



BANGLADESH COUNTRY PRESENTATION

EXPERT GROUP MEETING, UNCDP

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MINISTRY OF FINANCE, BANGLADESH

12 JANUARY 2021

HAPPY NEW
YEAR 2021!

Bangladesh celebrating several historic events in the Year 2021

- Golden Jubilee of Independence
- Celebrating birth centenary of the father of the nation
Bangabandhu Sheikh Mujibur Rahman

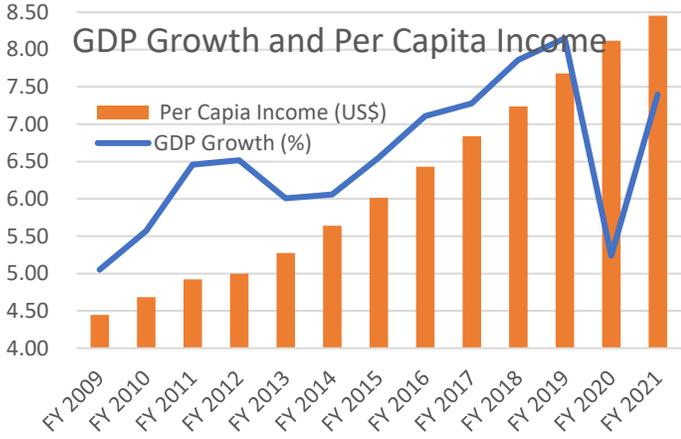
OUTLINE

1. Socioeconomic Progress
2. COVID-19 Implications and Government's Response
3. Graduation and Policy Options
4. International Supports

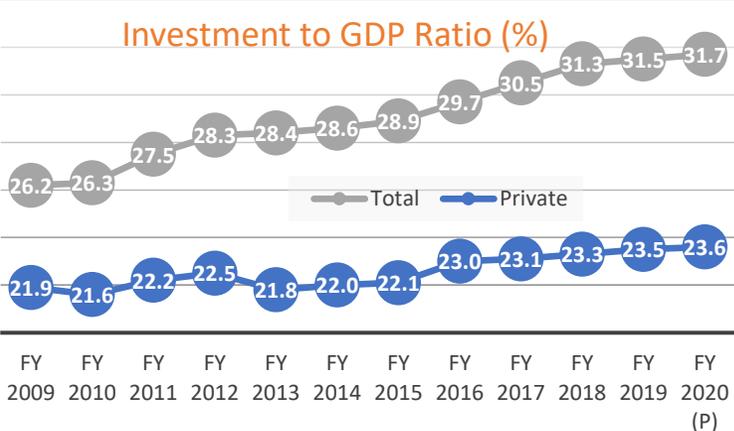
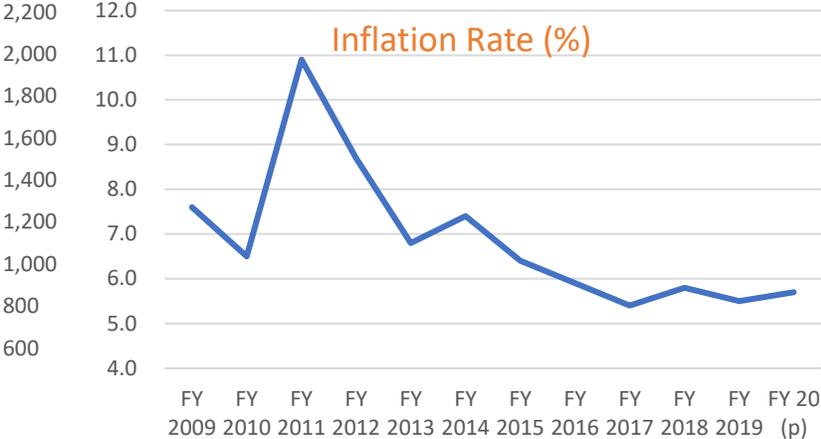
SOCIOECONOMIC
PROGRESS

Economic Achievement
Social Progress
Meeting Eligibility Criteria

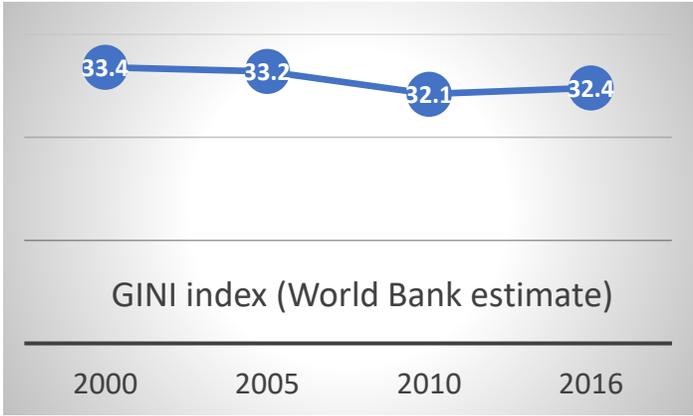
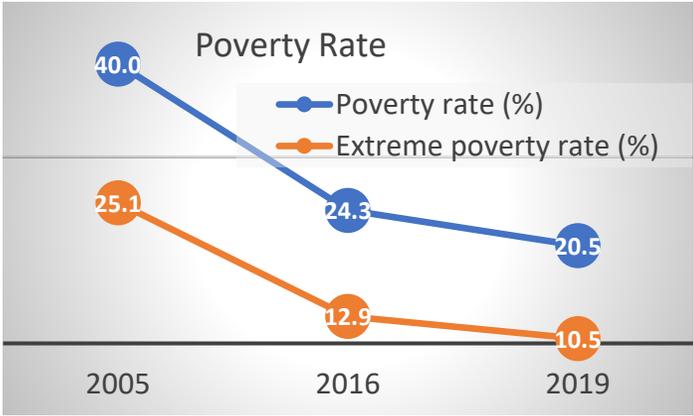
High investment and lower inflation led to sustained economic growth and poverty reduction



FY 2020- prov FY2021- proj

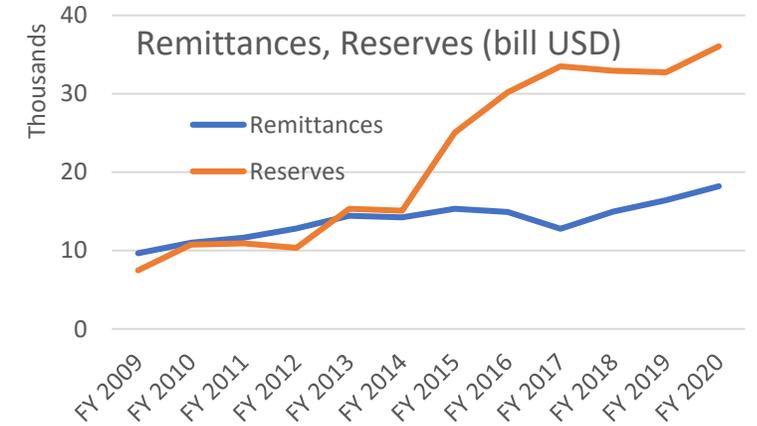
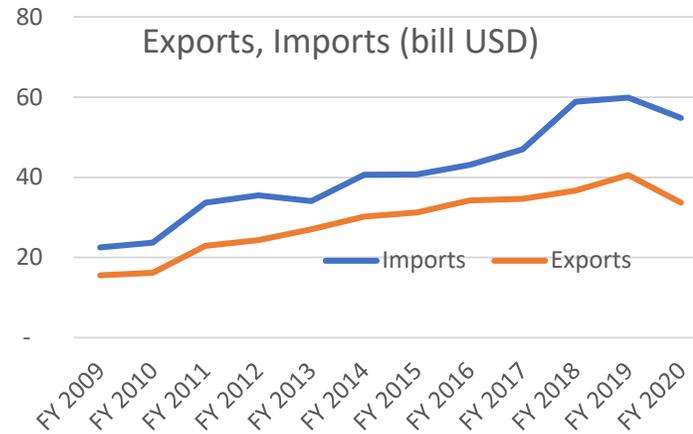


Sharp decline in poverty and improved inequality due to inclusive growth

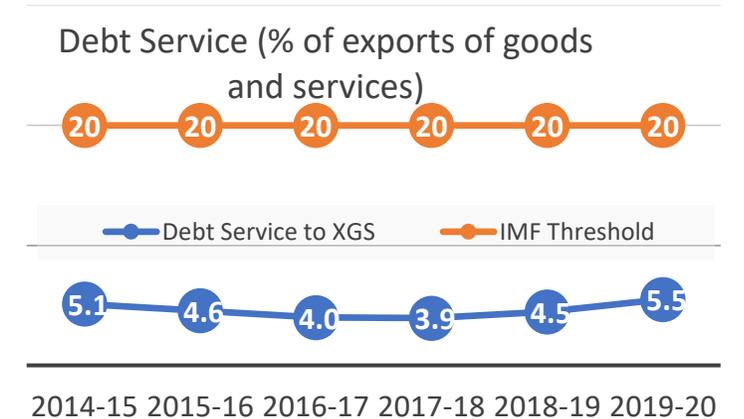
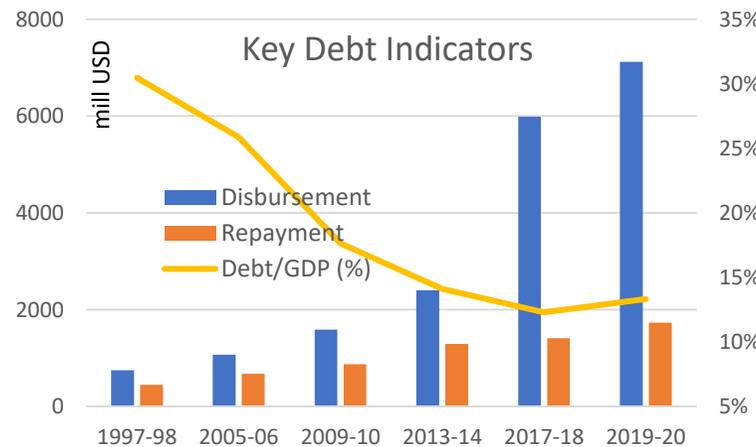


EXTERNAL
ECONOMIC
INDICATORS

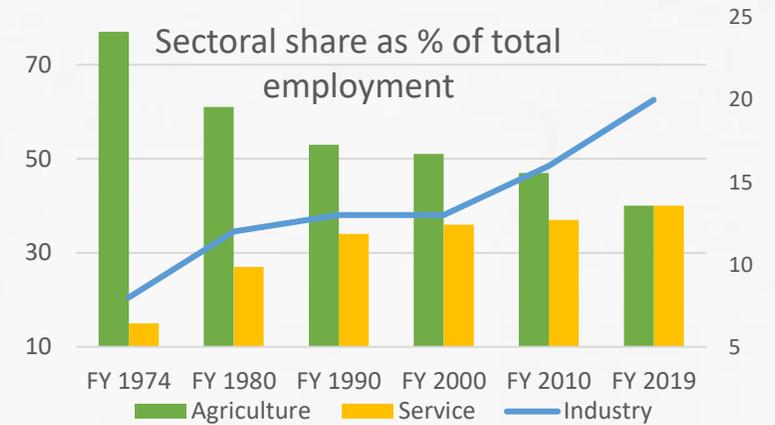
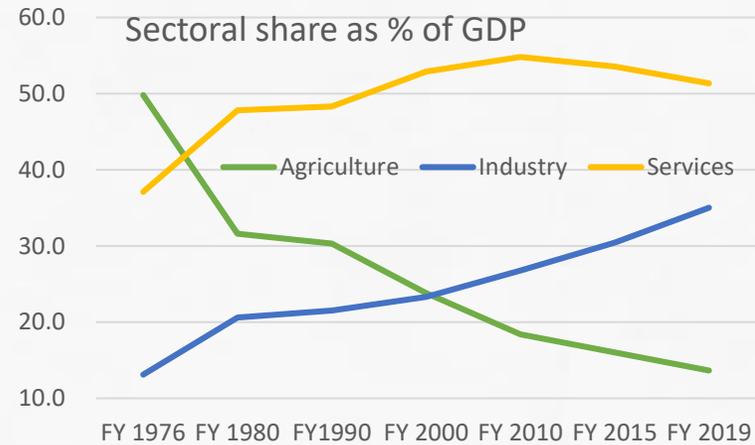
Growth in trade and remittances led to record reserves



Despite enhanced debt utilization, external debt stock remains below threshold (40% of GNI)

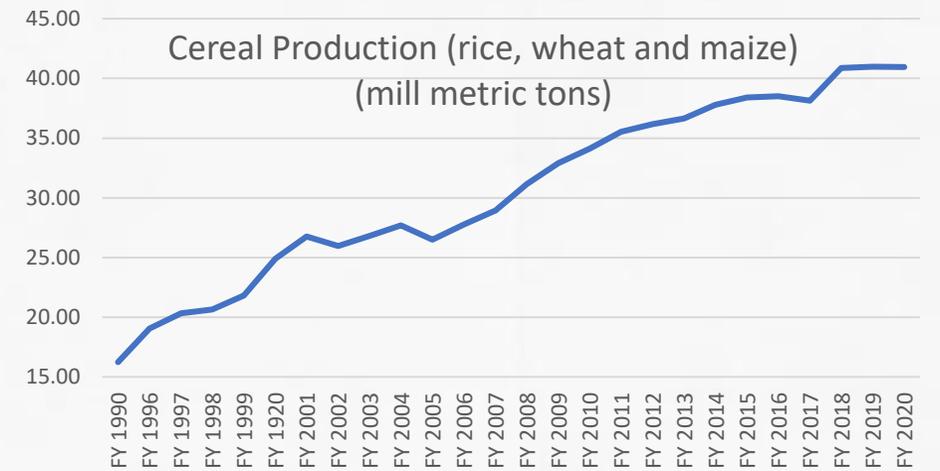


Share of economic output and labour input shifting from agriculture to industry and service



STRUCTURAL TRANSFORMATION

Higher use of technology led to manifold increase in agriculture productivity despite of lower Share of GDP



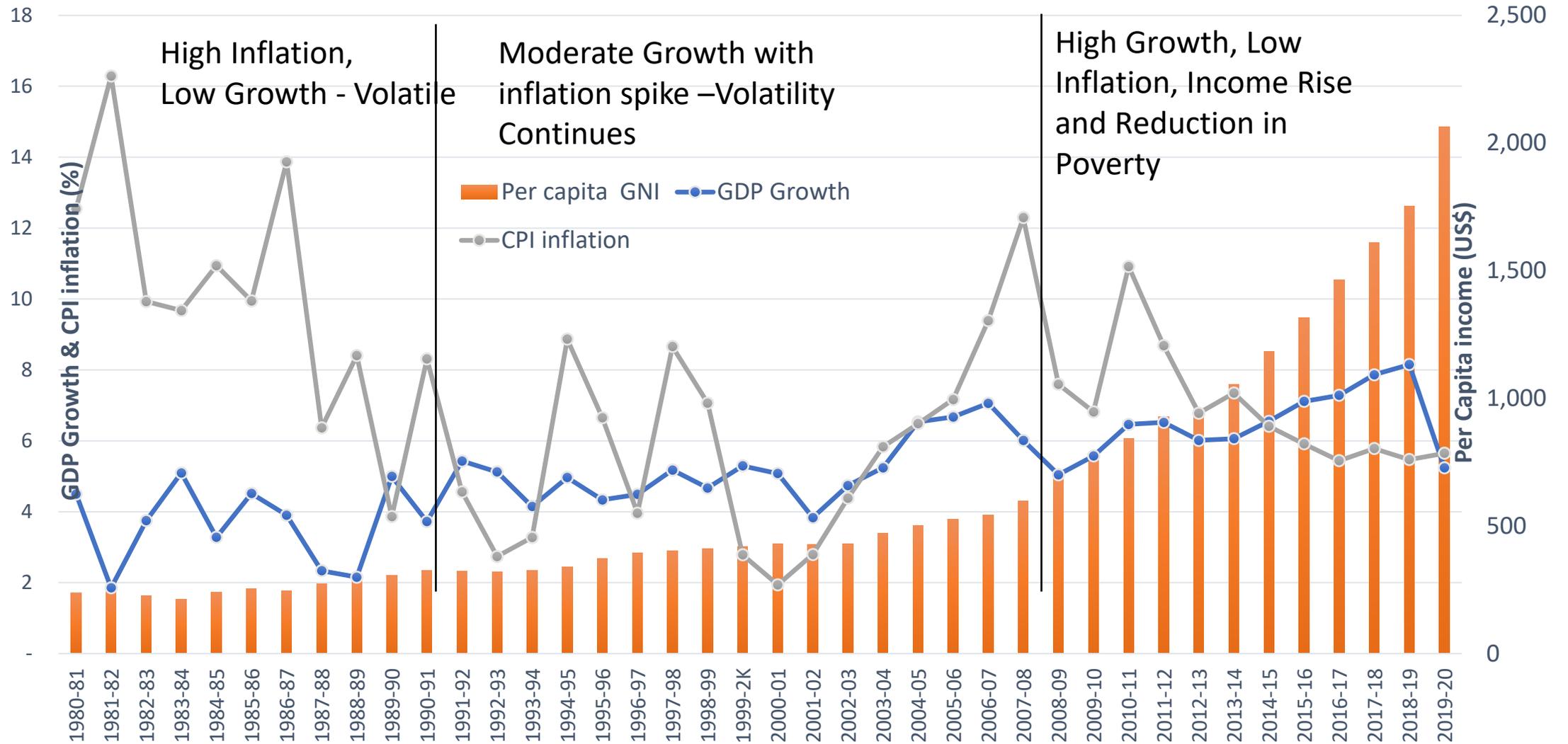
FY 2020 provisional

REMARKABLE
SOCIAL
PROGRESS

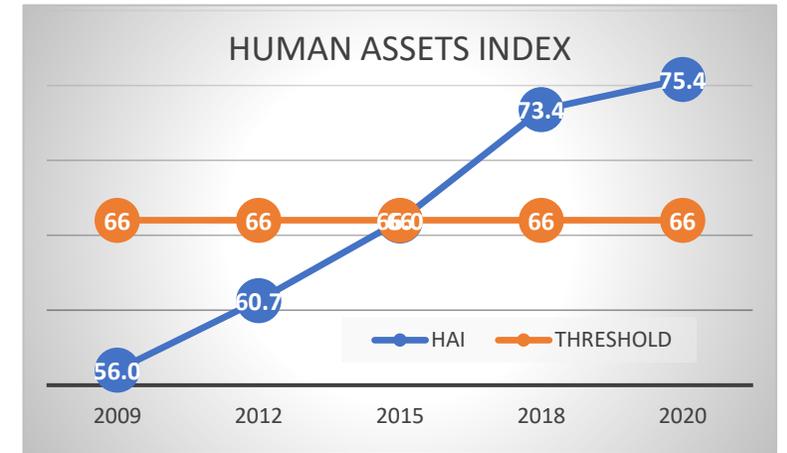
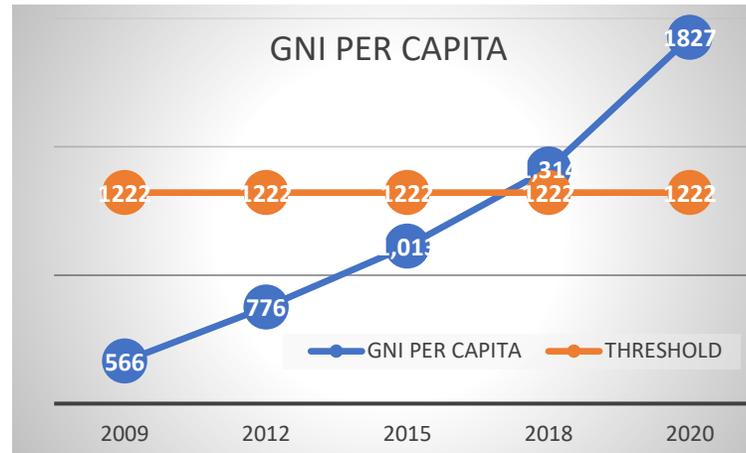
Indicators	2005	2016	2019
Life expectancy (Year)	67.9	71.6	72.6
Maternal mortality ratio per thousand	3.43	1.86	1.72
Infant mortality rate per thousand	50.6	28.0	21.0
Adult literacy rate	46.7	72.3	74.7
Labor force participation, female (% of female pop)	27.7	32.8	36.1
Mobile cellular subscriptions (per 100 people)	6.5	86.0	99.2
Access to electricity (% of population)	44	76	92
Secondary School Enrolment	51.9	62.9	72.6

- Sharp decline in **Total Fertility Rate** (from 6.38 in 1980 to 1.99 in 2020, below the replacement level Of 2.1) significantly contributed to women empowerment and HPN sector
- Bangladesh ranks 50th in the **Global Gender Gap Index, WEF** and is only South Asian country in the top 100; it ranks 7th in Political Empowerment
- **National Financial Inclusion Strategy** will ensure affordable access for all citizens. **Mobile Financial Services** transactions increased by four times during 2014-2020.
- In **Human Capital Index 2018** of the World Bank, where Bangladesh has secured 106th position among 157 countries, and scored ahead of India and Pakistan.

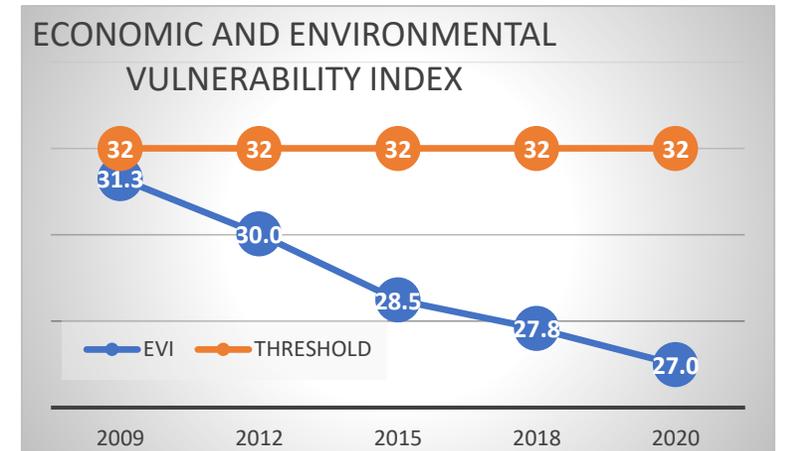
Bangladesh's economy is in the era of high growth and per capita income, low inflation, and reduced poverty...



MEETING
ELIGIBILITY
CRITERIA IN THE
SECOND TRIENNIAL



*Bangladesh meets all three eligibility
criteria comfortably*



Source: UNCDP Estimates, 2020

**COVID-19
IMPLICATIONS AND
GOVERNMENT
RESPONSES**

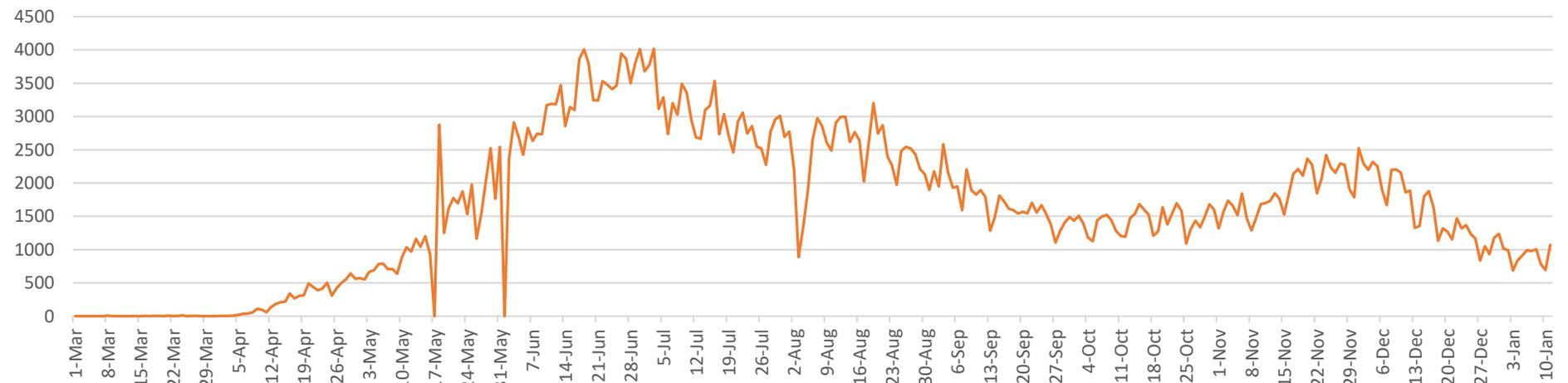
Health Impact
Macroeconomic Impact
Government Response
Signs of Recovery

COMPARATIVE COVID-19 PANDEMIC SCENARIO

Country	Population (mill)	Total Case	Cases per Mill	Total Deaths	Deaths per Mill
USA	331.0	22,009,275	66,493	369,304	1,116
UK	67.9	3,017,413	44,448	80,868	1,191
India	1,380.0	10,466,595	7,584	151,160	110
Germany	83.8	1,908,527	22,779	40,343	482
Bangladesh	164.7	522,453	3,172	7,781	47

Accessed on 12 January 2021 at <https://covid19.who.int/region/searo/country/bd> and estimation based on available data as of 10 Jan 2021

Bangladesh: New Confirmed Cases as of 10 Jan 2021



MACROECONOMIC IMPACT OF COVID-19

Indicators	Pre-COVID FY 2020 Expected	FY 2020 Actual	FY 2021 Projected
GDP Growth (%)	8.2	5.24 (p)	7.4
Private investment rate (%)	24.6	23.6	24.8
Exports (\$ billion)	45.5	33.7	41.0
Tax Revenues (USD billion)	32.2	28.4	40.8
Fiscal Deficit (% of GDP)	5.0	5.5	6.0
Inflation Rate (%)	5.5	5.7	5.4

Source: 8FYP, EPB, Annual Budget FY 2021

IMPACT ON GLOBAL ECONOMY

- Global output is projected to decline by 4.4% in 2020 (WEO Oct. 2020)
- Euro area, USA, and India's GDP will decline by 8.3%, 4.3%, and 10.3% respectively

IMPACT ON BANGLADESH ECONOMY

- Export** fell by 16.9% in FY2020
- Import** declined by 13.1%
- Remittance** inflow grew by 10.87 percent in FY2020
- Foreign exchange **reserve** crossed USD 43.0 billion at the end of Dec 2020

Source: Bangladesh Bank

COVID-19 PANDEMIC

GOVERNMENT RESPONSE

Strategy

- Minimizing loss of lives
- Avoiding hunger
- Retaining jobs
- Reducing loss of output

Policy Interventions

- Increase Public Expenditure
- Introduce Stimulus Packages
- Expand Social Safety Net Programs
- Increase Money Supply

Stimulus Packages

21 packages (4.35% of GDP amounting to \$14.28 Bill) in 3 broad areas:

- Maintaining supply-side economy and restoring aggregate demand
- Employment creation and revitalizing rural economy
- Enhance social security

Fiscal Policy Initiatives

- Allowed budget deficit beyond threshold of 5%
- Increased expenditure in social safety
- Creating fiscal space by re-prioritizing government expenditure

Monetary Policy Initiatives

- Expansionary money supply
- Measures to improve liquidity in banking system and credit access

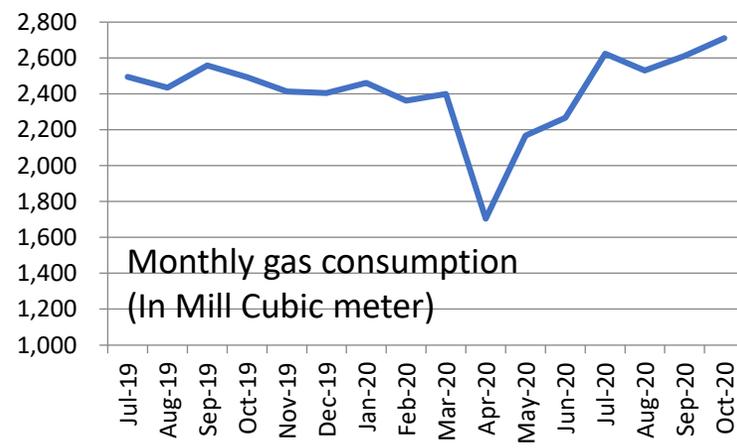
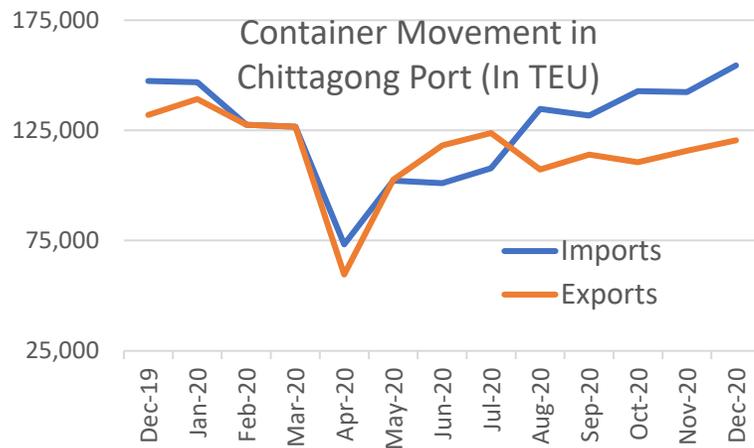
Key Social Protection Initiatives

- Expansion of cash allowance program
- Home for the homeless people
- Safety net program for destitute workers
- Enhanced subsidy to agriculture
- Support for farm mechanization
- Free food distribution
- Special honorarium for health workers
- Compensation for the front liners

SIGNS OF RECOVERY

Indicators	FY 2020 (mill USD)	FY 2021 (mill USD)	Increase (%)
Remittance (Jul - Dec)	9,407.9	12,944.1	37.5
Exports (Jul - Dec)	19,302.2	19,233.5	-0.36
Tax Revenue (Jul-Nov)	9,953.3	10,270.5	3.2
Reserves (Dec)	32,689.2	43,050.1	31.7

According to the **COVID Resilience Ranking by Bloomberg**, Bangladesh ranks 20th among safest countries amid COVID ahead of many developed and developing nations like Germany, US, UK, India



GRADUATION
CHALLENGES AND
VULNERABILITIES
MEASURES AND
STRATEGIC POLICY
OPTIONS

COVID-19

Climate Change

Loss of Trade-related ISMs

GRADUATION CHALLENGE

CLIMATE CHANGE

- frequent flood
- tropical cyclone
- salinity intrusion
- damage of infrastructure
- agricultural losses

Bangladesh is the 8th worst-hit country by natural disasters, World Disasters Report 2018

Policy Options on Domestic Front

Measures Undertaken

- Bangladesh Climate Change Strategy and Action Plan, 2009
- Climate Change Trust Fund, 2009
- National Sustainable Development Strategy, 2010-2021
- National Environment Policy 2018
- Bangladesh Delta Plan 2100

Policy Outlined in 8FYP

- Allocating more resources for green development
- Planning of taxing industrial units for air and water pollution
- Reducing subsidies for fuel and adopting green tax on fossil fuel consumption

INTERNATIONAL SUPPORT MEASURES (ISMs)

DFQF Access
Rules of Origin
TRIPS Exemptions
Export Subsidies
LDC Services Waiver

ODA

Bangladesh made the best use of ISMs among the LDCs...

DFQF Access According to Trade Impacts of LDC Graduation, WTO 2020

- Bangladesh is the highest utilizer of DFQF- 71%
- Average tariffs increase by 8.9% after graduation

Preferential Rules of Origin Bangladesh enjoys the most flexible rule, e.g. single-stage transformation for RMG in EU

LDC Services Waiver No significant impact due to graduation (CDP Impact Assessment, Mar 2020)

TRIPS Flexibilities no need of patent protection in Pharma Production

- Bangladesh Pharmaceuticals meets around 98% of local demand and exports to more than 100 countries
- 25% pharmaceutical products will require patent licenses after graduation

ODA the cost of ODA will increase due to rise in per capita GNI

POLICY MEASURES

Withdrawal of Trade-related ISMs

Key Challenges:

- DFQF market access
- Rules of Origin
- TRIPS exemptions
- Export Subsidies

PRE-GRADUATION PHASE

Extended Preparatory Period

Two additional years with Standard 3-year Preparatory Period

Reasons for Extended Period

- Uncertainty surrounding covid-19 pandemic
- Continuation of ISMs for the extended period
- Implementation of the 8th Five Year Plan (FY 2021-2025)
- Reinforcing implementation of global Agenda 2030

Expected Outcome

- Recovery of COVID-19 pandemic
- Enable businesses to cope with the post-graduation environment

Immediate Measures

- Preparing Transition Strategy engaging all stakeholders including private sector, Development and Trading Partners, CSOs, thinktanks

Medium and Long-Term Measures

- Implementation of 8FYP
- Creating new market access- PTA, FTA, CEPA, EU-GSP+

POLICY MEASURES

Withdrawal of Trade-related ISMs

Key Challenges:

- DFQF market access
- Rules of Origin
- TRIPS exemptions
- Export Subsidies

POST-GRADUATION PHASE

Continuation of ISMs

Adoption of WTO LDC Group proposals for continuing ISMs after graduation

Reasons for Continued ISMs

Strive toward achieving SDGs by 2030

Sustainable graduation with momentum for breaking the MIC trap

Strategic Policy Choices

Improving business climate

Enhancing competitiveness

Export diversification

Measures

Implementation of Transition Strategy

Implementation of successive FYPs (Five Year Plans)

INTERNATIONAL SUPPORTS

Intensive engagement of the
International Community

DEVELOPMENT
COOPERATION FOR
SUSTAINABLE
GRADUATION WITH
MOMENTUM

1. Continuation of ISMs
2. Supports for managing Climate Change
3. Enhancing access to Development Financing
4. Safe and speedy repatriation of 1.1 million Forcibly Displaced Myanmar Nationals

FORGING
AHEAD

Bangladesh anticipates CDP to

- recommend us for graduation in the upcoming Triennial Review in Feb 2021
- recommend two more years in addition to the standard three-year Preparatory Period till 2026