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FOREIGN DONORS IN BANGLADESH

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Foreign Donors in Bangladesh

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Donor Profiles Annex

A. Bilateral

Australia
Belgium
Canada
Denmark
France
F.R.G.
Japan
Netherlands
Norway
Switzerland
U.K.
U.S.A.

B. Multilateral

ADB
EEC
IDA
OPEC
The U.N. System

Foreword

We can best understand how other donors support the BDG by looking at the relationship between donors and the Bangladesh Government as a "Donor System" with three parts: 1) acquiring commitments, 2) developing projects (programming and planning) and 3) implementing projects (disbursements). This paper focuses on commitments and disbursements as they indicate the donors' willingness/ability to support Bangladesh's development and the BDG's progress in utilizing that support.

The following definitions are utilized ^{1/}:

- 1) commitment - execution of a grant or loan agreement between a donor and the BDG.
- 2) disbursement - the actual utilization of funds committed.
- 3) pipeline - difference between commitments and disbursements.

In most cases, resources are committed by the donors and then disbursed or utilized by the BDG. Resources committed one year are usually disbursed over a period of several years. This makes it difficult to establish any useful correlation between commitments and disbursement levels for the same year. Discussion in this report is centered on two groups, the DAC countries and the four largest International-multilateral donors: IDA, ADB, The U.N. System and the EEC. During the last five years (1978-82) these two sources provided more than 80 percent of Bangladesh's foreign aid.

^{1/} These definitions are used because they are the most appropriate for explaining the BDG system and the systems of most donors.

All figures, except where otherwise indicated, are as of June 30, 1982 and from "The Flow of External Resources into Bangladesh" (as of 30 June 1981) and the "Summary of Commitment and Disbursement of Foreign Aid to Bangladesh during 1981-82". These two documents are published by the External Resources Division (ERD) of the Ministry of Finance and provide official BDG statistics covering the period 1972 through June 30, 1982. Differences in definitions, fiscal years, exchange rates etc., make it impossible to accurately compile statistics based on individual donor reports. In general, the ERD data are close to those of the donors. It should be noted that the fiscal years are those of Bangladesh, from July 1 to June 30. Wherever possible, statistics have been rounded off to the nearest whole unit. This may result in some totals being slightly incorrect.

I. Background

A. Growth of the Donor Community

Since independence in 1971, Bangladesh has been a "donor dependent" country. In FY 81-82, donor commitments equaled the value of 67 percent of the Annual Development Budget and 43 percent of the combined revenue and development budgets. 1/ Assistance to Bangladesh is provided by the world's largest donor community. Just after independence the donor community consisted of only 10 bilateral and multilateral aid programs plus an estimated 40 PVOs.2/ By June 1982, the community had grown to 42 countries and organizations and more than 120 international PVOs. At first, donors were primarily concerned with non-project, "survival assistance". Their present activities include projects in all major sectors.

B. Recent Sectoral Areas of Support

In recent years, donor commitments have focused on several areas. According to ERD, in FY 1981-82 the largest amount of donor project aid commitments (see Table 1) were provided to the industries sector (30 percent), followed by power (25 percent), agriculture and rural development (18 percent), water resources (11 percent), communication and transport (7 percent). The totals for all other sectors: physical planning and infrastructure, fuels and minerals, education, training and population and health are, individually, less than 5 percent.3/

1/ Based on statistics provided in "Bangladesh: Recent Economic development and Selected Development Issues", World Bank, March, 1982.

2/ AID/Dhaka 1982 estimate.

3/ Data on sectoral commitments is only available for the periods FY 1977-78 and 1981-82.

The value of individual sector disbursements of project aid as percentages of total FY 1981-82 disbursements are: Transport 18, Industries 16, Fuels and Natural Resources 15, Power 11, Water and Flood Control 9, Agriculture 8, and the Private Sector 8. All other sectors combined account for about 17 percent (see table 2).

As for disbursements during the longer period 1977-78 to 81-82, more than sixty percent went to the industries, power, transport, and agriculture sectors (see table 2). **Emphasis** on these four sectors, generally, has been maintained, falling slightly from 67 percent of aid disbursements in 1977-78 to 52 percent in 1981-82.

C. Types of Assistance: Food, Commodity and Project Aid

Important changes have occurred in the types of assistance.

"The first several years of the country's existence, roughly 1971 to 1975, were marked by economic stagnation, particularly in the agriculture sector. Natural calamities, especially the disastrous flood in 1974, and political turmoil contributed to the difficulties already faced by Bangladesh. During this period Donor assistance was heavily oriented toward relief as evidenced by the fact that food aid accounted for 41 percent of all aid disbursements to Bangladesh." 1/

During the following five years, a reverse trend occurred as commitments changed from food to project aid (see table 3). In FY 1981/82, 47 percent of disbursements were project aid while only 19 percent were food aid. 2/ During the same year, in terms of commitments, the ratio was even larger - 63 percent project aid and 11 percent food aid.

1/ AID Policy Reform Grant PID, May 1982.

2/ ERD Summary of AID Commitments and Disbursements to Bangladesh 1981-82.

II. Donor Community Support

A. Levels of Assistance

The BDG lists a total of 43 national and international donors. However, the majority of all assistance comes from only a portion of that number (see table 4). During the last 5 years (FY 1978-82), the DAC countries and the 4 largest multilateral development agencies 1/ have provided more than 81 percent of all donor commitments to Bangladesh. Since 1971, the largest overall bilateral commitments have come from the United States (\$1,698 million) 2/, followed by Japan (\$1,151 million) and Canada (\$674 million). However, during FY 1980-81 and 81-82, Japan made the largest bilateral commitments (table 4). During the last year, FY 81-82, the U.S. dropped to third (\$171 million), behind Saudi Arabia (\$185 million). Since Independence, the largest multilateral commitments have come from IDA (\$2,100 million), followed by the ADB (\$809 million), the U.N. System (\$630 million) and the EEC (\$324 million).

Since 1971 the ability of the same donors to disburse their commitments were: U.N. System - 94 percent, U.S. - 87 percent, Canada - 86 percent, EEC - 84 percent, Japan - 83 percent, Saudi Arabia - 62 percent, IDA - 53 percent, and the ADB - 28 percent.

1/ The DAC (Development Assistance Committee) countries included in BDG reports are Australia, Belgium, Canada, Denmark, Finland, France, F.R.G., Italy, Japan, Netherlands, Norway, New Zealand, Sweden, Switzerland, the U.K. and U.S.A. The four largest multilateral development agencies are: IDA, the U.N. System and the EEC

2/ BDG figures for U.S. assistance are as of June 1982 and do **not include** funding provided for some relief and rehabilitation and IVA's projects and funding for family planning commodities procured directly by AID/ Washington.

The size of donor commitments varies (Table 3). The most significant variations relate to unpredictable disasters which lower agriculture production, causing food shortages. The two most obvious examples are the 44 percent increase in assistance from 1972 to 1973 following the Liberation War and the 1975 increase of over 130 percent, following the 1974 famine. Other factors also influence donor contribution levels. In 1979, there was a 53 percent increase over the previous year. One explanation is the personal involvement of former President Ziaur Rahman in soliciting donor support. In 1978, Zia and his new government initiated a highly publicized program encouraging donor country assistance. Zia made many visits and personal appeals in support of his initiative.

The magnitude of commitments of the donor community has also been influenced by publicity which continuously describes Bangladesh as a "basket case",^{1/} and international statistics showing it as one of the poorest countries in the world.^{2/}

As for future commitment levels, all indicators now point to an overall decrease in real levels between now and 1985. Although there may be a slight real increase in multilateral funding, it will be less than estimated in the 1984 CDSS annex on donor support and outweighed by significant decreases in bilateral real assistance levels. Our estimate of funding levels for 1983-85, based on personal interviews and recent documents, is presented in table 4.

1/ First attributed to Dr. Henry Kissinger, former Secretary of State, after a brief stopover in Dhaka in 1972.

2/ World Tables (second edition 1980) World Bank.

The estimated overall reduction in real bilateral commitments appears to result from the global recession. On the multilateral donor side, a wide range of factors are affecting assistance levels. They include: reduced funding support to the major multilateral agencies by some governments, new aid recipients such as China and old ones such as India becoming eligible for significant portions of overall funding, and increased program assistance to Africa. All of these factors lessen the amount of total funds available for countries like Bangladesh.

A possible source of increased funding is the OPEC countries. Their intentions, however, are not yet clear. 1/

It should be noted that both the U.S. and Japan, bilaterally and through multilateral organizations, have committed significantly large amounts of assistance to Bangladesh. Since 1973, the estimated combined indirect multilateral and direct bilateral assistance from both countries has been more than 30 percent of all donor commitments, the U.S. has provided an estimated 20 percent and Japan 12 percent. 2/

1/ The BDG could not provide details on OPEC support. Attempts to gain information from OPEC Representatives were also futile.

2/ These figures were derived from the total amount of funds provided to Bangladesh by IDA, ADB, and the U.N. System since 1973 (ADB assistance started in 1973). The U.S. and Japan's percentage contributions to these organizations during the same period were calculated and then added to their bilateral commitments. This total was then taken as a percentage of total donor commitments. We realize that the estimate of funds provided through multilateral organizations is somewhat "rough" but we believe that a 30 percent total is reasonable. It is worth noting that the October 2, 1982, issue of U.S. News and World Report places the U.S. contribution since 1971, by itself, as roughly 35 percent of the donor commitment total.

B. Summary of BDG Donor Reporting Categories

The BDG divides its donors into 5 categories: DAC members, multilateral agencies, Centrally Planned Countries, OPEC countries and other countries/agencies. The following is a brief summary of these categories (see table 5) and the IVAs community. Details on how some donors assist Bangladesh are contained in the attached donor assistance profiles.

1) DAC:

This group provides the largest amount of assistance to Bangladesh. In FY 81-82 their commitments totalled \$803 million (see table 5) or 41 percent of the total while their disbursements were \$719 million or 58 percent of the total. The Development Assistance Committee (DAC) consists of 19 developed countries under the Organization for Economic Cooperation and Development. Sixteen members have been active in Bangladesh. The DAC's primary objective is to make aid more effective through improved coordination. The DAC FY 81-82 contributors were: Japan (186 million), the U.S. (\$171 million), Canada (\$79 million), Netherlands (66 million), F.R.G. (58 million), U.K. (58 million), France (53 million), Sweden (33 million), Belgium (6 million). ^{1/}

2) Multilateral Agencies:

In FY 81-82, this group, provided \$794 million (see table 5) or 41 percent of the total donor commitment, while their disbursements were \$356 million, or 29 percent of total disbursements. The group's

^{1/} Several of the DAC members have not made contributions in recent years.

membership consists of the EEC, UNICEF 1/, the U.N. System, Ford Foundation 2/, International Voluntary Agencies, Asian Development Bank (ADB), International Development Agency (IDA), Islamic Development Bank (IDB), the International Fund for Agriculture Development (IFAD) and OPEC. In FY 81-82, 89 percent of this group's funding commitments were provided by IDA, ADB, the U.N. System and EEC. Multilateral agencies' commitments from independence through June 1982 total \$4,411 million, of which \$2,534 (57 percent) is disbursed.

3) Centrally Planned Economies:

This group consists of Bulgaria, China, Czechoslovakia, The German Democratic Republic, Hungary, Poland, Romania, the USSR and Yugoslavia. As of June 30, 1982, their commitments, since Liberation, have totalled \$677 million, of which \$359 million (53 percent) is disbursed. The commitment in FY 81-82 for the Centrally Planned Economies is only \$74 million, all from the Soviet Union.

4) OPEC Countries

Iran, Iraq, Kuwait, Libya, Saudi Arabia and the United Arab Emirates (UAE) form this group. OPEC countries did not provide significant amounts of assistance until 1978. Since then, they have committed \$586 million of which \$344 million (59 percent) is disbursed. As previously mentioned, there may be an expansion of this group's assistance in upcoming years, but details are not available. In FY 1982 OPEC assistance totaled \$234 million.

1/ The BDG lists UNICEF separately from the U.N. System.

2/ The BDG considers The Ford Foundation as a funding agency and not a PVO.

5. Other Countries and Agencies

This category consists of some relatively small bilateral donors - India, Pakistan, Thailand, Turkey, supplier credits and credit from international banks and companies - General Electric Company (GEC), National & Grindlays Bank, Moscow Narodny Bank and Bank of Credit & Commerce International. As of June 30, 1982 this group's commitments total \$506 million of which \$485 million (96 percent) is disbursed. During the last FY 1981-82 no new commitments were made by this group.

6. International Voluntary Agencies (IVAs)

In the BDG reporting system, IVAs are included under International Multilateral Agencies.

For the purpose of this paper, we are reporting their activities as a separate donor category.

Bangladesh has the world's largest IVA community. According to the BDG, as of June 1982, 120 IVA's were registered and 8 registration requests were pending. There are about 20 U.S. based IVA's registered with the BDG, 14 of which are AID supported.

The majority of the IVAs operate on budgets of several hundred thousand dollars or less. CARE and the Rangpur-Dinajpur Rehabilitation Service (RDRS) are the two extreme exceptions. In FY 1982, CARE budgeted activities were worth approximately 2.5 million dollars (excluding about 16 million dollars worth of U.S. Government financed PL-480 commodities that it distributed). The RDRS commitment for the same year was close to three million dollars. The IVA's do not

provide large amounts of direct project funding. However, many of the projects funded by major donors include significant portions administered by IVA's. For example, in FY 1982 we estimate that 21 percent of the USAID Mission's OYB for Bangladesh was administered through IVA's and local voluntary agencies.

In general, IVAs' activities fall into three categories: relief, development and missionary. Some organizations have activities in more than one category. Most IVA's focus on one or more of three development areas: agriculture, health (including family planning) and community development. Within these areas, many organizations are developing special programs for women. Also, there is a recent trend in the IVA community toward developmentally oriented projects rather than relief activities.

III. BDG Utilization of Donor Support

A. Summary of BDG's 3 Development Plans

The BDG's programs for using donor support are described in their development plans. Since Independence there have been three: A Five Year Plan (1973-1978), a Two Year Plan (1978-80) and the present Second Five Year Plan 1980-85. The first plan's major objectives were to reconstruct the economy, reduce poverty and achieve social justice. Emphasis was on continuing the relief activities necessary to help the country regain economic stability in order to provide basic necessities to its growing population. In general, the goals established in the first plan exceeded the government's resources. As a result, the first plan ended with many goals unaccomplished. "The shortfall in

the performance of the economy during the first plan can be attributed to a number of economic and non-economic factors such as resource shortfall, natural calamities, inflation, institutional weaknesses and management problems". ^{1/} The BDG decided that a Second Five Year Plan could not be attempted until some of the shortcomings of the first plan were resolved. To address this issue, a Two Year Plan (1978-80) was initiated. In this plan, also, there were considerable shortfalls in the realization of various goals and objectives. ^{1/} A second Five Year Plan was launched in 1980 with the major objectives of improving the standard of living by reducing the population growth rate, obtaining self-sufficiency in food production, expanding employment opportunities and eliminating illiteracy. ^{1/} The donors, especially the World Bank, work closely with the BDG in establishing Development Plans. As a result, the plans' requirements usually reflect the donors priorities and the types of assistance which can be expected from them.

B. Project Development Process

Within the BDG, there are three primary agencies for processing donor assistance: ERD, the Planning Commission and the Implementing Agencies.

^{1/} BDG Second Five Year Plan (Draft), 1980-85, May, 1980.

ERD is the primary BDG agency responsible for assessment, mobilization and allocation of donor assistance. This calls for participating in planning, budgeting, conduct of foreign relations and monitoring of development activities. The Planning Commission determines the investment levels and priorities of projects and programs. From this, ERD assesses the total funding requirements for donor assistance. ^{1/} The implementing agencies carry out a project only after the Planning Commission and ERD approval.

In general, the project development process works as follows. The BDG officially requests donor assistance for all projects. However, project ideas can be originated by either a donor or a BDG agency. In the case of donor originated projects, ERD links the donor with the appropriate BDG line agency. The donor and the agency unofficially work out the details. ERD passes the project idea to the Planning Commission where it is reviewed to establish its priority. The project then goes to the line ministry for official approval. It is then sent back to ERD where an agreement is negotiated and signed with the donor. When projects are BDG-originated, ERD has the same function, linking the implementor with the funding source. Under this scenario, ERD, with the knowledge of the project areas of concern for each individual donor, "shops around" until it identifies a donor who is interested

^{1/} External Resources Division Handbook, 1981.

in the project. The BDG then makes an official request for project support. Once this is done, the process is the same as with donor originated projects. 1/

Many projects which are planned but not yet officially approved are listed in the Annual Development Program (ADP). Approved projects can be immediately funded without further clearance. Those listed, but not yet approved, must have Planning Commission approval prior to funding.

IV. Problem Areas

A. Absorptive Capacity of the BDG

The BDG has a problem in effectively utilizing all of the donor commitments. The problem has become increasingly serious. During the last five years (1977-78 to 1981-82), yearly disbursements have increased much more slowly than donor commitments (see table 6). This resulted in the development program pipeline increasing by 101 percent, during the same time period. In some cases, this limited absorptive capacity has been a reason for donors not considering higher support levels for Bangladesh.

B. The "Taka Crunch"

Part of the absorptive capacity problem is the "Taka Crunch". "In short, the BDG is unable to execute many approved projects for lack of Taka to finance local currency portions. Given the shortage of domestic resources, part of the blame for this situation can be

1/ Summarized from "Approval of Foreign Donor Assistance in Bangladesh"; R. Hoque, AID/Dhaka, 1980.

placed on the growing imbalance between project and commodity aid, the sale of which generates local currency revenues. The ratio of project aid to total aid commitments rose, virtually without interruption, from 31 percent in 1974/75 to 67 percent in 1981-82. Many observers tend to regard the matter as a failure by donors to replace declining food aid with non-food commodity aid. That is one aspect of the problem (or would be if food aid were really declining as it had been expected to); but more important has been the increasing preference of donors for project as opposed to non-food commodity aid". ^{1/}

The "taka crunch" limits the BDGs ability to continue support of existing projects. It has an even greater affect on their ability to take on new projects. To cope with this problem, the size of the ADP for 1982-83 was reduced from the original Tk. 3,300 crore to Tk. 2,700 crore, with a Tk. 2.116 crore core budget set aside for only 532 priority projects. ^{2/} This means that the several hundred non-priority projects listed in the ADP may not be implemented.

C. Unpredictable Donor Support Levels

There has been no consistency in the funding levels provided by the donors. This makes it difficult for the BDG to plan long term programs. In FY 1980-81 the donors committed funds equal to approximately 80 percent of Bangladesh's ADP budget, while in FY 81-82 this level dropped to only 67 percent. Other than a general trend toward continued reductions, it is difficult to predict future support levels.

^{1/} Policy Reform grant AID, May 21, 1982.

^{2/} 1982-83 ADP - Planning Commission, BDG - July 1982. One crore = 10 million taka. In June 1982 the exchange rate was approximately 21 taka per one U.S. dollar.

D. BDG Management

The BDG has a history of development program management problems. The difficult tasks of conforming to a wide variety of, sometimes conflicting, donor requirements is a major problem. Another problem is that the BDG has never had sufficient motivated and qualified personnel in appropriate numbers to properly administer its large development program portfolio. Problems related to corruption also exist. The combination of these and other issues still limit the overall effectiveness of all BDG development programs, especially in the area of disbursements.

TABLE 1

Sectoral Distribution of Project Aid Commitments to Bangladesh
BDG FYs 1978-79 and 1981-82*
(In Millions of U.S. Dollars)

| <u>Sector</u> | <u>1978-79</u> | <u>1981-82</u> |
|---------------------------------|------------------|-------------------|
| Industry | 188.7 (20.9) | 366.1 (29.7) |
| Power | 76.1 (8.4) | 307.0 (24.9) |
| Agriculture & Rural Development | 121.3 (13.4) | 227.6 (18.5) |
| Water Resources | 62.2 (6.9) | 132.1 (10.7) |
| Communications and Transport | 166.2 (18.4) | 81.7 (6.6) |
| Others | 72.7 (8.1) | 55.3 (4.5) |
| Fuels & Minerals | 50.3 (5.6) | 27.0 (2.2) |
| Pop. & Health | 50.2 (5.6) | 27.2 (2.2) |
| Education & Training | 57.5 (6.4) | 7.0 (0.5) |
| Physical Plan. & Infrastructure | 56.8 (6.3) | 2.2 (0.2) |
| Total Project Aid | 902.0 (100.0) | 1233.5 (100.0) |

Note : Figures in parenthesis are the percentages of total project aid commitment.

* BDG figures were not available for FY 80-81.

Source: ERD

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TABLE 2

Sectoral Disbursement of Project Aid
(In Millions of U.S. Dollars)

| | 1977-78 | 1978-79 | 1979-80 | 1980-81 | 1981-82 | Average 1977-82 |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Transport | 50.8 (28.4) | 72.0 (29.5) | 130.0 (27.6) | 139.8 (25.0) | 101.4 (17.5) | 94.6 (21.9) |
| Industries | 59.0 (21.4) | 100.0 (27.1) | 71.5 (16.3) | 70.0 (12.5) | 95.4 (16.0) | 79.4 (17.7) |
| Fuels and Nat. Resources | 8.0 (2.9) | 22.0 (6.0) | 24.9 (5.3) | 30.7 (5.5) | 86.8 (14.9) | 54.5 (7.6) |
| Power | 40.0 (14.5) | 47.8 (13.0) | 83.3 (17.7) | 70.2 (12.5) | 63.1 (10.8) | 60.9 (13.5) |
| Water & Flood Control | 15.0 (5.4) | 21.0 (5.7) | 28.7 (6.1) | 51.3 (9.1) | 49.5 (8.6) | 29.7 (7.3) |
| Agriculture | 34.1 (12.4) | 24.4 (6.6) | 30.0 (6.4) | 42.1 (7.5) | 47.4 (8.1) | 35.6 (7.9) |
| Private | 12.0 (4.4) | 20.0 (5.4) | 20.0 (4.3) | 50.1 (9.0) | 44.0 (7.5) | 29.2 (6.5) |
| Population Planning | 6.5 (2.3) | 18.5 (5.0) | 15.7 (3.3) | 22.5 (4.0) | 23.4 (4.0) | 17.3 (3.8) |
| Communication | 11.0 (4.0) | 5.0 (1.3) | 10.3 (2.2) | 9.6 (1.7) | 22.2 (3.8) | 11.6 (2.6) |
| Physical Plan. & Housing | 3.0 (1.1) | 8.0 (2.2) | 8.0 (1.7) | 27.2 (4.8) | 11.0 (1.9) | 11.4 (2.5) |
| Health | 12.3 (4.5) | 4.8 (1.3) | 12.5 (2.6) | 16.0 (2.8) | 10.5 (1.8) | 11.2 (2.5) |
| Education & Training | 9.4 (3.4) | 10.0 (2.7) | 12.5 (2.6) | 12.1 (2.2) | 10.0 (1.7) | 10.8 (2.4) |
| Science & Technology | 0.5 (0.2) | 1.4 (0.4) | 0.3 (0.1) | 0.7 (0.1) | 8.4 (1.4) | 2.2 (0.5) |
| Rural Industries | 9.2 (3.3) | 5.0 (1.3) | 12.4 (2.6) | 12.7 (2.3) | 6.4 (1.1) | 9.2 (2.0) |
| Public Administration | 0.2 (0.1) | 0.5 (0.2) | 0.7 (0.2) | 1.0 (0.2) | 3.6 (0.6) | 1.2 (0.3) |
| Labor & Training | 0.2 (0.1) | 0.3 (0.1) | 0.3 (0.1) | 2.8 (0.5) | 1.5 (0.3) | 1.0 (0.2) |
| Social Services | 1.5 (0.5) | 2.3 (0.7) | 1.2 (0.3) | 1.1 (0.2) | 0.2 (0.0) | 1.3 (0.3) |
| Cyclone Reconstruction | 2.5 (0.9) | 3.3 (1.0) | 0.4 (0.1) | - | - | 1.3 (0.3) |
| Planning Commission | 0.5 (0.2) | 1.7 (0.5) | 2.1 (0.5) | 0.3 (0.1) | - | 0.9 (0.2) |
| TOTAL | 275.7 (100.0) | 368.4 (100.0) | 469.8 (100.0) | 560.2 (100.0) | 584.2 (100.0) | 451.6 (100.0) |

Source: ERD

TABLE 3

Composition of Donor Commitments to Bangladesh 1972-82
(In Million of U.S. Dollars)

| Type of Aid | FY 71-72 | FY 72-73 | FY 73-74 | FY 74-75 | FY 75-76 | FY 76-77 | FY 77-78 | FY 78-79 | FY 79-80 | FY 80-81 | FY 81-82 |
|-------------|-----------------|------------------|-------------------|---------------------|-------------------|-------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| Food | 171.5 (28.0) | 258.8 (29.2) | 155.2 (28.1) | 461.1 (36.2) | 240.7 (25.0) | 143.1 (19.0) | 138.9 (11.7) | 300.6 (16.6) | 270.0 (22.6) | 202.9 (12.4) | 218.1 (11.2) |
| Commodity | 293.6 (48.0) | 302.1 (34.1) | 171.9 (31.2) | 419.1 (33.0) | 360.9 (37.4) | 304.3 (40.4) | 426.0 (35.9) | 617.4 (34.0) | 285.3 (24.3) | 336.9 (20.5) | 491.5 (25.3) |
| Project | 146.6 (24.0) | 325.4 (36.7) | 224.2 (40.7) | 391.6 (30.8) | 363.0 (37.6) | 305.3 (40.6) | 621.9 (52.4) | 897.4 (49.4) | 623.2 (53.1) | 1,102.3 (67.1) | 1,233.5 (63.5) |
| TOTAL: | 611.7 | 686.3 *(44.9) | 551.3 *(-37.8) | 1,271.8 *(130.7) | 964.6 *(-24.2) | 752.7 *(-22.0) | 1,186.8 *(57.7) | 1,815.4 *(53.0) | 1,178.5 *(-35.1) | 1,642.1 *(39.3) | 1,943.1 *(18.3) |

Note: Figures in parentheses are the percentages.

Source: Flow of External Resources to Bangladesh, June 30, 1981 and Summary of Commitment and Disbursement of Foreign Aid to Bangladesh (July, 1981 - June, 1982) - ERD.

* Percentage change over previous year is noted in parenthesis.

Actual and Projected Commitment Levels of Donors Assistance to Landless
(in Millions of U.S. Dollars)

| Donor | Actual | | Projected | | |
|------------------|----------------|----------------|---------------|------------|------------|
| | BDG FY 1980-81 | BDG FY 1981-82 | FY 1982-83 | FY 1983-84 | FY 1984-85 |
| Japan | 231.9 | 186.2 | 238.6 | 250.0 | 260.0 |
| U.S.A. | 181.6 | 170.8 | 180.5 | 156.0 | 178.0 |
| F.R.G. | 68.0 | 58.3 | 76.0 | 78.0 | 80.0 |
| Canada | 39.9 | 78.9 | 95.0 | 100.0 | 110.0 |
| U.K. | 6.0 | 57.8 | 35.0 | 38.0 | 40.0 |
| Netherlands | 84.0 | 66.0 | 46.0 | 50.0 | 55.0 |
| France | 70.0 | 52.7 | 48.5 | 50.0 | 52.0 |
| Sweden | 26.0 | 52.4 | 22.0 | 25.0 | 28.0 |
| Norway | 22.4 | 32.0 | 46.0 | 50.0 | 55.0 |
| Australia | 20.0 | 23.2 | 27.4 | 20.0 | 20.0 |
| Denmark | 19.2 | 31.7 | 42.0 | 45.0 | 50.0 |
| Belgium | - | 6.4 | 13.0 | 6.0 | 6.0 |
| Switzerland | 10.2 | - | 4.0 | 4.0 | 4.0 |
| Finland | 3.3 | 6.3 | 9.0 | 10.0 | 10.0 |
| Saudi Arabia | - | 185.0 | 107.0 | | |
| Kuwait | 41.3 | 28.0 | 60.0 | | |
| Iraq | 30.0 | - | 20.0 | | |
| U.A.E. | - | 21.2 | 50.0 | | |
| China | 16.7 | - | - | | |
| U.S.S.R. | 72.2 | 74.0 | 20.0 | | |
| EEC | 34.9 | 54.6 | 35.0 | | |
| UNICEF | 18.0 | 5.0 | 10.0 | | |
| UN Systems | 65.0 | 65.8 | 64.0 | | |
| ADB | 164.3 | 177.5 | 200.0 | 246.0 | 250.0 |
| IDA | 334.0 | 391.0 | 340.0 | *475.0 | *600.0 |
| IFB | 10.0 | 50.8 | 75.0 | | |
| IFAD | 22.7 | 23.0 | 25.0 | | |
| OPEC | 21.0 | 25.0 | 35.0 | | |
| Ford Foundation | 1.1 | 1.0 | 2.0 | | |
| Suppliers Credit | 2.2 | 36.5 | - | | |
| Czechoslovakia | - | - | 10.0 | | |
| Yugoslavia | - | - | 10.0 | | |
| Total | 1642.1 | 1943.1 | 1946.0 | | |

Source: ERD (FY 1980-81 to FY 1982-83). Projections for 84 & 85 are based on personal interviews and recent documents.

TABLE 5

Aid Commitments to Bangladesh by Groups of Donors
(In Millions of U.S. Dollars)

| <u>Name of Donor Group</u> | <u>FY 1978</u> | <u>FY 1979</u> | <u>FY 1980</u> | <u>FY 1981</u> | <u>FY 1982</u> |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| A. DAC Countries | 661.7 | 968.2 | 544.2 | 783.1 | 802.7 |
| B. Multilateral Agencies | 352.2 | 560.9 | 511.4 | 671.1 | 793.7 |
| C. Centrally Planned Countries | 83.2 | 32.1 | 59.5 | 88.8 | 74.0 |
| D. OPEC Countries | 81.0 | 229.6 | 52.4 | 71.2 | 234.2 |
| E. Other Sources | 6.5 | 15.8 | 15.2 | 28.2 | 38.4 |
| Total | 1,184.6 | 1,806.6 | 1,182.7 | 1,642.4 | 1,943.0 |

Source: ERD

TABLE 5-A

IAC Country Yearly Commitments
1978 - 1982
(In Millions of U.S. Dollars)

| <u>Donor</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> | <u>Average (1978-82)</u> |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------------------|
| Australia | 12.9 | 16.7 | 27.7 | 20.0 | 23.2 | 20.1 |
| Belgium | - | 11.7 | 9.5 | - | 6.4 | 5.5 |
| Canada | 79.9 | 122.5 | 94.8 | 39.9 | 78.9 | 83.2 |
| Denmark | 8.2 | 7.0 | 13.1 | 19.2 | 31.7 | 14.1 |
| Finland | - | - | .5 | 3.3 | 6.3 | 2.0 |
| France | 18.1 | 1.0 | 29.7 | 70.0 | 52.7 | 34.3 |
| F.R.G. | 98.5 | 101.0 | 60.5 | 68.0 | 58.3 | 77.3 |
| Italy | - | 2.0 | - | - | - | .4 |
| Japan | 131.4 | 209.8 | 131.7 | 232.0 | 186.2 | 178.2 |
| Netherlands | 48.4 | 38.4 | 32.2 | 84.3 | 66.0 | 53.9 |
| Norway | 18.1 | 21.9 | 22.2 | 22.4 | 32.0 | 23.3 |
| Sweden | 24.6 | 24.9 | 27.8 | 26.0 | 32.4 | 27.1 |
| Switzerland | - | 13.8 | 2.0 | 10.2 | - | 5.2 |
| U.K. | 69.3 | 144.8 | 4.0 | 6.0 | 57.8 | 55.2 |
| U.S.A. | 152.3 | 252.7 | 88.5 | 181.8 | 170.8 | 169.2 |
| TOTAL : | 661.7 | 968.2 | 544.2 | 783.1 | 802.7 | |

Source: ERD.

Note: BDG Fiscal Year = July 1, June 30.

TABLE 5-B

International and Multilateral Organization's
Yearly Commitments 1978-1982
(In Millions of U.S. Dollars)

| <u>Organization</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> | <u>Average</u> |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|----------------|
| E.E.C. | 25.5 | 63.5 | 24.7 | 34.9 | 54.6 | 40.6 |
| UNICEF | 8.0 | 12.0 | 15.3 | 18.0 | 5.0 | 11.7 |
| Ford Foundation | .3 | 1.3 | - | 1.1 | 1.0 | .5 |
| U.N. System | 34.2 | 51.8 | 63.8 | 65.0 | 65.8 | 56.1 |
| Asian Development Bank | 69.7 | 124.3 | 81.1 | 164.3 | 177.5 | 123.4 |
| I.D.A. | 211.0 | 271.0 | 267.0 | 334.0 | 391.0 | 294.8 |
| Islamic Dev. Bank | - | | 6.0 | 10.0 | 50.8 | 15.8 |
| International Fund for Agric. Dev. | - | 30.0 | 25.0 | 22.8 | 23.0 | 14.2 |
| OPEC | 3.5 | 7.0 | 28.5 | 21.0 | 25.0 | 17.0 |
| TOTAL | 352.2 | 560.9 | 511.4 | 671.1 | 793.7 | |

Source: ERD

TABLE 5-C

Centrally Planned Countries Yearly Commitments 1978-82
(In Millions of U.S. Dollars)

| <u>Donor</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> | <u>Average</u> |
|----------------|-------------|-------------|-------------|-------------|-------------|----------------|
| China | 65.7 | - | - | 16.6 | - | 16.5 |
| Czechoslovakia | - | - | 5.0 | - | - | 1.0 |
| Poland | - | - | 50.0 | - | - | 10.0 |
| Romania | - | 20.1 | - | - | - | 4.0 |
| U.S.S.R. | 6.5 | - | - | 72.2 | 74.0 | 30.5 |
| Yugoslavia | 11.0 | 12.0 | 4.5 | - | - | 5.5 |
| TOTAL: | 83.2 | 32.1 | 59.5 | 88.8 | 74.0 | |

TABLE 5-D

OPEC Countries Yearly Commitments 1978-82
(In Million of U.S. Dollars)

| <u>Donor</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> | <u>Average</u> |
|---------------|-------------|--------------|-------------|-------------|--------------|----------------|
| Iraq | - | - | 52.4 | 30.0 | - | 16.5 |
| Kuwait | - | 24.6 | - | 41.2 | 28.0 | 18.8 |
| Saudi Arabia | 60.0 | 205.0 | - | - | 185.0 | 90.0 |
| U.A.E. | 21.0 | - | - | - | 21.2 | 8.4 |
| Libya | - | - | - | - | - | - |
| TOTAL: | 81.0 | 229.6 | 52.4 | 71.2 | 234.2 | |

Source: ERD

TABLE 5-E

Other Countries/Agencies Yearly Commitments 1978-82
(In Millions of U.S. Dollars)

| <u>Donor</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> | <u>Average</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|----------------|
| India | - | 15.0 | - | - | - | 3.0 |
| Turkey | - | .8 | - | - | - | .2 |
| B.C.C.I. | 6.5 | - | - | - | - | 1.3 |
| Supplier's Credit | - | - | 15.2 | 28.2 | 38.4 | 16.4 |
| TOTAL: | 6.5 | 15.8 | 15.2 | 28.2 | 38.4 | |

Source: ERD

TABLE 6

Donor Commitment, Disbursement & Pipeline Levels 1978-82
(In Millions of U.S. Dollars)

| | <u>Commitments</u> | <u>Disbursements</u> | <u>Cumulative Year-end Pipeline</u> | <u>Disb. as % of Commitment</u> |
|------------|--------------------|----------------------|---|-------------------------------------|
| FY 1977-78 | 1,187 | 828 | 1,871 | 70 % |
| FY 1978-79 | 1,815 | 1,030 | 2,656 | 57 % |
| FY 1979-80 | 1,183 | 1,222 | 2,630 | 103 % |
| FY 1980-81 | 1,642 | 1,147 | 3,048 | 70 % |
| FY 1981-82 | 1,943 | 1,235 | 3,757 | 64 % |

- Source: 1. Flow of External Resources into Bangladesh as of June 30,1981 - External Resources Division.
2. Summary of Commitment and Disbursement of Foreign Aid to Bangladesh (during 1981-82) - External Resources Division.

Donor Profiles

Attached are profiles on the most active DAC donors and the major Multilateral-International donors. Information for the profiles came from the ERD documents referenced in the foreword and personal interviews. Any comments related to future funding levels should be considered as estimates.

Bilateral Donors

Australia
Belgium
Canada
Denmark
France
F.R.G.
Japan
Netherlands
Norway
Switzerland
U.K.
U.S.A.

Multilateral Donors

ADB
IDA
The U.N. System
EEC
OPEC

Australia

Background

Australia started assistance to Bangladesh immediately after Independence in December, 1971. Since then, they have committed a total of \$218 million, of which \$168 million (77 percent) is grant. For FY 1981-82, Australian support totalled \$23 million.

Sectors of Support

Australian aid to Bangladesh has always concentrated on food assistance. Of the total aid of \$218 million, food aid comprises \$166 million (76 percent), other commodity aid \$14 million (7 percent) and project aid \$37 million (17 percent). During FY 1981-82, Australia committed \$23 million, of which \$20 million is food aid and \$3 million is other commodity aid. The on-going project aid portfolio included a wide range of projects: cattle development, assistance to the sugar industry and sugar mill rehabilitation, design and supervision of the construction of hangars at the Zia International Airport, grants to the Bangladesh Rice Research Institute, grants to ICDDR,B, a contribution to the IDA Population and Family Planning project and training of Government officials.

Method of Support

Australian projects are suggested by the BDG line agencies and then designed, implemented and monitored by Australian contractors. All commodities under Australian aid must be purchased from Australia, and all principal contractors must be Australian.

Australia is currently preparing an integrated country strategy for Bangladesh. Like some other donors, the Australians are having difficulties in identifying new technical assistance projects. When this occurs, funds are shifted from technical assistance to food and commodity support.

Future Outlook

The possibility for an increase in Australian support is extremely limited.

Belgium

Background

Belgium began assistance to Bangladesh soon after Independence in 1971 and has provided a total of \$45 million. The FY 1981-82 commitment is \$6 million.

Sectors of Support

Of the total \$45 million, \$4 million is food aid (9 percent), \$6 million is commodity aid (14 percent) and the rest, \$35 million, is project aid (77 percent). Water transportation, industry, power distribution and health are the major sectors of Belgian assistance.

Method of Support

Belgium provides both grant and loan assistance. Of the total, \$39 million (87 percent) is loan and the remaining \$6 million is grant. The loan program is administered independently from the grant program. The grant program comprises technical assistance while the loans are generally soft. The objective of the loan program is to develop long term commercial ties with Bangladesh. Funds are provided directly to the BDG, which is then responsible for identifying, implementing and also evaluating projects with little assistance from the donor. Under the technical assistance program, projects for the various sectors are developed by visiting Belgian technical teams and then jointly implemented with the BDG.

Future Outlook

Present funding levels appear to be stable for the immediate future. Increases will be very difficult.

Canada

Background

Canada has been assisting Bangladesh since 1971 and has provided a total of \$674 million. In FY 81-82, their commitment was \$79 million, making Canada the fourth largest bilateral donor for that year. During the last 5 years, 1978-82, Canada has been the fourth largest bilateral donor.

Sectors of Support

Since 1971, Canadian aid has been heavily oriented toward food assistance. Of the total of \$674 million in Canadian aid, \$320 million (47 percent) is food aid, \$170 million (25 percent) other commodity aid and the rest, \$183 million (27 percent) project aid. In FY 1981-82, Canada was the second largest agriculture sector donor. Their programs include: small scale water control structures to complement Food For Work projects, foodgrain storage construction, assistance in construction of the Chittagong Urea Plant, support to DRRRI and BARI research projects and collaboration with the World Bank Mujib Irrigation Project. Apart from agriculture, Canadian project aid has been concentrated on the transportation sector, specifically railway transportation. Projects in this sector have assisted the rehabilitation of the railways by providing locomotives, overhauling existing units, and improving the maintenance and inventory control system. New track installations (160 miles) are programmed for the next 3 years.

Short and long span bridge rehabilitations are also in various stages of programming and implementation. Power and energy improvements including line installation and sub-station rehabilitation also have been a part of the Canadian aid program. Assistance to the World Bank population project and support to indigenous PVOs are the other project areas.

In the future, Canadian assistance will emphasize the development of rural industries, increasing employment opportunities and development of energy resources. There will be less emphasis on transportation.

Method of Support

The majority, 98 percent, of Canadian AID comes in this form of grants. The Canadian International Development Agency (CIDA) administers the Canadian aid program. CIDA follows a system of project development similar to AID's and requires the development of PID and PP type documents. Usually it requires about 2-2¹/₂ years after the initial project idea for an activity to be ready for implementation. Under technical assistance, teams of experts are placed in BDG and local CIDA offices. Apart from local CIDA staff, teams from CIDA/Ottawa come out each year for review and monitoring of projects.

Canadian aid regulations require that all principal contractors be Canadian. However, principal contractors can engage sub-contractors from other countries including the host country. All commodities have to be Canadian.

Future Outlook

The Prime Minister of Canada has pledged that Canada will increase their aid level from the current .45 percent to .50 percent of GNP. As a result, it is expected that Bangladesh assistance may slightly increase in the future.

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Denmark

Background

Denmark has been providing aid to Bangladesh since 1971. Their aid totals \$87 million, sixty-six percent of which is grant. Danish commitments for FY 82, are \$32 million.

Sectors of Support

Assistance is concentrated on rural development, marine fisheries and inland water transport - the areas where the Danish have a comparative experience advantage. During FY 1981-82, of the total commitment of \$32 million, \$16 million (50 percent) is for the rural development sector, \$4 million (13 percent) for water resources, \$4 million (11 percent) for inland water transport, \$.4 (1 percent) for education, \$5 million (15 percent) in commodity aid and the remaining \$3 million (10 percent) to be allocated. Future support will continue in these areas and will also support a new intensive joint rural works project with the Swedes and the Norwegians. This will be a Food For Work project and consist of minor flood control activities.

Method of Support

The Danes do not follow a planned strategy or have specific program goals. Projects are developed by the BDG. Evaluations of projects are conducted by both field advisers and teams from Denmark. In addition, projects are closely monitored through semi-annual meetings with ERD. During the meetings, progress is reviewed and problems discussed. Following the meetings, ERD submits a written report on what actions will be taken to eliminate problem areas. According to Danish officials, this joint monitoring system has proven to be very effective.

Future Outlook

Since independence, Danish aid levels to Bangladesh have been steadily increasing. It is anticipated that there will be continued increases as Denmark raises assistance levels to 0.736 percent of their GNP.

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France

Background

Bangladesh received its first French assistance in FY 1972-73. The total amounts to \$245 million, of which \$99 million (40 percent) is grant and the rest, \$146 million (60 percent), is loan. In FY 1981-82 \$53 million was committed.

Sectors of Support

Of the total assistance, \$20 million (8 percent) is food aid, \$32 million (13 percent) other commodity aid and \$193 million (79 percent) is project aid. In FY 1981-82, of the total project aid \$22 million (57 percent) went to the fuels and mineral sector and the rest, \$17 million (43 percent), to the power sector. During the same year, food aid amounted to \$6 million and commodity aid \$8 million.

Method of Support

Though French aid to Bangladesh comprises both loans and grants, usually, after 5 or 6 years, loans are converted to grants. Under French law, procurement has to be 100 percent French origin. The Bangladesh program does not follow any written strategy. Projects are fully developed by the BDG agencies. During annual bilateral talks, the BDG submits a list of proposed projects. The French Trade Commission in Dhaka does the paperwork necessary for bilateral project agreements. After the agreement is signed, they have no monitoring function. Negotiations and agreements for food aid are handled directly from Paris.

Future Outlook

The outlook for French assistance to Bangladesh indicates that there will not be any increase in the near future. At best, the FY 1981-82 level will be maintained.

Federal Republic of Germany

Background

F.R.G. began aid to Bangladesh in 1972 and has since provided a total of \$653 million; 58 percent of F.R.G. aid is grant. Of the total aid commitment, \$64 million (10 percent) is food aid, \$353 million (54 percent) other commodity aid and the remaining \$235 million (36 percent) project aid. In FY 1982, \$58 million was committed to Bangladesh.

Sectors of Support

F.R.G. aid to Bangladesh began with the initiation of a project in the livestock sector to improve breeding stock and managerial techniques. F.R.G. provided extensive food assistance (primarily wheat) during the devastation and flooding of the early 1970s which led to subsequent activities in promoting Deep Tubewells and related agricultural projects in the Cox's Bazar area. The F.R.G. provided partial funding for the Zia Fertilizer Factory. Rehabilitation of the electrical power stations in the western grid was also one of the earlier projects. Support to BADC's seed production program and assistance in gas exploration and energy development are the recent FRG-assisted sectors. Commodity aid has been characterized by fertilizer, agricultural implements and other machinery related to the seed and irrigation project support.

Method of Support

Though F.R.G. funded projects seem to be primarily aimed at food production increases and energy resources development, there is no written strategy directing this emphasis. Officially, project proposals are developed by the BDG alone, but, unofficially, F.R.G. officials assist in developing them. Projects are submitted to appropriate

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Government agencies for implementation. Sometime implementation responsibility is contracted to consulting firms. The Embassy is responsible primarily for identifying projects and completing project agreement details between the two Governments. Implementation, monitoring and evaluation are done by consultants through annual reviews.

Future Outlook

The outlook for F.R.G. aid indicates a slight increase.

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Japan

Background

Japan began providing aid to Bangladesh soon after Liberation. Their assistance peaked in FY 1980-81 at \$227 million -- the highest ever for a single bilateral donor -- then dropped to \$186 million in FY 1981-82. For the last three years, FYs 1980-82, Japan has been the largest bilateral donor. The total Japanese aid commitment to Bangladesh amounts to \$1,151 million making them the second largest overall bilateral donor behind the U.S. Only 20 percent of Japanese aid is grant.

Sectors of Support

Of the total Japanese aid commitment, \$203 million (18 percent) is food aid, \$599 million (52 percent) is commodity aid and \$349 million (30 percent) is project aid. The sectoral distribution of Japanese project aid during fiscal year 1981-82 indicates heavy emphasis on the industries and agriculture sectors. There is no overall strategy for Japanese aid to Bangladesh. Despite the concentration on the industries and agriculture sectors, aid can support projects in any areas except defense.

Method of Support

Japanese aid is administered by two agencies; project aid from Dhaka and food aid directly from Tokyo. However, the majority of their technical assistance is provided by persons stationed in Japan. Proposals for project aid are developed by the Japanese themselves with very little BDG involvement.

Projects for energy resources development and agriculture will receive top priority in the future.

Future Outlook

The forecast for Japanese aid has it increasing in the coming years. Japan wants to double its foreign aid program over five years and plans to keep concentrating on Asia. Most likely Bangladesh support levels will increase as a result of this commitment.

Netherlands

Background

Dutch assistance to Bangladesh started in 1972 and now totals \$384 million. The FY 1981-82 commitment is \$66 million, making the Netherlands the fifth largest bilateral donor.

Sectors of Support

From 1972 through 1975, the Dutch aid program had a strong relief character. The main emphasis was on rehabilitation of the economy and repairing damaged infrastructure. During that period, the major portion of Dutch aid was in the form of commodities. However, since then the program has expanded and more emphasis is on project activities.

In the past, Dutch project assistance has not been geared to specific areas. Recently a more definite concentration on a limited number of sectors has taken place. These are: food production and storage, water and flood control (land and water development, land reclamation, dredging), general infrastructure (inland water transport, ferries), social infrastructure (medical assistants training, drinking water supply, rural social services), and industry and energy.

In 1982, project support was concentrated on the energy and agriculture sectors with lesser assistance going to population, health, water, and transport.

Approximately half of the FY 1982 aid is in the form of commodity assistance. In FY 82 the Dutch were the largest fertilizer donor, about 116,000 tons of urea and phosphate.

Method of Support

Dutch assistance is primarily in the form of grants (81 percent). Dutch assistance promotes two general policy aims; to improve the economies, social well-being and self-reliance of Third World Countries, and to improve the well-being of the poorer strata of the society in the recipient country.

Dutch aid to Bangladesh is partly untied. It may be utilized for imports from the Netherlands and/or from the developing countries. In exceptional cases, the Dutch Government allows complete untying of a project if it becomes necessary to do so in order to complete the project.

Future Outlook

There was anticipation that during FY 1981-82 Dutch aid to Bangladesh would go up. That has not happened and decreases in the future years are more likely.

Norway

Background

Norwegian assistance to Bangladesh started in 1972-73. During the first year, assistance totalled \$4 million, almost all of which was commodity aid. Total Norwegian aid since independence amounts to \$65 million. In FY 1981-82, \$32 million was committed.

Sectors of Support

Norway establishes broad sectors of assistance which are primarily along the areas of Norwegian expertise. Water transport, health and training are the major sectors.

Commodity aid constitutes the bulk (63 percent) of total Norwegian assistance. Food aid is nominal (1 percent), while project aid is 36 percent of the total commitment. The broad objective of Norwegian aid is to contribute to the economic and social development of the poor majority with emphasis on the development of women.

Method of Support

Projects are identified by the various BDG agencies and then implemented by Norwegian firms. Projects are evaluated jointly by the BDG and teams from Norway. All project assistance is in the form of grants.

Future Outlook

The level of Norwegian aid to Bangladesh has steadily risen. The future outlook has this trend continuing.

Switzerland

Background

Switzerland began aid to Bangladesh in FY 1974-75. In that year \$10 million was committed, all in project aid. During the next three years, Switzerland did not provide additional support. Then, in FY 1978-79, assistance resumed. Since that time \$26 million has been provided; for a total of \$36 million. During the last fiscal year (1981-82), Switzerland made no new commitments.

Sectors of Support

Of the total of \$36 million, \$10 million (28 percent) is commodity aid and the remaining \$26 million (72 percent) is project aid. Switzerland does not provide any food aid. At the beginning, Swiss aid was concentrated on humanitarian assistance. Since 1976, emphasis has shifted to more long-term programs. Swiss assistance has two broad themes: (1) assistance to rural development in various sectors with two areas of emphasis; improving rural infrastructure and assisting the rural people and (2) support of projects aiming at a better utilization of existing investments in industry and public services through better maintenance and repairs, training of manpower and supply of spare parts.

Method of Support

All Swiss development assistance is provided through the Swiss Development Corporation. During the initial years assistance was mainly channeled through international organizations (U.N., UNICEF, FAO) and Swiss PVOs. Since the end of 1977, direct bilateral development assistance has been provided. 73 percent of Swiss assistance is committed as grant.

Future Outlook

Swiss assistance to Bangladesh has not shown a consistent trend. It may decrease in the future.

United Kingdom

Background

The United Kingdom has been providing aid to Bangladesh since 1947, when Bangladesh first became East Pakistan. Since Liberation Bangladesh has received a total of \$598 million of U.K. aid, 90 percent in the form of grants. The U.K. committed \$57 million for 1981-82.

Sectors of Support for 1982

Any project in any sector may be considered for assistance. Despite funding being available in 1981-82 for projects in several areas such as tea garden development and transportation, assistance was only provided in two areas -- power development and commodity support. Increased emphasis is being placed on channeling more funds to the private sector. The current portfolio emphasizes power and railway infrastructure projects with heavy British imports. Most of the projects in the current portfolio are nearing completion and are funded from previous years. U.K. aid will enter a new sector -- agriculture -- when the proposed U.K./IDA Co-Financed Deep Tubewell project begins. Because of the reduction of the railway budget by the BDG, railway infrastructure projects will not receive continued emphasis.

Since 1971, the bulk of U.K. assistance has been for projects (54 percent). Commodity aid has been 41 percent. Food aid constitutes only 5 percent of the total.

Method of Support

The U.K. aid program does not follow any formal strategy. Projects, based on feasibility studies are developed with ERD and British Consultants. All technical project support is coordinated by a Regional Officer in Bangkok. Project commodities are ordered by on-site or Bangkok-based consultants. This system has enabled smooth requisitioning of commodities.

Future Outlook

In the future, U.K. aid to Bangladesh will be slightly less.

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U.S.A.

Background

United States assistance began in the early fifties, and since Independence the U.S. has provided a total of \$1,098,375 million.^{1/} Of that amount, food aid constitutes \$842,015 million (50 percent), commodity aid \$393,028 (23 percent) and project aid \$ 463,332 (27 percent).

In FY 1981-82, the U.S. provided \$170 million, the third largest bilateral contribution behind those of the Japanese and the Saudis.

Sectors of Support

USAID has established reduction of fertility as its primary development goal. Increasing foodgrain production, generating employment and augmenting rural energy resources in support of both agriculture and employment are the other priorities. As with other donors, assistance emphasis shifted from commodity to project aid in the late 1970's. However, the severe balance of payments crisis of the early 1980's may lead to re-emphasis on commodity aid.

Method of Support

The U.S. assistance program to Bangladesh is administered by USAID with a Resident Mission in Dhaka. The USAID program follows a clearly defined, written strategy. Since FY 81, 100 percent of U.S. project aid is in the form of grant.

^{1/} BDG figures for U.S. assistance are as of June 1982 and do not include funding provided for some relief and rehabilitation and IVA's projects and funding for family planning commodities procured directly by AID/Washington.

The objectives of the USAID program are established in recognition of Bangladesh's development problems and BDG priorities. All USAID projects support the government's broad development goals. Projects are either proposed by various BDG agencies or initiated by USAID after discussions with the relevant BDG agency. However, during the project development stage, much collaboration between USAID and BDG agencies takes place. Projects are developed and, depending on the total life of project funding, approved either at the Mission or AID/Washington.

Future Outlook

Future levels of assistance will decrease slightly in real terms.

Asian Development Bank (ADB)

Background

The Asian Development Bank began support in 1973 and is the second largest multilateral donor. The total ADB assistance comes to \$809 million. The FY 1981-82 commitment was \$178 million making it the second largest among the multilateral donors for that year. All ADB aid to Bangladesh is project assistance. Bangladesh is one of the largest recipients of ADB assistance. From 1967-1981, the country received 26 percent of all ADB support.

Sectors of Support

Agriculture is the priority sector for ADB assistance. Of the total of 41 projects during the period 1972-73 to 1981, 24, involving \$522 million (64 percent), are in the agriculture sector. This includes rural development and fertilizer production. The other major sectors of ADB assistance are industry - \$101 million (13 percent), power and energy - \$111 million (14 percent) and transportation - \$41 million (5 percent). Education and health are the other areas of ADB interest, each with 2 percent of total commitments.

The bank's future strategy will continue to concentrate on food production. In addition to agriculture, industrial projects, which will utilize the country's gas resources, and infrastructure related projects for gas production, transmission and distribution will be receiving high priority.

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Method of Support

Most of the ADB lendings to Bangladesh are from the Special Fund Resources made of voluntary contributions from developed member countries. These concessional loans charge only 1 percent as service charge with a grace period of 10 years and a repayment period of 40 years. Most of the ADB projects are developed under technical assistance grant provided by the ADB. Recently, the ADB set up a small resident office in Dhaka with several expatriate representatives and a few local support and administrative staff members.

Future Outlook

It is expected that in the future ADB assistance levels to Bangladesh will go up slightly.

CA

World Bank (IDA)

Background

The International Development Association (IDA), the soft loan arm of the World Bank, is the largest multilateral donor to Bangladesh and has been providing assistance since FY 72-73. IDA support to Bangladesh began with the reactivation of eleven on-going East Pakistan projects valued at \$151 million. Since then, IDA has provided a total of \$2,091 million. For FY 1981-82 IDA support totals \$391 million.

Sectors of Support

Of the total IDA assistance since independence, \$765 million (36 percent) is commodity aid and the remaining \$1,335 million (64 percent) is project aid. Energy/power is the priority sector. During the BDG fiscal year 1981-82, \$132 million was committed for the energy/power sector, 34 percent of the total FY 81-82 commitment. Other priority sectors are agriculture, water resources and transport. \$100 million (26 percent) is committed for commodity imports.

Method of Support

IDA loans are concessional and repayable in 50 years with a 10 years grace period. A .75 percent service charge on the disbursed portions of the loan is charged.

Future Outlook

IDA assistance to Bangladesh has been substantial. Last year it was forecasted that, by 1984-85, IDA aid would go upto \$600 million a year. It now appears that this may be impossible. However, it is anticipated that IDA assistance will continue to grow in real terms at a rate larger than any other donor with the possible exception of Japan.

U.N. System

Background

The U.N. System began assistance to Bangladesh in late 1971. The System includes the United Nations Development Programme (UNDP), World Food Program (WFP), United Nation's Industrial Development Organization (UNIDO), United Nations Fund for Population Activities (UNFPA), Food and Agriculture Organization (FAO), International Labour Organization (ILO), World Health Organization (WHO), and United Nations Educational, Scientific and Cultural Organization (UNESCO)*. Though in terms of magnitude the U.N. System assistance to Bangladesh is not large, the role it played during the initial years of independence (upto 1975) was very important. During those years the U.N. System in Bangladesh initiated the largest relief operation in its history and played an essential leadership role in mobilizing world-wide aid for Bangladesh. Many donors provided their assistance through the U.N. System which was then known as United Nations Relief Operations, Bangladesh (UNROB) and later as the United Nations Relief Operations, Dhaka (UNROD). In total, the U.N. System has committed \$630 million in support of Bangladesh. The FY 1981-82 commitment is \$66 million.

* UNICEF is also active in Bangladesh. The BDG, however, reports their activities separately from those of the U.N. System.

Sectors of Support

Of the total assistance from the U.N. System, \$383 million (61 percent) is food aid, \$92 million (14 percent) is commodity aid and the remaining \$156 million (25 percent) is project aid. Since FY 1976-77 the U.N. System has not provided commodity aid other than food. The System support is mostly Technical Assistance, especially in those areas where other donor support is not available. Population, industry, agriculture education and training are the major sectors of U.N. System project assistance.

Method of Support

Food assistance from the U.N. System is handled by the World Food Programme (WFP) and is utilized in executing various labour intensive Food For Work projects. Apart from food aid, most of the U.N. supported projects are technical assistance, designed and implemented by various specialized agencies of the U.N. System.

Future Outlook

It is anticipated that U.N. System support levels will at best maintain FY 1981-82 level.

European Economic Community

Background

The European Economic Community (EEC) initiated assistance to Bangladesh in 1972-73. The first year's commitments totalled \$30 million. Since then the EEC has provided a total of \$324 million. The FY 1981-82 level is \$54 million.

Sectors of Support

Of the total of \$324 million, \$182 million (56 percent) is food aid, \$88 million (27 percent) is other commodity aid and the remaining \$54 million (17 percent), is project aid. Agriculture, water resources and industries are the priority sectors of EEC project assistance.

Method of Support

The European Economic Community has no office in Bangladesh. The program is administered from the EEC headquarters in Brussels. Eighty-four percent of EEC assistance is in the form of grants.

Future Outlook

The trend of past EEC assistance has been to go up one year and down the next. However, since FY 1978-79 there has been a steady increase in yearly commitments. It is anticipated that this will continue for the foreseeable future.

OPEC

Background

Organization of Petroleum Exporting Countries (OPEC) is a relatively new donor to Bangladesh. OPEC's assistance to Bangladesh began in FY 1976-77. Since then, OPEC has committed a total of \$99 million. This year's (FY 1981-82) commitment was \$25 million.

Sectors of Assistance

OPEC has not provided any food assistance. Of the total assistance committed so far, commodity aid has been \$46 million (46 percent) and the remaining \$53 million (54 percent) has been project aid.

Method of Support

All OPEC assistance is in the form of loans. OPEC does not follow any written strategy and its assistance is not large. A possible reason is that some of the richest OPEC members - Saudi Arabia, Kuwait and United Arab Emirates (U.A.E.) - provide substantial bilateral assistance to Bangladesh.

Future Outlook

Assistance levels during the last three years have gone up. It is expected that for the future, assistance will not be less than the FY 1981-82 \$25 million level, although the recent instability of world oil prices make predictions very tentative.

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