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48055

U.S. BILATERAL ECONOMIC ASSISTANCE TO BANGLADESH

ALL YEAR SUMMARY

1953 Through September 30, 1986

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Dhaka, Bangladesh

November, 1986

I. Overview

II. Assistance to Bangladesh (1972 - through September 1986)

A. Food/PL 480 Assistance

- (1) Title I
- (2) Title II
- (3) Title III

B. Development Assistance - Priority Sectors

(1) Population/Health

- (a) Family Planning
- (b) International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR,B)

(2) Agriculture

- (a) Fertilizer Imports & Production
- (b) Agricultural Research I & II
- (c) Rural Finance
- (d) Other Agricultural Production Activities

- i) Project Development
- ii) Small-Scale Irrigation
- iii) Zilla Roads Maintenance & Improvement
- iv) Agro-Climatic/Environmental Monitoring

(3) Rural Industries/Employment

(4) Energy

- (a) Karnaphuli Third Unit
- (b) Rural Electrification I, II and III
- (c) Energy Research

C. Other Program Support

- (1) Disaster Relief
- (2) Private Voluntary Organizations
- (3) Miscellaneous Assistance

III. Assistance to East Pakistan (1953-71)

- \* All statistics are based on the best available information. In some situations, details which include Central funding may be incomplete.

## I. Overview

The U.S. has provided substantial bilateral assistance to Bangladesh since shortly after its independence in 1971, and prior to that, from 1953 to 1971 when it was known as East Pakistan. Immediately following independence, U.S. assistance consisted of emergency food aid to cope with the post-war famine situation. Project assistance began in 1973 with a major program of reconstruction and rehabilitation of basic infrastructure. As peace time conditions returned to Bangladesh, agricultural production stabilized and basic infrastructure needs were met, U.S. assistance evolved from relief and rehabilitation to economic development. All U.S. assistance is now focused on three major areas. They are: (1) reduced fertility, (2) increased agricultural productivity, and (3) increased off-farm employment opportunities.

The first two sections below describe total U.S. bilateral assistance to Bangladesh since independence. The final section briefly reviews U.S. assistance to what is now Bangladesh during "Pakistan times".

## II. Assistance to Bangladesh 1972 - through September, 1986)

A. Food/PL 480 Assistance: Bangladesh is one of the poorest and most chronically food deficit countries in the world, and as such, is a major PL 480 program recipient.

(1) Title I - Loans amounting to \$ 517,056,000 have been provided for procurement of 1,516,556 metric tons of wheat, 646,308 metric tons of rice, 108,051 metric tons of edible oil and 49,096 bales of cotton.

(2) Title II - Since the program began in 1972, a total of \$ 360,530,000 in support has been provided. This includes 2,007,723 metric tons of wheat valued at \$ 278,146,000, 154,440 metric tons rice valued at \$ 28,005,000, 87,477 metric tons of edible oil valued at \$ 23,943,000 and 108,631 metric tons of

other commodities valued at \$ 30,436,000.

(3) Title III - \$ 559,820,000 has been provided in the form of 2,672,722 metric tons of wheat, 127,058 metric tons of soybean oil, 294,954 metric tons of rice and 175,849 bales of cotton.

B. Development Assistance - Priority Sectors

(1) Population - Bangladesh is the most densely populated rural economy in the world. Only if the present 2.7% annual population growth rate is significantly reduced, will the country reach foodgrain self-sufficiency. The U.S. has contributed a total of \$ 206,387,000 for projects related to reducing Bangladesh's population growth rate.

(a) Family Planning - \*\$ 189,690,000 has been provided for contraceptives, training of Bangladeshi officers, reimbursement to the BDG for voluntary sterilization related costs and selected research in the field of population. This includes support to programs of private organizations such as the Pathfinder Fund, Association for Voluntary Sterilization (AVS), Population Services International (PSI), Cooperatives for American Relief Everywhere (CARE) and the Bangladesh Family Planning Association (BFFA).

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\* Additional Population/Family Planning funding may have also been provided through other government sources. The Mission has no records of this support and it is not included in the above totals.

(b) International Centre for Diarrhoeal Diseases Research, Bangladesh (ICDDR,B) - \$ 16,697,000 was provided in support of research programs on cholera prevention and treatment undertaken by the former Cholera Research Laboratory, now the ICDDR,B. The same funding also supported two long term studies to examine the demographic impact of family planning programs.

(2) Agriculture - The Bangladesh Government has established the goal of foodgrain self-sufficiency. This goal will require a near 30% increase in foodgrain production. In support of this effort the U.S. Government is assisting a wide range of projects.

(a) Fertilizer Imports & Production - The total U.S. contribution for fertilizer is \$ 394,407,000. Of this amount, \$ 54,743,000 was allocated in FY 74 and FY 75 for the importation of 217,695 metric tons of fertilizer, and \$ 52,704,000 for a share of the construction costs for a Urea Plant at Ashuganj (re-named Zia Fertilizer Plant). The fertilizer plant support included a \$ 30.0 million loan in FY 1975 and a \$ 22.7 million loan in FY 1978. In FY 76, \$ 5,250,000 was provided for the construction of storage space for 27,000 tons of fertilizer. The Agricultural Inputs III grant of \$ 27,500,000 financed the importation of approximately 150,000 metric tons of fertilizer in FY 77. In FYs 1978-86, \$ 254,210,000 was provided for importing approximately 438,000 tons of fertilizer, technical assistance to develop an improved fertilizer marketing system, funds for initiating a in-kind credit program and construction of warehouses to store 210,000 metric tons of

fertilizer.

- (b) Agricultural Research I & II (\$ 34,832,000) - These projects are integral parts of A.I.D.'s long-term commitment to developing agricultural research capabilities. These projects support efforts to develop more productive crop varieties and cultivation practices by strengthening the institutional capacity necessary for technological advances and by decentralizing research to regional substations and farmer's fields. The objective is to diversify crop production and improve the efficiency of fertilizer use.
- (c) Rural Finance (\$ 81,313,000) - Through the experimental phase of the project, funded at \$ 6,313,000, nine Bangladesh credit institutions tested various models for extending credit to the rural poor. The follow-on project began in 1983 and funded at \$ 75,000,000, emphasizes policy reforms aimed at savings mobilization, changes in the interest rate structure, loan administration reform including an effective system to encourage prompt repayment of loans, and institutional strengthening of participating banks. Project funds are utilized by the Bangladesh Bank to reimburse the Bangladesh Krishi Bank and other banks based on their disbursements of credit to the rural population.
- (d) Other Agricultural Production Activities - \$ 47,121,000 has financed a variety of activities including irrigation pumps, feasibility studies, training, rural roads construction and agro-climatic monitoring. The major ones include:

- (i) Project Development (\$ 13,056,000) - These funds have been utilized for feasibility studies intended to lead to projects directed toward expanded agricultural production.
- (ii) Small Scale Irrigation (\$ 12,465,000) - This FY 76 loan has financed production and distribution of 180,000 handpumps for sale to small farmers.
- (iii) Zilla Roads Maintenance and Improvement (\$ 14,200,000) - By institutionalizing an effective program of development and annual/seasonal maintenance of the roads under jurisdiction of four Zilla Parishads (District Councils), the project is intended to improve access to rural areas and thereby contribute to the overall socio-economic improvement of those areas.
- (iv) Agro-Climatic/Environmental Monitoring (\$ 7,400,000) - The project is expected to improve the management of soil, water and sylvan resources in Bangladesh by upgrading Bangladesh's capability to obtain, analyze and disseminate a wide variety of data on the local agro-climatic environment relating to agriculture, meteorology, forestry, fisheries and overall ecosystems.
- (3) Rural Industries/Employment - In Bangladesh rural unemployment/underemployment stands at about 30 percent and is increasing. Expansion of off-farm employment through rural industries is a key issue for solving this problem.

- (a) Rural Industries (\$ 4,513,000) - The project provides technical assistance, credit, training and other inputs to various agencies engaged in promotion and development of rural industries.
- (b) Enterprise Development (\$ 1,000,000) - The project has been initiated in 1986 to assist the Micro-Industries Development Assistance Society (MIDAS) in providing small loans to private entrepreneurs for setting up innovative and export-oriented industrial enterprises.
- (4) Energy - New requirements brought on by Bangladesh's population expansion are gradually depleting traditional energy sources and damaging the environment. The U.S. Government is assisting the Bangladesh Government in developing new energy sources and improving the management of existing activities.
- U.S. assistance to date is \$ 140,640,000 for improvement in the generation and distribution of electricity, research on energy policy and maintenance studies on existing generating units.
- (a) Karnaphuli Third Unit (\$ 10,200,000) - The loan has financed the installation of a 50 MW generating unit at the Karnaphuli Power Station at Kaptai in the Chittagong Hill Tracts.
- (b) Rural Electrification I, II & III (\$ 128,800,000) - To date, a long term \$ 34.0 million loan and \$ 94.8 million grant have been made available for the Rural Electrification Board to provide electrification, at reasonable rates, in rural Bangladesh. Under the program, so far approximately 610,000 domestic connections have been provided and 8775 irrigation pumps and 29,000 small commercial and industrial

units have been electrified in the 17 Palli Bidyut Samityas (PBSs).

(c) Energy Research (\$ 1,640,000) - \$ 310,000 has been provided to the Center for Policy Research, Dhaka University to conduct a study on energy policy and \$ 40,000 has been provided for a study on the rehabilitation/upgrading of the existing Karnaphuli 1 and 2 units. \$ 1,290,000 has been provided in FY 83 to engage a U.S. firm; Bechtel Inc. to assist Petrobangla in setting up a Data Centre for Petrobangla and to provide other related Technical Assistance.

(C) Other Program Support

- (1) Disaster Relief - \$ 259,019,000 was provided for a variety of relief and rehabilitation efforts primarily during the post-war recovery period, after the 1974 floods, in support of the Arakanese Refugees Relief efforts and for the 1985 cyclone victims.
- (2) Private Voluntary Organizations (PVOs) - \$ 27,253,000 for grants to PVOs to implement rural development, health and family planning activities has been provided.
- (3) Miscellaneous Assistance - \$ 17,969,000 has been made available for a variety of activities including; training, project development, seminars/workshops, research studies, grants to CARE to administer the Food For Work Program, support for the National Women's Development Academy, assistance to the Flood and Cyclone Warning System and assisting the Bangladesh Bureau of statistics in conducting a nation-wide census of small enterprises.

### III. Assistance to East Pakistan (1953-71)

Between 1953 and 1971 an estimated 644.5 million dollars was provided to East Pakistan. This support included Karnaphuli Hydro-electric project units 1 and 2, \$ 67.1 million for coastal embankment projects valued at \$ 81.5 million and support for Agricultural and Engineering Universities in the amount of \$ 9.1 million. In addition, large amounts of foodgrains, fertilizer, and vegetable oil were made available. Various projects, such as malaria eradication and family planning, covered both East and West Pakistan. As a result, it is often difficult to differentiate which area received what funding.

An estimate of total funding for East Pakistan is below (1953-71):

Agriculture & Natural Resources	\$ 355.0	Million
Health & Sanitation	40.5	"
Education	55.1	"
Industry	0.4	"
Roads, Railways, Waterways & Ports	59.0	"
Power Sector	86.6	"
Miscellaneous Support	24.8	"
Relief & Rehabilitation	23.1	"
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Total	\$ 644.5	Million
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U.S. BILATERAL ASSISTANCE

ALL YEARS SUMMARY

(December 1971 - September 1986)

1.	<u>Food Assistance</u>	\$ <u>1,371,679,000</u>
	(Food For Work)	218,080,000
	(Food Imports)	(1,153,599,000)
	PL 480 Title I	500,705,000
	PL 480 Title II	142,450,000
	PL 480 Title III	510,444,000
2.	<u>Population and Health</u>	\$ <u>206,387,000</u>
	(Family Planning)	(189,690,000)
	(Cholera Research Laboratory and ICDDR,B)	(16,697,000)
3.	<u>Agricultural Production</u>	\$ <u>557,673,000</u>
	(Fertilizer Import, Production and Storage)	(394,407,000)
	(Research, and Rural Credit)	(116,145,000)
	(Project Development, Feasibility Studies, Irrigation Pumps and Rural Roads)	(47,121,000)
4.	<u>Rural Industries/Employment</u>	\$ <u>5,513,000</u>
5.	<u>Energy</u>	\$ <u>140,640,000</u>
6.	<u>Other Program Support:</u>	
	<u>Disaster Relief</u>	\$ <u>259,019,000</u>
	<u>Private Voluntary Organizations</u>	\$ <u>27,253,000</u>
	<u>Miscellaneous</u>	\$ <u>17,969,000</u>
	<u>Cotton Import</u> (PL 480 Title I and III)	\$ <u>65,727,000</u>
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	Total U.S. Assistance	\$ <u>2,651,860,000</u>

PL 480 Summary

Title I

(Actual Receipts)

	<u>MT</u>	<u>Wheat</u> <u>(\$000)</u>	<u>MT</u>	<u>Rice</u> <u>(\$000)</u>	<u>MT</u>	<u>Edible Oil</u> <u>(\$000)</u>	<u>Bales</u>	<u>Cotton</u> <u>(\$000)</u>	<u>Total</u> <u>(\$000)</u>
FY 74	145,086	24,627	-	-	10,023	8,407	-	-	33,034
FY 75	526,147	84,596	350,497	136,776	7,465	4,185	-	-	225,557
FY 76	391,454	58,153	213,430	55,826	40,180	21,488	-	-	135,467
FY 77	280,865	27,866	82,381	20,413	18,785	11,207	-	-	59,486
FY 78	173,000	25,204	-	-	22,547	15,899	34,067	9,969	51,072
FY 79	-	-	-	-	9,051	6,058	-	-	6,058
FY 80	-	-	-	-	-	-	15,029	6,382	6,382
FY 81	-	-	-	-	-	-	-	-	-
FY 82	-	-	-	-	-	-	-	-	-
FY 83	-	-	-	-	-	-	-	-	-
FY 84	-	-	-	-	-	-	-	-	-
FY 85	-	-	-	-	-	-	-	-	-
FY 86	-	-	-	-	-	-	-	-	-
	<u>1,516,556</u>	<u>220,446</u>	<u>646,308</u>	<u>213,015</u>	<u>108,051</u>	<u>67,244</u>	<u>49,096</u>	<u>16,351</u>	<u>517,056</u>

PL 480 Title II

(Actual Receipts)

	<u>MT</u>	<u>Wheat</u> <u>(\$000)</u>	<u>MT</u>	<u>Rice</u> <u>(\$000)</u>	<u>MT</u>	<u>Edible Oil</u> <u>(\$000)</u>	<u>MT</u>	<u>Other</u> <u>(\$000)</u>	<u>Total</u> <u>(\$000)</u>
FYs 72, 73, & 74	911,934	64,100	154,440	28,005	87,477	23,943	86,166	23,085	139,133
FY 75	-	-	-	-	-	-	2,476	3,317	3,317
FY 76	-	-	-	-	-	-	-	-	-
FY 77 (FFW)	99,973	15,645	-	-	-	-	-	-	15,645
FY 78 (FFW)	66,365	12,483	-	-	-	-	9,991	2,088	14,571
FY 79 (FFW)	192,441	36,597	-	-	-	-	9,998	1,946	38,543
FY 80 (FFW)	60,000	12,804	-	-	-	-	-	-	12,804
FY 81 (FFW)	119,502	25,035	-	-	-	-	-	-	25,035
FY 82 (FFW)	149,804	32,863	-	-	-	-	-	-	32,863
FY 83 (FFW)	150,260	30,836	-	-	-	-	-	-	30,836
*FY 84 (FFW)	90,785	17,637	-	-	-	-	-	-	17,637
*FY 85 (FFW)	70,000	13,742	-	-	-	-	-	-	13,742
*FY 86 (FFW)	102,659	16,404	-	-	-	-	-	-	16,404
	<u>2,007,723</u>	<u>278,146</u>	<u>154,440</u>	<u>28,005</u>	<u>87,477</u>	<u>23,943</u>	<u>108,631</u>	<u>30,436</u>	<u>360,530</u>

\* Shipment levels.

PL 480 Title III

(Actual Receipts)

	<u>Wheat</u>		<u>Rice</u>		<u>Edible Oil</u>		<u>Cotton</u>		<u>Total</u>
	<u>MT</u>	<u>(\$000)</u>	<u>MT</u>	<u>(\$000)</u>	<u>MT</u>	<u>(\$000)</u>	<u>Bales</u>	<u>(\$000)</u>	<u>(\$000)</u>
FY 78	184,063	23,841	-	-	-	-	-	-	23,841
FY 79	356,547	56,334	-	-	-	-	-	-	56,334
FY 80	406,003	64,738	-	-	-	-	-	-	64,738
FY 81	227,318	31,825	-	-	24,995	14,935	-	-	46,830
FY 82	171,700	25,900	54,554	15,400	24,496	13,392	27,327	9,176	63,868
FY 83	227,500	28,668	35,400	10,000	23,900	10,841	28,500	10,200	59,709
* FY 84	220,500	31,000	67,000	18,000	14,350	9,000	28,500	10,000	68,000
* FY 85	395,000	54,500	75,000	20,000	14,352	10,000	33,200	10,000	94,500
* FY 86	483,991	52,000	63,000	10,000	24,965	10,000	58,322	10,000	82,000
	<u>2,672,722</u>	<u>368,876</u>	<u>294,954</u>	<u>73,400</u>	<u>127,058</u>	<u>68,168</u>	<u>175,849</u>	<u>49,376</u>	<u>559,820</u>

\* Shipment levels.