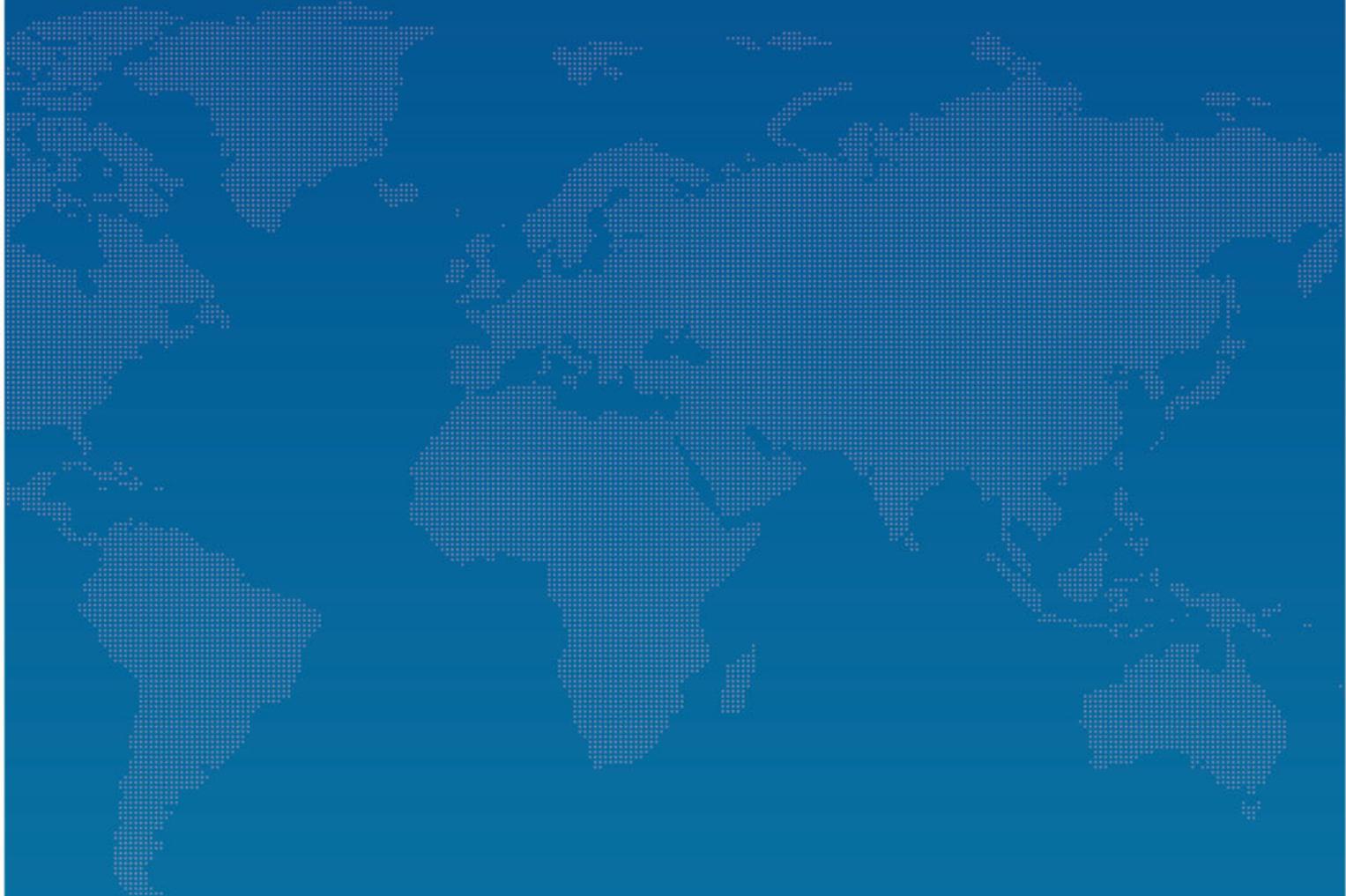




Australian Government

Department of Foreign Affairs and Trade



# Aid Program Performance Report 2013-14

Bangladesh

October 2014

## Key Messages

This report summarises the aid program's progress in 2013–14 against the Australia – Bangladesh Aid Program Strategy (2012–16).<sup>1</sup> 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.

Australian aid to Bangladesh made good progress towards this goal in 2013–14.<sup>2</sup> Key messages from this report include:

- › Bangladesh's economy weathered the protracted period of instability associated with the 2014 elections reasonably well, recording six per cent economic growth for the year.<sup>3</sup>
- › Australia contributed to progress against the country's MDG targets by improving the impact of service delivery and by providing economic opportunities for women living in poverty. However, the job is far from finished, and may well have been slowed by the events of 2013.
- › Australian aid delivered strong results despite challenges in the operating environment. Important progress was made in primary education, where Australia is a lead donor providing policy advocacy and technical advice on national reforms for student assessment and teacher training. In education and other areas Australian support provided: over one million text books to schools; opportunities to around 107,000 extremely poor people to generate an income; made schools more accessible to over 12,000 children with disabilities, and; ensured that nearly 600,000 women had their deliveries attended by skilled birth attendants.
- › Australia continued to consolidate the program. This was in response to revised budget projections, as well as to improve manageability and value for money.
- › A new Aid Investment Plan for Australian aid to Bangladesh will be finalised by July 2015.<sup>4</sup> The Plan will include performance benchmarks and mutual obligations to ensure the program continues delivering value for money. Future Australian aid to Bangladesh will build on a strong foundation of effective and efficient aid investments to deliver an aid program that contributes to sustainable economic growth and poverty reduction in our region.

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<sup>1</sup> Progress was measured using a performance assessment framework which includes indicators of success under each strategic objective.

<sup>2</sup> Australian ODA to Bangladesh in 2013–14 (estimated outcome) represented 1.7 per cent of all Australian ODA. The program delivered 5 per cent of the Department's total results for the period, making it the fifth largest contributor amongst country programs.

<sup>3</sup> World Bank data ([www.worldbank.org/country/bangladesh](http://www.worldbank.org/country/bangladesh)). Growth is down from 6.2 per cent the previous year. The Bank forecasts Bangladesh's annual economic growth for the following three years at 5.4 per cent, 5.9 per cent and 6.2 per cent, which largely mirrors the Bank's forecasts for South Asia across the same period.

<sup>4</sup> As required under Australia's Aid Policy (June 2014).

## Context

**National elections** in 2014 saw a return of the Awami League, the first time an incumbent government has been returned for consecutive terms in Bangladesh since independence in 1971.<sup>5</sup> Intense **violence and instability** in the 12 months prior to the elections, including frequent country-wide strikes (*hartals*), which restricted movement significantly across the country – and resulted in at least 500 deaths<sup>6</sup> – subsided quickly after the 5 January poll. While a more inclusive result may have provided confidence in longer term stability, the absence of *hartals* following the election has provided business and government programs with an environment more conducive to productive activity.

Despite instability for much of 2013, the country recorded solid annual **economic growth** of six per cent. Steadily rising GNI per capita crossed the (lower) middle income country threshold in June 2013.<sup>7</sup> **Ready Made Garments** are still the country's biggest export sector with USD 22 billion in revenue during the year. At 12–14 per cent of GDP, **remittances** from the seven million Bangladeshi working overseas<sup>8</sup> are the country's largest form of revenue, although levels declined compared with the previous year.<sup>9</sup> The Government exceeded its own targets for building foreign exchange reserves and is increasing the amount of tax revenue it collects, albeit from a low base.

Bangladesh has made impressive **progress against the MDGs**.<sup>10</sup> As the 2015 deadline for the MDG's approaches Bangladesh can report that it is on track to achieve the goal of halving poverty levels by 2015.<sup>11</sup> Bangladesh has outperformed neighbouring countries on many health indices, including measures of equity.<sup>12</sup> Education statistics have continued to improve, with net enrolment at 96.85 per cent in 2012 (from 87.2 per cent in 2005) and more girls in primary school than boys (98.1 per cent to 95.4 per cent).<sup>13</sup> More women are entering the formal economy.<sup>14</sup>

However, significant development **challenges remain**. Around 43 per cent of the population live on less than \$1.25 per day<sup>15</sup> and millions more who live just above this poverty line are still vulnerable to economic and natural shocks. The security environment reduced mobility throughout 2013 (75 days of *hartal* were reported in the year<sup>16</sup>), restricting opportunities for aid staff to meet with partners and monitor programs. Businesses reported reduced activity as a result of the instability.<sup>17</sup> The situation had a disproportionate impact on the poor, exposing

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<sup>5</sup> The 2014 election was not contested by the Bangladesh National Party (Bangladesh's main opposition party).

<sup>6</sup> Dhaka Tribune, September 2014.

<sup>7</sup> Financial Express – Monetary Policy: Bangladesh experience April 2014. The World Bank reports that for Bangladesh to reach its target of becoming a middle income country by 2021, annual economic growth needs to lift to 7.5-8 per cent.

<sup>8</sup> Conflict Prevention and Peace Forum – informal consultation on Bangladesh.

<sup>9</sup> World Bank Development Update – April 2014.

<sup>10</sup> According to a presentation by the World Bank Country Director Bangladesh in August 2014, Bangladesh is on track to achieve MDGs for gender parity in education, child mortality, maternal health, HIV/AIDs and tuberculosis and will partially achieve MDGs for poverty reduction and primary enrolment.

<sup>11</sup> World Bank update – April 2014.

<sup>12</sup> Bangladesh: Innovation for Universal Health Coverage, Lancet, November 2013.

<sup>13</sup> Directorate of Primary Education Annual Sector Performance Report 2013: Government of Bangladesh.

<sup>14</sup> 80 per cent of workers in the Ready Made Garment sector are female

<sup>15</sup> World Bank poverty data, 2010 (latest available).

<sup>16</sup> Newspaper reporting.

<sup>17</sup> Bangladesh's Board of Investment reported a reduction in business investment by 24 per cent during 2013

them to higher security risks, price rises, and limited opportunities to earn an income due to their reduced mobility. Only 20 per cent of the Government's annual development budget was spent in the second half of 2013 (33 per cent were donor funds),<sup>18</sup> meaning less progress on government programs targeting the poor. Low levels of workforce capacity, a mixed attitude toward the role of NGOs and weak governance all continue to challenge donor engagement in Bangladesh.<sup>19</sup> The appetite for policy dialogue on reform in some areas was limited in an election year.

**Inequality** remains a critical issue with significant costs to human development and economic growth in Bangladesh. Despite progress, poverty rates remain the highest amongst South Asian countries.<sup>20</sup> Children in this situation often miss out on an education as a result. Of those children who do go to school around one quarter (higher in disadvantaged areas) drop out before they reach grade five and only a quarter of students achieve expected competencies in Bangla language and maths.<sup>21</sup> This means many young Bangladeshis are not adequately equipped to take up the growing number of skilled jobs that the expanding economy is producing. On health, out of pocket payments for medical services, which accounts for two thirds of household health expenditure, are a key factor in people falling into poverty.<sup>22</sup> Nutrition indicators are not improving in line with other health indicators – 41 per cent of children and a third of women are stunted. This has not improved over the last decade. Women face discrimination in access to job opportunities<sup>23</sup> and suffer from high rates of gender based violence.<sup>24</sup> Trade barriers with Bangladesh's neighbouring countries continue to hold the country back from greater economic growth.

Despite these challenges, **Bangladesh is modernising**. Development assistance can help make the economic growth underpinning this transition more inclusive. Bangladesh has growing resources to progress its own development. Official Development Assistance (ODA) accounts for only around two per cent of Bangladesh's GDP.<sup>25</sup> Australia is selective and focuses on areas where we have a competitive advantage. We are helping to build on Bangladesh's success by working with the Government of Bangladesh, development partners and civil society organisations to mobilise domestic resources more efficiently, effectively and inclusively.<sup>26</sup> With its large population and strong NGO community, Bangladesh is known as a hub of innovation in development. It is the birthplace of microfinance and Grameen Bank, the developer of oral rehydration therapy (International Centre for Diarrhoeal Disease Research, Bangladesh, 'icddr,b'), as well as the home of the world's largest NGO, BRAC, which counts the world's largest mobile banking network amongst its achievements.

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<sup>18</sup> Government sources. The annual development budget is 32 per cent of the total national budget.

<sup>19</sup> Bangladesh ranks 136 out of 177 on Transparency International's corruption index.

<sup>20</sup> Presentation by World Bank Country Director (Bangladesh), August 2014

<sup>21</sup> Draft National Student Assessment 2013.

<sup>22</sup> Health-Related Financial Catastrophe, Inequality and Chronic Illness in Bangladesh, Md. Mizanur Rahman, Stuart Gilmour, Eiko Saito, Papia Sultana, Kenji Shibuya; February 25, 2013, DOI: 10.1371/journal.pone.0056873

<sup>23</sup> Female labour force participation is 57 per cent compared with 84 per cent for men - EU Gender Profile (March 2014), based on UN MDG Report 2013.

<sup>24</sup> UNFPA December 2013 report on gender based violence, 65 per cent of married women report incidence of violence

<sup>25</sup> Australia is the eighth largest donor to Bangladesh. Australian ODA represented 5.6 per cent of total ODA to Bangladesh in 2012, source: OECD, World Bank World Development Indicators

<sup>26</sup> Refer to the section below on 'Partner Performance' for an update on some of Australia's key partnerships.

**Australian aid** is delivered through a number of key partnerships, both non-government (such as a substantial partnership with BRAC) and Government (for example through participation in and support for the Government’s primary education sector program). Australia anticipated problems in the operating environment during the year and modified expectations accordingly. Our support for both government and non-government partners proved an effective way to hedge our engagement, maintaining service delivery in a difficult context where opportunities for policy influence were impacted by reduced political engagement on non-election issues. In spite of the challenges, steps taken by the Government of Bangladesh, with support from donors including Australia, to improve the quality of primary education services, proved that positive change was still possible in difficult political environments. To accommodate a reduced aid budget and to ensure our aid remained invested in areas where we can have the most impact, Australia withdrew support for the Government of Bangladesh’s health program in early 2014 (results for the period we remained engaged are reported here). Australia’s new policy on aid, with its emphasis on inclusive economic growth, is consistent with other bilateral donors such as the United Kingdom, Canada and the United States.

## Expenditure

Table 1 Expenditure in FY 2013–14

Objective	A\$ million	% of bilateral program
Objective 1 increased equity of access to, and improved outcomes from, health and education services	42.6	69
Objective 2 fewer women and men living in extreme poverty and vulnerable to economic and natural shocks	13.1	21
Objective 3 women and marginalised groups better able to demand and obtain services and assert rights	5.6	10

Source: Draft bilateral Bangladesh aid expenditure for 2013–14, at August 2014

The Bangladesh bilateral program budget for 2013–14 was \$61.3 million (\$23.4 million less than the previous year). In addition to the bilateral program, in 2013-14 there were a range of other activities funded from across Australia’s aid program (\$17.5 million) that supported activities in Bangladesh:

- 12 Australian NGOs delivered a range of projects across Bangladesh through their local partner organisations. These included innovative responses in the areas of food security, disability support, inclusive education and maternal health (\$4.1 million).
- 30 Australian volunteers supported a range of local NGOs in disaster and emergency management, as well as community and social development (\$2.3 million).
- 71 Australia Awards Scholarships were provided to assist Bangladeshis study at a range of Australian tertiary institutions in 2014 (\$7.65 million).
- DFAT’s Direct Aid Program supported activities including skills development for employment creation, neo-natal health and awareness creation on social issues (\$0.25 million).

- Humanitarian assistance including emergency food relief and school feeding through the World Food Program (\$3.2 million).

## Progress towards objectives

Table 2 Rating of the program's progress towards Australia's 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 women and men living in extreme poverty and vulnerable to economic and natural shocks	Green	Green
Objective 3 women and marginalised groups better able to demand and obtain services and assert rights	Green	Amber

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

Rating: green

*The rating is based on the assessment that Australia's approach of working in partnership with other development partners and the Government of Bangladesh to bring about systemic reform has led to good progress in some important elements of the education program. Also that Australia's partnership with BRAC, another important contributor to this objective, continued to provide targeted health and education benefits at scale. A revision to the program's budget that was anticipated and an imperative to consolidate our program led to a decision in early 2014 to withdraw from the Government's health sector program. Although the local political and security environment generated operational and policy reform challenges, these had also been anticipated and progress was better than expected given the environment. The trajectory of change overall was positive.*

Analysis of structural inequalities underpinned Australian priorities for systems strengthening in education in 2013-14, which focussed on:

- new forms of teacher training and new learning assessment methods to assist teachers and policy makers to make more efficient and effective use of the limited resources available for education quality improvements
- non-formal education to pick up children who drop out or never enrol
- promotion of a new health financing strategy to reduce vulnerability of the poorest families from health shocks
- promotion of the benefits of decentralisation and community engagement in health services based on evidence from Australian-funded research.

Australia also began to consider how we can better support changes to the way that the education system is preparing girls for employment. Although women are increasingly part of the work force, they are poorly paid and insufficiently protected in comparison to men.

**Results in the education program show that working through partnerships with the Government of Bangladesh and other development partners can produce large scale change, although progress is slow.** With an ambitious agenda to become a middle income country by 2021, Bangladesh is largely financing its education responsibilities from its own resources. The Government of Bangladesh's USD 8.3 billion primary education program is 85 per cent government funded and supports over 100,000 schools with 20 million children in grades one through five. However, there is a lack of local technical capacity to ensure that the program's services are planned and delivered efficiently and effectively. To promote reform and reward performance, the program follows a 'cash on delivery' model based on the achievement of results. Forty-two per cent of Australia's aid investment in Bangladesh is in education (excluding scholarships). Commensurate with the scale of this investment, Australia has been playing a lead role in education policy advocacy and reform. Achievements in the education program linked directly to Australia's funding, policy advocacy and technical advice in 2013–14, and consistent with expectations as set out in the Program's Performance Assessment Framework, have included<sup>27</sup>

- the second National Student Assessment, which is providing new information to Government about quality of teaching and providing (for the first time) comparative national data and analysis on learning for 2011 and 2013
- agreement to reform the end of primary school exam to measure competence rather than rote learning, with the gradual introduction of competency based questions (now 25 per cent from zero per cent in 2011)
- new teaching diploma developed, with implementation in 29 primary teacher training institutes in 2013, and planned expansion to 36 institutes in 2014 accredited through Dhaka University
- Each Child Learns, an approach to teaching that attempts to respond to the needs of each student, is being piloted in 300 schools, with further expansion to be considered
- delivery of 108 million primary text books country-wide on time with a streamlined government tendering process (the result attributable to Australian funding was 1.2 million)
- Online Annual school census introduced, reducing the time to compile school management information data from 16 months to 2–3 months.

**Where progress has been made, particularly in the area of education quality development, there is a demonstrable link to Australian financed technical assistance.** Australia's role as Vice-Chair of the donor consortium, which utilised a significant proportion of the program's staff and technical resources, has allowed Australia to develop visibility and convening power amongst the Government of Bangladesh and donors that is disproportionate to our actual funding contribution. It has also allowed Australia to keep quality and equity issues at the centre of the dialogue with the Government of Bangladesh, particularly through the mid-term review of the sector program.<sup>28</sup> Deployment of specialist skills, such as public financial management (PFM), together with Australia's position on the inside track among development partners, has enabled us to promote collaboration among partners. The improvement in the quality of dialogue is illustrated by the much stronger ownership of the mid-term review by the Government of Bangladesh of its primary education program than for its equivalent in 2007.

**While some progress was made in health, political uncertainty served to dampen the already low impetus for reform in the sector.** In the Government of Bangladesh's health sector program, there was progress in widening awareness of the Health Financing Strategy beyond the Ministry of Health and Family Welfare, and in promoting debate on different models of management for

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<sup>27</sup> Achievements recorded in Bangladesh's Performance Assessment Framework, source document - Annual Sector Performance Report (ASPR) 2014.

<sup>28</sup> Australia coordinated a mid-term review of the Government's Primary Education Development Program during the reporting period.

maternal health services.<sup>29</sup> Australian assistance helped icddr,b to undertake health research into areas including respiratory infections in children, the effectiveness of influenza vaccines and the factors involved in the spread of cholera. Australian support also assisted icddr,b management continue to strengthen its internal management systems.<sup>30</sup> However, there has been little progress in agreeing the sector's reform agenda with development partners. This trend was highlighted in the last APPR and expectations and resources devoted by Australia were both scaled down. While continued Australian engagement may have been able to help improve the design for the next phase of the health program, a revised budget envelope and an imperative to consolidate our program led to a decision to withdraw from the Government's health sector program in early 2014.

**Australia has devoted more attention to finance and procurement issues this year to strengthen our depth of understanding and capacity to effectively monitor these issues.** A PFM specialist was deployed in both the health and education programs. DFAT staff (Program Manager) with regular technical support from the PFM specialist took part in the Education Quarterly Fiduciary Review (QFR) with field office reviews of the Government's financing mechanisms and systems. The PFM specialist and Program Manager contributed technical analysis to the Education Procurement and Finance working group. Australian funded technical assistance resulted in some important steps forward such as: the use of a new Government of Bangladesh financial management system (iBAS) for reporting to donors at the line ministry level; improvements to record keeping, monitoring and reporting on procurement process, and; monitored execution of the budget, informing dialogue with the Department of Primary Education to minimize variation between budgets and actual expenditures. Partners have started to focus on leveraging the education sector program as a means to influence PFM system changes at other levels of the bureaucracy and will use the recent analysis on program financing to advocate for overall budget allocations for education.

**The partnership with BRAC continued to deliver access to high quality services for people who would not otherwise have had it.**<sup>31</sup> Over one million children (some 37,000 more than planned) were enrolled in BRAC supported pre-primary or primary schools in 2013; learning assessments and progress to the next stage of education demonstrate that learning is of high quality.<sup>32</sup> The BRAC Essential Health Care program mostly exceeded its targets in providing ante-natal and delivery, family planning, TB identification and basic curative services in 47 of Bangladesh's 64 districts.<sup>33</sup> Both programs are moving into urban services in response to disparities in service provision. There is growing evidence in BRAC reporting of collaboration with government services at local level and of dialogue between a range of NGOs and Government of Bangladesh over policy and planning. Strengthening cooperation however, has, and will continue to, take time in an opportunistic way.

Australia Awards scholarships were awarded to 71 candidates across four target groups for the 2014 intake. The groups were the Bangladesh civil service, ethnic minority groups and our NGO partners, BRAC and icddr,b. In line with the country program objectives, health was provided three awards and a further two awards are supporting human resource development in the education sector. In its first year, the Australia Awards Alumni Association Bangladesh established ties with Australia's Volunteers for International Development (AVID) in Bangladesh,

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<sup>29</sup> Performance Assessment Framework.

<sup>30</sup> 2013 icddr,b - Annual Report. Australia will review our engagement with icddr,b and sectoral spread as part of the Aid Investment Plan process.

<sup>31</sup> Donor funding was 34 per cent of BRAC's income in 2013; and 70 per cent of this income was from Australia and DFID through the Strategic Partnership Arrangement (BRAC Audited Financial Statements, year ended 31 December 2013). The Bangladesh program hosted a visit to Canberra in February 2014 by the founder and Chair of BRAC, Sir Fazle Abed. Sir Abed discussed innovation in development with the Foreign Minister, Parliamentary Secretary, DFAT's secretary and addressed an all staff seminar to DFAT staff on BRAC's approach to development.

<sup>32</sup> BRAC SPA reporting.

<sup>33</sup> Ibid.

contributed to local humanitarian causes and participated in public diplomacy activities with the Australian High Commission. The design of the next phase of Australia Awards for South Asia highlights opportunities for closer engagement with the private sector to promote human resource development and economic growth.

## **Objective 2: fewer women and men living in extreme poverty and vulnerable to economic and natural shocks**

*Rating: Green.*

*Partners such as BRAC, the United Kingdom and WFP continued to achieve results in line with expectations despite a challenging operating environment. Progress in dialogue to strengthen national welfare policy was in line with modest goals, though work to build consensus amongst policy makers is ongoing.*

**Australia's careful choice of partners with strong track records and shared goals meant we were able to maximise the impact of our funding while keeping our transaction costs low.** Despite the destabilisation caused by the elections, our partnerships with BRAC and the UK helped 107,000<sup>34</sup> vulnerable people to improve their resilience to the impacts of extreme poverty and shocks<sup>35</sup>. BRAC's program is recognised globally<sup>36</sup> as an innovative and effective way to assist extremely poor women and their families, who otherwise struggle to access finance and basic services. This support is helping families to develop more stable income sources and build self-reliance. Australia's engagement in this area is aligned directly with the Government of Bangladesh's goal of reducing poverty levels.<sup>37</sup> Separately, nutrition and food security support through WFP provided a safety net to more than 700 vulnerable families in Cox's Bazar district<sup>38</sup>, while our partnership with UNDP helped Australia provide early support to families to recover from disasters.<sup>39</sup> Australia is also supporting trials under the UK's Chars (river islands) Livelihoods Program to build sustainability by building links between beneficiaries and local service providers and markets.

**The Government of Bangladesh was engaged in discussion on more effective social protection policy.** Long term support through the Chars Livelihoods Program and BRAC have given Australia the credibility to engage in national dialogue on social protection policy with the Government of Bangladesh and international partners. The economic benefits of effective social protection programs were highlighted to the heads of 10 key Government of Bangladesh agencies during visits to Nepal and South Africa, supported by Australia. This generated discussion and momentum for reform across the Government of Bangladesh.<sup>40</sup> While work to build consensus across the Government of Bangladesh on how to implement a common approach to social protection is ongoing, a draft National Social Security Strategy drew from Australian analysis and is a starting point for continued engagement.<sup>41</sup> A new partnership with the UK will provide

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<sup>34</sup> Result attributable to Australia as recorded in the Bangladesh Program's Performance Assessment Framework.

<sup>35</sup> Impact of the Chars Livelihoods Programme on the Disaster Resilience of Chars Communities, Barrett et al, January 2014. Support provided includes regular cash transfers, mentoring, a productive asset (e.g. cow) with training in how to manage the asset and access to free health care.

<sup>36</sup> The effectiveness of BRAC's Challenging the Frontiers of Poverty Program was highlighted at the *Reaching the Poorest: Global Learning Event*, hosted by the World Bank in February 2014. The event was attended by 100 leading policymakers, practitioners, and development experts, who were provided an update on progress of 10 pilot graduation projects around the world – all based on BRAC's approach.

<sup>37</sup> As set out in the Government of Bangladesh's sixth Five Year Plan (2011-2015).

<sup>38</sup> Foreign Minister, Hon Julie Bishop MP approved a new phase of support through WFP in Cox's Bazar in January 2014.

<sup>39</sup> For example in response to Cyclone Mahasen. Separate support to the Government of Bangladesh through UNDP assisted rural and urban communities and local authorities prepare for disasters, including through work to establish dedicated budgets for disaster response, undertaking seismic vulnerability surveys and preparation of earthquake safety drills.

<sup>40</sup> Progress toward reform of social protection policies is a target in the Program's Performance Assessment Framework.

<sup>41</sup> A draft of the National Social Security Strategy was endorsed by a 22 member inter-ministerial committee.

Australia with an opportunity to continue working with government to improve the impact and efficiency of national social protection systems.

**Volunteer placements were more closely aligned with Australia's aid objectives.** Approximately 30 volunteers have been placed in different host organisations to assist development in Bangladesh in disaster and emergency management, community and social development. With early adaptations to security risks, the program was able to continue throughout the election period.

### **Objective 3: Women and marginalised groups better able to demand services and assert rights**

*Rating: Green.*

*Results met our expectations. Partnerships with BRAC and Manusher Jonno Foundation assisted marginalised people to better access services and deepened our understanding of the constraints faced by women in accessing services. This improved knowledge helped Australia define a clearer approach this year, focusing our limited staffing resources on priority areas.*

**Core funding helped civil society partners to be more innovative and to advocate on behalf of marginalised groups.** Manusher Jonno Foundation (MJF) directed the core funding it received from Australia<sup>42</sup> to help over 4,000 extremely poor women and girls to access services (including medical and legal help for victims of acid attacks). MJF also helped over 3000 women to monitor health and education service providers.<sup>43</sup> MJF worked with the Government and other partners to assess the impact of wages rises and build capacity of trade unions to negotiate on the issue. BRAC also worked with the Government of Bangladesh on its pre-primary education policy and showcased Bangladesh's achievements in education at international conferences.<sup>44</sup> Areas of innovation supported through Australia's core funding to BRAC included exploration of greater access by the extreme poor to banking services, piloting integrated health and education services to vulnerable adolescents that have dropped out of school, and engaging men and boys in programs aimed at reducing violence against women.

**Australia developed realistic expectations for our engagement.** Australia defined and planned our areas of engagement with civil society organisations around clear objectives and identified measurable annual targets.<sup>45</sup> This clarification allowed Australia to respond to the needs of women and marginalised groups in a more efficient way. The efficacy of Australia's partners (including BRAC, icddr,b and MJF) benefited from exposure to Australian safeguards. For example, Australia's child protection policy guidance, risk management policy guidance and due diligence controls have assisted partner organisations to develop action plans to strengthen their systems. In the second quarter of 2013 BRAC, in part due to the strong due diligence measures applied by Australia and the UK as strategic funding partners, has been recognised as an affiliate member of the INGO Accountability charter<sup>46</sup>. Confidence in our partners' systems also allows Australia to focus our management input at the strategic level. Efficient management arrangements remained important as Australia had limited resourcing to devote to this objective.

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<sup>42</sup> MJF also receives funding from the United Kingdom, World Bank, Japan and Comic Relief.

<sup>43</sup> Performance Assessment Framework.

<sup>44</sup> BRAC showcased education services in Bangladesh at the Global Education for All meeting in Washington, February 2014.

<sup>45</sup> Areas for improvement that Australia focused on this year included: accountability for local government activities; ability of women and marginalised groups able to claim their rights and resist exploitation, and; capacity of civil society actors to influence policy.

<sup>46</sup> The charter is the world's most widely used multi-sectoral accountability framework for International NGOs, and commits to excellence and accountability, good governance, ethical fundraising, responsible advocacy, sustainability and programme effectiveness.

**Australian NGOs working with local partner organisations delivered community-based social development activities.** Australian NGO partnerships helped local civil society organisations empower local communities to seek better services. They also helped linked poor families to local government services. Assistance supported people with a disability, built food security and improved water and sanitation services amongst vulnerable communities.

## Mutual Obligations

The Government of Australia and the Government of Bangladesh are committed to work together to achieve sustainable improvements in the quality of life of Bangladeshis.<sup>47</sup> Consistent with this commitment, and despite challenges described in this report, Bangladesh has made strong progress against its MDGs, particularly in the areas of poverty reduction, school enrolment (achieving gender parity), maternal mortality and opportunities for women.<sup>48</sup>

In line with the Government of Bangladesh's Sixth Five Year Plan (2011 – 2015), the goal of Australian aid to Bangladesh is to help promote inclusive economic growth by addressing the impacts of poverty and supporting human development. This goal was pursued through Australian support in the areas of education, health, social protection and humanitarian assistance. During the year the Government of Bangladesh achieved nine out of the nine indicators linked to donor disbursement of funding under its Primary Education Development Program. The Government of Bangladesh finalised a draft of a National Social Security Strategy and released its National Strategy on Myanmar Refugees and Undocumented Myanmar Nationals in Bangladesh, which is guiding partner assistance to vulnerable Rohingya communities in Cox's Bazar District.

## Program Quality and Management

**Our approach of providing technical and policy advice through partnerships has delivered systemic change.** Working with other donors and technical leads, strong cooperation and advocacy through in-country technical specialists and departmental staff has been an important factor in Australia's ability to influence change. Transaction costs for the Australia's approach in areas such as primary education are high but have given significant exposure to Australia's contributions. The Bangladesh Aid Investment Plan will weigh up the transaction costs versus the results and visibility to determine whether we should continue to deliver in the same way.

**This year Australia compared performance across all programs in respect of their benefits for women – to build our understanding and strengthen program delivery.** The comparison concluded that some investments (including those with WFP, BRAC and the Chars Livelihood Program) could improve reporting of the results they are already achieving on women's economic empowerment and elimination of violence against women. The review also found that the education sector program could do more to incorporate ways for women to demand and shape services. Nevertheless, involvement across all Australia's investments has deepened participants' understanding of how social structures combine to put women at a disadvantage in access to services. This greater awareness is informing Australia's engagement with partners who are raising the voice of women and encouraging service providers to respond better to their service needs.

**Australia's technical support has been used to bring together themes for focus across the program.** The deployment of a PFM specialist deepened Australia's understanding of the systemic risks to its sector investments. It also complemented the expertise of the World Bank and the Asia Development Bank, which have traditionally looked after development partner

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<sup>47</sup> Statement of Commitment between Australia and Bangladesh, 2013.

<sup>48</sup> MDG progress report (Bangladesh) 2013.

interests in this area. The South Asia Health Specialist has provided cross-sectoral advice on health aspects of disaster and humanitarian response, including the nutrition components of our program with WFP in Cox's Bazaar, and the school feeding elements of our support to the Government's primary education programs. The South Asia education specialist contributed to wider development of departmental staff and global and regional education policy through the education resource facility steering committee, the Systems Approach for Better Education Results (SABER) advisory board, the Global Partnership for Education, and the Literacy and Learning Special Interest Group.

The program has also developed its approach to partnerships with civil society through a sector engagement strategy. This strategy articulates how the partnerships produce results and reinforce the already significant role of civil society across the country in influencing policy, disseminating information and helping poor people to assert their rights.

**The Performance Assessment Framework was revised during the year.** The Performance Assessment Framework (PAF) was updated with 2013 data before the APPR process and contributed valuable evidence to the assessments made. The PAF now better reflects the intermediate outcomes of the program.

**The implementation of far-reaching management decisions made during the last APPR process has enabled the program to respond flexibly to a new Australian policy environment.** Following the reversal in 2012–13 of assumptions about growth in the program and staff resources, and influenced by the volatile political and security environment, goals and expectations for the program were adjusted. Australia closed down contributions to water and sanitation, aid effectiveness and reduced engagement in health. Management of climate change financing was transferred to the South Asia regional team in Canberra. Limited progress in the areas of reduced attention suggests that these were the right decisions. With fewer staff resources for managing aid and a different approach to providing technical support, further decisions will need to be made to match the program to capacity.

## Analysis of Quality at Implementation Reports

In 2013–14, Quality at Implementation scores were predominantly high, reflecting a strongly performing program. Challenges outside of our immediate control, including coordination shortcomings and very difficult operating environments, lowered scores in some areas of health, education and livelihoods activities. The health sector program saw a drop to 'less than adequate/needs significant work' in efficiency and effectiveness. There is a positive message on gender equality across the Bangladesh program, though more action is needed within the Primary Education Sector Program. Our lead role in this program over the next year will provide an opportunity to revitalise the program's gender focus. The challenges of sustainability in the Chars Livelihood program are being prioritised by partners, while Australia has worked with WFP to strengthen the monitoring and evaluation systems for its next phase of operations in Cox's Bazar.

## Partner Performance

**Australia has continued to invest in the partnerships that enable it to contribute to larger scale outcomes.** Selecting partners with strengths in priority areas and with whom we share common goals and values helps lower transactions costs and increase the impact of Australian aid. The analysis of multilateral, bilateral and NGO partnerships in last year's APPR is still largely valid, with the following updates:

- › PFM inputs to the sector programs identified areas for closer collaboration with the **World Bank** and the **Asian Development Bank** over procurement and internal audit issues in the

relevant Ministries, and for extending technical assistance to strengthen financial management and procurement oversight. While this led to strengthening of oversight in the education sector, shortcomings in efforts to strengthen financial management systems contributed to Australia's decision to withdraw from the Government of Bangladesh's health program.

- > The primary education program includes an important technical role for **UNICEF**, along with the **World Bank**. UNICEF has taken a strong lead in working with the Government of Bangladesh to progress pre-primary education reforms. UNICEF is well placed to work closely with the range of dynamic non-government organisations working in primary education in Bangladesh, particularly in the areas of second chance education and community involvement in school management but progress in these areas has been very slow. This has taken up more time than expected over the past year and will require our sustained attention over the coming twelve months.
- > DFID and Australia have invested more effort this year in determining how to get added value from the Strategic Partnership Arrangement (SPA) with **BRAC**. Cooperation has continued beyond sectoral programs (for example through a successful visit to Australia by the Founder and Chairperson of BRAC). A steering committee was established, which held its inaugural meeting in May to discuss the strategic directions and mutual interests of the SPA members. Independent research<sup>49</sup> into the SPA confirms that many of the expectations for greater effectiveness and efficiency are being achieved, and a mid-term review of the SPA confirms that BRAC is holding to its commitments on innovation, integration, results monitoring and organisational change. However, there is scope for greater focus on learning in the SPA and for a more collaborative dialogue between technical staff moving on from the former project supervision system.

## Risks

Table 3 Management of key risks to achieving objectives

Key risks	What actions were taken to manage the risks over the past year	What further actions will be taken to manage the risks in the coming year
1. Political instability related to the 2014 election slowed program implementation	Post maintained awareness of the political environment and modified expectations. Post kept close contact with other donors and Government of Bangladesh through the Local Consultative Group (donor-Government of Bangladesh mechanism), HOM and other staff.	Adjust program expectations according to political context and re-align programs as required. Maintain mix of support through Government and non-government partners.
2. The program is exposed to fraud or corruption.	The appointment in 2013 of a Public Financial Management advisor assisted to deepen Post's oversight of our partners' systems and processes for fiduciary risk management.	Consider ways (eg training, on-the-job learning) to build capacity of staff for oversight of partners' systems for fiduciary risk management. Maintain arrangement with PFM advisor.

<sup>49</sup> The partners commissioned Social Development Direct to undertake research into the partnership in 2014.

3. Management of Bangladesh program becomes ineffective and exposes program to additional risks due to premature reduction in resources to manage the program	Post made major consolidation decisions in 2013: including withdrawing from the national health sector program, adjusting management approaches to Disaster Risk Reduction and climate change, withdrawing from the aid effectiveness project and water and sanitation project.	Continue to monitor management capacity and program complexity, Options such as disengagement and delegated cooperation for the remaining parts of the program will need to be discussed further during the development of the Aid Investment Plan.
4. Relationship between Government of Bangladesh and civil society organisations increases the complexity and sensitivity of the sector and management of relationships	Post remains sensitive to the relationships each partner has with the Bangladesh Government and supports partner led advocacy and influence	Assessments of potential partners will continue to include ability to influence and/or complement government in a way that improves country systems and accountability

## Management Responses

The Bangladesh aid program will develop an **Aid Investment Plan** by July 2015, adapting the program to Australia's new aid policy (released June 2014). The program will need to carefully consider how it can balance delivering on the financial and risk management, monitoring and reporting requirements of a top 10 country program with the resources of a significantly smaller program. In developing the AIP, Australia will

- › revise the program's objectives and approach
- › consider opportunities to respond to Australian aid policy priorities
- › develop performance benchmarks for the program, building from those included in this report (for 2014–15).

Australia will manage existing investments throughout 2014–15 to support a smooth transition to the AIP period (2015–16 to 2018–19)

- › In the short term, we will continue to allocate significant resources to support our lead role in primary education, reviewing this continued role as part of the AIP
- › Australia will use the findings of the BRAC SPA Mid-term review to consider opportunities for future engagement, potentially including further work with BRAC in the area of skills development, empowerment of women and girls and the role of the private sector
- › Opportunities to help civil societies build responsiveness to the needs of marginalised groups will be tested through existing support for MJF and BRAC
- › Bring a renewed gender focus for our investments in primary education, social protection and BRAC.

The **human resource structure** allocated to Australia's aid program to Bangladesh has changed as a result of the aid program being integrated into DFAT. Over the coming 12 months Australia will

- › support staff to adapt their skills to new aid policy priorities
- › consider options to access additional resources (including through the new Australia Awards program and a potential resource facility for the bilateral and regional South Asia programs).



Annex A

Progress in addressing 2012-13 management responses

Management consequences identified in 2012–13 APPR	Rating	Progress made in 2013–14
<p><b>Education.</b> As Co-chair of the Education Donor Consortium, we will: play a pivotal role in the Mid-term Review in 2014; improve education quality ; work with partners to strengthen sector-wide approach management practices. <b>Health.</b> Narrowing our focus to assist the Government of Bangladesh implement reforms, take on lessons learned, support icddr,b’s institutional strengthening. <b>Social protection.</b> Finalise a delivery strategy for engagement in social protection. <b>BRAC .</b> Finalise risk management matrix; support establishment of a steering committee; support a visit from BRAC’s Chairperson; support research to demonstrate impact of support. <b>Climate change.</b> Align resources with regional program. <b>Scholarships program.</b> Look for opportunities to build on alumni programs. <b>Humanitarian activities.</b> Design long-term program in Cox’s Bazar District. <b>Small investments.</b> Rationalise investments below \$10m.</p>	<p>Achieved</p>	<p><b>Education.</b> Australia coordinated the Mid-term Review of Government of Bangladesh’s primary education program with the World Bank. Approaches to improve teacher training and student assessment progressed with Australian support and management through shared goals (disbursement linked indicators) was broadly supported. <b>Health.</b> Support was provided to promote uptake of reforms, following budget changes decision taken to withdraw from SWAp, Australia supported icddr,b to take steps to strengthen internal controls. <b>Social protection.</b> A proposal to the Foreign Minister to continue engagement (which was agreed to) drew on analysis from a draft delivery strategy. <b>BRAC.</b> Risk matrix finalised, steering committee established and functioning, first report of research finalised and informing future direction of partnership. <b>Climate Change.</b> The South Asia Regional program took on responsibility for climate change, and as a consequence responsibility for management of climate change activities in Bangladesh moved to the regional program. <b>Scholarships program.</b> Australia aligned awards more closely with strategic objectives and is maintaining an active alumni network. <b>Humanitarian activities.</b> Australia is maintaining support for refugees in Cox’s Bazar District, design of a new three year program is underway. <b>Small investments.</b> Australia has consolidated its aid program and is no longer engaged in water and sanitation or in the aid effectiveness project.</p>
<p>Analyse change in <b>education</b> (and possibly health) to focus engagement. Assess expectations for achieving objectives, by <b>supporting national systems</b>, in light of current political, economic and social developments. Increasing knowledge of the <b>obstacles faced by women and marginalised people</b>. Scoping opportunities for greater engagement on <b>institutional strengthening</b>, including in public financial management. Preparing for a <b>mid-term review</b> of the current country strategy by the end of 2014.</p>	<p>Achieved</p>	<p>Australia commissioned three of the five analytical reports that the Mid-term Review of the Government of Bangladesh’s primary <b>education</b> program, informing dialogue on refinements to the program. Despite political uncertainty (due to elections) Australia <b>supported national systems</b> to progress policy reform in education. Australia withdrew from the Government of Bangladesh’s health program due to budget cuts. Australia learnt more of the <b>obstacles faced by women and marginalised people</b> through a deepened engagement with MJF, BRAC and WFP. Australia supported <b>institutional strengthening</b>, including in icddr,b. We are <b>reviewing</b> our approach to inform a new AIP by July 2015.</p>

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Develop a **work plan** to help identify the most efficient use of resources. Review options for providing efficient and effective **program support**. Ongoing assessment of **staff safety**. Completing an overseas-based, work-level standard **assessment** and remuneration review. Develop strategies to use **specialist expertise** strategically.

Achieved

A revised team structure and **work plan** is being developed in furtherance of the DFAT integration process. **Staff safety** was assessed closely particularly surrounding the elections. A work level standard **assessment** was completed and **specialist expertise** supported our lead role in primary education.

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Note:

-  Achieved. Significant progress has been made in addressing the issue
-  Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
-  Not achieved. Progress in addressing the issue has been significantly below expectations

Annex B

Quality at Implementation ratings

Investment name

Investment name	Approved budget and duration	Qal year	Relevance	Quality at Implementation ratings					
				Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	
Australian Development Scholarships	\$5.3m annual	2013		4	4	5	4	4	4
		2012		4	5	4	4	4	5
Chars Livelihood Programme	\$15.7m 7 years	2013		5	5	5	5	3	5
		2012		6	5	5	5	4	5
BRAC Strategic Partnership Arrangement	\$180m 5 years	2013		5	5	5	5	5	6
		2012		5	5	5	4	4	5
Bangladesh Primary Education Sector Program	\$48.8m 4 years	2013		5	5	5	5	5	3
		2012		5	4	4	5	4	4
Health Sector Program HPNSDP	\$7.8m	2013		4	3	3	4	4	5
		2012		5	4	4	4	4	5
International Centre for Diarrhoeal Disease Research, Bangladesh	\$15.45m 3 years	2013		4	5	3	4	4	4
		2012		6	5	4	5	5	5
Manusher Jonno Foundation, Bangladesh	\$4.4m 2 years	2013		5	5	5	5	6	6
		2012		NA	NA	NA	NA	NA	NA
World Food Programme Cox's Bazar, Bangladesh Project	\$6.7m 3 years	2013		5	4	5	3	4	5
		2012		4	4	2	2	3	4

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

Annex C

Evaluation and Review Pipeline Planning

List of evaluations completed in the reporting period

Name of Investment	AidWorks number	Name of evaluation	Date finalised	Date Evaluation report Uploaded into Aidworks	Date Management response uploaded into Aidworks	Published on website
<b>BRAC Strategic Partnership Arrangement</b>	INJ597	Research on Documenting the Development and Implementation of the Strategic Partnership Arrangement (SPA) between BRAC, DFID and DFAT	12 June 2014	NO	NO	NO
<b>BRAC Strategic Partnership Arrangement</b>	INJ597	Part 1 of the Mid Term Review of the Strategic Partnership Arrangement	March 2014	NO	NO	NO
<b>Support to World Food Programme – integrated hunger and under-nutrition Fund</b>	INJ346	Formative Evaluation	February 2014	30 April 2014	No	No
<b>Chars Livelihood Programme (CLP)</b>	<b>INJ103</b>	Chars Livelihood Programme: Annual Review 2014	April 2014	29 May 2014	No	No

List of evaluations planned in the next 12 months

Name of Investment	AidWorks number	Type of evaluation	Purpose of evaluation	Expected completion date
<b>BRAC Strategic Partnership Arrangement</b>	INJ597	Part 2 of Mid Term Review	To assess how the partnership is tracking and identify areas for improvement.	October 2014

<b>Core Support to icddr,b for 2010/11- 2013/14</b>	INJ580	Core ICDDR,B Annual Review	To assess ICDDR,B's performance against indicators	October 2014
<b>Support to PEDP3</b>	INJ957	Mid Term Review	To assess how the program is performing and adjust programs according to the outcomes of the review.	September 2014
<b>Strengthening Government Social Protection Systems for the Poor (SGSP)</b>	INL234	Annual Review	To assess the program performance and suggest if adjustments need to be made in in terms of outputs, indicators and milestones, risks and assumptions.	August 2014
<b>Chars Livelihoods Program</b>	INL234	Annual Review	To assess program performance and recommend adjustments to outputs, indicators and milestones, risks and assumptions.	February 2015

Annex D

Performance Benchmarks 2014–15

Program strategic objective	2014–15 benchmark	Rationale for selecting this performance benchmark
Objective 1: Increased equity of access to, and improved outcomes from, health and education services	368,450 children (60% girls) complete a course of primary or pre-primary education in BRAC schools	The Strategic Partnership Arrangement (SPA) with BRAC supported by Australia and the UK allows BRAC to provide benefits at scale, including non-formal education, directly to poor families who would not otherwise be able to access them. Annual targets for BRAC's education Program under the SPA range between 350,000 and 400,000 children. It is complementary to development partner assistance to the Government of Bangladesh through the Government of Bangladesh's Primary Education Development Program for the national education system. Australia spends approximately 45% of its aid budget each year on education in Bangladesh.
	Chairing donor consortium to the Government of Bangladesh's Primary Education Development Program	The Government of Bangladesh's primary education program provides education services for 17 million children. While access has improved, including for girls, there is a strong focus now on improving the quality of education. Australia has a prominent role in this reform process as chair of the donor consortium that supports the Government of Bangladesh's primary education program.
	50% of donor fund disbursement is directly linked to results achieved (under the Government of Bangladesh's primary education program) with the remaining 50% subject to meeting annual audit requirements	The Government of Bangladesh's primary education program is funded on a performance basis. This approach to funding is focusing the engagement of donors on areas of mutual priority with the Government of Bangladesh, most particularly in the area of improving the quality of education.
	At least 50% of scholarships in each intake awarded to women	The scholarships program has been reoriented to align more closely with the objectives of the country program. A gender equality target has been in place for some time; Australia also aims to provide scholarships to people from ethnic minority groups.
Objective 2: Fewer women and men living in extreme poverty and vulnerable to economic and natural shocks	The number of female headed households graduating from BRAC ultra-	The SPA with BRAC supported by Australia and the UK allows BRAC to provide benefits at scale, including income earning and other targeted support measures, directly to between

Program strategic objective	2014–15 benchmark	Rationale for selecting this performance benchmark
Objective 3: Women and marginalised groups better able to demand services and assert rights	poor programs since 2011 reaches 269,000	50,000 to 70,000 poor female headed families each year who would not otherwise be able to access them.
	Social Protection Unit established and operational at the Ministry of Finance	Australia has helped drive partner efforts on social protection reform. To build on momentum, Australia is providing support for reform in the sector through a new UK led arrangement with the Government of Bangladesh. This will include streamlining existing welfare arrangements, helping make Government of Bangladesh expenditure more efficient and effective.
	At least 75% of malnourished women and children treated by WFP in Cox's Bazar District improve their nutritional status	Australia's support for WFP operations in Cox's Bazar District will provide vulnerable pregnant and lactating women and children aged 6–59 months with nutrition and food security support to help break the intergenerational cycle of poverty and under nutrition. This support has the potential to provide long term benefits for women and their families, promoting stability, and building on humanitarian assistance that has been provided for many years.
	11,000 women assisted to take positions in community decision making	Australia supports efforts by civil society to encourage marginalised people, mostly women, to take up the opportunities offered by local democracy and power structures (local authorities, water and education committees etc.). Experience shows that greater representation by marginalised people at this level leads to a greater chance of their problems being addressed.