

## Foreign aid disbursement

Where is the snag?

It is a thought-provoking scenario. Also a confusing one, lost as it is in a maze of semantics. The donors say declining foreign assistance to Bangladesh has been the outcome of the country's poor utilisation capacity. Bangladesh officials maintain that disbursement of foreign aid slowed down because of cluttered allocation procedures.

The debate has returned in full fury revolving around the tumble taken by foreign aid disbursement. It has dipped by 24 per cent during July-February of this fiscal to \$547 million compared with \$680 million for the same period last year. The traditional sequence of pledge-commitment-allocation/disbursement has practically broken down seemingly under the weight of a pipeline bulge at around \$5.5 billion. The latest drop in disbursement would only add to the so-called bulge. The decline in the foreign aid flow has been the sharpest in recent times -- from \$1.575 billion in the first year to \$1.369 billion in FY01 to 1.25 billion in FY02.

There are arguments and counter-arguments as to why all this is happening. The government blames it on out on donor cross-conditionalities and red tape. Particularly at the just-concluded Bangladesh Development Forum (BDF) meeting we articulated a position like this: 'time consuming and complicated procedures governing aid allocation, procurement, disbursement and reporting and monitoring requirements are leading to slow disbursement of aid.' The development partners' position was reflected through their latest public expenditure review which ascribed the declining assistance to 'Bangladesh's weak and deteriorating absorption capacity.'

The truth lies in the middle. Project aid has been traditionally hemmed in by formalities in contrast to the commodity aid. And, with the aid climate coming to a crunch in a post-détente recession-ridden period it is all the more cluttered today. On the other hand, projects taken up with political considerations from time to time did not receive sustained attention from the donor community. In addition, poor project management and flawed implementation mechanisms led to poor aid utilisation. The lengthy government procedures like preparation of separate project concept paper (PCP) and project proforma tend to delay disbursement.

That the solution rests on hitting a middle-ground is recognised by both sides. Otherwise, they wouldn't form the three working groups they have to modify government-donor policies with the object of improving efficiency, accountability and transparency of development assistance.

## Rohingya repatriation

We welcome the move

We are heartened by the news that the stalled Rohingya refugee repatriation process resumed on Monday. More than 250,000 refugees from Myanmar had trekked into Bangladesh in October, 1991. Nearly 90 per cent of them went back to their homeland, but the thorny issue is still alive with the presence of a sizeable number of Rohingyas on our soil.

The repatriation process came to a halt in 1997 and resumption of talks between the two countries in January 2000 again raised the hope of a complete and quick repatriation of the refugees. But since then more than three years have been lost without any real progress made on sending the refugees back. Meantime, the refugee problem has become complicated with the birth rate at the camps being pretty high.

The point that must be considered here is that the refugees remained an obligation for a developing country like Bangladesh, apart from being a stumbling block on the way to maintaining normal relations with Myanmar. Bangladesh had to give shelter to the refugees with assistance from the UNHCR because it was a humanitarian crisis of great magnitude and the refugees had to be kept alive alongside initiating a dialogue with the country of their origin. But it has not been a simple case of providing food and shelter to the people in distress. Some refugees have melted with the local population and some others were reportedly engaged in activities inconsistent with their status. A certain vulnerability to fundamentalism was also reported.

It is good news that in the border talks between the two countries held in Dhaka some areas have been identified where the two countries can closely interact. They have agreed in principle to ease the procedures for obtaining visa and also to prevent illegal border-crossing. With the repatriation process of Rohingyas beginning after more than three years and the border talks taking place in a cordial atmosphere, Myanmar and Bangladesh can look forward to an era of understanding and cooperation.

## The circus was in town



K.A.S. MURSHID

**T**HIS was a perfectly predictable meeting. Actually, some of my friends referred to it as a circus -- complete with acrobats, high-flyers, midgets, clowns and impresarios. Just as well that it was held in Dhaka, a city well known for its antics, especially amongst the Great and the Good. Most readers will have guessed by now that I am talking about the recently concluded meeting of the Bangladesh Development Forum.

This annual ritual has increasingly come to be viewed with scepticism, nervousness and anticipation. Bangladesh unfortunately, DOES need foreign aid in order to be able to continue with current development initiatives, and therefore (and despite the bravado that sometimes emanates from official representatives of the Government) has little choice but to bear with fortitude all those lectures on morality and good governance that our kind partners are in the habit of providing. For a few days we switch gear completely, uttering the correct words and making the right noises, knowing full well that the moment that these people are gone it is going to be business as usual once again in Sonar Bangla. It is like a set piece game that one plays -- with both questions and responses well known and well rehearsed.

Hopefully, everyone got something out of BDF 2003, although mainly I suspect that

would be in the form of promises. Thus: 'We promise to give you more money if you carry out the reforms'; and the response: 'we promise to carry out the reforms but please give us more money!' And that is precisely where we seem to have got stuck.

Realistically speaking, what in fact are the chances that this government will take the reform agenda more seriously? The chances, I fear, do not appear very bright. A major demand of civil

of that august body? I can see that this game with the appointment of judges will go on and on unless we change the provision in the constitution that insists on a judge being the automatic head of the Caretaker Government. Perhaps we ought to widen the net to include teachers, BIDS researchers, NGO barons etc?

And why do we always have to compare ourselves with India, Mr. Law Minister? Is India our role model, by any chance? We should

As entirely expected, the BDF went on and on about the usual concerns: corruption, law and order, governance, port congestion -- but significantly, not touching upon gas exports (too sensitive an issue?). The suggestion is that FDI and domestic investment would overflow the banks of the Jamuna and Brahmaputra once these problems were overcome. The good thing about prescriptions of this sort is you can never go wrong. These

scams that have erased the likes of Arthur Andersen and Enron from the face of the map. Thus, whenever a country like Bangladesh under performs, all you have to do is point your worthy finger at corruption and poor governance in order to locate the root causes' of the malaise. These days, you don't need economists -- a righteous mob will do just as well, perhaps even better.

As an aside, allow me to bring in a rather well worn phrase much in

## BETWEEN YOURSELF AND ME

**T**he central question related to the link between poor pay and poor performance in the public sector continues to be blatantly ignored. I admit that scholars and university teachers have no use for such shoddy stuff as money or base metals but to expect civil servants with normal, middle class aspirations (two cars, children studying in the U.S., large house in Gulshan), to survive on Tk.10,000 or so per month, and indeed even to deliver a world-class service, is perhaps somewhat unrealistic if not downright insane.

society in Bangladesh (but not so much of the political parties) has been to separate the judiciary from the executive in order to make it truly independent and impartial. The matter inevitably, was raised at the BDF with a beleaguered Law Minister pleading for time. He thought it would take six years to carry out this task, pointing to the Indian experience in support of his contention. I am sure as a legal expert he knows what he is talking about although I doubt if he has been able to convince anybody else outside his immediate zone of influence. The matter, unfortunately, has NOTHING to do with time and everything to do with intention and design. Anyone who has bothered to take even a superficial interest in the manner in which the government interfered in the process of selection of judges, would HAVE to question the motive of the government. Are these actions indicative of a process of separation of the judiciary or just another nail on the potential coffin

not forget that India is many times larger, much more complex and somewhat better managed than Bangladesh. Let's look elsewhere for a more suitable comparison. Actually, I have the names of a few countries just at the tip of my tongue -- but on second thought, I shall restrain myself!

well-meaning objectives are relative rather than absolute, and thus (and notwithstanding what Transparency International tells you) are extremely difficult to measure. These are even more difficult to eradicate, even from the Greatest Democracy in the World, judging by the earth-shattering use these days: 'a road map'. The BDF ought to have been able to generate a road map over all the years that it has been debating issues of governance and corruption, considering how central these are to our welfare. Yes, I know there is the IPRSP which some would consider to be THE road map of choice. Unfortunately, there are limitations to what even a PRSP can do. While it can set objectives and provide eloquent paragraphs on priorities and needs and can even reflect the wishes of the masses, it cannot and does not tell you HOW to get there. And that is something that the government/partners need to work on, to determine the nuts and bolts of the system, so to speak that will deliver us from inefficiency, waste and sheer plunder. We need to identify mechanisms, incentives and structures e.g. in government administration, procurement methods and policies, that will drastically reduce corruption and improve efficiency. These nuts and bolts however have today become the missing link

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