Statement by Valeriano F. Garcia  
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Bangladesh - CAS - Progress Report  

We thank staff for the CAS-Progress Report on Bangladesh.  

This progress report empirically confirms two basic tenets of economics. First, that macroeconomic stability is a necessary condition for sustainable growth and, second, that sustained growth is the real motor behind poverty reduction and the improvement of social indicators.  

However, Bangladesh still has a long way to go and we are afraid that the Bank has not developed a well-focused strategy, as it is doing too many things and has not chosen a "strategic sector". It is our view that the strategic sector should have been education. With a youth illiteracy rate well above 50%, including 63% of female illiteracy, we are very disappointed to find hardly any mention to education in the Bank's document. There seems to be only some donor activity in this field with little or no Bank involvement.  

Poor countries, by definition, are constrained in almost any area but it is the Bank's role to find out those strategic sectors, which, if developed, would trigger self-sustained progress in other areas. In the case of Bangladesh education seem to be the obvious choice. During the CAS discussion, staff mentioned that Bangladesh had made remarkable strides in education, but that education quality and achievement remained poor. During an October 1997 visit by President James Wolfensohn, it was agreed on the need for a long-term vision on education. A new education strategy was going to help the government articulate such a vision, including the necessary arrangements and a financing framework compatible with overall macroeconomic balances. The process of preparing the strategy was going to be used to build support for it by engaging stakeholders and working toward a consensus among governments and donors on the direction and magnitude of future assistance, which was going to include a
major 10-year commitment by IDA. The present CAS Report is mute in this respect.

IFC's overall strategy in Bangladesh is centered on its active participation in key economic sectors. It is also centered in trying to narrow the gap between approvals and disbursements of past participation. We recommend that this thrust be maintained, as the development of the private sector is instrumental in Bangladesh to further foster growth. The continued assistance of MIGA in this instance is also very important.