director, highlighted the global trend toward greater openness and access to information. She said ADB, as an international public institution, must adapt to this new

era of greater openness. "Our experience has shown that making more information available about projects financed by ADB encourages feedback from local communities, and this feedback can improve project quality and sustainability," she added.

Government officials and representatives from nongovernment organizations, busi-

nesses, and civil society attended the workshop.

The PCP attempts to strike a balance between maintaining a presumption in favor of disclosure and answering the call for greater openness while, at the same time, respecting the interests of ADB's partners and protecting ADB's internal deliberative processes. ■



**GREATER OPENESS**  
Cindy Malvicini, Head, ADB Information Disclosure Unit, and Putu Kamayana, Senior Country Programs Specialist at the PCP-awareness-raising workshop

## Poverty Reduction Strategy Forum

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society and nongovernment organizations (NGOs).

The top priorities agreed on to secure pro-poor growth and delivery of essential services to the public, particularly the poor, were domestic resource mobilization; strengthening and empowering local government institutions; and infrastructure development, especially power generation.

Further important areas as agreed for rapid economic growth and faster poverty reduction include improving the quality of education, developing more effective social safety nets; closing the gender gap; and reducing the cost of doing business. Enhancing monitoring and evaluation capacity was also underscored. The threats and challenges posed by weak governance was a recurring theme throughout the PIF sessions. At the conclusion of the PIF, the Government and development partners agreed on the following actions to be achieved in the next 12 months.

- A joint Government-DP committee will be established by December 2005 to coordinate NSAPR implementation.

- NSAPR will guide the budget allocation process.

- The medium-term budgetary framework will be extended to six more ministries by June 2006.

- Block grants to union parishads (union councils) will be increased and functions broadened by the start of the next fiscal year.

- New members will be placed in vacant posts in the Bangladesh Energy Regulatory Commission, Bangladesh Telecommunications Regulatory Commission, and Securities and Exchanges Commission.

- The new Procurement Law will be implemented.

- The Annual Development Plan will be rationalized to match NSAPR.

- A capacity building plan for Bangladesh Bureau of Statistics will be developed.

- Measures for civil service reforms will be carried out.

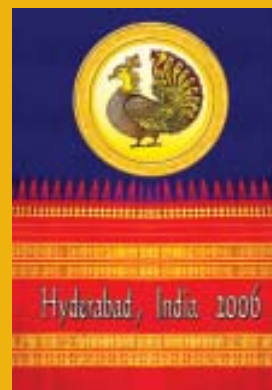
- Policies on small and medium enterprises will be assessed.

- The policy for the empowerment and development of women will be reviewed. ■

## 2006 ADB Annual Meeting

Hyderabad International Convention Centre

Hyderabad, India  
3–6 May 2006



For details, see [www.adb.org/AnnualMeeting/2006/](http://www.adb.org/AnnualMeeting/2006/)

# Locally Fabricated Incubator Makes Hatching Cheaper and Easier

**A**bdul Quader, son of Amena Bewa, a widow and beneficiary of Thengamara Mahila Sabuj Sangha (TMSS) has developed a low-cost incubator priced at about Tk52,000 (\$765) while an imported incubator of the same capacity costs about Tk700,000 (\$10,294).

TMSS is a local partner NGO of the ADB-assisted Participatory Livestock Development Project-II. The incubator has significantly reduced the cost of hatching and has brought incubators in the reach of poor people.

Fabricated with local materials, the incubator is low-cost, easy to use, and is not difficult to repair. The machine has significantly reduced the cost of hatching, making it within the reach of the poor.

Quader's incubator is becoming very helpful in meeting the increasing demand for day-old-chicks in the northern region of Bangladesh. ■



**USEFUL INVENTION** Abdul Quader with his hatching machine

## ADB to Adopt New Financing Approaches to Respond to Needs

**T**hree initiatives, approved by the Asian Development Bank (ADB), will help improve ADB's business model by removing bottlenecks that constrain its capacity to respond better and more quickly to its clients.

The three initiatives are part of ADB's Innovation and Efficiency Initiative (IEI), which aims to make and keep ADB more client and results-oriented, efficient, and effective.

First, a new approach to cost sharing and expenditure eligibility will improve ADB's project financing capability in a manner more consistent with market practices. The approach involves a more flexible determination of cost sharing limits, and expands the eligible expenses ADB can finance to include land acquisition and payments for rights-of-way, taxes and duties, and other expenses such as bank charges and second-hand goods.

Second, ADB has developed a new financing modality called multitranches financing facility (MFF), which will be pilot-tested over 3 years, aiming to provide ADB and its developing member countries with alternatives to more effectively respond to development financing needs. The MFF will allow ADB to finance long-term projects in structured and staggered multiple loans. The facility will minimize the negative impact that standard ADB financing now has on a client's balance sheet and cofinancing capabilities.

Another instrument for subsovereign and nonsovereign public sector financing will allow ADB to finance projects at the provincial and municipal level and of state-owned enterprises, provided that it is accompanied or preceded by reforms. Two other modalities will mobilize greater domes-

tic and international financing for poverty reduction projects, and allow refinancing for fundamentally sound projects with high development impact but weak financing plans. ADB will expand its coverage to local currency lending through bond issues and commercial swaps.

In addition, the IEI includes proposals on country and strategy programs, business processes, consulting services and procurement, and safeguards in relation to policy implementation. These are expected to be approved in 2007. ■

For more details, visit

**ADB Online**

[www.adb.org](http://www.adb.org)

# Promoting Regional Cooperation in South Asia to Accelerate Growth

**T**he Asian Development Bank (ADB) initiated the third phase of the South Asia Subregional Economic Cooperation (SASEC) project in December 2005 to accelerate poorer economic growth. The project will provide a forum for effective dialogue and interaction among participating countries, private sector, and development partners to further deepen mutual understanding and trust for subregional cooperation among Bangladesh, Bhutan, India, and Nepal.

To implement the project, working groups have been established in six priority sectors—transport; tourism; trade, investment, and private sector coopera-

tion; energy and power; environment; and information and communication technology (ICT).

- The transport working group will focus on upgrading six priority corridors, improving the trade logistics system, and strengthening the institutional capacity of the agencies and private sector entities involved in transport development.
- The tourism working group will continue to promote regional tourism.
- The trade, investment, and private sector cooperation working group will focus on trade facilitation measures. The activities of South Asia Business Forum will be strengthened to promote more active private sector participation in SASEC

activities.

- The energy and power working group will identify the most effective way of taking cooperation forward, reflecting the improving environment for cooperation. To implement the project, ADB is expected to provide a \$1 million grant.
- The environment working group will focus primarily on information sharing, capacity development, and knowledge-based management, rather than on developing cross-border projects.
- The ICT working group will focus on implementing the programs and projects recommended by the ADB-assisted SASEC ICT Development Master Plan study and the Community e-Centers Project. ■

## ADB Supports Strengthening the Anti-Corruption Commission

**A**lthough Bangladesh has made remarkable progress in recent years in some areas of social and economic development, it is widely perceived that pervasive corruption has seriously affected the pace of economic growth and poverty reduction.

Bangladesh's ranking at the bottom of the Corruption Perception Index in consecutive years by Transparency International has also tarnished the image of the country, eroded the credibility of the Government, and discouraged much-needed foreign direct investment.

To assist in addressing these constraints to social and economic progress, ADB has supported the Government in creating an independent Anti-Corruption Commission (ACC). Since the ACC was constituted with the appointment of three commissioners on 21 November 2004, ADB has provided a technical assistance (TA) project to help operationalize the ACC. The ACC is expected to be operational by June 2006.

Under a second phase of the TA support, which will begin in July 2006, ADB will provide further assistance in training and capacity building of ACC staff, de-

velop its business processes, and promote computerization. Besides supporting the ACC, ADB is also preparing a comprehensive national integrity strategy to identify further measures to fight corruption in Bangladesh by forming a National Committee on Corruption Prevention and conducting governance audits in selected line ministries. ■



**OPERATIONALIZING ACC** Finance Minister M Saifur Rahman (middle) chaired the meeting called by ADB

### ADB Bars Firms, Individuals for Corruption

The Asian Development Bank (ADB) has barred 40 firms and 33 individuals in 2005 following investigations on alleged corrupt activities, according to a report by ADB's Integrity Division, Office of the Auditor General. This brings to nearly 250 the total number of firms and individuals banned from working for ADB since it began investigating corruption allegations in 1998.

The Integrity Division is responsible for enforcing ADB's Anticorruption Policy. In 2005, it received 199 complaints, representing a 44% increase

from 2004, and resulted in 102 investigations.

"ADB will not tolerate corruption in ADB-financed projects or its staff," says ADB Auditor General Peter Pedersen. "The measures taken against these firms and individuals illustrate our commitment to fully investigating allegations of corruption and taking action against those who violate the ADB Anti-corruption Policy."

For more details, see [www.adb.org/documents/reports/Anticorruption/OAGA-Annual-Report-2005.pdf](http://www.adb.org/documents/reports/Anticorruption/OAGA-Annual-Report-2005.pdf)

# Contract Awards and Disbursements in 2005: High Performance

In 2005, the annual contract awards and disbursements of the Asian Development Bank (ADB) for projects in Bangladesh reached \$367 million and \$259 million, representing 223% and 148%, respectively, of annual projections.

Contract awards and disbursements were accelerated particularly because of satisfactory performance of autonomous corporate entities in the energy sector.

The Government's agreement to allow ADB to select consultants and the commendable performance of all executing agen-

cies under the Emergency Flood Damage Rehabilitation Project (approved in 2005) led to contract awards and disbursements of \$81 million and \$26 million, respectively.

ADB's close follow-up and the Government's compliance with the agreed conditions resulted in the release of the first tranche of the Small and Medium Enterprise Sector Development Program and the second tranche of the Power Sector Development Program for \$5 million and \$50 million, respectively. ■

## ADB Assesses Impact of Proposed Tata Investment

Investment proposals received by the Government of Bangladesh from the Tata group of India appear broadly viable and offer potentially significant economic benefits to Bangladesh, says an Asian Development Bank (ADB) report.

The economic impact assessment of the proposed Tata investment, conducted at the request of the Government of Bangladesh, recently focused on economic impacts as well as on the strategic and policy issues associated with the proposed investments.

According to the report, some of the direct economic benefits from the proposed projects are increased gross domestic product, improvements in the balance of payments, and employment creation in less developed areas of Bangladesh.

# Journalists Visit ADB Projects

The Bangladesh Resident Mission (BRM) organized two press tours in December 2005 to disseminate information and develop a better understanding of ADB-financed projects. A total of 28 journalists from leading television, newspaper, and news agencies participated in the press tours.

On 10 and 11 December 2005, 15 journalists visited the Jessore and Khulna areas to observe activities under the Rural Infrastructure Improvement Project implemented by the Local Government Engineering Department (LGED) and the West Zone Power Development Project executed by the Bangladesh Power Development Board and the West Zone Power Distribution Co. Ltd.

On 17 and 18 December, 13 journalists visited Sirajganj, Bogra, and Natore to see the rural infrastructure component of the Emergency Flood Damage Rehabilitation Project executed by the LGED and the North-West Crop Diversification Project carried out by the Department of Agriculture Extension, Ministry of Agriculture.

Hua Du, BRM Country Director,



**PRESS TOUR** Journalists interview Hua Du, Country Director, ADB Bangladesh Resident Mission, by a rural road constructed under the ADB-assisted Rural Infrastructure Improvement Project in Jessore

together with ADB officials and representatives from the Japan International Cooperation Agency and the Japan Bank for International Cooperation, participated in the press tours.

The journalists, appreciating the projects' efforts to improve the socioeconomic conditions of the people, published numerous reports and articles that cite the benefits of ADB-financed projects. ■

# QEU Forecasts 6.5 % GDP Growth in FY2006

Despite the impact of higher oil prices and phase-out of Multi-Fiber Agreement quotas, the development outlook for Bangladesh remained broadly positive at the end of the second quarter of fiscal year (FY) 2005–2006, according to the December 2005 Bangladesh *Quarterly Economic Update* (QEU).

Released by the Bangladesh Resident Mission of the Asian Development Bank on 20 February 2006, the QEU forecast a 6.5% gross domestic product (GDP) growth in FY2006, higher than 5.6% in the preceding year. The QEU has also pro-

jected a steady growth in the agriculture, power, and services sectors in FY2006.

The economic update, however, pointed out several downside risks including the loss of quotas for the garment industry; the knock-on effects of high global oil prices; weak governance; and political uncertainty, especially in the run-up to the January 2007 general elections.

Although some progress has been achieved in fiscal reforms, growth in revenue collection continues to be below the level envisaged, the QEU said. Despite

the recent fuel price increases, the subsidy remains very high, about \$520 million or 0.8% of GDP, it noted. Without a substantial pass through of international prices to consumers, Bangladesh Petroleum Corporation's losses will remain large—estimated at \$380 million in FY2006, the QEU observed.

It also noted that inflation increased to 7% in December 2005 from 6.7% in July 2005. Copies of the QEU may be obtained from BRM or accessed from ADB's website at [www.adb.org/Documents/Economic\\_Updates/BAN/2005/dec-2005.pdf](http://www.adb.org/Documents/Economic_Updates/BAN/2005/dec-2005.pdf). ■

## ADB's Best-Performing Projects in Bangladesh

The Asian Development Bank (ADB) has awarded its three best-performing project teams in recognition of efficient project implementation.

The awards were presented by Hua Du, Country Director of the ADB Bangladesh Resident Mission, to the North-West Crop Diversification Project (NCDP), executed by the Ministry of Agriculture; and two projects executed by the Local Government Engineering Department of the Local Government Division—the Rural Infrastructure Improvement Project and the Rural Infrastructure Component of the Emergency Flood Damage Rehabilitation Project.

The plaques and certificates were handed over to project teams at a ceremony on 27 November at the BRAC Center in Dhaka. Senior government officials, award-winning project team members, and ADB officials attended the awards ceremony.

The awards were given to recognize the project teams' excellent performance, cooperation, efficiency and transparency in procurement, effective project implementation, achievement of targets, innovation, strong leadership, women's empowerment, overcoming project start-up delays, and other criteria," said ADB Country Director Hua Du.

The NCDP, which covers 60 *upazilas*

(subdistricts) of 16 northwestern districts, aims to diversify and intensify high-value crops and improve the rural marketing system, management, and infrastructure.

The Rural Infrastructure Improvement Project is helping reduce rural poverty by improving *upazila* and union roads, rural markets, and union *parishad* office complexes in 16 districts of southwestern Bangladesh.

The Emergency Flood Damage Rehabilitation Project is helping rehabilitate rural infrastructure, roads, railways, water resources, and municipal infrastructure damaged by the disastrous 2004 floods, affecting 38% of the country's land area and 36 million people. ■



**AWARDEES** ADB officials with winners of the best projects in Bangladesh at the awards ceremony

# ADB Reviews Governance in Education Sector Project

A team from the Asian Development Bank's Bangladesh Resident Mission visited Kaliakoir (Gazipur) and Tangail recently to review an ADB-assisted education sector project, particularly its governance issues.

The visit, headed by Hua Du, ADB Country Director for Bangladesh, was part of ADB's efforts to help the Government carry out projects in a transparent and efficient manner, ensuring a high stan-

dard of governance. The team members talked with school teachers, students, guardians, local government officials, community and civil society representatives, to learn about the accomplishments and constraints facing ADB's Secondary Education Sector Improvement Project (SESIP).

The team reviewed the school management system, quality of civil works and Female Stipend Program components of the Project during the visit.

The team visited the secondary school in Talabaha in Kaliakoir, Gazipur district under construction on a site that was selected through a mapping exercise to meet the needs of underserved areas. On completion, the school will serve primary school graduates, particularly girls, as there is no other secondary school within 5 kilometers of the area.

The Mission urged authorities to complete all civil works without further delays and to improve the quality of work. ■

## New Staff at BRM

### Deputy Country Director



**Sungsup Ra** joined the Bangladesh Resident Mission (BRM) as Deputy Country Director in December 2005, acting as

Principal Programs Economist. Since joining ADB in 2001, he has worked as Senior Country Programs Specialist at the Nepal Resident Mission. He also worked with leading universities in Japan and the Republic of Korea as teacher and researcher. Author of over 50 publications, Mr. Ra is a member of the international advisory board of the *Journal of Asia-Pacific Economy* published by Routledge, United Kingdom (UK). ■

### Project Implementation Officer



**Zahir Uddin Ahmad** assumed the position of Project Implementation Officer, Environment and Natural Resources, BRM in October 2005. Prior to ADB, Mr. Ahmad

worked as Adviser, Water Sector, for the Dutch Development Cooperation since 1994. Earlier, he worked as Mathematical Modeler for the Danish Hydraulic Institute (DHI) and developed the mathematical model of the major river systems of Bangladesh, which is now applied for the flood forecasting system. Zahir will supervise implementation of water management projects at BRM. ■

### External Relations Officer



**Gobinda Bar** joined BRM as External Relations Officer in November 2005. Prior to ADB, he was Director, Communications, Agro-Based

Industries and Technology Development Project, United States Agency for International Development; Program Officer, Communications, Intermediate Technology Development Group, a UK-registered international development organization; and staff reporter of *The Daily Star*. He will lead ADB's external relations activities in Bangladesh and will be responsible for implementing ADB's Public Communications Policy. ■

## NEWS FROM

# Bangladesh

The quarterly newsletter of the Asian Development Bank (ADB) Bangladesh Resident Mission (BRM) aims to enhance communications between ADB and its client groups. *News from Bangladesh* disseminates information on ADB activities and provides a forum on development issues in Bangladesh. Articles in the newsletter, however, do not necessarily reflect the official ADB view. We welcome readers' comments and suggestions.

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