Department for International Development

HMG Response to the International Development Committee’s Report on DFID’s Programme in Bangladesh

Presented to Parliament by the Secretary of State for International Development by Command of Her Majesty

September 2010

Cm 7940 £5.75
## Contents

Introduction 3  
The political context 4  
Civil Service Strengthening 4  
Improving accountability: parliament and parliamentarians 5  
Improving accountability: civil society organisations 5  
Increasing the tax base 6  
Good governance: a long-term objective 6  
Education 7  
Targeting extreme poverty 8  
The Chars Livelihoods Programme 8  
Targeting the urban poor 9  
Service delivery: the role of NGOs 9  
DFID’s relationship with BRAC 10  
Tackling gender inequality 10  
Responding to climate change and natural disasters 12  
Private sector development 15  
Reducing corruption 15  
Working with Bangladeshi communities 16
Introduction

The International Development Committee’s inquiry into the UK’s development programme in Bangladesh consisted of oral and written evidence and a country visit from 31st October to 5 November 2009. The inquiry looked at the size and scope of DFID’s programme, focusing on governance and institution building; reducing poverty and inequality; tackling gender inequality; responding to climate change and natural disasters; and helping Bangladesh become a middle income country.

The IDC published its report on 4 March 2010 and this is DFID’s formal response to the recommendations. The report was positive about the programme in Bangladesh. It commends DFID’s work on governance, extreme poverty and the balance we are striking between support to service delivery and capacity building. DFID agrees with the majority of the Committee’s recommendations, some of which are already being implemented, as highlighted within this response.

The future direction of the UK’s country programme to Bangladesh will be determined in light of the Bilateral Aid Review that DFID Ministers have commissioned, which is due to be completed by the end of 2010.
The political context

Recommendation

1. We urge all political parties in Bangladesh to engage meaningfully in the political process. Without an effective opposition, democracy and the reputation of parliament are diminished. Bangladesh should respect its democratic history and it is incumbent on its political parties to find ways to work together for the benefit of all the people of Bangladesh. (Paragraph 14)

We agree, and will continue to make this point to the Government of Bangladesh, the opposition parties and civil society.

Civil Service Strengthening

Recommendation

2. DFID’s programme to help train civil servants is making good progress and has now achieved nearly half of its target number. We appreciate that this is a long term project and that the benefits may not be immediately felt. It is nevertheless valuable if it can provide a group of well-trained civil servants to advise successive governments. We would urge DFID to take forward the suggestion of using appropriately qualified Bangladeshis living and working in the UK to help train civil servants in Bangladesh as one possible and potentially less costly alternative to sending civil servants abroad for training. (Paragraph 19).

Noted. We agree on the fundamental importance of building civil service capacity, recognising that this is a long term process. The kind of training provided under the DFID-funded programme is designed to expose senior civil servants to internationally recognised good practice; this cannot always be achieved through workshops in Dhaka. We will consider the scope for using appropriately qualified British Bangladeshis to help strengthen the civil service, in the context of the Government of Bangladesh’s own “road map” of reform for the civil service.
Improving accountability: parliament and parliamentarians

Recommendation

3. We have on a number of occasions expressed our belief that DFID should allocate more funding to parliamentary strengthening initiatives which are central to improving governance. We believe that, in a country such as Bangladesh where Ministers and parliamentarians are keen to learn from the Westminster system, a more strategic relationship with the Westminster Foundation for Democracy (WFD) would be beneficial. We recommend that DFID take forward the WFD proposal and explore the possibility of enhancing the relationship in the near future. We request that DFID reports back to us on the outcomes of its discussions with the Foundation in its response to this Report. (Paragraph 24)

We agree on the fundamental importance of parliamentary strengthening. DFID support to parliament and civil society over the next five years will help to build political participation, and stronger democratic institutions. This includes £1 million to support the work of the Westminster Foundation for Democracy, who paid an exploratory visit to Bangladesh in October 2009. We look forward to developing this partnership with WFD, and will report back to the Committee in due course. We also expect the Commonwealth Parliamentary Association will contribute to these efforts, following a visit by British MPs in February 2010.

Improving accountability: civil society organisations

Recommendation

4. Improving the ability of civil society, broadly defined, to hold the providers of public services to account is an essential component of better governance and for ensuring the poor can access the services they need. Donor initiatives in this area have made some progress, for example in terms of raising awareness of corruption and the need for public accountability. DFID must build on this success and ensure that its programmes help to raise the demand for accountability among the poorest and for those aspects of governance which are most important to the poor. Working with smaller NGOs may provide one means of doing this and may not require a large amount of funding. We appreciate the economies of scale which DFID gains from working through larger NGOs but believe that it should nevertheless seek to ensure smaller community groups and non-governmental organisations have access to donor funds. (Paragraph 29)
Agreed. We support an extensive network of grassroots community initiatives designed to increase demand for greater Government accountability. These include activities by the local chapter of Transparency International, and grants to smaller local NGOs through a £30 million Rights and Governance challenge fund.

Increasing the tax base

Recommendation

5. We broadly support DFID in its efforts to increase the tax base from 3 to 5 million. Once this target has been achieved a new, ambitious, target should be set to ensure the number of people paying taxes steadily increases over time. Changing entrenched attitudes to taxation is a long term process and the tax base in Bangladesh is likely to remain small for a long period. However, the state is not currently able to provide services in a number of key areas and it will not increase its ability to do so unless and until it widens the tax base. This would also help achieve a stronger and more direct relationship between the government and its citizens. We urge the Government of Bangladesh to make progress on widening its tax base, with appropriate support from donors. (Paragraph 34)

Agreed. We secured a commitment from the Bangladesh Government to address domestic revenue issues at the Development Forum in February. The subsequent budget in June included measures to increase domestic revenues by nearly one fifth in nominal terms this financial year (an increase from 9.0% of GDP in 2009/10 to 9.7% in 2010/11). The budget detailed significant reforms in particular to VAT and income tax collection.

Good governance: a long-term objective

Recommendation

6. Programmes to improve governance are complicated, resource-intensive and rarely produce immediate results. They are nevertheless important in countries such as Bangladesh and should be viewed as long-term projects where the benefits might not be reaped for 10 or more years. When evaluating programmes in this area, benchmarks must be realistic so that programmes are not cut prematurely. (Paragraph 38)

Agreed. DFID is supporting three major governance programmes, all of which build on previous project experience and are designed to run for five years. These programmes are directed at: (i) strengthening democracy, including support for parliament; (ii) safety and justice measures, including police
reform; and (iii) improving public expenditure management, including accountability. The programmes have long-term targets as well as rigorous interim benchmarks. We will refine and strengthen both the targets and interim benchmarks, in consultation with partner donors and Government, following the outcome of the 2010 Bilateral Aid Review and as part of forthcoming detailed programme reviews.

Recommendation

7. DFID has developed a significant and broad governance programme in Bangladesh. It is to be commended for its initiatives in this area since it is clear to us that the poor quality of governance and the weakness of politics there both act as substantial impediments to the successful implementation of development partnerships. We broadly endorse its efforts, recognising that DFID is operating in a complex and difficult political environment. (Paragraph 39)

Noted, with thanks. The UK’s efforts on governance also involve the FCO, through the British High Commission in Dhaka. And we are strengthening coordination with other development partners. This includes a joint governance assessment (UNDP, Canada, Netherlands, Denmark, UK) which will inform discussions with the Government on future joint programming.

Education

Recommendation

8. A well-educated population is essential for Bangladesh to make further progress in poverty reduction and for it to achieve its goal of becoming a middle-income country by 2021. Bangladesh is on track to meet the MDG target for enrolment in primary school. It now needs to be more ambitious and seek to meet the target for primary school completion along with improved quality. Further progress on enrolment and completion of secondary education, especially for the poorest, is also a priority. (Paragraph 49)

Agreed. The Bangladesh Government launched its new Education Strategy in early 2010, covering most of these issues. The key challenge, as in other areas, will be delivering results on the ground. Our current funding is designed to support Government efforts to improve both completion and quality at primary level. This includes a small amount of support for teacher training and English language skills at secondary level, for example through the BRAC basic education programme. Others, such as the World Bank, lead development partner efforts on secondary education.
Targeting extreme poverty

Recommendation

9. We were impressed by the way in which BRAC’s Targeting the Ultra Poor programme is able to provide the most needy families with multi-pronged assistance to help raise themselves out of poverty. It provides direct and practical help in the form of assets such as livestock and also empowers beneficiaries to make informed decisions about their lives, including integrating health and family legal advice. We fully support DFID’s contribution to this pioneering programme and look forward to seeing it extended to more people. (Paragraph 55)

Noted with thanks. We will consider further support to BRAC’s Ultra Poor programme through the proposed strategic partnership arrangement (recommendation 13 refers).

The Chars Livelihoods Programme

Recommendation

10. The Chars Livelihoods Programme provides an excellent example of innovative poverty reduction programming by DFID in an area of Bangladesh which receives little or no assistance and where some of the poorest and most vulnerable households are located. We commend DFID for its efforts to assist these hard-to-reach groups in the remote Chars. We saw for ourselves the difference this assistance as making in the lives of some of the recipients. However we are concerned about the lack of services on these islands. We appreciate that there is a legitimate question around how much to invest on temporary islands which are regularly flooded. But given the investment which DFID is making in this programme we consider it short-sighted not to ensure that the Chars dwellers can have access to the same basic services which other people have. DFID should actively encourage local government to invest in the Chars islands communities by providing more schools and better health care facilities and to tackle issues such as land rights. Without these basic services the populations there are likely to remain recipients of aid programmes. (Paragraph 61)

Noted with thanks. The second phase of the Programme, as of this year, includes a specific emphasis on establishing links with Government, NGO and private sector providers to ensure that Char dwellers are able to access health and education. To clarify points made in paragraphs 58 and 108 of the IDC report, there are an estimated 4 million people living on the Chars. Phase 1 of the programme helped 700,000 people; phase 2 will help a further 1 million.
Targeting the urban poor

Recommendation

11. We were pleased to learn that DFID’s programme in Bangladesh will have an increased focus on urban poverty. Dhaka is predicted to become one of the world’s largest cities in the near future. This presents both challenges and opportunities. We reiterate the recommendation in our report on urbanisation, that DFID should re-establish a specific focus on urban poverty, with appropriate expertise in its country office in Bangladesh. (Paragraph 65)

Noted. The UK bilateral programme portfolio includes many programmes that work in urban areas. The scale and nature of future DFID activities in the urban sector is being considered as part of the ongoing Bilateral Aid Review, set in the context of the Joint Cooperation Strategy between the Bangladesh Government and all development partners.

Service delivery: the role of NGOs

Recommendation

12. We have not heard any evidence to suggest that NGOs are displacing the state by providing services which the government is in a better position to provide. In Bangladesh NGOs often provide a different type of service, for example non-formal schooling for disadvantaged children or community-delivered health care, while core funding for the health and education sectors remains in the hands of the state. While we accept that it would be better if the government was more capable of delivering these services, and we expect DFID to continue to work towards this end, we believe that the provision of services to the poor should not be delayed while waiting for a more effective state to emerge. (Paragraph 73).

Noted and agreed. In 2009-10, 44% of DFID’s bilateral spend was channelled through NGOs including via challenge funds; 28% through Government; and 27% through direct contracting or other donors.
DFID’s relationship with BRAC

Recommendation

13. We have some sympathy with the concerns expressed to us about DFID’s new Partnership Programme Arrangement (PPA) with BRAC. It risks having unintended and unforeseen implications for DFID’s relationship with other NGOs in Bangladesh which should be acknowledged and discussed with them to prevent any risk of souring of their relationship with DFID. However, the new relationship may also be seen as a new model for working with southern NGOs. We are supportive of such innovations. DFID is proposing a five year programme with BRAC. We recommend that DFID provide us with an assessment of how the programme is working one year after the PPA commences. (Paragraph 77).

We note the Committee’s concern that the proposed partnership funding for BRAC may sour relationships with other NGOs in Bangladesh. We are confident that local communications can be managed so as to avoid any negative perceptions. We expect to put detailed proposals to Ministers in late 2010 on future support through BRAC. The proposed new arrangement would be a “strategic partnership”, focused on delivering the best results from BRAC’s development operations, rather than funding for separate projects.

Tackling gender inequality

Recommendation

14. Bangladesh has made some improvements in access to antenatal care, and maternal mortality is declining. However it is off track to meet the MDG for reducing maternal mortality. The shortage of skilled birth attendants and the low usage where they exist is a key factor behind continued high rates of maternal mortality, especially for the poor. More needs to be done to improve and expand maternal and neonatal care. In addition there is limited statistical data about how and why changes are taking place in maternal mortality rates. Government and donor-funded programmes have made some progress but there is a weak relationship between research programmes and country programmes. We recommend that DFID increase and expand its funding for maternal care, including increased evaluation and monitoring of programmes to establish which are most effective. It should also increase its focus on promoting the benefits of assisted deliveries, specifically targeted towards the poorest families. (Paragraph 86).
Noted and agreed. We will push for the best evidence and research-based interventions in the next health sector programme now being prepared. This will include increasing the number of births attended by skilled attendants.

Recommendation

15. Many of the problems which women face in Bangladesh are linked to their status in society. We encourage donors to address this more robustly. One way in which this can be done is by promoting women's involvement in decision-making processes. While Bangladesh already has some women in the highest echelons of power, a programme to promote wider participation and leadership of women committed to challenging the traditional role of women in NGOs and businesses could make a difference to the perception of women's contribution. We recommend that DFID take this forward as part of its wider work on governance. We also recommend that DFID include these objectives in its revised Gender Action Plan. (Paragraph 90).

Agreed. We already support greater participation by women in decision-making, e.g. through community groups and school parent committees. We will work with government and other development partners to advance these issues more deliberately. For example, we will support women's caucuses in Parliament and work with NGOs such as the Bangladesh Advancement of Women's Leadership. The precise scale and focus of DFID's future interventions in Bangladesh will be informed by the outcomes of the Bilateral Aid Review.

Recommendation

16. DFID's strategy for promoting gender equality has not significantly changed the gender dynamics in Bangladesh. We believe DFID should increase its focus on gender and begin to consider new ways in which it can ensure that its social programmes do more than target women as beneficiaries and that its monitoring does more than note progress. We recommend that DFID create specific targets for each programme in terms of the number of women who will benefit and that it actively monitor these targets so that, if they fall short, the causes can be identified and addressed. Setting measurable targets is distinct from simply monitoring outcomes. These targets should be included in the Gender Action Plan for Bangladesh. (Paragraph 93).

Not agreed. While no single actor can expect to change the entire gender dynamics of Bangladesh, UK efforts have had a substantive impact. We have been particularly influential in driving forward the Domestic Violence Bill and can take some credit for the reintroduction of the National Women’s policy. The government acknowledged the importance of doing much more to tackle gender inequality at the Bangladesh Development Forum in February, including in the Prime Minister's statement. UK-funded programmes, such as the Chars Livelihoods Programme, in urban slums and income
generation activities, very specifically target poor women. Detailed project indicators reflect these objectives; they do not simply “note progress”.

We acknowledge the need for greater ambition, and effort. This is a challenge for Government and society in Bangladesh, supported by all development partners. We will continue to play an active role on gender issues as co-chair of the local consultative group, and through the Joint Cooperation Strategy. We will include specific measures in the revised Gender Equality Action Plan. These will in turn be incorporated into the Bangladesh Business Plan DFID will produce by the end of 2010, following the Bilateral Aid Review.

Responding to climate change and natural disasters

Recommendation

17. Bangladesh is one of the countries most vulnerable to climate change impacts. Climate variability and change risk compromising the effectiveness of development assistance through increased hazards to specific programmes. The frequency of natural disasters is already thwarting progress on poverty reduction since resources used to respond to natural disasters cannot also be used to expand development programmes. The significance of this challenge is likely to increase if predicted sea level rises occur. (Paragraph 102).

Agreed. Bangladesh is already living with the effects of climate change. We helped the Government prepare its Climate Change Strategy and Action Plan and have increased our support for mitigation, adaptation and research. Further details are set out in the responses to recommendations below.

Recommendation

18. DFID has undertaken effective climate screening of its programmes through the ORCHID assessment. This has resulted in improved design of programmes. DFID Bangladesh must ensure that all its programmes are “climate proofed” against future risks. Climate risk management strategies also need to be more widely available for developing country governments. We understand there are factors which limit current government capacity in Bangladesh. We nevertheless recommend that DFID work to create international standards and norms on climate risk management and ensure that countries as vulnerable as Bangladesh can and do utilise these systematically. (Paragraph 103).

Agreed. In Bangladesh we continue to support the Comprehensive Disaster Management Programme, through UNDP, which is strengthening Government capacity and systems for anticipating and dealing with climate risks. Bangladesh is leading the way amongst the countries most vulnerable to climate change.
Globally, DFID is supporting the development of tools for managing disaster risk more systematically, including through the World Bank Global Facility for Disaster Reduction and Recovery, and UNDP’s Bureau for Crisis Prevention and Recovery. Important progress has been made globally on analysing and indexing disaster risk, forecasting and early warning. The Bangladesh Comprehensive Disaster Management Programme is a good national-level example of this. However, we recognise that there is need for greater standardisation globally and coordination of support to governments in this field.

Recommendation

19. We welcome DFID-funded initiatives to improve the resilience of the poorest, including the BRAC Targeting the Ultra Poor and the Chars Livelihoods Programme. These demonstrate the inter-related nature of tackling poverty and adapting to climate change. The challenge presented by current and future climate change impacts on Bangladesh is immense. We believe that the poorest sectors of the population, who have the least ability to cope, should be the primary beneficiaries of any new UK-funded programmes helping Bangladesh to adapt to climate change. (Paragraph 109).

Partially agreed. The linkages between poverty and climate change call for a holistic approach covering policy measures, transport and other infrastructure, livelihoods, research, disaster preparedness and direct help for the poorest and most vulnerable. The Bangladesh Climate Change Strategy and Action Plan sets out such an approach. The UK has allocated £75 million to support its implementation, in addition to programmes targeted at the poor and most vulnerable.

Recommendation

20. Funding for climate change adaptation and mitigation in developing countries must be additional to existing and pledged official development assistance. We recognise that development projects can, and sometimes do, deliver outcomes which increase resilience and constitute effective adaptation to climate change. The implications of climate change for the outcomes of all DFID’s development programmes should therefore be carefully assessed. However, this does not mean that development programmes in health or education should be cut to pay for necessary climate change adaptation. Equally, any new climate change programmes in Bangladesh must have a development benefit. (Paragraph 115).

Noted. The UK’s £1.5bn Fast Start commitment (2010-2012) is drawn from the UK’s aid budget, which is due to rise to 0.7% of GNI by 2013. The UK’s policy on long-term climate finance will be determined through the ongoing Bilateral and Multilateral Aid Reviews, and the Government wide Comprehensive Spending Review, which will report in autumn 2010.
Recommendation

21. DFID should make clear when announcing climate change funding whether or not it represents new funding or will draw on already pledged official development assistance (ODA). We expect DFID to keep to its commitment to limit to 10% the amount of ODA which can be used for climate change adaptation in Bangladesh and throughout its bilateral programmes. We recommend that DFID provide us with an update on the amount of new climate change funding which will be available for Bangladesh after 2013 in the light of the outcomes of the Copenhagen climate change conference. (Paragraph 116).

Noted. We will inform the Committee and Parliament of allocations of funding once it has been agreed, including for Bangladesh.

Recommendation

22. Since a large part of Bangladesh is below or at sea-level and many of its natural disasters are related to sea-level rises and rivers flooding we would expect the management of water resources, including those in neighbouring countries, to be an integral part of DFID’s disaster risk reduction work in Bangladesh. We recommend that DFID provide us with a detailed report on how the South Asia Water Initiative is progressing and how this is impacting on DFID’s programme in Bangladesh in its response to this Report. (Paragraph 119).

Agreed. The South Asia Water Initiative is managed by a joint HMG Climate and Energy Unit based in New Delhi. This Unit works closely with DFID Bangladesh, other country offices and with FCO colleagues. We have recently established a South Asia climate change champions’ network to reinforce this cross-country approach. We will, separately, submit to the Committee the most recent Annual report of the Initiative (November 2009) and will be happy to share subsequent reports if the Committee is interested.

Recommendation

23. Millions of people are regularly affected by floods in Bangladesh. If predicted sea level rises occur 30 million people will be made homeless and this will, of necessity, trigger migration. We accept that this is still a future scenario and that predictions are sometimes inaccurate. Nevertheless we believe that DFID should re-examine its approach to potential climate change-triggered migration and begin to assess how it can help the Government of Bangladesh to manage such events. DFID has responded to most of the recommendations in the ORCHID assessment but does not appear to have responded to the recommendation that it develop a multi-donor approach to stimulate dialogue on mass migration and trans-boundary water management. We endorse the ORCHID conclusion and recommend that DFID Bangladesh initiate this discussion in the next 12 months and report its progress to us. (Paragraph 122).
Agreed. We will provide a progress report on implementing the “ORCHID” conclusions in 12 months’ time. We are pursuing trans-boundary water management issues through HMG’s engagement with SAWI, and through diplomatic channels in the affected countries. Alongside government, we will facilitate and encourage policy dialogue on the issue of climate-related mass migration in Bangladesh through the climate change working group. We expect this issue will also feature in the COP 16 discussions, for which the UK is providing modest technical assistance (worth about £200,000) to the Bangladesh Government.

Private sector development

Recommendation

24. Creating effective producer associations is an important way of linking smaller producers and creating a larger constituency to lobby for help with marketing or general improvements in the investment climate. This type of assistance is also a very practical example of aid for trade. We support DFID’s efforts to assist such associations as they seek to create a more dynamic private sector in which small businesses can flourish and contribute to poverty reduction. However we have seen little evidence to suggest that donors have a coordinated plan for strengthening such commercial associations. We accept that demand for change must come from Bangladeshi society but consider that donors can and should work to encourage the creation of more producer and professional associations in a more strategic and coordinated manner. (Paragraph 129).

Agreed. The UK has supported public-private dialogue through the Bangladesh Investment Climate Facility. We have proposed to Government that it convenes an Investment Forum to discuss and agree specific actions to complement the Bangladesh Development Forum (February 2010) and facilitate greater private sector led growth. All development partners active in this field coordinate through regular meetings, including with government and private sector representatives. We will work with others to improve coordination further, within the framework of the recently signed Joint Cooperation Strategy.

Reducing corruption

Recommendation

25. We are pleased to learn that Bangladesh has improved its ranking on the Transparency International Corruption Perception Index since 2008. This is a positive development but the score indicates that there is still room for significant improvement. Tackling corruption robustly is important. Current corruption levels are creating inefficiencies in the
economy which will thwart Bangladesh’s desire to become a middle-income country. In its dialogues with the Government of Bangladesh and the private sector DFID should emphasise the importance for Bangladesh of challenging corrupt practices and the need to put in place more effective measures to deter it. (Paragraph 132).

Agreed. We helped ensure that governance and corruption issues were on the agenda of the Bangladesh Development Forum in February 2010. Government acknowledged that it needed to do more to reduce corruption at all levels, and sought Development Partners’ support. We are also providing direct support to strengthen public financial accountability and transparency.

Working with Bangladeshi communities

Recommendation

26. It is clear to us that, despite its efforts, DFID is not reaching the Bangladeshi public in the UK effectively. We believe that the Bangladeshi population in the UK can make a useful contribution to DFID’s work in Bangladesh. More importantly the Bangladeshi population in the UK wants to maintain links with Bangladesh and to help improve the situation there. We recommend that DFID support this by reassessing its communications strategy for its Bangladesh programme and that it make or strengthen links with local councillors and community leaders here. (Paragraph 135).

Noted. There is presently a UK Government-wide freeze on all marketing activities. Any future communications strategy will be established within the limitations set out by this policy.

Recommendation

27. DFID needs to have a greater visible presence in Bangladesh, in towns and villages outside of Dhaka, and perhaps especially in Sylhet, from where the majority of Bangladeshis in the UK originate. The new “UKaid” logo may improve matters but it is also important that key DFID staff get out of Dhaka regularly to visit programmes and talk to those who benefit as well as those who do not. (Paragraph 139).

Noted. Some programme activity is not explicitly visible as “UK” branded because it is implemented through third parties, and/or with other development partners. Any new communication activity will need to be consistent with the UK Government-wide policy on marketing expenditure.

Paragraph 138 of the report is misleading: DFID Bangladesh has 78 staff, but only 30 of these are technical advisers and programme managers. It is this group that has undertaken 200 days of field visits in the past year, as well as discussions outside the DFID office but in Dhaka. We do not accept the assertion that DFID’s professional staff do not have the “rounded and fully-informed perspective on the issues on which they work”.

16