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# Limiting the Role of State :

Prescription of the World Bank and Bangladesh

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**July 1999**

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Bangladesh Public Administration Training Centre  
Savar, Dhaka

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# Limiting the Role of State: Prescription of the World Bank and Bangladesh

*"Markets and governments are both facts of economic life and they interact in complex ways".*

- Avinash K. Dixit.

## 1.1 *Settings : State Vs Markets*

State versus market constitutes the evolutionary paradigm of economic doctrine. Classical model is at the one extreme, neo-classical synthesis is at the intermediate stage and market economy with its derivatives such as executive agency (as in U.K.), privatization of public utilities such as telephone, railway etc. are at the other extreme. The heyday of classical economist culminated in the onslaught of depression of 1930. The success of Keynesian economics in weathering the recession is a testament of active state intervention. It was accepted at that point that any automatic mechanism e.g., invisible hand would not cure the unemployment situation, but deliberate and intelligent pursuance of monetary and fiscal policy would place the economy on track. The reconstruction work of the devastated economies of the belligerent nations of World War II through the Marshall Plan is a manifestation of government involvement in economic activities. The emergence of planned economies during the twenties and subsequent incorporation of plan philosophy in the economic exercise of multilateral agencies e.g. IBRD during the fifties, replaced the norm of market economy to an interventionist model : the state as the main engine of growth. However, this course of action took a grey turn during the seventies when fiscal intervention did not cure the unemployment situation, rather aggravating it and creating a condition dubbed as stagflation.

However, there is now a re-emergence of the classical doctrine that market economy can take care of most of the economic activities with state as the role of a promoter in shaping economic activity in the desired direction and over all macroeconomic management. Market economy enforces price mechanism in the allocation of investible resources as well as consumption expenditures. The free flow of demand and supply determines the equilibrium price and the price thus determined reflects the scarcity value of the commodity. Thus, allocation of resources is most rational. The substitution of administrative or fiat prices by market prices limit

the role of public sector in many commercial undertakings. The state owned commercial enterprises incurring constant losses and draining public resources need to be disinvested. There are many sectors in the economy whose activities may be carried out by private sectors. Privatization of railway passenger service, road transportation, container service facilities at the sea port, telecommunication, higher education and tourism are some of the units where private sector may undertake projects.

Market economy is the polar case of command economy, now a 'history' with the demise of the citadel of command economy, the USSR. The development task of those economies were mainly entrusted with the public sector and the government was the actor as well as the coercer in development efforts. However, the trend towards adoption of market norms were initiated in several Asian countries notably the Republic of Korea and several other East Asian economies during late fifties. The government of those countries helped to guide and create markets and rationalize investment on profit norms. The experiences of several East European countries attest that growth and marketization are positively related.

An outright rejection of government role and elevation of market norm as an appropriate substitute is not the panacea for tackling myriad development problems facing developing countries. There are certain tasks government must pioneer and patronize in development. The working of "invisible hand" as enunciated by Adam Smith may not consider the problem of externalities. Moreover, cruel operation and self interest as the driving force in market economy may exacerbate the inequity in income distribution. The plain assertion that private sector is flawless may not be tenable in all occasions. On the other hand, the efficiency of public sector may be improved substantially if rent-seeking can be avoided through deliberate policy interventions.

There is no doubt, that market economy perform well in a competitive environment. However, an artifact needs to ensure that competitive environment prevails in the manufacturing as well as in service sectors. Another ingredient of an effective market environment is the perfect dissemination of information. In real life situations neither the information process nor competitive environment prevail.

That demand and supply forces may not nicely interact to determine prices, instead how tacit intervention by government distort the price setting mechanisms may be cited by two examples from the USA experiences. In USA an "elaborate set of government arrangements keeps the price of milk well above its competitive market price. An attempt to expand this legally sanctioned cartel-like arrangement was pushed forward under the euphemism of "self-help", but the cartel arrangement's lack of budgetary cost and nice-sounding title did not make it any less objectionable" (Stiglitz, 1999). This arrangement involves huge subsidy and artificially raised the milk price, thus eroding a substantial fraction of the value of government subsidy embedded in Women, Infants and Children (W.I.C.) programme. This distortionary measures work against the market ethics and government bow to the demand of dairy farmers because direct compensation would be more visible than price fixing, and thus more vulnerable to political pressures for future cuts.

Pricing of Electricity is another distortion. To address the problem of global warming, electricity generation by hydroelectric power instead of coal generated electricity was advocated in the National Action Plan. The government enterprises that run many public dams sells electricity at a price lower than the marginal cost of electricity production by the entire generating system i.e. coal generated electricity. This put pressure on government enterprises to finance additional investment which would allow them to produce more electricity still at a price for below the cost of coal generated power. Options open to actualization of the programmes are (i) to allow the private firms to bid for the right to make these incremental investments and sell additional electricity at market prices, (ii) current recipients of subsidized electricity would continue to receive the amount of electricity previously produced at the existing prices. This represents a 'Pareto Improvement' since the current status is being maintained as well as environment friendly (non carbon -emitting production of electricity) may be ensured.

These two examples illustrate that there are several options available for the state to work within the market norms and ensure as well 'pareto optimality'.

### 1.3 *Government Role: A Stocktaking*

There are several areas where market fails to address the issue of optimization. One obvious example, is negative externality where internalization of costs in the production process is not possible and thus overproduction may have serious impact on the environment. Another is the provision of adequate physical and social infrastructure that makes the development buoyant. The role of state is also evolutionary in nature. There are various derivatives in state and market collaboration. One option is to contract out a specific unit of operation e.g., marketing, private sector may be divested with the responsibility of running day to day's activities of an enterprise, or an enterprise may be run on the basis of public/private partnerships.

There is now a controversy as to the proper role of government in economic activity. A few economists argue that government should play the role of a catalytic agent, as in the chemical process accelerating the pace of development through ensuring congenial environment for development. Institutionalization of development process through promulgation of rules, creation of physical and social infrastructure are some of the crucial aspects that need government active patronization.

Joseph Stiglitz (1998) elaborated on proper role of government and identified six important areas where intervention is required to expedite the development process. Most of the developing countries lack basic physical and social infrastructure for development. Sometimes, the indivisibility and lumpiness of certain physical infrastructure also debar private sector to undertake those essential projects. We refer below to a few areas where government patronization are warranted.

➤ One obvious area is in promoting education. Universal primary education and technical education is considered as the fulcrum in the transformation of an agrarian society to an industrialized one. Literacy ensures equity in income distribution, too.

- The second role is in promoting technology. The government must patronize innovation and reorientate the endogenous technology to augment productivity.
- The third role is in supporting the financial sector. Financial sector discipline and healthy norms help development of capital market and ensure capital accumulation for investment in the most efficient way. The safety and soundness of financial institutions ensure long term investment climate.
- The role of government in preventing environmental degradation is an urgent need of the time. Market forces generate negative externalities and the manufacturing units seldom agree to internalize the costs through improved environment friendly technology. So there is a binding requirement of the government for intervention to decelerate the process of environmental degradation.
- Another role of government is in ensuring a social safety net. Social safety net embodies programmes in the social sector, specially in health and education sector.

#### **1.4** *Bangladesh Economy and World Bank Prescription*

Many developing countries rely on bilateral and multilateral donors for financing different sectoral programmes. This financing are criteria binding and need to be fulfilled by the recipients. Thus, designing and shaping of development programmes are sometimes donor driven. It is true that specific prescriptions very often are designed to activate a docile sector or pricing policy address the market needs or privatization may relieves the public sector of huge subsidy. Besides, sectoral strategies, comprehensive measures are suggested by donors in the case of reforms in general administration, financial sector reform or liberalization of the trade regime.

Among the multilateral donors, the World Bank plays a vital part in designing development policies. The Bank works as the chief co-ordinator in the Paris Aid Group Meeting. The publications of the World bank on the performance of the Bangladesh Economy divulge various strengths and weaknesses and pave the way for remedial measures. Recently, the World



Bank has prescribed certain fundamental institutional restructuring to meet the changing requirements in the context of the market economy. These requirements include reform both in the political as well as in the economic fronts. The political reform includes democratization, good governance and establishment of code of conduct for congenial investment climate. On economic front, there are suggestions to review certain public units on the question of cost efficiency. The Department of Co-operatives, the Bureau of Manpower Employment and Training, Bangladesh Rural Development Board are some of the institutions whose existence has been questioned by the World Bank on the 'value for money' criterion. The World Bank views that the specific job of the Department of Co-operatives such as registration of units can be done through mail and regulation could be supervised by a small and highly professional unit in the private sector. The emergence of the NGOs as a potential adjunct to the public sector in the development process through micro credit program raises questions on the performance of the Bangladesh Rural Development Board (BRDB) as an institution to make any dent on the poverty status of the country during its 40 years of existence. The World Bank suggests that BRDB's credit function could be easily divested to the Palli Karma Shayak Foundation (PKSF) which also carries on the same type of activities.

The multifarious activities of the government in different sectors are translated through projects. Sectoral development, be it a social such as education or health; or physical infrastructure or industrial development are carried out through a set of development projects. The projects are the basic unit in development programme, both for sectoral and comprehensive development. Government of Bangladesh finance development projects through Annual Development Programme (ADP), the operational arm of the Five Year Development Plan. The document lists the projects sectorwise and an yearwise allocation of resources are shown. The projects included in ADP are based on decisions by the competent authority, Executive Committee of the National Economic Council (ECNEC) approves projects costing more than Tk. 100 million, projects costing less than Tk. 100 million are approved by the Minister for Planning with the recommendation of Project Evaluation Committee (PEC). Generally, approved projects are included in ADP and the government tries to ensure smooth flow of resources for timely completion of these projects.

There are economic, social as well as political considerations in undertaking projects. The sponsoring unit prepares Project Concept Paper (PCP) and a Project Proforma (PP) for a development project and a Technical Assistance Project Proforma (TAPP) for technical assistance project. These documents incorporate necessary technicalities of the project appraisal literature which includes benefit cost analysis for projects whose benefits can be quantified and cost effectiveness study for social sector projects whose benefits can not be quantified. Moreover, there is scope for Social Impact Analysis (SIA) and Environment Impact Analysis(EIA). Despite these rigid norms, there are certain exceptions. Projects are sometimes undertaken because financing is available from a donor on concessionary rate or supplier's credit is available for import of machinery and equipment. Political rather than economic consideration dictates the selection norm. It is also a common practice in many developing countries to consider projects purely on "prestige" considerations. Thus, even in domestic settings, the inclusion of certain projects for ADP financing is questioned on economic rationality.

The World Bank as a development partner understands that inclusion of projects are sometimes not justified on economic grounds. The World Bank Report *Making the Best Use of Public Resources, Public Expenditure Review 1997, Update* delved into many important issues in public sector expenditure programming in Bangladesh. The principal focus was the quality of the Government's Annual Development Programme. The question of quality was addressed through the impact of projects in growth and poverty alleviation, reaching the vulnerable groups and fostering private sector activity. This document underlined the importance of demarcating the boundary of public sector in project financing and the probable avenues where private sector participation would be spontaneous.

The World Bank identified 91 projects in seven sectors which could possibly be financed by private sectors. There are project-wise justifications for financing of the projects through the private sectors or in some cases government may move with the development of physical and social infrastructure and the management may be divested to an autonomous body. These justifications rest mainly on market considerations and the changing role of government. There

are sectors where the World Bank agrees that government's promotional measures and patronization is a binding requirement for successful take off of the economy.

"Notwithstanding the progress achieved so far, there is still ample room for improving inter-sectoral and intra-sectoral distribution of public expenditures. And within the priority sectors, sustained efforts are needed for improving the quality of public expenditures programs by selecting and designing programs with high social returns". (World Bank, 1997:P2)

## **1.5** *Objectives and Methodology*

This paper attempts at reviewing the World Bank rationale for exclusion of 91 projects in seven sectors from the Annual Development Programme of Bangladesh. It is understood that both inclusion and exclusion of projects rest on many valid criteria. Barring a few exceptions, a project approval procedure pass through several stages and at each stage careful review dictates the ultimate selection and probable financing from the ADP. On the other hand, the issue of exclusion by the World Bank also considers various aspects. Most important is the market norm, where incentive structure embedded in the project activity may not justify public financing. The management efficiency and cost recovery experience of a few projects in the public sector in the past beg reconsideration for productive use of resources in the crucial sectors of the economy. It is also pertinent to consider whether the selection episode conforms to overall sectoral policy or comprehensive development strategy of the government.

With this benign background, this paper explores the justification of the World Bank's opinion from the practitioner's viewpoint. The objectives of the paper are:

- (i) Conduct an opinion survey on the World Bank's rationale on exclusion of the projects from the Annual Development Programme of Bangladesh.
- (ii) Provide a comparative statement of the World Bank's viewpoint and the practitioner's opinion.
- (iii) Synthesise the two sets of ideas and design a suitable framework on the basis of experiences in other countries of the world.

This study is based on primary data. The data was collected and collated from the opinion survey of 104 government officials of the level of Joint Secretary and Deputy Secretary to government of Bangladesh. The respondents belonged to 27th Senior Staff Course (SSC)

(August 2, 1998- October 15,1998), 30th Advanced Course on Administration and Development (ACAD) ( July 8, 1998 --- September 20), 31st ACAD ( October 4, 1998-- December 17, 1998) and 32nd ACAD ( January 31-- March 15, 1999). The participants of the Eleventh Senior Staff Refresher Course (December 20 - 24, 1997) also provided valuable inputs. This paper has also been benefited by a Seminar on Public Administration held at BPATC (November 16- 18, 1998).

The respondents were given theoretical insights on the operational mechanism of market economy, transitional analysis from a central to a market economy, public and private sector participation<sup>capati</sup> ~~occupation~~ in development and on specific cases of market failure. They were also provided with a questionnaire and a position paper outlining the World Bank rationale for exclusion of these projects from the Annual Development Programme. The questionnaire categorically sought the respondents reaction in terms of the World Bank rationale. They were also asked to explain the reasons if they do not agree with the World Bank suggestions. The selection of the respondents was based on Purposive or Judgement sampling. Many respondents were associated with the projects in the formulation and appraisal stage.

Based on their responses, this paper addresses the following points in sequence , sector by sector:

- i) World Bank's list of projects for probable exclusion from ADP and the rationale thereof.
- ii) Tabulation of the survey results and an analysis of the survey based on the respondents viewpoints.

This paper is divided into nine sections. Section I sets the background of the evolutionary process of market economy and an outline of the role of the government in the context of market economy. This section also discusses the objectives, methodology and limitations of the study. Section II to Section VIII present sectoral brief on the rationale of World Bank exclusion philosophy and the opinion of the respondents sector by sector: Section-II Agriculture, Section-III Industry, Section-IV Power and Mineral Resources, Section-V Transport, Section-VI Physical Planning and Water Supply, Section-VII Education, Section-VIII Health. The final section, Section IX frames a synthesis on the overall findings and experience of other countries, and the theoretical underpinnings, if any.

## **1.6** *Limitations of the Study*

A study of such a varied and diverse nature can not be accommodated in a paradigm of very selective stakeholders. There are many important stakeholders who will bear the cost as well as be benefited by the project outcome, particularly for projects in the Health, Education, Agriculture and Transport sectors. These consideration delimit the applicability and usefulness of the findings of the study. Although, the study reflects the viewpoint of the civil officials only, the study nevertheless explores the undimensional differences and similarities in the opinions of the donors and the recipients. Therefore, the criteria upon which a project may be considered for financing by public or private sector both on the considerations of World Bank or Government of Bangladesh warrant a broad based analyses.

The respondents and the bank do not seem to have considered the full implication of contracting out, subsidy, public or private partnerships. There is scant information on these options both in the World Bank report as well as on the respondents viewpoint. Moreover, the treatment for some projects on the question of exclusion or inclusion in this study is rather banal and require extensive study. Probably, a comprehensive micro or sectoral study may answer some of the pertinent issues.

## SECTION-II: AGRICULTURE

Seven projects in agriculture need careful consideration in implementation through the Annual Development Programme. Individual project status (approved Vs unapproved) is given in Table-1. The projects are :

- 1.1 Seed Development Project
- 1.2 Program for Expansion of Certified Seed
- 1.3 Production of Fine Rice in the Barind Area
- 1.4 Construction of New Food Godown at Strategic Places for Strengthening Food Security
- 1.5 Balancing, Modernization, Renovation and Expansion (BMRE) of Flour and Animal Feed Mills at Postagola
- 1.6 Construction of a Concrete Silo with Ancillary Facilities at Mongla Port
- 1.7 Teesta Barrage.

### **2.1** *World Bank Opinion*

Mainly five categories of projects are included in the portfolio; Seed development, Construction of food godowns, Concrete silo , Production of fine rice, BMRE of Flour and Animal Feed Mills and Teesta Barrage. The World Bank views that public sector seed development programme does not operate efficiently and along the commercial lines. Generally, the seedwing of BADC underprice the seed. The World Bank strongly supports the recommendation of Agriculture Commission to phase out the project and convert the Seedwing of BADC into an autonomous body. Currently, Private Sector is actively involved in seed production, so underpricing through program for expansion of certified seed would adversely affect incentives of the private producer. Moreover, production of fine rice as envisaged in the project, " Production of fine rice in the Barind Area" would be considered as business activity.

The project involving 5000 MT LSD in 10 thanas may serve the purpose of deficit areas. But as there are certain amount of underutilization of existing public godowns, it should be explored whether adjoining areas of public godown can meet the requirements or private sector undertake such activities. Government should not take initiative for BMRE of Flour and Animal Feed mills at Postagola because the unit is not running at an efficiency level. The existing monopoly situation breeds inefficiency and for a competitive environment, the mill should be privatized and the BMRE should be done by the new owner.

The construction of a concrete silo need to be studied in the context of siltation at Mongla port endangering the viability of the project. The cumulative spending for Teesta Barrage project is about Tk. 10 billion and in the face of considerable investment by the private sector in and around the Teesta Barrage using ground water, net benefit of the project needs to be weighed in the context of net costs.

## 2.2 Survey Results

TABLE-II : Categorywise Response : Agriculture

Project Serial No.	Approval Status	Response in number			
		Agree with World Bank	Do not agree	Total	No response
1.1	Approved	40	60	100	4
1.2	Unapproved	76	24	100	4
1.3	Approved	78	22	100	4
1.4	Unapproved	45	52	97	7
1.5	Unapproved	91	6	97	7
1.6	Unapproved	50	52	102	2
1.7	Approved	48	57	99	5

Differences of opinion are observed for Projects # 1.1, Project # 1.4, Project # 1.6 and Project # 1.7. For project # 1.4, investment may not be forthcoming in the private sector as anticipated. The private sector seldom undertakes projects with social benefit. Another viable option is to convert under-utilised fertilizer godowns owned by BADC into food godowns. Government storage capacity should be optimum as per requirement to meet natural calamities and crisis. Storage capacity in 10 thanas as proposed is essential for strengthening food reserves and to accommodate buffer stock to meet crisis.

Teesta Barrage project, Project # 1.7, is a very successful project. Additional investment in the project is essential for ensuring adequate supply of water to the farmers. Ground water level may, because of constant pumping out, go to uneconomical level and may cause other adverse ecological changes. Even the project may be implemented with the cost recovery norm. Moreover, because of indivisibility and lumpiness, this type of project are beyond the scope of the private sector. Construction requirement is massive and co-ordination is essential with several local bodies for operation and maintenance. The dropping of the project would amount

to a wastage of Tk 10 billion as sunk cost. Private sector involvement in minor irrigation in Bangladesh is still on a very limited scale. Moreover, soil condition of the project area is not suitable for ground water irrigation. The project was considered after detailed feasibility study. It was recommended for surface irrigation through Teesta barrage and ancillary canal system. The soil is permeable where the surface water deposits thin layer of silt in the canal system thereby increasing irrigation efficiency. Capital cost of tubewell irrigation is low but organization and management cost is higher than surface water irrigation.

Project # 1.1 and Project # 1.2 need to be analysed in the context of very stringent WTO'S provision for Intellectual Property Rights (TRIP). Currently, BADC produces the breeder seeds borrowed from the Agricultural Research Institutions (BRRI and BARI). BADC multiplies these breeder seeds into Foundation seeds in its multiplication farms under technical and expert supervision equipped with logistic support. But private sector is not yet ready to take over the entire responsibilities in seed production. Moreover, absolute dependence on private sector is risky and hoarding by the private traders may effect the attainment of production target and involves huge foreign exchange reserves for import.

Food autarky may only be addressed by creating enabling environment and the public sector must be actively involved in the production and distribution of quality seeds. Quality seeds in the country at a reasonable price may only be provided through a public owned institution at this stage. However, the respondents strongly suggests that there should be an administrative, financial and organizational reforms in the Seed wing of the BADC to ensure efficiency, accountability and transparency so that the unit works on commercial basis. The pricing policy must address the commercial norms and an environment must be there for private sector involvement in the distribution and production of seeds. However, majority of the respondents agree with the World Bank view that the Seed Wing of the BADC may be converted into an autonomous body.

Production of fine rice in the Barind Area [Project # 1.3] is a promotional project for fine rice production. It is anticipated that the success of the pilot project will create conducive situation for the production of fine rice on commercial basis.



The proposal of the Food Ministry for construction of a concrete silo with Ancillary Facilities at Mongla Port [Project # 1.6] is justified to save the handling cost and pilferage losses. The present location of Mongla Port has been selected on the basis of many studies and a lot of infrastructure have been constructed there too. Dredging in every port in our country and other countries of the world is a necessary factor. Mongla Port has been established in the year 1950 and still it is running on profit basis. So, government should give due attention to make Mongla Port more viable by establishing Food Silo, EPZ and by encouraging other private sector participation of industries in and around the port. Primary infrastructure of the port needs to be made by the govt. even if some portion of it is leased out to the private enterprise. For back up facilities the construction of Rupsha Bridge has been duly considered by the government. So the proposal of the Food Ministry for construction of Silo with ancillary facilities is absolutely justified and the project should be approved.

## **SECTION-III: INDUSTRY**

There are 21 projects in industry sector. Individual project status (approved Vs unapproved) is given in table-III. The projects are :

- 2.1 BMRE of Chhatak Cement Factory (Phase II)
- 2.2 Shahjalal Fertilizer Company Limited
- 2.3 Di-Ammonium Phosphate (DAP) Plant at Chittagong Urea Factory Limited (CUFL)
- 2.4 BMRE of Karnaphuli Paper Mills
- 2.5 Urea Fertilizer Factory in Northern/Southern Part of the Country
- 2.6 Installation of Paper Machine in Sylhet Pulp and Paper Mill
- 2.7 BMRE of Jute Based Pulp Production in North Bengal Paper Mill
- 2.8 BMRE of Jute Based Pulp Production in Sylhet Pulp and Paper Mill
- 2.9 BMRE of Jute Based Pulp Production in Khulna Newsprint Mill
- 2.10 1500 TCD Pabna Sugar Mill
- 2.11 BMRE of Carew and Company Sugar Mill
- 2.12 Dhaka EPZ Extension
- 2.13 Gazipur EPZ (Phase I)
- 2.14 Mongla EPZ (Phase I)
- 2.15 North Bengal EPZ (Phase I)
- 2.16 District-Based Industrial Estates for Development of Small and Cottage Industries (Revised)
- 2.17 Maizdi Industrial Estate
- 2.18 BMR of Gulfra Habib Jute Mill
- 2.19 Installation of New Spindles in 10 BTMC Mills
- 2.20 High-Voltage Cable and Conductor Manufacturing Plant
- 2.21 Construction of Dhaka World Trade Centre.

The portfolio of projects comprises in the following broad area.

- 1) BMRE of Chhatak Cement factory and Jute based pulp production in several locations.
- 2) EPZ Extension Phase (Dhaka, Gazipur, Mongla)
- 3) Project with BSCIC
- 4) Fertilizer Factory at Sylhet, DAP plant at CUFL, Urea Fertilizer factory at North/South region
- 5) 1500 TCD Pabna Sugar Mills
- 6) High voltage Cable and Conductor Manufacturing Plant
- 7) Construction of Dhaka World Trade Centre.

### 3.1 *World Bank Opinion*

➤ Most of the projects for BMRE were identified for privatization in FY 98 and therefore BMRE should be done by private entrepreneur not by expenditure from regular ADP. Recent enactment of Private EPZ act convey wrong signal to private entrepreneurs. The World Bank holds the view that government should ensure proper environment for foreign direct investment instead of undertaking activities which can be carried out by private sector.

➤ Government's Industrial Policy (IP) and Privatization Policy conflict with government undertaking in manufacturing enterprises. Domestic Demand can be meet by fertilizer production in private sector or by foreign direct investment as Public Sector sell fertilizer below the production cost. Chittagong Urea Fertilizer Factory (CUFL) was identified by the government for privatization in FY 1998 and Di- Ammonium production at CUFL may be operationalized by the private ownership if the activity is technically sound and economically viable. Government should better play the role of a facilitator and avoid direct investment in activities where market incentives dictates undertaking by the private sector.

➤ Installation of new spindles in 10 BTMC mills is questionable when textile mills sub-sector has been identified for privatization. GOB's Industrial Policy dictates that government initiate process for privatization of these 10 units.

➤ Underutilization of BSCIC industrial estates do not justify any new venture. Further, this will create disincentive for private entrepreneurs because BSCIC plots are sold at a price below the market price. Private sector entrepreneur development may be facilitated by :

- (i) Removing bottlenecks creating hindrances in land acquisition, minimize the incidence of land disputes and speedy disposal of such cases.
- (ii) Reorienting public sector agencies in delivering basic utilities and physical infrastructure to private developers.

➤ Government need not intervene and invest in an activity mainly run on profit motive. Construction of Dhaka World Trade Centre and 1500 TCD Pabna Sugar Mill fall in this category. The Project '1500 TCD Pabna Sugar Mill' was included in FY 97 ADP. Several sugar mills have already been earmarked for privatization, so investment in a new sugar mill may not be worthwhile. Moreover, private sector can undertake this business activity. The proposed cost of the Dhaka World Trade Center is about \$ 122 million. This project was included in the Three Year Rolling Investment Program (TYRIP) but there were no allocation in the FY 98 ADP. This project may be financed by the private sector because in essence it is a business activity.

### 3.2 Survey Results

TABLE-III : Categorywise Response : Industry

Project Serial No.	Approval Status	Response in number			
		Agree with World Bank	Do not agree	Total	No response
2.1	Revised unapproved	85	15	100	4
2.2	Approved	64	36	100	4
2.3	Unapproved	80	20	100	4
2.4	Unapproved	39	59	98	6
2.5	Not known	72	27	99	5
2.6	Unapproved	81	18	99	5
2.7	PCP approved	82	17	99	5
2.8	PCP approved	86	11	97	7
2.9	PCP approved	81	17	98	6
2.10	Approved	76	23	99	5
2.11	Not known	82	18	100	4
2.12	Not known	40	59	99	5
2.13	Unapproved	43	55	98	6
2.14	Unapproved	29	69	98	6
2.15	Unapproved	69	29	98	6
2.16	Revised unapproved	77	21	98	6
2.17	Not known	79	18	97	7
2.18	Unapproved	85	14	99	5
2.19	Approved	79	21	100	4
2.20	Approved	77	22	99	5
2.21	Not known	70	30	100	4

There is clear indication that most of the respondents agreed to the World Bank arguments on exclusion of projects from the ADP. However, difference of opinion is observed in few areas, notably in the production and distribution of fertilizer, BMRE of Karnaphuli Paper Mills, Export Processing Zone, and Construction of the Dhaka World Trade Centre.

Karnaphuli Paper Mill is a prestigious state owned enterprise and has been rendering unique service in meeting the demand of quality paper. The production management of the Mill is very sound and quite capable of continuing as a profitable enterprise in the public sector if BMRE is undertaken. BMRE of Karnaphuli Paper Mill would be highly capital-intensive and there is uncertainty about the financial and administrative capabilities of private entrepreneurs to undertake the job. Hence, government may undertake the BMRE and then consider to convert it into an autonomous company/transfer to private entrepreneurs. This also applies for Khulna News Print Mill. Tariff realignment may be one option for the viability of the Mill. Moreover, the private sector is not in a position to finance the massive capital cost to finance the renovation programme.

EPZs are created to attract foreign direct investment (FDI) as well as building up domestic capacity to produce exportable goods. Certain essential infra-structure and utilities (electricity, gas, water, telephone, communication etc.) are required to attain the objectives. Also bonded ware housing facilities are needed for the manufacturing industries. EPZ also needs suitable geographical site and area. All these need co-ordinated action and considerable capital investment. At this stage of our economic development, it is unlikely that private sector investment would be able to mobilise resources to develop such facilities. As such, government needs to pioneer the process. In this context, Mongla EPZ (Phase-I) project should be considered. This is feasible because it is within and adjacent to the Mongla Port Area. The project has got indirect benefits because by establishing it, port activity will increase many fold and employment will be generated. The project should be taken by the government in the public sector as most of these facilities need to be created by some other departments apart from EPZ Authority and thus inter-departmental co-ordination in the Public Sector will be easier. This EPZ will get river front which is an extra benefit for the investors. North Bengal should not be deprived and at the first instance the EPZ project in North Bengal should be taken up by the government in the public sector, and the private sector may play the supplementary role.

Construction of Dhaka World Trade Centre should be taken up by the government for the reason that private sector does not seem to be interested in such a new project involving cost of \$ 122 million. A World Trade Centre should be established in our country to boost up trade and commerce activities and this should be taken up by the government in the public sector both as a "Prestige" project and to spur growth in trade and commerce activities. Though this is a business activity oriented project, even then it is nationally important. As such, GOB should facilitate the trade sector through this project. This centre will be able to provide linkage with other trade centres of the World as well as interaction with private sector which will be beneficial to our nation.

Fertilizer, particularly urea is an important chemical input for crop production. To meet the shortage of urea fertilizer, this investment should be financed by the Government. The gas which is required for urea production is available in the region. The price of urea should be determined on the basis of cost price so that government do not have to incur any loss. After the factory has been established, if any private investor comes forward then it may be transferred to private sector. The projected demand for urea fertilizer during the Fifth Five Year Plan is estimated to be between 2.61 - 3.49 M.M.T. against projected local production of 2.10-2.55 M.M.T. This huge gap can not be suddenly met by private sector. Moreover, urea is a sensitive issue and the project deserves socio-political consideration and moreover, the regional parity justifies its inclusion because it is a replacement of the NGFF, Fenchuganj. For smooth production of urea the project should be implemented by the government. The price of fertilizer in Bangladesh is almost half of that in the neighbouring country. Therefore, if it is privatized the private owner may create artificial crisis of fertilizer and government may have to face a delicate situation. The analogy also applies in the case of Urea Fertilizer Factory in northern/southern part of the country. Again DAP production at CUFL is a part of CUFL production system. It is a very effective step for increasing crop production and a balanced and blended fertilizer which consists of 45%  $P_2O_5$  and 16% nitrogen. Needless to say private sector will not come up to establish this type of expensive plant.

The project Urea Fertilizer Factory in Northern/Southern Part of the Country involves huge investment and private sector can not afford this. Besides, the most important agricultural input becomes very much scarce in the northern and southern regions of the country because of transportation problems. As such, to ensure adequate supply of urea to the agricultural sector in these areas, construction of urea fertilizer factory is a need to boost up agriculture production.

One of the objectives of manufacturing sub-sector during the Fifth Five Year Plan is to increase the contribution of sugar in GDP, create new job opportunities in the rural areas and reduce sugar import by increasing domestic production. As response from the private sector in sugar industry is not encouraging, so the Public Sector should continue to play an active role through BMRE programmes of the existing sugar mills and if the environment prevails for private sector participation, the government may consider switching to the private sector.

## SECTION-IV: POWER AND MINERAL RESOURCES

There are 7 projects in the World Bank list those warrant reassessment for funding through the ADP. Individual Project status (approved Vs unapproved) is given in Table-IV. The projects are :

- 3.1 300 MW Coal Based Thermal Power Plant at Barapukuria
- 3.2 60 MW Shahzibazar Gas Turbine Power Station
- 3.3 71 MW Baghabari Gas Turbine (2nd Unit)
- 3.4 Sylhet 100 MW Gas Turbine
- 3.5 Second East West Power Interconnect (Ashuganj-Bogra 230 KV Line)
- 3.6 Ruppur Atomic Energy
- 3.7 Joypurhat Limestone Mine and Cement Complex.

### **4.1** *World Bank Opinion*

➤ Projects in power generation sector ; # 3.1, # 3.2, # 3.3, # 3.4 and # 3.5 need further examination and review (re-sizing or postponing of the plant) before government embark on such huge investment projects. It is stated that most of the projects should be offered in the first instance to Independent Power Producer (IPP) under the Private Power Generation Policy (PPGP) approved by the government in October 1996. The cost effectiveness of the Barapukuria power plant seems questionable when compared with the cost of gas-based plants. An assessment of the existing gas reserves need to be carried out before government undertake a project on coal based power generation project.

➤ The project # 3.6., Ruppur Atomic Energy has been continuously included in the Annual Development Programme for many years draining resources as recurrent costs. This seems to be a very unlikely project in the present context and should be formally dropped so that wasteful recurrent expenditures could be avoided henceforth. However, the World Bank did not explicitly outline the parameter of the present context.

➤ Joypurhat Limestone Mine and Cement Complex was included in the FY 97 ADP but dropped in FY 98 ADP. The project may be contacted out to the private sector if it is found viable.



## 4.2 Survey Results

TABLE-IV : Categorywise response : Power and Mineral Resources

Project Serial No.	Approval Status	Response in number			
		Agree with World Bank	Do not agree	Total	No response
3.1	PCP approved	45	54	99	5
3.2	Approved	73	25	98	6
3.3	Not known	70	28	98	6
3.4	Not known	71	29	98	6
3.5	Unapproved	80	20	100	4
3.6	Unapproved(R)	27	74	101	3
3.7	Approved	34	66	100	4

There are three projects where differences of opinion with the World Bank opinion has been observed. The projects are (i) 300 MW Coal Based Thermal Power Plant at Barapukuria, (ii) Ruppur Atomic Energy, (iii) Joypurhat Limestone Mine and Cement Complex.

i) 300 MW Coal Based Thermal Power Plant at Barapukuria.

For ensuring sufficient supply of electricity for industrialization of the Northern Region, this project is essential. The logic of exploring the possibility of gas use in the thermal power plant is an attempt to delay growth and economic extraction of coal. As there is no gas reserve in the area and transmission of gas from the eastern zone is very expensive and will exhaust the limited reserve of gas, there is no other alternative but to proceed with the project. With availability of raw-material at the project area, the project would be cost effective and generate substantial positive externalities ensuring socio-economic development.

The economic argument should be considered on the existing power shortage instead of the possibility of a coal based or gas based project. We should utilise this natural resource (coal) even on break-even point. The country should not fully bank on gas resources for power generation. Even if the proven gas reserves justify gas based thermal power generation, the alternative sources of power generation need to be explored if the economic costs approve it. Moreover a 300 MW coal based Thermal power plant needs substantial capital investment and it is doubtful for private entrepreneurs to mobilise such resources. To begin with, Private Power Generation Policy may encourage private sectors to go for smaller sized power plants.

ii) Ruppur Atomic Energy.

Atomic energy is essential to supplement the power generated by use of gas/coal. The project could not be implemented as foreign financing could not be obtained. Since some definite offer is reported to have been received, government should move ahead with this old project to produce energy (at lower cost). Power generation from atomic energy is cheaper compared to other modes of generation source.

A prestigious atomic energy project in a sovereign state like Bangladesh appears to be reasonable. A final study may be carried out before dropping Ruppur Atomic Energy project. Foreign countries continue to build and operate nuclear power stations. For example, in France over 40% of its power comes from nuclear power stations. Nuclear power plants should not be linked with atom-bombs. The project will enhance the experience and capability of engineers, physicists and technologists in this field of harnessing nuclear energy for peaceful uses.

A number of donors have shown positive interest which includes the Chinese and the French governments in implementation of this project. Negotiation may be started to obtain support for inclusion in the ADP. Moreover, government of Bangladesh has received green signal/clearance from IAEA (International Atomic Energy Agency) for construction of a nuclear power plant. Though initial capital investment is substantially large for construction of nuclear power plant, but the long run marginal cost is relatively much lower than oil or gas turbine power station. On the current demand shortfall of power, generation capacity need to be augmented through alternative sources. Obviously, atomic energy may be a suitable alternatives and the project may be undertaken if assurance from donor is encouraging.

iii) Joypurhat Limestone Mine and Cement Complex.

This is a very unfortunate project on which debate and feasibility tests started since early 60s. In late 70's, attempt was made for implementation and necessary infrastructure was developed costing a few crores of taka. Those structures are now left almost unutilised and recurring expenditures are made annually. The project is not yet clear from the clouds of economic viability although records shows that in different countries of the world, limestone is extracted economically from still deeper depths. There is also acute paucity of limestone in our country for which cement industry cannot grow and development activity is being greatly hampered. There is little hope that private sector will come forward to invest huge amount in such a controversial project. Therefore, the government should take initiative for exploration and proper exploitation of huge quantity of limestone and make the country self reliant in cement production.

## SECTION-V: TRANSPORT

World Bank included 10 projects in the transport sector for reassessment before they are included in the ADP. Individual project status (approved Vs unapproved) is given in Table-V. The projects are:

- 4.1 Public Priority Roads Project
- 4.2 Thana connecting Road Project
- 4.3 Public Priority Road and Bridge Project (Phase II)
- 4.4 Mohakhali, Maghbazar and Jatrabari-Sayedabad Flyover Construction
- 4.5 Dhaka Eastern Bypass Road
- 4.6 Construction of a Three-Star Hotel of International Standard at Zia International Airport
- 4.7 Procurement/Construction of 4 Additional roll-on-Roll-Off Ferries
- 4.8 Acquisition of 2 Roll-on-Roll-Off Ferries
- 4.9 Procurement of Passenger Sea Truck for Coastal Areas
- 4.10 Procurement of 2 New Passenger Vessels by BIWTC for the Chittagoong-Barisal Routes.

### **5.1** *World Bank Opinion*

There are mainly two kinds of projects; road projects of various categories and procurement of ferries, sea transport and new passenger vessels. The utility of these projects are questioned on proper identification and on prioritization. It appears that most of the linking points of the proposed road are based on ad-hoc decision from time to time and on political mandate. World Bank prefers that it would be prudent to include roads based on a prioritized plan. This exercise would enhance the economic rate of return and would have much greater growth and employment impact. To cite an example, the 444 thana connecting roads of "A" category only claimed 4% of the total project cost, leading to their spreading of resources over the 444 roads. Thus, only segments of the roads will be constructed in each year stretching the project completion time and compounding uncertainty. Consequently project benefits need to be postponed.

The flyover construction should be considered in the context of a comprehensive assessment under the Dhaka Urban Transport Project currently being prepared with IDA assistance. Another project, Dhaka Eastern Bypass Road also needs a comprehensive assessment

under the Dhaka Urban Transport Project. The World Bank did not rule out the possibility of private sector participation, if the project is found viable.

Regarding procurement of Roll-on ferries and passenger vessels, the Bank favours careful assessment in terms of availability and excess capacity of ferries after the completion of Bangabandhu Jamuna Multipurpose Bridge. Moreover, the DANIDA - sponsored study on Inland Water Transport Sector and Policy has recently emphasized the need to focus on gradual rolling back of the state from the provision of services which can efficiently be provided by the private sector. Procurement of Passenger Sea Truck and Passenger vessels for Chittagong - Barisal route are two examples where private sector may be encouraged to invest.

Construction of Three-Star Hotel is an outlier in the portfolio list. However, there seems to be no justification for government involvement in a business activity. Private sector is more appropriate and eager in undertaking initiative where profit is the major driver.

## 5.2 Survey Results

TABLE - V : Categorywise Response : Transport

Project Serial No.	Approval Status	Response in number			
		Agree with World Bank	Do not agree	Total	No response
4.1	Approved	80	22	102	2
4.2	Unapproved	79	23	102	2
4.3	Unapproved	82	20	102	2
4.4	Approved	81	19	100	4
4.5	Unapproved	74	28	102	2
4.6	Unapproved	100	3	103	1
4.7	Approved	90	13	103	1
4.8	Approved	89	14	103	1
4.9	Unapproved	80	24	104	-
4.10	Unapproved	25	76	101	3

There are minor disagreements over most of the projects. Only marginal comments are available on project # 4.4 and # 4.5 and most of the respondents holds the view the project # 4.10 should be financed by public sector.

Maghbazar - Mohakhali and Jatrabari Flyover project is an urgent need to ease the traffic congestion in these areas of the city. Valuable time is lost when people are stranded in the traffic congestion and movement of goods and passengers came to a halt for hours. This situation can only be overcome through construction of Fly over at these points. However, the project is to be incorporated in the comprehensive assessment under the Dhaka Urban Transport Project.

Dhaka Eastern Bypass Road : Dhaka Eastern Bypass Road may help movement of traffics and goods from the eastern part of the country to the northern part and vice versa through the Jamuna Multipurpose Bridge. If all the traffic passes through the city roads there will be more traffic congestion. In future, there will be increased trade relations with the neighbouring countries and as a result there may be more traffic movement, so the project "Dhaka Eastern Bypass Road" is to be undertaken immediately. The possibility of participation by private sector may be explored in constructing this Bypass road. If there is no response from the private sector, government should take the initiative.

Procurement of Passengers Sea Truck for Coastal Areas.

Private sector may not be interested for the project. Maintenance of communication link with off-shore areas is extremely vital and private sector should not be relied up on with such a vital project. The government should not withdraw itself immediately from this sector, because existing private sector vessels are not capable of handling the existing demand. Chittagong - Barisal Passenger service in water ways is a Bay crossing service which require very expensive ships for safety and security of the passengers. As business in this route is non-profitable and as such private firms are not that much interested, it remains the obligation of the government to provide services in this area.

## SECTION-VI : PHYSICAL PLANNING AND HOUSING

Twelve projects in physical planning and water supply sector are listed by World Bank for scrutinization before they are included in ADP. Individual Project Status (approved Vs unapproved) is given in Table VI. The projects are :

- 5.1 Construction of 2000 Residential Flats for Government Employees in Dhaka City
- 5.2 Construction of 100 Residential Flats for Senior Government Officials in Dhaka City
- 5.3 Construction of 1000 Residential Flats for Government Officers and Staff in Dhaka City
- 5.4 New National Secretariat at Sher-e-Bangla Nagar
- 5.5 Construction of 180 Flats in Shamoli for Government Employees on a hire-purchase basis
- 5.6 Development of 100 Acres of Land for Construction of Residential Houses in Greater Dhaka
- 5.7 Construction of Government Offices and Residential Building in 44 District Headquarters
- 5.8 Residential Building of Judicial Officers in Dhaka, Khulna, Barisal, Rajshahi and Chittagong
- 5.9 Construction of Housing in Uttara for employees of Sadharan Bima Corporation
- 5.10 Multi-storied Housing for Slum Dwellers of Dhaka
- 5.11 Purbachal Model Town
- 5.12 Construction of a Low-Cost Hotel at Cox's Bazar.

### **6.1** *World Bank Opinion*

Projects listed in serial No. 5.1, 5.2, 5.3, 5.7 and 5.8 appear questionable on both efficiency and equity consideration. Benefit-cost Analysis indicates that enhancement of housing allowance may be a better option as construction and maintenance might require huge recurrent expenditures over the physical life of the projects. If the house rent allowance is considered inadequate for meeting rental costs, this should be addressed in a macro context by overhauling of entire benefit package. Moreover, as the housing provision meet the needs of only a tiny fraction of government employees, the equity issue is sacrificed in this discriminatory practice.

On the construction of New-National Secretariat at Sher-e-Bangla Nagar, the efficacy is to be considered on the rightsizing of government machineries in the face of market economy and privatization moves. Another option is to upgrade the existing facilities to meet the increasing volume of business.

On construction of 180 flats in Shamoli for government employees on a hire-purchase basis, World Bank holds the opinion that government should not involve in an activity which favour only a section of people and entangle government machinery in a complicated deal. Most

of the people of the country rely on formal and informal source of finance for housing and construction work is mainly carried out by private firms.

The role of RAJUK (project #5.6 and project # 5.11) as an state agency in land development and distribution is undermining the private sector role. The government must facilitate the land acquisition procedure by private sector by addressing the factors which minimize the incidence of land disputes and lead to quick and efficient resolution of such disputes. RAJUK's fundamental task should be concentrated on (i) town planning (ii) regulation of city development in the context of master plans and building codes.

The project # 5.10 - Multistoried Housing for Slum-Dwellers of Dhaka needs to be re-examined in the context of a comprehensive approach for helping the urban poor through a cost effective, sustainable and equitable forms of assistance. This project needs consideration in the context of experience of other countries and NGO's role in housing finance. Government may facilitate self-help housing, particularly in the development of sites and services and squatter upgrading. Hotel construction (project # 5.12) is a business activity and private sector may be encouraged to invest in such sectors.

## 6.2 Survey Results

TABLE-VI : Categorywise Response : Physical Planning and Water Supply

Project Serial No.	Approval Status	Response in number			
		Agree with World Bank	Do not agree	Total	No response
5.1	Approved	49	51	100	4
5.2	Unapproved	51	48	99	5
5.3	Approved	47	52	99	5
5.4	Unapproved	66	33	99	5
5.5	Unapproved	56	44	100	4
5.6	Unapproved	67	34	101	3
5.7	Unapproved	46	55	101	3
5.8	PCP approved	52	48	100	4
5.9	Unapproved	67	34	101	3
5.10	Unapproved	74	25	99	4
5.11	Not known	54	46	100	4
5.12	Unapproved	87	14	101	3



Provision of residential accommodation for the government employees is an age-old privilege to the employees. This facility along with reasonable pay attracts the brilliant and bright career personnel to the government service. Moreover, residential accommodation at suitably located places help the government employees to attend working places and maintain punctuality. The house rent of Dhaka City is very high in comparison to the housing allowance given to a government employees. Besides, the rent of a house/flat is rapidly increasing day by day in Dhaka City. If a considerable number of government employees are not accommodated by construction of residential flats, the accommodation problem in Dhaka City will be acute. So, the construction of 2000 Residential Flats for Government Employees in Dhaka City is a necessity though maintenance is higher than the housing allowance given to a government officials. On the other hand, housing allowance of those government officials who are not given any accommodation may be augmented to preserve the equity issue. Moreover, operational inadequacy of rent control act enable private owners to enhance the house rent. In such cases, the government shall have to revise the house rent allowances, at least every six months which is simply impossible. This will further aggravate the sufferings of the public officials. Moreover, transport, water supply etc. from a private house will add further sufferings. So, in spite of huge capital cost, government should undertake projects for construction of residential flats. To avoid recurrent maintenance cost and also to create employee confidence, government can sell the flats to the employees on instalment basis.

Construction of New National Secretariat at Sher-e-Bangla Nagar is a necessity for efficient running of the government. The existing secretariat is quite inadequate to accommodate all the Ministries. Considerable amount of time is lost and cost of fuel incurred in commuting between Secretariat and Planning Commission/Economic Relation Division situated in Sher-e-Bangla Nagar. For administrative reasons, it would be advisable to locate all the ministries/divisions in one site. As regards cost, the present Secretariat location could be auctioned off or bonds could be issued for such a prime site. This will bring adequate revenue for construction of the new Secretariat Building. Planning Commission, Election Commission and National Assembly is situated at Sher-e-Bangla Nagar and as such will be appropriate to

shift the National Secretariat to Sher-e-Bangla Nagar and as an alternative the existing Secretariat Building may be used for the office of the corporation, attached departments and directorates.

The Secretariat should be in a calm, quiet and environmentally pollution free place. Existing Secretariat has no room for further expansion or upgrade facilities.

The activities of RAJUK has been long tested. Over the years it has gathered experience in Land Development and distribution. Beside RAJUK, private enterprises are also running the same business. RAJUK's involvement in land development will in no way undermine the private sector's role. It will rather create a healthy competition between the public sector and private sectors. Otherwise, private sector will monopolise the market.

Judicial officers have always enjoyed the privileges and distinction to be provided with earmarked bungalows/houses in the district and divisional headquarters in order to discharge their special nature of jobs and functions properly. Hence, the project for residential buildings of the judicial officers in Dhaka, Khulna, Barisal, Rajshahi and Chittagong need to be completed.

## SECTION-VII: EDUCATION

Seventeen projects are included for reassessment before they are financed by ADP. Individual projects status (approved Vs unapproved) is given in Table VII. The projects are :

- 6.1 Food-for-Education Programme
- 6.2 Renovation and Development of Selected Non-Government High Schools
- 6.3 Development of Selected 350 Private Colleges
- 6.4 Development and Renovation of Secondary Schools (Government and Non-Government)
- 6.5 Establishment of Home Economics College at Chittagong
- 6.6 Development of Home Economics College at Rajshahi
- 6.7 Introduction of Computer Science Course in Selected Colleges and Teacher Training
- 6.8 Reconstruction and Expansion of Non-Government Secondary Schools (4000)
- 6.9 Reconstruction and Expansion of Non-Government Colleges (600)
- 6.10 Construction of Hostels for Girls of Government Schools and Colleges
- 6.11 Diversification and Expansion of Mid-Level Technical Education and Modernization of Existing Polytechnic Institutes Including Mohila Polytechnic
- 6.12 Establishment of 12 University of Science and Technology in Old District Headquarters
- 6.13 Establishment of English Language Training Institute
- 6.14 Introduction of Business Management Course in Non-Govt. Educational Institutions at the HSC Level
- 6.15 Establishment of a Girl's Cadet College at Feni
- 6.16 Provision of Computer Service in Secondary and Higher Secondary Stages for Existing Cadet Colleges
- 6.17 Setting up of Government Residential High School.

### **7.1** *World Bank Opinion*

Projects listed in education sector are ; Reconstruction and Renovation/development of existing academic institutions (6.2, 6.3, 6.4, 6.6., 6.8, 6.9, 6.10, 6.15 and 6.17), Establishment of Home Economics College at Chittagong, Introduction of Computer Science Course in selected Colleges and Teacher's Training, Diversification and expansion of Mid-level Technical Education and Modernization of Existing Polytechnic Institutes including Mohila Polytechnic, Establishment of 12 University of Science and Technology in Old district Headquarters and Introduction of Business Management Courses in Non-Government Educational Institutions. Food-for-Education Programme which currently meets the 13 percent of Primary School students needs reconsideration before its full scale operation.

Food for Education currently claims 43 percent of the ADP's Primary education budget, but failed to improve overall efficiency measured by dropout rate and repeaters. Moreover, administration and management of the Programme is expensive; transfer of Tk. 1 cost between Tk. 1.12 Tk. 1.51. The actual cost however, excludes the cost of school administration in procurement, logistic support and implicit cost of public procurement at a price higher than the market price. Some 26 percent of the beneficiaries have been outside the target group defined under the project. The projects under renovation/development should be linked with performance indicators of those institutions and in principle be provided only on a matching grant basis. Further, these institutions should demonstrate local/community support by mobilizing resources for renovation, maintenance and development. Selection of institutions should be based on transparent criteria.

Establishment of Home Economics College at Chittagong and Development of Home Economics College at Rajshahi are considered to be of low priority in view of the specialization of subjects. These institutions may be set up with private initiative and community involvement. Computer Service Course, a specialized craft may be addressed by private sector if there is any demand. This rationale is also applicable in Establishment of English Language Training Institute.

The construction of hostels for girls cannot be considered a priority project on both equity and cost effectiveness grounds. This type of establishments meet the requirement of a very small minority of students. Moreover, recurrent nature of repair and maintenance cost would pre-empt resources of the priority sector needs. Regarding diversification and expansion of Mid-level Technical Education, the World Bank holds the view that existing public establishment lacked flexibility to meet changing demands for training and trainees. The graduates of public programmes have fared poorly in the labour market compared to counterparts from private institutes. The role of government in the intervention need to be based on comprehensive assessment of (i) vocational and technical education strategy (ii) appropriate role of government and other agents such as NGOs and private sector.

Establishment of Technical Universities in old district headquarters need to be re-examined in the context of demand and supply of engineering graduates, management capabilities and cost recovery status of the existing institutions and the possibilities of private venture. Establishment of these institutions will drain resources from the priority primary and secondary sub-sectors. Establishment of a Girl's Cadet College and provision of Computer Service in selected Cadet Colleges do not justify on either efficiency or equity considerations. This rationale also applies in case of Government Residential High School. The capital cost of building residential schools and the recurrent cost of repair and maintenance will put a stress in financing projects in the priority areas.

## 7.2 *Survey Results*

TABLE-VII : Categorywise Response : Education

Project Serial No.	Approval Status	Response in number			
		Agree with World Bank	Do not agree	Total	No response
6.1	Approved	48	54	102	2
6.2	Approved	82	19	101	3
6.3	Approved	83	17	100	4
6.4	Unapproved (R)	78	22	100	4
6.5	Approved	53	48	101	3
6.6	Approved	59	42	101	3
6.7	Approved	46	55	101	3
6.8	Not known	84	16	100	4
6.9	Not known	84	15	99	5
6.10	Not known	47	53	100	4
6.11	Not known	54	46	100	4
6.12	Unapproved	28	72	100	4
6.13	Approved	31	69	100	4
6.14	Unapproved	86	14	100	4
6.15	Unapproved	84	16	100	4
6.16	Not Known	63	37	100	4
6.17	Unapproved	85	14	99	5

Food-for - Education Programme encourages the people below poverty level to send their children to schools. Food-for-education has proved to be a successful undertaking in selected unions in enhancing the enrolment and retention of standards. If this programme is stopped, poor people may not send their children to schools. There may be some loopholes in the system which should be identified and necessary measures are to be taken so that the ultra poor are

benefited from this programme. This programme alleviates poverty and nutritional requirements and ultimately results in development of primary education and fulfil the sectoral goals. The arguments of the World Bank for discontinuing the programme seems to be attractive, but there is another scenario of the issue. The projects Food For Education has substantially reduced the dropout rate in the primary school and female education rate has gone up to remarkable levels. So, the programme with proper review and correcting draw backs implicit in poor management may be reviewed. Moreover, in consideration of socio-economic development, the programme needs to be continued under effective supervision. This may be phased out depending on the changes in the socio-economic variables.

There is demand and good justification in establishment of a Home Economics College at Chittagong. The reasons assigned in the World Bank document for private involvement is not tenable. However, another option may be a full fledged Department of Home Economics at Chittagong University and Rajshahi University and at the same time some seats may be increased in Dhaka Home Economics College.

The project # 6.15, Establishment of a Girls Cadet College at Feni needs to be considered on the issue of gender equality. Currently, there is only one girl's cadet college at Mymensingh. Empowerment of women through education and participation of women in executive and management posts has been considered as a development tool throughout the world. Private sector lacks several traits and skills to run such an institution. On the other hand, this is a service oriented project. There is no cogent ground that this project should not be done by the government. It is not a low priority as indicated in the comments. From educational point of view, it has great impact on female education and their upliftment.

Global advancement of the world towards the next millennium warrants introduction of Computer Science Courses in selected colleges and teacher's training institutes with immediate effect. This should not be marked as a low Priority Project. Introduction of Computer Science should not be confined with mere "Training" activities which is being done by private sector institutions.

There is a high demand of computer technology both in the country and abroad. The students of computer science have wide employment opportunities. So, computer science should be introduced immediately in selected colleges and teacher's training institutes to allow students to take courses on computer and this should be considered as a priority project.

Computer programming/development of computer software has enormous prospect for earning foreign exchange and Bangladesh enjoys great potential. The initial cost is fully justified compared to potential earnings. India has already established itself as a pioneer in this field. Next millennium will observe a multi-billion dollar business in computer related software and data processing activities. Considering the so called computer millennium bug, government should immediately embark upon a programme to educate computer learning and train up programmers. Government should certainly play a pioneering role, initiating programmes to train and provide necessary support services to the private sector, highlighting the enormous potentiality. The project should be implemented phasewise in selected training colleges to give access to common students and teachers. It is the responsibility of both public and private sectors to come forward to train younger generation in computer literacy.

It was very unfortunate that government by a circular banned use of English in offices. Present-day officers cannot cope with a complex situation where communication is considered as one of the prime vehicles of Foreign Direct Investment. Foreign investors, now-a-days, is facing problems communicating with the government officials. Hence an institution for learning English is must. English language training provided by the private and foreign institutions is costly and the commoners have no access to these institutions. Moreover, the scope for training that have been created by the NGOs is quite insignificant compared to the needs. Therefore, the project should be implemented in the public sector. This is not a low priority project. The government should take initiative to extend English Language Teaching through its own institutions.

## SECTION-VIII: HEALTH

Seventeen projects are considered for reassessment before final inclusion for public sector finance. Individual project status (approved Vs unapproved) is given in Table VIII. The projects are :

- 7.1 Establishment of 5 Medical Colleges at Dinajpur, Bogra, Faridpur, Khulna and Comilla
- 7.2 Establishment of a National Centre for Control of Rheumatic and Heart Disease at Dhaka
- 7.3 Construction of a 200 Bed Hospital at Mirpur
- 7.4 Development of National Institute of Mental Health & Research and Establishment of a 100 Bed Hospital
- 7.5 Establishment of National Institute of Kidney Diseases and Urology at Dhaka
- 7.6 Conversion of IPGMR into a Centre of Excellence
- 7.7 Establishment of a National Eye Science Institute and Hospital at a New Site
- 7.8 Bangladesh Institute of Health Sciences
- 7.9 Establishment of Dhaka Dental College Hospital at Mirpur
- 7.10 Expansion of 23 Thana Health Complexes from 31 Bed to 50 Bed Hospital
- 7.11 Expansion of Khulna Medical College 250 Bed Hospital into 500 Bed Hospital
- 7.12 250 Bed Special Hospital in Khalishpur, Khulna
- 7.13 Expansion of Faridpur Medical College 250 Bed Hospital into 500 Bed Hospital
- 7.14 Expansion of Comilla Medical College 250 Bed Hospital into 500 Bed Hospital
- 7.15 National Asthma Centre
- 7.16 Establishment of 250 Bed Hospital at Gazipur
- 7.17 Establishment of 250 Bed Hospital at Jamalpur.

### **8.3** *World Bank Opinion*

The projects includes establishment/expansion of new unit/existing ones. Another project addresses the conversion of IPGMR into a centre of excellence. Two projects are a little bit different in nature. These are project # 7.15. National Asthma Centre and project # 7.8 Bangladesh Institute of Health.

Establishment of new unit of Medical College is questioned on the ground of lack of effective management, competent teachers, and teaching facilities in the existing units. Government should concentrate in improving the quality and condition of the medical facilities it has already established, rather than investing scarce resources in building new facilities. The overall deterioration in the quality of medical graduates and large-scale unemployment do not justify additional colleges in the public sector. The responsibility may be shared with private sectors.



The World Bank in many cases does not oppose the idea of the establishment of new units or expansion of the existing units but holds the view that public management of these units may not yield the desired results. The alternative proposed is to hand over the management of public hospitals to private autonomous foundations and NGOs, and provide budgetary support, linked to performance and accountability. (7.3, 7.5., 7.7, 7.9, 7.15).

Underutilization of existing capacity e.g., in some cases bed occupancy rates of only 50% does not justify expansion of 23 Thana Health Complexes from 31 beds to 50 bed hospital ( project # 7.10). World Bank also holds the view that expansion of a tertiary - level facility is not a priority in view of the large funding gap for the provision of essential services package (ESP) at the grass roots level, which has been identified in the Health and Population Strategy (HPSS) by government of Bangladesh as the highest priority ( project # 7.11, project # 7.13, project # 7.14).

The establishment of 250 bed special Hospital in Khalishpur appears questionable, given the proximity of public hospital in Khulna. Even private sector may provide these services The project related to the expansion of the IPGMR and conversion into a centre of excellence may not serve the interest of poorer sections of the society. New facilities which includes building of 200 hospital cabins may not conform to the ESP programs envisaged in the HPSS.

## **8.2** *Survey Results*

The respondents differ only in four out of 17 projects. Major disagreements are observed for the following projects :

1. P # 7.1 Establishment of 5 Medical Colleges at Dinajpur, Bogra, Faridpur, Khulna and Comilla.
2. P # 7.5 Establishment of National Institute of Kidney Diseases and Urology at Dhaka.
3. P # 7.2 Establishment of a National Center for Control of Rheumatic and Heart Diseases at Dhaka
4. P # 7.17 Establishment of 250 Bed hospital at Jamalpur.

Following table gives response for each of the projects. Surprisingly, the agreement is pronounced with a wide margin.

TABLE-VIII : Categorywise Response : Health

Project Serial No.	Approval Status	Response in number			
		Agree with World Bank	Do not agree	Total	No response
7.1	Approved	42	60	102	2
7.2	Approved	40	62	102	2
7.3	Unapproved	72	29	101	3
7.4	Approved	68	32	100	4
7.5	Approved	31	70	101	3
7.6	Approved	71	29	100	4
7.7	Unapproved	49	50	99	5
7.8	Unapproved	83	16	99	5
7.9	Unapproved	77	23	100	4
7.10	Unapproved	74	24	98	6
7.11	Unapproved	68	30	98	6
7.12	Unapproved	77	21	98	6
7.13	Unapproved	76	22	98	6
7.14	Unapproved	77	21	98	6
7.15	Unapproved	70	28	98	6
7.16	Approved	75	23	98	6
7.17	Approved	23	75	98	6

The justification for project # 7.1 is based on the assumption of a low doctor patient ratio. Moreover, there is increasing demand for more medical graduates because population growth in many new as well as old districts can not cope up with the existing facility. Moreover, to give access to more students into Medical Science and to fulfil the demand of doctors, the project should be implemented with out delay. The cost of study in private medical colleges are exorbitant and thus not accessible to the middle class.

However, proper steps should also be taken to improve the quality of the medical graduates, teaching standards and management of the existing medical colleges. The 5 new colleges has already been established and performing their normal activities as per schedule. This project needs to be completed within the time frame and without any hindrance. Private sector should also be encouraged and supported by the government to establish medical colleges to produce more doctors in the country.

There is a need for a specialized centre for Control of Rheumatic and Heart Diseases. Number of patients with Rheumatism and Heart Disease are increasing day by day and existing National Institute for Cardio-Vascular Disease is not enough to provide services to all the heart patients in the country. So the project "Establishment of a National Centre for Control of Rheumatic and Heart Disease" is to be implemented. A Dhaka based institute is more useful and can cater to the needs of people from all over the country. It is not cost effective to locate such specialised hospital at the district and thana level. People would naturally expect all forms of specialized treatment in city or else they would be referred from district to district where multiple diseases have to be diagnosed and treated. This establishment may save the hard earned foreign exchange because most well to do patients visit foreign countries for heart diseases.

Government can undertake very specialised ventures where private parties may not invest. When the services charged by the private sector is too high, poor people can seldom get access into those expensive private clinics. However, the centre should accommodate both preventive and curative services. Moreover, the project is specialised in nature. It will be difficult to run hospitals at District and Thana level for lack of specialized doctors and equipment.

The same analogy also applies in case of Establishment of National Institute of Kidney Diseases and Urology at Dhaka. This project needs immediate attention because many patients of our country suffering from kidney/urology diseases have to go abroad for treatment for want of such facilities in the country resulting in loss of foreign currency. Moreover, the government should have effective control on the proposed institute so that the poor patients have easy access for treatment.

The questions raised by the World Bank in respect of Bangladesh Institute of Health Sciences is very valid and pertinent. Country like ours cannot afford to bear such an ambitious and costly project. The project must be re-examined. The Ministry of Health and Family Welfare (MOHFW) should be thanked, because lately they have understood that the project is not viable and therefore they have indicated that after a review it has decided not to pursue the project at this stage.

The respondents were divided equally on one project, [project # 7.7 Establishment of a National Eye Science Institute and hospital at a new site] 50 respondents agreed with the World Bank idea and 49 were against the World Bank opinion. Respondents agreed that there is a priority need for establishment of a modern eye hospital with public support but efficiency may be improved by reformation of the administrative and management set up. It is to be noted that Dhaka based institute should not be a demerit because other specialized hospitals are also located in Dhaka where 10% of country's total population reside. Such an institute may be attached to Sharwardy Hospital so that it may be cost effective. There is a need for preventive care and can be introduced at thana health complexes as decentralization is beneficial when a greater segment of the population is encompassed.

Establishment of 250 Bed Hospital at Jamalpur should also be implemented as early as possible to provide health services to the people of Jamalpur and Sherpur area.

## SECTION-IX: SYNTHESIS

### *Compendium*

Few broad points have emerged from the previous empirical analysis. The analysis reveals that public ownership needs to be continued in projects characterized by massive capital infusion and social sector development. Out of 91 projects in 7 sectors, 30 projects in six sectors have been identified by respondents for financing by the public sector (Appendix-I). Essentially, these are the projects in the social sectors; Agriculture, Health, Education and Power and Mineral Resources, where private investment will not be spontaneous mainly because of lumpiness and indivisibility of investment and positive externalities.

The projects in the agriculture sector need to be retained in public sector because of the promoter role of government in agricultural development. Agriculture contributing 36% in GDP is still considered to be a crucial sector in growth performance. Certain promotional activities in agriculture sector may make a dent in attaining self sufficiency in food production. Seed as a staple input requires the government nourishment and nurture for some time until a competitive environment operates in the private sector. However, respondents agreed on the conversion of the seed wing of BADC into an autonomous unit. The unit should be run on a purely commercial basis and with full representation of stakeholders on its board.

Teesta Barrage Project requires massive construction and co-ordination with several local bodies for operation and maintenance. Private sector involvement in minor irrigation in Bangladesh is still on a very limited scale. So, public support for Teesta Barrage Project should continue. However, the management and operation of the unit may be divested to local government agencies and stakeholders organization for cost recovery.

The respondents agreed on major arguments put forward by World Bank for exclusion of manufacturing sector projects from ADP. Business activity can profitably be carried out by private sector and need not be continued in public sector. Most of the manufacturing units belong to this category. It is observed that retention of projects in the manufacturing sector are based on political as well as economic considerations. Political consideration mainly dictates

retention of the losing state owned enterprises in the public sector. BMRE of many state owned enterprises falls into this category. Most of the respondents agreed that BMRE should be carried out by private owner after the units are privatized. The exception is noted in the case of BMRE of the Karnaphuli Paper Mills.

Fertilizer is an essential input in agricultural activities. Private sector may not cope up with demand and monopolization of a fundamental input may put the economy in stress. The respondents did not agree with the World Bank suggestions on two units of fertilizer manufacturing unit: Shahjalal Fertilizer Factory and Urea Fertilizer Factory in Northern/Southern part of the country. However, they agreed with the world Bank in liberalizing markets for fertilizer. The policy options includes replacement of the dealership system and substitute of a market based distribution system. The government must strive to correct the price gap of domestically ex-factory price of urea with international price. Again, expansion of Export Processing Zone and providing essential infra-structure and utilities need co-ordinated action by different agencies and also huge capital investment. Only public sector is poised to do these coordinational role and therefore financing must be carried out by the public sector. Construction of Dhaka World Trade Centre and operation at the initial stage by public body may lead to expansion of trade and pave the way for creating an environment conducive to trade.

Respondents differ on minor points in the projects on Transport sector. It appears that most of the respondents agreed on the World Bank viewpoints on construction of priority public roads. However, few respondents observed that there is an urgency in the construction of Flyover and Eastern Bypass road and public sector may come forward in immediate construction to ease the traffic congestion. The project on Procurement of Passengers Sea Truck for Coastal Areas should be retained as a public sector activity for safety and security of the passengers. Moreover, this business route may not be profitable in the immediate future for the private sector to run.

Power is considered as one of the commanding heights of economy. Because of huge investment cost, few projects may be implemented by private sector. Two projects, 300 MW Coal Based Thermal Power Plant at Barapukuria and Ruppur Atomic Energy should be

considered by the public sector because the first one unleashes enormous potentiality in using natural resources at the proximity of the source, the second deserve consideration because of economic consideration and huge investment cost.

Ruppur Atomic Energy Project is a prestigious project. Developed countries meet a substantial portion of energy requirement through atomic energy. For example, France meet 40% of its power requirement from nuclear power stations. Respondents hold the view that government of Bangladesh has received green signal/clearance from IAEA for construction of a nuclear plant. Chinese and the French governments showed interest in implementation of the project. Though initial capital investment is substantially large for construction of nuclear power plant, but the long run marginal cost is relatively much lower than oil or gas turbine power station. The existing power generation capacity is far short of demand and the private sector's role is minimal. Private sector power generation policy (PPGP) (approved in October, 1996) which authorizes new power generation capacity through Independent Power Producer (IPP) on BOO basis failed to generate enough response from the private sector. Therefore, the government must shoulder the prime responsibility in power generation in near future and existing projects in the public sector need timely implementation.

The Urban Planning is considered to be a public activity but construction activity may well be carried out by private sector. The government involvement should be in policy planning not in business activity. Some of the participants holds the view that RAJUK should not involve in land development and distribution. Housing construction in the developed countries is mainly the domain of private ownership. However, respondents view may be partly justified in case of projects New National Secretariat at Sher-e-Bangla Nagar and Residential Building of Judicial Officers in divisional towns. All other projects may be financed by private sector or by autonomous body on Self-financing basis.

Education and Health are two important social sectors. There are areas where private sector may be willing to invest but certainly there are areas where social benefit is greater than private benefit, private entrepreneur may not be willing to invest because of positive externality. The projects for which disagreements observed belong to social infrastructure. The benefits of

these social infrastructure projects filters down in the society at a substantial lag. Private sector may not be willing to investment in projects with a long gestation gap. The impact on the society in productivity improvement is observed after a long lapse of time. Ten projects which are identified by the respondents in the Education and Health Sector are important in consideration of socio-economic development in Bangladesh where poverty is endemic and the productivity is low. Massive investment within an in-built equity consideration (safety net) and productivity improvement is a crying need for social sector development. The investment must be there to address the distributional issue of a majority section of people.

### *Concluding Remarks - - Dichotomy: Public Vs Private*

The proper dichotomy between public and private activity is complex. There is a general presumption that public role in the economy emerges and evolves to perform those economic functions that markets can not handle or can not perform well. Public role is predominant in the case of market failure. These include provision of public goods and services, correction of externalities, ensure equity through taxes and transfers and stabilization or "maintenance of a high but noninflationary level of aggregate demand and employment in the economy". Perfect government is thus fully equipped to suggest remedial measures in case of market failures. On the other hand, there are areas where private sector is competent enough to undertake activities purely on profit motive. Three process of increasing private involvement can be identified. (Batley; 1996).

1) Programmed Privatization : Privatization of public enterprises incurring continues losses or design management unit for efficiency gain in resource use or contract out particular operation.

2) Pragmatic Privatization : The private sector is considered as the main operational unit of management.

3) Informal or unintended privatization where the failure of public services leads private firms, communities or households to step in to make up the deficiency.



Privatization is a political process. The process involves various stakeholders with diverse interests. The privatization process for a transition economies ( from central planning regime to a state of market economy) is different from the process of a country undergoing structural reform in the mixed economic framework. The former state very often attempts at mass privatization at a speed that often defies an institutional set up to tackle the problem. Countries with developed market economies have often pursued privatization on a piecemeal basis. Bangladesh belongs to the second category. The experience with programmed and pragmatic privatization is scant but unintended or informal privatization is gaining ground. Refuse collection, operation of academic programs through specialized unit in the basic as well as college level, provision of health services through establishment of hospital and clinics, urban transportation, housing are some of the areas where there is spontaneous response from private sector. Obviously, these are the activities where private return is higher than social return. There are few examples of contracting out, railway passenger service, security arrangements and examples of public and private ownership in the case of telecommunication industry. Moreover, civil society and NGO's are involved in slum improvement, latrine installation and community contracts for refuse collection. The experiences with programmed and pragmatic privatization from the inception of the Privatization Board is not encouraging and many units earmarked for privatization is still in the domain of the public sector draining huge amount of resources for operational maintenance. Most of the units are operating below the break even point and are awaiting for BMRE through public support even those units are earmarked for privatization.

Bangladesh economy bears certain peculiarities. Densely populated, the country needs certain recurrent nature of investment in physical and social infrastructure each year just to sustain a marginal improvement over the previous years level. Natural calamities act as a constant barrier in development that pre-empt lot of prescheduled investment in major important sectors. Certain programmes in health and education sectors need to be addressed exclusively by government domain. Agriculture contributing 36% in GDP is still considered to be a crucial sector in growth performance. Certain promotional activities in agriculture sector may make a dent in attaining self sufficiency in food production. The transport, power and mineral resources, the commanding height of the economy provide basic inputs in development

and government investment in these priority sectors is crucial for development. Likewise physical planning and water supply is important for providing basic infrastructure for sustainable development. With these backdrop, the suggestions of the World Bank need to be scrutinized in the context of the Bangladesh Economy. This requires financing of programmes in the social sector such as mass literacy and basic health facility. This idea justifies project undertaking in the Education and Health sector. On the other hand, government must invest in the development of physical infrastructure which includes electricity and telecommunication net work. Moreover, assure financing for research in the area of agricultural developments, e.g., design and delivery of new varieties of seeds. These are the activities where social return is higher than private return and thus private firm may not be willing to invest where there is positive exneralities generated in the production process. Another area where government intervention is required is the strict enforcement of environmental rules. Many units in the private sectors overproduced because the cost due to negative externalities is not internalized in the system. The government should enact enough rules and regulation to monitor the units so that environmental hazard is minimum. The government should play a promoter role in the development of private sector and withdraw her activities where private return is greater than social return.

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## SECTORWISE LIST OF PROJECTS

Sector	Project Serial No.	Approval status	Name of the Project
<b>Agriculture</b>	1.1	Approved	Seed Development Project
	1.4	Unapproved	Construction of New Food Godown at Strategic Places
	1.6	Approved	Construction of a Concrete Silo with Ancillary Facilities at Mongla Port
	1.7	Approved	Teesta Barrage
<b>Industry</b>	2.2	Approved	Shahjalal Fertilizer Company Limited
	2.4	Unapproved	BMRE of Karnaphuli Paper Mills
	2.5	Not known	Urea Fertilizer Factory in Northern/Southern Part
	2.12	Not known	Dhaka EPZ Extension
	2.21	Not known	Construction of Dhaka World Trade Centre
<b>Power and Mineral Resources</b>	3.1	PCP approved	300 MW Coal Based Thermal Power Plant at Barapukuria
	3.6	Unapproved (R)	Ruppur Atomic Energy
	3.7	Approved	Joypurhat Limestone Mine and Cement Complex
<b>Physical Planning and Water Supply</b>	5.1	Approved	Construction of 2000 Residential Flats for Government
	5.2	Unapproved	Construction of 100 Residential Flats for Senior Government Officials in Dhaka City
	5.4	Unapproved	New National Secretariat at Sher-e-Bangla Nagar
	5.3	Approved	Construction of 1000 Residential Flats for Government Officers and Staff in Dhaka City
	5.5	Unapproved	Construction of 180 Flats in Shamoli for Government Employees on a hire-purchase basis
	5.6	Unapproved	Development of 100 Acres of Land for Construction of Residential Houses in Greater Dhaka
	5.8	PCP approved	Residential Building of Judicial Officers in Dhaka, Khulna, Barisal, Rajshahi and Chittagong
	5.11	Not known	Purbachal Model Town
<b>Education</b>	6.1	Approved	Food-for-Education Programme
	6.5	Approved	Establishment of Home Economics College at Chittagong
	6.7	Approved	Introduction of Computer Science Course in Selected Colleges
	6.13	Approved	Establishment of English Language Training Institute
	6.16	Not known	Provision of Computer Service in Secondary and Higher Secondary
<b>Health</b>	7.1	Approved	Establishment of 5 Medical Colleges
	7.2	Approved	Establishment of a National Centre for Control of Rheumatic and Heart Disease
	7.5	Approved	Establishment of National Institute of Kidney Diseases and urology at Dhaka
	7.7	Approved	Establishment of a National Eye Science Institute and Hospital at a New Site
	7.17	Approved	Establishment of 250 Bed Hospital at Jamalpur