



# BANGLADESH DEVELOPMENT COOPERATION

## FACTS AND FIGURES



Economic Relations Division (ERD)  
Ministry of Finance  
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Bangladesh is a country in South Asia bordered by India and Myanmar. Bangladesh is the world's eighth-most populous country, with a population of over 158 million and only 147,570 sq kilometers of land. The economy is increasingly based on both export led development and domestic demand, spurred by income growth from employment and remittances. In particular the textile industry is the second largest in the world. Other key sectors for Bangladesh include shipping, pharmaceuticals, ceramics and electronics. Agriculture also plays a key role, in particular cash crops such as rice, jute, tea and wheat. Bangladesh is currently ranked 5th in the world in terms of its production of fish and seafood.

The country has made significant development progress in the last few decades. Its economic growth rate in fiscal year 2014 stood at 6.12%. A policy of inclusive growth has helped the country advance steadily towards international development goals and to make progress on the Human Development Index. A unique feature of Bangladesh has been the high growth elasticity of poverty, resulting in a reduction of income inequality. According to the U.N. 2014 Human Development Report, Bangladesh finds itself in the medium human development category, with a Human Development Index which increased from 0.336 in 1980 to 0.558 in 2013.

### **Bangladesh Moving Forward:**

Bangladesh has made outstanding progress in attaining the Millennium Development Goals (MDGs). The country has met several targets of the MDGs, such as reducing the poverty headcount and poverty gap ratio, attaining gender parity in primary and secondary education, reducing the under-five mortality rate, containing HIV infection with access to antiretroviral drugs, children under five sleeping under insecticide treated bed nets, detection and cure rate of TB and others. In addition, Bangladesh has made remarkable progress in reducing the prevalence of underweight children, increasing enrolment at primary schools, lowering the infant mortality rate and maternal mortality ratio, improving immunization coverage and reducing the incidence of communicable diseases. However, there are a few areas in need of greater attention, such as employment generation, increases in primary school completion and adult literacy rates and the increase in the presence of skilled health professionals at delivery. The UNDP 2013 Human Development report identified Bangladesh as a "rising star" and placed Bangladesh among the 18 countries of the world that made the most progress in achieving the MDGs.



## MDGs: Bangladesh progress 2015: at a glance



### MDG 1: Eradicate Extreme Poverty and Hunger

Halve by 2015 the proportion of people living below poverty line  
Bangladesh showing an impressive poverty reduction from 56.7% in 1991-92 to 24.8% in 2015; the rate of reduction being faster in the present decade than the earlier ones.



### MDG 2: Achieve Universal Primary Education

Ensure that all boys & girls complete a full course of primary schooling  
Significant progress has been made in increasing equitable access in education where Net enrolment Rate is 97.7%



### MDG 3: Promoting Gender Equity and Empowering Women

Eliminate gender disparity in primary & secondary education preferably by 2005, and at all levels 2015  
Bangladesh already achieved the targets of gender parity in primary and secondary education at the national level.



### MDG 4: Reduce Child Mortality

Reduce by two thirds by 2015, the under-five mortality rate  
Bangladesh is on track in meeting the target of this goal measured in three different indicators like under -five mortality rate, infant mortality rate and immunization against measles



### MDG 5: Improve Maternal Health

Reduce by three quarters, between 1990 and 2015, the Maternal Mortality Ratio  
In Bangladesh maternal mortality declined from 322 in 2001 to 170 in 2013, a 47% decline in nine years.



### MDG 6: Combat HIV/AIDS, Malaria and other Diseases

Have halted by 2015 & begin to reverse the spread of HIV/AIDS  
Bangladesh is performing well in halting communicable diseases under this goal. Available data show that the prevalence of HIV/AIDS in Bangladesh currently is less than 0.1 per cent and thus is still below an epidemic level.



### MDG 7: Ensuring Environmental Sustainability

Integrate the principals of sustainable development into country policies / programmes & reverse the loss of environmental resources  
At present there is only 13.40 per cent of land in Bangladesh having tree cover with density of 30 percent and above. The area is much lower than the target set for 2015.



### MDG 8: Developing a Global Partnership for Development

Develop further an open, rule-based, predictable, non-discriminatory trading & financial system  
During the last twenty four years, Bangladesh, on an average, received US\$ 1.74 B ODA per year against the requirement of US\$ 3.0 B Per year to implement all the MDGs.  
Cellular subscribers per 100 populations are 79.76 in 2015 which was zero in 1990. The internet users per 100 population is 30.39 in 2015, which was 0.15, 0.20 and 3.4 in 2005, 2006 and 2008 respectively.

According to the World Bank's latest estimates, Bangladesh has graduated to the group of **lower-middle income countries**. Bangladesh's GNI per capita stands at USD 1190.

The positive sovereign rating by Moody's Investor's Services and Standard and Poor's (S&P) in recent years also brought about a new dimension to Bangladesh's economic outlook. The US investment Bank Goldman Sachs has included Bangladesh in "**The Next-11**" as one of the most promising economies after the BRIC nations. Price Water House Coopers (PWC) has also included Bangladesh in their new PWC 30 list considering its potentials of growth.

### Development Cooperation in Bangladesh: The Shifting Scenario

Bangladesh' 7<sup>th</sup> Five Year Plan comes with an estimated resource envelope of Tk 31.9 trillion (or USD 409 billion). An estimated 77% will come from private investment and 23 % from public investment. Less than 3% would be external public resources.



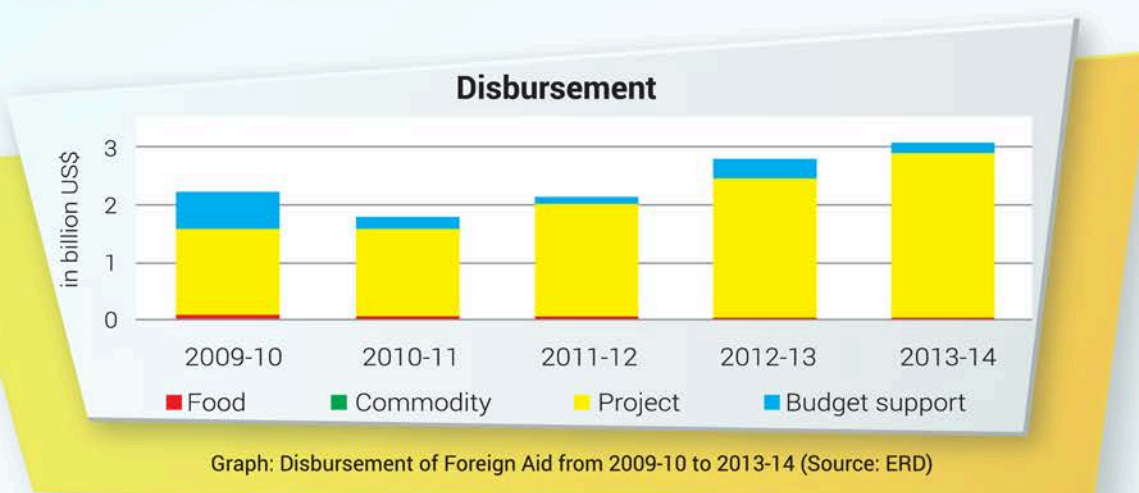
Table: Financing of Seventh Five Year Plan Investment (FY 2016 prices)

Item: BDT in Billions	Total	Share (%)	Public	Share (%)	Private	(Share %)
Total Investment	31,902.8	100.0	7,252.3	100.0	24,650.5	100.0
Domestic Resources	28,851.0	90.4	6,384.6	88.0	22,466.4	91.1
External Resources	3,051.8	9.6	867.6	12.0	2,184.1	8.9

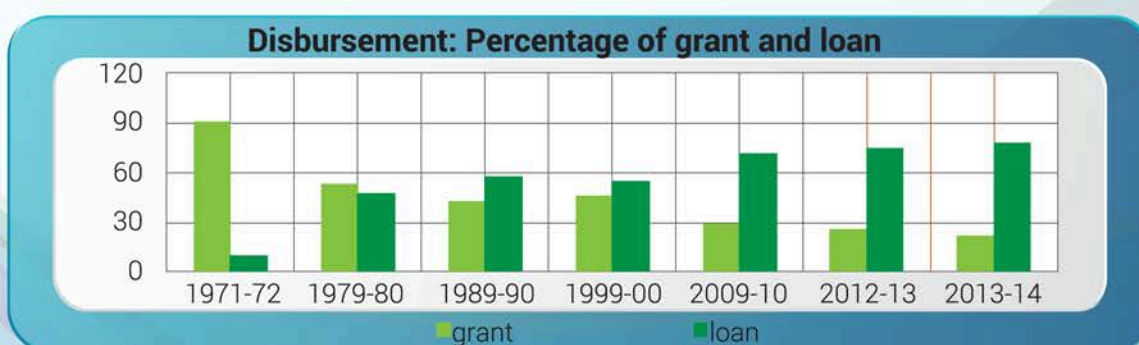
Source: 7<sup>th</sup> Five Year Plan

**Declining aid dependency:** Over the past years, official development assistance (ODA) to Bangladesh has hovered around 2% of GDP. While 50% of the Annual Development Programme (ADP) was funded with ODA in 2010, ODA formed only 32% of the ADP in fiscal year 2013-2014.

This does not mean ODA is declining. In fact, ODA has doubled in the last 10 years. ODA disbursement hit a record high with 3.084 billion USD in fiscal year 2013-14. Sectors receiving the most aid are public administration, health, education and the infrastructure sectors.

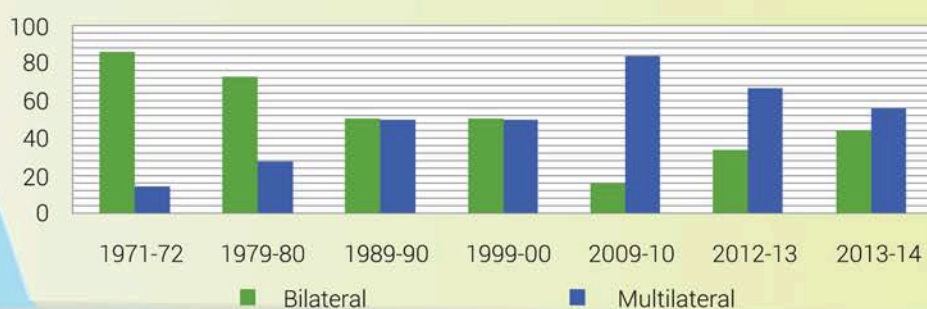


In fiscal year 2013-14, the **share of grants and loans** was 30 % and 70% respectively. Overall, the share of loans is increasing in the past years.

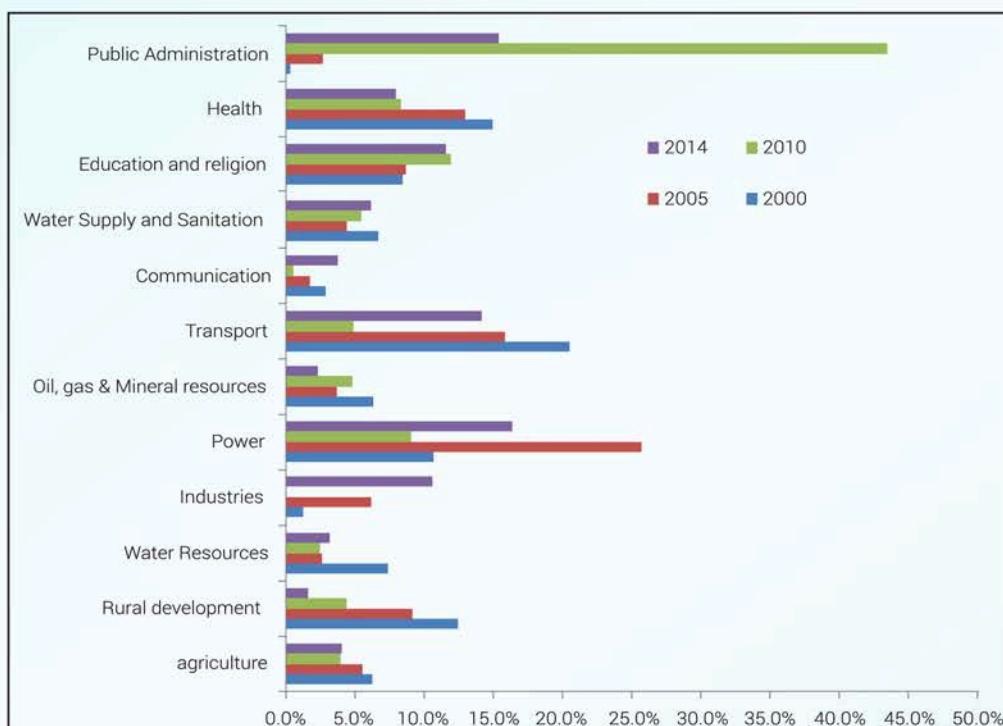


**Multilateral banks** disburse the lion share of the total disbursement, amounting to 1.5 billion in fiscal year 2013-14, from the World Bank, Asian Development Bank and the Islamic Development Bank. The share of multilateral aid has however been decreasing from 74% from in FY 2005-06 to 56% in FY 2013-14.

### Disbursement: Percentage of Multilateral and Bilateral aid



Graph: Percentage of Multilateral and Bilateral Aid (Source: ERD)



Graph: Breakdown of Aid by Sector 2000 to 2014 (Source: ERD);

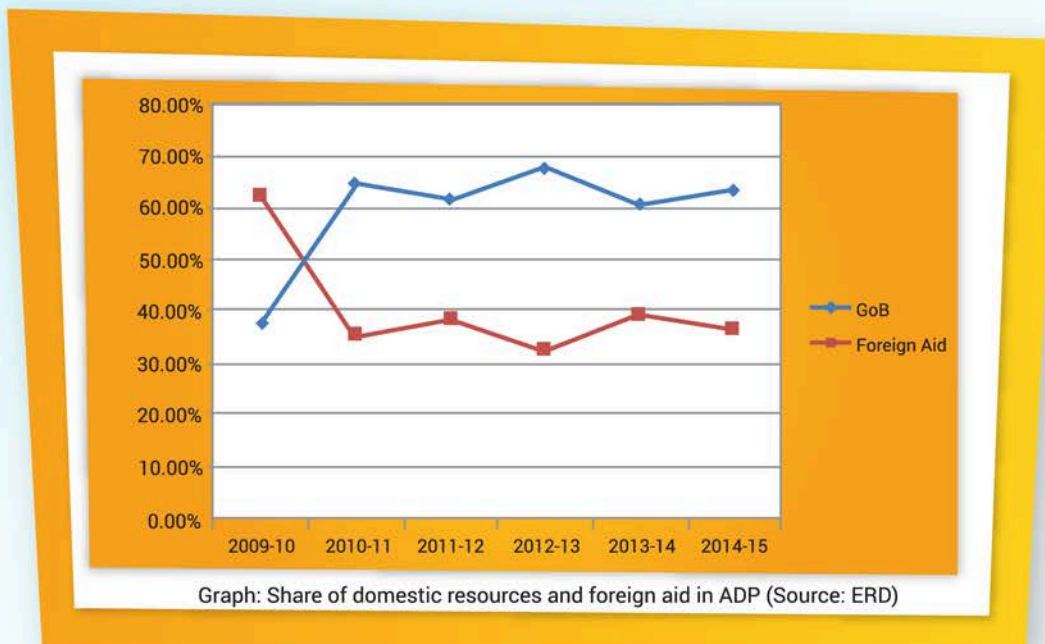
\*Public Administration includes development policy loans

According to the 2012 Climate Public Expenditure and Institutional Review, Bangladesh spent about USD 1 billion USD per year on **climate related expenditures**. This would bring climate expenditure in 2015 to an estimated USD 1.5 billion. 75% of climate related expenditure comes from domestic resources. The highest spending Ministries in respect of climate sensitive activity are Local Government Division (22%), Agriculture (20%) and Disaster Management and Relief Division (17.5%).

Bangladesh maintains strong development cooperation with many **non-traditional** donors such as India, China, Kuwait, Saudi Arabia, United Arab Emirates, Turkey, Malaysia and Russia. Since 2001 Bangladesh has mobilized USD 2.16 billion through official assistance from non-traditional donors out of which AUSD 1.34 billion is loan and USD 819 million are grants. In 2014, Bangladesh became a founding member of the Asia Infrastructure Investment Bank. The broad areas of cooperation with the south are trade and commerce, infrastructure development, transport and communication, balance of payment support, human resource development, disaster management and poverty reduction.



Bangladesh is in a comfortable position of solvency and liquidity. The ratio of general government's external debt stock to GDP is 14.04% (as of 30.06.2014) against the threshold limit of 40%, while the ratio of external debt service obligation if FY2013-14 to export goods and services is 2.76% against the threshold limit of 20%.



### National Structure for Foreign Aid Mobilization:

The Economic Relations Division (ERD) - one of the four divisions of the Ministry of Finance of the Government of Bangladesh - is responsible for mobilizing external resources for socio-economic development of the country. ERD leads as the focal point of the Government for interfacing with the development partners as well as for co-ordination of all external assistance inflows into the country. It assesses the needs of external assistance, devises strategies for negotiations and mobilizing foreign assistance, formalizes and enables aid mobilization through loan and grant agreements, determines and executes external economic policy and is an active participant in the global discourse on socio-economic development. The vision of ERD is "to build Bangladesh as an economically self-reliant country and to reduce the level of poverty." In order to achieve the above vision, the missions of ERD are to strengthen bilateral and multilateral cooperation through economic diplomacy, support economic programmes of the government through external resource mobilization and to assist in achieving national development plans, policies, strategies as well as other International Development Commitments.

### Effective Development Cooperation: International Engagement

Bangladesh signed the **Paris Declaration on Aid Effectiveness in 2005** and has been actively engaged over the years in the international debate on aid and development effectiveness (Paris, Accra, Busan, Mexico)

Bangladesh is a Steering Committee member of the **Global Partnership for Effective Development Cooperation**, a Vice-chair of the **International Aid Transparency Initiative** and the Chair of the **Asia Pacific-Development Effectiveness Facility (AP-DEF)**.



## **Effective Development Cooperation: Milestones at the Country Level**

The Government of Bangladesh and 18 Development Partners signed a **Joint Cooperation Strategy (JCS)** in 2010 with a time bound action plan, localizing international aid effectiveness commitments.

The government established a formal mechanism for dialogue with development partners, called the **Local Consultative Group (LCG)**. The LCG includes 17 sector working groups, each chaired jointly by a senior government official and a development partner. Regular meetings of the LCG plenary and working groups have led to a more results oriented dialogue and have significantly improved coordination between the government and donors.

Bangladesh adopted a **Development Results Framework (DRF)** which has been incorporated in the 6th and 7th Five Year Plan. The DRF provides a monitoring and evaluation system to promote results and accountability for country-specific development interventions.

Bangladesh has established a homegrown **Aid Information Management System or AIMS** (<http://aims.erd.gov.bd>) to ensure full transparency and effective management of incoming aid flows. The Bangladeshi system is compliant with IATI standards.

The **Bangladesh Development Forum (BDF)** is a high level political forum which takes place every few years, where government discusses its longer term development strategies and plans with development partners.

Bangladesh has adopted a **Climate Fiscal Framework** to ensure effective use of domestic and international climate finance within the national budget process.

## **Effective Development Cooperation: Ongoing Reforms**

Bangladesh Government is drafting a **National Policy on Development Cooperation** defining its strategic approach to development cooperation, reflecting quality criteria for aid agreements, providing guidance on broader issues related to aid management, applying lessons learnt on quality of ODA to new types of finance (southern flows, climate finance, blended finance) and reflecting on the role of external assistance in a newly graduated lower middle income country.

The Government has set up a **Development Effectiveness Wing** within the Economic Relations Division (ERD) of the Ministry of Finance. This Wing has a mandate to promote the effectiveness of development cooperation in Bangladesh and to ensure coherence, coordination, and quality of ODA, South-South cooperation, climate finance and to explore other new sources of development finance.

The Government is also reforming the procedures for **project approval (DPP/TPP)** to ensure a smoother process and reduce the project pipeline.

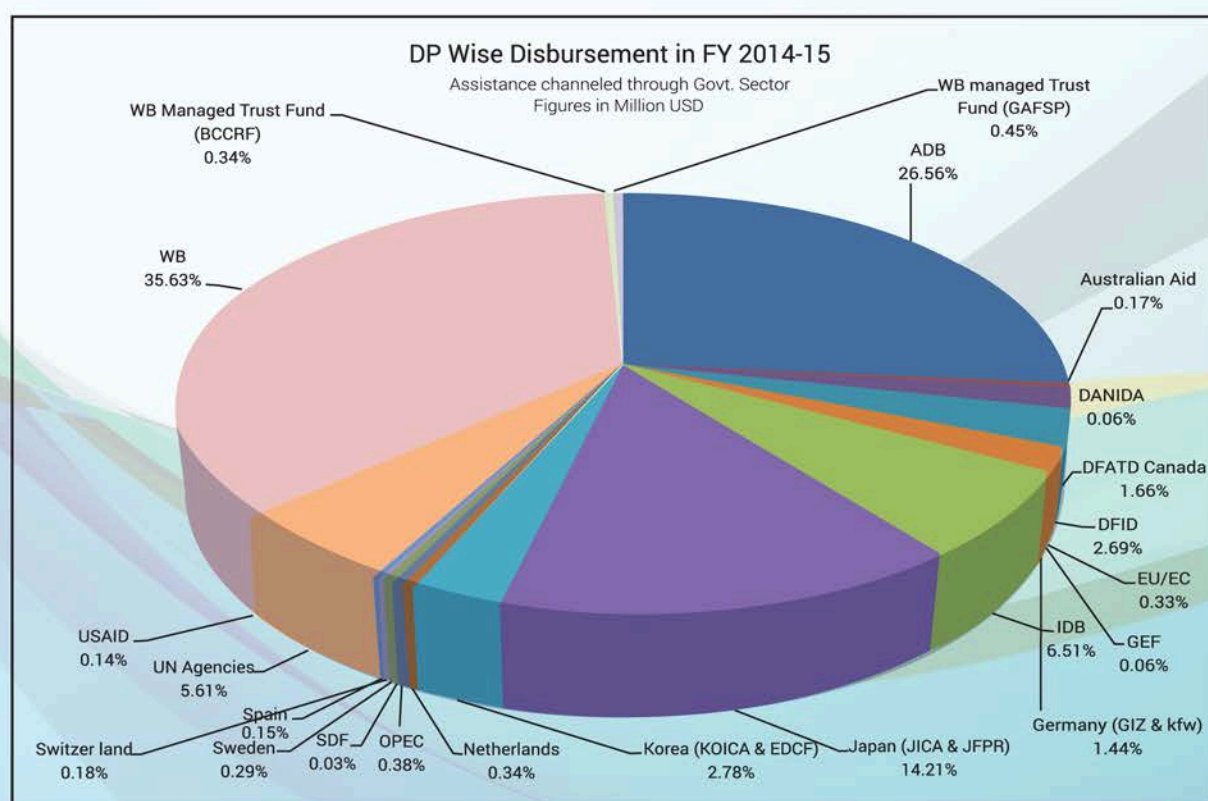
## DP Wise Disbursement in FY 2014-15

Assistance channeled through Govt. Sector As Reported to AIMS

Figures in Million USD

Development Partner	Disbursement in AIMS
ADB	703.04
Australian Aid	4.60
DANIDA	1.63
DFATD Canada	43.81
DFID	71.07
EU/EC	8.86
GEF	1.71
Germany (GIZ & KfW)	38.21
IDB	172.24
Japan (JICA & JFPR)	376.07
Korea (KOICA & EDCF)	73.71
Netherlands	8.87
OPEC	10.11
SDF	0.73
Sweden	7.67
Switzerland	4.76
Spain	3.97
UN Agencies	148.45
USAID	3.60
WB	942.96
WB managed Trust Fund (BCCRF)	8.98
WB managed Trust Fund (GAFSP)	11.78

Source: aims.erd.gov.bd



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