

Fahmeeda Wahab speaks at ULAB on foreign aid to Bangladesh

Fahmeeda Wahab spoke to the ULAB community in a talk entitled **“Foreign Aid 101 & the Story of the Bottomless Basket”** on 11 June, 2013 at ULAB’s campus in Dhanmondi. Fahmeeda Wahab has 26 years of experience in international development and was most recently the Canadian International Development Agency’s (CIDA) First Secretary for development posted to Beijing.



The title of the talk takes its name from the unfortunate statement by a US policy maker (often erroneously assumed to be Henry Kissinger) that an independent Bangladesh would be “basket case” and a bottomless pit for foreign aid. Clearly that prediction was incorrect.

Ms. Wahab began her talk by charting out how foreign aid has dramatically changed in Bangladesh. After independence, aid was oriented towards post-war rehabilitation: over 30% of aid was food aid, over 50% was commodity aid, and less than 20% was directed at specific projects. By the 2011-2012 fiscal year, food aid made up less than 5% of aid, commodity aid had disappeared, and project aid made up

over 95% of aid. In addition, support has shifted from majority grants to majority loans and from primarily bilateral to mainly multilateral aid. Furthermore, aid projects increasingly address issues of governance and public administration capacity building.

The talk explored the many reasons to be critical of foreign aid to Bangladesh. For example, some bilateral aid actually seeks to benefit the donor countries by requiring use of donor country goods or contractors. In addition, Bangladeshi officials often lack a sense of ownership over foreign promoted projects, undermining implementation. Furthermore, only a small percentage of committed aid is ever actually dispersed, and the Bangladeshi government often lacks the capacity to spend all the aid offered. At times, donor coordination is inadequate, and there is often a duplication of efforts. Aid also creates some perverse incentives, including incentives for corruption and the creation of a “poverty business,” which offers lucrative career opportunities for development contractors and practitioners.

Nonetheless, aid has helped contribute to Bangladesh’s progress in reaching the Millennium Development Goals. In 1990, 56.6% of the population lived below the poverty line, compared with only 31.5% in 2010. Primary school enrollment has climbed to 95% (although the dropout rate is high). The under-five mortality rate has fallen from 146 in 100,000 in 1990 down to 50 in 100,000 in 2010, with a similar decline experienced in infant mortality and an even more dramatic decrease in maternal mortality. Child births by a skilled attendant has risen from 5% to 50% and measles immunization has gone from 54% to 100%. As such, the question Ms. Wahab’s talk leaves us with is how to ensure the benefits from foreign aid, while addressing the many criticisms.

Fahmeeda Wahab’s talk was part of the Center for Enterprise and Society’s (CES) Business and Economics Talk Series. The Center seeks to advance understanding of the opportunities and challenges to business and societal development in Bangladesh through objective, academic study. For more information, please visit: <http://www.ulab.edu.bd/CES/home>