



Aid Program Performance Report 2012–13 Bangladesh

This report summarises the aid program's progress in 2012–13 against the Australia – Bangladesh Aid Program Strategy (2012–16).¹ The goal of Australian aid to Bangladesh is to help accelerate gains in poverty reduction and human development in support of the country's vision for sustainable economic and social development. To achieve this, Australia's aid objectives are:

1. increased equity of access to, and improved outcomes from, health and education services
2. fewer women and men living in extreme poverty and vulnerable to economic and natural shocks
3. women and marginalised groups better able to demand and obtain services and assert rights.

Key messages

Key findings include:

- > The program made most progress towards its first objective, some progress against its second and limited progress under its third. Australia is helping to improve quality and access to primary education and maternal and child health services through partnerships with the Government of Bangladesh, donors and non-state actors. Our direct support for alleviating poverty is reaching some of the poorest. Early signs of policy reform in social protection are being led by the Government, supported by Australia and other donors.
- > Significant reductions in poverty levels mask the vulnerability of large numbers of poor in Bangladesh. Around 80 per cent still live on less than \$2 a day, the highest proportion of any population in South Asia.² Social welfare programs are not adequately cushioning poor people against the shocks Bangladesh is prone to. Women have uneven access to services and resources, making them particularly exposed to poverty.
- > We expect progress on policy reform will be modest in the next six to 12 months because of the deteriorating and volatile operating environment in Bangladesh. The increasing frequency in the number of strikes (hartals) is already limiting Australia's ability to engage with partners' in-country. This is expected to continue in the lead-up to the national elections to be held by January 2014. In this context we will continue to complement support for government-led programs with assistance through non-state actors.

Context

In 2012–13, Bangladesh was characterised by a slowing economy and political stalemate. The extent to which this will change how the political, economic and social institutions function

¹ Progress was measured using a performance assessment framework which includes indicators of success under each Strategy objective.

² Data retrieved April 2013 from the World Bank World Development Indicators online.

over the long term is not yet clear. Sustained growth achieved in the past three decades, which contributed to poverty reduction and human development, is vulnerable to external and domestic shocks.

Large structural aspects of the economy remained the same in 2012–13. A large proportion of people in Bangladesh still live in poverty, the country relies on the ready-made garment industry for exports and continues to operate from a low revenue base. Bangladesh has a large youth population that, if supported, can drive development. However, the country became increasingly vulnerable to external and domestic shocks through: a declining economic growth rate³ and foreign investment; an increase in urbanisation and urban poverty levels; heavy reliance on remittances; and high levels of food insecurity.⁴ This is despite efforts to maintain macroeconomic stability by containing government borrowing, reducing inflation and building foreign reserves. Challenges affecting Bangladesh's capacity to meet social sector targets include deficiencies in public spending, skills shortages and poor electricity generation.⁵ Improvements in these structural areas of the economy will increase Bangladesh's ability to fund social sector expenditure.

Bangladesh has entered a heightened period of political uncertainty in the lead-up to the elections to be held by January 2014. Disagreement between the Government and the opposition on election mechanisms, including implementation of caretaker provisions⁶, has led to an increased number of often violent political protests. In addition, protests for and against war crimes trials have turned violent. General strikes and other forms of protest, including marches, sit-ins and road blockades, have increased in frequency.

The unstable environment has had a direct impact on Australia's development program. The large number of strikes (hartals) severely interrupts day-to-day business. In the first six months of 2013, 54 days of strikes were held, affecting Australia's ability to meet with development partners, civil society and government. The current political climate also means our strategy of working through government is hampered by a lack of focus on long-term reform processes. The instability will start to have an impact on the economy more broadly. For example, there are early reports of the significant financial impact within the finance, manufacturing and garment processing sectors.⁷ Any downturn will likely have a disproportionate impact on the poor.

The period to early 2014 may not be conducive to pursuing significant reforms through government programs. Historically, Bangladesh's political impasses have not obstructed longer-term development regardless of election outcomes. However, the period to early 2014 may be different and is unlikely to be conducive to pursuing significant reforms through government programs. We will remain engaged in government programs and support implementation within this challenging environment, but progress may be constrained.

The donor landscape⁸ shifted in 2012–13. A number of international donors are reviewing priorities for the next phase of their country strategies. Some, including Australia, are

³ From 6.7 per cent in 2011 to 6.3 per cent in 2012.

⁴ International Monetary Fund (IMF) (2013), IMF Country Report No. 13/61. *Bangladesh: First Review Under the Three-Year Arrangement Under the Extended Credit Facility*.

⁵ Ministry of Finance (2012). *Bangladesh Economic Review 2011*; World Bank (2010), *Bangladesh Country Assistance Strategy 2011-2014*.

⁶ The caretaker system was installed in 1996 and used until 2011 (when it was abolished) as a mechanism to have a non-partisan caretaker government in place in the lead-up to elections and assist the Election Commission to ensure polls are held within 90 days of the dissolution of Parliament.

⁷ Local newspaper reports, March 2013.

⁸ Based on the latest available data, Australia is approximately the fifth largest bilateral aid donor to Bangladesh. Our aid represents around 2.4 per cent of total overseas development assistance (ODA) to Bangladesh, and ODA constitutes approximately 1.3 per cent of gross domestic product.

adjusting their commitments and priority areas. In the health sector, payments by donors were unexpectedly deferred in response to budget pressures and delays in internal donor approval processes, resulting in cash flow problems for the Government of Bangladesh's health program.

The program operated under pressure in 2012–13. While Bangladesh is Australia's eighth largest recipient country of aid, it has staffing levels equivalent to a far smaller program. This places large workloads on staff. Further, the new five-year strategy has moved the program into larger and more complex partnerships with government and civil society. These arrangements are helping us to strengthen our response to the development needs of Bangladesh, building systems to sustain gains while maintaining support for service delivery programs that target the extreme poor. This approach is demanding on the program's human resources. Staffing levels are sufficient for the first objective and the program is working to access additional resources to support arrangements under objectives two and three.

Expenditure

Table 1A Expenditure 1 January 2012 to 30 June 2012

Objective	A\$ million	% of bilateral program
Objective 1 Increased equity of access to, and improved outcomes from, health and education services.	51.99	70
Objective 2 Fewer men and women living in extreme poverty and vulnerable to economic and natural shocks.	21.55	29
Objective 3 Women and marginalised groups better able to demand services and assert rights.	0.7	1

Source: ODA expenditure reporting—maintained by the Australian Agency for International Development (AusAID)

Table 1B Estimated expenditure in financial year 2012–13 (1 July 2012 to 30 June 2013)

Objective	A\$ million	% of bilateral program
Objective 1 Increased equity of access to, and improved outcomes from, health and education services.	56.97	61
Objective 2 Fewer men and women living in extreme poverty and vulnerable to economic and natural shocks.	29.89	32
Objective 3 Women and marginalised groups better able to demand services and assert rights.	6.54	7

Source: ODA expenditure and estimated expenditure reporting, maintained by AusAID

Progress towards objectives

Table 2 Rating of the program's progress towards the objectives

Objective	Current rating	Previous rating
Objective 1 Increased equity of access to, and improved outcomes from, health and education services.	Green	Green
Objective 2 Fewer men and women living in extreme poverty and vulnerable to economic and natural shocks.	Green	Green
Objective 3 Women and marginalised groups better able to demand services and assert rights.	Amber	N/A

Note:

■ Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Objective 1—Increased equity of access to, and improved outcomes from, health and education services

The rating reflects that we are still at an early stage of strategy implementation, with a correspondingly modest expectation for progress in this period. Basic indicators for the education and health sectors continued to improve. Some gains have been achieved through development partner engagement with the Government of Bangladesh. However there is still insufficient disaggregated information to show comprehensive progress against the performance assessment framework.

More than 18 million children are enrolled in the Government of Bangladesh's primary education system, supported by Australia as part of a donor consortium. The net primary enrolment rate increased from 87 per cent in 2005 to 95 per cent in 2011, there is gender parity in enrolments and the completion rate is steadily improving. In the four years to 2011, access to ante-natal care increased from 21 per cent to 26 per cent, supervised delivery moved from 18 per cent to 32 per cent and contraception availability rose from 56 per cent to 61 per cent. Access to water and sanitation also improved.⁹ Reliable non-government partners continue to report good results across this objective. Nevertheless, accelerating progress in promoting equity and quality in service delivery depends on reforms in national systems which remain difficult to bring about. Marginalised groups without access to services are not counted separately in national reporting and while some information on the effects of improvements in national outcomes on equity is being collected it is too early to draw conclusions.

Australia has deepened its level of policy engagement with the Government of Bangladesh. In the education sector significant reforms were achieved, which lay the foundation for teachers and administrators to improve the quality of learning in classrooms. The first credible national assessment of students was undertaken, which will provide a baseline for tracking improvements in learning outcomes.¹⁰ An intervention to improve reading instruction in early grades was initiated and is gaining momentum. A new primary

⁹ Bangladesh Program's performance assessment framework.

¹⁰ According to the assessment only 25 per cent of Grade 5 students achieved expected grade-wise competencies in Bangla.

teacher training course was developed and is being piloted for implementation nationally. In the health sector, a Health Financing Strategy was agreed to and a Client Charter of Rights is now visible at facilities, raising awareness of patients. We contributed to these developments through targeted technical assistance and membership and, in some cases, leadership of development partner and government working groups.

Australia made less progress on reform issues important to equity, not helped by the effects of political instability. Areas requiring attention include greater official recognition of non-formal education, health and education service provision in urban areas, decentralised health planning and downward accountability for service delivery performance. We will track progress on equity through interim indicators included in the performance assessment framework developed for the Bangladesh program.¹¹ Australia and other development partners have supported research on the potential for improvement in service delivery but this is not yet being used for policy making.¹²

Australia did, however, achieve service delivery results through multiple channels. Support to BRAC, an international development organisation based in Bangladesh—the largest non-government organisation (NGO) in the world—continued to provide large-scale benefits to poor people. In 2012, BRAC provided primary education to 119,000 children and pre-school education to 74,900 children, more than half of them girls.¹³ More than 99 per cent of pre-school children were enrolled in mainstream primary schools and 98 per cent of primary school graduates transitioned to government-supported secondary schools.¹⁴ BRAC also provided ante-natal care to 1.2 million women and micro-nutrients to 17.3 million children.¹⁵ In water supply and sanitation, an area with no national sector program, Australia funded a local agency to provide access to clean water for 134 000 and to sanitation for 357 000 people in underserved coastal areas.¹⁶ Support through the International Centre for Diarrhoeal Disease Research, Bangladesh (Icddr,b) continues to help provide humanitarian support to around 300 000 people a year in its hospitals and clinics.¹⁷

Australia and other development partners are encouraging the transfer of learning gained through activities with non-government partners to government service providers. The Australian-funded maternal and child health program through BRAC and the United Nations Children's Fund (UNICEF), for example, is recognised by the Government of Bangladesh for valuable lessons for health services. However, the transfer of learning has been opportunistic, not systematically recorded and not based on a developed view of how innovation outside government can best be integrated into national policy.

Australia has successfully engaged in policy discussion through our wider partnerships. For example, it has used its position within sector programs and its technical expertise to encourage development partners and the Government of Bangladesh to continue to work together and broker solutions where problems arise.¹⁸ Progress has been uneven. A combination of strong development partner relationships, a positive policy environment and a

¹¹ Examples of indicators include: percentage of schools with separate toilets for girls and boys; and percentage of schools in disadvantaged districts managing School Level Improvement Programs.

¹² Icddr,b undertakes regular high-quality research into health challenges, including on child health, infectious diseases and vaccine sciences, reproductive health, nutrition, and safe water. However there is, as yet, little evidence of this research informing health policy reform.

¹³ BRAC (2013), Strategic Partnership Arrangement Results Framework.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Hygiene, Sanitation and Water project annual report 2012

¹⁷ Icddr,b (2012), annual report.

¹⁸ Support from Australia helped broker resolution to challenges involved in deploying technical assistance to support the Government of Bangladesh's health program.

tightly designed sector program contributed to alignment and to results in education. In less well-structured engagements, such as in health, development partners are still identifying openings to promote change, and there is more opportunity to pursue individual agendas.

Six Australia Awards scholarships for postgraduate study in health and public sector management in Australia were awarded to government health professionals and Iccdr,b staff who showed leadership potential. The launch of the Australia Awards Alumni for returned scholars provides a new way to strengthen institutional links between Australia's development partners—for example between Iccdr,b, the Government of Bangladesh and Australian research institutions. The alumni also promote ongoing professional development for returnees. The results of an alumni tracer study conducted in 2012¹⁹ showed that most alumni members were contributing significantly in Bangladesh with enhanced skills and knowledge, as well as greater confidence. They were also holding higher positions within their employment.

Objective 2—Fewer men and women living in extreme poverty and vulnerable to economic and natural shocks

The rating is based on continuing good performance by BRAC and emerging government interest in more effectively tackling vulnerability to economic and natural shocks. Australia is now well placed to have greater impact through engagement with the Government of Bangladesh and other donors in the emerging, but nascent, policy responses to reducing vulnerability. This builds on our direct assistance to the extreme poor and national-level progress to date.

Significant reductions in poverty levels mask the vulnerability of large numbers of poor people. Bangladesh has reduced poverty by two per cent annually since 2005, and is close to halving poverty from 1990 levels.²⁰ While this is a remarkable achievement, around 47 million people still live below the poverty line, urban poverty is on the rise and many living above the poverty line are at risk of falling below it. Social welfare programs are not effectively protecting the poor from food insecurity and other effects of economic shocks, natural disasters and climate change. Women remain more exposed to poverty than men. Female-headed households are twice as likely to be living in poverty²¹, while skills shortages often prevent extremely poor women from gaining jobs, including in the garment industry.

Australia has successfully worked, often in complex and challenging circumstances, to meet the needs of the most extreme and vulnerable poor. Through partnerships with BRAC and the United Kingdom's Department for International Development (DFID), Australia provided cash transfers, productive assets and business skills training to over 88,000 men and women reducing their vulnerability to poverty. Australia continued to target assistance to some of the country's poorest and most food insecure areas. Support in these areas, such as Cox's Bazar District, through the United Nations World Food Programme is providing training and grants to 700 extreme poor women to strengthen their livelihoods and break the intergenerational cycle of poverty and under-nutrition. We supported the World Food Programme to provide food for refugees from Myanmar who are living inside two official camps in Cox's Bazar District. We are also working to strengthen rice-maize production across Bangladesh.

Australia is working with the Government of Bangladesh to influence policy in the areas of social protection, disaster risk reduction and, to a lesser extent, climate change. We

¹⁹ The Alumni Tracer study was undertaken by Coffey International Development.

²⁰ Sixth Five Year Plan of Bangladesh 2011–2015.

²¹ World Bank 2008.

played an important role in the organisation of a successful policy seminar on social protection in 2012²², attended by senior government officials. This mobilised further support for reform from government and partners toward the development of a National Social Protection Strategy. Support for the government's Comprehensive Disaster Management Programme helped deploy trained volunteers to assist recovery efforts at the site of a garment factory which collapsed near Dhaka in April 2013. Engagement with the Government through this program also helped the Bangladesh Parliament pass the Disaster Management Act 2012 which strengthens the Government's capability to assist the large numbers of Bangladeshis affected by natural disasters each year (1.6 million in 2011).²³ We cooperated with partners to help develop and test a joint needs assessment process to use in the wake of disasters. This will strengthen the Government's ability to coordinate disaster response efforts. We prepared standard operating procedures for any Australian response to humanitarian emergencies, integrating it with the Government's joint needs assessment process. Policy engagement on climate change was limited and centred around operationalising the Bangladesh Climate Change Resilience Fund.

Australia's experience in driving the momentum in social protection reform demonstrates an effective approach for us, in a conducive environment. Our role in successfully advancing social protection reform was based on brokering relationships, providing high-quality technical and policy advice, and strategically using our small budget (relative to other donors). Without our strong involvement in this area momentum may have been lost. Australian analysis of the sector has highlighted the potential positive impact a reformed social security system could have on reducing poverty and stimulating economic growth. We are developing a delivery strategy to guide investments in support of progressive policy and effective social security programs. Working with partners this may include an increased focus on the Government providing universal financial assistance to help reduce vulnerabilities at key points in the life cycle (for example, pregnancy, early childhood, school age and old age) and address national inequality through wealth redistribution.

In climate change the operating context was not conducive to policy influence. Throughout the year our focus was on resolving coordination and management challenges among partners. Challenges included delays to the start of capacity-building activities aimed at strengthening the Government's climate change capability, as well as a lengthy process to finalise monitoring plans for pooled investments. Combined with limited ability to draw on technical input, our influence in the area of climate change was constrained.

The gains in poverty reduction, and important momentum for policy reforms, are at risk. Commitment to follow up on the current opportunity to implement social protection reform may fade, and there is much more work to be done to embed effective climate change adaptation into policy and practice. Also, slowing economic growth may halt the decline in overall poverty. Policy reform is needed to consolidate progress and extend the gains made.

²² A workshop on the National Social Protection Strategy was held in Dhaka on 22 September 2012, chaired by the Cabinet Secretary.

²³ Data retrieved (April 2013) from the International Disaster Database, maintained by WHO Collaborating Centre for Research on the Epidemiology of Disasters (CRED).

Objective 3—Women and marginalised groups better able to demand services and assert rights

The rating is based on the lack of overall evidence of positive change in the context, and because the program has not been able to focus on this area of work.²⁴ This is partly due to the delay in the expected scale-up of the program, and because clear targets or indicators of success were not identified. There is, however, a growing body of evidence about the nature of marginalisation and exclusion, some signs of policy reform (albeit yet to result in impact on beneficiaries) and opportunities emerging for Australia to engage and influence progress.

Women and marginalised groups continue to face discrimination and disadvantage that renders them unable to assert their rights. During 2012–13 a growing body of evidence showed that certain groups in Bangladesh:

- > continue to have difficulty accessing the justice system
- > are under-represented in the political system and other decision-making bodies
- > do not have access to land
- > are ostracised in public places
- > experience violence at home.²⁵

Icddr,b research indicates that more than 50 per cent of men report using violence against their female partners. The 5 million Dalits (untouchables)²⁶ and around 1.5 million indigenous people in Bangladesh have higher poverty rates, and lower literacy rates than the rest of the population. An estimated 22 million Bangladeshis live with a disability, lacking access to appropriate services and facing constraints in asserting their rights. Bangladesh ranks poorly on the Gender Inequality Index, at 116 out of 136 countries.²⁷ However a gender stocktake conducted by the department concludes that representation of women nationally is increasing. A total of 18.6 per cent members of parliament are women and both men and women are now elected as chairpersons of local government Upazilas. Despite this progress, it remains challenging for women to influence public decision making.²⁸

Australia's aid is helping vulnerable groups build demand for services and assert rights. While more analysis is needed to identify opportunities for engagement, there were signs of policy movement, some early results, and potential for impact in the longer term.

At community level the Australian aid program has supported citizens to strengthen their voice and demand rights by providing information and enabling them to play a role in decision making. For example:

- > Women represented 34 per cent of community organisation members under the Hygiene, Sanitation and Water project, and more than 25 per cent of people with disability in the target area benefited from the project.

²⁴ Funding for programming under this objective became active from late in the reporting period. This funding will support community-based organisations to help citizens demand and access services as well as deepen the Australian Government's understanding of the development issues involved.

²⁵ Progress report on BRAC's Community Empowerment Programme, half yearly report 2013. Also, The Asia Foundation, In Asia: Weekly analysis from the region, 'Bangladeshis Join V-Day's One Billion Rising to End Violence Against Women', March 2013.

²⁶ Dalits are people of low status in the Hindu caste hierarchy.

²⁷ UN Development Fund (2010), Human Development Report. New York: UNDP.

²⁸ AusAID's gender stocktake in Bangladesh, 2012.

- > BRAC's Community Empowerment Programme worked across 55 districts in 2012 (out of a total of 64 districts) using popular theatre and community discussion to promote action on issues such as early marriage and violence against women. This work also helped the extreme poor to access legal services and government entitlements such as the old age grant.
- > The Acid Survivors Foundation ²⁹ continued to help address the problem of acid violence in Bangladesh. Acid attacks happen at least once every three days—68 per cent of victims are women and 25 per cent are children. In 2012, the Acid Survivors Foundation hospital treated 318 patients and helped victims with legal support and counselling so they could return safely to their families and communities.

At central level development partners encouraged the Government of Bangladesh to consider improved social accountability mechanisms so it can better respond to citizen's needs. For example:

- > Agreement was reached with Government to explore health service user surveys, text book distribution surveys and community school construction checklists for the health and education sectors.
- > Introduction by the Government of a relevant and appropriate Tribal Health, Nutrition and Population Plan in the health sector.³⁰ A mandatory Client's Charter of Rights is now promoted at health facilities. While not binding, the charter provides a moral tie between provider and clients.

The most positive results have been through local civil society organisations. Civil society partners such as BRAC, Icddr,b and the Acid Survivors Foundation, demonstrate commitment and good practice in promoting social accountability. More than 8000 community groups have been established across Australian-supported health and water and sanitation programs, facilitating greater engagement of community members in decision making. At central level, however, the Government remains sensitive to introducing social accountability mechanisms.³¹ Australian NGOs working with partner local organisations delivered community-based social development activities. This included assistance to support people with disability, provide primary health care, strengthen food security and support improved water and sanitation services. These partnerships are helping civil society organisations empower local communities to demand better services and link poor families to local government services.

Australian volunteers further support local service delivery organisations. Approximately 32 volunteers were mobilised to assist development in Bangladesh in disaster and emergency management, community and social development, and in health and education. Contingency planning will help ensure the volunteer program can be managed through any political unrest leading up to the election.

More realistic expectations and clearer indicators of progress are needed. The importance of this is reinforced by lessons learned and results achieved in 2012–13. Expected results against this objective were set against a scaling up of the aid program, which was delayed. National-level progress will be slow and requires fundamental changes in the political economy unlikely in the current uncertain context. Possible areas where we may be able to

²⁹ The Acid Survivors Foundation is a small NGO set up in 1999 to support the needs of victims of acid attacks.

³⁰ Annual Program Implementation Report (December 2012), Health, Population and Nutrition Sector Development Program.

³¹ BRAC's State of Governance report concludes there is scope for a more mature relationship between civil society and Government. Analysis indicates that NGOs in Bangladesh can bring policy change, but that success of NGOs in policy change is conditioned by subject matter and political circumstances.

achieve results and report on more fully in the future are through our sector engagements in health and education and through our new partnerships with civil society groups engaged in advocacy. This includes, for example:

- > Drawing on international experience to advocate for incremental improvements in voice and accountability. In education this includes learning from regional evidence on the use of school report cards, linked to new School Level Improvement Plans, as a way to promote community mobilisation for primary education. In health this includes publicising the experiences of successful Australian Government-funded pilots using community engagement to improve service delivery referral systems and local-level planning processes.
- > Piloting engagement with local civil society groups, including civil society umbrella groups, to strengthen advocacy at community, local and central government levels. This includes, where appropriate, linking these groups with government policy-making processes by brokering relationships and sharing lessons learned.

Program management

Australia's aid program in Bangladesh continued to receive good ratings from the department's quality review process. In 2012–13, activities received 'satisfactory' and 'above' scores in the design phase and at conclusion. During implementation, scores were generally high, reflecting a strongly performing program. Challenges outside of our immediate control, including coordination shortcomings and extreme operating environments, lowered scores in two activities relating to climate change and humanitarian assistance. Both challenges are being addressed by partners and prospects for improvement are encouraging.

The program improved its performance management in 2012–13. The Australia – Bangladesh Aid Program Strategy 2012–16 was published in December 2012, outlining objectives and priorities. Consistent with the strategy the program will consolidate and deepen policy engagement in key sectors, while retaining flexibility to deliver results in the uncertain political context. The strategy includes a performance assessment framework to guide analysis and reporting of results.³² The Australia – Bangladesh Development Cooperation Program: Statement of Commitment, endorsing the program's focus, was signed by both governments during inaugural, high-level consultations in April 2013. These consultations were a useful first step in establishing a forum for the two governments to jointly assess program effectiveness. An assessment of national systems found that the program's existing safeguards are helping to mitigate the country's high fiduciary risks. The report will inform decisions on future investments with the Government of Bangladesh.

Intensive investment took place in 2012–13 in new and existing partnerships to embed the new program strategy. Australia developed strong relationships with senior managers in BRAC and DFID and led the first review of the BRAC Strategic Partnership Arrangement. Our brokering role and technical contribution in social protection has helped the Government and partners maintain momentum for policy reform. At the same time, we maintained relationships with multilateral partners (see 'Multilateral Partners' Performance') to iron out implementation difficulties in sector programs and capture emerging information relevant to the program.

Australia has set out to be a credible and flexible donor with strong technical expertise in selected areas. Our leadership role in education reflects our strong reputation in the sector

³² Further, in 2013, a new position was created in the Development Cooperation Section at the Australian High Commission in Dhaka to monitor program performance and quality.

built over multiple years of engagement, and continued through our role as Co-Chair of the donor consortium supporting the Government's Primary Education Development Program. We brokered closer engagement between UNICEF and BRAC in maternal and child health. We also helped partners support institutional reform within Icddr, b. Partners and the Government of Bangladesh see us as impartial and pragmatic. The scope of the new program strategy, with early plans for expansion, means we have to manage its involvement over a broader spread of activities, especially in the light of budget reductions in 2012–13. The ability to maintain partnerships with the Government has been hampered by frequent strikes in-country limiting movement in Dhaka.

Stronger operational support from headquarters in Canberra and intensive efforts by those working in the Australia High Commission (Post) in Dhaka underpinned

Australia's performance. Dhaka Post was reorganised to manage the new program strategy and some progress was made toward staff development. However, efficiency gains from new agency-wide corporate processes were not realised and it was not possible to balance detailed program management and compliance on the one hand and learning, analysis and external contact on the other hand. Staff had to work unsustainably long hours. Continuing professional development and access to additional technical support through the South Asia Resource Platform³³ are critical to sustain performance.

Multilateral Partners' Performance

As part of this annual review, staff assessed **key partnerships** and the time invested in each. The assessment determined that the partnerships—briefly described below—are appropriate.

Department for International Development, United Kingdom

The United Kingdom is the biggest bilateral aid donor to Bangladesh and the one most closely aligned with our goals and objectives. DFID plays a strong and valuable role across all sectors, most crucially for Australia in health, social protection, climate change, disaster risk reduction and education. We value its advocacy for vulnerable communities, collaborative approach in social protection and sound management of our delegated cooperation arrangement for support to the Chars area. We welcome DFID's leadership in climate change and disaster risk reduction and its role in strengthening coordination, which has been critical to progress.

We will work with the United Kingdom to strengthen our partnership in some areas, including in health where the United Kingdom is a strong leader. Despite delays in technical assistance arrangements to support the Government's health program, which we co-fund, recent progress points to good prospects for support to the Ministry for Health and Welfare. We will work to draw more from the United Kingdom's expertise in education and continue to work closely on our joint commitment to BRAC through the unique Strategic Partnership Arrangement so all parties get the most out of it.

BRAC

Australia provides core funding for BRAC through a three-way Strategic Partnership Arrangement between BRAC, the United Kingdom and Australia. BRAC continues to deliver high-quality results on a large scale. Its programs are closely aligned with our objectives and increasingly targeted toward the poorest, reducing poverty levels by reaching those without access to basic services.

³³ The South Asia Regional Platform, expected to begin from late 2013, will provide technical expertise to support programs across South Asia.

After its first year, partners agreed that the Strategic Partnership Arrangement is helping BRAC to deliver accelerated results. BRAC's strong reporting systems underpin its dynamic and responsive accountability and transparency. Partners worked collaboratively to build on BRAC's monitoring arrangements, helping to link its remarkable achievements and the country's development goals. BRAC's effectiveness will be enhanced through close coordination with other stakeholders in each sector it engages in.

World Bank

Australia's funding to the Government of Bangladesh's health and climate change programs is provided through multi donor trust funds managed by the World Bank. We also engage the World Bank for technical support in education. For us, the World Bank's key strength lies in the strong fiduciary systems it brings to managing cost-effective financial arrangements. This underpins our ability to function within limited resources in-country. The World Bank is also an important advocate for systems strengthening and universal coverage of services. Its large resources and lead role in health and climate change make its contribution important to stronger progress.

New senior management at the World Bank points to good prospects for addressing concerns around coordination and slow progress in climate change. More active engagement with the Government will help progress development of capacity building support for the government on climate change. Similarly in health Australia and other donors value closer coordination with partners and promotion of government leadership. The collective knowledge from all stakeholders can build better results in these areas.

United Nations Development Programme

The UNDP is an important partner to Australia, particularly in social protection and disaster risk reduction. Its programs target the poorest and most vulnerable communities and it engages at length with stakeholders in developing UNDP support. It also promotes and supports strong coordination in the sectors it engages in. Like Australia, the UNDP is a strong advocate for the merits of an effective social protection policy in Bangladesh. We worked well with the UNDP and United Kingdom in this area, providing small-scale but strategic support for the Government's reform process. The UNDP's positive relationships with the Government facilitated progress.

Our funding in disaster risk reduction is provided through the Government's Comprehensive Disaster Management Programme and the Early Recovery Facility, both managed by the UNDP. Donors are encouraged by improved levels of disbursement and progress toward a results framework for the Comprehensive Disaster Management Programme. The UNDP is playing an important role in maintaining focus on project quality in this program as it reaches its conclusion (due in 2014).

UNICEF

Our funding levels for UNICEF activities have reduced, as we have provided direct support for government programs in health and education. However, UNICEF remains an important strategic partner. Its strong working relationships with the Government and BRAC, encouraging discussion, continue to complement our engagement in health and education. UNICEF's multi-country investment case study, which includes Bangladesh, looks at local planning in health and has prospects for strengthening sector capacity.

Asian Development Bank

The Asian Development Bank plays a strong role in Bangladesh, most importantly for Australia in primary education. The Bank chairs the donor consortium supporting the Government of Bangladesh's primary education program (we took up the Co-chair role in January 2013). It is an effective coordinator of the donor group helping provide sound support

for the Government's priorities in the sector. It also brings considerable fiduciary expertise to this sub-sector, an important consideration in our decision to engage in the program.

World Food Programme

The World Food Programme has been an important partner for Australia, helping us provide nutrition and livelihoods support to some of the poorest and most vulnerable communities in Bangladesh. This includes in difficult operating environment which relies on its strong working relationships with the Government of Bangladesh. New funding arrangements provide an opportunity to learn from previous challenges in reporting and coordination. In social protection the World Food Programme is a willing and interested partner and we will look for further opportunities to engage.

Management consequences

In spite of the challenging operating environment in Bangladesh, a slower than expected budget scale-up and limited access to technical resources the program made encouraging progress. The following adjustments are needed to extend the program's progress.

The Australian Department of Foreign Affairs and Trade (DFAT) will consolidate our existing program and develop a policy agenda to sharpen our engagement in key sectors. Priority will be in education, health, and social protection complemented by work in climate change, Australia scholarships and in humanitarian activities.

Education

As Co-chair of the Education Donor Consortium, we will be:

- > playing a pivotal role in the Mid-term Review in 2014
- > improving education quality through support to institutionalise the Government's commitment to new teaching methods and learning assessment tools
- > working with partners and the Government to strengthen sector-wide approach management practices in areas including policy oversight, technical assistance coordination and Disbursement Linked Indicators reporting.

Health

We will narrow our focus to promote change in selected areas by:

- > assisting the Ministry of Health and Family Welfare to implement financial management and procurement management systems (including e-procurement)
- > institutionalising the Government's commitment to the 2013–32 Health Financing Strategy, which includes social security measures
- > using the findings from maternal, neonatal and child health pilots to promote the potential benefits of decentralisation and community engagement
- > supporting Icdrr,b in its ongoing institutional strengthening process.

Social protection

We will finalise a delivery strategy for engagement in social protection.

BRAC Strategic Partnership Arrangement

We will work with BRAC and DFID to further strengthen the BRAC partnership by:

- > finalising a risk management matrix by end of 2013
- > supporting the establishment of a steering committee to oversee the partnership's strategic direction
- > supporting a visit from BRAC's Chairperson to Australia in 2013–14
- > supporting research to demonstrate how our core funding partnership is delivering results that could not have been achieved through typical project support.

Climate change

In climate change we will exploit synergies and management efficiencies with DFAT's global and regional sustainable development initiatives to support capacity building in key ministries and ensure the progression to Government of Bangladesh owned climate financing mechanisms.

Scholarships program

We will implement the recommendations of its 2013 review of the Australia Awards and alumni programs to enhance work in this important area.

Humanitarian activities

We will build on our existing collection of humanitarian activities to design a more cohesive and longer-term program, which will include a focus on Cox's Bazaar.

Small investments

We will rationalise our investments below \$10m, including in water and sanitation.

We will deepen our analysis of the emerging political, social and economic context, to inform future program planning. This includes a range of important activities, including:

- > Developing a political economy analysis of change in education (and possibly health) to focus engagement and inform possible broader involvement in governance.
- > Assessing our expectations for achieving objectives, by supporting national systems, in light of current political, economic and social developments.
- > Increasing our knowledge of the obstacles faced by women and marginalised people, including the obstacles they face in accessing services and exploring program options to support them to demand their rights.
- > Scoping opportunities for greater engagement on institutional strengthening, including in public financial management.
- > Preparing for a mid-term review of the current country strategy by the end of 2014.

We will better align the structures and resources at Post to deliver a more consolidated program strategy. This will include:

- > Conducting a team planning exercise to develop a prioritised annual work plan and identify the most efficient use of resources to achieve objectives.
- > Reviewing the functions and structure of the corporate team and options for providing more efficient and effective program support.
- > Ongoing assessment of operational realities, including the safety of staff in the current security context.

- > Completing an overseas-based, work-level standard assessment and remuneration review.
- > Use DFAT's specialist expertise strategically to achieve identified policy objectives and engage more closely with the Government of Bangladesh and sector partners.

Table 3 Risks associated with the program and management actions

Most significant risks	Management response—What? Who? How? When?
<p>Uncertainty over future budget allocations impacting our performance as a donor. This includes a delay in the scale-up of the overall aid program, which could mean some programs are unable to meet their commitments in 2013–14 and 2014–15.</p>	<p>The program has a four-year pipeline plan in place which is updated quarterly. The status of the pipeline plan is considered before new agreements are entered into. Regular discussions are held with partners, including senior management where appropriate. Payments from existing agreements have been deferred to future years where possible.</p>
<p>An operating environment that continues to challenge effective program implementation. A highly volatile political context, including elections to be held by January 2014, coupled with a program that is increasingly being delivered through partner government systems and large donor groups, with reduced oversight of Australian Government funds.</p>	<p>This context validates our dual approach to program delivery, complementing support for government leadership in key sectors with funding for non-state actors to continue delivering results. Our fraud management plan is applied to South Asia. Cases of potential fraud (for example, in the health portfolio in Bangladesh) are reported to DFAT's fraud management team to coordinate follow-up action. An annual assessment of national systems is helping to strengthen our risk mitigation approach.</p>
<p>Major partnerships need to function well for Australia to perform effectively in Bangladesh. This approach has been taken for reasons of operational efficiency and aid effectiveness. However, it carries with it a level of risk if partners do not meet our expectations in delivering effective programs. Further, proposed reshaping of the program will affect how we work with partners, with corresponding risks if this is not implemented carefully.</p>	<p>We have taken steps to ensure, as far as possible, that our aid funding will be effectively used, including by engaging closely with each partner throughout program implementation. Key partnerships have been formed only after institutional assessments of each partners' capability to deliver high-quality results and maintain effective internal systems to safeguard our funding. Changes to key partnerships will be communicated carefully, with an awareness of program-wide implications and with appropriate involvement from senior management.</p>

Annex A

Progress in addressing 2011 Annual Program Performance Report (APPR)³⁴ management consequences


Management consequences identified in 2011 APPR	Rating	Progress made in 2012–13
<p>Working with the Government of Bangladesh, Australia will:</p> <ol style="list-style-type: none"> 1. continue to work directly with Bangladesh in all of our key sectors. This provides the basis for regularising our relationship, including through reaching bilateral agreement on a program strategy. 2. use upcoming consultations on the program strategy to seek the Bangladesh Government's agreement to institutionalise our good working relationship through annual high-level consultations. 3. support the Bangladesh Government to develop a national social protection strategy. We will also provide leadership in this area by continuing to strongly advocate for a coordinated approach by development partners. 	Green	<p>Two high-level visits to Dhaka in 2012–13 provided opportunities for senior DFAT management to engage with counterparts in the Government of Bangladesh. Australia and the Government of Bangladesh:</p> <ul style="list-style-type: none"> > held the first annual high-level consultations on the aid program > signed a joint Australia – Bangladesh Development Cooperation Program: Statement of Commitment on development cooperation with the Government of Bangladesh > discussed and agreed the broad direction of Australia's aid program to Bangladesh (Australia – Bangladesh Aid Program Strategy 2012–16, published in December 2012). > the Australian Government helped arrange social protection training for senior government officials in September 2012
<p>Developing our policy agenda, Australia will:</p> <ol style="list-style-type: none"> 1. develop short policy notes on our sectoral engagements in education, health and climate change. 2. encourage linkages with, and collaboration between, the Government of Bangladesh and large NGOs. 3. continue to focus on fiduciary management in sector programs, particularly in education where our funds are provided directly to the Government of Bangladesh. 4. implement the recommendations of the 2011 assessment report to effectively mainstream disability into the program. 	Amber	<ul style="list-style-type: none"> > Australia drafted policy notes describing how we engage in each sector. More work is required (see Management consequences). > While there were signs of increased collaboration between the Government of Bangladesh and civil society, challenges remain. More work and an increased willingness to engage will help convert aspirational commitments for collaboration into practical action. > The first annual review of the BRAC Strategic Partnership Arrangement, led by Australia, was an opportunity to discuss and encourage linkages between the Government of Bangladesh and BRAC. We reviewed quarterly financial statements released by the Government under its primary education program and drew on Australian public financial management expertise to review lcddr,b processes. The absence of a dedicated public financial management resource in-country restricted our ability to progress further. > An Australian aid disability focal point has been nominated at Dhaka Post, to implement recommendations from the 2011 assessment report on disability. The Australian Government's disability thematic team has provided training and support and has mapped out disability-inclusive approaches for the program.


³⁴ Prior to 2012-13, Aid Program Performance Reports were called Annual Program Performance Reports


<p>Continuing our focus on managing for results, Australia will:</p> <ol style="list-style-type: none"> 1. continue work with implementing partners on performance reporting systems. We will work closely with BRAC and DFID to establish a results framework and support research on the contribution the partnership arrangement is making. 2. invest in monitoring health and education results. 3. have a major focus on donor coordination and alignment within key programs. 4. align our work to the program strategy agreed with the Government of Bangladesh and supported by the performance assessment framework developed in early 2012. 5. consolidate the department's internal program management in the Bangladesh program, develop a delivery strategy by mid-2013 for social protection and support activities addressing the program strategy's third objective. 6. make decisions on support to climate change and water as well as sanitation and hygiene activities, including the mix of bilateral and regional activities and management. 	green	<ul style="list-style-type: none"> > We played a strong role in reviews of the Government of Bangladesh's primary education and health programs. We provided technical support to help finalise a results framework covering the BRAC Strategic Partnership Arrangement. Preparation for research into the partnership's performance has been undertaken, led by the Australian Government.. We worked with Icddr,b to strengthen its internal systems and processes. > We took up co-chair of the donor consortium in primary education from January 2013. In health, we positioned ourselves to engage with other donors in working groups in key areas. > An audit of program management systems undertaken by the department's found that the systems were sound. An assessment of national systems undertaken by a consultant confirmed that while the operating environment is high risk, the program has taken adequate steps to safeguard against program risks. > Work is underway to develop a delivery strategy to provide guidance for our engagement in social protection. A mission to Dhaka identified a demand for continued Australian support in the sector. > A Regional Sustainable Development Strategy was developed and approved by Australia which, along with individual country strategies, will guide Australia's aid engagement in climate change. Any new support for water and sanitation will need to come from existing bilateral programs.
<p>Consolidating the BRAC Strategic Partnership Arrangement, Australia will:</p> <ol style="list-style-type: none"> 1. consolidate the way we work and ensure we can inform this increasingly strategic-level engagement. 2. lead the first annual review of the BRAC Strategic Partnership Arrangement. 3. manage the transition of senior staff at Post to enable continued institutional ownership. 4. institutionalise relationships at headquarters in Canberra, including by facilitating a visit by BRAC leadership (chairman and executive director) to Australia to engage with policymakers. 	Amber	<ul style="list-style-type: none"> > BRAC's sectoral consortiums are now operating in health and education, bringing together BRAC staff with relevant staff from other partners. These consortiums provide a useful forum for sector program staff to move from project-level engagement to discussions focused on broader technical and sector policy issues. > Australia led the first review of the BRAC Strategic Partnership Arrangement in September 2012. > Regular partnership meetings assisted teams to maintain focus on the partnership during the period of high staff turnover in the department's and DFID. > The Chairman of BRAC is expected to visit headquarters in Canberra in 2013. This follows a 2012 visit by BRAC's Strategic Communications Director, who presented to DFAT staff on BRAC's approach to poverty alleviation.

<p>Strengthening the management structure and starting workforce planning, Australia will:</p> <ol style="list-style-type: none"> 1. build the capacity of the department's Bangladesh program managers at Dhaka Post and in Canberra headquarters. 2. put in place a clearer structure to develop an Australian Government leadership team at Dhaka Post. 3. identify the skills required to support deeper engagement and larger aid investments. 4. recruit a corporate manager to better coordinate corporate processes at Dhaka Post. 	<p>Amber</p>	<ul style="list-style-type: none"> > The department is developing a revised program workforce plan, expected to be finalised toward the end of 2013. This will help Australia maximise the effectiveness of its investments through the BRAC Strategic Partnership Arrangement and with the Government of Bangladesh's health, education and climate change programs (Management consequences refer to adjustments in team focus to support this approach). > The department is equipping the team with technical skills in these areas. The team, for example, recently recruited an education specialist to assist engagement on the government's education program. The team now has a corporate manager and a performance and quality manager to oversight human resources, quality, finance and administration functions. The team is also trialling monitoring tools to assess our policy engagement. > The team at headquarters in Canberra has benefited from the addition of a part-time social protection adviser who is assisting the development of the social protection delivery strategy.
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Note:

 Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

 Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

 Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Annex B

Quality at implementation (QAI) ratings

Initiative name	Approved budget and duration	QAI year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk management
Australian Development Scholarships	\$9.3 m 5 years	2012	4	5	4	4	4	5	M
		2011	5	4	5	3	4	3	I
Chars Livelihood Programme	\$15.7 m 7 years	2012	6	5	5	5	4	5	M
		2011	6	5	5	5	4	4	M
Hygiene, Sanitation and Water project	\$10.7 m 4 years	2012	5	5	5	4	4	5	I
		2011	6	5	5	4	5	5	I
Climate Change	\$15 m 7 years	2012	5	4	3	3	4	4	I
		2011	5	4	5	3	5	4	I
International Centre for Diarrhoeal Disease Research, Bangladesh	\$14.9 m 4 years	2012	6	5	4	5	5	5	I
		2011	6	5	6	5	5	5	I
BRAC and UNICEF maternal, neonatal and child health	\$23.6 m 5 years	2012	6	5	5	5	4	5	I
		2011	6	5	4	5	4	5	I
UNICEF maternal, neonatal and child survival	\$20m 5 years	2012	6	5	5	5	4	5	I
		2011	6	5	5	5	4	5	I
BRAC Strategic Partnership Arrangement	\$180 m 4 years	2012	5	5	5	4	4	5	I
Bangladesh primary education sector program	\$48.8m 4 years	2012	5	4	4	5	4	4	I
Bangladesh health sector program	\$35.5 m 4 years	2012	5	4	4	4	4	5	I
Support to World Food Programme—integrated hunger and under nutrition	\$5 m 3 years	2012	4	4	2	2	3	4	I

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very high quality

■ = 5 = Good quality

■ = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate quality; needs significant work

■ = 2 = Poor quality; needs major work to improve

■ = 1 = Very poor quality; needs major overhaul

Risk Management scale:

■ Mature (M). Indicates the initiative manager conducts risk discussions on at least a monthly basis with all stakeholders and updates the risk registry quarterly.

■ Intermediate (I). Indicates the initiative manager conducts ad-hoc risk discussion and updates the risk register occasionally.

■ Basic (B). Indicates there are limited or few risk discussions and the risk register has not been updated in the past 12 months.

Annex C

Evaluation and review pipeline planning

List of evaluations completed³⁵ in the reporting period

Name of Initiative	Aidworks number	Type of evaluation ³⁶	Date evaluation report received	Date evaluation report uploaded into Aidworks	Date management response uploaded into Aidworks	Published on website Yes/no
BRAC Strategic Partnership Arrangement	INJ579	Joint annual review	September 2012	26th May 2013	Not Applicable	No
BRAC Strategic Partnership Arrangement	INJ579	Joint finance and procurement review	March 2013	Report will be finalised June 2013	Not Applicable	No
Primary Education Development Program (III)	INJ957	Joint annual review	May 2012	26th May 2013	Not Applicable	No
Primary Education Development Program (III)	INJ957	Joint annual review	May 2013 (to be confirmed)	Report will be finalised June 2013	Not Applicable	No
Health Population and Nutrition Sector Development Program	INJ959	Joint annual review	September 2012	26th May 2013	Not Applicable	No
Comprehensive Disaster Management Programme	INJ178	Joint mid-term review	July 2012	26th May 2013	Not Applicable	No
Chars Livelihoods Programme	INJ103	Partner-led mid-term review	March 2013	December 2012	Not Applicable	No

³⁵ Completed means the final version of the report has been received.

³⁶ For example, mid-term review, completion report, partner-led evaluation, joint evaluation.

List of evaluations planned in the next 12 months

Name of initiative	Aidworks number	Type of evaluation	Purpose of evaluation³⁷	Expected completion date
BRAC Strategic Partnership Arrangement	INJ579	Joint annual review	To verify program outcomes	April 2014
Health Population and Nutrition Sector Development Program	INJ959	Joint mid-term review	To verify program outcomes, improve existing program	January 2014
Hygiene Sanitation and Water Project	INJ037	Independent completion report	To verify program outcomes	October 2013
Early Recovery Facility—disaster preparedness and recovery	INK107	Mid-term review	To verify program outcomes, improve existing program	March 2014
Primary Education Development Program (III)	INJ957	Joint mid-term review	To verify program outcomes, improve existing program	May 2014
Climate Change Resilience Fund	INJ178	Joint mid-term review	To verify program outcomes, improve existing program	October 2013
Support to World Food Programme—integrated hunger and under nutrition	INJ346	Partner-led review	To verify program outcomes	September 2013

³⁷ For example, to inform a future phase of program, to improve existing program; to verify program outcomes.