

GERIN
no. 22E

13673

IDRC-LIB
22995

April 10, 1975

report
to the
secretary of state
for
external affairs

by

Mr. Paul Gérin-Lajoie
President

Canadian International Development Agency
March 19-21, 1975

on the
mission
to Bangladesh

ARCHIV
GERIN
no. 22E



Canadian International
Development Agency

Agence canadienne de
développement international

President

Président

April 10, 1975

The Honourable Allan J. MacEachen, P.C., M.P.
Secretary of State for External Affairs
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. MacEachen:

In compliance with your request, I led a CIDA mission which visited Bangladesh on March 19, 20 and 21, 1975.

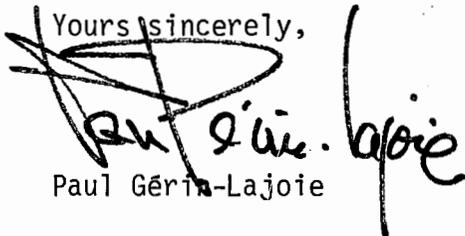
The mission included four CIDA officials: Roger Dumélie, Senior Planning Officer for Bangladesh, Stanley Goodyer, Manager, Food Program, Nigel Martin, NGO Program Officer for Bangladesh, and André Beaudoin, assistant to the President.

Mr. R.W. McLaren, Canada's High Commissioner in Dacca, and the embassy staff, had planned our visit very carefully and participated actively in my mission.

During my brief stay, I met with the President of Bangladesh, Sheik Mujibur Rahman, the Vice-President, and the Minister for Food and Civil Supplies, as well as with Government officials. I had the opportunity to consult representatives of other donor countries, of international and non-governmental organizations. Part of my time was also spent in visits to a number of development projects in various parts of the country.

I am attaching a detailed report of this mission, together with recommendations as to the orientation Canada might give to its future cooperation with Bangladesh.

Yours sincerely,



Paul Gérin-Lajoie

Ann.

122 Bank Street
Ottawa, Canada
K1A 0G4

122, rue Bank
Ottawa, Canada
K1A 0G4

024405



BANGLADESH

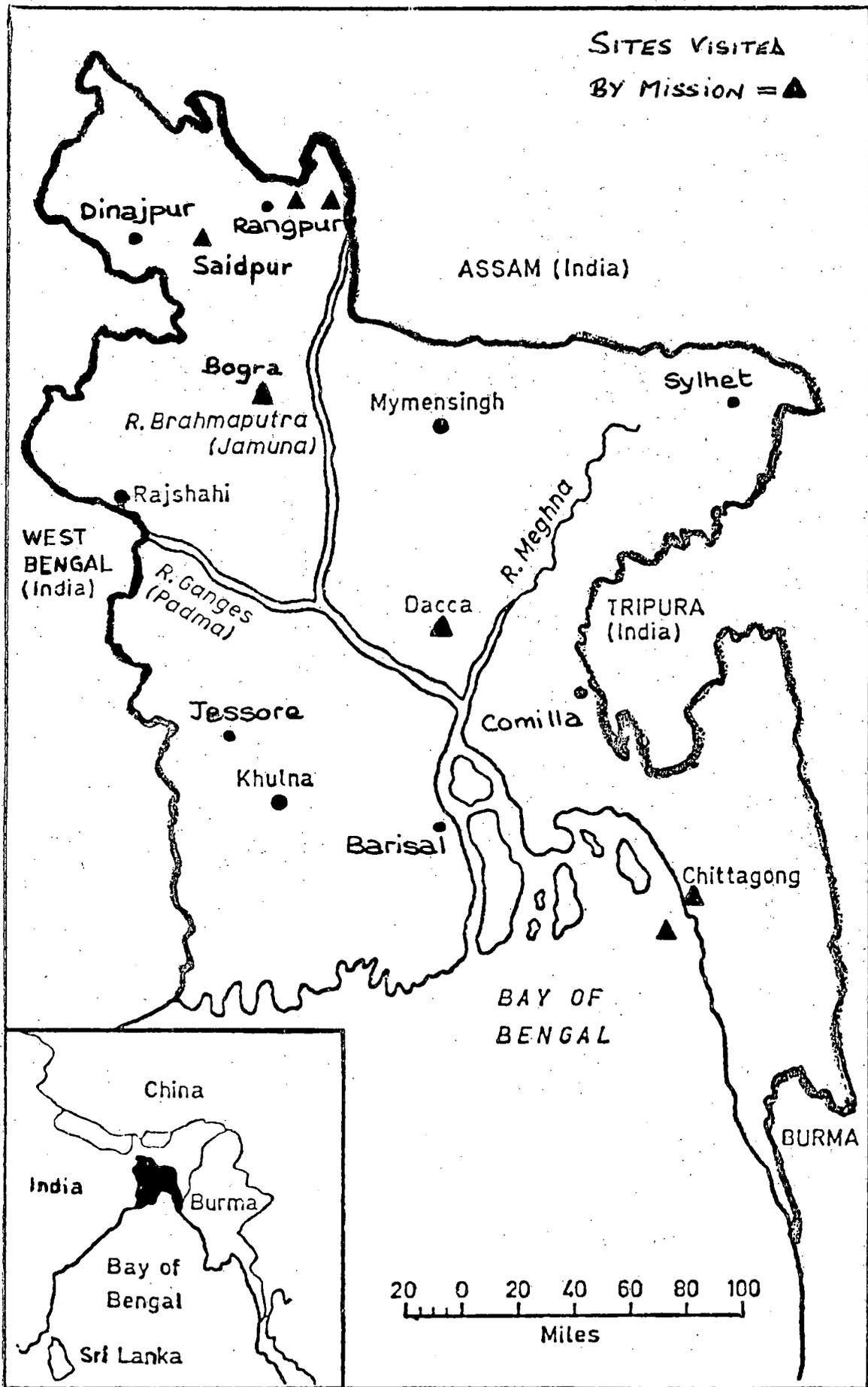


TABLE OF CONTENTS

		Page
Memorandum for the Minister		
Map of Bangladesh		
INTRODUCTION		1
	Bangladesh: one country, two realities	2
	Food aid: its usefulness, its effects	3
	Canadian cooperation in Bangladesh: the future	5
PART I	- GENERAL ECONOMIC SITUATION	7
PART II	- FOOD EMERGENCY SITUATION	10
	Food aid requirements	10
	Storage and transportation	10
	Rice procurement	13
	Food rationing system	14
	Food assistance	16
PART III	- DEVELOPMENT ASSISTANCE	19
	Constraints on development	19
	Review of bilateral projects	20
	Review of NGO projects	25
PART IV	- FUTURE DEVELOPMENT ASSISTANCE	28
	Rural development	28
	Family planning	29
	Other sectors	30
PART V	- FINDINGS AND RECOMMENDATIONS	32
ANNEX		

INTRODUCTION

The special mission I headed to Bangladesh had a dual purpose. One was to review Canada's overall assistance to Bangladesh which amounts to \$200 million since the country achieved independence three years ago. The other was to review Canada's food aid assistance to Bangladesh in order to overcome bottlenecks and weaknesses in distribution, especially to those in greatest need.

In the last three years Canada's food aid to Bangladesh has averaged approximately 250,000 tons per year, or roughly 12 per cent of total foodgrain imports into the country. The cost has averaged \$40 million per year and accounted for about 75 per cent of total Canadian aid to Bangladesh. Since food aid represents such a large component in our Bangladesh program, the mission focussed most of its attention on this sector.

For some months now, people across Canada have been asking questions and expressing concern about the crucial situation in Bangladesh and about the effectiveness of our assistance program there. The image left by Canadian television broadcasts and some of the commentaries that followed have influenced public opinion and raised questions which, by their very nature, go beyond the particular case of this country.

Is it possible for a country like Bangladesh someday to cross the threshold of simple survival to reach a stage of real development? Can the country move from a state of high dependence to one of near self-sufficiency?

What is the sense of massive food aid that seems to succeed only in prolonging the sentence of individuals already definitely condemned by malnutrition?

Should Canada continue to provide food aid which does not reach all those for whom it is meant?

These are basic questions which served as guidelines for the trip I made to Bangladesh last March 19, 20 and 21.

To find answers that would shed some light on the current situation, and that would help to orient more effectively the future action of CIDA in Bangladesh, I inspected projects in various regions of the country and I met many representatives of other donor countries, and of international and non-governmental organizations. I listened to numerous representatives of the Government of Bangladesh and discussed their problems with them.

Bangladesh: one country, two realities

The images and the descriptions in the media of the brutal famine in Bangladesh are, unfortunately, all too true; it is shocking that thousands of Bengalis will die during the course of the next year, because their most elementary needs have not been filled. Yet I discovered in Bangladesh that to dwell solely on the most desperate side of reality is to miss a very important element of the country's development picture.

In the course of this mission, I met dozens of dedicated Bengali workers, technicians, farmers, professors, doctors, and others energetically engaged in promoting their country's development. They are no doubt representative of many thousands more whom I did not meet - people devoted

to making their country self-reliant and strong. And I met committed Canadian volunteers who understand the problems and hopes of the Bengali people and who are helping to carry out the development policies and activities identified and proposed by this country.

The efforts and courage I saw brought home to me, better than words, the power - and more, the driving force-of hope and commitment in development.

To be sure, the prospects of Bangladesh do not rest only on the country's own competent human resources but also on her physical and technical capacities to provide food and work for her population. And thus I came to the conclusion that to strengthen these prospects will require an intensification and better coordination of the international effort. It will be necessary to orient our aid programs in some key development sectors and to support more fully the competence and the ardor of the non-governmental organizations.

Food aid: its usefulness, its effects

During my stay in Bangladesh, I was given the opportunity to visit an orphanage for children whose parents were victims of recent floods. It was one of the most rending experiences of my life. If they survive childhood, these children, who are given two meagre meals per day, will possibly never gain the health and strength to live normal human lives. What I saw - no doubt just one case among many in Bangladesh and the Third World - raised poignantly the question of the value of our food aid: will it only prolong pain and suffering?

In the face of this situation, the answer that I found could not be in terms of simple pity, cold logic or a philosophical view of death. I found the answer in the looks of these orphans - their silent yet seemingly indomitable will to live.

I also found the answer in the strenuous efforts of the Bengalis themselves not only to survive with their children but also to contribute to the recovery and reconstruction of their country.

It is indeed a sad fact that part of our food aid does not reach those for whom it is meant. We know that the existing rationing system does not guarantee the just sharing of foodstuffs between rural and urban areas, or between those who need the most and who need the least. These injustices, however, should not be sufficient reason for stopping our assistance.

I expressed openly and frankly to the Bengali leaders I met the Canadian people's concern over this matter. I was informed that severe control measures had been undertaken and were still being set up to limit, as much as possible, the incidents of smuggling and black marketeering. Representatives of international food aid agencies stationed in Bangladesh over a period of time assured me that the measures have proven efficient.

And it is also possible for CIDA to adopt more measures to increase the quality of distribution by calling, for example, on the expertise already acquired by international and non-governmental organizations working in this field.

Canadian cooperation in Bangladesh: the future

Aside from our food aid program, which will be maintained, I indicated to the Government of Bangladesh CIDA's intention to concentrate its action in the fields of rural development, agriculture, health and family planning. This proposed orientation coincides with the objectives already set by the Government of Bangladesh.

Finally, I was greatly impressed with the quality and efficiency of Canadian and international NGO activity in Bangladesh. As these organizations increase their field-work capacity in Bangladesh, I propose that CIDA analyze and set in motion all measures to help them expand and improve their work.

During this very brief visit to Bangladesh, I heard most eloquently expressed the arduous and long road towards the betterment of their peoples which developing countries must travel. The remark was made by a Bengali doctor, a physician who is well known in London but who has returned to his country to manage a modest rural medical centre. He said: "We know our problems; we have also learned the solutions. If you wish to help us gather our strength and rebuild our pride, stop crying over our dead. But rather, in a brotherly spirit, provide us with the resources which we might use to ensure our development in our own way".

There are critics who talk of the waste of CIDA financial resources in certain countries. When nations are built amidst cyclones, floods and wars, it is impossible to evaluate the efficiency of international cooperation only in terms of cost-benefit analysis. External aid can make sense only if it supports the determination and international efforts of the partner countries.

The late Robert F. Kennedy once said that "Each time a man stands up for an ideal, or acts to improve the lot of others, or strikes out against injustice, he sends forth a tiny ripple of hope".

If this mission and this report can send forth "a tiny ripple of hope" to the people of Bangladesh, it will have achieved its purpose.

PART I - GENERAL ECONOMIC SITUATION

Two striking features of Bangladesh which immediately impress the visitor are its population and its geography. The people, an estimated 75 million, are crowded into 55,000 square miles making Bangladesh, at 1,400 people per square mile, one of the world's most densely populated countries with one of the highest population growth rates. Moreover, both its geography and its topography frequently expose it to nature's calamities - to cyclones, floods and drought.

Situated at the mouth of several major rivers, Bangladesh has abundant fertile land. It lacks natural resources, however, other than deposits of natural gas. For the country to reach its full agricultural potential it requires fertilizers, pesticides, improved seeds, irrigation, and water management. Flood control is needed for the monsoon period, and irrigation in the dry winter months if multi-cropping of the land is to be possible.

The combination of these features - a large population, limited natural resources, and the country's susceptibility to natural disasters - has worked in vicious proportions to impoverish the Bangladesh people, whose annual per capita income is only about \$70.

On attaining independence, Bangladesh had a weak administrative structure: there were few civil servants and industrial managers with the training and experience needed to run the new country.

It was against this background that the new nation undertook, in 1972, its major reconstruction and rehabilitation efforts. Steps towards long-term development have been hindered not only by large population shifts and administrative disorganization, but also by adverse movements in the terms of trade.

The mission met the Chairman and the Secretary of the Bangladesh Planning Commission and their staff to discuss present and future Canadian assistance. We were told that the fiscal year 1974-75 was a difficult one for Bangladesh; the Government started the fiscal year in July with a critical shortage of foreign exchange which was aggravated by a large increase in import prices as compared to export earnings. In addition to the July floods, an explosion at a large fertilizer factory contributed to the shortfall in much-needed fertilizer production. The 1975-76 balance of payments position will also be serious, partly because of this year's large commercial foodgrain imports. Bangladesh made significant gains in the export of tea, hides and sugar, but jute accounts for most of the country's exports and the amount sold and prices received are still low.

The mission was informed that original foodgrain import estimates of 1.7 million tons for this fiscal year were increased to 2.3 million tons because of the flood and fertilizer problems. Although 2.4 million tons have been committed, only 1.5 million tons have been received so far. Arrivals during the next three months, therefore, are critical. The Secretary pointed out that much of the grain expected to arrive in April was Canadian food aid, but that there was now a delay in these shipments because of a strike in Canada. He also stated that much of the food aid from other donors was on an FOB basis and that Bangladesh did not have the resources to pay the shipping costs.

The Commission requested an indication of next year's food aid allocations to Bangladesh and expressed the Government's desire for a 260,000 ton allocation from Canada. We informed him that the tentative planned level was for 130,000 tons but that we would be prepared to review the situation during the year. We added that a rapeseed allocation was tentatively planned.

Because Bangladesh is importing large quantities of foodgrains at a time when prices are high and its exports are low, both in price and volume, a critical balance of payments problem has resulted. Other non-food imports have been cut; the industrial sector is now reported to be short of imported raw materials and spare parts, and is therefore operating far below capacity.

In the summer of 1974 the Government of Bangladesh, supported by the World Bank, made a special plea to donors to provide the bulk of assistance in the form of quick-disbursing commodity and program aid to help the country through its severe balance of payments crisis. It also asked the World Bank to form an Aid Group to raise additional resources. The Bank has estimated that Bangladesh will require in excess of \$1 billion of assistance during the fiscal year ending June 30, 1975 to meet minimum import requirements. Most of this will be for food and other non-capital goods imports.

PART II - FOOD EMERGENCY SITUATION

Food aid requirements

For Bangladesh, food is the largest single import requirement. Production remains far below needs. To some extent, agricultural production fell short of the target in 1972 because of a severe December drought, and in 1974 because of July floods. The production shortages, along with food leakage into India, have resulted in an average foodgrain import requirement of more than 2 million tons per year over the last three years. At today's prices this amounts to more than \$400 million per year. However, it should be noted that Bangladesh could be self-sufficient in foodgrains in the short to medium term, assuming greater use of fertilizers, high-yielding varieties of seeds, and water control as well as favorable weather and sufficient management.

Storage and transportation

The mission reviewed the production, procurement and distribution system with officials of the Bangladesh Government as well as with other major food aid donors and multilateral organizations. It visited Chittagong, the major port for food shipments, and studied its grain storage facilities, the grain transportation system, and the outer anchorage where larger ships are off-loaded.

Grain storage facilities in Bangladesh are adequate. Storage capacity in foodgrain silos near major centres is 225,000 tons while 12 central supply depots and 320 local supply depots around the country

can hold another 800,000 tons. This capacity is sufficient to handle food aid wheat stocks as well as locally procured rice.

Chittagong has a 100,000-ton bulk storage capacity for grain in one modern silo. It also has covered storage space for 120,000 tons of cargo, part of which can be used for grain in bags. Shoals at the mouth of the river restrict the size of vessels which can enter the port. Average-size ships must be lightered in an outer anchorage about two miles from the river mouth. Larger ships must off-load onto lighters at a distance of up to fifty miles from Chittagong. This lightering system provides an opportunity for leakages. The Government of Bangladesh is aware of, and concerned about, the problem and is taking steps to police the system.

From the port, grain is moved into the silo. This silo has modern equipment, but much of it is wearing out quickly because of the large volume of grain being handled. From there, the grain is moved to government storage facilities throughout the country. Transportation to these storage facilities presents the second area for leakages. Much of the grain is moved by hand at various points along the system by laborers. As explained to us by a government official, it is difficult to stop poor laborers from taking a little extra grain to feed their families.

The mission observed the operation of a unit train, a concept recently introduced to Bangladesh by a team of Canadian experts under CIDA technical assistance. This unit consists of specially designed grain cars which provide maximum security against pilferage. The train pulls only foodgrain; it can move directly and quickly from the port silo to inland storage areas. This system has proven so successful that

the Government of Bangladesh has requested additional Canadian assistance to extend its application to other areas.

The Government of Bangladesh is aware of, and dealing with, the leakage of imported food assistance. I expressed the Canadian concern at the possibilities of loss from this system to the President of Bangladesh, and to a number of Government Ministers and officials. The mission thought that leakage probably occurs at one or more of the stages of the process from lightering at anchorage, to transport and storage.

Other donors are equally concerned with this problem and have studied ways of controlling shipments. If this approach is to be used, however, it would seem that a multilateral agency should handle the study in close cooperation with the Government of Bangladesh. I have requested our High Commissioner in Bangladesh and members of the mission to follow up this suggestion and to report on it as soon as possible. From our discussions it appears that there is some leakage from the system. According to reliable international sources there is no evidence at present, however, of either extensive or gross leakages of imported foodgrains out of the regular system. Moreover, part of the so-called leakage is said to go to needy individuals and families who make no trade out of it.

As regards locally produced rice, we were told that there is probably a significant amount of hoarding, and also leakages into India. The Government, however, has taken strict steps over the last six months to control smuggling, and we were informed by reliable sources that these steps have been successful.

Rice procurement

The Government system for public distribution of foodgrains has, in the past, relied almost exclusively on imported wheat. The amount of food distributed under this system does not necessarily relate to the level of local production. A discrepancy may result, therefore, between imports needed to meet the requirements of the ration system and those needed to meet actual shortfalls of production. Areas of surplus may result and there will be a tendency either to hoard this surplus or move it over the border into higher demand areas.

The Government has undertaken a rice procurement scheme to deal with this problem. The scheme, if successful, would reduce the country's reliance on imported foodgrains and would help stabilize prices, thus ensuring a more equitable distribution. It would also help reduce foodgrain leakages into India.

Such state procurement during 1973 accumulated a maximum of only 70,000 tons of rice. The first procurement for 1974 began in November on a voluntary basis. As the market price in some areas dropped below the procurement price, farmers were willing to sell their surplus to the purchasing centres or to the government-appointed authorized grain dealers. Only 6,500 tons had been purchased under this voluntary scheme by December 11, 1974, at which time the Government introduced a compulsory program. Large landholders were served with Demand Notices requiring them to deliver a percentage of surplus rice to specific purchasing centres within a certain time limit. The Demand Notice could be appealed to the Deputy Commissioner or to the Controller of Food within ten days; after that the landholders would be required to sell their rice. If they failed to do so, the Government could obtain a court order to seize the surplus.

Farmers were allowed to retain from their crop the equivalent of 35 pounds of rice per month per member of the family over three years of age to provide for their own requirements until the harvesting of the next crop. They were also allowed specified amounts for seed and special purposes such as payment for farm labor. After deducting these amounts, farmers were required to sell to the Government 50 per cent of their surplus up to 200 maunds (one maund equals 82.2 pounds) and 100 per cent of the surplus over 200 maunds in border areas, but only 75 per cent of the surplus elsewhere.

Procurement under this system during the November to January harvest was limited to some 150,000 tons. From our discussions with various officials it would appear that the scheme was less than successful for a variety of reasons including an inadequate administrative structure, poor records of land holdings, and the influence of local interest groups.

Food rationing system

The Government of Bangladesh distributes imported foodgrains as well as locally procured rice through a complex ration system. In general, food is distributed through authorized ration shops to ration card holders. The system provides foodgrains, at a highly subsidized rate, on a priority basis to defence forces, industrial workers and government institutions, then as a second priority to the five major urban areas, and finally to the rural areas. Our ongoing analysis indicates that misuse of this system is inspired by the large discrepancy between uncontrolled and ration prices. A large number of fraudulent ration cards have been in circulation. The Government of Bangladesh has taken steps, however, to reduce this corruption

and is distributing a new set of ration cards with much stricter control over their issuance.

The ration system was originally intended to ensure sufficient foodgrains at moderate prices for the urban areas. It still has a large bias towards serving the urban areas, which by Bangladesh standards are basically middle class. Its effectiveness, in terms of feeding the poor during times of scarcity, or as a mechanism to stabilize price fluctuations, could be improved substantially.

At present a disproportionate amount of food aid goes to the urban centres at a subsidized price and, because the Government's rice procurement scheme does not produce a significant volume of foodgrains, imports must be used to meet the needs of the ration system. The combination of these two factors - the high level of Government subsidy on food distributed through the ration system and the large foodgrain imports required for this system - places a severe strain on the economy, both on its budgetary and its foreign exchange resources.

The problems related to food distribution are complex and can only be dealt with by domestic policy and administrative changes. A donor's role must be one of supporting actions which the Government takes to improve the system. That was the approach taken by the Canadian delegation to the last Bangladesh Aid Group Meeting in October 1974, when the Government's efforts towards increased rice procurement and an increased level of food distribution to the poorer elements of society were supported. This policy was based on the assumption that Canadian food assistance should meet two basic criteria: it should reach those in greatest need, and it should support economic growth, especially agricultural production.

Food assistance

Future Canadian food aid to Bangladesh should be based on the following considerations:

- (a) Bangladesh has a legitimate claim on food assistance because it is desperately poor; it is plagued by drought, floods and cyclones; and it is at present incapable of meeting its basic food needs.
- (b) The Government of Bangladesh is taking firm steps to expand the social impact of foodgrains, and Canadian food aid can support such Government programs while also helping Bangladesh to meet its general development objectives.
- (c) The level of Canadian food aid should be based increasingly on shortfalls in production as compared to consumption, rather than on the needs of the present ration system. The difference between shortfalls and ration needs could be met either through local procurement or through cuts in ration distribution.

On this basis Canada should continue its dialogue with the Government of Bangladesh, along the lines taken at the Aid Group Meeting, in order to encourage efforts to deal with leakages of locally grown rice, to increase local procurement of rice, and to direct more foodgrain to the poorer elements of the population. We should also encourage other donors to support these initiatives.

Canada should take steps to ensure that foodgrain deliveries are timed to meet demand. This, together with increased local procurement, will help stabilize food prices and reduce starvation during emergencies.

Twice in the past year food aid shipments have been severely delayed because of strikes in Canada. The super-tanker Amoco Cairo, being loaded in Vancouver at the time of our visit, was delayed by a month for this reason. The delay will likely cause a foodgrain shortage at one of the most critical times of the year for Bangladesh. Further, because the country's two port facilities at Chittagong and Chulna are handling more grain than they are designed for, massive scheduling problems have been caused.¹ The Amoco Cairo was scheduled to deliver two-thirds of Bangladesh's April imports.

The mission spent much time investigating possible ways of increasing the developmental impact of Canadian food aid. A food-for-work project site was visited, and possible rural works programs were discussed with Government representatives. I have arranged for a team of CIDA agricultural experts to visit Bangladesh to follow up this matter.

The mission also discussed "work for food production" programs with local representatives of UNICEF and the World Food Program. The conclusion was that such projects are most successful when supported locally. Their returns are often significant, not only in terms of income distribution but also of development. Their numbers could be significantly increased if additional food and funds become available.

¹ When it became apparent that the Amoco Cairo would be delayed by the strike, special arrangements were made to accelerate 1975-76 shipments from eastern ports not affected by the strike. The shipments, amounting to 130,000 tons, will arrive in time to help overcome parts of the scheduling problem.

To monitor off-loading of the Amoco Cairo, it has been decided to use a team that includes representatives of CIDA, the company superintending the shipment, and the Canadian High Commission staff.

Income generation for the rural poor should be one of our priorities. Both bilateral funds and additional food aid could be used to this end. At present a large percentage of the landless are too poor to buy food even when stocks are available. This factor, along with the relatively high value placed on consumer goods made in India, puts severe pressure on producers to smuggle their excess production over the border. Programs designed to increase the rural poor's purchasing power will help reduce this flow of rice out of the country, as well as discourage dependence on relief. Projects directed to food production would be given priority.

PART III - DEVELOPMENT ASSISTANCE

The bilateral program provides the basic framework for long-term Canadian development assistance to Bangladesh. The mission therefore reviewed the present program at length and visited several projects. It discussed future development plans with Government representatives, the Bangladesh Planning Commission, and other donors. The mission also consulted with Canadian technical experts working on CIDA - financed projects. The activities of the non-governmental organizations, which play an important role in development, were also reviewed. Many of these groups can offer very effective assistance, particularly in rural development, without putting a heavy administrative or resource burden on the economy.

Constraints on development

Bangladesh presents a complex development situation. The major constraint is lack of natural resources. Other than fertile land and some natural gas deposits, little is available. The lack of potential surplus is aggravated by a massive concentration of extreme poverty. A significant increase in GNP is needed just to bring the existing population above the starvation level. The potential for savings and capital investments therefore remains small.

Second, as a new country, Bangladesh had to transform its former provincial government administration into a national one at a time of crisis. A severe shortage of qualified and experienced managers, technicians and entrepreneurs creates problems and hobbles progress in all sectors of the

economy. In addition, some 80 per cent of the population is illiterate and the educational system is seriously inadequate.

Third, Bangladesh suffers from a serious foreign exchange problem. As a result, much-needed spare parts and imported raw materials are often not available and the industrial sector is forced to operate well below capacity. Since export volumes and prices remain low at a time when import prices are high, and since huge foodgrain imports are required, it is unlikely that Bangladesh will solve its foreign exchange problems in the near future.

These three major constraints have played an important role in shaping the present development program and in planning our future development cooperation with Bangladesh. For these reasons, special emphasis has been and will be given to rural development, population control, and the maintenance and rationalization of existing infrastructure. A few other smaller but important areas such as natural gas development, fisheries and forestry will also be given preference.

Review of bilateral projects

Since independence three years ago, Canada has committed some \$50 million to projects and programs in Bangladesh. There are more than twenty ongoing CIDA-financed projects ranging from an aerial survey to an earth satellite station. So far, close to \$30 million has been disbursed on these projects. The normal lag between commitments and disbursements depends on the type of project being carried out, and can range from one year to seven or more. While there have been some delays in disbursements, often related directly or indirectly to various shortages experienced by the new

country, Canada's experience in project implementation compares favorably to that of other donors.

Four current CIDA projects were visited and reviewed in some detail by the mission. One was a transportation logistics project, in which a team of experts from Canada has studied and reported on specific operational improvements for rail, road, inland water communication, and port handling. One result of this project, the part visited by the mission, is the unit train operation between the grain silos at Chittagong and Ashuganj. The locomotive, cars and guard cars are kept together as one unit and the train is given scheduling priority so that high volumes of food can be transported in the shortest possible time. This operational model can be applied to other areas for high-volume movement of foodgrains, fertilizers, jute and other priority items. The Government of Bangladesh has identified areas for extension of the unit train system, as well as other basic management improvements that will further strengthen railway operation, and has requested additional Canadian technical assistance for this purpose.

The mission also reviewed an aerial survey project. It is being carried out by a Canadian consortium of companies in cooperation with the Government of Bangladesh, and will provide aerial photographic coverage of the entire country. Essential basic data will be supplied for future resource development in such areas as agriculture, forestry and water management. The project has experienced few problems and should be completed ahead of schedule. Its second phase, the supplying of equipment and additional training needed to help build a photographic centre and laboratory, will soon be launched.

The third project visited by the mission was the Saidpur generating station in northern Bangladesh. It was officially inaugurated during the

visit by the President of CIDA, the High Commissioner for Canada, and officials of the Bangladesh Government, including Mr. Abdur Rab Serneabat, Minister for Power, Flood Control, and Water Resources, and Mr. Reazuddin Ahmed, Minister of State for Forest, Fisheries and Livestock.

The station, an integral part of the program to restore and expand power facilities in Bangladesh, will have a direct impact on irrigation and rural development by supplementing and making more reliable the supply of power for a nearby tubewell irrigation project. Work on the station, one of a number launched through an Export Development Corporation credit, was disrupted by the 1970 civil war. CIDA agreed to complete the project and provided some \$500,000 to finance the necessary equipment, engineering services, and technical assistance. This project has experienced difficulties in implementation and was some months behind schedule. The problems, although minor in nature, caused numerous delays and included slow procurement, damage of needed spare parts during shipment, delays in the clearance of items through customs, and difficulties in finding suitable personnel.

The fourth project visited by the mission was an irrigation scheme at Bogra in northern Bangladesh. Jointly financed by the World Bank, Sweden and Canada, it will provide tubewell irrigation together with technical assistance and an upgrading of the essential support services. Each of the proposed 3000 tubewells will have the potential of irrigating about sixty acres. Canada contributed more than \$5 million in foreign exchange to this \$27 million project. There have been a number of administrative delays and the project is now running behind schedule. Difficulties in clearing items through customs, in getting import permits and opening Letters of Credit have delayed drilling operations. Problems in finding suitable personnel,

shortages of diesel fuel, slow well-site selection and the early onset of the monsoons last year have also contributed to the delay. Similar implementation difficulties are common to most large and complex projects. The Government of Bangladesh and other donors are aware of the problems and steps have been taken to overcome bottlenecks. A local donor group has been set up in Dacca, under the chairmanship of the World Bank representative, to review these problems with the Government.

While the mission did not examine in detail other CIDA-financed projects now being carried out, it undertook a general review of the program. In the power sector there are five ongoing projects, for which \$3 million of the committed \$10 million has been disbursed over the last three years. These projects, designed to improve the operating efficiency of the existing system, include lineman training and a Power Development Board advisory team. The lineman training project will help establish a training school for maintenance personnel responsible for transmission line and switchyard construction and operation. The advisory team which will assist with the planning and operation of power generation and transmission systems includes a power utility executive, inventory and commercial managers, and engineering specialists in production, distribution, substation relays and protection. In addition to general power systems rehabilitation, funds have been allocated for a Central Load Despatch Centre and for construction of a double-circuit transmission line that will significantly improve the reliability of Dacca's power supply. The load despatch centre will enable the Power Development Board to maintain reliable, direct communication with major generating stations and will serve to centralize monitoring and central functions for frequency and switching operations.

There are five ongoing CIDA projects in the transportation sector. Total commitments exceed \$20 million, of which close to \$14 million has been disbursed, largely on railway track material. Steel rail and other related track materials have been supplied to the Bangladesh Railway for the construction and rehabilitation of rail lines. Implementation is in conjunction with an Asian Development Bank loan. Rehabilitation and replacement of locomotives destroyed during the war accounts, in dollar terms, for much of the remainder of the transportation program. The logistics team mentioned earlier, training, and work on a diesel locomotive workshop make up the balance.

Disbursements in the agricultural sector have reached \$6 million, in addition to fertilizers supplied under a commodity agreement. Besides the irrigation project and aerial survey mentioned above, Canada has helped the Bangladesh Ministry of Agriculture in its crop diversification program, particularly in flood-affected areas, by supporting the purchase of various types of winter season seeds. Spare parts were also supplied for aircraft being used for crop spraying and pest control.

Other projects have been undertaken, including some in the forestry and communication sectors. The largest is the earth satellite station now being completed by a Canadian firm. This project, launched before the war, was originally designed to provide a reliable communication link between East and West Pakistan. It is now being upgraded and completed to provide Bangladesh with an international communications link.

Review of NGO Projects

One of the mission's most encouraging findings was the impressive role played by non-governmental organizations in providing food aid and assisting in Bangladesh's development. NGOs are often regarded as being on the fringe of development, and cynics tend to write off their efforts as idealistic and marginal. In Bangladesh, NGOs are playing a central role and achieving results out of all proportion to their resources and management strength.

The Bangladesh Government has recognized the importance of the NGOs and recently gave its highest agricultural award, the Bangobandhu Gold Medal, to the Mennonite Central Committee. This award is for achievements in agricultural production and the MCC is the only expatriate organization to win it.

The mission visited several projects to which CIDA has contributed through the NGO Division, notably those funded by OXFAM-Canada, the Canadian Catholic Organization for Development and Peace (CCODP), the Mennonite Central Committee (MCC) and the Canadian Hunger Foundation (CHF). The mission was impressed by these projects, which encourage indigenous participation and leadership and bring tangible benefits to large numbers of people, especially in rural areas. Space allows a mention of only a few examples of NGO activity, although others are doing equally good work.

OXFAM-Canada is the principal supporter of the Bangladesh Rural Advancement Committee (BRAC), a totally indigenous agency operating in northeast Bangladesh. It began operating after independence under the guidance of a young Bengali chartered accountant who returned home from

a lucrative practice in London. By early 1975 BRAC had about 200 professional personnel. Under their inspiration, agricultural and fishing cooperatives were formed to serve a rural population of over 200,000. Improved food production techniques have been taught at the village level through functional literacy classes. The BRAC program embraces public health and family planning.

CCODP has funded, among other ventures, an important fishing cooperative near Chittagong. Improved boat construction and the strengthening of the Central Cooperative Society have enabled fishermen to increase their annual catch, improve the marketing of fish and the distribution of profits, and develop safety measures to help them reach shore in the event of cyclones.

The Canadian Hunger Foundation is assisting a joint effort between a small industrial cooperative and several agricultural cooperatives in the Comilla region. Their grant has made it possible to step up the production of simple pedal threshers and weeders. These wooden implements are sold to agricultural cooperatives who, in turn, rent them out to their members at a nominal rate. Not only has this increased the quantity of rice dramatically, but it generally is much freer of impurities.

Several Canadian-sponsored NGOs are operating family planning projects throughout Bangladesh and their experience provides valuable guidelines for the application of any nation-wide program. The largest programs, those of BRAC and Gonoshasthaya Kenora, are supported by OXFAM-Canada. Both appear to have turned the corner of success and in each instance two conclusions can be drawn. First, family planning must be linked with a strong child-care health program. Only when parents are convinced that their children will

survive to care for them in their old age are they likely to believe that no more children may be necessary. The second lesson is the importance of local administration and indigenous leadership. Both programs have trained illiterate women to be responsible for distributing pills and for supervisory duties in the village, and thus to become responsible for their communities.

PART IV - FUTURE DEVELOPMENT ASSISTANCE

Given the critical economic situation of Bangladesh, future development projects will be carefully selected; assistance will be concentrated on sectors and regions where a significant impact can be made without placing an undue administrative burden on the economy. Large capital-intensive projects, such as those started in former East Pakistan days or the large reconstruction and rehabilitation projects undertaken just after the war, will no longer have priority as compared to projects more directly related to food production, employment in rural areas, and population planning. However, continued Canadian assistance will be directed towards efficient production of power for irrigation, jute manufacturing and other priority uses, and towards an effective transportation system for the movement of foodgrain, fertilizers, and other essential items. Assistance will also be channelled towards important areas where there is specific Canadian expertise, such as the forestry sector, or to other priority development areas in Bangladesh such as natural gas resources. The areas of priority for future development are therefore:

(a) Rural development

The first priority is the agricultural sector. Bangladesh could be self-sufficient in foodgrains in the relatively near future, and it is estimated that the land's capacity could be doubled with improved seeds, fertilizers and water management. Developing and implementing rural projects in Bangladesh presents complex problems for outside experts, who are normally difficult to find. We discussed this subject with several CIDA-assisted

NGOs, and found that they attract good people even for such difficult assignments. The possibility of utilizing these groups in a more direct and significant way was discussed and will be further explored. The Government of Bangladesh is formulating rural development programs and we indicated to the Ministers concerned that Canada would be willing to cooperate in these schemes. There is also some potential for bilateral cooperation in rural development projects with UNICEF and the World Food Program. UNICEF is now carrying out a number of pilot projects which, if successful, could be considerably expanded on a bilateral or joint basis. As mentioned earlier in this report, a team of CIDA agricultural experts will visit Bangladesh in the near future to expand our program. We will explore a "work for food production" program, which would use Canadian food aid as payment to rural workers in their implementation of food production projects.

Although, in general, there is significant development potential in the agricultural sector, there is little room for direct Canadian involvement in the traditional aid manner. Our participation would be limited largely to local-cost financing and regional procurement, with only a modest amount of Canadian technical expertise and other inputs. Canada can also assist Bangladesh in areas directly related to agriculture, such as water management, the supply of fertilizers, and administrative support in the agricultural sector.

(b) Population planning

The second priority area is population control. All advances in GNP have been offset over the last 20 years by population growth. Food

imports required to meet the needs of a rapidly increasing population have caused the country's severe balance of payments problem. Even with a successful family planning program the population could double in the next 25 years.

The Government of Bangladesh has stated that it places a high priority on population control, and has as a planned objective the reduction of the national rate of population growth from the present 3 per cent to 1.3 per cent in the next 25 to 30 years. Foreign assistance will be needed to support this program. The World Bank - asked by Bangladesh to help draw up a population program suitable for such foreign assistance - put together, after extensive analysis and formulation, a wide-ranging project that will cost an estimated \$45 million. Because of the complexities of population planning in a rural Moslem society, and because Canada lacks relevant experience, our participation in the Bank's project offers a practical and efficient way of helping Bangladesh in this area. We are currently discussing possibilities with both the Government of Bangladesh and the Bank. Further activity in population planning could be undertaken when suitable projects have been identified.

Other sectors

To a large extent, other planned projects will be aimed at maintaining and rationalizing sectors where there has been Canadian involvement in the past - notably in the transportation and power sectors, especially as they relate to agriculture and rural development. Other fields where special Canadian expertise is available, such as forestry and communications, will also be included. This assistance will be directed towards:

(a) better utilization of the existing infrastructure, including machines, buildings and equipment. This would include continuation of such programs as locomotive rehabilitation, assistance for the construction of a repair workshop, and the repair of power generating plants originally supplied by Canada.

(b) improved organization and motivation of human effort. Our work in this area would focus on technical assistance and training in areas where there has been past Canadian assistance. Projects and programs such as the existing lineman training and locomotive repairman training would be continued and expanded.

(c) innovation and application of technical knowledge to the special needs of Bangladesh. Introduction of the unit train concept is an example. Future programs could include such projects as assistance in the manufacture of small parts for jute mills, and help in building up local capabilities in aerial surveying techniques. We are also examining the possibility of setting up a demonstration logging project for areas that are inaccessible using current logging techniques.

There are good development prospects in certain specific areas, such as forestry, fisheries and the development of natural gas reserves. New investments are warranted in these sectors and projects are now being developed.

PART V - FINDINGS AND RECOMMENDATIONS

A. Findings

From the description and observations given in the earlier parts of this report, I wish to draw special attention to the following elements:

One country, two realities

1. War, famine and malnutrition have already claimed millions of lives in Bangladesh. The present situation remains tragic, and in spite of international efforts other innocent victims will suffer because of the already desperate plight of the country.
2. Throughout Bangladesh, in all sectors of socio-economic activity, more and more Bengalis are struggling with courage and determination to build their country. Local communities are coming to life and emerging as true sites of national reconstruction.

General economic situation

3. Bangladesh has been in a precarious economic situation since its creation as a separate state, with low food production, few mineral or other natural resources, hardly any industrial infrastructure. Its terms of trade have continuously deteriorated, aggravating the chronic balance of payments problem.

Emergency food aid

4. The bulk of foodgrain imports are sold at subsidized prices to ration card holders, who for the most part belong to the Bangladesh urban middle class. Locally produced foodgrains should increasingly meet this group's needs, and food aid should be directed towards the poorest elements of society. Better statistics are needed on food production, distribution and requirements to support food aid requests. Increasing attention should be given, first, to shortfalls in food production and, second, to improving the present rationing system.
5. International food aid commitments totalling 2.5 million tons for the Government of Bangladesh fiscal year 1974-1975 have been subjected to serious implementation delays, for several reasons internal to donor countries, such as harbor and transportation strikes, transportation bottlenecks, shipping costs, etc. Canada has been late in delivering a 130,000-ton shipment as a result of the Vancouver harbor strike.

6. Weaknesses, leakages and misuse are recognized to exist in the handling of food aid in the course of unloading, transportation, storage, rationing and distribution, although there is no way to determine the extent of these phenomena or to support published reports that significant amounts of food aid are thus failing to reach their intended destination.
7. Measures have been taken by Canada to ensure that foodstuffs shipped from Canada are delivered in full at ports of destination.
8. Measures have been taken by the Government of Bangladesh to correct the faults of the system with patrol boats, more efficient transportation organization, control of storage facilities, revamping of the rationing system and improvement in the quantities of food distributed to the less-favored groups of people.
9. Smuggling of locally-grown rice over the Indian border is recognized to have been a significant problem and to still exist to some degree.
10. The Government of Bangladesh has taken stringent measures to control the border areas and appears to have had some real success.
11. The Government has also adopted a policy to procure locally-grown rice to ensure a fair distribution of the national production. The results, up to now, are limited but may be regarded as a significant start.
12. While there is only limited free distribution of food, the "work for food" programs, sponsored by the Government of Bangladesh, by international organizations and by non-governmental agencies, provide significant sectors of the population with a minimum quantity of food. The supply of food by the Government of Bangladesh for the operation of these programs is, however, far short of the people's need and the capacity of such programs.
13. Despite some recent improvements, the rural landless - most of them without work - get an extremely meagre share of the rationed food, while the system takes care first of the urban areas and, within rural areas, gives priority to the army, teachers and public servants.
14. Concern has been expressed on the part of the Government of Canada to the Government of Bangladesh as to the fair distribution of Canadian and other international food aid and nationally-produced rice, and assurance has been received that these objectives are pursued actively, with already-visible results.

International organizations

15. Multilateral institutions, particularly the World Food Program, operate an efficient food program in Bangladesh. They use staff experienced in the country, they are able to follow fairly closely the food aid supply and distribution situation, and they can offer

useful cooperation to the Government of Bangladesh in its efforts to improve the system. They provide helpful information, advice and services to other donors including Canada.

16. For development purposes, the World Bank is the major multilateral institution. It performs its usual high-quality functions and acts effectively as a catalyst of international effort. Canada makes extensive use of its services and information.

Non-governmental organizations

17. A significant number of non-governmental organizations operate in the country, largely in rural areas. Their work is at the grass-roots level and involves the active participation of Bengalis, including many at the project management level. They are effective in developing a self-help attitude and their cost of administration is kept relatively low.
18. The work of the non-governmental organizations is limited by the available resources, but their activities could be significantly expanded with additional financial support.

Development assistance

19. Canada has contributed to several development projects in the fields of transportation, power, telecommunications and water supply. Delays in implementation tend to occur in those projects which depend heavily on scarce local resources.
20. The most pressing needs for the coming years appear to be in the fields of agricultural and overall rural development, family planning, water control and managerial capacity.

Canadian assistance to Bangladesh

21. Canadian assistance to Bangladesh has been, from the country's early days, and remains today a most significant contribution to the feeding and care of the people, the rehabilitation of the country's infrastructure, and the implementation of some development projects. Canada is one of the largest donors to Bangladesh and has offered most of its assistance in the form of grants. The Government of Bangladesh has expressed its warm appreciation,

B. Recommendations

From the findings given in the previous section, my mission makes the following recommendations. They are outlined in broad terms; the precise forms in which they might be implemented are now being examined in depth.

Canadian assistance

1. Canada should continue to support generously the efforts of the Government and people of Bangladesh in the difficult situation they are now experiencing. We should do it by using a combination of channels (bilateral, multilateral and NGO) to meet the circumstances of any project.

Emergency food aid

2. Canada should supply for 1975-76 a basic quantity of food, mainly in the form of grains and rapeseed, to help Bangladesh meet its import requirements. Since the Government of Canada will, as of this year, increase significantly its contribution to the World Food Program, it should exert its influence to ensure that Bangladesh continues to obtain a fair share of the supplies provided by that body. Canada should also follow closely the food situation and consider, alone or in conjunction with other donors, the need for further food contributions. The possibility of associating additional bilateral food assistance with official and NGO "work for food production" programs should be explored and supported when feasible.
3. Canada should continue to express to the Government of Bangladesh the concern of Canadians about leakages and the lack of equitable distribution both of food aid and locally-grown rice. It should support efforts of the Government of Bangladesh to strengthen its controls over procurement and supply, to improve the distribution system, and to place more emphasis on directing rationed food to the poorest segments of society, particularly in the rural areas.
4. Canada should develop more extensive means, both alone and in conjunction with international organizations, to control the shipment and delivery of its foodstuffs to Bangladesh. As a first step, CIDA officers will assist in the off-loading at Chittagong of the Amoco Cairo 130,000-ton foodgrain shipment due to start from Vancouver shortly.
5. In addition to providing emergency food aid, Canada should assist in the development efforts of the Government of Bangladesh by supporting projects directed towards the most critical development problems of the country. These include food production, unemployment, family planning, irrigation and water control. The mission assembled useful information which will be analyzed, and a CIDA technical team will be sent shortly into the field to identify specific projects.
6. CIDA should explore with involved Canadian NGOs the possibility of expanding their activities in Bangladesh, and should consider with them the financial conditions under which this may be done.

7. Canada should continue a high level of cooperation with the World Bank, the Asian Development Bank, and other multilateral institutions and bilateral donors to ensure the highest degree of complementarity and effectiveness in development cooperation efforts with Bangladesh.
8. Canada should continue to participate actively in the efforts and recommendations of the Bangladesh aid group. Its next meeting will be held in June 1975.

The mission witnessed a compelling scene of human need. A young nation has been visited by successive waves of calamities and faces even more threats to its survival. This is a challenge for Canadians who have traditionally shown, regardless of the response of other nations, a readiness to assist those in dire need. The mission hopes that we will find a practical response on the part of the Canadian people to the challenge of Bangladesh's development. It is in this spirit, therefore, and with a full awareness of the gravity of the situation, that we have drafted our recommendations for consideration by Cabinet.

This report would not be complete without a few words about those who made the mission possible, and whose efforts contributed so much to its success.

In the first place, the Government of Bangladesh extended its fullest cooperation from the outset. In addition to meetings with the President, cabinet ministers and officials, it arranged for us to visit project sites and provided local transportation and other facilities without which the mission could not have carried out its tasks. Most importantly, we were able to speak openly and frankly with Bangladesh government officials and to make our concerns known to them.

Second, we valued the cooperation which we received from several non-governmental organizations. Without exception, they gave us freely of their time and helped us beyond measure. Their work and efforts provided us with a deep insight into the problems facing Bangladesh.

Third, we are under a great debt to the countless numbers of people, from all walks of life and of all ranks, whom we interviewed. They received us with warmth and goodwill and showed infinite patience in dealing with our questions and filling the gaps in our knowledge about their country and its problems.

Fourth, we appreciated the key role which the officers of the Canadian High Commission played in this important mission. Under the able and energetic leadership of our High Commissioner, Mr. Robert McLaren, they were unsparing in their efforts to assist the mission in every conceivable way. We can feel genuinely proud of our High Commission and all that it is doing in Bangladesh.

PROGRAM

Mr. Paul Gérin-Lajoie

President.

Canadian International Development Agency

March 19-21, 1975

Wednesday, March 19

0950

- Arrive Dacca.
- Met by Government of Bangladesh officials, Canadian High Commissioner, First Secretary and First Secretary (Development), Canadian High Commission.

1015

- Working session with Canadian High Commission Staff.

1145

- Depart for Chittagong by aircraft (luncheon on aircraft).

1230

- Arrive Chittagong.

1245

- Visit Silo to inspect grain handling facilities.
 - Unit Trains
 - Bagging, Lines etc.

1345

- Boat to lighterage.

1445

- Meet with Mr. Kabria, Mr. A.B. Chowdury, Deputy Commissioner and other Government officials.
 - Chairman, Chittagong Port Trust.

1530

- Leave for Port Jetties.

1615

- Depart for Airport.

1640

- Depart for Dacca.

1730

- Arrive Dacca.

2000

- Dinner at the residence of the Canadian High Commissioner with staff of the High Commission.

Thursday, March 20

- 0800 - Depart via Helicopter to Kurigram Rangpur.
- 0930 - Arrive Kurigram.
- Meet with District officials.
- Visit of an orphanage.
- Visit Agricultural Ministry Project and Rangpur Dinajour Relief and Development Services Food for Work Program.
- 1130 - Depart by Aircraft for Saidpur (Luncheon on Aircraft).
- 1200 - Attend Saidpur Generating Plant Commissioning with Minister of Energy, the Canadian High Commissioner and various GOB officials.
- 1330 - Depart Saidpur.
- Visit to CIDA/IDA Deep Tubewell Project site.
- 1600 - Depart for Dacca.
- 1730 - Arrive Dacca.
- 1830 - Reception by Mr. John F. McRae, First Secretary (Development), to meet representatives of Government of Bangladesh, international organizations, foreign countries and Canadian advisers working in Bangladesh.
- 2030 - Dinner hosted by Planning Commission.

Friday, March 21

0800

- Depart for Planning Commission.

0845-0930

- Meeting in the Planning Commission with officials of the Bangladesh Government.
Place: Conference Room of Planning Commission.

1000

- Call on President Sheikh Mujibur Rahman.

1100

- Call on Vice President Mr. Syed Nazrul Islam.

1200

- Call on Mr. Abdul Momin, Minister for Food, Civil Supplies, Relief and Rehabilitation.

1315

- Lunch at the High Commissioner's residence to meet with six representatives of international organizations and foreign countries.

1600

- Meet with World Food Program and UNICEF officials.

1800

- Depart Dacca.