DENMARK – BANGLADESH
COUNTRY POLICY PAPER
2013-2017
CONTENTS

INTRODUCTION ........................................ 5

1 CHALLENGES AND OPPORTUNITIES IN BANGLADESH .......................... 6

2 DENMARK’S OBJECTIVES IN BANGLADESH ........................................ 9

3 CONTRIBUTING TO POVERTY REDUCTION, GROWTH AND SUSTAINABLE DEVELOPMENT ................................................................. 11

4 CONTRIBUTING TO DEMOCRACY, RESPECT FOR HUMAN RIGHTS, RULE OF LAW AND GOOD GOVERNANCE ........................................... 14

5 PROMOTING COMMERCIAL COOPERATION ......................................... 16

6 COLLABORATION ON GLOBAL ISSUES ........................................... 18

ANNEX 1
KEY DATA ...................................................... 20

ANNEX 2
DENMARK’S DEVELOPMENT ACTIVITIES IN BANGLADESH ........................ 21

ANNEX 3
PROGRESS TOWARDS THE MDGS IN BANGLADESH ............................. 22
EXECUTIVE SUMMARY

Bangladesh is in many ways a country in transition. Still struggling to overcome widespread poverty, overpopulation and poor governance, while at the same time emerging as a potential, future, global economy – one of the so called “Next Eleven” countries. The overall objectives governing Denmark’s engagement in Bangladesh are to:

1. contribute to poverty reduction
2. promote democracy, human rights, rule of law and good governance
3. promote commercial cooperation between Denmark and Bangladesh
4. strengthen collaboration on global issues.

Poverty reduction and other key development challenges remain at the core of the Danish engagement. But at the same time, the policy paper represents a clear shift away from a traditional donor-recipient relation to a more balanced relationship with Denmark also pursuing its own interests, e.g. by developing commercial ties with Bangladesh while also promoting a more sustainable and CSR conscious private-sector development in the country.
INTRODUCTION

Denmark was among the first countries to officially recognise Bangladesh following its independence in 1971. At that time, Bangladesh was among the poorest nations in the world and on the verge of becoming a failed state. Forty years later, Bangladesh enjoys impressive economic growth and has emerged as a young but fragile democracy.

Bangladesh is a country in transition with many opportunities but also with massive challenges. Widespread poverty, overpopulation and poor governance are among Bangladesh’s development challenges. The infrastructure is unable to follow pace with economic growth, corruption is widespread and Bangladesh is suffering from the effects of climate change. Poor working conditions and labour rights continue to be a major concern. At the same time, Bangladesh is one of the so-called Next Eleven countries; a group of countries that could potentially have a BRIC-like impact, mainly because they are the next set of rapidly growing large-population countries beyond the BRICs.

Bangladesh has been one of the main recipients of Danish development assistance since the country gained independence. Poverty reduction and promotion of human rights and democratisation has been overriding principles for this long-term cooperation. However, this policy paper marks a clear shift away from a traditional donor-recipient relation to a more balanced relationship with Denmark also pursuing its own interests in developing commercial ties and partnering with Bangladesh on a series of global issues. Denmark has much to offer and to gain from continuing the strong partnership with Bangladesh that has emerged over the years.

Poverty remains widespread in Bangladesh and inequality is growing. Denmark will continue to encourage Bangladesh to pursue its remarkable process towards eradicating poverty and creating equal opportunities for all. The development assistance to Bangladesh has made an important difference, and Denmark stands ready to continue its engagement in Bangladesh’ development process, while Bangladesh gradually moves towards becoming independent of development assistance. The policy paper will serve as a guiding document for Denmark’s overall engagement in Bangladesh during 2013–2017, both bilaterally as well as through multilateral cooperation.

The policy paper is to a large extent based on shared objectives of political, developmental and commercial cooperation; it is, however, not a joint strategy, but a presentation of Denmark’s policy priorities in and with Bangladesh, and hence, Denmark’s commitment to Bangladesh and the Bangladeshi people.
Despite an impressive social and economic development in recent years, Bangladesh is still facing many complex short and long-term political and developmental challenges.

Poverty and inequality
Overall poverty levels fell from 57 percent in 1991–92 to 31.5 percent in 2010. The rate of reduction has been faster in the present decade compared with the last decade, lifting out of poverty more than 2.8 million people a year. Bangladesh is, however, still among the poorest countries in the world, ranking 146 out of 187 on the 2011 United Nations Human Development Index. Inequality is growing and many people are not benefiting from social and economic development. About 25 percent (40 million people) are extremely poor and spend almost all of their income on food and still do not meet their minimum nutritional requirements. Women, children and in particularly female headed households and children living without parental care are especially vulnerable. Around 40 percent of children and 30 percent of women are malnourished. Minority ethnic groups also suffer from high levels of extreme poverty, particularly in regions such as the Chittagong Hill Tracts, the Northern Plains, Mymensingh and Cox’s Bazar (where there is a large population of Rohingya refugees from Myanmar). Poverty is monitored by, among others, UNDP, e.g. in connection with the reporting on the Millennium Development Goals.

Social development
The country has been recognised globally for its progress towards meeting the Millennium Development Goals, particularly in the areas of gender equality in education, combating HIV/AIDS, malaria and other diseases, and significantly reducing infant and child mortality rates. However, maternal and neonatal mortality rates remain unacceptably high. Although gender indicators are improving, many women still face extreme social and economic disadvantages. Violence against women and girls is common, affecting one out of every two women. Bangladesh also has one of the highest rates of child marriages and adolescent motherhoods in the world.

Political affairs, good governance and human rights
Bangladesh is a parliamentary democracy and a secular country. Though Bangladesh is in a relatively stable period in terms of politics and security and the Government of Bangladesh has established an ambitious economic and social reform agenda, including stronger international and regional cooperation, the country is still faced with challenges of consolidating democracy and the rule of law. This is partly due to the confrontational politics practiced by the two main political parties over decades, reflecting longstanding personal enmity between the leaders of Awami League and Bangladesh Nationalist Party. The expected general election in early 2014 will be the litmus test of whether democratic, secular governance under the rule of law can be further consolidated in Bangladesh. This could have significance for countries in Asia, the Middle East and North Africa, since Bangladesh would then strengthen its standing as a successful, secular and civilian democracy in a country with a predominantly Muslim population.

The complex political relationship between the army and the two political parties is another factor which to some extent risks undermining democracy in Bangladesh. The local government system is considered weak and insufficiently mandated and resourced, and effective decentralisation and devolution of decision-making and resource allocation is a slow process. Strengthening of local government is vital for improving public service delivery to the country’s vast population, especially for those living in small towns and rural areas. The bureaucracy is inefficient and highly centralised, making provision of effective services a real challenge.

There have been a number of positive developments which have helped strengthen the democratic governance in the country. These include the generally good conduct of municipal elections and of parliamentary by-elections in 2011 and 2012; the establishment of a National Human Rights Commission; the strengthening of women’s rights, including the adoption of a new Education Policy introducing secular curriculum elements into madrassas, a new national Women’s Development Policy (in the face of significant public demonstrations by Islamic conservatives), a National Children’s Policy, the passing of Right to Information legislation and the establishment of an Information Commission.
The Government of Bangladesh has a stated policy of “zero tolerance” against human rights abuses, but major abuses of human rights, including extra judicial killings by law enforcement agents, custodial deaths and torture with impunity, unwarranted arrests, violence against women, discrimination against indigenous peoples in land and access to justice, child labour and disregard for prisoners’ rights etc., persist. The reasons for this are complex, but a main factor is weak and allegedly corrupt judicial systems and law enforcement agencies.

Security matters
The Government of Bangladesh is actively engaged in commendable efforts of managing Islamic radicalisation, both at national and international levels, but the fight against national and global terrorism remains a challenge.

Indigenous peoples and Chittagong Hill Tracts
The Peace Accord for the Chittagong Hill Tracts was signed in 1997, but the implementation has been slow and considered not satisfactory by the indigenous peoples and by national and international observers. The lack of substantial progress in implementing the Chittagong Hill Tracts Peace Accord is leading to an increasing sense of frustration and disillusionment among the indigenous peoples in the region. Even though the situation in the area is reasonably secure, there are tensions and frequent confrontations between indigenous communities and settlers from the plains, mainly caused by conflicts over rights and access to land. Violent clashes between political groupings among the indigenous communities also occur.

Climate change and geopolitical challenges
Key emerging challenges include increased vulnerability to natural disasters and climate change adaptation, accompanied by a rapidly growing urban population. Situated in a low lying delta and with a very high population density – 150 million people in an area only 144,000 square kilometres or three and a half times the size of Denmark – Bangladesh is extremely vulnerable to natural disasters including floods, cyclones and tidal surges often with catastrophic consequences. In the coming decades, the global sea level rise is expected to inundate land areas in the Southern part of the country displacing people living on marginal lands along the coast and rivers and in low-lying lands.

Lack of regulation and control of massive water, air and soil pollution in and around Dhaka and other major cities is a growing problem affecting the liveability and public health conditions for millions of people. By 2025 half of the population is expected to be living in urban areas, and Dhaka is one the world’s fastest growing megacities today. Land resources are scarce, and access to and ownership of land are characterised by a high level of inequity, increasing conflicts over land rights as well as widespread land grabbing.

Impressive economic growth – and constraints
Bangladesh has experienced strong economic development over the past decade. Economic growth is progressing at a steady rate of 5–6 percent per year on average since 2004. The twin drivers of the economy are robust remittances mainly from the Middle East and exports with the garment sector contributing two thirds. The impact of the global economic crisis has been relatively limited and prospects of continued growth are relatively good.

Bangladesh’s GDP is about one third of Denmark’s. Although half of the GDP is generated by the service sector, agriculture with its 20 percent share remains the mainstay and employs half of the working population. The economy is gradually shifting from agriculture to manufacturing.

The greatest constraint today lies in energy production, which, although investments have been made, remains insufficient to keep pace with growth in manufacturing. The garment and manufacturing sectors offer good prospects of generating employment and underpinning economic growth, but they require structural and infrastructure support to do so. It is estimated that the annual economic growth is 2 percentage points lower than the potential due to lack of sufficient energy.
Inflow of foreign direct investments remains small and stable just below USD 1 billion. Improvement of the general business environment, including combating corruption, is required to boost private investment. Widespread corruption in the public and private domain continues to be of great concern. In 2011, Bangladesh ranked number 120 out of 183 on Transparency International’s Corruption Index, the justice and police sectors reportedly the worst affected.

Bangladesh has one of the lowest tax revenue collection ratios in the world and there is a great scope for improving public revenue generation through modernising and improving tax collection systems in the country.

Working conditions and labour rights

Industry growth in Bangladesh has been a key factor in reducing poverty, notably by creating employment in the garment sector for women. However, it remains a major concern that at some factories, wages and security are at unacceptable levels. Less than 5 percent of the workers are organised and the existing trade unions are weak and fragmented, especially when compared to the often well organised and resourceful employer’s organisations. Danish trade unions (LO/FTF and 3F) have for some years been actively engaged in promoting trade unions and labour rights.

While regulations are in place on issues such as fire and building safety, compliance is a serious concern. Government inspectors are understaffed and underequipped. Widespread corruption makes it possible for culprits to escape inspection and sanctions. This only enhances the duty of foreign buyers to strengthen CSR and inspection schemes to compensate for inefficient Government control and impunity.

External assistance from development partners

In recent years, the annual aid flows to Bangladesh were approximately USD 1.2 – 1.5 billion. The World Bank, the Asian Development Bank, Japan, the United Kingdom, the USA and the European Union are major donors in Bangladesh.

Currently, aid accounts for approximately 40–45 percent of the country’s annual development plan, including social and infrastructure development. Aid flows are expected to grow over the next five years with the UK announcing a doubling of its assistance. Besides the traditional multi and bilateral development partners, there are also new large emerging development partners such as China and India, which are providing assistance mainly in the form of credit lines and infrastructure loans. Bangladesh is, however, not an aid dependent country in terms of financing with the total aid accounting for less than 2 percent of GDP.
DENMARK’S OBJECTIVES IN BANGLADESH

Danmark’s engagement in Bangladesh takes its point of departure in the complex political context and the development challenges, but also in the many opportunities that exist in Bangladesh.

Danmark’s engagement is part of an active and responsible foreign policy driven by the belief that every human being has the right to a life without poverty. Danmark believes in a rights-based approach to development that aims to promote political stability, security, democracy and human rights.


Danmark’s overall objectives are to:

- Contribute to poverty reduction, growth and sustainable development, in particular through priority programmes within human rights and good governance; agriculture; water supply and sanitation and business partnerships.

- Contribute to the promotion of democracy, respect for human rights, rule of law and good governance and thus political stability, through strengthening key democratic institutions in the field of public administration and civil society.

- Promote commercial cooperation between Danmark and Bangladesh.

- Collaborate on global issues like climate change, counter-terrorism, peace keeping and trade policy.

The objectives are closely interlinked and impact each other in multidimensional ways. Political stability in a democratic political system in which the rule of law and good governance and respect for human rights are predominant are considered essential for sustainable economic growth and a rights-based and socially inclusive reduction of poverty. Economic growth and better employment opportunities are in itself decisive conditions for reducing poverty. Strengthening the private sector through increasing commercial cooperation with foreign countries will support such a development, but it also will depend on the existence of a favourable business environment without corruption. In this regard, a democratic and accountable Government that pursues good governance is a key condition.

Cooperation on global issues is an integral part of an active foreign policy and thus a comprehensive tool for promoting Danish foreign and security priorities abroad.

The EU is an important partner for Danmark in Bangladesh, and the Danish policy priorities and instruments are closely coordinated with those of the EU. Danmark will continue to actively engage in the process of formulating the EU’s policies towards Bangladesh, which takes place in a close interplay between the EU delegation and EU missions in Dhaka, EU capitals and the European External Action Service (EEAS) in Brussels. Whenever possible, Danmark will work for a coordinated EU position in order to maximise the influence and the outcome of the EU’s efforts in Bangladesh. A fully fledged EU delegation has resulted in closer coordination among EU missions and made the EU more visible in Bangladesh.

Danmark’s engagement in Bangladesh – through an integrated approach

Political dialogue and diplomacy and the long-term commercial and development cooperation are the cornerstones of Danmark’s engagement in Bangladesh. Just as the objectives are inter-linked, the instruments employed are intertwined. It is necessary to use different instruments and to work at different levels with a wide range of stakeholders. Hence, using an integrated approach means that we pursue the objectives of our engagement based on an understanding that there is not a simple cause-effect relation between what we do and what we seek to achieve.

Danmark will employ rights-based approaches in its development assistance to Bangladesh to ensure a systematic inclusion and empowerment of the most vulnerable groups in society. Poverty is about more than economic needs, and growth-centred development has to address more complex and fundamental causes of poverty and inequality, such as discrimination, exploitation and abuse. In particular, Danmark will, through political dialogue and development assistance, promote basic human rights.
as well as rights to natural resources, land, food, drinking water and hygienic sanitation. The rights-based approaches are also closely linked to women’s rights and to the rights of indigenous people.

**Aid effectiveness, alignment and harmonisation – and fiduciary risks**

The vast number and different implementation modalities of development partners in Bangladesh present challenges for donor coordination and harmonisation. Division of labour among the development partners is progressing slowly due to weak national leadership and reluctance among some development partners to take the concept of division of labour forward.

Denmark will continue to promote aid effectiveness among Government, development partners and NGOs. In line with international aid effectiveness declarations and the 2010 Joint Cooperation Strategy, Denmark will continue efforts to align its development assistance with national systems and to harmonise it with the assistance provided by other development partners. While there has been moderate progress in aligning official development assistance flows to national development priorities, alignment with country systems and procedures remains limited. Fiduciary risks remain a key constraint to working through government systems in Bangladesh and the main reason why practically all development partners remain reluctant to even contemplate general budget support. Sector budget support is only being attempted in very few sectors, first and foremost in the health sector where the process is still in its early stages. However, introducing budget support in Bangladesh remains a long-term goal, requiring both political will and sustained efforts to carry through public-sector reforms related to improving performance, oversight and transparency in the public sector. To this end, Denmark will continue to make it a key priority to contribute to the creation of an environment conducive to budget support in Bangladesh, incl. through its support to the Strengthening Public Expenditure Management Programme (SPEMP).

In recent years, key results achieved within aid effectiveness include among others the 2010 Joint Cooperation Strategy agreed upon by Government and 18 development partners and implementation of the Aid Effectiveness Strategy Action Plan and National Development Results Framework as well as establishment of the Aid Effectiveness Unit within the Ministry of Finance.
CONTRIBUTING TO POVERTY REDUCTION, GROWTH AND SUSTAINABLE DEVELOPMENT

The main contribution to poverty reduction, growth and sustainable development will be through development cooperation aimed at promoting growth and employment, water supply and sanitation and through private-sector support. The development programme includes specific or mainstreamed activities for improving gender equality and for promoting the rights of indigenous peoples.

Growth and employment

The support to growth and employment in the agricultural sector focuses on agricultural production and diversification as well as on agro-processing and agro-business development. The programme for 2013 – 2018 will have national coverage, including the Chittagong Hill Tracts.

The programme will contribute to poverty reduction, improved nutrition and overall economic growth through the development of integrated agricultural production systems and the development of agro-business at local, regional and national levels. In the programme period, 1,000,000 female and male members of 525,000 households will be trained in integrated farm management and production of high value crops, which will include field crops, homestead crops, livestock and aquaculture. Furthermore, 21,000 community based farmer organisations will be established and developed into local-level agro-business units, which will be linked with the local, regional and national level agro-business focussing on both domestic and export markets.

Lack of access to information is a general constraint for poor farmers and of particular importance in the production and marketing of high-value and perishable products. With nation-wide coverage and more than 90 million mobile subscriptions, agricultural information can be disseminated through the use of information and communication technology (ICT). Innovative and inclusive ICT based services will be developed in close collaboration with the private sector. To facilitate better linkages between academia and the private sector, collaboration will be established with agricultural universities in Bangladesh as well as between universities in Bangladesh and in Denmark, if feasible through the inclusion of Bangladesh in the Research Development Programme.

Water supply and sanitation

The assistance to water supply and sanitation aims at reducing poverty and improving health through improved access to clean drinking water and hygienic sanitation. In the programme for 2012–2015, 1,200,000 villagers will get access to clean drinking water and 800,000 to hygienic sanitation.

The Danish support is mainly provided through the Hygiene, Sanitation and Water Fund (HYSAWA) as direct support to local authorities. Ensuring technical and financial sustainability through strong community mobilisation and involvement of communities and local governments continues to be a priority. Bangladesh has made impressive achievements in terms of coverage of the clean water supply and hygienic sanitation, both in rural and urban areas. The Government is gradually increasing its own funding of investments in the sector and the national expertise in water and sanitation service delivery has developed much over the years. Several other development partners and the civil society provide assistance to this sector. The Danish grant support to the sector will be phased out in order to make resources available for emerging development challenges. Support to urban water supply will be continued with financing from mixed credits.

Green growth

Bangladesh is faced with many challenges when it comes to innovation in sustainable energy production, energy efficiency, environmental management and climate change. In 2013–2014 Denmark will explore options for provision of assistance in the field of green growth in urban areas as well as in Chittagong Hill Tracts.
Green growth is an integral part of sustainable growth. Green growth promotes general economic growth and development in a manner that enables the environment today as well as in the future to deliver the resources and environmental services on which our welfare depends. Green growth catalyses investment, innovation and job creation, thus not only sustaining continued growth but also giving rise to new economic opportunities. Public-private partnerships and innovative financing modalities will be required to catalyse cooperation on technology development and energy and emission reduction interventions.

Denmark has substantial know-how and expertise in sustainable energy, energy efficiency and environmental management. Green growth initiatives within energy, environment and climate change will provide synergies between Danish supported development and commercial activities in Bangladesh as well as between green growth and the growth and employment activities.

**Support to business partnerships** Danida Business Partnerships (DBP) are actively contributing to reducing poverty by promoting growth and employment through support to business partnerships between private companies in Denmark and Bangladesh. Through its interventions, the DBP aims at facilitating the transfer of technology, creating employment and better working environments in various business sectors. The DBP actively supports strengthening of corporate social responsibility in the business partnerships, including improving the rights and working conditions of children and worker safety. Some of the focus areas are clean technologies, renewable energy, agro-processing, shipbuilding, fishery, IT, manufacturing and textiles. Denmark has expertise in all these areas, and ample opportunities exist for providing support to these sectors. The private sector in Bangladesh is characterised by being proactive, friendly and open towards foreign investment and cooperation. Political discontinuity, corruption and weak Government capacity in terms of strengthening the enabling environment are, however, still challenges when it comes to realising the full potential of private sector in the country.
DENMARK WILL

▶ Continue to ensure that Danish development assistance targets poverty and that gender equality and the rights of indigenous peoples are effectively addressed.

▶ Continue to support sustainable production and livelihoods within agriculture, livestock and aquaculture, and increasingly emphasise the linkages of small farmers’ organisations and producer groups with larger markets.

▶ Support to water supply and sanitation until 2015.

▶ Starting from 2016, launch new development assistance programme within green growth.

▶ Continue to be strongly engaged in Chittagong Hill Tracts.

▶ Promote green growth in commercial cooperation.

▶ Continue to explore and strengthen synergies between development assistance and commercial cooperation as well as between development assistance programmes.

INDICATORS

• In 2015, between 1,200,000 and 800,000 people will get access to improved water supply and hygienic sanitation, respectively.

• In 2018, 1,000,000 female and male members of 525,000 households have participated in 21,000 Farmer Fields Schools based upon which their household real income will increase by 10 per cent.

• A new programme for green growth will commence in 2016.

• Trade delegations within priority development sectors will be undertaken.
CONTRIBUTING TO DEMOCRACY, RESPECT FOR HUMAN RIGHTS, RULE OF LAW AND GOOD GOVERNANCE

Although the long-term trend is likely to be positive, there is a need for strengthening democratic institutions, good governance and respect for human rights in Bangladesh. There is a need to improve parliamentary democracy, ensure full independence of the judiciary and to fight corruption.

WHAT MESSAGES TO BANGLADESH?

Political dialogue will be a key instrument for contributing to political stability, democracy and good governance, human rights and the rule of law in Bangladesh. Denmark will urge the Government of Bangladesh to continue its policy to strengthen human rights in the country. Denmark will continue to encourage political actors and institutions to show constructive flexibility and willingness to compromise. Denmark will also work to promote progress with regard to strengthening Bangladesh’s watchdog institutions: the Bangladesh Election Commission, the National Human Rights Commission, the Information Commission and the Anti-Corruption Commission.

Support to human rights and good governance
Denmark will support human rights and good governance in Bangladesh throughout the planning period, as continued support for building guardian institutions and combating corruption will remain vital for Bangladesh’s further growth and development. The overall objective of the Danish support to the Human Rights and Good Governance Programme is to contribute to an enabling environment where people will actively participate in democratic processes and live in an environment based on the rule of law and enjoy human rights and social justice. This support is expected to result in a more conducive environment for promoting democratic development, strengthened governance and service delivery systems and improved human rights conditions. The success of the support within human rights and good governance will depend on the Government’s willingness to continue implementing and to refrain from rolling back reforms in key areas and to safeguard the autonomy of key democratic and oversight institutions. Civil society organisations are crucial to further progress and will continue to constitute an essential part of Danish support to Bangladesh in the field of human rights and good governance.

Denmark will continue to put particular emphasis on contributing to the creation of a society free of gender-based discrimination and violence, working with the Government of Bangladesh and civil-society partners. This includes support to Government efforts to mobilise the state machinery to deal more effectively with violence against women under the Multi-Sectoral Programme on Violence Against Women (MSP-VAW). Denmark considers sexual and reproductive rights an integral part of women’s basic human rights, and it will remain a key point in the Danish dialogue with the Government as well as civil-society partners. Bangladesh’s overall human rights record was reviewed under the Human Rights Council’s UPR process in April 2013. Denmark will give priority to supporting the Bangladeshi follow-up on the recommendations of the review, working together with the EU and the UN.

Promoting labour rights and security
In the political dialogue with Bangladesh, Denmark will advocate labour rights, collective bargaining, decent pay and efficiency of security regulations in the industry. The Danish Embassy in Dhaka will offer assistance to Danish companies in securing compliance and higher standards of Bangladeshi partner companies.

Denmark will actively support the ILO in their work with the Government, employers and workers to establish a roadmap for improved work security in Bangladesh. In this connection, Denmark will consider becoming a financing partner of a future ILO Better Work programme in Bangladesh.
DENMARK WILL

► Continue the close political dialogue and diplomacy with relevant institutions, partners and stakeholders within the Government, political parties, civil society, private sector and academia.

► Continue to support human rights and good governance, including support to democracy guarding institutions, anti-corruption initiatives and rights-based approaches to development.

► Continue to support some of the key democratic institutions, including the Parliament and the justice system, as well as decentralisation through capacity development of the local governments to improve disadvantaged peoples’ access to basic service delivery.

► Support human rights guardian institutions and defender organisations with a view to promoting and protecting human rights in order to raise awareness of the right-holders.

► Promote rights of women and combat violence against women.

► Actively promote better working conditions and safety in Bangladesh through political dialogue, assistance to Danish companies and partnership with the ILO.

INDICATORS

► By March 2014, app. 2,886,000 people will have advanced knowledge of corruption related issue and will have taken part in anti-corruption campaigns.

► By June 2016, app. 80,000 poor and disadvantaged people (mostly women), including indigenous peoples, will have received free legal aid services.

► Groups representing 1,500,000 people will have taken part in participatory planning and budgeting processes at select Union Parishads (lowest tier of local government) by 2016.

► By June 2016, app. 12,000 women survivors of violence will have received integrated services from 7 One Stop Crisis Centres (OCC).
5
PROMOTING COMMERCIAL COOPERATION

In recent years, Danish companies have become increasingly interested in doing business in Bangladesh, both in terms of outsourcing of production and of getting access to growing domestic markets. During recent years, Denmark has been able to provide successful support to more than 100 different partnerships between Danish and Bangladeshi private companies. Small and medium-sized Danish companies are already doing well in Bangladesh. Particularly the sectors of green tech and energy, water and sanitation, aquaculture, IT, marine tech and pharmaceuticals seem to offer a good match for Danish companies.

Trade between Denmark and Bangladesh is increasing fast in both directions. Exports of Bangladeshi manufactured goods are expected to continue to increase, both in the medium and long terms, due to the relaxation of the European rules of origin limitations allowing Bangladesh to enjoy duty free access to EU markets even on goods manufactured partly in other countries. This has the potential of allowing Bangladesh, as one of the last low-cost destinations in Asia, to take over certain manufacturing roles from countries like China, Korea and Malaysia. Bangladesh offers a number of attractive business opportunities, not least due to the country’s highly cost-competitive and competent labour force.

Readymade garments constitute more than 90 percent of Bangladeshi exports to Denmark, but other sectors, such as ship building, IT and foodstuffs, are on the rise as well. Danish exports to Bangladesh are particularly strong in powder milk and machinery for the manufacturing sector is growing, including marine equipment for the shipbuilding sector in Bangladesh. Green tech, luxury consumer goods and pharmaceuticals could be growth areas for Danish exports in the future.

Bangladesh might not always be an easy market. Commercial success faces other challenges than those known from Denmark’s traditional markets. Knowledge of the political, social and cultural environment as well as being ready to deal with corruption and bureaucracy are vital. With a view to making it easier for small to medium-sized companies to establish themselves, a joint Nordic Chamber of Commerce and Industry (NCCI) was established in 2010. NCCI has the stated goal of knowledge sharing among Nordic likeminded companies in Bangladesh as well as acting as a resource for newcomers.
DENMARK WILL

- Continuously explore commercial opportunities for Danish companies in Bangladesh as well as financing options for large-scale development projects in Bangladesh relevant for Danish entrepreneurs and consultants.
- Continue the Danida Business Partnership programme in the strategy period.
- Actively support the work of the Nordic Chamber of Commerce and Industry in Bangladesh.
- Be actively involved in the WTO and the EU to ensure optimal conditions for the EU and Denmark’s commercial relations with Bangladesh.

INDICATORS

- Invite at least 7–10 Danish companies for visit in Bangladesh each year.
- Support 4–6 projects/pilot projects each year from Danida’s Business Partnership programme.
- Secure assignments from 10–15 new Danish companies/clients each year.
Collaboration on Global Issues

Bangladesh is expected to become increasingly more active on global issues. As a democracy and as the largest Least Developed Country, Bangladesh is a potentially strong ally for Denmark and vice versa. The stated focus of Bangladesh’s foreign policy is security, preservation of sovereignty and the quest for resources for development. This is enacted under the often repeated slogan of “Friendship towards all and malice towards none”. Traditionally, Bangladesh has been a relatively marginal foreign policy actor considering that it is the 7th most populous nation in the world. However, the sustained economic growth and relative political stability have encouraged Bangladesh to assume a more assertive role on regional and global issues. It is expected that Bangladesh will continue to assert itself on the international stage pointing to the merits of population size, stable democracy, economic growth and being one of the largest current contributor of troops to UN peacekeeping missions. Consequently, Bangladesh has embarked on a radical expansion of its diplomatic service, nearly doubling the number of embassies abroad, including opening an Embassy in Denmark.

For Denmark, a more internationally assertive Bangladesh would enable increased cooperation on global issues, such as climate change, human rights, counter-terrorism, peace keeping and trade policy. Particularly in the United Nations and other multilateral fora, a partnership between a large developing country and a small developed country can boost the legitimacy of a common cause. Denmark will actively – as opportunities emerge – seek to establish partnerships with Bangladesh aimed at addressing these shared challenges.

The strong anti-radicalisation and counter-terrorism measures of the Bangladeshi Government constitute a specific opportunity for cooperation. Bangladesh has decided to strengthen regional counter-terrorism activities, and Denmark is ready to extend financial and technical support to these activities. The initiative holds the potential of nurturing much needed regional South Asian cooperation on counter-terrorism.

South Asia remains one of the least integrated regions in the world. Here Bangladesh has much to gain from increased regional cooperation, particular with improved infrastructure and trade.

As one of the only countries enjoying good relations with all other South Asian countries, Bangladesh could potentially play a constructive role regionally. This is being attempted by Bangladesh, for instance, through SAARC (South Asian Association for Regional Cooperation). Traditionally, the focus of the Danish development engagement in Asia has been on South Asia complemented where possible with the promotion of economic cooperation and trade.
DENMARK WILL

- Actively pursue partnerships with Bangladesh on global issues such as climate change, human rights, counter-terrorism, peace keeping and trade policy, particularly in multilateral fora and whenever possible with and through the EU.

- Support Bangladesh in further strengthening its role as an active and responsible actor in South Asia.

- Actively promote law enforcement efforts and regional counter-terrorism activities.

INDICATORS

- Dialogue at minister level or high-level visits take place at least three times a year.

- At least one specific global/regional policy initiatives taken by Bangladesh every year.
## ANNEX 1
### KEY DATA

### KEY ECONOMIC DATA

<table>
<thead>
<tr>
<th>Economic Data</th>
<th>Unit</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
<td>144,000 km²</td>
<td>WDR</td>
</tr>
<tr>
<td>Population (2010)</td>
<td>1,487 million</td>
<td>WDR</td>
</tr>
<tr>
<td>GNI per capita (2010)</td>
<td>700 USD</td>
<td>WDR</td>
</tr>
<tr>
<td>Annual economic growth (GDP) (2011)</td>
<td>6.7 %</td>
<td>WDR</td>
</tr>
<tr>
<td>Ease of doing business (2012)</td>
<td>122 (183)</td>
<td>DB</td>
</tr>
<tr>
<td>Foreign Direct Investments (2009)</td>
<td>674 USD million</td>
<td>WDF</td>
</tr>
<tr>
<td>Economic sectors: Value added (% of GDP)</td>
<td></td>
<td>WDR</td>
</tr>
<tr>
<td>Agriculture (2010)</td>
<td>18.6 %</td>
<td>WDR</td>
</tr>
<tr>
<td>Industry (2010)</td>
<td>28.5 %</td>
<td>WDR</td>
</tr>
<tr>
<td>Services (2010)</td>
<td>53 %</td>
<td>WDR</td>
</tr>
<tr>
<td>Development assistance per capita (2011)</td>
<td>10 USD</td>
<td>WDR</td>
</tr>
<tr>
<td>Foreign debt (2011)</td>
<td></td>
<td>WDF</td>
</tr>
<tr>
<td>Total foreign debt (EDT)</td>
<td>22,922 USD million</td>
<td>IMF</td>
</tr>
<tr>
<td>– of which, multilateral debt</td>
<td>19,609 USD million</td>
<td>IMF</td>
</tr>
</tbody>
</table>

### KEY SOCIAL DATA

<table>
<thead>
<tr>
<th>Social Data</th>
<th>Unit</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population growth (annual average) (2000–2009)</td>
<td>1.6 %</td>
<td>WDR</td>
</tr>
<tr>
<td>Life expectancy (2010)</td>
<td>69 years</td>
<td>WDR</td>
</tr>
<tr>
<td>Infant mortality (number of deaths per 1000 births during the first year) (2010)</td>
<td>38</td>
<td>WDR</td>
</tr>
<tr>
<td>Access to clean drinking water (percentage without access) (2010)</td>
<td>17.7 %</td>
<td>WDR</td>
</tr>
<tr>
<td>Number of doctors (per 100,000 inhabitants) (2010)</td>
<td>30</td>
<td>WHO</td>
</tr>
<tr>
<td>People btw. 15–49 years living with HIV (2009)</td>
<td>0.8 %</td>
<td>WDR</td>
</tr>
<tr>
<td>Adult literacy rate (2010)</td>
<td>56 %</td>
<td>WDR</td>
</tr>
<tr>
<td>Primary education (percentage of children of school age) (2009)</td>
<td>87.8 %</td>
<td>WDR</td>
</tr>
<tr>
<td>Girls in primary education (percentage of girls of school age) (2009)</td>
<td>93.1 %</td>
<td>HDR (UN MDG Data)</td>
</tr>
<tr>
<td>Military expenditure (percentage of GDP) (2010)</td>
<td>2.6 %</td>
<td>WDR</td>
</tr>
</tbody>
</table>
ANNEX 2
DENMARK’S DEVELOPMENT ACTIVITIES IN BANGLADESH

Support to human rights and good governance
The Danish Human Rights and Good Governance Programme (HRGG Phase III) aims at facilitating an effective parliamentary process, sound law and order, propeople public services, an improved legal and judicial system, to strengthen local government and establish a corruption-free society with social justice. The immediate objectives of the programme, which are aligned with both the Government of Bangladesh and relevant Danish strategies, are: (1) public-sector management has improved to enhance transparency, accountability and effective service delivery; and (2) the rule of law and respect for human rights of vulnerable groups are enhanced. The programme has two components with three sub-components each. The first component is focusing on Public Sector Management and comprises three different sub-components: i) public financial management, ii) local governance and iii) anti-corruption. The second component focuses on Human Rights and is divided into three sub-components: i) support to human rights-advocating NGOs, ii) support to the National Human Rights Commission and iii) support to the Violence against Women programme. The total allocation for this programme is DKK190 million for five years starting from July 2011 to June 2016.

Support to the agricultural sector
Denmark will support the Agricultural Growth and Employment Programme (AGEP) from 2013 to 2018 with a total Danish contribution of DKK 330 million. The development objective of the programme is to contribute to increased pro-poor and inclusive growth and sustainable employment creation for male and female members of small and marginal farms. The programme focuses on agricultural production as well as on agro-processing and agro-business development. AGEP has two components: The Integrated Farm Management Component (IFMC) and the Agro-business Development Component (ABDC). The immediate objective of the IFMC is an increased and diversified agricultural production and small farm households through participation in Integrated Farm Management Farmer Field Schools. The immediate objective of the AGEP is to strengthen the competitiveness of the agricultural and agro-business sectors.

Support to the water and sanitation sectors
The Danish support to the water supply and sanitation sectors aims at reducing poverty through implementation of the Sector Development Plan and improving access to drinking water and hygienic sanitation. The service delivery part of the programme is implemented in close collaboration with local authorities, local partners and communities, while the policy and strategy part is implemented together with the line-ministry and other sector partners. The programme has a Danish contribution of DKK 200 million for a four-year implementation period (2012 – 2015). The Danish grant support to the sector will be phased out with completion of this programme.

Support to green growth
Support will be extended to the preparation of a new Green Growth Programme focussed on sustainable energy production and efficiency, environmental management and climate change. The support is expected to commence in 2016.

Support to the Danida’s Business Partnership programme
The overall objective of Danida’s Business Partnerships is to support sustainable development and contribute to poverty reduction through growth and employment. The immediate objective of the programme is to transfer knowledge and technology from Danish to local partners, including improving the working and living conditions of the poor and enhancing the competitiveness of local enterprises. This is done by supporting the establishment of partnerships that create value for companies, while at the same time adding overall value to society. Some of the sectors where the programme has played an instrumental role in promoting Bangladesh are: textile, IT and shipbuilding. The current focus is mainly on renewable energy, clean tech, agriculture, fisheries and agro-processing sectors, amongst others. The DBP programme commits an annual DKK 15–18 million for various projects. Typically, a project is supported for a period of three to four years.

Other Support
Denmark supports projects financed by the mixed credits, i.e. the Saidabad Water Treatment Plant and upgrading of the international airport, both in Dhaka city. Mixed credit financing of such projects will be continued. Through the Local Grant Authority, the Danish Embassy in Bangladesh is also capable of responding quickly to emerging needs – whether these are needs in connection with a crisis situation or innovative activities that need to be piloted before other larger programmes can pick up where the pilot projects stop. Denmark also provides central funding for climate change adaptation and regional security activities.
### ANNEX 3
### PROGRESS TOWARDS THE MDGS IN BANGLADESH

<table>
<thead>
<tr>
<th>MDG INDICATORS</th>
<th>Previous level</th>
<th>Current level</th>
<th>MDG objectives 2015</th>
<th>On Track, Will Be Achieved Before 2015 or Needs Attention to meet MDG goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ERADICATE EXTREME POVERTY AND HUNGER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of population below poverty line</td>
<td>56.0 %</td>
<td>38.7 % (2008)</td>
<td>29.0 %</td>
<td>On Track</td>
</tr>
<tr>
<td>Proportion of population that does not get minimum calories needed (1805 kcal)</td>
<td>28.0 %</td>
<td>19.5 % (2009)</td>
<td>14.0 %</td>
<td>On Track</td>
</tr>
<tr>
<td><strong>ACHIEVE UNIVERSAL PRIMARY EDUCATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary school completion rate</td>
<td>43.0 %</td>
<td>54.9 % (2008)</td>
<td>100 %</td>
<td>Needs Attention</td>
</tr>
<tr>
<td>Literacy rate of 15–24 year-olds, women and men</td>
<td>36.9 %</td>
<td>58.3 % (2007)</td>
<td>–</td>
<td>Needs Attention</td>
</tr>
<tr>
<td><strong>PROMOTE GENDER EQUALITY AND EMPOWER WOMEN</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of seats in national parliament occupied by women</td>
<td>12.7 %</td>
<td>19.0 % (2009)</td>
<td>33.0 %</td>
<td>Needs Attention</td>
</tr>
<tr>
<td><strong>REDUCE CHILD MORTALITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortality rate for children under five years old</td>
<td>146</td>
<td>53.8</td>
<td>48</td>
<td>On Track</td>
</tr>
<tr>
<td>(per 1000 live births)</td>
<td>(2008)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IMPROVE MATERNAL HEALTH</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maternal mortality ratio, per 100,000 live births</td>
<td>574</td>
<td>348</td>
<td>144</td>
<td>Needs Attention</td>
</tr>
<tr>
<td>Proportion of births attended by skilled health personnel</td>
<td>5.0 %</td>
<td>24.0 % (2009)</td>
<td>50.0 %</td>
<td>Needs Attention</td>
</tr>
<tr>
<td><strong>COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIV/AIDS prevalence in population (per 100,000 population)</td>
<td>0.005</td>
<td>0.1</td>
<td>Halting</td>
<td>On Track</td>
</tr>
<tr>
<td><strong>ENSURE ENVIRONMENTAL SUSTAINABILITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to water in rural areas and in urban areas</td>
<td>78.0 %</td>
<td>86.0 % (2009)</td>
<td>89.0 %</td>
<td>On Track</td>
</tr>
</tbody>
</table>