

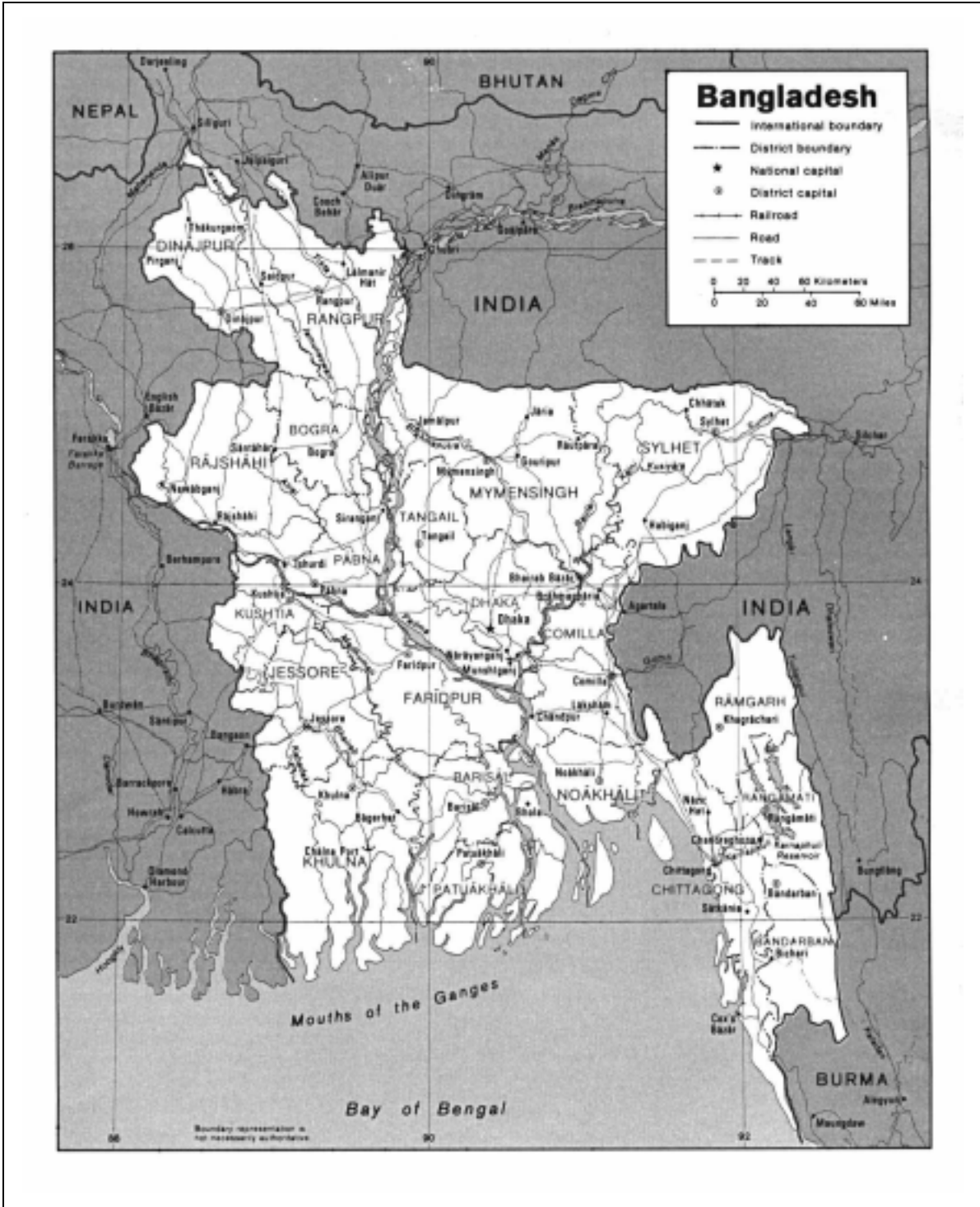


EUROPEAN COMMISSION
DIRECTORATE GENERAL EXTERNAL RELATIONS
DIRECTORATE ASIA (EXCEPT JAPAN AND KOREA)
H4: Pakistan, Afghanistan, Bangladesh, Sri Lanka, Maldives

COUNTRY STRATEGY PAPER
BANGLADESH
2002-2006

FINAL VERSION

BANGLADESH



BANGLADESH AT A GLANCE

Land Area

147,570 sq km

Population

128.7 million (1999)

1064 per sq km of cultivable land

Density

882 per sq km

Annual Population Growth Rate (% change) : 1.7% (1998-99)

President

Professor A.Q.M. Badruddoza Chowdhury

Prime minister

Ms Begun Khaleda Zia

Last national election:

October 1, 2001 (parliamentary)

Next national election:

End 2006 (parliamentary)

Selected Economic Indicators

GDP per capita : 373 US\$ (current - FY 2000)

GDP growth rate (constant prices) 5.5 % (FY2000) – (Average 95-2000 : 5.1%)

Rate of inflation : 4.5% (FY200) – (Average 95-2000 : 6.4 %)

Gross reserves : 1.5 billion US\$ = 2.3 months of imports (FY2000)

Selected Social Indicators

Life expectancy at birth : 60.8 years (year of reference –1998)

Infant mortality - below 1 year (per 1.000 live births): 57 (year of reference –1998)

Child malnutrition (% of children under 5): 56% (year of reference –1997)

Illiteracy (% population age 15+) : 44% (year of reference –1998)

Gross Primary Enrolment (% of school age population: 96.5 % (year of reference –1998)

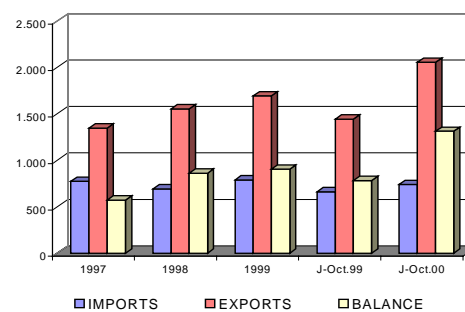
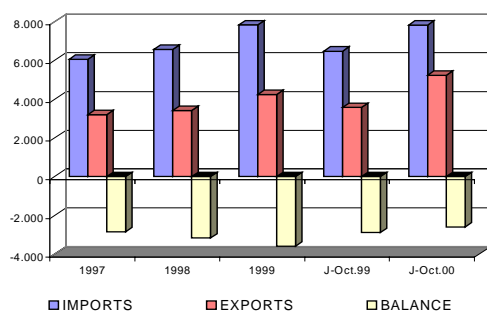
Selected Trade Indicators

Bangladesh Trade with the World and EU (Mio Euro)

World

EU

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ADP	Annual Development Plan
BDF	Bangladesh Development Forum
BIDS	Bangladesh Institute of Development Studies
CAS	Country Assistance Strategy (of the World Bank)
CBOs	Community Based Organisations
CDF	Comprehensive Development Framework (of the World Bank)
CHT	Chittagong Hill Tracts
CSP	Country Strategy Paper
DFID	Department for International Development (UK)
DPs	Development Partners (i.e. donors)
EC	European Community
EU	European Union
FDI	Foreign Direct Investment
FFYP	Fifth Five-Year Plan (of the GoB)
FY	Financial Year
GDP	Gross Domestic Product
GoB	Government of Bangladesh
GSP	Generalised System of Preference
HPSP	Health and Population Sector Programme
HNPSP	Health, Nutrition and Population Sector Programme
IDA	International Development Association of the World Bank Group
IFIs	International Financial Institutions
IMF	International Monetary Fund
LCG	Local Consultation Group

MFIs	Micro-Finance Institutions
MS	Member States of the European Union
MoF	Ministry of Finance
MTEF	Mid-Term Expenditure Framework
NGO	Non-Governmental Organisation
PKSF	Palli Karma-Sahayak Foundation (Micro-finance apex body)
PRSP	Poverty Reduction Strategy Papers
SAARC	South Asia Regional Co-operation
SOEs	State Owned Enterprises
UNDAF	United Nation Development Assistance Framework
UNDP	United Nation Development Programme
WTO	World Trade Organisation

EXECUTIVE SUMMARY

Bangladesh – a country of about 130 Mio people squeezed at a ratio of 1000/per sq. Km of cultivable land, with still 45% living below the poverty line – has been a longstanding partner in the Commission's development co-operation and is still one of the largest recipients of Community assistance in Asia. Over the last decade, Bangladesh managed to achieve substantial improvements in some social indicators, such as the decrease of the infant mortality rate from 94 to 60 per 1000 births. However, malnutrition is still among the highest in the world, with 58% of the under five being underweight. Donors generally agree that most programmes aiming at poverty reduction, including major NGO programmes, have predominantly benefited the moderate poor, but failed to reach the poorest of the poor.

Therefore, the greatest challenge remains to address the structural poverty of the country, the main factors of which are an unequal distribution of productive assets, inequitable distribution of incomes, massive under-employment and low levels of human resource development. To these must be added an unbalanced social system, a low level of law and order, endemic corruption and a lack of good governance. Good governance is of crucial importance for effective poverty alleviation. Enhanced capacity to establish good governance practices, greater accountability and transparency as well as building efficient, well managed and responsive institutions are essential elements for effectively combating poverty. Some important bilateral (DFID) and multilateral (UNDP, World Bank) donors are therefore increasingly focussing their interventions in this area. The EC has therefore decided to concentrate on improving human development indicators, with in-built good governance and institutions building elements.

An additional challenge concerns its exports structure, dominated by readymade garments. BGD will face the risk of an erosion of its world market share and a renewed competition from other countries (India and China) when the ATC (Agreement in Textile and Clothing) will end on 31 December 2004. The spill over effect in the BGD economy could be important unless BGD takes up adequate measures. In this regard, it is important that the EC can adequately support BGD efforts to diversify exports, improve its current marketing capacity and fully use the opportunities offered by the EU Everything But Arms (EBA) facility.

Donor co-ordination is well established via the Local Consultative Group (LCG), in the sub-groups of which the government should participate more actively. GoB with the support of the World Bank and in consultation with other relevant development partners, is preparing a Poverty Reduction Strategy, due to be drafted 2002.

Against this background, the overall objective of EU co-operation with Bangladesh is to helping the government to reduce poverty and contributing towards the country's integration into the world economy.

As for the general strategic approach, the EC co-operation will

- favour programmes in support of sectoral policies rather than projects
- continue its support to those NGOs which provide services deemed essential
- mainstream consistently environment, gender and good governance issues
- seek to promoting a higher level of efficiency in project implementation.

The CSP 2002-2006 (with 560 million € budgeted for this period¹) therefore

1. **focuses on improving Bangladesh's human development indicators** (375 Mio € or 66% allocated), in particular with interventions in the following sectors:
 - i. Health, Population and Nutrition
 - ii. Education
 - iii. Food Security (including interventions in the sector of Rural Development)
 - iv. Employment Creation
2. **strengthens co-operation in the field of trade and economic co-operation** (49 Mio € or 9% allocated), in particular with regard to export promotion and diversification as well as technical assistance in the areas of intellectual property; norms, standards and quality control; strengthening capacity on WTO matters. The EC will also consider involvement in improving the modernisation of the financial sector.
3. **Other interventions** (136 Mio € or 25% foreseen) will relate to:
 - i. a continued commitment to support the Chittagong Hill Tracts peace process through a special assistance programme in the field of sustainable water management;
 - ii. the promotion of democracy and human rights;
 - iii. activities in the field of disaster preparedness;
 - iv. assistance to Burmese uprooted people and;
 - v. emergency assistance, whenever necessary.

In the interest of **concentration**, a number of interventions will no longer constitute a priority for EC assistance. , namely agriculture, irrigation, rural infrastructures and micro-credit projects and programmes will be excluded from our future co-operation.

A three year rolling National Indicative Programme (2002-2004) will be elaborated within the coming months on the basis of the present CSP, and on further input from three programming missions foreseen to Bangladesh during the last quarter of 2001, covering the education sector, economic and trade co-operation as well as the Chittagong Hills respectively.

A. – EU/EC co-operation objectives

The EU/EC co-operation objectives and parameters which have been considered for defining the present EC co-operation strategy with Bangladesh are based on:

- Article 177 of the EU Treaty sets out three broad overarching objectives for Community co-operation with developing countries, i.e. fostering of sustainable economic and social development, the smooth and gradual integration of developing countries into the world economy and the campaign against poverty.
- The priorities for the European Community's development policy are contained in the statement by the Council and the Commission, issued in November 2000. This policy is based on the principle of sustainable, equitable and participatory human and social development with its main objective being to reduce and eventually eradicate poverty. With this objective in mind, the European Community's Development Policy emphasises the link between trade and development. These priority areas were selected because of their importance in contributing to poverty reduction, and because it was con-

¹ Since 1976 to date (September 2001), EC total co-operation (including food aid/security, humanitarian aid, NGO co-financing etc.) has amounted, to 1.7 billion € out of which almost 300 Million € represent the amount committed to ongoing actions/projects.

sidered that in these spheres the Commission has a comparative advantage relative to other donors. The EC Development Policy has further identified human rights and democratisation, gender and environment as crosscutting issues that will be integrated in each of the priority areas.

- The new EU/Asia strategy of promoting development in the region recommends that the EU should in particular:
 - strengthen our efforts towards **poverty reduction**, particularly in the poorest countries of the region, and contribute to the achievement of the International Development Targets by 2015. Themes of particular interest for Asia shall include trade and development, sector programmes in social areas (notably health and education), economic and social governance and institutional capacity-building, and the link between environmental conservation and poverty;
 - strengthen our **dialogue on social policy issues**, sharing Europe's own experience in addressing the challenges of modernisation and globalisation;
 - pursue vigorously the reform of the **management of EC external assistance**, ensuring that our scarce resources are used to the best possible effect.
- The Co-operation Agreement between the European Community and the People's Republic of Bangladesh on Partnership and Development, which entered into force on 1 March 2001, covers aspects of development, trade and economic co-operation reflecting the changes and challenges of the new global world order.
- Council Regulation 443/92 of 25 February 1992 on financial and technical assistance and economic co-operation with the developing countries of Asia and Latin America, identifies human development, (targeted primarily towards the poorest sections of the populations), development of the rural sector, protection of the environment and natural resources, sustainable development, measures to increase participation of women, child protection, population growth, good governance and human rights as well as measures to combat drugs, as priorities.
- The co-ordinated and complementary use of the EC funding mechanisms (budget lines) in order to target, in a more comprehensive way, the multi-faceted dimension of development, i.e. (humanitarian aid, rehabilitation, development, food aid, economic and trade co-operation, refugees etc).

B. The Policy Agenda of Bangladesh

The Constitution of the People's Republic of Bangladesh provides overall directives for formulating development policies, setting goals, and strategies.

In the Memorandum for Bangladesh Development Forum, 2000-2001², the GoB recognises the multi-dimensional aspects of poverty, and this has led the GoB to commit itself to the promotion of a pro-poor environment.

Bangladesh's official Programme of Action 2001-2010, prepared for the III. UN Conference on Least Developed Countries in May 2001, committed the country to focus national policies within the next decade on:

- a significant reduction in extreme poverty;
- developing human resources to support long-term development;

² Economic Relations Division of the Ministry of Finance, and the Planning Commission of the Ministry of Planning, GoB, *Memorandum for Bangladesh Development Forum, 2000-2001*, April 13-14, 2000.

- achieving gender equality and empowerment of women;
- removing supply-side constraints to accelerate growth and employment generation;
- achieving competitiveness of domestic production;
- integrating with the globalised world economy;
- promoting governance and social stability;
- reducing vulnerability and conserving the environment.

However, the objectives and areas of intervention forwarded by the Government of Bangladesh until now have remained predominantly donor-driven and supply-led. There are as yet no clear links established between policies, performance, expenditure and results or impacts. The programme approach as opposed to the project approach has not yet gained a foothold with the exception of the Health and Population Sector Programme (HPSP). Operational issues are mostly left out of the policy discourse. Resource allocations are made on a year-by-year basis in the Annual Development Budget (ADB) without moving towards a Mid-Term Expenditure Framework (MTEF).

The development policy of both the GoB and the DPs is expected to move towards the general framework advocated by the World Bank, i.e. the CDF and the PRSP – with a first draft PRSP foreseen for 2002. This CSP therefore seeks complementary to GoB's and DPs' current development strategies and to contribute at the same time to the introduction of the CDF and PRSP.

C. Analysis of the Political, Economic and Social Situation in Bangladesh

I - Political Situation

Political origins

Bangladesh has been independent since 1972. Sheikh Mujibur Rahman, leader of the Awami League, became the first Prime Minister of the independent *Bangladesh* (land of Bengal). After his assassination in 1975, there were sixteen years of military-backed regimes. The parliamentary elections which led to a centre-right Bangladesh National Party (BNP, Prime Minister: Mrs Khaleda Zia) government being installed in 1991 marked the start of a new era in building democratic institutions in Bangladesh. Elections, held in June 1996 under a caretaker government, resulted in the return to power of the Awami League, led by Sheikh Hasina, the daughter of the first Prime Minister.

The Political System

- The head of state** is the President, elected by the Parliament. He appoints the Chief Justice and can dissolve the parliament, on the advice of the Prime Minister.
- The Prime Minister** is vested with executive power.
- The Parliament (Jatiya Sangshad)** is a unicameral legislature with 300 directly elected seats. The parliament sits for five years.
- Elections:** The Constitution of Bangladesh provides for elected government at all levels of administration. The country is divided into six administrative divisions, each headed by a Divisional Commissioner. Local government exists at Union (group of villages), Upzilla (sub-district) and Zilla (district) level.
- Administration:** The public administration of Bangladesh is still highly centralised with a hierarchical substructure. The administrative efficiency is questionable, and the overall size of the administration incommensurate with the economic status of the country and the level of realised state revenue.

The Constitution was adopted in 1972. Although the Constitution foresees the separation of the judiciary from the executive organs of the State, this is not yet fully realised, at least at the level of Magistrate Courts, where judges exercise legal and executive functions.

Presently, among the sixty to seventy-odd political parties in Bangladesh, only six can be considered as politically relevant. This includes the Awami League (AL), the Bangladesh Nationalist Party (BNP), the Jatiya Party (JP), Jatiya Samajtantrik Dal (JSD), and two Islamic fundamentalist parties, the Jamaat-e-Islami and Islami Oikya Jote.

The army played a prominent role in Bangladesh political life up to 1991. Since then it appears to have largely withdrawn from the political scene.

In Bangladesh there are 4,200 labour unions, of which 10 to 15% are affiliated with 23 registered National Trade Unions (NTU). Approximately 1.6 million members of the country's total work force of about 45-50 million workers belong to unions.

The Human Rights Situation and Good Governance

Bangladesh has ratified all the main international human rights treaties³. In spite of this encouraging legal framework, the law and order situation in Bangladesh has deteriorated continually over the last two decades. On the increase are not only seemingly politically motivated criminal acts, but particularly murder, rape and other acts of violence against women, including disfiguring attacks with acid (acid throwing). Trafficking in women and children also constitutes an increasing criminal phenomenon in the country.

Corruption is widespread in the police force. This corrupt conduct goes along with frequently reported police brutality and torture of arrested persons in police custody.

In spite of these negative aspects, the human rights situation in Bangladesh compares favourably with that of other developing countries inside and outside the region since government structures and attitudes are basically correct and the country has an open, democratic, multiparty system with freedom of expression and assembly and attempts to uphold economic and social rights in a difficult situation.

II – Economic Situation

In the beginning of the 1990s, significant strides were taken toward pro-market reform.

In the second half of the 1990s annual economic growth level was maintained at an average of 5.1% (below the originally targeted 7%), and the inflation at a single-digit rate. Per capita income levels still remain distressingly low at around US \$1 per day.

Despite significant achievements in the 90s in macro-economic stability, a major problem remains the narrow tax base and poor tax collection. The sizeable government borrowing needs crowd out lending to the private sector, curbing the development of much-needed productive investment. Moreover, state-owned enterprises continue to make losses, which would pose an additional burden if they would be accounted for in the budget.

³ International Covenant on Civil and Political Rights (ICCPR), Sep. 2000; International Covenant on Economic, Social and Political Rights (ICESCR), Oct. 1998; Convention against Torture and other Cruel, Inhuman, or Degrading Treatment or Punishment (CAT), Oct. 1988; Convention on the Elimination of All Forms of Racial discrimination (CERD), Jun. 1979; Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Nov. 1984; Convention on the Rights of the Child (CRC), Aug. 1990; Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (MWC), {signatory but non-state party} Oct. 1998; Convention for the Suppression of Traffic in Persons and the Exploitation of the Prostitution of Others, Jan. 1985

Agriculture, to a large degree based on subsistence farming, is still (FY 2000) the most important sector with a share in the GDP of 28.9% and 48.5% of the total labour force. Food grains, particularly the rice crop, dominate the country's agricultural scenario in respect of both cropped area and production claiming a share of about 75% and 54%, respectively, in 1996/97. In 2000, Bangladesh is considered to have attained self-sufficiency in rice production. Nevertheless, population pressure continues to place a severe burden on productive capacity, threatening renewed food deficits, especially of wheat.

Underemployment remains a serious problem in the agricultural sector. Finding alternative sources of employment will continue to be a problem for future governments, particularly with the increasing numbers of landless peasants who already account for about half the rural labour force. The strong migratory trends from the rural regions of Bangladesh to its urban agglomerations find here their origin.

Industrial growth has been most marked in the country's private ready-made garment industry (RMG), which grew at double-digit rates through most of the 1990s despite the country's politically motivated general strikes, poor infrastructure, and weak financial system. However, Bangladesh apparel exports to the EU during all this time enjoyed the competitive advantage of quota free imports to the European market.

In 1998, the government formulated a Five Year Trade Policy to complement the Export Development Strategy of the Fifth Five-Year-Plan 1997-2002. Within the framework of these policies, Bangladesh's export policy aims at diversifying the range of exports and improve their quality, setting up backward-linkage industries and services, and promoting the use of local inputs in export products to maximise value addition particularly in the textile sector.

Unfortunately Bangladesh was not able to develop and diversify its industrial base and to expand its export range. The narrow concentration on few exports items and a generally low value addition in **the export dominating RMG industry** have kept the country increasingly dependent on a favourable global trade environment and a continuing preferential treatment by its main trading partners, the European Community and the United States of America.

This is why Bangladesh is extremely concerned about its future market position and market share once all quantitative restrictions have been removed as set in the Agreement on Textile and Clothing in 2005 since this will probably lead to an erosion of its competitiveness and to a renewed competition from countries like China and India. Although not yet quantified, it is expected that this will have a negative impact on the BGD economy.

In the past decade, Bangladesh has courted foreign direct investment, with some success in private power generation and gas exploration and production, as well as in other sectors such as cellular telephony, textiles, and pharmaceuticals. However, the lack of an appropriate and upgraded infrastructure, an outdated or in some areas missing regulatory framework for economic operation, and continuing political instability, have deterred foreign investors. A major problem remains the narrow tax base and poor tax collection. The sizeable government borrowing needs crowd out lending to the private sector, curbing the development of much-needed productive investment. Moreover, state-owned enterprises continue to make losses, which would pose an additional burden if they would be accounted for in the budget.

The banking sector, more specifically the state-owned banks, poses another hurdle to a healthy economic development. Banks are burdened with non-performing loans (NPLs). As

of June 1999, the share of NPLs in total lending stood at 68% for state-owned specialised banks and 47% for state-owned commercial banks.

III – Social Situation

With a Human Development Index (HDI) for Bangladesh of 0.37, the UNDP allocates the country place 145 in a group of 162 countries. Yet, over the last twenty years, Bangladesh can show considerable gains in some social indicators. This applies particularly to the fertility rate, which dropped to 3.3 children per childbearing woman, and a significant decrease in infant mortality from a high of 94 children in 1000 births in 1990 to 60 children today. Life expectancy is estimated to have surpassed 60 years for both men and women.

HIV/AIDS has not been a major public health concern until now. Only recently, the Government of Bangladesh with the financial support of the World Bank and other donors has embarked on a countrywide HIV/AIDS prevention programme.

Gross enrolment in primary school education has almost reached 100% of the school age population with nearly equivalence in gross school enrolment between girls and boys. The expansion of primary education has not been accompanied by an equal rise in the school completion rate, which presently levels at 65%, and quality improvements. Estimates of overall literacy in the country vary from a low of 45% to somewhere between 55% and 60% of the population with a literacy rate for women of between 26% and 34%. There remain major gaps in reproductive health services and impact. Poor nutrition is a major continuing problem particularly affecting children under five years of age.

With the highest population density among non-city states in the world, the ensuing population pressure constitutes a major concern for the country's continuing development. Access to land and land-ownership is uneven with a substantial and growing proportion of landless, resulting in a rising migratory pressure from the rural regions of Bangladesh to its urban agglomerations. The urban population has increased fourfold over the last two decades with more than 60% of the increase due to migration.

Poverty is widespread, affecting almost 50% of the population (amounting to some 60 million citizens) Despite Bangladesh's commitment to eliminating poverty, the absolute numbers of people in poverty continue to rise. Malnutrition rates are still among the highest in the world with 58% percent of children under five underweight and 51% stunted. Around 30 million are considered as hard core poor, living in extreme poverty. The daily calorie intake of these "poorest of the poor" is less than 85% of the "poverty line" intake of 2122Kcal/day.

IV. Sustainability of Current Policies

The structural poverty of the country highlighted above is the greatest impediment to sustainability. This is due to a number of factors, among which are an unequal distribution of productive assets, inequitable distribution of incomes, massive under-employment, low levels of human resource development. To these must be added an unbalanced social system, a low level of law and order, and a lack of good governance.

A lack of broad participatory democracy, notably at local level, deficiencies in decentralisation and devolution of political and financial responsibilities and powers, and little accountability of the bureaucracy, result in a lack of access of the poor to public services.

Corruption is also prevalent in Bangladesh, the most common form of which is within the bureaucracy. Surveys have underlined that as a result the poor often pay relatively more to receive services compared to the non-poor. On the political level, corruption is said to include buying political influence and votes, providing patronage through non-merited re-

cruitment into public jobs, illegal campaign financing and other forms of using state funds for private or party benefits. In the economy, bribery, kickbacks, speed-money and other criminal activities negatively impact on the allocation of resources and the level of overall investment in the country. Obviously, the scope of corruption increases also transaction costs of business and creates distortions within the market.

On the positive side, civil society in Bangladesh has flourished in the past ten years of return to a democratic political system. Expression of this are over 1,800 registered non-governmental organisations (NGOs), and a multitude of unregistered community based organisations (CBO). National women organisations claim that almost every village has its women's group, while micro-credit organisations have established ten thousands of village groups or organisations throughout the country.

A pronounced government policy for the improvement of the status of women, together with an active NGO sector, have contributed to redressing some gender imbalances over the past decade, in the face of an increasing activism by Muslim fundamentalist groups. Women have increased their economic status and become a political force. Nonetheless, extreme poverty is still predominantly female and malnutrition is highest among women.

Bangladesh has also many environmental problems, which threaten to make poverty alleviation even more difficult. These include frequent natural disasters, urbanisation and industrial pollution, deforestation and desertification, changes in climatic conditions, salinity, and an overall deterioration of the habitat of flora and fauna. Excessive water extraction for irrigation purposes lowers the ground-water level, flood control measures block migration paths of fish stock, and extensive shrimp cultivation destroys arable land. Improvements in the supply of the population with safe drinking water are seriously imperilled by the discovery of widespread arsenic contamination of the ground water which leads to arsenic poisoning of the population in whole regions of Bangladesh.

V. Medium-Term Challenges of Bangladesh

From the above, the challenges facing Bangladesh in achieving the international development goals by 2015 are enormous. The "Bangladesh 2020 Study" (see table 3 Annex 1) summarises these challenges as follows:

- To graduate approximately 40 million people from poverty by 2015;
- To absorb at least 20 million people in every decade into the labour force;
- To achieve a GDP growth rate of above 7% in order to make an effective contribution to Poverty reduction (against a current average of 5%);
- To reduce the total fertility rate to 2.1 at the earliest possible time in order to reach a net replacement level of the population and limit the impact on the 'carrying capacity';
- To significantly raise life expectancy beyond 60 years by reducing maternal and child mortality rates from the current high levels;
- To raise the level of literacy;
- To accommodate an urban population of approximately 70 million people by 2020, (compared with only 30 million today).

To take up these challenges, Bangladesh has urgently to address the following bottlenecks:

- Allocate significant investments in improving infrastructure, both for the internal market as well as export. Transport and utilities will need to be able to cope with the increasing demand from both industry and consumers;

- The export structure needs to diversify to buffer against external shocks and changing competitive conditions on the international market. This will require an improved regulatory and infrastructural environment for foreign direct investment;
- Commitments towards pro-poor growth and the reduction of poverty must effectively be translated into policy and implementation. This includes effective measures to collect revenues and develop a system of progressive taxation as well as a general move towards redistributive fiscal policies;
- Launch a major reform of the public sector, in particular in health and education, while significantly strengthening its capacity of regulation. This will require substantial decentralisation. A comprehensive reform of Administration to increase transparency and its accountability to the public is also required;
- Consolidate the democratic achievement over the past decade and to work through the parliamentary institutions while improving participation of and their overall accountability to the public. Bangladesh will also need to improve on its human rights record.

D. Overview of past and ongoing EC Co-operation

I. Past EC Country Co-operation Strategies

EC assistance to Bangladesh started in 1976. Assistance in the initial years was predominantly in form of food aid, but was expanded during the 1980s to include several large irrigation, rural settlement and development projects. During the 1990s, the EC strategy in Bangladesh underwent considerable changes in strategies, specific objectives, size and emphasis.

The 1993-96 strategy (subsequently extended until 1998) put emphasis on poverty alleviation and food security. An important change implemented during this period was the increasing emphasis placed on co-operation with NGOs.

In the following Co-operation Strategy 1999-2001, poverty reduction has remained “the predominant development challenge”. As in the previous phase, the emphasis has remained on direct poverty reduction projects, health and education, food security as well as co-operation with civil society organisations.

Since 1976 to date (September 2001), EC total co-operation (including food aid/security, humanitarian aid, NGO co-financing etc.) has amounted, to 1.7 billion € out of which almost 300 Million € represent the amount committed to ongoing actions/projects.

II. Poverty Reduction

In the field of poverty reduction, the majority of projects involved integrated approaches to rural development, often with a strong component on micro-credit as well as on resettlement of landless. The majority of NGO co-financing projects have also focused on direct interventions towards poverty reduction and employment creation for the poor.

III. Health Sector

The EC has gradually but significantly increased its involvement in the field of primary health care, culminating in its participation as the largest bilateral donor in the sector-wide Health and Population Sector Programme (HPSP) project. Preceding the HPSP, the Thana Functional Improvement Pilot Project (TFIPP), has been considered as a successful and innovative project, the lessons learnt of which (in particular on local level planning, decentralised management and user fees) were integrated into the overall reform efforts of the

HPSP. A number of other projects, including research and NGO co-financed projects in the field of reproductive health and HIV/AIDS, have been initiated in this sector.

As the mid-term review of the HPSP in November 2000 concluded that significant progress has been made in regard to the health sector reform, Bangladesh's development partners have already agreed to consider supporting a second phase of the sector-wide programme.

IV. Education Sector

The involvement of the EC in the education sector was initiated during the first co-operation strategy 1993–96. A large number of NGO co-financed projects also involve interventions in non-formal education. Overall, the focus of the EC intervention has been on making primary education more accessible to the poorest children, improving the quality of the education provided and girls' attendance and completion rate. A recent review of the performance of the first year of BRAC NFPE III concluded that the project was successful in the implementation of a full primary cycle up to grade five – in-line with the State sector – and the improvement of quality through de-centralised management in BRAC's 34,000 non-formal primary schools.

V. Food Security

Since 1976, food aid, and more recently food security, has been a central area of intervention. Whereas in the early 1990s, food security interventions focused on food availability and agricultural production, the emphasis from the late 1990s was laid on access to food and nutrition. This entailed a shift from food aid supported activities to cash based interventions for the most vulnerable groups. The shift in focus is justified by recent developments towards food self-sufficiency of Bangladesh.

The joint task force of the Government of Bangladesh and donor agencies has completed a report on a comprehensive food security policy for Bangladesh. Among others, the report highlights that – corroborated by findings of a number of studies of donors – most programmes aiming at poverty reduction, including major NGO programmes, have predominantly benefited the moderate poor, but failed to reach the poorest of the poor.

The EC Food Security Programme has accordingly set its overall long-term objective as its contribution to the eradication of malnutrition in Bangladesh through 'indirect nutrition activities' targeted at the ultra-poor and specific programmes for small and marginal farmers. The importance of this type of intervention, which are insufficiently covered by other rural development programmes and therefore complementary to these, goes without saying in a country where malnutrition rates are among the highest in the world.

VI. Decentralised Co-operation

EC co-operation with NGOs as implementing partners in providing poverty-alleviating services has increased significantly over the past years. Presently, over 40% of the total financial commitments have been directly allocated to projects and programmes implemented by NGOs.

Over the past few years, the EC has pursued a policy in support of NGO's activities. This policy has focused on the following issues:

- Providing financial and technical assistance to selected and important NGO development programmes. This assistance particularly benefited large and medium sized NGOs through a donor consortium mechanism, which has ensured a close monitoring of these programmes and the provision of technical assistance throughout the project cycle. This

support, has always involved a capacity-building component not only of the organisation itself, but also of other smaller NGOs participating to the implementation of the programmes;

- Promoting partnership between European NGOs and Bangladesh NGOs. This activity has been effected predominantly through the ‘NGO Co-financing’ facility under budget line B7-6000. The strategy for NGO co-financing has been to target geographical areas and the poorer sections of society that would not be reached through other EC funding mechanisms;
- Initiating an EC-NGO dialogue in Bangladesh to look at opportunities to strengthen the partnership. The EC financed project of an EC-NGO dialogue came to the conclusion that an improved and enhanced communication mechanism was needed in Bangladesh to better reach the domestic NGO community at large;
- Finally, the strengthening of civil society and support for human rights activities has been the objective of EC financial support for a limited number of projects implemented by local NGOs.

VII. Economic Co-operation

Although past EC country strategy papers for Bangladesh included the prospect of bilateral economic co-operation with Bangladesh, little has actually been accomplished in this area.

Following the 1994 EC Strategy towards Asia, Bangladesh became a potential beneficiary of a number of regional ASIA programmes, the general objective of which were to promote an enhanced economic presence of the European Union in Asia. These programmes focusing on private sector co-operation, however, had difficulties to gain foothold in the country, since the programmes were not particularly geared for a Least Developed Country with its typical deficiencies.

Looking at the trade side of economic co-operation with Bangladesh, the balance is more positive. Bangladesh has always been included in the EC’s Generalised System of Preferences, granting products originating in Bangladesh duty and generally quota-free access to the EC market. Bangladesh’s garment industry has thrived on the competitive advantage of a quota free access to the EU market, and the country’s shrimp industry complying with EC sanitary standards has secured its EU market share by enjoying duty free access to the EU market. The EC’s autonomous decision to grant duty and quota free access to all products originating in Least Developed Countries (with the exception of arms – EBA initiative) provides new perspectives for Bangladesh provided the country’s export range is successfully reviewed and traditional export products are living up to respective market demands.

VIII. Support to the Peace Process in the Chittagong Hill Tracts

To date no activities have been projected for the Chittagong Hill Tracts, since the donor community (including the EC) has so far maintained always considered that the 1997 Peace Agreement should first be fully implemented. However, some donors (including the EC) are now considering to start conceptualising and eventually to implement development activities in the CHT region, seeing therein, a positive impact on the peace process.

IX. Humanitarian Aid

Since 1994, humanitarian aid provided by ECHO has played a crucial role in international emergency assistance responding to natural disasters (floods and cyclones), which struck Bangladesh. The supported emergency assistance projects, as well as DIPECHO projects,

have contributed positively to reducing the impact of disasters in Bangladesh, and have provided impetus to flood mitigation and prevention.

X. Major Lessons learnt from Past and Current EC Development Co-operation

To date, no global evaluation of the previous Country Strategies has been conducted. Nonetheless, monitoring missions, individual project reviews and evaluations as well as cross evaluations of projects in a few relevant areas of EC/BGD co-operation (micro-credit, rehabilitation, food aid and food security), have generally confirmed the relevance of the interventions in view of the strategy's objectives, while pointing out constraints in its implementation.

The main lessons learned from these evaluations which will be taken into account for the elaboration of the EC response strategy, are presented here following.

- Substantive lessons on priority sectors
 - a) While most social development projects, including the Food Security Programme, have predominantly targeted women, insufficient attention has been given to gender issues in the overall co-operation programme of the EC. In the design of future projects and programmes, gender must therefore be mainstreamed from the start;
 - b) The lessons learnt in non-formal education sector should be fed into the government's future primary education strategy in order to ensure sustainability of these innovative and successful approaches. Closer co-ordination of EC efforts in the formal and non-formal sectors will sow the seeds for a pilot, sector-wide approach in primary education;
 - c) In the rehabilitation field, the linking of relief, rehabilitation and development needs to be better conceptualised. Projects/programmes should have a clear phased approach, planning from the early stage the handing over to development and a respective exit strategy;
 - d) Economic co-operation has been too negligible to impact significantly on macro-economic and foreign direct investment issues in Bangladesh. However, a sound macro-economic environment makes an important contribution to achieving poverty reduction targets. It is therefore essential that the EC increases its co-operation efforts in macro-economic issues in support of the creation of a favourable environment for economic growth, foreign direct investment, and improving the country's export capacity.
- Substantive lessons on EC/NGO co-operation
 - a) NGO projects and programmes supported by EC grants have significantly risen in line with the emphasis of the EC development strategy on decentralised co-operation and support to civil society. However, stronger linkages need to be established with government formulated national policies. NGOs need be better integrated into the government sector as service providers, such as this is undertaken in the health sector;
 - b) The evaluations of micro-credit schemes have underlined three important aspects:
 - i. While micro-credit schemes have been successful in providing income opportunities for a large section of the poor in rural, and most recently in urban area of Bangladesh, they have generally failed to reach out to the poorest of the poor. Renewed efforts are to be undertaken to redress this serious short-coming.

- ii. As the sector has grown significantly, there is a need for micro-finance institutions (MFIs) to develop into sustainable and independent micro-credit operations. As long as free donor funds are available, they have little incentive to become more financially efficient.
 - iii. While many NGOs address wider social needs through their micro-credit programmes (e.g. empowerment of women, basic literacy skills, etc.) it is important that the social programmes be differentiated from the financial services, the latter of which need to be financially self-sustainable.
- c) The EC also experienced pitfalls, which emerged from its collaboration with NGOs. A successful programme of NFPE implemented by a major Bangladesh NGO (GSS) collapsed owing to mismanagement of the NGO's leadership. The virtual demise of the NGO exposed the vulnerability of NGOs in general in terms of their financial accountability and donors' capabilities for adequate monitoring.
- Lessons on implementation aspects
 - a) While project co-ordination between the Government of Bangladesh and the EC generally has improved over the past years, there is still need for a further intensified dialogue between the partners in order to arrive at a more coherent programme of co-operation. This is notably the case in economic co-operation activities. A remedy could be more frequent contacts with the Ministry of Finance and its Economic Relations Division, and intensified contacts with the respective line ministries;
 - b) The implementation of individual projects through government ministries and agencies has often been marred by two factors. Firstly, by a lack of institutional capacity with regard to the implementation of projects by the line ministries, and, secondly, by the number of bureaucratic procedures and hurdles within the administration. This has often been further aggravated by slow and complicated EC procedures. There is therefore an urgent need for improving the absorption capacity for development aid and the implementation efficiency of the line ministries and public agencies in Bangladesh, on the one side, as well as a continued streamlining of EC procedures, on the other side;
 - c) Human resource constraints on the side of the EC led to significant delays in the disbursement of grants and the implementation of projects. Projects require more regular and systematic monitoring in order to allow for an adequate assessment of the progress achieved, as well as an early identification of bottlenecks and difficulties. At the same time, the EC Delegation should review sectoral strategies with external assistance to develop a long-term programming capacity. The reform of the EC external aid process addresses these problems.

XI. Programmes of EU Member States and other Donors

Most major bi- and multi-lateral donors (including all major UN agencies) are present in Bangladesh with sizeable programmes. Seven EU Member States have diplomatic missions in Dhaka, five of which conduct substantial development co-operation programmes.

Over the past few years all donors have defined their strategic areas of intervention for Bangladesh through multi-annual Country Strategies. In most cases donors have reduced the number of priority sectors in which they are presently involved. As for EU Member States, poverty reduction has generally been set as the main objective of their development co-operation. With the exception of DFID, most EU Member States have identified at most three or four areas or sectors for their current co-operation strategies. The major sectors of intervention by EU Member States are

- human development, including rural development, health and education;
- infrastructure, in particular transport, water and sanitation.

DFID is the largest bi-lateral donor among EU Member States in Bangladesh and therefore is able to cover most sectors, while focusing on services for the poor, promotion of sustainable broad-based growth and good governance and institutional reform. It should be pointed out that DFID has currently committed 400 million pounds sterling in approximately 70 development projects.

The World Bank is strongly represented in Bangladesh, lending some 400-800 million US\$ per year with a total commitment of around US\$ 2 billion. Together with the ADB, they represent between 35 – 50% of all aid to Bangladesh. While institutional reforms and an improved policy environment are the main focus for the International Finance Corporations, they are also major partners in human development programmes in the education and health sectors. The World Bank strongly supports the HPSP, whereas the ADB finances a complementary programme for urban health.

The relevant UN agencies are well represented through a wide range of programmes. UNDP's strategy focuses on governance, poverty alleviation including the promotion of local government, and the environment. WFP continues its food-based assistance to the poorest section of society, targeting some half a million people annually through vulnerable group development and integrated food security programmes, while gradually phasing-out its rural development food-for-work activities. UNICEF concentrates its interventions in Bangladesh on health and nutrition, significant immunisation programmes, water and sanitation, basic education, and children's' rights and protection. UNICEF is planning to expand its pilot programme promoting formal primary education.

Among the other donors, Japan is the largest bilateral donor for Bangladesh with nearly US\$ 170 million per annum which includes a focus on large investment projects. USAID is involved in the health sector by providing parallel funding to the HPSP, in particular for the supply with contraceptives and setting up Urban Family Health Clinics (UFHC), and in the food sector by providing substantial amounts of food aid. Other major areas for USAID are the promotion of democracy and economic growth. USAID is implementing its programme in Bangladesh primarily through NGOs.

The development partners have promoted the sector-wide approach since the Paris meeting of the Bangladesh Development Forum in April 1999. The Netherlands, as well as other EU Member States such as Denmark, are committed to this approach as a general principle for their development co-operation. So far, the sector-wide approach has been applied only in the health sector, though the Government of Bangladesh is now considering developing sector-wide programmes with the development partners also in other sectors such as the education and water sectors.

The sector-wide approach implies donor fund pooling and donor consortia. For individual donors this has the advantage of being able to initiate a wider impact on institutional reforms of the sectors and increasing effectiveness of monitoring efforts by reducing the amount of human resources and technical assistance required by each donor. This pool funding approach has also been applied to big NGOs through the establishment of donor consortia for the BRAC and Proshika. Co-financing, and in particular pool funding, should remain a major focus of EC co-operation in Bangladesh.

Donors generally agreed at the Bangladesh Development Forum in 2000 that the main concerns with regard to aid effectiveness are a weak policy environment, inadequate capacities to man-

age the implementation of projects, including financial management, as well as the endemic corruption in the country.

XII. Bilateral and Multilateral Donor Co-ordination

The Local Consultative Group (LCG) has been active as a donor co-ordination group in dialogue with the Government of Bangladesh. There have been regular meetings between the donors and the government counterparts to review progress and debate particular concerns of interest to the partners. The LCG has currently 22 sub-groups working on sectoral co-ordination and crosscutting issues. More active government representation and participation in these sub-groups has been the subject of donor requests.

It is generally recognised that the role of the Economic Relations Division (ERD) of the Ministry of Finance in co-ordinating donors is currently weak and would need to be strengthened. In addition, internal government procedures and linkages in the approval of new projects and budgets are complex and cumbersome, making effective implementation and co-ordination more difficult.

Co-ordination between EU Member States and the Commission has generally been good and meetings of the EU Development Counsellors take place on a regular basis. For several years and upon initiative of the EC Delegation, overview tables have been produced to summarise the involvement of the EC and EU Member States in the different sectors. In general, consultations on individual project proposals, including pre-ALA committee meetings and technical missions are held with representatives of Member States. However, the survey on operational co-ordination in summer 1999 while confirming that information exchange between Member States' missions and EC Delegations was mostly satisfactory, highlighted that operational co-ordination could be improved in terms of sectoral priorities and common approaches (currently limited to the health sector and NGO consortia).

The new Council guidelines on operational co-ordination between EU Member States missions and EC Delegations of January 2001 have provided a new impetus. Member States and the Delegation have been discussing harmonisation of the next cycle of the programming exercises and have proposed to jointly start for the country strategies as of 2006. The Commission views this proposal favourable and will consider its feasibility at the appropriate time.

E. The Response Strategy of the European Community 2002 – 2006

I. General Approach and Crosscutting Issues

Based on the analysis above, the reduction of poverty and its eventual eradication will continue to be the overarching objective of development co-operation between the EC and Bangladesh. At the same time, the EC co-operation will pay more attention to the interlinkage between poverty alleviation and progress in the field of economics and trade. The rapid process of globalisation and its effects on sustainable economic, social and political development in a Least Developed Country (LDC) such as Bangladesh have emerged as a major new challenge in the struggle against poverty. Therefore, the EC's co-operation with Bangladesh shall also facilitate the integration of the country as a qualified trading partner into the world trade system.

In terms of methodology, EC development co-operation in Bangladesh will favour – wherever possible - a programme approach (sector wide approach) over individual projects. The potentials and constraints (in particular reluctance on the side of the GoB) are described in more detail below.

In terms of geography, EC assistance will address the structural causes of poverty throughout the country and therefore not be limited to any specific geographical area of Bangladesh. An exception to this rule are the Chittagong Hill Tracts, where the time is now considered ripe to conceptualise activities in favour of the peace process.

NGOs will continue to be partner for a good third of the volume of assistance, with the lessons learned enumerated above being taken into account, in particular regarding the need to assure stronger linkages with national policies in areas where NGOs act as (“substitute”) service providers.

Promoting a higher level of efficiency in the implementation of EC supported projects and programmes remains a major concern. Although the ongoing reforms within the EC will contribute to improve the process, it remains imperative that the implementation efficiency and absorption capacity of Bangladesh is increased significantly.

Last but not least, gender, environment and good governance will be systematically factored into EC activities, as described in more detail below under cross cutting issues.

The Sector Wide Programme Approach (SWAp)

Bangladesh is currently piloting a large sector wide programme in the health and population sector (HPSP). Provided the initial good results can be continued, the programme will serve as a model for other potential intervention sectors. The position of both government and the administration towards SWAps, however, has at best been hesitant, if not openly critical. It will therefore require a long preparation process to successfully extend the current pilot to other sectors, including the provision of appropriate technical assistance to develop government policy and planning in this regard. While the EC realises that sector wide interventions must not be donor imposed, and cannot be adopted in every intervention sector immediately, the EC’s Country Strategy 2002 – 2006 for Bangladesh still emphasises that for certain core development co-operation sectors, such as the education sector, a turn to the sector wide approach and its full acceptance will be a necessary prerequisite for major EC assistance to the government owned projects and programmes.

Working with NGO Partners

The EC recognises the particular contribution of NGOs in Bangladesh to the overall social development of the country in the past decade. With some 40% of the EC’s overall aid to Bangladesh channelled through NGOs, the EC undoubtedly has contributed to the growth and the strengthening of the NGO sector in Bangladesh. For the purpose of the EC’s future engagement with the NGO sector in Bangladesh, activities of NGOs will be classified in two categories:

- a) providers of essential services, and
- b) “voices of civil society” engaged in advocacy and social and political empowerment.

It is evident that NGOs in Bangladesh provide a significant percentage of essential public services particularly to the poor and the poorest of the poor, stepping in for gaps and deficiencies in State provided services: primary health care, education, vocational and skill training, credit facilities. It is unlikely that in the near future the respective State provided services would extend and improve adequately to render the corresponding NGO services superfluous. At the same time, it cannot be assumed that all of the respective NGO activities are self-sustaining, notably as regards social services. The EC will therefore make available continued assistance to those NGOs which provide services that are deemed es-

sential and which are not self-sustaining by their very nature. This notably applies in the case where services are to be provided for the poorest section of society, and as long as the appropriate State services cannot be adequately accessed.

At the same time, the EC together with other development partners of Bangladesh intends to strengthen the government's regulatory capacity in the social sector, as well as gradually to develop the government's role as a contractor of services provided by NGOs where these work within the government's policy framework. The EC will seek to enhance the necessary dialogue and co-operation between NGOs and the Government of Bangladesh on both policy and implementation issues. It is foreseen that in the medium term, the EC will continue financially to support NGOs in Bangladesh, focussing on those NGOs which operate on a national or at least regional level, and which provide essential social services in close collaboration with the Government of Bangladesh.

An important exception to this general approach concerns micro-credit operations of NGOs, which must become self-sustaining and independently funded in the immediate future. Currently, micro-credit programmes in Bangladesh cover some 8 million people and it is projected that to satisfy credit needs in the country will have to be expanded to reach an additional 4-5 million poor people. The World Bank has just launched its Second Poverty Alleviation Micro-finance Projects which seeks to strengthen and professionalize this vast sector while providing approximately 25% of the required capital for such a service expansion.

The EC will continue its support to NGOs in the field of advocacy, empowerment, social mobilisation and human rights. The EC will also continue to support the co-operation of European NGOs with smaller local NGOs through the existing funding mechanisms. In view of enhanced effectiveness, direct funding to smaller local NGOs will increasingly be done and instead through apex organisations and networks of NGOs, which provide support to innovative programmes of its member NGOs.

Geographical Targeting

EC assistance will not be limited (with the exception of Chittagong Hill Tracts) to any specific geographical area of Bangladesh, but will address the structural causes of poverty throughout the country. The available data indicate that the differences between the regions are insignificant relative to the level of poverty incidence. Districts with lower socio-economic indicators are found within all six Divisions of the country. This does not exclude that certain EC assistance may focus on particular geographical areas, such as in the EC Food Security Programme.

This position can be reviewed in the light of the results of upcoming studies and programming missions. However, it already appears necessary that the incidence of urban poverty has to be closely monitored. The EC's involvement in urban poverty reduction initiatives could be strengthened taking account of the findings of the ongoing Rural Town Development study.

Concerning Chittagong Hill Tracts region, the EC will see how it could assist, in coordination with the donor community, in formulating and possibly implementing a long-term rehabilitation and development plan.

Crosscutting issues

The EC is committed to integrating environment and sustainable development into its economic and development co-operation policy with developing countries. To meet this objec-

tive, special attention shall be given to strengthening the institutional and administrative capacity to manage the environment effectively. It is essential in this context that the public and private sectors reflect environmental concerns.

As the available EC funding, which is specifically targeted on the environment, is relatively modest compared to the overall flows of EC aid, the key challenge is to mainstream the environment. Therefore, integration of environmental considerations into the use of all EC aid and into the programming and project cycle will not only continue, but also be strengthened. The environmental impact of EC assistance needs continuously be assessed through built-in indicators and regular evaluation exercises.

The EC will give consideration to providing technical assistance, where needed, with regard to gender policy development. However, as in the case of environment issues related to gender must be mainstreamed in the design of all EC supported projects and programs from the start. The low status of women within Bangladesh society makes this a particularly crucial issue. In co-operation with the EU Member States who are working on mainstreaming gender in all their activities, the EC will make renewed efforts to make sure that this issue is taken seriously in all future projects.

The EC is committed to mainstream good governance and institutions building in all its development and economic co-operation with Bangladesh. Transparency and accountability are essential indicators of effective public management and good governance.

To this end, the EC is prepared to include (where possible) components of institutional strengthening and capacity building in the design of all EC supported projects and programs from the start and to support and provide technical assistance for the necessary reforms in the public sector laying emphasis on:

- Supporting new strategies and approaches for stronger and more effective accountability mechanisms and systems by improving financial management and accountability systems;
- Building and strengthening capacities to improve accountability and transparency in the financial and administrative spheres by improving abilities to draft, implement and supervise policies addressing the needs of people;
- Strengthening organised civil society and media which play a key role in keeping a government accountable and in improving public transparency.

II. The Strategic Areas for EC Co-operation in Bangladesh

Based on EC and GoB policies (summarised under Chapters A and B above), the subsequent analysis and the overall approach highlighted above, the following priority areas have been identified:

First priority area: improving Bangladesh's human development indicators, in particular with interventions in the following sectors:

- i. Health, Population and Nutrition
- ii. Education
- iii. Food Security and Rural Development
- iv. Employment Creation

Second priority area: strengthen co-operation in the field of trade and economic co-operation, in particular with regard to export promotion and diversification as well as technical assistance in the areas of intellectual property; norms, standards and quality control; strengthening capacity on WTO matters. The EC will also consider involvement in improving the modernisation of the financial sector.

Other interventions: a) a continued commitment to support the Chittagong Hill Tracts peace process through a special assistance programme in the field of sustainable water management; b) the promotion of democracy and human rights; c) activities in the field of disaster preparedness; d) assistance to Burmese uprooted people; and e) emergency assistance, whenever necessary.

Reduction on core tasks: in the interest of concentration, a number of interventions (agriculture, rural infrastructures and micro-credit projects/programmes) will no longer constitute a priority for EC assistance.

II.1. Improving Human Development Indicators

Health, Population and Nutrition

The current programme proposal and conceptual thinking makes the HNPSP 2003-2008 a focal point of different major EC policies: poverty alleviation, priority to LDC, focusing social sectors such as health, emphasis on sector-wide approaches in close co-operation with other donors. The prime focus for EC assistance in the health sector will be to consolidate the achievements of sector-wide programme (HPSP) currently being piloted and the previous successful interventions with both government and NGOs.

It is currently envisaged between Development Partners and the Government of Bangladesh that the scope of the present HPSP programme will be expanded to include both urban and rural primary health care, address nutrition aspects and incorporate the National Nutrition Programme, encompass a revised essential services packages with an increasing focus on preventative care, and strengthen inter-ministerial linkages. The vision of the sector wide programme will remain one of pro-poor interventions, full integration of NGO services, increasing regulation of the private sector as well as gradual decentralisation of health services.

To maintain the momentum built up during HPSP and to ensure an uninterrupted flow of funds, a Consensus Meeting by the Government of Bangladesh (GoB) and development partners (DPs) agreed in February 2001 on a process and timeframe to ensure that the next sectoral program can start in July 2003.

The increased scope and population coverage of the next program, together with population growth at an annual rate of 1.6 percent, implies increased program costs. Tentatively, total costs of the next sectoral program are estimated at US\$ 4,500 million for the five-year period, 2003-08. World Bank is likely to contribute US\$ 300 million, whereas contributions from all donors may amount to as much as 35 to 40 percent of sectoral expenditures. The EC estimated contribution would be around 120 million Euro.

As the increased involvement of NGOs and private providers is envisaged within HPNSP, they would be financed through the sector programme and the Commission could, at such a level of commitment, abstain from parallel NGO financing.

Education

Contributing to the overall goal of poverty alleviation, education sector will receive priority attention as part of EC development co-operation with Bangladesh. Education plays a strategic role in poverty alleviation and economic development, as better knowledge and skills enable people to better exploit economic opportunities.

In line with the past country strategy, the EC will continue to increase its support to address the vast needs in the education sector. EC funding will thereby seek to develop synergies with other Member States and donors in this sector, in particular in promoting a sector – wide approach.

Primary Education will thereby remain the core focus of EC intervention. The EC will, in co-operation with the Development Partners, strongly encourage the Government of Bangladesh to introduce a policy-based approach in primary education (Sector Wide Approach). Interventions in the sub-sector will aim to increase the number of children completing primary education with a satisfactory level of achievement; to increase literacy; to guarantee girls' access to education and to increase the access of disabled children to education.

Support for non-formal primary education will continue under the new CSP as long as there is inadequate provision of primary education for the poorest groups in society. However, provision of compulsory primary education is ultimately a State responsibility so the EC will encourage the Government of Bangladesh to work with those NGOs active in non-formal education in order to mainstream their successful approaches and best practice into the formal education system or even shoulder some of the financial responsibility for NGO-run schools.

In all education programmes ensuring equality of access to education for all groups in society will be a priority.

Food Security

The EC refocused policy for rural development and agriculture, aimed at ensuring full coherence of rural development policy with the overall poverty objective, stresses that one of the principal objectives of rural development is the maintenance of food security in both rural and urban areas.

Food security will remain a central component of EC assistance to Bangladesh throughout this Country Strategy based upon the considerable expertise developed in this sector. It is expected that Bangladesh will remain one of 22 priority countries for the Food Security Programme of the European Commission, because of the very high levels of under- and malnutrition in the country.

However, it has been observed over the past years that the availability of food is no longer the problem. The issue is access to food for the most vulnerable groups. As a consequence, food aid has been phased out and from 2002, only financial support will be provided.

The objectives of the Food Security Programme (FSP) shall largely remain the same beyond the year 2002 as those initially defined for the period 1999 – 2001. Hence, the primary long-term objective shall be to contribute to the eradication of under- and malnutrition in Bangladesh through the support to 'indirect nutrition activities'. The FSP is presently supporting four types of interventions:

- targeted interventions for the development of vulnerable women;
- temporary employment generation programmes for the landless and casual labourers;

- support to marginal farmers;
- technical assistance to the Government of Bangladesh.

The FSP will constitute the main channel for EC programmes targeted at the ultra-poor. Part of the funds will be channelled through NGOs.

A new strategy for the FSP will be developed during 2002 by the EC. Though the general orientation shall remain the same, the new strategy may consider additional components to be considered for food security, namely (a) the strengthening of existing social protection programmes and mechanisms, aimed at targeting those among the ultra-poor not capable of engaging in gainful employment; (b) involvement by the EC in the next National Nutrition Programme. The FSP will also consider to what extent participation in donor consortia may increase the impact of its interventions.

Employment Creation

One of the priority intervention of the previous EC strategy (1999-2001) focused on development of rural towns with the view of contributing to: a) reduce migration flows to large cities, improving in this way the living conditions in these urban centres while generating job opportunities and preventing deterioration of the living standards and the environment in rural towns; b) to produce a positive global effect on national economic growth and social development.

To this end, the EC has financed a Rural Town Study, presently under implementation. The purpose of this study is to devise specification on how to promote and actively pursue a spatially and economically more balanced pattern of urbanisation through the realisation of the potential of rural towns. The outcome of the study should lead to the elaboration of a pilot investment programme for immediate funding and implementation.

The focus of EC assistance will be on the promotion of growth centres in the rural areas as rural towns will play a crucial role in providing employment opportunities for a growing labour force that cannot be absorbed in agriculture. Such growth centres, if successful, will significantly stem the migration flows towards the urban cities. Interventions will seek to develop synergies with related projects by other donors (especially WB and ADB). The latter's interventions have however been primarily targeted at the provision of infrastructure in larger rural towns.

EC assistance in this area will consider various aspects of rural town development, including development of a production base, municipal administration, linkages with the hinterland, and environmental factors. The focus will be on the introduction of new and appropriate technologies, based upon the comparative advantage of rural towns. The main orientation of interventions in this regard will be on 'software' components rather than on the provision of infrastructure, other than those essential for employment creation. Decentralisation and local level management will also be promoted within this concept.

In a shift away from a focus on traditional Income Generation Activities (IGA) and micro-credit programmes, the EC will also consider supporting the development of small-scale industries, such as currently piloted by some NGOs (e.g. BRAC) in an effort to increase employment opportunities among the poorer section of society. The provision of training programmes for the rural and semi-urban population in modern professions and the service sector could constitute complementary activities to the rural towns initiative.

II.2 Enhancing Trade Capacity, Economic Development, and Regional Economic Co-operation

The full and lasting integration of Bangladesh into the world economy is a necessary condition for its growth and sustainable economic and social development. In this context, the EC's trade policy can make an important contribution to sustainable development of the country. However, an enhanced market access and an improved trading environment in itself are not sufficient. The country must have the capacity of government, infrastructure and human resource to be able to benefit from the opportunities offered. The EC in its trade and economic development co-operation with Bangladesh is therefore set to address supply-side constraints and competitiveness, trade-related areas, trade development measures, capacity building of relevant public authorities, technology transfers, access to information and global networks, and strategies to promote investment and private sector development.

Trade promotion/diversification

The EC implemented in the past a small number of interventions in the area of trade promotion. However, in recent years the focus of EC co-operation has been on several regional programmes. As a matter of competency and of relative expertise, the MS favour the EC's increased efforts in this field through interventions directly aimed at the Bangladesh context.

The structure of Bangladesh export is characterised by an overwhelming dominance of readymade garments (70% of total exports), based on imported raw materials and through a preferential trade regime in EU quota-free and duty-free access. The exports from Bangladesh will face a tremendous challenge after 2004 when its competitors are likely to reduce Bangladesh's share of present market in EU and USA, the two main destinations (about 90%) of RMG exports. The spill over effect in the economy as a whole will be enormous, unless Bangladesh takes up measures like diversification of exports as well as improve its current capacity in terms of better marketing of products. The EU's latest facility - Everything But Arms, provides an excellent opportunity for diversification especially in the areas of agricultural products and agro-based industries.

EC will provide co-operation to Bangladesh in these areas to help diversify exports as well as promote existing export items through improved marketing measures. The interventions may cover activities such as training and other related technology transfer activities, especially in the field of eco-labelling, packaging, quality control, standards, market studies and other actions aimed at exposing local entrepreneurs to the challenges of accessing the EU market.

Modernisation of Financial Sector

Bangladesh had been trying to attract FDI which LDCs rarely receive. The portfolio investment in the securities market is another window of opportunity which Bangladesh is trying to promote. However, the regulatory framework as well as the management of the capital market is not conducive to attract foreign or even domestic investment. Although banking sector reform has made some positive impact on the financial sector management, modernisation is still far from international standard. EC's experience in creating uniform regulatory framework for securities market can be very useful for the SAARC region in general and Bangladesh in particular.

Appropriate intervention in this sector can also be conducive to attract investment from outward looking south-east Asian countries. An emphasis should be given to regional co-operation in the interventions in this sector.

Technical Assistance to Trade Selected Sectors

EU's commitment to LDCs on trade-related technical assistance can be amply fulfilled through a selective programme in Bangladesh. EC-Bangladesh Co-operation Agreement also provides for technical assistance in preparing the country to fully integrate in the global market under WTO rules. EC's support to regional economic co-operation is also demonstrated through the inclusion of SAARC into the GSP's regional cumulation provisions and the South Asian Trade Study (TRACE). These are areas where the EC has a comparative advantage over Member States.

Trade-related technical assistance measures will focus on the strengthening of the negotiation, regulatory and technical capacity of those public authorities whose regular competence includes trade and trade relations. Programmes may cover such areas as industrial, sanitary, phytosanitary, and environmental norms and standards

II.3 Other EC interventions

EC Co-operation in Chittagong Hill Tracts Region

The management of water resources has become a critical need in Bangladesh because of growing demand for water and increasing conflict over its alternative uses. This is, to some extent, also true for the CHT region. In fact the water use and management linked to environment protection, conservation and rehabilitation was one of the aspects highlighted in the UNDP sponsored needs assessment mission in 1998. This issue was also identified as a major issue by the participants of the 14 grassroots workshop of the Environment Management Action Plan (EMAP) for CHT .

Increasing population pressure due to settlement of non-tribal, indiscriminate deforestation and pressure on natural resources resulted in an environmental degradation in the area. Because of increasing saltation of the rivers (due to soil erosion, deforestation, faulty agricultural practice), flash floods, natural disasters and landslides are frequent. Scarcity of drinking water due to the pollution of surface water is also a problem. In this context, a correct natural resources management and especially a good management of water resources becomes a critical need for CHT.

In the light of what above described, the EC has considered useful to provide water resources development co-operation in the CHT area as a mean to develop the economic, social and environmental potential of the region. This respond to the request of GoB to the donors community seeking for assistance in formulating a long term development plan for the CHT region, it is coherent with the priorities (environment) set in the new EC/BGD Co-operation Agreement, it is perfectly in line with the water policy of the government.

Complementing this core activity, the EC will also seek to extend ongoing sector wide programmes in the health and education sectors to the Chittagong Hill Tracts.

However, the development of the security situation in the region needs a careful assessment together with EU Member States and other interested donors before the EC may proceed with any major commitment.

Promoting Democracy and Human Rights

Improvement of the Functioning of the Democratic Institutions

The EC assistance in this sector will be built on the considerable experience developed in the area of election observation and in supporting small interventions in voter education and related activities.

In this regard, assistance will orientate towards strengthening parliamentary democracy through development of stronger and more responsive management structures and processes, stressing on the capacities of the members of Parliaments and of the local government officers. Competencies at both central and local authorities are essential for an efficient functioning of institutions, especially within a context of decentralisation. A better access to more research and information should be a priority to enable them better to carry out their responsibilities for oversight, debate, legislation and decision-making.

Election assistance and observation will be an area of increased EC support, both in view of the importance of free and fair elections in the process of democratisation, but also as a reflection of the added value of a co-ordinated EU presence in election observation. To reinforce the rule of law and the democratic practices in Bangladesh, the EC activities will focus on election observation, assistance and civic education.

Promotion of Individuals Rights

The relationship between Bangladesh and the EC is based upon the respect of human rights and democratic principles. EC interventions in this field would be built around the framework of the Convention on the Elimination of all forms of Discrimination against women, specifically to improve Bangladesh's record with regards of human rights protection of vulnerable groups.

In this respect, the EC will continue to address specific human rights issues specifically meaningful for Bangladesh as human-being missing, kidnapping and trafficking and to provide support to initiatives on particular target groups as children and women. The EC intends to continue to support NGOs' networks active at national or regional levels in this field, and to favour a tripartite partnership involving the Government of Bangladesh, the EC and the NGOs.

Disaster Preparedness and Humanitarian Aid

The EC will carefully consider continuing and possibly expanding its limited involvement in this area of disaster preparedness. The new Comprehensive Disaster Management Programme (CDMP) provides in this regard a blueprint for potential interventions. The EC involvement in disaster preparedness will take into account its previous experience (e.g. in coastal embankment; cyclone shelters; etc.) as well as the expertise of the DIPECHO programme. In addition, the EC may consider providing assistance in the rehabilitation of the growing number of displaced persons as result of river erosion and other so called 'silent' disasters.

Humanitarian aid will continue to play a crucial role in ensuring Bangladesh's smooth path to development and assisting possible disaster-affected populations efficiently with the needed assistance. The regional ECHO office based in Dhaka will in this regard contribute to the preparedness plan of the European Commission for the eventuality of major disasters affecting Bangladesh.

III. Implementation Efficiency

Promoting a higher level of efficiency in the implementation of EC supported projects and programmes remains a major concern. Although the ongoing reforms within the EC will contribute to improve the process, it remains imperative that the implementation efficiency and absorption capacity of Bangladesh is increased significantly for the proposed level of financial commitment of the EC to be sustained in the time validity of the EC's Country Strategy 2002 – 2006 for Bangladesh.

In pursuit of this goal, the EC proposes action at three levels: a) an intensified dialogue with the Government of Bangladesh on development priorities, b) an improved project design, and c) a review of the current modalities of implementation of EC funded projects.

IV Coherence with EU Policies and Complementarity with EU and other donors

The strategy outlined in this paper is coherent with relevant EU policies. The overall objective of EU co-operation with Bangladesh is fostering sustainable economic and social development while helping to reduce poverty and contributing towards Bangladesh's integration into the world economy.

The priority sectors outlined above take account of these issues, by focusing on human development in the social sectors and trade and economic promotion and development and mainstreaming crosscutting issues as good governance, gender and environment.

The strategy is fundamentally compatible with the EU's political objectives and the proposed EC priorities should help to contribute towards sustainable economic development and social stability.

The matrix on donor co-ordination under Annex 2 shows how EC actions relate to those of Member States and other donors. Duplication is avoided by ensuring consultations at various levels to improve coherence, in particular at the EU level. The process of establishing the CSP and the new multi-annual planning cycle should allow for an even more effective co-ordination.

There is broad agreement amongst donors, both at EU Member States level, as well as other donors operating in Bangladesh on the development needs and priorities of the country.

The EC selected priorities and areas of intervention complement and/or strengthen EU and other donors co-operation.

The EC support to the Health, Population and Nutrition Sector Programme (2003-2008) would involve all major Development Partners organised in a "donor consortium" led by the WB.

In the education sector (both formal and informal) the EC has a long experience. Besides, donors working in the education sector (EC, DFID, WB, NL, ADB, D, DK etc) work together very closely with the objective to convince GoB to accept a sector wide approach.

Considerable experience, comparative advantages and the need to secure access to food for the most vulnerable groups fully justifies the EC assistance in this sector.

The EC intervention in the area of employment creation was a priority in the previous EC strategy and approaches the development of rural town in an innovative way while developing synergies with related projects by other donors.

There is no doubt that the integration of BGD into the world economy is a top priority. To this end the EC's trade policy can make an important contribution to sustainable development of the country. As a matter of competency and of relative expertise, MS favour a EC increased efforts in trade and economic co-operation both at regional and country level.

In CHT region donors' ongoing and planned co-operation follows a project approach funding activity in the health and education sectors (D,NL, UNICEFF, UNESCO), rural and agriculture development, small scale livestock and fishery development (ADB, WFP, FAO), water supply and sanitation (DK – currently suspended), rural employment (S) etc. The proposed EC Sustainable Water Management is a sector orientated intervention, open to other donors' involvement. A co-ordinated involvement of the donor community in the development of CHT region would have a positive impact on the peace process and would strengthen the local institutions as well as the social and political stability of the region.

More information on possibilities and mechanisms for improved co-ordination and coherence with ongoing and planned assistance from MS and other donors in the sector of education, trade and economic co-operation and the EC proposed intervention in CHT region, will be presented in the NIP (see point F of the CSP).

V – Review of the Co-operation Strategy

As the PRSP for BGD should be in place by end 2002, a first revision of this CSP might be necessary by that time. A further revision and updating is proposed following an initial two years, i.e. during 2004. This review should be preceded by a comprehensive evaluation of implementation status of the Country Strategy, in particular through sectoral reviews. The review itself will consider constraints and opportunities from both (a) the Government of Bangladesh, and (b) the European Commission. With regard to the former, it shall look at the implication of the Poverty Reduction Strategy Paper to be completed by the Government of Bangladesh in 2002 and implemented thereafter as well as the next Five Year Plan. It will assess to what extent the policy environment has changed to permit effective implementation of programmes in support of the co-operation areas set out in this Country Strategy.

On the other hand, the review will take stock of the European Commission's own reform process, in particular the deconcentration exercise and unification of the project cycle in the Europe Aid Co-operation Office. It shall consider to what extent these and other reforms have contributed to increasing the capacity of the Commission and its Delegation in Dhaka to initiate, manage and monitor the country strategy priorities.

F. National Indicative Programme and Financial Envelope

As outlined in the guidelines for implementation of the Community Framework for Country Strategy Paper, once the response strategy is defined, it must be translated into a National Indicative programme (NIP). On the basis of the present CSP, and in order to gather additional information and elements needed for the elaboration of the NIP, the Commission decided to send (by the end of the year 2001) three specialist missions to Bangladesh.

The purpose of these missions is to identify possible areas of project/programme programming, assessing their relevance to the EC response strategy as set out in the CSP and the

government policy. These missions will also assess the potential impact, effectiveness, efficiency, and visibility of proposed programmes and activities. Potential broad outputs should be analysed in quantitative and qualitative terms. The means to measure outcomes and impact of the proposed actions will also be addressed. Issues of sustainability and replicability should be examined, where appropriate, from institutional and financial perspectives. Where applicable, the prospects for cross-fertilisation should also be noted and assessed. This would allow to define conditionalities and indicators of the strategic areas and identify the baseline and targets for monitoring the CSP's implementation as well as elaborate a tentative timeline.

These programming missions should draw up proposals which together will form the basis for a rolling 3 year (2002-2004) indicative programme for Bangladesh which will be updated annually.

Consequently, the detail NIP for Bangladesh will constitute a separate document, the structure of which is presented in annex 3.

The following indicative figures (covering the five year period) are retained for the different areas of intervention described in this document, taking into account the relative level of priority and the type of activities envisaged. They are subject to further refinement as the programming for the coming and subsequent National Indicative Programme progresses."

EC co-operation priority areas and interventions	Million €
Improving Human Development Indicators	
i. Health, Population and Nutrition	120
ii. Education (formal/formal primary educ.)	125
iii. Food Security and Rural Development	120
iv. Employment Creation	10
Enhancing Trade Capacity, Economic Development, and Regional Economic Co-operation	45 4
Other EC priority interventions	
EC Co-operation in Chittagong Hill Tracts	60
NGO Co-financing	30
Others (including, promotion of democracy and human rights, refugees, humanitarian aid, disaster preparedness, regional programmes etc.)	46
TOTAL	560

ANNEXES

- Annex 1: Relevant Socio-economic and trade indicators and statistics
- Annex 2: Matrix of co-operation priorities of EU Member States and selected donors in Bangladesh
- Annex 3: Structure of the National Indicative Programme
- Annex 4: Ongoing EC financed projects in Bangladesh
- Annex 5: Groups of ultra poor and their prospects for IGAs (RESAL Study on Income Generating Activities, March 2001)

ANNEX 1

BANGLADESH MACRO-ECONOMIC INDICATORS

	1995	1996	1997	1998	1999	2000 ^D
A Income and Growth						
GDP per capita (in US \$, current)	316.4	333.5	340.5	348.1	356.6	373.1
GDP Growth (% in constant prices) ^a	4.9	4.6	5.4	5.2	4.9	5.5
Agriculture	-0.3	3.1	6.0	3.2	4.8	6.4
Industry	9.9	7.0	5.8	8.3	4.9	5.6
Services	4.9	4.0	4.5	5.0	5.2	5.3
B Saving and Investment (in current market prices)						
	(Percent of GDP)					
Gross Domestic Investment	19.1	20.0	20.7	21.6	22.2	22.4
Gross National Savings ^b	16.7	16.0	18.6	20.6	20.8	21.3
C Money and Inflation						
	(Annual percent change)					
Consumer prices (annual average) ^c	8.9	6.7	2.5	7.0	9.0	4.5
Broad Money (M2)	16.1	8.3	10.8	10.2	12.2	19.0

BANGLADESH MACRO-ECONOMIC INDICATORS CONTINUED

	1995	1996	1997	1998	1999	2000 ^D
D Government Finance						
	(Percent of GDP)					
Total Revenue	9.3	9.0	9.2	9.3	9.0	8.9
Total Expenditure and Net Lending	14.6	13.4	13.5	13.3	13.8	15.0
Overall Surplus/Deficit	-5.3	-4.4	-4.3	-4.1	-4.8	-6.1
E Balance of Payments						
Merchandise Trade Balance (% of GDP)	-6.2	-7.4	-6.5	-5.3	-5.9	-5.7
Current Account Balance (% of GDP)	-2.4	-4.0	-2.1	-1.1	-1.4	-1.1
Export growth (annual percent change)	37.1	11.8	14.0	16.8	2.9	9.1
Import growth (annual percent change)	39.2	17.9	4.1	5.1	6.6	6.8
F External Payments						
Foreign Exchange Reserves						
In billion US \$, end of period	3.1	2.0	1.7	1.8	1.5	1.5
In months of imports	6.3	3.6	2.9	2.8	2.3	2.3
External Debt Service (% of exports of goods and services)	11.2	10.7	9.5	7.8	6.7	7.3
External Debt (% of GDP)	43.4	39.7	36.6	38.0	37.7	36.6
G Memorandum items						
GDP (current prices, in billion Taka)	1,525.2	1,663.2	1,807.0	2,001.8	2,197.0	2,412.7
GNP (current prices, in billion Taka)	1,517.7	1,712.7	1,865.4	2,068.8	2,269.9	2,499.7
Exchange Rate (Taka to US \$, annual average)	40.2	40.8	42.7	45.5	48.1	49.7
Population (in million)	119.9	122.1	124.3	126.5	128.7	130.2

Sources: Bangladesh Bureau of Statistics, Revised National Accounts Data (March 2000); Bangladesh Bureau of Statistics, Statical Yearbooks (various issues); Bangladesh Ministry of Finance. Memorandum for Bangladesh Development Forum (1999-2000); IMF, Economic Indicators of Bangladesh, March 2000; World Bank a/ Based on the new series with FY 1995/96 as the base year; b/ Gross national savings - GDP at current market prices less consumption plus net factor income from abroad plus net private transfers from abroad; c/ At 1985/86 = 100, CPI, National; d/ Asia Development Bank estimate.

BANGLADESH PROJECTED ECONOMIC DEVELOPMENT INDICATORS

	2000	2010	2020
Employment and Labour Force			
Unemployment Rate (%)	16.7	11.6	6.5
Civilian Labour Force (million)	66	86	107
Agricultural employment (% of labour force)	48.5	44.2	38.3
Industrial employment (% of labour force)	13.6	19.7	23.4
Output			
GDP at current market prices (billion taka)	2056	4045	8733
GDP at current market prices (billion \$)	49	96	208
Real GDP Growth Rate	6.5	7.0	8.0
Per capita GDP (1995 \$)	379	643	1215
Gross Domestic Investment (% of GDP)	23.0	25.0	30.0

Sources: BBS; HDD; World Bank; Bangladesh Centre for Advanced Studies; and estimates of Bangladesh 2020 Study

BANGLADESH SOCIAL INDICATORS

	1985	1990	LATEST YEAR	
POPULATION INDICATORS				
Total Population (millions)	97.5	109.6	128.7	(1999)
Annual Population Growth Rate (% change)	2.07	1.95	1.70	(1998-99)
SOCIAL INDICATORS				
Total Fertility Rate (births per women)	4.7	4.3	3.0	(1998)
Maternal Mortality Rate (per hundred thousand live births)	-	850.0	449.0	(1997)
Infant Mortality Rate (below 1 year; per '000 live births)	112.0	92.0	57.0	(1998)
Life Expectancy at Birth (years)	55.0	56.6	60.8	(1998)
Female	56.0	56.7	60.9	(1998)
Male	55.0	56.5	60.7	(1998)
Adult Literacy (%)	33.0	35.3	56.0	(1998)
Primary School Enrolment (% of school age population)	63.0	77.0	96.5	(1998)
Female	43.8	70.0	94.5	(1998)
Secondary School Enrolment (% of school age population)	17.0	19.0	33.0	(1997)
Female	10.0	14.0	31.0	(1997)
Child Malnutrition (% of under age 5)	70.0	68.0	56.0	(1997)
Population Below Poverty Line (%)	55.0	47.8	44.7	(1999)
Income Ratio of Highest 20% to Lowest 20% ^a	-	4.1	8.8	(1995-96)
Population with Access to Safe Water (%) ^b	-	80.0	95.0	(1997)
Population with Access to Sanitation (%) ^c	-	40.0	43.0	(1997)
Public Education Expenditure as % of GDP	1.39	1.37	2.11	(1997)
Public Health Expenditure as % of GDP	0.92	0.63	1.00	(1997)
Human Development Index ^d	0.369	0.400	0.461	(1998)
Human Development Ranking	108	147	146	(1998)

Sources: ADB, Key Indicators (1999); Bangladesh Bureau of Statistics, Statistical Yearbooks various issues); Bangladesh Ministry of Finance, Memorandum for Bangladesh Development Forum (1999-2000); UNDP, Human Development Report (1999)

a/ Refers to expenditure ratio; b/ Percent of households with either tap or tube well water source; c/ Refers to % of households; d/ Human Development Index and Rank may not be comparable in different years since statistical administration and research books seek to update or improve their estimates using new sources of data such as censuses and surveys as indicated in the Human Development Report (1997) of UNDP

BANGLADESH PROJECTED SOCIAL DEVELOPMENT INDICATORS

	2000	2010	2020
Population			
Population (million)	130	150	170
Population growth rate (%)	1.60	1.46	1.15
Net replacement ratio (NRR)	1.055	1.000	1.000
Population density (per sq km)	892	976	1118
Urban population (%)	21.0	28.5	36.5
Crude Birth Rate (per 1000 population)	26.0	22.5	19.3
Crude Death Rate (per 1000 population)	9.2	8.0	7.25
Infant Mortality Rate (per 1000 live birth)	69.4	50.7	38.2
Life Expectancy at birth (years)	58.4	62.2	65.9
Education			
Adult Literacy Rate (15 yrs+%)	62	80	95
Primary School Enrolment (gross%)	100.8	96.8	108.3
Secondary School Enrolment (gross%)	36.0	47.3	52.0
Environment and Natural Resources			
Forest cover (%)	6	10	15
Protected Areas (ha)	2000	5000	10000
Renewable Energy Production (MW)	2	10	20
Greenhouse Gas Emissions:			
(a) Carbon Dioxide (billion Kg)	28.4	56.9	154.2
(b) Methane (million Kg)	204.6	240.5	224.7

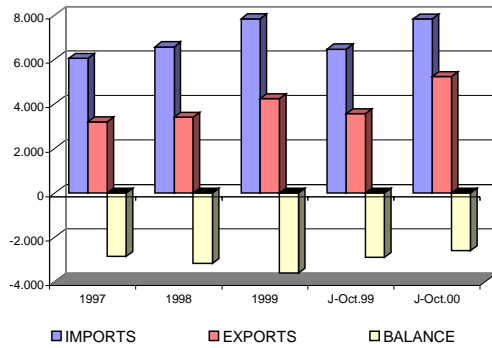
Sources: BBS; HDD; World Bank; Bangladesh Centre for Advanced Studies; and estimates of Bangladesh 2020 Study

Note: Figures for 1995 are actual

BANGLADESH TRADE WITH THE WORLD AND EU (Mio ecu/euro)

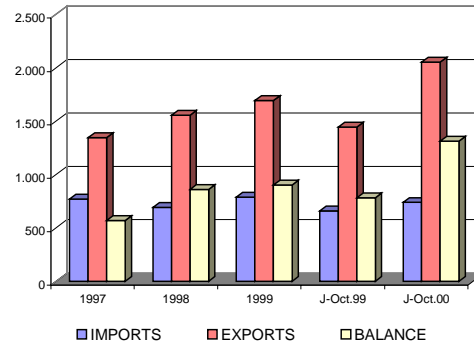
WORLD

YEAR	IMPORTS	YEARLY % CHANGE	EXPORTS	YEARLY % CHANGE	BALANCE
1997	6.051	10,8	3.199	23,2	-2.853
1998	6.574	8,6	3.409	6,6	-3.165
1999	7.837	19,2	4.241	24,4	-3.596
J-Oct.99	6.473		3.573		-2.900
J-Oct.00	7.831	21,0	5.232	46,4	-2.599



EU

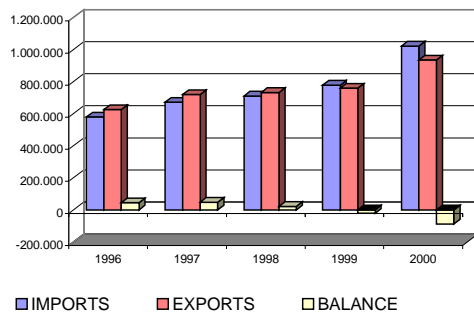
YEAR	IMPORTS	YEARLY % CHANGE	EXPORTS	YEARLY % CHANGE	BALANCE
1997	774	23,1	1.347	8,3	573
1998	693	-10,5	1.557	15,5	863
1999	790	14,0	1.696	9,0	905
J-Oct.99	662		1.446		783
J-Oct.00	741	11,8	2.055	42,2	1.315



EU TRADE WITH THE WORLD AND BANGLADESH (Mio ecu/euro)

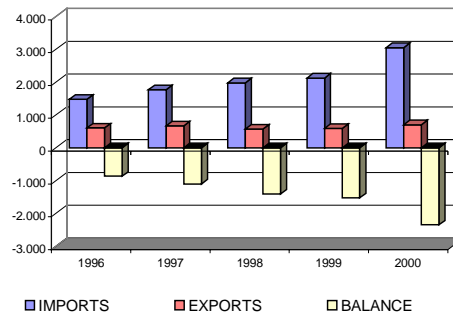
WORLD*

YEAR	IMPORTS	YEARLY % CHANGE	EXPORTS	YEARLY % CHANGE	BALANCE
1996	581.015	6,6	626.294	9,2	45.279
1997	672.568	15,8	721.128	15,1	48.561
1998	710.538	5,6	733.428	1,7	22.890
1999	779.216	9,7	760.172	3,6	-19.044
2000	1.022.754	31,3	935.703	23,1	-87.051



BANGLADESH

YEAR	IMPORTS	YEARLY % CHANGE	EXPORTS	YEARLY % CHANGE	BALANCE
1996	1.474	16,9	603	21,7	-871
1997	1.772	20,2	670	11,1	-1.102
1998	1.978	11,6	567	-15,3	-1.410
1999	2.122	7,3	587	3,5	-1.535
2000	3.046	43,6	695	18,4	-2.351



BANGLADESH TRADE WITH MAIN PARTNERS 1999 (Mio euro)

IMPORTS				EXPORTS				IMPORTS+EXPORTS			
Rank.	Partners	Mio euro	% World	Rank.	Partners	Mio euro	% World	Rank.	Partners	Mio euro	% World
	World	7.837	100,0		World	4.241	100,0		World	12.078	100,0
1	INDIA	961	12,3	1	EU	1.696	40,0	1	EU	2.486	20,6
2	EU	790	10,1	2	USA	1.324	31,2	2	USA	1.743	14,4
3	SINGAPORE	618	7,9	3	CANADA	73	1,7	3	INDIA	1.007	8,3
4	JAPAN	525	6,7	4	JAPAN	67	1,6	4	SINGAPORE	633	5,2
5	USA	419	5,3	5	INDIA	46	1,1	5	JAPAN	591	4,9
6	SOUTH KOREA	273	3,5	6	IRAN	31	0,7	6	SOUTH KOREA	278	2,3
7	AUSTRALIA	200	2,6	7	PAKISTAN	23	0,6	7	AUSTRALIA	216	1,8
8	INDONESIA	149	1,9	8	SYRIA	20	0,5	8	INDONESIA	155	1,3
9	THAILAND	132	1,7	9	TURKEY	20	0,5	9	CANADA	153	1,3
10	U.A.EMIRATES	109	1,4	10	THAILAND	18	0,4	10	THAILAND	150	1,2
11	SWITZERLAND	106	1,4	11	AUSTRALIA	16	0,4	11	U.A.EMIRATES	125	1,0
12	SAUDI ARABIA	99	1,3	12	U.A.EMIRATES	15	0,4	12	SWITZERLAND	119	1,0
13	MALAYSIA	84	1,1	13	SINGAPORE	15	0,3	13	SAUDI ARABIA	105	0,9
14	ARGENTINA	84	1,1	14	NORWAY	15	0,3	14	PAKISTAN	103	0,9
15	CANADA	80	1,0	15	SWITZERLAND	13	0,3	15	MALAYSIA	90	0,7
16	PAKISTAN	80	1,0	16	SUDAN	13	0,3	16	ARGENTINA	86	0,7
17	KUWAIT	70	0,9	17	POLAND	10	0,2	17	KUWAIT	72	0,6
18	RUSSIA	66	0,8	18	SAUDI ARABIA	6	0,2	18	RUSSIA	70	0,6
19	NORTH KOREA	53	0,7	19	SRI LANKA	6	0,1	19	IRAN	57	0,5
20	IRAN	27	0,3	20	INDONESIA	6	0,1	20	NORTH KOREA	55	0,5

IMPORTS				EXPORTS				IMPORTS+EXPORTS			
	Partners	Mio euro	% World		Partners	Mio euro	% World		Partners	Mio euro	% World
	World	7.837	100,0		World	4.241	100,0		World	12.078	100,0
(a)	NAFTA	507	6,5	(a)	NAFTA	1.401	33,0	(a)	NAFTA	1.908	15,8
(b)	AMLAT	133	1,7	(b)	AMLAT	16	0,4	(b)	AMLAT	148	1,2
(c)	Candidats	50	0,6	(c)	Candidats	35	0,8	(c)	Candidats	85	0,7
(d)	CIS	90	1,1	(d)	CIS	5	0,1	(d)	CIS	95	0,8
(e)	MED	43	0,5	(e)	MED	51	1,2	(e)	MED	94	0,8
(f)	ASEAN	1.007	12,8	(f)	ASEAN	52	1,2	(f)	ASEAN	1.058	8,8

- (a) USA, Canada, Mexico.
- (b) 20 latin American, Countries.
- (c) Poland, Hungary, Romania, Bulgaria, Slovenia, Estonia, Lithuania, Latvia, Czech Rep., Slovakia, Cyprus, Malta, Turkey.
- (d) Moldova, Belarus, Ukraine, Russia, Georgia, Armenia, Azerbaidjan, Kazakhstan, Turkmenistan, Ouzbekistan, Tadjikistan.
- (e) Malta, Jordan, Turkey, Morocco, Algeria, Tunisia, Egypt, Cyprus, Lebanon, Syria, Israel, Gaza and Jericho.
- (f) Thailand, Indonesia, Malaysia, Brunei, Singapore, Philippines, Laos, Cambodia, Myanmar, Vietnam.

EU TRADE WITH MAIN PARTNERS 2000 (Mio euro)

IMPORTS

EXPORTS

IMPORTS+EXPORTS

Rank.	Partners	Mio euro	% World*	Rank.	Partners	Mio euro	% World*	Rank.	Partners	Mio euro	% World*
	World*	1.022.754	100,0		World*	935.703	100,0		World*	1.958.457	100,0
1	USA	196.972	19,3	1	USA	230.986	24,7	1	USA	427.958	21,9
2	Japan	85.019	8,3	2	Switzerland	70.170	7,5	2	Japan	129.711	6,6
3	China	69.679	6,8	3	Japan	44.693	4,8	3	Switzerland	128.359	6,6
4	Switzerland	58.189	5,7	4	Poland	33.649	3,6	4	China	94.969	4,8
5	Norway	45.559	4,5	5	Turkey	29.731	3,2	5	Norway	70.934	3,6
6	Russia	44.980	4,4	6	Norway	25.375	2,7	6	Russia	64.744	3,3
7	Taiwan	26.502	2,6	7	China	25.290	2,7	7	Poland	56.761	2,9
8	South Korea	24.344	2,4	8	Czech Rep.	23.762	2,5	8	Turkey	47.199	2,4
9	Poland	23.112	2,3	9	Hungary	22.978	2,5	9	Czech Rep.	45.195	2,3
10	Hungary	21.893	2,1	10	Canada	20.597	2,2	10	Hungary	44.871	2,3
11	Czech Rep.	21.433	2,1	11	Hong Kong	20.246	2,2	11	Taiwan	41.353	2,1
12	Canada	18.354	1,8	12	Russia	19.764	2,1	12	South Korea	40.701	2,1
13	Brazil	17.477	1,7	13	Brazil	16.483	1,8	13	Canada	38.951	2,0
14	Turkey	17.469	1,7	14	South Korea	16.357	1,7	14	Brazil	33.960	1,7
15	Malaysia	16.888	1,7	15	Australia	15.695	1,7	15	Hong Kong	31.957	1,6
16	Algeria	16.483	1,6	16	Israel	15.689	1,7	16	Singapore	30.575	1,6
17	Singapore	15.854	1,6	17	Taiwan	14.851	1,6	17	Saudi Arabia	27.684	1,4
18	Saudi Arabia	15.796	1,5	18	Singapore	14.721	1,6	18	South Africa	26.007	1,3
19	South Africa	14.353	1,4	19	Mexico	13.846	1,5	19	India	25.646	1,3
20	Libya	12.791	1,3	20	India	13.304	1,4	20	Israel	25.552	1,3
45	Bangladesh	3.046	0,3	90	Bangladesh	695	0,1	57	Bangladesh	3.742	0,2

IMPORTS

EXPORTS

IMPORTS+EXPORTS

	Partners	Mio euro	% World*		Partners	Mio euro	% World*		Partners	Mio euro	% World*
	World*	1.022.754	100,0		World*	935.703	100,0		World*	1.958.457	100,0
(a)	NAFTA	222.301	21,7	(a)	NAFTA	265.429	28,4	(a)	NAFTA	487.730	24,9
(b)	AMLAT	48.300	4,7	(b)	AMLAT	54.217	5,8	(b)	AMLAT	102.517	5,2
(c)	Candidats	117.014	11,4	(c)	Candidats	150.305	16,1	(c)	Candidats	267.319	13,6
(d)	CIS	54.230	5,3	(d)	CIS	27.581	2,9	(d)	CIS	81.810	4,2
(e)	MED	64.377	6,3	(e)	MED	86.391	9,2	(e)	MED	150.768	7,7
(f)	ASEAN	69.314	6,8	(f)	ASEAN	40.056	4,3	(f)	ASEAN	109.370	5,6

(a) USA, Canada, Mexico.

(b) 20 latin American, Countries.

(c) Poland, Hungary, Romania, Bulgaria, Slovenia, Estonia, Lithuania, Latvia, Czech Rep., Slovakia, Cyprus, Malta, Turkey.

(d) Moldova, Belarus, Ukraine, Russia, Georgia, Armenia, Azerbaidjan, Kazakhstan, Turkmenistan, Ouzbekistan, Tadjikistan.

(e) Malta, Jordan, Turkey, Morocco, Algeria, Tunisia, Egypt, Cyprus, Lebanon, Syria, Israel, Gaza and Jericho.

(f) Thailand, Indonesia, Malaysia, Brunei, Singapore, Philippines, Vietnam, Cambodia, Laos, Myanmar.

EU IMPORTS BY PRODUCT GROUPINGS (Mio ecu/euro)

WORLD*							BANGLADESH							
	1998	%	1999	%	2000	%		1998	%	1999	%	2000	%	Share of the World*
Total	710.538	100,0	779.216	100,0	1.022.650	100,0	Total	1.978	100,0	2.122	100,0	3.046	100,0	0,3
Primary Prod. of which:	171.804	24,2	185.776	23,8	275.860	27,0	Primary Prod. of which:	92	4,6	122	5,8	200	6,6	0,1
Agr. prod.	72.460	10,2	71.340	9,2	78.662	7,7	Agr. prod.	91	4,6	122	5,7	200	6,6	0,3
Energy	61.690	8,7	78.222	10,0	146.296	14,3	Energy	0	0,0	0	0,0	0	0,0	0,0
Manuf. products of which:	516.308	72,7	571.281	73,3	711.682	69,6	Manuf. products of which:	1.884	95,3	1.998	94,2	2.844	93,3	0,4
Machinery	190.561	26,8	215.528	27,7	283.653	27,7	Machinery	21	1,1	5	0,2	11	0,4	0,0
Transp. mater. of which:	76.609	10,8	89.963	11,5	105.460	10,3	Transp. mater. of which:	4	0,2	7	0,3	13	0,4	0,0
cars	36.333	5,1	43.089	5,5	47.620	4,7	cars	0	0,0	0	0,0	0	0,0	0,0
Chemical prod.	55.570	7,8	58.902	7,6	70.650	6,9	Chemical prod.	3	0,1	3	0,2	2	0,1	0,0
Text and cloth.	57.383	8,1	59.777	7,7	69.546	6,8	Text and cloth.	1.735	87,7	1.878	88,5	2.656	87,2	3,8

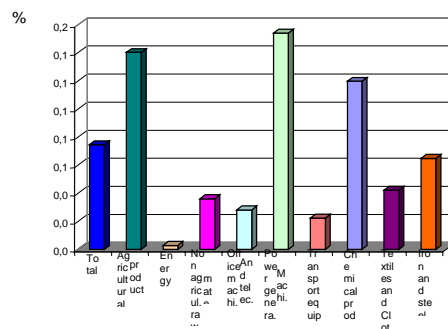
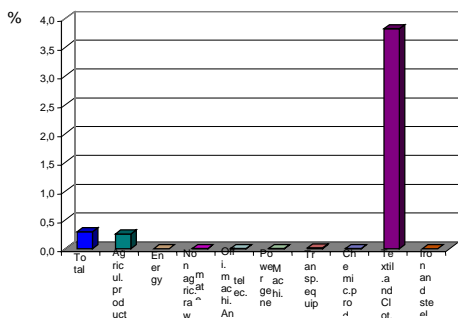
EU EXPORTS BY PRODUCT GROUPINGS (Mio ecu/euro)

WORLD*							BANGLADESH							
	1998	%	1999	%	2000	%		1998	%	1999	%	2000	%	Share of the World*
Total	733.428	100,0	760.172	100,0	935.721	100,0	Total	567	100,0	587	100,0	695	100,0	0,1
Primary Prod. of which:	80.707	11,0	83.808	11,0	110.113	11,8	Primary Prod. of which:	134	23,7	132	22,5	90	13,0	0,1
Agr. prod.	52.938	7,2	52.856	7,0	60.224	6,4	Agr. prod.	127	22,3	126	21,4	84	12,1	0,1
Energy	14.014	1,9	16.582	2,2	30.113	3,2	Energy	0	0,1	1	0,1	1	0,1	0,0
Manuf. products of which:	635.925	86,7	656.372	86,3	802.241	85,7	Manuf. products of which:	408	71,9	433	73,8	578	83,1	0,1
Machinery	223.417	30,5	228.466	30,1	283.639	30,3	Machinery	185	32,6	213	36,2	264	38,0	0,1
Transp. mater. of which:	118.778	16,2	120.980	15,9	150.033	16,0	Transp. mater. of which:	21	3,7	34	5,8	33	4,8	0,0
cars	70.339	9,6	71.578	9,4	89.833	9,6	cars	8	1,5	19	3,2	6	0,9	0,0
Chemical prod.	95.949	13,1	106.648	14,0	128.053	13,7	Chemical prod.	113	19,9	106	18,0	153	22,0	0,1
Text and cloth.	34.439	4,7	33.839	4,5	39.128	4,2	Text and cloth.	12	2,0	11	1,8	16	2,4	0,0

PLACE OF BANGLADESH IN EU TRADE (2000)

EU IMPORTS					EU EXPORTS				
Rank	Products	Mio euro	Share by products	Share of Total	Rank	Products	Mio euro	Share by products	Share of Total
45	Total	3.046	0,3	100,0	90	Total	695	0,1	100,0
67	Agricultural products	200	0,3	6,6	85	Agricultural products	84	0,1	12,1
194	Energy	0,0	0,0	0,0	139	Energy	0,8	0,00	0,1
60	Non agricul.raw material	0,4	0,01	0,01	106	Non agricul.raw material	1,1	0,04	0,2
57	Office machi. And telec.equipment	6	0,004	0,2	101	Office machi. And telec.equipment	28	0,03	4,0
79	Power generating machinery	4	0,01	0,1	62	Power generating machinery	211	0,2	30,4
78	Transport Material	13	0,01	0,4	123	Transport Material	33	0,02	4,8
101	Chemical product	2	0,00	0,1	65	Chemical product	153	0,1	22,0
7	Textiles and Clothing	2.656	3,8	87,2	88	Textiles and Clothing	16	0,04	2,4
122	Iron and steel	0,002	0,000	0,0	82	Iron and steel	12	0,1	1,8

BANGLADESH OF TOTAL EU TRADE BY PRODUCTS



EU Member State	Annual Aid as in 2000 (Loans and Grants)	Period of Current Country Strategy Paper	Main Strategic Areas	Current Intervention Areas																	Other Sectors (Crosscutting; Soft loans)			
				Rural Development/Poverty	Health	Education	NGO Microfinance	Agriculture Fisheries	Food Security	Transport	Water Management/Sanitation	Energy	Macro-economic assistance	Trade Cooperation	SMEs	Environment	Natural Resources	Democratisation	Human Rights	Governance		Humanitarian Aid	Disaster Preparedness	
UK DFID	GBP 75 million GBP 90 million by 2002 GBP 95 by 2003	1998-2002	Livelihoods of the Poor (Health, Education, Water and Sanitation, micro finance, natural resources), Pro Poor Economic Growth, Good Governance (including Public Sector Reform), Human Rights, Women Rights, Globalisation Issues	X	X	X	X	X		X	X	V	X			V	V		V	V	X	X	V	Private Sector
EC	EUR between 75 – 100 million	1999-2001	Development Cooperation (Poverty/Employment, Health, Primary Education, Vocational Training, Decentralised Cooperation), Economic Cooperation (Trade, FDI Promotion, Technical Assistance), Food Security, Humanitarian Aid including Disaster Preparedness	X	X	X	X	V	X		V				X	V	V	V	V	V		X	V	Human Rights, Gender, Trade, SMEs, Election Observation
TOTAL EU	EUR 280 million		Number of EU MS's Indications of Priority Sectors	4	5	5	2	2	1	3	3	2	1	1	1	1	1	1	1	1	1	2	0	

Note: x denotes a major intervention area in a donor's country strategy
v denotes a minor intervention area in a donor's country strategy
y denotes an intervention area being phased out

Donor	Annual Aid as in 2000 (Loans and Grants)	Period of Current Country Strategy Paper	Main Strategic Areas	Current Intervention Areas														Other Sectors (Crosscutting; Soft loans)							
				Rural Development/Poverty	Health	Education	NGO Microfinance	Agriculture Fisheries	Food Security	Transport	Water Management/Sanitation	Energy	Macro-economic assistance	Trade Cooperation	SMEs	Environment	Natural Resources		Democratisation	Human Rights	Governance	Humanitarian Aid	Disaster Preparedness		
WB	US\$ 1.4 billion over 3 years	2001-2003	Consolidating human development (health, education, nutrition), integrated rural development (agriculture, non-farm activities, assets, rural infrastructure and local institutions), accelerating private sector-led growth (financial sector, energy, infrastructure, manufacturing and services)	X	X	X	X	X		X	X	X	X			X	X	V		V	V		V	Environment; institutional capacity (civil service reforms); policy development; governance; gender	
ADB	US\$ 480 million	2001-2003	Economic Growth, Rural and Urban Development, Human Development (Education, Urban health), Environmental Protection	X	X	X	Y	X		X	Y	X	X			Y	X	X							
USAID	US\$ 100 million	2000-2005	Health/FP; Democracy, Economic Growth (Energy, Environment, Food policy, Small Fisheries)																						
CIDA Canada	CAN\$ 50 million	2000-2001	Health, Poverty, Micro finance, Food Aid	X	X		X		V												V			Good Governance	

JICA Japan	US\$ 169 million	Not avail- able	Agriculture, Rural Develop- ment, Social Sector, Pro- motion of Investment and Exports, Disaster Preven- tion	X		X		X							X								X	
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Note: **x** denotes a major intervention area in a donor's country strategy
v denotes a minor intervention area in a donor's country strategy
y denotes an intervention area being phased out

Donor	Annual Aid as in 2000 (Loans and Grants)	Period of Current Country Strategy Paper	Main Strategic Areas	Current Intervention Areas																	Other Sectors (Crosscutting; Soft loans)			
				Rural Development/Poverty	Health	Education	NGO Microfinance	Agriculture Fisheries	Food Security	Transport	Water Management/ Sanitation	Energy	Macro-economic assistance	Trade Cooperation	SMEs	Environment	Natural Resources	Democratisation	Human Rights	Governance		Humanitarian Aid	Disaster Preparedness	
AusAid	US\$ 37.4 million	Annual	Food Security, Education, Scholarships, NGOs, CHT	X		X	X		X															
SDC Swiss	SF 20 million estimated	1997-2001	Rural Infrastructure and Transport, Water Supply and Sanitation, Sustainable Land Use, SMEs, Non-formal vocational training	Y		X	Y	X		X	X					X								
Norway	US\$ 20 million estimated	1997-2001	Education, Productive sector, Human rights and Democracy			X	X								X			X	X					
UNDP	US\$ 20 million estimated	2001-2005	Governance, Poverty (local government, sustainable livelihoods), Environment																					
UNICEF	US\$ 40 million estimated	2001-2005?	Health and Nutrition, Water and Sanitation, Basic Education, Children's Rights, Children Protection		X	X					X								X					Gender, Human Rights
WFP	US\$ 30 million estimated	2001-2005	Vulnerable Group Feeding, Integrated Food Security, Rural Development	X		V			X												X	V		
IFAD	US\$ 60 million over 4 – 5 years	2000-2004		X				X									V							
UNFPA	Not available	Not available			X																			

Note: **x** denotes a major intervention area in a donor's country strategy
v denotes a minor intervention area in a donor's country strategy
y denotes an intervention area being phased out

Annex 3

NATIONAL INDICATIVE PLAN (ORDER FOR SERVICES)

2002-2004

BANGLADESH

(STRUCTURE)

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1. Purpose and scope

- *Political and economic situation of the country/region*
- *ALA regulation and CSP*

2. Summary of the strategy and priorities

3. Indicative budget

- *Global amount*
- *Percentage per sector/priority*
- *Any other constraints*

4. Priority :1

4.1. Strategic context/justification

it could include also information on other donor's activities

4.2. Action n°1 :

4.2.1 Objectif

4.2.2 Expected results

4.2.3 Activities (*description, geographical areas, kind of population targeted,...*)

4.2.4 Implementation (*TA, funding modalities, most suitable partners, ...*)

4.2.5 Risks and conditionalities (*technical, political and commercial*)

4.2.6 Performance/Outcomes Indicators

4.2.7 Financial envelope

4.2.8 Indicative timeframe

4.3. **Action n°2** :

4.3.1 Objectif

4.3.2 Expected results

4.3.3. Activities (*description, geographical areas, kind of population targeted,...*)

4.3.4. Implementation (*TA, funding modalities, most suitable partners, ...*)

4.3.5. Risks and conditionalities (*technical, political and commercial*)

4.3.6. Performance/Outcomes Indicators

4.3.7. Financial envelope

4.3.8. Indicative timeframe

5. **Priority :2**

5.1. Strategic context/justification

it could include also information on other donor's activities

5.2. **Action n°1** :

5.2.1 Objectif

5.2.2 Expected results

5.2.3 Activities (*description, geographical areas, kind of population targeted,...*)

5.2.4 Implementation (*TA, funding modalities, most suitable partners, ...*)

5.2.5 Risks and conditionalities (*technical, political and commercial*)

5.2.6 Performance/Outcomes Indicators

5.2.7 Financial envelope

5.2.8 Indicative timeframe

6. **Priority :X etc.**

Y - Revision

- Calendar of events/unexpected event
- Annual revision
- Special deadline

ANNEX 4 - ONGOING EC FINANCED PROJECTS IN BANGLADESH

Sector	No	Project Number	Project Title	Implementing Agency	Co-financing Partners	Commitment In meuro	Financing Memorandum/ Contract	Validity	Project Description
Health	1	ALA 99/0044	Health and Population Sector Programme	Ministry of Health and Family Welfare	GoB, WB, CID, SIDA, DFID, GTZ, KfW, NL	70.000	09.05.2000	31.12.2003	Improvement of the health and family welfare status, especially among the most vulnerable groups
	2	ALA 97/0089	Contraceptive Supply	UNFPA		10.500	06.1999	30.12.2000	Guarantee reliable supply and availability of high quality condoms through government outlets, NGOs and social marketing company by purchase of 260 million condoms
	3	ALA 97/0038	Bangladesh Health Action Research Programme (BHARP)	ICDDR,B	ICDDR,B	3.000	28.05.1998	27.05.2004	Three research projects: a) Contraceptive use dynamics, b) Male involvement in reproductive health, c) Essential obstetric care. Research conducted in Dhaka, Matiab and Kalkini districts
	4	BGD/B7-300/IB/97/0422-01	Rheumatic Fever	World Health Federation (WHF)		0.900	14.01.98	12.2004	To develop community based prevention of rheumatic fever and to enhance prevention of rheumatic attacks in school age population
	5	ALA 96/07 RAS 97/PO5	Asian Initiative for Reproductive Health	UNFPA		2.500		01.1997 – 02.2001	Regional programme. Four NGOs carry out interventions along with an umbrella project in Bangladesh
	6	HOR/B7-6310/1999/0374	South to South Initiative Alternative approach to sustained improvements in reproductive health			0.165		07.02.2000 – 10 2003	Support to Muslim religious leaders for promotion of reproductive health and family planning in Muslim communities in partner countries (Thailand, China and India)
	7	B7-6211/97/033	International HIV/AIDS Alliance	HASAB		1.049	11.1997	31.03.2001	To contribute to reducing vulnerability of Bangladeshi communities to HIV/AIDS

Sector	No	Project Number	Project Title	Implementing Agency	Co-financing Partners	Commitment In meuro	Financing Memorandum/ Contract	Validity	Project Description
Health	8	B7-6000/PVD/2000/5/1/CSR	Support for an urban health programme in Dhaka	One World Action Ltd. UK, ISF Finland		1.850	01.10.1999	30.09.2004	
	9	B7-6310/99/0328	Strategies to improve proportion of deliveries with skilled attendants in developing countries	Dugald Baird Centre University of Aberdeen		0.034	26.05.2000	11.2002	To increase proportion of deliveries with skilled attendants in developing countries with a special emphasis on very poor women
	Total	9				89.998			
Education	10	ALA 95/07	PROMOTE	Ministry of Education		36.000	21.01.1996	31.12.2006	Facilitate a more gender sensitive and equitable society by promoting girl friendly secondary schools in Bangladesh. Major interventions in enrolment, employment, training, building hostels for female teacher's
	11	ALA 99/15	BRAC NFPE	BRAC		36.700	05.05.2000	04.05.2004	To contribute to poverty alleviation through access to non-formal primary education to those children traditionally outside formal schooling and to contribute to the strengthening of the national educational system
Education	12	B8-6000/PVD/2000/5/6/CSR	Support for a children's school programme in slum areas in Dhaka	APS (Italy), MAIS (Italy)/ ARBAN		0.919	20.11.2000	28.05.2004	Primary education and vocational training for slum children in Dhaka
	Total	3				73.619			

Sector	No	Project Number	Project Title	Implementing Agency	Co-financing Partners	Commitment In meuro	Financing Memorandum/ Contract	Validity	Project Description
Rural Development and Poverty Reduction	13	ALA 97/411	Adarsha Gram II	Ministry of land	GoB	30.000	26.11.1998	31.12.2007	Reduce poverty of the land and homeless of rural Bangladesh, and raise the quality of life. About 650 community villages to settle 36.000 landless and homeless families
	14	BGD/B7-3000/IB/98/64	Technical Assistance to the Bangladesh Bureau of Statistics		GoB	0.975	11.11.1998	30.06.2001	Establishing a poverty monitoring unit, survey on urban poverty monitoring in Dhaka, Chittagong, Tangail, Rangpur AND Khulna
	15	ALA 99/297	PROSHIKA Phase IV	PROSHIKA		41.000	18.05.2000	17.05.2005	To make a sustainable contribution to poverty eradication in Bangladesh by enabling 1.5 million poor to graduate from poverty through an integrated approach
	16	ALA 98/0054	Rural Town Study	Ministry of Local Government and Rural Development		0.970	26.12.1999	31.12.2002	Defining policies and devising specifications on how to promote and actively pursue a spatially and economically more balanced pattern of urbanisation through the realisation of the potential of rural towns
	17	BGD/B7-6410/IB/98/0591-1	GK Flood Rehabilitation	GK	GK	0.650	11.08.19999	10.08.2001	To minimise the effects of flooding on the poor and landless through combined activities of house repair and health care
	18	BGD/B7-3030/IB/98/0589-1	IIRD Flood Rehabilitation	IIRD	IIRD	0.496	28.12.1999	27.06.2001	To assist flood victims (poorest families and small marginal farmers
	19	ALA 99/0011	Rehabilitation Micro credit BRAC	BRAC	BRAC	5.873	20.05.2000	19.05.2005	Support the socio-economic recovery of the flood victims in 1998

Sector	No	Project Number	Project Title	Implementing Agency	Co-financing Partners	Commitment In meuro	Financing Memorandum/ Contract	Validity	Project Description
	20	ALA 99/0011	Rehabilitation Micro credit PROSHIKA	PROSHIKA	PROSHIKA	7.065	08.06.2000	07.06.2005	Support the socio-economic recovery of the flood victims in 1998
	21	ALA 99/0011	Rehabilitation Micro credit RDRS	RDRS	RDRS	1.040		05.2005	Support the socio-economic recovery of the flood victims in 1998
	22	PUD/1997/234U...	Action on Disability and Development	BPKSSARPV Gram Kendra		0.396	01.1997	01.2002	Build confidence of rural disabled people to give them access to opportunities and provide them with a support network
	23	PUD/1998/84SV...	Training for disadvantaged rural women supporting setting up of IGA in Tangail	APS (Italy/Bangladesh) ASA		0.433	11.1998	03.2002	Improving status of and income of poor rural women of Mirzapur and Shakhipur thanas through setting up of IGSs, functional literacy classes and community organisation
	24	PUD/1998/461C...	Integrated Rural Development Project South Kurigram District	Church of Sweden Aid RDRS		0.500	1998	2001	Integrated rural development project with landless and marginal farmers in the poorest and most disaster prone areas in Northern Bangladesh
	25	PUD/1999/431C...	Income generating credit and saving schemes for women in Bangladesh	KZE, Misereor Alliance/ ASA		1.000	07.1998	11.2001	Micro finance and IGA in areas of Southern Bangladesh not covered by other NGO or GoB services
	26		Support to TBAs and women organisations for sustainable development	ICCO, EZE, Christian Aid, Christian Community Development Bangladesh		0.873	07.1998	07.2001	Activate capacities of rural women for improvement of their and their children's health, literacy etc.
	27	PUD/2000/845IT...	Integrated development programme in the Southwest	Mani Tese 76		0.223		2000	
	28	PUD/2000/590U...	Development programme in Kishoreganj	Concern Universal		0.299		2000	

Sector	No	Project Number	Project Title	Implementing Agency	Co-financing Partners	Commitment In meuro	Financing Memorandum/ Contract	Validity	Project Description
	29	ONG/PVD/1999/.....IRE	Haor Rural Development Project	CONCERN		0.500	13.12.1999		
	30	ONG/PVD/1999/...UK	Strengthening of life-long learning and community development in Bangladesh	Concern Universal		0.469	03.12.1999		
	31		Goainghat integrated rural development project	CONCERN		0.442	10.1996	10.2001	
Rural Development and Poverty Reduction		19				93.204			
Water Resources And Sanitation	32	ALA 93/20	Coastal Embankment Rehabilitation Project (CERP)	Ministry of Water Resources	WB, GoB	15.000	22.01.1996	30.06.2005	Protection and improved agroforestry for people living in cyclone prone coastal areas and islands
Water Resources And Sanitation		1				15.000			
Infrastructure	33	OL 18997/98	Infrastructure Flood Rehabilitation	Local Government and Engineering Department (LGED)		2.000	21.12.1998	20.12.2000 Extension Pending	To support reconstruction and rehabilitation of structures damaged by floods
Infrastructure		1				2.000			

Sector	No	Project Number	Project Title	Implementing Agency	Co-financing Partners	Commitment In meuro	Financing Memorandum/ Contract	Validity	Project Description
Economic Cooperation	34	ALA 97/802	Trade Cooperation and Economic Policy Reform (TRACE)	BIDS		0.947	03.2000	12.2002	To strengthen policy dialogue and raise public awareness in Bangladesh on trade cooperation, regional economic integration and economic policy reform; to strengthen the research capacity of BIDS
	35	ASIA Invest Invetsment Facility	Study on Foreign Direct Investment Opportunities in Bangladesh	European Commission					
	36	ASIA Urbs	Partnership Project between Tower Hamlets (UK) and Sylhet (Bangladesh)						
	37	ALA 98/0180	South Asia Intellectual Property Rights Programme			1.000	01.2000	06.2008	To assist in upgrading the intellectual property rights protection system in Bangladesh
	38	ALA 96/017-01	Technology and Information Promotion System				1998	2002	Facilitating business contacts between EU and Bangladesh SMEs
Economic Cooperation Total		5				1.947 unspent			
Governance Democracy Human Rights	39	BGD/B7-...../1998/597	Awareness Raising against Trafficking in Women and Children	Centre for Women and Children Studies		0.188	08.2000	08.2003	Establishing a network of NGOs working in eight northern districts of Bangladesh and launching a Traffic Watch Northern Region. Awareness raising, advocacy, training and motivation to campaign against trafficking of women and children

Sector	No	Project Number	Project Title	Implementing Agency	Co-financing Partners	Commitment In meuro	Financing Memorandum/ Contract	Validity	Project Description
	40	BGD/B7-...../98/0601	Civic Voter Education	Manobik Shahajjyo Sangstha (MSS)		0.322	01.2000	01.2002	To ensure meaningful and effective participation of people in the democratic process, particularly to exercise their electoral rights, and to help sustain democratic institutions and to strengthen democratic process and good governance
	41	BGD/B7-..../98/0603	Legislative Support	Manobik Shahajjyo Sangstha (MSS)		0.181	01.2000	01.2001 Extension Pending	To strengthen the legislative system by providing necessary technical support and a non-partisan platform for working effectively and efficiently for the people
	42	BGD/B7-..../98/0598	Victims of Violence	Ain O Shalish Kendra (ASK)		0.139	06.2000	06.2002	Aims at establishing a crisis centre for battered women providing legal assistance and counselling, a shelter home, and links to IGA and training
	43	BGD/B7-..../98/0600	Empowering the Street Children	Chinnamul Shishu Kishore Sangstha (CSKS)		0.352	08.2000	08.2002	Aims at improving the situation of street children in Dhaka and to conduct an advocacy campaign for their concerns
	44	ONG/PVD/1999/..../FRG	Socio-economic and political empowerment of women in Bangladesh			0.422	09.02.1999		
Governance Democracy Human Rights Total	6					1.604			

Sector	No	Project Number	Project Title	Implementing Agency	Co-financing Partners	Commitment In meuro	Financing Memorandum/ Contract	Validity	Project Description
Forestry	45	BGD/B7-6200/IB/98/0595	Empowering the poor to become environmental stewards	Synergy Foundation		0.650	11.04.1999	31.12.2002	Aims at providing the landless with long-term access to land, credit, tree aftercare fees and training; environmental rehabilitation through reforestation
	46	OL 1639/02	PROSHIKA Social Forestry	PROSHIKA		1.750			Increase coverage of forests and rurak employment through participatory strip and block plantation on marginal strips and fallow land
Forestry Total	2					2.400			
Agriculture Food Security	47	ALA 96/053	Livestock Information	Ministry of Fisheries and Livestock		0.980	11.04.1999	31.12.2002	Strengthen the livestock information system of the veterinary services. Set up an effective health and production information system and appropriate health control
	48	ALA 94/31	CARE NOPEST	CARE		6.000	05.1999	12.2001	Improving living standards and food security of small and marginal farmers in Mymensingh and Comilla; experimental learning to increase rice field productivity
	49	OL 1639/04	CARE LIFE	CARE		1.750	1997	2000	Engance the agricultural productivity of 150.000 households in an environmentally sustainable way
	50	PUD/2000/231U...	Regional Agricultural Products Project	ITDG		0.493	2000		

Sector	No	Project Number	Project Title	Implementing Agency	Co-financing Partners	Commitment In meuro	Financing Memorandum/ Contract	Validity	Project Description
	51	OL 1734/97/1	Food security through sustainable income uplift and poverty eradication			3.420	1999	2002	Through a mix of productive investment, training, education and income generating initiatives, uplift of targeted groups among the extreme poor and asset less
	52	OL 17437	Development of vulnerable women and strengthening of DWA to manage the VGD programme			1.365	03.2000	03.2001	Support to the VGD programme in three districts as a follow-up to IFADEP 1
Agriculture Food Security	6					14.008			
Humanitarian Aid	53	ECHO/1001	Bangladesh floods	BDRCS/FRG		0.500	15.12.2000	15.03.2001	Provision of non-food relief material to 176.000 flood victims
	54	ECHO/1002	Emergency project for flood and post-flood relief	GK/COOPI		0.340	19.12.2000	19.03.2001	Provision of food and medical care to 24.000 persons of vulnerable categories
	55	ECHO/1003	Emergency relief project for flood affected families	CONCERN Bangladesh CONCERN World		0.360	15.10.2000	15.01.2001	Provision of food, basic medical care, blankets, plastic sheeting, soap and bleaching powder to the most flood affected areas
	56	ECHO/1005	Emergency Flood Response 2000	OXFAM Bangladesh OXFAM UK		0.200			Provision of food, medical care, clothing, tube wells, latrines, plastic sheets for 15.000 flood affected families
Humanitarian Aid Total	4					1.400			
Grand Total	56					298.505			

**PROSPECTS AND LIMITATIONS OF INCOME GENERATING ACTIVITIES (IGA)
AS AN INSTRUMENT FOR FOOD SECURITY FOR THE ULTRA POOR**

	ULTRA POOR			POOR / MODERATE POOR
	<i>Group I</i> (approx. 3.5% of total Population)	<i>Group II</i> (approx. 10% of total population)	<i>Group III</i> (approx. 10% of total population)	<i>Group IV</i> (approx. 25% of total population)
Characteristics	<p>Persons without capacity to work and not embedded in supporting family structures:</p> <ul style="list-style-type: none"> Persons with disabilities Physically or mentally ill or chronically sick people Old people beyond working age Abandoned children 	<p>Physically capable people but</p> <ul style="list-style-type: none"> Completely asset less Landless and without homestead or permanent domicile "Floating" people or migrants (migrating in search of occasional employment) People who lost their belongings through natural disaster (river erosion, cyclones) and have not (yet) been able to newly settle 	<p>Physically capable people, but</p> <ul style="list-style-type: none"> Asset less to a great extent Landless or functionally landless (less than 0.1 acres) Homestead on GoB land, relatives' land or own homestead (often people who lost their belongings through natural disasters and have newly settled) 	<p>Physically capable people, but</p> <ul style="list-style-type: none"> Resource-poor With marginal agricultural land (below 0.5 acres) Own homestead Persons with lack of capital, skills, initiative and motivation
Food Security Programmes and interventions	<ul style="list-style-type: none"> Feeding programmes Food or cash distribution programmes <p>Examples</p> <ul style="list-style-type: none"> TR GR VGF (in case of emergencies following natural disasters also for group II) Other charities 	<ul style="list-style-type: none"> Employment schemes (road and embankment construction, fish pond excavation, social forestry etc) through Food-for-Work (partly with compulsory savings and training) <p>Examples:</p> <ul style="list-style-type: none"> RD incl. IFADEP 2 and 3 <p>Note: These programmes do not specifically target this group but they might reach it. More participants of these programmes belong to locally contracted people of group III and IV</p>	<ul style="list-style-type: none"> Food/Cash-for-Training programmes with compulsory savings Combined Cash-for-Work/Cash-for-Training programmes with compulsory savings <p>Examples:</p> <ul style="list-style-type: none"> VGD incl. IFADEP 1 RMP BUILD FPP 	<ul style="list-style-type: none"> Credit/savings programmes with "development package" consisting mostly in human development and skills training <p>Examples: own (mainstream) programmes of NGOs and GOs</p> <ul style="list-style-type: none"> BRAC PROSHIKA RDRS Local and regional NGOs BRDB/RESP/PEP
Start of IGAs	<ul style="list-style-type: none"> Not possible 	<ul style="list-style-type: none"> Sporadic by highly motivated and capable beneficiaries of this group of ultra poor <p>Note: financial services are not available to this group of ultra poor. Minimum requirement of financial institutions is an address or domicile</p>	<ul style="list-style-type: none"> Mainly on basis of (compulsory) savings by trained beneficiaries with own initiative <p>Note: in ideal cases they graduate into mainstream development programmes of the organizations which supported them so far and gain access to micro-credit</p>	<ul style="list-style-type: none"> On basis of micro-credit (and savings) by skill trained beneficiaries