

Strategy for development cooperation with

Bangladesh

January 2008 – December 2012



REGERINGSKANSLIET

Government Offices
of Sweden

**Ministry for Foreign Affairs***Department for Asia and the Pacific Region***Cooperation strategy for development cooperation with Bangladesh, 2008–2012*****Summary***

The situation in Bangladesh is multifaceted and complex. Poverty is declining and several development indicators show that progress has been made. The country is characterised by macroeconomic stability and low population growth. At the same time, Bangladesh is one of the world's most corrupt countries with a serious lack of respect for human rights. A large proportion of the population still lives in deep poverty and the country has major environmental problems. The effects of global warming are expected to worsen the already vulnerable position of Bangladesh with regard to flooding and other natural disasters.

This strategy will govern Sweden's development cooperation with Bangladesh. It is based on Sweden's international development cooperation policy, the policy for global development and on the priorities laid down in the Bangladeshi poverty strategy. Strategic choices have been made based on poverty analyses, experience from previous cooperation, the profiles and commitments of other donors, Sweden's development assistance policy priorities and Sweden's comparative advantages.

The overall objective of Sweden's development cooperation with Bangladesh is that the right to education, health, and a clean and healthy environment is fulfilled for women, men, girls and boys living in poverty, which will be done via support to the country's own poverty strategy. Development cooperation and the dialogue will be based on the rights perspective and poor people's perspectives on development through applying four guiding principles. The objectives of each cooperation area are:

- Increased access to and improved quality of primary education for children living in poverty, with a particular focus on girls.
- Improved access to efficient and non-discriminatory health care for people living in poverty, with a particular focus on maternal health care.
- Strengthened rights for women and improved democratic governance through greater opportunities for women and men living in poverty to assess and demand quality and non-discriminatory public service delivery.
- Improved urban environment for the benefit of people living in poverty.

Primary health care and education will remain the core areas of the development assistance with contributions to the respective sector-wide programmes. Contributions for women's rights and for opportunities for poor people to demand good public services will primarily underpin sector programme support and be targeted through civil society organisations. Measures to adapt to the effects of climate change and relevant action to reduce climate impact will be integrated, where possible, into cooperation activities and at the beginning of the strategy period, Sida will examine the possibilities of contributing to other initiatives in the field of climate. Efforts to improve the urban environment will be primarily supported via concessionary credits.

The volume will amount to approximately SEK 220 million at the beginning of the strategy period, with the possibility of increases to support climate adaptation measures, for example. A mid-term review of the results of cooperation activities will be conducted in 2010. There must be a preparedness to make amendments to focus and volume before the mid-term review, as stipulated in Part 1, Section 4, Follow-up.

Part 1. Objectives and focus of cooperation

1. Objectives and priorities

1.1 Objectives and guiding principles

The overall objective of Sweden's development cooperation with Bangladesh is that the right to education, health, and a clean and healthy environment is fulfilled for women, men, girls and boys living in poverty. By doing so, cooperation will help achieve the goal for Swedish development cooperation – to create the conditions for poor women and men to improve their lives – and to the goal of Sweden's policy for global development, to contribute to equitable and sustainable global development. The basis of the cooperation is the two perspectives of the

policy for global development: poor people's perspectives on development and the rights perspective, as well as the development goals of Bangladesh, expressed in the national Poverty Reduction Strategy Paper (PRSP). Measures for adapting to the effects of climate change and relevant action to reduce climate impact will be integrated into cooperation activities where possible.

When planning and implementing development contributions, Sida should take action to ensure good coordination with both bilateral and multilateral donors. Sida will also make use of the knowledge and experience at Swedish universities, in civil society, at government agencies and in the private sector. The rights, needs, experiences, and opportunities of poor people will be at the core of Swedish development cooperation in all its aspects and at all stages.

In order to apply poor people's perspectives on development and the rights perspective, the following four principles will serve as guidelines for development cooperation: *participation, non-discrimination, transparency, and accountability*.¹ These principles have a direct bearing on the opportunities of poor women and men and in their application can also help reduce corruption. All activities are to be guided by great responsibility and caution with regard to the risks of Swedish development assistance funds not being used for the intended purposes.

1.2 Objectives for each cooperation area

The cooperation strategy will include continued support to the primary education and health sectors. It will be supplemented by initiatives via civil society organisations to strengthen women's rights, and contributions to strengthen the capacity of these organisations for critical, independent review and for holding state agencies into account, thus contributing to stronger democratic governance. In addition, Sweden will work to improve the urban environment, primarily by means of concessionary credits.

The objectives are:

- *Primary education:* Increased access to and improved quality of primary education for children living in poverty, with a particular focus on girls.
- *Health care:* Improved access to efficient and non-discriminatory quality health care for people living in poverty, with a particular focus on maternal health care.
- *Women's rights and democratic governance:* Strengthened rights for women, and improved democratic governance through greater opportunities for women and men living in poverty to assess and demand quality and non-discriminatory social service delivery.

¹ Definitions and applications have been developed in the POM Working Paper 2006:4, *Current Thinking on the Two Perspectives of the PGD*, Sida.

- *Urban environment:* Improved urban environment for the benefit of people living in poverty.

1.3 Objectives for the dialogue

The overall objective of the dialogue during the strategy period is:

- That the environment and climate perspective in the next Bangladeshi PRSP is clearly directed at the conditions of poor women and men.
- Greater transparency and reduced corruption in the Bangladeshi public administration.

Each cooperation area will have the following objectives for dialogue:

- *Primary education:* Increased quality of education with particular focus on including girls.
- *Health care:* Increased outreach of services to include the most vulnerable people, focusing particularly on sexual and reproductive health and rights.
- *Women's rights and democratic governance:* strengthened rights for ethnic minorities and other vulnerable groups, with particular focus on women.

The dialogue will be held at all levels, depending on the purpose and context. It will primarily be held with the government and other donors in and through the EU group, the Local Consultative Group (LCG) and donor consortiums in the two sector programmes, and with other donors, partners and civil society organisations. The form of the dialogue will be based on the rights perspective and the perspective of the poor on development, supported by the principles of non-discrimination, participation, openness and accountability.

1.4 Process objectives

The strategy has two overall process objectives.

- Establishment of a Joint Assistance Strategy (JAS) in collaboration with the government and in line with the next version of the Bangladeshi PRSP.
- Increased integration of adaptation to climate change, primarily in the sector programmes for primary education and health care.

The process objectives of each cooperation area are:

- *Primary education:* Enhanced government and donor cooperation and greater involvement of civil society organisations in the sector programme.

- *Health care*: Enhanced national ownership, increased donor coordination and increased stakeholder participation in the sector programme.
- *Women's rights and democratic governance*: Strengthened capacity of the civil society organisations to apply the two perspectives, closer linkages with the two sector programmes, and enhanced donor coordination.

2. Direction and scope

2.1 Support to the education and healthcare sectors

Health and education are of vital importance for enabling poor people to improve their lives, and constitute key rights. Literacy is also one of the basic criteria for realising freedom of expression and other political rights. The national objectives in the Bangladeshi PRSP to which Swedish support is to contribute are i) improved quality primary education for all eligible children, and ii) sustainable improvement of health, nutrition and family welfare status of the population of Bangladesh.

Sweden will be active in ensuring that the most vulnerable poor people, particularly women and children are included in this support, both in rural areas and in the cities. Initiatives will also be assessed and designed so that conflicts and corruption are prevented. Sector support will provide Sweden with a point of departure for a dialogue on how the principles of non-discrimination, participation, openness and accountability can be applied. This platform will also be used in the work, through dialogue and information activities, to ensure that the programmes take account of, and are adapted to the effects of climate change.

The sector programmes started relatively recently and have slowly begun to deliver according to plan. The government has initiated an extensive reform programme which will make both sectors more efficient. To combat corruption when sector programmes are implemented, Swedish measures will be targeted at areas of common importance for the working of the health and educational sectors, such as results-based management, public finance management and decentralisation. This places great demands on coordination between donors and on working proactively in a focused manner.

Other projects in these two sectors should be reviewed during the strategy period. Continued support may be considered if it is possible in the long-term to integrate the projects into the sector programmes or if they can strengthen application of the four principles.

2.2 Support for women's rights and democratic governance

Current support to civil society organisations will be extended from general support for human rights and democracy promotion, including women's rights, to strengthening the role of civil society in monitoring the quality and accessibility of public services, particularly in the education and health sectors but also in the field of the urban environment. Support may also be allocated to information campaigns to inform poor people about their rights and about how government agencies are meeting the targets set. Through this, the conditions for effective accountability and measures against corruption can be strengthened.

The national objective to which this support will contribute is: increased participation, social inclusion empowerment and good governance. Sweden should also strive to develop channels to disseminate information on the situation and needs of poor people. New applications in information and communications technology should be considered as methods.

2.3 Support to an improved urban environment

Investments funded by concessionary credits granted to Bangladesh will be targeted at the urban environment area, including waste water treatment, waste management, sanitation, air quality and sustainable energy sources. There are considerable needs in this area which have received relatively little attention by other donors. Such investments could be supplemented if necessary by a small number of strategic initiatives to ensure that poverty and rights aspects permeate activities. The point of departure for investments should be the needs of Bangladesh and the experience that Sweden has developed in Bangladesh and other countries. Account is to be taken of Swedish comparative advantages. The national objective to which this support will contribute is: improved environment and use of natural resources.

2.4 Other strategic initiatives

The threat of the effects of climate change and the unsustainable use of Bangladeshi natural resources in the long term is increasing. Contributions for adaptation to climate change will primarily be integrated into the two sector programmes. In addition to this, Sweden should support other strategic initiatives for adaptation to climate change and measures to reduce climate impact, primarily as contributions supplementing the sector programmes. At the beginning of the strategy period, Sida will therefore examine the possibilities of contributing to such initiatives, based on Sweden's comparative advantages and other donors' intentions.

Bangladesh will also be offered single, time-limited rehabilitation and reconstruction contributions, primarily via multilateral channels, after flooding and other natural disasters.

Sweden must also be in a position to give support to other strategic and innovative initiatives for poverty reduction, since the larger donors are often unable to be flexible. The criteria for such support will be the needs of the country, Swedish comparative advantages and that the contribution helps achieve the overall objective of this strategy. This option should be applied restrictively and to a limited extent in terms of volume.

2.5. The extent of development cooperation

The volume will amount to approximately SEK 220 million at the beginning of the strategy period, with a possibility of increasing this to support climate adaptation measures etc. A mid-term review of the results of cooperation activities will be conducted in 2010. There should be a preparedness to make amendments to direction and volume before the mid-term review, as stipulated in Part 1, Section 4, Follow-up.

3. Implementation

Work on implementing this strategy will be conducted in three ways: through policy dialogue; through the programmes and other interventions that Sweden supports, with special emphasis on the sector programmes for health and education; and through support to local civil society organisations and other channels providing a voice for poor people.

Together with other donors, Sweden should be active in making programmes and interventions more easily accessible to people living in poverty, and to be proactive in listening to men's and women's experiences of the public services. Sweden should develop synergies between various aspects of the development assistance portfolio.

Sweden should also take part in discussions on how total donor support can supplement the country's own efforts and, in connection with this, try to bring about a more far-reaching division of labour between various donors, based on comparative advantages and on the possibility of donors complementing each another as set out in the Paris Declaration. Sweden should continue its close cooperation with the World Bank and the Asian Development Bank (ADB) in the sector programmes for health care and primary education.

Development cooperation with Bangladesh will be adapted to the country's own planning processes in accordance with the Paris Declaration. Via the local donor group, donor consortia and other subgroups, Sweden will continue to work towards greater harmonisation

a division of labour, coordination and simpler working methods among donors. The guidelines in the EU Code of Conduct on Complementarity and Division of Labour will direct this work.

Together with other donors, Sweden will actively look into the possibilities of better coordinating international development assistance during the strategy period in the framework of a Joint Assistance Strategy. This is planned to enter into force at the same time as the next Bangladeshi PRSP. Coordination and scope for cooperation with other donors in the field of climate are particularly important. Swedish support for this process also includes a preparedness to re-examine, and if necessary, revise the Swedish strategy for development cooperation with Bangladesh in the event of a Joint Assistance Strategy agreement.

4. Follow-up

On a general level, follow-up of the strategy's overall objectives means following up the PRSP and the Millennium Development Goals. This information is collected and analysed regularly. Sida will study the national household surveys, linked with the follow-up of the PRSP conducted by the government.

Sida will also work with innovative and qualitative investigations in all the cooperation areas.² These analyses are to be action-oriented and data will mainly be collected through qualitative measures. Coordination should be aimed for between other evaluation and research initiatives and other development partners, including the government, so as to achieve synergies and a greater focus on poverty. The purpose of this type of work, combined with efforts via civil society organisations, is to lead to greater knowledge about how women and men living in poverty experience the effects of the programmes. Such knowledge can be used in the dialogue with other development partners, including the government, to help improve programme results, and perhaps also lead to policy changes.

Special follow-ups at programme level should be conducted within each programme's monitoring mechanisms. The strategy will be regularly followed-up by means of a separate results matrix attached to the country plan. The cooperation strategy will be operationalised in the form of country plans and will be reported in Sida's annual country reports.

A mid-term review of the results of cooperation will be conducted in 2010. The review will also examine whether there is cause to make amendments to direction and volume and it will examine in particular the conditions for greater cooperation on climate issues. Account is to be

² One example of this is conducting informal 'reality checks' in selected villages and urban areas to find out how the programmes and initiatives are working and how people's everyday lives are affected by them.

taken of the result of a possible JAS agreement and of whether progress is being made in fighting corruption and in the development of democracy in Bangladesh. There must be a preparedness to make changes in emphasis and volume before the mid-term review if the situation deteriorates as regards democracy and human rights. Similarly, if appropriate climate action is identified, or there are positive developments, the volume may be increased. Before any changes, consultation is to take place between the Government Offices (Ministry for Foreign Affairs) and Sida. A change in the direction and volume of cooperation requires a decision by the Government.

Part 2. Background

1. Summary country analysis

The stable economic growth of the last 15–20 years has enabled improvements in the living conditions of the country's over 145 million inhabitants. Three factors have played a particularly important role: financial transfers from Bangladeshis working abroad, the strong growth of the textile industry and the considerably larger agricultural yields. Civil society has helped to drive development and achieve improvements at local level. In the last 15 years, women have become considerably more visible in society and have achieved a higher degree of independence, mainly due to the large proportion of women in the textile industry and through the efforts of civil society organisations, access to micro-loans, etc. Bangladesh has shouldered the challenges implied by the Millennium Development Goals and the country is on the right track with regard to the key indicators concerning child mortality, registration of children in compulsory school, particularly the proportion of girls, and the fight against hunger and malnutrition among children. Children's rights have been recognised by the government and a number of significant efforts have been made to strengthen them.

Some 3000 Bangladeshis migrate annually to work in such countries as the Gulf States, sending home very large sums of money to their families. According to unofficial estimates, this may amount to USD 8 billion per year, which is considerably more than total international development assistance to Bangladesh.

Despite progress in Bangladesh many challenges remain. The gap between the poor and the rich is wide and increasing – large groups are not reached by growth. Some 60 million people (around 40 per cent of the population) live below the poverty line of one US dollar a day. Of these, 85 per cent live in rural areas. Poverty in rural areas puts extra pressures on the cities, whose populations are growing by more than four per cent annually. Rapid urbanisation, in turn, creates new problems, primarily as a result of unequal access to public services and healthy living conditions and unequal participation in economic growth.

Some 20 per cent of the population can be counted among the group of extremely poor, living on less than USD 0.3 dollars a day and extremely difficult to reach. This group primarily consists of people with disabilities, single women with children, minorities and landless people.

A great challenge for Bangladesh is to deal with the effects of the imminent threat of global climate change. Destruction of land, forest devastation and pollution of the ground and surface water are also serious environmental problems for the government to deal with. Depletion of natural resources leaves only the poorest land areas and slum areas of the cities for the poorest people.

The political landscape in Bangladesh has drastically changed since January 2007, when an interim government supported by the military was appointed and the parliamentary elections planned for the same month were cancelled. The non-party interim government has implemented a number of measures that go beyond the constitutional mandate of a caretaker government (preparing for and organising new parliamentary elections). The international community has long been urging previously elected governments to take many of these measures. The priority areas of the interim government include combating the extensive corruption (which has resulted among other things in the prosecution of several leading politicians, including former prime ministers Khaleda Zia and Sheikh Hasina and several leading businessmen), strengthening the independence of the legal system and reforming the compromised election commission.

The interim government has also initiated an ambitious project to update the country's electoral roll, which was previously criticised for major inaccuracies. Its explicit ambition is to conduct parliamentary elections by December 2008. Some of the measures now being implemented will hopefully improve prospects for stable democracy and good governance in Bangladesh. At the same time the state of emergency means that fundamental freedoms and rights are being restricted. Freedom of the media has been limited partly as a result of self-censorship. Political activities are surrounded by considerable restrictions. These curtailments on democratic freedom and rights are problematic factors for bilateral development cooperation, particularly if a return to constitutional democracy is delayed. Sweden's position is that the state of emergency should cease as soon as possible and that there should be a return to democratic rule.

In a more long-term perspective, respect for human rights has increased in Bangladesh, although the situation continues to give cause for concern and in several respects is unacceptable. Many extrajudicial executions and cases of torture continue to be reported – particularly since the elite force, the Rapid Action Battalion (RAB), which in practice enjoys full impunity, was established by the government in 2004 to maintain law

and order. The rights of some ethnic and religious minorities are not fully respected. The situation of women and children remains a matter of concern. Women continue to be the victims of discrimination and violence. One positive development is that several human rights organisations are allowed to work freely and openly and that far-reaching progress has now been made in the establishment of a national human rights commission.

Positive results have begun to be seen in the campaign against corruption that began in January 2007. The government has also ratified the international anti-corruption convention and reformed the country's anti-corruption commission. At the same time, corruption in Bangladesh is so widespread that it will probably continue to be a considerable problem in society. The country still ranks very low on the Transparency International global corruption barometer.

Bangladesh is one of the world's most centralised countries and its citizens have very few opportunities to hold public institutions to account, or to influence local decisions and priorities. Attempts to decentralise power to the local administration have been initiated by the interim government, as well as a gradual separation of legislative and executive power.

1.1 The Bangladeshi strategy for poverty reduction

The government's endeavours to achieve the Millennium Development Goals are reflected on the one hand in the growing budget allocations to education and health, and on the other in the country's PRSP. This was approved by the government in 2005 after long negotiations. The document was never presented to the parliament for approval, an effect of the political deadlock at that time. The interim government has signalled that it wants to take the initiative for a new basis for the next generation PRSP.

The poverty strategy is organised round three pillars: pro-poor growth, human development and good governance, and includes eight priority areas: nutrition, quality improvement in education (particularly for girls), local government, maternal health, water and sanitation, rule of law and monitoring. Environmental consideration and sustainable development are included as one of four support strategies and urbanisation-related environmental issues are given particular attention. The document is user-friendly and functional and convincingly identifies the most important issues. The lack of detailed action plans, medium to long financing plans and expenditure frameworks will, however, make it difficult to follow up the ambitious goals. Goals that are directly related to the effects of climate change are not included in the present document but are expected to be an important element in the next generation PRSP.

Change is dependent on access to healthcare, education and good governance and these are identified in the country's poverty strategy as the most important factors. This analysis is reflected in Sweden's ongoing development cooperation.

2. Summary results assessment

The objective of the previous strategy was poverty reduction focusing on social and economic development, democracy and local self-government. No specific objective was given at sectoral level. Key conclusions based on the results analysis of the cooperation in the sectors in question are given below.

2.1 The education sector

Considerable progress has been made with regard to access to education. According to the most recent Millennium Development Goals Report for Bangladesh (2007), the proportion of children at primary school increased from 60 to 87 per cent between 1990 and 2005. There were a number of shortcomings in the first education programme, PEDP I,³ to which account was taken when drafting its follow-up, PEDP II. Greater weight was now given to quality. The PEDP II has also meant the transition from a project to a sector programme, with new funding methods and measures to reduce corruption. Donor contributions are paid under a cooperation agreement with the Asian Development Bank, which is then responsible for funds being received by the government. The government's ownership has largely functioned well and the planning of the programme was made in a cooperation process where it took a leading role at an early stage. However, little account was taken of the need to ensure the involvement and participation in decision making of a broader circle, or to the need for measures to increase openness, access and opportunities to demand accountability. By allocating funds and implementing various activities, developments are now slowly but surely taking place in the framework of PEDP II.

The four other projects in the education sector supported by Sweden have largely functioned well, particularly the project directed at child workers. There is, however, a need for increasing opportunities for user influence when designing initiatives.

2.2 The health sector

Several studies show that in the last 15 years, Bangladesh has been relatively successful in improving the health and nutrition of its citizens and reducing population growth. According to the UNDP Human Development Report, average life expectancy has increased by 10 years over roughly the same period. Clear progress has been made in specific areas such as reduced infant mortality, vaccination and family planning,

³ Primary Education Development Programme.

but the health sector programme and its successor, the HNPSP⁴ have not yet led to any general improvement in access to healthcare for the poorest people. Nor have the quality and efficiency of service providers in the health sector significantly improved.

However, the reform agenda of the HNPSP is moving in the right direction, although it is still slow. For example the introduction of annual working plans and equivalent annual budgets has led to a reduction in red tape and better control of the funds (Swedish support is paid to a common trust fund that the World Bank is responsible for.) The government has successfully increased ownership and developed institutional capacity.

Health sector support also includes some other projects linked to the sector programme. The civil society organisations working with menstrual regulation have recently achieved great success and they are one of the reasons for the fall in mortality caused by unsafe abortions in Bangladesh. The HIV/AIDS project is a good example of one way in which these issues can be integrated into the sector programme. Research on wells polluted by arsenic and how these problems can be alleviated is proceeding according to plan.

The conclusions from both the education and health sectors demonstrate the need to improve the outreach of public services to poor people and to raise the standards of these services. It is extremely important that poor people are made aware of their rights and that opportunities are created for the general public to put forward complaints about discrimination on grounds of gender or poverty. It is also important that donor consortiums deal with issues related to good governance within these sectors.

2.3 Support to human rights and democratic governance

Support has exclusively gone to civil society organisations and has largely achieved the individual goals set up by these organisations, such as increased political participation by women.⁵ However, the portfolio needs to be reviewed, given a clearer focus and made more compatible with other support. Support needs to be made more effective and be supplemented by strengthening the role of civil society as a critical monitor, aimed at bringing an awareness to poor people, and helping to ensure that they benefit from public services more extensively.

⁴ Health, Nutrition and Population Sector Programme.

⁵ These results are shown in their entirety in Sida, 2006, "Results analysis of Development Cooperation in Bangladesh, 2002–2006".

2.4 Project for local self-government under 'Local Governance and Production Programme'

Previous Swedish support was phased out in 2004 and the planned contribution to increase local influence never materialised because of a lack of interest from the then government—which was a basic condition for achieving success.

2.5 Support to the development of the business sector

In line with the ambition to increase both sector concentration and donor concentration in Bangladesh, this support should be phased out by Sweden. Several other donors are active in this area.

2.6 Infrastructure and investments to improve the environment

Between 2002 and 2005, Sweden has taken part in projects concerning energy, public transport and water supplies. These projects have mainly been targeted at cities and have been funded by concessionary credits over and above the country allocation. Although these projects are not targeted, not even primarily, at the poorest people, large groups of poor women and men have been able to benefit from their results. The three projects that have been concluded have all achieved their objectives, namely improved public transport and safer water supplies in Dhaka and strengthened rural development in a north-western region, amongst other things in terms of increased agricultural production.⁶ Several contributions that were planned to be credit-financed have run into difficulties at various stages. Preparations involving environmental and water projects have been broken off as a result of the lack of interest in environmental protection, procurement and social issues. Measures to improve the urban environment are considered to be relevant and concessionary credit contributions should focus on this area. Contributions in this field are also relevant if account is taken of Sweden's comparative advantages and resource base.

2.7 Humanitarian assistance

There is a need to ensure that humanitarian assistance benefits the poorest people. It may be possible to integrate measures to strengthen preparedness for natural disasters in the health and education sectors.

2.8 Swedish civil society organisations

There is a potential for closer cooperation with Swedish civil society organisations active in Bangladesh such as Save the Children Sweden, Diakonia and Svalorna. Their experience of working on human rights, gender equality and social mobilisation is particularly relevant in the sector programmes. In other areas too there may be scope for cooperation such as in labour law and Corporate Social Responsibility (CSR).

⁶ See also Sida, 2006.

3. Summary analysis of other donors' contributions and roles in the country, including multilateral actors and the European Commission

The EU Commission's country strategy for Bangladesh 2007–2013 is primarily targeted at poverty reduction and supporting the country's PRSP via support to democratic governance and the education sector. Work on human rights will be intensified in line with the EU guidelines. The dialogue with the government will focus on the situation of minorities and refugees. The focus of the Commission closely matches that of Sweden and there is scope to increase the dialogue and coordination of development assistance in the fields of primary education and human rights. The Commission is in the process of developing a plan for greater harmonisation and improved cooperation between the EU Member States. Sweden should continue to be active in the local Heads of Mission meetings.

The UN supports the country's PRSP, and based on this, the UN country team together with the government has identified a number of national priorities for Bangladesh in an UNDAF document,⁵ which applies until 2010. Six priority areas are identified, based on the poverty strategy and the expected result of the Millennium Development Goals. These are well in line with Sweden's priorities. The UN country team in Bangladesh is working under the Paris agenda to achieve greater coherence in its contributions, better adaptation to national development goals, lower administrative costs for the government and better use of the comparative advantages and expertise of UN bodies. Apart from the more long-term development goals, the World Food Programme has given the UN an important role in the country in disaster preparedness and food distribution in the event of flooding and other natural disasters.

The four largest donors in the country: the World Bank, the Asian Development Bank, Japan and the UK, have endeavoured to coordinate their country strategies and avoid overlaps by developing a joint matrix for their support to the country's PRSP. This first attempt at more effective donor coordination has been followed by a group of like-minded donors (including the European Commission) beginning a process aimed, together with the government and guided by the contents of the next version of the PRSP, at bringing about a Joint Assistance Strategy for Bangladesh. This idea is inspired by countries like Tanzania, Zambia and Uganda and is supported by the Paris Declaration and the EU Guidelines on Complementarity and Division of Labour. A growing number of donors in Bangladesh state that they are prepared to take part in such a process.

⁵ UN Development Assistance Framework.

4. Summary analysis of Sweden's role in the country

4.1 Sweden's role and comparative advantages

Sweden accounts for 1.5 per cent of total development assistance, which in turn corresponds to 2.3 per cent of gross national income. The potential of Swedish development cooperation to bring about change for people living in poverty lies in its ability to act as a catalyst for change and reform in shaping different development assistance contributions. The comparative advantages of a small donor like Sweden lie in the capacity for flexibility and a willingness to take risks, for supporting new ideas and innovations alongside broad sector programmes and taking care of areas that would otherwise be forgotten. Since the larger donors have shown an interest in learning from the knowledge and experience of smaller donors, there is also potential to put forward Swedish priority issues in the cooperation. A particular opportunity for dialogue and a platform for applying good, innovative experience is offered by the sector programmes.

4.2 Other Swedish relationships

In addition to development cooperation, other policy areas in which cooperation with Bangladesh has been, or could be initiated are trade policy, labour law, Corporate Social Responsibility (CSR), environment and climate policy, research and information technology, and migration issues. Cooperation in such policy areas should always be in line with the policy for global development and the objective of achieving synergy effects for development cooperation.

International trade is extremely important to Bangladesh. A number of major Swedish companies in the clothing and telecom sectors are active in Bangladesh. Trade between the two countries amounted to some SEK 2.9 billion in 2006, 55 per cent of which consisted of exports to Bangladesh and the remainder of imports from Bangladesh. Sweden is working in the WTO for international trade regulations that allow all countries to benefit from the greater world trade. Supporting the development of knowledge about these regulations in Bangladesh is very important for the country. Sweden is also working actively to get the EU to open its markets for products in which countries like Bangladesh have comparative advantages.

Sweden can give increased support to knowledge development in labour law and CSR issues, based on the Ministry for Foreign Affairs CSR network, the OECD guidelines and the UN initiative, Global Compact, which encourages Swedish companies to integrate social aspects and environmental consideration into their activities – particularly in developing countries. Many Swedish companies in Bangladesh are already at the forefront when it comes to CSR.

Climate change represents a real threat to work on sustainable development and the fight against poverty. Bangladesh is already in a

vulnerable position as regards flooding and if the sea level rises, the poor would be the worst affected. Sweden can push for account to be taken of the country's interests in the international talks on climate change.

In the EU, Sweden is working for greater coherence between migration and development cooperation, for example to increase the development effects of the funds that Bangladeshis working abroad send home. Sweden also supports a greater international dialogue on migration-related issues, including finding a long-term solution to the situation of the Burmese Rohingya refugees in camps in Bangladesh together with the UNHCR.⁶

5. Overall considerations concerning objectives and the direction of future cooperation

The overall objective of Swedish development cooperation with Bangladesh should focus on realising fundamental human rights for people living in poverty.

The present portfolio shows a high degree of sectoral concentration. As much as 80 per cent of today's country programme is targeted at health and primary education, which is still relevant from the point of view of the country's own poverty strategy and the need to strengthen the rights of the poor.

It is important to encourage Bangladesh to take concrete measures to improve governance and reduce corruption. It is also important to continue to support the conditions for holding parliamentary elections in 2008. In the field of human rights, there will also be a need for support in the future, particularly to strengthen vulnerable groups and the rights of women and children.

In line with the growing ambition to concentrate its efforts, Sweden should focus concessionary credit-financed investments on one, general area – the urban environment. Support to development of the business sector should be phased out and the present portfolio to civil society organisations should be reviewed so as to align it more closely with the strategy's new focus. Particular account should also be taken of the consequences of climate change in the context of existing support.

The widespread corruption puts demands on increased and stronger focus on openness, access and opportunities for people to demand accountability. The World Bank and Asian Development Bank, which administer donor funds in the sector programmes, have established financial systems aimed at reducing the risk of corruption. At the national level, the government has begun to implement a broad

⁶ United Nations High Commissioner for Refugees

programme for reforming the administration, which includes better procurement legislation and new financial routines. This is being done with full donor support and is expected to produce results in the long term. Before the results of these measures can be documented, budget support to Bangladesh cannot be considered.



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