

**DRAFT**

**NATIONAL INDICATIVE PROGRAMME/**

**ORDER FOR SERVICES**

**2003-2005**

**BANGLADESH**

<b>Country/Region:</b>	<b>Bangladesh</b>
<b>Budget Years:</b>	<b>2003-2005</b>
<b>Budget Line:</b>	<b>B7-300, B7-301, B7-2, B7-6, B7-7 etc.</b>
<b>Legal Base:</b>	<b>ALA Regulation</b>
<b>Cost of Order:</b>	<b>411.5 MEUR (maximum)</b>
<b>Programming Service:</b>	<b>DG RELEX H.4</b>
<b>Head of unit:</b>	<b>M. CORNARO</b>
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## 1. Purpose and scope

The CSP 2002-2006 was formally approved by the Commission on March 25, 2002. The NIP 2003-2005 outlines the activities to be supported by the Commission during that three year period on the basis of the priorities set by the Country Strategy. Where relevant, project proposals already being considered for commitments in 2002 have been included in the description of activities.

## 2. Summary of the strategy and priorities

The Country Strategy foresees two main priority areas for interventions by the EC in 2002 to 2006.

The **first priority area** *Improving Bangladesh's Human Development Indicators* focuses in particular on interventions in the following sectors:

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

A **second priority area** *Enhancing Trade Capacity, Economic Development and Regional Economic Cooperation* aims at strengthening 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.

Beyond the above two priority areas, the Country Strategy considered a number of **other intervention areas**, namely : i.) a continued commitment to support the Chittagong Hill Tracts peace process; 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.

## 3. Indicative budget

The CSP indicated a budget for **560 million euro for 2002 to 2006**. The planned commitment for 2002 amounts to a total of € 35 million as follows:

Rural Town Development Project	€ 10 million
South Asia Enterprises Development Facility	€ 10 million
NGO cofinancing (estimate)	€ 6 million
Smiling Project	€ 8 million

Support to Rohingya refugees

€ 1 million

The NIP presented below is in line with the strategic priority areas, follows the sectoral allocations outlined in the CSP 2002-2006 and proposes an indicative maximum budget of **€ 411.5 million for the period 2003 – 2005**.

The proposed commitment for 2003-2005 per priority sectors is as follows:

1.1. Health	120 million euro
1.2. Education	135 million euro
1.3. FS&RD	95 million euro
2.1. Economic and Trade	23 million euro
3.1. CHT	7.5 million euro (initially)
3.2. NGO Co-financing	18 (dependent on call for proposals) <sup>1</sup>
3.3. Democracy and HR	9 million euro
3.4. Others (Rohingya refugees)	4 million euro

Actual allocations for health, education and the Chittagong Hill Tracts programmes will however depend on the comprehensiveness of the initiatives developed by the relevant ministries.

Among the 411.5 million euro, nearly 310 million will be managed by the Government of Bangladesh, while just € 100 million will be allocated directly to NGOs and other implementing partners. This is in line with the emphasis of the Country Strategy to strengthen the government sector relative to the direct provision of services through the NGO sector.

An overview table of the activities to be supported over the period 2003-2005 and their indicative financial allocation is attached in Annex 1.

#### 4. **Priority 1.1: Improving Human Development Indicators** SUB-SECTOR HEALTH

##### 4.1 Strategic context/justification

Bangladesh is already implementing a Health Sector SWAp (1998-2003) for an original total budget of US\$ 3.2 bn<sup>2</sup>, with the participation of 18 donors, of which 5 pool funders (WB, EC, UK/DfID, Sw, Ne). The programme has initially progressed well, though parts of the reform agenda have recently been stalled.

<sup>1</sup> Projects will be implemented subject to approval of the NGO Affairs Bureau

<sup>2</sup> In May 2002, the Government has revised the total programme requirements substantially downwards to US\$ 2.2 bn for five years, of which 38 % by donors.

The proposed intervention would involve a next programme for the SWAp that is intended to cover an enlarged sector, i.e. to possibly include activities and areas such as HIV/AIDS, urban areas, arsenic, nutrition as well as regulatory issues. The new government presented donors with a revised time-table for the milestones and the development of the next programme in December 2002. Given the time it will take to develop the next programme, it is acknowledged by the GoB and DPs alike that it is unlikely that a next sector programme will be ready by July 2003 when the current programme ends. There is hence a high probability of a gap between the current HPSP and its successor programme. The GoB and DPs will have to consider funding modalities to secure the continuation of essential services like immunisations, contraceptives and essential drugs.

## 4.2 **Action No. 1 : Health Nutrition and Population Sector Programme**

### 4.2.1 Objective

The proposed objectives of the next sector programme were developed during a Logframe Workshop in December 2001 with wide stakeholder participation:

*THE GOAL OF THE NEXT SECTOR PROGRAMME*

*“ The Goal of the Sector Programme (2003-2006) is sustainable improvement of health, nutrition and family welfare status of the population of Bangladesh especially the vulnerable, e.g. the poor, the women, the children and the elderly.”*

*THE OVERALL PURPOSE OF THE NEXT SECTOR PROGRAMME*

*“ Main purpose of the Sector Program is increasing the availability and utilization of user centred, effective, efficient, equitable, affordable and accessible quality Essential Services Package plus other selected services.”*

### 4.2.2 Expected results

The outputs for the next sector programme are still being developed, but on the basis of the previous programme these could be as follows:

- An effective service delivery system, with continued focus on the Essential Service Package (ESP), strengthened Behaviour Change and Communication (BCC) and increased attention to non-communicable diseases.
- A strengthened Human Resources Management for the sector
- An improved public sector efficiency, through structural reforms, decentralization, revised drug policy, as well as regulation and governance in the sector
- An institutional development, including financial management, sector wide management, NGOs, etc.

**4.2.3 Activities** The intention is to map out and develop a time-frame to expand the coverage beyond the rural areas (under the responsibility of the Ministry of Health Family Welfare) by gradually incorporating the urban health programmes currently implemented by the City Corporations under Ministry of Local Government & Cooperatives (MoLGC) into the sector programme.

The sector programme will cover all the activities identified in the forthcoming Programme Implementation Plan (PIP).

The programme will cover the entire population of Bangladesh, with special focus on the needs of the most vulnerable. It will fund the curative services (ESP and secondary) directly provided by or contracted out by the MoHFW, support an increased regulatory and supervisory role of the MoHFW for the health sector, the vaccination and family planning programmes in collaborations with NGOs and other actors, the provision of essential drugs, as well as an increase in the number of primary facilities.

**4.2.4 Implementation** The executing agency will be the Ministry of Health and Family Welfare (MoHFW), in collaboration with other ministries involved in health service provision such as MoLG&C (resp. for city cooperation), Ministry of Finance and Planning (annual planning, PRSP monitoring), etc.

Technical assistance will be provided either bi-laterally or through pool funding.

Donors will agree to a common monitoring system. The Health Programme Support Office (HPSO) will be strengthened to provide monitoring and co-ordination functions for the entire programme.. EC's preferred option for the management of pool funds is via the existing WB Trust Fund arrangements.

The EC's funding of a next programme will essentially focus on **pool funding the core health sector programme.**

#### **4.2.5 Risks and conditionalities**

The DPs and the GoB have agreed on a revised time-table for the milestones to be met in the preparation of the next programme. The new government has stressed its commitment to the Sector Wide Approach in this sector and is aware that the EC's funding of a next programme is conditional on the continued and unwavering political support for SWAp.

In order to increase the absorption capacity of the MoHFW and improve the efficiency of health services delivery (both private and public) in Bangladesh, important structural reforms have to be undertaken both within as well as beyond this sector. Certain conditions should be resolved in developing the next programme in order to strengthen its effectiveness:

- The sector programme should be developed and implemented through broad participation of all stakeholders
- An agreement should be reached on how to limit the rotation of officials in the MoHFW in key positions for the sector programme as far as possible.

- The next sector programme should envisage a significant strengthening of pro-poor orientation of service delivery;
- The unification of Health and Family Planning Directorates;
- An emphasis should be included to specifically improve health care delivery in the CHT.

#### **4.2.6 Performance/Outcome Indicators**

Under this programme, a core set of indicators internationally agreed as well as indicators more specifically focussed on key programme components will be used. The final set of indicators will be agreed between the DPs and GoB in due time. Here following a few of them which we consider relevant for the evaluation of the performance/outcomes of the programme.

- Prevalence of under-weight in children under five
- Infant and under five mortality
- Maternal mortality and proportion of birth attended by health personnel
- Prevalence and death rate of specific diseases such as HIV/AIDS, Malaria, TBC.
- Increased use of static facilities, in particular at Upazila level and below/increased outreach of government services, in particular ESP
- Legislative steps to improve regulatory role of MoHFW; assumption of regulatory role by MoHFW
- Increase in the EPI outreach and effective implementation of BCC and health promotion campaigns

#### **4.2.7 Financial envelope**

The total resource envelope for an enlarged sector has been estimated to reach up to EUR 5 bn (US\$ 4.5 bn). It is however likely that the sector programme will be more limited in scope than previously anticipated. The next sector programme should be financed by the same DP/GoB ratio, that is 1/3 donor funded (of which around 50% pool funds, the remaining bi-lateral) and 2/3 by GoB.

The European Commission has allocated up to EUR120 million in the CSP for a three year programme 2003-2006. However, actual commitment may vary from € 60-120 million depending on the GoB continued support for SWAp, the implementation of the reform agenda and the size and quality of the proposed programme. Should these conditions not be fulfilled, the EC may decide to reduce its funding to this programme and use the funds for other pool or bilateral funding arrangements (NGO pool, HIV/AIDS programmes etc) and/or financing other activities in a different sector.

In addition, and depending on funding arrangement, the National Nutrition Programme (NNP) under the sector programme may receive direct funding (up to 30 million euro)

from the Food Security Programme (B7-200 – see Priority Sector 3, Action 2, paragraph 6.3).

#### 4.2.8 Indicative timeframe

Bearing in mind that the next programme may start in the coming year, a decision for EC funding has therefore preliminarily been set for early 2004.

- |   |                |
|---|----------------|
| 1. Programme Development completed (GoB with donors inputs)     | up to Dec 2002 |
| 2. Joint Donor Identification/Preparatory Mission               | Jul 2002       |
| 3. AIDCO mission (to determine EC inputs/priorities/mechanisms) | Oct 2002       |
| 4. Joint Donor/GoB Appraisal Mission                            | Nov/Dec 2002   |
| 5. Approval by World Bank Board                                 | during 2003    |
| 6. Approval by Commission                                       | early 2004     |

### 5. **Priority 1.2: Improving Human Development Indicators** SUBSECTOR EDUCATION

#### 5.1 Strategic context/justification

Great progress has been made in primary education with up to 97% of children enrolling for compulsory primary education and gender parity in grades 1 – 5. The Government of Bangladesh gives a high priority to primary education, demonstrated by the fact that the Prime Minister takes personal responsibility for the concerned Ministry, the Primary and Mass Education Division and by an allocation of 2.7 % of its GNP and 16% of the national budget to education (of which 50% for primary education). However major constraints still exist particularly with regards to the quality of education children receive in the classroom. Despite high overall enrolment rates, access to and quality of education for particularly vulnerable children (e.g. children with disabilities, working children, children belonging to minority groups and very poor households) remain weak.

The Government of Bangladesh acknowledges these constraints and gives high priority to further improving quality of and access to education. A National Education Policy was published in 2001. It gives some direction to future activities, including amongst others consideration of expansion of compulsory education up to grade 8. The current Primary Education Development Programme (PEDP) comes to an end in June 2003. There is a joint commitment from development partners in education in Bangladesh to support the Government in the design and implementation of the successor programme: PEDP-II. In concert with other development partners, the EC is fully committed to seeing and promoting a more co-ordinated and policy-driven approach to the management of the Government's Primary Education Development Programme.

In addition to the state funded primary sector, some 8.5 % of school age children attend “non-formal” schools funded by NGOs. The need for non-formal education for those

children currently not picked up the state system will still exist for some years to come. The EC will, therefore, provide some support to children by means of non-formal education via NGOs.

With the year 2003 devoted to people with disabilities the EC would also like to focus on the access of children with disabilities to education.

## **5.2 Action n°1 Support for the Government of Bangladesh's Primary Education and Development Programme (PEDP Phase II)**

The current phase of the Government of Bangladesh's Primary Education and Development Programme (PEDP) will come to an end in June 2003. The Development partners are providing technical assistance to PMED in the preparation of a fully co-ordinated, poverty-reducing PEDP II, consisting of a policy framework, strategies, programmes, and an investment plan, including sub-sector performance indicators, priorities for investment and capacity building. A joint donor mission, led by Government and supported by technical assistance from various donors, headed by ADB, will be working with PMED from May to November 2002. The work of the mission will draw on the assessment of the current PEDP completed in late 2001 that strongly identified the need for more co-ordination, decentralisation and policy based management in the sector. Current and potential donors are: World Bank, ADB, DFID, DGIS, NORAD, SIDA, UNICEF and AUSAID and EC.

### **5.2.1 Objective**

All primary school age children (6 – 10 years old) provided with access to a quality primary education within an environment sufficient to encourage them to attend school regularly and to successfully complete a five year primary education cycle.

### **5.2.2 Expected results**

A co-ordinated sub-sector decentralized and policy based approach to PEDP II and its implementation.

Specific outputs may include:

- Institutional capacity to manage education resources and convert them into learning outcomes for all children developed;
- Improved physical facilities;
- Professional skills of teachers improved;
- Curriculum and learning materials developed to facilitate improved attainment;
- National Curriculum and Textbook Board institutional capacity increased;
- Teacher education institutional capacity strengthened;
- Initial teacher training quality improved;
- In-service teacher training strengthened;

### **5.2.3 Activities**

The specific activities will be articulated once the draft PEDP II is formulated. Activities of PEDP I were:

- Improving school quality and system efficiency
- Strengthening institutional capacity and management
- Increasing equitable access

### **5.2.4 Implementation**

Ideally EC assistance will be pooled with other donors providing support directly to the Government of Bangladesh in relation to all PEDP II components. If pool funding is not feasible the EC will provide grant assistance to the programme. The more developed the policy framework, decentralisation and coherence between PEDP II programme components, the higher the level of EC support. Should the PEDP II be a package of fragmented projects, the EC may decide to reduce its financing to this programme and finance other activities (i.e. NFPE) or allocate the remaining financial envelope to a different sector/sub-sector.

### **5.2.5 Risks and conditionalities**

The close co-operation between the Government and development partners regarding all activities related to the formal primary sector must continue. The Government should show its commitment to move from the current cluster of discrete projects in PEDP to a co-ordinated, decentralised and policy driven approach in PEDP II..

Development partners must set up effective implementation mechanisms (technical assistance, procurement, reporting, monitoring, timely provision of funds etc.).

The Government must examine the current system of staff and ensure that civil servants with experience in the education sector and who have received training are encouraged and able to pursue a career within the Education Ministries. Government staff working on the components of PEDP II should be permitted to remain in their posts to allow for continuity in implementation as well as to sustain return on investment in capacity building.

### **5.2.6 Performance/Outcomes Indicators**

Under PEDP II a core set of indicators consistent according to internationally agreed indicators will be used.

Indicators for the assessment of PEDP I were:

- Enrolment: Gross and net enrolment, completion, attendance;
- School staffing: pupil teacher ratio, percentage of female teachers;
- School facilities: new schools, additional classrooms, wells, toilets;

- Equity: enrolment of poor children;
- Teacher education: Percentage of teachers with a certificate in education, trained head teachers, child centred classroom practice;
- Curriculum;
- Instructional material: supply of textbooks;
- Programme planning: baseline data, performance measures, analytical capacity;
- Organisation and management: agencies' management and administrative capacity;
- School/community supervision, social mobilization: Use and frequency of school management committee meetings;

Under the new PEDP II more quality based indicators as well as indicators on attendance and achievement of children with disabilities and those from ethnic minorities should be developed. Indicators should be disaggregated by gender.

### 5.2.7 Financial envelope

The closer the final PEDP II plan comes to a policy driven and decentralised co-ordinated programme approach, the more the EC will be able to dedicate funds to the programme. The European Commission has allocated up to a maximum of € 123 million (€ 100 million allocated in the CSP and € 23 million originally earmarked in 2001 for IDEAL project under PEDP I). However, actual commitment may vary from € 50-123 million depending on the level of GoB commitment to move from project approach to a more co-ordinated and policy driven approach.

### 5.2.8 Indicative timeframe

In December 2001, donors agreed to abide by the results of the PEDP II joint donor mission and to base their commitment to PEDP II on the conclusions of the report. A decision for EC funding has therefore preliminarily been set for late 2003.

July 2002:	First draft of PEDP II
15 September	Macro plan of PEDP II
Sept – Nov.	Joint donor discussions on contributions to PEDP II
Early 2003	EuropeAid mission to Dhaka to finalise EC involvement
2003:	Joint donor negotiations with GoB
July 2003	Start of PEDP II
Commission	September 2003 Approval by the Commission

## 5.3 Action n<sup>o</sup>2 Support for non-formal education

Large scale NGOs in Bangladesh currently provide education to 8.5% of school age children who are still not picked up the state system. The EC will, therefore, continue to support efforts of existing NGO partners to provide quality non-formal education via NGOs.

EC will preferably work with one large-scale service provider with a proven track record in advancing EFA goals. The provider should be able to demonstrate a “critical mass” of activities and innovative approaches, particularly with respect to quality, community involvement and co-operation with GoB. Strengthening capability in the NGO sector to collaborate more effectively with the Government should be a priority . The programme should also pay attention to improving access for disadvantaged groups such as the children with disabilities and from minority groups.

### **5.3.1 Objective**

To contribute to the reduction of poverty through access to non-formal primary education for those traditionally outside formal schooling.

### **5.3.2 Expected results**

- Increase in children’s enrolment in non-formal primary education programmes;
- Increase in learning achievement of children in non-formal primary education programmes;
- Overall delivery of NFPE improved;
- Replicability of low cost primary education and low cost teacher training.
- Increased participation of disabled and minority children in non-formal education programme;
- Increase in progression of children to secondary level education

### **5.3.3 Activities**

- Implementation of NFPE programme(s);
- Closer relationship developed between GoB and NGO programmes, backed by an increased capability in the NGO sector to interact effectively with GoB;
- Develop exit and transfer arrangements of NGO schools to GoB.
- Support activities for NFPE graduates.

### **5.3.4 Implementation**

A joint donor appraisal will consider the possibility of continuing the EC’s commitment to its present partner by funding its IV phase programme. . For such work with an NGO education service provider a direct grant agreement will be used.

### 5.3.5 Risks and conditions

As far as joint donor support for large NGOs is concerned there is a risk that the present partner will not receive enough funds from development partners to keep the programme at the current level of provision. The Government and NGOs should explore the possibilities to share experience on areas such as materials, teaching methodologies as well as NGO capability to support the state sector.

### 5.3.6 Performance/Outcomes Indicators

- Increased enrolment rate;
- Increased attainment;
- Progression rate to secondary education;
- Joint GoB- NGO initiatives operational and visible;
- Girls' achievement.

### 5.3.7 Financial envelope

Up to a maximum of € 30 million

### 5.3.8 Indicative timeframe

- |                                  |              |                 |
|----------------------------------|--------------|-----------------|
| 1. First draft of NFPE IV        | October 2002 |                 |
| 2. Joint donor appraisal mission |              | Spring 2003 (?) |
| 3. Approval by Commission        |              | early 2004      |
| 4. Start of NFPE IV              |              | July 2004       |

## 5.4 **Action n°3 Support for access to education for children with disabilities**

At present the rights of disabled children are covered by the Ministry of Social Welfare with no provision for their education coming under the jurisdiction of PMED. Reliable statistics are not available on the incidence of disability in the population but an estimate of 1.6 million school age children with a disability is accepted. Of these children, approximately 60% could easily be integrated into normal schools and 20% with some assistance. At present it is estimated that only 4% of children with disabilities have access to education. There is very limited training available for special needs teaching and for teachers, parents and children alike disability is a stigma.

Should the needs of children with disabilities not adequately be addressed under the future PEDP II, EC funds will be channelled via a specific projects implemented by one or several NGOs chosen by open competition.

Any future identification mission should draw upon a study commissioned by Esteem on "Educating Children with Disabilities" (not yet available).

#### **5.4.1 Objective**

To ensure the right of children with disabilities to education

#### **5.4.2 Expected results**

- Percentage of children with disabilities integrated in formal and non-formal schools increased;
- Government action plan on integration of children with disabilities into mainstream education;

#### **5.4.3 Activities**

- State schools opened up to children with disabilities;
- Infrastructure of schools improved so as to allow physical access of children with disabilities to classroom and other amenities;
- Teachers and headteachers provided with training on special needs of children with disabilities;
- Adults with disabilities encouraged to train as teachers.
- Awareness raising with local government and families;
- Co-ordination between different Ministries concerned.

#### **5.4.4 Implementation**

If PEDP II does not adequately provide for provision of education to children with disabilities then EC funding will be channeled through NGOs. However it is envisaged that any NGO work on this area will eventually be mainstreamed into the Government system.

#### **5.4.5 Risks and conditionalities**

Discriminatory attitudes in society toward disability. Lack of awareness of the needs and potential of children with disabilities by stakeholders. In view of the pressing needs of the primary education sector in Bangladesh, the Government may consider the investment necessary to ensure access of children with disabilities to schools a low priority.

#### **5.4.6 Performance/Outcomes Indicators (disaggregated by gender)**

- Number of children with disabilities enrolled in state primary schools;
- Number of children with disabilities completing compulsory primary education;
- Number of children with disabilities progressing to secondary education;
- Percentage of schools upgraded to ensure access of children with disabilities;
- Number of teachers trained in special needs of children with disabilities.
- Behavioural change amongst stake-holders (parents, teachers, children etc.)

#### **5.4.7 Financial envelope**

A tentative allocation of € 5 million is proposed for this activity.

#### **5.4.8 Indicative timeframe**

1. First draft of PEDP II: July 2002
2. PEDP II Macro-plan: 15 September 2002
3. If adequate provision for disabled children follow timing of Action 1
4. If not, EC identification mission late 2003, with the aim of approval by the Commission in 2004.

### **6. Priority 1.3: *Enhancing Human Development Indicators* SUBSECTOR Food Security and Rural Development**

#### **6.1 Strategic context / justification**

With 20% of the population below the extreme poverty line, which means unable to ensure 1800 kcal of food per day, 59.7% of children malnourished and 50% of pre-school children and pregnant women anemic, Bangladesh has one of the most severe food insecurity situations in the world. In recent years, domestic production of cereals has reached the consumption level, and the country has been declared self-sufficient in cereals. It seems likely that this will continue to be the case in the coming years. In addition, markets have reached a stage of development where food is available all over the country without significant price variations and without substantial seasonal fluctuations. However major problems still exist at the level of access to food:

- Widespread malnutrition, protein, iron and vitamin A deficiencies
- Low calorie intake for large sections of the population
- Lack of employment opportunities for the landless which constitute 45% of the rural population.
- Low level of social development and organisation among the extreme poor

The bulk of poverty and extreme poverty remains rural (76% of the poor are in rural areas) and women are more affected than men.

There is not yet a comprehensive strategy of the GoB to deal with Food Security issues, though a Task Force did make some recommendations in this regard in 2000 and there are policies covering separately different aspects of food security.

It is expected that the PRSP will provide a planning framework integrating all these elements into a more comprehensive policy. The objectives and actions foreseen under this section of the NIP appear to be very much in line with the recently published draft interim PRSP

The Food Security programme will focus on rural areas, using a project approach

Government programmes will constitute the majority of the actions supported but also NGO projects will be supported for actions in favour of marginal farmers.

## **6.2 Action 1: Food security for VGD women**

### **6.2.1 Objective**

Improve the food security of extremely poor women participating in the VGD programme.

### **6.2.2 Expected results**

- Incomes and capacities of targeted extreme-poor households are sustainably increased and diversified (+- 250.000 households)
- Increased food intake and improved nutritional status for the beneficiaries and their dependants.

### **6.2.3 Activities**

The activities will be targeted at women participating in the VGD programme, and belonging to the extreme poor category, defined as follows: calorie intake of less than 1800kcal /day, income of the household inferior to 1500 Takas /month, land ownership below 0.15 acre.

The activities proposed to the beneficiaries over a cycle of 2 years, include training in IGAs (management and technical aspects), general and social awareness training, health and nutrition awareness training and financial services.

### **6.2.4 Implementation modalities**

The Vulnerable Group Development (VGD) programme is implemented by DWA (Department of Women's Affairs), with the support of WFP.

### **6.2.5 Risks and conditionalities**

The actions envisaged are only possible if the GoB continues to implement its policy of cooperation with NGOs, involving them as field operators in GoB programmes.

- The support of the Commission to the VGD programme could possibly be further expanded, increasing EC's influence on the design of the programme. This could be envisaged, provided the following conditions can be met:
  - o The selection of beneficiaries further improved in terms of criteria and transparency.
  - o The geographical concentration of beneficiaries increased
  - o Its safety net function more clearly separated from its development function.
  - o The participation of NGOs strengthened and stabilized.
  - o The capacities of DWA further developed and strengthened.

### **6.2.6 Performance/ impact indicators**

The present indicators used for FSVGD are:

- Number of beneficiary households able to afford two meals per day for at least 11 months in the year.
- Number of beneficiaries sustaining a daily calorie intake of 1800Kcal
- Income levels
- Ownership of assets
- Number of beneficiaries having started an IGA

A nutritional sample survey is also foreseen.

### **6.2.7 Financial envelope and indicative timeframe**

The indicative financial requirements and timeframe are:

- 10 million Euro in 2003 for the costs related to the increase in the FSVGD project cycle from 1.5 to 2 years, and for additional capacity building of DWA.

Approximately 35 million Euro in 2005 for the next phase to be started in 2006/2007. If

## **6.3 Action 2: Focused interventions in the field of Nutrition**

### **6.3.1 Objective**

Together with an increased income (action 1, 3 and 4) improved nutritional practices and food/micronutrient supplementation should lead to an improvement of the nutritional status of the target population, and in particular the extreme poor.

### **6.3.2 Expected results**

The following nutritional deficiencies will be more specifically addressed:

- Protein deficiency
- Anemia (iron deficiency)
- Vitamin A deficiency
- Iodine deficiency

### **6.3.3 Activities**

The intention is to support the GoB's National Nutrition Programme (NNP) presently funded by the World Bank, the Netherlands and CIDA.. Its activities include the promotion of nutritional awareness but also through larger campaigns, distribution of nutritional supplements, micro-nutrient tablets and/or food fortification.

The NNP, building on the experience of the BINP pilot project, started in 2001 in 35 upazilas only . By the end of 2004, 139 upazilas are intended to be covered. In 2005, Phase II is expected to start, with the intention to progressively cover the whole country. NNP is linked to the VGD programme.

NNP is a GoB programme Depending on a number of conditions spelled out in 6.3.5, the Commission may consider supporting NNP.

An alternative would be to support NGO activities in this field, but the financial envelope would then be lower.

#### **6.3.4 Implementation modalities**

The support to NNP may involve pool funding with other donors, or at least a coordinated approach.

#### **6.3.5 Risks and conditionalities**

The actions envisaged are only possible if the GoB continues to implement its policy of cooperation with NGOs, involving them as field operators. The conditions for support of the NNP are the following:

- Reduction of the cost per beneficiary, in particular at the level of supplementary feeding.
- The reviews of the first phase of the programme are positive.
- NNP is not fully integrated in the next phase of the Health Sector Programme..

#### **6.3.6 Performance/ impact indicators**

- Cases of severe stunting and/or wasting
- Levels of Vitamin A deficiency
- Levels of Anemia

#### **6.3.7 Financial envelope**

An estimated amount of 30 million euro can be foreseen for this component.

#### **6.3.8 Indicative timeframe**

The funds should be committed in principle during the programming year 2004.

### **6.4 Action 3 : Integrated NGO projects targeted at the extreme poor**

#### **6.4.1 Objectives**

Improve the food security of the extreme poor.

#### **6.4.2 Expected Results**

- Increased and diversified incomes for the beneficiaries
- Increased food intake and a more balanced nutrition

#### **6.4.3 Activities**

Implementation of integrated, and to a certain extent innovative projects targeted mainly at the extreme poor.

#### **6.4.4 Implementation Modalities**

A call for NGO proposals will be launched for this purpose. It will aim at collaborating with medium and large NGOs the minimum project size would be 500.000 Euro.

#### **6.4.5 Risks and conditionalities**

It is assumed that the GoB will continue to implement a favourable policy towards NGOs, guaranteeing their freedom to work for the empowerment of marginal groups and women.

#### **6.4.6 Performance/ impact indicators**

Will be determined for each project.

#### **6.4.7 Financial envelope**

10 million Euro approximately.

#### **6.4.8 Indicative timeframe**

A decision should be taken in 2003. Project implementation 2003-2005.

### **6.5 Action 4: NGO programmes focused on marginal farmers**

#### **6.5.1 Objectives**

Higher income from marginal farm holdings.

#### **6.5.2 Expected Results**

A better management of very limited resources (natural, human & financial) by targeted resource poor farmers.

#### **6.5.3 Activities**

The activities will be mainly targeted at poor households with marginal land holding (less than 1.5 acre of land), part of which only will belong to the extreme poor category.

The project will provide target farmer groups with training on suitable agricultural and marketing techniques and facilitate the acquisition of needed input.

#### **6.5.4 Implementation Modalities**

A call for NGO proposals will be issued, targeting medium and large NGOs only. The minimum size would be 500.000 Euro.

#### **6.5.5 Risks and conditionalities**

It is assumed that the GoB will continue to implement a favourable policy towards NGOs, guaranteeing their freedom to work for the empowerment of marginal groups and women.

#### **6.5.6 Performance/ impact indicators**

Will be determined for each project

#### **6.5.7 Financial envelope**

Approximately €10 million .

### **6.5.8 Indicative timeframe**

A decision in 2004 would be appropriate, given the fact that some projects in this field are presently running.

## 7 - **Priority 1.4:** *Improving HDIs:* SUBSECTOR EMPLOYMENT CREATION

### 7.1 Strategic context/justification

Bangladesh needs to create several ten million new jobs in order to absorb its growing labour force in the next 15 years. Much of this employment will have to be created in non-urban areas, by focussing especially on the growth potential of SMEs. Three aspects are of importance to improve the environment for SMEs: i.) the local capacity of local administration, including planning capacity as well as financial revenues to support infrastructure development, needs to be strengthened; ii.) appropriate local business (advisory) services must be made available; iii.) a labour force skilled for the basic needs of SMEs.

The EC will pilot the provision of such services in 12 rural towns (Action 1). The pilot programme has been developed through a one-year study. The appraisal of the proposal took place in February 2002.

### 7.2 **Action n°1 :** Rural Towns Development Programme (Pilot)

#### 7.2.1 Objective

The overall objective is to improve the economic, social and demographic balance in the urbanisation process in the 12 selected rural towns, which will reduce migration push factors from these rural towns and the hinterlands to the larger towns/cities.

#### 7.2.2 Expected results

The expected results will be:

- Creation of employment opportunities;
- Improved role for women and disadvantaged groups through increased commercial/social activities and access to markets;
- Improved governance through enhancement of *pourashava* capability to undertake statutory obligations;
- Increased public accountability through participatory planning and public consultation
- Sustainable *pourashava* income growth through improved revenue collection procedures and market rules;
- Improved physical/social infrastructure

#### 7.2.3 Activities

There will be three interventions of the project together with activities of each component:

1. Establishment of Business Development Centers (BDCs)
2. *Pourashava* Capability Enhancement (ECH)
3. Regional Planning and Coordination (RPC)

The project will cover 12 (already selected) rural towns, i.e. 2 in each of the country's administrative divisions. The total population of these rural towns is approximately 170,000 people and a further 1.5 million people living in the hinterlands of these towns.

#### **7.2.4 Implementation**

The implementation will be carried out by the Local Government Engineering Department (LGED) of the Ministry of Local Government, Rural Development and Cooperatives.

The day-to-day implementation of activities will be the responsibility of a Project Management Unit (PMU) under the co-management system.

#### **7.2.5 Risks and conditionalities**

The risks identified for the smooth implementation of the project are as follows:

- Lack of flexibility, leadership and supervision of the partner organization may prevent the development of good services and training design
- *Pourashavas* may not be able to source capable and qualified staff to fill the vacant positions
- Government commitment to strengthening local administrations may not be followed through with adequate initiatives/decentralization efforts.

There should be clear commitment by the government to ensure:

- Full availability and continuity of the national Co-Director and other seconded PMU staff
- The GoB contribution to the project must be provided as required by the project
- Adequate housing for the administrations of the *pourashavas* is provided by GoB
- Staff recruitment for *pourashavas* must be implemented smoothly and unhindered.

#### **7.2.6 Performance/Outcomes Indicators**

The main performance indicator of the project will be a noticeable reduction of migration flows from the targeted rural towns to the larger cities by the end of the project period, i.e. 2005. The PMU will design both qualitative and quantitative indicators to approximate the migration trends, as official figures are not very reliable nor available in the short term.

#### **7.2.7 Financial envelope**

The total costs for the pilot project have been estimated at 12.5 million euro. The EC will contribute 10 million euro (80%) and the GoB 2.5 million euro (20%), the latter mainly towards small infrastructural activities in the rural towns.

The pilot project will be implemented over a three year period from 2003 to 2005.

### **7.2.8 Indicative timeframe**

Appraisal Mission	February 2002
Presentation to ALA Committee	September 2002
Approval by Commission	October 2002
Project Start	January 2003

## 8. **Priority 2 : Enhancing Trade Capacity, Economic Development and Regional Economic Co-operation**

### 8.1 **Strategic context/justification**

The structure of Bangladesh's exports 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 the Agreement on Textiles and Clothing (ATC) which governs world trade in textiles and clothing ends. The phasing out of preferential access to world markets and the full integration of all textile and clothing products into the WTO system, scheduled for 1 January 2005, will require, on the one hand, Bangladeshi ready-made garments exporters to increase efficiency and improve product quality and, on the other, Bangladesh to diversify both its export base and export markets.

During the first session of Joint Commission under the new EC-Bangladesh Cooperation Agreement held in Dhaka in November 2001, the Government of Bangladesh urged the European Commission to look at some of the 34 proposals presented under the Integrated Framework for TRTA to LDCs and called for financial and technical assistance for developing capacity for trade., .

In the present NIP for Bangladesh the EC has identified four areas of intervention in the fields of Trade and Economic Development Co-operation, i.e.

1. Trade related technical assistance (TRTA)
2. Increasing SME's access to financial services through the South Asia enterprise development facility (SEDF) – (year 2002)
3. Quality control, standards and norms
4. Small project facility (SPF).

A total amount up to a maximum of € **33 million** will be devoted to activities in these four areas.

### 8.2 **Action n°1 : Trade Related Technical Assistance (TRTA)**

#### 8.2.1 **Objective**

The trade related technical assistance should allow Bangladesh to implement existing WTO Agreements, as well as equip Bangladesh for the forthcoming negotiations in the WTO as agreed at the Fourth Ministerial Conference held in Doha, Qatar. It would also ensure that Bangladesh meets its commitments under the TRIPS agreement and the EC/Bangladesh Cooperation agreement of March 2001 in terms of adjusting its out of date Intellectual Property Rights (IPR) regulatory framework.

### **8.2.2 Expected results**

By enhancing its capacity, the Government of Bangladesh should be better equipped to take part in the Doha Development Round of international trade negotiations, adhere to its international commitments in terms of the new generation of trade issues (Intellectual Property Rights, Biosafety regulations, SPS, Trade in Services) and support the export oriented sectors of the economy.

### **8.2.3 Activities**

During the first Session of the Joint Commission under the new EC-Bangladesh Cooperation Agreement held in Dhaka in November 2001 the GoB presented 34 proposals under the Integrated Framework for TRTA to LDCs (joint initiative of the World Bank and other donors) that could be implemented in Bangladesh.

The Commission felt that whilst this was a useful starting point, the list of proposals would need to be prioritised in order to focus on specific areas for future co-operation.

The proposals all follow a similar format (1 page summary) that give sufficient information for a first screening, but unfortunately not all of them have quantified the costs.

The proposals cover two major themes: a)Assisting the private sector in diversifying Bangladesh exports; b) Strengthening institutional capacity of both public and private sector .

### **8.2.4 Implementation**

Projects will be implemented through Technical Assistance service contracts to be awarded according to the EC tender procedures. Under this action, the EC intends to finance 2 or 3 meaningful priority projects and, to this end, the EC will send an identification mission.

### **8.2.5 Risks and conditionalities**

The success of the TRTA operations to enhance the Government of Bangladesh capacity to address the new generation of trade issues would depend on its capacity to retain the trained officials in sectors of the administration (Ministry of Commerce, Export Promotion Bureau, Bangladesh missions abroad) where they can apply their skills.

### **8.2.6 Performance/Outcomes Indicators**

.To be defined by the identification mission.

### **8.2.7 Financial envelope**

. Up to a maximum of € 10 million.

### 8.2.8 Indicative timeframe

Identification mission end 2002/beginning 2003 - Commitment in 2003

## 8.3 **Action n°2: Support to South Asia Enterprises Development (SEDF)**

### 8.3.1 Background

Bangladesh hardly receives Foreign Direct Investment, due to several constraints. There is therefore a need to ensure the confidence of investors, local and foreign, by measures in economic governance, transparency in the privatisation process as well as restructuring the institutions in charge of attraction of investments.

Beyond the attraction of FDI, Bangladesh needs to generate the much needed local investments through a better access to finance for small and medium enterprises (SMEs), which form in Bangladesh the true backbone of the economy. This goes hand in hand with a modernisation of the finance sector that needs to be equipped and trained to increase their SMEs portfolio. Large non-performing loans, weak institutional capacity of the banking system, and deficient legal framework are major constraints affecting the Bangladeshi banking system.

Against this background it is envisaged to collaborate with SEDF, a multi-donor facility managed by the International Finance Corporation (IFC), a private branch of the World Bank group. Its overarching objective is to reduce poverty through increasing the number, profitability and growth of SMEs. The core target market segment for SEDF is the underserved middle - enterprises that are larger than micro but smaller than the large scale enterprises.

### 8.3.2 SEDF's Objectives

SEDF's overarching objective is to reduce poverty in the target region and stimulate pro-poor growth. The strategy for doing so is to increase the number, profitability and growth rates of small and medium enterprises (SMEs).

As enterprises start up and grow, they create jobs and thereby impact directly on poverty levels. SEDF's objective is to make SME<sup>3</sup>'s **internationally competitive** through Technical Assistance, Training, and Assisting with access to finance through reform of private banks.

### 8.3.3 Expected results

- To increase the Banks' lending to SMEs, improve the quality of their portfolio and demonstrate that lending to SMEs is very profitable;
- To develop new financial products targeting the needs of SMEs;

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<sup>3</sup> SME definition as used by SEDF( following the current definitions of Bangladesh Government ): "underserved middle" companies with capital assets above EUR 200,000, but below EUR 5.5 million.

- Building Local Capacity to Deliver Quality Management Training to SMEs.
- Enabling the Business Environment for SMEs
- Increasing Regional Trade and Other Linkages
- Support for Sustainable, Independent, Business & Trade Association

#### **8.3.4 Activities**

To achieve the proposed objective, activities are divided into the following:

A) - Increasing the Flow of Term Credit Funds to SMEs and Improving the Performance of Partner Banks' SME Portfolios.

- SEDF will work with Private Sector Banks and Non Bank Financial Institutions (NBFI), to create learning opportunities and provide technical assistance on a cost sharing basis.
- Identifying, Developing, and Implementing New-Style Financial Products Relevant to SMEs. The facility will work with Banks to assist in developing new financial products targeting the needs of SMEs
- Targeted Direct Support to Medium-Size Potential Growth Firms SEDF assists firms on a cost-sharing basis to develop their business plans and improve operations through capacity building and training.

B) - Capacity Building Services

##### Building Local Capacity to Deliver Quality Management Training to SMEs.

SEDF would build capacity to deliver high quality training to SMEs within selected training institutions with an interest for SMEs.

##### NGO Commercialization Initiatives

To increase their effectiveness, NGOs might need management support, links to new markets, and access to capital and information technology.

##### Support for Internet/IT Initiatives

SEDF works with selected local Internet service providers to establish, populate and commercialize sub-sector specific SME portals that offer a variety of services.

C) - Enabling the Business Environment for SMEs

##### Easing the Regulatory Burden for SMEs

Smaller firms face significantly more problems than larger firms with financing, taxes and regulations, inflation and corruption. The facility intends to work with regulatory bodies such as government departments, in an effort to improve the business environment for SMEs.

### Support for Sustainable, Independent, Business & Trade Association

SEDF will assist selected business associations to design a development plan for each association, which will incorporate best practices in Business Association development.

Finally in Bangladesh, two industries would be given special attention by SEDF textiles/garments and agribusiness. Preliminary study work is now underway in both areas. Many of the services offered by SEDF will be focused on the sectors mentioned.

### **8.3.5 Implementation**

The SEDF will formally be launched in July 2002. DfiD (UK) and the Dutch government are already partners in the programme as well as NORAD (Norwegian Cooperation). During the programming mission, the EC has been requested to join in.

The scheme aims at three levels of inter-mediation:

- A) A Financial Sector Collaboration Program for participating partners as a group (for instance to create a jointly developed IT platform should some banks agree to cooperate in this or common training programs for example in credit analysis, IT etc);
- B) A Specific Institutional Training and Development Program for individual partners on a direct and strictly confidential basis;
- C) Specific Client Training and Technical Assistance Programs for partners' client groups and/or their individual clients, with emphasis on export oriented activities.

Partners are free to chose any or all above mentioned options for collaboration with SEDF.

The following conditions shall apply:

- A) All technical assistance and training service shall, in principle, be provided on a 50/50 cost sharing basis with participating partners;
- B) The maximum available amounts on a yearly basis are approximately:
  - i) for 5A programs : US\$ 0.5 million
  - ii) for 5B programs : US\$ 250,000 per PFI; and
  - iii) for 5C programs : US\$ 250,000 in total per PFI.

### **8.3.6 Risk and Conditionalities**

Risk and conditionalities related to:

A) – Small Medium Enterprises ( SMEs) :

1. Have viable business ideas or ventures
2. Are also prepared to invest their own money in the venture
3. Show commitment in investing time and effort in developing and implementing business ideas; and
4. Are committed to taking an active role in managing their business

B) - risks and conditionalities related to Private Banks and Financial Institutions:

Programme positive impact will depend on their interest and capability to increase their profitability by expanding their exposure to the Small and Medium Scale enterprise sector.

C) - risks and conditionalities related to other key potential participants:

SEDF can assist Consultants, Business Schools, Government Departments, only if they are interested to improve their capacity in serving Small and Medium Enterprises.

### **8.3.7 Performance/Outcomes Indicators**

- Improvement of performance in the banking sector
- Decreased of non performing loans
- Enhance exports from SMEs

### **8.3.8 Financial envelope**

10 million euro for 2002-2006

### **8.3.9 Indicative timeframe**

Commitment of fund and start up in 2002 – Programme duration: 5 years –(2002-2006 )

## **8.4 – Support to Quality Control, Certification and Standards.**

### **8.4.1 Background**

Bangladesh needs to consider ways to reduce its dependency on the garment sector, as it will be open to greater competition, with huge social consequences as the sector employs directly about 1.4 million people (80% of which are women). Bangladesh is entitled to the

Everything But Arms (EBA) initiative, but its narrow export basket limits however the exploitation of the new opportunities unless more “backwards linkage industries” are developed and the production diversified (through exploring the agro-business and food processing sector, including expansion of fishery product exports) and through increased investments (domestic and FDI), while the industrial base needs strengthening through privatisations.

By strengthening the standards and quality and testing capacity of Bangladesh, the supplier image of Bangladesh would be improved and enhance its exports quality up to standards expected by the regional and international buyers markets.

The diversification of the export should contribute to stabilise the economy by limiting its exposure to recession prone sectors and ensure more employment and hence contribute to the overall objective of poverty alleviation in Bangladesh.

#### **8.4.2 Objective**

This project aims at improving standards and quality in the sectors of agriculture and textiles focusing on SMEs but also involving the public sector and intermediary institutions, i.e. Capacity enhancement of public institutions dealing with standards, certification, metrology and quality control.

#### **8.4.3 Expected results**

- More products meet acceptable quality standards and the reputation of Bangladeshi products is enhanced.
- Legal requirements in respect of quality control are observed by manufacturers
- Bangladesh Standards and Testing Institute:

-has transposed in Bangladeshi Standards the ISO and EN Standards and is able to disseminate them towards the business community.

-is accredited and able to deliver reliable quality and/or testing certificates;

-is responsible along with other technical institutes for promoting (ISO 9000) certification of Bangladeshi products. Environment protection and certification (ISO 14000) is making progress;

-its Management is autonomous from the GoB and financially self sustainable

- A national accreditation body with international acceptance and authority is functioning;
- Demand and supply of technical business information meets in a more satisfactory way for the enterprises and Technical Institutes are upgraded and trained and able to meet the need.
- Total Quality Management (TQM) practices are introduced in a number of SMEs in the textile and agro-business sectors.

#### **8.4.4 Activities**

- Upgrading of legal Metrology and Calibration activities in BSTI .
- Upgrading of Standardisation activity
- Creation of an Accreditation Agency (Public or semi-public organisation)
  - Assistance for creating an independent Accreditation Agency
  - Training of auditors for accrediting “Enterprise certification” body
  - Training of auditors for accrediting “Personnel certification” body.
- Certification bodies (Public and/or private organisations)
  - Training of auditors for certifying enterprises (ISO 9000)
  - Training of auditors for certifying enterprises (ISO 14000).
- Testing (Public and/or private organisations)
  - Upgrading of the testing laboratories
  - Training staff on testing methods and preparation of samples
  - Upgrading of the testing laboratories
- Introduction of TQM in selected SMEs
  - Establish the TQM management and cultural environment which includes vision, long-term commitment, people involvement, disciplined methodology, support systems, and training.
  - Define mission of each component of the organization.
  - Set performance improvement opportunities, goals, and priorities.
  - Establish improvement projects and plans of actions.

#### **8.4.5 Implementation**

The proposed actions shall be scheduled over 5 year period (2003-2007)

A list of indicators shall be established to verify the cost-effectiveness of the proposed actions.

#### **8.4.6 Risks and conditionalities**

The success of the programme will depend on the commitment of GoB and the SMEs involved in implementing the proposed activities. A more detailed analysis of this aspect will be one of the task of the project identification/preparation mission.

#### **8.4.7 – Performance outcome and indicators**

- The Network of Bangladesh’s standard and quality related organisations/institutions is regularly providing business community with adequate technical support and business information.
- BSTI is fully reorganised and upgraded and operational. The tasks of product quality control are well distributed among the various Technical Institutes and known of all stakeholders, business community and private sector included.
- The targeted institutional, organisational and legal changes are achieved and the Bangladeshi Accreditation Body is in place and working.
- The targeted enterprises have fully introduced the TQM system.

#### **8.4.8 – Financial envelope**

The total financial envelope for this programme is estimated at € 10 million.

#### **8.4.9 – Timeframe**

Commitment in 2003, an identification mission should be sent out in the coming months provided the GoB agrees.

### **8.5 Action n°3: Small Project Facility for Trade and Economic Cooperation**

#### **8.5.1 Objective**

A Small Project Facility (SPF) in the area of trade and economic co-operation could cover a number of different issues and small but strategic projects thus completing and complementing the main actions described above.

In other words, the SPF should allow to address small size projects that cannot be accommodated in any of the other actions nor through the EU Asia programmes that require partnerships.

Projects/actions funded by the SPF for trade and economic co-operation may indicatively focus on the following areas : institutional support, products diversification, market analysis, WTO related issues, human resources development, economic governance, training activities (management, environmental sustainability, etc), services for industrial and commercial organisations/associations.

Projects will be selected through targeted “call for proposals” launched by the EC Delegation in Dhaka. Applicants can be governmental, non governmental, private sector, civil society organisations. Joint proposals with European partners are also eligible.

#### **8.5.2 Expected results**

To be identified according to proposed projects

#### **8.5.3 Activities**

Selected through “call for proposals” system.

#### **8.5.4 Implementation**

Financial and technical responsibility will lay with the EC Delegation in Dhaka.

#### **8.5.5 Risks and conditionalities**

Such operation can only be launched provided there is adequate manpower in the delegation to ensure a fair selection and monitoring of the projects.

#### **8.5.6 Performance/Outcomes Indicators**

They will be defined for each funded project.

### **8.5.7 Financial envelope**

up to 3 million euros

### **8.5.8 Indicative timeframe**

Commitment of funds 2003. Call for proposal: one per year starting from 2003. Project duration 2003-2005.

## **9. Priority 3.1: ACTIVITIES IN THE CHITTAGONG HILL TRACTS**

### **9.1 Strategic context/justification**

A water management programming mission was sent to Chittagong Hill Tracts in late January 2002. The objectives of the mission were to: a) establish the need for a water resources management programme b) to study other options for investment by the EC and c) to define political and institutional conditions for future EC co-operation.

The mission's conclusions on the main issues at stake in CHT are consistent with the findings of other donor funded initiatives and mainly point to slow progress in the peace accord implementation. .

The mission concluded that while access to drinking water and management of the Kaptai Lake are important issues, water management itself is not a priority. In the meantime the mission recommended the development of a water resources development strategy to map out possible future interventions.

In the short term it also recommends small interventions in collaboration with international NGOs in the areas of water supply, health and education. In the longer term it suggests providing support to address land problems while recognizing that this would require lengthy preparation. At this stage it is premature to specify all activities that the EC will support in CHT. In August 2002 a joint UNDP/GoB mission released a report on the security situation and donors are awaiting the final publication of the ADB/CHT Ministry Regional Plan. Donors also feel that it is important to await a Memorandum of Understanding from the Government which will set up the framework to allow donor investment in the region.

On this ground, the main activities foreseen for the time being will therefore be a) activities in the field of peace building and community development activities; b) a natural resources inventory and water resources development study which will identify areas for small scale interventions as well as larger scale activities at a later date; and c) an extended second phase of the EC funded Synergy project on re-forestation and landless people. This approach is in line with the conclusions of the UNDP security mission which recommends a gradual build-up of small-scale activities in the CHT starting with the establishment of institutional and procedural arrangements with the Government and activities for capacity building and community participation.

### **9.2 Action n°1 : Peace Building and Community Development Activities**

#### **9.2.1 Objective**

The objective of this action is to support peace building measures and community development, including capacity building of local NGOs.

#### **9.2.2 Expected results**

- Increased community participation in the planning of community development;
- Improved inter-ethnic relations and cooperation among local institutions and;
- Regional institutions and local NGOs have increased capacity to work with international donors;
- Capacity of local NGOs strengthened.

### **9.2.3 Activities**

The activities of local partners to be supported by this action will include a variety of peace building measures, community development activities as well as provision for capacity building among local NGOs

### **9.2.4 Implementation**

Call for proposals issued by the Delegation.

### **9.2.5 Risks and conditionalities**

Security problems may affect implementation of activities as well as monitoring by the EC.

Careful co-ordination will be needed with other donors and international NGOs.

### **9.2.6 Performance/Outcomes Indicators**

To be determined in the call for proposals.

### **9.2.7 Financial envelope**

A tentative allocation of 5 million euro is foreseen for this activity.

### **9.2.8 Indicative timeframe**

Guidelines for call for proposals to be drawn up in late 2003. Call to be launched by EC Delegation under de-concentration 2003.

## **9.3 Action no. 2: Natural resources inventory and water resources plan**

### **9.3.1 Objective**

To contribute to effective water management in the region

### **9.3.2 Expected results**

A comprehensive review of water resources needs district by district;

A detailed plan of small interventions in local communities;

A longer term plan of action in the area of water resources and natural resources;

### **9.3.3 Activities**

Production of the study taking into account Government policy such as the National Water Management Plan and consultations with related bodies such as WARPO, Regional Council, Hill District Councils and local institutions.

### **9.3.4 Implementation**

Study led by reputable expatriate consultants in collaboration with local consultants.

### **9.3.5 Risks and conditionalities**

Co-operation with local water authorities needed.

### **9.3.6 Performance/Outcomes indicators**

Identification of activities to ensure increased, year round access to fresh water for villages in CHT.

### **9.3.7 Financial envelope**

1 million Euro

### **9.3.8 Indicative timeframe**

2002            Terms of reference for restricted tender

2003            Study

## **9.4 Action no. 3: Expansion of the Synergy project**

### **9.4.1 Objective**

To develop alternative land-management strategies that give voice to the poorest of the poor in CHT and which enable them to interact in a sustainable and economic manner with their environment and their community.

### **9.4.2 Expected results**

- Creation of sustainable and synergistic relations between landless (mainly tribal) families and their immediate environment

- Environmental rehabilitation through re-forestation.
- Enhanced political awareness and interest of the poor in local community issues.

#### **9.4.3 Activities**

- Organisation of groups of landless families into Partnership Firms that are enabled to enter into a long-term (60 years) tri-partite production sharing agreement, called an "Environmental Stewardship Contract™".
- Provide landless families with long-term access to means of production such as land, credits, tree-aftercare fees and training;
- Marketing of the products produced;
- Use of proceeds to increase the family income and their standard of living;
- Planting a variety of different trees on denuded and under utilised hill land;
- Introduction of sustainable agricultural methods, adapted for sloping land situations, thereby protecting the topsoil and significantly reducing erosion.

#### **9.4.4 Implementation**

Expansion of current Synergy project for a further 5 years.

#### **9.4.5 Risks and conditionalities**

- Firms implement the work as per the spirit of the Environmental Stewardship Contract;
- Full co-operation and support provided by local government authorities in Hill Tracts;
- Land-title holders, both private and governmental, agree to make their land available and to participate as partners in the Environmental Stewardship Contracts.

#### **9.4.6 Performance/outcome indicators**

- Sufficiently high incomes to provide sustenance to family needs;
- Multi-species forest coverage increase;
- Suitable crops inter-cropped amongst saplings;
- Democratically managed Firms set up;

#### **9.4.7 Financial envelope**

1.5 million Euro. Depending on the results of an evaluation mission additional funding could be considered.

#### **9.4.8 Indicative timeframe**

New proposal submitted 2002

Evaluation mission September/October 2002

Implementation beginning 2003

## **10. Priority 3.2: PROMOTING DEMOCRACY AND HUMAN RIGHTS**

### **10.1 Strategic context/justification:**

The agreed minutes of the first session of the EC-Bangladesh Joint Commission 2001 confirmed the EC commitment to promote good governance and democracy as they are essential elements for social and economic development.

Bangladesh is still a young and developing parliamentary democracy. Political competition is vigorous and violence is a pervasive feature of politics. The EU election observation mission concluded that the 2001 elections represented an important step towards democratic consolidation, but highlighted also a number of areas for improvement<sup>4</sup>. In view of the importance of elections to the overall process of democratisation and the added value of the European Commission in this field of activities, the EC will focus on a long-term assistance to strengthen the electoral process and the functioning of the democratic institutions in Bangladesh.

In the human rights field, Bangladesh record for 2001 remains poor in many significant areas, especially regarding the discrimination based on race, sex, religion, disability or social status. Women, children, minority groups and disabled persons confront additional social and economic disadvantages in Bangladesh.

The majority of women are ignorant of their rights because of continued high illiteracy rates and unequal educational opportunities. Yet prevailing stereotyped attitudes and practices justified on social grounds create an environment in which women are often subject of discrimination and violence. Furthermore the issue of trafficking in women and children has recently gained considerable importance in Bangladesh.

### **10.2 Action n°1 Support to the electoral process**

#### **10.2.1 Objective**

The objective is to secure an overall peaceful, democratic and transparent electoral process. The EC intends to strengthen the election procedures in order to promote a democratic functioning of the parliamentary system of Bangladesh.

The main problems identified by the EU EOM were (to sum up briefly) political violence, impunity for election violations of campaign regulations, voter lists and the absence of media regulations. These should be more specifically addressed in this action to support the election process.

Support to the election administration could aim at strengthening the capacity of the Central Election Commission and local electoral officials to deal with election violations,

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<sup>4</sup> See EU Election Observation Mission in Bangladesh, Preliminary Statement released on 18/9/2001; information available from the following webistes: <http://www.eucom-bangladesh.org/home.html> and [http://europa.eu.int/comm/external\\_relations/bangladesh/intro/ip\\_01\\_833.htm](http://europa.eu.int/comm/external_relations/bangladesh/intro/ip_01_833.htm)

as well as implement and enforce all the provisions of the law , setting up the postal ballot, introducing media regulations, addressing campaign violations, etc).

The proposed work with party proxies could be part of a broader programme with political parties, aimed at reducing violence by party activists and pre-election campaign violations.

### **10.2.2 Expected results**

- Increased civic awareness among the citizens; particularly among rural populations, women and ethnic minority groups;
- Professional media coverage during the election campaigning;
- Transparent management by election officers of the electoral process;
- Reduced incidence of fraud and irregularities in the electoral procedures as well as violence within the polling stations on the election-day .

### **10.2.3 Activities**

An identification mission will define the detailed activities to be implemented. Emphasis could be done on the following areas:

- Media coverage strengthening: technical assistance to the Election Commission to establish rules and regulations for the election media coverage and programmes during the election period.
- Strengthening of the civic voter education programme of the Election Commission (including development of materials and dissemination to partner organizations such as NGOs) with the aim of raising the general public's awareness of the functioning of a democratic system as well as civic and voter education at grass root level.
- Support training to election officers with a special attention on the local level:
- Increase awareness training to party agents to enhance the transparency of the election process (in collaboration with the National Democratic Institute that already has several relevant activities and expertise in this area)

The identification mission will determine what areas for support should be focussed upon. However a strong effort of co-ordination would have to be made as several donors are already supporting the Election Commission, and especially the UNDP (which intends to extend its present 7-years project of 10 M USD).

Ibid for party agents; it could be part of a broader programme of political party training, which would address issues of violence and campaign rhetoric.

### **10.2.4 Implementation**

The European Commission will provide technical assistance and financial support to the Election Commission which will be the main coordinating body for the overall activities.

Moreover, the Ministry of Law and Parliamentary Affairs as well as the Ministry of Local Government, Rural Development & Cooperative should be also associated to the process. NGOs should implement, under the supervision of the Election Commission, the civic voter education programmes targeting at the grassroots level and focusing on vulnerable groups as women and minorities. Such mechanism could initiate a type of co-operation between NGOs and the election administration. Working on voter registration and identification, training on election complaints, etc. and activities to be undertaken with political parties, should be undertaken either directly or through another international organisation for instance.

#### **10.2.5 Risks and conditionalities**

- Efficient partnership with the Election Commission;
- Political willingness

#### **10.2.6 Performance/Outcomes Indicators**

- Voter turnout;
- Level of women participation;
- Number of irregularities at polling stations on the day-election;
- Media monitoring reporting;
- Election Observation Missions' reports.

#### **10.2.7 Financial envelope**

It is proposed that 6 million euro be allocated under budget line B7-300 for this three-year project.

#### **10.2.8 Indicative timeframe**

1. An identification mission should be fielded beginning 2003.
2. Approval of the Commission by late 2003
3. Project Start in 2004

### **10.4 Action n°2 Promotion of Individual Rights - Support activities for the protection of vulnerable groups as women and children**

#### **10.4.1 Objective**

Bangladesh has adopted an Act on “Suppression of Violence against Women and Children” that came into force in February 2000. It is intended to address the need for more effective prosecution of perpetrators of violence against women and children than existed previously. However, some of the new laws have had negative repercussions for the victims and led to the introduction of the application of death penalty for a whole range of crimes against women. At the moment, women and children do not still have full

access to justice. **the EC wants to support GoB activities for the protection of these vulnerable groups.**

#### **10.4.2 Expected results**

- Improve human rights situation and access to justice for vulnerable groups;

**10.4.3 Activities** Activities will include human rights projects out in cooperation with GoB Promotion and protection of child rights: identity & family relations, access to health and education, freedom from violence. Specific emphasis for children in particularly difficult situations as the working and street children as well as trafficked/displaced children.

Violence against women and children, focusing on legal aid, counseling and access to justice

#### **10.4.4 Implementation**

A. Projects' duration would not exceed 2 years .

The use of European Technical Advisors as well as local consultants might be appropriate in the implementation and monitoring of the activities.

#### **10.4.5 Risks and conditionalities**

Deconcentration of the Delegation not delayed;

#### **10.4.6 Performance/Outcomes Indicators**

Annual records published by international organisation and/or GoB on the human rights situation;

#### **10.4.7 Financial envelope**

A tentative allocation of 3 million euro for projects on women and children. The allocation would be under B7-300.

#### **10.3.8 Indicative timeframe**

Preparation of the Proposal for women and children to be initiated during 2004 for funding during 2005.

## **11. Priority 3.3.: Other activities**

### **11.1 Strategic context/justification**

The CSP 2002 – 2006 provides for support of a number of other activities not directly falling under the main priority sectors, such as continued support to the Rohingya refugees (Action 1) as well as activities to support disaster preparedness in Bangladesh (Action 2).

These activities are shortly outlined below although the details of these activities will have to be developed together with the government over the next two years.

### **11.2 Action n°1 : Disaster Preparedness**

#### **11.2.1 Objective**

To contribute to effective, comprehensive and sustainable disaster preparedness against the major natural threats facing the country (floods, cyclones, earthquakes).

#### **11.2.2 Expected results**

- stronger institutional capacity of Bangladesh in preparing for disasters
- reduced vulnerability of populations at risks

#### **11.2.3 Activities**

To be determined by an identification mission.

#### **11.2.4 Implementation**

The UNDP has sponsored the development of a Comprehensive Disaster Management Plan (CDMP) during 2001. The CDMP draft document provides for both joint funding as well as bilateral arrangements

#### **11.2.5 Risks and conditionalities**

The government, UNDP and interested donors will have to increase efforts to implement the CDMP. In order to ensure complementarity of programmes and to avoid duplication of activities, the work already done by ECHO in the field of Disaster preparedness through its DIPECHO programme will be taken into account and appropriate co-ordination will have to be set up.

The programme is likely to be launched during the second half of 2002 with initial funding by UNDP, Dfid and Unicef. It is not certain whether the EC will find a suitable area and modalities for joining the programme at a later stage.

#### **11.2.6 Performance/Outcomes Indicators**

To be determined by an Identification Mission.

### **11.2.7 Financial envelope**

To be determined by an Identification Mission.

### **11.2.8 Indicative timeframe**

The EC should consider joining the CDMP programme in a second wave, e.g. in 2003. For this purpose the EC should initiate an Identification Mission during early 2003, after the CDMP has been launched and the coordination cell established. This will allow a better assessment of the real requirements and future orientation of this programme.

## **11.3 Action n°2 : Support to Rohingya Refugees**

### **11.3.1 Objective**

The EC supports both the voluntary repatriation of those refugees having indicated their wish to return to Myanmar as well as stresses the need for permanent solutions for the remaining refugees in Bangladesh.

### **11.3.2 Expected results**

The EC will ensure that the Rohingya Refugees are adequately provided for in the existing camps supported by UNHCR while pressing for sustainable solutions for the remaining caseload.

### **11.3.3 Activities**

To be determined after further consultations.

### **11.3.4 Implementation**

UNHCR is the main partner for the EC assistance at present.

### **11.3.5 Risks and conditionalities**

- deterioration of the situation in Myanmar may make permanent solutions more difficult
- difficulties in finding permanent solutions for the refugees.

### **11.3.6 Performance/Outcomes Indicators**

N/A

### **11.3.7 Financial envelope**

The EC has at present allocated € 4 million for 2003 and 2005 under the Budget Line for Uprooted People for support to the Rohingya Refugees in Bangladesh. Direct food aid could be one of the activities to be considered.

### 11.3.8 Indicative timeframe

The dialogue between the GoB, UNHCR and the EC will be intensified during 2002. On the basis of the outcome of the dialogues, the allocations for the remaining years should be revised.

## 12. Revisions of National Indicative Programme 2003-2005

The NIP 2003 – 2005 has been drafted on the basis of the sectoral allocations outlined in the CSP 2002-2006 and the outcome of the three programming missions for the fields of i.) Education (November 2001) ii.) Chittagong Hill Tracts (January-February 2002) and iii.) Economic and Trade (April 2002). A Mid-Term Review of the Food Security Programme in May 2002 provided further guidance for the orientation of this component.

The present document is based on the situation, available information and progress of programme developments as of June 2002.

However, there exist uncertainties relating to: a) CHT region (developments in the security situation, Memorandum of Understanding setting up the framework for donor interventions in the region), b) GoB support for SWAp, the implementation of the reform agenda and the size and quality of the proposed programme in health, and c) GoB commitment to move from project approach to a more co-ordinated and policy driven approach in the education sector.

Depending on progress in these matters, the NIP may be revised, for these specific aspects, in 2003 and/or 2004. This will also allow to take into account the developments of the (interim) PRSP and the advance of the deconcentration<sup>5</sup> process. In the process of revision of the NIP funds for Bangladesh may be redirected within the same budget line.

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<sup>5</sup> Deconcentration is part of the restructuring of the EC external service whereby managerial responsibility for external assistance projects is transferred from Brussels headquarters to local level in the EC Delegation

**ANNEX 1: National Indicative Programme 2003-2005 - Overview (in meuro)**

Priority Sector Budget Line		CSP 2002- 6	CSP	Proposed Commitments		NIP 2003 – 2005 Proposed Commitments				Un- /(Over)co mmitted
		meur o	%	2002		Activity Description	2003	2004	2005	
1.1. Health	B7-300	120	21%	-	-	1. Health sector programme (HNP) <sup>2</sup>	-	120	-	0
1.2. Education	B7-300	125 <sup>1</sup>	22%	-	-	Primary Education Dev.t Prog. (PEDPII) <sup>2</sup> . Support for NFPE (dependent on 1) 3. Access for children with disability (ibid.)	100 <sup>1</sup> - 5	- 30	- -	(-10)
1.3. Food Security / Rural Dev.t	B7-200	120	21%	-	-	1. Food Security for VGD women 2. Focused Interventions in Nutrition 3. Integrated NGO prog for extreme poor 4. Prog. focused on marginal farmers	10 - 10 -	- 30 -	35 - -	25
1.4. Employment Creation	B7-300	10	2%	1. Rural Towns Devel. Pilot	10	Additional interventions could be considered at a later a stage	-	-	-	0
2.1. Economic Development and Trade Capacity	B7-301 B7-300	49	9%	1. SADF (South Asia Enterprises Development Facility)	10	1. Trade Related Technical Ass. (TRTA) 2. Total Quality Programme 3. Small Project Facility	10 10 3	- -	- -	16
3.1 CHT Programme	B7-300	60 <sup>2</sup>	11%	-	-	1. Peace-Building and Community Dev.t 2. Natural Resource Inventory Study 3. Synergy project	5 1.5	- 1 -	- -	52.5
3.2 NGO Co- financing	B7-6	30	5%	Global CfP*	6	Global Call for Proposal*	6	6	6	6
3.3 Human Rights & Democracy	B7-7 B7-300	46	8%	-	-	1. Support to Electoral Process 2. Promotion of Individual Rights	- -	6 -	- 3	24
3.4 Others/ Regional	Var-ious B7-x			1. SMILING Proj. 2. Rohingya Refugees	8 1	1. Disaster Preparedness 2. Rohingya Refugees	- 2	- -	? 2	
<b>TOTAL</b>		<b>560<sup>1</sup></b>	<b>100%</b>		<b>35</b>	<b>TOTAL</b>	<b>162.5</b>	<b>203</b>	<b>46</b>	<b>113.5</b>
							<b>411.5</b>			

Notes: \*only estimates of projects accepted for BGD under a global Call for Proposal

<sup>1</sup> Additional € 23 million carried over from 2001 to be added; this was originally earmarked for IDEAL project, now to be incorporated into PEDP II

<sup>2</sup> actual commitment subject to conditions set out in the NIP

