The efficiency and impact of bilateral and multilateral assistance can be increased by adopting a programme rather than a project approach. In the past – and to a large extent still today – bilateral and multilateral development partners invested development funds into projects. This approach only marginally addressed structural development constraints in Bangladesh or other developing countries. In some cases, development projects by different bilateral or multilateral agencies even pursued contradictory goals in one sector. This is of course partly due to donors pursuing their interests rather than common developmental goals. It has recently been recognised by the new German Minister for Economic Co-operation and Development, Mrs. Heidemarie Wieczorek-Zeul, that issues such as untying aid and donor co-ordination need urgent attention, if we want to strive for achieving our development policy objectives. Overall, the project approach contributed to the alleviation of poverty, yet successes have not been as significant as expected many years back.
The sector-wide approach currently adopted and tested in the health sector in Bangladesh is an exemplary attempt to operationalise the programme approach. The Health and Population Sector Programme (HPSP) is the largest sector-programme world-wide (total volume US$3.2 billion) and addresses health sector reform in a comprehensive manner. During a 3-year planning and consultative process, the thrust of the programme has been worked out with relevant stakeholders and the development partners. HPSP tackles policy issues, programme planning, operationalisation and implementation, and capacity building at national, regional and local level, participation as well as improving service delivery at the same time. This is a challenging task, in particular for the Government of Bangladesh (GoB), but also for the development partners. The development community has to co-ordinate its activities and must refrain from taking overall responsibility for the programme’s success. This is up to the recipient country. The development partners have committed themselves to play a facilitating role, giving advice and assisting in developing human resources necessary for the implementation process. Ownership and commitment by the GoB are the key variables for the success of this programme. Four years from now we should be able to make a first assessment of the sector-wide approach, whether it is feasible and has comparative advantages.

Implementing sector-wise programmes and structural reforms call for reviewing the instruments and procedures of the various development agencies. Bangladesh as well as other developing countries are weighed down with too
many donors and different procedures; as a result, scarce government capacity is tied up in meetings and in preparing reports. Bangladesh has to manage a variety of donor policies, instruments and technical procedures which tend to strain the resources of the administration. Streamlining procedures and developing common donor policies in consultation with the recipient country to improve donor co-ordination and developing new funding instruments needs serious attention in the future.

The efficiency and impact of German development assistance should be increased through concentrating our activities on 2-3 sectors in the future. Currently, Germany is providing assistance in many sectors in Bangladesh, including primary health care and family planning, basic education, physical infrastructure, in particular rural roads & markets, railway and power, water management, agriculture and private sector development. Recognising that ODA funds are declining rather than increasing, it is simply not feasible to keep such a broad portfolio in the future. Sectoral concentration is one of the means we need to consider to increase the impact and efficient use of available funds. Sectoral concentration allows reducing costs (facilitate planning processes, reduce number of project offices and staff). In addition, it will enable both sides to engage in a comprehensive dialogue on policy and implementation issues and will facilitate co-ordination with other donors. Several criteria will drive this concentration process including development priorities of the GoB and Germany, development potential and constraints of the partner country, available funds, past experiences in priority sectors, governance and
framework conditions in specific sectors, comparative advantages of German assistance and activities of other donors. We are looking forward to engaging in a constructive dialogue with our partners in Bangladesh on this matter and hope that we will be able to identify mutually acceptable priority sectors. New approaches are necessary, yet, we need to tackle change carefully by engaging in a constructive dialogue with our partners – both sides together will have to determine the thrust of our future co-operation.