

STRATEGIC STATEMENT

FY 2006 - 2010

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PROGRAM SUMMARY

USAID/Bangladesh (USAID/B) supports a broad programmatic vision to reduce poverty by promoting democratic institutions and practices, improving the quality of life and expanding economic opportunities for the people of Bangladesh. As long as this strategic statement is in force, every activity in the USAID/B portfolio will directly address one or more of the following three goal areas: *democracy and human rights*; *economic prosperity*; and *investing in human capital*. USAID/Bangladesh will advance these goals through development interventions falling under four Strategic Objectives:

- *More effective and responsive democratic institutions and practices;*
- *Expanded economic opportunities created through equitable economic growth;*
- *A better educated, healthier and more productive population; and*
- *Improved food security and disaster mitigation, preparedness and relief.*

This represents a significant realignment of the development assistance portfolio, occasioned in part by recent changes in the underlying policy context governing US bilateral development assistance as well as new realities on the ground in Bangladesh. Realities in Bangladesh contributing to this strategic realignment include: 1) rising security concerns caused by general deterioration in governance, law and order; 2) rising political violence, particularly as the parliamentary election nears; and 3) growing apprehensions about religious and political extremism. Program implementation under this strategic statement will commence in FY 2006 and run through FY 2010 or 2011.

POLICY PERSPECTIVES

This strategic statement responds to a range of policy constituents in USAID and the broader US Government, the Government of Bangladesh (GOB) and the donor community. Specific policy documents that played a major role in shaping this strategic statement include: the GOB Poverty Reduction Strategy Paper (PRSP); the U.S. Mission-Bangladesh Mission Performance Plan (MPP); the USAID Asia and Near East (ANE) Bureau Strategic Planning Framework; guidance governing the Millennium Challenge Account (MCA); the recent USAID White Paper entitled *US Foreign Aid: Meeting the Challenges of the 21st Century*; and the Joint Department of State-USAID Strategic Plan. In reviewing these policy documents, the importance of good governance, human rights, reduced corruption, “pro-poor” economic growth and social investment emerged as consistent themes along with other cross-cutting themes such as youth and gender. The new strategic statement represents a concerted attempt to realign programming interventions more purposefully within this evolving policy environment by strategically focusing and concentrating resources on those sectors where USAID can have the greatest impact or where other donor interventions are lacking. As the policy context further evolves, the strategic statement will allow for corresponding modifications through the annual program plans.

A. Poverty Reduction Strategy Paper: This strategic statement also fully conforms to key GOB policy elements contained in the most recent draft GOB PRSP. This document has quickly become the fundamental guideline for GOB and donor interaction. The PRSP lays out a seven-point agenda for addressing poverty: 1) employment; 2) nutrition; 3) maternal health; 4) quality education; 5) sanitation and safe water; 6) criminal justice; and 7) local governance. The proposed USAID program will address six of these seven points. USAID/B programming will likewise conform strongly to GOB priorities, emphasizing good governance through improved implementation capacity, local governance and reduced corruption; economic empowerment of the poor – especially women and other disadvantaged groups – and human development for the poor by raising their capacity through education, health and nutrition.

B. U.S. Mission in Bangladesh – Mission Performance Plan (MPP): As articulated in the MPP, the overriding interest of the US Government in Bangladesh is to promote political stability and sustainable economic growth. Policy guidance from several sources shapes the MPP, prepared by the Embassy Country Team with active participation from USAID/B and the other agencies present at post. This strategic statement effectively aligns USAID/B even more closely with the broad US Government goals and objectives outlined in that document. At present, the MPP includes six goals: 1) Prevention and Response to Terrorism; 2) Democratic Systems and Practices; 3) American Values Respected Abroad; 4) Economic Growth and Development; 5) Global Health and 6) Overseas and Domestic Facilities. USAID/B programming under this strategic statement will directly support three of these six goals (Democratic Systems and Practice, Economic Growth and Development and Global Health) and will indirectly contribute to Prevention and Response to Terrorism as well as American Values Respected Abroad. Under this strategic statement, USAID/B will directly tie all programming to one or more of the stated goals.

C. USAID Asia and Near East (ANE) Bureau Strategic Planning Framework: This strategic statement also conforms to the ANE Bureau Strategic Planning Framework insofar as that document specifically targets the three Strategic Goals enumerated above as major foreign policy goals for the region. This strategic statement also addresses two of the four strategic priorities for the ANE region: Building a 21st Century Workforce and Strengthening Accountable National Institutions. In addition, this strategic statement touches on important cross-cutting concerns laid out in the ANE Bureau Strategic Planning Framework, including youth, gender and increasing government effectiveness.

D. Millennium Challenge Account (MCA): This strategic statement is likewise in line with the development approach for transformational development countries articulated by the Millennium Challenge Corporation (MCC). Moreover, the proposed goal areas and objectives closely track the following MCA eligibility criteria: Ruling Justly; Investing in People; and Promoting Economic Growth. In the most recent country performance review carried out under the auspices of the MCC, Bangladesh rates above the median in eleven of the sixteen indicators. The five categories the country rates at or below the median are: Corruption, Health Expenditures, Primary Education Expenditures, Regulatory Quality and Trade Policy. That being said, Bangladesh must make dramatic progress – particularly in the vital “Ruling Justly” indicator dealing with Corruption – to become a serious contender for funding from the MCA. Consistent with these performance ratings, the new strategic statement includes renewed emphasis on the aforementioned Ruling Justly indicator while striving through more targeted interventions to maintain or preserve the progress achieved thus far in other areas.

E. USAID “White Paper”: This strategic statement is fully consistent with the policy framework set forth in the recent White Paper on aid effectiveness entitled *US Foreign Aid: Meeting the Challenges of the 21st Century*. Bangladesh is a reasonably stable country striving to effect far-reaching fundamental changes in institutional capacity, human capacity and economic structure necessary for eventual economic and social progress independent of foreign assistance. As such, within the policy context set forth in the White Paper, Bangladesh falls under the category of “transformational development” countries. On a performance basis, Bangladesh was, until recently, a “good performer” – that is to say, a country exhibiting relatively good policy, governance and development progress. However, recent slippage in certain key indicators – particularly, governance and corruption – led to reclassification as a “fair performer” in FY 2005.

This strategic statement embodies a conscious effort to target USAID/B development programming on those factors most directly responsible for the recent erosion in performance ratings. Continued slippage in the governance and corruption areas must be contained before the country truly spirals out of the democratic path. The strategic statement also supports other important sectors necessary for maintaining or improving overall performance – namely, economic growth, health and education. Furthermore, given the country's

chronic vulnerability to natural disaster, USAID/B programming will for the foreseeable future also include significant humanitarian response elements.

F. Joint Department of State-USAID Strategic Plan: This strategic statement is fully consistent with the Joint State-USAID Strategic Plan. USAID/B programming as outlined in this strategic statement supports four Strategic Goals under the Plan: 1) Democracy and Human Rights; 2) Economic Prosperity and Security; 3) Social and Environmental Issues; and 4) Humanitarian Response. Anticipated programming under each goal will be consistent with the parameters laid out in the Plan.

COUNTRY CONTEXT

After 34 years of independence and more than three decades of donor assistance, development in Bangladesh remains a work in process. Though Bangladesh is developing gradually, it remains one of the world's least-developed countries with many indicators lagging behind those of neighboring countries. In spite of the many recent economic advances, roughly half of the nation's population – almost 70 million people – still live below the poverty line, eking out a meager existence on less than \$1 per day. Inadequate accountability, transparency and predictability in GOB operations seriously frustrate economic growth and poverty reduction. Although democracy is beginning to take root, a legacy of political confrontation and the absence of political processes frustrate decision-making and impede implementation of “pro-poor” policies. Bangladesh has also been ranked as the most corrupt country in the world in the Transparency International (TI) Corruption Perceptions Survey for the past four years. Yet as a populous and moderate Muslim nation historically well-disposed to the United States, it is in the US interest to build Bangladesh's fragile institutions, nurture the country's nascent democracy, expand its market economy and improve the lives of its people.

Despite the challenges faced by Bangladesh since winning independence, the country has made many notable achievements. For instance, Bangladesh is nearly self-sufficient in rice production, has eradicated polio, lowered infant and child mortality rates, cut the fertility rate in half, increased school enrollment – particularly for girls – and is the renowned pioneer in micro-credit. Perhaps most impressively, Bangladesh has averaged 5% annual economic growth for the past decade. This vigorous economic growth, coupled with GOB and donor investments in education, health, food security and disaster mitigation, has led to a 1% annual reduction in the number of Bangladeshis living in poverty. During the 1990s, fiscal and current account imbalances were contained at manageable levels while inflation and public debt remained low. The national poverty rate fell from 59% to 50%, infant mortality was halved and life expectancy increased from 56 to 61 years. During the early 2000s, average annual economic growth exceeded 5% and poverty incidence further declined. The vast majority of children now attend primary school and gender parity was achieved in primary and secondary education with a committed GOB policy for girls' education.

A vibrant and dynamic private sector, a committed and capable network of NGOs and dedicated elements of the public sector have drawn on their respective resources, talents and capacities to help Bangladesh realize its economic and social potential. Further, income from remittances and peacekeeping operations is now equal to 50% of exports. But Bangladesh faces a formidable set of challenges: the urgent need for improved law and order, better governance, sound financial markets, better infrastructure, an enabling environment for private sector development and accessible, high-quality social services as well as clean and affordable urban habitats.

STRATEGY DEVELOPMENT

Bangladesh has had a USAID presence for more than three decades and may be accurately characterized as a mature program. For quite some time, USAID/B programming in this country benefited from strong continuity and stability, enabling steady progress across a wide range of sectors. However, changing circumstances in Bangladesh increasingly require a different approach. Of particular concern is a recent deterioration in governance, unraveling law and order and the growing impact of apparently intractable political gridlock. Developments in the underlying policy context governing US bilateral development assistance have likewise led USAID/B to conclude that a fresh, new approach is needed. This situation calls for a more flexible, streamlined program that rationalizes interventions around fewer programmatic goals, reduces management units and focuses programming in a more strategically targeted manner while nonetheless building on past USAID achievements and continued strengths. The new strategic statement also drew heavily from a long list of sector or program-specific assessments, evaluations and reports carried out in the recent past. For a complete listing of these documents, see Annex II.

USAID/B predicated formation of this strategic statement on the following critical assumptions:

- free and fair elections will take place as scheduled;
- there will be a peaceful post-election transition of power;
- the Bangladeshi economy will not suffer a widespread collapse following the demise of the Multi-Fiber Arrangement (MFA);
- there will not be a rapid rise in violent extremism;
- Bangladesh will not suffer from a devastating or catastrophic natural disaster that overwhelms local coping capacity (tsunami, earthquake or cyclone); and
- HIV epidemiology will not drastically change.

Significant restructuring of the USAID/B program would ensue were any of these critical assumptions to prove false.

STRATEGIC FRAMEWORK

The new USAID/B portfolio will directly address one or more of the following three areas of concern: *democracy and human rights; economic prosperity; and investing in human capital*. USAID/B will pursue these goals through development interventions falling under four Strategic Objectives:

- *More effective and responsive democratic institutions and practices;*
- *Expanded economic opportunities created through equitable economic growth;*
- *A better educated, healthier and more productive population; and*
- *Improved food security and disaster mitigation, preparedness and relief.*

Lack of good governance and transparent processes has become a stumbling block in almost every aspect of life in Bangladesh. Corruption is endemic and impacts the country's economic growth and the provision of equitable social justice. The World Bank estimates that Bangladesh annually loses 2% - 5% of potential GDP growth due to corruption. Attacking the issues of corruption and accountability and instilling greater government responsiveness will require both 'top-down' and 'bottom-up' approaches. Policies and systems to facilitate good governance must be in place. At the same time an active, vibrant civil society must assume its responsibilities beyond simply casting a vote every five years. It is clear that corruption is so pervasive throughout society that transparency and anti-corruption measures will be an underlying theme for each Strategic Objective.

A. PROMOTE DEMOCRATIC INSTITUTIONS AND PRACTICES:

Strategic Objective: *More effective and responsive democratic institutions and practices.*

The transition to democracy in Bangladesh has been inconsistent and unstable. In general, democratic institutions remain weak and confidence in the government is low. Bangladesh faces problems of widespread corruption, lack of clear representation of citizen interests by their elected officials, a highly centralized government, abuse of human rights – including trafficking-in-persons – and a nascent local government movement that is still learning to exercise its rights. A political class that cannot look beyond immediate conquests to form a coherent development agenda further aggravates this situation. As political infighting drags on, the country's economy suffers, affording scant opportunity for a better life to the majority of the population often living in abject poverty. To address these factors, activities under this Strategic Objective will focus on alleviating some of the principal obstacles to democratic progress in the areas where USAID has the greatest comparative advantage to influence change. USAID/B also actively coordinates with other donors on a myriad of governance issues. Funding for this objective will run from FY 2006 through FY 2009, with implementation to be completed by the end of FY 2010. Annual funding will range between \$9 and \$12 million to achieve progress in the components listed below. Over the four-year funding period, the total authorized funding level for this Strategic Objective will be up to \$50 million.

Program Component 1: Promote and Support Anti-Corruption Reforms. Dealing with corruption is at the core of Bangladesh's development paradigm and is clearly one of the greatest constraints holding back continued development. To address this situation, USAID/B will continue a cross-cutting approach with transparency measures fully integrated into all programming and will also promote practical tools and defined policies to address this challenge.

Program Component 2: Support Free and Fair Elections. General elections are scheduled for late 2006 or early 2007, after which a new parliament and new national government will be in place. This represents an opportunity for Bangladesh to carry out a peaceful democratic transition through a credible elections process in which all political movements can participate. USAID will support this process in close collaboration with other interested donors and stakeholders. Independent electoral monitoring and general acceptance of the electoral results as being free and fair will be key steps in Bangladesh's democratic consolidation.

Program Component 3: Reduce Trafficking in Persons. It is estimated that 15,000 - 20,000 people are trafficked from Bangladesh yearly. Most of those trafficked are women; however, up to 30% of the victims are children. Employing a comprehensive and integrated response at all levels and a deeper understanding of the cultural, economic and social factors that contribute to human trafficking, USAID/B will build upon its incipient activities to address this problem with both the GOB and civil society. Education, prevention, adequate support for rescued and repatriated victims, appropriate national policies and invigorated prosecution of traffickers are needed to coherently confront trafficking in persons.

Program Component 4: Protect Human Rights and Equal Access to Justice. Continued and, in some cases, systematic violations of basic human rights remain a considerable concern in Bangladesh, especially for women and children. Research indicates that half of all women suffer from domestic violence at least once. Labor rights are commonly ignored by the private sector, particularly for the most vulnerable workers such as women and children. USAID/B will support activities to strengthen civil society's independent oversight, monitoring and advocacy capacities to assist in checking human rights abuses. USAID/B will also pursue enabling legislation, such as the criminalization of domestic violence.

Program Component 5: Strengthen Democratic Political Parties. Political parties are highly centralized and lack adequate internal governance. The constitutional structure of the country provides for a winner-take-all parliamentary system. For the democratic system to work, the political parties must be reliable vehicles for citizen input and elected representatives must faithfully represent the interests of their constituents. USAID/B will engage all of the major political parties to strengthen their internal democratic practices, enhance political discourse and build future party leadership capacity.

Program Component 6: Support Democratic Local Government and Decentralization. The traditionally highly centralized government and the lack of political will to decentralize remain major obstacles. Likewise, local governments need to be more effective and accountable. USAID/B believes that local governments are among the few government entities with the credibility, real desire and capacity necessary to deliver the basic services required to make democracy work and satisfy citizen demands. The scope of local powers needs clarification and the provision of commensurate resources must be expanded. Creating the conditions for functional democracy at the local level will empower both the sub-national governments as well as the citizenry at large.

Program Component 7: Improve Sustainable Management of Natural Resources. Transparent and accountable management of the country's scarce and rapidly diminishing natural resources is a monumental challenge. The greatest success in meeting this challenge in Bangladesh has been through community-based management of natural resources. Local governments, stakeholders and community groups are concerned about preserving and managing the environment they live and work in. Local participation in the decision-making and management of natural resources has pioneered a new, more transparent approach which has been welcomed by relevant GOB entities. USAID/B efforts will consolidate this approach and strengthen national policies, regulations and their enforcement in ways that increase transparency and accountability in natural resource management.

B. EXPAND ECONOMIC OPPORTUNITIES:

Strategic Objective: *Expanded economic opportunities created through equitable economic growth.*

Bangladesh will have to sustain annual GDP growth of at least 7% for the next ten years in order to meet its Millennium Development Goal poverty reduction target of 50% by 2015. The country faces a number of challenges if it is to attain this level of economic growth while enabling a broader segment of its population to benefit from this growth, as advocated in the PRSP. One of the major challenges will be to diversify the economy. The ready-made garment (RMG) sector currently contributes nearly 80% of the Bangladeshi exports and provides direct employment for two million people – over 80% of whom are poor women. With the end of export quotas under the Multi-Fiber Arrangement (MFA) in January 2005, the RMG sector is under great pressure to improve its competitiveness and differentiate its markets quickly or lose market share to China and other more competitive economies. Even under the most optimistic scenarios, the need to diversify the economy and develop new sectors for growth and employment is urgent.

Some of the other related development issues that need to be addressed to achieve equitable economic growth include: 1) overcoming both international and domestic market isolation; 2) enhancing private sector competitiveness skills in a globalizing economy; 3) instilling responsible economic governance and an enabling environment for equitable economic growth; 4) expanding access to socio-economic infrastructure (energy, roads, information and communications technology); 5) sustaining the natural resource base; 6) increasing agricultural/rural productivity; and 7) reducing the GOB's "footprint" in the private sector. These constraints are neither new nor surprising. The PRSP identifies "critical sectors to maximize 'pro-poor' benefits from the growth process with special emphasis on the rural, agricultural, informal and small and medium enterprise sectors, improved connectivity through rural electrification, roads and telecommunications."

Activities implemented under this Strategic Objective will work toward an integrated program focusing on key sectors and selectively addressing critical constraints to equitable economic growth, reflecting USAID's manageable interests and comparative advantage vis-à-vis other donors. The program will build on the wealth of experience that has been gained from the Mission's long and rich experience in private sector development as well as related work in agriculture and the energy sector. USAID/B will also make a concerted effort to strategically integrate gender equity concerns in all activities and actively promote interventions that encourage greater participation of women in all spheres of the economy. Bangladesh remains rural and agricultural in nature and efforts to promote economic development must also take this into account. Funding for this program will run from FY 2006 through FY 2010, with implementation to continue through FY 2011. Annual funding of approximately \$1 to \$3 million will be needed to achieve progress in the components listed below. The total authorized funding level for this Strategic Objective during the five-year funding period will be up to \$15 million.

Program Component 1: Increase Private Sector Growth. USAID/B will directly apply lessons learned from other private enterprise development projects to improve productivity and competitiveness, develop markets and expand sales in domestic and international markets. The underlying approach will entail concentration on value chains that offer the greatest potential for expansion, broad-based participation and economic impact. Interventions will emphasize the role of micro, small and medium enterprises (MSMEs), embracing a holistic approach that fosters contributions by a broad spectrum of Bangladeshi society and encompasses a full range of actions required to bring a product or service from its conception to end use. This will include new market development, financing, business support services, applied research and development and the use of information communication technology (ICT) as a productivity tool, among other things.

Program Component 2: Improve Quality of Workforce. Activities under this component will include targeted training programs with training providers and private sector firms, who will be encouraged to invest more in the skills development of their workers. USAID/B will direct special emphasis toward identifying and providing skills that improve the options for women to participate more fully in the economy. USAID/B will also closely link this assistance with value chain development efforts in strategically important sectors such as agribusiness and ICT.

Program Component 3: Expand and Improve Access to Economic and Social Infrastructure. Access to electricity, roads and other infrastructure is one of the three principal determinants of poverty cited in the PRSP. The energy sector would benefit from more efficient management, focusing on serious issues of governance and corruption. Future USAID assistance for the energy sector will support sound governance as well as sustainability and reform of the sector – with a focus on rural electrification. USAID/B will also explore possibilities for introducing modern ICT solutions, such as wireless communication systems, to underserved areas.

Program Component 4: Improve Economic Policy and Governance. USAID/B will work closely with the GOB, other donors, the private sector and NGOs to identify critical policy and regulatory needs and advocate for specific reforms that are most needed to stimulate private sector development. In doing so, USAID/B will assist selected institutions and stakeholder groups that can advocate for reforms. Interventions will complement and support the Mission's private sector development efforts. Where applicable, USAID/B will promote e-governance as a tool for increasing public access to information, improving service delivery and promoting transparency and accountability. USAID will develop the capacity of private business associations to better represent their members, promote ethical business practices, adhere to international labor standards, and institute self-regulated industry "seal of quality" type programs.

C. INVEST IN HUMAN CAPITAL:

Programming under this goal area will fall under two Strategic Objectives: one focusing on health and education and another addressing food security and disaster relief.

Strategic Objective: *A healthier, better educated and more productive population.*

This Strategic Objective focuses on enhancing the health and wellness of one of the country's most important resources – its human capital – by improving quality and access in the provision of education and health services. A healthier society contributes to a variety of different development indicators – better decision-making, increased productivity and championing for a brighter future. As a rural society, it is essential to focus on rural Bangladesh to link “healthiness” to increased job opportunities and more capable local democratic institutions. Funding for this Strategic Objective will run from FY 2006 through FY 2010, with program implementation to continue through FY 2011. Annual funding in the range of \$29 to \$35 million will be necessary to achieve progress in the program components listed below. Total authorized funding for this Strategic Objective during the five-year funding period will be up to \$175 million.

During this strategy period, the health programs will focus on moving from direct service delivery to more sustainable programming. There is continued discussion with the government, implementing partners and other donors on designing sustainable health programs as well as developing synergies and cross-cutting programming with education. The primary technical areas of concentration include family planning, general preventive services delivery, HIV/AIDS mitigation, adolescent reproductive health and safe motherhood/neonatal health. Insofar as Bangladesh ranks 5th among the 22 countries with dangerously high levels of tuberculosis (TB) burden, and given the threat of polio re-infection from India, programs to prevent and control the spread of infectious diseases will primarily address both TB and polio. Target populations include the rural poor, urban slum dwellers and the lower middle class. Activities under this Strategic Objective will also seek to improve performance and retention of children at the primary school level by: introducing innovative teaching and learning methods; improving access to effective learning opportunities through pre-schools and mass media interventions; and encouraging greater community participation to drive institutional change for educational quality and accountability. Target populations include children of pre- and primary school age – particularly girls, ethnic minorities and disabled children.

Program Component 1: Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior. Consistent coordination with the GOB will ensure sufficient family planning and health commodities for those who cannot afford them, with the private sector to provide for those who can. To compliment efforts to reduce unintended pregnancy through short-term methods, support for long-term family planning and expanded contraceptive choice will continue. USAID/B programming will emphasize improved quality, access and availability of key family health services. With respect to adolescent reproductive health, USAID/B will collaborate with partners and implementers to produce and distribute information materials targeted at a burgeoning adolescent audience.

Program Component 2: Improve Child Survival, Health and Nutrition. USAID/B supports technical service delivery components in priority areas of child survival such as training and implementation in integrated management of childhood diseases and an expanded program on childhood immunizations. USAID/B will also improve neonatal health and support child survival interventions such as service delivery at the community level with appropriate referral linkages to health facilities, community awareness and systems strengthening for improved neonatal health. Approaches for the treatment of diarrhea will be rolled out and will be included in clinic service delivery activities.

Program Component 3: Reduce Transmission and Impact of HIV/AIDS. USAID/B will continue support to the GOB and non-government organizations to maintain low levels of HIV prevalence. USAID/B will work with targeted populations of drug users and other high-risk groups by: developing programs for injecting drug users; increasing abstinence; reducing and limiting the number of partners; building awareness and social marketing of condoms for HIV/AIDS prevention; voluntary counseling and testing; anti-retroviral (ARV) policy assistance; and sponsoring data for evidence-based programming through behavioral surveillance, rapid site assessments and clinical studies.

Program Component 4: Improve Maternal Health and Nutrition. Clinic service delivery for maternal health includes pre-natal care, involvement of skilled birth attendants, the establishment of referral linkages, mobilized birth planning, safe delivery at home and emergency obstetric care services in selected sites. USAID/B will also implement interventions to reduce maternal mortality, including post-partum hemorrhaging, particularly for births at home. Other activities will include: mass education campaigns; support for clinical community health facilities; and facilitation of linkages between formal service providers and communities.

Program Component 5: Prevent and Control Infectious Diseases of Major Importance. USAID/B is supporting studies to assess the GOB's TB program and to continue support for NGO clinic services for TB prevention and control. Although Bangladesh has remained polio-free for several years, it will be necessary to continue surveillance and immunization since India is still reporting many cases of polio and re-importation remains a serious threat for the foreseeable future.

Program Component 6: Improve the Quality of Basic Education. While all areas of the education system would benefit from additional assistance, many are being addressed by a multi-donor, sector-wide approach to enhancing primary education. One of the most compelling needs left unattended is early childhood development through innovative approaches at the preschool and early primary levels. USAID/B will concentrate on strengthening pre-school educational opportunities for "first learners" from non-literate households. USAID/B will also enhance educational quality at the pre- and primary school levels through increased parental involvement in school management and operations. Together, these interventions can greatly improve chances for school retention and can become the cornerstone for further learning

Strategic Objective: *Improved food security and disaster mitigation, preparedness and relief.*

Food security is a cornerstone for investment in human capital. One of the primary focuses of the PL 480 Title II programs in Bangladesh is to reduce malnutrition through community-based education and counseling and through promotion of community-based rehabilitation of malnourished children. Furthermore, as one of the most disaster-prone countries in the world, Bangladesh is annually threatened by floods, cyclones, river erosion, tidal surges, tornadoes and drought. Improved disaster management – preparedness, mitigation, and response capabilities – seeks to protect the lives, assets and livelihoods of the affected people. A key to the wellness of the society is to mitigate natural disaster risks thereby protecting economic and social assets. People's lives and livelihoods are seriously at risk from these natural disasters. Funding for this Strategic Objective will run from FY 2006 through FY 2009, with program implementation to continue through FY 2010. This Strategic Objective will require annual funding in the range of \$35 to \$50 million to consolidate the program's past successes, with a total authorized funding level of up to \$200 million over the four-year funding period.

Program Component 1: Improve Emergency Preparedness and Disaster Mitigation. USAID/B programs bridge the gap between development and disaster relief through preparedness and mitigation activities. These programs include community-based disaster preparedness, mitigation and relief mechanisms to protect the lives and livelihoods of high risk, vulnerable, poor communities. Flood-proofing activities and multi-purpose disaster shelter construction will provide structures to enable target populations to protect their assets and their lives.

Program Component 2: Increase Food Security of Vulnerable Populations. Food aid programs will directly distribute commodities, creating more food-for-work opportunities and other income generating activities. Complementary activities such as agricultural extension, crop and animal diversification, and home gardening activities will work to improve family diets and nutrition. In conjunction with other donors, USAID/B will support GOB efforts to enhance Bangladesh's capacity to implement a "pro-poor" National Food Security Policy and Action Plan.

Program Component 3: Provide Emergency Assistance. Community-based disaster preparedness and mitigation activities will complement suitable relief mechanisms to ensure timely and appropriate response when significant natural disasters occur. Both non-food and food stockpiles and local currency resources will be available to meet defined priority emergency assistance needs as they inevitably arise.

CROSS-CUTTING THEMES

In developing the new strategic statement, several important cross-cutting themes emerged. In order to maximize potential program synergies and keep the program focused, USAID/B will use these themes as consistent analytical criteria or filters to evaluate and shape programmatic interventions under this new strategy.

A. Corruption: Pervasive corruption and the need for better governance are fundamental constraints for Bangladesh's development. This situation negatively affects all of USAID/B's programs in all sectors. Increasing transparency in public management and combating corruption are recurring themes that will be emphasized under each SO and in every program component. Only by working in concert with other donors, concerned civil society groups, progressive elements of the GOB, the business community and other interested stakeholders can USAID/B make progress towards reducing corruption and enhancing the transparent management of public resources.

B. Youth: Analysis of recent demographic data shows that Bangladesh has a significant "youth bulge" – more than 40-50% of the Bangladeshi population is now under the age of 24, with a significant bulge centered on the cohorts aged between 15 and 24. This youth bulge provides both great opportunity and great risk. The bulge has the potential to create a "demographic dividend" in the right policy environment. The combined effect of a large working-age population supported by appropriate health, family, labor, financial and human capital policies can create sustained cycles of wealth creation. On the down side, studies have found a strong correlation between large youth cohorts and political instability and violence. If young people – particularly young men – are uprooted, intolerant, jobless and left with few opportunities for positive engagement into the broader society, they can become a ready pool of recruits for ethnic, religious and political extremists seeking to mobilize violence.

Critical policy areas necessary to avoid conflict and positively exploit the potential demographic dividend arising from a youth bulge include: 1) education; 2) labor flexibility, trade and savings; and 3) public health and population control. Bangladesh may well be in a position to take advantage of the "demographic dividend" and use the potential dynamism and productivity of its young population to create sustainable economic growth. However, the risks of failure to successfully integrate the youth bulge are apparent as well, especially with

regard to an increasing urban population. While there are limited signs of current societal strife, Bangladesh's population structure does make it vulnerable to conflict. USAID can play a constructive role in helping Bangladesh formulate and implement policies that increase the potential of its demographic structure. Interventions in the areas of education, employment, health and family planning seem to have the most potential in this regard. To the extent possible, interventions will engage youth as providers in their own assistance and will work with youth to identify needs and the best ways to assist young people.

C. Gender: USAID/B seeks to reduce poverty in Bangladesh through sustained economic growth, good governance and investment in human capital. Absent strong promotion of gender equality and the empowerment of women, the goal of poverty reduction will remain elusive. After USAID/B conducted an in-depth gender audit in 2003-2004, the Mission Gender Team formulated a gender action plan to act on specific recommendations and mainstream gender across sectors, building capacity within the Mission to effectively address gender-related concerns.

D. Outreach: American officials working in Islamic countries simply cannot engage Muslim communities without first nurturing direct relationships with Islamic leaders and other people of influence. Carefully cultivating these relationships over a period of months or even years is a condition precedent to creating pro-American sentiments, fostering freedom and promoting economic growth in Muslim countries. Outreach must therefore be an important consideration across all programming sectors. Building on the successful Leaders Outreach Initiative, USAID/B will continue efforts to include local persons of influence such as religious and cultural leaders, journalists and university professors in all development efforts implemented under this strategic statement. Through these efforts, USAID/B will raise public awareness and understanding of US Government-funded development activities in Bangladesh and facilitate greater citizen participation in these interventions.

E. Other Considerations: Programming implanted under this strategic statement will incorporate cross-sectoral linkages when and where appropriate so as to ensure maximum impact and effectiveness. USAID/B will seek to geographically group projects where it makes sense to ensure a synergistic impact. USAID/B will also seek to develop public-private alliances across the portfolio to enhance development impact, draw on the expertise of non-traditional partners and promote greater long-term sustainability of programmatic interventions.

RESOURCE REQUIREMENTS

As detailed above, funding for the four Strategic Objectives envisioned in this strategic statement will take place over a four or five-year period, with anticipated funding ranging in aggregate from \$65 million to \$100 million per year. Given the uncertain budgetary scenarios, particularly in the later years, it would be unrealistic to map out overly precise funding plans for the long or even medium term. However, for planning purposes, USAID/B anticipates notional funding as follows:

PL 480 Funding for Food Aid:	\$35-50 million per year
Other Program Funding:	\$30-50 million per year

Total funding over life of strategy: \$325 million to \$485 million

USAID/B will make adjustments to its annual program plans to accommodate both variations in funding levels and changing circumstances on the ground.

OTHER CONSIDERATIONS

A. Monitoring Plans: Upon approval of the new strategic statement, USAID/B will develop monitoring and evaluation plans tailored to the individual SOs and program areas outlined in this document. These plans will capture data necessary to include all appropriate Standard Performance Measures for inclusion in future Annual Reports.

B. Staffing Considerations: USAID/B has been able to hire and retain staff with skill sets needed to address the challenges of the strategic statement. Current authorized levels are able to support a total of 99 professional and support staff with an annual Mission operating budget of roughly \$3-4 million. While modest changes could be made in both staffing and operating budgets from time to time, these levels should be sufficient to effectively implement USAID/B's new strategic framework.

C. Conflict: As the third largest Muslim country in the world with a traditionally moderate and tolerant culture, Bangladesh is a principal ally in the region. Despite their vulnerability to natural disasters, the people of Bangladesh have proven themselves time and time again to be resilient, maintaining relatively robust levels of GDP growth over the past several years. Nonetheless, fragility and the potential for conflict remain areas of concern, particularly in the wake of natural disasters – especially severe ones – which can overwhelm coping capacity and significantly exacerbate the pre-existent sources of fragility. Over the past year USAID/B has carried out a number of assessments related to political, economic and social vulnerabilities. Of particular interest is the political situation in conjunction with the planned national elections at the beginning of 2007. In coordination with the State Department, USAID/B developed an election monitoring plan with key benchmarks. Along with other members of the Country Team, USAID/B will continue to closely review political developments and key events related to the election run-up. USAID/B has also carried out similar evaluations regarding the perceived rise in religious fundamentalism, the potential post-MFA effects on labor and human trafficking, as well as possible social unrest related to US policies and actions. The situation is expected to remain fluid over the coming months, and USAID/B recognizes the need for ongoing vigilance. In this regard, USAID/B will engage in an inter-agency process to identify and monitor fragility factors and establish common tripwires that would lead to more intensive consultation, analysis or programmatic redirection. Inclusion of Leaders Outreach Initiative in USAID/B's programming approaches should assist in alleviating some of the potential for conflict.

ANNEX I. DONOR MATRIX

PROMOTE DEMOCRATIC INSTITUTIONS AND PRACTICES

ADB

- Good governance through combating corruption and increased access to justice, support for the GOB Anti-Corruption Commission, support improved commercialization of natural gas through regulatory and institutional reform and distance policy making bodies from operations of power entities

CIDA/Canada

- Governance and transparency of Ministry of Water Resource's financial management capacity.

Danida/Denmark

- Establishment of Ombudsman.

DFID/UK

- Financial management reform, public access to justice, parliamentary committees, strengthening institutional systems for planning, human rights and governance.

European Commission

- Promote democracy and human rights, support for the Chittagong Hill Tracts peace process.

Japan (JBIC)

- Support good governance initiatives, plan to initiate police reforms.

SDC/Switzerland

- Promote civil society participation and capacity building of local government service delivery, advocate for effective decentralization efforts.

The Netherlands

- Reform of public finance management, combat corruption, protection of human rights.

Norway

- Electoral training institution, eliminate child trafficking, shelters for women victims of trafficking, capacity building for management of foreign aid.

SIDA/Sweden

- Local governance improvement.

United Nations

- Human rights, election observers' support, strengthening parliamentary democracy, capacity building for local government, support to Public Administration Reform Commission/ PARC.

USAID

- Strengthen democratic institutions, protect human rights, promote civil society participation in local government, support anti-trafficking, improve capacity of local government services delivery, promote private sector investment and development in energy and build independent energy regulatory body.

World Bank

- Strengthen public financial management system, improve transparency of public sector, procurement reform.

EXPAND ECONOMIC OPPORTUNITIES

ADB

- Assist the Government to implement a new national policy for SME development and increase access to finance, build skills for a more productive labor force, foster public-private partnerships, ease key infrastructure obstacles to growth.

Australia

- Automation of Register of Joint Stock Companies with South Asia Enterprise Development Facility (SEDF).

CIDA/Canada

- Support SEDF, support for WTO negotiations.

Danida/Denmark

- Development of Business Services Management (co-financing with DFID and SDC).

DFID/UK

- Business development services, small entrepreneur development (SEDF), financial management academy, private sector infrastructure development, improve investment regulatory systems.

European Commission

- Support SEDF.

GTZ/Germany

- Business development services through Dhaka Chambers of Commerce, power generation and transmission, power system loss reduction, renewable energy promotion.

Japan (JBIC)

- Power generation, increase efficiency in rural electrification (RE), support for rehabilitation and maintenance of power plants.

The Netherlands

- Support SEDF, support RE program.

Norway

- Small enterprise development through provision of credit, support SEDF, power transmission and RE.

SDC/Switzerland

- Financial services for the poor, linking formal banking sector with micro finance sector, enhance competitiveness of SMEs through improved business services.

Switzerland/SDF

- Small business development through service providers.

USAID

- Provide access to loans and financial services, expand agribusiness and small business, training in quality assurance and improved product design, enhance information communication technology, promote agribusiness for export, promote private sector investment and development in energy, RE for poverty reduction, and promote photovoltaic technology in rural areas.

World Bank

- Accelerate private sector-led growth, establish a conducive environment for private investment, central bank restructuring, SEDF (through IFC), technical assistance to energy sector, private power generation.

INVEST IN HUMAN CAPITAL

ADB

- Delivery of health care services to poor people in urban areas through public-NGO partnerships, improve drinking water and sanitation in Dhaka.
- Improved educational policies, strengthen institutional capacity and ensure gender balance.

Australia

- Vulnerable group development, integrated food security, micronutrient school feeding programs, safe drinking water options for arsenic-affected villages.
- Primary Education Development Program (PEDP) II.

CIDA/Canada

- Support Health and Population Sectors Program (HPSP).
- Government counterpart funds and support for PEDP II, NGO-based non-formal education.

Danida/Denmark

- Shelters and skills development for socially vulnerable women, urban water and sanitation.

DFID/UK

- HIV AIDS and reproductive health care, hospital management, medical education, HPSP, urban primary health care for the poor, sanitation and water supply.
- BRAC non-formal primary education, basic education for underprivileged urban children, Post-Literacy and Continuing Education Project, PEDP II.

European Commission

- Support HPSP and vulnerable group development.
- Promote female teachers in secondary education, PEDP II.

France

- Medical hospital equipment.

Germany

- Family planning and HIV/AIDS.
- Primary education support.

Japan (JICA)

- Eradication of polio, maternal/child health training institution, tetanus immunization, obstetric care, community reproductive health project, improve sewer system in Dhaka, water quality analysis, arsenic mitigation program, study of solid waste management of Dhaka.
- Strengthening primary education teachers training on science and math, PEDP II.

The Netherlands

- Basic health care.
- PEDP II, BRAC non-formal primary education, non-formal education through NGOs.

Norway

- Non-formal education, primary education development, PEDP II.

SDC/Switzerland

- Post Literacy and Continuing Education, ensuring equitable access to quality education and promoting reforms in education policy.

SIDA/Sweden

- Support HPSP.
- Support for primary and non-formal education, PEDP II.

United Nations

- Safe-blood transfusion to prevent HIV/AIDS, family planning, reproductive health care, garment workers' health, and community nutrition, HPSP, sanitation and hygienic water supply (UNDP/UNFPA/UNICEF/WHO).

- PEDP II, non-formal education (UNICEF).

USAID

- Reduce fertility and improve family health, family planning and health services, HIV/AIDS prevention working with at-risk populations, reproductive health care and education.
- Improve early childhood and primary education through innovative learning models, including a mass media approach carried out in cooperation with the Sesame Street Workshop to produce the highly-acclaimed *Sisimpur* television program.

World Bank

- Support HPSP and social protection for the poor.
- PEDP II, non-formal education, secondary education, outreach to children dropouts.

IMPROVED FOOD SECURITY AND DISASTER MITIGATION, PREPAREDNESS AND RELIEF

ADB

- Higher agriculture productivity to improve food security.

Australia

- On- farm trials of chick-pea crops.

CIDA/Canada

- Flood forecasting through space imageries and improved flood information transmission.

Danida/Denmark

- Policy and planning support to Ministry of Agriculture and capacity building of Department of Livestock & Fisheries.

DFID/UK

- Rice research, homestead gardening, agricultural service, fish production.

European Commission

- Agriculture and seeds development, food grain storage.

France

- Supply of equipment for milk processing plant.

Germany

- Seeds industry development.

IFAD

- Livestock development

Japan (JICA)

- Master Plan small-scale water resources

SDC/Switzerland

- Sustainable land use, production and marketing of vegetables.

The Netherlands

- Small Scale Water Resources

United Nations

- Integrated pest management, integrated horticulture and nutrition development (UNDP/FAO), food security, crop yield forecasting and agro-meteorology (FAO), soil testing and fertility management (FAO), flood action plan (UNDP).

USAID

- Increase in the productivity of traditional food crops, crop and animal diversification, home gardening, drinking water for vulnerable populations, disaster shelter construction and emergency food aid.

ANNEX II.REPORTS, ASSESSMENTS AND EVALUATIONS

GENERAL

- ISTI Strategic Reassessment Team Report to USAID/Bangladesh - December 2004

DEMOCRACY AND HUMAN RIGHTS

- Democracy and Governance Strategic Assessment of Bangladesh - September 2004
- Knowledge, Attitudes and Practices National Survey Covering Democracy and Governance Issues - April 2004
- Support for Development of the USAID/Bangladesh Anti-Corruption Strategy - December 2004

ECONOMIC GROWTH

- Gender/Trade Assessment for USAID/Bangladesh - February 2005
- ATDP/II Assessment - February 2005
- Development of Sustainable Aquaculture (DSAP) Evaluation - May 2004
- Value Chain Assessment: Indonesia Cocoa - April 2004
- The Cluster-based initiative approach to Competitiveness and Economic Growth - April 2004
- Integrating ICT into value chain assessment - April 2004

EDUCATION

- CHT Children's Learning Opportunity Enhanced II (CHOLEN II): The Final Report - May 2005
- Child Friendly Learning Community Leading to Improved Quality in Education: The Final Report - April 2005
- USAID Education Strategy: Improving Lives through Learning - April 2005
- Dirha Suchana: The Final Report - April 2005
- Bangladesh Educational Assessment: Pre-primary and Primary Madrassah Education in Bangladesh - August 2004
- Bangladesh Educational Assessment: Early Childhood Education: Context and Resources in Bangladesh - May 2004
- Assessment of Educational Needs of Disabled Children in Bangladesh - April 2004

ENERGY

- Gender Analysis and Recommendations for a Gender Plan of Action: Rural Energy Portfolio USAID/Bangladesh - May 2005
- Bangladesh Rural Electrification Program at the Crossroads: an Analysis of Barriers, Threats and Opportunities to Enhance Program Sustainability - January 2005

ENVIRONMENT

- Nishorgo Vision 2010: A Vision Statement Concerning Management of Protected Areas under the Jurisdiction of the Forest Department through 2010 - February 2005
- Nishorgo Field Appraisal: Remakalenga Wildlife Sanctuary - September 2004
- Nishorgo Field Appraisal: Chunati Wildlife Sanctuary - September 2004
- Nishorgo Field Appraisal: Teknaf Game Reserve - September 2004
- Assessment of the Forest Department's Institutional Organization and Capacity to Manage the Protected Area System of Bangladesh - August 2004
- Nishorgo Field Appraisal: Lowacherra National Park - August 2004

- Nishorgo Field Appraisal: Satchuri Reserved Forest - August 2004
- Nishorgo Program Communication Strategy - July 2004
- Nishorgo Conversation Partnership: Attracting Private Sector Contributions for Protected Forest Area - July 2004
- Pre-Assessment of Enterprise Development Opportunities in Protected Areas - June 2004

FOOD SECURITY

- Final Evaluation for the CARE/Bangladesh Integrated Food Security Program - April 2004

HEALTH

- An Effectiveness Study of Haemophilus Influenzae Type B Vaccine - June 2005
- Bangladesh Demographic and Health Survey, 2004 - May 2005
- Investigation of the NIPAH virus Outbreak in Faridpur District: An In-depth Examination of Beliefs and Practices Associated with the Disease - May 2005
- Levels, Trends, and Determinants of Unwanted Pregnancies in Rural Bangladesh - March 2005
- Focus Community Assessment of Adolescent Reproductive Health Communications Program - March 2005
- National HIV Serological and Behavioral Surveillance - 2005
- A Study on the Availability of Contraceptives at Service Delivery Point Level - 2005
- The Evaluation of the Health and Economic Impact of the Community-based Integrated Management of Childhood Illnesses Strategy in Bangladesh - December 2004
- The Acceptability, Effectiveness and Cost of Strategies Designed to Improve Access to Basic Emergency Obstetric Care - September 2004
- Adolescent Reproductive Health Communications Midline Assessment - April 2004

ANNEX III. STRATEGIC FRAMEWORK CHART

STRATEGIC FRAMEWORK

