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Health, education may get less ADP share

Shakhawat Hossain | Published at 11:48pm on May 10, 2023

The National Economic Council will finalise the new annual development programme worth Tk 2,63,000 crore today (Thursday) against the backdrop of ongoing economic downturn featured by dollar shortage.

Allocation of funds to education, health and agriculture sectors is likely to fall in the new ADP compared to their current figures.

According to the planning commission officials, a lack of spending capacity forced the government to award a less-than-expected allotment to the sectors mainly health and education.

The health sector had been proposed for 6.16 per cent allocation of the new ADP. Earlier, the sector had 7.83 per cent of the ADP worth Tk 2,46,066 crore in the outgoing financial year of 2022-23.

The new distribution is about 0.67 percentage point less than what was in FY23.

Officials said that education sector in the new ADP would have 0.46 percentage point less fund while agriculture sector 0.05 percentage point.

Economists, however, suggest that the country needs to hike expenditure in education and health to strengthen its position ahead of graduation from the least developed country status from 2026.

But the country is falling behind expenditure on health sector compared to its rising gross domestic product, said former World Bank Dhaka office chief economist Zahid Hussain.

According to the per capita global health expenditure estimated in 2020, Bangladesh spent just $45, Nepal $58 India $73, Bhutan $103 and Sri Lanka $157.

People had to spend 69 per cent of health cost out of their own pockets, up from 67 per cent five years earlier, due to lack of public investment in health sector.

The planning commission officials noted that the highest allocation of 28.88 per cent of the new ADP would likely be given to transport and communication sector, followed by energy and power 16.88 per cent.

An NEC meeting to be presided over by prime minister Sheikh Hasina is likely to give the go-ahead to the new ADP today.

The prime minister was apprised of the overall budget planned by the finance division on Wednesday evening.

Of the proposed new ADP outlay, about Tk 169,000 crore will come from local sources and the remaining Tk 94,000 crore from overseas lenders, said planning commission officials.

They maintain that only about 7 per cent increase has been proposed for the new ADP over the original one in the outgoing financial year because of resource crunch and high subsidies to fertiliser, gas and power.

Excepting the Covid-hit FY21, the ADP size in recent years saw at least 9 per cent increase over the previous financial years.

The government cannot allocate more funds for ADP due to its commitment to the International Monetary Fund to keep the budget deficit around 5 per cent of the GDP.

It has already agreed to fulfill about four dozens of conditions given by the IMF with the $4.7 billion loan programme over the next three years to overcome the prolonged dollar shortage that is pulling down the country’s forex reserves.

The planning commission officials said that some 20 per cent of the new ADP would likely be spent on big projects like Roopur nuclear power plant, Padma Bridge Rail Link and Metro Rail.

Of them, the highest amount of over Tk 9,700 crore will be paid in the next financial year for RNPP, which is being established by the Russian financial assistance of about $12 billion.

The implementation of the country's first nuclear power plant and other development projects had been hampered because of the Covid-19.

Delay in implementation of projects causes escalation of time and cost, said Ahsan H Mansur, executive director of the Policy Research Institute.

The hike in cost and extension eats away at economic benefits of projects, he added.

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