



## BANGLADESH COUNTRY STATEMENT

UN CDP Triennial Review Meeting, 22-26 February 2021

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## **BANGLADESH COUNTRY STATEMENT FOR THE UN COMMITTEE FOR DEVELOPMENT POLICY PLENARY TO BE HELD ON 22-26 FEBRUARY 2021**

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It is an absolute pleasure and privilege for Bangladesh to present its views and perceptions to the distinguished members of the United Nations Committee for Development Policy (CDP) on its probable graduation from the LDC category. We have already made a comprehensive presentation for the case of our graduation during the country consultation as part of the Expert Group Meeting on 12 January 2021. We would like to reiterate our position on graduation with few more points in the current statement.

### ***Prudent macroeconomic management has been the hallmark of Bangladesh's development***

As you may already know, Bangladesh's economy performed extraordinarily well until FY 2019 (July 2018-June 2019). The economy grew by 6.9% on average during FY 2011–FY 2019. In FY 2018-19, Bangladesh became the fastest growing economy in the Asia-Pacific. Because of pursuing inclusive growth strategy, poverty declined from 48.9% in FY 2001 to 20.5% in FY 2019, and extreme poverty declined from 34.3% to 10.5% during the same period. Bangladesh's social safety net programs, collectively amounting to 2.58% of GDP, are some of the largest in the world which have been instrumental in addressing the needs of the poor and helping them graduate out of poverty. The inflation rate has remained steady and has come down to 5.5%. Fiscal prudence has been sustained by keeping the budget deficit at around 5% of GDP. The country attained lower-middle-income status in 2015 and met all the criteria to graduate from LDC status in March 2018. The Economist, a London-based weekly, has published on 2<sup>nd</sup> May 2020 a list of 66 emerging stable economies ranking them according to four measures of financial strength, namely, public debt as percentage of GDP, total foreign debt, costs of borrowing and foreign exchange reserves; and Bangladesh was ranked 9<sup>th</sup>. Their reporting reflects our strong position compared to other emerging economies.

Although our economic situation was normal in the first eight months of FY 2020, the COVID-19 pandemic has had a negative impact since March 2020. Economic growth slowed down to 5.24% in FY 2020, which is the lowest since FY 2009; our growth despite the pandemic remains one of the strongest in the world.

### ***Bangladesh has continued to make progress in the social arena***

Bangladesh stands 50<sup>th</sup> among 153 countries in the Global Gender Gap Index and the only South Asian country in the top 100. There has been a sharp decline in the total fertility rate – down from 6.38 in 1980 to 1.99 in 2019 – below the replacement level of 2.1 births per woman. This silent revolution offered a positive multiplier effect on health, nutrition, education and many socioeconomic indicators which show a continued improvement in infant and maternal mortality, life expectancy, nutrition, school enrolment, cellular phone use, access to power, and other socio-economic fronts. Eradicating stunting is on track at the current rate of reduction; the proportion of stunted children (under 5 years of age) has declined from 45% in 2000 to 28% in 2019.

### *Bangladesh is on the trajectory of high growth and increased per capita income*

Bangladesh's economy is now experiencing an era of high growth, low inflation, increased per capita income, and reduced poverty. Great momentum in the manufacturing sector, mainly driven by the outward-looking market strategy, digitization of the economy, mechanization of agriculture, and promotion of agro-based industries helped by key strategic policy measures facilitated shifting the workforce towards more value-adding activities and accelerating the structural transformation in the economy. All these successes culminated in achieving the thresholds of LDC graduation for the second time in 2021 with a comfortable margin.

### *Vision 2041 and Second Perspective Plan*

Encouraged by the trend of economic success in the last decade, the Government has adopted “Vision 2041” with a dream of a poverty-free country where economic and social justice will prevail and inclusive development will be guaranteed for all. To realize the Vision 2041 with policies and programs, the Government has undertaken the “Second Perspective Plan of Bangladesh: 2021-2041” with an aim of transforming Bangladesh into an upper middle-income country by 2031 and a high-income country by 2041 with poverty incidence approaching zero.

### *Signs of recovery from the devastation of COVID-19*

The government's strategy to combat COVID-19 has always been aimed at striking a careful balance between lives and livelihoods. Our priorities were to minimize morbidity, secure food supply, and protecting jobs. To reduce the impact of coronavirus fallout, the government has offered 23 stimulus packages of USD14.62 billion which is 4.44% of our GDP. It increased public expenditure and money supply in the economy, widened social safety coverage. Our fiscal policy prioritized funding health and social safety nets, while our monetary and financial policies facilitated adequate liquidity in the banking and monetary system. The government has recently allocated around USD176 million for the distribution of loans to CSMEs to prop up the rural economy.

The government's immediate response helped to contain the ravages of COVID-19 and keeping businesses afloat. From April to June, the last quarter of FY 2020, Bangladesh experienced low volume of business activities due to general holidays, lockdown of offices and factories, and restrictions on movement. However, there are growing signs of recovery in remittance inflow, exports, and revenue mobilization. Container movement, gas consumption, and manufacturing activities show upward trends indicating a slow but certain return to normalcy. According to Bloomberg's Resilience Ranking, Bangladesh is considered one of the safest places on earth to live amid COVID-19.

### *Key challenges ahead*

Despite sustained socioeconomic progress, Bangladesh needs to consider some challenges toward sustainable graduation due to exogenous factors. **First**, the uncertainty surrounding COVID-19 resurgence across the world, especially in Europe and North America can be threat to export earnings and remittance inflows. **Second**, Bangladesh is the worst though passive victim of climate change which is constant threat to the livelihoods of people in our coastal areas. **Third**, the loss of trade-related ISMs (International Support Measures) can be an obstacle in the post-graduation phase unless appropriate policy measures with the support of Development and Trading Partners are not ensured. According to the WTO report 2020, Bangladesh is the highest user of trade-related ISMs, especially the preferential market access including duty-free quota-free access, preferential rules of origin, TRIPS exemptions, and export subsidies. According to the WTO report 2020, Bangladesh's utilization of DFQF is 71%, which is well above the second-highest utilization of 25%.

The success of the Pharmaceutical industry confirms that Bangladesh has utilized TRIPS flexibilities very effectively. The industry meets 98% of the local demands at a very affordable prices. Besides, Bangladesh exports pharmaceutical products to more than 100 countries, including many LDCs that have no production capacities for pharmaceuticals. Bangladesh Pharmaceutical industry, thus, significantly contributes to local as well as global public health with affordable and quality medicine.

### *Development Cooperation is instrumental to sustainable graduation with momentum*

During the pre- and post-graduation phases, Bangladesh requires intensive supports from the International Community for achieving smooth and sustainable graduation with momentum.

First, an extended period of two more years with standard three-year preparatory period will give us the flexibility to recover from COVID-19 and restore human health and businesses over a longer period. The continuation of ISMs for twelve years after graduation, as proposed by the LDC Group of the WTO, will complement our efforts towards gaining momentum. An extended transition period beyond graduation will allow bringing meaningful changes to our people through pursuing the right path and pace of structural transformation, adapting the right technology to bolster productivity, building better resilience in its economy and gaining on the fight against fast evolving climate change vulnerabilities. This will also help to achieve the SDGs and avoid the Middle-Income Trap. Bangladesh would like to call upon the UN System to strongly encourage the global community to adopt the WTO LDC group submissions to this end.

Second, Bangladesh is the largest delta in the world which is frequently affected by various natural calamities such as floods, tidal surges, droughts, cyclones, river erosion etc. exacerbated by climate change. Managing climate change successfully is a precondition to sustaining our development. Large investments will be

required from the international community to complement our domestic resources. For example, we need USD 37 billion by 2030 to implement 80 climate change projects under the Delta Plan 2100.

Third, the ever-growing development financing gap for the private and public sectors is the key constraint. The private sector is the engine of growth and hence Development Partners need to come forward to enhance private sector engagement through effective development cooperation creating quality jobs, bringing innovations, transferring technology, and adapting with the Fourth Industrial Revolution. At the same time, scaling up development financing at affordable cost is required for infrastructure development, transformational private sector development, facilitation of growth and productivity and improving ease of doing of business.

Finally, Bangladesh is deeply concerned by the huge environmental, social, and economic costs incurred on account of the 1.1 million Forcibly Displaced Myanmar Nationals (FDMNs) that have taken shelter in the country. Bangladesh today hosts the largest camp of forcibly displaced people from a neighboring country. Unlike many countries in a similar situation, we welcomed the FDMNs on humanitarian ground. Bangladesh shouldn't suffer because we followed international norms and allowed more than a million people fleeing from persecution. We need strong support from the International Community for their safe and speedy repatriation with dignity. We hope that the international community will renew their effort to solve this great humanitarian crisis with new vigor, political commitment and adequate financial resources.

### ***Bangladesh requires a two-year additional preparatory period***

Against this backdrop, considering the uncertainty surrounding COVID-19 across the world, Bangladesh has requested CDP for allowing two additional years in addition to the three-year standard Preparatory Period. In that case, Bangladesh's graduation will be effective in 2026 instead of 2024 – giving a leeway especially to the Private Sector to address two key challenges – recovering from the decimation of COVID-19, and preparing for coping mechanisms for the challenges beyond graduation.

Bangladesh's internal economic dynamics is not sufficient to restore the targeted growth and development momentum. The longer Preparatory Period of five-year will ease the graduation process while ensuring necessary momentum. The 8<sup>th</sup> Five Year Plan, spanning FY 2021-2025, puts great emphasis on improving the business climate, supporting productivity, attracting FDI, diversifying export baskets and destinations, and boosting overall private sector led growth. The five-year Preparatory Period will dovetail nicely with the successful implementation of the 8<sup>th</sup> FYP and improve the readiness of the private sector. On top of that the extended preparatory period will help reinforce the implementation of the SDGs by 2030.

During the preparatory period, Bangladesh plans to adopt the whole-of-society approach in preparing the Smooth Transition Strategy engaging all stakeholders – Development Partners including UN System, Trading Partners, Private Sector, Think Tanks, NGOs and CSOs.

### *Graduation carries significant importance to our nation*

The year 2021 carries great meaning to our nation. We are celebrating two historic events this year- the Golden Jubilee of our independence, and the birth centenary of our father of the Nation Bangabandhu Sheikh Mujibur Rahman concomitantly. Both these events are immensely significant for our journey as an independent nation. The final recommendation for graduation from the LDC status in the same year will add a historic milestone and it would be a glorious achievement in the history of Bangladesh since its independence in 1971.

### *Conclusion*

The LDC graduation is not merely achieving a milestone for Bangladesh, it is a step forward to fulfilling the commitment of SDGs by 2030, graduating to the upper-middle-income country by 2031, and realizing the dream of 168 million people to be a developed nation by 2041. Despite a challenging economic environment, Bangladesh, under the prudent leadership of Honorable Prime Minister Sheikh Hasina, is on track to attaining a smooth and sustainable graduation with momentum aligning with the dream of our Father of the Nation Bangabandhu Sheikh Mujibur Rahman for a self-reliant, poverty-free, prosperous Bangladesh leaving no one behind. Bangladesh is confident of receiving augmented support from the development and trading partners to achieve our ambitious targets in the days to come. On that note, Bangladesh anticipates that CDP would:

- recommend Bangladesh for graduation from the LDC category considering its socioeconomic performance, continued resilience, and comfortably meeting the CDP's criteria;
- recommend two more additional years in addition to the three-year Standard Preparatory Period, which means Bangladesh's graduation shall become effective in 2026.

Bangladesh would like to conclude by giving hearty thanks to the members of the CDP and officials of the CDP Secretariat for their hard work towards this triennial review meeting during the pandemic of the century. Bangladesh wishes you and your colleagues the very best at these challenging times. And despite the trying circumstances, Bangladesh looks forward to undertaking the graduation journey with your support so that as it marches out of this crisis it can build back better, for the people, for the planet and for prosperity.

Thank you once again.