

# **Embassy of Denmark, Dhaka**

## **Bangladesh - Business Development Profile**

**June 2012**

## Danida Business development Profiles

Business development profiles are developed by Danish Embassies and made available for each partner country with Danida Business Partnerships budgets of more than DKK 1 million. They are updated once a year and aligned with the partner country's own development policy and private sector development strategy where available, and with Danida's in-country priorities for supporting development.

These business development profiles point out the sectors and areas of business with the most opportunities both in terms of development impact and the possibility of forming sustainable commercial business partnerships, while also focusing on creating synergy with other Danida programmes.

The business development profile on Bangladesh, updated January 2012 provides:

- an updated account of the economy of Bangladesh and potential business opportunities for Danish investors as well as current challenges to the Bangladeshi economy; and
- insight into how the Danida Business Partnerships (DBP) at the Danish embassy in Dhaka can assist potential Danish and Bangladeshi partners in starting long-term partnerships in Bangladesh.

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# 1 Economic profile of Bangladesh

## 1.1 Economic overview:

Bangladesh is a semitropical riverine nation with an area that is approximately 3 times the size of Denmark and a population of more than 160 million. Most Bangladeshis live in rural areas and depend on agriculture.

Bangladesh has made impressive economic and social progress in the past decade, despite frequent natural disasters and external shocks. Poverty declined from 57% of the population in 1990 to 31.5% in 2010. Broad-based private sector-led growth and macroeconomic stability contributed to significant decline in rural and urban poverty.

Bangladesh can be considered as a rapidly emerging market pushed forward by its export industries. The economy today is lot more flexible and resilient. Textile sector is still the major exporting sector which accounts for approximately 70% of the total yearly export. The new rules of EU's Generalized System of Preferences (GSP), in particular the changed Rules of Origin has strengthened Bangladesh's position.

Bangladesh's economy has registered a stable growth of 6-6.5% per year over the last decade and despite serious energy problems and serious logistic challenges growth in 2011 was 6.82%. The government has targeted to achieve the GDP growth rate of 7% 2011-12 based on assumptions of further improvements in the global and domestic economy and taking into account the expected impacts of reforms initiated in various sectors.

GNI per capita is \$645 (DKK 3500). The GDP composition by sector is 20.6% agriculture, 29.7% industry, and 50.2% services, while the labour force is divided: 50% agricultural, 11% industry, and other services 39%.

Despite the good track record, with around 56 million people still below the poverty line, Bangladesh faces considerable development challenges. It is one of the most vulnerable countries to climate change and natural calamities like cyclones and floods. Malnutrition has been persistent, and the quality of governance has hampered the effectiveness of expenditure and the delivery of public services.

The economy currently is under pressure due to soaring imports of fuel and fertilizer, inflation levels, rise in budget deficit and government borrowing, increase in subsidies, falling foreign aid and currency reserve, sharp rise in import bills etc.

In the face of these challenges, Bangladesh has outlined a vision of becoming a middle income country by 2021, which would require it to grow at 8% per year. For achieving this acceleration, Bangladesh will need to devise a strategy to absorb its growing labour force and raise its productivity by enhancing skills, and also invest much more, especially in infrastructure.

Bangladesh is ranked 122 among 183 countries in terms of Ease of Doing business (<http://www.doingbusiness.org/rankings> ). It has not only improved its ranking but also leaves

countries like India and Indonesia behind. Out of nine indicators Bangladesh ranks highest on 'protecting investors'.

Principal industries are ready made garments, pharmaceuticals, cements, garment accessories, chemicals, fertilizers, newsprint, leather and leather goods, paper, sugar, jute, ship building.

Notwithstanding the obstacles that face foreign investors in countries with low levels of economic development, Bangladesh offers important investment opportunities for foreign companies. These opportunities are reflected in the inflows of foreign direct investment (FDI). The international investor may consider investing in Bangladesh to access a growing market, low-cost production facilities or abundant natural resources.

## 1.2 Overview of natural resources, land use, environmental concerns

The principal resources of Bangladesh are the fertile soils of the delta region, the long growing season, and the heavy rainfall suitably distributed over the year for growing rice and jute. The nation's abundant water supplies are used to produce hydroelectric power and for irrigating farmlands during the dry season.

Although minerals have traditionally been economically unimportant, the country has large reserves of natural gas and some petroleum deposits. Natural gas is piped into Dhaka and Chittagong for industrial use. There are also large deposits of low-grade coal, mined at Jamalpur.

## 1.3 Promising sectors

The government of Bangladesh is trying to encourage foreign direct investment. Beside the textile industry, ITC, shipbuilding and power sector are highlighted as promising fields. However, constraints of inadequate infrastructure, power shortages, bureaucracy and other obstacles hinder accelerated growth and investment.

Key sectors of the Bangladesh economy are thriving, fuelled by the vision of international companies that recognize the unique opportunities that the country has to offer. Over 100 companies have invested in the country in the last three years. The ICT and life sciences sectors have grown in stature significantly.

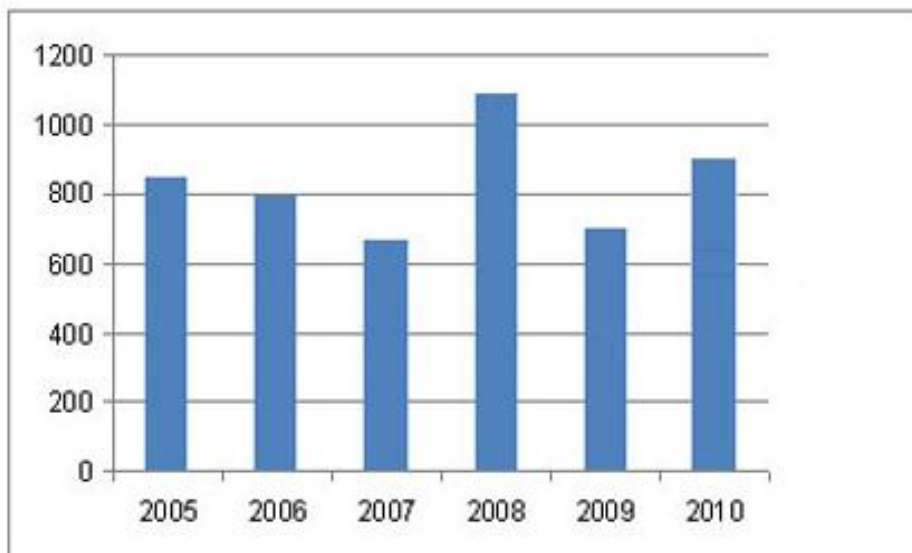
- Agribusiness
- Ceramics
- Electronics
- Frozen Foods
- Garments and Textiles
- ICT and Business Services
- Leather and Leather Goods
- Life Sciences
- Light Engineering
- Power Industry

## 1.4 Size and type of foreign investment

Bangladesh offers one of the most liberal FDI regime in South Asia, with no prior approval requirements or limits on equity participation and repatriation of profits and income in most sectors.

Foreign Direct Investment (FDI) has played a key role in the modernisation of the Bangladesh economy for the last 15 years. The key sectors of the Bangladesh economy are thriving, fuelled by the vision of international companies that recognize the unique opportunities that the country has to offer. Over 100 companies have invested in the country in the last 3 years but FDI has remained relatively low i.e. US\$ 3.1 billion in 2009-2010 of which about 60% is in the service sector including the telecom sector.

**Inflows of foreign direct investment during 2005-2010**



*Source: World Investment Report 2011*

## 1.5 Export/Import

External trade of Bangladesh has emerged as a vibrant source of economic growth. Exports stood at USD 24.44 billion in 2011, with Ready Made Garments (RMG) constituting three fourths of the export basket. The garments manufacturing sector (RMG, knitwear, textiles) is providing employment to more than 2.5 million people (80% women) in 3500 factories. The cheap labour force compared to other countries in the region and increased quality of the products are comparative advantages of the local RMG industry.

Apart from RMG main exports are frozen foods (shrimps), leather, leather products, jute, jute products, tea, ceramic, textile fabrics, home textile, chemical product, light engineering products including bi-cycles.

The country imports many items and the main commodities are capital machinery, fabrics, textile accessories, products of the chemical or allied industries, mechanical appliances, electrical equipment, vegetables, oil food stuffs etc.

## 1.6 Trade with Denmark

Bangladeshi exports to Denmark have been on a steady rise the last five years. 95.6 percent of the exports to Denmark in 2011 were RMG products. A total of 1.79 billion Danish kroner (317.9 million US \$) of RMG, has been exported to Denmark so far this year. That is 23.9 percent more than the same period in 2010 (Jan-Nov). Bangladeshi exports to Denmark have already exceeded the export record once again and made 2011 a successful year for Bangladeshi-Danish trade relations.

The same can be said for Bangladeshi imports of Danish products. In the first eleven months of 2011, 288 million Danish Kroner (51.1 million US \$) worth of goods have entered Bangladesh from Denmark. This is an increase of 14.34 percent compared to the same period (Jan-Nov) in 2010.

Imports from Denmark consist mainly of dairy products, machinery and pharmaceuticals. In 2011 dairy products was the most imported product from Denmark, amounting to 33,5 percent of total imports. The import trend seems to be turning from pharmaceuticals to machinery and dairy products as the primary imported products.

Overall Bangladeshi exports to Denmark are around 6.2 times bigger than its imports in 2011. Denmark is thus overall assisting Bangladesh in attracting the foreign capital that it needs.

## 2 Business climate in Bangladesh

Bangladesh offers an unparalleled investment climate compared to the other South Asian economies. Bangladesh is a cost competitive investment destination in several respects.

It offers a large domestic market and it has a strategic location to the fastest growing economies of the world. From traditional low cost manufacturing Bangladesh is determined to move up the value chain, and to develop knowledge based, high technology and modern industries. Bangladesh's unique combination of benefits creates a compelling proposition for business:

- Abundance of natural resources.
- Prime location close to emergent economic giants of India and China.
- High quality cost ratios in human resources and business processes.
- Favoured international trading status for exporting to advanced world economies.
- Bangladesh is strategically located next to India, China and ASEAN markets. As the South Asian Free Trade Area (SAFTA) comes into force, investors in Bangladesh will enjoy duty-free access to India and other member countries.
- Although Bengali (Bangla) is the official language, English is generally used as a second language. The majority of the educated population can read, write and speak in English.
- Bangladesh has proved to be an attractive investment location with its 160 million populations and consistent economic growth leading to strong and growing domestic demand.

### 2.1 Business opportunities

Bangladesh is a largely homogeneous society with people living in harmony irrespective of race and religion. Bangladesh is a democratic country enjoying broad bi-partisan political support for private investment. The legal and policy framework for business is conducive to foreign investment. Bangladesh enjoys tariff-free access to the EU, Canada, Australia and Japan. Bangladesh is the top manufactured products exporter to the least developed countries as well as to Europe, with more than 50% market share.

Here are some key pointers to Bangladesh's investment climate today:

- Bangladesh offers some of the world's most competitive fiscal and non-fiscal investment incentives.
- Bangladesh offers the most liberal FDI regime in South Asia, allowing 100% foreign equity with unrestricted exit policy, easy remittance of royalty and repatriation of profits and incomes.
- Bangladesh offers export-oriented industrial enclaves with infrastructural facilities and logistical support for foreign investors. The country is also developing its core infrastructures, including roads, highways, surface transport and port facilities for a better business environment.
- The Foreign Private Investment (Promotion and Protection) Act 1980 provides protection for foreign investment in Bangladesh.



- Energys price in Bangladesh are the most competitive in the region. However, currently there is a shortage of electricity and gas supply and the government is trying to increase the capacity on a priority basis.

## 2.2 Challenges for undertaking business

The main challenges of the country remain in the areas of energy, transport infrastructures and governance.

The major crisis Bangladesh is facing at the moment is the energy crisis. Total production of electricity meets less than two thirds of the total demand. Urban areas face 8-10 power cuts a day during summer and the situation in rural areas is even worse. New companies have for months been denied access to electricity and gas, which poses enormous challenges for new companies as well as existing companies looking to expand production.

Most of the electricity generation facilities are run by natural gas, which exists in off-shore and on-shore areas in Bangladesh but exploration and extraction is not moving quick enough to follow the yearly demand increase. Bangladesh also has coal, but government is yet to decide on a coal policy to be able to start mining the coal.

The Government is desperate to handle the situation and looking for foreign investment in the energy sector and a number of very expensive rental power plants are currently being set up – most are fuelled by imported heavy fuel oil or diesel. Government is also exploring the possibility of utilizing renewable sources of energy as an immediate reaction to the situation. The situation is expected to be improved within the next two years.

The transport infrastructures of the country require improvements in different areas which in turn can be transformed in to increasing business opportunities. Cases in points are the construction of Padma Bridge, the Dhaka elevated highway, Dhaka – Chittagong highway, Dhaka-Mymensingh highway etc.

In terms of Governance it is significant to mention that Bangladesh has gradually improved its ranking on the Corruption Perception Index (CPI) composed by Transparency International from the very bottom of the list in 2005 (158<sup>th</sup>) to the 120<sup>th</sup> place out of 183 countries in 2011.

Corruption can sometimes be a barrier for doing business in Bangladesh. A weak and slow legal system can be another impediment to investment in Bangladesh resulting in uncertain enforceability of contracts. In some cases the Bangladesh Export Promotion Bureau (EPB) could be helpful in assisting dispute settlements of export-related transaction. Major Bangladeshi trade and business associations can also be helpful in assisting in transaction disputes.

Information regarding doing business in Bangladesh is also available in following webpage:

Board of Investment (BoI): <http://boi.gov.bd/>

Export Promotion Bureau (EPB): <http://www.epb.gov.bd/>

Bangladesh Bank: <http://www.bangladesh-bank.org/>

Government of Bangladesh: <http://www.bangladesh.gov.bd/>

### 3 Policies and strategies promoting private sector development

The Bangladesh economy is managed within the framework of a market economy with “government interventions intended to correct market distortion, to ensure equality of opportunities and to ensure equity and social justice for all” as it is indicated in the draft Sixth Five Year Plan. The draft plan indicates that Bangladesh remains among the most heavily protected countries in the world.

Bangladesh has adopted a number of policies to facilitate the expansion of the private sector and increase the inflow of foreign investment. The private sector is recognized as the engine of growth. Foreign companies are welcome. In fact, a recent assessment showed that the country offers the most liberal FDI regime in South Asia, with no prior approval requirements or limits on equity participation or restrictions on the repatriation of profits and income.

Notwithstanding the obstacles that face foreign investors in countries with low levels of economic development, Bangladesh offers important investment opportunities for foreign companies. These opportunities are reflected in the inflows of foreign direct investment (FDI), which increased to US\$ 24.4 billion. The international investor may consider investing in Bangladesh to access a growing market, low-cost production facilities or abundant natural resources.

Bangladesh government is encouraging private sector involvement and partnership as well as foreign investments in most sectors. Government policies and guidelines are, in general, considered favourable for private sector investment, but bureaucracy, red tapes and unclear implementation is still some of the major obstacles for the development of an even stronger, more dynamic and more progressive private sector.

The key features of the Government industrial policy are:

- To expand the production base of the economy by accelerating the level of industrial investment lead by private investment.
- To focus the role of the government as the facilitator in creating an enabling environment for expanding private investment and sustained economic growth.
- To attract foreign direct investment in both export and domestic market oriented industries to make up for the deficient domestic investment resources, and to acquire evolving technology and gain access to export markets.
- To ensure rapid growth of industrial employment by encouraging investment in labour intensive manufacturing industries including investment in efficient small and cottage industries.
- To generate female employment in higher skill categories through special emphasis on skill development.
- To raise industrial productivity and to move progressively to higher value added products through skill and technology upgrading.
- To ensure a process of industrialization which is environmentally sound and consistent with the resource endowment of the economy.
- To develop indigenous technology and to expand production based on domestic raw materials and inputs.
- To rehabilitate and support deserving sick industries.

### **3.1 Overview of Government's policies on economic growth, poverty reduction and private sector development in Bangladesh**

The Government's primary objective for development remains poverty alleviation. To this end, the Government is focussing on improving the living standard of the rural poor through a set of interventions which encourage employment-augmenting and income-generating activities, particularly in the non-farm sector. It has also placed a special emphasis on human-resource development and education. Finally, the Government has recognized that the private sector must be the engine of economic growth and has been pursuing policies which encourage entrepreneurs, both local and foreign, to invest in the economy. See section 1.3 for further reference.

### **3.2 National priorities in line with DB Partnerships (e.g. women's economic empowerment, green technology Bangladesh)**

Bangladesh has identified 10 priority sectors and industries with a view to giving them special incentives and support. These include agro-based industries, ceramics, electronics, frozen foods, textiles, ICT, leather, life science, light engineering and energy and power. The incentives include duty-free import of capital machinery and spare parts, bonded warehouse facilities, duty-drawback and cash compensation schemes for exporters, and tax rebates and exemptions.

The government is increasingly getting serious about promotion of green technology in Bangladesh. For the last few decades government was not concerned about the pollution created by the industries. This has created very bad impact on the environment. Now government is gradually promoting environment friendly and energy saving technologies within the government as well as private concerns.

In Bangladesh, the women empowerment started with initiation of micro-credit facilities. In late 80, women's participation in the textile sector gave the stream a better momentum. To ensure women's participation, government has announced free education for women till undergrad level.

### **3.3 International support for private sector development in Bangladesh**

The Private Sector is an engine of the growth that is essential for poverty reduction in Bangladesh. In order to support Bangladesh achieve its development goals, Development Partners are working together with GoB through such mechanisms as the Local Consultative Group (LCG).

### **3.4 Danida sector programmes in Bangladesh**

Denmark celebrates the four decades long partnership with Bangladesh this year. During this long constructive cooperation Danida has been working in Agriculture, Water and Sanitation and Human Rights and Good Governance and Private Sector. Denmark also supports the Government and resilient people of Bangladesh in their combat against climate change and its impacts. Besides supporting the overall Aid Effectiveness agenda is one of the important areas of interventions.

In Bangladesh, Danida has a very good reputation as a development partner in private sector. Danida is being recognized for its contribution in promoting textile, IT and shipbuilding industry of Bangladesh in Denmark and Europe.

**Agriculture Sector Programme:**

Denmark and Bangladesh have a long history of bilateral cooperation in the agriculture sector (crops, fishery and livestock). Denmark's strategy to support the agricultural sector in Bangladesh includes a strong poverty reduction focus, together with special emphasis on poorer women, nutrition, marketing and environment. Denmark financed projects support technology generation and delivery of essential services nearer to the farmers' door steps.

In 2000 the Governments of Denmark and Bangladesh launched a sector programme support for agriculture i.e. Agriculture Sector Programme Support.

Denmark plans to support a new growth and employment programme with focus on agriculture, which is expected to start in January 2013. The new growth and employment programme will be in line with the priorities of the Government of Bangladesh as set out in the Country Investment Plan and the draft Sixth Five Year Plan.

**Water Supply and Sanitation Sector Programme:**

Danida has been supporting the Water Supply and Sanitation (WSS) sector in Bangladesh for over 20 years. Danida's support to the WSS contributed to poverty reduction through improved access to safe drinking water and sanitation. The Danish assistance has also included water resources management; especially in terms of building national state of the art capabilities in water resources modelling, flood forecasting and warning systems.

The current Danish assistance to water supply and sanitation is focused on regions characterized by poverty, low coverage of water and sanitation, water scarcity and poor water quality, specifically in the northwest region and in the Coastal Belt region.

Danish support has also been extended to establish and support a national fund for hygiene promotion and rural water supply and sanitation called the HYSAWA Fund. The Fund is presently being supported by the Government of Bangladesh, Denmark and Australia. The HYSAWA Fund is one of the most successful projects in the larger water and sanitation programme supported by the Government and Denmark.

**Human Rights and Good Governance:**

Denmark was one of Bangladesh' first international development partners when the country became independent in 1971. Since then Denmark has been supporting the Government of Bangladesh and civil society in their efforts to promote human rights and good governance in the country.

Denmark and the Government of Bangladesh in collaboration with other development partners and civil society organisations have made a difference in the area of human rights and good governance during last few years. Among the most important achievements are improved access to justice through alternative dispute resolution and legal aid to vulnerable groups.

Denmark and the Government of Bangladesh are particularly proud of a special effort directed towards women who have been victims of violence. Through the Ministry for Women and Children, Denmark has supported the establishment and operation of 6 integrated one stop crisis centres for women, who have been victims of violence. These centres are now being financed and operated entirely by the Government, and there are plans to establish more centres.

Denmark has also supported the Government of Bangladesh in strengthening the financial management at local level and increasing the participation of the population in local development planning. Furthermore, the programme has contributed to a number of important policy outcomes

such as the National Integrity Strategy, the enactment of the Law on the National Human Rights Commission and on violence against women.

**Commercial Services:**

The commercial section of the Embassy is part of the Trade Council of the Ministry of Foreign Affairs of Denmark. It comprises all activities to promote Danish export and foreign investments in Denmark under one roof. The section assists Danish exporters and investors in their business activities in Bangladesh as well as providing information to Bangladeshi companies looking for Danish business associates or suppliers.

The section has carried out a wide variety of assignments ranging from small 'company and/or person checks' to large and in depth market studies. Other activities includes, market monitoring on behalf of clients assistance, writing sector briefs, conduct partner/customer search, provide visit assistance, in dealing with public authorities concerning e.g. obtaining licensing or import permits etc. The section, although new, has had experience in dealing with complex issues like dispute resolution between Danish and Bangladeshi parties.

**Climate Change:**

Being a densely populated country in a delta area makes Bangladesh one of the most climate vulnerable countries in the world. The Government of Bangladesh plays a commendable and proactive role at the global scene as well as at the national level in raising awareness and combating climate change effects. Denmark share many common views with Bangladesh on issues related to climate change and has in recent years established a close and constructive cooperation with the Government of Bangladesh and with a number of other national partner organisations in Bangladesh working on climate issues. For many years, environmental concerns have been an integrated part of Danish development assistance, which today also includes reduction of climate change emission and climate change adaptation.

**Aid Effectiveness:**

Denmark is one of pioneers in Bangladesh to render support for implementing the AE principles. A Harmonization Action Plan (HAP) cell was established in ERD, back in 2006 with Danish support. Gradually many other donors came on board and this cell, now named as Aid Effectiveness unit became the centre of the Government's AE initiatives. Denmark is supporting the unit since then and will continue supporting the new Capacity building project administered by UNDP.

## 4 Danida Business Partnership in Bangladesh

Due to the fact that Bangladesh needs to diversify its economy and exports to the non-traditional areas wherein the local businesses have not been able to introduce substantial innovations on their own, the DBP programme is very keen on supporting collaborations that are pioneers in their area of business. The purpose of such a focus is to introduce innovations that can demonstrate to the local business community that Bangladesh is capable of establishing new businesses in sophisticated and advanced areas of business that were earlier not considered possible.

Denmark started providing assistance to private sector from early 2000. Since then, Danish private sector programme supported around 100 long-term commercial partnerships with substantial technology transfer within several areas of business such as: textiles, garments and the related services; Offshore design, development and processing centres for software, graphics, digital image processing, mapping & GIS, advertising industries; food processing and equipment; light engineering industry; healthcare products and services; vocational training institutes, Shipbuilding, Agri, Fisheries and Energy sectors. Danish intervention is highly regarded in the sectors like textile, IT and Shipbuilding. Other Nordic embassies in Bangladesh i.e. embassy of Norway and Sweden are considering to initiate a similar programme encouraged by the Danish Private sector programme.

Further, in line with Danish Government's priority, the DBP Programme is keen on supporting long term co-operations involved in the agro business, renewable energy, water and clean tech sectors which goes in line with Bangladesh's need and priorities. Further such cooperation can be very effective vehicles for Danish companies to regain their competitive edge in the international markets wherein cost of manpower is the key to survival and success.

With regard to IT and textile projects, the embassy has decided not to support any more traditional outsourcing projects. However, the embassy will consider those projects which are very new in nature and involve special technology transfer to Bangladesh.

Danish Embassy in Dhaka has very strong sector programmes in Agriculture, Water and Sanitation and Human Rights. Therefore, involvement in the new focus sectors will give a chance of creating synergies among the programme.

In order to seek information about the grant support possibilities under the DBP Programme, companies are requested to refer to the DBP Guidelines (<http://um.dk/en/danida-en/activities/business/partnerships/>).

The DBP section at the Embassy of Denmark, House # 1, Road # 51, Gulshan-2, Dhaka, Bangladesh (Tel. +880 2 8821799 , Fax. +880 2 8822499, e-mail: [dacamb@um.dk](mailto:dacamb@um.dk)) can provide practical support for identification of potential partners, organising study visits and strategy advice.

### 4.1 Danida Business Partnership in general

The overall objective of Danida Business Partnerships is to support sustainable development and contribute to poverty reduction. The objective will be pursued by creating growth and employment in Bangladesh.

The immediate objective of Danida Business Partnerships is to transfer knowledge and technology from Denmark to Bangladesh, including improvement of working and living conditions of the poor and enhancing the competitiveness of local enterprises. This will be done by supporting establishment of partnerships that create value for companies while at the same time add overall value to society.

The partnership support is structured in two separate phases:

- The preparation phase includes all activities from the first contacts to identify partners to defining the partnership and the business model for support under an implementation phase. The preparation phase must result in an operational business model for the partnership and should be completed within one year.
- The implementation phase includes all activities needed to carry out the partnership and implement the business model. This phase must result in the development impacts described in the business model and should be completed within three years.

## 4.2 Development impact criteria:

All partnerships applying for support in Bangladesh are to contribute to the achievement of the overall objective of Danida Business Partnerships by creating growth and employment in Bangladesh. Therefore, an application for support from Danida Business Partnerships must illustrate how implementation of the proposed business model will contribute to “increased employment” and have a “positive effect upon the local society.”

Depending on the focus of the business model, additional 1-3 of the six criteria below are to be addressed:

- Strengthened competitiveness for the local partner
- Increased use of green technology and improved protection of external environment
- Added value through value chain and/or cluster approaches
- Increased food security through improved availability and accessibility
- Improved gender equality and women’s empowerment
- Enhanced regional economic integration

## 4.3 Support rates

The objective of the preparation phase is to develop a business model for the partnership. It may consist of different activities and in various sequences depending on the needs of the applicants. It may be used to identify potential partners or to develop a shared business model. The phase may be used to develop an initially rather loose idea into a well-defined business model. It may also be used to clarify whether the idea and/or partnership is viable and thus substantiate a decision to continue to develop the partnership. Moreover, it may be used to undertake a full-fledged market analysis or a more focused study, or a study of the contribution to the local community, assess the development impact, the needs for training and technical assistance, etc.

Support from Danida in the preparation phase is a maximum of 75% of the expenses and limited to a maximum amount of support total DKK 750,000 covering one or two study visits, a feasibility study (FS) and/or a testing project.

The objective of the implementation phase is to obtain the results and targets as defined in the business model. Activities in the implementation phase are selected to obtain the targets. Support from Danida is a maximum of 50% of expenses with a maximum of DKK 5,000,000 in support, including support given in the preparation phase. This may be extended to DKK 10,000,000 for regional partnerships or on an exceptional basis for large partnerships.

#### 4.4 Corporate social responsibility

CSR is a very important part of the DBP programme in Bangladesh. More specifically, one of the objectives of the DBP programme is to contribute to the improvement of the overall working conditions for employees, which is why all DBP companies have to incorporate CSR practices and initiatives into their daily business. All DBP companies are required to implement measures to preclude HIV/AIDS and gender inequality, work to improve the working environment and institutionalizing cooperation between employer and employees.

The DBP Programme in Bangladesh is very keen on providing support to the DBP collaborations for achieving international standards on all the Corporate Social Responsibility (CSR) initiatives with special emphasis on the following:

- Improvements to the working and the external environment
- Promotion of HIV/AIDS awareness amongst employees and the local community
- Promotion of workers' rights and human rights
- Promotion of awareness of diabetes, hepatitis and other diseases
- Schooling for workers' children

Danida's "zero tolerance policy" on corruption also applies for the DBP Programme in Bangladesh and the partner companies are expected to avoid corrupt practices under any circumstance. It is important to note that the support under the DBP programme is conditional to the fact that the partners will actively promote efforts to eliminate corruption in the society.

#### 4.5 Synergy - Danida DBP Programme and other instruments

Denmark is currently supporting development assistance to Bangladesh with sector programmes in Agriculture & Rural roads, Water supply & Sanitation, Good governance and Human rights. DBP collaborations that have the potential of enhancing the sustainability of the development efforts in the abovementioned sectors will be encouraged.

Further, a number of other development instruments may be of relevance to enterprises that engage in the DBP Programme in Bangladesh:

- The [Industrialisation Fund for Developing Countries](#) (IFU) provides share capital and loans for joint ventures in developing countries having investments from Danish companies.
- In case of larger projects, there may be scope for using Danida's [Mixed Credit](#) scheme to finance import of equipment.
- Companies wishing to undertake specific activities to enhance the Corporate Social Responsibility in Bangladesh, outside the DBP collaborations may apply for support under the [Public Private Partnership](#).



- [Export Kredit Fonden](#) is providing insurance cover in connection with exports from Denmark, shopping lines to foreign importers for buying machines and equipment in Denmark as well project financing for larger investments having a Danish link.

#### 4.6 Contact Details:

##### **Embassy of Denmark**

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**Annex 1: List of project supported by DBP Programme in Bangladesh**

Sl. No.	Name of Danish and Bangladeshi Companies	Sector	Status	Remarks
1.	Truemax ApS & Update Solutions Technologies Limited	3D training Academy	preparation phase	
2.	Mads Staunskjær ApS & ScanMap	Internet Telephony	preparation phase	
3.	Danespo A/S & Giant Agro Processing Ltd. and	Potato seed production	Pilot & Feasibility	
4.	Viking Rubber Co A/S & JAAS Composite Ltd.	Wet Weather Cloth	Pilot Phase	
5.	Energi Danmark A/S & Vantage Engineering and Construction Ltd.	Energy efficiency	Pilot & Study	
6.	Kølemadsen A/S & Primex Corporation Ltd.	Food processing equipment	Pilot	
7.	NordPro ApS & Tradexcel Graphics Limited	Desktop Publishing	Pilot	
8.	Nyhavn Vod- og Trawlbinderi ApS & Shimizu Specialised Fishing Pvt. Ltd.	Net loft factory	Pilot	
9.	Marine El & Marine Electronics Service	Equipment for commercial vessels & fishing trawlers	pilot	
10.	Seamaster ApS & Peninsula Fishing Ltd.	Fishing	pilot	
11.	DanChurchAid, KomTek Miljø A/S & REPL	Biogas	Feasibility	
12.	Admiral IT A/S & ICT Alliance	IT	Project	
13.	AS SCAN & Fishers Shipyard Ltd.	hydraulic equipment for trawlers/ships	Joint Venture	
14.	Stella Shipping PS & Western Marine Shipyard Limited	Shipbuilding	Pilot	

Sl. No.	Name of Danish and Bangladeshi Companies	Sector	Status	Remarks
15.	Smoke Solution ApS & HATIL COMPLEX Ltd.	Smoke Cabin	Joint venture	
16.	Staerk Reklamebureau A/S, Visual Soft Limited & Click House Studio Ltd.	3D, Flash and Web and DTP	Joint venture	
17.	Grace Tours & Interspeed Limited	Tourism	Joint venture	
18.	Cosmos Trawl A/S & Sea Resources Ltd.	Fishing Trawl	Joint venture	
19.	Bording Data A/S & TechnoVista Limited	DTP	Joint venture	
20.	Save the Children & UCEP	Training for working Children	PPP	
21.	Brahe & Partnere A/S (B&P) & Bestec Corporation Ltd.	Architectural designs	Joint venture	
22.	Mindworking Asia A/S and Graphic Associates Limited	Offshore Graphic Service Centre	Joint Venture	
23.	Emunio APS & Acme Laboratories	Pharmaceuticals	Joint Venture	
24.	NetPeople A/S & Nazimcorp Resource Gateway Ltd.	Offshore Software Development Center	Joint venture	
25.	Ole Steen Knudsen A/S & Ananda Builders Limited	Ship Design Centre	Closed	
26.	AdPeople & Adcomm	Advertising	Joint Venture	
27.	Luka Collection & ZMM Fashion	Integrated Knitwear project	Joint Venture	

**Other Danish Companies Active in Bangladesh**

SI	Danish Company	Sector	Status	Remarks
1	Arla Foods Amba	Food	Export, Joint venture (1997), FDI (2004)	
2	Damco	Logistics	Sales office	
3	Maersk	Shipping line		
4	IC Company	Food Ingredients	Procurement Office	
5	Magnus Textile	Textile Advisory service		
6	MT Højgaard	Local Civil construction		
7	Novo Nordisk	Insulin	Import	
8	Williams	Textile	Export	