

# Asian Development Bank & Bangladesh

## FACT SHEET

**Table 1. Bangladesh: Development Indicators**

Non-MDG	
Population in millions	142.46 (2008)
Annual population growth rate (%)	1.3 (2006–2008)
Adult literacy rate (%)	53.5 (2007)
Percent of population in urban areas	26.7 (2007)
MDG	
Percent of population living on less than \$1.25 a day	49.6 (2005)
Percent of population living below the national poverty line	40.0 (2005)
Under-5 mortality rate per 1,000 live births	61 (2007)
Percent of population using an improved drinking water source	80 (2006)

MDG = Millennium Development Goal.

Sources: ADB. 2009. *Basic Statistics 2009*. Manila.  
UNESCO. 2009. Institute for Statistics Data Centre.  
World Bank. 2009. World Development Indicators Online.

Bangladesh has made major progress in recent years, with sustained macroeconomic stability, improved health and education, gender parity in primary and secondary education, and a steady decline in poverty levels.

Despite these improvements, maternal and child mortality rates remain high and the quality of education remain poor, with gender discrimination continuing in many areas.

Government revenues, at just 11.2% of gross domestic product, are still far too low to meet the growing demand for infrastructure and social services. Poor infrastructure, weak governance, and limited access to finance make the cost of doing business high.

The Multifibre Arrangement was phased out in 2005, but the country's important garment industry is more constrained by infrastructure problems associated with ports, roads, rail, and power supply than by inadequate trade access.

### Relationship with ADB

Bangladesh joined the Asian Development Bank (ADB) in 1973 and, as of 31 December 2008, cumulative public sector lending amounted to about \$9.86 billion for 192 loans, with \$183.16 million for technical assistance (TA) grants for 331 projects. The country is one of the largest borrowers of concessionary Asian Development Fund resources.

The loans and TAs have supported all key sectors, including energy, transport, social infrastructure, agriculture, and natural resources. ADB has also supported eight private sector projects worth \$242.18 million, including the Meghnaghat Power Project—the first build-own-operate power project in the country—and GrameenPhone, which substantially expanded rural access to mobile phone services.

In the late 1980s, ADB was primarily a lender for growth-promoting investment projects. In the 1990s, loans became more closely linked to institutional and policy support, with program loans targeted at the agriculture, industry, railway, finance, and energy sectors. There was also a growing emphasis on social infrastructure with the focus on human development, gender equality, and poverty reduction. In line with the 1999 country operational strategy, ADB expanded its support into new areas in urban and rural infrastructure, and education to encompass decentralization and good governance.

Under the current Country Strategy and Program (CSP) covering the period 2006–2010, ADB is playing a major role in the energy, transport, education, urban health, and urban water supply and sanitation sectors. In other areas, such as agriculture (i.e., agribusiness), water resources management, the financial sector, and small- and medium-sized enterprise development, ADB supports initiatives led by other development partners. Disaster mitigation, regional cooperation, gender, and environment continue to be addressed as key crosscutting issues.

ADB policy dialogue on governance has focused on reducing corruption and on improving financial management, procurement, and institutional capacity.

## Impact of Assistance

An array of successful projects illustrates the broad impact of ADB's assistance. With cofinancing from ADB, the World Bank, and the Government of Japan, for example, the Jamuna Bridge established an important land connection between the poorer northwest region of the country and the eastern half, which includes the capital, Dhaka, and Chittagong port in the southeast. The bridge has reduced transport costs, boosted trade, and increased labor migration. It has helped reduce poverty and increase economic and social opportunities, especially in the northwest. National estimates suggest that at least 1 million people will be lifted out of poverty because of the positive impact of the project, which was approved in 1994.

The success of an innovative program involving nongovernment organizations in providing health care in government clinics has prompted a second phase of the project to expand into two more cities and five smaller municipalities. In the first phase, the Urban Primary Health Care Project established health care centers in low-income areas of four major cities through which nongovernment organizations are subcontracted to provide primary health care services. The project has supported preventive and curative health care, and family planning services, and provided advice, counseling, and health and hygiene advocacy. Prenatal and postnatal health care and in-house delivery services provided for poor women have greatly lowered the risk of maternal mortality. By reducing child and maternal mortality, the project will help Bangladesh achieve the Millennium Development Goals for child mortality and maternal health. Women and children will constitute more than 75% of all project beneficiaries. The project also helps female victims of domestic violence get legal assistance.

The Second Primary Education Development Program, approved in 2003, is supported by 11 development partners led by ADB. It aims to reduce poverty and support sustainable economic development

**Table 2. Bangladesh: Economic Indicators, 2004–2008**

Economic Indicator	2004	2005	2006	2007	2008
Per capita GNI, Atlas method (\$)	410	440	450	470	...
GDP growth (% change per year)	6.3	6.0	6.6	6.4	6.2
CPI (% change per year)	5.8	6.5	7.2	7.2	9.9
Unemployment rate (%)	...	4.6	...	...	...
Fiscal balance (% of GDP)	-3.2	-3.3	-3.2	-3.2	-4.7
Export growth (% change per year)	15.9	14.0	21.5	15.8	15.7
Import growth (% change per year)	13.0	20.6	12.1	16.6	25.6
Current account balance (% of GDP)	0.3	-0.9	1.3	1.4	0.9
External debt (% of GNI)	33.8	29.9	31.1	30.1	...

... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2009. *Asian Development Outlook 2009*. Manila.  
ADB staff estimates.  
World Bank. 2009. World Development Indicators Online.

**Table 3. Bangladesh: 2008 Loan, TA, and Grant Approvals (\$ million)**

Loans		TA	Grants	Total
Sovereign	Nonsovereign			
592.0	–	4.5	18.5	615.0

– = nil.

Cumulative Lending (as of 31 Dec 2008) : \$9,857.5 million  
Cumulative Disbursements (as of 31 Dec 2008) : \$6,856.1 million

through universal primary education, and by raising learning standards and student achievements. The program is helping establish a primary education civil service cadre, improved governance at the service delivery level, improved teacher training, and more inclusive education.

In 2008, ADB approved a total of \$592 million in loans covering the Skills Development (Technical and Vocational Education) Project; the Public–Private Infrastructure Development Facility; the Second Urban Governance and Infrastructure Improvement (Sector) Project; the Emergency Disaster Damage Rehabilitation (Sector) Project; the Emergency Assistance for Food Security Project; and included the following:

- \$50 million to enhance the capacity of the technical and vocational education and training (TVET) system to provide demand-driven and quality education and training programs, particularly for the poor and the marginalized, while promoting the growth and productivity of industries by supplying trained workers.
- \$165 million to fill infrastructure financing gaps, encourage private sector investment, promote public–private partnership in infrastructure, and play a catalytic role in attracting commercial funding for infrastructure.
- \$87 million to support the improvement of urban governance, infrastructure and service delivery in *pourashavas* (secondary

**Table 4. Bangladesh: Cumulative ADB Lending as of 31 December 2008**

Sector	Loans (no.)	Amount (\$ million)	% <sup>a</sup>
Agriculture and Natural Resources	51	1,654.06	16.78
Education	18	897.16	9.10
Energy	32	2,529.25	25.66
Finance	10	276.20	2.80
Health, Nutrition, and Social Protection	5	164.10	1.66
Industry and Trade	17	516.80	5.24
Law, Economic Management, and Public Policy	1	150.00	1.52
Multisector	22	1,545.82	15.68
Transport and Communications	31	1,837.70	18.64
Water Supply, Sanitation, and Waste Management	5	286.40	2.91
<b>Total</b>	<b>192</b>	<b>9,857.49</b>	<b>100.00</b>

<sup>a</sup> Total may not add up because of rounding.

**Table 5. Bangladesh: Project Success Rates**

By Sector	Percentage <sup>a</sup>	No. of Rated Projects/Programs
Agriculture and Natural Resources	48.6	35
Education	66.7	12
Energy	75.0	12
Finance	16.7	6
Health, Nutrition, and Social Protection	25.0	4
Industry and Trade	50.0	6
Multisector	75.0	12
Transport and Communications	75.0	16
Water Supply, Sanitation, and Waste Management	50.0	2
<b>Total</b>	<b>58.1</b>	<b>105</b>
By Year of Approval		
1970s	26.1	23
1980s	57.1	35
1990s	73.3	45
2000s	100.0	2

<sup>a</sup> Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2008.

towns). An estimated 3.8 million citizens of the target municipalities will benefit from improved governance, infrastructure, and service delivery.

- \$120 million to contribute to sustainable economic growth by minimizing the devastating impact of severe floods and a cyclone, and reducing future risk from similar disasters. The project also contributes to quick restoration of economic and social activity in the 51 districts for 25 million people seriously affected by the floods and cyclone.
- \$170 million in emergency assistance to help expand targeted safety net programs for the poor and vulnerable at a time when there are inadequate budgetary resources for financing these programs.

## Future Directions

The Bangladesh Country Operations Business Plan for 2009–2011, approved in August 2008, comprises 24 projects totaling about \$2.3 billion, including assistance for construction of the Padma Multipurpose Bridge and promoting regional cooperation in South Asia. The TA program for 2009–2011 consists of 31 projects, with an annual allocation of about \$6.4 million.

Assistance to the transport sector will help reduce the cost of doing business and improve the investment climate, while ADB will support investments and institutional reforms in the power and gas sectors to ensure reliable and affordable access for the majority of the population.

Efforts will continue to improve the quality and relevance of education by building capacity and improving policies and the institutional environment. In urban development and water supply and sanitation, ADB will focus on strengthening municipal management and local resource mobilization, promoting a clean urban environment, and improving basic living conditions in secondary towns and cities.

In agriculture, ADB will support government efforts to develop and adapt productivity-enhancing technologies and to improve rural infrastructure and local governance, in collaboration with other

development partners. Assistance for flood management and irrigation systems will boost agricultural productivity and encourage livelihood diversification.

ADB will also step up efforts to catalyze and promote private sector participation and foreign direct investment to meet the country's urgent need to upgrade its infrastructure.

## Operational Challenges

Weak governance and structural problems continue to constrain Bangladesh's development. The 2008 Country Portfolio Review Mission identified actions needed to improve several key areas of project implementation, specifically the project approval process, procurement, and financial management. The current CSP emphasizes designing projects that are better prepared for implementation. This means projects that are simpler; take into consideration capacity constraints; and include covenants that are realistic, focused, and properly sequenced.

## Partnership

The results-based CSP (2006–2010) is an important step toward commitments made at the Paris High-Level Forum on Aid Effectiveness in early 2005 between developing country governments and development partners. Implementing the CSP requires continued strong partnership with all stakeholders in Bangladesh, including the private sector, civil society, and development partners.

ADB also cooperates extensively with civil society organizations in Bangladesh to strengthen the effectiveness, quality, and sustainability of its services. An example is the Second Urban Primary Health Care Project.

## Cofinancing and Procurement

Cofinancing operations enable ADB's financing partners—government or their agencies, multilateral financing institutions, and commercial

Table 6. **Bangladesh: Portfolio Performance Quality Indicators for Sovereign Lending, 2007–2008**

	2007 (\$ million)	2008 (\$ million)
Number of Ongoing Loans (as of 31 Dec 2008)		50
Contract Awards/Commitments	446.84	506.21
Disbursements	346.05	615.64
Loans at Risk (%)	2.1	2.0

Table 7. **Bangladesh: Contractors/suppliers involved in ADB loan projects, 1 January 2004–31 December 2008**

Contractor/Supplier	Sector	Contract Amount (\$ million)
AML-GITEC-ICCL JV.	Transport and Communications	22.39
Monico, Ltd.	Transport and Communications	15.25
Islam Trading Consortium, Ltd.	Transport and Communications	13.90
Abdul Monem, Ltd.	Transport and Communications	12.10
Energypac Engineering, Ltd., Bangladesh	Energy	15.33
Siemens Consortium Gallamari Project	Energy	6.99
RCL-ACL-Progressive Joint Venture	Transport and Communications	6.53
ITCL-SEL Joint Venture, Bangladesh	Transport and Communications	6.10
National Tubes, Ltd.	Energy	4.99
SQ & Cable Company, Ltd.	Energy	9.19

Table 8. **Bangladesh: Top consultants (individual consultants and consulting firms) involved in ADB loan projects, 1 January 2004–31 December 2008**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Bets Consulting Services, Ltd.	3	5.05
Chittagong City Corporation	2	2.85
S.F. Ahmed and Co. and Associates	2	1.94
Uniconsult International, Ltd.	5	1.39
Individual Consultants from Bangladesh*	11	0.25

\* Consultant may have one or more contracts within the period covered.

Table 9. **Bangladesh: Top consultants (individual consultants and consulting firms) involved in ADB technical assistance projects, 1 January 2004–31 December 2008**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual Consultants from Bangladesh*	159	4.06
Maxwell Stamp, Ltd. (Bangladesh)	6	2.53
Uniconsult International, Ltd.	3	1.74
Technoconsult International, Ltd.	3	1.31
Centre for Development Studies (CDS)	1	0.42
Institute of Governance Studies	1	0.36
HIV/AIDS and STD Alliance Bangladesh	1	0.05
Polli Unnayan Andolon (RDM)	1	0.03

\* Consultant may have one or more contracts within the period covered.

organizations—to participate in financing ADB projects. The additional funds are provided in the form of grants, official loans, or credit enhancement products.

In 2008, the Emergency Disaster Damage Rehabilitation (Sector) Project was provided with \$80.0 million loan cofinancing, of which \$60.0 million was from Japan and \$20.0 million was from the OPEC Fund for International Development. This project was also provided \$10.0 million grant cofinancing from Canada. Switzerland provided \$6.0 million and \$2.5 million in grant cofinancing for the Skills Development Project and Post-Literacy and Continuing Education (Supplementary) Projects, respectively.

As of year-end 2008, cumulative direct value-added cofinancing for Bangladesh amounted to \$1.2 billion for 26 investment projects, and \$58.4 million for 68 TA projects.

A summary of projects with cofinancing from 1 January 2004 to 31 December 2008 is available at [www.adb.org/Documents/Fact\\_Sheets/Bangladesh/cofinancing.asp](http://www.adb.org/Documents/Fact_Sheets/Bangladesh/cofinancing.asp).

As of 31 December 2008, 10,330 consultant contracts were awarded under ADB loan projects worth \$4.17 billion, of which 349 contracts were awarded to consultants from Bangladesh worth \$77.1 million.

From 1 January 1985 to 31 December 2008, 18,104 consultant contracts were awarded under ADB TA projects worth \$2.33 billion, of which 429 contracts were awarded to consultants from Bangladesh worth \$21.0 million.

A summary of procurement contracts awarded to companies and consultants from Bangladesh for goods and works, and consulting services can be found at [www.adb.org/Documents/Fact\\_Sheets/Bangladesh/procurement.asp](http://www.adb.org/Documents/Fact_Sheets/Bangladesh/procurement.asp).

## About Bangladesh and ADB

Bangladesh is the 13<sup>th</sup> largest shareholder among regional members and the 20<sup>th</sup> largest overall.

### ADB Membership

Joined	1973
Shares held	36,128 (1.02%)
Votes	49,360 (1.11%)

**Ashok K. Lahiri** is the Executive Director and **Md. Aminul Islam Bhuiyan** is the Alternate Executive Director representing Bangladesh on the ADB Board of Directors.

**Paul J. Heytens** is the ADB Country Director for Bangladesh. The Bangladesh Resident Mission (BRM) was opened in 1982 and provides the primary operational link between ADB and the government, private-sector, and civil-society stakeholders in its activities. BRM engages in policy dialogue and acts as a knowledge base on development issues in Bangladesh.

The Bangladesh government agency handling ADB affairs is the Ministry of Finance.

## About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2008, lending volume was \$10.49 billion (86 projects), with TA at \$274.5 million (299 projects) and grant-financed projects at \$811.4 million (49 projects). This also generated \$1.65 billion in direct value-added cofinancing from financing partnerships operations. Over the last 5 years (2004–2008), ADB's annual lending volume averaged \$7.70 billion, with TA averaging \$231.5 million and grant-financed projects \$655.1 million. As of 31 December 2008, the cumulative totals were \$143.53 billion in loans for 2,147 projects in 41 countries, \$4.08 billion for 263 grant projects, and \$3.55 billion for 6,599 TA projects.

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### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

### Country website

[www.adb.org/bangladesh](http://www.adb.org/bangladesh)

### Asian Development Outlook

[www.adb.org/Documents/Books/ADO/2009/BAN.pdf](http://www.adb.org/Documents/Books/ADO/2009/BAN.pdf)

### Annual Report

[www.adb.org/Documents/reports/annual\\_report/2008/](http://www.adb.org/Documents/reports/annual_report/2008/)

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