

# **Graduation of Bangladesh as Least Developed Countries (LDC)**

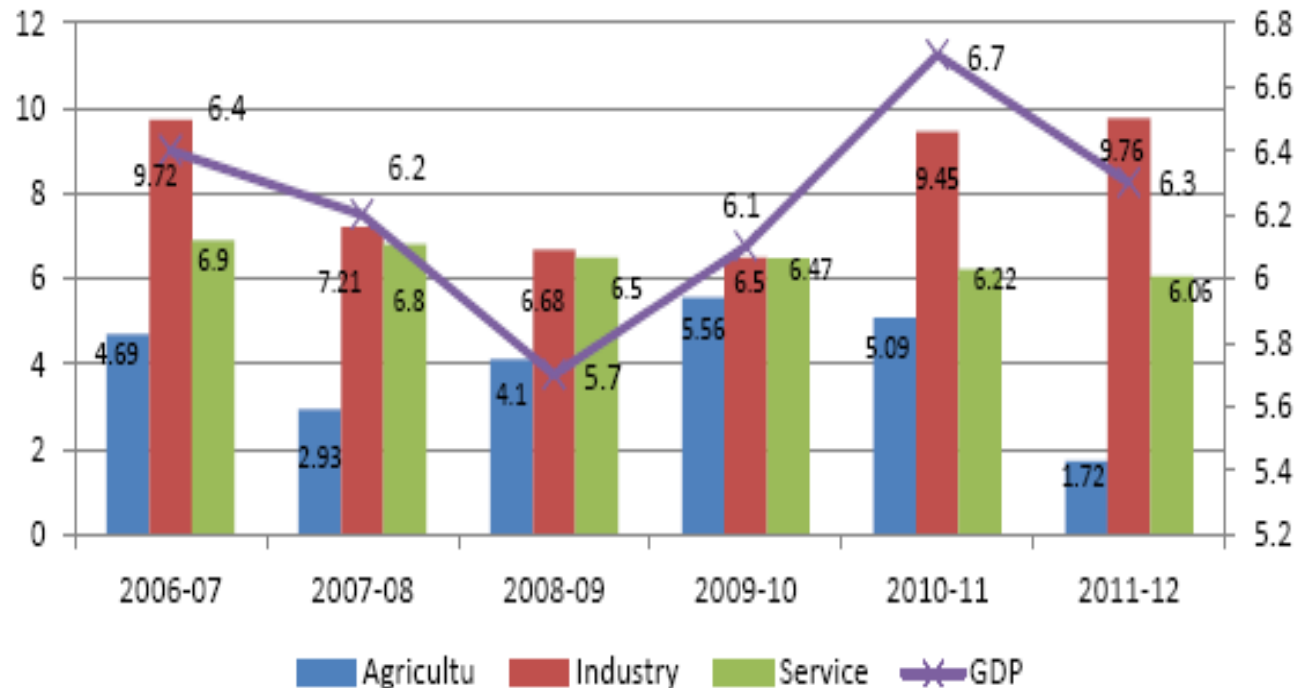
Tahreen Tahrima Chowdhury



Bangladesh Institute of Development Studies

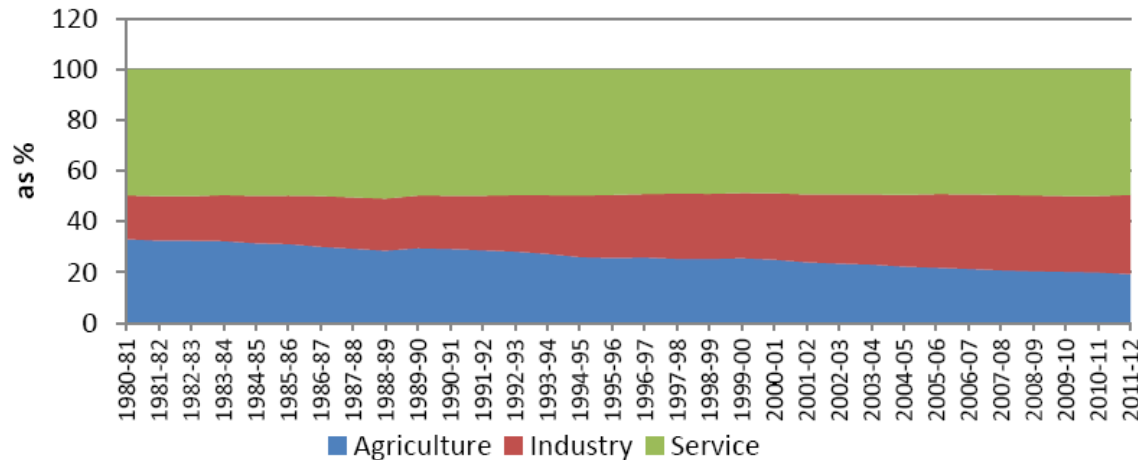
# Recent Macroeconomic Performance of Bangladesh

- **Sectoral GDP Growth at Constant Price**

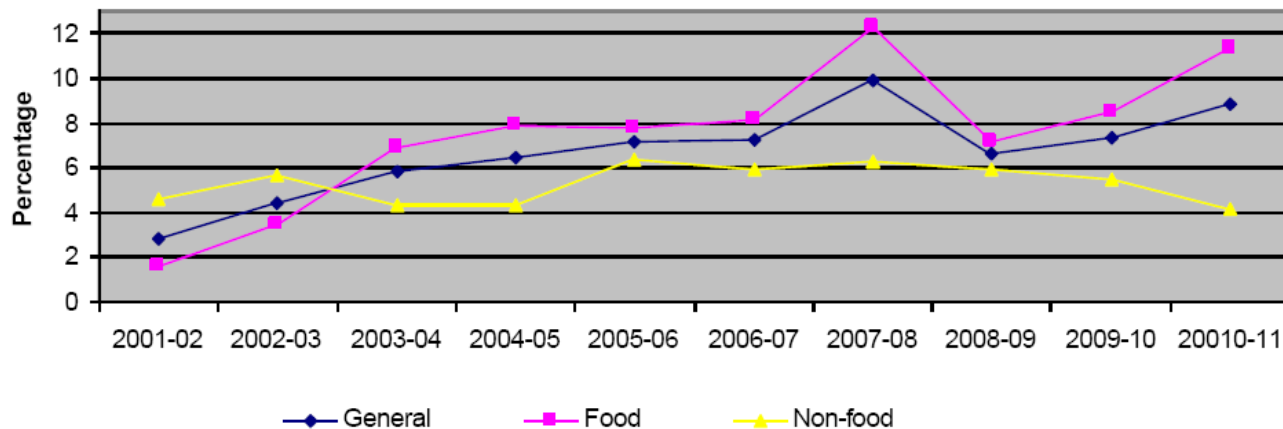


# Recent Macroeconomic Performance of Bangladesh (cont..)

- Trend of share of three major sectors in last three decades at constant price

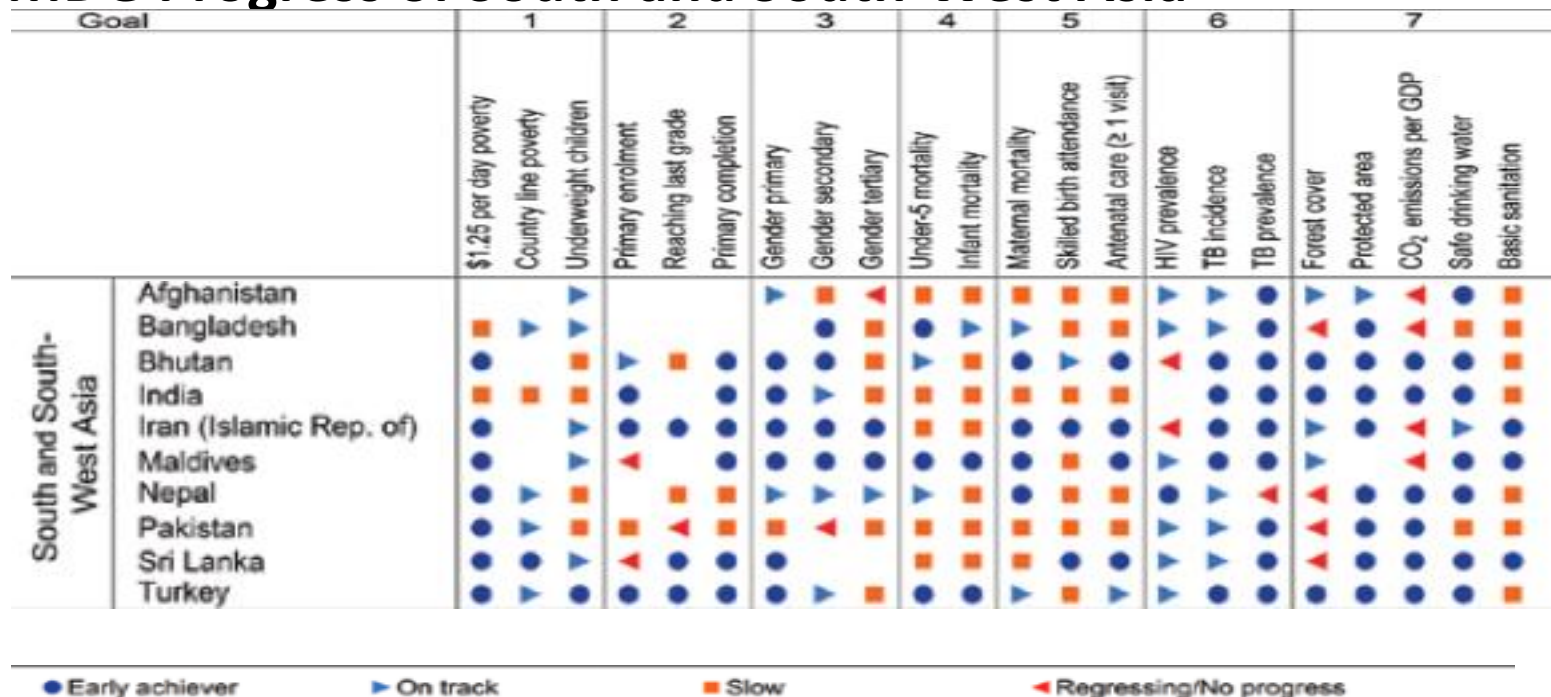


- National Inflation Level over time(base Year 2005-06)

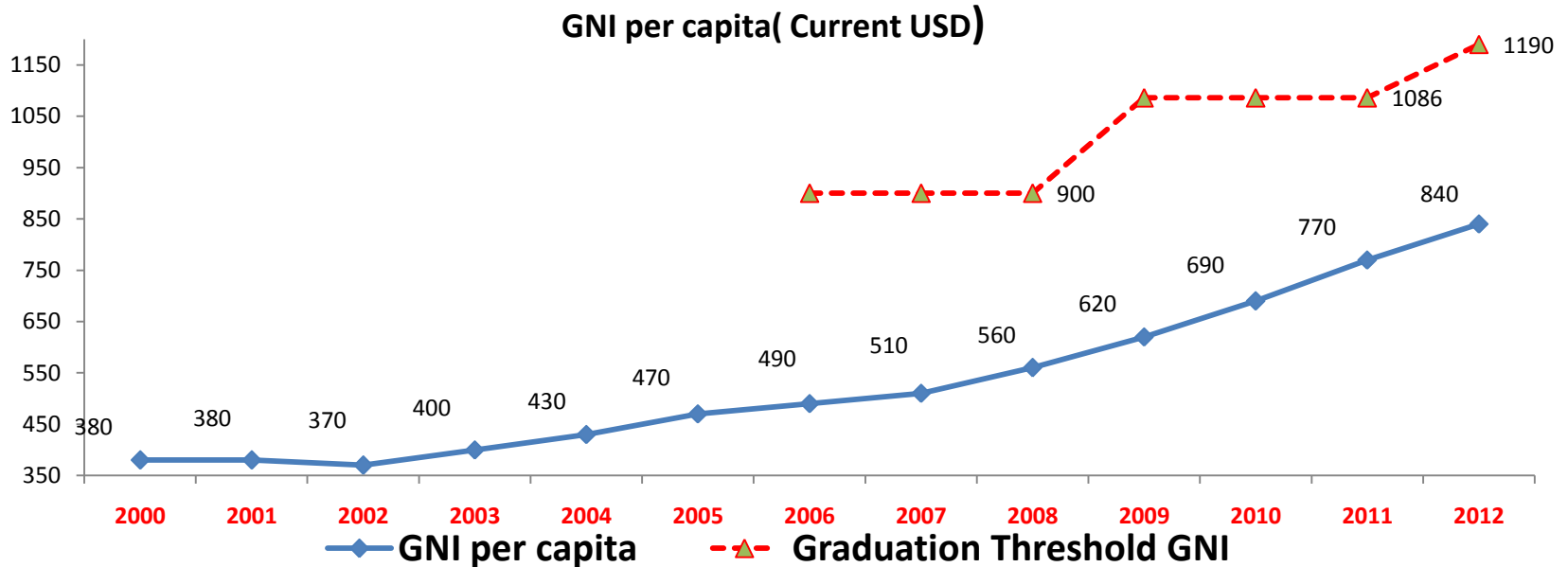


# Recent Macroeconomic Performance of Bangladesh (cont..)

- **Wages and Employment**
- Nominal wage rate index kept on rising and in FY 2011-12 the index rose by 11.88 % compared to that of the previous fiscal year. wage rate index of agriculture, fisheries and manufacturing sectors increased by 15.17 %, 2.86% and 6.54 %
- **MDG Progress of South and South-West Asia**

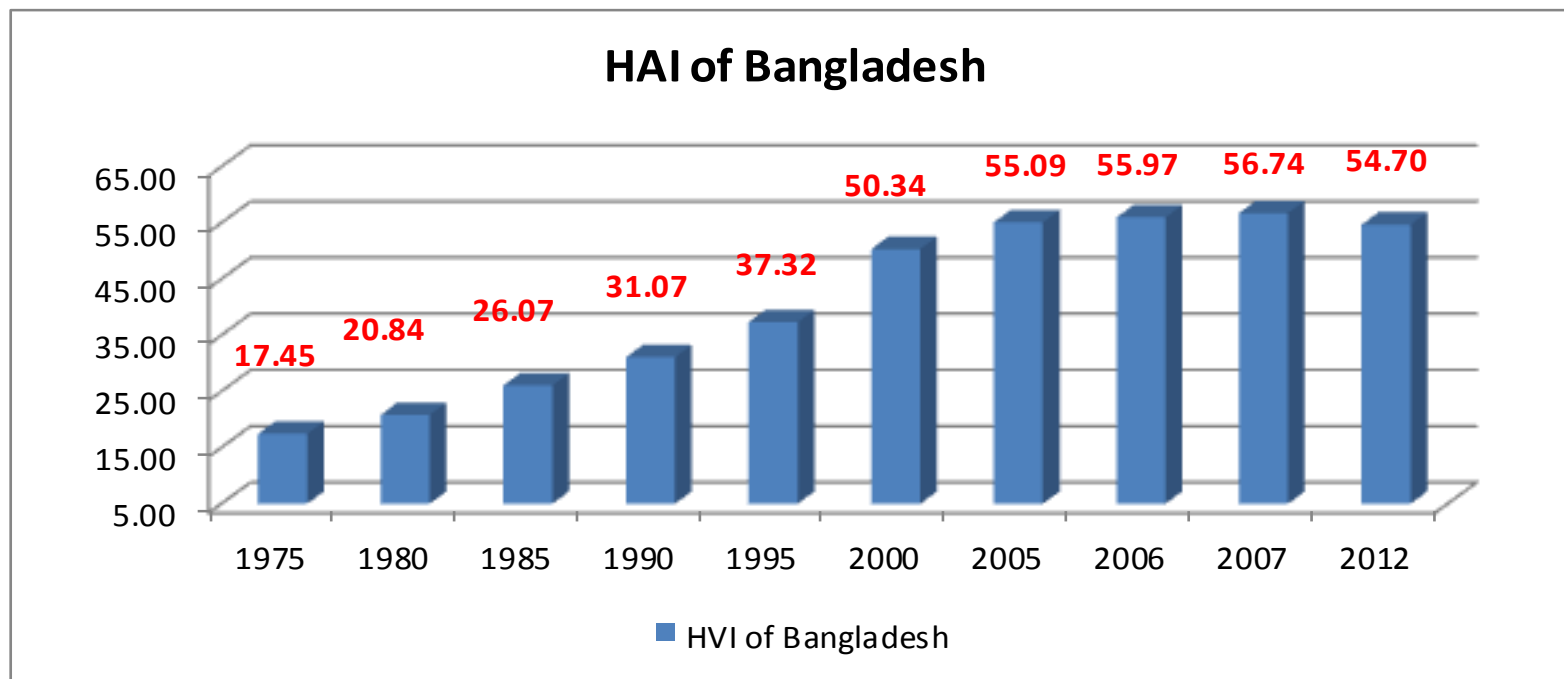


# GNI per capita (Atlas Method) of Bangladesh over Time



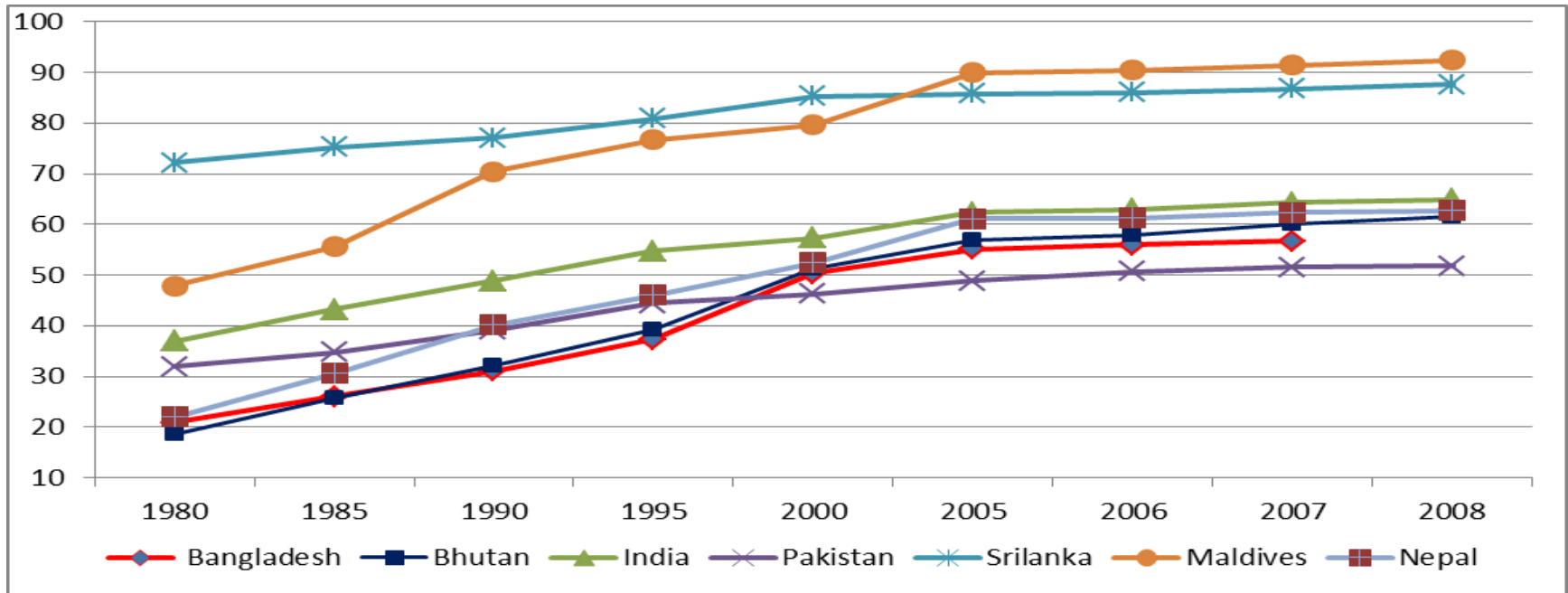
- Bangladesh government has set a goal to reach in middle-income group by 2021 for which it has targeted the growth rate of GDP to be 7%.
- Considering the average growth rate of 9.43% from 2007 to 2012, the extrapolation suggests that Bangladesh could be able to reach the threshold level for graduation by 2016 with the estimated per capita GNI of US\$ 1,205

# HAI of Bangladesh over time



- Bangladesh has never managed to reach threshold level for graduation in any of the three reviews as lagged behind about 8 points from the threshold level for graduation in 2006 (figure8).
- The gap even increased when the threshold value increased to 66 in 2009 and 2012 from 64 in 2006 and the HDI also decreased to 54.7 in 2012 from 55.9 in 2006. Bangladesh has to undergo an immense improvement through gradual development of human capital.

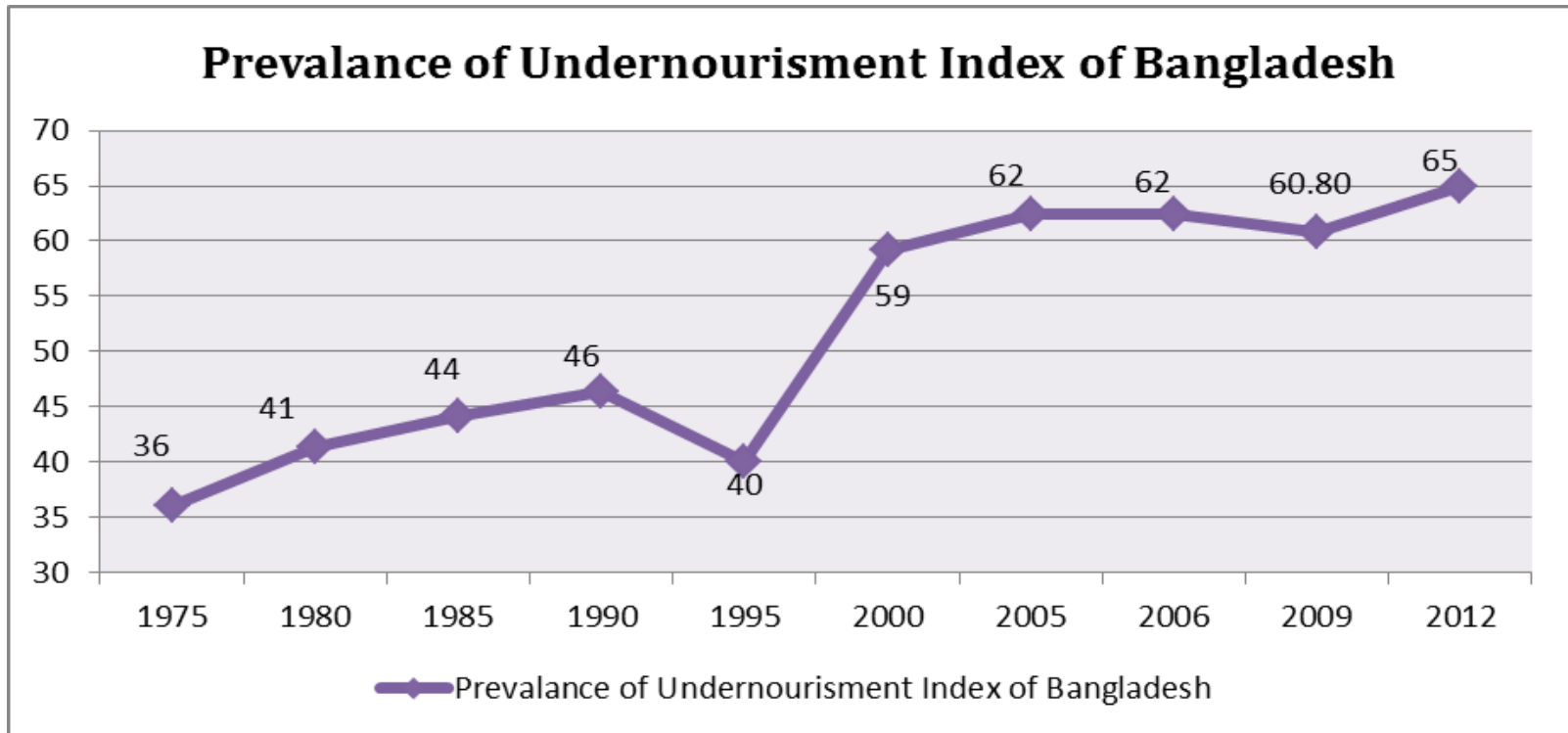
# HAI of Different South Asian Countries



- The improvement of Bangladesh over HDI in 1980s and 1990s did not come with any significant movement comparing to other SAARC countries. Bangladesh's HDI has been lower than other SAARC countries except Pakistan.

# Indicators for Health and Nutrition in HAI

## ❑ Prevalence of Undernourishment in Bangladesh

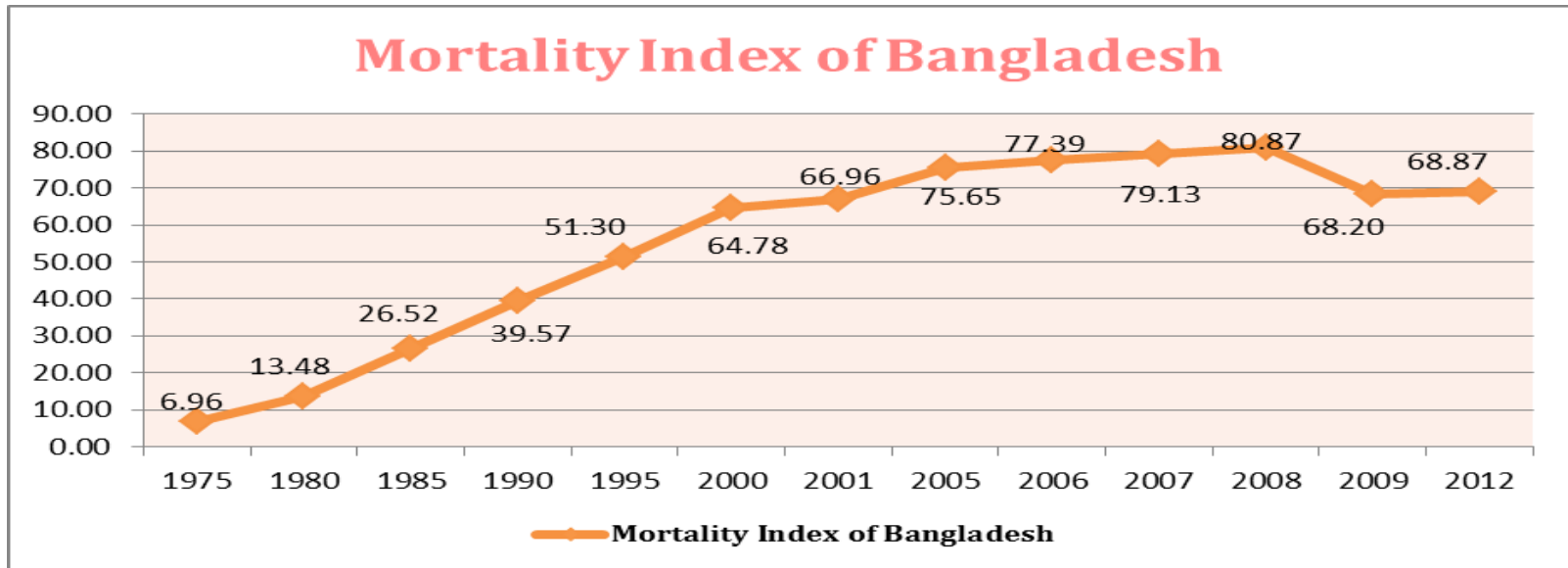


- Significant shift has been taken from 1995 to 2000 with an increase in the index of.
- No much progress for the period of 2005 to 2009; trend has been stable around 61% from 2000 to 2009. which then again has a slight increase up to 65% in 2012



# Indicators for Health and Nutrition in HAI (cont..)

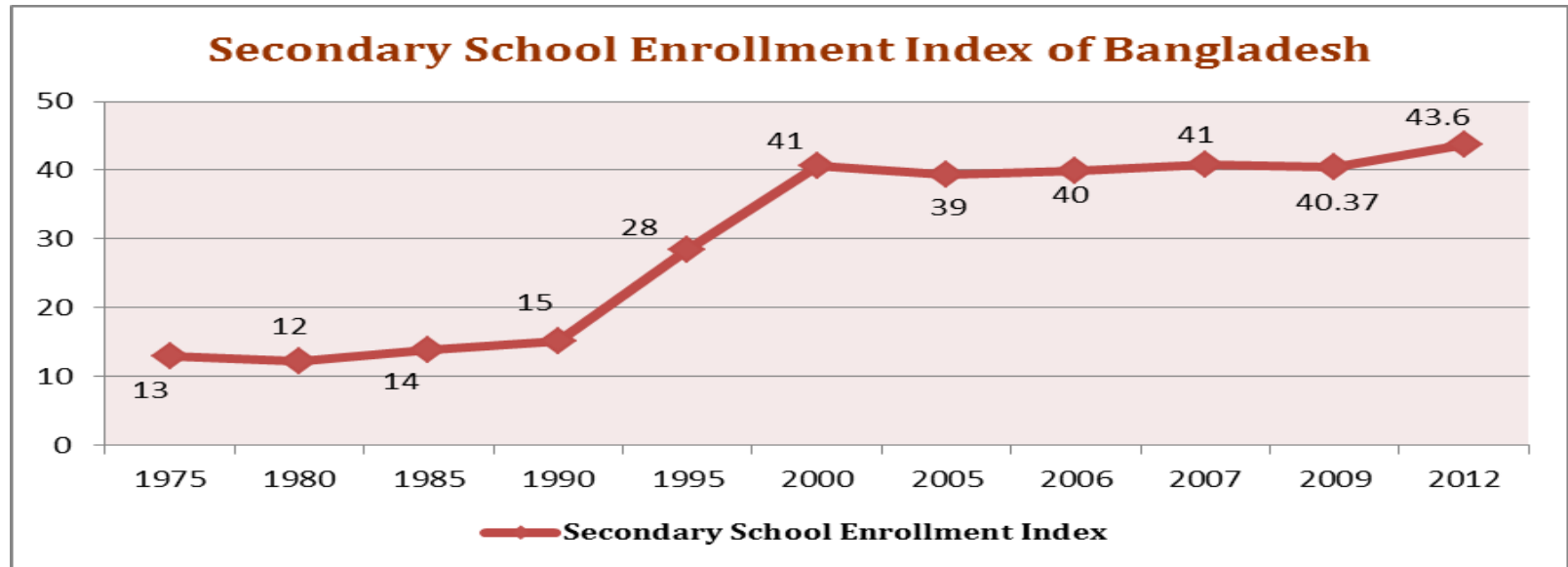
- Mortality Rate Index**



- Between 1996 and 2005, the prevalence of underweight children fell from 56% to 45%, while stunting fell from 55% to 40%. Achieving the MDG would mean about 30 million children and two million mothers would be saved by 2015.
- Despite this positive outcome in reducing child mortality index, it should be noted that the pace of the progress has somehow slowed down since 2005 whereas it has even deteriorated after 2008 when the index came down below 70.

# Indicators for Health and Nutrition in HAI (cont..)

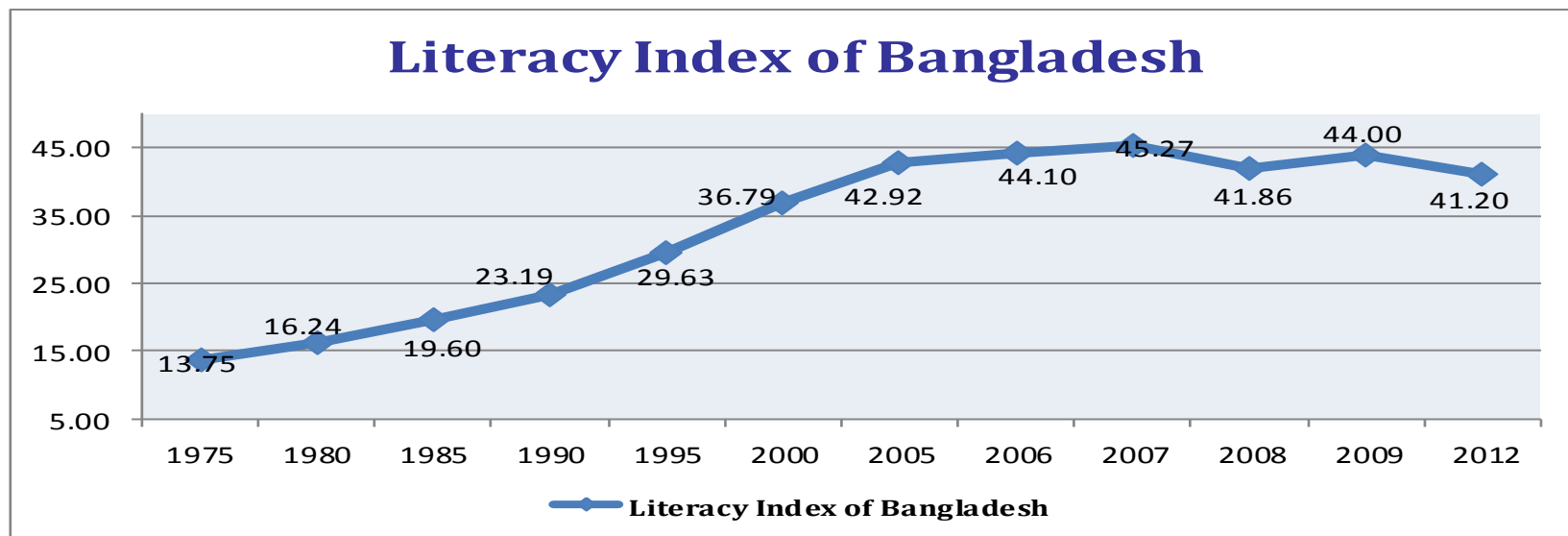
## ❑ Gross Secondary School Enrollment ratio



- Improvement taken by a shift of from 28% in 1995 to 41% in 2000. However, the trend of development remained stagnant around 41% on average from 2000 to 2012. implying that government yet to undertake any significant policy measures to improve the existing trend of progress
- Research reveals a trend of dropout starting at a slower pace of about 9-10 percent at Class VI, rising slowly to Class IX and ending with a 'bang' of around 60 to 70 percent at Class X. Main reasons for dropout as being poverty and poverty related factors

# Indicators for Health and Nutrition in HAI (cont..)

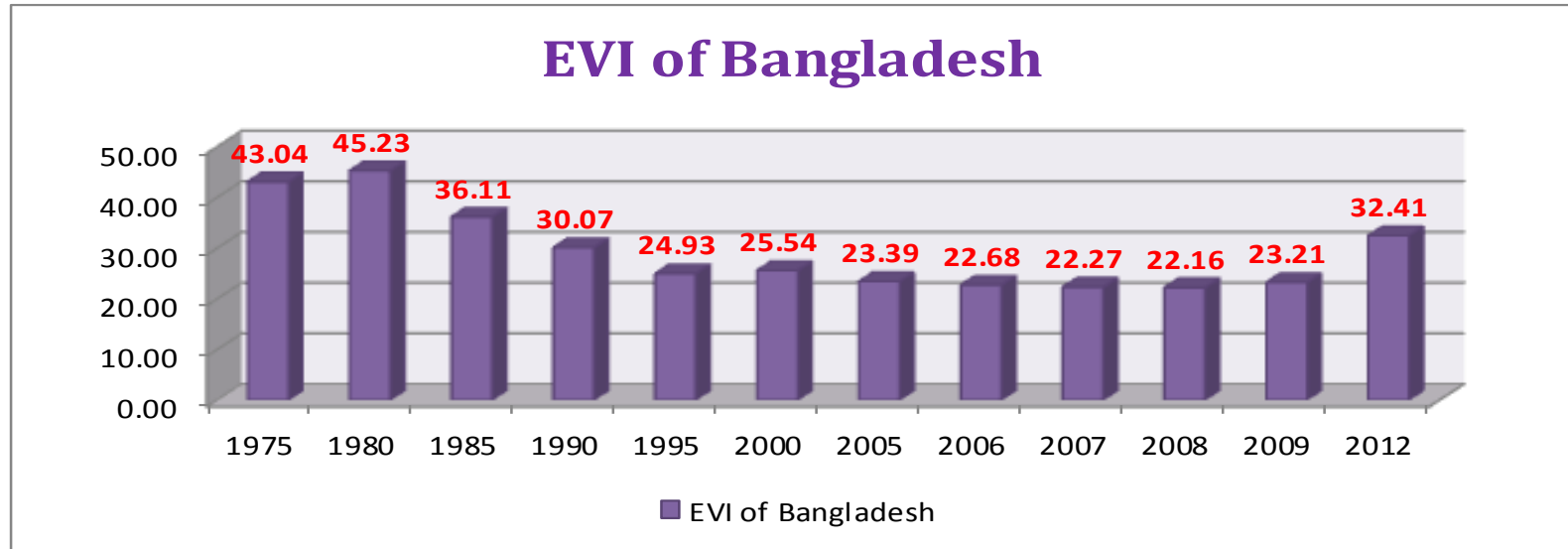
- Adult Literacy Index of Bangladesh**



- significant improvement took place until 2000; literacy index increased to 36.79% in 2000 within 15 years from 19.6% in 1985.
- pace of progress seems to be quite sluggish in the past decade; literacy index became constant around 42% from 2001 to 2012. The situation got worse when literacy index declined by 2.8 percentage points within three years from 44% in 2009 to 41 % in 2012.

# Economic Vulnerability Index (EVI) for Bangladesh

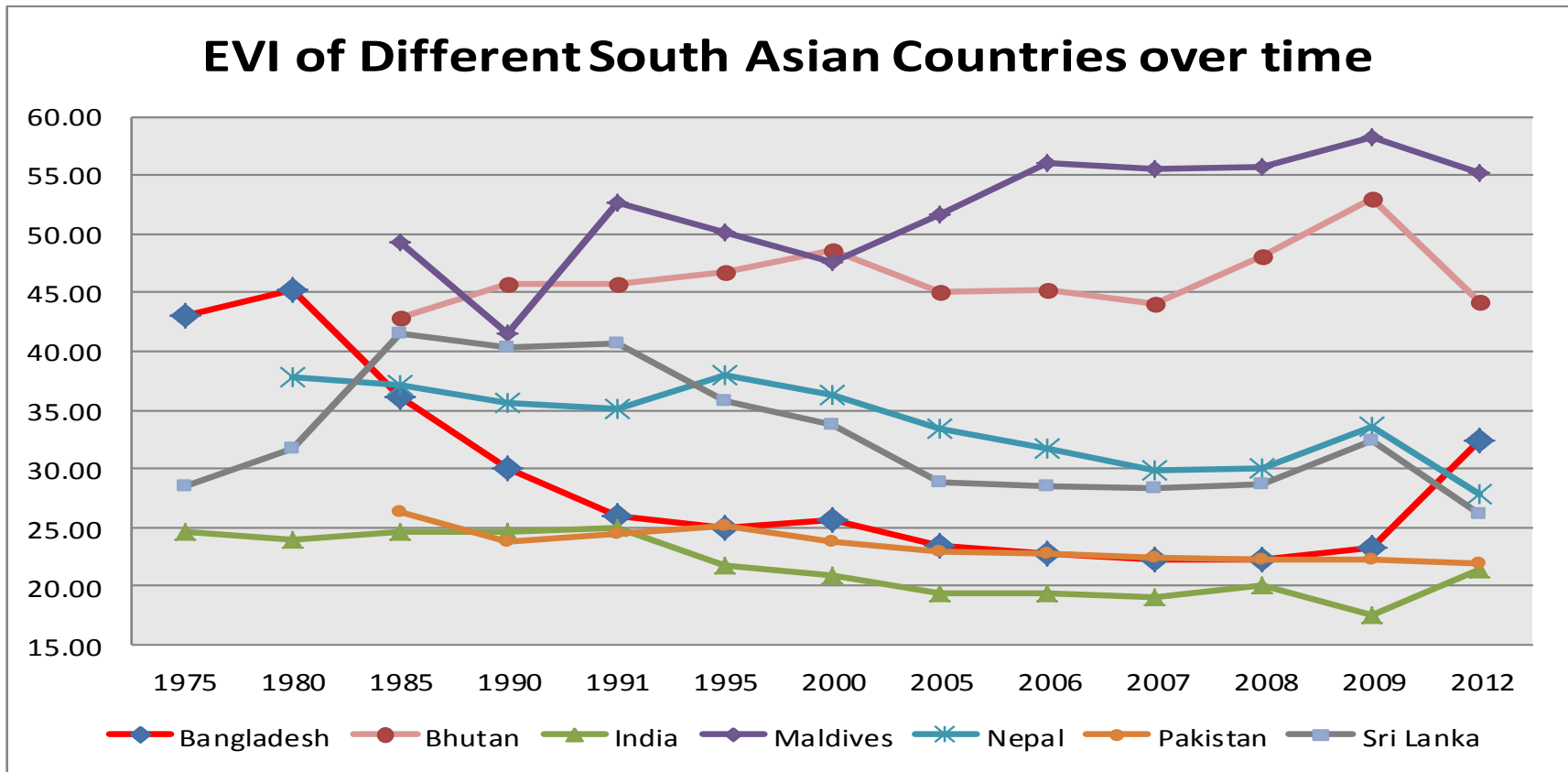
- Economic Vulnerability Index (EVI) of Bangladesh over time



- Sharp increase in EVI of Bangladesh in 2012. The increase had been by 9 percentage points from 23.21 in 2009 to 32.41 in 2012 even though Bangladesh stands at the marginal border of the graduation threshold level.

# EVI of Different South Asian Countries over time

- The performance of Bangladesh as measured by the EVI is remarkable comparing to other SAARC countries. Bangladesh's EVI has always been lower than other SAARC countries since 1985 except Pakistan and India



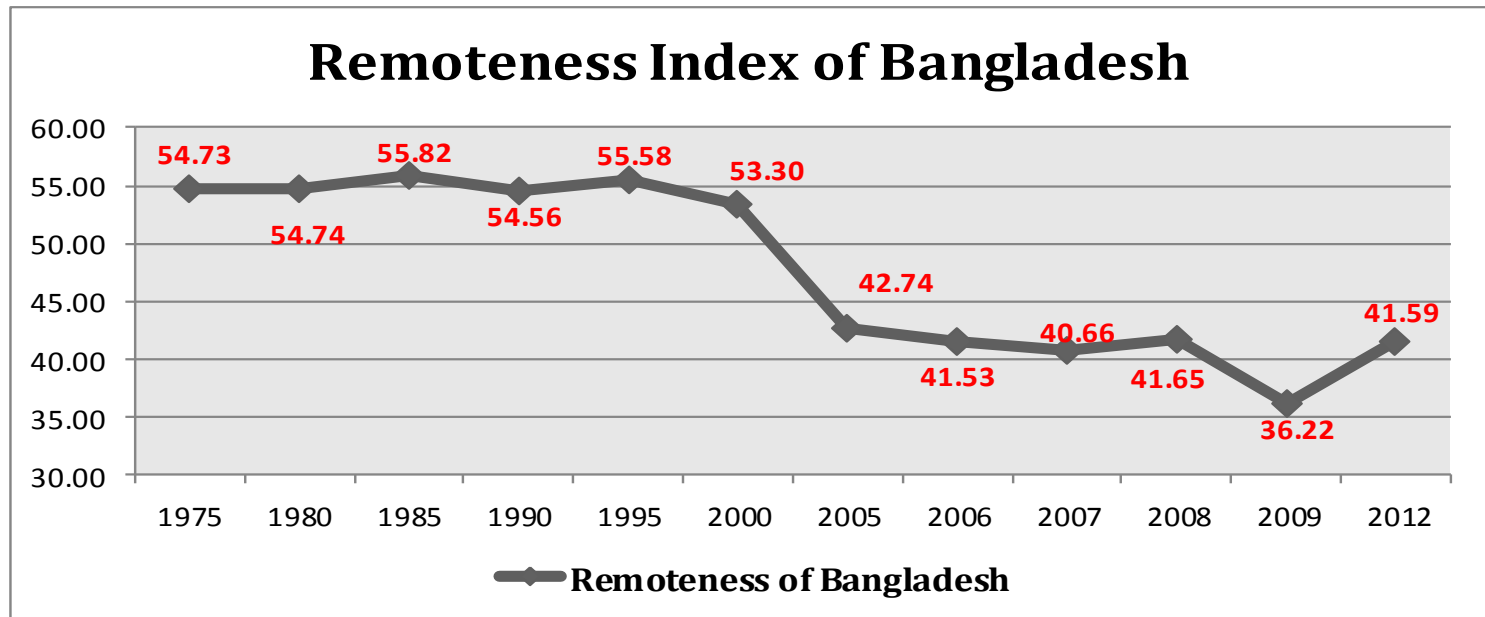
# Indicators Economic Vulnerability Index

## ❑ Population (sub-Index for size)

sub-index for size as zero from the year 1985 to present period depicting the stronger resilience.

## ❑ Remoteness (sub-index for Location)

- Bangladesh could not perform remarkably to improve the remoteness index over time, only 1.5 % decline in this index has been observed for twenty-five years (from 54.73% in 1975 to 53.30 in 2000).



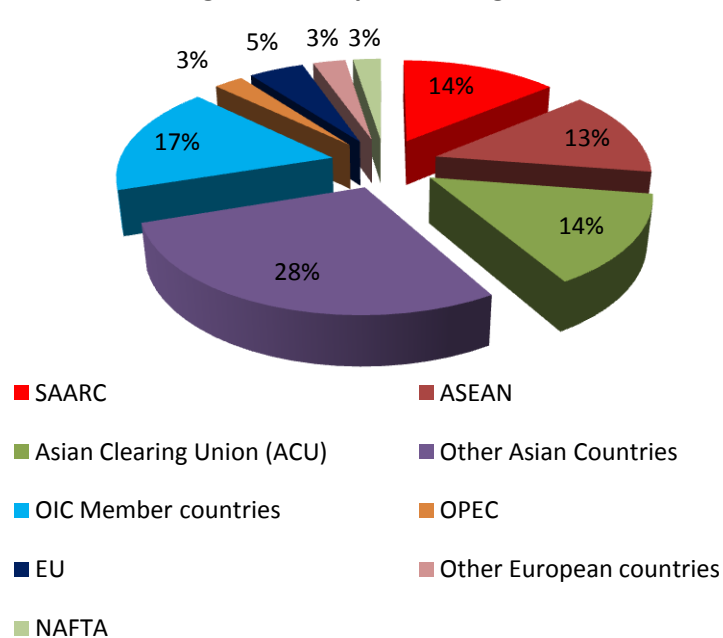
# Remoteness (sub-index for Location).....

- Two major components determine the value of remoteness. First, share of trading volume of Bangladesh in world market and the second one is the market share of trading volume of the major trading partners of Bangladesh.
- an increase in the market share of trading volume of Bangladesh from .02% in the period 2006-08 to .03% in the period 2009-11.
- Bilateral Physical distance is one of the determinants. Higher the distance with the trading partners, the greater the vulnerability to trade shocks.

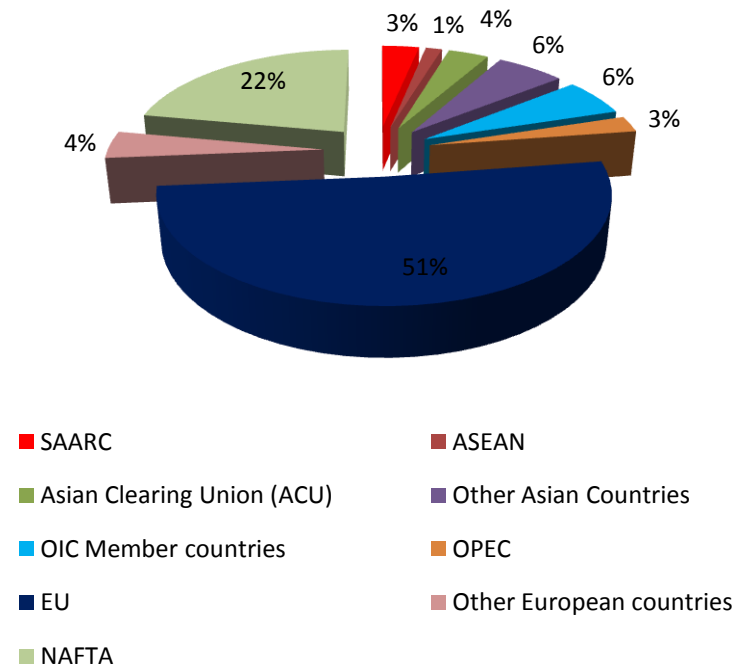
# Remoteness (sub-index for Location).....

- The situation seemed to be better in post 2000 phase; the remoteness index was around 41% on average in this decade. The performance was even better in 2009 when the index went down to 36%. However, this trend was not sustained in the following periods; the index again surged up to 41.6% in 2012.

Region wise Import of Bangladesh



Region Wise Export of Bangladesh

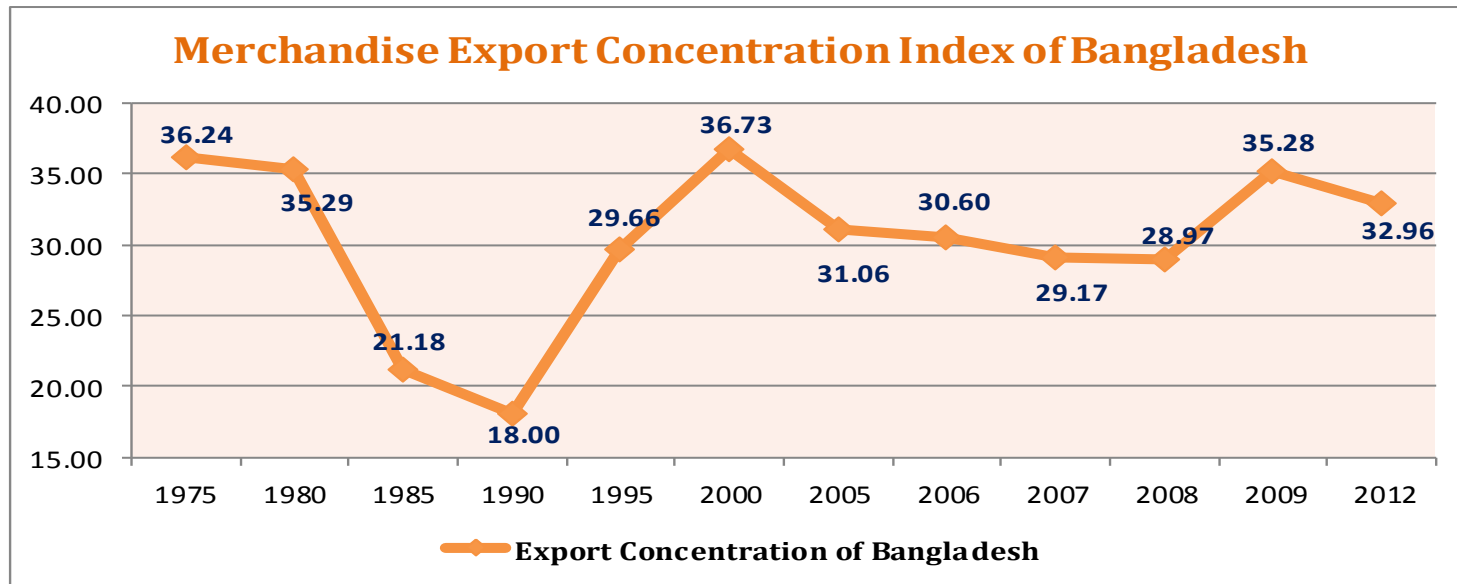




# Indicators of Economic Vulnerability

## Index (cont..)

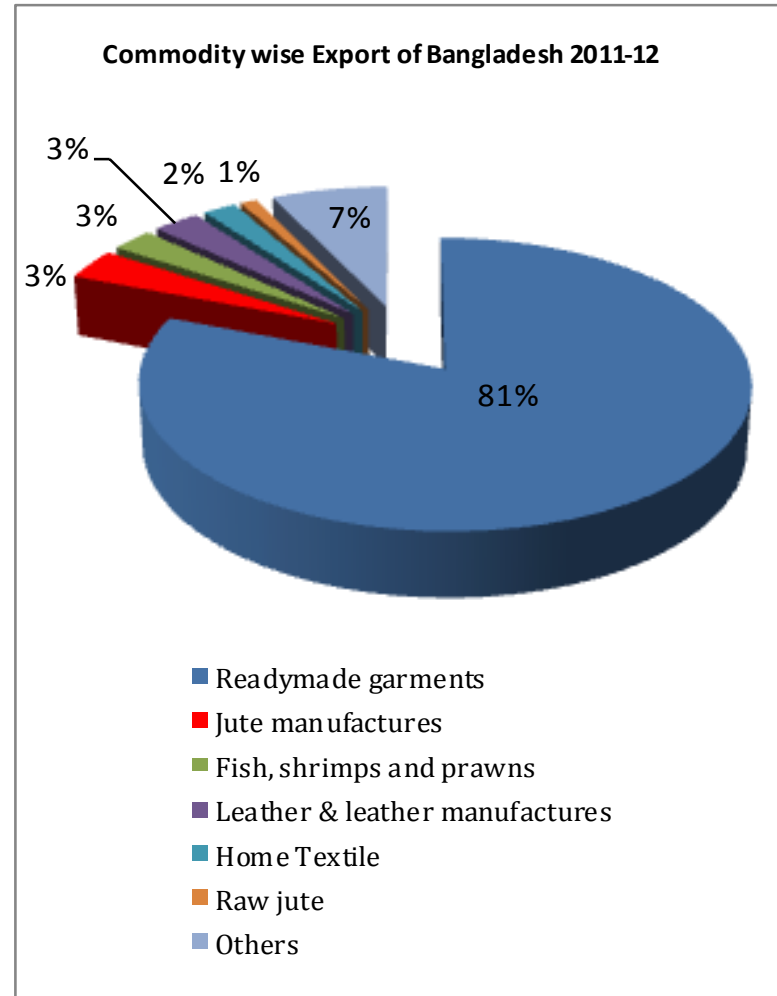
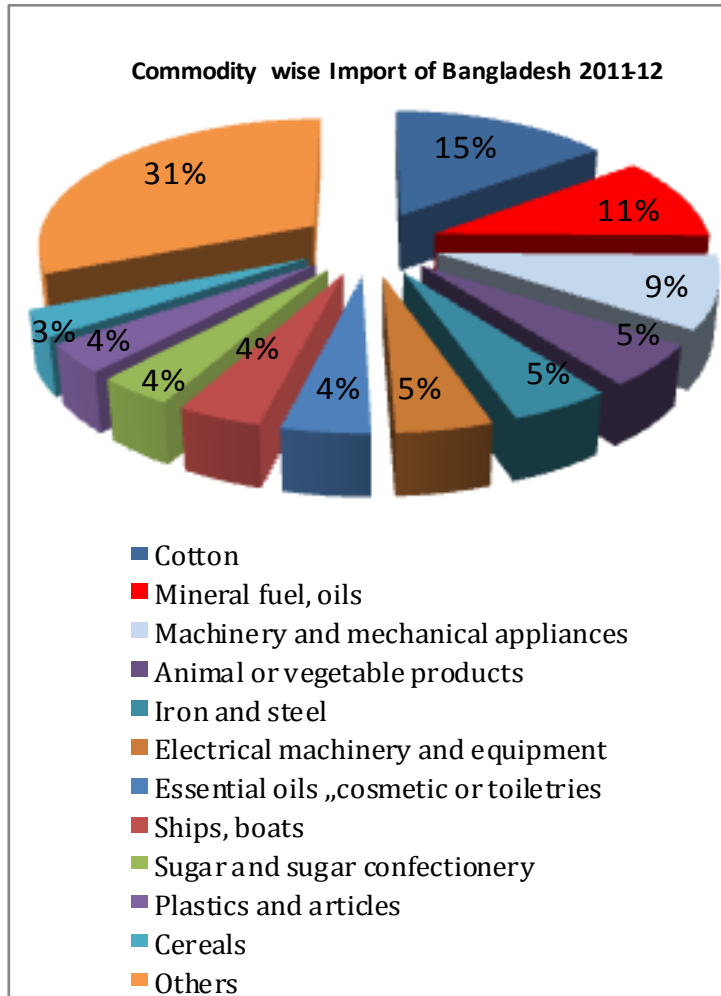
### ❑ Merchandise Export Concentration



- Import basket of Bangladesh has a quite balanced composition whereas export is highly concentrated with only one specific commodity

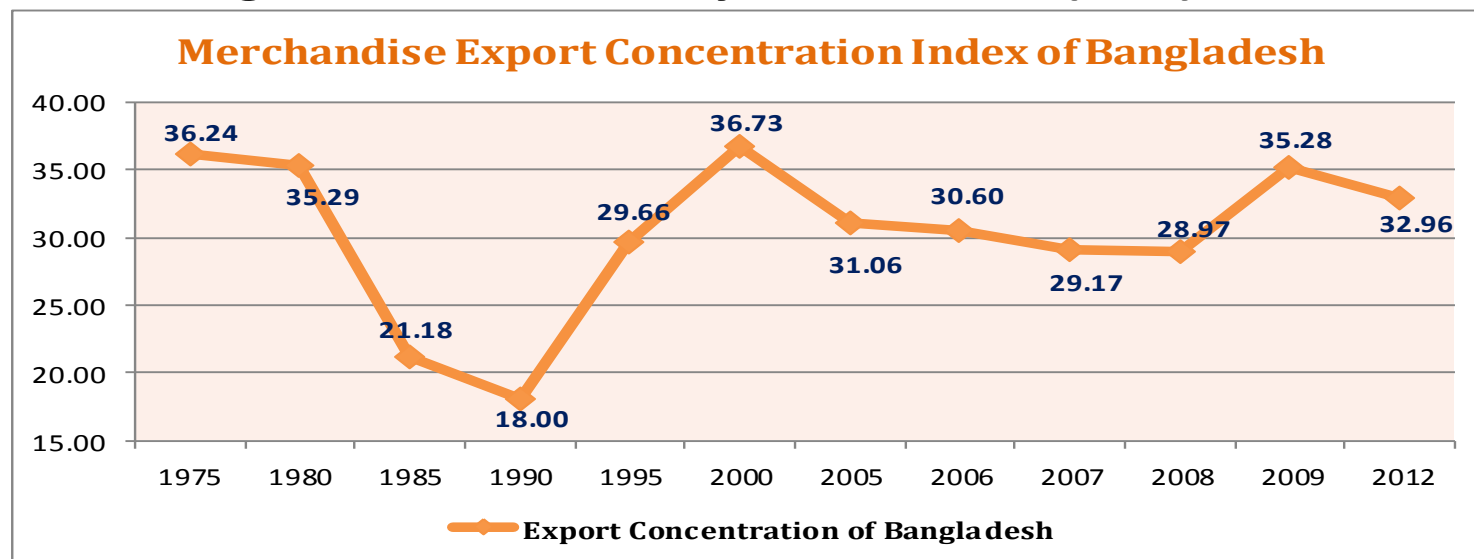
# Merchandise Export Concentration (cont..)

- Commodity wise Trade of Bangladesh 2011-12



# Indicators of Economic Vulnerability Index (cont..)

## ❑ Share of Agriculture, Forestry & Fisheries (AFF) on GDP

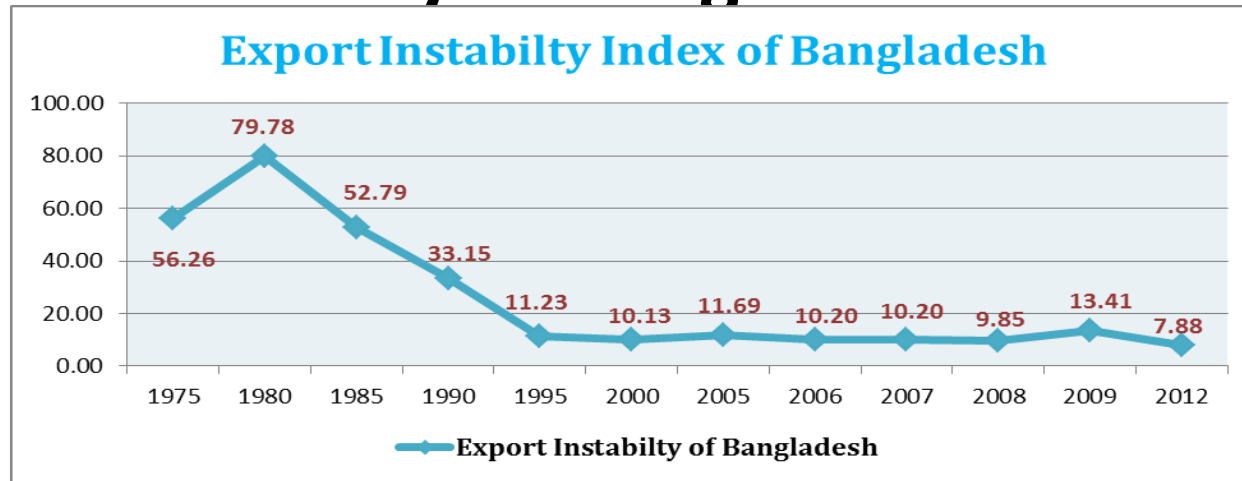


## ❑ Share of Population in Low Elevated Coastal Zone (LECZ)

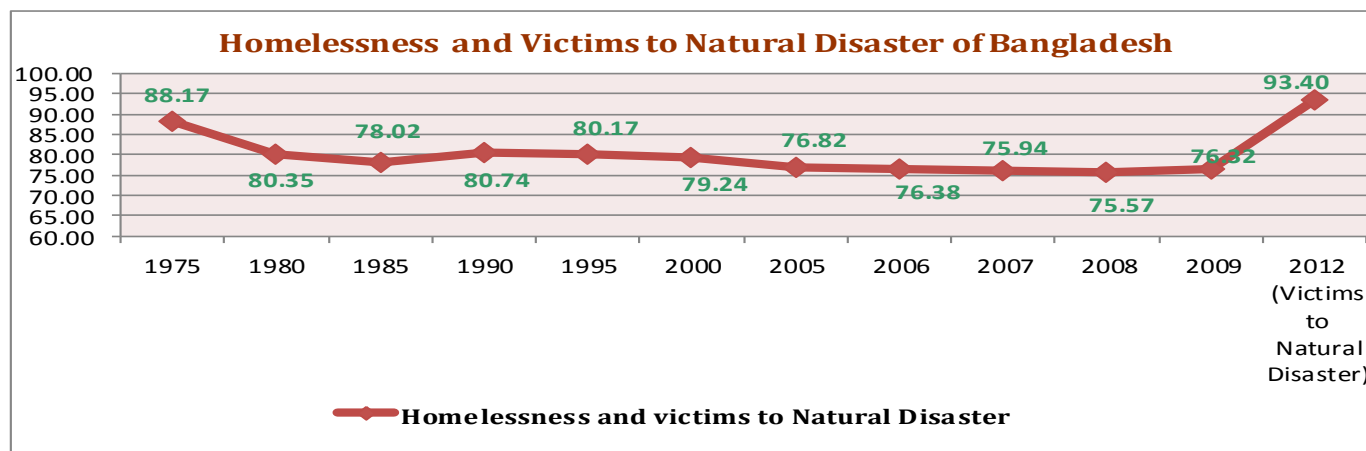
	Population in LECZ	Total Population	Share of LECZ Population (%)
Bangladesh	137,232,248	62,524,048	45.56075
Sri Lanka	18,922,088	2231097	11.79097
Maldives	290,923	290923.1	100
India	1007874208	63188208	6.269454
Indonesia	212,067,840	41,609,754	19.62096
Philippines	75289646	13329191	17.70388

# Indicators of Economic Vulnerability Index (cont..)

## ❑ Export Instability of Bangladesh

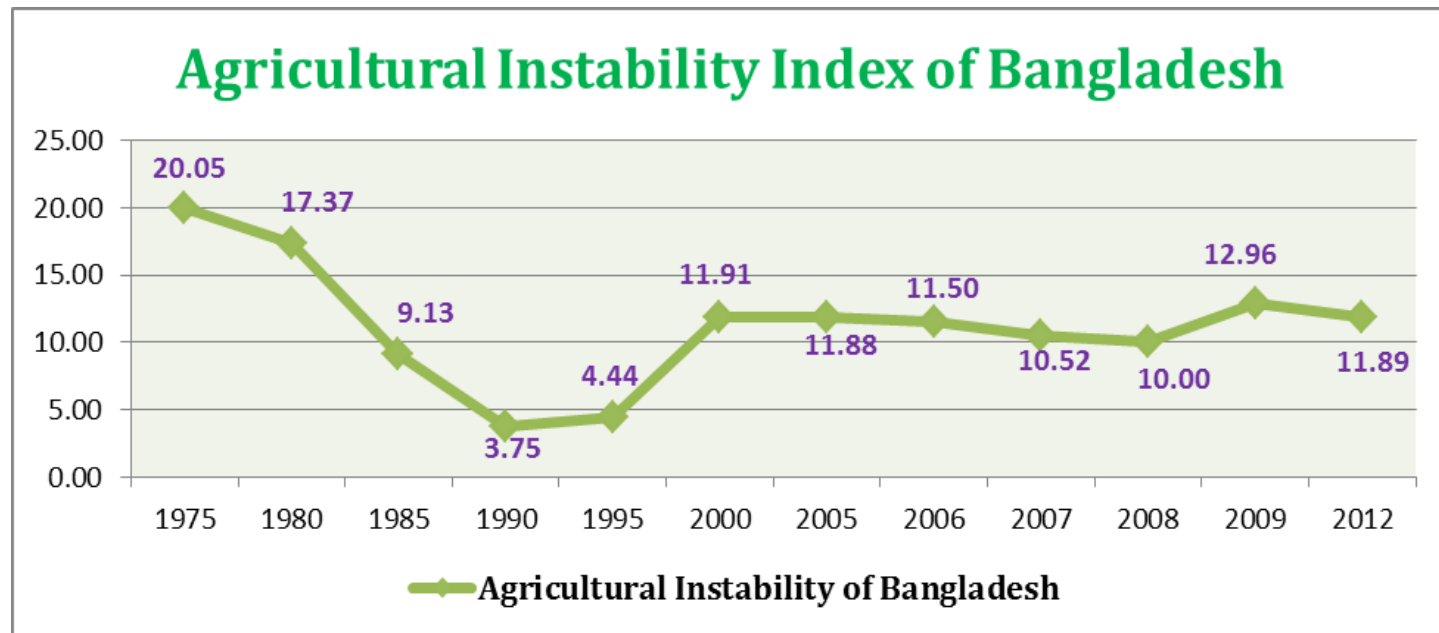


## ❑ Victims to Natural Disaster

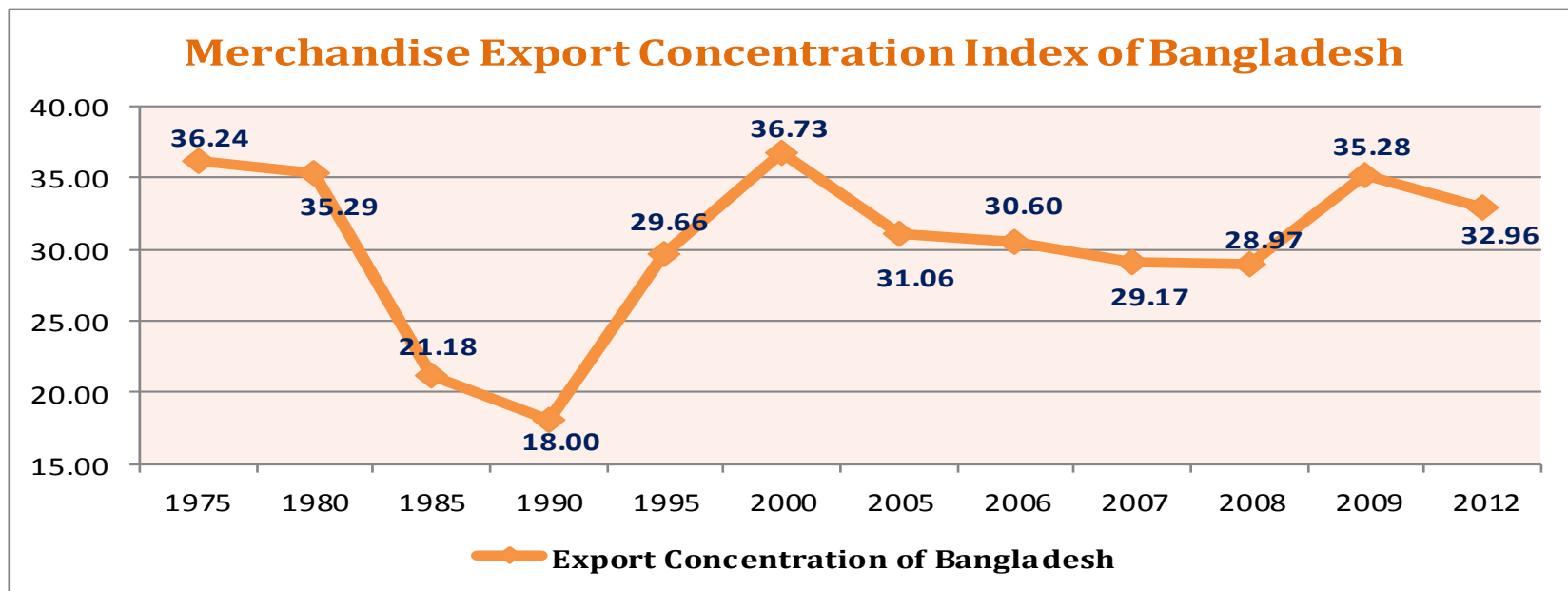


# Indicators of Economic Vulnerability Index (cont..)

- ## Agricultural Instability Index of Bangladesh



## ❑ Merchandise Export Concentration



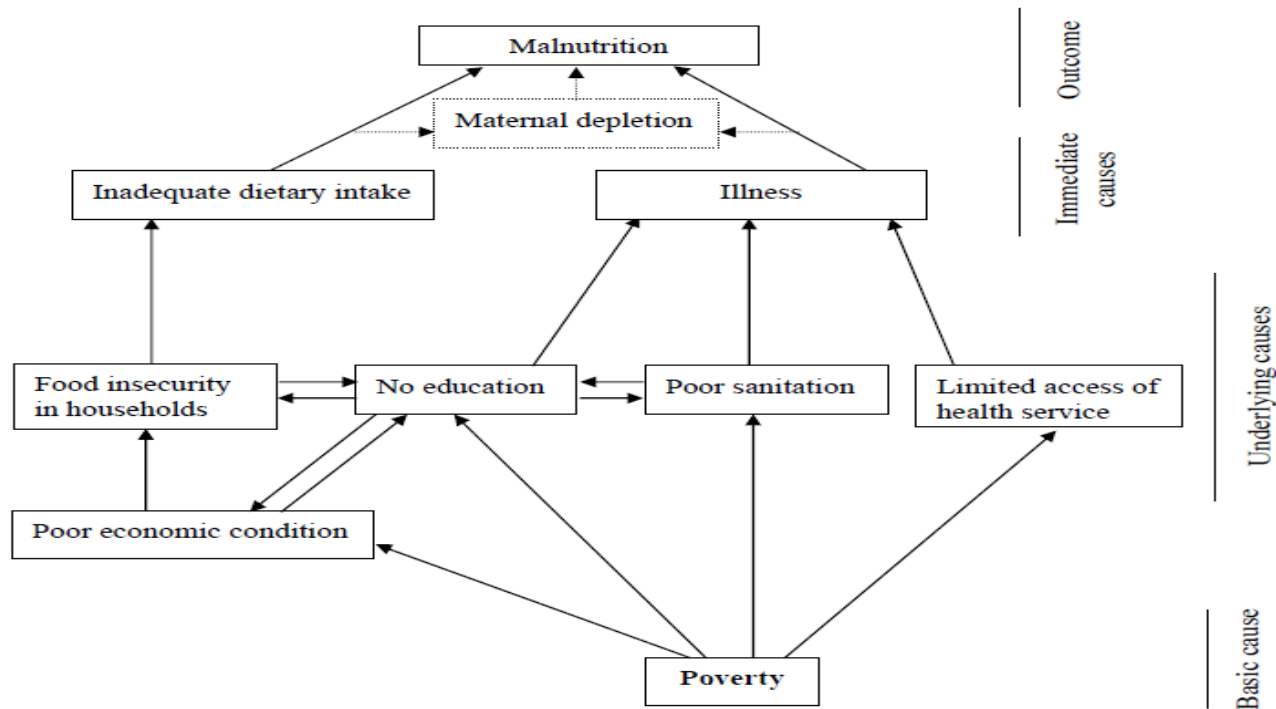
- Remained in the same range of 30% to 35% since 1975.
- Steady movement of the concentration index around 30% from 2005 to 2008 which again drastically surged up to 35% in 2009.
- Improved in 2012 as came down to 33%.

# Closing the Gaps: Policy Instruments and Government Interventions

## ❖ Development of Human Asset Index (HAI)

*Policy Intervention in Health Sector*

*Combating against Undernourishment and mortality*



# ***Policy Intervention in Health Sector (cont..)***

Government can intervene into two different steps:

- First, intervention in national-level management system and
- secondly, intervention in community-based management mechanism.

## ***Intervention in national-level management system***

***Intervention in national-level  
management system***



- Availability of Food
- Access to Food

***Community-based intervention***



***Compulsory birth registration  
Awareness building mechanisms  
Public-private participation***



# Development of Human Asset Index (HAI)....

- ***Policy Intervention in Education***
- decrease the drop out ratio along with higher enrollment in secondary and higher-secondary education
- public and private partnership between the government and the NGOs to increase nationwide rural high school graduates and reduce dropout rates among rural high school students (from 65 % to 30 % at SSC and HSC).
- legislation about ensuring that all parents send their children, aged between 5 and 15, to schools.
- After-school free and compulsory tutorial programs need to be introduced.
- minimum of four professional development days with workshops for teachers' curriculum planning, lesson planning for proper instructional delivery, assessment, evaluation and reporting also need to be organized

# Development of Economic Vulnerability Index (EVI)

## ❑ *Improvement of export sector*

- Government of Bangladesh designed “The Export Policy 2009-12” underscoring
  - need for expanding export,
  - increasing the productivity of export-oriented industries and
  - facilitating the overall development of the export sector through capacity building of local export-oriented industries.
- Export diversification seems to be the uttermost priority issue in this export policy. Export Policy 2009-12 has a separate chapter as “Steps toward export diversification” stating the relevant measures for export diversification segmented in different stages. For instance, (i) **Priority based classification of products and service sectors for export diversification**, (ii) **Inter-Sector Project for Product Diversification** and (iii) **Product-Specific Export Facilities** are the three major features of the new export policy.

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# Development of Economic Vulnerability Index..

- Immediate steps for the effective implementation of existing export policy:
- *Identification of the “Most Priority Products”*
- *Specification of the implementation phase*
- *Region-wise diversification of export*

- ☐ Encouraging Private Investment
- ☐ Reducing Vulnerability of LECZ population
- ☐ Increased Agricultural Production

# **Development of Economic Vulnerability Index..**

## **❑ Increased Agricultural Production**

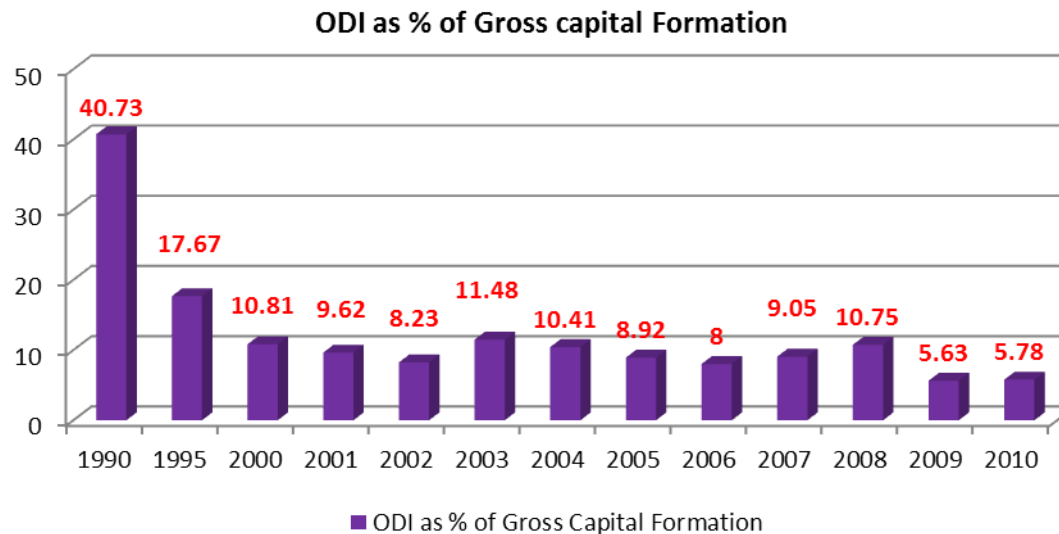
- National Agriculture Policy (NAP), New Agricultural Extension Policy (NAEP), DAE Strategic Plan 1999-2002, DAE Agricultural Extension Manual, National Seed Policy, 1993, and Seed Rules, 1998, Plan of Action on NAP, Actionable Policy Brief and Resource Implication (APB), National Jute Policy, National Livestock Policy, National Fishery Policy, National Forestry Policy, National Land Use Policy, National Water Policy, Environmental Policy, National Food Policy, National Rural Development Policy, PRSP- Agriculture and Rural Development are the major policy manuals

# **Cost-Benefits of transition strategies of International Support Measures (IMS): Phasing out of concessional ODA and DFQF market access**

- High export concentration both in terms of specific commodity and region that explained by the market access through DFQF measure.
- EU is Bangladesh's main trading partner, accounting for around 12% of Bangladesh's total trade whereas Bangladesh was the EU's 35th largest trading partner in goods in 2012.
- EU imports from Bangladesh are dominated by Clothing accounting for around 90% of the EU's total imports from Bangladesh.
- Bangladesh can gain even more if DFQF is provided with 100% implementation for LDCs. The study carried out by IFPRI (Bouet et. al): export and GDP can increase by 4.16% and 0.17%, welfare effect of 0.29% from OECD in case of 100% implementation of DFQF .

# Cost-Benefits of transition strategies of International Support Measures (IMS).....

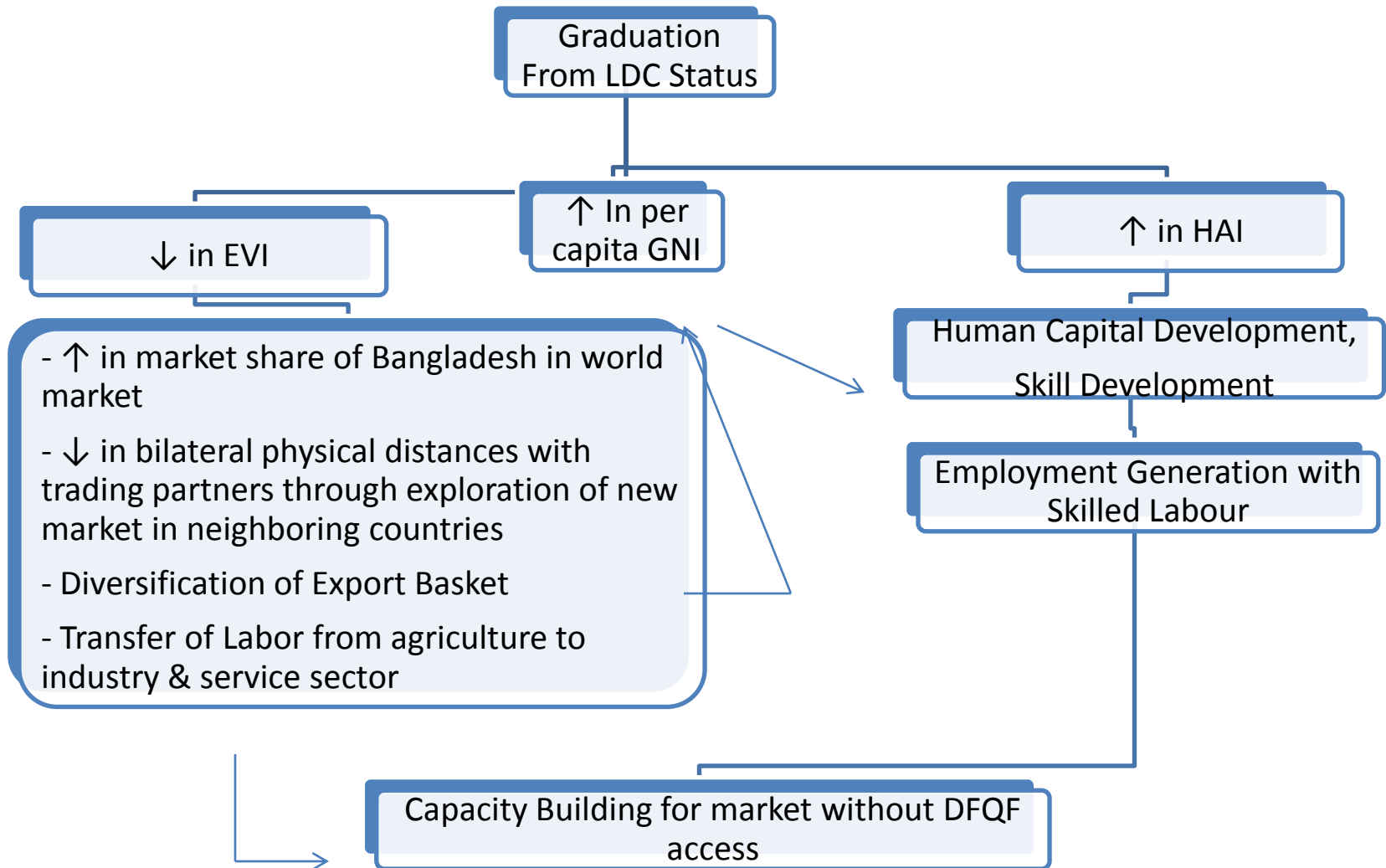
- ***Official Development Assistance (ODA) for Bangladesh***



- ODI as percentage of central governance expenses had significant fall in 2009 to 12.12% from the past trend of over 20% since 2000

# **Cost-Benefits of transition strategies of International Support Measures (IMS).....**

- Graduation of Bangladesh from LDC status :  
“not solely a matter of advancement but also a threatening concern with probable threat of reduced export earnings”
- Probable threat of decreased export earnings from abolishment of DFQF access can be dismissed if we consider the multiplier effect of the process of graduation of Bangladesh from LDC status.





# Concluding Remarks

- Bangladesh needs to emphasize most on development of HAI as the gap of this indicator from threshold level is higher than that of the other two indicators.
- Bangladesh needs to oversee the movement of the variables of EVI especially to maintenance of stability of export earnings and agricultural production which are the two major contributing components in Gross Domestic Products.
- Development of Human Asset Index will be accompanied by human capital development which will enable Bangladesh to have efficient and skilled labor force. Increase in per capita GNI is expected to affect the economy with more diversification through improvement of service sector which may contribute to minimize the commodity and region specific export concentration.
-