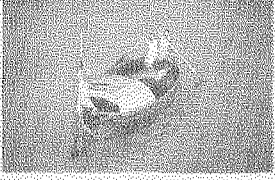
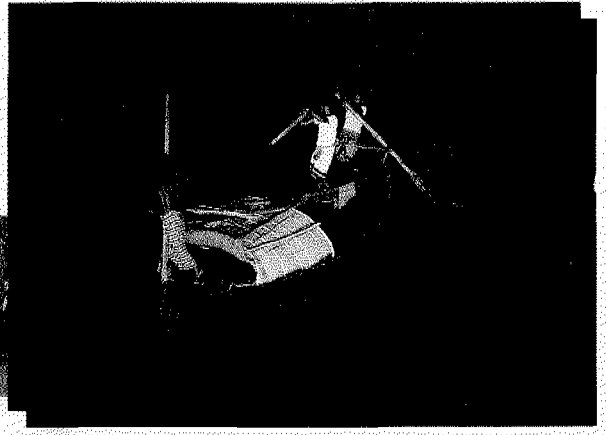


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**BANGLADESH**



**POLICY PLAN FOR 1992-1995**

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*The country and regional policy plan series, of which this plan forms part, relates to Dutch bilateral development cooperation for the period 1992-1995. There are country policy plans for Bangladesh, India, Indonesia, Pakistan, the Philippines and Sri Lanka, and regional policy plans covering the Nile and Red Sea, West Africa, East Africa, Southern Africa, Central America, the Andes and the Mekong region. Country and regional policy plans were previously published for 1985-1988 and 1989-1992.*

*The above plans have been drawn up after consultation with the recipient countries. The regions selected and the themes covered have where possible been brought into line with the policy insights laid down by the Netherlands Government in the policy document "A World of Difference".*

*The Hague, 1992*

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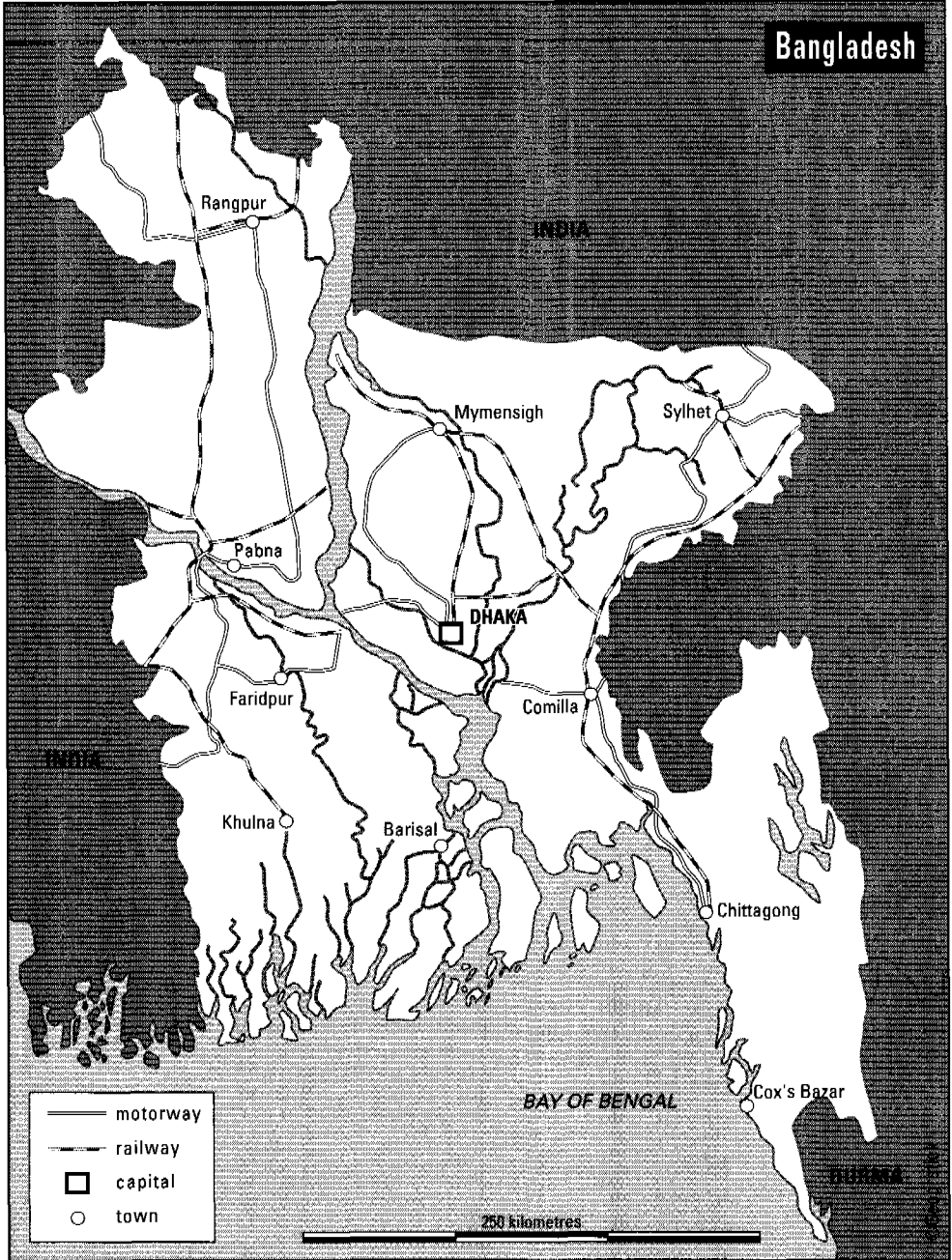
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**Bangladesh**



## **SOCIAL AND ECONOMIC INDICATORS**

### **Geographical and demographic indicators**

Surface area	144,000 km <sup>2</sup>
Flood-free area	36,460 km <sup>2</sup>
Percentage in agricultural use	68%
Population	108 million
Men: 55.6 million	
Women: 52.4 million	
Population density	782 per km <sup>2</sup>
Annual population growth rate	2.17%
Urban population	15%
Rural population	85%

### **Economic indicators**

Per capita GNP	USD 180 (1990)
Growth in GDP (annual average 1981-9)	3.4%
Proportion of GDP by sector	
Sectoral share of GDP	
Agriculture	37.6% (1989/90)
Industry	17.2%
Services	45.2%
Imports	USD 3,759 bln (1989/90)
Exports	USD 1,524 bln (1989/90)
Investment as % of GDP	12%
Savings as % of GDP	3%
Government budget as % of GDP	16%
Government revenue as % of GDP	9%
ODA as % of GDP	8%
ODA per capita	USD 14.6 (1988)
ODA as % of government budget	50%
Foreign debt	USD 10.3 bln (1989/90)
Debt service ratio	21%
Military expenditure as % of GDP	1.5%
Military expenditure as % of government expenditure	16.8%

### **Social indicators**

Average life expectancy	51 years
Women	50 years
Men	53 years
Infant mortality per 1,000 births	110
Illiteracy rate	
Men	60%
Women	76%
Participation in primary education	
Boys	68%

Girls	76%
% of NI received by	
top 20% of households	46%
bottom 20% of households	7%

The figures are taken from documents produced by the World Bank and UNDP.

## **1. INTRODUCTION**

The 1992-1995 country policy plan for Bangladesh is one of a series of policy documents produced by the Directorate-General for International Cooperation of the Dutch Ministry of Foreign Affairs for programme countries and regions which receive aid under bilateral Dutch development cooperation policy. This is the third time that documents of this kind have been drawn up, the other two occasions having been in 1985 (for the years 1985-1988) and in 1988 (for 1989-1992).

This document reflects the policy line set out in the policy document "A World of Difference". The intentions it expresses are based on an analysis of the political, social and economic situation, taking account of macroeconomic and social policy and its impact on poverty. The experience gained in the period of the last policy plan was also a factor in deciding whether to phase out certain activities or to shift the emphasis in a number of priority sectors.

The document draws on statistical data and figures from a number of sources. The estimates for certain indicators and trends vary, and should therefore be regarded as an indication rather than an exact account of a particular situation.

## **2. POLITICAL SITUATION AND SOCIO-ECONOMIC POLICY**

### **2.1 General**

For the first time since its independence in 1971 Bangladesh has a parliament which was democratically elected and a government, headed by the leader of the Bangladesh National Party (BNP), Begum Khaleda Zia, which reflects the composition of the parliament. In the autumn of 1990 the regime of former President Ershad, which still appeared firmly in control after over eight years of power, was overthrown by a popular uprising.

A number of trends and events which helped to bring about the fall of Ershad may continue to be of political significance in the future. The first of these was the proclamation of the Joint Declaration in November 1990, which united the principal opposition parties behind a common programme after years of rivalry and disunity. Ershad's resignation was, of course, the first point in the programme, but at the same time it was clear that there was a growing consensus on the need for a democratic society. The scenario whereby an acting President would be appointed at the head of an interim government whose members were politically uncontroversial and not linked to any one party was put into effect. This government was to assume responsibility for preparing for free and fair parliamentary elections. The second important development was that, following the brutal repression of a demonstration on 10 October 1990, the student movements, hitherto at odds, joined forces in the All Party Students Union (APSU). Students played a leading role in laying the foundations for a united opposition. The third decisive development was the army's refusal to take up arms against the popular uprising.



Since Ershad's regime was replaced, first by an unelected interim government and then after the election by the first democratically elected government in the country's history, press freedom has increased and the need to fight corruption has been acknowledged. Needless to say, only time can tell if these democratic developments will last. Begum Khaleda Zia's government has stated its intention of working towards rapid social and economic development, on the basis of its commitment to democratic pluralism, privatisation, deregulation and a market economy. It will need support both at home and abroad.

The foundations for a sounder economic policy and the concomitant social progress appear to have been laid at the Aid Group Meeting held in Paris in April 1990 and the subsequent Mid-Term Review in November of that year in Dhaka. Under pressure from the donor community and the IMF a more realistic budget was drawn up and it will be difficult for the new government to depart from it. The new government still has to approve the Fourth Five-Year Plan, drawn up in 1990 for the years 1991 to 1995, and the Three-Year Rolling Investment Programme based upon it, which sets priorities for investment on the basis of a realistic estimate of government income. The principles underlying the new government's economic policy were explained at a meeting of the Aid Group in Paris in May 1991. The government's policy intentions were set out in the budget for 1991-1992 which was presented to parliament shortly afterwards.

The reports of the 29 working groups set up by the government to consider subjects of specific relevance to the development of Bangladesh can undoubtedly assist the government to determine its own priorities.

## **2.2 Political situation**

The free, democratic general election held on 28 February 1991 produced an unexpected victory for the Bangladesh Nationalist Party (BNP) which is now the largest party with 170 seats. With the support of the orthodox Muslim Jamaat Party, the BNP leader Begum Khaleda Zia was appointed prime minister. Together the BNP and the Jamaat Party have a comfortable parliamentary majority, as in addition to the 300 seats they hold by direct election they were in a position to allocate 30 additional seats for women. Of these, 28 went to the BNP and two to the Jamaat Party.

Surprisingly enough, the Awami League won no more than 88 seats. Its leader, Sheikh Hasina, thus became the official leader of the opposition. The Jatiya Party, led by ex-president Ershad, who has been sentenced to 10 years' imprisonment for illegal possession of arms and who was elected in five constituencies, won 35 seats. A number of smaller parties are also represented.

A second significant development in the process of democratisation occurred on 6 August 1991, when the new parliament voted unanimously in favour of abandoning a presidential for a parliamentary system of government. This decision was endorsed by a referendum held on 11 September. The BNP, which has traditionally supported

a presidential system, unlike the Awami League, which favoured a parliamentary system, had agreed to leave the decision to parliament. However, the BNP itself proposed amending the constitution so as to facilitate the changeover to a parliamentary system. These proposals were passed in August 1991 with the requisite majority of two thirds of the parliamentary seats.

Democratisation reached its peak on 8 October, when parliament elected as President of Bangladesh the BNP's candidate, the speaker of the parliament Abdul Rahman Biswas.

### **2.2.1 Administrative structure**

Bangladesh is divided into four divisions - Dhaka, Khulna, Chittagong and Rajshahi - each headed by a Divisional Commissioner appointed by central government. The divisions in their turn comprise 64 districts. In the mid-1980s, the local authorities (upazilas), 460 in number, were given greater administrative powers. On average there are 200,000 people in an upazila. The lowest administrative unit, the union Parishad, consists of between 5 and 15 villages. This process of decentralisation was presented as a means of increasing efficiency and an attempt to bring the development process nearer to the people. The idea is to initiate development programmes at local level which reflect local needs.

The upazila council (UZP) comprises elected and appointed members and bears responsibility for all development activities being carried out at upazila level and for health care, family planning and rural infrastructure projects. In reality, decentralisation should be seen as an attempt by the Ershad regime to secure a political base in rural districts. A fair number of ex-soldiers and members of Ershad's Jatiya Party were appointed to the UZP.

Upazilas have some powers to mobilise local resources but in practice they rarely avail themselves of this right. No more than 10% of upazila resources derive from local sources, most of the rest coming from central government with all the disadvantages this entails (unannounced cuts and delayed transfers, for example). Most of the small element of local funding comes from all manner of levies instead of from taxation, which only increases inequality in rural districts. Those who benefit most from rural development activities and who are at the same time financially able to pay for them through income tax are spared. The elected members of the upazila council think twice before antagonising the local elite. As long as the UZP can be manipulated by the wealthy upper echelons of rural society, who gain disproportionately from rural development activities, decentralisation will not create institutions which will alleviate poverty or foster democratisation and local participation.

### **2.3 Human rights**

The fall of the Ershad regime and the subsequent democratisation process have had far-reaching implications for political and human rights. 1991 is widely regarded as

a second chance for democracy in Bangladesh (the first having been 1971, the year when independence was secured). Freedom of the press has grown considerably since December 1990, although the government continues to exercise great influence over the media. However, the political parties, even that of former president Ershad, can present their case through the media.

To date Bangladesh has not ratified a single international human rights convention. Under the Special Powers Act of 1974, the government has wide powers to detain, for 30 days without charge or trial, anyone accused of committing a "harmful act" which might "endanger public safety or the maintenance of public order". District police magistrates can extend detention orders indefinitely if the Minister for Home Affairs approves. Even under the Ershad regime, the opposition parties pressed for the repeal of this Act. Since they did not succeed, the Act was used to imprison the former president until he had been convicted.

The death penalty is permitted by law, and it is known that it was used under the Ershad regime. Even after December 1990, death sentences which had been imposed previously were confirmed on a regular basis, although it is not known if they were actually carried out (source, Dhaka Law Centre). Prisoners are ill-treated. The problem of minorities, notably that of the Chittagong Hill Tracts, will require attention from the new government in order to ensure effective guarantees that the human rights of minorities (indigenous tribes, Hindus, Buddhists and Christians) are respected and that violations of those rights are exposed.

Violence against women, both within the family (physical abuse, and dowry murders) and outside it (sexual violence, forced prostitution and traffic in women), is on the increase. Although laws prohibiting violence of this kind have been promulgated recently, their implementation leaves much to be desired because both legal assistance and knowledge on the part of those involved are in short supply.

In the sphere of enforcing social rights, too, the gulf between reality on the one hand and norms and relatively good intentions on the other is a wide one. In practice it is virtually impossible to enforce compliance with the regulations on working conditions, despite the existence of a wide variety of trade unions which are, however, none too well organised. As Bangladesh is not a highly industrialised country, the number of people belonging to some kind of organised labour is small, being concentrated mainly in the jute, tea and transport industries. The extent of organisation and the working conditions in the textile industry, the principal export sector, in which 90% of employees are women, are highly unsatisfactory. Child labour is a feature of all sectors of society. Despite the existence of a law banning the employment of children under the age of 14, some 15% of the total labour force falls into this category.

## **2.4 Socio-economic situation and policy**

Bangladesh is among the world's least-developed countries (LDCs) with a per capita annual income of US\$ 180. Between 1980 and 1987 per capita GNP rose by 0.8% per

annum. Poverty alleviation has been at the top of the agenda in the Bangladesh government's successive five-year plans. Nevertheless it is proving difficult to realise this ambition, as evidenced, for example, by the small proportion of government expenditure devoted to the social sectors.

In 1990 Bangladesh was no. 136 on the Human Development Index. However, if income distribution is not taken into account in determining the HDI value, the latter drops by 9%. A number of social indicators, such as infant mortality and the percentage of the rural population with access to clean drinking water, point to a measure of progress over the last few years. Progress is at a standstill in other areas, however. The population's nutrition levels have not improved and there has been no rise in participation in primary education.

#### 2.4.1 Economic growth and self-reliance

During the Third Five-Year Plan (1985-1990) GDP rose by less than the planned economic growth rate of 5.4% per year. The average growth rate achieved over the period as a whole was 3.8%, the lowest point being the 2.4% (roughly the same as the rate of population growth) which was reached in 1988/1989. It was not only the floods that were to blame, but also to a very large extent stagnation in the agricultural sector. The upturn to 6% growth in 1989/1990 was largely caused by a considerable increase in agricultural output. Early estimates for 1990/1991 indicate that growth in GDP will be in the region of 3 or 3.5%.

Agriculture still plays a very important role in the economy of Bangladesh, accounting for 37.6% of GDP. Nearly 60% of the population depend on agriculture for their living. Its relative importance is gradually declining, however, in favour of the service sector rather than industry. In 1990 services accounted for 45.2% of GDP as against only 32.9% in 1974. During that period the proportion of GDP contributed by industry fell slightly, although it has now regained its 1974 level of 17.2%.

#### Percentage contribution to GDP

Year	Agriculture	Industry*	Services
73/74	49.7	17.3	32.9
80/81	41.7	15.9	42.3
89/90	37.6	17.2	45.2

\* Including mining, construction and energy

The economy continues to display a number of structural imbalances. The first of these is a continuing current account deficit. Only some 40% of imports can be financed from exports. Part of this deficit is made up by transfers from Bangladesh nationals working abroad, which in 1989/90 amounted to approximately 20% of imports.

Jute is one of the country's principal traditional export products. However, low investment in the jute industry and strong competition from artificial fibres have helped to reduce its share in the export market at the expense of less traditional products including clothing and, to a lesser extent, leather and frozen fish products (see chart).

The effect of the Gulf War on the balance of payments appears to have been limited and temporary, partly because the authorities responded sensibly by raising oil prices and curbing imports.

Secondly, there is a downward trend in gross investments. In 1980 these accounted for 15.9% of GDP, a figure which had fallen to 11.6% by 1990. The main reason for this drop was a reduction in government investment. Private investment remained more or less constant at 5% or 6% of GDP. Domestic savings dropped from 3.4% of GDP in 1980 to below 2% in 1990, which is not only low in comparison with neighbouring countries but also too little to achieve sustained growth.

**Investment and savings in the region (as percentage of 1988 GDP)**

Country	Gross Domestic Investment	Gross Domestic Savings
Bangladesh	12	3
India	24	21
Laos	31	21
Nepal	20	10
Pakistan	18	13
Sri Lanka	23	13
Thailand	28	26

(Source: World Bank World Development Report, Washington, 1990)

The government is also faced with a persistent budget deficit, largely caused by the shortcomings of the taxation system. No more than 20% of total tax revenue derives from direct taxation. In addition, revenue from agriculture, the largest sector in the economy, is almost entirely exempt from taxation. Reform of the tax system is therefore necessary. The first measures to this end were taken in 1991, including the introduction of Value Added Tax.

Bangladesh's debt situation is not a cause for grave concern. Its total outstanding foreign debt amounted to US\$ 10.3 billion in 1989/90, 90% of which represented loans from multilateral institutions and bilateral donors. The debt service ratio declined from 28% of exports in 1984/85 to 21% in 1989/90. Bangladesh has a good reputation for repaying its debts. The Netherlands provides development aid to Bangladesh as an LDC in the form of grants.

Between 1986 and 1989 Bangladesh received a loan from the IMF's Structural Adjustment Facility (SAF), on condition that the country implemented a

three-year structural adjustment programme designed to increase government income, reform the financial sector, liberalise imports and implement an exchange rate policy aimed at maintaining the country's competitive position in the world market, while devoting sufficient attention to poverty alleviation. The implementation of the structural adjustment programme was accorded moderate approval in 1989. However, the government considered applying for a new loan from the Enhanced Structural Adjustment Facility (ESAF), but the IMF advised against this plan because it regarded the new structural adjustment programme as inadequate. In 1989 and 1990 the economy deteriorated rapidly and foreign currency reserves shrank to below the level needed to pay for two months' imports. At the Aid Group Meeting in Paris in April 1990, the donors were highly critical of the Bangladesh government's macro-economic policy and an action programme for policy reform was agreed upon. In August 1990 an ESAF loan amounting to 90% of the quota was approved on the basis of a Policy Framework Paper drawn up with the World Bank and the IMF.

The initial estimates of economic results for 1990/91 are somewhat lower than the target figures set by the policy framework paper (see table). There are two main reasons for this: firstly, the Gulf War raised the cost of oil imports and reduced the amount of money transferred into the country by Bangladeshi nationals working abroad; secondly, the country was hit by a cyclone in April 1991. However, the World Bank and the IMF's assessment of the economic policy pursued in response to these events was positive, and they approved an increase in the ESAF loan to 120% of the quota. The targets for 1991/92 have been revised downwards on the basis of the estimated economic results for 1990/91 and other figures.

Throughout the 1980s government revenue remained virtually unchanged at approximately 9% of GDP, while current expenditure and expenditure on development fell from around 18% to just over 16% of GDP. According to the Human Development Report military expenditure amounts to 1.5% of GDP. Current expenditure rose from 30% of total government expenditure in 1980/81 to over 50% in 1989/90, resulting in a reduction in expenditure on the Annual Development Programme (ADP). At the same time the ADP grew more and more dependent on foreign aid funds, until by the late 1980s nearly 100% of its funding came from this source (see graph). This shortage of local resources, coupled with the ADP's poor record in setting priorities, led to serious delays in the implementation of projects, and ultimately to lower economic growth. World Bank estimates show that improved setting of priorities and a related improvement in the efficiency of aid disbursement could increase economic growth by one percentage point.

## Policy Framework Paper target figures and estimates

	'91		'92
	Target	Estimate	Target
GDP growth (%)	4.6	3.2	4.7
Inflation (%)	7.0	8.5	6.5
Government income (% of GDP)	9.7	9.5	10.0
Government expenditure (% of GDP)	16.4	16.4	16.9
Exports (% of GDP)	6.8	7.0	7.2
Imports (% of GDP)	16.1	16.0	16.4

The privatisation programme in industry has been proceeding slowly. Nationalised industries in Bangladesh are inefficient because management is guided by political rather than economic options. In 1989/90 3.2% of government expenditure went to cover the losses of public enterprises.

Until 1987/99 the aim of prices policy was to keep the prices of consumer goods low, by means of subsidies etc. When it became clear that this required too great a proportion of government expenditure, the subsidies on rice, sugar, electricity and gas were reduced or abolished. Moreover, under pressure from donors, the system of subsidies on artificial fertiliser and irrigation equipment gave way to a system whereby the purchase price of agricultural products is used as an incentive to promote growth.

Bangladesh's exchange rate policy is based on controlled floating of the exchange rate, with the taka partly linked to the US dollar. This brought about a nominal devaluation by 24% during the Third Five-Year Plan and a reasonably stable exchange rate. However, as neighbouring countries succeeded in improving their exchange rates, Bangladesh's policy did nothing to foster an increase in exports, in particular the export of traditional products. In July 1991 the taka was devalued by a further 2% against the dollar, and the Indian rupee was devalued by 19%. This was partly offset by other measures to stimulate exports, introduced since 1980.

Since 1982, the government has been pursuing a policy aimed at liberalising imports, one instrument to this end being the Secondary Exchange Market. This arose from the wage earners scheme which was set up to offer Bangladeshi nationals working abroad the opportunity to exchange their foreign currency at a rate higher than the official rate. Other measures include simplifying import procedures, reducing quantitative restrictions and reducing tariffs.

The Fourth Five-Year Plan, which was presented in June 1990, originally included a great many projects, many of them left over from the Third Five-Year Plan. However, the existence of too many projects has prevented the efficient

implementation of the Five-Year Plan, especially because no definite priorities had been set. In October 1990, a Pruning Committee indicated which of the 572 overspill projects should be given priority. As a result 98 projects were dropped. The Planning Commission also set up a three-year rolling investment programme with realistic estimates for expenditure in the years 1990-1993.

However, the World Bank continues to be critical of the way these plans are being implemented. Their main objections are as follows:

- a. total estimated expenditure is still somewhat high;
- b. expenditure is not evenly distributed over all sectors;
- c. too high a priority is given to projects which are 100% locally funded;
- d. the consequences for current expenditure have not been properly worked out;
- e. many of the estimates of costs are unrealistic.

Although the core programme, consisting of the Jamuna Bridge, the flood action plan, the general education project and the fourth population and health project have been described as over-ambitious, because they take up too great a proportion of the funds available, the World Bank believes that it is financially feasible provided clearly defined priorities are set.

Although it is still too soon to assess the new government's economic policy, the budget for 1991/1992 has a number of positive features. It provides for tax revenues to increase to 10% of GDP; it places greater emphasis on education; government expenditure is to be curbed by reductions in subsidies and provision is made for improved management of government expenditure; limits are imposed on public sector wage rises. Expenditure on the ADP will exceed the level originally provided for in the Fourth Five-Year Plan, in keeping with efforts to reduce the country's dependence on donor funding.

The central themes of the new industrial policy are greater liberalisation and deregulation. As far as exports are concerned, the emphasis is on reducing the current account deficit, improving product quality and increasing the percentage of local added value in production.

Structural economic reform remains essential in the 1990s. Much has been achieved but the government should continue to focus on:

- a. eliminating subsidies on agricultural inputs;
- b. privatisation in the industrial sector;
- c. adjustment of the financial sector, in particular as regards credit for farmers;
- d. reform of the tax system and the introduction of new taxes (e.g. VAT) in order to increase local revenues;
- e. liberalisation of trade and encouragement for foreign investment.

Poverty alleviation, women in development and the environment should continue to be priority areas. This was stressed when the budget was presented. However, the new government will need to prove its ability to carry out these intentions. This will naturally depend on an adequate rate of economic growth. Long-term assistance from other countries will remain necessary, and it will be the task of the



Bangladeshi government to disburse aid funds as efficiently and effectively as possible.

#### **2.4.2 Demography and the environment**

According to the census conducted in March 1991, the population of Bangladesh is now 108 million, and is increasing at a rate of 2.17% per annum. The population density is 782 per square kilometre. By the year 2000, Bangladesh will probably have a population of 140 million. The average number of persons per household has decreased somewhat, from 5.78 in 1981 to 5.31 in 1991. The ratio of men to women has improved: there are now 106.1 men (as against 106.4 in 1981) for every 100 women.

Efforts to curb population growth began in the mid-1960s, when Bangladesh still formed part of Pakistan. An autonomous organisation campaigned for family planning and its field workers distributed contraceptives. After independence came in 1971, this organisation became part of the Ministry of Health and Family Welfare. To date, Bangladesh's population policy has been marked by ambitious, unrealistic objectives. For example, in 1985 it was still being assumed that the population would have stabilised by the year 2000. The ambitious nature of the targets reflect a full awareness of the seriousness of the situation. Considerable results have been achieved. The impact of family planning campaigns can be seen in the general awareness of the availability of contraception, the increasing use of contraceptives and falling fertility rates. The Contraceptive Prevalence Rate (the percentage of women of fertile age using contraceptives (CPR)) rose from 8% in 1975 to 33% in 1989, which is high in comparison with Nepal, Pakistan and parts of India. The average number of children per woman (Total Fertility Rate or TFR) fell from 7 in 1975 to 4.9 in 1989. Despite such progress, the prospects are still not very bright. With a population density of nearly 800 people per km<sup>2</sup>, Bangladesh cannot afford an annual population growth rate of 2.17%.

Population growth not only absorbs resources which could have been productively invested in some other way, it also has a negative impact on the socio-economic situation. Increased population pressure will further reduce the amount of land available per person. Land ownership will become more fragmented and the number of landless people will rise. In rural districts, people will be increasingly forced to settle on land which is hardly suitable for settlement. Migration to the cities will rise. In 1970, 7.6% of the population lived in urban areas. By 1990 that figure had risen to 15%. Dhaka is one of the fastest growing cities in the world.

Growing population pressure also affects the quality of the environment. Given the low level of consumption, the impact per person is not large, but the size of the population is the co-efficient that determines the overall effect: environmental impact increases in direct proportion to population size. To date, efforts to conserve and manage the country's natural resources have been overshadowed by the need to cope with natural disasters, increase food production and alleviate

poverty. However, awareness of the scope and seriousness of environmental problems is on the increase.

It will be clear that the extremely high population density in Bangladesh is among the chief factors accounting for the intensive (often over-intensive) demands made on woods, fish stocks, soil and water. Even now more than half the country's households do not have enough land to grow enough food for subsistence. Fuelwood supplies have shrunk to such an extent that nearly all domestic energy requirements are met by using agricultural waste and manure, supplemented by very little wood. Most households derive their subsistence from a wide variety of sources, ranging from arable farming and vegetable growing, both for their own use and for sale, forestry, fishing and animal husbandry to non-agricultural activities. The soil on which most of these activities are based should be properly looked after and managed, bearing in mind that rural households have to be resilient to cope with the consequences of periodic floods and droughts.

Environmental degradation in Bangladesh is obvious from the deterioration of the remaining forests, marshes, coastal areas and fishing grounds. Its causes are numerous: rapid population growth, industrial development without adequate pollution controls, improper use of agricultural chemicals and pesticides, poorly designed water management systems, excessive logging, the absence of alternative sources of energy for domestic use in rural areas, urbanisation, free access to natural resources with no community control, inadequate land-use planning, and lastly institutional weakness within the government agencies responsible for environmental protection and management of natural resources.

The excessive consumption and destruction of natural resources have already had an adverse effect on the lives of millions of people in Bangladesh, and pose a threat to food security and the standard of living. In the last 20 years, the trees in over 50% of woodland have been felled, so that now less than 6% of the total surface area of the country is wooded. Fishing has traditionally provided between 70% and 80% of the protein in the national diet and has also provided seasonal work for millions. Recently, however, freshwater fish catches have been gradually declining because of overfishing and water pollution.

The Sundarbans in the south-west of Bangladesh and the adjacent Sundarbans in India form the largest mangrove ecosystem in the world, the natural habitat of the Bengal tiger. However, the mangroves also play an important role in maintaining freshwater and coastal fishing. The Sundarbans are a nursery for over 400 types of fish, and also produce the shrimp larvae for use in shrimp farming. In addition, the mangrove swamps form a primary natural obstacle to the cyclones which can sweep along the coast from the Bay of Bengal. The Sundarbans also help to prevent the groundwater from becoming salt. The area is a nature reserve, with trees being felled in accordance with a schedule. Natural growth ensures that levels are maintained.

#### **2.4.3 Poverty and policy**

Half of the 108 million people in Bangladesh live below the poverty line. Despite growing urbanisation, 85% of the country's poor still live in rural districts. Although the proportion of poor people has fallen in recent years, the population is of such a size that the absolute number of people in poverty remains high. The Household Expenditure Surveys (HES) constitute the only studies available of poverty in the long term. However, both the quality and the consistency of the HES studies leave something to be desired, and moreover they appear to paint too optimistic a picture. According to the HES, the proportion of the rural population living below subsistence level (defined as a daily intake of 2122 calories per person) fell from nearly 80% in 1976 to 44% in 1988. This figure is considerably lower than the result of another survey conducted in 1988, which showed that nearly 60% of the rural population was living below the poverty line. In 1963, when what is now Bangladesh was East Pakistan, with a population of 53 million, 44% of the population were below the poverty line. Since then, the number of poor people has doubled in absolute terms.

Other data confirm this picture of mass poverty. The amount of food available per person per day, in terms of calories, was lower in 1986 (1927 calories per day) than in 1965 (1965 calories per day). The level of illiteracy among adults is high (68%), as is the infant mortality rate (110 per 1000 live births). Outside the towns nearly 60% of children under 5 suffer from some degree of undernourishment. Participation in primary education is limited to 68% of boys and 49% of girls. More than three quarters of pupils do not complete primary school. According to official statistics, 40% of the rural population have access to primary health care, but a recent study showed that only 12% of cases of illness in rural districts were treated by village clinics. Less than half the population have access to pure drinking water and only 10% have adequate sanitary facilities.

According to the World Bank, poverty in the cities is even worse than in rural areas. It is estimated that 2 million of Dhaka's over 6 million inhabitants are living below subsistence level. The World Bank, which takes the view that there is an overall improvement in the poverty situation, claims that the number of urban poor is decreasing more rapidly than the number of rural poor, because of greater mobility in urban areas. However, the number of urban poor remains high in absolute terms, because of natural population growth and migration to the cities.

Population growth is increasing pressure on land, with a population density of nearly 1100 people per square kilometre of arable land - and land ownership is becoming increasingly fragmented. Nearly 50% of rural households have less than 0.5 of an acre of land at their disposal and are therefore functionally landless; another 20% own between half and one acre, which is not enough to feed a family. A quarter of households in the first category are headed by women, and are thus extra vulnerable because of the traditionally disadvantaged status of women.

The majority of the poor are directly or indirectly dependent on agriculture. Opportunities are limited, however. Productivity is low, and many small farms produce only enough to feed their households. Although the rise in food

production has created more jobs, especially by extending irrigation provision, introducing improved varieties of rice and wheat, and making more use of artificial fertiliser and pesticides, there are not enough jobs to absorb the growing rural workforce. Moreover, the supply of labour is so high that wages are kept low. This point is clearly illustrated by the trend in real agricultural wages: between 1980 and 1988 wages fluctuated around the same level and in 1988 (a year when agriculture suffered from serious floods) were the same as they had been in 1980. Between 1988 and 1991, the real value of agricultural wages declined.

Because agriculture does not offer sufficient employment opportunities, landless labourers and marginal farmers are heavily dependent on off-farm employment for subsistence. However, growth in per capita income is so low (0.8% per year on average) that it does not create sufficient demand to stimulate the growth of small-scale rural industry. Many people therefore resort to all manner of traditional activities in the informal sector, with low levels of productivity.

The absence of demand backed by purchasing power is not the only obstacle to the growth of small-scale rural industry. The majority of rural people lack the training, skills and financial resources necessary for further development. Although an increasing number of government and NGO-funded projects are concerned with job creation, the jobs in question often still involve traditional, low-return activities. Only long-term economic growth can resolve this problem.

Rural society is still to a large extent influenced by inequality of land ownership and traditional dependence relationships. The poor still largely depend on the landowners for land, work and credit. Agricultural land is in such short supply that radical land reform, which is unlikely to take place given the current political climate, would not solve the problem. Measures to increase tenants' legal security could help to improve their position, but all efforts to this end have so far failed.

### **Policy**

The greatest problem facing the Bangladesh government is still that of reducing the country's appalling poverty. Even if economic growth had any trickle down effect in a society of such unequal income distribution, it is regarded as inadequate in the face of a combination of poverty, unemployment, population growth, poor health and illiteracy. Policy at macro-economic and sectoral level aims to increase productivity in the sectors of immediate relevance to the poor, namely agriculture. This is supplemented by programmes designed to afford the poor more opportunities of earning an income. Efforts to improve the quality of education and health care, to expand credit facilities, to set up skills training courses and to introduce new agricultural techniques all fall into this category. Direct and indirect income transfers also take place, by means of food rations, food price subsidies, a minimum price paid for rice by the government and subsidies for agricultural inputs. However, subsidies for inputs are gradually being phased out.

This multi-dimensional approach to poverty acknowledges the importance of investment in human resources through education and health care. Nevertheless,

the human expenditure ratio, which is defined in the UNDP's 1991 Human Development Report as the proportion of GDP earmarked for human priorities, leaves much to be desired. Evidence for this is that government expenditure accounts for no more than 16% of GDP, a problem caused by deficiencies in the tax system. In addition, the social sectors, i.e. education and health care are inadequately funded. In 1988 expenditure on health care and education accounted for 5% and 10% of the government budget respectively. Moreover, within these sectors a large proportion of resources were devoted to secondary and tertiary health care and to secondary and higher education. However, the ratios have been adjusted somewhat in the Fourth Five-Year Plan.

The government has attempted to tackle the political dimension of poverty - limited access to the decision-making process - by decentralising administrative responsibilities. This is intended to increase the involvement of local people in the preparation and implementation of development projects. However, local elites dominate decision-making within the upazilas on how to spend local development funds. The fact that local government officials are poorly motivated, poorly qualified and poorly paid helps to perpetuate this situation.

NGOs, on the other hand, can play an important role in fostering participation in the decision-making process, as has been demonstrated by the Bangladesh Rural Advancement Committee (BRAC), Proshika and numerous other smaller organisations. The previous government had a somewhat ambivalent attitude to NGOs, realising on the one hand that their development activities complemented government programmes which often did not reach enough people. On the other hand, NGO activities relating to organisation and raising awareness were seen as a threat to a regime which had gained power by means of a coup d'état and had no legitimate power base. Having been democratically elected, the present government will probably be less wary of NGO programmes which aim to encourage the participation of even the poorest sections of the population in the political decision-making process.

### **3. THE DUTCH AID PROGRAMME AND DUTCH POLICY INTENTIONS**

#### **3.1.1 In retrospect**

Cooperation between the Netherlands and Bangladesh dates back to the period when the latter formed part of Pakistan. Shortly after Bangladesh gained its independence in 1971 the Netherlands decided to continue the aid relationship with the newly independent country. The principal considerations influencing this decision were the overwhelming poverty in an area afflicted by famine and natural disasters and the awareness that the young country would depend on foreign assistance for some considerable time to alleviate poverty and to boost the development of every sector of the economy.

For the first few years the emphasis was placed primarily on emergency aid. Until 1976, the regular cooperation programme consisted of assistance with the repair of the infrastructure and funding to support the import of food supplies and raw

materials for agriculture and industry. After 1976, there was a shift towards project aid, although most of the funds continued to be allocated to programme aid. This shift was accompanied by a substantial increase in the allocation from NLG 36 million in 1974 to NLG 85 million in 1978. Since 1986 the cash ceiling has been set at NLG 100 million.

Since 1985 all aid has been in grant form, in accordance with the decision that the Least Developed Countries were no longer eligible for loans. However, one loan of NLG 17 million was made, over and above the cash ceiling, for co-financing in the energy sector with the Asian Development Bank.

Between 1985 and 1988 about half of Dutch aid consisted of programme aid in the form of import support, thus conforming with the wishes of the Bangladeshi government which preferred programme to project aid. Programme aid provided a necessary supplement to government revenues. To date, the Netherlands has not gone so far as to tie the counterpart funds in programme aid and balance-of-payments support. Even as it is, Bangladesh has very little scope for disbursement and, moreover, tying imposes an additional strain on an already overburdened government apparatus. Dutch restraint in this matter is, however, balanced by the tacit agreement that Bangladesh should ensure the availability of sufficient funds in the Annual Development Programme to finance the local cost component in Dutch aid projects. Since 1989 the aim has been to reduce programme aid to 35% of the cash ceiling.

Over the years, the growing proportion of the cash ceiling devoted to project aid has focused on three sectors. In selecting the sectors concerned, the Netherlands was guided by two objectives: to alleviate the poverty in which the majority of the population live and to boost the productive sectors of the economy in order to generate employment and incomes.

Another factor influencing the selection of target sectors in the last Plan period was the experience gained in working with a number of counterpart organisations. The effectiveness of such cooperation must continually be weighed against the advantages of continuity. A good working relationship cannot come into being overnight; it takes time. Nearly all the projects help to strengthen the institutional capacity of the counterpart agency in Bangladesh. This means that many projects take some time to produce the desired results.

During the period covered by the last Policy Plan, attention was devoted to three sectors: rural development (subdivided into integrated rural development, agriculture and water management, social infrastructure - including drinking water, education, health care and family planning - and physical infrastructure focusing on water transport), industry and energy.

Hardly any of the Netherlands' support for integrated rural development went through government channels, as government programmes in this field had not proved very effective. The prospects afforded by non-governmental organisations were better. Strictly speaking, agricultural projects did not fall under the heading of rural development as they were not directed at target groups. Priority was given to improving food security and to guaranteeing the supply of seed. Supplies of artificial fertiliser were funded in the framework of programme aid.

As far as water management is concerned, it is a truism to say that the Netherlands has a strong affinity with Bangladesh. What began as a purely technical water management programme - dike construction and land reclamation - has gradually taken on a socio-economic dimension aimed at improving the living conditions of both farmers and landless rural labourers. This has made the implementation of projects in this category more difficult.

Dutch assistance to the drinking water sector was aimed at improving and extending the supply of drinking water and sanitation facilities in medium-sized towns. A great deal of importance was attached to the participation of the local population, in particular women, who are the main end-users of such facilities. Efforts were also made to strengthen the institutional capacity of the municipal authorities.

Because the high level of illiteracy in Bangladesh constitutes a major obstacle to development, it was decided to extend the support given to the social infrastructure to the education sector as well. A second significant consideration was that improving the level of education attained by women would assist activities in the field of health care and family planning in particular. The World Bank's participation in the General Education Project made it possible to put this policy intention into effect. This participation took the form of budget support, as indeed did the Dutch contribution to family planning and health care. In 1986, the Netherlands joined the World Bank's Third Population and Family Health project, in which emphasis on family planning is integrated into mother and child care. In addition, the 1991 census received both financial and technical assistance.

Bangladesh's extensive network of navigable rivers is an essential element in the country's infrastructure. The Netherlands assisted the drafting of a master plan for the inland waterway transport sector. A project for building and repairing ferry boats at local shipyards was continued. Funding was provided for three hydrographic survey vessels, two of which were built in Bangladesh. Support was also given to traditional inland waterway shipping.

During the period under review, efforts were made - not wholly successfully - to shift Dutch support from state industries to the private sector. The prospects for assistance to private industry, and notably to small and medium-sized businesses, remained limited, partly because the Bangladeshi authorities preferred to use funds available under the cash ceiling for the public sector. Moreover, it proved very difficult to reach the informal sector and small-scale industries via official agencies. Plans to assist the hand-weaving sector through government channels had to be suspended, after a great deal of work had been done, despite the fact that hand-weaving affords employment to large numbers of people.

Bangladesh has its own energy supply, in the form of 15 gas fields. The Netherlands began providing assistance for the extraction and processing of gas as far back as 1978. Gas is essential to the national economy. At present, for example, Bangladesh produces enough urea to provide for its own needs and for export to Sri Lanka and other countries. However, the gas extraction projects have

been subject to problems and delays. Current projects will be continued, but no new projects will be launched.

Programme aid is primarily concentrated in sectors where cooperation exists in the form of project aid. This is one of the reasons why the range of products made available is limited to agricultural inputs (artificial fertiliser, seeds and plants) and industrial inputs (phosphoric acid, black plain sheets and raw cotton). In addition, as part of efforts to deal with the private sector, programme aid has been channelled through the Secondary Exchange Market for the past two years.

The foregoing is a summary of activities within the cash ceiling. In addition, considerable calls are made on funds available under the sector programme on rural development, largely channelled through co-financing organisations, to finance NGO projects. Large NGOs, such as BRAC and Proshika, receive assistance for integrated rural development programmes in which women are the principal target group. Smaller NGOs have also been successful in obtaining funds from this source.

In the period covered by the previous plan, the Netherlands provided balance-of-payments support amounting to NLG 19 million to Bangladesh. Activities forming part of the sector programme on training, education and research were focussed on the target sectors. For example, funding was provided for research in the fields of demography and acute respiratory infections. The University of Delft and the Bangladesh University of Engineering Technology set up a cooperative venture in the field of water management. Funding was also provided, through the Netherlands Organisation for International Cooperation in Higher Education (NUFFIC), for postgraduate courses in crop improvement and methods and techniques of statistical research at the Graduate Training Institute of the Bangladesh University of Mymensingh. Bangladesh has also been able to make use of the Fellowships Programme, which awards some 50 scholarships for study in the Netherlands every year. A number of Small Embassy Projects were also carried out.

There is hardly any need to target particular regions, since Bangladesh is a fairly small country with a population and topography that are both highly homogeneous. Since, despite measures aimed at decentralisation, the administrative structure is still strongly centralist, the previous policy plan stated that concentration of activities was not required. Furthermore, the requirement that all aid has to be managed by the relevant specialised central government ministry is an obstacle to integrated activities applying to more than one sector in a particular area. Nonetheless, the grouping together of individual programmes or parts of projects in certain areas has helped project implementation to be more effective, especially in the fields of water management, food production and storage and drinking water. In view of these positive results, the policy of grouping together will continue in the period covered by the present policy plan.

### **3.1.2 Policy intentions**



The structural alleviation of poverty will be the principal objective of development cooperation policy in the forthcoming period. As a result, the emphasis of the Bangladesh country programme will be placed on activities aimed at bringing about sustainable improvements in the living standards of the people of rural districts, in other words the majority of the population of Bangladesh. However, this does not mean that the problems of urban poverty will be totally overlooked, as natural population growth and migration to the cities are continually swelling the numbers of the urban poor.

Sustainable economic development is essential for the structural alleviation of poverty. If the poorest sections of the population are to benefit, growth will have to take place in labour-intensive areas. The Bangladesh country programme will therefore stress job creation and incentives to small businesses, in both rural and urban areas. The aim of this shift of emphasis in the industrial sector towards small business is to strengthen and broaden the economy's manufacturing base, by making better use of the abundant labour available. This is also the objective of credit programmes and skills training courses. The aim of water management projects is to protect property and to render land suitable for agriculture and other productive activities. Dutch assistance to irrigation and crop diversification makes it possible to bring in several harvests per year, thus benefiting both production and employment rates.

Investment in people, with a view to both greater productive capacity and human development, will largely be achieved through continuing support to national programmes on primary education, health care and family planning. Drinking water and sanitation are closely related. It is also essential for the government to create conditions in which productive capacity can be put to use. Making credit available is a significant factor here. Since official credit institutions have no facilities for small loans geared to the needs of the poorest sections of the population, credit will have to be made available mainly through NGOs, which also afford more scope for expanding participation in the political decision-making process. As a rule, promoting awareness and participation receive little assistance from the vested interests represented in the civil service bureaucracy.

Aid designed to meet the basic needs of rural people will be channelled mainly through NGOs, as the government has as yet proved unable to reach the very poorest sections of the population. However, effective government programmes in this sphere will receive support where possible. Interest in interventions which aim to give the rural population a bigger say in the benefits of the development process is undiminished. The number of NGO projects is increasing, expenditure on the social sectors has been rising since 1988, and this trend will undoubtedly continue now that assistance is being given to primary education. The growing focus on credit activities, small-scale businesses and job creation will help to push up expenditure on rural development (including the social sectors) from 30% to 45% of the cash ceiling in 1995.

Dutch efforts will aim at sustainable development, in which primary consideration is given to preserving the ecoscope for future generations. The environment will

not emerge as a separate sector in its own right, although greater attention will be paid to the environmental aspects of the various programmes. Environmental impact assessments will be an important instrument in this connection. Efforts will also be made to reduce the population growth rate, on the understanding that family planning forms an integral part of primary health care provision and that women's freedom of choice is fully respected.

Policy on the alleviation of urban poverty will distinguish between the district towns, with a population of no more than 200,000, and the major cities such as Dhaka and Chittagong. Drinking water and sanitation projects in the district towns will be continued, while in the major cities the main emphasis will be on the problems of unemployment and on improving health care and education provision.

Research will focus on possible fields where development cooperation could complement the target sectors. Socio-economic research, conducted in collaboration with what is known as the Like-Minded Group (Canada, Denmark, the Netherlands, Norway and Sweden), into poverty trends and the factors which determine poverty will continue.

Every project and programme will take account of the frequent divergence between the interests of women and those of men. Such discrepancies should be mapped out at the beginning of the project cycle in sectors which are deemed to be directly or indirectly relevant to women, so that they can be taken into account in the later stages. The instruments used for this purpose will range from a checklist to a WID Impact Study. Nearly every sector in the country programme is relevant to women, and every new project identified in these sectors should meet the DAC/WID criteria. If these criteria are deemed to be irrelevant, arguments to support this view must be included in the identification memorandum. This requirement will mean that by 1995 no less than 50% of expenditure on bilateral programmes in sectors which are directly relevant to women will satisfy the DAC/WID criteria. In addition, efforts will likewise be directed towards increasing women's autonomy. In practice it will not be feasible to improve women's autonomy in regard to all four components, but every project should in any event contribute to greater autonomy in respect of one component at least while not diminishing the other three. In Bangladesh, the main stress will be on economic autonomy - equal access to and control over the means of production - given that many women are forced by poverty to seek employment outside the home. The implementation of projects which fail to satisfy the WID criteria would not only confirm existing inequalities but would place women in effect at an even greater disadvantage, thus making it more difficult for them to catch up with men in the future.

There are no plans to make institutional development a separate sector within the country programme. Most projects include the improvement of local planning and implementation capacity as a subsidiary objective. This involves both the institutional development of government agencies and training for local consultants.

In putting these intentions into effect, use will be made of a number of types of aid and channels. Programme aid in the form of import support to increase economic self-reliance could amount to as much as 35% of the cash ceiling. The Netherlands would like to channel a higher proportion of this via the Secondary Exchange Market, as this would enable both the government and the private sector to benefit from the foreign currency made available in this manner. No plans exist for budget support in the form of freely disburseable currency.

In the social sectors - health care and education - assistance in fact takes the form of policy-related financing, given that the World Bank projects to which the Netherlands wishes to contribute support the national policy of Bangladesh in these fields. The Dutch contribution is, however, earmarked for a number of specific project components. The advantage of aid in this form is that the various donors can conduct a coordinated dialogue on policy with the government of Bangladesh via a donor consortium headed by the World Bank, so that the government is not faced with diverse and sometimes conflicting demands from donors. Other advantages are that competition between donors is eliminated and that the administrative burden on an already overworked civil service is reduced. Experience has shown that close involvement in the preparation, monitoring and evaluation of programmes of this kind affords sufficient scope for Dutch policy priorities.

In choosing between technical and financial assistance procedures, every effort will be made to maximise Bangladeshi control over the aid it is to receive, although manageability is a limiting factor here. The deciding factors governing the selection of channels will be the effectiveness and efficiency of the agencies concerned. This applies equally to the government, multilateral agencies and NGOs.

The Netherlands will continue to play an active role in donor consultations vis-à-vis Bangladesh. Good donor coordination is essential if the country's problems are to be tackled effectively. The World Bank has taken the lead in this area. An Aid Group Meeting is held once a year, for example, and the Local Consultative Group meets regularly in Dhaka to review a particular sector or topic with a view to improving the coordination of interventions. In some cases a convergence of attitudes and opinions has led to a joint approach through a donor consortium, examples being water management and the other fields referred to earlier. The Like-Minded Group is an important forum in which the Netherlands can exchange information and experiences with Canada, Denmark, Norway and Sweden.

Carrying out the intentions which are set out sector by sector below depends in the first instance on the response of the government of Bangladesh. Although the Fourth Five-Year Plan offers scope for Dutch priorities to be put into effect, a considerable gulf always opens up in practice between the formulation and the implementation of policy. Furthermore, it must be remembered that Bangladesh is engaged in setting its own priorities within projects in order to curb government expenditure and limit the budget deficit.

The cash ceiling has been set at NLG 97 million for 1992.

## **3.2 Priority areas**

### **3.2.1 Rural development**

Rural development continues to be a priority of Dutch development cooperation with Bangladesh. It can be subdivided into activities aimed at the poorest sectors of the population, agricultural activities and water management projects.

Landless rural households are still no more than marginally involved in agriculture and need a substitute for non-agricultural income to survive. The aim is to allow them to benefit from the development process by boosting their participation in economic life and by giving them more control over the way their lives are organised. Economic growth is an essential precondition for structural poverty reduction along these lines. Agriculture is the principal sector in the economy and stagnation there has an adverse effect on the economy as a whole. Moreover, it is vital to increase agricultural production in order to guarantee food security. The Netherlands will continue to support Bangladesh's policy on food security and will also help to increase agricultural production by means of crop diversification and water management projects. Such projects not only protect land - a factor of production - against flooding, but also help to guarantee the means of subsistence for both farmers and landless workers.

This chapter will examine integrated rural development, agriculture and water management in turn.

#### **Integrated rural development**

##### **General**

Bangladesh is a predominantly rural country. No more than 15% of the population live in urban areas. Half of the rural population is landless (having no more than half a hectare of land at their disposal) and a further 25% cannot live off the produce of their land and need additional income. In other words, 75% of the rural population depend to some extent at least on the labour market. However, jobs are in short supply. Most people in rural areas are unemployed for several months in the year. Nearly 60% of the rural population is below the poverty line, defined as the income needed to consume 2122 calories per day. Within this category one can distinguish the hard-core poor, namely approximately a quarter of the rural population whose incomes are below the level needed to consume 1805 calories per day. The poorest of the poor - some 10% of the rural population - not only fall into this category but also have no roof over their heads.

The World Bank often argues that poverty in Bangladesh was reduced in the mid-1980s. This is disputed by the Like-Minded Group of donors, which commissioned the Bangladesh Institute of Development to monitor the poverty situation. An initial baseline study has now appeared. The alleged improvement in poverty cannot be reconciled with the stagnation in cereal consumption and the relative fall in prices. Given the low levels of income and consumption, demand

for cereals is fairly elastic, and this should have led to higher levels of consumption or a relative rise in prices (Osmani 1990).

Economic growth is an essential, though not sufficient, precondition for poverty reduction. Economic growth, on its own, will not make the rural poor any better off, as it will have no effect on inequalities of land distribution, the inadequate job market, seasonal fluctuations in employment and the structure of the credit system. In fact, the wealthy elite have a stranglehold on the poor because they can dictate tenancy terms, conditions of employment and terms on which credit will be advanced. They are also influential enough to manipulate government-subsidised inputs and services.

A feature of the rural economy is that capital gained from production surpluses is not invested in job creation. The private sector does not do this, and the government has hitherto had little opportunity to take such action because of the inadequacies of tax legislation and the tax collection system. Bangladesh is a semi-feudal rural society, in which moneylenders, merchants, landowners and bureaucrats skim off the incomes of small producers through corruption and extortionate interest rates, by exacting high prices for inputs and paying low prices for output, and by charging high rents. The poor are caught in inescapable dependency relationships - they must accept low wages because otherwise they cannot obtain loans when they are unemployed. They are divided among themselves, and are forced to compete with one another for sparse resources. Nor do they have the material or non-material resources to break out of these relationships on their own initiative.

#### **Bangladesh government policy**

The elimination of poverty is the central plank in the successive five-year plans drawn up by the government of Bangladesh. In the light of the predominantly rural nature of the country and the importance of agriculture to the economy, the government decided to tackle poverty by fostering rural development of a kind based on increasing agricultural growth and productivity. The institutional basis for this approach is a system of cooperatives, developed in Comilla in the 1960s. Cooperatives are regarded as the most effective way for the government to provide farmers with an integrated package of services - extension activities, credit and inputs, subsidised or otherwise. The landless workers and marginal farmers, who at that time represented no more than 20% of the rural population, were to benefit from agricultural growth. However, the number of landless workers has risen sharply and agriculture simply does not provide enough jobs for an ever-swelling flood of people seeking employment.

The government became aware of this problem and subsequently set up cooperatives for the landless and for women. The cooperative system cannot be described as a great success. Credit discipline is very lax. The formation of cooperatives by the authorities is not the most appropriate instrument of rural development in a society structured along vertical lines. An organisation which attempts to bring together different interest groups finds life very difficult. The problem with the cooperatives for landless workers and women has been that the

Bangladesh Rural Development Board (BRDB), which was responsible for implementing the programme, knows little about industries other than agriculture.

In addition to the agricultural assistance programmes, the government's rural development activities included rural infrastructure programmes - the Rural Works Programme and the Food for Work Programme - to provide jobs for those who could not find employment in agriculture or rural industries. Although detailed figures on the effectiveness of the Rural Works Programme are not available, it can be concluded in general that it has little impact on unemployment. In 1985, the Programme provided jobs for no more than 1.2% of the rural unemployed. The Food for Work programmes form part of the government's food security activities, and play a valuable social role as a safety net. However, improvements in their structure are necessary to enable them to be better integrated into development efforts as a whole. Measures should be taken to reduce leakage which is estimated to be 30%.

Although boosting agriculture was considered to be the principal instrument in rural development, the government also tried to reduce unemployment and to increase economic productivity in rural areas by setting up the Bangladesh Small and Cottage Industries Corporation (BSCIC), which provides both financial and logistic assistance to rudimentary industrial activities on the part of landless workers and small craftsmen, to traditional and non-traditional cottage industries and to modern small-scale industry. As with the government's other credit programmes, repayment rates are poor, the main reason being inadequate supervision.

#### **Netherlands policy**

To date the Netherlands has not found many openings in the implementation of Bangladesh government policy on rural development. The government's intervention is not well targeted at the poorest sections of the population, the institutional base is shaky and the general tendency is to get bogged down in tackling the symptoms of rural poverty.

NGOs play a significant role in bottom-up developments aimed at redistributing resources and changing existing power structures. They have succeeded in improving the negotiating position of the poorest sections of the population vis-à-vis the wealthy elite by forming groups, raising consciousness and encouraging people to take responsibility for their own lives. In some areas where many NGOs are at work, rural wages are between 30% and 60% higher than in neighbouring districts. In recent years experience of cooperation with certain NGOs has proved positive. These include BRAC, Proshika and the Christian Commission for Development in Bangladesh (CCDB), which aim to improve both the economic and the social status of the target group, and notably of women. Programmes usually contain the following elements: formation of groups, consciousness-raising, literacy, skills training, health care and health care information and activities related to savings and credit. Successes have been achieved in this latter area in particular. People without access to official banking

facilities now receive mini-credits which make it possible for them to invest in productive employment. However, as the cost of intensive supervision is high and the NGOs' reach is limited, pockets of development are created.

### **Policy intentions**

The Netherlands will continue to work to increase small-scale productive employment in rural Bangladesh, in both agriculture and non-agricultural industry. The needs and wishes of women will definitely remain high on the agenda. Increasing production by improving credit facilities, providing inputs, marketing opportunities and processing, will play an important role. However, it is also considered essential that economic activity is rooted in a multisectoral approach, which will broaden the basis for subsistence in a sustainable way.

Assistance should be given to consciousness-raising activities, aimed at both men and women, because they represent the first step towards breaking down dependency relationships and opening up opportunities for personal development and autonomy, for both men and women. Education and health care are significant elements in the framework of human development.

Credit and job creation programmes will create conditions which will enable people to make the transition from survival to a small business. NGOs are struggling to resolve this problem although they have as yet found no solution. Given the extent of the problem of poverty, however, the main thrust of such programmes will continue to focus on mini-credits.

The Netherlands will continue to work with NGOs, since this has achieved good results. NGOs will not be the only channel for aid, however; multilateral organisations may also be used. Government programmes with good prospects will also be given support. It is vital to assist the government in evolving effective, efficient programmes to reduce rural poverty. The problem is so vast that the government will ultimately have to be the main player in this field. The Netherlands will assist the government in its programmes in the fields of primary education, primary health care and family planning, and in its efforts to increase food security at micro level. Information on these sectors is available in the relevant chapters.

### **Agriculture**

#### **General**

Agriculture contributes approximately 40% of GDP, provides employment for about 60% of the population and yields nearly two thirds of the country's total revenue from exports. Bangladesh's general economic development is largely dependent on growth in the agricultural sector, as became obvious in 1989/1990 when the economic growth rate reached record heights (5.7%) as a result of an increase in agricultural production. Generally speaking, macro-economic conditions for such growth are not unfavourable. The government pursues a realistic exchange rate policy; no duties are levied on the export of agricultural products and price distortions are minimal.

Growth in agricultural production cannot be achieved by increasing the amount of land under cultivation. Virtually every plot of land is already being farmed. Growth will have to come from more intensive cultivation, i.e. by increasing the amount of irrigated land. Although Bangladesh has few natural resources, it has the world's most abundant reserves of groundwater. At present, only 2.3 million hectares, about a quarter of all cultivated land, is irrigated. By tapping the groundwater reserves, this area could be extended by 2.6 million hectares, and it would also be possible to add a further 1.2 million hectares by using surface waters (World Bank 1990). Irrigation improves agricultural production because it makes possible the use of modern high-yield varieties (HYVs) in all seasons, provided the irrigated land is protected from flooding. This naturally increases farmers' incomes: the National Water Plan estimates that a farmer's net income would rise by 40% if he could irrigate his land. The combination of reliable water supplies and improved technologies can increase the cultivation intensity of the land to 200% in most districts (300% is also possible in some cases), as against the present figure of 150%.

Most farms in Bangladesh are small. Two thirds are no bigger than one hectare and cannot feed the farmer's family at current levels of production. Local inheritance law means that land ownership is highly fragmented. About half of the small farms consist of more than five plots of land. This can help farmers by spreading the risks, but it reduces labour productivity and hinders investment in mechanisation and irrigation. Small farmers are nevertheless more efficient producers than large farmers. They use more HYVs and hence more artificial fertiliser per hectare. The return on their land is higher, as is their yield per unit of land. However, more farmers with medium-sized or large farms have made the change to modern varieties, mainly because small farmers have less access to irrigation. The reasons for this lie in rural power structures and the limited availability of institutional credit for small farmers.

The agricultural sector's production potential is not being realised to the full. One reason for this is that advantage is not taken of many profitable investment opportunities because of a shortage of capital: in other words, a shortage of credit at reasonable interest rates. Nearly 80% of agricultural credit comes from the informal sector. Institutional rural banks are not interested in advancing the small sums which small farmers need. The government does nothing to fill the gap. Government support for farmers, particularly small farmers, leaves much to be desired in other areas as well. Extension services do not reach a large proportion of farmers; the information they provide is determined by the central authorities and is not sufficiently tailored to local conditions. Agricultural research is conducted in ivory towers. As there is no coordination between research and the extension services, the research does not address the needs of small farmers. Moreover, researchers pay too little attention to developments outside Bangladesh. The provision of such inputs as artificial fertiliser, irrigation equipment and seed has been in the hand of the Bangladesh Agricultural Development Corporation for many years. Recent changes in policy have enhanced the role played by the private sector in the distribution and sale of such inputs, with beneficial results.



Small farmers would benefit from improvements in the marketing infrastructure, and in particular transport and information provision. Two out of three small rice-growers sell about a quarter of their harvest on the market. They are paid a lower price than that obtained by larger farmers, as they have to sell shortly after the harvest has been brought in, at a time when supplies are plentiful, because they need money to pay off their debts. It is these conditions, or rather their lack of access to official credit, which work to their disadvantage, and not the pricing system.

Land is a scarce resource in Bangladesh. It is inequitably distributed and impoverishment means that inequalities are growing all the time. According to the government's Fourth Five-Year Plan, the amount of land at the disposal of the poorest 60% of the population fell from 25% in 1960 to 9% in 1978. Over the same period, the top 10% of the population increased the proportion of land they owned from 36% to 52%. Typically, this plan says not a word about land reform or redistribution of land. Such questions are political non-starters. In addition, the benefits of redistribution would probably not outweigh the costs. Small farmers are so disadvantaged under existing rural power structures that land reform could not guarantee that they would remain in control of any land they gained. Measures to prevent small farmers from declining into landless workers will probably be more effective than a redistribution of the land available.

There are prospects for growth in agriculture but the prospects for growth and equality are slight. A rise in production of 4% per annum would absorb no more than a quarter or at most a third of the yearly increase in job-seekers. Expansion of the area under HYV cultivation would provide more employment, as would expansion of the area under irrigation. Although increased agricultural production is usually accompanied by a rise in unemployment, this will probably not be the case in Bangladesh in the short term, as the likelihood of mechanisation is limited.

#### **Policy of the Bangladesh government**

At the heart of the Bangladesh government's agricultural policy lie efforts to achieve self-sufficiency in cereals, i.e. rice, which represents 94% of the country's total cereal production. It looks as though this objective may be achieved in the near future. The gap between supply and demand, which for many years amounted to 10% of consumption, has narrowed considerably over the last two years, although it should be remembered that effective demand is restricted by low disposable income.

Efforts to achieve self-sufficiency are based on extending the use of HYVs, artificial fertilisers and irrigation in combination. In recent years, artificial fertilisers have become more widely available as the trade in and distribution of them have increasingly been privatised. The abolition of subsidies on urea has not reduced demand. Demand for artificial fertiliser is apparently related to the availability of irrigation, HYVs, information and credit. In 1989/1990 the deregulation and privatisation of the trade in shallow tubewells immediately brought about an unprecedented rise in production.

The government is aiming to achieve food security not only at macro but also at micro level, through the Public Food Distribution System (PFDS) which aims to safeguard the food entitlements of the poorest and most vulnerable groups in society. Open market sales represent a way of keeping consumer prices stable, thus benefiting both the urban and the rural population, since ultimately the majority of rural people, including numerous small farmers, are net consumers of rice.

Efforts to achieve self-sufficiency in rice have helped to reduce production of pulses, oilseeds, vegetables and fruit, which has had an adverse effect on nutrition. Crop diversification is therefore a second important objective of the government's agricultural policy, not only in the interests of nutrition, but also because improved use of the land in the dry season would increase employment and income-generating opportunities. Now that self-sufficiency in rice is in prospect, the price of rice as compared to other food crops will fall, which will encourage farmers to cultivate other crops.

Between 1986 and 1990 government investment in agriculture declined by 20 to 25%, largely because subsidies for artificial fertilisers were phased out. The World Bank recommends that the present level of investment be maintained over the next two years, while ensuring that changes in policy, notably as regards the role of the private sector, are reflected in the pattern of government investment.

Stepping up the use of HYVs, in line with government plans, may entail risks to the environment. A balanced ecosystem will have to make way for a system of cultivation which requires artificial fertiliser, irrigation and pesticides while posing a threat to biodiversity. Excessive use of artificial fertiliser will undermine the quality of surface waters and fish stocks. Although the use of pesticides is still limited, they are used injudiciously. The FAO is addressing this problem through a regional integrated pest control programme which receives Dutch support. Although Bangladesh has abundant reserves of groundwater, care must be taken to ensure that irrigation does not reduce groundwater levels too sharply, particularly in coastal areas where there is a risk of salination. Crop diversification is being encouraged, in order to ensure that the soil is not exhausted and to maintain soil fertility levels.

#### **Netherlands policy**

Dutch involvement in Bangladesh's agricultural sector has contributed to the achievement of the government's two main aims. Artificial fertiliser - TSP - is supplied every year in the context of programme aid. Bangladesh produces enough to meet one third of its own needs and has to import the rest, generally using donor aid. The use of TSP by both large and small farmers has increased. The Netherlands has supported efforts towards food security at micro level by assisting the rehabilitation of food storage centres, an important element in the Public Food Distribution System which serve as both distribution and wholesale purchase centres. Repairs to these centres help to limit grain losses, in terms of both quality and quantity.

A third priority is crop diversification. Canada and the Netherlands jointly fund the crop diversification project, in which Dutch-assisted activities are aimed at seed improvement for pulses, oilseeds and potatoes.

### **Policy intentions**

Supplies of artificial fertiliser (TSP) will continue, unless the Bangladesh government prefers to channel all programme aid through the Secondary Exchange Market. Bangladesh will probably not be able to meet a higher percentage of its TSP needs, as it has to import all the raw materials required for the manufacture of TSP and does not have a comparative advantage in this area, in contrast to urea where Bangladesh does have a comparative advantage because of its natural gas fields.

The repair of food storage centres will be undertaken in two more districts. Repair activities now also include maintenance. The idea of preventive maintenance has been gradually gaining ground in Bangladesh. Plans exist to develop a system of preventive and corrective maintenance to be tested on storage centres which have already been repaired by the Netherlands. If the system comes up to expectations, it will be applied on a nationwide basis. The EC, which also repairs food storage centres, has shown interest in the system.

The crop diversification project will be completed in 1992, although there are plans to follow it up in line with policy developments which afford greater scope to the private sector. This intention was affected by such considerations as the importance of high-quality seed to farmers, the contribution made by the project to nutrition, the impact on unemployment and incomes of a second and third harvest and the role played by crop diversification and hence crop rotation in maintaining soil fertility. The quality of seed is vital, to small farmers in particular. Plans are well advanced to strengthen Bangladesh's institutional capacity in regard to quality control of seed. Priority will also be given to small-scale agricultural activities aimed at raising farmers' incomes and reducing unemployment among landless men and women. Low-investment farming will be the focus of attention when it comes to the cultivation of secondary food crops.

### *Women in agriculture*

It is still too readily assumed that women in Bangladesh have nothing to do with work in the fields. This assumption is reflected in statistics, surveys and in government policies which result in credit and extension activities being aimed at men. However, this picture does not convey the reality of the situation. More and more women are becoming involved in agricultural work of all kinds, except for ploughing. This applies not only to single women but also to women in families which still include an adult male. Women's work is increasingly used to bring in additional income or to reduce wage costs on the family farm. It appears that women are participating to an increasing extent in decision-making on the use of inputs, the type of crop to be grown and whether or not to employ day-labourers (Safilios 1989).

The government's current Five-Year Plan is the first to acknowledge the growing role played by women in agriculture and indicates a willingness to respond by giving women access to credit programmes and providing bigger loans so that women do not remain entangled in stereotypical traditional activities related to food processing. The plan also states that other support services will have to be tailored to women's requirements to a greater extent. Moreover, policy-makers, managers and fieldworkers must be convinced of the importance of women's role in agriculture. The plan points to the importance of gender-specific data.

During the period covered by the present policy plan, the government of Bangladesh will be able to count on Dutch support in efforts to increase women's share and to facilitate their participation in agriculture, including livestock, growing fruit and vegetables and agro-forestry.

## **Water management**

### **General**

Bangladesh is situated at the mouth of an enormous drainage basin formed by the Ganges, Brahmaputra and Meghna rivers. The basin of these rivers has an area of 1.7 million square kilometres, extending over Bangladesh and parts of India, Nepal, Bhutan and Tibet. With the exception of a number of hilly areas, Bangladesh consists of the delta of this river system, with very low-lying land and a network of tributaries. Every year Bangladesh is faced with floods which can arise in two ways. Firstly, they may be caused by the cyclones which sweep over the country from the Bay of Bengal in spring and autumn. Of the storms that have developed over the Bay of Bengal in the last 100 years, 16% hit the coast of Bangladesh; those of November 1970, May 1985 and April 1991 exacted the highest toll. Apart from the strength and duration of the wind and the height of the tidal wave it creates, the impact of a cyclone depends on the course it takes and the state of the tides. The tidal waves, which reach heights of between 6 and 7 metres, develop such force that they can swamp dikes of up to 17 metres. Floods can also develop from high river levels caused by rainfall. In the summers the threat comes from the great rivers and the monsoon rains (between 1,500 and 5,000 mm per year). The problem is at its worst if the Ganges and the Brahmaputra reach their maximum levels at the same time. In the worst disasters, such as those caused by the floods of 1987 and 1988, as much as 50% or 75% of the country may be under water.

It is no easy task to protect Bangladesh from flooding. To construct dikes requires investment which has to be justified in economic terms. The benefits should consist in the prevention of damage and injury to people, livestock, harvests and infrastructure. At the same time, a certain amount of flooding has to be allowed to take place undisturbed. Apart from dikes, provision has to be made in certain areas for an efficient system of intake and discharge sluices in the dikes and channels to open water which function well. Without such a water management system, the construction of dikes will not remedy the situation but will only make it worse: in the event of an annual rainfall of between 2.5 and 3 metres in the

coastal areas, people would breach the dikes to let out the water rising behind them, thus seriously weakening the dikes.

The maintenance and running of the water management system and the dikes are likewise essential to lasting land protection. These have been lacking on occasion. One reason is that, although major infrastructural projects are funded from foreign aid, the annual costs of maintenance come out of Bangladesh's limited financial resources. Between 2.5% and 3% of the initial investment costs must be available every year for maintenance. In other words, if annual investment amounts to USD 100 million, the maintenance costs rise by USD 2.5 to 3 million every year.

In order to ensure that Bangladesh is not financially overburdened in the long term, careful consideration must be given to ways of protecting the country in an economically responsible manner. This calls for a coordinated approach to all the problems facing Bangladesh. Since 1988 four studies have been conducted, by the UNDP, France, Japan and the USA respectively, which to some extent reflect the various approaches put forward.

In July 1989 the World Bank and Bangladesh agreed to coordinate the various proposals being put forward on water management. This led to the Action Plan for Flood Control, to be implemented over the five years from 1990 to 1995, which was approved by the donors in London in December 1989. The aim of the Flood Action Plan (FAP) is to identify, plan, devise and implement high-priority projects which are feasible in technical, economic, environmental and socio-economic terms. The FAP, the cost of which is estimated at USD 150 million, comprises 26 components - studies, surveys and pilot projects. A great many donors have expressed their willingness to undertake these components, alone or in collaboration with one or more countries. It is estimated that the FAP will lead to construction work worth a total of USD 500 million.

#### **Bangladesh government policy**

The government believes that structural physical protection should be at the core of the country's long-term development strategy. The awareness is growing that guaranteeing safety and a reasonable standard of living for the population means that losses suffered as a result of floods can be limited by protecting harvests, human settlements and civil engineering projects. The FAP is intended to determine the best way of doing this. However, it will be some time before the results of the FAP become apparent, as the studies and pilot projects must be completed before specific investment programmes and projects can be undertaken. Nonetheless, the FAP represents inevitable progress towards sustainable development.

For the time being, however, the top priority is to eliminate the backlogs in existing projects within the framework of the three-year rolling investment programme. More consideration will be given to devising and introducing a system for the management and maintenance of reclaimed land.

## **Dutch policy and policy intentions**

As the Netherlands has experience of similar problems - land reclamation, soil protection, water management, salination and polder maintenance - though not in such a complex form as Bangladesh, it is hardly surprising that it has been providing assistance to Bangladesh in this field since 1975. Although cooperation originally focused primarily on engineering activities and investment, the emphasis has increasingly shifted to projects with a positive socio-economic element, with poorer farmers and the landless as the target group. The selection of this sector as the focus of Dutch aid and the shift of emphasis within it makes this area an example of policy aimed at increasing self-reliance and reducing poverty.

An early implementation project which began in 1975 served in many ways as a model for the development and implementation of other projects, such as the systems rehabilitation project launched in 1990, which is jointly funded by the World Bank, the European Community and the Netherlands, and which is concerned with devising and introducing a management and maintenance system. Although the land reclamation project in the south-east coastal district and the delta development project in the south-west delta are not capital intensive, they act as catalysts in socio-economic terms, for example by involving the target groups in implementation, where use is made wherever possible of highly labour-intensive methods. The deployment of landless construction societies, set up by NGOs, to perform 25% of the work under contract at wages set by the government is having an impact. It is also becoming more and more acceptable for women's groups to carry out maintenance work on the dikes.

June 1991 saw the launch of the FAP 20: Compartmentalisation Pilot Project (CPP) on a section of the left and right banks of the Brahmaputra, funded by the Netherlands and Germany, which is a cornerstone of the Flood Action Plan. The idea behind the project is to divide up an area which is already being protected into water management units, where managed flooding and drainage create a safe environment for intensive agriculture, fishing and integrated rural and urban development.

The Netherlands also contributes to the FAP by making experts available to the flood modelling and management system, which is to be developed by four donors and which will apply to Bangladesh as a whole.

As water management projects have over the years assumed the character of integrated rural development programmes, collaboration with the Bangladesh Water Development Board, which is concerned purely with technology and construction, has posed more and more problems of an institutional nature. This prompted the inclusion in the land reclamation project and the delta development project, both of which are entering their third three-year phase, of an institutional element with a view to decentralising responsibility for implementing the projects to a number of lower tiers of government. These projects should be completed at the same time as the results of the FAP are expected, so that it will be possible to adopt a coordinated and integrated approach to Bangladesh's water management problems.

The most recent natural disaster showed that more consideration should be given to the effects of cyclones and the tidal waves they create. To this end the research sponsored by the Netherlands into the hydraulic and morphological processes taking place in coastal waters should be stepped up. The changes in the dynamic section of the Meghna delta affect decisions on the construction of dikes (in the short term) and the land reclamation process (in the long term) in the south-east coastal region.

In the interests of an integrated approach, - i.e. an approach based on the assumption that infrastructural projects alone are not enough to increase agricultural production - all the water management projects take as much account as possible of rural development issues. The policy intentions stated in the chapter on rural development will therefore apply here too.

Clearly, the environment is a very important factor in water management. The environmental impact of projects should be assessed before the start. Efforts will also be made to ensure that environmental issues are fully integrated into the project throughout implementation.

The first step in this direction is the plan to provide training in environmental impact assessment (EIA) for everyone involved in the implementation of water management projects. The idea is to develop a curriculum for members of staff of the Bangladesh Water Development Board and local consultants involved in such work, which will improve their management capacity.

### **3.2.2 Environment**

#### **General**

The existence of many environmental problems is increasingly being acknowledged by the government and development agencies in Bangladesh and environmental awareness is growing. However, the government's efforts are often hampered by a shortage of funds and trained personnel. Many environmental laws, which are out of date and difficult to enforce, require review. Urgent measures are required to strengthen the existing mechanisms and institutional capacity for measuring damage to the environment and to apply alternative development strategies.

The NGOs help in all manner of fields to improve the management of natural resources and to promote sustainable land use, but they too are hampered by a lack of well-qualified specialists. In recent years NGOs have, nevertheless, succeeded in influencing the rural population in ways which complement government activities.

#### **Bangladesh government policy**

Environmental awareness and the political will to improve the management of natural resources and the environment in general have grown considerably in

government circles in recent years. The Ministry of Environment and Forestry was established in 1989, and the mandate of the Department of the Environment, which was expanded recently, has been extended considerably. A number of legislative measures should be applied more strictly. These include:

- the Environmental Pollution Control Ordinance of 1977
- the Bangladesh Water and Power Boards Order of 1972 on the management of rivers, canals and groundwater
- the Forest Act
- the Bangladesh Fisheries Development Corporation Ordinance of 1973
- the Territorial Waters and Maritime Zones Act of 1974
- the Petroleum Act of 1974
- the Factories Act.

The policy of the Ministry of Environment and Forestry, as set out in a draft document in 1990, contains a number of measures and objectives which urgently need to be introduced and enforced. However, without sufficient financial resources and manpower it will be impossible to implement this policy effectively. The Department of Environment is currently helping to draw up terms of reference for Environmental Impact Assessments and also assists with the evaluation of EIAs which have been carried out.

#### **Dutch policy and policy intentions**

Over the next few years the Netherlands will focus on identifying the environmental components in the priority sectors (agriculture, water management and drinking water) which, if appropriate experience and expertise are deployed, could contribute to lasting improvements in living conditions in Bangladesh.

Projects will be assessed from the environmental point of view before they begin. Efforts will also be made to integrate environmental issues into the implementation of projects. Particular attention will be paid to strengthening the institutional capacity of the governmental and non-governmental agencies involved in implementation. As a first step, plans exist to train the staff of the Bangladesh Water Development Board in carrying out EIAs.

#### **3.2.3 Women in Development**

*"... since the majority of these women have had so little for so long, they are the least aid-dependent sector of the Bangladesh population. They are, in our opinion, the sector most likely to respond to inputs leading to self-reliance."*

Report of a UNDP mission to the Planning Commission, Government of Bangladesh, Dhaka December 1989.

A report compiled by the Population Crisis Committee in 1988, entitled "Poor, Powerless and Pregnant", compared the position of women in 99 countries, on the basis of indicators in five fields: health, marriage and children, education, participation in paid employment and social equality. Sweden was found to be at



the top of the table, the Netherlands occupied twentieth place and Bangladesh came last, below Mali, Afghanistan, North Yemen, Pakistan and Nigeria.

Bangladesh is one of the few countries in the world where women's life expectancy is shorter than men's. There are also fewer women than men (94 : 100), while the ratio in other low-income countries is 96 : 100 and in industrialised countries women outnumber men. The mortality rate among girls under the age of 5 is higher than that of boys in the same age group. Boys receive more food and better health care because they are regarded as an economic good and are supposed to provide for their parents in their old age. Another factor causing the surplus of men is the high maternal mortality rate (between 6 and 8 per 1,000 live births, or 100 times higher than the rate in industrialised countries). Women marry young: in 1989, 48% of women aged between 15 and 19 were married (in 1975 this figure was 60%). Their husbands are on average 7 years older, which gives them a definite advantage in a society where women enjoy little respect at the best of times.

Under the Constitution women have the same rights as men, but that same Constitution includes a number of provisions which acknowledge that a state of inequality actually exists. For example, 30 seats in Parliament are reserved for women, and a similar proportion in local authorities. The public sector reserves 15% of its jobs for women. In 1988 a constitutional amendment was passed making Islam the official state religion. The amendment encountered some opposition, as it could serve as a basis for laws discriminating against women. These fears proved unfounded, however. The corpus of family law, though based on religious laws which accord men more rights than women, has not been amended to women's disadvantage. When Bangladesh acceded to the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) the government entered reservations in respect of the articles of the Convention concerning inheritance, divorce, guardianship and marriage which conflict with the Sharia.

In general women are not aware of their rights, and if they are the social barriers which they encounter are so great that they are in no position to enjoy those rights. Their lives are dominated by a social system in which they are subordinate to and dependent on men.

Women in Bangladesh are not very highly organised. The advent of NGOs following independence has helped to establish a few grassroots women's organisations which, with the help of donor funds, mobilise rural women and make them aware of their rights. The aim of such organisations is to achieve fair wages in employment programmes and to eliminate physical and sexual violence against women. Although no figures are available, there is a general impression that violence against women has increased in recent years as poverty has spread. Moreover, sexual violence against women is an index of a patriarchal system in which a man may attempt to hurt or humiliate an opponent by abusing the latter's wife, mother, daughter or sister.

The main aim of the women's sections of the major political parties is to recruit women voters. The women's sections of the smaller left-wing parties, however, are active in trade union matters and in the campaign against violence against women.

The last few years have seen the foundation of a number of organisations to combat patriarchal oppression in all its forms.

Over the last 20 years, the lives of numerous women have been profoundly affected by the socio-economic changes caused by increasing landlessness and impoverishment. Contrary to culture and custom, women have been increasingly forced to seek paid employment beyond the confines of their own homes and farms. This applies both to single-parent families headed by women and to households where the man does not earn enough to act as the sole breadwinner.

In an predominantly rural country like Bangladesh, agriculture is still the principal means of earning a living. Population growth has meant that farms have shrunk in size and that the ranks of the unemployed have swelled as no other sector can absorb the growing surplus labour force. These developments have eroded traditional family ties, creating a shift from the extended family to the nuclear family in which both parents have to earn money to keep the family's heads above water. The importance of cultural obstacles to women's mobility has waned in the face of survival. Poor families are now dependent on women's income, which may amount to as much as a quarter or half of the household's resources.

In these conditions, women are compelled to enter the labour market, for which they are very poorly equipped. They have been socialised into regarding themselves as second class citizens, and are unused to standing up for themselves or taking the initiative. Culture and tradition have always focused on their reproductive role. Their level of education is very low: no more than 24% of Bangladeshi women can read and write.

Women are overlooked by government extension activities and credit programmes, which are aimed at men who are deemed to be the breadwinners. The government's attitude can partly be accounted for by the fact that most statistics and surveys do not properly reflect the degree to which women participate in the labour market. To some extent this has its roots in ideology, because both men and women are reluctant to admit that women have a job or are seeking one. Culture clashes with reality. However, the chief cause of women's underrepresentation is that data are collected and processed using faulty methods and that the definition of economic activity is too restrictive. Work which is performed at home and which generates income or saves expenditure, such as the cultivation of crops on the family farm, the keeping of small livestock, food processing and storing cereals, is often not regarded as an economic activity. Women's participation in the labour process on an informal basis - i.e. without a contract - is also overlooked, so that they are not counted as members of the workforce. This informal participation also exposes women to exploitation by their employers: if no contract exists, the employer is not obliged to comply with all manner of regulations on conditions of employment.

Women's wages are generally lower than men's. Agricultural wages are higher than those paid in rural industries or domestic work. The low level of women's wages is caused by a combination of three factors: the surplus of female labour; the fact that their wages represent additional income; the fact that women are forced to

perform the least productive work. As jobs are in such short supply, women are prepared to accept low pay. In many cases, particularly in rural areas, employers have a patron-client relationship with their women employees. In other words, when there is not enough work, the women are dependent on their patron and are therefore compelled to accept a paltry wage.

Increasing numbers of women are now employed in non-traditional activities outside the protection of home and the family farm. Women can, for example, be seen working on the land or constructing roads, dikes or buildings. The semi-formal sector - namely the clothing industry and the processing of fish and prawns - is attracting more and more women workers.

The change in traditional division of labour patterns has conflicting implications for the status of women. On the one hand, purdah is still so generally accepted as the norm that most women who enter the "public" labour market are compelled to do so by circumstances. At the same time, however, the ideology and practice of purdah are the foundation on which women's material dependence rests. The very fact that they have left their isolation and have made their way into areas of the labour market from which they had previously been excluded has had a liberating effect. For the first time women are able to claim part of the social product in their own right rather than through dependency relationships which have been determined by society and culture.

#### **Bangladesh government policy**

The pressing need for increasing numbers of women to earn a substantial proportion of household income or indeed to maintain their families on their own has not so far been acknowledged by the government. Women's interests are lumped together with those of the rural household as the basic unit of production. The government assumes that a household has one breadwinner - the man, who needs a job to provide for his family, while the woman might take up some form of income-generating activity in her "spare time" to earn some pocket money. This is to ignore fundamental changes in society which are forcing women to seek employment outside the home. It is estimated that 8 million women are currently seeking employment. It is difficult to avoid the impression that the government is refusing to face up to this. Unemployment among men - both open and hidden - is already so high that to encourage women to enter the labour market could only provoke opposition, especially because such encouragement would strike at the very roots of the social order.

The income-generating activities included in government programmes for women share a number of characteristics: low productivity, low returns, and little demand for the product. Even sectors which could provide permanent jobs with reasonable incomes, such as fruit and vegetable growing, poultry and shellfish farming, are tackled in a way which does nothing to raise productivity and income. The most such an approach can do is to maintain the status quo or retard the inevitable decline into poverty. There are no government programmes which aim to create jobs for women in the formal sector. A quota for women employees in the public

sector has been introduced, although it is unfortunately regarded as a maximum rather than a minimum requirement. However, the government does provide a safety net for destitute women through the Vulnerable Group Development programme. Hitherto women have not participated in food for work programmes to any great extent, although women are now the specific target group of two such programmes, for post-monsoon rehabilitation and road maintenance.

Government policy tends to emphasize women's reproductive role. When it comes to efforts to stem population growth, women are regarded as the prime target group. Too little emphasis is placed on men's responsibility for family planning. The government's family planning programme is linked to its mother and child care provision, and indeed this is the central issue in the health care system's approach to women. To date women's general health problems have been neglected.

Bangladesh was one of the first developing countries to set up a ministry for women (in 1978), which was merged with the ministry of social affairs four years later. In 1989, however, a separate Ministry of Women's Affairs (MWA) was established. Although its exact mandate is still under discussion, its activities will probably focus on two areas. Its primary duty will be to screen all programmes and projects in the various sectors in the light of WID considerations. It is still doubtful how this will work out in practice, because interdepartmental cooperation rarely proceeds smoothly and because the MWA lacks sufficient authority, expertise and management capacity to carry out its task. The Ministry's second remit is to formulate and implement projects specifically for women which fall outside the specialised departments' spheres of competence.

The Ministry of Planning also has a significant role to play in this field. It has set up a department with responsibility for incorporating women's issues into the planning process, at both macro-economic and sectoral level.

The Fourth Five-Year Plan is the first to attempt to incorporate women's issues in the planning process, and indeed to call this an important objective. However, nothing has been done to put this into effect, and the chapters on different sectors hardly contain any strategies or subsidiary aims which are specifically aimed at women. This gap has been filled to some extent by the inauguration in September 1990 of the Joint GOB-Donor Task Force charged with formulating a multi-sectoral cooperation policy for women. The Task Force looked into the scope for achieving the Fourth Five-Year Plan's WID objectives in such sectors as agriculture, industry, education, health care, planning and institutional development. According to the Task Force, there is an urgent need for an institutional base which is more oriented to WID, at both national and local level.

### **Netherlands policy**

Dutch policy on women in development during the period covered by the last policy plan focused on fundamentally improving the economic and social status of women. The main emphasis was placed on incorporating a WID component in

current and new projects or strengthening an existing WID element. Successful examples can be found in water management, drinking water and education (i.e. primary education). Efforts were also made to launch projects specifically for women. This proved extremely difficult in the public sector, although Dutch efforts in the private sector met with more success. Co-financing organisations were often used as channels.

Apart from improving women's status at grassroots level, efforts were also made to work from the top down. The Netherlands collaborated with other donors in encouraging processes aimed at tackling the causes of women's inferior position. An example of this is the Joint GOB-Donor Task Force.

Since 1 January 1989 a local WID sector specialist has been employed at the Netherlands Embassy in Dhaka in support of Dutch policy on WID. Her work extends beyond the areas referred to above to strengthening the WID network and training local experts in WID. The sector specialist plays an important role in screening project proposals for possible adverse effects on women. Initially, she based her conclusions on her knowledge of the socio-economic context in Bangladesh. Recently, however, she has been able to avail herself of the WID Impact Study.

### **Policy intentions**

The many facets of women's role in Bangladeshi society and the fact that women do not form a homogeneous group should be reflected in Dutch policy. The needs and wishes of women in different socio-economic strata vary, because the relationship between their productive and their reproductive roles and their role in the community is very different. Women who have been or soon will be affected by the country's increasing impoverishment and the concomitant erosion of their protected status (i.e. purdah) are among the sectors of society with the fewest rights and the least resilience. Survival is their first concern. Access to the means of production is a matter of life and death. Housing, clothing and health care are of secondary importance, while the non-material side of the concept of autonomy occupies third place. Income-generating activities or employment which bring access to and control over means of production are of essential importance to such women. In the longer term, attention should be focused on increasing their social resilience, for example by improving their level of education.

Education is also important to women who are slightly higher up the socio-economic scale. Not only does education make women more vocal, it also teaches them about preventive health care, better nutrition and family planning, thus improving their physical health and hence their productivity and that of their families. Improved access to health care for women and children will also lighten the burden of care on women. Disease is the rule rather than the exception in the lives of the poor. Illness in the family uses up much of women's time and energy. Improving women's health, focusing on preventive health care (in which family planning is an essential element) will be a priority for the coming policy plan period.

However important it may be to create jobs for women, it cannot be denied that employment outside the home often imposes an even heavier burden on them. The difficulty of their tasks depends on the number of small children in the family and the household's income. Poor women have to devote considerably more time, energy and resourcefulness than their wealthier sisters to collecting fuel and scraping together what is needed for a meal. Child care facilities would alleviate this burden but would also cost money. The same applies to appropriate technologies aimed at simplifying the preparing and cooking of food. For the time being the only possible solution is to tackle these problems on a communal basis.

Employment and the resulting access to means of production, credit, information and training and education and health care (including family planning) are the main elements of WID policy on Bangladesh. Employment opportunities could be created in such sectors as agriculture, animal husbandry, market gardening, agro-forestry, silkworm farming, handweaving or food processing. Rural industries are usually family businesses in which women members of the family perform unpaid labour. Women in paid employment suffer from very poor working conditions and exploitation, in both the public and private sectors. Preference should therefore be given to self-employed status, because it is easier to combine with women's reproductive role and there is less conflict with social norms which restrict women's mobility. However, it is hardly realistic to suppose that all the 8 million women currently seeking employment - a number which will certainly increase in the future - can set up in business as self-employed entrepreneurs. Small-scale rural industries should therefore be fostered, in the interests of both employment and economic growth. Employment in industries of this kind, despite all its disadvantages, is in many cases the only chance of survival.

The Netherlands will focus on sustainable, profitable activities. Credit programmes aimed at encouraging self-employed status should adopt a varied approach, starting with small loans to enable women to reach a point where they can survive and going on to provide bigger loans, over a longer period, with a view to developing entrepreneurial skills. Additional activities, such as training and market research, are therefore required in support of the credit programme.

A multisectoral approach, as adopted in the majority of rural development projects undertaken by NGOs in particular, is preferable from the point of view of boosting self-employment, as it takes account of non-income related aspects of poverty. Such an approach is more in keeping with the idea of autonomy. However, credit programmes organised on vertical lines to create jobs for women - an example being the innovative Grameen Bank approach - have achieved results.

Assistance to health care and family planning, education and drinking water supplies will largely be channelled through the government, although NGOs can play a complementary role. From an institutional point of view, consideration should be given to whether it would be worthwhile to provide WID training for members of the upazila and the union parishad. The decentralisation of

administration and the emphasis accorded in the Fourth Five-Year Plan to participation and bottom-up planning has made these bodies responsible for initial decision-making on the allocation of local resources. A greater understanding of the problems faced by women and the directions in which solutions could be sought could be regarded as a first step to improved status.

Training of local WID experts and the strengthening of the WID network will continue to be priorities in the forthcoming policy plan period. A WID expert is essential in the interests of supporting the implementation of policy and achieving quantitative results.

### **3.2.4 Reducing urban poverty**

#### **General**

A document drawn up by the Bangladesh Institute for Development Studies, based on a task force report on urbanisation, states that between 15% and 20% of the population of Bangladesh live in cities, a much lower percentage than in most other countries in Asia where the figure is over 30%. The country's largest conurbations are Dhaka, with a population of over 6 million as against 3.4 million in 1981, Chittagong (2 million, compared with 1.4 million in 1981), Khulna (800,000 as opposed to 600,000 in 1981) and Rajshahi, which has over 500,000 inhabitants (250,000 in 1981). These four account for nearly half the urban population. There are also 64 district towns, which are the capitals of the 64 districts (zilas) into which the country is divided. These vary in size from 35,000 to 200,000 inhabitants, and mainly act as service centres for rural areas. The rate of urban growth is particularly alarming in Dhaka, the population of which has increased fourteen times over in the last 30 years.

The rise in the degree of urbanisation stems from natural population growth in the cities and migration from the country to the towns, caused by conditions in rural areas (high population growth, increasing poverty, shortage of land, unemployment, the risk of natural disasters and social problems) and the attraction exerted by the cities and the jobs - real or imagined - available there.

One of the main problems affecting Dhaka, in particular, is inequality, the concentration of economic power being reflected, for example, in land ownership patterns. At the same time poverty is on the increase and the socio-economic conditions in which the poor live, including housing, are deteriorating. It is estimated that more than half the urban population is below the poverty line.

There are two sides to urban poverty. One is the living conditions of the poor, which are affected by a shortage of land and funding for housing construction, poor housing, restricted access to drinking water, inadequate drainage for rainwater, inadequate waste disposal and processing facilities and insufficient transport provision. The other is the socio-economic situation, or in other words a shortage of jobs in the formal sector. Since the supply of labour in the formal sector far exceeds demand, many people resort to the informal sector, which in Dhaka provides work for 65% of the labour force.

Most of the country's industry is concentrated in Dhaka, largely because trained staff are in short supply elsewhere. It is unlikely that industrial activity will move away from Dhaka for the time being.

The literacy level is higher in urban areas than in rural districts, and it rose from 39.4% in 1981 to 44.55 in 1991. Nonetheless, the situation with regard to education in the towns and cities still leaves much to be desired.

#### **Bangladesh government policy**

Despite policies directed at distributing urban growth over all the country's urban areas, growth remains concentrated in the four major cities. To date central government has directed its efforts to alleviate urban poverty exclusively at the slums of Dhaka and Chittagong. Under the Third Five-Year Plan the first steps were taken to improve the slums of Old Dhaka instead of rehousing slum-dwellers. The Fourth Five-Year Plan also devotes attention, albeit on a modest scale, to improving living conditions in the slums of the two largest cities. Much of the work is left to the private sector, because the government simply lacks the resources and because the need for improvement is so great, although the government provides minimum infrastructural backing. Programmes in the cities receive assistance from the World Bank, the Asian Development Bank and the UN Capital Development Fund.

Under the decentralisation programme, as much responsibility as possible is handed over to the district towns for policy development and raising local revenue. However, this has proved such a slow, difficult process that policy is virtually non-existent.

#### **Netherlands policy and policy intentions**

When it comes to reducing urban poverty, the Netherlands will focus primarily on the social sectors in the district towns or zilas. Cooperation arrangements are already in place in the fields of drinking water and sanitation. Research to determine needs will be conducted in the district towns, by local institutions and organisations on the basis of existing forms of local organisation. Where possible this will tie in with local organisations arising out of the drinking water and sanitation sector.

Depending on local problems, assistance may be given to schemes aimed at improving the incomes, health or living conditions of the lowest-income groups. Institutional aspects of the activities which are to be supported will be accorded a high priority. In the case of each activity, the most appropriate institutional format should be sought as a means of guaranteeing effectiveness and continuity. This may involve strengthening government capacity, or capacity in the commercial or social sectors. The fullest use should always be made of the experience gained by local agencies and organisations to ensure that the local population is closely involved in the activities identified.



As a metropolis Dhaka faces problems which are of a completely different order than those of the district towns. Inequalities of income and access to social provision are more pronounced. A recent study showed that the income of 57% of households in the slums is less than 1,000 taka per month, while households with an income below 3,000 taka per month are classified as poor by the Centre for Urban Studies. The main thrust of Dutch interventions aimed at reducing poverty in Dhaka will therefore be to create jobs through credit activities and skills training. The first step is the Women's Credit Programme which was launched at the end of 1991. In tandem with this project research will be conducted on how the informal sector in Dhaka functions, to ascertain the scope for interventions. Increasing incomes is the first priority, although attention will also be given to improving social provision such as health care and education. NGOs will be called in to assist with the operationalisation of these policy intentions.

### 3.2.5 Social infrastructure

#### Population

##### General

*Development is the best contraceptive*

K Singh, World Population Conference, Bucharest, 1972.

Apart from certain city states Bangladesh is the most densely populated country in the world. A surface area four times that of the Netherlands is home to 108 million people. In 1981 that figure was 91 million and in 1974 76 million. At the present rate of growth of 2.17% per year, the population will double in a little over 30 years, far outstripping the country's economic and ecological base.

High fertility rates are rooted in the social and cultural norms of Bangladeshi rural society, where children - sons, in particular - have economic value because they contribute to the family's income from an early age. The preference for sons is partly based on the belief that they will support their parents in the latter's old age. Sons are of particular importance to women in a patriarchal society because women are dependent on a male protector. If a woman loses her husband, her son offers both economic and social security. Whatever status a woman may claim in such a society is based on the number of sons she gives birth to. "Poor reproducers", as they are called - i.e. women who have only daughters or whose children die young - are under constant pressure to become pregnant again. There is no question of a woman being able freely to decide on the size of her family. Family planning is a right, but the ability to avail oneself of that right depends on one's circumstances.

Nevertheless, the total fertility rate (TFR) - the average number of children per woman - is on the decline. It was 4.9 in 1989, but the number of children people want to have is now lower. The majority of respondents in the 1989 Bangladesh fertility survey stated that they wanted no more than three children. Opinions on the economic value of children have changed. The increase in landlessness and unemployment have reduced children's value as labour and have thus made them

more expensive. The collapse of the extended family has also undermined the belief that children represent provision for old age.

It is generally accepted that falls in fertility and mortality rates are caused by economic and social development. The demographic trend currently taking place in Bangladesh stems from a process of impoverishment which has been caused, in turn, by population growth. Fertility among the poorest sectors of the population is lower than among the better off. The decline in the economic value of children is not the only reason for this; other factors come into play, such as a later age for marriage, the migration of men to the cities to seek work and the enforced participation of many women in the labour process. This is not to cast doubt on the truth of the quotation at the head of this section. Research in Bangladesh has shown that there is a latent demand for contraception, which becomes apparent only if effective services are available, providing after-care and information. Even then, however, the Contraceptive Prevalence Rate or CPR (the proportion of fertile couples who use contraceptives) will not exceed 50%. A higher CPR requires intervention in the socio-economic arena, designed to enhance the autonomy of women and foster a change of attitude among men.

## **Health**

### **General**

A major obstacle to social and economic development in Bangladesh is the extremely poor state of health of the population. The figures for disease and mortality are among the highest in the region. The reasons for this are poverty and widespread illiteracy. The impact of poor health on economic growth can only be fully understood if it is realised that three quarters of the population, mainly women and children, are diseased or undernourished. Life expectancy in Bangladesh - and Nepal - is among the lowest in southern Asia. Men have a life expectancy of between 52 and 54 years and women between 49 and 51. Infant mortality is 110 per 1000 live births, mortality among children under five is 188 per 1000 and maternal mortality is between 6 and 8 per 1000. The principal causes of disease and death are high fertility, diarrhoea, tuberculosis, leprosy, tetanus, respiratory infections, measles, malaria and other vector diseases. Malnutrition is the most frequent cause of death among children, but adults, particularly women, also suffer from it. Nearly all mothers in rural areas are undernourished (as determined by the ratio of height to weight). The birth weight of about half of all babies is too low. Nearly 60% of girls and 55% of boys under the age of 6 have growth problems caused by malnutrition, i.e. insufficient calories and protein and a shortage of other essential elements. Every year 30,000 children go blind for lack of vitamin A, and 10% of the population are found to have insufficient iodine. The difference in health between men and women is remarkable. The majority of women suffer from anaemia and malnutrition. Prenatal and postnatal care leave much to be desired. Accordingly, large numbers of women die in childbirth. Social and cultural factors obstruct women's access to health care facilities. As girls

receive considerably less medical care than boys, more girls than boys die before reaching the age of 5.

### **Bangladesh government policy**

Population policy is formulated by the National Council for Population Control and health policy by the Ministry of Health and Family Welfare. Responsibility for implementation rests with the Ministry, through the directorate-general for family planning and a directorate-general for health care, each of which is responsible for planning, supervision, training, logistics and supplies, monitoring and information in its own sphere. Since independence, family planning has been the focus of so much attention from donors and government that health care has lost out.

Bangladesh inherited a curative system of health care. Over the last 20 years vertical preventive health care programmes have been developed. The last policy plan period witnessed a reorientation, bringing into existence a primary health care infrastructure. Within a short period of time, a widespread network of family welfare centres has been built up, which are able to refer patients to secondary (Upazila health complexes) and tertiary (district hospitals) centres. The services provided by these centres are supplemented by field workers known as family welfare assistants and health assistants. They visit people at home and are responsible for preventive health care, information, family planning, mother and child care and immunisation.

Responsibility for these services is decentralised, resting with the Civil Surgeon at district level and with the upazila health and family planning officer at upazila level. At present this system covers some 40% of the population, a figure which is on the increase thanks to hard work in the past. However, the target of "Health for All by the Year 2000" will by no means be achieved. Efforts to extend health care to as many people as possible have been at the expense of quality. The current standard of care is unacceptably low, because trained staff are in short supply, professional standards are not met, supplies and diagnostic facilities are inadequate, health workers lack a culture of service and the referral system does not work. This last problem is evidenced by the fact that the primary and secondary centres are under-used while the district hospitals have too many patients.

Despite these shortcomings, some progress has been made in the fields of family planning and health care. The CPR is 33%, and over 97% of respondents in the Bangladesh Fertility Survey said they were aware of the various contraceptive options available. Modern temporary methods are increasingly popular. The expanded programme of immunisation (EPI) reached 60% of its target group in 1991 in comparison with 2% in 1985. The use of the Oral Rehydration Solution, developed in Bangladesh, has succeeded in reducing the incidence of diarrhoea and deaths from diarrhoea among children. Other programmes exist to combat acute respiratory infections, which are a significant cause of death. Health care for mothers is still a weak point, however: only 30% of pregnant women undergo prenatal examinations, while no more than 20% of births are attended by

professionals. A start was made on training traditional midwives during the Third Five-Year Plan.

The main cause of the country's poor record in human resources development lies in inadequate government funding for both education and health care. In 1988, expenditure on health care and family planning amounted to 5% of the government budget or one US dollar per head for health care and 50 US cents for family planning. In both absolute and relative terms, that is very little in comparison with other low-income countries. The Fourth Five-Year Plan devotes 7.3% of the total government budget to the health sector. The government has frequently declared that it attaches great importance to human resources development, and has demonstrated its commitment by excluding the social sectors from the expenditure cuts introduced in 1990/1991.

During the previous five-year plans, expenditure on health doubled roughly speaking every five years. This was due to the need to extend the services provided, but raises questions about whether the government programme can be maintained at the same level. After all, as health care becomes more effective, people's life expectancy increases and the demand for health care rises, as is happening in the Netherlands. Under the Fourth Five-Year Plan, therefore, the government will seek ways of boosting cost sharing and cost recovery.

#### **Netherlands policy**

At present the Netherlands assists Bangladesh policy on population and health care by means of a contribution to the World Bank's third population and health project. In fact, this amounts to budget support, as the World Bank project funds some 80% of the national programme. The project, which was completed at the end of 1991, is a complex mix of dozens of small-scale projects, which may be roughly divided as follows: construction and maintenance of upazila health complexes and family welfare centres; funding for contraceptives and medicines (DDS kits); salaries for fieldworkers; training for health workers, programmes for women and the provision of information (IEM). The Dutch contribution is mainly spent on the salaries of fieldworkers, the training of traditional midwives, DDS kits, the Health Education Bureau and the Management Development Unit, a team of foreign and local experts helping to develop management capacity at upazila and lower levels.

In 1989 a mission was sent to Bangladesh to look into possible ways of supporting mother and child care outside the World Bank consortium. It found very little scope for aid of this kind. The World Bank consortium and USAID tend to attract projects. The World Bank mainly supports government projects, although it does include an NGO component. USAID assists the private sector, through the social marketing project and a large-scale NGO programme. On the basis of the mission's findings it was decided to earmark funds for the fourth population and family health project.

#### **Policy intentions**

Unlike its predecessors, the fourth World Bank project includes health care, i.e. primary health care. The aim is to focus government-funded health care on groups with the most serious health problems: women, children and the poorest sectors of society. Expanding the physical infrastructure will no longer be such a high priority. The quality of care will be the prime concern. Thirdly, the project will take account of the growing awareness that health care and family planning complement each other, which makes it necessary to integrate provision to a greater extent. The Netherlands will fund largely the same components as it did during the third project, on the understanding that a basic health care element will be added in the form of measures to prevent and combat tuberculosis and leprosy. The prevention and combating of AIDS are not included in this project; the campaign against AIDS comes under the WHO Global Plan of Action.

This shift to an approach which regards family planning and basic health care as closely interlinked is in keeping with the Dutch perception of the problem. The principle underlying the Netherlands' participation in the World Bank's project is that women's freedom of choice, the right to decide how many children they wish to have, should be safeguarded wherever possible. Socio-cultural and economic conditions within Bangladesh's patriarchal society may restrict this right, but the government should respect the individual's freedom of choice even if that is not entirely in line with demographic objectives. A significant step in the right direction is that targets for new contraceptive users have been scrapped. The project document contains a number of gender-specific indicators which will make it possible to establish whether progress is being achieved towards WID objectives.

Outside the World Bank consortium the Netherlands will continue to seek ways of supporting NGO activities in the fields of primary health care and family planning. This will include both NGOs working in regions which the government has not yet reached and NGO programmes which aim to improve the services provided by the government and to mobilise the community to make use of such services.

### **Education**

With a literacy level of 32%, Bangladesh occupies the 107th place in the world table of illiteracy, which covers 131 countries. This figure disguises significant discrepancies between men and women and between urban and rural dwellers in terms of literacy. Only 17% of rural people can read and write, as against 35% of the urban population. The literacy level among men (40%) is nearly twice as high as that for women (24%). Participation in primary education is low and is unevenly distributed between rich and poor, boys and girls, town and country. In 1985, the participation rate was about 65%, lower than India (92%) and Nepal (79%) but higher than Pakistan (44%) and Bhutan (23%). 27% of children of secondary school age attended secondary school (the equivalent figure for India was 35%). Participation in higher education is similar to that in other countries of the region.

One third of children of compulsory school age do not go to school at all. Only one out of every three girls attends school. Consequently, fewer than 2% of women

aged between 20 and 24 are registered as students. No more than three in a thousand women work in occupations which require a university or higher vocational education qualification.

The quality of primary education is poor. The curriculum bears no relation to the lives of the pupils. Lessons are presented as a series of facts which must be learned by heart, and no attempt is made to impart problem-solving or cognitive skills. Drop-out rates are high, with 75% of those who start primary school failing to complete it. It is estimated that only 14% of primary school pupils reach the fifth class without having had to repeat a year. The average figure for pupils in countries in the same income category as Bangladesh is 55%. This increases the cost per pupil of attending primary school.

Although primary school is free, it benefits the rich more than the poor. Pupils often have to pay to be admitted, and examination fees or contributions for sporting activities are often charged. Given the poor quality of teaching, extra tuition is required if pupils are to pass their examinations. Many wealthy parents send their children to private schools. Since the schools were nationalised, communities no longer feel involved in what goes on in their local school. Education is now seen as a matter for the government.

Drop-out rates from secondary schools are also high, largely because the curriculum bears no relation to pupils' needs. Vocational education is much less common than general education, and technical education is virtually non-existent. The universities continue to produce disproportionately high numbers of graduates in the arts and humanities, who then cannot find jobs.

### **Bangladesh government policy**

Although the government announced in its successive five-year plans that it attached a great deal of importance to human resources development by means of education, the relevant budget allocation has by no means lived up to these claims. In 1988 government expenditure on education was 1.8% of GNP (i.e. 19% of total government expenditure), which is equivalent to half or less than half of the allocation in other low-income countries. Current expenditure rose by 23% between 1983 and 1988, principally as a result of salary increases for public servants and a rise to 80% in government subsidies to the salaries of teachers in private secondary schools. In addition, some 4000 primary schools were nationalised between 1985 and 1990, despite an explicit policy intention to curb the nationalisation of schools. These decisions were taken under pressure from the teaching unions which are well organised and politically powerful. The rise in expenditure was not designed to meet such policy objectives as the aim of ensuring that 90% of children of school age would be attending primary school by the year 2000.

In 1991, schooling was made compulsory for children of primary school age, although no provision was made to cope with the additional influx of pupils. However, some positive achievements can be noted: the curriculum and the books

used in primary schools have been reformed and efforts are afoot to appoint more women teachers to make education more accessible to girls. The government has set up a mass education programme, aimed at people aged between 15 and 45, for school drop-outs and illiterate adults. Responsibility for implementing the programme has been devolved to the upazilas and unions, and efforts are being made to involve NGOs as well.

### **Netherlands policy**

Priority was accorded in the period covered by the last policy plan to developing and improving primary education, as this is essential to the sustainable development of Bangladesh. As the Netherlands had little experience in this field, its assistance took the form where possible of co-financing with other donors. In 1989 a mission looked into the scope for assistance to primary education, and on the basis of its findings the Netherlands decided to participate in the World Bank's General Education Project, which supports Bangladesh's national primary education programme and includes elements aimed at secondary education. The Netherlands and SIDA share, on a 50-50 basis, the funding for a number of components in the programme which aim to make primary schools more accessible to disadvantaged groups and notably to girls. These include satellite schools, non-formal education provided by NGOs and the appointment of more women teachers. Another objective of the project is to improve the quality of teaching, through curriculum reform and improved teacher training. It is hoped that this will reduce both the number of pupils who repeat years and the drop-out rates and increase efficiency.

In 1989 the intersectoral allocation for primary education amounted to 53% of the total education budget. If the aim of 90% participation by the year 2000 is to be achieved, expenditure on primary education will have to increase by 7.1% per year in real terms. Accordingly, it has been agreed that the annual education budget will be submitted to the donor consortium for the General Education Project before it is decided upon, with a view to guaranteeing sufficient resources for primary education.

### **Policy intentions**

Primary education will continue to be a priority in the period covered by the present policy plan, with aid being channelled to the General Education Project which was launched at the end of 1990. If sustainable social and economic development is to be achieved, more people must participate in primary education and its quality must be improved. The first step is to strengthen the base of the education pyramid. Education is an excellent way of alleviating poverty to lasting effect. It makes people more articulate and enables them to take better control of their own social and economic development. The increases in productivity which stem from education benefit family incomes, thus helping to bring about a more equitable distribution of income. Lasting solutions to the country's main problems - the environment, hygiene, overpopulation and the status of women - will be

possible only if the next generation is made aware of their existence at an early age.

The lack of high-quality primary schools is a significant cause of poor hygiene and poor nutrition. There is a direct correlation between the level of education attained by women and the infant mortality rate. A good primary school system is also a key factor in reducing the birthrate, as a woman's level of education helps to determine the number of children she has and how many of them will survive. Education for women is also essential because it lays the basis on which they can gain autonomy. The most fundamental change in the status of women, and the one with the most far-reaching consequences, is an improvement of women's level of education. Moreover, women play a vital role in bringing up and educating the next generation. Mothers who have attended school are more likely to send their children to school than those who have not; in short, education breeds education. Accordingly, during the years covered by the present policy plan, the Netherlands will continue to focus on activities under the auspices of both the government of Bangladesh and NGOs which are aimed at improving the level of education of women and girls.

Support will be given to adult education, in the form of functional literacy classes and courses in technical and entrepreneurial skills, in the framework of integrated rural development projects. Assistance to institutions of higher education will be provided only to fund expansion related to the priority sectors of agriculture, water management and social infrastructure (basic health care and population control).

#### **Drinking water and sanitation**

##### **General**

The need for an adequate supply of safe drinking water has been acknowledged in Bangladesh for some considerable time. It is regarded as a basic need, essential to good health, which may also help to increase productivity. Many diseases affecting both children and adults are water-related. Some, like dysentery, cholera and typhoid, are caused by drinking polluted water, while others, such as worm infections, scabies and malaria, are caused by a shortage of water, unhygienic water use or inadequate drainage or sewage facilities. These diseases are often aggravated by malnutrition.

Awareness is growing that public health can be improved by means of sanitation, drainage and sewage facilities. People are also realising that such facilities can be viable only if they are linked to activities such as hygiene training, institutional development, local participation with the emphasis on women, proper systems of charges and a focus on management and maintenance.

Groundwater is the most reliable form of water supply in Bangladesh. Until recently, it was thought sufficient to install hand pumps. However, nowadays a great deal of water is extracted for irrigation, thus reducing it here and there to below the level needed for hand pumps, with the result that mechanical pumps are required. Salination is becoming more and more of a problem in coastal areas. In



addition, groundwater strata situated at a higher level become polluted or have excessive levels of iron.

#### **Bangladesh government policy**

One of the objectives of the Fourth Five-Year Plan is that by the end of 1995 75% of the population of the district towns should have access to drinking water. It is doubtful whether this is a feasible target. In 1990, the figure was 41%. The government also aims to integrate sanitation and sewage facilities with the drinking water supply system. Special attention will be paid here to the periphery of the towns, where slums are often situated.

The participation of women is essential if hygiene is to be improved by means of drinking water and sanitation. This is acknowledged by the government and is included in the Fourth Five-Year Plan. To this end, water and sanitation surveillance committees and supervisory boards are to be set up, half of the members being women. Turning to environmental issues, the possibility of carrying out Environmental Impact Assessments is included in the Fourth Five-Year Plan.

#### **Netherlands policy**

The Dutch programme of cooperation in the drinking water sector has been under way since 1978. It has gradually come to focus on the Zilas or district towns. The World Bank and the Asian Development Bank concentrate mainly on the major cities, while drinking water in rural areas is a matter for UNICEF. In the early years of the programme the main emphasis was on technical and construction matters relating to the provision of drinking water supplies. March 1988 saw an evaluation of all drinking water projects. The evaluation mission recommended that the programme be continued, although in the interests of a viable drinking water system more priority was to be given to the following:

- fostering participation by local people and local authorities
- strengthening the institutional capacity of municipal authorities in the technical, financial and accounting spheres
- improving management and maintenance
- information campaigns on hygiene
- sanitation and sewage facilities.

These recommendations have since been incorporated into the various drinking water projects. Provision has been made in the preparation for and implementation of the various projects and sub-projects for greater involvement of women, as the principal end-users of drinking water. Implementation is always preceded by an extensive social and economic survey which identifies the needs and wishes of the users. Ultimately, the objective of incorporating these activities into the drinking water projects is the establishment of a viable drinking water system.

#### **Policy intentions**

As regards drinking water and sanitation, the recommendations of the evaluation mission listed above will continue to be put into effect. Three areas will be highlighted:

- a greater degree of involvement on the part of women is required for viable facilities. NGOs will also be more closely involved in information campaigns on hygiene;
- a number of environmental measures such as groundwater management, the processing and purification of waste water and the collection and processing of solid waste, will be incorporated in future projects. The first steps will be taken towards an EIA for this sector;
- higher priority will be accorded to institutional development by means of additional support to and monitoring of drinking water capacity, improvements in the management of drinking water at local level, training for local staff and improvements in the rates charged and the collection of charges.

Lastly, drinking water and sanitation form an effective approach to alleviating urban poverty in the district towns.

### **3.2.6 Physical Infrastructure**

#### **Industrial development**

To paraphrase what Keynes wrote in 1926, the government should do nothing that is already being done by individuals, no matter whether they will do it better or worse; the government should take care of things that are not being done at all.

#### **General**

It is difficult to paint an accurate picture of industry in Bangladesh as reliable data are not available. The available figures are principally concerned with large and medium-scale industry, while little is known about small businesses or the informal sector. Industry employs some 3 million people, or 11% of the total working population. Of these, 18% work in large-scale industry and 82% in small or cottage industries. Industry accounts for about 17% of GDP, a share which has hardly increased since 1973. Industrial growth has remained reasonably constant over recent years, amounting to nearly 7% in 1989/1990.

The role of small businesses in industrial development is not sufficiently taken into account in government policy. That industry in Bangladesh is labour intensive is clear from the fact that over 80% of jobs in industry are found in small or cottage industries. As agriculture is and will continue to be incapable of meeting the demand for employment, it is essential to promote industrialisation in both the cities and rural areas. This cannot but have a favourable impact on migration to the cities.

As is the case in many developing countries, general policy in Bangladesh favours larger companies, which enjoy fiscal and other advantages enabling them to gain strong positions in the various markets and thus set prices. The factors which are

disadvantageous to smaller companies include restricted access to raw materials, technology, credit, import and export facilities and the fact that the companies are poorly organised and unable to exert influence. A knowledge of marketing techniques is rare.

### **Bangladesh government policy**

The measures taken over the last few years to boost growth have primarily benefited large industrial concerns. In 1982, under the New Industrial Policy (NIP), Bangladesh privatised much of nationalised industry. In fact, 650 state enterprises were transferred to private ownership, and the government-held share in industry fell from 85% in 1981 to 40% in 1986. This move was continued in 1986 under the Revised Industrial Policy, which created mixed public-private companies by offering a maximum of 49% of the shares to private buyers. This programme is proceeding slowly because the government wants to strengthen the nationalised companies before selling their shares. Under the NIP and the RIP, 125 out of a total of 144 industrial subsectors have been opened up to private investment.

In tandem with its policy of privatisation, the government of Bangladesh has introduced deregulatory measures. Approval procedures for investment have been streamlined and it is now easier for private companies to obtain foreign currency. Thanks to the expansion of the Secondary Exchange Market or SEM, 80% of foreign currency is now required for the import of capital goods purchased through the SEM, compared with 20% in 1981.

Bangladesh imposed a highly restrictive import regime in the early 1980s, which was rendered more flexible in 1986 by the introduction of a negative list of imports to replace the previous positive list. This led to a rise in private investment in the clothing, textiles and food-processing industries.

A number of measures aimed at improving the functioning of state-owned companies - rehabilitation, administrative autonomy, pricing measures and modernisation programmes - did not have the desired results.

In July 1991 the government presented a new policy document on industrial policy. Its proposed strategy, based on an analysis of previous policy documents, aims to expand the industrial sector and improve the efficiency and the international competitiveness of Bangladeshi industry. In a departure from previous proposals, the new document recognises the need to expand the informal sector in terms of activity and employment, in both rural areas and urban centres, and acknowledges the contribution this will make to income generation for the poorer sections of the population.

The document also proposes measures designed to achieve an increase in foreign investment and growth in industrial exports, for example by making it possible for foreign investors to own 100% of the shares in industrial companies.

The same proposal appears in the policy document on exports which was presented at the same time. This estimates annual growth in exports at 29% for the next two years, in contrast to a figure of 19% in 1990/1991.

The government intends to continue its current policy on the role of the public sector, the principal element being a gradual withdrawal of investment from state-owned companies. The government has also promised to take the measures necessary to induce state-owned companies to operate more efficiently on the basis of proper management methods.

### **Dutch policy and policy intentions**

Over the next few years, the central objectives of Dutch policy in Bangladesh will be to create jobs, boost income earning, and help to increase the economic self-reliance of the poorest sections of the population. One approach will be to target activities at small firms and the informal sector. Activities in the informal sector provide a major source of income for the poorest and for women. Dutch policy will focus on building up sectors which are or could be in a relatively favourable position in the market. Emphasis will be placed on developing demand, through marketing, and applied research. There will also be scope for demand-related interventions, in the form of training, the development of appropriate technologies and the provision of credit. Training activities will call on local experts wherever possible. The introduction of new technologies is required to improve productivity and increase the incomes of the poorest population groups. Where possible, technology transfer will be carried out by means of South-South cooperation.

Credit facilities for small firms and the informal sector are limited. In conjunction with the World Bank, the Netherlands funded a study of the types of financing available in 15 sectors to small enterprises without access to official credit facilities. The plan is to formulate project proposals on credit facilities, with the addition of technical assistance to small firms. Particular attention should be given to factors which prevent women from going into business, such as restrictions on their access to the means of production (inputs), credit and training facilities. Scope for interventions aimed at smoothing the path for the informal sector will also be investigated in the framework of urban poverty alleviation.

The environmental impact of all activities to be undertaken will be examined. No activity will be permitted to damage the environment.

Past experience has shown that it is no simple matter to initiate and implement activities in the interests of small firms and the informal sector. One problem is the selection of channels for funding. The Bangladesh government prefers support for industrial activities to benefit state-owned industry. Alternative channels will therefore be sought for new interventions, including NGOs, organisations in the particular branch of industry, and interest groups representing small businesses. As far as assistance to credit provision is concerned, the plan is to make use of the knowledge and experience acquired by the Netherlands Development Finance Company (FMO). Channels and instruments for support to women employees and

entrepreneurs will be developed, emphasis being placed on high-quality work and on interventions to benefit low-income groups.

## Water transport

### General

Much of the territory of Bangladesh consists of water, the delta formed by the mouths of three great rivers, the Ganges, the Meghna and the Brahmaputra. The resulting extensive network of navigable rivers is a vital element in the country's infrastructure. In the wet season, about 8,000 km of river waterways are open to large engine-driven vessels, compared with 4,800 km in the dry. The table below, showing the current and predicted distribution of passenger and goods traffic among the various modes of transport, illustrates the importance of waterborne transport to Bangladesh.

	Passengers		Freight	
	Total Pass/km	Mode Road/water/rail	Total Tonne/km	Mode Road/water/rail
Estimate 1986/87	35 mln.	64%/16%/20%	4.8 mln.	48%/35%/17%
Forecast 1995				
High	59 mln.	69%/24%/20%	9.4 mln.	57%/37%/18%
Low	42 mln.	56%/15%/16%	7.2 mln.	45%/30%/12%

*Country boats* play an important role in waterborne transport in Bangladesh. Official figures indicate that some 308,000 country boats carry passengers or freight (25 million tonnes per year). Around 60% of people employed in the transport sector, or 90% of those employed in waterborne transport, work on country boats. They used to be relatively well-off, but have suffered from the rise of other modes of transport. Country boats have recently gained in importance again thanks to the rapid increase in mechanisation. Whereas it was estimated in 1989 that no more than 10% of country boats had engines, this has now risen to 90% in certain parts of the country, for example central and northern Bangladesh. This trend owes nothing to external incentives. The change from sail to motor propulsion has led to the loss of only a few jobs. Many boats have probably been taken off the river because they could no longer make a profit, thus reducing the number of jobs available. By making departure and arrival times more reliable, mechanisation has made country boats more competitive in relation to other modes of transport. Their recovery has helped to open up the economies of certain remote areas.

In 1989 the World Bank announced its intention of launching a comprehensive programme for the development of water transport, to tackle the substantial problems affecting the sector. The rivers are becoming less navigable. Safety regulations are not being observed, leading to serious accidents arising from overloaded or poorly constructed vessels.

#### **Bangladesh government policy**

Under the Fourth Five-Year Plan, 15% of government expenditure is earmarked for the transport sector, which represents an increase over the 11% set aside in the Third Five-Year Plan. Of this, 16% is allocated to the railways, 64% to roads and highways (including the Jamuna Multi-purpose Bridge), 14% to ports and waterways (less than half of this is destined for inland waterways transport) and 6% for the national airline. The inland waterways transport sector is thus relatively underfunded.

The current Five-Year Plan's main objectives in inland waterways transport are as follows:

- to improve the navigability of waterways
- to improve safety standards aboard vessels
- to purchase a number of ships
- to repair facilities which had been damaged by floods
- to improve the operational and institutional capacity of various agencies in the sector.

This plan makes hardly any mention of country boats, which are such an important element in this sector. It does not refer to any activities planned by the government of Bangladesh.

#### **Dutch policy**

The Netherlands has been involved in developing waterborne transport in Bangladesh for many years. For example, it set up a ferry boat programme and supplied hydrographic survey vessels and light buoys. Since 1990 the Netherlands has been contributing to a study on the development of country boats. In 1990 the Inland Water Transport Masterplan for Bangladesh, funded by the Netherlands, was published.

Transport is not among the priority sectors listed in the policy document "A World of Difference". Nonetheless, the economic infrastructure, and notably transport - comprising storage, transshipment and carriage - is among the parameters within which projects or programmes in the priority sectors must remain if they are to succeed.

#### **Policy intentions**

In line with current Dutch policy, activities in the waterborne transport sector will be accorded a lower priority than in the past, and will be phased out to some extent. The hydrographic vessels project, for example, will not be repeated once it has been completed. In the ferryboat programme more emphasis will be placed on management and maintenance and less on building new vessels. The government of Bangladesh should agree to this change of approach and should be prepared to make the necessary organisational and institutional changes.

The plan is to continue the support given to the country boats as they play an essential role in the waterborne transport sector and, moreover, provide many jobs, thus helping to achieve the Netherlands' objectives of poverty alleviation and rural development. New activities will build on the process of modernisation initiated by the country boat operators themselves, focusing on the provision of credit, technical improvements, organisational structures and marketing.

## **Energy**

### **General**

Energy consumption per head of the population is among the lowest in the world. Measured in oil equivalents, per capita energy consumption is four times as high in India and six times as high in Thailand. Traditional sources of energy such as fuelwood and dried dung account for 60% of total consumption and are of particular importance in terms of domestic consumption. Commercial sources of energy such as gas and electricity are primarily used by a number of major industries. No more than 1% of the population have electricity in their homes. Bangladesh has 15 natural gas fields containing reserves of the order of 13,000,000 million cubic feet. In 1988/1989 annual production stood at 153,000 million cubic feet or 1.18% of total reserves. According to the Fourth Five-Year Plan, production should reach 2% of reserves by 1994/1995. However, there is some doubt as to the feasibility of this target at the moment, given that predicted demand for natural gas in 1995 will exceed the planned supply by 25%.

The importance of the natural gas reserves can be illustrated in a number of ways. Firstly, gas provides a significant substitute for imports of oil and oil products, which account for some 10% of the country's annual imports. However, gas production in 1989 amounted to 2.5 times imports of oil and oil products (measured in oil equivalents). Secondly, gas extraction is a significant source of government revenue, providing 6% of total revenue in 1986. Thirdly, gas production makes a significant contribution to growth in GDP, because it helps to meet industry's energy needs in a relatively inexpensive manner.

### **Bangladesh government policy**

The government's principal objective in relation to natural gas is to reduce energy's share in total imports and to step up Bangladesh's gas output as much as possible. Gas will continue to be made available principally to major industrial

consumers, 70% of whose commercial energy consumption should consist of natural gas.

A second important objective is gradually to increase gas and electricity prices until a market price is reached whereby supply matches demand. In September 1990, for example, this led to a price increase of 15%, partly as a result of the Gulf crisis. The price rises also aim to prevent wastage in the future.

#### **Dutch policy and policy plans**

There is a considerable body of expertise on gas extraction on hand in the Netherlands, and Dutch support for this sector in Bangladesh dates back for more than 10 years. It began with a number of bilateral projects, and from 1984 onwards the Netherlands helped to co-finance a number of larger-scale projects in conjunction with the Asian Development Bank and the World Bank. In these cases, problems were encountered with implementation.

Although gas extraction is of great importance to the economy of Bangladesh, projects in this sector do very little to reduce poverty. The difficulties in implementation help to render this sector less attractive. Moreover, gas extraction is sufficiently profitable to be financed by means of loans. However, as an LDC, Bangladesh is not eligible for a Dutch loan. Accordingly, the Netherlands intends to complete its existing projects in this sphere but not to identify any new projects.

#### **3.2.7 Culture**

Bangladesh's contemporary cultural heritage has evolved over centuries during which Hindu and Muslim religious traditions have been the foremost influences on the visual arts, literature, music and folk art. It is a heritage which extends beyond the frontiers of the present country of Bangladesh, which (as East Pakistan) was created from Bengal at the partition of India in 1947. Until then, the cultural life of Bengal had been influenced from Calcutta by the economic and political dominance of the Hindus and by British colonial rule. The cultural centre was Calcutta, where the Nobel Prizewinner Rabindranath Tagore held sway in the first half of the 20th century. His work overshadowed that of Muslim writers and poets like Nazrul Islam, who defined their cultural identity in terms of resistance to Hindu cultural domination. After Partition in 1947, East Pakistan - the future Bangladesh - lost Calcutta, its cultural lodestar.

A feature of modern cultural life in Bangladesh is the large measure of homogeneity among the population, 90% of whom profess the faith of Islam. Since independence, the younger generation in particular has highlighted Bangladesh's own distinctive cultural development. Another significant element in cultural life is the daily life of the people, the great majority of whom live on the land. Theatre and music are prominent in this connection, though it must be admitted that poverty imposes restrictions. The capital city, Dhaka, has evolved a cultural life in which theatre, music, dance, literature and painting all occupy important positions, with scope for critical political drama and popular theatre. Following



the introduction of freedom of the press in December 1990, Bangladesh now boasts over 500 daily newspapers. NGOs make use of folk drama in their development efforts, for instance to put across the message about improving women's status in society.

Development cooperation between the Netherlands and Bangladesh has little scope for cultural activities, partly because all attention is focused on the prevailing poverty. However, it is necessary to know something of the cultural background, and to make use of that knowledge, if development-related activities are to have any chance of success. The Netherlands will therefore have to bear this constantly in mind.

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