



## COUNTRY BRIEF



South Asia Region (SAR) - Bangladesh

[Print Version](#) [ 74 kb file ]

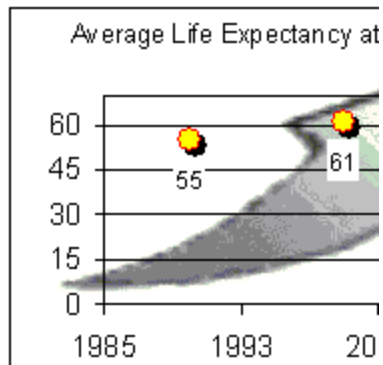
### DEVELOPMENT PROGRESS

Bangladesh has made great strides in improving the lives of its people since gaining independence in 1971, yet it remains one of the poorest countries in the world. Its progress over the past two decades is proof of a great potential that is, however, still far from being realized.

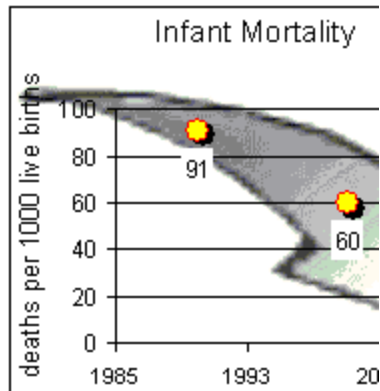
Health and education levels in Bangladesh have improved remarkably, and poverty has been declining. Reducing population growth and attaining gender parity in school enrollment rates are notable achievements of recent years. In the past decade, Bangladesh has reduced infant mortality by half—a faster rate than any other country, and it has increased adult literacy rates by eight percent for women and six percent for men.

The country's nongovernmental organizations (NGOs) are among the most active in the world, and successive governments have developed effective partnerships with them to improve services—such as micro-credit, non-formal education and assistance with social mobilization—in particular to the poorest people.

Economic performance has been relatively strong in the past decade, with annual GDP growth averaging 5 percent. Bangladesh has achieved near self-sufficiency in food production, and sizable foreign direct investment flows have started in infrastructure, energy, and export-oriented manufacturing. From a trickle in the 1980s, inflows of private foreign direct investment rose to nearly \$400 million in fiscal year 1997-98 and are expected to



Source: [World Development Indicators](#)



Source: [World Development Indicators](#)



average about \$780 million a year for the next few years. The country has seen an emergence of progressive entrepreneurs, and good macroeconomic management has kept inflation in the single digits.

### Current Challenges

While this progress must be recognized, poverty in Bangladesh continues to be deep and pervasive, with nearly half of its 130 million population living below the poverty line. This represents the highest incidence of poverty in South Asia and the third highest number of poor people living in a single country after India and China. The challenges are magnified by a population density of roughly 800 people per square kilometer—one of the highest in the world.

Bangladesh still faces severe deficiencies in the quality of health, nutrition and education. The incidence of malnutrition is the highest in the world (see text box). Relatively new challenges include toxic levels of arsenic in the country's groundwater and the looming specter of a potential HIV/AIDS epidemic (see text box). Although the country has achieved nearly 100 percent primary school enrollment rates, the drop-out rate is 40 percent. Literacy rates for both adult men and women, while improving, are still lower than the regional average for South Asia.


The country is also experiencing ecological degradation from urban and industrial pollution, and is vulnerable to natural disasters such as flooding, cyclones, and rising sea levels associated with global climate change.


Inefficient state-owned enterprises—in particular those providing utilities and infrastructure development—have accumulated sizable losses while preventing national demand from being met. Revenue collection in Bangladesh is among the lowest in the world, at about 9 percent of GDP.


Poor governance and pervasive institutional weakness are among the biggest obstacles to growth in Bangladesh as they lower incentive for investment and siphon off resources meant for the development and benefit of the people. The country's central bank does not have adequate control over the banking system to significantly stem the flow of bad loans and prevent political interference. In addition, the Bangladeshi people fail to receive full and fair treatment under the law due to poorly functioning legal and judicial systems.


With the growing global focus on the [Millennium Development Goals](#) (including halving the proportion of

## **HIV/AIDS in Bangladesh: A Threat to Development**

 Bangladesh has a narrow window of opportunity that many other countries missed: to act early and decisively to prevent a nationwide HIV/AIDS epidemic.

 While the number of HIV/AIDS cases in Bangladesh is still relatively low, there is widespread, high-risk behavior, in particular, the sharing of infected needles by injection drug users, low condom use within the country's large commercial sex industry, and blood transfusions from an unscreened blood supply.

 Without vigorous and immediate action to educate and change behavior, Bangladesh runs the risk of experiencing the devastating socioeconomic effects of mature HIV/AIDS epidemics seen in other countries.

 In December 2000, the World Bank approved a US\$40 million credit project to help prevent the outbreak of an HIV/AIDS epidemic in Bangladesh. The project aims to help stop the infection from gaining a larger foothold among groups most likely to contract the virus, and limit its spread into the general population. The HIV/AIDS Prevention Project will form an integral part of the government's Health and Population Sector program and will complement and support HIV/AIDS prevention activities already underway within the program, and separately by nongovernmental organizations.

 [2002 Bangladesh HIV/AIDS Update](#)

people living on less than US\$1 a day and achieving universal primary education by 2015), success in Bangladesh is critical to the achievement of these goals. The relevant MDGs will not be achieved without renewed efforts to widen economic opportunities and tackle some of the barriers to more rapid poverty reduction and better human outcomes.

### **THE WORLD BANK GROUP IN BANGLADESH**

Bangladesh's development plan envisions a substantial reduction in poverty within a generation through accelerating economic growth, ensuring basic welfare and strengthening social safety nets.

The World Bank's current Country Assistance Strategy (CAS) for Bangladesh focuses on the three most powerful lines of attack against poverty: further advances in health and education, an integrated approach to rural development, and promotion of private sector-led growth.

Cross-cutting themes in all areas of the Bank's work are institutional capacity building, governance, macroeconomic stability, social concerns (such as gender equity) and environmental protection. The strategy places particular emphasis on institution building, a fundamental requirement for improving underlying systemic weakness in the country.

#### *Health and Education*

The World Bank has taken a leading role in helping Bangladesh implement an integrated Health and Population Sector Program. In its project work, the Bank is focusing on nutrition, HIV/AIDS, maternal and infant health, and primary, continuing, and non-formal education. A World Bank-funded Female Secondary School Assistance Project more than doubled girls' enrollments in the project area from 462,000 in 1994 to just over one million in 2001. A follow-on project approved in March 2002 is expected to benefit up to 1.45 million more girls.

#### *Rural Development*

The Bank is providing policy advice and investments in rural infrastructure (roads, bridges, power), water resource management as well as micro-credit programs for the poor. It is also supporting the government's disaster mitigation efforts, emphasizing greater empowerment and participation of affected communities. World Bank funding for riverbank protection has helped prevent land loss, settlement destruction, and prevented increases in regional flood levels. The Bank is also a key

## **BREAKING THE MALNUTRITION BARRIER IN BANGLADESH**

Nearly 700 children a day die of malnutrition-related causes in Bangladesh where malnutrition levels are the highest in the world.

In 1995, the government launched the Bangladesh Integrated Nutrition Project with support from the World Bank and UNICEF. The project has reached more than two million households, providing child growth monitoring, nutrition counseling, and food supplementation directed primarily at children under the age of two and pregnant and lactating women. The program's strength comes from its primary emphasis on NGO-assisted community mobilization. Local village communities donate and manage community nutrition centers. Food supplements are purchased, prepared, and sold in the centers by women's group members, thus supplementing household incomes.

In 1998, a project review noted that malnutrition among children under two years old in the project area had declined from 13 to 2 percent. The number of low birth weight babies had decreased by 50 percent, and there had been an improvement in weight gain by at least half of pregnant women.

This model will now be used to develop the **National Nutrition Program** expected to take nutrition services to all rural areas of Bangladesh over a 15-year period. The program will be primarily financed by US\$59.8 million credit from the World Bank, expected to be approved within the next fiscal year, with additional support from the Canadian International Development Agency and the Government of the Netherlands.

development partner in helping the government design and implement a national program for the mitigation of arsenic in the country's drinking water.

### *Private Sector-led Development*

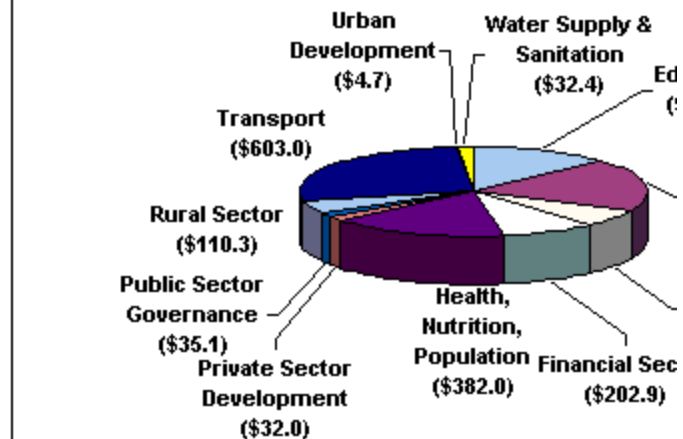
The World Bank is working with the International Monetary Fund and Asian Development Bank to provide advice on financial sector reform, particularly in banking. In energy and infrastructure, it is helping to promote improved regulation, private provision of services, privatization of poorly managed state assets, and policy reform.

The World Bank Group's International Finance Corporation (IFC) has a local representative in the Bank's Dhaka Office. The IFC focuses on supporting private investments in infrastructure, agribusiness, and manufacturing; and on developing financial markets. The Multilateral Investment Guarantee Agency (MIGA), also part of the World Bank Group, is helping to encourage foreign investment in Bangladesh by providing guarantees in the manufacturing, financial, and infrastructure sectors against loss caused by noncommercial risks.

## **LENDING**

Bangladesh joined the World Bank in 1972, soon after independence. Since then, the International Development Association (IDA), the World Bank's concessional lending window, has financed 174 operations with loans totaling almost \$10 billion equivalent of assistance. In fiscal year 2002, the World Bank approved around \$321 million in low-interest credits for four new projects.

**Current World Bank Lending to Bangladesh**  
**Active Loans/Credits total \$2,271.4 million as of**  
(in US\$ million equivalent)



For more information on World Bank assistance to Bangladesh, including lending breakdown and project reports, see below:

- ▶ [Upcoming/Proposed Projects](#) (by sector)
- ▶ [Approved/Ongoing Projects](#) (by sector)
- ▶ [All Projects](#) (by sector)

Additional [Bangladesh Data](#), source [World Development Indicators](#)

All dollar figures are in US dollar equivalents.

**September 2002**

 [Print Version](#) [ 74 kb file ]

For more information, please contact:

*In Dhaka:* Subrata Dhar, Phone: 9669301-8; Email:

[sdhar4@worldbank.org](mailto:sdhar4@worldbank.org)

*In Washington:* Zita Lichtenberg, Phone: 1 (202) 458-

7953; Email: [zlichtenberg@worldbank.org](mailto:zlichtenberg@worldbank.org)