

**USAID/Bangladesh**

**Annual Report**

**FY 2005**

June 16, 2005

## **Please Note:**

The attached RESULTS INFORMATION is from the FY 2005 Annual Report and was assembled and analyzed by the country or USAID operating unit identified on the cover page.

The Annual Report is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

Related document information can be obtained from:  
USAID Development Experience Clearinghouse  
8403 Colesville Road, Suite 210  
Silver Spring, MD 20910  
Telephone: (301) 562-0641  
Fax: (301) 588-7787  
Email: [docorder@dec.cdie.org](mailto:docorder@dec.cdie.org)  
Internet: <http://www.dec.org>

Portions released on or after July 1, 2005

## Bangladesh

### Performance:

Country Context: After 33 years of independence and more than three decades of donor assistance, development in Bangladesh remains a work in process. The country has made notable achievements, particularly in education, health, population control, food security and economic growth. It has achieved self-sufficiency in rice production, eradicated polio, lowered infant and child mortality rates, cut the fertility rate in half and increased school enrollment -- particularly for girls. 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% reduction each year in the number of Bangladeshis living in poverty.

While Bangladesh is no longer the hopeless case it appeared to be at independence, it remains one of the world's least-developed countries, with indicators across the board lagging far behind those of neighboring countries. This state of affairs speaks not so much to the failure of development efforts in Bangladesh as to the abject baseline from which the country started at independence. 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. The adult literacy rate is one of the lowest in the world, only 24% of the rural population has access to electricity, roughly 3 million children receive no schooling and only 40% of mothers receive pre-natal care. Bangladesh is also perceived as the most corrupt country in the world, ranking last in the Transparency International Corruption Perceptions Survey. Yet as a populous and moderate Muslim nation historically well-disposed to the United States, it is in the U.S. interest to build Bangladesh's fragile institutions, nurture the country's nascent democracy, expand its market economy and improve the lives of its people. Failure to do so will have serious repercussions in this volatile region and beyond.

The USAID program in Bangladesh addresses a range of U.S. national security interests, especially democracy and human rights, economic prosperity and national security. The Mission strategy supports several strategic goals from the joint USAID-State Department Strategic Plan, including democracy and human rights, economic prosperity, and humanitarian response in the wake of chronic natural disasters. USAID also supports the overall U.S. Mission goals in Bangladesh by improving health, education, economic development and the environment while minimizing the human costs of natural disasters. More specifically, USAID's strategy addresses seven strategic objectives that: reduce fertility and improve family health; increase growth of agribusiness and small business; improve management of open water and tropical forest resources; improve the performance of key institutions in the energy sector; improve food security for vulnerable groups; promote democracy and governance; and improve the basic education system. In these efforts, USAID works closely with the U.S. Treasury to fight against money laundering by improving the Central Bank's capacity for regulation and supervision. USAID also works closely with the U.S. Department of Agriculture in administering local currency resources and is instrumental in the outreach efforts of the U.S. Mission, playing a critical role in America Week and carrying out innovative work with local journalists. USAID/Bangladesh also manages a highly acclaimed imam training initiative that has been successful in enlisting nontraditional partners as allies.

Population, Health and Nutrition: In FY 2004, the Center for Global Development publication "Millions Saved - Proven Successes in Global Health" cited the USAID/Bangladesh program as one of the most significant development accomplishments in the field of public health in terms of its scale, importance, impact, duration and cost-effectiveness. USAID's strong leadership in public health produced many noteworthy achievements, including a seven-fold increase in contraceptive prevalence and a 50% reduction in the fertility rate over two decade. The findings of the 2004 Bangladesh Demographic and Health Survey indicate further progress, most notably a decline in fertility from 6.3 children per women in

the early 1970s to only 3.0 children in 2004. USAID assistance played a vital role in moving past a decade-long plateau, contributing to a further reduction in the total fertility rate from 3.3 in FY 1999 to only 3.0 in FY 2004. Concurrently, contraceptive use increased from 49% in 1997 to 58% in FY 2004. Child survival statistics also improved, with mortality for children aged 1-4 falling from 30 per 1,000 live births in FY 2000 to only 24 per 1,000 this past year. Yet, In spite of these accomplishments, numerous challenges remain. The rate of population growth is still excessive and contraceptive prevalence remains low relative to other nations. Although the HIV/AIDS infection rate remains low in the general population, the prevalence rate in certain high-risk populations is quickly reaching the epidemic threshold. If unchecked, hitherto isolated concentrations of infection could easily spill over into the general population and create a full-blown epidemic in the near future. Maternal health is a perennial concern, as is childhood nutrition and health. Finally, widespread corruption, inefficient management and government interventions in the health sector continue to imperil the hard-won accomplishments attained to date.

**Economic Growth and Trade:** The Bangladeshi economy grew steadily by roughly 5% a year over the past decade. USAID played a role in this impressive growth by promoting market-oriented policies, laws and regulations, strengthening key business support organizations and improving enterprise productivity. In FY 2004, USAID forward-linked micro and small enterprises to larger buyers, generating more than \$40 million in sales growth, of which \$15 million derived from new export sales. In the early stages of credit development, USAID supported development of Bangladesh's much acclaimed micro-finance system providing credit to the poor. In recent years, USAID shifted focus to work with private banks by leveraging credit to fuel the expansion of small businesses. On other fronts, USAID improved the quality of Bangladeshi products by pioneering the creation of self-regulating "Seal of Quality" organizations and increasing production through improved farmer supply chains. However, a poor investment climate, lack of infrastructure and largely unskilled workforce still hinder growth. More importantly, serious governance and corruption problems are overtaking all other factors as the most daunting obstacles to continued economic expansion. Corruption eats away as much as 2% of the annual GDP. Moreover, the deterioration of law and order deters many potential foreign investors in spite of the vast pool of low-wage labor offered in Bangladesh. The impending expiration of the Multi-Fiber Arrangement coupled with the country's persistent over-reliance on single-sector exports based on low wages and on the exportation of labor to other countries could curtail positive economic growth in the short term.

**Environment and Natural Resources:** As in many developing countries, the natural environment in Bangladesh faces numerous threats. Already, more than 50% of floodplain wetlands have been lost. As a result, more than 20% of freshwater fish species are now extinct or in danger of extinction and fish production has declined by 30-40%. Moreover, more than 90% of the natural forest cover is gone, and many species of trees and animals have also been lost. These resources are essential to the environmental and economic well-being of Bangladesh, providing food, medicines, industrial raw materials, energy, environmental services and a mix of species superbly adapted to the often challenging local conditions. Within this context, the USAID program protects the remaining wetland and tropical forest resources and enhances biodiversity through increased community participation in resource management and stewardship. Performance in FY 2004 fully met expectations, with achievements exceeding targets in most areas. By the end of FY 2004, the USAID program had planted 534,746 trees, placed 19,686 hectares of floodplain under sustainable management and established 72 fish sanctuaries. USAID also successfully reintroduced 28 species of native fish and 47 species of native plants back into their natural habitat. In FY 2004, USAID also entered into an exciting partnership with the GOB Forestry Department focusing on selected, high-priority protected areas such as national parks, wildlife sanctuaries and game preserves.

**Clean Energy:** Since independence, USAID has supported expansion of grid-based power distribution infrastructure to formerly inaccessible regions of the country. USAID assistance also led to the creation of a system of vibrant rural electrical cooperatives that continue to improve the socio-economic status of millions of rural Bangladeshis. With FY 2004 funds, USAID assistance added another 700,000 service connections for end users, representing access to electricity for more than 4 million people. USAID has also initiated modest but innovative work using solar energy to bring electricity to people in remote areas still beyond the reach of the formal power grid. Access to energy by the rural populace brings commercial opportunities as small businesses expand, increases harvests and farmer incomes and improves access

to health and education services. However, state ownership and corrupt management still impede progress in the broader energy sector. Funding for operations and maintenance is inadequate, infrastructure investment, especially in power generation, is insufficient and the system suffers from weak financial discipline, excessive government intervention and widespread corruption. State-owned monopolies and subsidized energy pricing create little incentive for investment and fail to serve consumer needs. Further development of this high-potential sector will be essential for sustained economic growth and social investment. Going forward, USAID will focus on assisting the newly formed Bangladesh Energy Regulatory Commission and will begin phasing out of purely grid-based electrification. Future support in the energy sector will entail targeted interventions that maximize the reach and impact of other USAID-funded programming in economic growth, anti-corruption, health and education.

**Food Security and Disaster Mitigation:** In FY 2004, Bangladesh suffered from the some of the worst flooding to hit the country in 50 years. Flooding continued from June through September, inundating more than 60% of the country's surface area and displacing more than 35 million people. In response to these events, the USAID food security and disaster mitigation program demonstrated exceptional performance. Throughout the prolonged crisis, USAID provided emergency relief supplies to 147,000 of the neediest families and coordinated logistical support for the production and distribution of high-protein biscuits for 72,000 families. Due in large part to USAID assistance, more than 25 million people now have ready access to emergency supplies within 72 hours of a natural disaster. Most significant of all, fewer than 1,000 people lost their lives from disease or starvation in spite of the severity of the flooding. The P.L. 480 development programs also made significant contributions to the safety and well-being of the local population, impacting hundreds of thousands of Bangladeshis on a daily basis. For instance, in FY 2004 USAID provided hygienic sanitation to 283,904 people and furnished safe drinking water to 102,796 people. P.L. 480 resources also created 4.2 million person-days of seasonal employment, giving rise to significant ancillary job creation for rickshaw drivers and other small enterprises.

**Democracy and Governance:** The democracy and governance program in Bangladesh notes a number of impressive accomplishments given the adverse environment within which it operates. In response to USAID assistance to stimulate decentralization and develop local government capacity, the central government for the first time ever provided direct budgetary allocations to local governments. With USAID support, human rights groups successfully engaged the GOB in the area of human rights, culminating with the drafting of a police code of conduct that was subsequently adopted nationwide. With USAID assistance, the GOB also made inroads in fighting human trafficking, moving off Tier III to the Tier II Watch List. Finally, the GOB established and funded an independent Anti-Corruption Commission with investigative powers to provide oversight and transparency for public spending. However, Bangladesh continues to struggle with the challenges of good governance, and rampant corruption causes a severe drag on all other development sectors. For the fourth consecutive year, the Transparency International Corruption Perceptions Survey ranked Bangladesh as the most corrupt country in the world. Despite respectable assessments on the majority of the Millennium Challenge Account performance measures, Bangladesh will not achieve eligibility until it seriously tackles corruption. Political posturing has intensified in preparation for the next round of general elections, and a spirit of vehement animosity between the two largest political parties persists, potentially threatening free and fair elections in late 2006 or early 2007 and impeding progress in democratic governance.

**Education:** Bangladesh has no tradition of early childhood education, and while other donors offer expertise and assistance at the primary level, none address the vital need for pre-primary education. In fact, GOB policy provides the Ministry of Primary and Mass Education with the mandate to address education starting only at grade one. Motivated by research demonstrating that solid pre-primary and early primary education ultimately results in better learning and attendance later in life, USAID chose to focus its programming at that level. Work with Sesame Street Bangladesh offers a unique and proven mass-media approach to stimulating young minds and involving parents. It will be the first native production in Asia, initiated in FY 2004 with the first episodes to air in mid-FY 2005. Among the accomplishments of USAID's initial activities are improved teacher attendance, teacher training in reflective pedagogy and developing supplemental materials and specialized programs meeting the needs of hitherto marginalized children in the Chittagong Hill Tracts and children with physical handicaps who are often denied the opportunity for formal schooling. Again, USAID faces an uphill battle in its work to

improve education in Bangladesh. The adult literacy rate -- only 45% of men and 24% of women -- remains one of the lowest in the world, the education system itself covers only parts of the country and rampant corruption further dilutes progress.

**Outreach:** USAID/Bangladesh is at the forefront of the Agency's outreach efforts with an innovative and successful initiative focusing on people of influence in the society. The Mission's highly recognized pioneering work with imams and other religious leaders informs them about the benefits of USAID assistance and opens a dialogue on the country's development priorities. By exposing imams and other opinion shapers to the value of social and economic development and enlisting their support in efforts across a broad range of sectors, USAID has acquired powerful, if unexpected, allies. In the case of our anti-trafficking program, imams are keenly interested in prevention and serve as active partners in fighting the scourge of human trafficking. USAID also engages the local press, ensuring proper publicity for good works funded by the American people and countering widespread perceptions that the United States opposes Islam or Muslim people. A study on Islamic practices and beliefs in Bangladesh will also contribute to mutual understanding and inform other USAID and Embassy outreach efforts. USAID and its implementing partners are active participants in the U.S. Mission's annual America Week event, bringing information and understanding about America and U.S. assistance to Bangladesh to secondary cities around the country. USAID continually seeks opportunities to reach out within Bangladesh, particularly to non-traditional partners. At present, USAID is actively exploring several potential alliances that could lead to new cooperative relations with the private sector.

**P.L. 480 Title II Activities:** These resources comprise roughly half of the bilateral assistance that the United States has provided Bangladesh since independence and food aid resources are likely to remain the single largest funding category for bilateral programming. The program has made significant gains, particularly in the areas of food security and disaster mitigation. Cyclical flooding is simply a fact of life in this country, but USAID disaster mitigation activities over the past three decades have given rise to a strong domestic capacity for disaster management and response. Recurrent seasonal famine continues to affect pockets of vulnerable people, particularly rural poor in the northwest region. USAID takes these factors into account when designing new activities and consciously targets the most vulnerable regions and populations. In addition, USAID studied leakage in the food aid system and assisted the GOB to improve food security policy, including better targeting and promoting private sector participation.

**Conflict:** USAID monitors political, economic and social developments that could impact programming in Bangladesh, including increased violence and conflict. Causes for concern include the deterioration of law and order and rife corruption in the police and judiciary as well as numerous politically connected criminal gangs. Ongoing, simmering ethnic conflict between Bengalis and ethnic minorities -- particularly in the Chittagong Hill Tracts -- is another concern. USAID has played a leading role among donors working in the Hill Tracts, channeling USDA local currency resources to a UN small grant program to build confidence and improve lives at the community level in that part of the country.

**Gender:** Many traditional gender-biased assumptions influence development efforts in Bangladesh, prompting USAID to take proactive measures within the Mission itself. To raise awareness of gender issues, USAID hosted an IWID fellow in FY 2003 and FY 2004 to establish a cross-sector Gender Team. The team conducted the first ever gender audit in a USAID mission, which in turn informed development of a Mission action plan for intensified gender integration - analytically, strategically and within activities. The State Department anniversary publication on the Beijing women's' conference highlighted the success of these endeavors, as did publications by InterAction. In addition, the Mission also looked at internal hiring and promotion opportunities for female employees. In FY 2005, USAID/Bangladesh will be one of the first missions to participate in IWID's GATE program with an analysis of women and trade.

For more information, please go to the following web address:  
[www.usaid.gov/bd](http://www.usaid.gov/bd) <http://www.usaid.gov/bd>

## Results Framework

### **388-001 Fertility Reduced and Family Health Improved**

#### **SO Level Indicator(s):**

National contraceptive prevalence rate

- 1.1 An expanded and improved package of health and family planning services available from NGOs
- 1.2 Changed behaviors related to high-priority health problems
- 1.3 Increased contraceptive prevalence and contraceptive security

### **388-003 Improved Representation of Interests of Women and the Rural Poor**

### **388-005 Growth of Agribusiness and Small Business**

#### **SO Level Indicator(s):**

Annual sales of USAID-assisted enterprises, disaggregated by domestic and export sales

- 5.1 More market-oriented policies, laws, and regulations adopted
- 5.2 Stronger business support institutions established
- 5.3 Improved performance of USAID-assisted enterprises in targeted sectors

### **388-006 Improved Management of Open Water and Tropical Forest Resources**

#### **SO Level Indicator(s):**

Area of floodplain where sustainable management is implemented

- 6.1 Effective community-based resource management mechanisms implemented
- 6.2 Select habitats and ecosystems improved
- 6.3 Select policies implemented that support IRs 6.1 and 6.2

### **388-007 Improved Performance of the Energy Sector**

#### **SO Level Indicator(s):**

Number of annual legal electricity connections increased

- 7.1 Increased institutional capacity through reform
- 7.2 Improved enabling environment
- 7.3 Improved infrastructure

### **388-008 Improved Food Security for Vulnerable Groups**

#### **SO Level Indicator(s):**

Percent of households consuming minimum daily food requirement

- 8.1 Improved food security policies
- 8.2 Improved environmentally sound infrastructure in target areas
- 8.3 Improved disaster preparedness in target areas
- 8.4 Enhanced diversity in agriculture production in target areas

### **388-009 Strengthened Institutions of Democracy**

#### **SO Level Indicator(s):**

TBD--PMP currently under review in Washington

- 9.1 A broad-based constituency for strong local government developed
- 9.2 Greater responsiveness of parliament to citizen input
- 9.3 More effective civil society advocacy of human rights

### **388-010 Improved Performance at the Early and Primary Education Levels through Innovative Learning Models**

#### **SO Level Indicator(s):**

TBD--New SO

- 10.1 Effective early learning opportunities increased
- 10.2 Innovative learning tools for children and teachers developed and used
- 10.3 Capacity of selected institutions to foster education system change increased