THE WORLD BANK LENDING TO BANGLADESH WITH SPECIAL REFERENCE TO HEALTH SECTOR

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Certified that the dissertation entitled "**THE WORLD BANK LENDING TO BANGLADESH WITH SPECIAL REFERENCE TO HEALTH SECTOR**", submitted by me in partial fulfillment of the requirements for the award of the degree of **MASTER OF PHILOSOPHY**, has not been previously submitted for any other degree of this or any other university and is my own work.

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Preface

Since the establishment of the World Bank in July 1944 to till today, the Bank has made tremendous progress. It is now a global institution with global priorities. The Bank has made its impact felt in every part of the globe. It has particularly focused on health, literacy and poverty alleviation. And under the Millennium Development Goals, the Bank is trying to reduce poverty by half by the year 1915. The Bank has widened its activities and is focusing on diverse sectors.

In Bangladesh the Bank has been working since 1972. From 1972 to 2004 the Bank has been involved in various projects and developmental works. The present study addresses the issue of Bank's four on going health projects in Bangladesh. The whole work is divided into four chapters.

The first chapter will discuss the evolution of the World Bank as a financial institution. This will also focus on growing importance of health sector in Bangladesh and Bank's changing policy to invest in Human Resource Development from 1970s.

The second chapter will provide an overview of diverse activities, which have been financed by the Bank.

The third chapter will examine the Bank's health projects in Bangladesh. The various selected health-related issues, such as population and health, nutrition, HIV/ AIDS and arsenic contamination would be assessed.

And the fourth chapter which is the conclusion will include the major findings of the study, including an evaluation of the selected projects.

ABBREVIATION

ADP: Annual Development Plan

BAMWSP: Bangladesh Arsenic Mitigation Water Supply Project

CBOs: Community Based Organisations

ESP: Essential Service Package

ESW: Economic and Sector Work

FAO: Food and Agricultural Organisation

HFWC: Health and Family Welfare Centres

HPSP: Health and Population Sector Programme

HRD: Human Resource Development

IBRD: International Bank for Reconstruction and Development

ICSID: International Centre for Settlement of Investment Disputes

IDA: International Development Association

IFC: International Finance Corporation

IMF: International Monetary Fund

LDC: Least Developed Countries

MIGA: Multilateral Investment Guarantee Agency

NAC: National AIDS Committee

NGOs: Non-Governmental Organisations

NIPHP: National Integrated Population and Health Programme

SOEs: State Owned Enterprises

STD: Sexually Transmitted Disease

UNDP: United Nations Development Programme

USAID: United States Aid for International Development

WB: World Bank

WHO: World Health Organisations

Chapter-I

Introduction

1.1 INTRODUCTION

The establishment of World Bank (WB) in July 1944 is one of the most important events of 20th century. After the World War II it was perhaps the best thing to happen. After lot of destruction and devastation, the establishment of WB was a clear indication for reconstruction. This is in fact one of the outstanding human endeavors for which WB came into existence. From the day it was established to till today the Bank has been criticized as well as praised. Those scholars who support the Bank give various reasons and answers for its achievement. On the other hand there are scholars who interpret the Bank and its policies as being negative.

The time period of its establishment is one of the most controversial and till date a debatable topic, though the Bank has almost completed 60 years of its establishment. The Bank was established after the Great Economic Depression of the1930s and just after the end of the Second World War. So the time period is controversial. From the Cold War period to the 21st century the WB has come a long way proving its worthiness in every part of the globe. Though there are some skeptical views about the Bank and its activities, still it is no more treated as an institution, which was created to suit the needs of the developed nations of the West, particularly the USA.

After the end of the Second World War the Bank acted in such a manner that people doubted the good intentions of the Bank. Now it is treated as an institution, which was the product of the Cold War. At the present global scenario the WB is an institution, which is not confined to the West or USA - rather it has embraced East, West, North, and South of the globe. It is a global institution, which has its presence felt in every nook and corner of the world. It is a global institution with global objectives and vision.

1.2 EVOLUTION OF THE WORLD BANK

A product (along with the International Monetary Fund, IMF) of the Bretton Woods Conference of July 1944, the International Bank for Reconstruction and Development (IBRD), now known almost exclusively as the World Bank began formal operations at its head quarters in Washington D.C., on July 25, 1946.[1] Its twin functions are more explicit in its name. It was to assist in the reconstruction of the war ravaged economies of Europe and Japan and in the 'development'- (the term was open to numerous interpretations) of the less developed world.[2]

The First World War, the Great Economic Depression of 1930s and its consequent impact on the nations of the world and particularly the outbreak of the Second World War in 1939 and the holocaust of the War were the major causes for which the Bank came into existence. It is also argued that the WB was the

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[1] Robert L. Ayers, *Banking on the Poor: The World Bank and World Poverty*, (Cambridge: The MIT Press, 1985), p. 1.

[2] Ibid.

product of the Marshal Plan, initiated by US which tried to give concessional loan to some European countries like Denmark, France and Luxemburg, etc. so that Union of Soviet Socialist Republic (USSR) is restricted from entering into Western Europe. This clearly shows that purpose of the World Bank was to contain USSR's expansion and the containment policy of USA. It is also said that in the interwar period, the lending countries lacked a coordinated policy of lending and the borrowing countries borrowed excessive amounts the payment of which became difficult due to the adoption of protectionist policies of the former.[3]

After the Second World War, the need of the hour was the coordination of private capital investments for the reconstruction of the war-shattered economies.[4] The developed countries of the world were concerned as to how they would reconstruct their economies after the war. Taking note of these factors, Britain and USA in particular started to formulate plans and ideas, which were finally given shape in the establishment of the Bank.

1.3 ORGANISATIONAL STRUCTURE

According to the Encyclopaedia Britannica the World Bank is a specialized agency of the UN system, established at the Bretton Woods Conference for postwar reconstruction. Its five divisions are the International Bank for Reconstruction and Development (IBRD), the International Development

[3] Mahendra Pal, *WB and Third World Countries of Asia With Special Reference to India*, (New Delhi: National Publishing House, 1985), p. 1.

[4] Ibid.

Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).

The IDA founded in 1960 makes interest-free loans to the Bank's poorest member countries. The IFC founded in 1956 lends to private business in developing countries. The MIGA founded in 1985 supports national and private agencies that encourage Foreign Direct Investment (FDI) by offering insurance against non-commercial risks. The ICSID founded in 1966 was developed to relieve IBRD of the burden settling investment disputes. When it lends money at the more or less conventional rates of interest on loans guaranteed by the government concerned, it calls itself the IBRD, or the WB, and lends from its WB account, when it lends interest free money on loans guaranteed by the government, it calls itself the International Development Association and lends from IDA account; when it invests money in private enterprises without government guarantee, it calls itself the International Financial Corporation and invests from IFC account.[5]

The Bank has the organizational structure for policy formulation and executive supervision, specified in their respective Articles of Agreement.

The Bank's organization consists of:

1. **The Board of Governors**
2. **Executive Directors**

[5] Escott Reid, *Strengthening the World Bank*, (Chicago: The Adlai Stevenson Institute, 1973), p. 11.

3. **Chairman and President**
4. **Bank Staff**

1.3.1 The Board of Governors

All the powers of the Bank are vested in a Board of Governors, which consists of one Governor appointed by every member country. Generally, a Finance Minister of member country is appointed as the Governor of the Bank.

1.3.2 Executive Director

The detailed functioning of the Bank is under the care of a Board of Executive Directors Proposals for loans, borrowing, major technical assistance operations, budgets, reports to the Board of Governors and matters involving policy issues are submitted by the President to the Executive Directors for their consideration and decision. The Executive Directors are constantly available for consultation with the administration of the Bank.

1.3.3 Chairman and President

The combined effect of the various provisions of the Articles of Agreement and practice has made the President of the Bank very important person in the management of the Bank. On the one hand he is the Chairman of Executive Directors, while on the other he is the President of the Bank and IDA. The first President of the Bank was Eugene Meyer, the former investment banker and US

government official. But Mr. Meyer resigned barely six month into his term.

1.3.4 Bank Staff

The Bank seeks to recruit personnel on as wide a geographical basis as possible but experience and professional competence are the controlling criteria for appointment. The Bank started with a staff 160. But now the number is too big to count. The Bank started with 44 members in 1944 but presently it has 184 members. IDA has 164 members.

The IBRD was born in 1944 which was the first 'Multilateral Development Bank' was a public sector institution.[6] In a world dominated by nation-states, the new Bank was governed and owned by national governments.[7] Although the World Bank received less attention than its IMF 'sister' at Bretton Woods, it became for many, the world's premier economic multilateral institution. From the outset, the Bank's subject matter covered a broader span than that of the Fund and over the decades it expanded. At the same time the Bank had characteristics of such a universal multilateral institution as the United Nations Development Programme (UNDP).[8] The Bank brought its client countries not only intellectual products- ideas, information, institutional assistance and policy influence but also substantial flows of financial resources.

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[6] Devesh Kapur and others, *The World Bank: Its First Half Century vol.1: History*, (Washington DC: Brookings Institution Press, 1997), p. 2.

[7] Ibid.

[8] Ibid.

1.4 LENDING CRITERIA

The basic purpose of Bank's financing is the effective promotion of a member country's economic development. To ensure the effectiveness of this financing, the Bank has to know and understand the economies of its member countries and keep in touch with their progress. It seeks to obtain a comprehensive picture of the structure and development prospects of economies of member countries. The assessment of repayment prospects involves an exercise of judgment, taking into account several factors, such as agricultural, mineral, industrial, and human resources, its infrastructural facilities, the quality of administration, education, etc. A country that is capable of providing or having these characteristics is considered as credit worthy.

The foreign assistance, which is provided by the donor countries and multilateral financial institutions are of two types, i.e., project-aid, and non-project aid. Under the Articles of Agreement, the Bank is required to lend its funds except in special circumstances, for specific projects and to ensure that the proceeds of these loans are used for this purpose.[9] The objective of this provision is to ensure that loans are used for the most productive projects. The term project is interpreted as comprising both a single project and a series of related projects in the particular sector.[10]

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[9] Mahendra Pal, n. 3, p. 38.
[10] Ibid.

In special circumstances the Bank may make non-project or programme loans whereby they provide the most effective way of helping the development of a member country. Such special circumstances may arise when a borrowing country presents a development programme. The experience of the Bank shows that most of the programme lending has taken the form of provision of foreign exchange to enable materials and equipments to be imported which are most important and beneficial to the maintenance and effective use of existing productive facilities.[11] The Bank lending is of two types, one is short term and another is long-term. The Bank from the beginning finances only projects that are related to economic development and does not lend any support to military or political objectives. The projects financed by the Bank must fulfill economic and financial sense. In other words, the financial and economic rates of return have to be acceptable. The Bank should be satisfied regarding the ability of governments concerned to discharge their debt-servicing obligations. The Bank insists on lending only to the governments or under government's guarantees.

The Bank's first four loans approved in mid-1947 were for reconstruction of Denmark, France, Luxembourg and Netherlands. Its first development loan was made to Chile for two small projects in March 1948.[12] But with the passage of time Bank broadened its activities and financial assistance to many a countries. In the 1950s and 1960s the Bank's loans were limited in its scope. Unlike the present

[11] Ibid.
[12] Robert L. Ayers, n. 1, p. 1.

period the Bank used to focus on financing electric power, transportation, etc. which were basically economic in nature. The Bank hardly financed on Human Resource Development (HRD). Though it used to finance projects on HRD, still then the amount was very low. It was clearly reflected in the Bank's sectoral lending allocations. Between fiscal year 1961and 1965, 76.8 percent of all Bank lending was for electric power or transportation. Only 6 percent was for agricultural development and a paltry 1 percent for social service investment.[13] In the case of the International Development Association (IDA) the Bank's "soft loan" affiliate created in 1960 about half of the lending between 1961 and 1965 was for electric power and transportation, only 18 percent for agriculture and only 3 percent for social services.[14] And most of the amounts of loans were for Europe. Between 1946 and 1949, 81 percent of Bank money was allocated for Europe and between 1960 and 1969, 28 percent of the Bank money again went to Europe.[15] So Europe constituted a major part of Bank's lending.

1.5 THE MACNAMARA YEARS

Things stared to change rapidly once Robert McNamara became the President of the Bank. McNamara was a man of vision and he had wide ranging experience before he became the president of the World Bank. According to the Encyclopaedia of Britannica, McNamara during Second World War years

[13] Ibid, p. 2.
[14] Ibid.
[15] Devesh Kapur, n. 6, p. 6.

developed logistical and statistical systems for the US military. After the War he was one of the 'Whiz kids' hired to revitalize the Ford Motor Co. and in 1960 he became the first person not in the Ford family to be named its President. In 1961 John F. Kennedy appointed him Secretary of Defense and finally he joined WB in 1968 to become its President. The McNamara years were characterized by two important changes for the Bank. Firstly a vast expansion in the flow financial resources to the developing countries of the world and a significant reorientation in the kinds of projects those resources financed. Particularly after 1973 the Bank diversified the sectoral allocation of its funds away from an almost exclusively concern with funding projects of basic economic infrastructure toward projects explicitly devoted to the alleviation of poverty and HRD in less developed countries.

The total lending of the Bank and IDA for all purposes from their respective beginnings until McNamara's presidency was not great. This totalled approximately $13 billion through June 30, 1968. Much of this represented commitments to develop industrial countries rather than the poor countries. By 1968 the Bank had loaned about $857 million to Japan, $398 million to Italy, $290 million to France, and $236 million to Netherlands.[16] Development loans had a slow beginning but soon attained an annual level of $300 to $400 million, persisting at this level until fiscal 1958.[17] Between then and the beginning of

[16] Robert L. Ayers, n. 1, p. 3.
[17] Ibid.

McNamara's presidency in 1968, loans for development purposes tended to vary between $700 and $800 million a year.[18]

In retrospect the WB before McNamara was relatively speaking, a remarkably conservative institution. It was basically a project lender. The project it financed were quite traditional as it shunned riskier sectors in the borrowing nations.

Funding clearly increased from 62 new projects approved by the Bank and IDA in fiscal year 1968 to 266 in fiscal year 1981. In fiscal 1968 these new commitments totaled $953.3 million, in fiscal 1981 $12.4 billion. By the end of fiscal 1981 the total cumulative lending commitments of the Bank and IDA were $92.2 billion. Of this amount $13 billion were committed during the McNamara years. The Bank in the McNamara years and particularly since 1973 became increasingly devoted to the alleviation of poverty in its developing member countries. The benchmark event or turning point was McNamara's Nairobi speech, his address to the Board of Governors of the Bank delivered on September 24, 1973. McNamara focused on the dimensions of world poverty, particularly on the very little done in the previous two decades to increase the productivity of subsistence agriculture in poor countries. But McNamara's Nairobi speech was only the beginning.

[18] Ibid.

Health components came to comprise an increasingly important proportion of the Bank's rural development and other projects. Approximately $202 million were committed for health components of the projects over the fiscal years from 1976 to 1981. The Bank funded large countrywide nutrition projects in Brazil and Columbia. In addition the Bank had 23 population projects by the end of fiscal 1980, involving Bank lending of $429.9 million.[19]

In general lending for the traditional activities like power, transportation and telecommunication increased in absolute amount but declined as a percentage of the Bank's lending operations. In fiscal 1968 lending for these activities constituted 57 percent of the total Bank lending. By fiscal 1980 this figure was only 39.[20]

By the time McNamara retired in 1981, the Bank had touched new heights and accomplishments. The Bank has expanded its activities in every field. Whether it was road construction, electricity, human resource development the Bank was almost into every activity. And since then the Bank has not looked back. Its main concerns are poverty alleviation and HRD.

After the end of the Second World War and decolonization process many a new countries were born and entered into world politics. The countries were almost colonized for hundreds of years, their economies were ruined. People were living in a very bad condition in every part of the globe. Countries of Latin

[19] Robert L. Ayers, n. 1, p. 6.
[20] Ibid.

America, Africa and Asia in particular faced various problems. Poverty, malnutrition, poor health conditions were the order of the day. These countries also faced problems like political instability, military coup, economic breakdown, ethnic, language riots etc. So in this state of affairs a truly global institution was the need of the hour to guide the developing and newly emerged countries of the world to move forward in a way so that they could improve the conditions of the lives of their people. Some of the developing countries had good growth rates but they were unable to translate these developments to their advantage. Due to the lack of skilled manpower, poor human resource development and technical know-how these countries were unable to improve the living standards of their countrymen. So the WB guided these countries for which these countries could improve their condition.

1.6 THE WORLD BANK IN BANGLADESH

This study examines the role of the WB in the development of Bangladesh's health sector.

Bangladesh became independent in 1971. Before 1971 it was a part of Pakistan and was known as East Pakistan. After a lot of bloodshed and struggle, Bangladesh with the help of India and under the leadership of Mujibur Rahman got the taste of freedom.

From the beginning Bangladesh is considered as one of the poorest countries of the world. In the South Asian context Bangladesh's position in relation to

poverty and HRD is not satisfactory. Out of the total poor people of the world, 40 percent of them live in South Asia. In Bangladesh though there has been remarkable decline in the ratio of poor people in the last couple of years, still the scenario is not that good. Around 40 percent of the population lives in abject poverty. Poverty has many faces and dimensions including lack of or grossly inadequate access to income/income-earning opportunities, health and education, training, participation in decision making and implementation process (political, economic, social, cultural) social justice, legal system, and coping mechanisms against the vagaries of nature (flood, droughts, cyclones).[21] The problems and difficulties that the South Asian countries face are almost similar to each other.

Almost all the South Asian countries then composite Indian sub-continent had remained colonies for more than 150 years and close to 200 years. During the colonial period the master countries exploited the rich natural resources and cheap labour of the colonies and their economy and industry in Manchester and other European countries grew enormously. They exported raw materials and while their economy was flooded with cheap finished goods. Agriculture and handicrafts were the two areas of the economy that was hit hard.

The English and other colonial powers left South Asia after the Second World War was over. But Bangladesh then East Bengal, at that time was part of India. But with the partition of India in 1947, Bangladesh then East Pakistan, as a

[21] Qazi Kholiquzzaman Ahmad, *Economic Reforms People's Participation and Development in Bangladesh*, (Dhaka: Bangladesh Unnayana Parishad, 1998), p. 7.

major Muslim majority area came under Pakistan and since 1947 up to 1971 remained as a territory of Pakistan. But with the passage of time, Bangladesh became an independent country in 1971 after a war of liberation.

After independence Bangladesh brought in several reform measures to improve the economy and looked for better living standards of the people. After independence it followed a socialist oriented industrial policy and economic management in the 1970s.[22] But with the passage of time, and especially in the 1990s, Bangladesh embraced a more market-based economy based on liberalization and privatization. The pace and pattern of liberalization and deregulation varied considerably in scope and significance by sectors and overtime. This change was seen due to the pressure of the multilateral agencies like World Trade Organization (WTO), WB and IMF.

The government of Bangladesh is trying to do its best for the overall development of the country. But it is engulfed with several problems for which true development is not realized. Features such as colonial economy, feudalism, orthodoxy, growing fundamentalism, communal politics, illiteracy, lack of scientific temperament among the people, shortage of institutions, population explosion, lack of skilled manpower, excessive dependence on foreign aid and corruption are some important factors for which the development is not up to the

[22] Meghana Guhatakurta, "Globalisation and Bangladesh", in B. Ramesh Babu, (ed.), *Globalisation and South Asian State*, (New Delhi: South Asian Publishers, 1998), p. 116.

mark. These issues need to be addressed and tackled properly so that the country can go for better living standards of people.

In the field of human development index and health indicators, Bangladesh is way behind the developed nations of the West. Though population growth rate has decreased over the years markedly, still the present growth rate at 1.6 percent is one of the highest in the world.[23] Though population growth rate has declined but the density is highest in the world. It is hovering around 849 persons per one square kilometers. Life expectancy is 60. Infant mortality rate per 1000 live births is 60. Under-five mortality rate per 1000 is 104. Maternal mortality rate per 10, 000 is 850 and 84 percent of the population in Bangladesh has access to safe drinking water. Besides 13, 000 people are detected with HIV/AIDS.

1.7 NATURE OF HEALTH CARE EXPENDITURE IN BANGLADESH

1. A high proportion of the revenue expenditure in health care is traditionally spent on medical teaching colleges and attached hospitals.

2. Public financial allocations both in the revenue and development budgets are inadequate. Development projects also suffer, as financial allocations cannot often be made as per phasing of the projects.

3. Allocation for drugs and other medico-surgical requirements is very low.

[23] http://countrystudies.us/bangladesh/48.htm

4. Lack of financial planning and possibly over dependence on donor support, often lead to inclusion of unscheduled projects, which further strains the already scantly resources and capability for efficient management of the projects.

5. The health care services at the government hospitals / health centers are provided mostly free and as such cost recovery from the public health services is practically nil. This constrains expansion and development of public health system.

6. Lack of scientific knowledge among the people and lack of qualified doctors is also another factor, which is responsible for the dismal health conditions of the people.

1.8 THE WORLD BANK HEALTH PROJECTS IN BANGLADESH

Bangladesh joined the WB in 1972, soon after independence. Since then, IDA, the WB's concessional lending window has financed 174 operations with loan totaling almost US $10 billion to Bangladesh.

The present study would address four active health projects in Bangladesh, which are in operation with the WB aid. The WB with the help of the Non-Governmental Organisations (NGOs), multilateral agencies and government is trying to develop the country's health sector. The four active health projects are:

1. Population and Health Project
2. National Nutrition Project

3. HIV/AIDS Prevention Project

4. Arsenic Mitigation Project

Health has been defined as far back as 1958 by the World Health Organization (WHO) as a state of complete physical, mental and social well-being and not simply the incidence of disease or infirmity. The health care system inherited from British times has been traditionally cure oriented, urban-based, direct to the alleviation of suffering due to sickness and catering to the needs of privileged group concentrated in urban areas.[24] The structure of health services, like that of the general administrative set-up is highly centralized. The Ministry of Health and Family Welfare is officially responsible for policy and planning.[25] There are two separate directorates within this ministry, one of health and the other of population control. The former is responsible for the management and implementation of health programmes, while the latter is responsible for implementing the maternal and child-health based family planning programme, throughout the country.

A lot of efforts have been put by the government of Bangladesh to improve the health conditions of its people. Though there are some improvements in some health related fields, yet much remains to be done. The government of Bangladesh is one of South Asian countries signatories to the Charter of Health, Alma Ata

[24] Imrana Qadeer and others, *Public Health and the Poverty of Reforms: the South Asian Predicament*, (New Delhi: Sage Publications, 2001), p. 296.

[25] Ibid.

Declaration on primary health care, and is committed to provide "Health for all by the year 2000".[26] But this has not worked.

The Government of Bangladesh spends less than one percent of GDP on health, which is very low by any standard. During 1973-78, in the First Five Year Plan 2000 million takas, during 1978-80 1180 million takas, the Second Five Year Plan (1980-85), 4130 million takas (at 1983/84 prices), in Third Five Year Plan 8700 million takas (at 1984/85 prices), in Fourth FiveYear Plan 10600 (at 1989/90 prices) million takas and in the Fifth Five Year Plan (1997-2002) 62272.40 million takas (at 1996/97 prices) were allocated for health sector in Bangladesh.[27] The above data indicates that over the years though the amount of money spent on the health sector has increased, yet for a high-density population like Bangladesh, the amount of money is not adequate.

1.8.1 Population and Health Project

Throughout Bangladesh's short history, one of the most urgent issues has been population growth. The nation was born in 1971 with a population of 73 million growing at 2.5 percent per year but with the passage of time growth rate has slowed down to 1.6 percent.[28] The government's goal is for growth to stop altogether by the year 2045. This would be a significant achievement, but still a daunting task: by that time there might be 250 million people.

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[26] M. R. Khan, *Bangladesh Health Finance and Expenditure Pattern*, (Dhaka: Bangladesh Institute of Development Studies, 1997), p. 1.

[27] Imrana Qadeer and others, n. 24, p. 306.

[28] *The World Bank, The Dancing Horizon: Human Development Prospects for Bangladesh*, (Dhaka: World Bank, 1997), p. 47.

Bangladesh from 1976 onwards, launched with considerable donor support, an extensive family planning programme. This had a major impact. Between 1972 and 1996, the proportion of currently married women using contraception- the contraceptive prevalence rate rose from 4 percent to 49 percent. And this in turn reduced the fertility rate- the average number of children a woman bears during her lifetime-, which between 1971-75 and 1994-96 fell from 6.3 to 3.3 children per woman.[29]

Family planning programmes in Bangladesh have mainly focused largely on women. Men have been left on the sidelines: there has been no systematic effort to provide them with the information they need when making decisions on contraception. Women benefit from regular home visits from female family planning workers. But when men want information about family planning they have to go to the nearest Thana health complex if they want information from another man or overcome significant cultural barriers to consult a woman.

National Integrated Population and Health Programme, (NIPHP) 1997-2004 is a WB supported programme which is keen to enhance the quality of life of poor and underprivileged members of the society in Bangladesh by helping to reduce fertility and improve family health.[30] This programme is mainly funded by United States Agency for International Development (USAID) and implemented by Ministry of Health and Family Welfare. The Programme emphasizes on the

[29] Ibid.
[30] http://www.sdnpbd.org/sdi/internatiionalday/health/projects/other.html

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delivery of a high quality, high impact "Essential Service Package" (ESP) in a clinic based one stop setting, targeted to the whole family. These clinics are supposed to be readily accessible to the poorer and socially disadvantaged segments of the population, particularly in the under-served and poor performing areas of the country. The NIPHP has a stronger focus on child survival activities and maternal and reproductive health activities.

1.8.2 National Nutrition Project

In Bangladesh at least 60 percent of children are stunted or wasted, or lack essential vitamins or minerals. Part of the story emerges from overall calorie consumption. Over the period 1992-94, for example average daily intake was only 1950 calories and this can be compared with the WHO bare minimum requirement of 2122 calories and the Food and Agriculture Organization (FAO) minimum for a normal working person of 2310 calories.[31] Many people consume much less than the average: around 35 million people, the hard-core poor, consume less than 1805 calories.

But malnutrition extends beyond shortages of protein and calories. Bangladeshis also lack vital micronutrients. Vitamin A deficiency affects millions of children- causing many to suffer from night-blindness or to go completely blind. It is also associated with greater mortality from measles and diarriohea. Another widespread problem is iron deficiency. Like this there are so many malnutrition related problems found in Bangladesh which needs urgent attention.

[31] *The World Bank*, n. 29, p. 43.

National Nutrition Project May 25, 2000 is the first of a series of investments that will support the government's fifteen-year vision to extend Community Nutrition Services to the entire country.[32] These services target nutritionally vulnerable groups such as children under the age of two, adolescent girls, and pregnant and breastfeeding women.

1.8.3 HIV/AIDS Prevention Project

Bangladesh with population of 136 million had about 13000 adults and children living with HIV infection at the end of 2002 according to UNAIDS estimates. However, only 248 HIV cases have actually been reported.[33] Although overall HIV prevalence is low, behaviour patterns and extensive risk factors that facilitate the rapid spread of the infection are prevalent, making Bangladesh highly vulnerable to an HIV/AIDS epidemic. There are significant under reporting of cases occurs because of the country's limited voluntary testing and counseling capacity and the social stigma, which leads to the fear of being identified and detected as HIV positive.

The WB supports the government's two-pronged strategy:

a) Increasing HIV/AIDS advocacy, prevention and treatment within the government's existing health programmes;

b) And scaling of interventions among high-risk groups.

[32] http://web.worldbank.org
[33] http://lnweb18.worldbank.org

1.8.4 Arsenic Mitigation Project

A large-scale contamination of ground water with arsenic has been identified in about two-thirds of the geographic area of Bangladesh. It is found that arsenic-laden pyrites are the source minerals of arsenic that are being drawn up to the surface with tube-well water.[34] Arsenic is a metalloid element, which is often mistaken and referred to as a metal. Arsenic is omnipresent in the ambient environment, found in all rocks, soils, dust, water and air in small quantities.[35]

Bangladesh is facing what has been described as the largest mass poisoning in history. Groundwater, the main source of drinking water, is suspected to be contaminated by naturally occurring arsenic in 48 out of Bangladesh's 64 districts and this will affect an estimated 20 million people.

So Bangladesh with the help of WB has launched a national drive to test tube wells across the country for arsenic contamination, identify patients suffering from arsenic poisoning, and educate communities about how to deal with the problem.[36]A detailed analysis of the identified projects is presented in chapter three.

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[34] Ahsan Uddin Ahmed, "Contamination of Groundwater with Arsenic: A Great Environmental Disaster in Bangladesh", *Asia Pacific Journal on Environment and Development*, vol. 5, no. 2, p. 20.

[35] Ibid, p. 21.

[36] http://wbln1018.worldbank.org

Chapter-II

The World Bank Lending to Bangladesh

2.1 EVOLUTION OF LENDING SYSTEM

Lending has in different periods of history played an important part in the economic development of many countries. Some of the countries which are now industrially advanced and prosperous are included among them .For instance, the United Kingdom received aid from the Netherlands in the 17th and 18th centuries.[1] The United States, now a leading donor country, was assisted by the United Kingdom in the middle of the 19th century. So, the linkage between lending and development has, thus a fairly long history.

It was however, during the post World War II era that lending assumed new importance and dimension and emerged as a worldwide phenomenon. In the contemporary world, most of the developing countries are currently looking forward to borrowing so that the pace of their development can be accelerated.

After the end of the Second World War two important developments were witnessed all across the globe. The first was the decolonization process and the subsequent emergence of a number of newly independent countries. The second was the war-ravaged economies of the Europe. So, aid was needed for the two. The newly independent countries of the world were in need of aid and the same was condition with the war-ravaged economies of Europe, which led to the

[1] Muhannad Shamsul Haq, Chowdhury Rafiqul Abrar, *Aid, Development and Diplomacy*, (Dhaka: The University Press Ltd., 1999), p. 5.

establishment of World Bank (WB). Further, the depression of the 1930s was again one of the foremost reasons for the establishment of the WB. But after the establishment of the WB the concept of lending has totally changed. The WB as we have discussed in the introductory chapter comprises of five lending agencies. The most important among them is International Development Association (IDA). And in this chapter we will basically deal with IDA lending to Bangladesh. Established in 1960 the IDA provides assistance to the poorer developing countries. But there are some important differences between the Bank window and the IDA window. Bank loans go to the better-off among the developing countries; IDA credits go to the poorest. The cut-off point for IDA lending as of fiscal 1981 was a country per capita income of $730; countries with per capita incomes above $730 were generally considered ineligible for IDA credits.[2]

2.1.1 Categories of Aid

Aid may be of three types :(I)humanitarian aid (ii) economic aid and (iii)security aid.[3] Economic aid is of three categories: (a)Food aid (in kind), (b)Commodity aid (in the form of industrial raw materials, machineries and equipments and essential consumer goods), and (c)Project aid(in the form of both capital and technical assistance and training) for projects submitted to other donor countries in advance.

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[2] Robert L. Ayers, *Banking on the Poor: The World Bank and World Poverty*, (Cambridge: The MIT Press, 1984), p. 18.

[3] Haq, n. 1, p. 7.

2.1.2 Lending and Bangladesh

External assistance has been of critical importance for economic development of Bangladesh. During the 32 years of its existence Bangladesh has received more than $ 29 billion of external aid.[4] In the early years of Bangladesh's gaining of statehood foreign assistance was mostly geared towards providing relief and rehabilitating of the war affected people. Since mid-1973, external resources have been mobilised for import of food grain and other commodities for financing development projects envisaged under the five-year plans (FYP).So, lending has played an important role in the overall development of Bangladesh.

The overt dependence of Bangladesh's economy on external assistance has been generally explained by a number of economists in terms of two gaps model. The countries inability to generate enough savings for investment on one hand, and earn adequate foreign exchange to pay for imports, on other, has necessitated continued flow of foreign aid. IDA has been the largest provider of project aid to Bangladesh.

Foreign aid to Bangladesh officially has been categorized under three main heads: project aid, commodity aid and food aid. Project aid constituted half of the foreign assistance Bangladesh has received so far. Projects under the Annual Development Plan (ADP) are generally financed under project aid. The amount of aid that has come from the WB to Bangladesh is mainly through its concessional

[4] Ibid, p. 17.

lending agency famously known as IDA. It has financed more than 174 operations in Bangladesh. The total amount of money that is sanctioned from IDA is around $10 billion.[5] So, one needs to understand, where the money has been spent, if it is spent then what are the sectors and areas on which the money is spent or does the priorities of the WB confirm to the government's priorities? So, we have to look into the sectoral allocation operation.

2.2 INVESTMENT ENVIRONMENT

Sufficient private commercial financing is not available-primarily due to non-investment grade rating for Bangladesh debt and the absence of creditworthy public utilities. Investors, therefore, seek additional security for mobilizing market-based funding and supplement it with other sources of long-term financing. The Bank will address this constraint by establishing a Private Sector Infrastructure Development Fund. The fund will provide long-term debt financing for privately-sponsored infrastructure. The availability of this type of financing will facilitate better risk sharing between private sponsors and the government, and increase the likelihood that projects with a high economic priority are implemented. The fund will thus have a catalytic role in attracting other sources of commercial and institutional finance, such as from export credit agencies and multilateral and bilateral institutions. The WB report, "Bangladesh:

[5] http://www.un-bd.org/unwa/HomePage/Publications/womun-vol27/0302/p06-Worldbank.htm

Improving Governance for Reducing Poverty", published in January 2003, suggested that governance should be prioritized.[6]

Lack of a well-defined policy, legal and regulatory framework, and the inability of public agencies to develop and promote sound transactions for private participation further constrain private investment. The Bank provides technical assistance to address these constraints and to strengthen the government's ability to develop and market well-structured project opportunities. Technical assistance will also be provided to bolster transaction development and facilitation, capacity building, institutional development, and for conducting feasibility studies. A key feature of this project is the assistance to the Government for establishing transparent, internationally competitive bidding processes for selecting private sector sponsors and awarding concessions. In Bangladesh a $300 million development support credit is helping improve the investment climate and ease governance constraints on private sector investment.[7]

It is expected that the total investment in private sector projects will be nearly US$900 million. Nearly two-thirds of this funding will be from private sector, commercial, and institutional sources. Besides the US$235 million provided by this credit, additional financing will be forthcoming by the British Department for International Development (US$7.5 million) and the Canadian

[6] The World Bank, *Annual Report 2003*, (Washington DC: World Bank, 2003).
[7] Ibid.

International Development Agency (US$3.5 million). The credit will be on standard IDA terms with a maturity of 40 years including a 10-year grace period.

2.3 ECONOMIC REFORMS AND DEVELOPMENT

Bangladesh achieved independence from Pakistan in 1971.Since then the economy has undergone three main stages of development. The period covering the years from 1972 to 1978 was characterized by centralized planning accompanied by recurrent waves of private sector nationalization with a view to reconstructing and rehabilitating the economy.[8] During the second phase (1979-90), reforms towards a free market economy and export –led industrialization were gradually introduced, as reflected by the adoption of the New Industrial Policy in 1982.[9] The third phase, 1990-99`, is characterized by greater openness of the economy through an acceleration of trade liberalization, financial and fiscal reforms, and privatization.[10]

Economic reforms considered here are the I M F and the WB led stabilization and structural adjustment reforms, which Bangladesh, like many other developing countries, have been implementing. Countries opting for the postulated reforms were offered highly concessional loans but were required to an array of stringent conditions. Developing countries in need of international assistance adopted the reform programmes at different times during the past

[8] Rajendra Paratian, Raymond Torres, *Studies on the Social Dimension of Globalisation: Bangladesh,* (Geneva: International Labour Organisation, 2001), p. 5.

[9] ibid.

[10] ibid.

decade or so, mostly since the mid-1980s.Broadly now they include (i)macro-economic stabilization by implementing necessary measures as intensively as the circumstances would call for, which would include: reduction in fiscal and trade deficits (through required steps including tight control of public spending, tariff reduction and taxation reforms, cutting down inflation, maintenance of foreign exchange reserves at appropriate levels, and introduction of interest and exchange rate reforms); (ii) no intervention in the pricing mechanisms(market deregulation especially financial and labour markets, withdrawal of food and agricultural input subsidies); (iii) foreign trade and investment liberalization (globalisation); (iv) public ownership reform and prvatisation; (v) appropriate emphasis on social sectors (education, health, training, women development) aimed at improving human capability;(vii) institutional, administrative and legal reforms consistent with the liberalized economy; and (viii) the establishment of the "safety nets" for the vulnerable people.[11]

After more than two decades, despite some progress on the growth and inflation fronts, Bangladesh remains part of the least developed countries (LDC) and ranks 147 out of 174 in United Nations Development Programmes Human Development Index, and 65 out of 77 in Human Poverty Index. Only 14 percent of the population has access to the electricity and about 50 percent in urban areas have access to safe water.[12] The telecommunication network remains poorly

[11] Qazi Kholiquzzaman Ahmed, *Economic Reforms, Peoples Participation and Development in Bangladesh*, (Dhaka: The Asiatic Society of Bangladesh, August 1998), p. 17.

[12] Rajendra Paratian and Raymond Torres, n. 8. p. 5.

developed, as does road transport, in spite of expansion over the past two decades. This reflects the daunting challenge the country faces. Food security and flood control are the two other areas of concern out of many problems.

This study addresses the issue of whether WB lending has improved the overall condition of Bangladesh.

2.4 OVERALL SECTORAL ALLOCATION

Bangladesh depends heavily on aid flows. It is interesting to note that, between 1971 and April 1996 total foreign aid commitments to Bangladesh amounted to $ 36.2 billion, 46 per cent of which in the form of grants and the remainder in loans.[13]

With respect to sectoral allocation of foreign aid one would see its obvious project aid orientation. Power received largest allocation $ 2788. 9 (19.14%), followed by transport and communication $ 2627.8 (18.07%). Other infrastructural development projects (water, flood control, housing, cyclone, shelters) constitute the third largest sector accounting for 12.35 percent foreign aid allocation. It is important to note that human development sectors such as health, education, etc. accounted for only 12.57 percent of the total resources mobilised.[14] So, from the data we find that power, transport, and communication have attracted more aid than human resource development. Bangladesh spends two per cent of Gross Domestic Product (GDP) on education which is very low in relation to huge

[13] Ibid, p. 21.
[14] Haq, n. 1, p. 19.

population growth.[15] Though more money is spent on transport, communication and power, yet these sectors are not that much fast growing or have generated adequate employment opportunities. Only very few people have benefited from these sectors.

2.5 THE IDA LENDING TO BANGLADESH IN 2003

In Fiscal Year 2003 (which ended June 30, 2003), IDA commitments in the global level totaled $ 7.0 billion .New commitments in FY03 comprised 141 new operations in 56 countries. 28 percent of new commitment went to South Asia. Since 1960, IDA has lent $142 billion to 108 countries. Annual lending figures have increased steadily and averaged about $ 7.4 billion over the last three years.[16]

In Fiscal Year 2003, the WB approved around $554 million in low interest credits for five operations, including the development support credit. Active credits totaled upto $ 2,154.4 million as of June 2003.Out of the total amount of lending,$353.2 million went to health, nutrition and population, $280.7 million was allocated for education,$28 million went to water supply and sanitation, rural sector got $ 38 million, transport got $ 575.1 million, urban development received$32 million, $ 35.1 million was allocated for public sector governance, financial sector received $239.9 million, environment and energy and mining were

[15] *Bangladesh Development Series, Bangladesh 2020, A Long Run Perspective Study*, (The World Bank and Centre for Advanced Studies, Dhaka: The University Press Ltd., 1998), p. xvii.

[16] http:// web. Worldbank.org / WBSITE / EXTERNAL/ EXTRABOUTUS /IDA/ O,, content MDK: 20051270~ menuPK:83991~pagePK: 83988~piPK: 84009~the Site PK: 73154,00.html

allocated $ 142.3 and $434.2 million respectively and global information/ communications technology were allocated$9.1 million.[17]

But under the present circumstances though very little is spent on social sectors, still the situation seems to be improving. Presently the government is much more focused on social sectors but a long distance is to be covered. With the highest density of population in the world, Bangladesh cannot ignore the large number of human resource it has. So, with the support of the WB and other civil society groups, under the WB's Millennium Development Goals (MDGS), the government is taking some serious steps to improve the situation.

But before we examine the WB projects in this chapter we will closely observe the overall development of some of the key sectors of Bangladesh economy and their performance.

2.6 INDUSTRY

In the industrial sector, some promising structural changes have taken place, notably in the non-traditional export industries of ready-made garments, frozen fish and shrimp, leather products, and natural-gas-based fertilizers. These sectors registered an annual average growth rate of 11 percent from 1982 to 1990; and throughout the decade good progress was made in the diversification of exports away from a declining world market in jute, Bangladesh's main export

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http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRISES/SOUTHASIAEXT/BANGLADESH/O,, menuPK:295769~PagePK:141132~piPK:141107~theitePK:295760,00.html

product. Ready-made garments, for example, grew from almost zero in 1982 to more than US$700 million by the end of the decade.[18]

The Bank has supported nine projects totaling US$268.6 million which aimed at privatizing or restructuring ailing state-owned enterprises such as jute and textiles, fostering market forces, deregulating, boosting exports, and promoting trade reforms. A challenge remains to address institutional constraints—for example in the National Board of Revenue, the Tariff Commission, or the Ministry of Finance - that limit the momentum of reforms. Through studies and technical assistance, the Bank is now helping the government to strengthen or build the necessary institutions, complete policy reforms, reshape the business environment, and increase competition. New institutional initiatives are under way or planned to

- Support export development and diversification,
- Enhance the analytical capacity of private-sector business association,
- Improve tax administration,
- Strengthen regulatory frameworks for power and telecommunications,
- and help build legal and judicial capacity.

Over the past decade and a half government efforts and IDA assistance to create a dynamic industrial sector have not been successful. Only two of nine

[18] http://www.asiatradehub.com/bangladesh/intro.asp

projects have been rated as satisfactory and of the two ongoing projects, one is experiencing significant difficulties. Pace of reform of the policy environment has been slow, and the successes that have been achieved (readymade-garments) can not be attributed to the government or IDA. Undoubtedly, the situation improved in 1990s, with more aggressive trade policy reform. IDA attempts to deal with highly inefficient state owned enterprises (SOEs) have largely failed. The quality and depth of Bank economic and sector work (ESW) diagnosed the problems and constraints, but there was a continual underestimation of complexity of unbending the issues of government ownership, strong and highly politicized labour movements, a central bureaucracy seeking to maintain centralized control and a complex array of policy distortions and regulations. Throughout much of the 1980s, genuine government commitment to, and a vision of, an industrial sector driven by market forces was absent. Government governorship of projects was thus deficient, and IDA has consistently miscalculated government resolve to effect real change. The situation has improved marginally in 1990s.

2.7 FINANCE

Attempts by government, with the assistance of IDA and other donors, to create a healthy and strong financial sector in Bangladesh have also failed. All IDA projects rated during the review period were unsatisfactory and not sustainable, and in many respects the malaise in the banking sector is as chronic today as it was in 1980s. Comprehensive ESW was undertaken by the Bank,

particularly from the mid-1980s, which identified the problems and the solutions.[19] What was not fully understood were the complex governance issues involved in the sector, the politicization of lending and government ownership, and how these factors undermined the reform agenda. Throughout the 1980s and 1990s, government commitment to reform was deficient and project ownership was weak. It is unfair to suggest that no benefits accrued from IDA's efforts. Sector reform adjustment operation (1990) brought about some liberalization and reduced the volume of directed credit, and as it progressed, the operation highlighted the nature and seriousness of the problems affecting the banking system and urgent need for pervasive reform. But an autonomous and efficient central bank and legal loan recovery system have not been fully established.

2.8 ENERGY

Energy is essential for promoting living standards. It is a pre-requisite for economic growth and technological progress. In Bangladesh, per capita generation of electricity in 1995 was only 92 kwh which is lower in comparison to that in neighbouring countries. In view of the prevailing low generation and consumption of energy, efforts should be made to develop this sector in such a way that the needs of all sectors can be met adequately, efficiently and economically.[20]

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[19] Rojer J. Robinson, *World Bank Operations, Evaluation Department: Bangladesh through Partnership,* (Washington DC: Country Assistance Review, The WB, 1999), p. 44.

[20] http://, n. 16.

On balance, IDA has had a positive impact in the energy sector. But if one takes note of the resources that have been directed to the sector, and balances this against sustained achievements, the overall effectiveness of IDA's assistance appears more modest. IDA has sought to encourage the government to allow a greater role for private sector in energy and a greater degree of commercial autonomy for public utilities, but government has resisted. Little progress has been made in reducing system losses in the main urban areas despite separation of generation from distribution. A noteworthy contrast to these results has been a relative success of IDA's efforts in rural electrification and distribution. This is the product of the decentralized administrative approach adopted, which created rural distribution cooperatives that are more accountable to the communities they serve, and operate more commercially oriented administrative structure.

2.9 INFRASTRUCTURE

Infrastructure deficiencies are the primary deterrent to economic growth in Bangladesh. Long years of under-investment has taken a toll and resulted in poor access to basic infrastructure for a large part of Bangladesh's population.

IDA support in the development of Bangladesh infrastructure has been effective in expanding the physical stock. The development impact, particularly in rural areas has been positive. As in other sectors, however, success has not been achieved in creating sustainable institutions. For urban water, there is a lack of

commercial orientation with very poor cost recovery, and municipal revenues are inadequate to cover maintenance of existing systems, let alone new investments. Good success has been achieved in IDA's assistance for rural roads using local materials. Adequate maintenance has been a problem, but under the latest project, efforts are being made to involve local councils in maintenance of road drainage and culverts.

The WB provided funding (US$235million) and technical assistance to promote greater private sector participation in power, gas, water supply, telecommunications, and transportation under private sector infrastructure development project.[21] The credit is provided by the IDA, WB's concessionary lending arm.

Besides gas pipelines, the sub-projects have included new port facilities, toll roads such as the Dhaka bypass, and a water treatment plant for Dhaka.

2.10 HEALTH AND FAMILY PLANNING

In 1974 gross health statistics in Bangladesh reflected a quite desperate situation. Life expectancy was only 45 years and infant mortality rate was 140 per 1000 life births. Total fertility rates were about 7, and the population was growing at 2.5 percent year.[22] In 1976, the government declared family planning as one of its top priorities. IDA became involved in this effort and gradually assumed

[21] Ibid.
[22] Rojer J. Robinson, n. 19, p.46.

leadership of a collaborative effort of the international community resulting in family planning and health projects of increasing size and complexities. The core of these projects financed rural health facilities, recruitment and training of rural family planning and health workers, and purchase of contraceptive and other medical supplies.

The effort has brought about significant positive outcomes. Fertility has declined to about 3.3, the contraceptive prevalence rate has reached 45 percent, and infant mortality rate has declined to 88 per 1000 live births. Between 1985 and 1994, the proportion of children immunized against six major childhood diseases increased from 2 to 62 percent.[23]

Despite these achievements, the family planning and health services have a number of serious weaknesses. The internal efficiency of the system is low because of management, staffing, and logistical problems. The quality of health care delivery in public facilities, particularly in rural areas, is perceived to be poor, and drugs are often in short supply in these areas. Like this there are also many a problems which can be found in the system for which health and family planning programs are not implemented properly.

2.11 EDUCATION AND HUMAN RESOURCE DEVELOPMENT

Policies designed to expand the availability of basic social services and improve the quality of life of the people are important cornerstones in the poverty

[23] Ibid.

reduction strategy. One can at least mention two immediate concerns for this. First, investments in the human resources of the poor have substantial payoffs.[24]Second with appropriate targeting, the poor can be made to benefit directly from investments in basic services such as primary schools and primary health care services.[25]

IDA was an early supporter of Bangladesh education efforts, although at the outset there was no coherent sectoral approach. Early assistance did not address primary education, which in retrospect can be seen as a mistake. This deficiency was overcome in 1980, with the first project in primary education, and emphasis has remained on this area. These efforts have been effective. After stagnant primary school enrolment for almost 30 years, gross enrolment rose from 55 percent in 1985 to 63 percent in 1990. Attendance of girls particularly in rural areas has increased and NGOs are very active in non-formal literacy programmes. Government commitment to education has increased and education outlays have grown from 7.9 percent of the budget in 1980 to 10.3 percent in 1990. The large increase in school capacity and teachers enabled primary school enrolment to increase by 50 percent in 1980s. IDA has had much less success in vocational training and specialized education: there have been negative rates of return for assistance to public vocational and technical training centres.

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[24] Mustafa K. Mujeri and Salehuddin Ahmed, "Poverty and Human Resource Development", in M. G. Quibria, ed., *The Bangladesh Economy in Transition*, (Published for the Asian Development Bank, Delhi: Oxford University Press, 1997), p.129.

[25] Ibid.

As with health care, however, the internal efficiency of the primary school system is low, and quality of education is deficient. Inadequately trained and supervised teachers received poor logistical support. There is lack of system accountability and retention rates for formal government primary education compare unfavourably with programmes sponsored by NGOs. To raise the quality of education, better incentives and accountability for teacher performance, improved teacher training, more parental involvement in resource mobilisation and school management, and further encouragement of NGOs and private providers will be required.

2.12 RURAL SECTOR

The rural sector—crops, fisheries, livestock, and forest resources—is vital for the welfare of most of the population. Agriculture contributes about one third of the GDP and employs about 60 percent of the labor force. Crop production accounts for almost 70 percent of the value of agricultural output, while fisheries, livestock and forestry account for about 10 percent each. [26]

Since Independence, the WB has helped Bangladesh's rural sector through loans, research and strategic advice, and by organizing the donor community. The Bank's assistance has included more than 40 projects devoted to agricultural development, about one fifth of World-Bank lending to Bangladesh.[27]

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[26] http://, n. 16.
[27] Ibid.

2.13 AGRICULTURE

Agricultural growth from (1980 to 1996) averaged about 2.1 per cent a year, or the same pace as population growth. Other data suggest that agricultural production has grown faster than suggested by the GDP calculation.[28]

IDA has been effective in its assistance to agriculture. Progress has been made toward achieving food grain self-sufficiency, and while it may have taken longer than desired, IDA was instrumental in liberalizing the agricultural input trade. Easier farmer access to minor irrigation equipment, power tillers and fertilizer has brought about a fundamental change in small holders' productivity and incomes. IDA advice and assistance for extension, research and crop diversification was relevant. However, for much of the 1980s, IDA's efforts to strengthen the institutions delivering these services were not fully effective. As in the financial sector, IDA has not been successfully improving credit delivery systems, which are as bad in agriculture today as they were in 1980. Much of the blame for this must rest with the government, which has undermined credit delivery with periodic loan forgiveness schemes. IDA has made a valuable contribution to expanding mangrove forestry, which has addressed environmental issues and the protection of vulnerable shorelines.

The Agricultural Services Project helped boost and diversify agricultural production by assisting a government program to introduce high-value export

[28] Rojer J. Robinson, n. 19, pp. 21-22.

crops. The project supported reforms to make technology more responsive to farmer needs and to give access to improved technology to all sections of the rural community, including women. It also increased the availability of improved seeds to farmers by ensuring the full participation of private seed companies in the supply of both food and cash-crop seeds and removing restrictive seed regulations.

The Agricultural Research Management Project supports strengthening of the management of the national agricultural research institutes and the promotion of research by private organizations to generate profitable and sustainable agricultural technologies for Bangladeshi agricultural producers.[29]

The Sericulture Project, carried out by NGOs and women farmers, promotes mulberry tree plantings and cocoon production to boost domestic silk production.

The Irrigation System Rehabilitation Project rehabilitates water-sector projects, corrects design in earlier projects to reduce damage to fisheries, and carries out institutional reform.[30]

The Forestry Resources Management Project helps preserve and develop government-owned forests. With the help of NGOs, local people are replanting trees in degraded forestlands in Chittagong and Cox's Bazar forest divisions.[31]

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[29] http://, n.16.
[30] ibid.
[31] ibid.

2.14 FLOOD CONTROL AND DRAINAGE

Overall, IDA has also been effective in flood control and drainage. This was as area of considerable technical controversy and of course high visibility, given the periodic severe flooding in Bangladesh. IDA's strategy, based on sector work in the 1970s, was to avoid large projects in deeply flooded areas with high civil work costs per hectare. Instead, IDA efforts were concentrated on smaller sub-projects in shallowly flooded areas with low development and operating costs per hectare. This was not a strategy the government fully accepted, but many policy makers gradually came to recognise the worth of such an effort. IDA sector work in this area was also instrumental in developing the National Water Plan in 1986, which finally established a multi-sector framework for planning and water management and conform that minor irrigation and shallow tube wells were a vital elements of the plan.[32] IDA also took a strong coordinating role in the development of a Flood Action Plan in 1989, which served to moderate demands by both government and some donors for massive civil engineering works with uncertain technical and environmental outcomes.

IDA was not as successful in improving the institutional performance of the Bangladesh Water Development Board and little progress was made in dealing with deficient operation and maintenance of existing flood control and drainage

[32] Rojer J. Robinson, n. 19, p. 45.

schemes.[33] Efforts have continued, however, and from the early 1990s there has been greater beneficiary participation, with local councils becoming more involved in operation and maintenance of smaller schemes.

2.15 PRIVATE SECTOR

More private investment and better market discipline are vital if Bangladesh is to increase its growth rate significantly. Encouraging results in garments, frozen food, leather goods, and non-crop rural activities such as livestock and fishponds have not yet spread throughout the economy. Although reforms to liberalize the economy and increase reliance on competitive markets have been substantial, their impact has been eroded by ineffective implementation.[34]

A second generation of reforms is needed to extend and deepen the reforms and establish the credibility of the government as a supporter of a market-based private sector. The unfinished agenda includes six priority areas:

- ✓ creating a competitive environment,
- ✓ financial sector reform,
- ✓ the provision of infrastructure,
- ✓ raising agricultural productivity and growth.
- ✓ removing infrastructure bottlenecks
- ✓ strengthening regulatory bodies that would facilitate private sector growth

[33] Ibid.
[34] www.worldbank.org

The Bank, together with the IFC and MIGA, has supported the government's efforts to privatize state-owned industries, open the economy to greater private-sector participation, and attract foreign investment.[35]

An Industrial Structural Adjustment Credit has promoted trade liberalization and industrial deregulation to make way for the private sector.

A Financial Sector Adjustment Credit has been supporting reforms in the banking sector.

Currently, the Bank is helping the government develop a reform program to rebuild the three pillars of banking: strong regulatory systems, well-managed and prudently governed banks, and an effective court system.

The IFC's capital market activities are further reinforcing the Bank's efforts in the financial sector.

2.16 THE BANKING SYSTEM

The banking system at independence consisted of two branch offices of the former State Bank of Pakistan and seventeen large commercial banks, two of which were controlled by Bangladeshi interests and three by foreigners other than West Pakistanis. There were fourteen smaller commercial banks. Virtually all banking services were concentrated in urban areas. The newly independent government immediately designated the Dhaka branch of the State Bank of Pakistan as the central bank and renamed it the Bangladesh Bank. The bank was

[35] ibid.

responsible for regulating currency, controlling credit and monetary policy, and administering exchange control and the official foreign exchange reserves.

The Bangladesh government initially nationalized the entire domestic banking system and proceeded to reorganize and rename the various banks. Foreign-owned banks were permitted to continue doing business in Bangladesh. The insurance business was also nationalized and became a source of potential investment funds. Cooperative credit systems and postal savings offices handled service to small individual and rural accounts. The new banking system succeeded in establishing reasonably efficient procedures for managing credit and foreign exchange. The primary function of the credit system throughout the 1970s was to finance trade and the public sector, which together absorbed 75 percent of total advances.[36]

The government's encouragement during the late 1970s and early 1980s of agricultural development and private industry brought changes in lending strategies. Managed by the Bangladesh Krishi Bank, a specialized agricultural banking institution, lending to farmers and fishermen dramatically expanded. The number of rural bank branches doubled between 1977 and 1985, to more than 3,330. Denationalization and private industrial growth led the Bangladesh Bank and the WB to focus their lending on the emerging private manufacturing sector. Scheduled bank advances to private agriculture, as a percentage of sectoral GDP,

[36] http://, n. 16.

rose from 2 percent in FY 1979 to 11 percent in FY 1987, while advances to private manufacturing rose from 13 percent to 53 percent.

Foreign exchange reserves at the end of FY 1986 were US$476 million, equivalent to slightly more than 2 months worth of imports. This represented a 20-percent increase of reserves over the previous year, largely the result of higher remittances by Bangladeshi workers abroad. The country also reduced imports by about 10 percent to US$2.4 billion. Because of Bangladesh's status as a least developed country receiving concessional loans, private creditors accounted for only about 6 percent of outstanding public debt. The external public debt was US$6.4 billion, and annual debt service payments were US$467 million at the end of FY 1997.[37]

In the end we can say that from 1972 the WB is actively involved in many projects and has been a consistent partner of Bangladesh in the development process. But what we see here is an amalgamation of development and underdevelopment. Over the years the sectoral allocation has increased and gradually from 1990s social sectors are given more importance over other sectors. But a lot of improvement has to be made before Bangladesh becomes a developed nation and all the sectors are given equal importance.

[37] Ibid.

Chapter-III

The World Bank Lending to Health Projects

3.1 POLICIES AND PLANS SINCE INDEPENDENCE

After independence the government of Bangladesh started pursuing population and family planning programmes with a new vigour. In June 1979, the National Population Policy was enunciated.[1] In the first Five Year Plan period 1973-78 major organizational changes were made. A Population Control and Family Planning Division was formed in 1975 within the Ministry of Health and Population Control to coordinate the multi sectoral programme that had been initiated. This programme was financed by the World Bank and United Nations Population Activities (UNFPA), and was part of the overall development strategy of World Bank in third world countries.[2] But over the years many projects have been initiated and they have delivered the goods quite well. Population and Health Project is one of them, which can be discussed below.

3.1.1 Health Policy of Bangladesh

During the fifth Five Year Plan the government has accepted the primary health care approach as a strategy to achieve the goal of health for all. Primary health care services were supposed to be provided through a four tier system: a) Community level – through community health workers, b) ward level – through satellite clinics/health posts, c) Union level – through union Health and Family

[1] Imrana Qadeer and others, *Public Health and the Poverty of Reforms: The South Asian Predicament*, (New Delhi: Sage Publications, 2001), p. 67.

[2] Ibid, p. 68.

Welfare Centres (HFWC) and d) Upazilla level – through the Upazilla health complex.

A package of essential health services was introduced on a pilot basis to meet the major needs of the people with minimum required services. On completion of the pilot phase the programme would be gradually expanded throughout the country.

As there is a large influx of migrants from rural to urban areas every year, urban primary health care services were supposed to be strengthened. Health infrastructure through out the country was supposed to be built with special emphasis on development facilities at lower level linked with an effective referral system.

Moreover due to the new emerging/re-emerging diseases such as Sexually Transmitted Diseases (STD)/HIV/AIDS, adequate infrastructure, equipment and laboratory appliances need to be installed to equip health centres to perform modern and more complicated tests backed up by trained man power, counselling services, referral services and quality assurances.

Involvement of the private sector and NGOs were supposed to be promoted with a view to achieving the spirit of participation and ownership in health development. Reform in the health sector and population sector were to provide adequate basic essential health and family welfare services to the population. These services were intended to improve the nutritional status of the population and to remove deficiency in micro-nutrients, particularly among mothers and

children. To provide universal access to safe drinking water with proper sanitation system so as to create a healthy environment and living condition was another important objective of the health policy.[3]

3.2. THE MILLENNIUM DEVELOPMENT GOALS (MDGS)

The MDGS are the frame reference for the Bank's work, in partnership with other international institutions. The MDGS are a set of goals with specific targets for poverty reduction to be achieved between 1990 and 2015, and they represent an unprecedented level of world consensus on what is needed for sustainable poverty reduction. The main focuses of MDGS are:

(i) to eradicate extreme poverty and hunger,

(ii) to achieve universal primary education,

(iii) to promote gender equality and empower women,

(iv) to reduce child mortality.[4]

As mentioned in the introductory chapter, The World Bank(WB) has now four active health related projects in Bangladesh. These projects are in operation with the help of WB, Government of Bangladesh and other NGOs and civil society groups. The projects are:

- Population and Health Project,

[3] Government of Bangladesh, *The Fifth Five Year Plan 1997-2002*, (Dhaka: Ministry of Planning, 1997), p .453.

[4] *World Bank Annual Reports*, 2003, Washington DC.

- National Nutrition Project,
- HIV/AIDS Prevention Project and
- Arsenic Mitigation Project.

Before we move towards the projects it is imperative to know the overall health condition of the country. There is a saying that "Health is Wealth". But in South Asia, health is one of the most neglected and remotely studied areas of debate and discussion. This chapter is concerned with the above mentioned four projects because these areas have become a formidable challenge to Bangladesh. These areas are given special emphasis because the government along with WB thinks that these emerging areas could become a major hurdle for Bangladesh in the near future. After Bangladesh got her independence a lot of improvement has already taken place in various health related areas. But to fulfill the MDGS the government plans to deal with these areas comprehensively. The government with the help of WB is trying its best to secure a better status for Bangladesh among the countries of the world and improve the lives of every Bangladeshi.

3.3 POPULATION AND HEALTH PROJECT

Before we discuss into the population and health programme that is in operation we need to look at the issue in a historical perspective and take a broader outlook. Population and health are the most neglected areas in almost all the developing countries. So, Bangladesh as a least developed country also faces the grim realties of development like other developing countries.

The major causes of population growth and lack of health facility is discussed as below:

As we have discussed briefly in the first chapter, illiteracy, lack of scientific temper, colonial legacy and less expenditure on health sector are the major causes for which Bangladesh suffers from these problems. Due to illiteracy, generally people believe that if more children are born to them then after some years their children will be able help them in earning some money, which will ultimately help them improve the general economic standard of the family. This is the most common factor for which population growth occurs in countries like Bangladesh. As more children are born in the family, parents are not able to provide them adequate facilities for growth and development. They have to provide their children all the needs but they failed to do so because of the large size of the family. As a result the whole family suffers. Firstly there is every possibility of mothers' death which is quite high in Bangladesh. Out of 10,000-delivery nearly 900 mothers die which is alarming, for which one tenth of the children become either orphan or deprived of mothers' care and attention which is very vital for a child's growth and which leads to other kinds of social tension.

Due to the death of the mother, sometimes it is seen that the father marries for the second and third time which is much more dangerous. When asked about their second or third marriages, the father says that for the well being of the children or to look after the small kids he has to marry. The second wife's children are also born and they equally need proper care and attention which the father is

unable to provide because of lack of financial stability and low income which results in infant mortality, malnutrition, and other health related problems.

The second problem that is related to population explosion is early marriage among boys and girls. Due to lack of consciousness and illiteracy the parents think that it is their sacred duty to get married their sons and daughters at a very early stage of their life.

In Bangladesh what we see is that family planning programme is mainly women oriented. Whatever programme is implemented it generally hovers around women. So, naturally the other half men are left behind. Men are not provided with sufficient information about family planning. It is also witnessed that women are given information by lady members of the health department. So it becomes easier for them to use contraceptives and clear their doubts about other health problems as well. So, women do not face that much problem in comparison to their male partners. Steps should be taken to bring in large number of male family planning workers who will be able to provide information to their male counterparts.

The WB has been supporting several population projects in Bangladesh since 1975, by mobilizing the support of various countries of the North, such as Norway, Sweden, Canada, the UK, Australia, Belgium and Japan. In 1987, the initial co-financial arrangements were converted into more structured "population and health consortium". The IDA has been the leader of the consortium comprising the WB and its co-financers, with WHO, UNFPA, and UNICEF as the

executing agencies for a number of activities. So, it is not only the WB but also other multilateral agencies are working day and night to bring in some changes in lives of the common people.

So far nearly US $950.8 million have been spent on the four population and health projects of these agencies. For the fifth population and health project which is in operation, the WB and its co-financers planned to commit around $1 billion. The WB has shifted from its approach of uni-dimensional population control projects to multi-sectoral projects on health and population. This shift is reflected in the changing nomenclature of its projects, from "First Population Project" to "Second Population and Family Health Project" to finally "Population and Health Project".[5]

It is seen that when Bangladesh became independent in 1971 with a population of seventy three million growing at 2.5% per year the situation was very complex. But over the years with support of WB and other agencies population growth rate has declined to 1.6% which is encouraging.

The main objectives, function and evolution of the population and health projects can be studied as follows:

The activities of the Bangladesh Health and Population Reform Project support the implementation of the Government of Bangladesh's Health and Population Sector Programme (HPSP) for the five-year period 1998-2003. This project follows on the success of the Fourth Bangladesh Population and Health

[5] Ibid, p. 70.

Project, which concluded in 1998. The "reform" in the name of this most recent project refers to the massive health sector reform that is beginning to take place in Bangladesh with the advent of the HPSP. The main focus points of the project are;

- Monitoring and evaluation of the health sector reform process through support to a Government of Bangladesh Project Coordination Cell and the WB-led Health and Population Sector Office and also through funding for an annual Health Service Delivery Survey that canvases the public about their experiences and perceptions on access to and quality of health services.

- Support to the delivery of the Essential Services Package (ESP) meant to ensure delivery of a basic package of good quality general health and family planning services to women and children and the poor in particular. On this component, CARE-Bangladesh is working together with the Ministry of Health and Family Welfare in the north-east corner of the country in the division of Sylhet, an area with particularly bad health indicators, e.g. maternal and infant mortality higher than the national average. This collaboration focuses on safe motherhood issues and strives to create stronger links between the community and health service providers increasing both the demand for services and the provision of good quality services at the same time.

- Provision of low-dose birth control pills manufactured in Canada.

- Technical support to the Human Resource Development Unit within the Ministry of Health and Family Welfare.[6]

These things should be taken up immediately so that a early beginning can be initiated and results can be expected to be seen in the near future.

3.4 NATIONAL NUTRITION PROJECT

Malnutrition takes a devastating toll on Bangladesh- through hunger, sickness and loss of life. Poorly nourished children have reduced resistance to infection and find it more difficult to recover from even routine childhood sickness- malnutrition plays a role in around two-thirds of under-five deaths. And even those who survive may suffer from slowed mental development.

In Bangladesh 60 percent of the children lack necessary vitamins or minerals. Calorie consumption is very low. In between 1992-1994 the average calorie intake was only 1950 calorie and the WHO requirement 2122 calorie and FAO requirement is 2310 calories.[7] Many people consume much less than the average. Around 35 million people, the hardcore poor, consume less than 1805 calories. Bangladesh also lacks vital micronutrients and iron. Due to the lack of vitamin A, eye related diseases are found like night-blindness, etc. Due to the lack of iron children suffer from weakness and mental disorder.[8]

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[6] http://www.ucalgary.ca/UofC/departments/IC/development/bangladesh.html

[7] *The Dancing Horizon: Human Development Prospects for Bangladesh*, (Dhaka: World Bank, 1997), p. 43.

[8] Ibid.

While everyone suffers to some extent if they are undernourished, those hardest hit are young children who are less resilient than adults and can retain the effects throughout their lives. The extent of the problem can be seen in low weight-for-age, or stunting: 27 percent of Bangladeshi children under six years old are considered to be moderately stunted and 24 percent severely so. Another measure is height-for-age or wasting. On this criterion 57 percent of children are underweight.[9]

But malnutrition also affects hazards of pregnancy and childbirth. One-quarter of mental deaths are associated with anaemia and haemorrhage. And malnutrition generation to the next: malnourished mothers give birth to low-weight babies who they can grow up stunted and underweight and the cycle is repeated. In Bangladesh around half of children born each year are underweight.

Malnutrition takes a heavy toll on human life, but it also has economic costs. The most direct is probably the drain on health services. Given the terrible economic and social cost of malnutrition, what can be done to combat it? Clearly one important task is to increase households income. If the households were richer, they could buy more food. Regular child nutrition surveys confirm this.

The 1995-96 Child Nutrition Survey of Bangladesh investigated the patterns of child nutrition across different groups.[10] This confirmed that most vulnerable group is aged 12-23 months who are twice as likely to be stunted or

[9] Ibid.
[10] Ibid, p. 45.

wasted as children up to 12 months old. In terms of gender, there is still some bias against girls: the prevalence of stunting and wasting are 0.7 percent and 3-2 percent higher among female children. More marked is the difference between different locations. There is also a marked seasonal pattern corresponding to the rice harvests. This results in the prevalence of underweight children rising in August and falling to a minimum in January after the aman harvest.

Since 1986, Bangladesh has reduced the proportion of underweight children in the country by 20 percent and stunting in children under five by 25 percent. It is now widely recognized in Bangladesh that the scope of malnutrition is so vast that it requires a comprehensive analysis and dealing so it can be checked.

Since 1986, the nutritional status of Bangladesh has improved dramatically. During this period, infant mortality dramatically decreased from 94 to an estimated 77 deaths per 1,000 live births (the rate in 1974 was 140).[11]

Yet despite this progress, which is in part due to the Bank-supported Bangladesh Integrated Nutrition Project (BINP), levels of malnutrition in Bangladesh remain the highest in the world, with 600 to 700 children dying of malnutrition-related causes in Bangladesh every day. Nearly 60 percent of under five children are underweight and more than half are stunted; low birth weight incidence is an estimated 45 percent—perhaps the highest in the world. Almost half of women suffer from chronic energy deficit, while more than 70 percent of pregnant women are anemic.

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[11] Ibid.

It is now widely recognized in Bangladesh that the scope of malnutrition requires a large-scale, program-based approach. Committing itself to the challenge of improving nutritional status to the extent that malnutrition will no longer be a public health problem, the government has come up with a National Nutrition Program (NNP) for phased nationwide extension of the BINP model in association with national-level initiatives and capacity development for its management.

More than five million children will participate in the growth monitoring and nutritional promotion programmes, and over one million pregnant and lactating women will benefit from weight monitoring and counseling. Most beneficiaries will come from the poorest households within the community.[12]

Monthly baby weighing, a core part of both programs, is one of the most sensitive outcome indicators of social, economic, and environmental changes. This weighing will help test the idea that child growth monitoring data can provide the continuous, timely, and telling feedback that planners, politicians, donors, and other stakeholders need to assess the human development impact of poverty reduction strategies.[13]

Why this emphasis on reducing malnutrition in Bangladesh? "The social and economic consequences of malnutrition are profound, resulting in human misery, lost productivity and reduced intellectual and learning capacity," says Milla McLachlan, nutrition advisor in the Human Development Network. "In

[12] Ibid.
[13] Ibid.

addition to causing individual tragedies like maternal and child death, malnutrition exacts heavy costs on the health care system in terms of higher rates of illness, increased premature delivery, and elevated risks of heart diseases and diabetes".[14]

A new Bank nutrition sector paper, "Bangladesh: Breaking the Malnutrition Barrier", estimates the current cost of malnutrition at $1 billion annually; the cost of extending malnutrition services across the country are one quarter of this amount (about $246 million). Without investing in nutrition over the next 10 years, Bangladesh would lose $22 billion dollars in productivity costs.[15]

The government's nutrition related efforts escalated in 1995 with funding and other assistance from the WB and UNICEF to combat the destructive levels of malnutrition and high infant and mother mortality rates.[16] In 1995, the government launched the Bangladesh Integrated Nutrition Project, with support from UNICEF and the Bank through a $59.8 million IDA credits.[17] The project, which serves as a pilot for the BINP, now covers more than two million households across the country. More than 120,000 children and 140,000 malnourished pregnant women in these households have directly benefited from project services such as nutrition counseling and food and micronutrient supplementation.

Services are provided through 9,000-community nutrition centers donated and managed by village committees and 14 nongovernmental organizations

[14] Ibid.
[15] Ibid.
[16] http://ifnc.tufts.edu/focus.html
[17] http://www.sdnpbd.org/sdi/international_day/health/documents/wb-view.htm

contracted by the government to mobilize communities and deliver services. Food supplements are purchased, prepared, and sold in the centers by women's group members, thus supplementing household incomes.[18]

About 150,000 food insecure households (25 percent of the population who consume less than 1,800 kcal. per day) have been provided with food security services. And one-third of those are being covered by micro-credits for poultry and home gardening to increase consumption.

In 1998, a Bank team reviewing project progress noted that severe malnutrition among under-twos had declined from the baseline figure of 13 percent to 2 percent. Also, the number of low birth weight babies has decreased by 30 percent, and there has been an improvement in weight gain by at least half of pregnant women in project areas.

The success of BINP, undertaken in a large but limited area, has demonstrated that community mobilization and community-based nutrition services delivered with the help of NGOs can bring rapid, sustainable reductions in severe malnutrition among children and deliver targeted food and micronutrient supplements to reproductive age women suffering chronic energy and micronutrient deficiency.

The Bank's partnership in nutrition with UNICEF "demonstrates that much synergy can be created when two funding agencies align their financial and staff resources in pursuit of a shared goal," says Iqbal Kabir, task team manager. "In

[18] http/, n. 11.

this case, by using UNICEF's own grant resources the program has benefited from strong and consistent advocacy, added flexibility, a sub-national resident presence, and pioneering work in nutrition communication for behavioral change."[19] So, the government along with WB must take some result oriented plans like these to tackle such a big threat, which can paralyse coming generation.

3.5 HIV/AIDS PREVENTION PROJECT

3.5.1 Nature and Magnitude of the Problem

More than a decade after the Human immunodeficiency virus (HIV) was first identified as the cause of acquired immune deficiency syndrome (AIDS), the disease has been reported in nearly all developing and industrial countries. UNAIDS, the United Nations joint program dedicated to combating the AIDS epidemic, estimates that at the end of 1996 about 23 million people worldwide were infected with HIV and more than 6 million had already died of AIDS.[20] More than 90 percent of all adult HIV infections are in developing countries most of whom are women.[21]

In many developing countries the HIV/AIDS epidemic is spreading rapidly. In major cities of Argentina, Brazil, Cambodia, India, and Thailand, more than 2 percent of pregnant women now carry HIV.[22] These levels are similar to those

[19] Ibid.
[20] A World Bank Policy Research Report, *Confronting Aids: Public Priorities in Global Epidemic*, (New York: Oxford University Press, 1997), p. 13.
[21] Ibid.
[22] Ibid.

found ten years ago in such African countries as Zambia and Malawi, where more than one in four pregnant women are now infected. In two African cities, Francistown, Botswana, and Harare, Zimbabwe, 40 percent of women attending antenatal clinics are infected.[23]

Before we discuss about HIV/AIDS in Bangladesh we must thoroughly understand what the disease is all about. So, before we proceed to the HIV/AIDS prevention project we have to know the intricacy of the disease.

The virus that caused AIDS is known to be "Human Immunodeficiency Virus," (HIV). HIV is a very small, fragile virus and soon dies outside the body.[24] Consequently, it is not contagious and cannot be passed from person to person easily like a cold or the flue virus, or by ordinary social contacts. A person may be infected with HIV and might be perfectly well with no physical symptoms. As the disease progresses, the person will begin to have different illnesses and physical symptoms. The term AIDS is used when the disease has progressed and the person develops one or more serious infections or conditions.

AIDS is an acronym made up of the first letter of the words Acquired Immune Deficiency Syndrome. The word acquired was chosen because the illness was neither genetically determined nor, the result of other conditions.[25] In other words, it was acquired during a period of normal life. It was in 1981 that unusual opportunistic infections were identified in a number of homosexual men in the

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[23] Ibid.
[24] Gracious Thomas, *Prevention of AIDS: In Search of Answers*, (Delhi: Shipra publications, 2000), p. 1.
[25] Ibid.

United States of America.[26] These men ultimately died as the infections responded poorly to any therapy.

AIDS is strictly speaking not a disease but a collection of seventy or more conditions which result from the damage done to the immune system and other parts of the body as a result of infection by the HIV virus.[27] AIDS is thus, more accurately referred to as a "syndrome" – a collection of various symptoms, infections and conditions.[28]

3.5.2 Major Causes of HIV/AIDS

Voluntary testing is recommended for the following groups of people:

- Past and present intravenous drug users and their sexual partners,
- Individuals donating blood, organs, tissues, etc.,
- Persons involved in extra-martial and pre-marital sex,
- Recipients of blood not tested for HIV.[29]

Bangladesh's HIV/AIDS epidemic is still classified as "low level," with an adult HIV prevalence of 0.02 percent (1999). Numerous risk factors suggest the possibility of rapid spread of HIV in Bangladesh, including a thriving sex industry, the low status of women, high rates of sexually transmitted infections (STIs) and tuberculosis (TB), low HIV/AIDS risk perception among groups at high risk of infection, low rates of condom use, low awareness of STI/HIV/AIDS transmission

[26] Ibid, pp. 1-2.
[27] Ibid, p, 2.
[28] Ibid.
[29] Ibid, p. 9.

or prevention methods, and an unsafe blood supply.[30] Without significant behaviour change activities, condom promotion, and accessible, quality care for sexually transmitted infections, HIV infection could spread quickly in Bangladesh. According to the Joint United Nations Programme on HIV/AIDS (UNAIDS) and National Expanded HIV and Behavioural Surveillance data:

• In 1999, 13,000 Bangladeshis were living with HIV/AIDS.

• HIV prevalence among injecting drug users is estimated at between 1.4 and 2.5 percent. The 1999-2000 national HIV/Behavioural Surveillance Survey found that between 55 and 75 percent of drug users had shared injecting equipment in the previous week.

• Formal and informal sex workers in Bangladesh are thought to total around 100,000.

• Zero percent of transgender sex workers report consistent condom use, while 0.5 percent of brothel-based sex workers, 2.7 percent of male sex workers, and 4 percent of street-based sex workers report consistent condom use. Only 4 percent of married women use condoms for family planning, partly due to their husband's preference.

• The Bangladesh Demographic and Health Survey (1996-1997) found that 81 percent of ever-married women and 67 percent of currently married men had not heard of AIDS. Of 15- to 19-year-olds, 83 percent were unaware of the disease.

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[30] http://, n. 15.

• The blood supply throughout Bangladesh is largely unscreened and draws on paid donors, roughly 20 percent of whom test positive for syphilis and hepatitis.

• Migrant workers are particularly vulnerable to HIV due to lack of information and access to health care. They are also targeted in the media as largely responsible for bringing HIV/AIDS to Bangladesh.[31]

So, from the above mentioned facts it can be derived that though Bangladesh is very new to this disease or the number of patients are very less, the problem is not that serious. Illiteracy, conservative character of the people and lack of proper medical facilities can be cited as some of the reasons for which AIDS grows in Bangladesh. But the government with the Bank's assistance has started taking some concrete steps like AIDS awareness camps and AIDS education among the people. Generally AIDS is found due to ignorance. Hence the Bank has started HIV/AIDS Prevention Project.

5.3 Bangladesh HIV/ AIDS Prevention Project

The WB is assisting national programmes which are working to prevent the further spread of HIV/AIDS among highly vulnerable subpopulations, as well as among youth and the general population in South Asia. The Bank encourages promotion of political and societal commitment at all levels to generate a supportive environment and actions for effective HIV/AIDS responses. Assistance is utilized by government agencies; civil society organisations, including

[31] Ibid.

nongovernmental organisations (NGOs) and Community Based Organisation (CBOs) and the private sector. The Bank supports community mobilization and community based interventions that enable open discussions about HIV/AIDS, reduce stigma, and help prevent discrimination. It also supports the government and private organisations, such as NGOs, by providing training, supporting better management of HIV/AIDS programs, and helping them prioritize prevention and care efforts.

In addition to country-level support, the Bank also engages the South Asian countries at the regional level by facilitating dialogue between countries to share lessons learned and good practices of intervention and research strategies and by supporting cross-country collaborations to tackle issues such as migration and trafficking.

Several influential Bangladeshi leaders have expressed concern about HIV/AIDS, the most recent example of which was a World AIDS Day 2000 statement by Prime Minister Sheikh Hasina that an all-out movement has to be initiated to check AIDS by strengthening international cooperation and creating public awareness".[32]The former Prime Ministers's statement in this regard confirm to the priorities of the WB. The National AIDS Committee (NAC) was formed in 1985 and includes representatives from key Ministries and nongovernmental organizations (NGOs), and a few parliamentarians.[33] In late 1996, the Ministry of

[32] http://, n. 15.
[33] Ibid.

Health and Family Welfare's Directorate of Health Services issued a National Policy on HIV/AIDS, which included specific guidelines on a range of HIV/AIDS issues including testing; care; blood safety; prevention among youth, women, and in the workplace; prevention among migrant and sex workers; and sexually transmitted infections. In May 1997, the AIDS Prevention and Control Programme issued a National Strategic Plan (1997- 2002). In November 1997, the government issued a Plan of Action to address HIV/AIDS issues within the Health and Population Sector Program framework. Now the on going HIV/AIDS Prevention Project is supported by the Bank with an amount of US$40 million and the time frame of the project is 2001-2005.[34]

Prevention and care related to HIV are included within a framework that incorporates basic reproductive health, some communicable diseases, care, and behaviour change communications. With an HIV/AIDS strategy and a structure in place, the government has established an inter-sectoral mechanism for prevention and control, with focal points in all relevant ministries. So, the successful implementation of these ideas will determine the country's future.

3.6 ARSENIC MITIGATION PROJECT

A large-scale contamination of groundwater with arsenic has been identified in about two-thirds of the geographic area of Bangladesh. Approximately 10 million people in the country mainly in the North West Fortier

[34] http://, n. 24.

districts are at risk. Arsenic poisoning seems to be trickling down to other districts. During the past three decades Bangladesh successfully campaigned for safe drinking water from its ground water resources and as a result over 95 percent of its population depend on ground water now.[35]

Unfortunately it is found that water drawn from apparently safe tube-well in about 60 percent of the geographical area of the country is severely polluted with soluble arsenic at concentrations higher than the threshold safe limit imposed by the Government of Bangladesh.[36] It is found that many people are suffering from arsenic related diseases. In a number of places people are refusing to drink water from tube-wells. Many tube-wells have been closed and declared unsafe by the same government organisations that earlier enjoyed the success of bringing in almost all the people under the coverage of safe drinking water. Arsenic related diseases are found in about 48 districts of Bangladesh.[37]

3.6.1 Understanding the Concept of Arsenic

Before we proceed we must have clear cut understanding of arsenic. Arsenic is a metalloid element, which is also mistaken and referred to as a metal. Arsenic is omnipresent in the ambient environment, found in all rocks, soils, dust, water and air in small quantities. In nature arsenic is generally found to be associated with many types of mineral deposits, particularly those containing

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[35] Ahsan Uddin Ahmed, "Contamination of Groundwater with Arsenic: A Great Environmental Disaster in Bangladesh", *Asia Pacific Journal on Environment and Development*, vol. 5 no. 2 December 1998, p. 20.

[36] Ibid.

[37] Ibid.

sulphide minerals.[38] If water contains arsenic there is a yellowish-orange aura in it. According to World Health Organisation (WHO) permissible level of arsenic in water is 0.05 mg per litre.[39] The first arsenic caused death occurred in Bangladesh in 1989.

The diseases that can be caused by arsenic poisoning are Caridiovascular, Drmatologic, Gastrointestinal, Hematologic, Neurologic, Renal and Respiratory. The most characteristic effects are hyperkeratosis of the palms and soles of the feet together with hyper-pigmentation, particularly in the areas not exposed to the sun. The other commonly reported health effects are skin tumour and warts, mostly observed in hands and feet.[40] Some other effects of arsenic include peripheral vascular disturbances resulting in Blackfoot disease. There are also other diseases which are detected in human bodies like weight lose, vomiting, jaundice, diarrhoea, headache, cough, lung cancer etc.

3.6.2 Social Implication

Social implication of arsenic poisoning is huge in Bangladesh. Many of the rural poor are agricultural labour. If their employer comes to know about the disease the effected one immediately loses his job. Once detected and dismissed from an employment because of such a disease, no one in the neighbourhood provides them with alternative employment. Skin lesions, in most cases, are mistaken for leprosy among village people.

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[38] Ibid, p. 21.
[39] Shafiul Alam, "Arsenic Contamination: A Big Concern in Bangladesh", *Earth Touch,* no. 3, February 1997, p. 6.
[40] Ahsan Uddin Ahmed, n. 35, pp. 33-34.

The government health officials hardly have any know-how to deal with such a large-scale disaster. There has been report in the newspaper that in some cases even the doctors could not properly diagnose the disease, making it for leprosy. The worst affected people in this society are poor women and children. Perhaps the poor social disaster is yet to come. The young offspring of the poor, who have been drinking contaminated water since their birth, will soon suffer from arsenic related diseases.

3.6.3 Environmental Implication

Arsenic poisoning not only affects humans, but also poses threat to plants, animals, and fisheries- most known species in an ecosystem. Although arsenic can affect birds and mammals, episodes of wildlife poisoning are infrequent.

The WB-aided US$ 44 million (EUR 38.3 million) Bangladesh Arsenic Mitigation Water Supply Project (BAMWSP) has been extended by one year from 2003 July 1, officials said. But execution of the project will now continue with the still unutilised US$ 25 million (EUR 21.7 million) as bank funding for the four-year project (BAMWSP) closed on June 30. The project mainly aims to provide alternative sources of safe drinking water in arsenic affected areas.[41]

In the last four years, the project utilised US$ 6.74 million (EUR 5.86 million), which is 21 per cent of the fund for mitigation activities. But it did not

[41] http://www.irc.nl/content/view/full.3007

virtually benefit the target people. Besides, the pace of the work was 'too slow,' a visiting WB team said.[42]

Working in the spirit of the Bank's Comprehensive Development Framework, the government's program to combat arsenic asks the people and communities to determine the mitigation options that are appropriate for their needs. The project works holistically across sectors to find solutions and looks to build a sustained process of transformation by working with communities, the private sector, and NGOs. The government and the WB team up to coordinate more than a dozen bilateral donors and international agencies that are also supporting the national effort to channel resources and technical expertise where they are most needed.

"Over time, and through trial and error, the project will help to identify the most cost effective and sustainable technologies to provide safe drinking water over the long term. But ultimately, it's up to the people of Bangladesh themselves to ensure the project's success. Millions of lives depend on it," said Fred Temple, WB Country Director for Bangladesh.[43]

The on-site mitigation component will include interventions in rural areas and urban areas. Physical interventions in towns will include (a) installation of deep tube wells; (b) provision of hardware for rainwater harvesting and/or sanitation plants; and (c) expansion of distribution systems. For the rural program,

[42] Ibid.
[43] http://wbln1018.worldbank.org/sar/sa.nsf

physical works will include installation of shallow and deep tube-wells, ponds with filter, hand pumps, treatment and rainwater catchment systems.

The second component will support increased understanding of the arsenic problem through monitoring of groundwater quality, and studies on causes and impacts of arsenic release in the groundwater as well as socially and economically sustainable approaches to mitigating arsenic contamination. The institutional strengthening component will support improved data collection, management and dissemination, capacity building in participatory design, appraisal and implementation of grassroots level projects and the definition of strategies for policy and institutional reforms in the water supply sector.

The National Screening Programme another idea under the project is funded by the government of Bangladesh, the WB and the Swiss Development Corporation. An uncommon partnership between government and grass root NGOs have been created to implement the project. In addition to Screening the local NGOs will help for village organizations that will decide on sustainable alternative water supply options, over-sea operation and maintenance of new water supply and sanitation systems and help fund the capital costs.

Because of the lack of information about the extent, causes and proven remedies, the project is helping to strengthen data collection and has set up National Arsenic Mitigation Centre to collect and disseminate information. To create awareness among the people to eradicate arsenic related diseases the government of Bangladesh, with support from the Bank, the United Nations

Development Programme and under the water and sanitation programme did sponsor a photo exhibition in 2000 from June 26th – July 10th, in the WB's headquarters.[44]

To conclude we can say that the projects, which are in operation in Bangladesh, are many. But the WB supported these four health projects which are active in present circumstances confirm to the government' priorities. Improvements are clearly visible. But these projects need time and proper political space so that better results can be expected very soon.

[44] Ibid.

Chapter-IV

Conclusion

Basically, we have discussed the evolution of the World Bank (WB) and its changing nature in the twentieth century, its lending criteria and about its concessional lending window, IDA. After that we discussed an overview of sectoral allocation that has been made by IDA to Bangladesh. And finally, we examined the WB-supported four health projects, which are in operation in Bangladesh.

In retrospect, the WB before McNamara was relatively speaking a conservative institution. It was basically a project lender. The Bank was particularly conservative in the ways it judged the performance and creditworthiness of its borrowers. The Bank put considerable emphasis on domestic savings rates, public sector fiscal and monetary probity, the growth of output and investment in different sectors, and efficiency in the use of domestic resources. The total lending of the Bank and IDA for all purposes from until McNamara's years was quite modest. Its lending totaled approximately US $ 13 billion through June 30, 1968. Much of this represented commitments to developed rather than poor countries. So before McNamara the nature of the WB financing was quite modest and restricted mainly to developed countries.

Before McNamara, two important changes occurred in American policy formulations. The two major policy initiatives of the American government - one antedating by many years the World Bank's newer concerns, the other coterminous with them-were particularly illustrative of poverty oriented emphasis.

One was the Alliance for Progress, an initiative begun in 1961 which marked "a dramatic and fundamental reorientation of Washington's policy toward Latin America." While the primary objective of the Alliance was an increase in rates of economic growth, its second objective was a more equitable distribution of national income. Second major effort was embodied in the US Foreign Assistance Act of 1973, popularly known as the New Directions Legislation. The Act mandated a change in "our whole approach to development by concentrating on the needs of the poor". This was the main reason for which lending criteria considerably changed after McNamara joined the Bank.

The partnership between the WB and the Government can be traced back to 1972 when the Bank provided the country's first concessional IDA credit for the construction of shelters in tornado affected areas. The Bank's mission in Bangladesh is to accelerate the growth rate and improve the pattern of development so as to reduce absolute poverty in a sustainable way.

From the 1970s, the WB is involved in various projects in Bangladesh. Whether it is National Water Supply Project or HIV/AIDS prevention project, the WB is operating in diverse projects. So far the WB has financed more than $ 10 billion for more than 174 projects in Bangladesh. So from this we can understand the partnership between the government and the Bank.

The nature of this beginning was made in 1961 but it was McNamara who brought changes. Funding clearly increased, from 62 new Projects approved by the Bank and IDA in fiscal year 1968 to 266 in fiscal 1981. In fiscal 1968 these new

commitments totalled US $953.5 million; in fiscal 1981, $ 12.4 billion. By the end of fiscal 1981 the cumulative lending commitments of the Bank and IDA where $92.2 billion. Of this amount all but US$ 13 billion where committed during the McNamara years.

The day on which McNamara took over charge of the Bank was a moment, which has special significance in the history of the Bank. His Nairobi speech marked the turning point. Then onwards the Bank started to focus on literacy, health, sanitation and HIV/AIDS in a very significant manner. In a way we can say that the Bank increasingly focused on Human Resource Development (HRD) and related sectors.

Focus on industry, energy, infrastructure sizeably diminished in importance. Lending for industrial development increased, with greater attention to the potentialities of small-scale industry. In the education sector the pre-McNamara years were characterized by no lending at all for primary education and very little for non-formal education. The Bank estimated that 21.1 percent of its educational lending would be for primary education and 24.6 percent for non-formal education over the fiscal years 1979 to 1983.Approximately$ 202 million were committed for health components of projects over the fiscal years from 1976 to 1981.In fiscal 1968 lending for power, transportation and telecommunication constituted 57 percent of total Bank lending. By fiscal 1980 this figure was only 39 percent.

We have discussed earlier the nature of financing of the Bank that has evolved over the years. WB lending to Bangladesh has also evolved over the years in a similar manner. Particularly under the MDGS the Bank has started focusing on health, education, etc.

In the 1950s and 60s the Bank was mainly supporting European countries. As we have mentioned in the chapters the Bank's attitude towards developing nations was substantially transformed. The IDA loan was given to many other developing nations. And this loan brought notable change and development in the recipient countries. Like wise, the WB started its operation in Bangladesh in 1972. And from those days to till today the Bank is trying its best to help improve the situation in Bangladesh, one of the most Least Developed Countries (LDCs) in South Asia.

In the initial years when WB started operating in Bangladesh, the Bank was skeptical about the development that was supposed to be undertaken. It was skeptical because, the liberation war had just ended, the economic condition of the country was in a bad shape, the overall human development was not positive. Besides recurrent cyclones and floods were other reasons for which speedy development was not possible. But as time passed, the Bank got into a number of developmental projects. But much were remains to be done. The WB should make other institutional arrangements like inducing the Government to take some steps to ensure that the money that comes is spent properly. It should also reach the poor for whom it is sanctioned. Corruption should be checked. Transparency should be

encouraged. And from the WB's part it should also work to take people into confidence so that it is not treated as an institution from outside.

It is the government, which implements the policies and programmes. Bangladesh as a country faces many a challenges. Whether it is flood, cyclone, corruption or sectarian violence and growing orthodoxy, it is the government, which plays a balancing act. Political instability, fundamentalism and other problems like population explosion are some of the other issues which needs to be highlighted and needs special care and attention. If these issues are dealt comprehensively than we can have a better political and social order in Bangladesh, which is really essential for a healthy tomorrow.

From the day Bangladesh got her independence the above mentioned socio-political problems have created havoc and retards the process of development. But Bangladesh has moved forward. From the colonial past to this date having a consistent growth rate of 5 percent particularly in 1990s is an achievement, which speaks for itself. The government of Bangladesh has initiated many reform measures.

In Bangladesh the government has tried to bring in some Health Sector reform measures with the aid and advice of the Bank. The reform of public services is premised on the view that the public sector is unable to act as a sole provider of services within the context of economic recession. During the 1980s and 1990s the utilization of public health care services, has varied in much of the

developing world owing to specific economic and political factors. So the case is same with Bangladesh. But reform is not the only answer rather better administration; implementation and proper checks and balances are the keys to development. So these things should be given importance. Stabilizing population growth and improving health indicators are the major criteria on which a country's development depends. Almost all the Third World Countries are populous and particularly in Asia, China, India and Bangladesh are the most populous countries. This is one of the major reasons for slow growth. In a country like Bangladesh the population growth rate, which has declined enormously from 2.5 percent in 1972 to 1.6 at present, is a major achievement. Healthy partnership between the Government and the Bank has facilitated this. The government of Bangladesh and WB have already taken up a number of health and population projects to check the population growth. What we find today is that the though the fertility rate has declined markedly, still the country's population density is highest in the World. There are four population and health projects, which have been completed, and now the fifth one is in operation. The government and WB are working together and as we have discussed and found that the collaboration has helped improve the situation.

Early results of the Bangladesh nutritional projects indicate that the community based nutrition programme is feasible and that such a programme can make a significant impact on severe malnutrition. Some findings suggest that previously held belief among many development experts that nutrition status

cannot improve without prior poverty alleviation has been misplaced. Consequently, plans are being taken up to scale up this project on a national basis. The basic thing about nutrition is overall human development in the sense that as we know almost half of the population in Bangladesh live below poverty line. Hence it is natural that poor people will not be able to buy the basic needs of their daily consumption. So they lack micronutrients and other vitamins for which malnutrition comes into existence. Thus, what the government needs to do is to prioritise things with WB and other institutions so that tomorrow's children are properly fed.

The WB assisted 2001-2005 HIV/AIDS prevention project is in operation in Bangladesh. Though the number of HIV/AIDS patients are very few in Bangladesh, still the government with the support of the Bank is moving in a right direction to tackle the problem. The government along with WB and other civil society groups are taking camps and medical facilities to the villages. Awareness campaign and AIDS related information and ideas are provided to the people. As observed earlier, the main components of the project are:

i. Focused prevention for higher vulnerable sub-population, through service delivery and community mobilisation and empowerment.

ii. Interventions aimed at increasing knowledge and reducing stigma among the general population.

iii. Management and prevention of sexually transmitted infections.

iv. Strengthening surveillance systems and monitoring and evaluations.

v. Blood safety.

vi. Care and support to the people living with HIV / AIDS including treatment of opportunistic infections.

vii. Promotion and sustaining of political and societal commitments and leadership to fight HIV / AIDS and strengthening public and private institutions for multi-sectoral response.

The arsenic mitigation project, which is an ongoing project in Bangladesh, is WB funded and government supported initiative to alleviate arsenic related diseases. As mentioned earlier out of 64 districts of Bangladesh 48 are affected by this mass poisoning of ground water. Thousands of people are affected by this arsenic contamination, so the WB with the support of government has started many initiatives like cleaning all the tube-wells of Bangladesh in a phased manner. The major reason for the arsenic contamination is improper utilization of hazardous waste materials and high-level use of pesticides and insecticides in the agricultural sector. If this is unchecked, then the situation might become dangerous in the near future.

But whatever progress is made is not adequate. Bangladesh is still regarded as one of the poorest countries of the world. So what the Government needs to do is to cooperate with the Bank and other multilateral bodies in a constructive manner, so that better results can be expected soon. Corruption is the most deep rooted problem in Bangladesh. It needs to be eradicated at least at the highest level. Proper implementation and coordination between the Government and other

institutions is a must. Time bound completion of projects is another area on which the Government must focus.

The government's health policy has been giving emphasis to those sectors that the WB has been supporting. Since the project proposals have been initiated by the government, we may accept the proposition that WB lending has by and large confirmed to the government's priorities. Further some evidence of improvement in health related indicators point to the positive impact of government-WB collaboration in Bangladesh.

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