

FAKHRUDDIN Ahmed, who captured the knowhow to synchronize the first alphabet of his name with his sparkling academic record of being first class first in the university life, was approached by The Daily Star for constructing a profile of the outstanding personality that he is. But, as a man who has always resisted the temptation of self-aggrandizement, he, instead, agreed to talk about the policy issues that World Bank is currently dealing with. The following are the excerpts of the interview.

The Daily Star (DS): Being one of the most brilliant students of Dhaka University, could you please tell us about your changing profession from that of the university to national and international civil service?

Dr Fakhruddin Ahmed (FA): I developed an abiding interest in economics and especially in economic development issues while at Dhaka University. As I moved to the national civil service and worked in former subdivisions and districts, I became more involved with and interested in real world problems for example, farmers' resource constraints, access to social services, and rural income generation. It is this interest which propelled me to take leave after seven years in the national civil service and complete my PhD in economics from Princeton University. My experience in the World Bank provided me with different perspectives, but I was involved with the same real world problems, be they resource constraints which a government faces at the macro level or a farmer faces at a micro level. All these experiences — in the university, in national civil service and in the World Bank have been mutually reinforcing and enriching.

DS: It will not be a tall talk, if some one terms you as Africa specialist of World Bank. Would you please share your African experiences with us?

FA: I do not like to claim myself as an Africa expert. I have worked on Africa for over five years, most of which was spent in the World Bank's Regional Mission in Nairobi dealing with agriculture sector issues in some eastern African countries. Some of these countries — Uganda, Tanzania, Kenya — are rich in agricultural resources, but also have tremendous agro-climatic diversity within the countries themselves. For example, a very large

part of Kenya is arid or semi-arid with very little rainfall while some other parts are lush green. My experience in Africa also showed me how bad economic policies can lead to stagnation and how good economic policies can turn around an economy quickly. Many African countries also face very severe environment-related problems — arid and semi-arid lands, wildlife conservation, and biodiversity. In Kenya, I was involved in developing a programme to assist in the conservation of wildlife and national parks and reserves. This was a fascinating experience where one talked about protecting the elephant or rhinoceros other than fertilizer pricing, farmer incentives, or tariff policy. The programme that was developed by the Kenya Wildlife Service and is being supported by a number of donors including the World Bank attempts to reconcile the interests of wildlife and their human neighbours. The basic strategy was to initiate a series of actions through which communities living around the game parks/reserves would see the presence of wildlife as a source of benefits to themselves and not just to some far-flung government agency which collected revenues from visitors or some foreign tourists who revelled at the sight of an elephant.

DS: It is claimed by several country papers, conducted by World Institute for Development and Economic Research (WIDER) that Bank's prescribed withdrawal of subsidy and output pricing policy led to a negative impact on the agriculture and, ultimately, on the agro-based economy, resulting in reducing national income and impeding economic development. As a former Principal Economist of the Bank in Africa region, what is your comment?

FA: Experience in many countries indicates that keeping incentives low through price and other controls reduces agricultural growth and income. When these controls have been removed, agricultural production and farmers' incomes have risen.

To increase agricultural growth, output pricing policy has to ensure adequate incentives for farmers. As regards subsidy, experience has shown that a general subsidy often does not reach the target group and ultimately puts a tremendous strain on the national budget. Thus, a fertilizer subsidy has often benefited the rich and large farmers more than

World Bank Programme Ought to be 'Homegrown'

the small farmers. For fertilizer, in addition to price, an important set of issues is related to the question of the availability of fertilizer of the right type, at the right time, at the right place and in right quantities. A subsidy which is well-targeted and can be administered,

interviewed by Rashed Mahmud Titumir

wildlife and forest is the outcome of the gap between poverty of the South and riches and much consumption of the North?

FA: Environmental degradation

Dr. Fakhruddin Ahmed, Project Advisor, Department-3, South Asia Region, is one of the top most Bangladesh's nationals in the World Bank. Soon after completion of his graduation, securing first class first in both honours and masters from the University of Dhaka. Dr Ahmed joined the same university. Dr Ahmed, who undertook his doctoral dissertation from Princeton University, USA, has been involved in national and international civil service, particularly in the area of planning and development, for almost three decades. In his initial days in World Bank, he was responsible for preparing country strategies and overall programming of bank assistance to Sri Lanka. Being the Principal Economist of Bank's African Region, along with others he specially led the Bank's entire agricultural operations in Kenya, Ethiopia, Tanzania and Sudan. Stationed in Nairobi, Dr Ahmed put special attention in managing environment related activities, like conservation and management of wild life resources. He was instrumental in the Bank's first operation in independent Eritrea with a multi-donor, multi-sector programme to assist in the reconstruction and rehabilitation of the Eritrean economy. He will resume his new assignment in the South Asian Region from August 1993.

or a subsidy which is aimed at softening a sudden and large shock, and is temporary may be justified.

DS: United Nations Environment Programme's (UNEP) headquarters is situated in Nairobi, where you were earlier stationed too. How do you evaluate the environmentalists' arguments that the degradation and loss in bio-diversity of the

environment is a special programme objective in the World Bank's assistance policy. All projects proposed or considered for assistance by the Bank are classified according to the relative severity of possible environmental impact. Environmental assessments have to be prepared for all projects likely to have negative environmental impact; measures are then included in the project design to mitigate such negative



impacts. **DS:** United Nations Children Fund (UNICEF) and other critics charge that structural adjustment policies (SAP) have led to a cut on social sector spending, particularly on education

and health in Africa. Don't you think that has happened because the design was not set in connection with the historical and other initial conditions?

FA: I do not think that structural adjustment programmes (SAP) have necessarily led to a cut on social sector spending in African countries. Increased access to social services by the poor is an impor-

tant element of the World Bank's poverty reduction strategy. In many countries SAP included measures to increase social sector spending and reduce spending on other non-productive activities. But it is not only the size of the social sector spending but also the composition of social sector expenditures which is important in improving access of the poor or increasing the effectiveness of public expenditures. For example, preventive rather than curative services, primary rather than tertiary health services will have more effective use of limited resources. Health, education and nutrition programmes designed specifically for the poor would be a more effective measure to reduce poverty. Governments' budget rationalization programmes under SAP in many countries have therefore included measures to increase the efficiency and effectiveness of public expenditures.

DS: Recently the Bank acknowledged that a good number of its projects failed. Some commented that "this is because of the in-built theoretical and empirical crisis of monetarism" — comment please.

FA: The World Bank carries out evaluations and audits of projects completed with its assistance through its Operations Evaluation Department (OED). This department reports directly to the Board of Executive Directors. OED reports indicate a number of the World Bank assisted projects have not achieved the development objectives and the desired results. Projects may fail to achieve the development objectives because of a variety of reasons. It is too simplistic to conclude that project failures are caused by one set of reasons. There may be flaws in project designs; the policy environment under which a project is implemented may not be conducive to its successful implementation; or a project may face implementation difficulties. To improve project design and implementation a project must be owned by the executing agency and the borrowing government. An important element of establishing "home-ownership" is participation in project designs by beneficiaries. Project implementation can improve through increasing local capacity in the borrowing countries.

DS: The Bank is the protagonist of less government. But historically, it is evident that the state had a key and critical role. Do you agree? If so, how do you define?

FA: The government has a crucial role to play in economic development. I do not think that there is much controversy about it. However, a more important issue is to define an appropriate role for the government and the public sector, and for the private sector. Experience suggests that commercial/production activities are better carried out in the private sector. The public sector plays a critical role in creating a congenial environment for the private sector and in the final analysis unleashing the unbundled potential of every individual. Such a congenial environment includes economic policies, provision of physical and social infrastructures, and maintenance of law and order. Public sector should not crowd out but crowd in private economic activities. Should facilitate and not hinder an individual's initiative to improve economic condition. Thus, the government would operate directly in selective areas, leaving a wide range of activities to the private sector, local communities and other socio-economic agents. Government's size and structure, procedures and policies, programmes and projects may need to be redefined on the above basis.

DS: Do the Bank allow its borrowers to exercise bargaining power in lessening the conditionalities? If so, is there any bias for strategically important countries or for the industrialised nations?

FA: I would like to characterize the relationship of the World Bank with a developing country as a partnership in the process of economic development. The process of agreeing on an assistance programme is not an exercise in the relative bargaining power of the World Bank and the borrowing countries. Policies, programmes and projects for the World Bank programme ought to be "home-grown" or developed with the countries concerned. The World Bank brings its cumulative experience through the years and across many countries; these experiences can provide important inputs in developing the programmes and policies that are discussed in reaching agreement on actions to be taken by a country, which are often termed as conditionalities. The Bank uses its best judgement based on analysis of a country's macro and sectoral issues, socio-political conditions, specific project-related issues and the Bank's cumulative experience. There is no inherent bias in favour of or against some countries.

ASIAN RICE ECONOMY

Trade, Price Policy and Emerging Trends

by Mahbub Hossain and Alice Laborte

In most of Asia, rice is grown on small family-based farms. A typical Asian farmer plants rice primarily to meet family needs, and hence the marketed ratio for rice is small in most of the rice growing countries. Variable natural conditions cause year to year shortages and surpluses, which cause wide fluctuations in the amount farmers send to market. This makes domestic prices highly unstable. At the national level, an important political objective in most rice growing countries is to achieve self-sufficiency in rice production and to maintain stability in prices for the rice consumers (Timmer 1990). Rice is seen by many Asian governments as a political commodity, as it is a single major element of the diet of the poor and an important source of income of the farmers who are politically powerful. As a result, many Asian governments have taken an active role in their countries' rice markets. Government interventions take many forms: subsidies and taxes on inputs and output, government control on international trade, and direct participation in marketing through procurement and distribution of grains.

Also, as incomes increase, consumers complain less about paying high prices to support farmers, because the food bill on account of rice constitute a small fraction of the income.

The consequence of the above is that the international trade in rice is very limited in extent. Less than 5 per cent of the world rice production is currently traded internationally, in contrast to nearly 30 per cent for wheat and corn. A very large number of countries import rice, but on a very small scale.

Emerging Trends and Challenges

The evidence presented above regarding the changes in consumption pattern suggests that the demand for rice may have started slackening and will reduce substantially in the near future.

But population growth is still a major force behind the increasing demand for rice.

At prevailing price levels, the demand for rice is expected to reach 686 million tons by 2025, an increase of 69 per cent over 405 million tons consumed in 1990. In most of South Asia and Indochina, the demand for rice is expected to double over the next 40 years. We should also note that the overall demand is expected to slow down significantly in high-income countries, but the demand for quality rice may grow fast.

Without continuing growth in productivity, it will be difficult for most rice-dependent countries to meet the increasing demand of their people for affordable food. Prime rice land is being lost to accommodate housing for the growing population and to industries near the urban areas. In the 1980s, there was an absolute decline in rice harvested area in China, Japan, Myanmar and the Philippines. In India, area under rice cultivation continues to grow, but the rate of annual increase decelerated from 386,000 ha during 1965-78 period, to 110,000 ha during 1978-90. It appears that in future, the rice yield has to increase faster in order to meet a targeted increase in rice supply.

Sustaining the past growth in rice productivity will not, however, be easy due to the factors mentioned below.

First, in the irrigated rice ecosystem, which accounts for

over three-fifths of the rice lands, most farmers have already planted high-yielding modern varieties, and the farmers' yield is approaching the potential that scientists are able to attain with today's knowledge in that particular environmental conditions. Estimates of quadratic yield trends shows that the rice yield has already started to slow down in China, Korea, DP, Indonesia, Myan-



How long will it sustain?

mar, the Philippines, Thailand, Pakistan and Sri Lanka. In Japan and the Republic of Korea, the yield remained stagnant at the high levels of 6.0 to 6.5 tons per ha already reached by late 1960s. Only India, Bangladesh and Nepal the yield has started accelerating in recent years, but this was achieved mainly through expansion of irrigated area through private sector investment for the exploitation of ground water irrigation. The growth may, however, be difficult to sustain, as the cost of irrigation has increased sharply with the exploitation of the relatively easy options, and the investment has become uneconomical due to the rapid decline in the price of rice relatively to other prices. The governments in many South and Southeast Asian countries have already reduced allocation of public resources for development and

maintenance of irrigation facilities (Rosegrant 1991). Another notable trend in this context is that salinization and degradation of irrigation are reducing both the area under irrigation and the quality of irrigated land. Thus, sustaining the high-yield in the irrigated ecosystem has emerged as a major issue.

Second, most of the increase in rice yield has been achieved through the adoption of the

increased at a much faster rate in industry than in agriculture. As the cost of rice production increases due to fast growing farm wages, rice farmers are shifting land to more profitable non-rice crops or are migrating to urban areas, unless the government provides subsidy to protect the rice industry. The international pressure to remove rice subsidies and to open up the rice markets of East Asia has increased, and if these countries yield to the pressure, domestic production of rice will become unprofitable. Thus, we expect a drastic declaration in the growth of rice production in East Asia.

Conclusions

The struggle in land scarce Asian countries to keep food supplies above the needs of the growing population is not yet over. It is true that the growth in demand for rice has started slackening due to rapid urbanization, high rates of growth of incomes and the slowing down of the rate of population growth. But the growth in rice supply may decelerate faster as the potential of increasing yield through diffusion of the available knowledge and technology is approaching the limit, the profitability in rice cultivation is declining, and the land is being diverted from rice to meet other human needs.

The problem of maintaining the food population balance is particularly challenging in South Asia, which has benefited little from the green revolution, as scientists have not yet succeeded in developing varieties that can adopt to difficult natural and environmental conditions — drought, flood, temporary submergence, soil salinity — which are common in large parts of this region. The arable land per capita is low and has been declining due to rapid increase in population. Twenty eight per cent of the world's population and 50 per cent of the world's poor are in South Asia. The progress in alleviating poverty in India states is found directly related with the level and growth in productivity in foodgrain crops. A redirection of international and national rice research to address the problems of unfavorable ecosystem is needed to meet the challenges faced in those parts of Asia which are still characterized by poverty, soil degradation, and over exploitation of natural resources.

firming the phenomena of rapid environmental degradation is something none can glibly dispense with. The epistemological assaults continue with ranging proportions of course, and we have known them already. Bangladesh has been meanwhile threatened by the statistical signal that Bangladesh would go under water by 2,000. Various forms — and nuances — of pollution are also being increasingly reported, and here statistics do not cease to assert their power, not their own but mostly governmental.

Here I do not intend to undermine the essentially significant role statistics can play, yielding rewarding results in a variety of fields. Modern sciences, for reasons varied and justified enough, depend on statistics which, of course, have been contributing to what we call environmental epistemology today. But, what I intend to zoom in on, here, is the political and ideological connotations of environmental statistics, or the 'for' and the 'against' of such statistics. The feel of an ecological inferno on this planet is certainly, among others, is a statistical construct shaped by the imperialist West. Environment

The Politics of Statistics

by Azfar Hussain

At times statistics can tell more or less than they intend to. But, this obviously depends on who uses or does not use them. True, it is fairly possible to read statistics, or respond to them, almost in the same manner in which a reader takes a Japanese haiku or a piece of Latin American fabulation. In other words, statistics are not mere digits and numbers invested with perpetually innocent abstractions; they can fairly easily be constructed, trumped up, stylized, or charged with hyperboles or bedimmed with understatements. Statistics can make or break, brighten or darken our so-called notions of reality, indicating that statistics can generate power and politics in a variety of ways.

True, a great deal of statistics, today, reflect environmental angst on a global scale, particularly in the Third World countries. The fact that tons of statistics issuing from a variety of computing authorities (and hence, places of power, as Foucault would say) are con-

should certainly constitute a critical concern for us, the Third World, but it should not generate a monstrous angst and neurosis to the extent of circumscribing realities by a smoke-screen. Fictions and metaphors are at times necessary for survival, as Nietzsche once put it, but too much of them would only lead to unmanageable catastrophes.

A recent survey conducted in the UK reveals that eighty per cent of environmental research institutions, based in the West, tend to focus on certain types of statistics which are disseminated to the Third World with the needed energy and enthusiasm. These statistics are useful only to a limited extent, and they usually show concerns with: 1) deforestation and desertification; 2) soil erosion; 3) water, air and land pollution; 4) health and sanitation, etc. While skirting out such statistics are rotundo or while flagrantly advertising them, these institutions either downplay or

Eighty per cent of the wealth of the world are now concentrated in the hands of only 20 per cent inhabitants of this planet. As many as 82,000 people die of hunger and diseases every day. Indeed, the scale of human disasters can be compared to 200 plane-crashes every day, and every night, on this very planet, 1 billion people remain hungry. On the other hand, the debt-curve for the Third World countries is alarmingly rising heavenward: the volume of debt of the Third World to the rich countries now exceeds US 1 trillion dollars. In other words, the gap between the poor and rich countries is

increasing to the extent of exacerbating the environmental inferno in the poor countries. Indeed, hunger is the crudest form of environmental violence one can ever experience. And this hunger is a threat not only to the Third World itself, but also to the rich countries which generate and perpetuate this hunger, but hide or marginalize or at times mystify it in the

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hide other statistics, thus other areas of critical concern awkwardly germane to the realities of the poor Third World countries. Indeed, the statistics of the institutions in question do not care to exhibit how many people are dying of hunger every day; how the gulf between the rich and poor countries is increasing day by day; or how monopoly capital is expanding its zone of hegemony and its uninhibited space in the global market, endangering and precluding other possibilities of economic growth. It needs mentioning here that environmental degradation in the Third World can be directly attributed to the aforementioned, statistically

impoverished and marginalized areas of concerns. In fact, one of the most fundamental causes of environmental degradation in the Third World is the unmanageably increasing gulf between the rich and poor countries. The poor countries are environmentally poor only because they are marginalized and because they teeter uneasily on the verge of improper, irrelevant, inadequate but polyphonous statistical clamours. Let us now see a few gaps and fillers in such statistics.

whirlpool of statistics, though not in reality. Now, in the face of such statistical mysticism or hide-and-seek games, the crucial point in the politics of the marginalization of statistics could well be seen: statistics centralize certain areas while mystifying or marginalizing others. In the face of such a centre-margin relationship, it is imperative that the focus of environmental struggle in the Third World should be laid on identifying environmental needs and priorities, programmes and agenda not in the light of the West-disseminated statistics, nor under the pressure of an alien model imposed with an illusion of credibility, but in the light of statistics and information generating from within — statistics that stem from the needs felt by the people involved in the environmental struggle at the grassroots.

Yes, statistics must have the familiar odour of the soil. The writer teaches English at Jahangirnagar University and is on the editorial board of 'Saptarik Samay', an alternative views weekly. He was former Editor-in-Chief of a development journal.