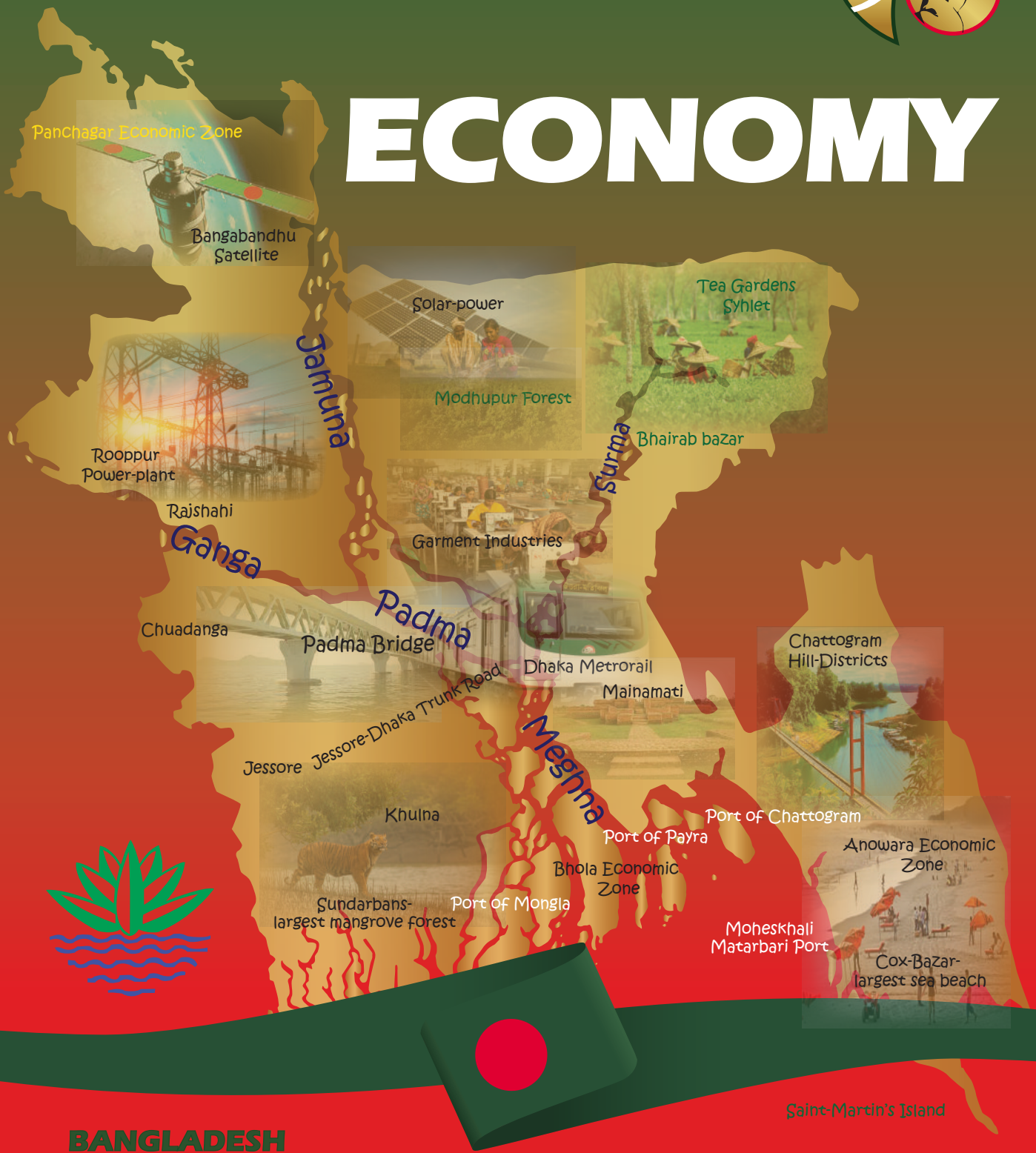
BANGLADESH ACROSS 50 YEARS : Volume 1

বাংলাদেশের সুবর্ণজয়ন্তী
Bangladesh 50

ECONOMY



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WHEELS OF FORTUNE: THE BANGLADESH STORY

By GSG Faculties

Professor Imtiaz A. Hussain, Dr. Marufa Akter, Dr. Shanawez Hossain, Jessica tartila Suma, Md. Ohidujjaman & Raian Hossain

Economic growth was a logical hope right after Independence, but perhaps too distant to be visible: ground realities were stiff, stubborn, and insoluble. Economic growth is still a hope half a century later, but this time, a hope in the palm of our very own hands. Those hands once tilled the lands, then took to churning low-tech machines and assembly-lines in towns and cities, before taking the online train into software programming and digitalizing future contours of the country. All of these over fifty-odd years. From agriculture, through low-wage manufacture, to hi-tech service-sector engagements, Bangladesh has done in a tiny plot of global land what far larger, or even smaller, countries took a far longer time-span to harness: development, from its very absence, to its full form.

Our 50th Anniversary message is simple: to pause, look back at the accomplishments, wipe the sweat off the forehead, then return to reproduce the magic of those 50-year efforts. It is a common and credible message which Independent University, Bangladesh's (IUB's) Global Studies & Governance (GSG) Program brings out with its own footprints, fingerprints and flair.

Just a first cut into that success story shows us how the country's trade has expanded multifold (see Table 1): we never managed a favorable trade balance, but growing consumption did not necessarily mean we still had food-deficits: our food self-sufficiency was our first take-off signal upwards. Our biggest 1970s handicap had been overcome.

Table 1: Trade-flows, 1971-2021

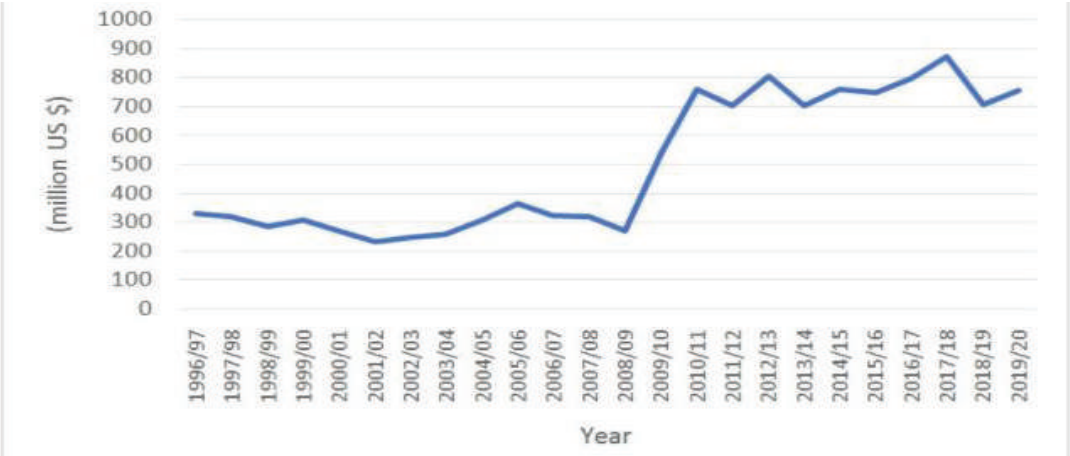
Year	Exports		Imports		Trade Balance		GDP Per Capita (US $)
	Billions of US $	% of GDP	Billions of US $	% of GDP	Billions of US $	% of GDP	
2020	$39.50B	12.18%	$60.25B	18.58%	$-20.76B	-6.40%	$1,969
2019	$46.36B	15.32%	$64.86B	21.44%	$-18.50B	-6.11%	$1,856
2018	$40.56B	14.80%	$64.25B	23.44%	$-23.69B	-8.64%	$1,698
2017	$37.55B	15.04%	$50.61B	20.27%	$-13.06B	-5.23%	$1,564
2016	$36.86B	16.65%	$47.17B	21.30%	$-10.31B	-4.65%	$1,402
2015	$33.82B	17.34%	$48.28B	24.75%	$-14.46B	-7.41%	$1,248
2014	$32.83B	18.99%	$44.13B	25.52%	$-11.30B	-6.53%	$1,119
2013	$29.30B	19.54%	$40.14B	26.76%	$-10.83B	-7.22%	$982
2012	$26.89B	20.16%	$37.27B	27.95%	$-10.39B	-7.79%	$883
2011	$25.63B	19.92%	$35.37B	27.50%	$-9.75B	-7.58%	$862
2010	$18.47B	16.02%	$25.11B	21.78%	$-6.63B	-5.75%	$781
2009	$17.36B	16.94%	$23.73B	23.15%	$-6.37B	-6.21%	$702
2008	$16.18B	17.66%	$22.87B	24.96%	$-6.69B	-7.30%	$635
2007	$13.53B	17.00%	$18.27B	22.95%	$-4.74B	-5.95%	$558
2006	$11.74B	16.35%	$15.63B	21.76%	$-3.88B	-5.41%	$510
2005	$9.99B	14.39%	$13.89B	20.00%	$-3.90B	-5.61%	$499
2004	$7.26B	11.15%	$10.23B	15.71%	$-2.97B	-4.57%	$475
2003	$6.88B	11.43%	$9.76B	16.23%	$-2.88B	-4.80%	$446
2002	$6.79B	12.41%	$9.06B	16.56%	$-2.27B	-4.15%	$413
2001	$7.23B	13.39%	$10.10B	18.71%	$-2.87B	-5.32%	$415
2000	$6.59B	12.34%	$9.06B	16.98%	$-2.47B	-4.63%	$418
1999	$6.03B	11.76%	$8.53B	16.63%	$-2.50B	-4.87%	$410
1998	$5.88B	11.76%	$8.06B	16.12%	$-2.18B	-4.37%	$407
1997	$5.08B	10.52%	$7.63B	15.81%	$-2.55B	-5.28%	$401
1996	$4.51B	9.71%	$7.60B	16.37%	$-3.09B	-6.66%	$395
1995	$4.12B	10.86%	$6.58B	17.34%	$-2.46B	-6.48%	$329
1994	$3.04B	9.00%	$4.68B	13.86%	$-1.64B	-4.86%	$300
1993	$2.99B	9.02%	$4.68B	14.10%	$-1.69B	-5.09%	$301
1992	$2.41B	7.59%	$3.92B	12.35%	$-1.51B	-4.76%	$294
1991	$2.06B	6.66%	$3.79B	12.23%	$-1.72B	-5.56%	$293
1990	$1.87B	5.91%	$4.13B	13.06%	$-2.26B	-7.15%	$306
1989	$1.59B	5.54%	$3.68B	12.79%	$-2.09B	-7.24%	$286
1988	$1.44B	5.43%	$3.26B	12.25%	$-1.81B	-6.82%	$271
1987	$1.21B	4.99%	$2.84B	11.70%	$-1.63B	-6.71%	$254
1986	$1.13B	5.18%	$2.58B	11.84%	$-1.45B	-6.65%	$234
1985	$1.20B	5.38%	$2.86B	12.84%	$-1.66B	-7.45%	$245
1984	$0.64B	3.40%	$2.54B	13.42%	$-1.90B	-10.02%	$214
1983	$0.99B	5.60%	$2.59B	14.71%	$-1.60B	-9.11%	$204
1982	$0.94B	5.08%	$2.88B	15.53%	$-1.94B	-10.46%	$221
1981	$1.04B	5.13%	$2.86B	14.12%	$-1.82B	-8.99%	$248
1980	$1.00B	5.49%	$3.24B	17.88%	$-2.25B	-12.39%	$228
1979	$0.95B	6.11%	$2.46B	15.80%	$-1.51B	-9.69%	$201
1978	$0.74B	5.56%	$2.06B	15.48%	$-1.32B	-9.92%	$176
1977	$0.68B	7.04%	$1.19B	12.38%	$-0.52B	-5.34%	$131
1976	$0.48B	4.75%	$1.78B	17.64%	$-1.30B	-12.89%	$141
1975	$0.56B	2.90%	$1.58B	8.10%	$-1.01B	-5.21%	$278
1974	$0.46B	3.70%	$1.29B	10.35%	$-0.83B	-6.65%	$182
1973	$0.53B	6.54%	$0.96B	11.86%	$-0.43B	-5.32%	$120
1972	$0.36B	5.67%	$0.86B	13.73%	$-0.51B	-8.06%	$94
1971	$0.55B	6.29%	$0.94B	10.73%	$-0.39B	-4.44%	$134

Souce: World Bank. (https://www.macrotrends.net/countries/BGD/bangladesh/)

Compiled By: Md. Ohiduzzaman

Much of the spiraling imports fed our new "largest" export-earner: ready-made garments (RMGs). Our storied RMG sector must be seen from at least two broader contexts. The first is how it replaced jute, the country's "golden fiber," almost from the very partition of India in 1947, for forty-years (figures 2 & 3 show these patterns): the very advent of *plastic* jute replacement in the mid-1970s, alarmed as much a famine-struck Bangladesh as the World Bank itself then.

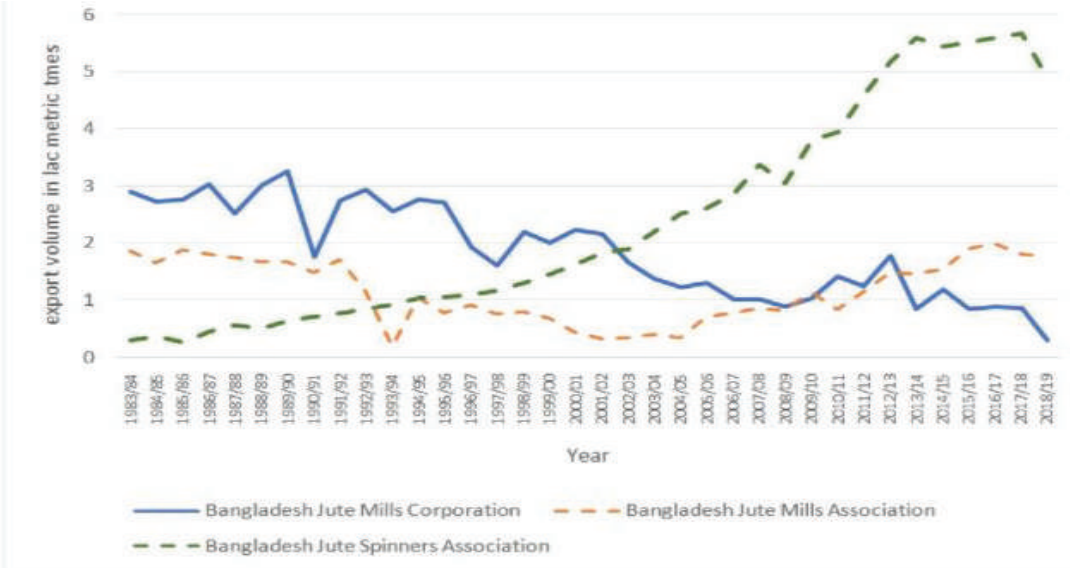
Figure 1: Export Earning from Jute goods: 1996/97-2019/20



Souce: Government of Bangladesh, Bangladesh Economic Review

Plastic threatens broader life sustainability globally today, one reason why natural fibers, like jute, can return and grow as an economic resource for more than just gunny-bags. That is promising future news. If we add on our rehear to "nature," surely the rest of this century cannot overwhelm us as it would so harshly until the mid-1970s. What this context interestingly shows is the viability of a nature-business harmony that is possible. It will pose as one of our greatest challenges in the next 50 years.

Figure 2: Export volume of jute products: 1983/84-2018/19

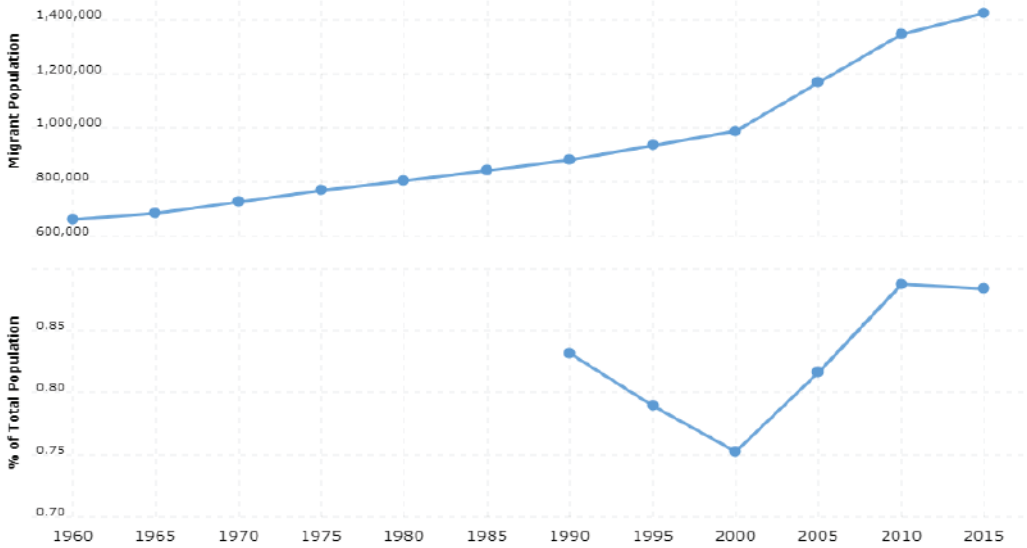


Souce: Bangladesh Jute Mills Corporation and Bangladesh Jute Spinners Assoiciation

A second context is social. The RMG sector opened new opportunities, not only for our women, but also microfinance. Both have converted our fairer gender into South Asia's envy: they are proportionately more literate and overtly active in spinning the wheels of economic growth and Bangladesh's past, present, and future fortunes. "Mother nature" is one blessing, but "mother" and "Nature" bring an entirely higher level satiation. A greater future resource lies here than the jute return; and how many windows we open for women today could be directly related to how high we roar in the future.

We can afford to stomach our trade deficits because we have mounting remittances and foreign direct investment (FDI), two features virtually absent in the 1970s. It was Bangabandhu Sheikh Mujibur Rahman's "friendship with all, malice to none" foreign policy motto that opened our remittance gateways. He turned the other cheek of political rivalry to go to the Lahore OIC (Organization of Islamic Cooperation) conference in February 1974.

Figure 3: Bangladesh Migrant Population



It was the city where his Six-Points were first announced in 1966, and in a country which recognized Bangladesh to clear the way for Bangabandhu to go (with the help of Algeria's Houri Boumedienne, and in an airplane sent by him). Other Islamic countries opened up to him, many across the Middle East, to take Bangladesh into their embrace. It was in this second group where a bulk of our remittances come from, and where a bulk of our labor-migrants go (see figures 3 & 4 and Table 2), beginning with Saudi Arabia (which recognized Bangladesh in 1975, though relations began during Bangabandhu's lifetime). It was like the "Father of the Nation" bequeathing this gift to his "children." The numbers speak for themselves: double-digit billions of dollars coming in, thus cushioning us further from the peails of "Mother Nature" to which we succumbed no frequently in the past. There is no secret our healthy foreign exchange reserves have brought us confidence globally.

Table 2: Migrant Population Ranking

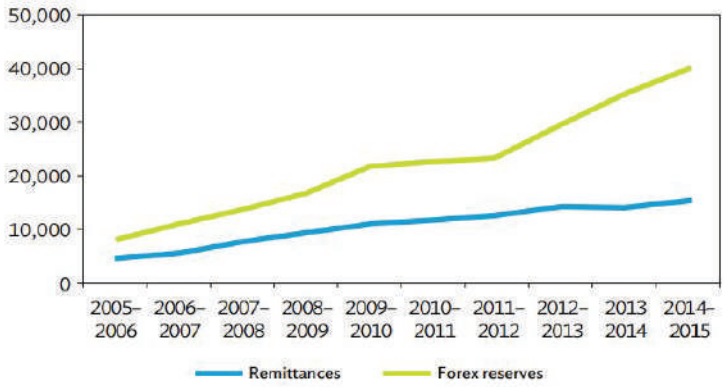
Similar Country Ranking

Country Name	Migrant Population
India	5,240,960.00
Ukraine	4,834,898.00
Pakistan	3,628,956.00
Bangladesh	**1,422,805.00**
Nigeria	1,199,115.00
Uzbekistan	1,170,899.00
Kenya	1,084,357.00
Sudan	503,477.00
Egypt	491,643.00
Ghana	399,471.00
Congo, Rep.	392,996.00
Cameroon	381,984.00
Indonesia	328,846.00

Bangladesh Immigration Statistics - Historical Data

Year	Migrant Population	% of Total Population
2015	1,422,805.00	0.88
2010	1,345,546.00	0.89
2005	1,166,700.00	0.82
2000	987,853.00	0.75
1995	934,735.00	0.79
1990	881,617.00	0.83
1985	842,155.00	0.83
1980	804,526.00	0.83
1975	768,579.00	0.83
1970	726,989.00	0.83
1965	685,166.00	0.83
1960	661,411.00	0.83

Figure 4: Flow of Remittances and Foreign Exchange Reserves



Source: Constructed using data from Bangladesh Bank. http//www.Bangladesh-bank org

If we look at FDI patterns, we notice how the spurt has been more recent than ancient. This is a fair indicator of domestic conditions becoming more attractive to foreign investors, reflecting the confidence of the country's economic viability. Here too we notice how, though BEZA (Bangladesh Economic Zones Authority) was established in 1980, only after the Great Global Recession (2008-11), did Bangladesh and BEPZA (Bangladesh Export-processing Zones Authority) make waves.

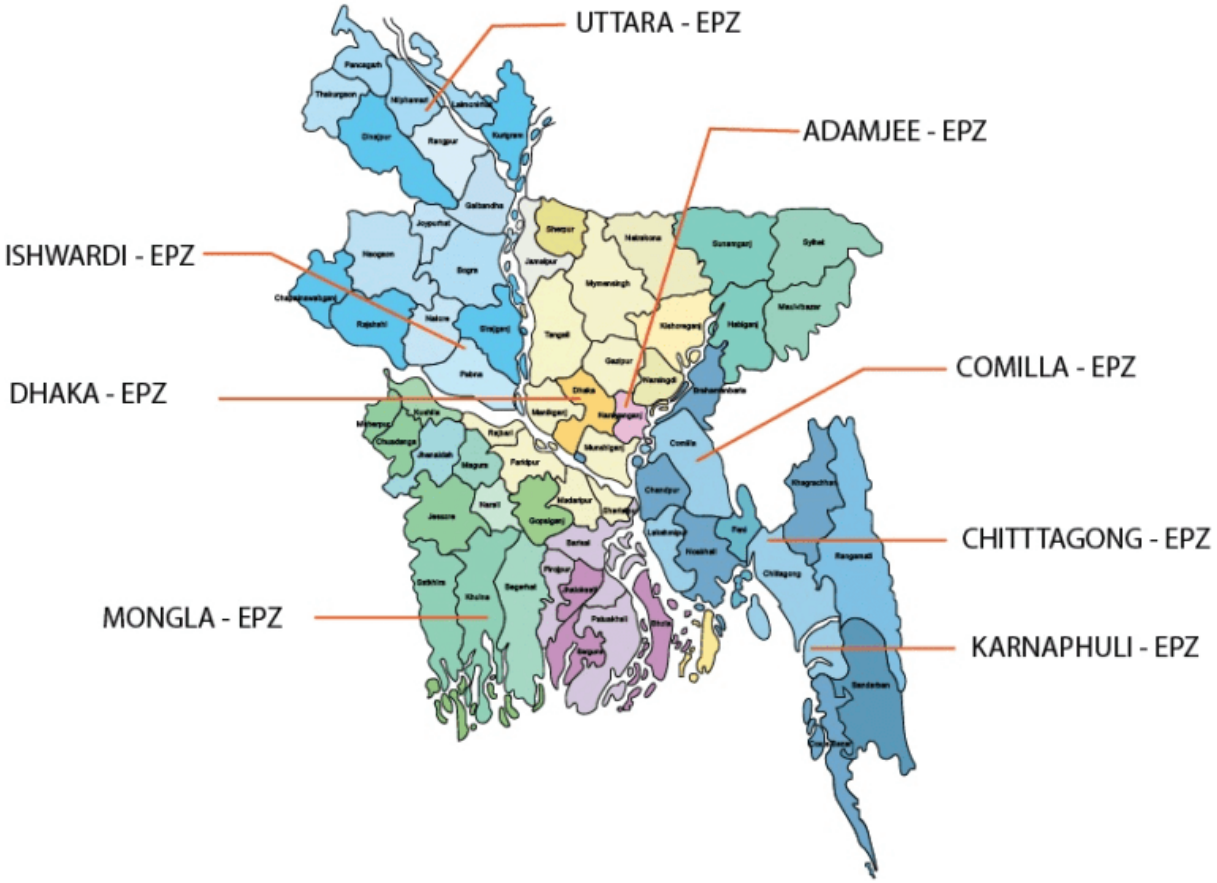
Table 3: Labour Market Needs and Potential Opportunities for Bangladeshi Migrant Workers in Key Destination Countries

Destination Country	Skill Type Supplied by Bangladesh in 2005–2012	Growth Trends and Labor Market Needs/ Considerations in Destination Country	Potential Opportunities or Bottlenecks for Migrant Workers
Saudi Arabia	Labor (unspecified), agricultural workers and farmers (unspecified), construction workers, drivers	Manufacturing, trade, and services are sectors that have higher growth potential, while growth of construction sector is likely to taper off Employers appear to have a high degree of confidence in training programs in the Philippines and, hence, more likely to recruit workers with high-level skills for trade and service sector but without such perception about the construction sector	Skills and occupations on greater demand are technicians and higher-level skills for manufacturing, qualified professionals in education, health, retail trade, construction workers
United Arab Emirates	Labor (unspecified), worker (unspecified), private service, construction workers, cook, driver, cleaner, machine operator, tailor, salesperson, agricultural workers	Construction, real estate, tourism and hospitality, manufacturing and logistics, education and health care are among the sectors likely to grow rapidly, with significant rise in expected demand for qualified personnel	However, no new visas have been issued for workers from Bangladesh since August 2012
Kuwait	Labor (unspecified), cook, driver, houseboy, salesperson, welder, technician (unspecified), cleaner	Growth sectors include oil capacity, utilities, infrastructure (including residential), and services especially health care and education	No recruitment of Bangladeshi workers has been made by Kuwait in the past 5 years
Qatar	Labor (unspecified), construction workers, cook, driver, fitter, foreman, private service, engineer	In preparation for hosting of the 2022 Soccer World Cup, sectors likely to grow at high rates include construction, hotel and restaurants, and services	More workers to deliver these services and run the newly constructed facilities effectively are expected
Jordan	Garment workers	Construction sector and garments industry are considered growth sectors	More construction and garment workers
Republic of Korea	...	Construction (including skills in civil engineering, masonry and carpentry), domestic and care work, housekeeping in hospitals are among the sectors where foreign labor is employed	More domestic and care work, construction workers and housekeeping in hospitals

Source: Tabulated from Chapter 4 of ADB. 2016. Bangladesh: Looking beyond Garments, Employment Diagnostic Study. Manila

It is the BEZA/BEPZA network that further sparks our future, and with it any graduation to a developed country (see tables 3 & 4 and Map 1): the admixture of foreign and domestic investors, as well as private and public sectors, encourage innovation, release more ripples and cumulatively carry us higher, by which "us" means not just entrepreneurs, but also the citizens. One innovation has been "the public-private-partnership" outgrowth. Our economic ascendancy, therefore, can be found not only in development textbooks, but also in hands-on local practices.

Map 1: EPZ Geographical Distribution



Map from: https://bangladeshembassy.ru/economy-trade-investment/export-processing-zones-economic-zones-and-hi-tech-parks/

Table 3 informs us how we shifted our energy from the fields and RMG assembly-lines to other assembly lines higher up the value-chain. More detail of where we have headed can be found in Table 4. In fact, comparing Table 4 components with agriculturural products and jute in the early 1970s portrays the strides the country has made, and what they portend for the future.

Table 4: Preferred Business Sector for Future Investment in EZs (multiple reply)

Existing Business Sector	Preferred Business Sector
Automobile/ Motor cycle parts	Electrical and Electronics
Bi-cycle	Agro-products & beverage
Bi-cycle	Automobile/ Motor cycle parts
Light Engineering	Electrical and Electronics
Knitting and Textile, yarn, Spinning	Bi-cycle
Garment Accessories	Knitting and Textile, yarn, Spinning
Medical Equipment and Devices	Agro-products, beverage
Plastic and Rubber Products	Agro-products, beverage

Data from: file:///H:/July%202,%202020/BEZA2017Report.pdf

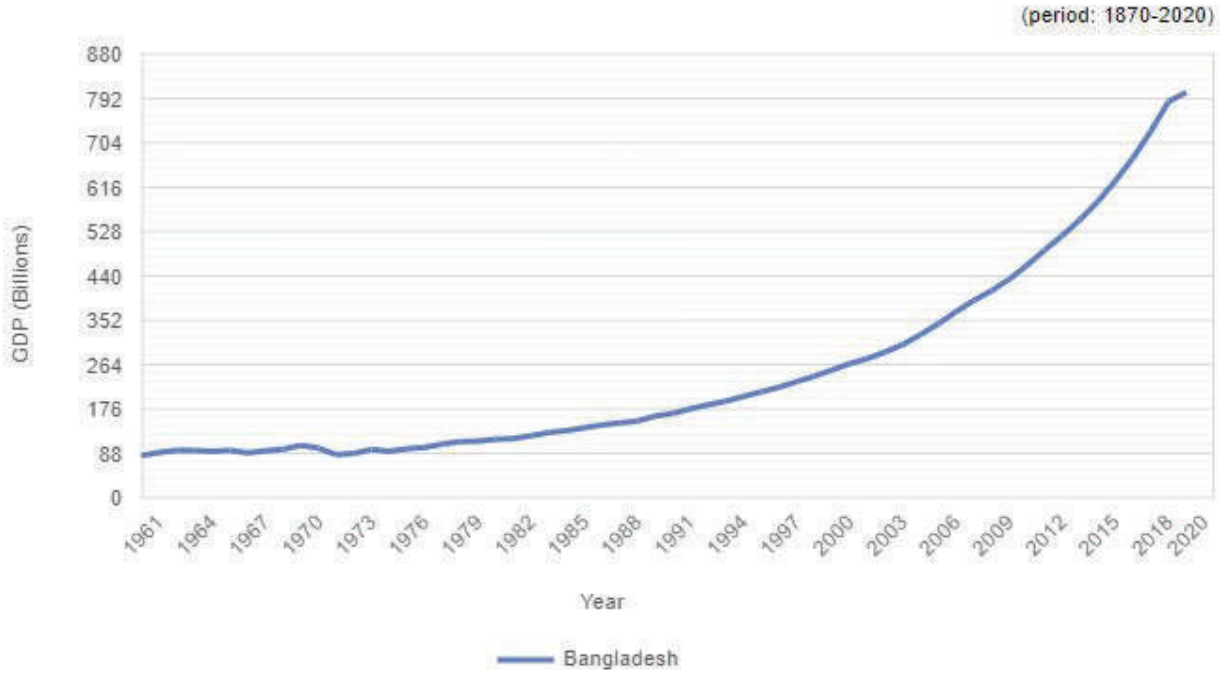
Table 5: Sector wise product specification

Sl	Potential Sectors	Product Specification	Rational
1.	Electronics	-Semi-Conductor -Home appliances -Assembling Cell Phone	-Recent exponential growth trend in manufacturing industry -Rapidly growing urban population is expected to increase the demand for home appliances -Targeting the ever growing cell-phone market in Bangladesh new cell phone assembling industries can be established
2.	Auto Mills[12]	-Rice Auto Mills -Bricks Auto Mills	With the introduction of environment friendly technology these sectors are proving to be prospective business sectors in Bangladesh
3.	Information and Communication Technology (ICT)	-Data Processing -Software Development	Introduction of "Digital Bangladesh" concept has given momentum to the growth of the ICT sector
4.	Life Science	-Pharmaceuticals -Medical Equipment & Healthcare devices	Pharmaceutical sector in Bangladesh has proven business prospects in Bangladesh due to the availability of low cost raw materials and certain liberty that Bangladesh receives in terms of Patent as a LDC country.
5.	Ceramics	Tableware, Sanitary ware, Insulator	Availability of skilled but cheap labor force
6.	Natural Gas based Industries	Fertilizer, Petro-chemicals and chemical	Ever increasing demand in the domestic market
7.	Rice Bran Oil Industry	Rice Bran Oil	Availability of raw materials and increasing demand in the domestic market
8.	Shipbreaking/ Shipbuilding Industry	Ship breaking and Smaller ocean-faring ships	-Ample supply of skilled labor at low cost -Advantageous geographical location
9.	Genetically Modified Food /Agro-based Industry	Canned Juice / Fruit, Dairy and Poultry	-Availability of raw materials -Cultivable plane land -Favorable environment for agro activities
10.	Frozen Foods	Hatcheries, Sustainable aqua-culture technology, Feed meals plants, Processing unit for value-added products	-Significant prospect as an export oriented industry -Introduction of modern technology and equipment -Favorable geographical environment etc.
11.	Animal-Breeding & fattening Industry	Breeding, Fattening	Ever increasing demand in the domestic market
12.	Leather and Leather Goods	Finished Leather, Leather Goods	Availability of raw materials and low cost labor
13.	Light Engineering	Machinery Parts, Consumer Items, Toys	Recent increase in the number of affluent middle class rising the demand for durable consumer goods
14.	Textiles Industry	Fabric, Yarn	Availability manpower and low cost labor

Data from: file:///H:/July%202,%202020/BEZA2017Report.pdf

Fine-tuning our industrial infrastructure helps, today to introduce biotechnology to farming, our low-wage worker climbing up the value-chain ladder, and *Digital Bangladesh* taking the country into ever-new economic territory. Fine-tunning exposes how the next fifty-odd years may be tailored from call-centers to calling the world's attention. Our steep growth-rate is captured in Figure 5. The sharp rise in the growth-rate velocity suggests there may be more happening than the eyes can routinely capture at first sight. We have not missed a beat, whether from traditional development pathways or in carving new ones, whether in the first and second or the third and fourth industrial revolutions. To paraphrase a common cliché: show us the latest invention, and we will show you how quickly to move it to a mass market.

Figure 5: Bangladesh GDP Growth



Source: https://www.worldeconomics.com/GrossDomesticProduct/Bangladesh.gdp

Because it is tiny and vulnerable, Bangladesh must also pay more respect to equitable work-pay relationships across gender and infrastructural-building to pivot future growth, and ecological sensitivity. The latter reflects this year's U.N. Day (which is IUB's Global Day), bringing attention to our needs.

Our new frontiers, such as Delta Plan and the Blue Economy interweave economic growth activities with an ecological sense. It is also important to see healthcare and urbanization also impinging growth. A country's economic health begins at home, with qualitative food, frequent exercises, and controlled diet. The challenges here are as surmountable as were those of economic growth in the 1970s, 1980s, 1990s, and the 21st Century. During that time, urbanization magnified beyond control. We must address this, encourage the growth of the service sector, and foster small and medium enterprises.

How we have kept the 2020 pandemic at bay better than many other countries also conceals how Bangladesh's growth-rate has gone hand-in-hand with civilian governance. This must be the most gallant silent tribute to the martyrs behind this country, in 1952, and until 1971: their *Joi Bangla* becomes our symbol and slogan because democracy and more open markets can work wonders in collaboration.

BANGLADESH AT FIFTY: AMAZING MACROECONOMIC TRANSFORMATION

Professor Atiur Rahman
Bangabandhu Chair Professor, Dhaka University
former Governor, Bangladesh Bank

Introduction: A Difficult Start

Fifty years ago, Bangladesh started an arduous developmental journey with practically nothing but the fighting spirit instilled by the Father of the Nation. Rising from the ashes of the lLberation War of 1971 with negative economic growth, the country defied overwhelming poverty, hunger, and famine through strong leadership and commitment to overcome crises. It was able to reconstruct its war-ravaged infrastructures and institutions to initiate sustained growth, despite volatile geopolitics and persistent natural shocks. Despite these challenges, Bangladesh opted for an inclusive growth process with equity and justice through planned development. This initiative turned out to be exemplary, and Bangladesh is now cited as a role model of sustainable development with limited resources. How can the country's macro-economic transformation help, and what is the future roadmap?

Early Investment in Human Development

Bangladesh was strategic to make an early investment in human development with at least four important policy initiatives by Bangabandhu (Planning Commission, 1973; and Rahman, 2021):

Bangabandhu's Human Development Policy Initiatives

1. ***Population Control:*** Raising social consciousness and institutional capacity of the government and society at large was a smart policy move, augmented by public-private partnership involving non-governmental institutions and other social self-help groups, proved crucial to reducing the fertility rate of six children per eligible couple in the early 1970s.

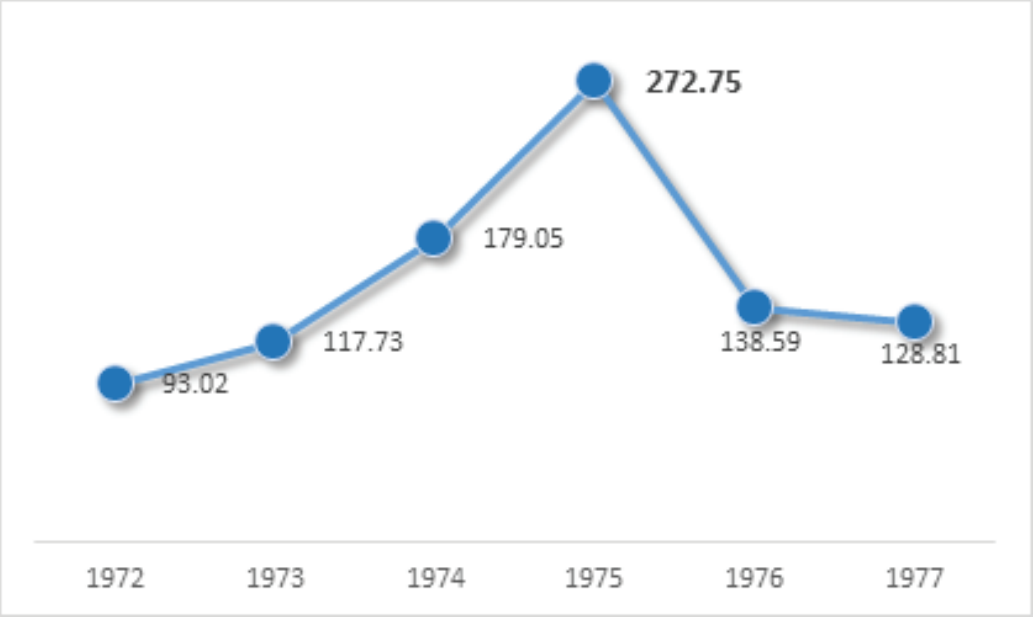
2. ***Drive for Food Self-Sufficiency:*** A far-sighted policy initiative to support research and development to increase agricultural production, along with investment in modernization to pursue the 'Green Revolution' to attain food self-sufficiency, if only to cut back on conditional food aid.

3. ***Universal Primary Education:*** Public investment in primary education across the country with meagre resources paid off, by creating greater access for women in the formal labor force.

4. ***Promoting Secularism:*** Embedded in the Constitution, secularism provided peace and harmony in society and politics, overcoming attempts at destabilization and preventing religious radicalism.

Bangladesh's steady feet provided balanced support to agriculture and industry alike. Agriculture was supported to provide food for the massive population, employment to the growing number of youths, and raw materials and demand for the industry, while the state compensated for the absence of domestic entrepreneurs by initiating industrialization. The First Five Year Plan created an enabling environment for the private sector, raising the investment ceiling. The government launched the Constitution swiftly, with a pledge to achieve an equitable society by reducing inequality and enhancing people's participation in development. It also prioritized education, to ensure human resource development. An elaborate Education Commission Report was prepared within two years of independence.

Figure 1: Per capita income of Bangladesh (in current USD) between 1972 to 1977



Source: Abul Kashem, 2018

With rewarding results, the country recovered its development momentum quite fast. Its per capita income increased threefold from USD 93 in 1972 to USD 273 in 1975 (Kashem, 2018). Bangabandhu's assassination derailed the development journey and the per capita income decelerated for years. It took thirteen years for the country to come near the level of per capita income of 1975 (e.g., USD 270 in 1988).

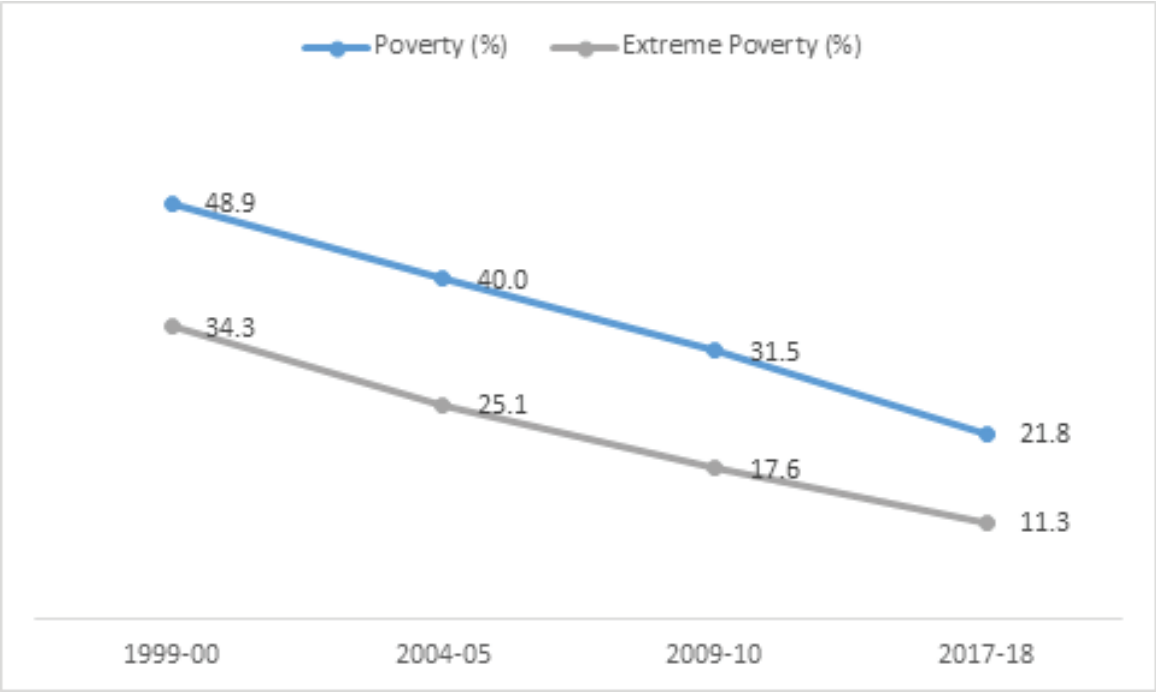
Bangladesh back on track

Bangladesh relaunched its development journey from 1996 under Sheikh Hasina's leadership. With a clear focus on agricultural development and social protection for the extremely poor, she started reforming socio-economic policies, and battle back flood disaster. The poverty rate dropped, and inclusive development gained salience, only to be disrupted politically in 2001. Despite some attempts at economic liberalization, the country witnessed an unprecedented level of violence, religious extremism, and political instability leading to quasi-military takeover of the government, leaving the society destabilized.

Since the 2008 national election, many of those dire effects have been reversed. Sheikh Hasina's return to power witnessed a 'quantum jump' in most socio-economic indicators during the last decade or so. Over the last twelve years, the per capita increased more than three times to USD 2,227 (*The Daily Star*, 17 May 2021). Remittance has increased from USD 9.6 billion in 2008-09 to

USD 24.8 billion in 2020-21. Export earnings increased from USD 15.5 billion in 2008-09 to about USD 39 billion in 2020-21. The foreign exchange reserve increased nearly seven times during this period. Agricultural production has increased more than four times since 1972, turning a food-deficit country into a food-surplus nation for the most part. The inflation has been well-contained (Finance Division, 2020). Economic success has also translated to social progress. The fertility rate has come down to 2.1 children per couple and expected life expectancy went up to 72.8 years in 2020 from just about 47 years in 1972. Both child mortality and maternal mortality have reduced significantly (Rahman, 2020).

Figure 2: Poverty and extreme poverty ratios for Bangladesh



Source: HIES, BBS, 2016

Immediately before the pandemic, the poverty rate came down to nearly 20 percent (BBS 2016), which may have gone up by a few percentage points by now. The rural economy has become more vibrant with higher productivity of agriculture and enhanced non-farm income, accounting for about 60 percent of the rural income (Byron, R.K. 2015). Digitization of services including e-commerce, f-commerce, mobile financial services, agent banking, and Internet banking has thrived thanks to the 'Digital Bangladesh' campaign. No doubt she realized much earlier that everything would be digitized in the coming days. Bangladesh is now viewed as yet another Asian success story of development in line with South Korea, China, and Vietnam, in chronological order.

The prudent policy stance of Sheikh Hasina's government, with a robust stimulus injection of 4.6 percent of GDP (*The Daily Star*, 26 July 2021), has kept the country afloat despite the massive pandemic challenges of job and income losses, poverty increase, and unprecedented health shocks. Both education and health sectors are in deep trouble despite their early gains.

Despite the immediate impacts of the pandemic, the Bangladesh development story remains very impressive. Much has been done. Much more will be done. Major contributing factors include:

- favorable macro-economic policies with desired incentives;
- young demographic structure;

- strong and rising labor force;
- major digitization both in government and finance; and
- continuity of the government with policy consistency.

Looking Ahead:

Agriculture, remittances, and export sectors have been the pillars of Bangladesh's economic success; digitization has catalyzed the inclusive economic growth; and small entrepreneurs, including women, have contributed significantly from the bottom of the social pyramid. Six "speedy progress" requirements include:

i) Investing in agriculture, our major saviour

Agriculture, always our strongest suit, is witnessing unprecedented modernization in terms of mechanization, diversification, and innovation of climate-friendly seeds with strong policy support of the government.

Phenomenal growth has been seen in value-added and cereal agriculture, and other farming sub-sectors. Agricultural growth has consistently been over three percent during the last decade. The government's surplus management in coordination with the market, providing necessary price incentives to the farmers, has been strategic.

Yet, a more efficient supply will require several reforms including further mechanization, crop-diversification, efficient water management for appropriate irrigation, food-processing to increase shelf-life of farm products, post-harvest waste reduction, agricultural exports promotion, and increasing private investment in agriculture.

ii) Prioritizing renewables for increasing the supply of green energy

The pandemic is a rude wake-up call to us for taking nature for granted. We must prioritize transforming the energy sector with a clear focus on addressing climate change challenges. Bangladesh is becoming a power surplus country. However, the share of renewable energy to total energy still hovers around only 2 percent compared to 23 percent in India.

As a leader of the Climate Vulnerable Forum, we have an additional responsibility to push the green energy agenda. Shifting to renewable energy will help reduce the import bill on coal, create new employment opportunities, enhance the inflow of new investments, and promote the ecologically sustainable growth of the country. The falling price of renewable energy due to cost-effective generation through improved technology has been pushing this shift, facilitating power sector reforms including the need for deregulation, decentralization, partnership with social entrepreneurs, and efficient price discovery. The soon-to-be-initiated Mujib Climate Prosperity Plan could be a game-changer in transforming resilience into green recovery and prosperity while centering renewables.

iii) Supporting ICT and startups for sustainable growth

The pandemic has already demonstrated the power of digital transformation. Adopting digital communicationand shifting to working from home have improved productivity significantly. ICT is becoming the country's new engine of growth, attracting more private investment, creating new jobs in the rural and urban areas alike, making Bangladesh a reliable source for a low-cost supply of knowledge-based business solutions.

Policymakers should strategize investment policies with incentives for developing applications using Artificial Intelligence (AI), Machine Learning (ML), robotics, and blockchain technology. Bangladesh must invest in becoming an innovation hub with growing startups. The ICT Division is moving in that direction and started a creative fund to encourage seeding startups. To support startups with innovative ideas, Bangladesh Bank has created a special fund to be implemented through the banks, asking banks to set up their own start-up funds.

iv) Supporting Fintech and High-tech

Mobile financial services and agent banking have become more popular during the pandemic. Even the government is using this facility extensively to transfer the social security programs allowances. Small businesses with home delivery services are thriving because of fintech. New health-techs, such as telemedicine, sales of medicine, setting appointments with doctors, admission to hospitals, and counseling services thrive as well.

The state and bigger entrepreneurs should nurture these SMEs to develop a future ecosystem of businesses leveraging the IT infrastructure.

v) Invest in supply chain – both local and regional

Developing an efficient supply-chain, both at the local and global levels by improving forward and backward linkages through modernizing logistics, will take Bangladesh to a higher trajectory of designing, production, marketing, distribution, and post-sale support. Such participation in the global value chain will lead to greater gains from trade, which will enhance employment opportunities and per capita income of the country. ASEAN's index of participation in the Global Value Chain is about 46 percent.

The shift in the global value chain in response to COVID-19 and expansion of exports in the post-pandemic situation will create new opportunities for Bangladesh. To benefit from it, besides diversifying trade, Bangladesh should move strategically towards regional trade integration and early completion of bilateral free trade agreements with the United States, European Union, United Kingdom, and the Association of South East Asian Nations.

vi) Continue investing in infrastructure

Despite a massive increase in investment in megaprojects, the infrastructure gap remains. However, mega infrastructure projects like the Padma Bridge, metro-rails, deep-sea port, and Special Economic Zones can potentially rejuvenate the economy of Bangladesh. Policymakers must look for both private and public investment for infrastructural development.

Simultaneously, investments in natural infrastructures like mangrove forests, wetlands, *haor*, water bodies, wind power systems, anti-salinity projects, and so forth. in the coastal belt to make the green growth process should prevail. Both the regulators and government must plan in advance to mobilize sustainable finance including green bonds/*sukuks* and green refinance to support green infrastructures.

Conclusion: Towards Green and Inclusive Recovery

We can take many innovative initiatives to make our pandemic recovery green and inclusive. Ultimately, we have to combine sustainable production and consumption with nature-friendly lifestyles to make our recovery more feasible. Good governance, accountability, and transparency, with a sharp focus on gender inequality are imperative. More investment in human resource development, including skilling and re-skilling will help.

Of course, more funding will be required. Bringing more people into the tax net can increase revenue domestically. Additionally, funds can be mobilized from non-resident Bangladeshis already active in the capital and bond markets. Improving the ease of doing business and upgrading our service processes using digital technologies should be prioritized. In the end, we want to make Bangladesh as well the world 'cleaner, greener and safer,' as described by our Honorable Prime Minister in a recent write-up (*The Financial Times*, 28 September 2020).

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Construction work of Padma Bridge

50 YEARS OF GLORY: A FORMER 'BASKET CASE' AS DEVELOPMENT ROLE-MODEL

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If the problem of Bangladesh can be solved, there can be reasonable confidence that less difficult problems can also be solved. It is in this sense that Bangladesh is to be regarded as the test case (Faaland and Parkinson 1976:5).

From a war-country characterized by endemic poverty and hunger in the early-1970s, Bangladesh has emerged as a developmental role model around the world over the past five decades since independence. Right after independence, Bangladesh was marked negatively in the international sphere. Henry Kissinger termed the country as a "bottomless pit". It is true that the economy of Bangladesh had been suffering from a critical and complex set of developmental predicaments in early-1970s. Justin Faaland and J R Parkinson summarized Bangladesh's context as "the test case for development" in 1976.

In the initial years of independence, the country's aid-dependence was very high, which was because of a physical infrastructure devastated by Pakistan army during war and denial of the Government of Pakistan to share the assets including foreign exchange reserve. They termed Bangladesh as "the test case" because of the perception that the country was independent primarily with a high density of population, lack of valuable natural resources food deficiency, and a very high incidence of poverty—nearly 80 per cent of the population lived below the poverty line. Therefore, it was felt that the country must need continuous inflows of foreign aid for its survival and sustenance.

Over the last five decades, the country's hardworking and innovative people have overcome developmental challenges and invalidated "the test case for development" hypothesis. Inevitably, Faaland and Parkinson had to modify their assessment in 2007 about the future of the country by observing its relentless effort towards outstanding improvement of socio-economic status, "At this point with three decades and more of experience of limited and chequered progress, sustained development in Bangladesh appears to be within reach, though far from assured". The proportion of population living below the national upper poverty decreased to 20.5 per cent, while the population living below the lower poverty line was 10.5 per cent in 2019. The country has also performed well in terms of multidimensional poverty. The proportion of population living under multidimensional poverty decreased from 55.7 per cent in 2013 to 36.1 per cent in 2019. Magnificent and stable economic growth especially in the 2000s and 2010s, rural non-farm sector, expansion of employment in industries and formal services, public and private investment in education and health care, social protection programmes, and self-employment support of microfinance institutions and social awareness of the non-governmental organizations (NGOs) helped reduce the incidence of poverty at accelerated pace.

[1] Justin Faaland and J.R. Parkinson, 1976, Bangladesh: The Test Case for Development, London: C. Hurst and Co. Ltd.

Aid to Trade:

Bangladesh could significantly decrease its aid-dependence over the past five decades. A number of factors contributed to transitioning from aid to trade. Conducive policies adopted by the successive governments facilitated such transition. The supportive policies and initiative included the establishment of Export Processing Zones (EPZs) and favorable foreign direct investment policies, bonded warehouse facilities, back-to-back Letters of Credit (LC) and cash incentives, which helped a strong readymade garment (RMG) industry emerge. In addition, product and market diversification, strengthening backward and forward linkages, integration with regional and global value chains, and supportive industrial and trade policies helped a group of world-standard entrepreneurs to emerge in the export-oriented sectors. In addition to the RMGs that account for more than four-fifths of the earnings of merchandized exports, home textiles, agro-processing, leather goods, pharmaceuticals, shipbuilding and jute diversified products have been performing well in the export basket. About four million workers of the RMG sector, about two-thirds of whom are women, have contributed significantly in the socio-economic development of the country through branding Bangladesh as a source of cheap labor, which provided a strong competitive edge in the country's export sector.

Another important contributing factor of the country's magnificent socio-economic development is foreign remittance, which have become an important economic lifeline. Millions of migrant workers of Bangladesh, most of whom are low-and semi-skilled and located in the Middle Eastern countries, are working obstinately to send remittances to their families left in Bangladesh. This remittance has changed the economic geography of the rural Bangladesh through poverty reduction, improving education and nutritional status, asset accumulation, and better standard of living of the households of migrant workers.

Bangladesh is one of the most vulnerable countries to disasters and climate change. However, it has emerged as a role model in managing the adversities of the extreme weather events through a number of measures, which include effective policies and plans (such as National Disaster Management Policy, National Plan for Disaster Management, Standing Orders on Disaster), construction of cyclone shelters in coastal areas, humanitarian response, recovery and reconstruction, and innovative adaptation and resilience strategies on climate change.

It has also been performing well in terms of primary and secondary levels enrolment. The country has achieved a value of Gender Parity Index (GPI) greater than the one at primary and secondary levels, while nearly one (0.93) at tertiary level and 0.72 at the technical level. Life expectancy of population in Bangladesh was merely 46.51 years in 1972, which increased to 72.8 years in 2020 (71.2 years for men and 74.5 years for women). Despite decreasing arable land by 1 per cent per annum, the food production has increased by more than threefold compared to that of the early-1970s, which helped overcome the shadow of famine and attain self-sufficiency in food production. The transport and communication infrastructures increased massively, which connected almost all rural and remote areas with nearby city centers.

The proportion of households with access to electricity was 93.59 per cent in 2019. In 2020-21 the installed capacity of electricity generation was 25,227MW, mainly because of the government's commitment towards nation-wide coverage of electricity and power supply to industries.

Another important milestone in Bangladesh's journey after independence was transition from a low-income to a lower-middle-income country in 2015, and the eligibility granted in 2021 by the United Nations for graduation from the Least Developed Countries rank (LDCs) to a Developing Countries (DCs) rank in 2026. On the eve of the golden jubilee of independence, Bangladesh has successfully emerged as a developmental role model to the world. The country is now stepping towards becoming a developed country by the 2040s.

URBANIZATION IN BANGLADESH: TRENDS, SUCCESSES & THE CHALLENGES AHEAD

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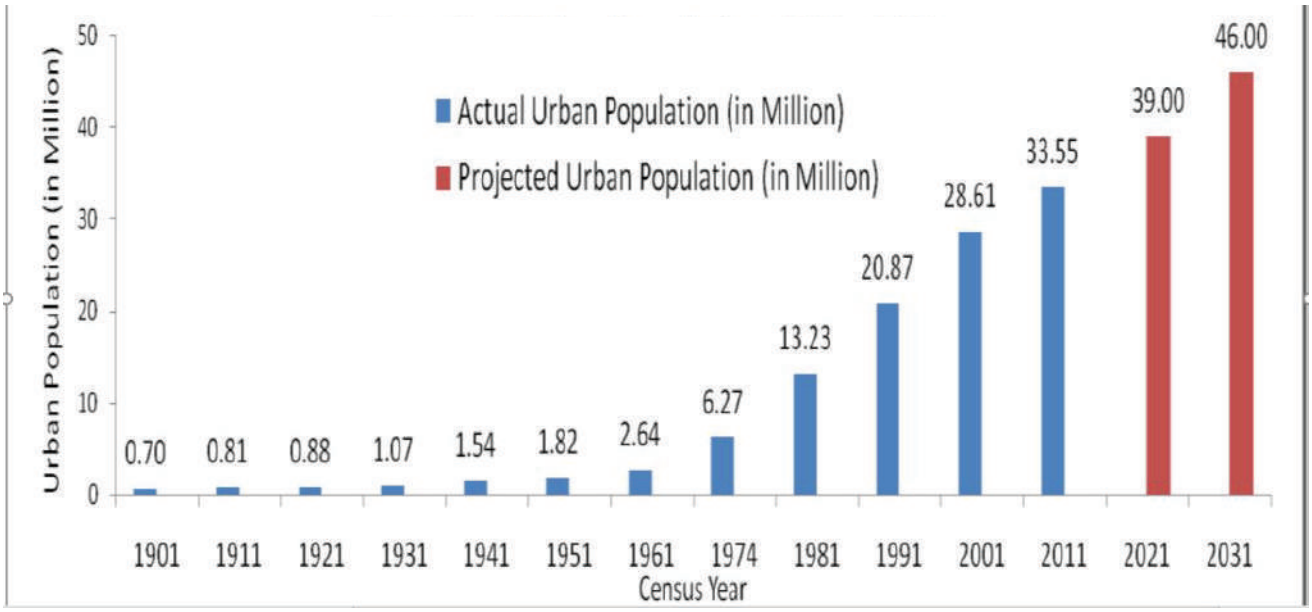
Trends of Urbanization in Bangladesh

With over 160 million people, Bangladesh is the world's seventh most populous country, and also one of the densest. The population of the country is not likely to stabilize or begin to decline before, possibly, 2060, when it might be 230 million, with more than 70 percent being urban. However, not long ago, Bangladesh was called a large village and its capital Dhaka was termed a rural town or *ganj*, though the city was born more than 400 years ago. Importance of Dhaka declined during the British period, but it became a major city again after the fall of British rule in the subcontinent. And as of 2011, it is the tenth-largest and the fourth-most densely populous city in the world with a population of over 21 million residents in the Greater Dhaka Area. This article attempts to analyze urbanization in Bangladesh, explaining its trends, levels and spatial pattern as well as its positive-negative consequences, and shed light on policies to tackle related challenges. The discussion is based on secondary sources and official documents, divided in five major parts: trends, level and spatial pattern, positive and negative consequences and way ahead to face challenges.

Similar to Dhaka, the whole Bangladesh saw rapid urbanization growth. It is recorded that in 1901, only about 0.7 million of the total population lived in urban areas, and till 1950 it was less than 2 million (Figure 1). In 1951, the country was predominantly agrarian and rural, with urban dwellers representing only 4% of the population. The urban population increased moderately to about 8% of the total population in the next 2 decades, but grew rapidly after independence in 1971, to 19% by 1991, 26% by 2005, and 28% by 2011. Today the total urban population is around 39.0 million and expected to reach around 46.0 million by 2031.Thus, urban population also has increased to a ratio of 5.83 compared to the national growth rate, which is 1.99. At existing growth rates, the country's urban population will reach 79 million, or 42% of the population, by 2035. Urbanization has been rapid because of (i) the high natural increase in the urban population, (ii) the territorial expansion of the urban areas, and (iii) rural-to-urban migration.

Figure 1: Growth of Urban Population 1901-2031

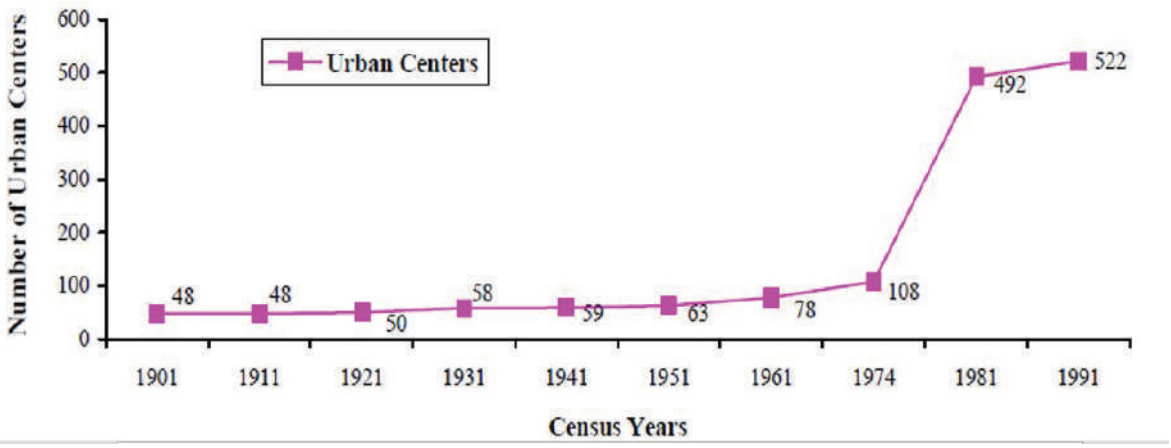


The overall process of urbanization in Bangladesh is not only rapid but also uneven, thus causing a huge crisis in formal urban governance and resources. It creates pressure on natural resources, the living environment and public health. Due to limited delivery of urban infrastructures, people are now facing difficulties in gettingbasic natural resources needed to maintain minimum Quality of Life (QoL).

Level and Spatial Pattern of Urbanization in Bangladesh

Urbanization in Bangladesh shows some spatial characteristics and regional variation. Administratively at present, Bangladesh has some 570 urban centres of various size and categories. Again rapid growth of urban centers also happened mainly after independence, from 78 in 1961 to 492 in 1981 and 522 in 1991 (Figure 2). Among urban centers, one (Dhaka) is a megacity, Chattogram, Khulna, Rajshahi and Sylhet are metropolitan areas, 25 are cities (with population of over 100,000) each and the rest are smaller towns. There are 12 city corporations and over 316 *Pourashavas* (municipalities).

Figure 2: Growth Trend of Urban Centers



The spatial pattern of urban centres in Bangladesh is fairly well balanced in the sense that almost all 64 districts have a city or a town of reasonable size, and each of the old 460 *thanas/upazilas* have at least one small town. However, the level of urbanization shows a huge difference, starting from a high range of 90% for the district of Dhaka to a low of less than 15% for greater Faridpur, Tangail, Patuakhali and Sylhet. Chattogram and Khulna, having large cities within the district, also had higher levels of urbanization. Urban population is also characterized by its heavy concentration in a few cities. Dhaka alone has nearly 40% of the total urban population, while the top four cities (Dhaka, Chittagong, Khulna and Rajshahi) together have about 55% of the total urban population of the country. About 60% of the urban population reside in the city corporations, while 40% live in the *pourashavas*. Urban areas are contained within only 10,600 square kilometers (7%) of the country's 147,000 square kilometers (km2), reflecting a high urban population density, in 2011, of 4,028 persons per km2 (compared with a much lower rural density of 790 persons).

Positive Consequences of Urbanization

Urbanization worldwide has been found to be an effective engine of economic growth and socio-cultural development. In pure economic terms, urbanization contributes significantly to the national economy. For Bangladesh this has grown from as low as 25 percent in 1972-73 to 45 percent in 1995-96. Currently, the urban share of GDP is almost 50%, a reflection of the rapid transformation of the country's economy over the last 2 decades. Bangladesh also reported a significant and impressive reduction in income poverty, from 48.9% in 2000 to 24.5% in 2016, one of the fastest rates of decline recorded worldwide. Urban poverty likewise declined, from 52.3% in 2010 to 26.7% in 2016.

This trend obviously may lead one to conclude that urbanization on a macro-scale is beneficial to the economy of Bangladesh. Urbanization also impacts social development in terms of higher literacy rate, improvement in the quality of education, and better health indicators. With greater urbanization, there are also benefits in cultural and political development. However, non-income poverty continues to be a challenge in the urban areas, particularly the slums which are in desperate need of basic services and infrastructure. Therefore rapid and unplanned urbanization certainly will remain a threat and policy concern for Bangladesh to make its development resilient and sustainable in years ahead.

Negative Consequences and Challenges

Just as urbanization brings economic and social benefits, it also has some negative consequences, especially when it takes place at a pace as rapid as the one in Bangladesh today. Urbanization in Bangladesh has produced unplanned and uncontrolled urban growth, resulting in an acute shortage of infrastructure, poor housing and transport, inadequate drinking water, and lack of drainage and sewage. Urban residents, particularly low-income groups, suffer a lack of basic urban infrastructure and services. While 95% of the Bangladesh population reportedly has access to water, only 30% of urban households drink tap water and fewer than 20% have their own house connections. Rapid urban growth has made heavy demands on urban utilities and services like electricity, gas, water, sanitation, sewerage, garbage disposal, transport, telephone, cables, and social services like health and education, and so forth. In each of these sectors scarcity or inadequacy of the service and mismanagement in general has caused crisis situations.

Higher income inequality in urban areas and a number of local and socioeconomic factors spell considerable misery for specific groups. For example, a 2005 Asian Development Bank study reported that the poverty incidence among women-headed households in urban areas is higher by 14 percentage points than the urban average, and for those residing in slum locations, it is higher by 34 percentage points.

Equally urbanization has massive spillover effect on natural resources. With rapid urbanization urban physical expansion takes place fast and more areas in agriculture and forests get converted to built-up areas. Wet lands are encroached upon and hills cut down.

The worst negative consequence of rapid urbanization on a massive scale within a city is in the form of degradation of the urban environment, of the kind which we now experience in Dhaka. Its air, water, and soil have already been polluted to a dangerous level. Many of our cities are also unfortunately vulnerable to major natural hazards like flood, riverbank erosion, cyclones, earthquakes, and so forth.

In the face of the rapidly growing number of urban poor and equally rapidly growing demand for employment, services and social benefits, neither the central government nor the local urban authorities are in a position to respond adequately. These governments lack particularly in financial resources and management and technical personnel and skills. Also, the formal private (corporate/modern) sector cannot provide adequate number of jobs to the burgeoning urban population, although it must be noted that, in the last twenty years, significant expansion has taken place in the formal employment sector in the urban areas (particularly in the garment sector). Due to the inability of the public sector and the formal private sector in absorbing most of the huge urban labor force, we have seen the growth of a vigorous informal private sector (in manufacturing, trade and services, and so forth.) This rapid growth of informalities is creating a huge pressure on the formal urban governance mechanisms in delivering basic urban services. Mixing with political-economy dynamics urban informalities seems to be the major challenge for Bangladesh in decades ahead.

Meeting the Challenge: Urban Strategy for the 21st Century

Twenty-first Century globalization and free market economy causes both positive and negative impacts. They are also evident in the case of urbanization in Bangladesh. Metropolitan areas in Bangladesh serve as peripheries of metropolitan centers or global cities of the developed world.

In the last two decades the democratic process has taken a deeper root in Bangladesh. This is particularly true also of the urban areas, as is evident from the recent election to the *pourashavas*, which for the first time has offered opportunities for women to be elected directly in reserve seats. The city corporations also have experienced democratic elections of people's representatives. This is a unique achievement for any developing country in the world. However, this achievement has remained somewhat limited due to the absence of a greater degree of participation and transparency in affairs of municipal governance and city governance. Even within a democratic framework, the urban local governments does not enjoy proper autonomy and power. The central control is still overwhelming.

Along with other factors, due to limited quality of urban management and governance, urban society in Bangladesh, particularly in the big cities, faces criminal activities, particularly supported by various ill motive political economic groups. Political violence is becoming a serious threat to city life. There is a law and order situation and a sense of high insecurity among the common people.

Within this kind of a dichotomous situation of positive and negative aspects of urbanization, what will we see in future in Bangladesh? Obviously for Bangladesh, its future lies to a great extent on how we develop the urban sector. Indeed, the future of Bangladesh (i.e., 30 to 50 years from now) will be very much an urban-rural mix. This will be so even if the development process is left to the market forces. This transformation process has already begun. What we may do, and should do, is to direct the process more positively by some careful guidance, planning and support, and by adopting and implementing a good urban strategy.This strategy would imply formulation of a National Urbanization (or even better, National Human Settlements) Strategy incorporating ideas such as decentralization, deconcentration, integration of villages with union or upazila level towns and enhancement of opportunities.

In implementing these ideas, at least one thing will be essentially required: governance. Basically it implies, ensuring adequate transparency, accountability, participation, coordination, autonomy and control in formal urban governance process, i.e., in planning, productivity and service delivery by efficiency and effective leadership. Therefore, ability to eradicate informal governance from urban areas to uphold formal governance will determine the future sustainable development of Bangladesh in a greater extent.

50-YEAR REFLECTIONS ON BANGLADESH'S HEALTH STATUS

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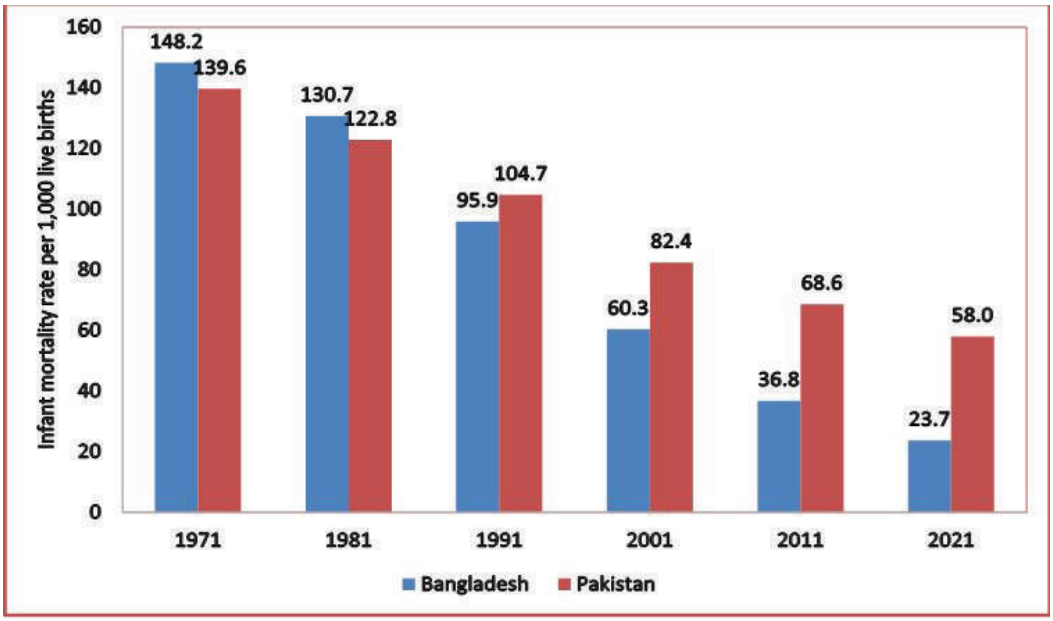
Introduction

Over the 50 years of independence, the pluralistic health system of Bangladesh comprising government, private sector, nongovernmental organizations (NGOs) and donor agencies has made more notable improvements. A number of key indicators, such as population health status including infant mortality, neonatal mortality, under-five mortality, immunization coverage, total fertility and life expectancy show this. This summary report aims to highlight the key performing areas of health indicators of Bangladesh compared to Pakistan with a special focus on SDGs (sustainable development goal) health indicators, and identifies the major persistent challenges for Bangladesh health system based on World Bank, macrotrends and secondary literature data. As evident, robust health is crucial for economic development.

Highlighting Key Findings on Health Indicators:

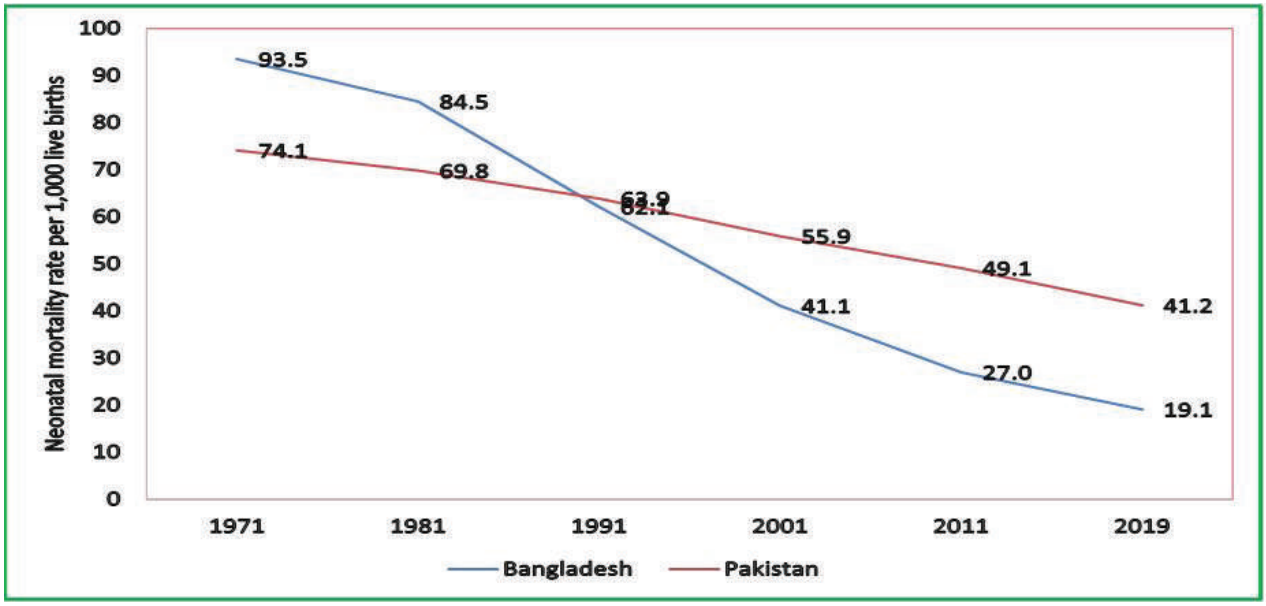
Infant Mortality Rate: As per World Health Organization (WHO), infant mortality refers to the probability of dying between birth and age 1 per 1,000 live births. Figure 1 shows that over the 50 years, Bangladesh has made more remarkable improvements in reducing infant mortality than Pakistan. For example, Bangladesh has reduced infant mortality, on an average, by 1.7% per year whereas it is 1.2% for Pakistan.

Figure 1: Comparative scenario of infant mortality between Bangladesh and Pakistan



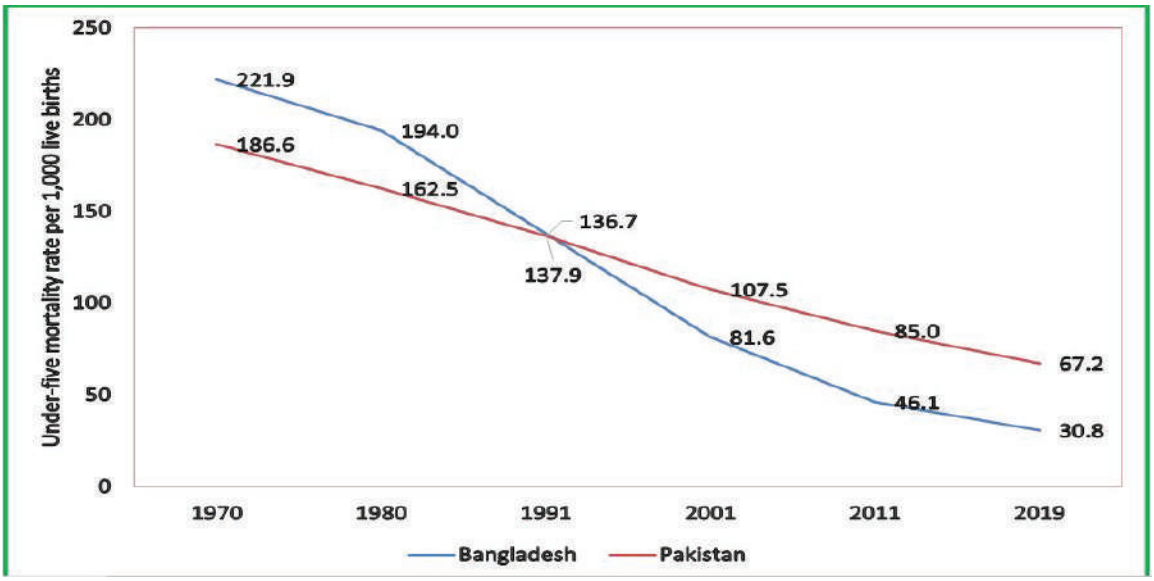
Neonatal Mortality Rate: The term neonatal means the first 28 days of life as the most vulnerable time for a child's survival. The rate of decline in neonatal mortality in Bangladesh has been faster than that of Pakistan. In 2019, neonatal mortality in Pakistan was more than twice Bangladesh's. Though Bangladesh has reached the global neonatal mortality estimate of 17 per 1,000 live births, strengthening health system might contribute to further reduction in neonatal mortality.

Figure 2: Comparative scenario of neonatal mortality between Bangladesh and Pakistan



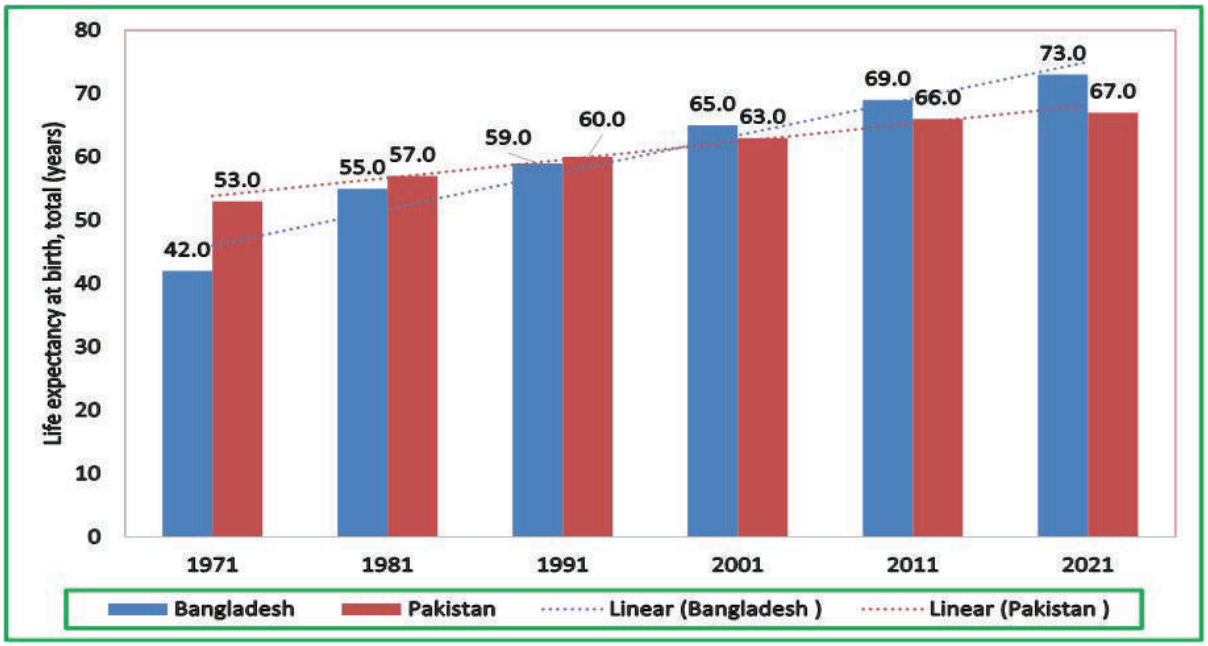
Under-five Mortality Rate: Reference here is to the probability of dying before age 5, per 1,000 live births. The picture gets reversed as we compare under-five mortality rate between Bangladesh and Pakistan over the past 50 years. Though Bangladesh started with higher under-five mortality rate compared to Pakistan, it is much lower for Bangladesh in recent years, implying that Bangladesh has made faster progress in reducing under-five mortality than Pakistan. More importantly, Bangladesh has reduced under-five mortality, on an average, by 1.8% per year, whereas it is 1.3% for Pakistan.

Figure 3: Comparative scenario of under-five mortality between Bangladesh and Pakistan



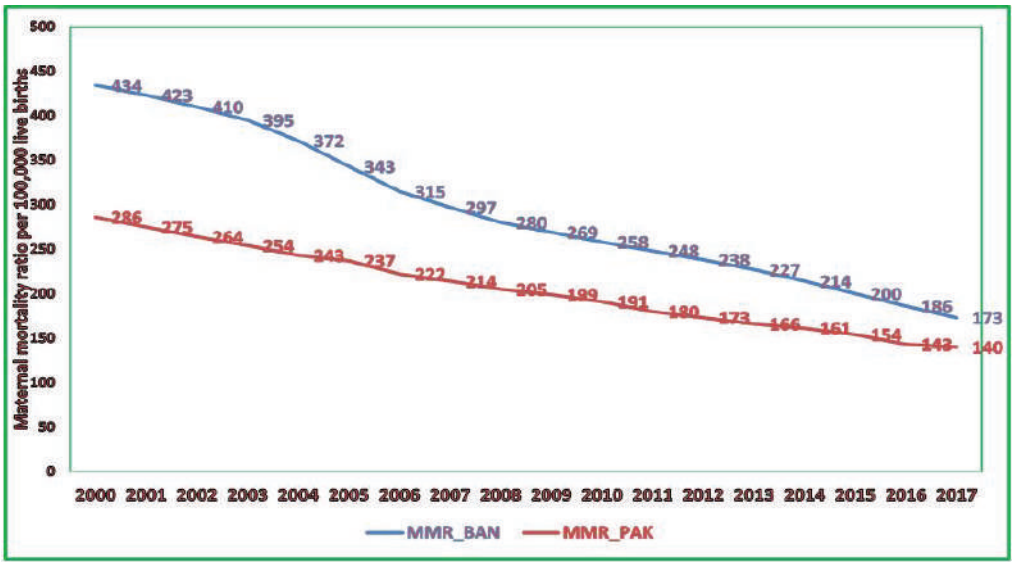
Life Expectancy at Birth: Life expectancy at birth for Bangladesh increased from 42 years in 1971 to 73 years in 2021 growing at an average annual rate of 1.5% (Figure 4). In 1971, Life expectancy at birth of Pakistan was 53 years in 1971 and increased to 67 years in 2021, implying a growth rate of 1.5% per annum. Therefore, the average annual rate of improvement in life expectancy is much higher in Bangladesh compared to the estimate of Pakistan.

Figure 4: Comparative scenario of life expectancy at birth between Bangladesh and Pakistan



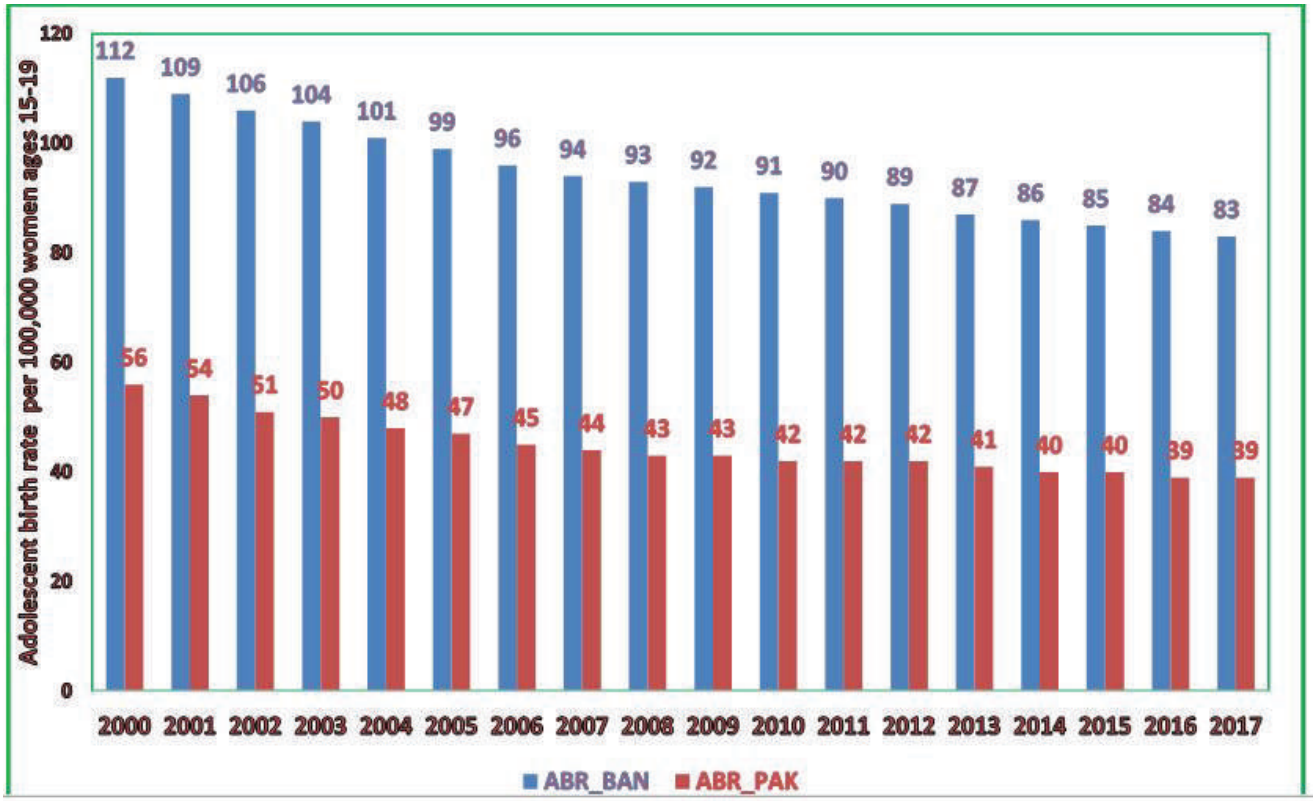
Maternal Mortality Ratio: For a specific year, the maternal mortality ratio (MMR) is demarcated as the number of maternal deaths per 100,000 live births. It captures the risk associated with maternal death relative to the number of live births for a single pregnancy or a single live birth. Figure 5 shows that despite improvements over the past 50 years, Bangladesh is still behind Pakistan in case of reducing maternal deaths. Moreover, Bangladesh would face severe challenges in achieving the global SDG target of reduction in maternal mortality ratio to less than 70 per 100,000 live births if the existing rate of reduction in maternal mortality (i.e., 1.3% per year) prevails until 2030.

Figure 5: Comparison of maternal mortality ratio between Bangladesh and Pakistan



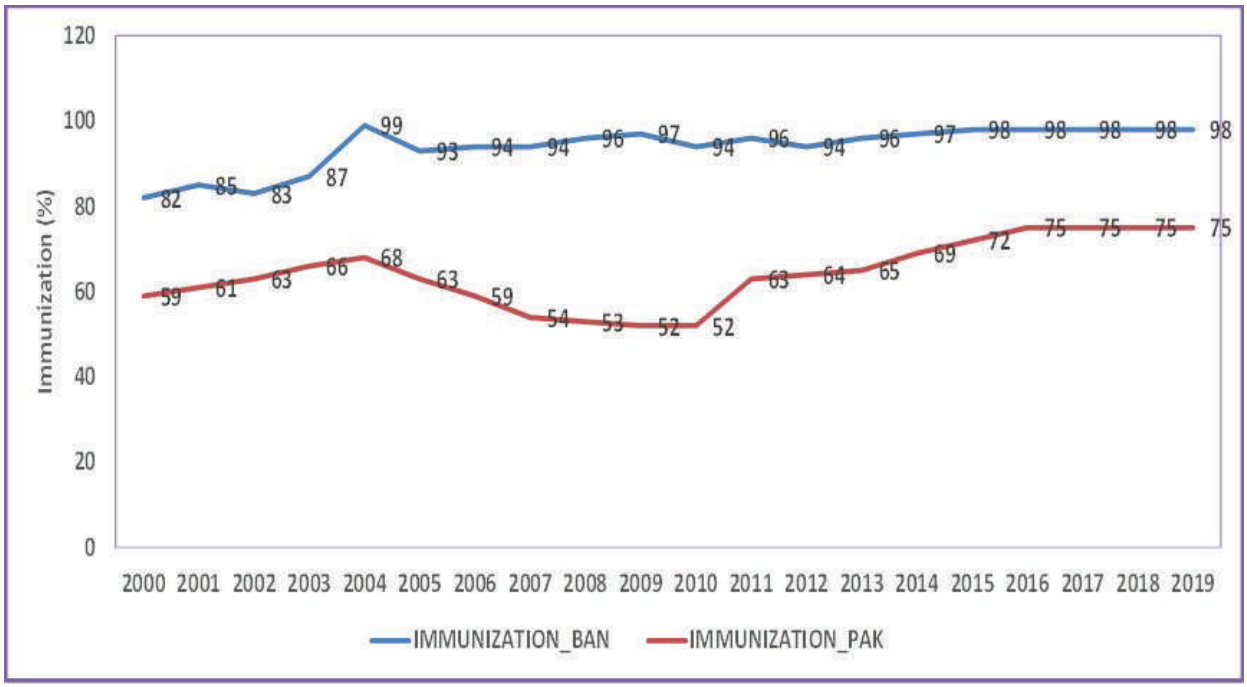
Adolescent Birth Rate: The adolescent birth rate is a basic measure of reproductive health and it is also termed as the age-specific fertility rate. The annual number of births to women aged 15-19 years per 1,000 women in that age group is known as adolescent birth rate or age-specific fertility rate. Though the trend has certainly been downward for both Bangladesh and Pakistan, there are very sharp differences in levels and trends between the countries. More specifically, Bangladesh has higher rates of adolescent fertility than Pakistan and this should be a particular concern for the government of Bangladesh as having children at early life exposes risks to the adolescent women and increases the chance of dying compared to a woman ages 20 years and begins childbearing.

Figure 6: Comparison of adolescent birth rate or, age-specific fertility rate between Bangladesh and Pakistan



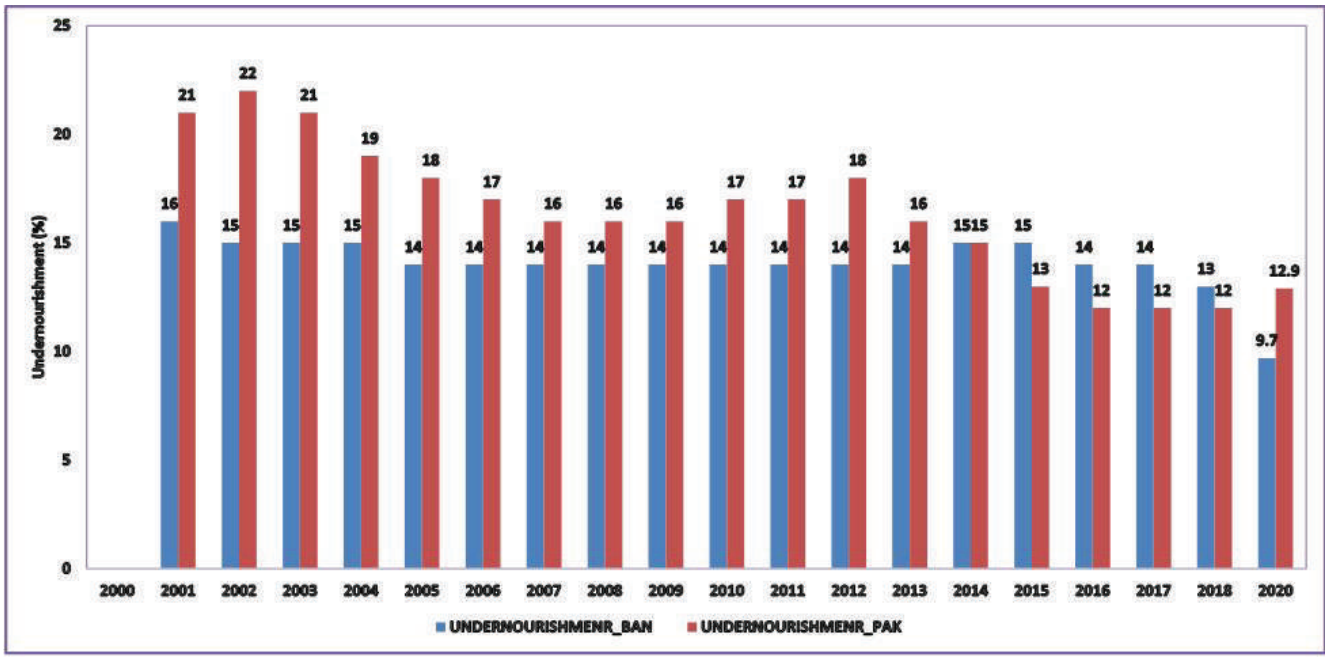
Immunization Coverage: Bangladesh has done a great job in the case of vertical health programme, such as childhood immunization coverage of DPT [Diptheria, pertussis (whooping cough, & tetanus)] /PENTA3 (Pentavalent Vaccine 3). The Expanded Program on Immunization (EPI), Health, Population, and Nutrition Sector Development Programme (HPNSDP) and Health education campaigns has significantly contributed to a greater coverage of immunization in Bangladesh. If we look back in the second half of the 1980s, immunization coverage was only 16% in 1988. But it dramatically increased to 69% in 1990, and 96% in 2013. Bangladesh exceeded the global coverage of 84% in 2013 and reached to the first world countries. In comparison, the same indicator of Pakistan was only 52% in 2010.

Figure 7: Comparison of immunization coverage between Bangladesh and Pakistan



Undernourishment: Prevalence of undernourishment is defined as the population below a minimum level of dietary energy and measured in terms of percentage of the population whose food intake is insufficient to meet dietary energy requirements continuously. Figure 7 shows that prevalence of undernourishment for Bangladesh was 9.7% in 2020 whereas it was 12.9% in Pakistan.

Figure 8: Comparison of prevalence of undernourishment between Bangladesh and Pakistan



Major Challenges

Despite many improvements in population health status, some challenges for the health sector of Bangladesh remain critical, including lack of coordination across two different agencies [DGHS (Directorate General of Health Service) and DGFP (Directorate General of Family Planning)]: a shortage of trained health providers with appropriate skill-mix in the public sector; widespread increase in unregulated informal providers for an alternative source of care, low annual allocation to health in the government budget; high out-of-pocket payments by households; inequitable access to health services between urban and rural areas; inadequate human and other resources such as drugs, instruments and supplies, inequitable distribution of its health workforce; inadequate number of hospital beds; lack of medical equipment and instruments; supply chain disruptions; absence of state-of-the-art diagnostic equipment and facilities at the district hospitals and lower tiers; weak referral system; high levels of out-of-pocket expenditure etc. The public health system requires revisiting and redesigning to effectively address emerging challenges including COVID-19. All these imply that Bangladesh needs to travel a long way to achieve universal health coverage.

Conclusion

Despite many challenges, population health outcomes have shown enormous progress in recent years, surpassing its neighbor such as Pakistan in reducing infant mortality, neonatal mortality, under-five mortality, adolescent birth rate, prevalence of undernourishment, and improving life expectancy and immunization coverage among many others. Maternal and neonatal mortality in Bangladesh is still quite high and there are emerging and re-emerging infectious diseases (e.g., dengue, COVID-19), mass arsenicosis, an emerging burden of NCDs (non-communicable diseases), miserable health and poor sanitation conditions in hard-to-reach areas and urban slums, and climatic effects on health. Moreover, a number of factors hindering expected improvement in the overall health status including complexity within the health system, poor health governance, inadequate health resources, uneven health service coverage, catastrophic NCDs and inequitable access to healthcare services require serious attention to effectively address the universal health coverage.

READYMADE GARMENTS INDUSTRY OF BANGLADESH: FROM INCEPTION TO THE PRESENT

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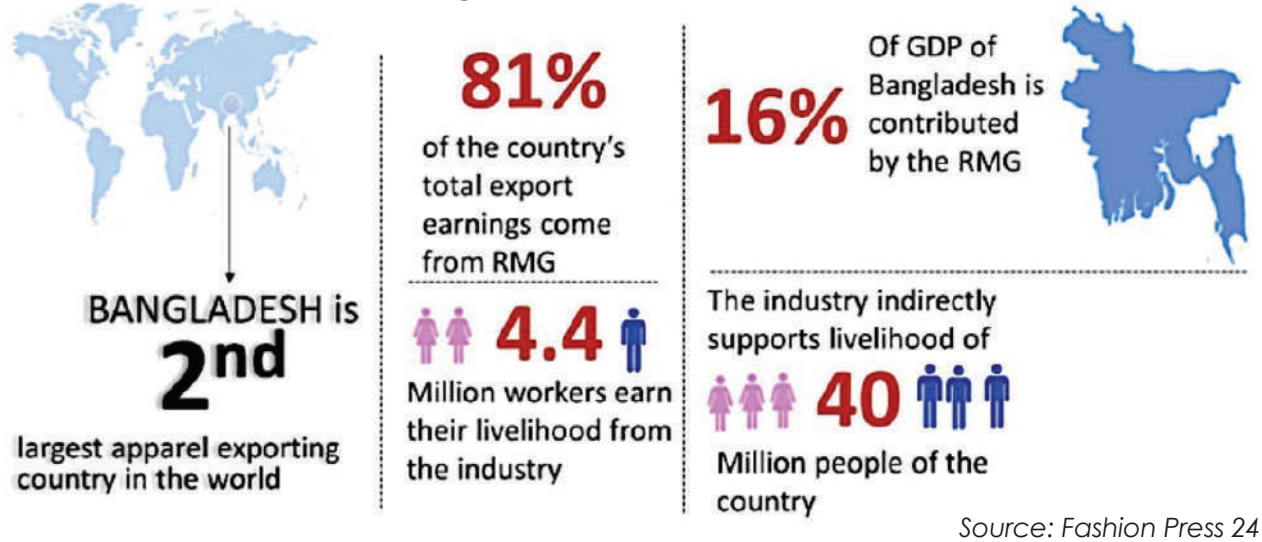
- **Second largest RMG exporter in the world**
- **81% of the country's export profits from RMG**
- **Contributes 16% to the country's GDP**
- **Employs around 4.4 million workers**

After the oil and gas industry, the RMG industry is the second most demanding industry in the world. Bangladesh is the second largest RMG exporter in the world, but more vital fact is this single industry employs around 4.4 million workers, of the majority are women. During Bangladesh's 50 years of independence, this industry has earned around 81 percent of the country's export profits while contributing approximately 16 percent to the country's gross domestic product (GDP).

Figure 1: RMG Exports



Source: Fashion Press 24

Figure 2: Bangladesh's RMG Sector Strengths

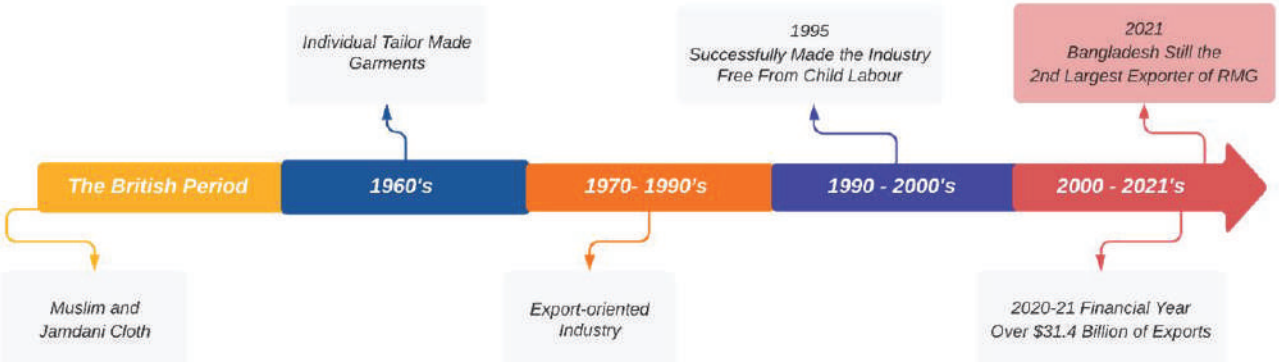
Source: BGMEA

Bangladesh, therefore, cannot afford any interruption in this industry. Sustainability has arisen as one of the key topics of concern throughout the world, and it has become an important element of the corporate landscape. As a result, the Bangladesh RMG sector has been proactive in tackling the problem of sustainability, elevating the industry to new heights, and writing the industry's story for the rest of the world to hear. The RMG business, as the country's pioneering export industry, has played a critical role in driving the country's economic growth engine.

History of Garments Industry in Bangladesh

Bangladesh, like other Third World countries, is still developing. Agriculture and industry are the two main drivers of its economic development. Bangladesh has enhanced its garment industries in recent years, despite its lack of industrial development. The garment industry is a promising step forward in the realm of industrialization.

Figure 3: Historical Evolution of RMG

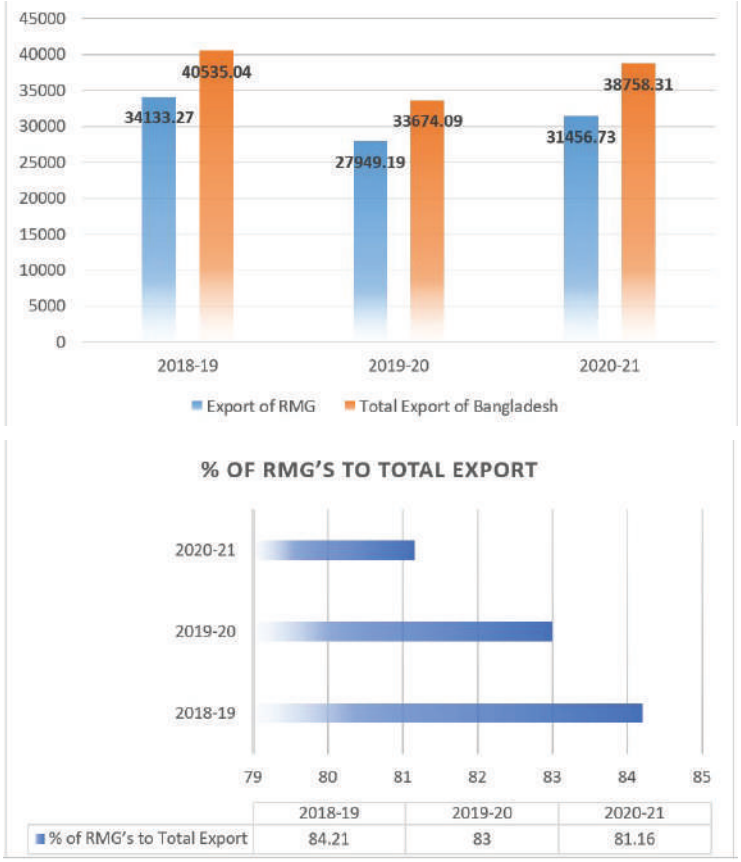


Bangladesh's Garment Industry Has a long history. Once Bangladeshi fabric, particularly *Muslin* and *jamdani* cloth, gained international acclaim, it was utilized as the luxury clothes of royalty in Europe and other countries. Our fabric industry was not developed at all by the British authorities in India. Instead, they burned them and imported English clothes. The garment industry is a very recent phenomenon in Bangladesh. Large-scale manufacture of ready-made garments (RMG) in organized factories is a relatively new phenomenon. Individual tailors created clothes according to requirements specified by individual customers who supplied the fabrics until the early 1960s. Except for children's clothing and men's knit underwear (*genji*), Bangladesh's domestic market for ready-made garments was essentially non-existent until the 1960s.

The RMG business in Bangladesh has been growing rapidly since the late 1970s, largely as an export-oriented sector, despite the fact that the local market for RMG has been rapidly expanding due to an increase in personal disposable income and a shift in lifestyle. The industry quickly rose to prominence in terms of employment, foreign exchange profits, and GDP contribution.

Most notably, the RMG sector's expansion resulted in a group of entrepreneurs that built a robust private sector. A significant percentage of these entrepreneurs are women. *Baishakhi* Garment, one of the earliest export-oriented garment companies, was founded in 1977 by a woman entrepreneur. In the RMG business, several women hold senior executive roles. During the last 15 years or so, the RMG business, which is entirely export-oriented, has enjoyed spectacular development. Only nine export-oriented garment manufacturing units existed in 1978, with export profits of less than one million dollars. Some of these factories were extremely tiny, producing clothing for both home and international markets.

Figure 4: Bangladesh RMG Export Scenario (Value in MN US$)



Source: Export Promotion Bureau (EPB)

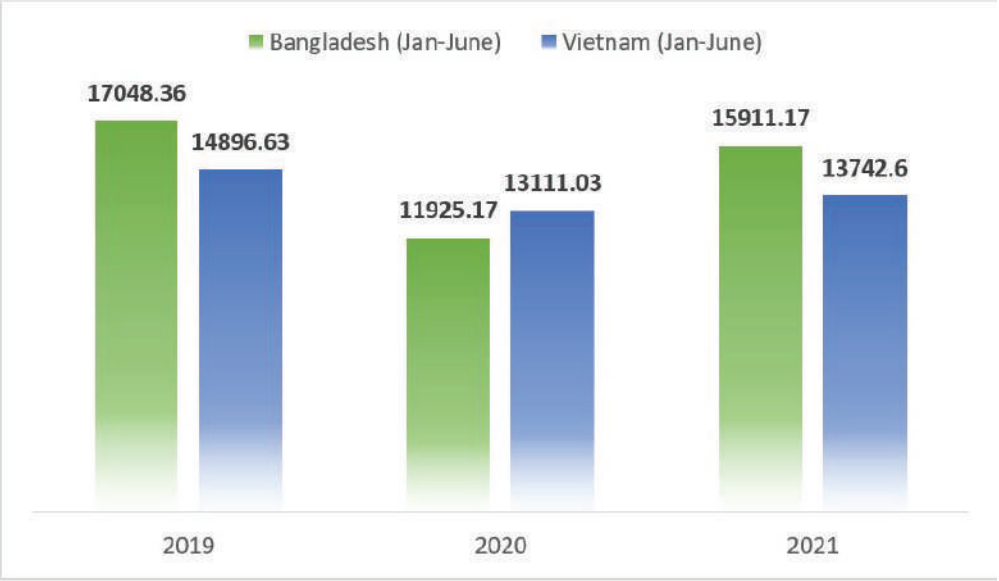
Only 47 garment manufacturing units existed by the end of 1982. When the number of clothing factories reached 587 in 1984-85, it was a watershed moment. In 1999, the number of RMG factories had risen to about 2,900. Bangladesh is currently the world's second-biggest clothing exporter, as well as a major supplier to the US and EU markets. During the 1990s, the industry grew at a pace of about 22% per year. Currently, RMG export is 81.16% of the total export of Bangladesh.

In addition to agriculture, transportation, and commerce, and industry, Bangladesh's RMG sector has helped to alleviate the country's overpopulation problem by providing the country's greatest source of employment. This industry has drastically improved the country's socio-economic situation by uplifting a previously marginalized segment of the population. Such empowerment and employment only to promote awareness of children's education, health, population control, and catastrophe management.

RMG Industry: Vietnam vs. Bangladesh

According to statistics from the World Trade Statistical Review 2021, Bangladesh lost its second place in terms of apparel export to Vietnam in 2020. Bangladesh exported clothes worth $ 28 billion in 2020, accounting for 6.3 percent of the world market. Vietnam's exports totaled $ 29 billion over the same time, accounting for a 6.4 percent market share.

Figure 5: RMG Export Scenario of Bangladesh vs. Vietnam (Value in MN US$)



Source: Respective Govt.

On the other hand, Bangladesh outstripped Vietnam in garment exports in the first half of this year. Bangladesh earned $15.91 billion during January to June 2021, according to the Export Promotion Bureau (EPB). On the other hand, Vietnam earned $15.31 billion during the same time, according to figures from the General Statistics Office of Vietnam. Bangladesh made around $600 million more than Vietnam. Bangladesh recovered second place as RMG product exporters from Vietnam during the January-June 2021 period, with $15.91 billion in garment export profits.

Covid-19 Pandemic & Bangladesh RMG

Due to the government-imposed lockdown to stem the spread of the Covid-19 epidemic, clothing manufacture was halted in 2020. Due to the pandemic, factories were shuttered for almost a month, and shipments were also impacted hard, resulting in a negative trend in exports.

The Bangladesh Bank claims that the RMG industry has to be maintained over a lengthy period of time in order to withstand the losses caused by the Covid-19 epidemic. Although Bangladesh's RMG industry initially underperformed, it progressively recovered between January and June 2021.

Future of RMG companies in Bangladesh

Bangladeshi clothing producers are now understanding the need to develop their own designs to increase market competitiveness and make the business more sustainable by abandoning the habit of manufacturing clothes exclusively to the clients' specifications. According to industry insiders, if a buyer or brand likes a garment produced by the manufacturer, the price might rise by as much as 20% when the supplier receives further export orders for that product. According to the report, more than 100 garment exporters in the country now have their own design and innovation centers, with 25 of them having world-class design and innovation studios.

Many of them have international offices and designers. According to stakeholders, in addition to exporters, a number of firms that sell garments in the local market also have quality design centers. Entrepreneurs have stated that manufacturing low-quality clothing is now impossible to survive in business. However, according to a poll performed by the Centre for Policy Dialogue (CPD) in 2018, design and development centers are located in 21% of the country's export-oriented garment manufacturers. According to the study findings, over 83 percent of large-scale manufacturers have their own design centers, while the proportions for medium-sized and small-scale industries are 23 percent and 16 percent, respectively.

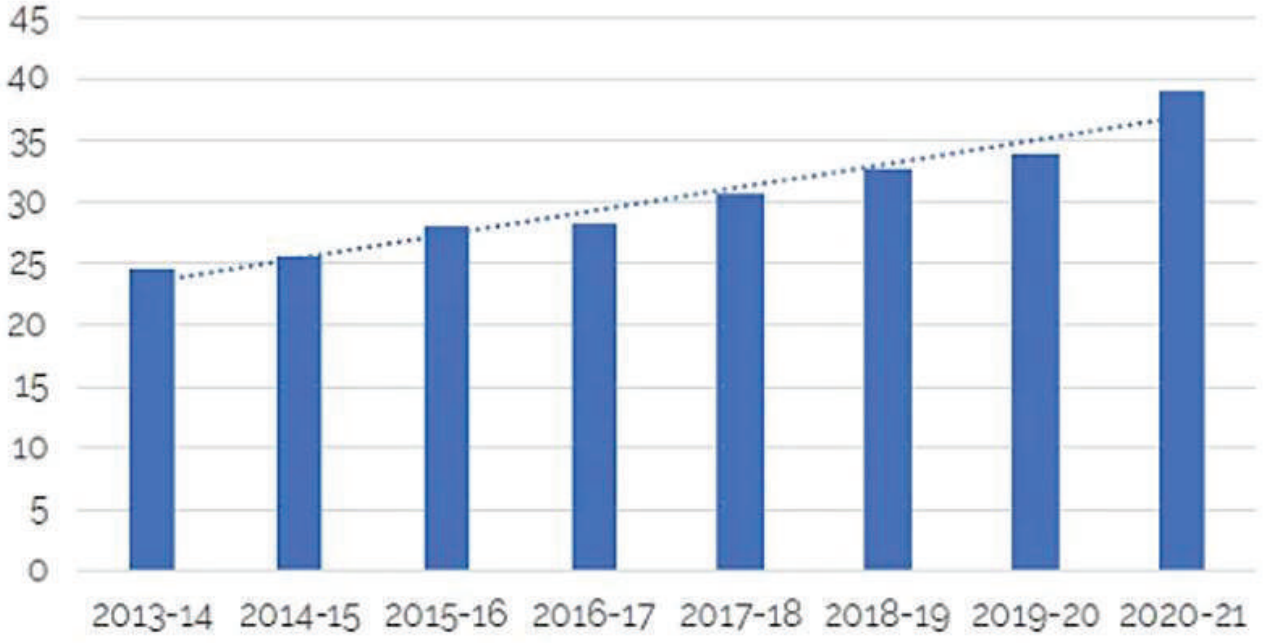
Figure 6: New exported products

Source: Textile Learner

Bangladesh is, without a doubt, a key participant in the textile sector. But the most important question is whether Bangladesh will have the same place in 20-30 years. Bangladesh has a nearly 40-year-old clothing sector. However, the textile sector now is not the same as it was in the past. Every day, the industry evolves. Many opportunities occur as a result of this.

On the other hand, non-cotton clothing accounts for 65 percent of worldwide apparel. Bangladeshi clothing, on the other hand, is made of cotton. Bangladesh primarily exports five product categories: trousers, t-shirt, jackets, shirts, and sweaters. As a result, Bangladesh has a fantastic chance. We can gain market share by expanding investment in non-cotton clothing since we have a captive market and trained labor. Bangladesh used to produce primarily low-end products, but investors are increasingly looking for high-end items. We may spend heavily on high-end products such as blazers, sportswear, swimwear, raincoats, uniforms, and lingerie if we equip our factories with the newest technology and personnel with solid technical expertise.

Figure 7: Bangladesh RMG export growth trend (in billion$)



Source: LightCastle

Way Forward……

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) guided the RMG sector along a path of sustainable and resilient growth by collaborating with the government, development partners, brands, and stakeholders. BGMEA signed the Fashion Industry Charter for Climate Action, pledging to reduce the industry's carbon footprint by 30 percent by 2030, as part of a United Nations Climate Change effort. Based on Bangladesh's RMG export growth trend, it is safe to assume that we will be able to maintain this upper growth trend. As Bangladesh banks suggested, we need much more funds to build design and innovation centers and focus on non-cotton clothing; we can transform our export RMG industry into a world-class fashion designing industry.

THE STORY BEHIND 130 MILLION CUPS OF TEA A DAY

Philip Gain
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The people of Bangladesh drink 130m million cups of tea every day. Two grams of tea make one cup of brewed tea. Yearly per capita tea consumption in Bangladesh is 588 grams. Bangladesh Tea Board (BTB) has calculated per capita tea consumption in Bangladesh. BTB, an agency of the Ministry of Commerce, oversees the production and auction of tea.

We see people drinking tea in every corner of the country. Bangladesh indeed ranks ninth in the world in production of tea. Yet, Bangladesh lags far behind in consumption of tea compared to many other countries drinking tea. As the BTB statistics shows, on average we still drink less than a cup of tea a day. Tea consumption is the highest in Turkey where yearly per capita tea consumption is 3.16 kilogram of tea, which means in Turkey an individual drinks three cups of tea a day on average. Ireland ranks the highest in drinking tea after Turkey with per capita consumption at 2.66 cups. The Englishmen, who taught India and Bangladesh to drink tea come in the third position with per capita consumption at 2.05 cups a day. Bangladesh comes after more than a dozen other countries in drinking tea. These statistics of *Wikipedia* that does not provide any data on Bangladesh may raise eyebrows of many. In his book, *Tea: The Drink that Changed the World* (published in 2007), British researcher and writer John Grifiths had shown that back then average daily per capita tea consumption in England was 3.5 cups a day. In recent times the Englishmen are however drinking more coffee than tea. We can somewhat accept the statistics given by *Wikipedia* and BTB. It is good news for the tea planters, Bangladeshis are drinking more and more tea. Right at this moment tea that Bangladesh produces is not sufficient. Bangladesh has started to import tea.

The history of tea plantation in Bangladesh is similar to that of Assam. Commercial tea production in Assam had started in 1839. The British companies initiated and dominated tea production in India throughout its stay. Most of the tea producing areas in greater Sylhet back then was part of Assam. The first experimental tea plants were put in Chattogram in 1840 without success. However, the first commercial tea plantation in what is now Bangladesh had started in Surmah Valley in Sylhet District. Malnicherra Tea Estate is the first tea estate in Bangladesh, established in 1854.

The Indians started to purchase tea gardens in significant numbers in the 1940s. When India was partitioned in 1947, current Bangladesh (then East Pakistan), had 103 tea gardens. The Hindu owners sold many of their gardens to the Muslims. During the 1965 Indo-Pak war, the remaining Hindu owners went through another round of suffering. The Pakistan government nationalized the tea gardens owned by the Hindus. Most of tea produced in what was then East Pakistan fulfilled the demand of Pakistan's domestic market. One remarkable incidence during the Pakistan era was that Bangabandhu Sheikh Mujibur Rahman became the first Bengalee to serve as the chairman of the Tea Board from 4 June 1957 to 23 October 1958. The first National Tea Day was observed on 4 June 2021 to commemorate his contribution to the tea industry.

The tea gardens suffered severe damage during the independence war in 1971, and production of tea and its marketing turned very low. Many gardens were abandoned and the tea processing factories were damaged. Thirty-nine gardens owned by the Pakistani owners were announced abandoned and nationalized. During General Ziaur Rahman's regime many of those gardens were handed over to the individual owners. The government also arranged bank loans for the new owners. The British Government also assisted the owners through its Overseas Development Assistance (ODA). But allegations are widespread that owners did not do much with this ODA funds for true development of the tea industry and welfare of the workers.

The traditional large tea gardens from the British period are now located in Sylhet, Moulvibazar and Hobiganj districts in Sylhet division and Chattogram and Rangamati Hill District in Chattogram Division. Moulvibazar, Hobiganj and Sunamgaj districts were part of Sylhet District till 1983-84. Before the split, Sylhet district was just one valley named, Surmah Valley, which then was divided into six—North-Sylhet, Luskerpur, Balisera, Monu-Doloi, Lungla and Juri.¬ The Chattogram Valley was previously named Halda Valley. According to Bangladesh Tea Board (BTB) there are 158 traditional tea estates in these seven valleys. Moulvibazar district has the highest number of tea gardens (91) followed by Hobiganj (24), Chattogram (22), Sylhet (20) and Rangamati Hill District (1). Tea cultivation in North Bengal with seven tea gardens in Panchagarh, one in Thakurgaon and some 5,000 small holdings is a recent phenomenon. Tea cultivation is also being experimented at a small scale in other parts including the Chittagong Hill Tracts (CHT).

The owners of the large tea gardens from the British time include four Sterling or British companies, Bangladeshi companies and proprietors. Of the Sterling companies, Duncan Brothers is the biggest with 16 tea gardens. The smaller three Sterling companies—Deundi Tea Co., Noyapara Tea Co., the New Sylhet Tea Estate Limited—own five gardens. Among the Bangladeshi tea companies, Bangladesh Tea Board owns five gardens, National Tea Company 12 and other tea companies including Finlay and proprietors 128. Finlay has recently been bought off by the Bangladeshi industrialists.

What is stunning of Bangladeshi tea is after the partition of India and before Bangladesh became independent most of the tea produced here would go to West Pakistan. After independence Pakistan remained the key importer of tea produced in Bangladesh. But now Bangladeshis are the principal consumers of tea produced here. A prediction was made in 2007 that Bangladesh would soon import tea, which proved true when Bangladesh first imported tea in 2011. Tea is no more an export commodity from Bangladesh. This means Bangladesh, ranking the ninth in producing tea in the world, plays no significant role in export of tea in the global market nowadays. Now almost entire production is domestically consumed. The market is expected to grow further with increasing demand.

In 1970 all of 31.8 million kilograms of tea produced was consumed domestically and West Pakistan was the biggest consumer of tea its eastern wing produced. Tea production in independent Bangladesh shrunk to 23.8 million kilograms in 1972 of which 13.2 million kilograms were exported and the rest was consumed domestically. From then on production of tea in Bangladesh began to rise, but so did the domestic market. By 2009 the production rose to 59.15 million kilograms of which only 6.15 million kilograms were exported. As time passed the export of tea drastically shrunk and the domestic market further expanded. In 2019, production of tea rose to 96.07 kilograms of which a tiny portion—only 0.60 million kilograms—were exported and the rest was consumed within Bangladesh. These statistics are furnished by BTB.

The sale of tea is completely different than other commodities. Ninety-five percent of tea produced in 167 tea gardens are sold through auction at Progressive Tower in Agrabad area of Chattogram city. Recently a small-scale auction, twice a month, has been initiated in Sreemangal, known as the tea capital. Bangladesh Tea Board issues license to all agencies involved with tea commerce. Currently 10 brokers and around 250 tea traders have licenses to participate in auction for sale and purchase of tea from tea auction.

The tea gardens in Sylhet, Moulvibazar, Hobiganj, Chattogram and Rangamati Hill District are utilize 113,116.44 ha of public land leased from the government (tea garden owners' organization, Bangladesh Tea Association, 2019). However, actual tea is cultivated on 59,933.48 ha or 52.98% of leased land. The government targets to expand actual tea growing area and also production in the backdrop of rapid increase in demand of tea in the domestic market. It is believed the future of tea is bright in the country. Both the owners of the tea gardens and the government are very happy about it.

Lifeblood of Tea Industry Neglected

However, while the planters live a hilarious life, the tea plantation workers, lifeblood of the industry, live a life tied, impoverished and excluded from the mainstream. They live in labour lines or labour colonies with poor housing condition, and seriously lack access to standard healthcare services and education. The owners and the government sound high in meetings and festivities claiming taking measures for the development and welfare of the tea plantation workers. But the physical appearance of the labour lines and statistical accounts of poverty, health condition and education in the tea gardens speak the opposite.

In 158 tea gardens excluding eight in Panchagarh and Thakurgaon, there are more than 138,000 workers—51% of them women. With their families and communities they constitute little over a half million people who have remained tied to the labour lines or labour colonies for five generations. Around 95% of these workers and their families are non-Bangalee and non-Muslims in the overwhelming Muslim majority Bangladesh. Because of their social and cultural differences there is very little contact between these tea workers and the people of the Bangalee majority. While the owners see them as their property and take all measures to keep them tied to the tea gardens, we generally see them as workers. But the reality is they are not mere tea workers. They belong to diverse ethnic identities. According to a survey finds of Society for Environment and Human Development in 2016, they belong to as many as 80 communities. With diverse identities, languages and cultures, the tea workers and their communities, the overwhelming majority being Hindus and belonging to the lowest rung in the Hindu caste system, form a different world within Bangladesh.

When commercial tea planation had started in Assam in 1839, the middlemen named *coolie-dhora* (coolie-catcher), *arkatti*, *sirdar* and *maistri* tempted them to the tea gardens with false stories of prosperities in the tea gardens. Bihar, Odisha (formerly Orissa), Andhra Pradesh, Madhya Pradesh, West Bengal and Uttar Pradesh were the major suppliers of workers to do the hard work of jungle clearing and preparing the tea gardens for their British masters. The targets of the coolie-catchers were *adivasis*, low-caste Hindus and *Dalits*. At the same time, agents named *kangani*, took the Tamils to Sri Lanka to work in the tea gardens there. All those taken from India to work on tea plantation in Sri Lanka were Tamils. While the tea plantation in Sri Lanka replaced coffee plantations that were completely destroyed by virus attacks, in Assam the jungle full of wildlife had been cleared by the migrated tea workers. The sunburnt and ill-health tea workers we see in our tea gardens were thus made innocent victims of massive destruction of forest!

Ever since the tea plantation workers and their ancestors have gone through numerous upheavals and shocks during the two world wars, numerous epidemics and the independence war. They have always been the silent victims; because they are rootless and dependent on their employers. In independent Bangladesh, they are citizens of the country and free to live anywhere, but the conditions they are entrapped in keep them tied to the tea gardens where they have no land or houses of their own. As survivors living on the fringe, they always submit to the desires of the planters and the state.

Most appalling is the wage structure for the tea workers. The current (2020) daily cash pay of a tea work is Taka 120. His or her share in provident fund, religious fund and subscription to lone trade union is slashed by the management from this wages. In addition, the workers get fringe benefits that include food grains (seven to eight kilograms rice or flour on average) at subsidized price (Taka 2 per kg), festival bonus (equivalent to 47 days of wages), nominal medical and free housing. Most of the houses they live in are kutcha and low in quality. All these calculated, according to trade union leaders in the tea sector, amount to Taka 200 a day, an amount much less than what an agricultural labourer gets. It is also considered to be the lowest in tea gardens anywhere in the world.

The arrangement of cash pay and other benefits given to the tea plantation workers is such that they can hardly migrate out of the tea gardens for livelihood. They survive but without dignity. They do not have any ownership over houses they live in and the land the houses are built on. They cultivate some low land within tea gardens. But they do not have any ownership on them. They are the lifeblood of the tea industry. If they stop working, the gardens cannot operate.

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BRANDING BANGLADESH:
FROM LOW-WAGE TO HI-TECH . . . A LONG & WINDING ROAD
(based on multiple interviews)

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How has Bangladesh's entrepreneurial climate evolved over 50 years? Over those years we would expect shifting from farmlands to factories, indeed from manufacturing to service industries, as any development program entails. We begin where Bangladesh's economic transformation began, with the RMG (ready-made garments) industry, and trace that pathway to the service sectors today (banking and marketing consumer products). Three areas beg attention: (a) If and how RMG factories have begun shifting from low-wage production towards technological upgrades, along with the corresponding changes in consumer tastes and behavior? (b) Whether banking automation, small- and medium-sized enterprise (SME), agent banking (AB) and mobile financial services (MFS), have institutionalized bank capacity-building, and in what way has this filtered down to clients and customers? (c) If the service industry (marketing consumer products) is shaping middle-income realities? We do not expect direct and definite answers, only *shifts*, even *trends* towards postulated goals.

Building upon our larger 'Branding Bangladesh' research project, we pay attention to entrepreneurs, the economic builders of the land the freedom fighters attained in 1971. They represent the critical *personality revolution*, a component often missing in development literatures or statistics. Their closest compatriots may be the *cultural modernizers* from the Bengal Renaissance era. This silent revolution spawned the assertive, pro-active, and progressive traits critical to modernization. Indeed, supply-side *personality revolution* elevated Bangladesh from RMG investments and micro-finance empowerment (rural micro-borrowers) to industrial restructuring (mobilizing working class population) to today's demand-generated consumer metropolises (middle-class realities).

RMG Transformation:

Innovation and adaptation have been as much a part of this transformation as policy compliance. Spectacular RMG growth, for example, could not conceal the flimsy structures behind the *Rana Plaza* and *Tazreen Garments* tragedies, exposing most dramatically and urgently why compliances must be in place.

Reiterating their importance, Abdul Hai Sarker, Chairman of *Purbani Group* and *Dhaka Bank Ltd.*, reminded us how big external RMG buyers, such as *H&M, Marks & Spencer, Walmart* and so forth, have stringent compliance rules where they matter the most. We, in Bangladesh, he posited, "are not given the smooth sailing. When we comply with one . . . they immediately put up another . . . ."

RMG production must conform with these as they pop up one by one, imposing the biggest restructuring challenges in the industry. Domestic production compliance requirements must meet European or U.S. compliance agency requirements. For example, labor standards, factory physical environment, maternity leave, child labor, fire exit, and so forth, must trickle from a government policy to the implementing ministry fast, then to the RMG producers' association, Bangladesh Garments Manufacturers and Exporters Association (BGMEA), eventually down to non-governmental organizations (NGOs), then must meet European or U.S. compliance agency requirements. "They ask us to comply," Sarker added, "but they don't like to share the burden of the expenses being incurred raising our selling price."

Abdul Hai Sarkar
Chairman, Purbani Group

Rubana Huq
Chairperson,
Mohammadi Group
Former President, BGMEA

Recognizing this emergent pressure, Dr. Rubana Huq, former BGMEA President and another *revolutionary personality*, insisted on the need for Bangladesh to "go global" and emphasize online sales to grab market shares, if only to meet the changing consumer patterns and custom-made demands. Indeed, she vociferously calls for the RMG sector to embrace any changes, such as automation, in the industry. Not only that, she believes our RMG competitiveness can be retained.

According to an online publication, *Bangladesh Textile Today*, the global online fashion market in 2018 was worth $533 billion, but predicted to grow to $872 billion by 2023. Who will be the retailers? Small retailers may reap most benefits, according to Sarker. He added, the big retailers have also been changing policies and business models adopting new technologies to survive in the market. With futures buyers turning to 3D technology to place orders, Bangladeshi manufacturers have to be more skilled and acclimate better to technology and digital platforms. Here is a fine pathway to progress, from low-wage to hi-tech, all dictated by market forces.

Due to Covid-19 adversities, one-third of RMG workers lost their jobs, but new goods, such as personal protective equipment (PPE) and masks, did open new opportunities. Sacrificing the opportunities available, Huq noted, is product diversification as well as value-added products. Rising from basic products to cater to growing demands for fancy and high-value products, she noted, especially manmade fiber products, can only push RMG producers to shift to high-value export items as well as build capacity in the technical know-how.

Whereas the 'Made in Bangladesh' brand widens our smile, it has not caught on commensurately globally, as our neighbors, China, India and Vietnam have done. In spite of having the highest number of factories complying with international standards, our orders for the high value-added or high-end brands remain low. Digitalization, product diversification, and skill development complement, automation and compliance to build RMG resiliency sector, in spite of high environmental costs, at least initially. Dhaka's depleting ground-water tank, for example, exposes another RMG kind of a constraint.

Mr. Anis A Khan
Former CEO of Mutual Trust Bank Ltd

Banking Boom:

RMG and microfinance growth have worked wonders for the country's banking sector. In turn, small and medium-sized enterprises (SMEs), alongside agent banking and mobile financial services (MFS), have also glowed. Four days before his retirement, Mr. Anis A Khan, the former CEO of Mutual Trust Bank (*MTB*) Ltd., also exemplifying a *revolutionary personality*, shared the journey of growing private banks in Bangladesh. His own journey was from banking operations and analyzing balance sheets to heading and developing the future-inclined *MTB's* national and international imprint and image. . He launched *MTB's* 300th 24/7 ATM (automated teller machine) the week before his retirement.

During his tenure *MTB* controlled 10% of 35,000 POS machines across Bangladesh, possessed 150 agent banking system, its *MTB* Securities Limited expanded into one of the largest stockbrokers in the country, with its deposit-base increasing to more than BDT 18,000 crores from BDT 400 crores, its lending spiraling to BDT 18,000 crores from BDT 3,500 crores, resulting in BDT 50 crores of profits. The bank has extended its global network with *Norfund* coming in as one of the *MTB's* investors equity, highlighting the journey of a private bank in making a vibrant economic exchange system, with online banks providing more competition in the business banking sector.

Yet, even successful banking has its ghosts: non-performing loans (NPLs). These now represent 11% of the overall (in typical developed countries it is only 2%). Khan pinpointed one root cause: " . . . too many banks, too much competitions, too much fawning upon the same customer, and putting money on the same customer, some of them default . . . . These customers buy land, and then their business fails because they do not have enough cash . . .," no proper analysis, not good enough professionals, and shaky corporate governance. Both *MTB's* Khan and Dhaka Bank's Sarker echoed the same sentiments: BDT *Takas* 100,000 crores end up in defaulted loans because of irresponsible financing by many bankers.

A middle income Bangladesh faces high interest rates and other leveraging points. These not only fuel the NPL crisis, but they also expose *exogenous causes* (lack of financial knowledge and communication; fund alteration; lack of law enforcement in response to NPL; weakness in making an industry attractive industry; and frequent policy changes by the government); and *endogenous consequences* (efficiency problem for the banking sector through hindering circular flows of money, capital erosion, increasing the in-loan pricing, and so forth). Capacity-building optimization by inducing proper monitoring apparatus, legal control, and strategizing NPL management system demand attention.

And the future, post-Covid and the Fourth Industrial Revolution mean Bangladeshi banks must make a quick and robust shift to digital frm the tradional brick-and-mortar model.

Syed Mahbubur Rahman
CEO, Mutual Trust Bank Ltd

Banking sector revolution also includes ideas and more service-oriented platforms. Mr. Khan's *MTB* CEO replacement, Mr. Syed Mahbubur Rahman, emphasized, 'restructuration' for institutional and employee strength. He identified *speed* as *MTB's* only unique selling point (USP): "in a highly competitive and symmetrical sector", he noted, satisfying customer needs requires adequate knowledge, the right skill-set, and above all the positive, 'can-do' attitude." Feeding the need for a *personality revolution* for national branding, Rahman also put his "two cents" by promising banking automation and remote banking.

Once a part of the *Bkash* endeavor when *BRAC* Bank started its operation, Rahman's central argument was to push mobile financial system (MFS). "[I]f you look at the MFS journey," he pointed out, "it has not gone beyond a certain point." The MFS growth with their app remarkably helped money transactions, making it convenient for people, but the banks are also coming up with their form, their account to whoever they want to. Therefore bank services, apps and online banking facilitating customers-based money replacing the MFS products, which was impossible 5 years back, backlash. Mitigating factors, such as '*nano loans*' (small loans ranging from USD 2 to USD 10) alone enhance MFS platforms, forcing *Bkash, Rocket, Nagad, Upai* and other MFS units to restructure and develop customer friendly access.

Rahman was optimistic about workers under such changes. "I would not say there would be 'shedding', rather we can have better use of human resources." The banking sector may see job-losses, but SME banking would offset this. Besides, diverting stream/product revenue needs people to work. The flow of human resource would then depend on how fast the bank can keep on increasing its stream of revenue, or areas of banking product it wants to sell, and the number of products the bank can create. Also, if the bank requires remote branches, it is definitely going to create employment despite its greater automation. Ultimately, Rahman was confident customers would expect some level of personal attention and physical presence, while booming call-centers also depend upon physical services. Here, too, we get a sense of fearlessness against automation changes.

Agent banking cropped up in our interviews. Several banks advocate this as it does not require setting up a branch in remote areas, nor a large functional staff. It tightens core-periphery transactions, captures rural markets, expands the bank's reach, and fills the void at the bottom end of the social pyramid, where banking bricks and mortars work less well than agent banking. This shift has entailed biometrics and "know your customer (KYC)" logistics, exposing the customer convenience, which Bangladesh Bank is also promoting through a KYC format.

The 6:9 interest-borrowing ratio and its short-term loss and long-term recovery also brought into our discussion the need for restructuring at the deposit end. Deposits anchor funding for banks, helping banks make money by lending at higher rates than their cost of funding. These are "deposit costs," and ideal to keep down when attracting deposits. The 6:9 ratio is what the market determines: 6% for deposits, 9% for borrowing. At the end of the day, however, one needs to bring the cost of deposit down. It went to 10.5% -11%, at one point of time. But now there is a downward interest-rate trend on deposits. Rahman reiterated, ". . . since our government wants it, and we as Bangladeshis, we think it's important, because the ultimate beneficiary will be us and our children. However, we still need to work t the other end, the deposit end." The Bangladesh government has come up with a circular, a list of finance rather, that all government deposits be kept with government sector banks, where they cannot ask anything above 5.5%. But that accounts for only 20% - 25% (maximum) of the entire bank deposits.

Now we need a *modus operandi* with corporations, private companies, and at the same time individuals, like ourselves, who have money kept in the bank, and getting higher rates. We need to compromise on that. We also need to look at social stratification in terms of age, especially, for example, as Rahman in his interview highlighted, ". . . the senior citizens . . . who basically live on the interest income, and if it comes to as low as 6%, what would be the real income when the inflation is also almost 6%? So, that is something we need to work on. There are some instruments like 'savings certificates' where you get higher rates, but since there are caps on that as well and is now being monitored very strictly, unlike earlier years, they cannot invest as much as they want to in savings certificates." These savings and deposits areas need attention and intervention.

While considering the shortfalls of the 6:9 ratio and the long-term recovery, the country needs to consider, government borrowing. Because of shortfall of tax revenue, Rahman indicated that shortage to be nearly *Takas* 30,000 crore for the first six months of 2020. At this rate they tend to be falling short by *Takas* 60,000 crores. On the other hand, they have to fund their loans. If we look at the historical trend, Rahman reminded us that "we have seen the borrowing increases from April-to-June, the last quarter of the fiscal year. We have already borrowed almost *Takas* 50,000 crores." Therefore, on the one hand, we see tax revenues like *Takas* 30,000 crores, and on the other hand, we can see that they have already borrowed *Takas* 50,000 crores. So, the 9% part that we all are concerned about is basically to push credit without settlements. But, if government keeps on borrowing at that rate, and if there's an increasing demand for credit, then that could also have a crowding-out effect. According to Rahman, looking at the numbers and the trend, bankers are a little skeptical as to what is unfolding.

Shortfalls and their bank impact need to be looked at in relation to a lower interest deposit rate. But also if one looks at it, it's basically an interest margin we are talking about. Even if the rate is 6%, and it goes to 9%, one has a 3% interest margin, which is actually not widespread. And there's overhead cost of assets and liabilities. However, in the long run, problems may also lead to a lot of negotiations with the corresponding banks, with whom we basically maintain *nostro* accounts (an account that a bank holds in a foreign currency in another bank), and this in turn may also increase the cost because if they find that banks are getting weaker in terms of profits, corresponding banks might jack up the price. Rahman recapped that this had happened in the past.

The strength of the private markets may be crucial in this regard. How the banks look at those private market operations raises a few probing questions. Rahman's view is clear on those private markets, and spirit-wise the banks don't have a problem, but the sustainability of market strength matters. As a banker, he pin-pointed the Kenyan case of 2016. Kenya also imposed the single-digit lending, and after some years down the road, as of today, the president himself has said, "Go by the market". Why? Because they have seen the NPL going up from 5.6% to 11% plus; they saw the credit growth going down, which proves that the purpose for which the push for single digit was pursued, did not take place. Referring to Bangladesh's case, Rahman said it is less likely to happen in Bangladesh because our culture is different from that of Kenya's, but the latter's example give us an insight of how to look at the challenges. Rahman added that when a bank lends money to investors, there is the economics, and a business language, for examples, one charges interest on the basis of the customer; and if one is a lower-rated customer, the bank will charge higher, because banks risk getting the money back; but with somebody who has a triple-A rated customer credential, the bank is going to definitely charge lower interest. It is likewise in corporations and SMEs. SMEs are more vulnerable; they are revenue-driven with multiple streams. Rahman said, "I could possibly lose from SMEs, or gain . . . . They retail, basically lifestyle products. The credit card, vehicle loan, the home loan; you want to stay in a posh area, you have to borrow more. But you cannot charge 9% to all." Rahman also emphasized the operation costs of the bank to supervise the loans given to the customers. For example, if a bank has five customers, each customer can possibly get *Takas* 2,000 crore;

but managing five, customers is not a problem. But the bank may need two staff/conditions/policies: the need is *Takas* 2,000 crore of retail (retail customers do not get more than *Takas* 20 lakhs), or maybe *Takas* 1 crore as a home loan, even if one considers *Taka* 1 crore as the level for each customer, a few thousand customers have to be handled. Is that manageable with two staffs? Rahman said NO, and he would need more people because, "my cost of supervision, my cost of monitoring . . . I have to manage by a hundred staffs. So, you can see my cost of operation is much higher here." Rahman informed that the matter has been discussed with the central bank for the small cottage retailers, but the banks must continuously follow up. This is not the case with corporations or medium-size enterprises.

But how is *MTB*, a growing bank and being amongst the top-tier of banks in the country, tapping the migrant workers? Rahman proudly responded, "Of course, I think we're one of the banks which possibly brought the highest forms of remittance in to the country. So from that perspective, we are very much focused on that, and it is also important for us because our import book is much higher than the export." Therefore to settle the import bills, the bank needs to get remittances. However what *MTB* is doing, it has started taking steps to minimize the gap between the import that is done through *MTB*, and the export that is made through *MTB*. As remittance is expensive on the bank's part, minimizing the import gap would make the process more feasible. Rahman informed that remittance as a product doesn't make money for the bank, because one needs to get very high rate to bring in remittance as it is now being rate-driven. He reiterated, "the one which gives higher rate gets the remittance, and the one who gives the lowest rate, doesn't get it." But *MTB* as a bank is looking more to automation, and in agreement with MFS like *BKash*, so that a *BKash* platform could be used to distribute the remittances.

How does *MTB* see the next 50 years of banking? Optimism prevails. '[M]ore automation," said Rahman, targeting the 25 to 26 age-population by giving them "products and loans and other facilitates, so that their educational needs, especially in the higher education, are met, of course with a focus on one particular segment . . . . spending . . . ." Because student loans in Bangladesh are not common, MTB is striving to bring in that culture.

Middle-income Consumers & Commodity Fetishism:

Bangladesh's banking future is enthralling, he said, because "banking is at the heart of an economy." "We are the transformation phase," he said, referring to one article headlined "Bangladesh will surpass Malaysia." If one looks at the future, which sector will take us there? "Its banking," Rahman replied.

With both RMG and banking sectors restructuring, transforming, implementing compliances and promoting automation and marketing consumer products, a sense of *commodity fetishism* characterizes market exchange impacts: like their western counterparts, middle income Bangladeshis have also shifted their retail shopping from local *mudi-dokan* (small community shops for day-to-day purchase) and local *macher-bazaar* (fish markets) to retail shopping in *Agora, Meena Bazaar, Shwapno*, and so forth.

How has the corporate sector contributed to this transformation? Two pioneers helped us find answers: ACI Chairman Anis Ud Dowla, and *RahimAfrooz Group's* Director, Niaz Rahim. When he started in the 1990s, Rahim feared the 1994 launching of the World Trade Organization (WTO). "[W]e did not know whether we could survive in the industry," he pondered "How will we fare with our open economy." Realizing how the WTO rules "would be unable to hit Bangladesh," Rahim correctly put his chips behind "the service industry." The easiest line of profitable work, he argued, would be on automobiles. He was already into tires and battery distribution, but to add value

Niaz Rahim
RahimAfrooz Group Director

to the community, the *RahimAfrooz* Group invested on groceries. "This is what we eat," he explained, "and we are what we eat," he continued. "Let us transform the markets." Now the stumbling challenge was how to go about the process. The *RahimAfrooz* Group took the plunge to bring supermarkets, with *Agora* market being launched in August 2001. "[O]ur problems were that ladies wouldn't smile," he noted, "I mean, if they did, then what would men think about it?" To end the social stigma, training workers was key. "You have to smile," he informed us of his battle-plan, "you're taking their money." Despite mistakes at the beginning, customers kept returning. Before launching *Agora*, the company started campaigning for suppliers nearly one year ahead. As Niaz put it, "the fruits must have a description, if I want to buy a '*boti*', then there must be a specific size of it, should it be one square inch, or half an inch, or whatever, color of the meat should be like this or that, or the fat content should be of so and so amount."

Capacity-building was needed in some other sectors too, such as the butchers, the local retailers and all categories of suppliers. For example, the butcher was tasked with the amount of fat required on a certain piece of meat, and for all other retailers, it was indeed a big change; there were vendors on the street, not ready to meet *Agora* requirements.

It had to pick up independent vendors from the street, help them develop, take them into a classroom sort of an environment, show them pictures and amazingly they were all receptive and delivered. Then there were slaughter houses . . . . The slaughter houses were in desperate need of upgrading, with places to drain the blood away, proper placement of water, food for the cattle, and vender compliance. These small retailers and vendors did not ask for any extra money, only timely payment. *Rahimafrooz* ensured that. That is how the story of initial supermarket business, which we all are enjoying today, unfolded. Niaz Rahim confided that, "even *Unilever* didn't have barcodes at that time . . . we told them to have barcodes, because our system is computerized, and they had to do this. They wanted a year to establish this changeover and we gave them a year, however by that time, their international barcodes came in, which added to our relief." Today, every local product has a barcode, a contribution of *Rahimafrooz*. This is amazing considering *Rahimafrooz* Group did not have its own farm (and relied on contract manufacturing), thus creating further retailing opportunities for small entrepreneurs in the rural or sub-urban areas. Our marketing consumer-product sector went through a transition to fit in the middle-income realities, to accommodate greater purchasing consumer power and accessing money as bank credit or debit. This has not closed *Sadarghat*, or *bazaars* per se, but as Niaz pointed out, this is only "a transition," though a critical one. "In developed countries," he continued, "no grocery shop sells fish and vegetables within the city parameters." One "would have to go outside the city to purchase them in what you call is the farmers market."

With e-commerce now flourishing in Bangladesh, which is gradually changing the middle-income culture. People have begun ordering certain items like rice, lentils, packed food like juices, snacks through portals like *chaaldaal.com*, but also cooked food items to be ordered through *Pathao* and *Foodpanda*, and so forth. The consumer culture is rapidly changing in Bangladesh, and e-commerce adds another momentum to these changes towards *commodity fetishism*. Whether *commodity fetishism* is 'good' or 'bad', it eventually becomes the norm in the mass consumption society.

Product diversification and service-oriented marketing also finds *ACI* footprints in the pharmaceuticals industry. From pharmaceuticals and agri-businesses, *ACI* Chairman Mr. Anis Ud Dowla believed diversification was the call of the hour, if only to grow. A 'consumer brands' division was created for food items *ACI* pure salt, *ACI* pure flour, and so forth, becoming the first company to produced iodized salt here in Bangladesh. He reached out to *Tata* in India to help in that production process, but Dowla recalls, "that could not succeed because it wanted the *Tata* name. With salt, required by everybody, it could not "have a foreign name . . . . It could not be *Tata* Salt. It backed out." Finally *ACI* salt was iodized with Chinese help. Washed salt from Cox's Bazaar was brought to Narayanganj, where it was filtered, the organic matters taken out, and then evaporated and crystallized before iodizing it.

M Anis Ud Dowla
Chairman, ACI Group

ACI is still expanding agribusiness ensures marketing consumer products but also enhances the lives of the poor farmers, still the largest number of people in the country. It became the first private effort to make hybrid rice; its modalities-testing labs are tested (as in Rangpur with lands from the government), by experimenting with seed, fertilizer, or insecticides, seek government approval, then market the product. Since rice needs a lot of agri-lands, Dowla added, "where we can get a whole village," that is, the "whole" village has to be gotten . . . . We do it on a basis of an annual lease, and allow us to use that land with their labor and our inputs, and we produce according to the very stringent methods of production, so that there is no contamination. That is why the whole village must be taken. No land can remain outside, because if they produce something there, the pollens is likely to ruin our effort."

We conclude our interview by turning to the key indicator of economic growth –shipping, itself also a barometer of the growth of the service sector. Our interview with Mr. Md. Tanveer Madar of *Hellmann* and a veteran of the shipping and logistics industry, indicates the visible, even humongous growth in the usage of the relevant services, but also a deeply-ingrained handicap: woeful and inadequate infrastructure.

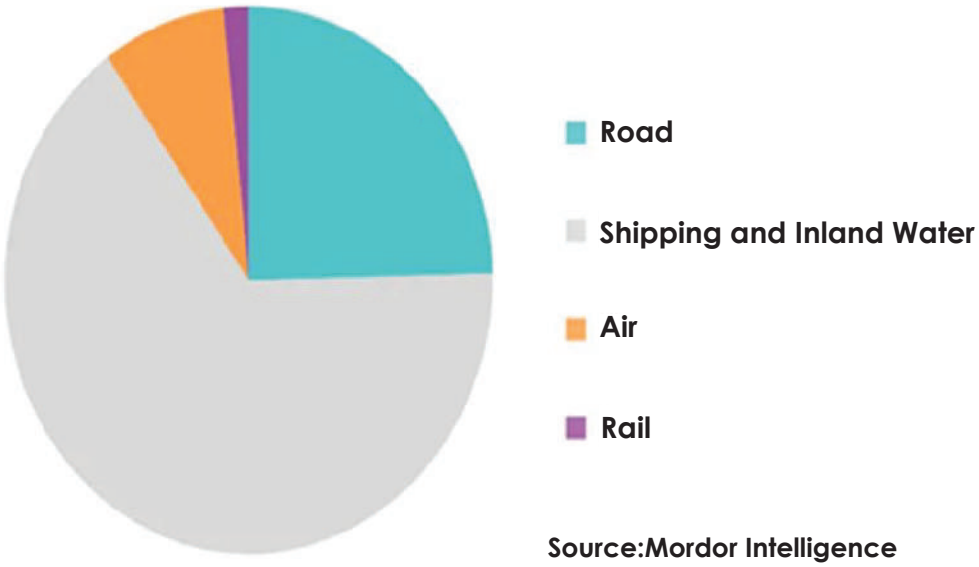
The logistics and freight industry in Bangladesh have been thriving for years in line with the steady growth of exports and imports, according to industry insiders. In Bangladesh, the industry came into being in 1991-92. Without adequate knowhow and professional techniques of the industry including regulatory bodies and stakeholders of the industry. Even though the industry evolved over the 30 years and kept the economic wheel moving by directly supporting the import and export industry, the pandemic gave us a glimpse of how the supply-chain is running and how it integrates logistics providers to the global economy. This is the huge transformation from the 1970s: the RMG sector replaced jute as the key foreign-exchange earning, but unlike the limited supply network scope of jute (largely exported to Dundee in Scotland), the RMG sector brought in many more countries, more robust international networks, and catalyzed the logistics and freight industry.

Over the last 30 years the forwarding industry growth has roughly been five-fold, and worth around USD2 billion in Bangladesh alone. The EXIM value stands presently at USD86 billion per annum. But unfortunately, the infrastructure to support EXIM for forwarding industry (airport and seaport) has not grown as commensurately. This also goes to the internal road connectivity for smoother movement via the gateway of the country.

The country also generated more than 40,000 new jobs during the past 3 decades from this sector. Currently about 1,600 local and 20-30 International Logistics and Freight Forwarding companies are in business with enormous scope for growth. Growth is in the air for both, with the rate of growth to be determined by how fluently Bangladesh transits into middle-income and developed country.

The freight industry in Bangladesh is the most integrated support function for overall export and import activities. The most dominant export industry is "Ready to Wear" apparel and on the other hand, also the related RMG imports to complete the manufacturing functions. Other dominant products on both the export and import are pharmaceuticals, chemicals, food, agriculture, industrial machine and equipment and non-conventional products. So as a single industry RMG sector is the biggest contributor.

Figure 1: Bangladesh Freight Transport Market Share, by Function, in Percentage, in 2017



Source:Mordor Intelligence

The components growth in business, (trade and industry) in the global environment has not been matched by our country's shipping and logistics infrastructure. Both lag so much behind even our neighboring countries, like India, Pakistan and Sri Lanka, in terms of seaport and airport, and connectivity and easy accessibility and timely reachability. The transport time wasted between the manufacturing and shipping point could be the highest among all the countries compared to Western countries, our Neighboring and Far Eastern countries.

Figure 2: Estimated Air & Sea Freight from Bangladesh (Import & Export)

Estimated Air Freight Volume (export from Bangladesh)	Sea Freight (Estimated for Sea Freight Import and Export in 20' Boxes)
2017- 229,239 Tons	Import - 1,377,295 – 20' Containers - 2019
2018- 241,867 Tons	Import - 1,247,586 – 20' Containers - 2020
2019- 204,388 Tons	Export - 685,733 – 20' Containers - 2019
2020-153,925 Tons	Export - 630,637 – 20' Containers - 2020

In the context of Bangladesh, rail and road freight are major segments for inland services. shipping via sea freight share in the export and import business in Bangladesh stands at 80%, while that of air and road is 20%. In general, logistics companies provide transport services of freight through sea, road and airways. However, the rail transport of freight for exports and imports is yet to be introduced in greater scale but initiative has started.

On a concluding note, International Freight has really come into big play as Bangladesh has become an emerging textile manufacturer, and with infrastructural development Bangladesh also has big potentials for inland logistical support for all the mega projects and the upcoming plans for the future. Our dependence on one product for export has to be diversified, as country must go into other industries. Infrastructure build-up is a must to compete, with global need. Otherwise there is a big chance that business might move away where the shipping is much better and confirmed lead time for shipping more guaranteed.

Mr Md Tanveer Madar
Chairman, Hellmann worldwide Logistics Ltd

ACCESS TO CREDIT & ITS IMPACT: BANGLADESH'S INFORMAL SECTORS

(micro & small & medium-sized enterprises)

Quazi Waseem Ahmed
Banker & Financial Consultant
Residing in Melbourne, Australia

The outreach of microfinance cannot be rationally, and extensively computed since the benefits are derived over several layers, despite numerous drawbacks in the system, be it recovery, monitoring, impact analysis and administration. It has been a work-in-progress from day one in 1976, when the seeds of microfinance were first sown in Chittagong, Bangladesh, and is still continuing to this day.

Unfortunately, documentation was limited in the initial days, with progress more of a hit-and-miss affair. As time went by strategies, policies and operational guidelines were formulated, such as offering microfinance to women borrowers mainly, forming communes of women borrowers which would act as a check-and-balance against loan delinquency, women empowerment, collective accountability, and so forth. These were not always disseminated at the grassroots level initially, or were slow to being downloaded to grassroots field-workers and borrowers at the village level. Meanwhile, operations started expanding beyond expectations and took on epic proportions because of its acceptance and immediate impact.

In the first two decades since 1976 (and after the formulation of *Grameen Bank* in 1983; *BRAC* & *Proshika* had also started similar programmes), it was observed that the honeymoon period, after the first loans were disbursed, was between 2 to 3 years, before elements of delinquency emerged. Hence new modalities were formulated, such as peer pressure, voluntary contribution to saving schemes and regular weekly repayments and collections.

It was ascertained that microfinance worked better within a commune (with a maximum of 42 persons) in a village, where all members acted as guarantors to loans given to each individual member of that commune. There could be more than one commune in a village, if required. Hence peer pressure was activated to repay loans. If one member defaulted, all other members suffered and could not apply for fresh loans for newer projects. The community system, like a cooperative, had enabled to keep operational cost to a very low and acceptable level, whereby a single official was able to oversee and monitor as many as 12 to 20 communes per week. So the marginal cost of operation per loan was always kept relatively low. It is now assumed that between *BRAC, Grameen Bank* and other microfinance lenders, nearly all of the 64,000 villages in Bangladesh was covered along with universal health and primary education.

Microfinance empowered women borrowers with finance for productive purposes (which elevated their status in the household--the system ensured that the husband or spouse did not have any access to the loan funds to squander), and made them accountable to the system (through collective accountability). It was a unique system as both concepts mutually opposed each other.

The balanced overview below profiles strengths and weaknesses, after which i draw some conclusions.

Strengths	Weaknesses
1. Microfinance has been highly successful in that it has allowed households to generate secondary and tertiary incomes and not just be dependent to single incomes. 2. These incomes have ensured households to stay afloat even during severe natural calamities and thus dependency on aid has reduced. 3. Population growth has been effectively checked as women no longer want excessive children who they cannot look after or feed. 4. Has given rise to different types of businesses all over the country, which has also brought about growth in ancillary industries such as transportation, telecommunication, fund transfers, banking products, insurance products, mobile banking, clearing & forwarding, wholesale business, doing away with the traditional haats (weekly *bazaars*), convenient despatch of Instant Inventory (raw materials), restaurants, motor mechanic shops, market places, banks, pathological centres, medical clinics, rise of whole business centres-cum-shopping complexes, clubs and societies, educational institutions, and so forth. 5. Huge direct and indirect employment. 6. Remittance business.	1. Abuse of the system by corrupt officials. 2. Insensitive to actual individual borrower hardships. 3. Very stringent rules strictly adhered to. 4. There are others which need to be looked at individually and in depth. Grameen Bank brac

Balance

Overall, Micro and SME (small- and medium-sized enterprises) Finance, despite a lot of negative publicity, have transformed the country's social fabric for the better. It has facilitated the economy to change gears from an analogue to a digital one.

The agencies offering microfinance and SME finance have boldly gone where no financial institutes had ventured to go previously because of a lack of understanding and appetite for risky loans (with low yields).

True, we have waded through insurmountable challenges for many years, but now all those efforts are coming good and paying off. Every little bit has contributed.

If today we are to identify the single most predominant contributors to Bangladesh's underlying development, it would definitely have to be the economic emancipation of rural and urban womenfolk, being involved in all types of economic and commercial activities. This has not only increased productivity and incomes, but has also directly retarded population explosion. Now women are in a position to demand, because of their economic status, proper health care services, better education and sporting facilities for their children, creating all sorts of opportunities for everyone.

New horizons, new initiatives and a fresh outlook by the new and second generations of business houses, who have not seen poverty and economic repressions, are going to set the tone for the faster development in the future. Perhaps the establishment can be a catalyst to provide the necessary support to usher those changes and, along with it, development.

Quazi Waseem Ahmed was in Banking from 1980 to 2015. Since 2016 he has been involved in Financial Consultancy and working with FinTech products. He is currently residing in Melbourne, Australia.

Muhammad Yunus
Nobel Peace Prize for founding the Grameen Bank and pioneering the concepts of microcredit and microfinance

BRAC Microfinance

INVESTMENT PROSPECTS & CHALLENGES IN BANGLADESH AFTER 50 YEARS

Dr Mohammad Faisal Ahammad
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Foreign and domestic investment play a paramount role in promoting the economic growth of a country. Since its independence in 1971, Bangladesh has strived to attract foreign direct investment (FDI) while actively exporting goods and services. Both exports and FDI contributed in economic growth of Bangladesh, as reflected in the Gross Domestic Product (GDP) of $324.2 billion in 2020 and an average GDP growth rate of 5% over the last decade. After 50 years of independence, Bangladesh's economic ranking reached 41st out of 193 countries in the world.

Among others, exports and FDI played a major role in the economic growth of Bangladesh. The export of goods and services had significantly increased from $356.84 million in 1971 to $46.363 billion in 2019. However, the share of ready-made garment (RMG) is approximately 84% of total exports from Bangladesh. Consequently, Bangladesh's economy is currently heavily dependent on RMG exports, indicating a lack of diversity in exportable goods and services. A lack of diversity in exportable products may create uncertainty in earnings from exports due to instability in the external business environment, such as Covid-19. Therefore, Bangladesh needs to diversify the range of exportable products and services.

In terms of FDI, total FDI stock was $16.9 billion in 2019, with the United States being the top investing country with $3.5 billion in accumulated investments. USA, China, Netherlands, UK and Singapore are the top five investors in Bangladesh. The major recipients of FDI in Bangladesh are the power sector, textile, food products, pharmaceuticals, chemicals, transportation and communication, leather and leather products. Despite a growth in FDI over the last 50 years, the rate of FDI inflows was only 0.53 percent of GDP in 2019, one of the lowest of rates in Asia. Hence, further steps are needed to enhance the attractiveness of Bangladesh as a FDI destination.

In order to accelerate economic growth, Bangladesh must take initiatives to attract FDI in diverse sectors as well as increase the range of exportable goods and services. In my view, the four most promising sectors for FDI and export are information & communication technology (ICT), pharmaceutical, shipbuilding and light engineering sector. By attracting FDI in these sectors, the economy of Bangladesh will be able achieve further economic growth, increase range of exportable products and services and reduce its dependence on a particular sector. This article presents the four most promising sectors and highlights the challenges facing these sectors in Bangladesh.

One of the most promising export sector in Bangladesh is ICT sector. The export of ICT goods and services offers a great opportunity for economic diversification, shifting towards the export of higher-value services and products. The major buyers of ICT products and services from Bangladesh are the USA, UK, and countries within the European Union. Currently, the exports of the ICT sector were about $1 billion in 2020 making a small contribution in the overall export earnings in Bangladesh. The government set an ambitious target of increasing ICT exports to $5

billion by 2025. However, a number of hurdles need to be addressed in the ICT sector to be able to reach this goal. For instance, ICT firms still struggle to find suitable candidates with the required skills. The Government of Bangladesh need to ensure that educational institutions at the secondary and tertiary level provide both ICT skills that are both on a par with international standards.

Pharmaceutical sector is another promising sector in Bangladesh. The pharmaceutical sector is one of the most developed among the manufacturing industries in Bangladesh. Medicines are exported to more than 100 countries around the world and cater to 97 per cent of the domestic demand. Drugs worth $136 million were exported in fiscal 2019-20, which is a very small portion of overall export income. Although Bangladesh is exporting to a large number of countries, only 21 countries made up 88 percent of exports values. Experts recommended that Bangladesh should target a few countries, and then stay focused and persistent in growing their businesses in those particular markets. In addition, Bangladesh should request for TRIPS extension to WTO-TRIPS Council (the Council for Trade-Related Aspects of Intellectual Property Rights of the WTO (WTO-TRIPS Council). TRIPS Extension could potentially allow Bangladesh to produce generic medicines and export generic versions of patented medicines to any country - non-WTO members, LDCs and other developing countries – where these medicines are off-patent. Thus, extension of TRIPS exemption would certainly increase export revenues in the Pharmaceutical sector of Bangladesh.

Shipbuilding is a promising sector in Bangladesh. A prospective market is emerging for Bangladesh with increasing demands for small and medium sea-going vessels as the industry leaders like China and South Korea are focusing on larger container ships. The Shipbuilding Industry Development Policy-2020 recently approved by the government aims at earning $4.0 billion annually from ship exports by the year 2025. As long as the new policy is effectively implemented, Bangladesh has a reasonable chance to gain extensively from shipbuilding exports.

Bangladesh's light-engineering sector offers significant export prospect. Bangladesh mainly exports bicycle, electrical equipment, construction-related equipment and machinery, stone and brick crushers, spare parts for paper & cement mills, bicycle light fittings and others. According to the Export Promotion Bureau, the Bangladeshi small and medium scale manufacturers exported US$529 million worth of engineering goods in the FY 2020-2021, posting an 80.60 per cent growth year on year. However, the sector currently suffers from lack of funds, manpower and international- standard certification. Since global market size of the light-engineering products is about $7 trillion and European and American markets had a duty-free access for Bangladesh, there are huge potentials for boosting its shipments through producing international-standard products

As Bangladesh hopes to graduate from LDC to a developing country by 2024, we need to actively attract FDI and attain diversification in exportable goods and services. It needs to achieve diversity in the range of exportable products and services. Moreover, geographic diversity is also necessary in terms exporting countries. In this context, the government should design appropriate policies and make significant efforts in implementing those policies. Its multi-pronged negotiations with countries in South and Southeast Asia for a regional arrangement is a step in the right direction. This is the direction to influence the next 50 years.

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FIFTY YEARS OF BANGLADESH: A MACRO-ECONOMIC OUTLOOK

Ismum Nawar
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The 1971 independence of the People's Republic of Bangladesh from Pakistan was earned by sacrificing the blood of 3 million people. The country is now celebrating the golden jubilee of its victory.

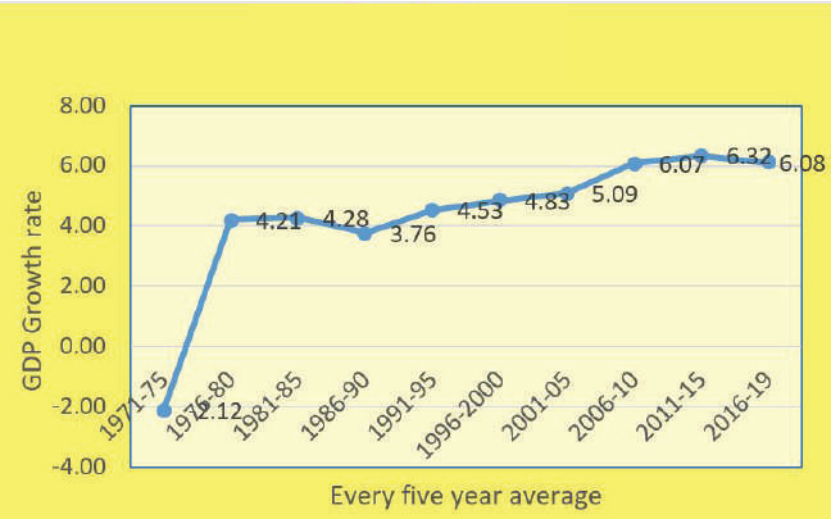
The inherited war-hit poor country had an empty coffer at the beginning. With limited resources, Bangladesh has made remarkable strides, transiting from lower-income to lower middle-income country, and on track to graduate from the *Least Developed Country* list by 2026. The two significant endowments of Bangladesh are land and labour.

The major economic development of Bangladesh can be described through five indicators: gross domestic production growth, gross national income, unemployment, income inequality; and remittances.

Gross Domestic Production (GDP) growth rate

Since the independence of Bangladesh, a radical change in the GDP growth rate has been noticed. During the 1970s, the GDP growth rate was 2-3 per cent, which gradually rose to 4 per cent in the 1980s. The gradual decreasing dependence on foreign aid stabilized the economy from the 1990s, reaching 5 percent annual growth.

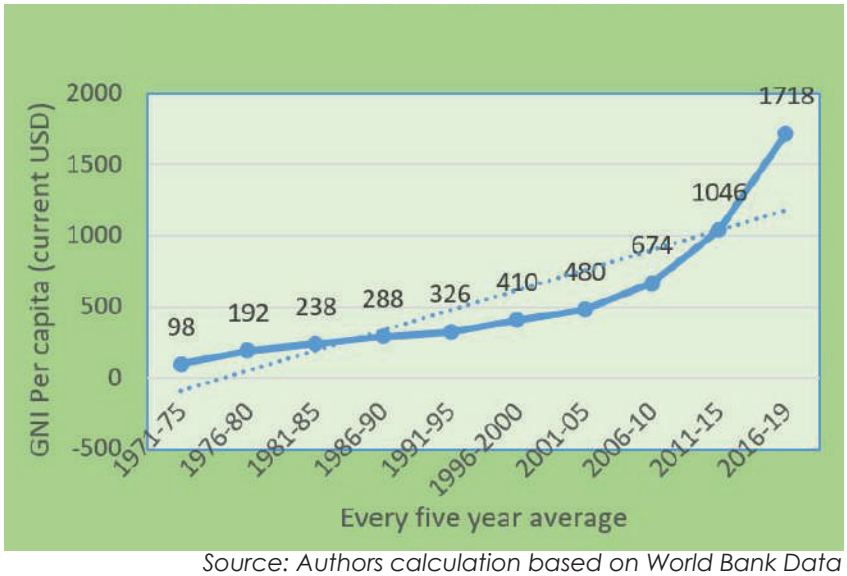
Figure 1: Trend of GDP Growth Rate



Source: Authors calculation based on World Bank Data

The rate reached 6 per cent from the 21st Century. Bangladesh is now progressing towards a growth rate of 7-8 per cent per annum; wherein 2019 the rate was 8.15%, setting a remarkable example for the developing world. The incremental contribution of agriculture in gross domestic product (GDP) has declined over time, whereas industry and service became more prominent. From 1990 to 2018 the greatest GDP share was manufacturing, with a diminishing agricultural role. Even so, the Bangladesh's economy was led by the service-sector accounting for more than half of the GDP, with the most important sub-sector of the services continues to be wholesale and retail trade (Bhattacharya, 2018).

Figure 2: GNI Per Capita, Atlas Method



Source: Authors calculation based on World Bank Data

Gross National Income (GNI) Per capita, Atlas Method

Gross National Income (GNI) per capita represents the amount of money earned by each person in a country. The Atlas method of conversion by the World Bank is used to adjust the smooth fluctuations of prices and exchange rates. Increasing GDP growth has resulted through a gradual increase of GNI per capita over the years. It started from USD100 at the time of independence, but it has reached an average of USD 1,718 during the last five years. This has resulted the increase of purchasing power parity (PPP) of the population.

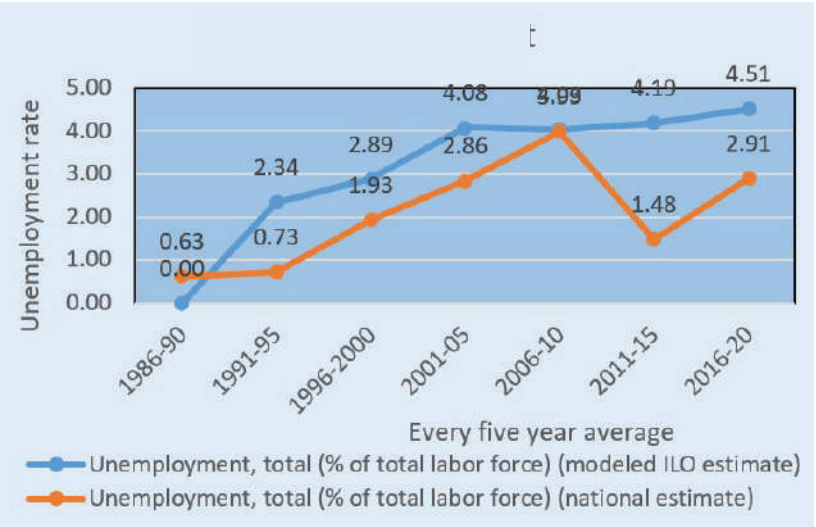
Poverty

Robust economic growth and increasing PPP noticeably contributed to the decline of poverty. Also, the increasing PPP led to the decline of the share of the population residing below the poverty line from more than 80% in the early 1970s. In 2019 the poverty rate was 20% and the extreme poverty rate was 10%. Efficient fiscal management, inclusive growth policies, growing domestic and overseas employment, and diverse social security programs have contributed to the country's decreasing poverty rate (CRI, 2021).

Unemployment rate

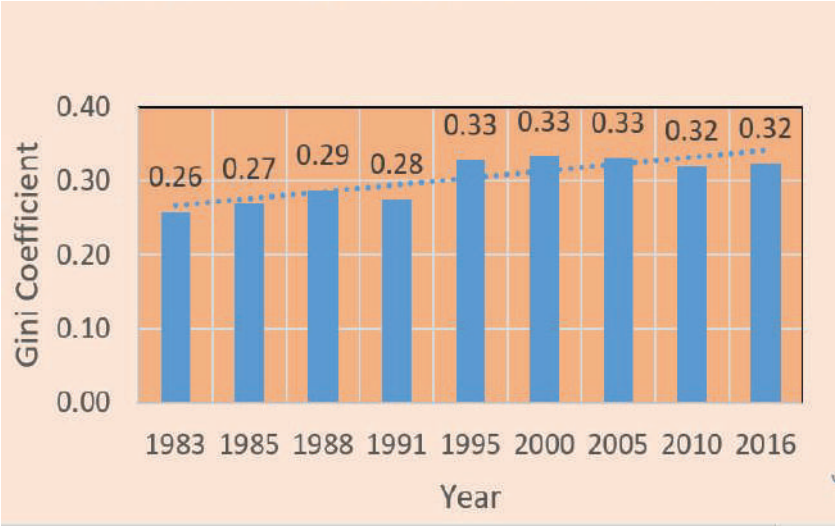
Unemployment remained a major problem over the years for Bangladesh due to the gap between theoretical education and practical efficacy. According to International Labour Organization (ILO), the estimated average of every five-year unemployment rate as a percentage of the total labour force from 1986 shows an alarmingly increasing trend from 0.66% to 4.51%.

Figure 3: Unemployment



Source: Authors calculation based on World Bank Data

Figure 4: Gini index (World Bank estimate)



Source: Authors calculation based on World Bank Data

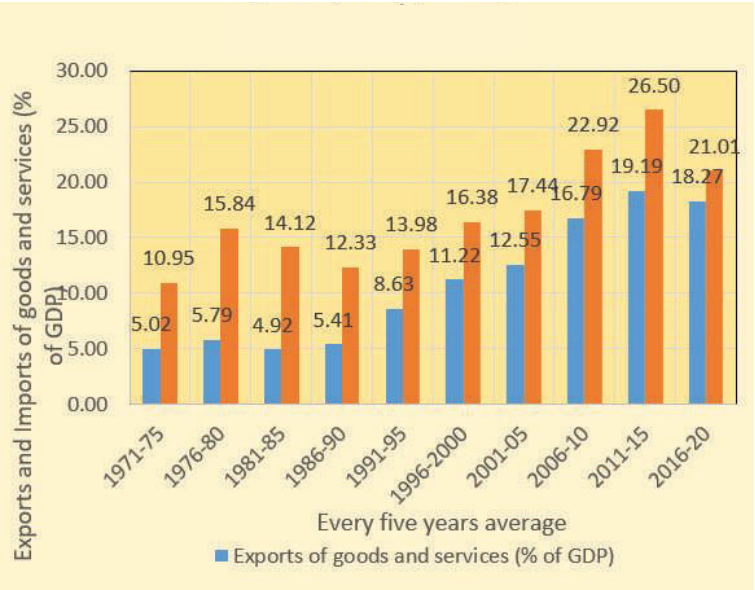
Income inequality

The consumption Gini-coefficient measuring the area between the Lorenz curve and a hypothetical line of absolute equality (by World Bank) of the available years for Bangladesh remained relatively stable from 0.26 to 0.32 representing adequate equality in the country. While, the HIES data refers that the income Gini Co-efficient has increased between 2010 and 2016 from 0.46 to 0.48 (Bhattacharya, 2018).

Export and import

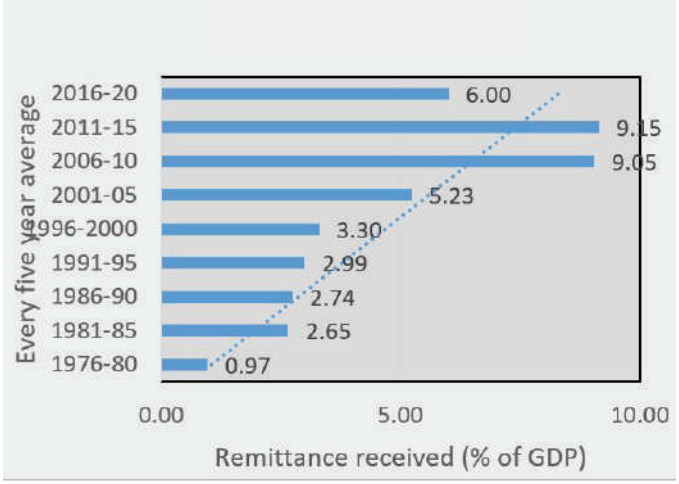
In the global arena, especially in South Asia, Bangladesh is a growing example of export-led development. Leather, jute, pharmaceuticals, agricultural products, and sea fish exports are high on the export list, but it is in the RMG sector where Bangladesh has made news, It has secured the second position in the world for apparel producers after China. At the beginning of the 1970s, when RMG export was only 5% of total GDP, it doubled during 1990s, and during the last decade it has contributed around 15% of the total GDP. Even though the ever-growing population of Bangladesh is considered as one of the barriers, in the case of the readymade garments industry this huge human resource became one of the major pillars for sustainable and increasing economic growth. On the other hand, Bangladesh is relied on importing mostly petroleum and oil, textiles, food items, iron and steel, edible oil, chemicals and so forth. The percentage of import is greater than export, which is around 15% in the 1970s, 17% in the 1980s and gradually to more than 22% over the last decade, which should take into consideration for less reliance on imports.

Figure 4: Export & Import



Source: Authors calculation based on World Bank Data

Figure 5: Remittance



Source: Authors calculation based on World Bank Data

Remittance

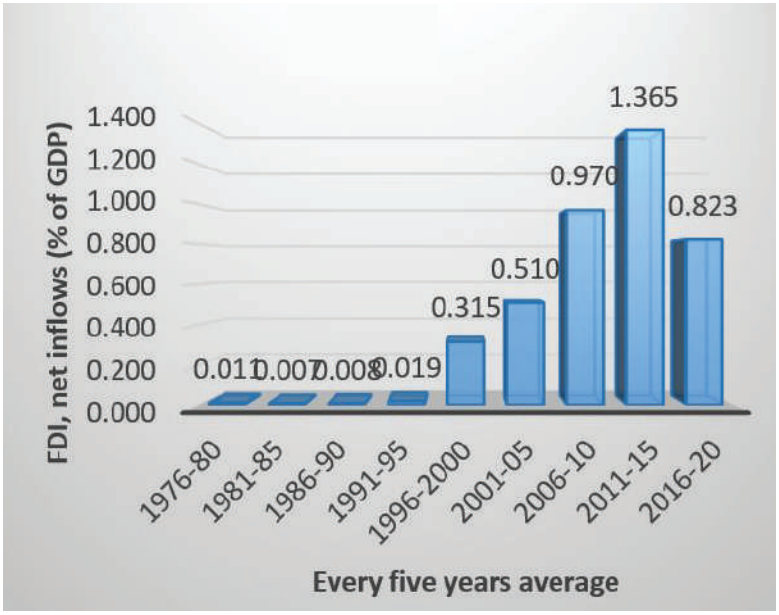
The foreign exchange reserve of Bangladesh has been boosted by the remittance of overseas migrants. The increasing trend of remittance inflow began in 1976 since the beginning of the manpower export. It was only 0.97% at that time where it gradually rose to 3% in the 1990s, then on an average it increased to 9% during last ten years. Nevertheless, if the unofficial inflow of currency has been taken into account it would have shown a much greater figure in GDP and export earnings (Helal and Hossain, 2013).

Foreign Direct Investment (FDI)

Compared to many peers of the region, Bangladesh has been performing low in the foreign direct investment (FDI). Since independence, Bangladesh could not achieve the expected FDI inflow contributing only 1% of the total GDP.

In general some astounding accomplishments have been achieved by Bangladesh: a fast growing economy, encouraging private investment, accelerated urbanization and industrialization. Even though Bangladesh is being applauded in the global community for its remarkable economic growth performance, the state has still far way to achieve the inclusive growth.

Figure 6: FDI



Source: Authors calculation based on World Bank Data

In a report published by Oxfam, "The Commitment to Reducing Inequality Index 2018", Bangladesh has been placed among the 10 worst performing countries as per its CRI index. The proper utilization of the potential labour force, domestic resource mobilization and attracting more FDI, Bangladesh can further improve its growing trend and achieve the 2041 milestone.

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Tea Garden at Sylhet

CHATTOGRAM PORT: THE HEART OF BANGLADESH'S ECONOMY & A SERVICE-ORIENTED ORGANIZATION

Monira Munni
Seniorr Staff Reporter
The Financial Express

Located in the port city of Chattogram on the banks of the Karnaphuli River, the port currently run by the Chittagong Port Authority (CPA) handles around 92 per cent of the country's maritime trade related to export-import. Bangladesh fetched US$31.45 billion from goods exports while it imported goods worth about US$60 billion in the last fiscal year of 2020-21. Because of its geographic location, the country creates the opportunity of easy and cost-effective foreign trade to be carried out through this port with all the South Asian and other Asian countries. Besides, sufficient and low-cost labour is readily available here, and for these reasons, Chattogram Port holds much potential, not only for Bangladesh, but also as a highly promising regional sea-port.

On April 25, 2021 the port turned 134 years old. The history of Chattogram Port, one of the oldest natural ports in the subcontinent, dates back to the 4th century BC. The area was called 'Shetgang', where Arab, Chinese, European and Turkish traders settled. The Chittagong area, currently Chattogram, has been a recorded seaport since the 4th century BC.

With the partition of India in 1947, Chattogram Port was suddenly subjected to heavy pressure of more commercial activities, being the major sea port of the then East Pakistan. The railway and the port immediately undertook a short-and long-term plan, and during the 1950s, nine jetties, including seven new ones and a number of pontoon berths and moorings, were constructed.

Such rapid development necessitated the reorganisation of the Port Management, resulting in the formation of Chittagong Port Trust in July, 1960, to do away with the dual administration of the sea port by the Port Commissioners and the Port Railway. Under the 'Trust' system, a quick development of the port did not pick up momentum to meet the challenges of modernisation and expansion. In 1971, after the emergence of Bangladesh as an independent country, Chattogram was retained as the main sea port of the country. The 'Trust' system administration was then abolished by an Ordinance in September 1976 and the Chittagong Port Authority (CPA) came in existence.

With the rise of economic activities, mostly centered upon exports of textile and readymade garment, jute and leather goods, tea, frozen foods and urea and imports of RMG raw materials, food stuffs, chemical, machinery, steel and electronic products, the port hit the headlines on and off for reasons that can be termed as counterproductive from the perspective of trade and commerce, either for infrastructural bottlenecks or container and traffic congestion.

Table 1: Container handling statistics of CPA

Financial Year	Import		Export		Total	
	TEUS	TONS	TEUS	TONS	TEUS	TONS
2014-15	940,827	13,132,923	926,115	5,535,446	1,867,062	18,668,369
2015-16	1,109,355	15,498,565	1,080,084	5,642,419	2,189,439	21,140,984
2016-17	1,211,874	17,084,610	1,207,607	6,395,923	2,419,481	23,480,533
2017-18	1,363,375	19,089,447	1,342,534	6,880,740	2,705,909	25,970,187
2018-19	1,410,302	18,890,034	1,398,197	6,628,017	2,808,499	25,518,051
2019-20	1,390,759	19,073,840	1,400,431	6,373,139	2,791,190	25,446,979
2020-21	**1,387,359**	**18,766,002**	**1,380,825**	**6,942,483**	**2,768,184**	**25,708,485**

According to CPA data, some 2.76 million TEUs (the twenty-foot equivalent units) of containers were handled through the country's prime seaport in last fiscal year of 2020-21, up from 1.34 million TEUs in the fiscal 2011-12. Besides, 4,062 ships have come to and gone from the Chattogram port in FY21. In addition, larger ships are now able to dock at the port jetty which the port authorities consider one of the successes. According to CPA data, some 2,294 vessels visited the port in fiscal 2013-14.

Table 2: Vessel Handling Statistics of CPA

Financial Year	No. of Vessel
2013-14	2,294
2014-15	2,566
2015-16	2,875
2016-17	3,092
2017-18	3,664
2018-19	3,699
2019-20	3,764
2020-21	4,062

Industry insiders, however, believe the numbers of large ships are still not so encouraging, and termed this one of the major challenges. The volume of exports is comparatively less than the imports of the country. As a result large ships go back with empty containers, discouraging bigger ships. With average annual container handling growth of more than 10 per cent, the Chattogram port yard faces acute congestion throughout the year from container storage. Moreover, during festival-linked holidays, when truckers are reluctant to transport cargo, the number of containers at the port yard exceeds storage capacity.

Another challenge, according to exporters and importers, is corruption. In many stages consumers have to bribe concerned people to speed up their goods delivery. Besides, after a long time in berthing, exporters and importers also face delays in scanning goods. According to exporters, they need more than 30 days to ship their exportable goods to the United States, whereas Vietnam needs only 15 days. If the days can be reduced to 20 to 22 days by lessening the time beginning from goods handover to reaching main vessel, it would help exporters to be competitive in the global market. They believe, as building deep seaport will take much time and other issues are involved with the process, there is no alternative to efficient handling at Chattogram port. According to CPA, several development projects have been taken to improve the performance of Chattogram port. These included Patenga Container Terminal (PCT) and Bay Container Yard (BCY). The CPA will build a one million-square-meter (1.19 million-square-yard) mega-container yard, which will substantially increase storage capacity, lessening port yard congestion. The new facility, to be called Bay Container Yard, will add space for 550,000 TEUs, increasing Chattogram Port's storage capacity to 600,000 TEUs — a more than tenfold increase in yard storage capacity.

Chattogram Port

With the country's graduation from a least developed country status, its export and import activities will also increase manifold and thus create huge pressure on the largest seaport of the country. According to one projection, the container traffic might reach to 5.1 million and 5.4 million TEUs in 2030 and 2040 respectively. Dhaka's expectation to and from container traffic may be 3.57 million and 3.78 million TEUs in 2030 and 2040 respectively. The present container traffic growth-rate in Chattogram Port is almost double to the prevailing GDP of Bangladesh.

Usually transport and GDP growth grow at par, but in least developing countries, like Bangladesh, containerization was a late starter. As such growth in nascent years has shown robust tendencies, but tapes off, once traffic has consolidated the growth rate and would be more consistent with the GDP rate.

The present high berth occupancy and the projected growth of traffic, particularly containerized cargo through the port of Chattogram has underscored the need for improving the port's capacity to match the needs not only for the expected increase in the traffic but also for growing trend of containerization.

To meet trade objectives, it is imperative to improve efficiency and enhance the capacity of maritime gateway and make Chattogram Port more responsive to commercial needs exporters, importers and carriers.

The seaport must be able to offer increased level of efficiency and cost compared to other ports.

HARNESSING THE POTENTIAL OF OVERSEAS LABOUR MIGRATION FROM BANGLADESH

Syeda Rozana Rashid, Ph.D
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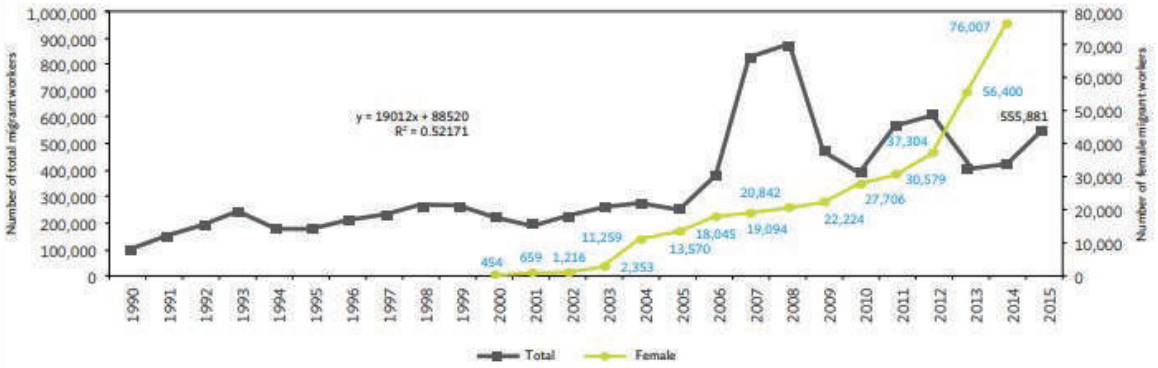
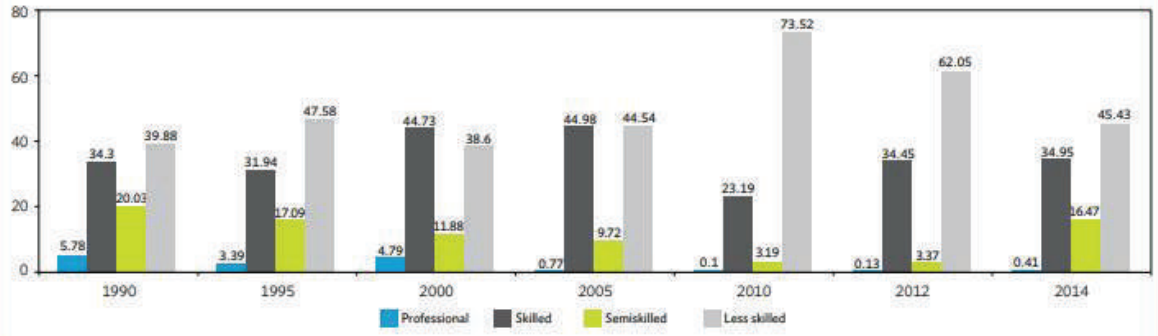
Labour migration is an indispensable part of the Bangladesh economy. The journey which started in the 1970s using the personal network of Bangladeshis with foreign companies has now become a prerogative of the international labour market with states playing a regulatory role. On average 700,000 Bangladeshi men and women migrate to the Gulf and the Southeast Asian countries with short-term job contracts in construction, agriculture, manufacturing and service sector[1]. While their migration eases the unemployment problem of the country, their remittances contribute to the national treasury. In 2020, remittance contributed to 5.52 per cent of the country's GDP, 54.06 per cent of total export earnings and 35.91 per cent of total import payments[2].

Figure 1: Total Bangladeshi Workers Going Abroad & Female Migrant Workers, 1990-2015



Source: Author's construction using data from the Ministry of Expatriate Welfare and Overseas Employment website.

Figure 2: Share of Skill Categories in Total Migrant Workers (%)



Source: Constructed using data from the Bureau of Manpower, Employment and Training.

[1] BMET, *Statistics*. Available at: http://www.old.bmet.gov.bd/BMET/stattisticalDataAction . Accessed on 28 September 2021.

[2] Bangladesh Bank, Quarterly Report on Remittance Inflows, April June 2020. https://www.bb.org.bd/pub/quaterly/remittance_earnings/april_june_2020.pdf

The economic dependence of the country and the household on migrants' remittances has essentially brought legal and policy changes favouring their migration. The government has adopted relevant laws, rules and policies to govern and regulate migration commensurate with the country's vision to graduate to a Middle Income Status. One of the core priorities of the country's Vision 2021 is to alleviate poverty by transforming the country's working force into more skilled and efficient human resources generating both domestic and foreign employment. The 6th, 7th and 8th Five Year Plans have given clear policy directions in relation to labour migration, e.g., promoting migration from poorer areas; encouraging women participation in the labour force; increasing the share of skilled and semi-skilled migrant workers; identifying new international labour markets; regulating the migration sector; ensuring protection and welfare of migrant workers; increasing the current rate of remittances; reducing remittances and migration costs and finally supporting returning migrant workers through schemes for enterprise development and enhancing access to micro-finance. While the sector carries a huge prospect of development for the demographically huge state, challenges lies in making it a profitable venture for the state and the people alike.

Table 1: Bangladesh Economic Zone Authority

Project Name	:	**Project for Development of Economic Zones and Capacity Enhancement of Bangladesh Economic Zones Authority (BEZA)**
Themes	:	Enterprise Survey on Potential Investment to the Upcoming Economic Zones (EZs) in Bangladesh
Country	:	Bangladesh
Location	:	Industrial Area of Dhaka and its outskirts
Duration of Field Survey	:	June 2-27, 2015
Target Population	:	Bangladeshi Enterprises
Respondents	:	Top and Senior Management (Chairmen, MDs, Proprietors, Managers)
Nature of Business	:	Manufacturing (27) & Trading (3)[1]
Number of Target Business Sector	:	Fifteen (15)
Number of Target Business Sector	:	Fifteen (15)
Selected Business Sector (category-wise)	:	**A. High Priority Sectors**[2] • Agriculture/food processing industry • Plastic and Rubber Products • Ready Made Garments/Apparels • Wooden Products / Furniture • Knitting and Textile, Yarn, Spinning • Jute and Jute Goods Materials • Pharmaceutical and Healthcare Goods • Footwear and Leather Goods • Bi-cycle **B. Priority Sectors**[2] • Automobile /Motor cycle parts • Electrical and Electronics • Light engineering industry **C. Other Sectors** • Garment Accessories • Medical Equipment and Devices • Cables, wire harness
Sample Size	:	30 (Medium-9 & Large- 21)[3]
Survey language(s)	:	English and Bangla (local language)
Sampling Technique	:	Stratified Random Sampling
Data-collection method	:	Face-to-Face interview
Survey Conducted by	:	The Survey and Research Team of Young Consultants (YC) conducted the survey. The survey was implemented by four (4) Research Executives, Abdul Gaffar, Shibu Deb Nath, Ali Imam, Asifuzzaman, under the direct supervision of Mr. M. Zakir Hossain.

Data from: file:///H:/July%202,%202020/BEZA2017Report.pdf

First and foremost among the challenges is the exorbitant cost of migration. According to a recent study of BBS, the average cost of male and female migration is BDT 471,668 and BDT 10102 respectively whereas the average monthly earning of a migrant in BDT 25,693.[3] The cost of migration for low-skilled workers are more exorbitant, with significant shares of the recruitment fees are paid to middlemen, with the remainder covering agency fees at both ends, official costs, and travels. Most become indebted to raise the funds, mortgaging land, selling property, taking high-interest loans, or borrowing from relatives. Some migrants do not earn enough to recover their migration costs during their entire tenure abroad.

Second, over the past few years the number of youths intending to migrant to Europe in irregular pathways has increased to an alarming level. Labour migration through irregular pathways increased during the pandemic, especially to Europe through the Mediterranean Sea. Around 4,510 irregular Bangladeshi nationals arrived by sea and by land in Europe by entering Italy, Malta, Spain or Greece in 2020, according to available data from the Displacement Tracking Matrix (DTM) Europe.[4] *Frontex* data shows that between January and May 2021 the total number of illegal crossings on the central Mediterranean route more than doubled to over 15,700 and Bangladeshis were among the two top nationalities accounted for this route.[5] While Bangladesh State is committed to ensure safe, orderly and regular migration, such trends inevitably leave severe consequences for the migrants and their families and also tarnish the image of the country.

Third, a 'decent work' deficit is a vital issue that compromises the rights and wellbeing of migrants. Low wages, lack of information on migration opportunities and risks, wage theft, discrimination, exploitation and abuse are some of the common problems faced by the workers while services to protect the rights of workers are either non-existent or insufficient. Women workers in particular, suffer from various forms of mistreatment and abuse, not only in the process of migration but also on their arrival in the destination country. Many become victims of sexual harassment, physical abuse and are denied basic rights by their employers and co-workers. The COVID 19 pandemic has exposed migrants to severe shortage of protection. Surveys conducted on the plight of the migrants depicted sheer job loss, non-payment of wages, arbitrary arrest, detention and deportation of the migrants.[6]

Fourth, statistics show that around 50% of the workers are unskilled or semiskilled. Bangladeshi workers' low levels of skill not only reduce their employability in the international labour market but also restrict the quality and value of domestic manufacture and value-added industry. Dirty, dangerous and demanding jobs are almost reserved for Bangladeshi men and women who endure human rights violations. Although the development plans of the country have emphasised investing more resources to build and expand Bangladesh's skill development system, especially through the strengthening of Technical and Vocational Education and Training (TVET) system, significant gaps exist in the skilling of both aspirant and returnee migrants.

[3] See BBS, Cost of Migration Survey 2020. Bangladesh Bureau of Statistics (BBS) (Statistics and Planning Division, GoB: Bangladesh, 2021) Available at: https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-dhaka/documents/publication/wcms_766198.pdf

[4] IOM and EU, Bangladeshi Migrants in Europe 2020-A Multiple Source Snapshot. 2021. https://reliefweb.int/sites/reliefweb.int/files/resources/Bangladeshi%20Migrants%20in%20Europe%202020_Final.pdf

[5] Frontex, June 22, 2021, Situation at EU External borders-Detections rise from record lows a year ago, https://frontex.europa.eu/media-centre/news/news-release/situation-at-eu-external-borders-detections-rise-from-record-lows-a-year-ago-AvxlbX

[6] Rashid, S. R., Mohammad , H., Jahid , F., & Nasrin, R. (2021). Facing COVID-19 In Countries Of Destination: Health Shocks, Income Risks, Detention, Deportation and Wage Theft. In T. Siddiqui (Eds.), *The Other Face of Globalisation COVID-19, International Labour Migrants and Left-behind Families in Bangladesh* (p. 14). Dhaka: RMMRU.

Fifth, while there is a growing understanding among stakeholders that the reintegration process needs to be supported in order to be successful returnee migrants and their economic reintegration have largely been excluded from the services that are rendered to migrants in Bangladesh. There is no systematically procured data on the number of returnee migrants and their skills background. However, migrants returning under various circumstances—whether after successful completion of their work contract or returning abruptly due to fraudulent recruitment practices, abusive employment conditions or due to the COVID-19 pandemic—deserve opportunities for employment and enterprise development.

Finally, despite securing a place among top ten remittance receiving countries of the world, Bangladesh lacks an efficient and consistent flow of remittances and their productive use. A significant portion of the remittances are sent through unofficial channels depriving the national income. In the absence of an insurance market, migrants rarely invest their remittances in the productive cycles. Remittances are mostly used for household consumption, buying land, building houses and thus earning social capital. At the national level, remittances repatriated by migrants thus only serve to ease foreign exchange reserves and exchange constraints faced by the state; they do not guarantee the self-sustaining economic growth of the country.

To sum up, despite many noble intentions and a plethora of rules, laws, and organizations, Bangladesh has yet to harness the full potential of labour migration for development. Migration-development nexus is influenced by inherent weaknesses manifested in the high cost, lack of skills, rights and welfare as well as efficient flow and effective use of remittances. These have clear policy implications. Bangladesh should continue dialogues, negotiation and diplomacy with the existing and prospective countries of destinations to reduce the cost of migration and promote workers' safety, welfare and rights as well as to explore new labour markets. Factors that can significantly influence migrants' remitting behaviour through unofficial channels should be identified and counter-strategized so as to attract remitters to formal channels. Reintegration of returnees should be an integral part of labour migration. Returnees should be empowered and protected with necessary skills, loans and assistance to help sustain the benefits of migration after return. Finally, the country needs a well-articulated strategy and preparedness to safeguard the labour migration sector from the unforeseen risks such as COVID-19 pandemic.

BANGLADESH: HARNESSING THE BLUE ECONOMY POTENTIAL

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Seas have always been instrumental in defining the destiny of the world, be it as a means of transportation or as trade routes or as a hub of resources. They have also played a significant role in bringing people closer, melting down cultures and religions; and they definitely helped disseminate new ideas and thoughts. Today, as we stand in the 21st Century, seas are important not only for military use but also for economic needs.

Earlier technology was not that advanced. Hence the sea was a forbidden world. At that time people only focused on fishing and oil extraction. But new technologies have opened up new vistas of opportunity. Countries now try to exploit and explore the resources of the seas and oceans. New thinking on the ways and means of utilizing seas and oceans have evolved. Professor Gunter Pauli's seminal book, *The Blue Economy: 10 years, 100 innovations, 100 million jobs*, brought the concept of *Blue Economy* into prominence in 2010 for the first time. Today, the *Blue Economy* is ushering in a new paradigm of ocean- and sea-based sustainable development without jeopardizing ocean health.

The concept of the *Blue Economy* was conceived at the Rio+20 United Nations Conference on Sustainable Development, held in Rio de Janeiro in 2012. Subsequent to the Rio+20 processes there has been a growing appreciation of giving more in-depth attention to the world's oceans and seas. The importance of robust, cooperative and coordinated action by all was recognized within the international community. In fact, the world is now trying to formulate a *Blue Economy* strategy to harness the potential of oceans, seas and coastal areas for sustainable economic development.

The concept of *Blue Economy* is still evolving. Different stakeholders define it in different ways, yet *Blue Economy* is all about harnessing the maritime resources in such a way that it does not harm the ecology of the marine environment. As such, *Blue Economy* conceptualizes oceans and seas as *development spaces* where spatial planning integrates conservation, sustainable use of living resources, oil and mineral wealth extraction, bio-prospecting, sustainable energy production, marine transport, and so forth.

Bangladesh is a maritime country in the truest sense of the term. Sea and maritime activities have been part and parcel of our lives and livelihood, trade and business. Our delicate sea relationship prompted the Government of Bangladesh, under the leadership of Bangabandhu Sheikh Mujibur Rahman, to enact the "Territorial Waters and Maritime Act" in 1974, much before the formulation of United Nations Convention on the Law of the Seas (UNCLOS) in 1982. But due to maritime disputes with Myanmar and India, we could not advance our maritime activities. After maritime dispute resolution with India and Myanmar and in 2014 and 2012, respectively, Bangladesh gained authority over more than 19,000 square kilometers of sea areas.

As a result, a maritime area is almost equal to the total land area of Bangladesh, and under the authority of the Bangladesh government.

Following the Prime Minister Sheikh Hasina's 2014 Blue Economy declaration, Bangladeshis started hoping for a new tomorrow by exploiting the fleeting *Blue Economy* opportunities. Underlining the *Blue Economy* as a window of opportunity for development, the Prime Minister expressed her resolve to turn the Bay of Bengal into a hub of economic development and prosperity. Undoubtedly the *Blue Economy* will play an important role in poverty alleviation, ensuring food and nutritional security; and combating climate change impacts.

So far, the country has explored only a small number of *Blue Economy* sub-sectors, such as fisheries and aquaculture, shipbuilding, ship-breaking, salt generation, and port facilities. In recent days Bangladesh has also started focusing on enhancing coastal shipping and oceanic mineral mining activities, promotion of tourism, and augmenting the disaster management capabilities. Some field surveys were also conducted, propped up by foreign donations, to build conservation plans for fisheries and theft prevention in the Bay of Bengal. Even the seventh Five-Year Plan is addressing *Blue Economy* sectors, like renewable energy, fisheries, tourism, climate change, human resource, and transshipment, and so forth. In 2017, a *Blue Economy Cell* was set up under the Energy and Mineral Resources Division of the Ministry of Power, Energy and Mineral Resources to bring dynamism in this field.

Nevertheless, Bangladesh needs to go further in ushering in a qualitative and quantitative grasp over the *Blue Economy*. For example, Bangladesh's fishing zone is limited to a 40-60 meter depth due to lack of appropriate fishing gear and smaller fishing boats. Ocean high value fishes (pelagic tuna/Scombridae, mackerel, Indian salmon/Polynemidae, and so forth) only rarely appear in these areas, but these are available in deeper water in abundance. As a result, we catch only 0.70 million tons of fish every year out of a total 8 million fish availability per year from our own part of the Bay of Bengal.

Despite the stated slow progress one has to agree on the point that now seas and oceans are on our policymakers' radar and the sustainable development of the *Blue Economy* is within the focus of Bangladesh.

26 Blue Economy Functions Identified

Bangladesh has identified twenty-six maritime economic functions for the development of the *Blue Economy*. These are related to: shipping, coastal shipping, sea ports, passenger ferry services, inland waterway transport, shipbuilding, ship recycling industry, fishery, mariculture and aquaculture, marine biotechnology, oil and gas, sea-salt production, ocean renewable energy, blue energy and biomass, aggregates mining, marine genetic resources, coastal tourism, recreational water sports, yachting and marinas, cruise tourism, coastal protection, artificial Islands, delta planning, maritime safety and surveillance, and human resource development.

Addressing *Blue Economy* related industrial, economic, and social projects is a colossal job encompassing a wide geographical area and wide array of different activities and infrastructures, including road network, rail network, power supply and water supply network, ports and airports, power generation station, water treatment facilities, warehouses, industrial complexes, hotels, motels, tourist resorts, just to name a few. Hence, resiliency planning and comprehensive appraisals should be the keys in ensuring sustainable development. Moreover, proper harnessing of marine resources or utilization of maritime domain would need the regulatory oversight of international and local authority and cooperation of stakeholders. Hence, spatial planning of the *Blue Economy* will be of paramount importance.

Additionally, many countries focusing on Integrated Coastal Zone Management (ICZM) whose purpose is to maximize the benefits provided by the coastal zone and to minimize the conflicts and harmful effects of activities upon one another, on resources and on the environment. This involves a process of governance and consists of the legal and institutional framework necessary to integrate development and management plans for coastal zones with environmental (including social) goals, and made with the participation of those affected.

The *Blue Economy* field is quite new in the world as far as best practices, technology availability, presence of expert manpower, and institutions are concerned. Transition towards the *Blue Economy* will definitely raise a number of challenges. For example, it will entail fundamental and systemic changes in the business-as-usual approach of the policies, management and governance frameworks; and will also demand identification of various maritime economic functions.

In a policy paper on *Blue Economy*, the World Bank has recently highlighted the main basic challenges. First, the basic economic practice of unsustainable exploitation of marine resources needs to be replaced by the practices that focus on sustainability of oceans and sea. A second challenge is with regard to investment in human capital. The third challenge is related to innovative *Blue Economy* activities.

Blue Economy challenges

Among challenges a *Blue Economy* faces security of the maritime domain, good governance of the oceans, ruled-based maritime activities, information and knowledge sharing, international cooperation, protection against international smugglers and fish pirates or Illegal and Unregulated and Unauthorized (IUU) Fishing, sustainable use of biodiversity, addressing the impacts of climate change and ocean pollution, building of resilient coastal infrastructures, technology transfer, research & development, and so forth.

Just one caveat is important here. Transcending into the *Blue Economy* field is undoubtedly an endeavor like sailing into uncharted waters. Venturing into such a complex area without adequate data, research, knowledge, experience, availability of expert manpower may be very risky. Furthermore, the government also cannot do everything and ensure everything. It is a question of huge investment, demanding a wholesome approach for addressing all the potential areas. Hence, the touchstone of success lies in adopting a facilitator's role by the government, as it did in the early days of garments sector development. Let the private sector come in and invest. And the government should only act as a facilitator in setting up and shaping up the *Blue Economy* sector. Definitely some core areas will need Bangladesh governmental attention, but the rest should be left to the ingenuity and entrepreneurship of our enterprising people. Additionally, institution building, education, research, international cooperation, like in any other field will be of paramount importance.

Robert Wyland once said that "The Ocean stirs the heart, inspires the imagination." Rightly so. It is giving us new imaginations and ideas under the broad moniker of *Blue Economy*. In Bangladesh too there will be lots of activities related to seas and oceans. New industrial complexes, infrastructures, buildings, networks of services will start mushrooming in Cox's Bazaar, Kutubdia, Maheshkhali, Patuakhali, Khulna and Mongla areas as the *Blue Economy* related activities increase in the country. For striking a balance between resource exploitation and ecological sustainability of oceans and seas we need to be careful in ensuring resilience in all these. Bangladesh needs to carefully formulate long-term and short-term strategies for developing the *Blue Economy* sector. A prudent road-map may be conceived in overcoming the stated challenges. Only such pragmatic approaches can make our dream for a sustainable *Blue Economy* and a developed and prosperous Bangladesh a reality.

BANGLADESH DELTA PLAN (BDP) 2100: LOOKING BEYOND THE HORIZON FOR A SAFE, RESILIENT & PROSPEROUS DELTA

(at 50, looking at another 100)

Murtuza Zulkar Nain Noman
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What a wonderful feeling as a Bangladeshi to celebrate the Golden Jubilee of Bangladesh. Since 1947, continuous negligence, undermining and exploitation as well as deprivation of social and economic recognition made it inevitable that Bangladesh (then East Pakistan) would acclaim its sovereignty from Pakistan (then West Pakistan) sooner or later. Nothing had stopped us as we had the leader, Bangabondhu Sheikh Mujibur Rahman, the greatest Bangali of all time.

Recent unprecedented floods in Germany and Belgium, for example heat surge in Canada of up to 50 Celsius, and uncontrollable forest fire in Turkey, among other features, all but inevitably signal climate change impacts. Such impacts will hurt all of us harder than before.

In view of the long-term challenges presented by climate change, natural hazards and mitigating water scarcity, the Bangladesh government recognized 'Environmental Sustainability' and 'Climate Change' as long-term development challenges (Chapter 10: Environment, Climate Change and Disaster Risk Management, 6th FYP) for the first time in 6th Five Year Plan (FYP) (FY2010-15). Later on, the government developed National Sustainable Development Strategy (NSDS: 2010-21), to meet the formidable environmental challenges the country faces its development. Challenges arise when the development efforts are made without proper recognition of consequential environmental impacts in different sectors. Equally and more important are the challenges arising from global climate change impacts. NSDS also fulfilled Bangladesh's commitment to the international community to formulate and implement a sustainable development strategy addressing environmental issues including challenges of sustainable development; sustained economic growth; urban environment; social security and protection; environment, natural resources and disaster management; good governance; and institutional framework.

The 7th Five Year Plan (FY2015-20) chalked out the strategies and actions in the areas such as Climate Change Adaptation (CCA); Climate Change Mitigation (CCM); Environmental Management (Pollution and others); Green Growth; Green Economy; and Clean development Mechanism (CDM). The BDP 2100 is the ultimate realization of it.

Why BDP 2100?

* A firm committment to the implementation of national-level strategic plans such as the Five-Year Plans and Perspective Plan and also highly committed to meet SDG targets. Integration of these sectoral, national and global targets and plans into long term coherent strategies taking climate change and future demands into account is the main challenge. Effective implementation of the needed interventions in a well-coordinated manner calls for a long-term vision, planning and interventions.

* A plan to contribute directly to the realization of the country's long-term vision, the "Perspective Plan 2041" and beyond.

* To meet the higher water demand for achieving a greater standard of living and to protect the ever-increasing level of investment in housing and industry from disasters, Bangladesh needs a holistic plan and its implementation involving all government agencies and ministries.

* Due to the large uncertainties with respect to climate change impacts and socio-economic development, adaptive strategy making (called as Adaptive Delta Management or ADM) planning enriching in several global deltas: rather than providing linear recipes, robust and flexible strategies and measures should be taken, with strong institutions and a good knowledge base that allows policy makers and stakeholders to anticipate and decide on the most appropriate investments.

* National challenges: maintain food sufficiency in the face of increasing population and decreasing agricultural land as well as the threats posed by climate change requires coordinated policy actions involving Ministry of Agriculture (MoA), Ministry of Food (MoF), Ministry of Environment, Forests & Climate Change (MoEFCC), Ministry of Disaster Management & Relief (MoDMR), Ministry of Land (MoL), Ministry of Fisheries and Livestock (MoFL), Ministry of Water Resources (MoWR), Ministry of Shipping (MoS), Ministry of Local Government, Rural Development and Cooperatives (MoLGRD&C), Ministry of Finance (MoF) and Ministry of Planning (MoP).

* An integrated and holistic plan involving all relevant ministries whose development activities are mostly affected by the impact of climate change is deemed to be essential;

* Instead of only focusing on short term 'trial and error' actions and projects, keep the long-term vision in mind while prioritizing short-term 'no regret' actions which has been considered utmost important: balance combinations of investments, policies and institutions.

* All the previous mid-to long-term plans be strategic in nature, but to make development secure and sustainable, with long-term investment plan needed.

BDP 2100 Vision, Mission and Goals

An integrated, comprehensive vision for Bangladesh Delta has been set as: "***Achieving Safe, Climate Resilient and Prosperous Delta***". To realize the vision, the mission was detailed as: "Ensure long term water and food security, economic growth and environmental sustainability while effectively reducing vulnerability to natural disasters and building resilience to climate change and other delta challenges through robust, adaptive and integrated strategies, and equitable water governance". Several goals were set under BDP 2100. See the box.

BDP 2100 Goals:

* Goal 1: Ensure safety from floods and climate change related disasters.

* Goal 2: Ensure water security and efficiency of water usages.

* Goal 3: Ensure sustainable and integrated river systems and estuaries management.

* Goal 4: Conserve and preserve wetlands and ecosystems and promote their wise use.

* Goal 5: Develop effective institutions and governance for in country and trans-boundary WR management.

* Goal 6: Achieve optimal use of land and water resources.

These six (06) delta specific goals have been connected with national goals of: Eliminate Extreme Poverty by 2030; achieving Upper Middle-Income Country (UMIC) status by 2030 and being a Prosperous Country beyond 2041.

Policy Options under BDP 2100

In order to illustrate the BDP 2100 role and its contribution to the long-term development of Bangladesh, two policy options are considered.

The First Option refers to the Business as Usual (BAU) policy Option. This is essentially a representation of the government's Vision 2021, Perspective Plan and the Seventh Five Year Plan. In BAU, when the adverse impacts of the climate change and natural hazards increases the GDP growth rate starts falling over, efficiency of capital falls resulting in lower agricultural production, unemployment, migration and pressure on urbanization. In fact, in BAU all available policies are in place except the implementation of BDP 2100. This is the policy environment of the present times where a coordinated effort to manage the delta risks and hazards does not exist.

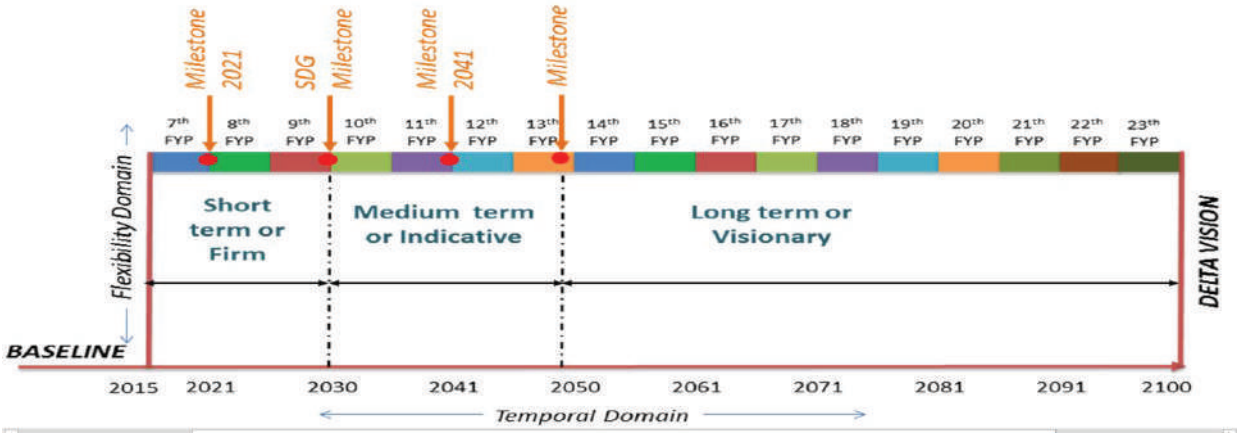
Another BAU alternative is the Delta Plan (DP) Policy Option, which is the combination of the BAU with the adoption of the BDP 2100. This option incorporates the adoption of strong climate change and other delta related adaptation measures to achieve higher and sustainable growth trajectories in the face of the various weather-related natural hazards and risks. DP policy option will allow us to achieve national level goals of eradicating extreme poverty and achieving the status of UMIC by 2030 and also secure being a prosperous country by 2041.

As such, BDP 2100 has adopted an integrated and holistic delta management approach to formulate the projects in order to translate its vision, goals and strategies for implementation in reality over a period of time till 2100. Each of the projects will address the management of water security, food security, climate change impact, environmental sustainability, economic growth, social and institutional development.

Process & Method of Formulation of BDP 2100

* Baseline Analysis: Challenges and Opportunities sought out (26 Baseline Studies)
* Setting the Vision, Mission and Goals
* Scenario Development
* Strategy Development based on Adaptive Delta Management (ADM) Principle
    * At National Level
    * Hotspot wise
    * Cross-cutting (Sectoral)
* Investment Plan Preparation; and
* Implementation Framework.

Figure 1: Time Frame of BDP 2100



Uniqueness in Formulation of BDP 2100

BDP 2100 is formulated in a most systematic and consultative way in the planning history of Bangladesh. This is because of:

* techno-Economic Plan, blending of technical solutions and economic aspirations of the country;
* baseline studies (26 in total) of relevant sectors and cross-cutting areas;
* review of relevant existing policies, plans, strategies;
* based on Policy Options Analysis (with or without) and linked with FYP and SDGs;
* multi-sectoral, Holistic, Adaptive and Integrated (09 Ministry/Division);
* huge Stakeholders Engagement (Filed Visits, Focus Group Discussions, Workshops and Seminars at Local National & International level; more than 3000 persons of all walks of life are consulted);
* addressing Climate Change Impact and Disaster Risk Reduction is the major consideration;
* based on Adaptive Delta Management (ADM) Principle;
* whole country is divided into Six (06) Hotspots;
* strategies and Measures are developed based on Scenario Analysis for each Hotspot;
* investment Plan (2018-30) Built In;
* science-Policy Interaction (ESPA Delta, DECCMA, Meta Model, Delta Dynamic Integrated Emulator Model- ΔDIEM);
* beneficiary Pay Principle, Polluters Pay Principle and many new ideas incorporated;
* valuation of Ecosystem Services is another important consideration;
* investment Planning, Financing and Implementation Framework; Governance and Institutions; DRF for Monitoring and Evaluation; Delta Knowledge Hub and Data Management are unique for any plan in Bangladesh.

Adaptive Delta Management (ADM): The Core of BDP 2100

Strategic Delta Planning in the form of ADM is the core of BDP 2100. Strategic Delta Planning includes:

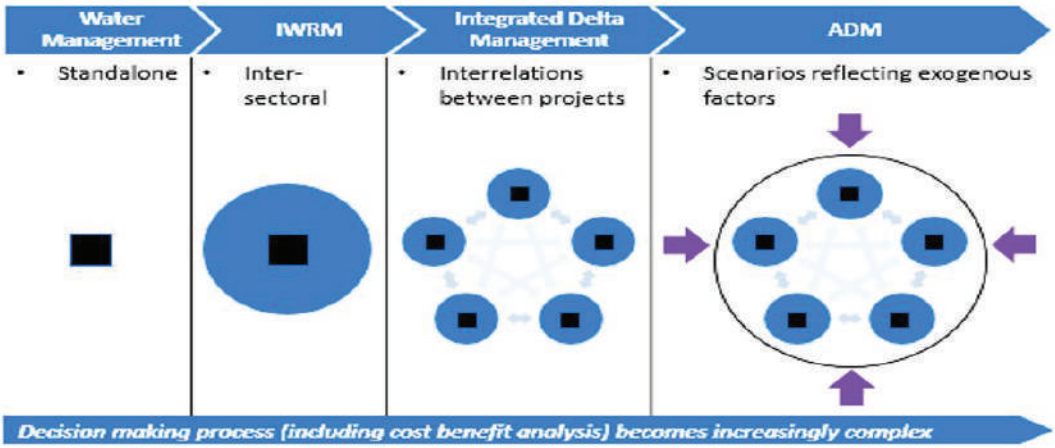
* Problems addressed which are inherently complex or wicked due to the uncertainties, the interconnectivity of basin/delta problems and the different interests and (spatial) claims of actors involved.
* Strategies that cover multiple policy domains.
* A long-term planning horizon of 50 to 100 years.
* Aims to influence and guide developments towards sustainable delta development.

Adaptive Delta Management (ADM):

* *Deals with uncertainties* in a transparent and sensible way to *support decision* making with regard to water policy, planning and infrastructural investments.
* Connect *short-term* targets with *long-term* objectives.
* Combines *water resources management* with plans for *regional/national development*
* Builds further upon *Integrated Water Resources Management (IWRM)* experience in developing and developed countries.
* Looks for policies and strategies that will perform well under a wide variety of futures (*robust policies*).

So, ADM is a structured, iterative process of robust decision making in the face of uncertainty, with an aim to reduce uncertainty over time via system monitoring.

Figure 2: Paradigm Shift in Planning to Adaptive Delta Management



Implementation of BDP 2100 at Present

Strategies and measures of the relevant chapters of the 8th FYP, such as water resource management including trans-boundary water issues, environment and climate change, inland water transport, agriculture and fisheries, have incorporated BDP 2100 strategies and interventions. The 8th FYP also incorporated 47 projects costing BDT 1400 billion from the Investment Plan of BDP 2100 to be initiated for implementation during the 8th FYP period.

To support proper implementation of BDP 2100, a project, namely 'Support to the implementation of BDP 2100 (SIBDP 2100),' has been taken up by the government with financial and technical support from the Government. of the Netherlands. The overall objective of the SIBDP project is to support the implementation of the Bangladesh Delta Plan 2100 (BDP 2100) through building human capacity, institutional strengthening, mainstreaming and help updating/up taking investment plan and reviewing ADP projects to attain BDP 2100 objectives.

The Investment Plan of the BDP 2100 comprises 80 projects (estimated cost of 37.26 Billion USD) to be implemented by 2030. 21 projects are in the implementation phase those are partially fulfilling the objectives of some of the projects included in the BDP 2100 IP. Besides, 195 projects are ongoing those are related with the goals and objectives of the BDP 2100.

One of the greatest quotes of the famous Japanese Film Director, Akira Kurosawa is: "Man is genius when he dreams. Dream what you are capable of. The harder you dream it, the sooner it will come true". BDP 2100 is such a dream for Bangladesh to fulfill. Our Honourable Prime Minister Sheikh Hasina has rightly mentioned that: "*The Bangladesh Delta Plan (BDP 2100) is the plan moving Bangladesh forward for the next 100 years. We have formulated BDP 2100 in the way we want to build Bangladesh*".

Bangladesh is founded in the hands of Bangabandhu whose lifelong dream was a prosperous Bangladesh-the Sonar Bangla. The Bangladesh Delta Plan 2100 is nothing but the realization of his dream. When a country, despite numerous challenges, look forward into another 100 years accepting its realities as well as prospects and dare to plan for it, the nation is sure to succeed. Let us recall Bangabandhu once again: আমাদের কেউ দাবায় রাখতে পারবানা।

Bay of Bengal

DIGITAL BANGLADESH: FROM A DISCUSSION DIALOGUE

(between Mr. Nahim Razzaq, MP, Professor Imtiaz A. Hussain & Dr. Marufa Akhter

Nahim Razzaq, MP

Member of Parliament for Shariatpur-3

First of all, the vision of *Digital Bangladesh* was first discovered by the honourable prime minister, Sheikh Hasina, in 2008, before she was elected. That was the time Bangladesh got endorsed with a tag named *Digital Bangladesh*, and Prime Minister Sheikh Hasina first formatted the frameworks of *Digital Bangladesh*. Beside that she gave us a detailed plan for Vision 2021, meaning she promoted short-term and long-term plans to make Bangladesh a developed country. It was her explicit manifesto. In 2009, about 50 million USD worth of export was earned by the ICT industry, including the *hardware* and the *software* components. Today that amount surpasses 1 billion USD. It took 12 years of hard work to create such connectivity, establishing the basic infrastructure and connectivity, to which were added fiber optics or satellite connectivity, plus telecommunication or data driven community. This is how we could even successfully get connected to the Union *parishad* levels.

Now we are finishing work with the baseline. Our RMG sector is the largest foreign income sector, or the biggest industry. We officially employ 3.5 million labours in this sector, but unofficially 1.5 to 2.0 million labours should be added to that number. Digitalization is creeping in, as we head towards the Fourth Industrial Revolution. It means now it will be more mechanical and more streamlined in terms of digital services. As an example, in the past how did the RMG sector work? The importers gave us the format, and we used to stitch that material, pack the products, and then ship them. Now the format is being changed by designing the layout and finishing the product inside the country and selling it to other countries. This is an additional service. Now we provide to the world the same hand stitching and embroidery but add mechanical integration. Our RMG sector will remain the backbone of our country indefinitely, but diversifying to other industries also has our attention.

It means the upcoming industries, like telecommunications, have stepped forward, in fact I have to mention a company like *Walton* is getting registered in the United States. In the past 10 years we have built the skill of development successfully in these electronic goods. Another factor stems from the leather industry. Leather and refined leather goods were not profound in earlier days, and tanneries were used to materialize only the goods necessary to supply the local markets. These goods were not export-oriented. But now it has become a major export revenue source. So this is how we could bring foreign direct investment in Bangladesh, though I think here are some labour skill gaps.

We produce a lot of wastages too. We are doing real good overcoming that, and we wish we will do much better in future. We cannot ignore the IT sector and leather sectors, electronic goods or other diversified economy, while the agriculture economy is something we cannot omit since agriculture is a fundamental of our economic structure. In our micro-economy agriculture plays a vital role. In agriculture we have done, undoubtedly, very good, and seen very amazing production outcomes. But what we couldn't do till now is develop that total comprehensive process, meaning full backward and forward linkages. This is why till now we could not export our natural goods. As an example Sri Lanka, Thailand or any nearby country exports vegetables, fruits and other fresh goods. Our government has invested to make fresh goods much more exportable for us.

To bring a diversified economy or diversified industries, vocational education system should be much more active. In this matter all of us should be monitoring vocational education. Otherwise a skill-gap emerges. Then there will be blue-collar and white-collar workers. The leather industry couldn't excel because of skill-gaps, exposing our efficiency level is low. The machines we need at present, and the training on operating these new machines are not provided in vocational institutions: they give training on old machines, sometimes 15/16 years. So therefore demand-based adaptive educational system is not visible now. In this sector we have a huge deficit. The government says it could reach only 17% of the students to enrol in vocational education, but I think the rate is much lower. Therefore we should make our vocational education much more active. Though we have worked on these educational systems from *Young Bangla* platform and Centre for Research Information, Singapore's three-tier educational system inspires us. For example, higher skilled people being a doctor, with lower skills going into the vocational institute for training which has very higher level of proficiency too, and with lower skill to get lower division medical jobs. IHTs (institutes of higher training) was promoted by the government to increase medical job supports and make medical workers skilled. It has to be expedited greatly. We are going backwards but these expeditions are needed. In skill-gap and skill-mix-match, we have to continue working. We are working in that field as of now.

Bangabandhu Sheikh Mujib Hi-Tech Park Project

MOVING BANGLADESH: THE JOURNEY AHEAD

[Editor's note: *Pathao* is the kind of business ventures we relied upon during the pandemic. Like the Spanish flu of 1918-19 bridged the transition from agrarian economies into assembly-line production, so too the COVID-19 outburst may be helping the shift from assembly-line economy (our RMG sector, for example a first industrial Revolution symbol), into a service economy, driven eventually by fourth industrial Revolution gadgets. Could *Pathao* be a first-cut frontier-minced firm?]

Fahim Ahmed
President, Pathao

Pathao began its journey with the goal of solving problems and creating opportunities. The team at *Pathao* embodies the essence of the youthful spirit - and the spirit of the youth - of Bangladesh: one that aspires to move forward, to move upward, and to take others along on this ride. Together.

It is today the country's largest digital platform, the most recognizable consumer tech brand, and one of the most downloaded apps. We are a market leader in ride-hailing, food delivery and ecommerce logistics. Whether it is moving around the city, ordering food, buying grocery, shopping online - or in store, paying bills or enjoying entertainment - *Pathao* seeks to bring convenience to the fingertips of its users.

Pathao is striving towards a vision of building a truly digital Bangladesh, by moving consumer experiences into the digital world. In our own humble way, we are creating the digital infrastructure of the country, and in that process, building the Bangladesh we envision on the 100th year of our independence.

Bangladesh is at an exciting moment in its digital transformation. Our GDP per capita has surpassed $2,000; our growth has been around 7% over the past decade; 50 million people are expected to join the middle class in this decade; over 80% of our population is below the age of 45; we have over 100 million Internet users. As we celebrate the great strides we have made in the 50 years since we emerged as a free country, we must also recognize that this is our moment to imagine and build Bangladesh at 100.

Pathao serves the emerging consumer base of this rising Bangladesh. It has solved some of the most critical problems for our users: from enabling a fast, affordable, and reliable mode of transportation in cities, to providing access to products and services - ranging from everyday essentials to aspirational purchases.

Since our inception in 2015, *Pathao* has served over 8 million users. Our ride-hailing and food delivery services operate in some of the major metro areas in Bangladesh, and beyond borders in Nepal. Our ecommerce logistics service operates in all 64 districts of the country, delivering all the way down to the *Upazilla* level. During this pandemic, we have accelerated our path towards a digital services platform by introducing or scaling new services, such as grocery and essentials; on-demand deliveries; healthcare information, telemedicine and diagnostic testing services; live and streaming video content, and games.

The impact of *Pathao* extends far beyond just the consumers. We provide a reliable earnings platform for over 300,000 otherwise unemployed or unemployed youth in Bangladesh, who are able to earn through *Pathao* by providing rides, food or parcel delivery services. Over 30,000 small ecommerce merchants (of whom, more than 40% are women) are able to sell their products on *Facebook, Instagram*, and other social media or platforms, by utilizing *Pathao's* courier and cash-on-delivery services. Over 10,000 restaurants, grocery and convenience stores can increase their revenues by listing on *Pathao's* food delivery platform.

We think that we have built not just a company, but also, a culture. A culture that attracts the best and the brightest of talents into the company - and in many cases, back into the country. Our team of dreamers and doers seek out problems that they would like to solve for many more like them within Bangladesh.

Despite the progress we have made till date over the last 50 years, there is no shortage of challenges - as the ongoing pandemic has reminded us, yet again. The educated youth of the country are underemployed. Families are one crisis away from becoming economically vulnerable. Consumers and businesses have limited access to credit. The supply chain for essential products is constrained. At *Pathao*, we see ourselves addressing these challenges through our expansion into fintech and beyond.

Inefficiencies in the system often exist due to a lack of connectivity. Many of these problems can be addressed by harnessing technology, data and analytics to develop solutions that are scalable and sustainable. This is what a startup does at its finest:it identifies a problem, develops a solution, and dedicates maniacal focus to execution. Our team at *Pathao* is inspired by the long-term vision of building Bangladesh, yet focused on the short-term execution of the next step and the one after.

This is how we keep Moving Bangladesh. Forward and Upward.

About the Author

Fahim Ahmed is the President at *Pathao*, the largest digital platform for ride-sharing, food delivery and e-commerce logistics in Bangladesh and Nepal. Fahim joined *Pathao* as CFO in early 2018. Since 2020, he has led the operations, growth and strategic direction of the Company.

He is a seasoned executive with over 18 years of experience in finance, private equity, venture capital, investment banking and operations in Bangladesh, South Asia and the US.

Prior to *Pathao*, he served as a Managing Director at Small Enterprise Assistance Funds (SEAF), a global impact investment firm that provides capital to growing businesses in frontier markets. At SEAF, he led several successful investments and exits in the technology, business services, renewable energy, and transportation sectors in Bangladesh and in neighboring markets in South Asia.

He also worked as a private equity investor at *Royal Bank of Scotland*, and at *American Securities*, a leading middle-market private equity firm based in New York. He began his career in finance as an investment banker in the *Tech Media & Telecom* (TMT) department at *Goldman, Sachs & Co in NY*.

Fahim graduated *summa cum laude* from Middlebury College in Vermont, USA, with a B.A. in economics, and is a member of the *Phi Beta Kappa* Honor Society.

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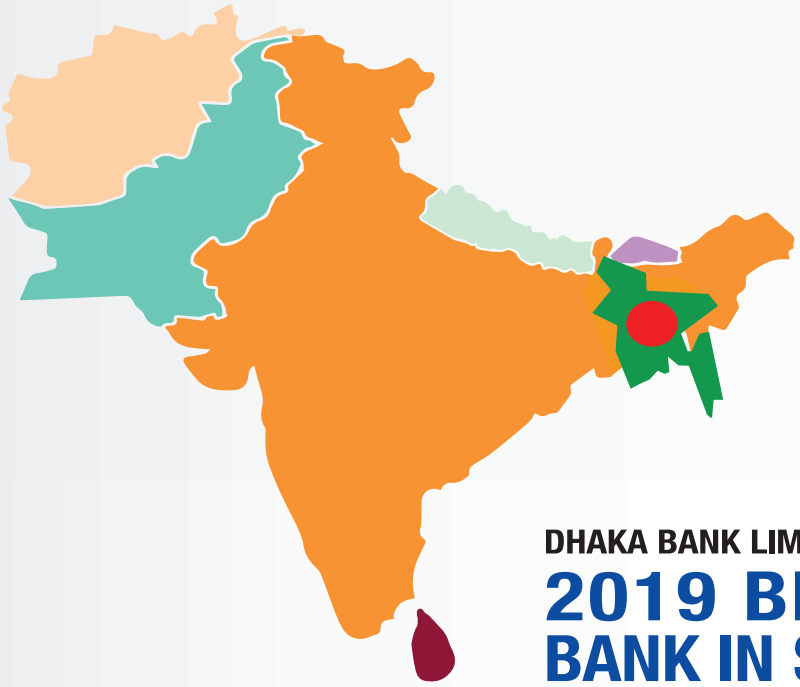
Moving Bangladesh



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