

How Can BRI Help Achieve SDGs in Bangladesh

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- BRI is a 'giga' global development programme proposed, implemented and financed by China
- “One Belt” means Silk Road Economic Belt while “One Road” implies the 21st century Maritime Silk Road
- “Priority areas for cooperation”
 - 1) policy coordination
 - 2) connectivity through infrastructure
 - 3) unimpeded trade
 - 4) financial integration and
 - 5) people-to-people bond

- Bangladesh is a party to Bangladesh, China, India and Myanmar Economic Corridor (BCIM EC)
- The country is a member and strongly committed to BRI vis-à-vis BCIM-EC, which is reflected in
 - the joint statement of Bangladesh and China during Chinese President Xi Jinping's visit to Bangladesh on 14-15 October 2016 (articles 6 and 21), and
 - the joint statement of China and Bangladesh during Bangladesh Prime Minister Sheikh Hasina's visit to China from 1-6 July 2019 (articles 7 and 9)

- These commitments are aimed at attaining SDGs as well as the stipulated milestones of national development, such as “Vision 2021” to become a middle-income country by 2021 and “Vision 2041” to emerge as a developed nation by 2041



5 | Bangladesh's Achievements and Challenges in SDGs Related to BRI

Goal 1: End poverty in all its forms everywhere

- 21.8% and 11.3% population lived under upper and lower poverty lines in 2018, respectively (GED 2019 estimates)
- The government expects that rapid and inclusive economic growth along with considerable employment opportunity would help reduce poverty
- It aims to develop human capital and increase private investment including investment on energy to facilitate accelerated economic growth



6 | Bangladesh's Achievements and Challenges in SDGs Related to BRI

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- Achieved impressive performance in attaining gross enrolment in primary education and gender parity at primary and secondary levels
- girl-boy ratio was 0.701 at tertiary and 0.315 at technical education in 2016
- A massive inability of the students to achieve minimum proficiency in English and elementary Mathematics
 - indicates enormous “wastage of resources” and a big setback towards achieving sustainable formation of human capital in the country



7 | Bangladesh's Achievements and Challenges in SDGs Related to BRI

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

- Installed generation capacity has increased to 22,231 MW (including captive power) in FY2018-19
 - maximum generation reached 12,893 MW in 2019
- The proportion of households with access to electricity is about 94 % in 2019
- Access to clean fuels and technology will reach 20.93% in 2020
- The country needs big investment in power generation and clean energy technologies because its reserve of natural gas will be exhausted in the next ten years or so (avenue for BRI)



8 | Bangladesh's Achievements and Challenges in SDGs Related to BRI

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Growth of real GDP registered 7.28% in 2016-17, while it was 7.86% and 8.13% per cent in the subsequent two fiscal years. The country aims to achieve double-digit growth by 2024-25
- The challenges are to enhance efficiency in labour use, increase the base of high-quality human capital and engage them in productive sectors
- The rate of unemployment was 3.2 per cent in 2018 (GED, 2019)
- The highest rate of unemployment has been observed among young population aged 15-24 (8.9% in 2018) (GED, 2019)



9 | Bangladesh's Achievements and Challenges in SDGs Related to BRI

Goal 10: Reduce inequality within and among countries

- Income inequality has increased alarmingly
- Income Gini coefficient was 0.458 in 2010 but increased to 0.483 in 2016
- Palma ratio has been increasing from 1.7 in the 1980s to 2.1 in the 1990s, 2.5 in 2010, while it became 2.93 in 2016
- ODA along with FDI will play a significant role in attaining the SDGs in which BRI is expected to work as a catalyst
- Developing human capital instead of unskilled and semi-skilled labour would be an important means of reducing inequality



10 | Bangladesh's Achievements and Challenges in SDGs Related to BRI

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11 | Bangladesh's Achievements and Challenges in SDGs Related to BRI

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

- a rapid, unplanned, unsafe and aggressive urbanization is a hard reality in Bangladesh which is leading most cities unlivable
- Paucity of green-blue spaces, extreme traffic congestion in megacities like Dhaka, and excess use of cooling technologies are making cities unsustainable and subject to the danger of urban heat island effect
- BRI investment in infrastructure should focus on safety, resilience and sustainability of the cities in the country.



Bangladesh's Achievements and Challenges in SDGs Related to BRI

Goal 12: Ensure sustainable production patterns and sustainable consumption

- Bangladesh's rapid and sustained economic growth is expected to further accelerate during the period of implementation of SDG targets since the country will parallelly implement its overarching Vision 2041
- BRI-induced investment and technology is expected to aim at energy efficiency, high-end manufacturing outputs, and use of low-carbon energy in the production processes and transport services, reducing environmental damage, etc.



Bangladesh's Achievements and Challenges in SDGs Related to BRI

Goal 13: Take urgent action to combat climate change and its impacts

- Bangladesh was the seventh country in the world in terms of rapid extreme events, while the country's position was fourth in terms of annual average loss of GDP in PPP (\$2.4 billion) and third in terms of number of events (190) for the period 1998-2017
- The country has prepared a number of documents on climate change including BCCSAP, Climate Change and Gender Action Plan (CCGAP); Climate Change Trust Act 2010; Intended Nationally Determined Contribution (INDC); National Adaptation Plan, and Climate Fiscal Framework
- Significant gap between realised and required investment as well as deficiency of adaptation technologies can be addressed through BRI investment



Bangladesh's Achievements and Challenges in SDGs Related to BRI

Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

- An additional US\$928.48 billion will be required for 2017-2030 or annually US\$66.32 billion, of which the additionally required external financing would be US\$9.88 billion (14.89%) per year

Inflow of ODA and Repayment (million US\$)				
	2015-16	2016-17	2017-18	2018-19
Disbursement	3,563.59	3,677.29	6,369.37	6,210.06
Repayment	1,050.58	1,123.27	1,409.00	1,565.07
Outstanding	26,305.71	28,337.37	33,531.00	38,562.69
Outstanding % of GDP	23.3	23.7	26.9	29.2

Source: ERD (various years).

- Resource mobilisation for financing SDGs remains one of the biggest challenges for Bangladesh in which BRI is expected to play a catalytic role



Chinese ODA and FDI

Fiscal Year	Aid		FDI	
	China	Total	China	Total
2015-16	65.567	3,563.59	52.37	2,003.53
2016-17	227.159	3,677.29	68.58	2,454.81
2017-18	230.902	6,369.37	506.13	2,580.44
2018-19*		6,210.06	1,321.75	4,268.45

* Projected based on July 2018-March 2019 data.

Sources: Economic Relations Division (ERD), Government of Bangladesh (various years) and Bangladesh Bank (2019).

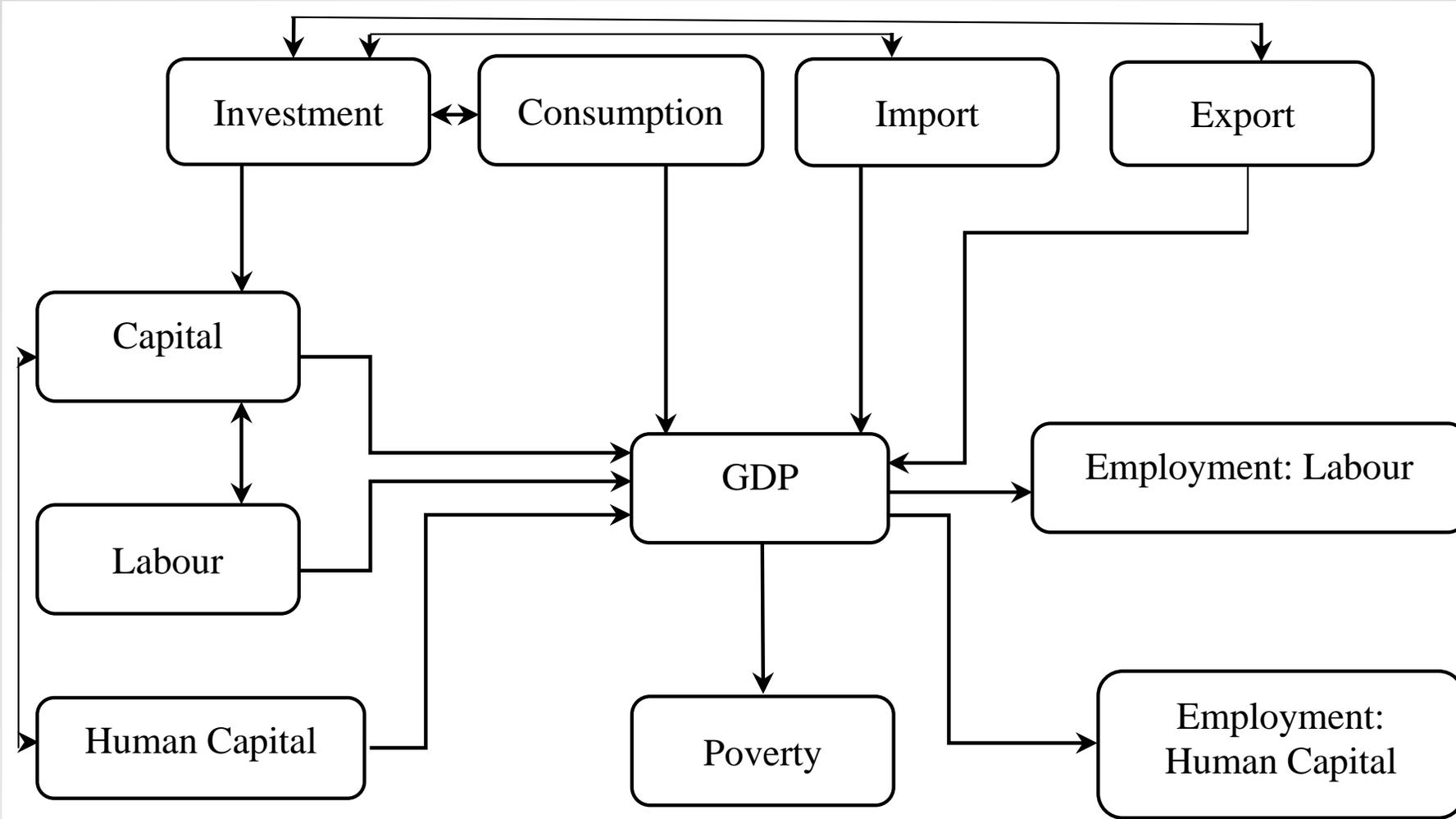
- Flow of Chinese ODA has meagre even after President Xi's visit to Bangladesh in 2016 when the country pronounced its firm committed towards BRI
- Chinese FDI suddenly spurred, most of it is in energy projects (about 81%)



Possible Impacts of BRI: Calibration and Simulation



Analytical Framework



Major assumptions

- Gross output is determined by Cobb-Douglas production function with CRTS

$$Y_{t+i}^{BRI} = A_{t+i} (K_{t+i}^{BRI})^{\alpha_t} L_{t+i}^{\beta_t} H_{t+i}^{1-\alpha_t-\beta_t}$$

- Labour is divided into human capital and ordinary labour with their varying share in the gross output
- Input shares in GDP follow recursive path, while other equations are endogenous
- A US\$3 billion additional ODA comes every year on BRI to address ODA gap for achieving SDGs
- The economy follows the Hicks-neutral technical change



GDP and Economic Growth

Trend of GDP (billion US\$, current)

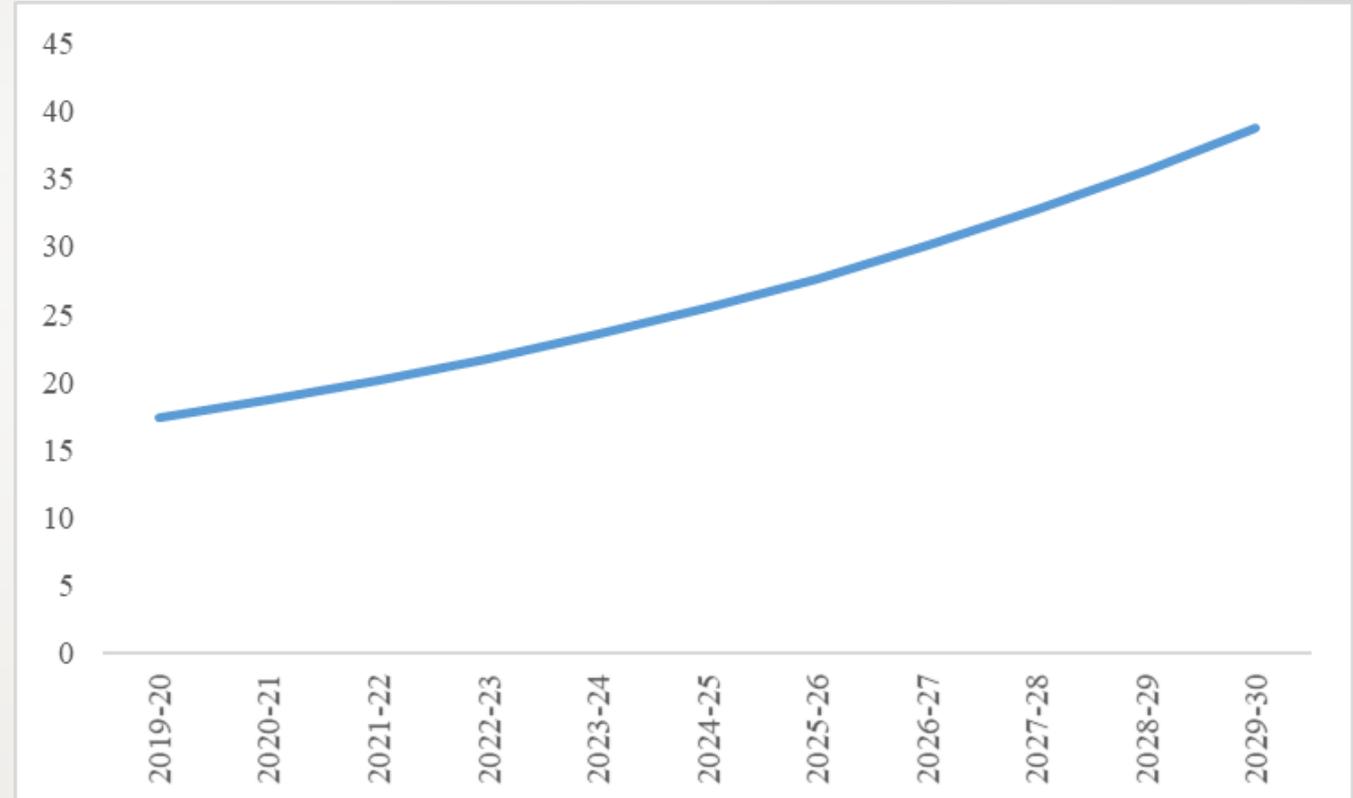
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Qdr_L	302	327	354	383	416	451	489	531	576	624	677	733
Trend_L		328	356	386	420	458	499	546	597	654	717	786
BRI_Trend_L		345	374	406	442	481	525	573	627	686	752	825

Growth Rate

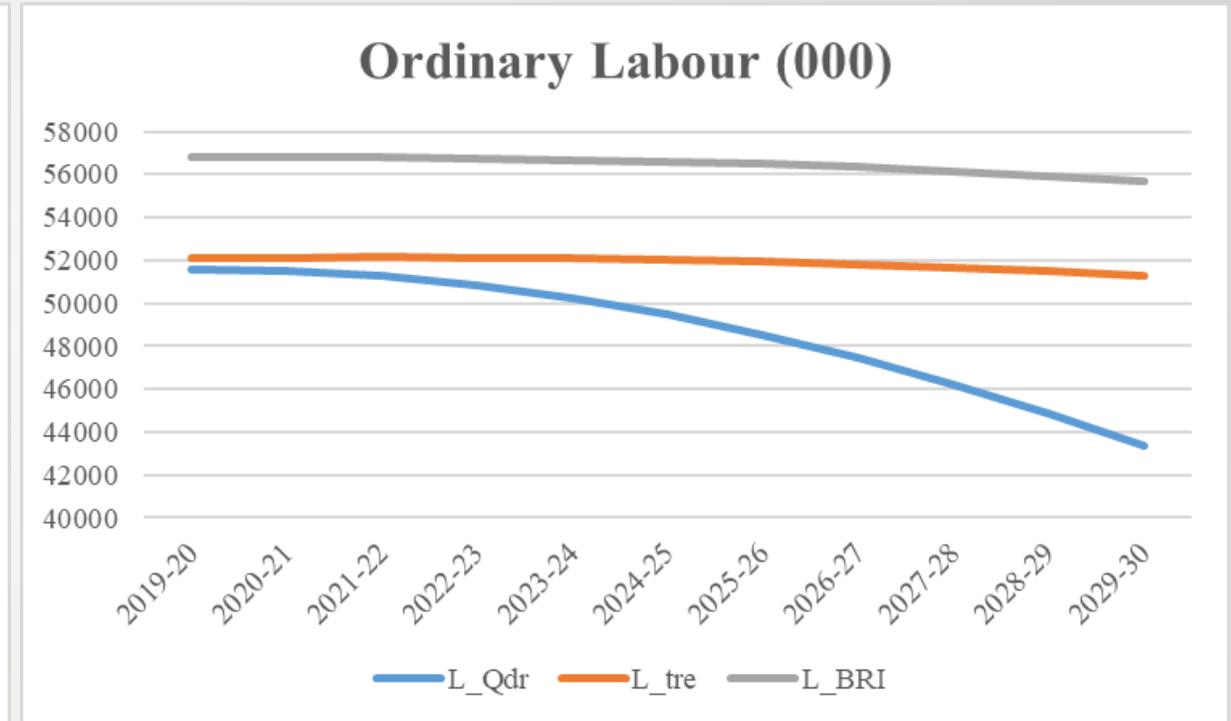
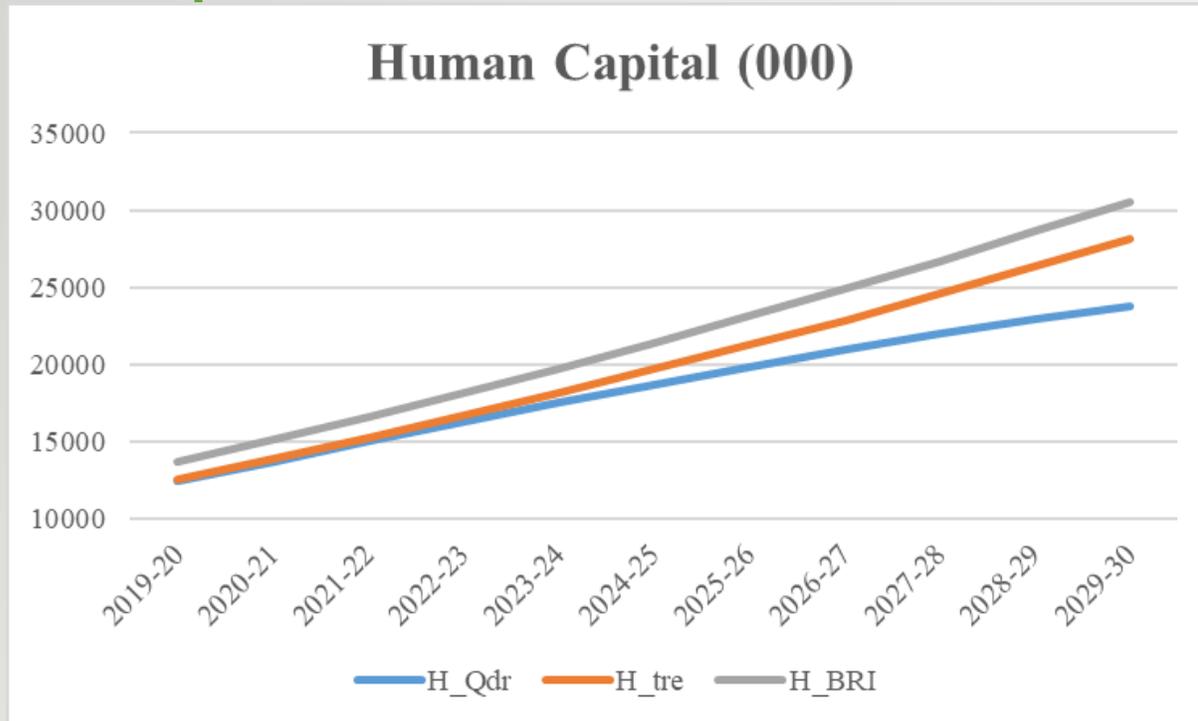
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Qdr_L	8.30	8.37	8.42	8.46	8.48	8.48	8.47	8.45	8.41	8.36
Trend_L	8.38	8.58	8.78	8.96	9.12	9.27	9.40	9.52	9.63	9.73
BRI_Trend_L	8.34	8.55	8.74	8.92	9.08	9.23	9.37	9.49	9.60	9.70

Additional GDP (billion US\$) due to BRI

- Additional GDP would be generated via increased capital stock
- Additional US\$292 billion would be generated up to 2030



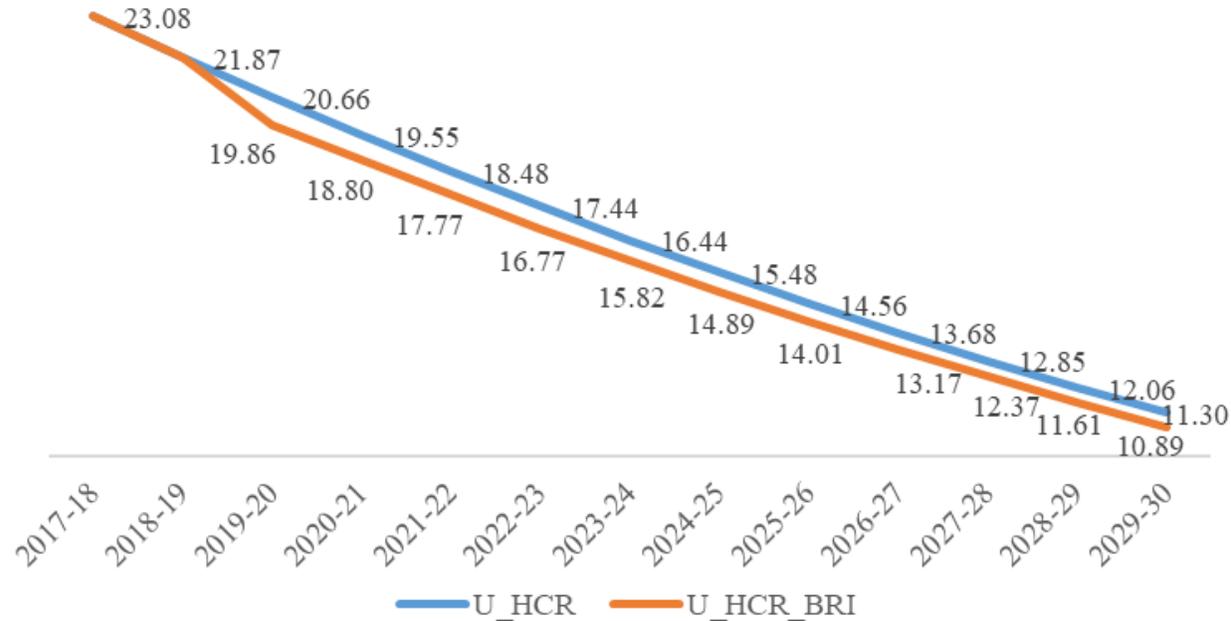
Demand for Labour



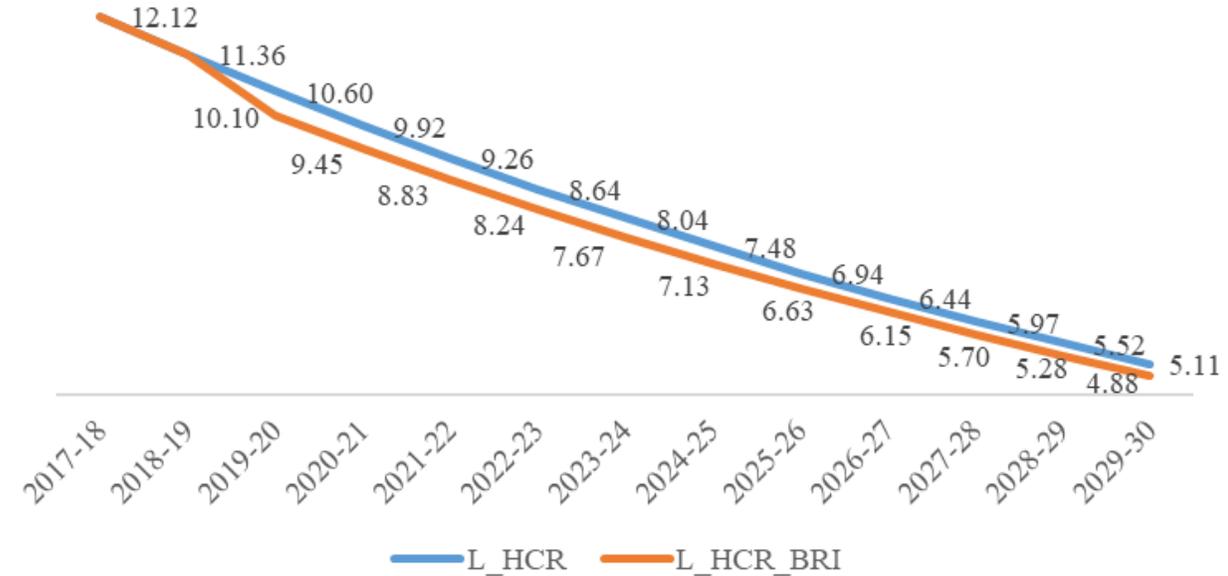
- Demand for human capital and ordinary labour will higher in BRI scenario
- Additional 19.23 million human capital would be required up to 2030
- Additional 50.2 million ordinary persons would be required up to 2030

Impact on Poverty

Trend of Upper PHR



Trend of Lower PHR

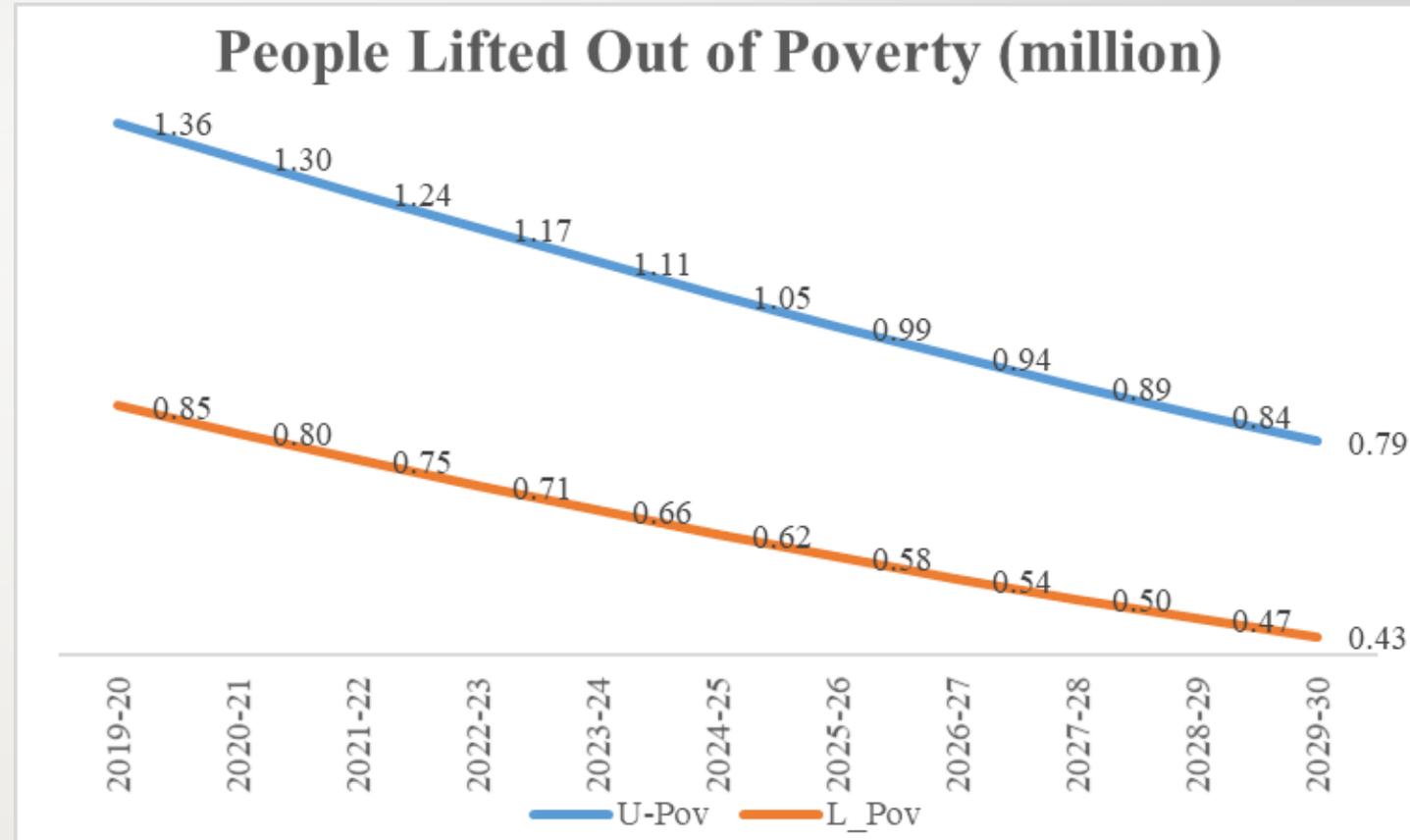


- Incidence of poverty would be lower than the trend poverty both for upper and lower poverty line
- Proportion of people living under lower poverty line would be closer to the SDGs commitment of zero extreme poverty



23 | People lifted out of poverty due to BRI

- Additional 11.67 million people would be lifted out of upper poverty line
- Additional 6.9 million people would be lifted out of lower poverty line
- This finding is significantly higher than Maliszewska and van der Mensbrugge (2019)
 - Because of new BRI infrastructures, 200,000 people would be lifted out of extreme poverty, which is equivalent to 0.11 percent of the headcount ratio (measured at PPP US\$1.9 a day)



Way forward

- Secure ODA as per the commitment under BRI
 - Implement infrastructural projects at the earliest
 - Promote South-South cooperation vis-à-vis international cooperation under SDG 17
- Reduce trade barriers (tariff, non-tariff and para-tariff) with China and among BRI countries
- Secure more Chinese investment in diversified sectors
- Initiate greater coordination in trade, investment and financial policies



Thank You Very Much for
Kind Attention

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