

Global Trend

Development assistance: Some conclusions

The whole issue of development assistance has been seen under three broad heads: the role of development assistance since 1971, shifts in foreign aid and what would happen if we suddenly find that aid has come to a standstill. *Fazle Hasan Abed* of BRAC and *Khushi Kabir* of Nijera Kori responded to the first question; *Mashur Rahman* of ERD talked about the second; while *Rehman Sobhan* of CPD, *Abu Abdullah* of BIDS, *Wahiduddin Mahmud* of BEA and *Muzaffer Ahmad* of IBA talked about the third when interviewed by *Navine Murshid*

Role of development assistance since 1971

Fazle Hasan Abed (Founder Executive Director, BRAC): I think, Development Assistance has played an important role in our development process since the inception of Bangladesh. If we look at the success we have achieved in various fields such as food production, life expectancy, fertility reduction, poverty alleviation and so on; we can see the contribution that development assistance has made to these fields. Donor countries and institutions have played a critical role not only in providing financial support to our efforts in building physical and human infrastructure but also played an important role through development discourse to focus attention on issues of human development, poverty alleviation, child survival and so on.

In 1972 the average fertility rate per woman was above six which has now declined to about three per woman. So fertility rate has been cut to half over these intervening years. I would doubt very much that without development assistance in population control, Bangladesh would have made such progress in this dimension.

Development assistance can be credited for the emergence of a vibrant NGO sector in Bangladesh. This has made a significant impact on poverty alleviation and is contributing to what may be termed as a silent social revolution.

Bangladesh has achieved spectacular success in many fields such as immunisation, decrease in the growth of population, drop in fertility, gross enrolment increase of over 90 per cent in the schools with enrolment of girls almost equal to that of boys, doubling of food production etc. Poverty alleviation programmes are off to an

impressive expansion.

If we look at child survival, it was UNICEF and the NGOs who worked together with the Government on a national effort to popularise Oral Re-hydration Therapy and immunisation coverage which has contributed to decline in infant and child mortality.

Emergence of development-oriented NGOs in the developing countries is of fairly recent origin and the role of the developed countries in these sectors is significant. This has created an enabling environment in which poor are participating in their own development. Significant and positive social changes are visible all around. The women have come out in large numbers, particularly in rural areas and this has had tremendous impact on the growing economy of the country. About seven million women, who are recipients of micro-credit, are participating actively in income generating activities. The contribution of development assistance towards building of physical infrastructure in the country has increased physical mobility and economic potential of the country. With continued development assistance, good governance and effective management, I am optimistic about the future of Bangladesh.

Khushi Kabir (Chairperson, Nijera Kori): Our role is to organise and mobilise the rural poor so as to ensure a better future in terms of their rights and access to resources. We do not receive aid directly from any multi-lateral organisation or firm but from foreign NGOs. They raise funds from the public and give it to Nijera Kori.

NGOs started working in Bangladesh right after the liberation war. The primary need then was that of rehabilitation. NGOs came up to help villages and other areas. In the late 1970s more NGOs were established for the long term that dealt with the whole economic system, for example the poor and the lack of access to development. The 1970s was an important era because aid was critiqued by certain groups of the society. It was questioned whether development assistance was actually beneficial or not; who it actually helped; whether the poor really had a share. The public started questioning through the parliament about where the tax money was going. It then became fashionable to give money to NGOs because it was thought that they were closer to people and more efficient.

Assistance is provided in different sectors like industry, power, energy, service, infrastructure, finance and so on. In recent years there have been drastic changes in the pattern of multi- and bi-lateral aid. It is now directed at poverty alleviation, participation of community in decision making and upgrading the social sector. The basic critique here is who sets the paradigm for the development programme? More often it has depended more on the donor than on the recipient. The recipient felt vulnerable because it is dependent on the donor for its existence.

In the 1990s the pressure to lower population growth was an external push. It was made to believe that population was our primary and foremost problem. Yes, it was a problem but not of the magnitude it was given. The methods used for birth control were once again donor-prescribed. It was not the government who made such choices.

The programme was also sexist in the sense that only women were identified as those who were responsible for high birth rates. Also the rural women were discriminated. Women in cities were not lectured on how many children to have, only their counterparts in the rural areas were. These women were not always comfortable talking about such things to complete strangers. Moreover, the contraception that was prescribed did not suit all women.

The problems are immense. And these point at lack of government democracy. Whoever makes a decision, it goes haywire because there is no accountability, no access to information, I, as a citizen of Bangladesh, cannot question how much money is being spent on what, what uses there are. Aid is basically dependent on lobbying of interest groups.

Development assistance cannot be a one-way game. It has to be beneficial to both the donor and recipient.

What has to be done here is to ensure our control. We need to be more aware and in control of what is happening. Today, our government is vulnerable as well. Our government needs our backup. We, as citizens, should stand together with the government so that they feel stronger. We have to be more accountable, more transparent, effective and efficient.

Shifts in development assistance
Mashur Rahman (Secretary, Economic Relations Division): I tend to see aid as part of external resources flowing into the economy. The cost of borrowing the same amount on the market would be much higher; aid recognises the limited capacity of the economy to borrow and service debt commercially.

Aid provides low cost fund for meeting the gap between domestic saving and investment as well as the gap between import and export. Investment is about 20 per cent of GDP; gross domestic savings in recent years have been 13 to 15 per cent. Foreign savings account for five to seven percent

of investment. The Government uses most of these resources; thus aid supplements government revenues for financing public investment. Current account deficit, which has ranged between one to four per cent of GDP in recent years, is also met by aid.

Significant shifts in donor's aid policies are taking place. Interestingly, aid is being linked with good economic and social policies. The mode of delivery of aid is also changing in favour of assistance for programmes, sector-wide investment, budget support etc. rather than discrete



projects. This will require much greater skill of the Government at strategic policy formulation, fiscal management and aid co-ordination. A country's access to aid will be linked with quality of policy and efficient use of resource including aid. The donors insist on improvement in those areas which reduces dependence on aid: good policies; better revenue mobilisation; fiscal and monetary restraint; efficient use of resource; export growth. You can hardly quarrel with that, at least at the general prescriptive level. On details of

Can we do without development assistance?

Rehman Sobhan (Chairman, Centre for Policy Dialogue): In extreme situations you probably could do without development assistance, since only three per cent of the total GDP comes from foreign aid. But it would still mean heavy sacrifices on yourself.

For this you have to mobilise resources. You have to cut down on resources to make up for the loss of assistance. A complete change in the way politics is done and the machinery of government does its job is required.

Economically, a cut-down in foreign aid would be beneficial to the people of Bangladesh in terms of improvement of quality of government and policy-making. Instead of a complete cut down, reduction of aid is the answer since it would force us to do things that we are not doing today; things we should be doing.

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Khushi Kabir

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