



Canadian International
Development Agency

Agence canadienne de
développement international

BANGLADESH

COUNTRY STRATEGY

(Effective as of 2009)

CIDA reviews all country strategies periodically and may revise them to reflect changing priorities or circumstances in countries.

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Canada 

BANGLADESH COUNTRY STRATEGY 2009

1. Country Development Context

Current Context

- Bangladesh is the most densely populated low-income country in the world with 50.5 percent or 80 million of its 158.6 million people living on less than \$1.25/day (2005). Fifty seven percent of the population is under the age of 25 and an annual population growth rate of 2 percent (UNDP 2007) is leading to rapid and unfettered urbanization with associated employment challenges.
- A moderate, secular Muslim society, stability and democratic progress in Bangladesh are important for Canada and the region.
- The country is highly vulnerable to natural disasters (severe flooding, cyclones and unseasonal drought and rains) that exacerbate development challenges, particularly for the poor. Bangladesh is expected to be strongly affected by climate change, losing up to 30 percent of its landmass to sea level rise.
- Despite its challenges, Bangladesh has maintained reasonable economic growth for the past decade (6 percent over the last six years) and is gradually making progress in its social indicators: goals for primary enrolment, gender parity at primary and secondary level, and TB have already been reached, while those for under-five mortality and HIV prevalence are likely to be met. Goals for overall poverty reduction, primary school completion, urban sanitation and the environment will be more difficult to reach.
- Independent since 1971, Bangladesh held its fourth parliamentary elections in December 2008, which were declared free and fair by observers. The new government has an ambitious poverty reduction agenda, however, weak government capacity, corruption, along with a poor law enforcement system deter private investment and inhibit adequate delivery of public services.
- Manufacturing's contribution to GDP is 28 percent (expected to increase to 40 percent by 2021) with share of labour force expected to increase to 25 percent in 2021 from current level of 16 percent; however employment will be dependent on private sector investment and appropriate public investments in education, training and health.
- High food prices of 2008 have abated but Bangladesh is chronically food-insecure; 45 percent of the population consumes less than the daily minimum of 2,122 calories and one quarter is severely food insecure (under 1,800 calories per day). Malnutrition affects a disproportionate number of infants and children causing significant impacts on the early development of cognitive abilities.
- Canada's interests include global security, development and trade. Our 2002 duty-free access agreement has increased two-way trade more than fourfold, from \$220 million in 2002 to \$955 million in 2008.

Aid Effectiveness Context

- The top five bilateral donors in 2007 were the United Kingdom (US\$229 million), Netherlands (US\$91 million), United States (US\$79 million), Japan (US\$66 million), Canada (US\$56 million). The principal multilateral organizations are the World Bank and the Asian Development Bank. In the health sector, major contributors in 2009 are World Bank, AsDB, Australia, the Netherlands and the UK. Education investment is of high priority for the World Bank, AsDB, Netherlands, UK, Australia and the European Commission. Coordination among donor organizations is ensured through a Local Consultative Group and associated working groups.
- CIDA's Bilateral Program has shifted towards larger, fewer projects mainly developed in concert with other donors. Canada is an active participant in both of Bangladesh's sector-wide approaches (SWAs), in primary education and health, which are making reasonable progress.
- A Joint Cooperation Strategy is being developed to further coordinate efforts, harmonize approaches and work towards a more strategic division of labour.

2. Priority Needs and Canada's Value Added

- In its Poverty Reduction Strategy for 2008-2011, the Government of Bangladesh set out building blocks for pro-poor growth focusing on the macro-economy, agriculture, water, employment, infrastructure, social protection and human development. Key strategies include participation, social

BANGLADESH COUNTRY STRATEGY 2009

inclusion and empowerment, promoting good governance, efficient service delivery, environment/climate change and enhancing technology.

- **Human Development:** While Bangladesh is on track on several MDGs, progress towards national human development has been uneven. Social exclusion of the poor, entrenched inequalities between women and men, and national and sub-national disparities persist. Unequal access and poor quality in education and health care remain key developmental challenges retarding both economic growth and democratic development. Links between a healthy and educated population and sustainable economic growth must be reinforced. Canada's engagement in education and health in recent years, with emphasis on equality between women and men, has made it a respected player.
- **Economic Growth and Sustainability:** The Minister of Finance predicts healthy growth of 5 to 6 percent for 2009 despite the global recession, but the IMF estimates that to reduce poverty the economy needs to grow at the rate of 7.5 percent annually. However, the long-term growth rate is threatened by falling domestic savings, failure to translate savings into investment, decelerating aggregate investment, and deteriorating capital productivity. The global downturn, if prolonged, will have negative impacts affecting the poor most severely. Programming that directly targets the poor, removes constraints to sustainable economic growth, and strengthens systems on which good social service delivery is dependant will be of increasing importance. Of particular concern is the ratio of public revenue to GDP which, at 8.5 percent, is low even compared to other South Asian countries.
- **Governance:** Weak public sector institutions which create a poor enabling environment for business, systemic corruption, and a slow reform process are also critical impediments. Promoting good governance is one of the strategies identified in the PRSP for achieving pro-poor growth and more inclusive development. Canadian expertise and models are well suited to assisting Bangladesh in improving accountability, transparency and efficiency in government operations.
- **Stability and Security:** Peaceful democratic elections in 2008 were a vote against extremism. However, social volatility born of poverty, competition for limited resources and weak governance is a continual threat. CIDA programming – with a focus on assisting economic growth, social inclusion, and poverty reduction – will contribute to increased stability and security.

3. Strategic Direction

- The objective of CIDA's program in Bangladesh is to create opportunities for children and youth and stimulate sustainable economic growth.
- The 2008 Country Strategy focused on three sectors: education (quality education for learning and access and equality to education), health (strengthening health systems and research) and democratic governance (accountable public institutions and rule of law). Equality between women and men and environmental sustainability were integrated in all programming. Continuous dialogue and consultation among development partners (government, non-government, donors) informed the direction of investments.
- In 2008, CIDA worked with the government and other donors to provide higher quality education (including better school management, infrastructure and teaching) and essential health services (including support to vaccination and family planning programs). In governance, CIDA focused on supporting Bangladesh's transition to a more open and accountable democratic system and on advancing the government's anti-corruption agenda. Technical and material assistance (240,000 translucent ballot boxes) provided to the Election Commission contributed significantly to the credibility and acceptance of the 2008 parliamentary elections. CIDA began working with the Office of the Comptroller and Auditor General to help Bangladesh reach international auditing and evaluation standards. Knowledge building and learning events exposed Bangladeshi Members of Parliament and parliamentary staff to topics such as Parliament's role in curbing corruption and strengthening financial oversight.
- The 2009 strategy will contribute to the Agency goal of poverty reduction and sustainable development by enhancing the productive capacity of children and youth and stimulating economic growth. It will do this through continuing investments to improve health and education services and new investments to strengthen the enabling environment for economic growth. A healthy and educated population is also fundamental to generation and continuation of this growth.
- **Children and youth:** In **education**, CIDA will work with government and non-government partners to improve the quality (for example, curriculum development, teachers training) and delivery of education, increase access and retention rates and reduce gender gaps. Programming will encompass both the formal and non-formal education systems and will include efforts targeting out of school children and

BANGLADESH COUNTRY STRATEGY 2009

youth as well as dropouts. In **health**, efforts will focus on protecting children and youth from illnesses, malnutrition and premature death. CIDA will support the strengthening of the national healthcare system to: ensure that medicines and healthcare are delivered efficiently and effectively; improve human resources focused on maternal and child health; and help address diarrhoea, a major cause of death for children. For CIDA's investments in education and health to succeed, both national and local governments must have the capacity to transparently and accountably plan, manage, regulate, and monitor the delivery system. CIDA will support capacity building initiatives at both local and national levels to achieve this.

- **Sustainable economic growth:** CIDA will work to strengthen the enabling environment for employment-intensive industries and for international trade. Areas addressed will include increasing access to skills for employment, particularly for youth; streamlining legal, fiscal and regulatory frameworks for business development and improved public financial management.
- Given the anticipated effects of climate change in Bangladesh (more severe storms and flooding, sea level rise) impact assessment and measures for disaster risk and climate change adaptation will be integrated into CIDA programming. Canada's recent contribution to the World Bank global fund for climate change, which targets Bangladesh, will complement these efforts.

4. CIDA's Programming Plan

- **Policy dialogue:** CIDA is on the Executive Committee of the Local Consultative Group (the senior donor body in Bangladesh). It is the co-chair of the Health Swap and active in a number of sub-committees regarding education and health. In education, CIDA is a leader in initiating gender equality assessment and action planning. A high level donor-government Bangladesh Development Forum may be held in early 2010 (the first since 2005).
- **Decentralization:** The CIDA Program in Bangladesh is decentralizing with the Director and management team already in the field. Further decentralization will occur in future years.
- **Bilateral Program:** The program will use the following modalities:
 1. Participation in government-led sector-wide approaches for greatest impact and donor-government coordination in education and health;
 2. Provision of core funding for predictable support to well-performing local institutions; and
 3. Targeted projects and funds that engage Canadian, local and international expertise to ensure greatest value for money.
- **Canadian Partnership Branch (CPB):** 2007-2008 disbursements of \$3 million supported 22 partners. Partners included Industrial Development Leasing Company, the Mennonite Central Committee, Primate's World Relief and Development Fund and USC Canada. These partners were most active in Private Sector Development and Governance. CPB programming will seek coherence and/or inter-linkages with other CIDA programming in Bangladesh.
- **Multilateral and Global Partnerships Branch (MGPB):** In 2007-2008, CIDA contributed approximately \$18.96 million in core funding to multilateral organizations operating in Bangladesh such as the *World Bank*, the *Asian Development Bank*, *UNDP*, *UNICEF*, *UNFPA*, the *WFP*, and the *Global Fund to Fight AIDS, TB, and Malaria*. Where natural disasters exceed Bangladesh's capacity to respond, CIDA will consider providing humanitarian assistance through the multilateral and/or bilateral program.

Country Program Notional Budget (Bilateral)

- **FY2009/10:** \$60 M
- **FY2010/11:** \$65 M
- **FY2011/12:** \$65 M

5. Results and Risk Identification

Results:

Children and Youth: Basic education

EXPECTED Intermediate Outcomes:

- Expanded delivery of quality, relevant, basic education, reducing gender gaps

EXPECTED Immediate Outcomes and Outputs:

- Education planning and management capacity enhanced
- Transparent, ruled-based financial management and procurement systems implemented in 62,000 schools
- Education facilities and curricula improved
- 840,000 children from poor families/ethnic minority receive pre-primary education in 33,000 non-formal schools
- Non-formal education provided to 1 million children from poor areas of Bangladesh (grades 1 to 5)
- Teacher training delivered and accreditation systems in place
- 20,000 young people receive livelihood training
- Student capacity to learn improved due to better nutrition provided through school feeding for over 500,000 children
- 43,000 adolescent girls and boys in 7,000 adolescent clubs receive livelihood training and courses

Children and Youth: Investing in child and maternal health

EXPECTED Intermediate Outcomes:

- Increased access to improved primary health care

EXPECTED Immediate Outcomes and Outputs:

- Family planning, maternal-child health and reproductive health services (reproductive health services and life skills training for 200,000 adolescent girls and boys)
- Essential drugs, vaccines, micronutrients and contraceptives procured and distributed efficiently, transparently and equitably to 5,000 public health facilities in 64 districts
- Health research and clinical services targeted at maternal/child health
- 2000 public health personnel at national/local level trained in transparent, rules-based procurement systems for medical supplies
- 2,500 nurses trained annually to provide maternal/child care

Economic Growth: Enabling environment for business development

EXPECTED Intermediate Outcomes:

- Increased investment and employment

EXPECTED Immediate Outcomes and Outputs:

- New jobs/businesses created through increased access to skills, trained people, new technologies, resources, and information
- Technical assistance and training to improve regulatory and policy frameworks for employment intensive industries and international trade
- Improved public financial management capacity
- Support/facilitate public and private sector efforts and mechanisms to increase and improve entrepreneurship (e.g., business development and financial services, technical/vocational institutions, credit services)

BANGLADESH COUNTRY STRATEGY 2009

Risks:

CIDA developed a country program-level risk profile in late 2008 using the corporate integrated risk management framework. One of the highest risks identified is the limited capacity of the Government of Bangladesh and variable capacity of partner organizations. CIDA will concentrate on enhancing capacity where engaged. Natural disasters or health crises can also affect past, current and future CIDA investment. To mitigate the risk CIDA will include, where appropriate, disaster risk reduction strategies in project design.