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PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR BANGLADESH \*

| <u>Programme period</u> | <u>Actual resources programmed</u> | <u>\$</u> |
|-------------------------|------------------------------------|-----------|
| July 1986-June 1991     | IPF for 1986-1991                  | 120 911   |
|                         | Other resources programmed         | 7 865     |
|                         | Total                              | 128 776   |

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Annex: Financial Summary

\* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; and (d) distribution of new country programme by sector.

## I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

### A. Current economic trends

1. The economy of Bangladesh is characterized by the dependence of a large population on a meagre natural resource base. A population of 100 million (1985) lives on a land area of only 144,000 square kilometres, making the density of population 700 per square kilometre, one of the highest in the world. In terms of arable land, the density is even higher: 1,060 per square kilometre. Added to this, the limited employment opportunities outside agriculture have led to the inevitable consequence of mass unemployment and underemployment, which, together with the current low productivity of land and labour, have resulted in extreme poverty among the vast majority of the population. More than 80 per cent of the population lives in villages and depends on agriculture, which contributes over half of the gross domestic product (GDP). Organized industries contribute only 7 per cent to the GDP.

2. The per capita GDP of Bangladesh is \$130 (1983). Eighty per cent of the population are considered below the poverty line in terms of minimum calorific requirement; 30 per cent of these are destitute, about 5 million people may not have one assured meal per day. One-third of the labour force is unemployed.

3. The problem of overpopulation is exacerbated by a high rate of population growth, currently running at approximately 2.4 per cent per year. Even under the most plausible, optimistic assumptions regarding future declines in fertility, the total population of Bangladesh will increase to at least 130 million by the year 2000.

4. Bangladesh has, therefore, enormous needs and meagre resources. The economy is often disrupted by natural calamities to which the country is inherently vulnerable. Being a deltaic region at the lowest reaches of two large, international rivers, the Ganges and Brahmaputra, it is prone to catastrophic floods which cause severe damage to crops. Droughts are almost as frequent as floods. Cyclones cause loss of life and have a devastating impact on the livelihood of the rural population, particularly in the coastal regions.

5. In June 1985, the Government completed implementation of its Second Five-Year Plan and twelfth year of planned development. Despite formidable conditions immediately following Independence in 1971 and occasional setbacks subsequently, the Bangladesh economy, one of the poorest in the world, has shown considerable resilience. With substantial remittances coming in from abroad and a steadily improving performance of exports, the balance of payments situation has been relatively stable in recent years, although there has been some deterioration during 1985. Foreign exchange reserves recovered from a low point of \$115 million at the end of 1982 to \$516 million (representing a little over 2.5 months of imports) at the end of 1984. Although the economy passed through a number of internal and external crises, it still managed to grow at the rate of 6.6 per cent per year from 1973 up to the launching of the Second Plan in 1980. However, the growth of GDP during the Second Plan period slipped and was only 3.8 per cent against the 5.2 per cent which had been planned. The reasons for the shortfall include floods and a drought in the same year, 1981-1982; a decline in jute export prices; deteriorating terms of trade; a slowing down of foreign aid inflows; and a

severe flood in 1984. The disappointing performance of the economy during the Second Plan has had its most adverse effect on the poorer segments of the population. There are, however, some positive indicators: the rate of population growth is showing a declining trend; foodgrain production reached a record high in 1984-85 despite the flood; non-traditional exports are increasing rapidly and the private sector shows considerable buoyancy, particularly in industry.

6. Due to pervasive poverty, the very low saving capacity of the people and the limited development of modern industry and trade, the Government faces stringent financial constraints. It is heavily dependent on foreign aid, especially soft aid, for financing development. Foreign aid inflows presently finance about half of the country's import bill and over three quarters of the Government's development budget. However, foreign aid has stagnated at around \$1.2 billion during the past few years, although commitments have been close to \$2 billion annually. The constraints on highly concessional assistance, including International Development Association (IDA) and Asian Development Bank (AsDB) credits, on which Bangladesh depends heavily, are going to cause severe difficulties for the Government. A secular increase in foreign aid inflows on concessional terms will be critical for meeting the objectives of the Third Plan.

#### B. National development strategies

7. The Government has completed the preparation of the Third Five-Year Plan, which runs from July 1985 to June 1990. The Plan document was approved by the National Economic Council in December 1985. The implementation of the Plan started with the Government's 1985-1986 budget.

8. The Government's priority for the medium term is to consolidate the gains which have been made so far, so as to form a base for tackling the long-term problems and to create the necessary manpower and institutions capable of taking up the challenge of the nation's development.

9. The theme of poverty alleviation will continue in the Third Plan. The task of the Third Plan is to address the constraints on productivity. Emphasis is on employment, skill formation and technology. Increasing the productive employment opportunities for the labour force and improving the quality of human resources are the twin means through which the poverty problem will be addressed. The Third Plan is quite ambitious in its expectations and aims at achieving a real growth rate of 5.4 per cent per annum.

10. The management of population growth is the other prime task of the Government during the Third Plan. The high growth rate during the Second Plan eroded much of the gains made in food production, energy supply and other activities. It is hoped that population growth rate can be reduced to less than 2 per cent by 1990.

11. In summary, the major objectives of the Third Plan are to: (a) achieve self-sufficiency in food; (b) reduce population growth; (c) expand productive employment; (d) accelerate the pace of economic growth; (e) develop human resources; (f) create the technological base necessary for long-term structural change; (g) promote self-reliance and (h) satisfy basic needs.

12. The Third Plan involves a total expenditure of about \$14.8 billion, of which about \$8 billion is expected to be financed through external assistance.

C. Technical co-operation priorities

13. The Third Plan establishes goals and strategies for the next five years. Many aspects of the Third Plan derive from comprehensive sectoral studies undertaken by the World Bank, AsDB and UNDP. The UNDP/World Bank Water Master Plan and the UNDP/AsDB Energy Plan and Intermodal Transport Study were particularly useful for this purpose. The objectives and priorities of the Third Plan, and the specific capital projects and other development schemes within it, set the stage for the technical co-operation programmes which the Government intends to undertake. External financing will be sought for the major part of these programmes. In view of the very limited local currency resources available to the Government, assistance for funding some of the non-recurrent and recurrent local costs will also be needed.

14. The technical assistance programmes contemplated for the Third Plan take into account the external and domestic limitations imposed on the country's overall development plans. Most donors have shown some reluctance to increase support, particularly in the funding of local costs. The Government itself is constrained in its absorptive capacity by its immediate difficulty in fielding suitable counterparts and the reality that its own financial resources are too meagre to sustain a great range of new operations and institutions. Accordingly, it is appropriate that the technical co-operation effort will focus on consolidating existing institutions, keeping their operations within tight budgetary limits and making the best use of available resources.

15. Agriculture will overshadow all other activities for the rest of the century. The Government will use technical assistance to transfer and diffuse knowledge of modern and appropriate technology which will boost productivity.

16. The Government's New Industrial Policy, announced in 1982, has opened up most types of industrial enterprise to the private sector. It is already beginning to stimulate private enterprises so that they can contribute to the needed growth of the industrial sector. Technical assistance is required for the establishment, modernization and rehabilitation of industrial plants and in improving the performance of management in making the best use of invested capital and in optimizing marketing strategies and techniques.

17. The planned expansion of internal trade and a 25 per cent growth of exports by 1990 call for considerable strengthening of the service organizations which underpin such activities. Product development, quality control and market penetration skills will require much technical assistance. The transport and communication networks will be upgraded, with external assistance, to handle the anticipated growth in traffic.

18. A broad and substantial development of human resources is perhaps the most crucial factor behind all the programmes mentioned in this document, particular attention being given to ensuring that girls and women are fully incorporated in human resource and skill development plans and programmes. Planned outlays on education and health are still relatively small, on account of what are felt to be

even more urgent priorities in food production and job creation. Nevertheless, technical assistance is being sought in each of these fields as part of the nation-wide campaign to reduce illiteracy and improve the health and nutrition of the poor.

19. The Government also foresees a major role for technical assistance in improving the effectiveness of the public administration system, modernizing its procedures and enhancing the skills of its members.

20. The Government is interested in increasing technical co-operation with other developing countries, especially those in the region. In the past, Technical Co-operation among Developing Countries (TCDC) activities involving Bangladesh have been limited. Although the Government has qualified technical personnel who can be released for short periods for TCDC purposes, it has been constrained by a scarcity of funds needed for the associated travel costs. However, TCDC has received new impetus in the region following the recent formation of the South Asian Association for Regional Cooperation (SAARC) by the Governments of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Technical co-operation is to be a key component of SAARC activities.

21. The Government's planning process is not static. It intends to continue operating a dynamic planning system which involves a regular assessment and reassessment of development needs and priorities. As part of this effort, it proposes to undertake jointly with UNDP and other interested donors, a comprehensive national technical co-operation study during the implementation of the Third Plan. This assessment will not only focus on specific technical co-operation requirements in the context of the Third Plan and the Perspective Plan (1985-2000), but will also pay special attention to the institutional and administrative problems associated with managing the Bangladesh economy in a situation of increasing complexity.

#### D. Aid co-ordination

22. Many donors co-operate with the Government in its technical assistance programmes. Apart from the United Nations system, IDA, the International Fund for Agricultural Development (IFAD), AsDB and the Islamic Development Bank, large inputs are expected from Australia, Canada, China, Denmark, the Federal Republic of Germany, France, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, the United States of America and the European Economic Community (EEC).

23. Some donors are expected to continue to concentrate their programmes in one or two sectors. For example, the United States Agency for International Development (USAID) has assigned priority to assistance to the Government's population programmes; to increasing agricultural productivity; and to creating employment both on-and off-farm. The Japan International Co-operation Agency (JICA) plays an important role in agricultural research in Bangladesh and, through basic design and feasibility studies, in the expansion of the physical infrastructure, notably in bridges, railways and urban water supply. The Netherlands Technical Assistance Programme gives special attention to land reclamation and improved land and water use in the flood-prone coastal area on the eastern side of the Ganges delta. The Danish International Development Agency (DANIDA), Norwegian Agency for International Development (NORAD) and the Swedish International Development Agency (SIDA) have considerable involvement in health, family

planning and rural development programmes. The Government of the Federal Republic of Germany is focusing its technical assistance on energy, railways and telecommunications.

24. The multilateral donors have technical assistance project portfolios which are multisectoral in nature. In the case of the World Bank and the Asian Development Bank, this diversity reflects the comprehensiveness of their lending operations. UNDP is involved in all sectors, over and above the areas in which its programme is concentrated, in order to help the Government to fulfil needs not met by other donors and cannot be met from the Government's very limited resources. A characteristic of the AsDB and IDA operations in Bangladesh is that pre-feasibility and feasibility studies for their future credits and technical assistance support to ongoing credits for capital investment are largely funded by UNDP under the country Indicative Planning Figure (IPF). Some of the technical assistance is being implemented through United Nations agency execution, some by the two banks themselves.

25. The broad-based programmes of AsDB, IDA and UNDP are supplemented by funds-in-trust activities of the United Nations specialized agencies, notably the International Labour Organization (ILO), Food and Agriculture Organization (FAO) and the World Health Organization (WHO), whose programmes average \$1 million, \$2 million and \$4 million, respectively, each year. In addition, the United Nations Capital Development Fund (UNCDF) has a number of rural development projects which complement United Nations technical assistance through the provision of buildings, tubewells, machinery and credit facilities.

26. Programmes run by the United Nations International Children's Fund (UNICEF) and the World Food Programme (WFP) are making substantial contributions to the well-being of the poorer members of the community, especially women and children. UNICEF assistance amounting to \$15-20 million per annum, is increasing access to safe drinking water and providing basic sanitation facilities. In Dhaka, UNICEF has been closely associated with the World Bank/UNDP development of the new low-cost, low-maintenance TARA hand-pump for village use. UNICEF has been successful in promoting home-based oral rehydration therapy for the treatment of diarrhoea and cholera and will shortly embark on a massive programme to immunize the nation's children against measles, diphtheria and whooping cough. Other major activities of UNICEF in Bangladesh are its blindness prevention programme, benefiting approximately 15 million children and projects in primary and non-formal education.

27. WFP provides \$50-60 million of wheat a year, for use in the Food for Work and Vulnerable Group Feeding programmes. WFP also assists the Government in strengthening the mechanisms through which this food is distributed by project monitoring, by training Government officials in distribution methods and in the planning and operation of the rural works programmes themselves. WFP also provides an integrated programming and monitoring service for the Governments of Australia, Canada, the Federal Republic of Germany and the EEC who are contributing to both of the above mentioned programmes.

28. The United Nations Fund for Population Activities (UNFPA) is one of the leading aid agencies working with the National Population Programme and provides \$5 million annually in the form of technical advisory services, training, supplies and local cost support.

29. The Government of Bangladesh co-ordinates all the aid programmes. The multi- and bilateral agencies work with the line ministries through the External Resources Division of the Ministry of Finance and the Planning Commission. The World Bank and UNDP both assist the Government in the complex task of matching available resources to the nation's development needs and to the absorptive capacity of the Ministries and Government implementing agencies concerned. The World Bank is the convenor of the Bangladesh Aid Group annual meetings in which Government, UNDP and most of the major donors participate actively. Further, the resident missions of the donors organize ad hoc meetings to discuss specific aspects of aid. The Government looks to the UNDP Resident Representative, as Resident Co-ordinator of the United Nations system's operational activities for development, not only to head the United Nations co-ordination effort, but also to play an active role in the various informal meetings of donors.

## II. THE COUNTRY PROGRAMME

### A. Assessment of the current country programme

30. The major objective of the third country programme, originally approved for the period July 1980 to June 1985 and later extended to June 1986, was to support the Government's vigorous efforts, as conceived in its Second Plan, to reduce the level of poverty that pervades Bangladesh. The Second Plan stressed the need for growing more food, slowing down population growth and developing human resources and employment opportunities so as to create greater wealth for the nation, to be shared more equitably among its people.

31. The country's technical assistance needs, as visualized in the Second Plan, were extensive. In determining the role for UNDP in helping to meet those needs, it was decided that the programme should be markedly flexible. It should have a capability of responding quickly to changing priorities and unforeseen requirements. For this reason, the third country programme limited its project portfolio to \$73 million out of a total of \$175 million of IPF funds which were expected for the period, leaving more than half of the anticipated resources earmarked for specific sectors, but uncommitted. The portfolio itself concentrated on needs identified in the Second Plan in the agricultural, water resources and industry sectors. The programme was to focus on training, planning and investment-oriented activities and to make greater use of national experts and consulting firms.

32. The third country programme began with a planned resource of \$175 million which was cut back to 55 per cent of the amount originally planned, equivalent to \$110 million only. It was fortunate that the country programme had limited its specific project portfolio to \$73 million so that this major cutback in funding did not have an immediate adverse impact on the programme. Nevertheless, the sustained lower level of resources, which extends far into the fourth country programme, now has a negative impact on UNDP activities in Bangladesh since the present (1985) rate of delivery is already higher than the annualized IPF for the next five years.

33. The Government considers it a strength of the continuous UNDP programming system that it was able to modify and supplement its original programme in significant directions. Activities in the water, energy, natural resources,

industry, transport and communication sectors were much greater than planned, on account of projects which were conceived and initiated after the start of the programme period. Such modifications, which were clearly in the pursuit of priority objectives included the Water Master Plan, the Energy Planning Project, the Review of the Development Financing Institutions and additional assistance in civil aviation. During the past year, there has been growing activity in agriculture and other rural development projects as well, so that the percentage of delivery in this sector has risen from its five-year average of 19 per cent to a level of approximately 26-27 per cent in 1984/85.

34. The 93 continuing projects and the 25 new ventures contemplated in the third country programme were, in the main, implemented satisfactorily and have resulted in a positive impact. Most institution building projects made valuable contributions to the strengthening of institutions and the achievement of relevant development objectives. It is significant that much of the training abroad took place in other developing countries and that many of the foreign experts themselves came from developing countries. Much sound work was carried out on sectoral studies and plans which identified potential future development, led to follow-up investment and, latterly, served as basic inputs to the Third Plan.

35. The lack of success in some projects may be attributed to weaknesses in design, the quality of expert inputs and problems with the provision of counterparts. Greater attention is now being paid, both by the Government and the United Nations system, to the design of projects, especially with regard to the need for clearly defined objectives and measurable outputs. More effort is being made at the design stage to see that a project's impact will be felt at the level of its intended beneficiaries. The recent formation of Government review committees and UNDP in-house project appraisal committee in Dhaka are considered to be of significant benefit in this respect.

36. An adverse factor alluded to above has been the varying quality of the technical inputs provided by the United Nations system. In some cases the project experts have not had the requisite level of technical skill or they have been unable to impart knowledge to others. More rigorous selection by the United Nations agency concerned, quicker clearance procedures within the Government and a firm resolve to remove poor performers are necessary measures if the fourth country programme is to be successful in meeting its objectives. Recent experience has indicated that the engagement of firms of international consultants, in lieu of individual experts on United Nations system service contracts, has provided good results.

37. The Government recognizes that a frequently encountered problem is the provision of counterparts. The lack of a counterpart at the start of a project and subsequent changes have often weakened the continuity of involvement needed for a successful project. This problem is exacerbated when counterparts are sent overseas for training and, on return, are transferred to other duties unrelated to the training they have received. However, recent strong, sustained counterpart support on major projects such as the Water Master Plan and Energy Planning Project indicate the Government's resolve to overcome constraints in the deployment of technical and professional manpower.



38. Apart from the various difficulties associated with national IPF projects, mention may also be made of UNDP's regional IPF programme and its impact on development in Bangladesh. The Government of Bangladesh is a signatory to 59 regional projects which have been active in employment, fisheries, forestry, health, sanitation and meteorology sectors in particular, and is the focal point for two regional institutions receiving UNDP assistance - the International Centre for Diarrhoeal Diseases Research (ICDDRDB) and the Centre for Integrated Rural Development in Asia and the Pacific (CIRDAP). Apart from ICDDRDB and CIRDAP, in both of which its involvement has been considerable, the Government has not been able to reap in full measure the benefits available to it from the regional programmes. To remedy the situation, it is proposed to strengthen the linkages, both in Government and UNDP, of the regional and interregional programmes to related national IPF projects during the fourth country programme.

39. Despite the several limitations mentioned above, and some shortcomings from which lessons have been learned, the third country programme is seen as having been generally successful. Many positive results have been achieved in the projects that were provided for in the country programme document presented to the Governing Council in 1981. Moreover, a greater use of national experts and consulting firms was made as planned and the results were fairly satisfactory, particularly with regard to consulting firms. In this context, it may be noted that national project directors took complete responsibility for five projects and performed well. In addition, the programme demonstrated the flexibility which had been sought at the outset and moved strongly into new activities as requested by the Government, especially where investment related. Indeed, a feature of the programme during the past two years has been its ability to respond to requests for the financing of pre-investment studies and investment support services to the point where approximately one third of UNDP present activities in Bangladesh are directly related to investments shared by the multilateral development banks. Major investment support projects initiated during the past three years include the Rehabilitation of the Ganges-Kobadak Irrigation Scheme (AsDB) and the Second Rural Development Project (IDA). Pre-investment activities included two major macro-planning operations: the Energy Planning Project and the Water Master Plan, the latter being a comprehensive survey of the availability of water in Bangladesh to meet the needs of agriculture, fisheries, industry, domestic users and navigation up to the end of the century. A concomitant portfolio of investment projects has also been prepared. This development has not only proven successful but at the same time has demonstrated the quite disproportionate relevance of a modest amount of technical assistance provided to facilitate investment programmes.

#### B. New programme proposal

40. The Third Plan and the strategies contained therein constitute the frame of reference for the proposals contained in the fourth country programme. Within this framework, the Government will utilize UNDP assistance over a wide spectrum of its development needs, as it has done in the past, co-ordinating the UNDP programme with its other major sources of technical assistance.

41. The fourth country programme will, however, differ to some extent from its predecessors by addressing mainly sector-related issues rather than project-specific issues. The programme will provide broad-based sectoral support and will have a correspondingly broad impact on sectoral investment decisions through its pre-investment activities.

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42. The role for the fourth country programme may be seen as largely concentrating on the following five development strategies:

- (a) Higher productivity of agriculture;
- (b) Consolidation and expansion of the industrial base;
- (c) Development of human resources;
- (d) Improved physical infrastructure; and
- (e) Enhanced management of public policy and the economy.

The principal activities for each of these themes are described briefly below. Given the large number of projects, only limited references are made in the text to individual projects.

43. The resources available to the fourth programme are expected to amount to approximately \$129 million, inclusive of \$8 million from the Special Measures Fund for the Least Developed Countries. However, ongoing projects and proposed projects presently under consideration are, in aggregate, significantly greater than this amount. It is therefore planned to seek third-party cost-sharing arrangements for certain projects.

#### Higher productivity of agriculture

44. The Third Plan aims at achieving food self-sufficiency by 1990 and at the same time increasing the supply of protein. The Government will draw on multilateral and bilateral technical assistance to develop new and appropriate technologies and to train professional and technical personnel in the skills and systems required to put this knowledge in the hands of farmers and fishermen.

45. There is little arable land that remains uncultivated, apart from 'chars' in the Bay of Bengal, where silt from the great rivers accumulates and gradually emerges to form islands suitable for afforestation and, later on, for cultivation. Consequently, in the face of only very limited possibilities to increase arable land, the sought-after increases in food production must come from increases in yield through the application of modern technology and better land use. The per acre yields of the major crops in Bangladesh are mostly still low by Asian standards and substantial increases are considered fully achievable. The principal goal of the Third Plan is therefore to increase the annual rate of cereal production from an average of 3.5 per cent in the Second Plan to 5.1 per cent in the Third Plan, thus raising the foodgrain harvest from 16 million tons to 20.7 million tons annually by 1990. Modern methods of agriculture presently cover only one quarter of the farms. There is great scope for introducing higher-yielding varieties of rice and wheat seeds, extending the use of fertilizer and expanding the irrigation network.

46. Seed and fertilizer: The use of improved seed varieties to achieve high crop yields is a recognized, practised agricultural strategy in Bangladesh. Higher-yielding seed varieties have already had a major impact on the productivity of different crops in Bangladesh. A significant part of the increase in foodgrain production can be attributed to the use of improved seed varieties. Thus, to achieve the objective of food self-sufficiency during the Third Five-Year Plan period, the Government will place great emphasis on further development of modern, high-yielding seed varieties, and disseminating new seed varieties and planting

techniques to farmers. UNDP is already assisting in the dissemination of new varieties through the agricultural extension programme.

47. Research efforts will concentrate not only on the development of increased yields but also on pest and disease resistance in rice, wheat, jute, potato, oil, pulses and other crop seeds. Particular attention will be given to widening the genetic base of rice, wheat, jute and kenaf and in developing new bio-chemical technologies suitable for Bangladesh conditions. UNDP will provide assistance in this field. Of particular note is the proposed assistance for the genetic improvement of jute and kenaf: shortening the crop's maturity time will permit triple cropping, freeing land for food crops. Special attention will also be paid to seed storage, distribution and certification.

48. Fertilizer has become much more widely available in recent years. Its offtake has risen by more than three times since 1975. Fertilizer use in Bangladesh, however, is still low compared with some other Asian countries and its effectiveness is being inhibited by the frequent use of an incorrect product mix. The Government has been taking measures to remedy the situation, and UNDP is being called upon to provide technical assistance. For example, the Government operates a UNDP-assisted scheme of field trials, using demonstration plots to show the impact of different types and dosages of fertilizers. There is an ambitious programme undertaken by the Department of Agricultural Extension (DAE) of the Ministry of Agriculture to bring new technology and knowledge to the farmer through a nationwide training and visit (T&V) system. UNDP is providing approximately \$6 million for this programme.

49. Since demand for fertilizer is expected to rise from 1.3 million tons in 1985 to 1.9 million tons in 1990, there is a concomitant need to expand domestic production. In this connection, UNDP has been assisting the Chittagong Fertilizer Plant to improve its efficiency and boost production and will shortly be supporting the establishment of a national fertilizer training institute at Ghorasal to produce the skilled workers needed to operate the planned increase in domestic capacity.

50. Linked to the application of micro-nutrients to replenish the soil is a change which farmers have been making in their use of crop residues and animal dung; these are being used as fuel for cooking because of the acute scarcity of fuel woods. With UNDP/AsDB assistance, the Government is pursuing new programmes which will involve community participation in re-establishing homestead woodlots and, through nurseries at the upazila (sub-district) level, will make seedlings readily available to villagers. USAID is also providing assistance in this important task, which will additionally lead to more tree planting along the roadside and on river embankments as well as in the villages.

51. Irrigation: Perhaps surprisingly for a country which for much of the year has widespread flooding, the winter and spring months are dry and localized droughts are common. At these times, irrigation enables crops to be grown where otherwise the land would lie idle. Triple cropping is feasible in certain areas.

52. The UNDP-assisted Master Planning Organization (MPO) has prepared a National Water Master Plan which, inter alia, contains a comprehensive and phased programme of investment in irrigation, flood control and drainage for the Third Plan and for

fifteen years thereafter. Phase II of this project is intended to institutionalize national water planning. Concurrently with this project, a UNDP-funded Water Resources Survey will improve the reliability of field collection of the ground and surface water information needed by the MPO for its work. Ground water is assessed as still having considerable growth potential, notwithstanding the installation of large numbers of tubewells in recent years. UNDP support for remote sensing activities at the Space Research and Remote Sensing Organization (SPARRSO) will also provide baseline information for water and agriculture planning.

53. The channelling of surface water into areas to be irrigated and the drainage of surplus water require particularly careful planning in Bangladesh where the slope from its northern border with India down to its coastline on the Bay of Bengal is just twenty feet. During the fourth country programme, UNDP will assist the Government in the development of a Surface Water Simulation Model to facilitate the designing of new irrigation and drainage schemes, initially in the south-east and later throughout the country. Assistance will also be given to setting up the River Research Institute in Faridpur to monitor the major rivers flowing through the country and to develop the engineering techniques required to manage them.

54. Most of the irrigation schemes planned for implementation during the Third Plan will utilize World Bank and AsDB credits and UNDP-funded technical assistance. These schemes are expected to increase the amount of irrigated land to 88 per cent of the potential area by 1990.

55. Over and above the major schemes to harness ground and surface water for the further expansion of foodgrain production, a bold plan has been conceived to construct a barrage across the Brahmaputra (Jamuna) and divert water to arid north-western Bangladesh through an extensive network of irrigation canals. A UNDP-assisted project to assess the feasibility of this multi-billion dollar undertaking is expected to begin soon. UNDP assistance, in the form of geological, engineering and socio-economic studies is expected to cost \$15-20 million. In view of the amount of funds required, co-financing is likely to be sought.

56. The new schemes should not overshadow the importance which will also be given to making existing irrigation facilities as productive as possible. Continued UNDP assistance to command area development through the ongoing Irrigation Management Programme will assist in the dissemination of modern water-management techniques.

57. Land use: In order to encourage higher productivity on all cultivable land, especially the larger landholdings, it is recognized that reforms are necessary with respect to the size of holdings and also the tenure system, which is currently marked by widespread sharecropping and absentee landowners. Attention has also to be given to measures needed to halt the continuing encroachment of farming onto forest land. UNDP will assist through a project to formulate a national land-use policy and another to study the feasibility of computerizing land records to facilitate land administration.

58. Protein: Self-sufficiency in food requires not only the growing of sufficient cereals but also a supply of fish, livestock, pulses and other vegetables to provide the required protein and other nutrients. The present level of food consumption in Bangladesh, which amounts to a daily protein intake of 59 grams, places the nation among the most nutrient-deficient in the world. Regrettably, the situation has been deteriorating. The proportion of households

with a calorific intake of less than the recommended level has increased from 53 per cent twenty years ago to 60 per cent ten years ago and to 75 per cent today.

59. To alleviate this situation, efforts are being concentrated on increasing fish production from the present level of 770,000 tons a year to 1,000,000 tons. Historically, the fish catch has come from the rivers and flood plains and little attention has been paid to ponds and the resources of the Bay of Bengal. However, the catch declined markedly during the 1970s and by the end of the Second Plan was far below target. As demand for fish is expected to nearly double by the end of the century, steps are being taken to increase the availability of fish through better exploitation of the marine fisheries resource and the development of fishponds as well as floodplain fisheries.

60. The recently completed UNDP-assisted Inland Fisheries Resources Survey found that there are nearly two million fishponds in Bangladesh. Many of these are derelict. They present an immediate opportunity for exploitation by the landless, who may be formed into small co-operatives for this purpose. A pilot project funded by the UNCDF has established profitable fishpond co-operatives in the Sirajganj district. It is expected that additional UNCDF assistance will be requested during the fourth country programme to extend these successful operations.

61. In order to harness the potential of fishponds, increase the number of active ponds and raise the yield through modern pond-culture technology, considerable efforts in research, training and extension are required. UNDP will therefore be supporting the Government efforts in these respects, including the establishment of an Aquaculture Engineering Unit to facilitate the development of low-cost small fish hatcheries at the upazila level, and undertake a survey of coastal land suitable for shrimp culture. The UNDP regional aquaculture network is expected to be of relevance through the provision of training and research in fish culture. The Water Master Plan, which recognizes that the exploitation of inland fisheries is an integral part of the nation's plan for the optimal utilization of water, is expected to have a positive impact on fisheries development in the Third Plan.

62. Livestock presently constitutes a very small source of supply of protein. A rural Bangladeshi eats a meat meal on average six to eight times a year, and milk production is extremely low. The sale of milk also provides a modest cash income from sales of the surplus. This is a particularly attractive form of income for the landless and near-landless who keep one or two cows tethered outside the homestead.

63. The emphasis of the use of livestock to date has been on draught power. Both the current draught-power shortage and the need for more dairy cows will be tackled during the Third Plan. At the Government's request, UNDP/FAO recently mounted a mission to assess the potential for buffalo development and a project in this respect is anticipated shortly. In addition, UNDP will support a major AsDB project in livestock development.

64. The ongoing assistance for rural poultry development will continue with the aim of upgrading the village chicken so that its egg-laying capacity is significantly increased from the present low level of 50-80 eggs per year. UNDP assistance is contemplated to establish a Central Duck Breeding Farm at Joydevpur, to improve the productivity of the village duck. The feasibility of setting up a feed mill is also under consideration.

65. Rural development: The strategy for developing rural areas is through creating productive employment. As the Third Plan graphically describes, "the social and economic conditions for the vast majority of the rural people are appalling; ... as a matter of fact, excluding a few cities and towns, the whole of Bangladesh is a rural slum". As indicated earlier, the growth of agriculture as a result of better use of seed and fertilizer, improved cropping practices and irrigation is a primary component of Government strategy for rural development.
66. Since practical limitations make it impossible for the farming sector to provide more than 30 to 40 per cent of the jobs required, it is essential to expand non-farm activities as well.
67. In the fourth country programme, the United Nations system will give substantial support to the several institutional mechanisms which foster rural development: the Bangladesh Academy for Rural Development (BARD) in Comilla; the Rural Development Academy (RDA) at Bogra; the rural co-operatives network; and programmes for small farmers and the landless such as the Grameen Bank. UNDP is also assisting the Bangladesh Milk Producers Co-operative, which promotes the formation of co-operatives of the landless for milk production in Tangail and Pabna districts and markets the milk in the cities through a modern dairy, largely DANIDA-funded, in Dhaka. The results of this project are being drawn on in preparing a scheme for similar milk co-operative development elsewhere in the country.
68. The United Nations is to continue its assistance to the Food for Work programme, which builds up the rural physical infrastructure and provides desperately needed employment opportunities. Technical assistance will also be directed towards improving the arrangements for the flow of credit to smallholders and the landless to enable them to acquire the working capital they need to expand their productive activities. Much work has to be done to ensure that credit is used properly and repaid. Such efforts will also extend to inculcating savings habits, so that farmers' earnings from increased productivity are partly ploughed back into further investments instead of being immediately consumed.
69. The difficulty of reaching the poorer members of the rural community should not be underestimated. Local power structures, rural elites and cultural traditions - particularly with regard to women - make progress frustratingly slow. The Government acknowledges that the national and international non-government organizations working in the Bangladesh countryside are an effective way of reaching out to the grassroots level. Nevertheless, it has to be appreciated that the coverage of the NGOs is presently less than 10 per cent of the rural poor. The principal vehicle for accelerating the rural development progress and penetrating all the nation's villages will therefore be the newly formed Upazila Parishads. The upazila administrative system brings the central Government much closer to the village people and is expected to provide an effective mechanism through which their needs become better known and, to the extent possible, met. UNDP's assistance to the new upazila system is described further in paragraph 110.
70. Weather and floods: The vagaries of the weather and the country's susceptibility to cyclones and devastating floods wreak havoc on food production and pauperize farmers overnight. The Bangladeshi farmer is averse to taking risks and minimizes his purchases of fertilizer and other inputs which modern technology and high-yielding varieties require.

71. Measures are being taken to reduce the farmer's exposure in a number of ways: drainage and flood control projects; coastal afforestation schemes, to provide proven, effective protection against cyclones and tidal bores; and better forecasting to reduce the effects of storms and floods. UNDP will assist the Government by bringing into operation a sophisticated radar-based flood forecasting and warning system. The Government will also draw on UNDP's regional tropical cyclone project for improving cyclone and storm surge forecasts.

#### Consolidation and expansion of the industrial base

72. The Bangladesh economy is characterized by widespread unemployment, underemployment and lack of skills. Since agriculture can absorb less than half of the labour force, the Government is looking to modern and traditional rural industries to utilize a significant and increasing proportion of the labour force. Productive enterprises should make maximum use of indigenous raw material and be export oriented or geared to import substitution so as to improve the balance of payments position.

73. The industrial base is very small at present. As few Bangladeshis possess the skills appropriate to modern industry, the task of industrializing the economy is daunting. The Third Plan represents the continuation of a lengthy process, begun in 1982 with the promulgation of a New Industrial Policy (NIP), which shifted emphasis strongly in favour of the private sector. The nation will exploit its own natural resources, develop modern skills and harness them to a liberal free-enterprise economy. UNDP/UNIDO will provide assistance in a number of industrial sub-sectors during the Third Plan.

74. Energy for industry: Industry's demand for energy is increasing. The consumption of commercial energy grew by one third during the Second Plan and, on the basis of the findings of the UNDP/AsDB jointly-funded Energy Planning Report, is expected to rise by another one half during the Third Plan.

75. The Government's strategy is to contain oil imports and maximize domestic energy resources to meet the growing demand. Oil has not yet been found in Bangladesh and deep coal deposits in the western zone cannot yet be extracted on a profitable basis. Therefore, the Government will concentrate on opening up more gas fields - reserves are estimated to be at least ten trillion cubic feet - and piping the gas to areas of planned industrial growth. The World Bank, Canada, the Netherlands and the United Kingdom, with supporting technical assistance funded by UNDP, will shortly embark on a \$200 million programme of well-drilling and pipeline construction.

76. The Bangladesh Power Development Board (BPDB) is incurring heavy losses in the generation and distribution of electricity, thus prejudicing its ability to accumulate funds for expansion. System losses of 35-40 per cent have been reported. UNDP is funding studies to investigate technical losses due to inefficient equipment and losses caused by illegal connections and non-payment of bills. A comprehensive loss-reduction scheme will thus be implemented during the Third Plan and should enable the Government to hold electricity prices at a reasonable level. UNDP assistance to BPDB will also be in manpower training and development.

77. Indigenous raw materials: Bangladesh has few mineral resources which can provide raw materials for industry. Besides gas, the only other resources discovered so far are coal, peat and limestone, most of which are yet to be exploited significantly. UNDP assistance has been requested in carrying out a feasibility study for mining hard rock (grano-diorite) at Maddyapara in Dinajpur district. However, it is recognized that a geological survey of Bangladesh is still in its nascent stage and work to uncover other minerals remains to be done.

78. During the Third Plan, jute production will be maintained at approximately 5-6 million bales, with an increasing proportion exported in the form of fibre and jute products. Intense overseas competition in the synthetic and raw jute market makes it necessary to concentrate more on downstream development. UNDP will provide assistance in the production and marketing of improved finished products, possibly including jute based textiles, through a project for technological research on jute.

79. There is potential for utilizing the large domestic supply of hides and skins to build up an export-oriented industry for leather and leather products. Such an activity will require the introduction of quality control and modern technology throughout the tanning, finishing and assembly processes. The Government has therefore requested UNDP assistance in introducing the knowledge and skills required for the rapid development of the leather industry.

80. The quality of Bangladeshi fruit and vegetables goes largely unrecognized abroad, partly due to rather small harvests and to the lack of processing facilities. UNDP assistance to the Bangladesh Agricultural Development Corporation will identify the market potential for indigenous tropical fruit and evaluate current bottling/canning methods with a view to introducing technological improvements which will bring finished products up to export standards and lead to further growth in non-traditional exports.

81. Shrimps have recently become a major export. UNDP technical assistance for the Second Aquaculture Project, which is linked to an IDA credit for shrimp culture, will augment the supply of brackish-water shrimp for processing for export. A further project aimed at maintaining export quality-control standards for fast-frozen shrimp is also expected. Apart from UNDP's continuing assistance to the Export Promotion Bureau, it is considered that the ongoing regional project on trade information services (RAS/82/003) should assist the industry in developing the necessary skills in acquiring information on trading opportunities and techniques, including a knowledge of documentation requirements.

82. Import substitution: The nation is heavily dependent on imported oil and manufactured goods to sustain its economy. As mentioned earlier, every effort is being made to substitute gas for oil, and UNDP is assisting in that respect. The Government plans to contain manufactured imports through domestic production of components of manufactured products. To this end, UNDP is supporting the upgrading of the Government-owned Bangladesh Diesel Plant so that the local content of its products will be no less than 50 per cent. Apart from the assistance provided through specific projects, the country programme will also support the Government's effort in import substitution in general, with its beneficial impact on the domestic production of food, fertilizer, edible oil, cotton and other products which feature prominently on the nation's import list.



83. UNDP assistance to the Investment Promotion Development Company will help to bring new industrial projects in the private sector to fruition, some for import-substitution, others export-based. Assistance is also being provided to the pharmaceutical industry, which is geared to expanding domestic production in substitution of most of the currently imported medicines. The promotion of small industries should also lead to increased local manufacture of industrial components and promote linkages between the large modern industrial operations and the small traditional enterprises. Operating improvements at the Chittagong Dry Dock should save both foreign exchange on ship repairs and enable the extensive services in place in the Dry Dock's machine shop to be utilized for producing manufactured articles.

84. Services to industry: In order to encourage industrial growth, the Government has to have recourse to the national development banks for making medium-term loans to the private sector and public statutory corporations. Regrettably, the two existing banks, Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangthsa, have deteriorated into weak organizations with a poor record of recovery of advances. The banks are therefore unable to attract new funds from international lending institutions. A joint UNDP/AsDB-assisted project reviewed the state of each bank and made recommendations for restructuring and revitalization of the two organizations. Follow-up assistance to the development finance institutions is planned to start shortly to support the implementation of the recommendations.

85. A thriving private industrial sector needs an active stock market and an effective legal framework. UNDP will provide assistance to the Government to further develop the capital market and to enhance the effectiveness of the legal framework and encourage private equity participation in industry.

86. UNDP will support a second phase of a project to upgrade the capabilities of the members of the Institute of Chartered Accountants of Bangladesh through post-qualification training courses, and will strengthen other facets of the service sector: trademark protection; insurance facilities; and management consultancy services to small industries.

#### Human resources development

87. The strategy of the Third Plan, to which the fourth country programme relates, is to harness the nation's substantial human resources and assault illiteracy and malnutrition. Two out of every three males are illiterate, as are seven out of eight females. The investment which the Government will make is designed to alleviate much of the present distress and provide people with basic employable skills needed to enable them to become productively employed.

88. Education: The Third Plan aims to increase the number of children attending school and to modify the curriculum so that it is more vocationally oriented.

89. Top priority in the education sector is a sharp increase in the number receiving education up to Class V standard. Total coverage of the primary school age population by the end of the Third Plan is, unfortunately, impracticable: a World Bank report indicates that this would require the hiring of an additional 49,000 teachers and involve other currently unmanageable expenses. Instead,

the target has been set of achieving 65 per cent enrollment as compared to 54 per cent in 1986. With technical assistance from UNDP and SIDA, a \$9 million grant from UNICEF, and an IDA credit of \$78 million, the Government will implement an integrated school development programme in its 40,000 primary schools. The programme is designed to ensure that all the required resources - teachers, supervisors, classrooms, latrines, basic furniture and text books - are put in place and maintained. An important feature of the programme is that it will involve each community through parent-teacher associations, school management committees and upazila committees in the education process. In this way, greater community acceptance is foreseen of the relevance of school and literacy programmes to the future well-being of its children.

90. Adult literacy is doubly important. First, it has been found that adult illiteracy and consequently lack of parental support are major factors in the high drop-out rate of primary school children. Secondly, literacy is a prerequisite to being able to absorb the skill training necessary for more productive employment. The mass literacy programme for adults, targeted under the Second Plan but shortly thereafter discontinued, is to be revived with UNDP assistance. The programme will be administered at the upazila level, through an upazila literacy committee as well as a school literacy committee at each primary school where the programme operates. Such arrangements should encourage local participation in the operation of the programme and ensure that the subject matter tackled is relevant to locally perceived needs. It is intended that the programme will also produce and disseminate follow-up reading materials for neo-literates.

91. Problems at the primary school level are reflected at the secondary and tertiary levels as well. An acute shortage of qualified teachers, weaknesses in management and a lack of facilities result in graduates who are inadequately prepared for the job market. This situation will be tackled through technical teacher training programmes and a drive to upgrade mathematics and science education at the secondary level. UNDP will provide assistance in strengthening management, improving the quality of teaching of these subjects and providing new curricula and educational equipment.

92. At the tertiary level, UNDP assistance is focusing on making technical education in the polytechnics and engineering colleges more responsive to employer needs. In addition, UNDP will assist the Bangladesh University of Engineering and Technology (BUET) to upgrade the quality of its teaching and curricula and provide opportunities for student exchange with neighbouring countries.

93. The much higher level of illiteracy among women will be tackled during the Third Plan, not so much by creating special projects for women only, as by modifying the environment to make it more culturally acceptable for girls to attend school and become literate. The growing percentage of female teachers, community participation in school operations and adult literacy programmes - in which women are expected to be predominant - are aspects which should help girls to acquire basic skills more easily than in the past.

94. Employment: The Third Plan visualizes programmes of investment and skills training creating five million new jobs by 1990. Since an estimated four million people will be first-time entrants to the labour market, the achievement of the five million target will reduce existing unemployment.

95. Approximately 30-40 per cent of the new job opportunities will be in agriculture, as a result of more intensive land use through irrigation and higher yields. A small number of jobs will be created in the generally urban-based modern industrial sector. The great majority of jobs therefore will come from boosting non-farm employment and self-employment in the countryside. With this strong rural emphasis it will be evident that training in the requisite skills must be carried out close to where people live and intend to work. Hence, the Government has decided to establish Employment Resource Centres (ERC) in each upazila to generate employment by identifying market opportunities and by encouraging people to form themselves into small groups to be given the chance to acquire the skills, credit and know-how for small-scale productive operations. Initially, these groups are expected to be involved in low-technology enterprises such as poultry raising and fish farming. Later, as the groups become literate - a literacy programme will be part of the package offered by the ERCs - it is planned that the groups should move on to adopting higher levels of appropriate technology and embarking on 'second generation' non-traditional activities which will substantially raise their economic status.

96. Some of the proposed projects are specifically targeted at women; e.g. assistance to the Shawnirvar movement's programme of training village women for employment in income-generating activities and developing and harnessing their leadership skills. Nevertheless, it should be emphasized that the principle employment initiative through the ERCs is not gender based, though it is expected to provide more jobs for women than for men, as it will be concentrating on those who are presently out of the mainstream of employment.

97. The Planning Commission will be closely watching the development of rural non-farm employment and the gradual introduction of suitable technologies. UNDP will provide assistance to set up a monitoring unit.

98. Other UNDP activities in support of the Government's strategy for employment include support for training programmes to build up the tourism industry and thereby generate much needed foreign exchange earnings to fund essential imports. The Cox's Bazaar area and the Sunderbans have considerable potential in the context of the South and South-East Asian tourism circuit.

99. Health: Only one third of the population currently enjoys safe drinking water; only one-thirtieth has access to adequate sanitation facilities. These deficiencies are responsible for a very high rate of infant and childhood mortality, mainly from gastro-intestinal diseases and also from typhoid and other diseases transmitted through human faeces.

100. Major investment programmes for rural water supply and sanitation, including the manufacture of handpumps and the construction of wells and low-cost latrines, have been funded by DANIDA, USAID, World Bank and UNICEF. For example, UNICEF has installed more than 100,000 handpumps and 500,000 latrines during the past three years. In urban areas, the Governments of Denmark, Japan and the Netherlands, as well as AsDB and IDA, have financed an expansion of water supply and sanitation systems. UNDP is providing technical assistance in support of the upazila centres and urban systems; project activities will include studies of the reasons why proper sanitation facilities, when available, are often not used or maintained and will make recommendations for overcoming these problems. The changing of certain

traditional unhygienic practices and hygiene education, through community motivation, will be important components.

101. In addition to the comprehensive macro-planning of water resources mentioned in paragraph 52, UNDP and the World Bank will shortly undertake a water supply sectoral study for further extending drinking water and sanitation coverage. The project will identify investment packages for possible assistance by other donors. This work will be undertaken in conjunction with the UNDP/World Bank regional project to prepare water and sanitation projects for implementation during the International Drinking Water Supply and Sanitation Decade with a view to bringing safe water and low-cost latrines to at least 40 per cent of the rural population and 60 per cent of the urban community by 1990.

102. Access to health facilities in the rural areas is difficult, exacerbating ill-health and infant mortality. Despite the construction of a network of health centres in remote parts of the country, in which UNCDF, UNICEF, UNFPA and other donors have assisted, the shortages of affordable medical supplies, health workers, nurses and doctors do not make it possible at present to give an assurance that basic medical attention can always be given. Unfortunately, the supply of medicine falls outside the mandate of UNDP. UNDP/WHO will, however, provide assistance in improving the quality of training for nurses and health workers through the Centre for Medical Education, and at the Dhaka Nursing College and district centres.

#### Improved physical infrastructure

103. The Government intends to maximize the use of existing facilities during the Third Plan. It will, however, seek to introduce limited new facilities in transport, telecommunications and other infrastructure development which will further encourage the growth of productive activities at the upazila centres.

104. Transport and telecommunications: Transforming the physical communications network in Bangladesh to meet modern day needs is not a simple task. The network of rivers and their frequent changes of course, the soft alluvial soil and almost complete absence of rock, and widespread inundation in most years make road and rail construction difficult and expensive to carry out and maintain. An Inter-Modal Transport Study was carried out in 1984/85 with UNDP assistance to assess how the road, rail and inland navigation systems might best be developed in the light of the above-mentioned constraints. The study endorsed the Government's strategy of concentrating investment on the rehabilitation and upgrading of the existing system in lieu of making new investments. Completion of ongoing projects is a priority. Maintenance of the system is also emphasized together with greater operating efficiency.

105. UNDP will assist the Government's rehabilitation/upgrading policy through technical assistance to an AsDB national road rehabilitation programme in one part of the country and a similar World Bank programme in another. UNDP is also participating in a joint AsDB, CIDA, and NORAD programme of improving the operations and economics of the Bangladesh Railway, the efficiency of which declined during the Second Plan.

106. An important exception to the rehabilitation policy is the plan to replace the inconvenient ferry system across the Brahmaputra (Jamuna) by a major bridge,

linking the western part of the country to the east. UNDP is funding feasibility studies for the proposed Jamuna Bridge, to determine its optimal location, type, likely costs and economic justification. The bridge is expected to have a major integrating effect on the two halves of the country and to promote economic development in the presently somewhat isolated western zone.

107. Although distances in Bangladesh may be considered small, ferry crossings and single-track railway lines make inter-district travel time-consuming. Thus there is a role for domestic air transport, particularly for business users, if trade is to be developed. UNDP assistance to the Civil Aviation Authority to regulate air traffic will continue and assistance is also being provided to Bangladesh Biman, the national airline, to strengthen all aspects of its operations and to establish a ground training facility for in-country training of aircraft technicians and engineers.

108. The telephone system within the Dhaka metropolitan area is now quite well established, but communications from Dhaka to and between outlying towns are restricted. The Third Plan envisages almost doubling the number of telephones installed and the establishment of radio links for a nation-wide dialling service. There will be a consequent increased demand for more trained personnel for which UNDP/International Telecommunications Union (ITU) will support training programmes at the newly constructed Telecommunication Staff College. Local manufacture of some of the additional equipment required should be facilitated through UNDP assistance to the electronics industry.

109. Physical planning: The nation will remain predominantly a country of villages for many years to come. There are reported to be 46,000 villages in Bangladesh. Nevertheless, in a country of one hundred million people, even a modest migration to urban areas puts great stress on limited infrastructure. At the present rate of urban drift, the population of Dhaka is expected to rise from its present level of three million to at least ten million by the end of the century. Physical planning of the urban areas - and also the new upazila growth centres - is therefore important; UNDP will be continuing its assistance through the National Physical Planning project.

#### Improved public policy and economic management

110. Improvements in administration during the Third Plan will concentrate on planning and policy management, resource management and project management. The Government has already taken a bold step towards restructuring the bureaucratic machinery through administrative reforms based on the principles of decentralization and devolution of power. Much of the Government administration of agriculture, irrigation, education and physical infrastructure, in particular, has been decentralized to over four hundred upazilas. Government officials, headed by an Upazila Nirbahi Officer (the Government's chief executive officer) and elected representatives of the people, jointly manage administration and development activities at the grassroots level. UNDP is assisting in the training of the Upazila Nirbahi Officers, and later of other upazila officers, in general management, project formulation and control, financial discipline, and teamwork - all skills required to make the Government's decentralization initiative fully effective. The UNDP-assisted Academy of Planning and Development will also be active in the training efforts required for the newly decentralized administration.

111. The Government is also extending administrative reform and economic discipline to all state-owned utilities, industrial enterprises and banks, and transferring ownership and control to the private sector wherever possible. UNDP is assisting in the implementation of this policy in a number of ways. Apart from technical assistance to the Power Board, Bangladesh Railway, Bangladesh Biman and the two investment banks mentioned earlier in this document, UNDP is helping the Ministry of Finance to develop improved financial reporting systems for all state-owned enterprises. Assistance is also being given to the Ministry to improve taxation and customs procedures aimed at increasing domestic resources mobilization and ensuring that the tax mechanism treats private and state-owned enterprises equally.

112. Policy planning and management are dependent on reliable data for decision-making. UNDP will be continuing its support for the Bangladesh Bureau of Statistics.

113. The Planning Commission plays a dominant role in the articulation and monitoring of Government policy. The preparation of the Third Five-Year Plan drew extensively not only on UNDP-assisted sectoral master plans but also on individual studies commissioned for the specific purpose of input to the Third Plan. The data was entered in a macro-econometric computer model for which UNDP rendered assistance. This model is shortly to be adapted for use in the Perspective Plan for the period 1985-2000.

114. Effective management of aid is critical for Bangladesh. The Government has therefore established two UNDP-assisted mechanisms to monitor the flow and use of aid - a co-ordination cell in External Resources Division and an Implementation, Monitoring and Evaluation Division in the Planning Commission. The Government will supplement the above institutional arrangements with studies on the utilization of commodity aid, aid for development projects and on the impact of UNDP country programming.

#### C. Unprogrammed reserve

115. It is planned to bring the future use of UNDP funds under more rigorous programming. Nevertheless it is advisable to maintain sufficient flexibility to meet unforeseen needs. In the past, UNDP funds have been used to good effect where multilateral assistance and a quick response were required. Considering past experience, it is proposed to establish an unprogrammed reserve of \$10 million.

Annex

FINANCIAL SUMMARY

|   |                           |    |                    |
|---|---------------------------|----|--------------------|
| I. ACTUAL UNDP RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING   |                           |    |                    |
|   |                           | \$ | \$                 |
| Third Cycle IPF balance   | 15 579 000 <sup>a/</sup>  |    |                    |
| Fourth Cycle IPF  | 105 332 000 <sup>b/</sup> |    |                    |
| Sub-total IPF   |                           |    | 120 911 000        |
| Special Measures Fund for Least Developed Countries   | 7 865 000 <sup>c/</sup>   |    |                    |
| TOTAL   |                           |    | <u>128 776 000</u> |
| II. USE OF RESOURCES  |                           |    |                    |
| Ongoing projects  | 34 954 000                |    |                    |
| New project proposals   | 56 938 000                |    |                    |
| Programmed reserve  | 26 800 000                |    |                    |
| Sub-total, programmed resources   |                           |    | 118 692 000        |
| Unprogrammed reserve  |                           |    | 10 084 000         |
| TOTAL USE OF RESOURCES  |                           |    | <u>128 776 000</u> |
| <u>a/</u> The estimated balance available from the third cycle IPF (including carry-over from second cycle) is calculated as follows: |                           |    |                    |
| Third cycle IPF   |                           |    | 117 798 000        |
| <u>deduct</u>   |                           |    |                    |
| Delivered in 1982-84  | 64 219 000                |    |                    |
| Estimated delivery 1985   | 25 000 000                |    |                    |
| Estimated delivery for period Jan-June 1986   | <u>13 000 000</u>         |    |                    |
|   |                           |    | <u>102 219 000</u> |
|   |                           |    | <u>15 579 000</u>  |
| <u>b/</u> The fourth cycle IPF available to the fourth country programme is calculated as follows:                                    |                           |    |                    |
| Fourth cycle IPF  |                           |    | 117 036 000        |
| <u>deduct</u>   |                           |    |                    |
| One tenth of IPF, to cover period July-December 1991, which falls outside the period of the fourth programme                          |                           |    | 11 704 000         |
|   |                           |    | <u>105 332 000</u> |
| <u>c/</u> The estimated funds available from the Special Measures Fund for the Least Developed countries are calculated as follows:   |                           |    |                    |
| Balance of SMF resources available 1 January 1985   |                           |    | 4 478 000          |
| <u>deduct</u>   |                           |    |                    |
| Estimated delivery 1985   | 1 413 000                 |    |                    |
| Estimated delivery for period January-June 1986   | <u>700 000</u>            |    |                    |
|   |                           |    | <u>2 113 000</u>   |
|   |                           |    | <u>2 365 000</u>   |
| <u>Add</u>  |                           |    |                    |
| Anticipated resources for period July 1986-June 1991  |                           |    | <u>5,500 000</u>   |
|   |                           |    | <u>7 865 000</u>   |

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