



INTERNATIONAL DEVELOPMENT ASSOCIATION

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IDA Press Release No. 73/62
July 2, 1973.

Subject: \$7.5 million credit for
cereal seeds project in
Bangladesh.

A credit of \$7.5 million from the International Development Association (IDA), an affiliate of the World Bank, will assist Bangladesh in establishing a modern seeds industry, initially capable of producing about 12,000 tons of high-yielding rice and wheat seeds a year.

The project is an important part of Bangladesh's efforts to increase agricultural production through the adoption of new agricultural technology and inputs. The project, when completed in 1978, will help Bangladesh to increase its production of wheat and rice by 400,000 tons a year resulting in an annual foreign exchange savings of about \$25.0 million.

Agriculture is Bangladesh's most important economic sector, producing more than 55% of the nation's GDP and 80% of the employment. Rice cultivation provides about 35% of the country's foodgrain requirements. Wheat acreage, still very small, has been growing rapidly and wheat is likely to become a more significant part of foodgrain supply. Although the land is fertile and the farmers industrious, an excessively high population density combined with traditional farming techniques result in food shortages and the necessity of using scarce foreign exchange resources to import foodgrains.

The Government of Bangladesh is evolving a development strategy which concentrates on increasing foodgrain production through the accelerated spread of new high-yielding seeds, increased application of agricultural inputs, particularly chemical fertilizers, and expansion of irrigation primarily through tubewells and low-lift pumps.

The project being assisted by IDA includes the development of 17 farms of the Bangladesh Agricultural Development Corporation for the production of foundation and certified seeds; organization of a contract seed grower scheme covering about 5,000 acres in five areas; construction of six seed processing plants; provision of seed storage and marketing services; institution of a seed quality control service; further development of the Bangladesh Rice Research Institute; and provision of training programs and technical assistance.

The total estimated cost of the project is \$10.6 million. The IDA credit will finance all of the foreign exchange costs estimated at \$6.0 million and local currency expenditures amounting to \$1.5 million.

The IDA credit to the Government of Bangladesh is for a term of 50 years, including a 10-year grace period. It is interest free, except for a service charge of 3/4 of 1% to cover IDA's administrative costs. The Bangladesh Agricultural Development Corporation, an agency of the Ministry of Agriculture, will be responsible for the execution of the seed production, processing, storage and marketing components of the project. A Seed Certification Agency, to be established by the Government, will be responsible for seed quality control and the Bangladesh Rice Research Institute will be responsible for the implementation of the research component of the project.

July 2, 1973

TECHNICAL DATA

PROJECT: Seed Production

COUNTRY: Bangladesh

TOTAL COST: \$10.62 million

IDA FINANCING: \$7.5 million, 50 years, including 10 years of grace, interest free, service charge of 3/4 of 1% to meet IDA's administrative costs.

OTHER FINANCING: Government of Bangladesh

IMPLEMENTING ORGANIZATION: Ministry of Agriculture; Bangladesh Agricultural Development Corporation; Bangladesh Rice Research Institute, Dacca, Bangladesh.

PROJECT DESCRIPTION: To establish a modern seeds industry in Bangladesh and to produce 12,000 tons of high-yielding rice and wheat seeds annually; development of 17 Government-owned and operated seed multiplication farms; establishment of a private seed growers scheme involving about 5,000 acres of land in five districts; installation of seed processing equipment, improvement of seed storage and marketing; establishment of a seed certification service; development of Bangladesh Rice Research Institute; and related training program and technical assistance.

PROCUREMENT: All contracts for machinery and equipment (with the exception of certain small items with a total value not exceeding \$40,000) and all civil works contracts other than contracts for land development will be awarded by international competitive bidding. Domestic bids for machinery and equipment will receive a margin of preference equal to 15% or the relevant customs duty, whichever is less.

CONSULTANTS: Will be engaged to assist project implementation and to carry out a feasibility study for a possible second seeds project.

ESTIMATED COMPLETION DATE: 1978