Shanghai Conference on Scaling Up Poverty Reduction

Address
by
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Mr. Chairman,
Hon'ble Prime Minister Mr. Wen Jiabao, Hon'ble President Mkapa,
Hon'ble President Lula da Silva,
Hon'ble Mayor Han Zheng,
Mr. Wolfensohn,
Ladies and Gentlemen.

I welcome this opportunity to join you all in a renewed struggle against poverty and hunger and for the realization of Millennium Development Goals. We commend the commitment of World Bank management under the energetic leadership of President Wolfensohn to the goals of comprehensive development and appreciate its role in organizing this conference.

The selection of Shanghai as the venue of this conference is indeed a fitting tribute to the historic Chinese nation who has made remarkable advances in reducing poverty in recent decades. I thank the government of China for hosting this important conference and the Hon’ble Mayor and the people of Shanghai for their warm and generous hospitality.

As the twenty first century unfolds, we observe a fast-changing world that presents both wonderful promises and ugly threats. Globalization based on new technology has made economic development easier. Development cannot, however, be promoted by technology alone. It is a complex social and political transformation. The uncertainties arising from the ever-shirting demands of globalization trouble the ordinary people throughout the world, particularly in developing countries. The rewards of successful globalization are high; so are the penalties of those who fail to cope with the changes.

Amid unprecedented global prosperity, the poor today are now more vulnerable than ever before. Despite recent encouraging trends in poverty reduction, about one-fifth of world population still live on less than one dollar
a day; another quarter on less than two dollars. The invisible hand of the market alone cannot reach deep pockets of poverty in much of the developing world. In many such areas, markets are often absent or do not work so well.

In this age of globalization, poverty is not merely a local problem; it is in many respects global both in its origins as well as in its consequences. Poverty anywhere is a threat to political, social and physical environment throughout the world.

Against this backdrop of rapid changes, Millennium Development Goals have provided a new Bill of Rights to the world's poor. These goals represent the moral obligation of 189 nations to halve between 1990 and 2015 the proportion of hardcore poor. They have set minimum targets for reducing hunger, achieving universal primary education, eliminating gender disparity, reducing child mortality, improving maternal health, combating AIDS, malaria and other major diseases, and ensuring environmental safety. Above all, they promise a global partnership for development.

Given the country ownership of programs and the flow of promised resources from the developed world, Millennium Development Goals, though ambitious, are feasible. We welcome the recent signs indicating reversal of declining trends in Official Development Assistance in the wake of Millennium Development Compact. Nonetheless, promised development assistance as yet stands at no more than one third of what is needed for achieving the agreed targets. Furthermore, a large part of aid is earmarked for purposes unrelated to MDGs. The gap of resources is much more acute in countries with significant concentrations of the poor. Bangladesh is a case in point. According to estimates prepared by an UN study on the Millennium Development Needs, Bangladesh requires additional assistance to the tune of 7.5 billion U.S. dollars per annum whereas the actual net aid disbursement is
less than one seventh of her minimum needs. Though more than eighty percent of Bangladeshis live on less than two dollars a day, per capita ODA in Bangladesh is about seven dollars per year, which is less than half of actual per capita assistance in ninety two developing countries in 2001.

The experience of Bangladesh indicates that lack of adequate resources is an important handicap but not an insuperable obstacle. The resource gap could be partly overcome by implementing a suitable strategy over a long time. Bangladesh has received significant dividends of a consistent policy on human development. I am happy to inform you that according to the assessment of *Human Development Report*, Bangladesh has for the first time graduated from the low human development category to the medium human development category in 2003.

Starting with a fragile resource base and a war-devastated economy in 1971, Bangladesh has reduced poverty, from more than seventy percent in the early 1970s to less than fifty percent by upper poverty line in 2002. Life expectancy at birth has increased from thirty seven years in 1960 to over sixty two years in 2004. Between 1980 and 2003, infant mortality rate in Bangladesh decreased by over sixty percent and is now nine percent below the world average. At the same time, animal growth rate of population came clown from about 3 percent during the 1970s to 1.5 percent in 2004. Total food grains production is now about two and half times of what it was in 1971. Bangladesh has defied the prophets of doom and gloom in food production. Thus, with a population of 140 million and a very unfavorable land-man ratio, we are now able to feed our population satisfactorily.

Despite repeated major calamities, growth rate of GDP in Bangladesh increased from less than two percent in the 1970s to about five percent in the current decade. The ratio of gross enrollment of relevant age group in primary
schools increased from sixty one in 1980 to more than one hundred in 2003. The enrollment of girls in both primary and secondary schools increased dramatically in recent decades. As a result, Bangladesh has already met the Millennium Development Goal of eliminating gender disparity in education.

What has been achieved so far is encouraging but not enough. Nonetheless, our experience showed enormous potentialities of human resource development. In the 1990s, my Government established a separate Ministry of Primary Education, increased significantly the allocation for education sector, introduced Food for Education program to discourage dropouts and established scholarship for girl students to encourage female education. In our present tenure, we have further improved upon our earlier programs on primary and female education. Thanks to beneficial effect of female education projects and a comprehensive population program initiated by President Ziaur Rahman in the 1970s and vigorously pursued by our Government, we have also made significant progress in reducing population growth.

Poverty is a complex problem with many faces. It cannot be solved from the top by the Government alone. Though NGOs and CBOs can never be the substitutes for government programs, they can play a very useful role in developing innovative approaches and in supplementing the public sector. In Bangladesh, we, therefore, forged a very fruitful partnership between the Government and the NGOs. The Government took an active part in establishing the Grameen Bank. Resources on concessional terms are provided to the NGOs through PKSF—a foundation jointly funded by the Government and the World Bank. Government has already taken steps to set up another foundation for sponsoring and strengthening small NGOs, particularly in the areas of human resource development. A regulatory framework for micro-
credit financial institutions will be finalized shortly in consultation with the Central Bank and the NGOs. In order to maximize the effectiveness of NGOs, it is essential to ensure their transparency, accountability and neutrality in partisan politics.

The services of well-known NGOs like BRAC are utilized in health and education sectors. More than one billion dollars is disbursed annually in micro-credit programs of NGOs and the Government to ten million households which cover about seventy percent of the target. The micro-credit programs have unlocked the productive potentials of the poor and have given them access to the mainstream of the economy. They have also significantly contributed to empowerment of women.

The case studies presented in this Conference show how numerous lights of hope are shining in the darkness of poverty throughout the developing world. Success stories in diverse areas such as river blindness, women's empowerment, land reforms, social funds, etc. clearly suggest that the elimination of ancient curse of poverty is within our reach. These case studies demonstrate that though developing countries may lack natural and physical resources, they are second to none in creativity, initiative and sincerity. We can learn a lot from one another. We welcome the Global Learning Process initiated by World Bank for fruitful South-South cooperation.

We are confident that the deliberations of this Conference will contribute to finding effective ways for reduction of poverty in the coming decades. However, if smooth and adequate flow of resources for development is not ensured, progress is likely to be uneven and incomplete. For example, if present trends continue, Bangladesh is likely to attain the social targets of the MDGs, while the attainment of the target for reduction in income poverty by 2015 is contingent on external environment of trade and aid.
We are fully aware of the need for governance and structural reforms with a view to accelerating growth. We have successfully completed the painful process of macro stabilization within the framework of a pluralistic democratic system. This has laid the solid foundation for sustainable growth. Far-reaching governance reforms including transparent procurement code and an independent Anticorruption Commission have been initiated. We are also taking steps to create the office of an Independent Commissioner for children in order to fully establish children rights in our country. Governance reform is not, however, an one shot affair, it is a continuous process. Reforms do not last unless spontaneous support of the people can be mobilized in favor of these initiatives. The sustainable reforms in a democratic polity like Bangladesh will, therefore, have to be implemented within a realistic time-frame.

Reforms are necessary, but they are not sufficient for eradication of poverty. The poor need opportunities to participate on equal terms. They cannot at all enter the highly competitive global market unless they are given access to education, health, roads, electricity, and information highway. At present, investment in infrastructure in most developing countries is too low to support rapid economic growth. Investment in physical infrastructure in all developing countries needs to be doubled at the earliest for ensuring quality service.

The provision of adequate resources for the world's poor is a major challenge to the world today. Obviously, the existing resource gap cannot be covered by traditional ODA alone. What is needed is a new global financial arrangement that can ensure fair play, justice and compassion for the poor. In this context, the feasibility of innovative financing such as frontloading aid through the proposed International Financing Facility and global taxation for
aid etc. should be explored. Regional Funds such as South Asian Poverty Alleviation Funds should also be supported.

We look forward to new impetus to development process resulting from the deliberations of this conference. Development cannot be promoted from outside, it has to grow from within. It is our duty to nurture the grassroots efforts and to empower the poor, so that they can survive in the competitive environment. Let the Shanghai Conference be a turning point in changing the world for the poor and in enhancing their freedom.

Thank you.