

**NETHERLANDS EMBASSY DHAKA - BANGLADESH
MULTI-ANNUAL STRATEGIC PLAN
2012-2015**

Mission statement

"The Netherlands Embassy in Dhaka helps improve living conditions for the poor, with particular emphasis on women through a result based coordinated effort, in an effective and efficient manner focussing on improving water management, food security and sexual reproductive rights. Special attention is given to addressing accountability and transparency."

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Multi-Annual Strategic Plan (MASP) 2012-2015 DHAKA

The Multi-Annual Strategic Plan is a rolling document. The plan was presented by the embassy in October 2011 and approved by the Ministry of Foreign Affairs in December 2011. During the appraisal process, the focus of the strategy was enhanced and additional clarifications were received from the Embassy. These were incorporated into the final version. In some cases, plans will have to be further elaborated and considered before they can be implemented as part of the strategic plan. The new policy priorities will be further developed and operationalized in dialogue with the Government of Bangladesh (GoB), civil society and development partners during the coming year.

Chapter one: Management summary and decision points

1.1 Introduction to Bangladesh

Since the 1990s, Bangladesh's economy has seen annual Gross domestic product (GDP) growth of around 3.4% with relatively low inflation and stable domestic debt, interest, and exchange rates. This growth has occurred despite Bangladesh's extreme vulnerability to natural hazards including floods, cyclones and drought. With GDP growth of 6.7% for the financial year ending June 2011, Bangladesh is weathering the global financial crisis well. Today, with increasing inflation due to rising food and oil prices, widening subsidy financing gaps, a volatile Arab region and financial crises in the European and American markets, it remains unsure whether this growth figure can be sustained in the future. At the same time much work remains to improve the lives of the country's poor, especially children and women, though progress has been made towards achieving the UN's Millennium Development Goals (MDGs) by 2015, especially in the areas of education and reducing infant mortality.

With its strategic position in the Indian Ocean Region, Bangladesh has enormous potential. The country climbed in the World Bank/International Finance Corporation's "Ease of Doing Business" rankings from 110 in 2010 to 107 in 2011 (out of 183). Foreign investment is low: in 2010 it was less than €0.8 billion. With investment in Bangladesh measuring 8,5 million USD in 2009-2010, the Netherlands is the fifth largest investor in Bangladesh. Exports in 2010 grew 27% from 2009 and exceeded €20 billion, reflecting growth in the garment, jute, leather, frozen fish and seafood sectors.

On the other hand, Bangladesh is a poor and populous country which is quickly urbanising, is highly vulnerable to floods and is experiencing the effects of climate change. High levels of inequality persist, with 50% of Bangladesh's 160 million people living on less than \$1.25 (€0.92) per day and 80% on less than \$2.00 (€1.48). Transparency International, in its 2011 Corruption Perception Index, ranks Bangladesh at 120th amongst 183 countries, hence continuing to show small but encouraging gains. Population growth is an on-going challenge. One in fifteen children die before they reach 5 years old, 250,000 babies die every year in their first month of life, and 40% of children are underweight. Thirty percent (30%) of women are undernourished, and 8,000 die each year due to complications during pregnancy. Bangladeshi citizens continue to suffer as a result of Bangladesh's chronic food insecurity, with improvements needed in food access and utilisation in particular. The prevalence of malnutrition in Bangladesh is among the highest in the world. Malnutrition contributes to about one half of all child deaths, often by weakening their immunity. More than 500,000 children suffer from severe acute malnutrition in Bangladesh. Nearly forty-nine percent (48.6%) of all children younger than 5 years old suffer from stunted growth and more than thirty-seven percent (37.4%) are underweight. The water, sanitation and hygiene situation in Bangladesh remains of concern. Although water is available, arsenic contamination, poor hygiene practices, poorly designed tube-wells and unsanitary latrines continue to pose health risks. Although Bangladesh has made great progress towards reaching the UN's Millennium Development Goals (MDGs), much remains to be done, especially towards improving access to water and sanitation (MDG7) and improving maternal health (MDG5), and creating employment for its increasingly young population (MDG 8).

1.2 Summary of the Multi-Annual Strategic Plan (MASP) of the Embassy of the Kingdom of the Netherlands

1.2.1 The Framework

The overall aim of the Netherlands' development cooperation with Bangladesh is:

"Helping improve living conditions for the poor, with particular emphasis on women through a result based coordinated effort, in an effective and efficient manner. Special attention is given to addressing accountability and transparency".

The Netherlands' development cooperation with Bangladesh will focus on water, sexual and reproductive health and rights (SRHR) along with food security. Work in these areas will build on the

successes and results obtained by previous development cooperation activities. Furthermore, within all areas of activity, special attention will be given to private sector development and improving and sustaining governance, gender equality and the environment by combating pollution. The Netherlands' development cooperation with Bangladesh will gradually withdraw from the education sector.

1.2.2 The Fundamentals

This Multi-Annual Strategic Plan (MASP), which is directly linked to the 2008-2011 plan, builds on the Netherlands' history of successful cooperation with Bangladesh. Although support for the education sector will be phased out gradually, sexual reproductive health and rights education will be channelled through educational systems and programs supported by the Netherlands. All planned contributions and activities will align with national policy and development plans and underlines the Netherlands' commitment to the Paris Declaration and Accra Agenda for Action. The Embassy will continue to proactively communicate lessons learned and successes achieved to all stakeholders. Cooperation between the Netherlands and Bangladesh will be reinforced by research institutes in both countries. The Embassy of the Kingdom of the Netherlands in Bangladesh (referred to as "the Embassy" in this document) will continue to seek partnerships as part of the strategic plan, and complement technical assistance with investment funds from international financial institutes, including the World Bank and the Asian Development Bank. Furthermore, the Embassy will promote and broker Dutch contracts with International Financial Institutions (IFIs), especially in the water sector.

1.2.3 New directions

The Netherlands' development cooperation with Bangladesh is changing its program focus to water, sexual and reproductive health and rights and food security. Support to the education sector will be phased out. There will be more emphasis on boosting the trade relationship between both countries. This plan aims at enhancing productivity, and increasing investment and trade in a responsible manner. The embassy will aim at improving trade relations between the Netherlands and Bangladesh by providing services to the business community. Services will include, for example, proactively providing information about business opportunities in targeted sectors and serving as a matchmaker, bringing companies together. In order to sustain Bangladesh's economic growth, social responsibility and combatting environmental pollution will be emphasized.

The programs described in this strategic plan will also aim to support Dutch private sector companies seeking to obtain contracts tendered by international financial institutes. The Embassy is seeking to link development cooperation activities with efforts and investments undertaken by the Dutch private sector. By creating partnerships among the client, the contractor and the community, the Embassy can help kick-start social development in the areas of water, environmental protection, labour standards and vocational training, principally those areas where the private sector will be providing investment.

1.3 Priority sectors

More specifically, the objectives and activities proposed for the three priority areas for the Netherlands' Development Cooperation with Bangladesh are:

1.3.1 Water

Climate change, population growth, urbanisation and their adverse effects on the quality of life for the average Bangladeshi will drive the Embassy's Water Program over the next four years. The aim of the Program is to contribute to a healthy living environment that supports economic growth in a country where there will be more extreme rainfall, higher sea water levels, increasing industrial pollution and slum development. Bangladesh is proud to be selected as one of the five delta countries included in the Dutch interdepartmental 'Water Mondiaal' Program (global water program) and has high expectations for this intensified bilateral cooperation. The Bangladesh government's expectations for bilateral cooperation in water management are high; however this cooperation in the area of water management faces significant challenges. These include: climate adaptation, the formulation of a Delta Vision on the longer term, providing protection against storm surges along the coast, preventing floods in cities, and ensuring a sustainable water supply in the light of groundwater depletion, arsenic contamination, and saline water intrusion along the coast. Prepared in close coordination with the key stakeholders in Bangladesh's water sector, the Embassy's Water Program (2011-2015) will focus on: (i) sustainable participative water management in the existing polders and in the reclaimed land of the coastal zone, (ii) river management, (iii) drinking water and sanitation in rural and urban areas and (iv) institutional strengthening. In order to strengthen the cooperation with Bangladesh on the part of

the Netherlands, more emphasis will be put on interdepartmental cooperation and greater involvement of the 26 Dutch Water Boards with their wealth of knowledge and experience.

1.3.2 Sexual and reproductive health and rights

The Netherlands' development cooperation with Bangladesh in the area of sexual and reproductive health and rights (SRHR) will focus on increasing awareness, demand and utilisation of services and the improvement of service delivery to meet the unmet need for contraception. Emphasis will be given to advocacy about family planning that will influence policy and improve ties between the government and the private sector.

The political dialogue will focus on supporting the Bangladesh Ministry of Health and Family Welfare (MoHFW) to strengthen SRHR within the health policy and the health system, linked with the recently approved Health, Population and Nutrition Sector Development Program (HPNSDP). The Netherlands' strategic plan aims to improve and increase awareness of sensitive topics such as menstrual regulation (MR), violence against women (VAW) and youth sexuality. This goal will be met through innovative education about sexual reproductive health and rights, creating more demand for- and utilisation of- related SRHR services, in particular by adolescents and the poor in selected urban slums and rural districts, together with the government of Bangladesh (GoB) and non-governmental organisations (NGOs). The Program will look for ways to develop evidence based knowledge related to SRHR to better support policy decisions as well as to promote new strategies for effective implementation by sharing Dutch knowledge and expertise. The Embassy plans to promote corporate social responsibility (CSR) initiatives; the provision of reproductive health care for employees in the garment industry will be the cornerstone of these initiatives.

1.3.3 Food security

The Program's strategy and activities will be further identified and articulated during the first year. The MASP will be aligned with Bangladesh's Plan of Action under the National Food Policy; the overarching goals will be to improve access to healthy food and foster sustainable production. The Embassy has identified two entry points for positioning its Food Security Program: i) connecting food security interventions to the water sector, an area in which the Embassy has a strong reputation and deep experience in Bangladesh and ii) food security in relation to private sector development and trade (import and export). In line with Bangladesh's country investment plan which serves as a road map towards investment in agriculture, food security and nutrition, four areas of cooperation have been identified. They include: i) improved water resource management and infrastructure for irrigation purposes, ii) fisheries and aquaculture development, iii) livestock development and iv) food safety and quality improvement. This Program will look to add value by sharing Dutch knowledge and expertise, and will concentrate on identifying investment and trade opportunities, for example in logistics (cold and dry chains, food storage and preservation). Possible entry points for the Netherlands' development cooperation with Bangladesh on food security could include strengthening producers, integrating smallholders in the value chains and helping provide farmers access to rural infrastructure.

1.3.4 Exit from the education sector

From 1999 through 2010, the Embassy has been a strong supporter of - and investor in - formal and non-formal primary education. During this period, the Embassy has developed profound knowledge and experience, and built an extensive network of organisations and individuals. In line with new Dutch development policy, the education portfolio will be phased out over the next few years.

Chapter two: Review and overview

2.1 From aid to trade

The mission statement of the MASP 2010-2011 was "supporting Bangladesh to improve transparency and strengthen accountability to achieve MDGs and to graduate to a middle income country". The Embassy envisaged a transition from a bilateral, social sector-oriented development program to one with greater emphasis on economic growth, international trade and private sector development. Capacity constraints limited the Embassy's ability to move more rapidly towards a "pro-growth" portfolio which would allow for innovation and strengthened economic collaboration in areas of Dutch comparative advantage. The timely and adequate posting of expatriate staff in the strategically important sectors of water and private sector development remains a pre-condition for the successful transformation of our program from aid to trade.

2.2 Water management and water sanitation

The financial support to the NGO BRAC (Bangladesh Rural Advancement Committee) for improving water supply and sanitation in rural areas has been very successful: about 17.5 million people now use proper sanitary facilities and 0.5 million people have been connected to a water source since 2005. This result is a major contribution to the MDG7 objective set by the Dutch government. A new agreement has been signed with BRAC to provide access to water and sanitation services in difficult-to-reach rural areas, for the hard-core poor. A facility to introduce innovative Dutch solutions will be included.

The water resources management sector has produced mixed results in the recent past. The institutional setting, politics and organisation proved to be more difficult to adapt to the sector reform agenda as approved in 1999 than expected. The Water Resources Planning Organisation (WARPO) has not delivered in the way it was expected. The Bangladesh Water Development Board (BWDB) has been mired since 2000 in its reorganisation process. Its budgeting process is cumbersome and staffing is not sufficient. Consequently, many water projects have been delayed, and the Estuary Development Project was discontinued.

On the positive side, there have been important achievements in the field of participative water management, rehabilitation and land reclamation, which have resulted in improved livelihood conditions and an integrated approach towards development of the water sector at the local level. The Embassy believes that a turning point has been reached in the implementation of the reform agenda. The BWDB is participating in a public finance management improvement project (SPEMP) and its reorganisation plan is in the final stage. In addition, the Water Act is nearing approval after ten years of deliberations.

Since 2010, the 'Water Mondiaal' Program has contributed to strengthening the bilateral relationship between the Netherlands and Bangladesh, both at the governmental and at the water sector level. Coordination between the Embassy and 'Water Mondiaal' has been tight and productive. A strong political signal in support of the bilateral cooperation was the decision by the Prime Minister that a Bangladesh Delta Plan 2100 is required. Dutch experience has been requested to elaborate this Plan.

2.3 Sexual and reproductive health and rights

The maternal mortality rate (MMR) in Bangladesh fell by more than 40% between 2001 and 2010, and progress has been made with regard to maternal and child health. However, this success falls short of Millennium Development Goal 5 (MDG5) targets which call for reducing maternal mortality by 75% and universal access to reproductive health by 2015. The MMR remains high, with 194 deaths per 100,000 live births in 2010. Reproductive health services are falling behind as evidenced by the unmet need for family planning which has increased from 11% in 2004 to 17% in 2007. Projects funded through the Embassy are making a difference for poor, vulnerable and adolescent groups in rural and urban areas by increasing awareness on the sensitive topic of sexual and reproductive health and rights (SRHR) and access to quality SRHR services within communities. The Improving Maternal, Neo-Natal and Child Survival (IMNCS) Program has contributed significantly to increasing maternal, neonatal and child survival in rural areas through knowledge transfer, improving the skills and motivation of providers and strengthening referral linkages between public and private health facilities. Through public-private partnership, the National Menstrual Regulation Initiative contributed to making safe-abortion services more widely available and accessible and preventing unwanted pregnancies through better and more accessible family planning. The innovative Unite for Body Rights and Growing up Safe and Healthy projects are providing adolescent boys and girls with SRHR/human rights information as well as life-skills that empower them to make informed decisions about their bodies and lives. As SRHR continues to have a low priority within the GoB's health agenda, organisations working in the area of SRHR must intensify their policy dialogue with the GoB to support the importance of SRHR as an integral part of the health system. The Embassy is looking to increase support in niche areas such as comprehensive sexuality education and the implementation of public-private partnerships, creating a link with commercial activities.

2.4 Food security

As effective water management is essential for sustainable food production, the Food Security Program will build on the Embassy's work, particularly that of the flagship Integrated Planning for Sustainable Water Management Program, in the area of water management, particularly in Bangladesh's southern delta. The Embassy's involvement in an International Fund for Agriculture Development (IFAD) managed multi-donor project (MIDPCR, 2006-2013) focusing on giving producers

access to rural markets and market facilities in the coastal region, provides another good entry point for food security.

2.5 Gender, violence against women

The Domestic Violence (Prevention and Protection) Bill 2010 and the National Women Development Policy 2011 were landmark achievements brought about by advocacy of women's rights platforms and organisations with Dutch support together with many development partners. The Supreme Court verdicts prohibited extra-judicial punishment (*fatwa*) for women bringing sexual harassment suits and confirmed the right of women 'not to veil or cover their heads' in schools and universities. The Embassy worked to increase awareness on violence against women (VAW), prevent early marriage, and increase participation and leadership of women in politics at the local level. Several women's rights organisations were supported to strengthen their strategic and management capacity. Statistics on VAW are scarce and often unreliable, making strategic decision-making regarding interventions difficult. While the involvement of men, the wider community and local authorities has proven to be a successful strategy to prevent and address VAW, further efforts are needed to break the widespread culture of stigmatisation, impunity, intimidation and often unfriendly service institutions that constitute a barrier to reporting by victims of VAW. Bangladesh still has a long way to go to achieve gender equality, in particular in areas such as economic participation, and entitlement to land and inheritance rights.

2.6 Governance and human rights

The capacity of the Bangladeshi government institutions need to be strengthened and their public delivery needs improvement. The Embassy's support for national level reform programs, such as a multi donor trust fund managed by the World Bank to strengthen public finance management and a program to encourage civic engagement, deserve to be maintained as it is clear that they are important for economic growth and equity.

The human rights situation has been and continues to be a joint concern of the GoB and development partners. Through the Embassy's Umbrella Fund, human rights organisations are being supported on a small scale. Human rights diplomacy is on the agenda of the European Union/Heads of Missions. Specific concerns have been expressed regarding the Rohingya refugees and the indigenous people of the Chittagong Hill Tracts.

2.7 Platforms for policy dialogue

The Netherlands has continued to play a pro-active role in the general and sectoral/thematic policy dialogue between the GoB and development partners. The Bangladesh Development Forum and its follow-up meeting in November 2010 demonstrated the mutual commitment to the aid effectiveness agenda that is at the core of the Joint Cooperation Strategy that was signed in 2010. The sectoral/thematic working groups of the Local Consultative Group (LCG) have been instrumental to enhance the policy dialogue between the GoB and development partners and to strengthen the leadership of the GoB. The Embassy has played a key role in this process as (co-) chair of the LCG Education, Public Finance Management (PFM) and Water Management. The GoB is working on a stronger lead in matters of aid management and coordination in this area.

Chapter three: Country analysis

3.1 Local context

3.1.1 Commitment to national policies of economic growth and poverty reduction

Since gaining independence in 1971, Bangladesh has increased its real per capita income by more than 130 percent, cut poverty by more than half, and is well positioned to achieve many of the MDGs. Bangladesh's achievements since 1971 include: an increase in life expectancy from 46.2 years to 66.6; an upsurge in the economic growth rate from an average of 4% in the 1970s to 6% in the 2000s; an increase in the savings and investment rates from below 10% in the 1970s to 24% (investment rate) and 28% (savings rate) at the end of the 2010 fiscal year; and tripled rice production from 10 million tons in 1973 to 32 million tons in 2010, achieving near self-sufficiency. Notwithstanding this progress, Bangladesh is still a low income country with substantial poverty, inequality and deprivation. Around 60 million people are living below the poverty line. Significant proportions of the poor live in female-headed households, in remote areas, and/or are socially excluded. Most of the labour force is engaged in informal, low productivity-low income jobs. The poor are severely disadvantaged in terms of assets and inadequate access to credit as well as to basic

services including quality education, health care, water and sanitation. They are also disproportionately affected by natural disasters and the adverse effects of climate change. The government's Vision 2021 and the associated Perspective Plan 2010-2021 have set concrete development targets for Bangladesh so that the country can achieve middle-income country status by 2021. Vision 2021 will be implemented through two five year development plans, with the first spanning 2011-2015. The development vision in this plan is guided by a principle of ensuring a proper balance between providing incentives to the private sector and safeguarding public interests through appropriate regulatory policies. Against that backdrop, the balance between private and public spending receives significant attention.

3.1.2 Macroeconomic policy

The macroeconomic stabilisation policies in place until recently foster a stable political environment, economic growth, and poverty reduction. However, a budget deficit and low tax revenues hamper economic and private sector development as do the main bottle-necks in the areas of energy, infrastructure and transparency. A concerted effort to enforce these reforms is vital to improve the enabling environment for the private sector and social economic stability.

Annual real GDP growth is expected to average 6.4% from 2010/11 to 2014/15. Growth will be underpinned by the steady expansion of private consumption, which has been projected to grow around 6% per year and investment which is expected to increase by 7.7% annually through 2014-15. However, these projections were made before the scope of the financial crisis in the Eurozone became apparent and may need to be revised downwards. The main determinants of private consumption growth will be the performance of the agricultural sector and remittances from Bangladeshi working overseas. The latter depends much on stability in the Middle East, which is the major destination for Bangladeshi migrant workers. Although the agricultural sector accounts for less than 20% of GDP, it is the country's largest employer and the main source of income for around one-half of the working population. The Government will continue to step up its efforts to attract greater foreign direct investment, particularly from India, China and Russia, as well as from members of the country's diaspora in OECD countries.

3.1.3 Public finance management

Public finance management (PFM) policies and institutions have gone through a process of incremental transformation and reforms over the last two decades. Successful implementation of a series of reforms has laid the basis for further deepening and strengthening institutional and policy changes in PFM. Recognising the limitations of an annual, input-oriented and fragmented budget exercise, the rollout of the medium-term budget framework across the government has marked a new era in Bangladesh's PFM reforms. A key element of the new PFM reform is that it includes strengthening public oversight bodies such as the Comptroller-Auditor General and Parliament.

3.1.4 Investment climate

There are indications that the investment climate is improving, but the outlook for the business environment depends on global financial challenges and the government's ability to maintain socio-economic stability. Some important global institutions have made positive assessments of the prospects of doing business in Bangladesh. In the World Bank's *Doing Business Rank 2011* Bangladesh is 107th of 183 countries. It not only improved its ranking but it is also leaving countries like India and Indonesia behind. Of the nine indicators, Bangladesh ranks highest on 'protecting investors' (20th) and lowest on 'enforcing contracts' (179th). 'Starting a business' showed the strongest improvement. Bangladesh is a cost-competitive investment destination in several respects. It offers a young, industrious workforce with the lowest wages in the South and South-East Asia region. English is the second language after Bengali. Tariff-free access is provided by the European Union, Canada, Australia and Japan. Its export competitiveness consists of: i) highly competitive fiscal and non-fiscal investment incentives; ii) a liberal foreign direct investment (FDI) regime in South Asia, allowing 100% foreign equity with an unrestricted exit policy, easy remittances, and repatriation of profits and incomes; and iii) export-oriented industrial enclaves, export processing zones with infrastructure and logistical support for foreign investors. In addition, the Economic Zones Act 2010 was passed to support more flexible and competitive economic zones. Lastly, the Foreign Private Investment (Promotion & Protection) Act 1980 provides protection for investments in Bangladesh.

On average, an entrepreneur must complete seven procedures to start a firm—the smallest number among a group of comparative countries in Asia. But the cost of these procedures amounts to 36.2 percent of per capita income and takes 44 days on average, by far the highest among these countries. Once firms are up and running, they need to comply with bureaucratic requirements such as regular

renewal of licences. On a positive note, Bangladesh has been performing well in technology-related issues and has been selected by the International Trade Center (ITC) and CBI (Dutch Bureau for promotion of imports from developing countries) as a high-potential, IT-outsourcing destination.

3.2 Binding constraints

3.2.1 Infrastructure and energy: challenges and opportunities

The main obstacles related to energy are a shortage of gas (the main fuel for electricity-generating plants in Bangladesh) and a large stock of old, inefficient power stations, leading to increasing fuel prices. The government hopes to boost power supplies in the short term by buying power from several independent firms which are building diesel-powered electricity generating plants. Load shedding could affect business and investment decisions. However, the government has declared power supply to be a priority. Contracts are being signed for rental power supply infrastructure in order to relieve short-term shortages, and longer-term expansion of capacity is being reviewed; for example, contracts have been concluded with Russia in the area of nuclear energy.

Transport infrastructure in Bangladesh requires sizeable investment and large improvements in different areas, which in turn can be translated into increasing business opportunities. Cases in point are the supervision and construction of the Padma Bridge, the Dhaka elevated highway (contract awarded in December 2010 to an Italian-Thai consortium) the Dhaka-Chittagong highway, the Dhaka-Mymensing highway, and plans to upgrade railroads and inland waterways. The government has committed to address these issues as a priority.

3.2.2 Governance

The governance situation in Bangladesh shows a mixed picture. The Sixth Five Year Plan (SFYP 2012-2016) presents an ambitious reform agenda as well as a public administration capacity building strategy to strengthen reforms. However, reforms have so far been modest and much work remains to improve transparency and to combat corruption. Strengthening local governance is an important theme on the GoB's agenda. Donor support for local governance reform is harmonised and aligned through the Local Governance Support Group, with the aim of strengthening inclusive and accountable institutions. The explicit involvement of local government in the Embassy's priority programs will help strengthen its capacities in playing its public role in these areas.

Stagnating at around 10% of GDP for almost a decade, total revenues in Bangladesh have been largely irresponsive to changes in economic activity. Although tax revenues have recorded a modest increase, with the tax-to-GDP ratio improving from 8.6% in FY09 to 9.2% in FY10, this ratio is still among the lowest in the world. A package of tax policy and administration reforms is planned by GoB as is a new VAT Act and Income Tax Act. Moreover, the National Board of Revenue (NBR) has shown commitment to modernise and become more transparent.

Efficient public investment management (PIM) could be improved in the area of physical and social infrastructure that is needed to accelerate economic growth and social development. The current public investment-to-GDP ratio of 4.5% is low, and to meet current and future needs, should be 7-8% per annum. Spending within the Annual Development Budget needs to be improved through more efficient administration.

The GoB budget operates through two separate and unrelated components, prepared independently by two separate central agencies, the non-development budget (or revenue budget) by the Ministry of Finance and the development budget (or capital budget) by the Planning Commission (PC). The introduction of the Medium Term Budget Framework has opened a window of opportunity to gradually address this fragmentation. In the absence of an Integrated Financial Management Information System (IFMIS) linking budgeting and accounting, transparency of budget flows need ongoing attention.

The SFYP 2012-2016 acknowledges that, in order for Bangladesh to attain higher growth, it is imperative to improve governance by strengthening institutions and reducing corruption. It also recognises that the poor quality of public administration must be addressed. In general, there is a need for deeper and more complex policy innovations to deal with the constraints that inefficient energy delivery and poor infrastructure place on growth. New governance challenges are also emerging as a result of climate change, inflation and urbanisation.

3.2.3 Legal security

Although the Anti-Corruption Commission began by addressing high profile cases, its independence is in question. The present legal system results in the uncertain enforceability of contracts and impedes investment. Business can be held up indefinitely by delaying tactics; the judicial system does not

provide for interest to be charged in tort judgments, and hence there is no penalty for delaying proceedings. While the Supreme Court and High Court (appellate level courts) are independent, the lower courts are not.

3.2.4 Corporate social responsibility

Some interesting initiatives on corporate social responsibility (CSR) are coming from the private sector, including the establishment of the CSR Centre (a multistakeholder platform including companies, financial institutions and think tanks), the launch of the United Nation's (UN) Global Compact in Bangladesh (which support businesses that align with universally accepted principles in the areas of human rights, labour, environment and anti-corruption), as well as a range of social businesses. Introduced by Muhammad Yunus, Bangladesh's micro-finance pioneer, social businesses operate as companies but aim to achieve social goals, such as health care or nutrition for the poor, instead of maximising profits. Recently an initiative funded by the Netherlands by the IFC was started on piloting Cleaner Production Mechanisms (CPM) in the Garment Industry (15 pilots in the Dhaka Region). The first conclusions on waste water treatment, energy and water use and social impact are very promising. Other organisations such as the Institute for Human Rights and Business and the Fair Wear Foundation are doing important work to improve labour standards in Bangladesh.

3.3 Analysis of the priority areas

3.3.1 Priority one: Water management and water supply plus sanitation

The complexity of Bangladesh's river systems and the challenges posed along these rivers and along the coast are enormous. The technical and financial challenges are often too large for the Government of Bangladesh to solve. Annual floods inundate up to 60% of the country storm surges from the Bay of Bengal, cyclone Sidr in 2007 and Aila in 2009, are demonstrations of the country's fragile relations vis-à-vis water resources. Climate change increases both the unpredictability and intensity of such events as do the longer-term consequences of higher sea water levels and thus more salt intrusion, together with longer dry periods. To support sustainable economic growth, effective water resources management is essential. Frequent flooding in Bangladesh's cities and their heavily polluted surface water resources further underscores the need for measures that promote sustainability.

Water management for adequate food production is absolutely vital for Bangladesh. Sixty percent (60%) of the rice in Bangladesh is produced during the dry season mainly using groundwater. Competing water claims are emerging. Overexploiting groundwater leads to declining groundwater levels (3 metres per year in the Dhaka area) and results in arsenic contamination, creating an additional risk for an adequate supply of drinking water. In the coastal area with its tidal movements, water management in and around the low lying land must be drastically improved to develop the "productive" potential of this area which is home to Bangladesh's extremely poor. In these areas, the percentage of the hard-core poor is far above average.

Bangladesh's 380 rivers play a very important role in the life of nearly every Bangladeshi. Their management is challenging, partly because of the dynamics of the main rivers: the Ganges, the Brahmaputra and the Meghna. River training, river bank protection, and dredging should help control the risk of flooding and erosion which is threatening many cities. The mouth of the Gorai River has silted up, depriving the Sundurbans of an important fresh water source, and putting this World Heritage mangrove forest at risk. Innovations in water management have demonstrated that by using natural systems, safety measures to counter flooding (for example) can be combined with additional functions that contribute to food security, often at a lower cost than traditional methods.

Bangladesh's overall sanitation coverage stands at 53% (not including the 27% coverage provided by shared, two-family, latrines) and 80% of Bangladeshis have access to drinking water (JMP 2008). The two main challenges are (i) the 20% who lack access to these services are in difficult to reach areas and represent the hard-core poor and (ii) technical solutions are needed to combat high arsenic content, salination, falling levels of groundwater (drinking water) and to prevent pollution in areas with a high groundwater level (sanitation). Behaviour change and maintenance of the facilities require continuous attention. Urbanisation is one of the consequences of the rapid economic growth over the past 10 years and slum development is part of this process. About 5% of the population is living in urban slums, without proper water supply and sanitation facilities. Unplanned development of these centres has often resulted in inadequate drainage and thus regular flooding; parts of Dhaka are frequently inaccessible during the rainy season. Piped water systems will have to be developed. A water tariff set at the level of cost recovery is required. Waste water treatment is obligatory by law but traditionally is not implemented. Industrial and household waste water are usually disposed of

without treatment. The consequent pollution of surface water sources, in particular in cities, reaches levels that are health threatening.

Constraints and opportunities

In its present stage of development, Bangladesh has neither the financial means nor the organisational capacity to develop the management of its water resources in a sustainable and effective way. Climate change introduces an element of uncertainty. Rapid urbanisation and the creation of slums mean that water supply, sanitation, and drainage services are not catered for effectively. The policy framework for the water resources management sector is based mainly on the National Water Policy of 1999, which is considered to be reasonably well developed, but not implemented effectively. The main constraint is the functioning of the government in general and the public water institutions in particular. Bangladesh has a limited number of internationally recognised water institutions - Institute of Water Modelling (IWM) and Center for Environmental and Geographic Information Services (CEGIS) that are capable of in depth analysis and show interest in developing sustainable solutions. The NGO BRAC has realised a major contribution towards achieving the Dutch MDG7 pledge and demonstrated that it is a very effective partner. The participation of communities in combined water management and crop production programs has proved to be effective. For example, crop production increased (up to 35%) in polders where this approach was tested.

The renewed cooperation in the water sector between the Netherlands and Bangladesh, as part of the 'Water Mondiaal' Program, offers possibilities to further develop relationships at governmental and sectoral levels which will benefit stakeholders from both countries. The initiative by the Bangladesh and Dutch government to jointly develop a long-term Delta Plan for Bangladesh based on the ideas of sustainable and climate proof water management as elaborated in the 'Water Mondiaal' Program will further strengthen these ties.

Proposed new activities

The main drivers and underlying themes for the activities developed as part of the Embassy's Water Program are climate change, environmental sustainability, participatory water management and governance. The Bangladesh Delta Plan 2100 will provide a more integrated vision on water management for the longer term and act as an umbrella for shorter term projects and plans. Mutual efforts to develop this Delta Plan with the highest governmental support in Bangladesh allows for more intensive collaboration between stakeholders from both countries. The launch of the Delta Plan by the Prime Minister and the signing of a Memorandum of Understanding at the start of this intensified cooperation are planned for 2012. Cooperation for the development of a River and a Groundwater Master Plan has been requested as well.

Capacity building and transfer of knowledge will be central to this cooperation and related joint ventures and public private partnerships. Initiatives on innovative solutions within the Dutch private sector for management of surface water, groundwater, drinking water and water treatment will be piloted through the Embassy's program. Exchange of staff for long-term periods (on-the-job training) are examples for such transfers. The present institutional weaknesses must be addressed and the enabling environment must be made conducive for this broadened cooperation.

From a technical perspective, the priority areas for the water sector are in developing sustainable solutions for (1) river erosion and sedimentation, (2) inland water transport and river training, (3) treatment of water, (4) protection against flooding by river and sea water, and for (5) effective use of water for the productive sectors. Sustainable innovative technical solutions for river bank protection as well as the development of polders are required: the concept of "building with nature" will receive ample attention. The use of rivers for inland transport has been listed as high potential also in view of the poor road infrastructure; dredging of rivers is high on the political agenda. Cooperation between Bangladesh and the Netherlands has long focussed on the development of the coastal zone, including the development of polders and land reclamation. Adaptation to climate change has provided an added challenge over the past 10 years. The poverty levels in the coastal area are among the highest in Bangladesh; the rehabilitation of the coastal infrastructure will significantly contribute to higher incomes for these hard-core poor. The integrated approach towards water management and technical solutions for land reclamation projects has been very successful. Rehabilitation of "water" infrastructure for polders is still needed in about 75 out of the 125 polders. The Embassy has been requested to share the Dutch experiences in developing ecosystem concepts, for example "building with nature". The introduction of participative water management has demonstrated that water users' involvement in the designing and execution of work is very effective and increases the sustainability of investment. More attention is required in the area of optimal water management that will support the

agriculture sector; to intensify cropping patterns (crops being produced in an area and their time sequence) and to increase yields.

For improved water supply and sanitation in urban centres, discussions have started between Dutch private and governmental organisations (e.g. Vitens Evides, Zuiderzeeland) and Bangladeshi partners on cooperation, aimed at renewing the Dutch involvement in urban development. Piped water systems are seen as the solution for water supply in cities instead of groundwater; major technical capacity will be needed to steer this development. The use of surface water will place more emphasis on affluent treatment. Flooding is a standard problem in most of Bangladesh's cities and Dutch experience is welcomed. Industrial waste water has polluted rivers such that the living environment for people is at risk and urgent action is needed. Activities in the urban centres will be oriented towards the poorest communities.

3.3.2 Priority two: Sexual and reproductive health and rights

Bangladesh has made good progress in regard to maternal and child health. The maternal mortality rate declined by 40% in recent years from 320 deaths per 100,000 live births in 2001 to 194 per 100,000 in 2010. However, maternal mortality is still high and reaching the MDG goal of 144 deaths per 100,000 live births by 2015 is unlikely. Every day, nearly 60 women in Bangladesh die from complications of pregnancy or childbirth.

Bangladesh is now Asia's fifth and the world's eighth most populous country with an estimated population of about 160 million. Although the fertility rate declined substantially since the 1960s (over 7), it was still high (2.3) in 2009. About 36% of the total population is under 15 years of age; around 21% are adolescents between 10 and 19 years old. Adolescent fertility in Bangladesh is one of the highest in the world with one-third of adolescent married women having a child before the age of 19. Fertility among adolescents is higher in rural than urban areas and higher among those with no education. A main reason for the high fertility among adolescents is early marriage. Even if the fertility rate would decline to replacement level, Bangladesh's population will continue to grow to an estimated 220 million by 2050.

Contraceptive use, however, is low among married women. The unmet need for family planning has increased from 11% in 2004 to 17% in 2007. Need has increased irrespective of age, education, area of residence, and geographic region. Contraceptive use for married adolescent girls is still low, only 25%, and even lower for modern methods (21%). Bangladesh, despite having a restrictive abortion law, does allow for menstrual regulation (MR). MR is available on request until 8 weeks after the last menstrual period. Evidence suggests that the provision of MR services averts unsafe abortions, the latter being a leading cause of maternal death in Bangladesh.

The Ministry of Health and Family Welfare (MoHFW) is the main ministry responsible for the provision of health services. Programs are managed within two directorates, the Directorate General of Health Services (DGHS) and the Directorate General of Family Planning (DGFP), which implement two vertical systems of health and family planning services. Attempts at institutional unification under the previous health sectorial programs have not worked out yet.

Constraints for improved progress

There are several human resources problems within the Family Planning Directorate. Therefore a more comprehensive human resources strategy is necessary.

Because of the centralised distribution system, the demand and supply for contraception are mismatched. The gaps in contraceptive security contribute to high discontinuation rates among users and a high incidence of unintended and unwanted pregnancies, resulting in menstrual regulation and abortion. Three in ten births in Bangladesh are either unwanted or mistimed.

Sexual and reproductive health is a very sensitive issue in Bangladesh. The words 'sex' and 'sexuality' have no straightforward Bangla synonyms and people are uncomfortable using these words. Despite important progress towards women's empowerment, men continue to dominate society and the home, particularly in rural areas. Traditional attitudes on the part of religious and community leaders as well as husbands hamper women as they seek to acquire information and services. Gender-based violence is still widespread in Bangladesh and an additional cause of health complications. Approximately 60% of women have suffered from some type of violence. It is estimated that 14% of maternal mortality is the consequence of domestic violence. Sexual harassment is a major cause for girls' dropping out of school and sometimes even leads to suicide.

Opportunities for improved progress

New health policy plan: A new 5 year National Health and Population Policy Plan has been approved recently as well as a new sectorial programme: the Health, Population and Nutrition Sector

Development Plan which is aligned with the GoB's Sixth Five Year Plan 2011-2015. The MoHFW is responsible for its implementation. The new health policy is aimed at decentralising health services, strengthening the functioning of district (*upazila*) health complexes, union health centres and family welfare centres. Efforts are made in the plan to bridge the differences between the two directorates and there is strong focus on population growth. Because sexual health and rights receive moderate attention, there is a clear opportunity for Netherlands development cooperation with Bangladesh to create institutional linkages between the two powerful directorates and integrate sexual and reproductive health and rights (SRHR) more in health policies and the healthcare system.

Economic growth and public-private partnerships: Bangladesh is benefiting from a growing labour force, with more young women participating in the labour market, and as significant contributors to the ready-made garment industry. However, women are still mainly represented in low income jobs with poor working conditions. Working women live mainly in slums and a large number of them suffer from reproductive and sexual health problems and experience violence. Nevertheless they develop survival strategies and are not subject to social control from their families. It has been suggested that this community could be more receptive than others to adopting SRHR practices that may improve their lives. There are promising activities in the not-for profit and for-profit private sector, which play an important role in providing quality and accessible SRHR services at affordable prices. Some garment factories are contracting out health care, including reproductive health care, for their employees to NGOs like the Marie Stopes Clinic Society.

Education: In the new education sectorial programme, classes on gender and reproductive health will be an obligatory part of the school curricula, from grade 8 onwards, and teachers will be trained to properly conduct these SRHR education sessions. However, many children drop-out of school after grade 5, in particular girls, and are therefore not reached by these life skills education programs. The age of marriage for females is positively correlated with their level of education, health and wealth. Nowadays the median age at first birth is about four years higher among educated women, (21 years), than for those who have no education (17 years).

The Netherlands in this context

On-going activities: The Netherlands is one of the most active and long-standing partners in the area of gender, women's rights and violence against women. Its work is well regarded by the government and in development partner's forums. The Netherlands has been invited to play a strategic role many times with effective results. Over the last few years, the Embassy has gained a wealth of experience in regards to the implementation of SRHR related activities, especially in the areas of service delivery and access to information.

The Improving Maternal, Neo-Natal and Child Survival (IMNCS, 2008-2012) Program increases the knowledge of pregnant women in the areas of maternal, neo-natal and child health and demand for MNCH services, and raises the sensitive topic of safe abortion. Access to SRHR and human rights information for adolescent boys and girls as well as for young women and men has been facilitated through the Unite for Body Rights (UBR, 2010-2014) and Growing up Safe and Healthy (SAFE, 2010-2014) Programs in rural districts and urban slums. These Programs deliver comprehensive sexuality education. Equitable access to quality services for underserved groups in rural and urban Bangladesh are being scaled-up through public-private partnerships under the Strengthening National Menstrual Regulation (MR Initiative, 2007-2011) Program. Activities include staff training, service delivery and procurement of supplies and are carried out in close cooperation with civil society organisations, both Dutch and Bangladeshi. Furthermore, the Netherlands actively participates in the Local Consultative Group's thematic SRHR platform, established by the Embassy and the Network for Ensuring Adolescents Reproductive Rights and Services to share experiences and information. The Embassy works in close cooperation with many Dutch, international and national NGOs as well as with nearly all multilateral organisations that play an important role in the field of SRHR. The main bilateral partners for the Embassy in this area are the Swedish International Development Cooperation Agency (SIDA), the UK's Department for International Development (DFID), the Australian Government Overseas Aid Program (AusAID), and the United States Agency for International Development (USAID).

Proposed new activities related to the opportunities: The achievement of quality results can only be realised by cooperation with civil society and the government. It is important that the Embassy be part of Bangladesh's new Health, Population and Nutrition Sector Development Program (HPNSDP). As a voice in the process of implementation of the Health Plan it is the best way to integrate SRHR into the government's health program. The Program is also a platform for coordination and harmonisation. UNFPA is the multilateral organisation which works most closely with the Family Planning Directorate; its recently launched UNFPA Country Program (2012-16) fits well with the Embassy's MASP as well as

ongoing activities. The Embassy is convinced that UNFPA will be an effective partner to reduce maternal mortality. Support to UNFPA of €1.5 million is proposed to improve governance within the Family Planning Directorate and explore possibilities to improve the logistics for contraception provision, probably as CSR related activities using Dutch private sector expertise in this field to create more contraceptive security.

The Embassy will continue supporting public-private partnerships on SRHR in particular through the Menstrual Regulation Program. It will identify ways for corporate social responsibility initiatives whereby SRHR partners provide reproductive health care for employees in the garment industry. The pharmaceutical industry has a huge stake in promoting family planning and SRHR. The Embassy plans to lobby, through partners including the WHO and the Family Planning Association of Bangladesh (FPAB) along with the pharmaceutical industry, to apply CSR related to SRHR as an integral element.

3.3.3 Priority three: Food security

Despite the rapid growth of its population, which has increased from an estimated 90 million people in 1980 to 160 million people today, Bangladesh has achieved impressive progress in food production and has become self-sufficient in rice production as a result. Nevertheless, food insecurity and undernourishment generally remain at high levels for a large part of Bangladesh's population. There is a close correlation between levels of poverty and levels of food insecurity. The southern delta, in particular the Barisal Division and to a lesser extent Khulna Division, is among the most food insecure area in Bangladesh. Most of the income of poor households in rural areas is derived from agricultural wage labour. Dependency on agricultural wage labour leaves a household vulnerable to recurring food insecurity as agricultural employment opportunities vary according to the season. In addition, gender and sex discrimination in daily wages contributes to significantly higher rates of food insecurity, especially for female headed households. Rural households with irregular income are the most food insecure households. Their unbalanced diets lack variety and they also often eat insufficient amounts of food. Women and children are the most affected groups. To achieve food security, women need access to food for themselves as well as for their families.. They also need to be aware of the importance of balanced diets and how to ensure this. Achieving food security in Bangladesh has a number of constraints, like rapid population growth, inequalities in access to land and water and natural hazards and disasters to which the country is highly vulnerable and may become even more so due to climate change. Rapid population growth has resulted in high population densities, which, in conjunction with insufficient alternative employment opportunities, has caused a large part of the population to continue to depend on agriculture for their livelihoods. A developmental focus on agriculture as a source of food, income and employment is therefore necessary. However, given the inequalities in access to land and water, agricultural development will only help the poor if it generates more employment for them. The Embassy will contribute to Bangladesh's Country Investment Plan "A roadmap towards investment in agriculture food security and nutrition". Programmes and activities will include improved water (resources) management and water use for crop production. The Embassy will also identify niches for development interventions in the fisheries, aquaculture and livestock sectors in this plan. There is still a large potential for the development of livestock and fisheries in Bangladesh, particularly in the southern part of the country. These sectors are less sensitive than crops to changing weather conditions and can provide a more regular income to rural households than crops and there are ways to integrate them into present farming practices. Moreover, fish, eggs and meat help diversify household diets in that they provide much needed proteins. Research from IFAD programs in Bangladesh (2006-2011) showed that women can particularly benefit from support in livestock and fisheries enterprises and homestead vegetable gardening. In addition, livestock and fisheries transporting, marketing and processing businesses can generate non-farm employment for resource-poor households, notably women. The development of these sectors requires the active involvement of the private sector, serving local, national and international markets. The shrimp industry is probably the largest sector that offers opportunities in this respect.

The Netherlands has expertise in the livestock and fisheries sectors. Dutch private companies may assist in strengthening value chains in these sectors and expand marketing opportunities, while various Dutch research institutions have the proven know-how and skills to work with a comprehensive and integrated approach and facilitate a multi-stakeholder process.

3.3.4 Themes of gender, environment and governance

The Embassy's themes of gender, environment and governance will underpin activities related to the Embassy's three priority sectors. The Embassy supports various activities related to these themes. Good governance activities are necessary to support the three strategic goals and as such will be included in chapter 4.5.

Chapter four: Strategic goals, outcomes, activities and risks

4.1 Strategic goal one (Water): “To create a healthy living environment for sustainable economic development by improving water management related to rivers, polders and food production, by ensuring access to drinking water and sanitation facilities, through strengthening water related institutions in partnership with their Dutch counterparts.”

4.1.1 Results

Improved water management in the coastal zone will protect people against water induced disasters, and will increase productivity (agriculture and fishery) and thus income. Sustainable development is introduced and applied. Participatory water management with a strong gender and governance component is expanded. Rivers will be an effective water corridor in support of the economic growth and its risks (flooding, erosion) contained. Awareness for and the healthy living environment in rural and urban areas is further improved. Cooperation between Dutch and Bangladesh organisations related to the water sector at the governmental, scientific, NGO and public sector level intensified.

4.1.2 Activities

In the coastal zone, interdepartmental cooperation will be enhanced and the participatory water management in the *polders* expanded, in order to increase food security and to address gender and community issues. Innovative (technical) ecosystem-based solutions for flood protection and land accretion will be introduced; the concepts of “building with nature” and “room for the river” will be introduced and tested. Environmental sustainability of the polder development will be central in redesigning polder infrastructure. Cooperation between research institutes on saline water use for crop production will be encouraged. Water management in polders will be further improved, in particular at the tertiary level, and an effective link with the theme of food security will thus be created. Development of optimal (saline) water will be further researched. Further development of disaster preparedness in the coastal area will continue. Governance and gender issues are and will be effectively introduced in the establishment and operations of the Water Management Groups and within the public institutes.

The Dutch private sector will be given opportunities to demonstrate and sell new sustainable technologies through projects directly linked with the bigger activities within the water sector program (agricultural water management, river water management and rural and urban WASH) of the Embassy. The ‘Water Mondiaal’ Program will be used as the instrument, not only for the water management projects but also for the mutual development of a Bangladeshi Delta Plan.

To mitigate the adverse impacts of river flows (flooding and siltation) innovative and effective solutions will be introduced. Both the rivers’ ecological value as well as their economic potential will be enhanced. The transboundary exchange program between India and Bangladesh will be continued. The development of rivers as logistic corridors will be promoted. Navigation, inland ports and industries, real estate development along rivers and other relevant services, including tourism, look promising. To guide such developments in a sustainable way an Integrated River Master Plan will be established.

The Embassy will continue its successful cooperation with BRAC in the field of water supply and sanitation, focussed to benefit difficult to reach rural areas and the hard-core poor. Gender and governance are well covered in this program. Where required and applicable, innovative Dutch water technology will be introduced to solve the water quality problems. The creation of a healthy living environment in urban centres will be done in close coordination with water boards and water supply companies, and the water technology sector from the Netherlands. The combination of (Dutch) technical assistance and technology will provide effective solutions for the challenges of the City Corporations and municipalities on water related issues. Pilot activities will be developed to demonstrate the effectiveness of the solutions. The Asian Development Bank is interested in providing the funds to implement new technologies. The Embassy will actively support and promote effective coordination and harmonisation with other donors including Dutch NGOs active in this sector.

Capacity building is vital in Bangladesh’s water and productive sectors. Knowledge exchange not only between government water institutions but also between research institutions, the private sector and NGOs, will be encouraged. The dynamics and scale of Bangladesh’s water systems creates circumstances under which the Netherlands’ levels of expertise can be improved. The Dutch government has a great number of tools, such as NICHE (Netherlands Initiative for Capacity Development in Higher Education institutions), PSI (Private Sector Investment program), ORIO (Facility for Infrastructure Development), to facilitate cooperation among the different stakeholders, not only universities and NGOs but also between the Dutch and Bangladeshi business communities. To

ensure the effectiveness of the capacity building, the Embassy will be engaged in a permanent dialogue with the government and its development partners. Specific support will be provided upon request to ensure an effective institutional setting, capable of dealing with the challenges of the water sector.

4.1.3 Risks

The main risk is that the reform agenda as agreed upon in 2000 remains in limbo, that the public water institutions (BWDB and WARPO) will remain not strong enough and implementation of activities will delay. Integrated plans and activities are essential but inter-ministerial coordination is needed. Natural disasters could seriously hamper the process of any implementation in Bangladesh. A lack of proper pricing policies for cost recovery for water supply and treatment may hamper the large scale introduction of well managed systems. Bangladesh's traditional struggle with transparency may prove too much of a barrier for the involvement of Dutch water sector organisations and investments outside the ODA.

Mitigation Measures

Most of the risks are political in nature: implementation of a reform agenda and improved public finance management can only be applied if backed firmly by the government. Dialogue between the GoB and their development partners can help to implement these important changes. In such a dialogue, i.e. with the minister of water resources, the importance of participating fully in the public finance management improvement project (SPEMP) must be underlined. The Embassy will be engaged in a policy dialogue to emphasise the need for a conducive enabling environment as a basis for intensified bilateral cooperation.

The Embassy will be directly involved in promoting Bangladesh as a country for Dutch investment and cooperation in the water sector. The maritime and textile industries have already established strong bilateral relationships and its (positive) experience is also used to support other sectors.

4.1.4 Monitoring

The main elements of monitoring will be the reports and the review missions in which the progress in achieving the outcomes and outputs will be presented.

4.2 Strategic goal two (Sexual reproductive and health rights): "Contributing to the implementation of Bangladesh's new Health Population Nutrition Sector Development Plan, in particular those aspects which impact family planning and adolescent's reproductive health with the aim to reduce maternal mortality"

4.2.1 Results

Strengthened SRHR within the government's health policy and system, improved governance within the family planning sector and evidence based knowledge about SRHR.

Increased awareness of SRHR, through sexuality education, and more demand and utilisation of SRHR related services in family planning, such as menstrual regulation, and increased awareness about violence against women and related services for adolescents and the poor in selected urban slums and rural districts. Increased and improved comprehensive youth friendly SRHR services focusing on adolescents and the poor in urban slums and rural districts run by the GoB and NGOs.

4.2.2 Activities

Financial contribution to and active participation in the Health Donor Consortium; being engaged in the broader policy dialogue about the health sector to raise the profile of SRHR as an integral part of the health policy and system.

In close cooperation with UNFPA ensure better governance within the implementation of the family planning chapter of the Health, Population and Nutrition Sector Development Program (HPNSDP).

Develop evidence based knowledge related to SRHR to better support policy decisions as well as to promote new strategies for effective implementation by sharing Dutch knowledge and expertise.

Continuity to support coordination among the different stakeholders through participation in platforms and to act as a broker to mobilise other bilateral donors to become involved in SRHR.

Raising awareness and providing information about family planning, maternal, neo-natal and child health of pregnant women in particular, and demand for maternal and child health services, through the Improving Maternal, Neo-Natal and Child Survival Program.

Increasing and meeting the demand for access to SRHR and human rights information and services on the part of adolescent boys and girls as well as young women and men through the Unite for Body Rights Program.

Supporting Growing up Safe and Healthy Programs in rural districts and urban slums as they deliver comprehensive sexuality education to adolescents through SRHR and human rights information and negotiation skills to challenge societal values.

Delivery of innovative comprehensive sexuality education will be continued from 2014 under the new governmental education sector program.

Increase the provision of quality, equitable youth friendly services for safe abortion, legal aid and counselling of victims of sexual violence for underserved groups in Bangladesh through public-private partnership under the Strengthening National Menstrual Regulation initiative.

4.2.3 Risks

The population size remains a controversial issue. Based on 2011 figures, there is a risk that the GoB will not take the necessary actions in family planning and reproductive health to address population growth. There is a risk that the increasing influence of conservative groups in society may negatively impact the GoB's political stance towards SRHR. There is also a risk that due to increasing confrontational politics, implementation of SRHR interventions in the project areas will be delayed because of religious and cultural sensitivities.

Mitigation measures will include dialogue and advocacy with the GoB as well as close monitoring of the Embassy's program implementation.

4.2.4 Monitoring

Monitoring will take place at various levels. At the national level, the results framework accompanying the Sixth Five Year Plan includes two MDG5-related indicators. Similarly, the Health, Population and Nutrition Sector Development Program (HPNSDP) contains various indicators related to SRHR. Both allow for the GoB and development partners to jointly track progress. At project intervention-level, monitoring will be conducted by the Embassy through 6-monthly and annual progress reports, regular field-visits and discussions with implementing partners.

4.3 Strategic goal three (Food security): "Increase food security for the most food insecure households by enabling them to get access to sufficient and balanced food throughout the year on the basis of strengthened livelihoods."

4.3.1 Results

Improved food availability through increased sustainable production and more diversity of food for households, the communities and the region. Economic activity is increased, enabling households in general and women in particular to purchase food items on the market. The resulting self-reliance of households in general and women in particular will contribute to a reduction of the genuine demand for social safety net programs. Improved access within households to a balanced diet in particular for women and children through increased awareness of the need for a balanced diet for everyone in the household.

4.3.2 Activities

The Food Security Program will be aligned with the Plan of Action prepared under Bangladesh's National Food Policy. The Embassy has identified two entry points for positioning its Program. They are: i) connecting food security interventions to the water sector, an area in which the Embassy has a strong reputation and profound experience in Bangladesh and ii) food security in relation to private sector development and trade (import and export). In line with Bangladesh's Country Investment Plan for agriculture, food and nutrition, value chain development in fisheries and livestock will be combined with integrated natural resource development (planning, use and management). Adaptation to climate change and disaster risk reduction will be integrated in the planned activities. To contribute to an enabling environment for developing livestock and fisheries geared towards strengthening the livelihoods of the poor, development interventions will be identified at the national as well as at regional and local levels. Since the Embassy intends to focus its interventions on the south of Bangladesh, guidance will be obtained from the Master Plan for the Southern Delta, a sub-plan under the Country Investment Plan, which is being prepared by the Food and Agriculture Organization (FAO). Both for livestock and fisheries, national policies exist but action plans are yet to be made. The Embassy may consider offering assistance to the preparation of such plans, in particular with respect to the challenge of how to engage the private sector in fisheries and livestock development. The

private sector has a major role to play in fisheries and livestock and the associated value chains, through input supply, marketing and processing. Over the longer term, engagement with the Dutch private sector is foreseen to promote responsible investments in these sectors.

The active involvement and support of local (district, sub-district and union council) government to food security programs at the community level will be sought to make these programs more effective. Involvement of local government institutions will at the same time be an opportunity for them to improve their capacities in managing public affairs and improving accountability to their citizens. The Embassy will also make use of the opportunities offered by national level good governance programs to tackle governance issues in water management and food security.

As imported inputs for fisheries and livestock are mostly too costly for Bangladeshi smallholders, Dutch private sector involvement may initially have to focus on innovations in technology and applied research and on facilitating value chain development and multi-stakeholder processes. Dutch companies could provide quality control assistance, food safety and food marketing expertise, in particular for export and logistics support.

In order to be able to formulate relevant and effective interventions in the area of food security, while ensuring the commitment of development partners and ownership on the part of the government and beneficiaries, the Embassy will start with an identification phase to get a better overview of what other development actors in Bangladesh are doing on food security. In a next step, suitable development partners will be selected and modalities for cooperation will be worked out. Socio-economic empowerment of poor women and the promotion of gender equality will be built into the Program. In particular, this phase will look into the question of how value chains and markets can be developed in such a way that they effectively improve the livelihoods and nutritional status of the poor. By no means should value chain development leave them aside. At the same time, pilot schemes on small-scale livestock and fisheries activities linked to household diets may be initiated to try out ideas and kick-start the development of a food security network. The Embassy will coordinate and align with the donor community through active participation in different existing networks at the national level, namely the LCG Agriculture, Rural Development and Food Security (chaired by the FAO), LCG Local Governance and LCG Value Chains. Other exchange platforms will offer opportunities to coordinate with development agencies.

4.3.3 Risks

Risks at the program level include: potential growth in the fisheries sector leading to exports at the expense of local food security, for instance through usurpation of fishing rights by local strongmen. Another risk is that development of the livestock sector will exclude smaller farming households; access to fast-growing and more remunerative markets for meat and milk products is dependent on meeting higher quality and safety standards, which can add value and generate employment along the supply chain. However, meeting these standards also involves higher costs and tends to favour large-scale production, excluding smaller farmers. Land and water distribution rights and disputes issues are risks that are directly linked to those mentioned above. Certain behaviour of development actors that undermine private sector development, such as asset transfer (distribution of assets for free) is also a risk. Other risks include a lack of rules for business and the national government's top-down approach. Fiduciary risks will be a function of modalities and partners. The price of food and energy will likely peak in 2012. Inflation is increasing at a high rate. Government funds for (food) subsidies are not available.

4.3.4 Monitoring

For impact monitoring, the program will rely on national impact monitoring mechanisms. Where necessary, support to these mechanisms could be made part of the program. To measure outcomes and to support the output program, appropriate monitoring and evaluation mechanisms will be set up. It is important that for each activity all relevant stakeholders are involved in the monitoring process so that lessons are shared and necessary adjustments in the program will be 'owned' by the stakeholders.

4.4 Strategic goal four (Trade and economic development): "Strengthening commercial ties between the Netherlands and Bangladesh in a responsible manner and supporting the improvement of the Bangladeshi business environment with a spill-over effect that improves the lives of the poor."

4.4.1 Results

Enhanced exchange of market information in sectors which represent opportunities for Dutch and Bangladeshi businesses, and facilitated match-making. Increased employment and income with special

attention to the increased participation of women. Strengthened links between development cooperation priority areas (water, SRHR and food security) and private sector partnerships. Corporate social responsibility (CSR) and compliance with international labour and environmental standards and tripartite social dialogue enhanced. Women entrepreneurship promoted and catalysed.

4.4.2 Activities

Pro-actively liaising with Dutch entrepreneurs with potential market opportunities in Bangladesh, by visiting their businesses and organising networking events. With the help of market scans, identify 'quick wins' aiming at targeted interventions in a number of growth sectors where Dutch entrepreneurs have added value. Facilitate this effort by setting up a business to business (B2B) program carrying out studies of the three priority sectors, providing information to facilitate match-making between the Dutch and Bangladesh's private sector. On-going brokering of Dutch commercial interests and effective Holland branding; promotion of products and expertise from the Netherlands. Setting up user-friendly communication and information systems for clients.

Increasing more inclusive economic growth for the poor through support to Katalyst and other organisations improving value chains. Stimulating CSR awareness and behaviour throughout all activities. Facilitating Dutch private sector development (PSD) efforts, promoting synergies and continuing to leverage the impact of Dutch PSD instruments in Bangladesh. The Embassy will provide financial support to strategic interventions, such as the Katalyst Market Development Program, which focuses on strengthening small and medium businesses, activities to enhance CSR and female entrepreneurship in partnership with the Bangladesh Women Chamber of Commerce, and activities that tackle critical constraints that need to be addressed to create an enabling environment.

4.4.3 Risks

The main risk is not finding staff internally who can carry out the activities. This risk can be mitigated by contracting the work out through external parties.

4.4.4 Monitoring

Progress will be monitored by Katalyst's monitoring and evaluation system, reports back from PSD instruments, and general reports on economic progress, such as the World Economic Forum's competitiveness report, the World Bank's Enterprise survey, and the World Bank Doing Business list.

4.5 Strategic goal five: "Strengthening the government's capacity to engage with other actors and stimulate, facilitate and co-ordinate development at both the national and local levels, increasing the effectiveness of the public sector in delivering public services and improving transparency and accountability in governance"

4.5.1 Results

Transparent and well-managed budgeting, expenditures and accounting; strengthened linkages within sectors to support broader public finance management reforms. Effective multi-party dialogues on important issues and transparency for the public. Well trained civil servants. An improved enabling environment for local governments.

4.5.2 Activities

Support to the Strengthening Public Expenditure Management Program (SPEMP through 2014), the Parliament's secretariat (through 2014), and strengthening training institutes for civil servants (through 2014) will continue as planned. At the same time, more attention is needed to strengthen local governance, which is important for tackling cross-cutting governance issues in the Embassy's priority areas. Local government plays a key role not only in delivering services to its citizens, but also in co-ordinating sectorial development activities, in creating an enabling environment for private investment and economic development and in providing infrastructure. Local governments must also cope with the consequences of the dual challenges of climate change and urbanisation.

The on-going national reform programs supported by the Embassy will address cross-cutting governance issues in the three selected priority areas. Given the importance of local governance for the Embassy's priority areas, participation in the Local Governance Support Group is needed.

The Netherlands can also provide expertise in capacity building for local government through VNG International, the agency of the Association of Dutch Municipalities for International Cooperation.

Since the smooth running of national elections is of crucial importance for the continuity of governance reforms, government policies and overall government capacity, it is proposed that the Netherlands assist Bangladesh in this area.

4.5.3 Risks

In the run up to the national elections in 2014, confrontational politics are likely to increase, leading to the opposition's continued boycott of Parliament and more frequent calling of strikes and demonstrations. The political window for major policy reforms is likely to narrow, which may lead to delays in implementation of the Embassy's funded projects. Depending on which party will come into power following elections, there is a potential risk of reversal of policy reform by a newly elected government in 2015. Mitigation measures include dialogue with government counterparts as well as engagement with opposition parties and civil society to ensure wider support for reforms to prevent policy reversals.

4.5.4 Monitoring

All programs have their established monitoring mechanisms which has been agreed upon by the government and the development partners that are involved.

Chapter five: Other activities

5.1 Dutch support and exit strategy for education.

In line with the new Dutch development policy, support to the Primary Education Development Program-II will be ended in 2011 as planned. The Embassy will explore how to relate the on-going projects to support the priorities. Insofar as it is practical, the programs will be geared towards vocational training and skills development activities.

5.2 Political work

The Embassy will keep track of political developments directly related to bilateral relations between the Netherlands and Bangladesh. The political work will strongly focus on governance, policy influencing related to the priority areas as a reflection of the development cooperation agenda, and trade/economic relations. The upcoming general elections (beginning of 2014) and human rights will also be on the agenda; however no funds are available for election support.

5.3 Culture and sports

Culture and sports activities will not be a priority. Activities in this area will be carried out with the Dutch business community.

5.4 Consular affairs

The Embassy aims to provide efficient and adequate consular services, granting visas to legitimate travellers, and contributing to Dutch and European migration policy.

The number of registered Dutch citizens in Bangladesh is relatively small (250), with the majority based in Dhaka. This makes the Dutch community easily accessible in case of calamities. Requests for consular assistance occur occasionally. As a result of illegal immigration risks together with the weak public registration system, approximately 1,200 visa applications per year and around 200 requests for legalisation each year need to be scrutinised thoroughly, followed by in-depth interviews. Strong cooperation between Schengen partners and other western embassies, together with harmonisation of visa requirements has proven very useful in preventing visa shopping and human trafficking. Together with the economic section of the Embassy, the consular section aims to provide "orange carpet" treatment for legitimate frequent travellers and to help enhance and increase economic ties between the Netherlands and Bangladesh. A "blue carpet" policy will be introduced for seamen.