

Bangladesh: Out of Fragility? November 26 2013

# THE FUTURE OF DEVELOPMENT PARTNERSHIPS



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#### Overview



- Country Status
- Overlaps Development Needs/Vulnerabilities
- Partnership Possibilities
- Funding Mechanisms
- Dimensions of Development Partnerships

### **Country Status**



- Low income (but beyond LDCs)
  - 2012 income per capita \$840
  - 31.5% below national poverty line (2010)

 8% growth rate required for sustained poverty reduction and to graduate to middle-income by 2021 – current rate 6%

#### **Development Needs/Vulnerabilities**

Continued Economic growth
 Private Sector Development

 Employment Intensive Growth
 Moving Up the Value Chain

 Infrastructure particularly, energy

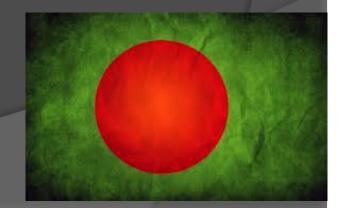
Stable Governance

- Accountable, pro-poor governments
- Elections must go on
- Fiscal Policy Reforms



#### **Development Needs/Vulnerabilities**

- Environmental/Climate Change mitigation and adaptation
  - Reduce impact of global warming
  - Address floods and natural disasters
  - Reduce pollution





Bangladesh is not aid dependent
Remittances now at \$15 billion

Country/ Region	Aid as % of GNI	Aid as a % of gross capital formation	Aid as a % of imports
Bangladesh	1.3	5.8	4.6
Sub-Saharan Africa	4.3	18.8	9.9



Targeted Poverty Reduction

- Support the government to lead basic human needs provision
- Parallel service provision must be circumspect
- Promote employment-intensive growth
- Reducing absolute poverty ?



Private Sector Development

- Move beyond micro-credit fund the "missing middle"
- Support growth of large-scale enterprises
- Infrastructure development
- Build enabling environment

#### Stable Governance

- Approach with care can external agents affect fundamental changes?
- Help build institutions (only when asked)
- Support pluralistic, representative governments (more of a foreign policy than an aid issue)



- Environment/ Climate Change mitigation and adaptation
  - Support global sustainability efforts
  - Fix the rivers
  - Clean Bangladesh

# Funding Mechanisms



#### Grants

- Targeted poverty reduction
- Some climate change issues
- Flexible mechanisms to support governance reform

#### Concessional loans

- "Missing middle"
- Large enterprise support
- Promoting private sector investment flows
- Conditionality and donor competition

#### Bangladesh: Dimensions of Development Partnerships

Country Status	Development needs/ vulnerabilities	Partnership possibilities	Funding Mechanisms	External funding source
Low income, but beyond LDCs	1.Continued economic growth	1.1 Targeted poverty reduction	1.1 Grants	1.1 Bilateral , Multilateral agencies, NGOs
Requires about a 8% growth rate for		1.2 Private sector development	1.2 Concessional loans	1.2- Aid agencies, DFIs, Private Sector
meaningful poverty reduction and movement towards		1.3 Infrastructure	1.3 Concessional loans	1.3 Multilateral , PPP
becoming a middle- income country	2. Stable Governance	<ul><li>2.1 Support elections</li><li>2.2 institutional</li><li>development</li><li>2.3 Flexible responsive</li><li>mechanism</li></ul>	<ul><li>2.1 Whole of Govt.</li><li>2.2 Grants</li><li>2.3 Grants</li></ul>	2.1 -2.3 Government agencies
	3.Enviromental/ Climate change mitigation and adaptation	<ul> <li>3.1 Support global sustainability efforts</li> <li>3.2Fix the rivers – flood control, silt removal</li> <li>3.3Clean Bangladesh campaign</li> <li>3.4 Enforcement?</li> </ul>	<ul><li>3.1 -3.2 Grants and concessional loans</li><li>3.3 Support the government/CSOs - grants</li></ul>	<ul><li>3.1 -3.2 Global climate Change funding institutions</li><li>3.3 Multilateral</li></ul>