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LATE S. M. ALI

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# Explore all possibilities for procuring Covid-19 vaccines

*We must not lag behind in the global race for a vaccine*

IN the midst of hopes that a coronavirus vaccine could be ready by early next year, the government of Bangladesh has asked for more than USD 1.5 billion from development partners to procure and distribute the vaccine when it becomes available. According to estimates from the finance ministry, Bangladesh might need between USD 1.65 billion and USD 2 billion to vaccinate the country's 165 million people. As a part of this call for assistance, the finance minister held a virtual meeting with the World Bank Vice President on Thursday and sought USD 500 million from the World Bank to purchase, store, transport and distribute the vaccines.

It is reassuring to see that the government is taking concrete steps and seeking financial assistance to ensure that Bangladeshi citizens have access to a Covid-19 vaccine as soon as it hits the markets. As the World Bank management is currently mulling the approval of additional financing of USD 12 billion to help low- and middle-income countries with acquiring the vaccines, it is a good time for Bangladesh to be reaching out. However, we hope the authorities will also be looking elsewhere for financing—while talks have already been initiated with Japan, we also hope that other friendly nations will step forward. Since the government has plans to seek loans from the Asian Development Bank and Asian Infrastructure Investment Bank as well, there must be careful consideration of the economic risks of too many loans at a time when the stimulus packages to keep our economy afloat are still being distributed. The entire process of acquiring funding as well as using it for the sourcing of vaccines must be completely transparent, and all parties involved must be held accountable in order to discourage any corruption or misuse of funds.

However, financing is only one part of the process of acquiring vaccines, and we urge the authorities to explore all options with regard to the actual sourcing of the vaccine. Last week, the government decided not to co-fund the trials of a Chinese vaccine, and although we are meant to be in talks with the makers of five front-running vaccine candidates, there have been no updates from the authorities in this regard. While we should definitely aim to use the COVAX Facility to acquire vaccines through the WHO and the Global Alliance for Vaccines and Immunisation, we must also explore cutting deals with governments and global pharmaceutical companies in order to not lag behind in the global race for a coronavirus vaccine.

# Path to economic recovery must be inclusive and sustainable

*Govt must put people and productivity in key sectors at the centre of attention*

TO say that it has been a difficult journey for us over the last seven months of Covid-19 would be an understatement. Nearly six thousand people have died so far. Nearly four lakhs have been infected. But the number of people hit by the pandemic's impact on life and work runs into many millions. There are, however, indications that the economy is on the rebound and it gives us hope. Recent figures point to a slow, painful but assured recovery, provided the current momentum holds and progress made after the lifting of the lockdown is not undone by the second wave of coronavirus expected in winter. But there are also legitimate concerns about the "quality" of this recovery and whether or not it will be inclusive and sustainable—questions that have always haunted Bangladesh's policymakers. Experts at a recent webinar organised by the South Asian Network on Economic Modeling (Sanem) also highlighted this concern, stressing the need for "a parallel recovery of social conditions and the economy".

Some of the issues they raised deserve appropriate attention. Of particular note is a readjustment of priorities, especially by shifting the focus away from GDP growth to other performance indexes, which could show us the real state of the economy. So far, the return of work orders for the RMG sector and increased inward remittance have acted as catalysts in driving our economic recovery. But unless productivity in other key sectors is also increased and the pre-existing challenges of inequality, poverty, employment generation and institutional weaknesses are addressed efficiently, the marginal recovery achieved so far may flatten out in the face of a second wave and its effects. We also need initiatives to address the sluggish demand in domestic market, low private investment, and slow disbursement of the government's stimulus packages which, if left unaddressed, could prove to be a major drag. There is also a need for specific interventions to increase employment.

The main objective, as one expert has highlighted, should be to help citizens recover from the pandemic's impact on health, education, poverty and social discrimination, among other indicators, with the same urgency as boosting macroeconomic indicators like the GDP. The need for inclusive growth that benefits all and leads to a sustainable economy cannot be overestimated. The government must design and pursue policies keeping this in mind. It must put people—especially the newly poor and traditionally marginalised groups whose lives have been battered by the pandemic—at the centre of all activities.

# Getting the best out of a changing rural economy

MACRO MIRROR



FAHMIDA KHATUN

RURAL Bangladesh is changing. This change has been happening rather fast during the last two decades. Rural activities are changing and the types of occupations are changing. So is the lifestyle of the rural population. This has been driven by income opportunities of a large number of rural population beyond agriculture. Hence the rural nonfarm sector has emerged as an important source of employment generation.

Over time, significant structural changes have taken place in the Bangladesh economy. During the last five decades the

stagnant. The Labour Force Survey and the Household Income and Expenditure Survey of the Bangladesh Bureau of Statistics indicate that in the fiscal year 2016-17, the share of rural nonfarm employment in total rural employment was 48 percent. This has increased from 37 percent in 2000. Rural people are engaged in several types of physical labour-based work such as self-employed cottage industries, handicrafts, wage-based employment in rural businesses, transport and construction work, repair, etc. There are also human capital-based professions which include monthly salaried employees in public and private offices, school and college teachers, lawyers, rural doctors, mid-wives, etc. Yet another type of work such as micro, small and medium businesses, contractors, shopkeepers, etc. require both financial and human capital.

rural nonfarm sector. With large population and limited land, pressure on land is very high. The average farm size is also reducing. Besides, there is landlessness among many rural families. Hence for many, income opportunities from agriculture is shrinking. This has led the rural families to find activities beyond agriculture. Many have migrated to the cities in search of work and have been engaged in various informal activities. But not of all them can get a job. So, they try to find work in the rural non-agricultural sector.

Education among the new generation is another factor for rural people to move out of the agriculture sector. Many families have been able to increase agricultural productivity through the use of technology despite small land size. They invest this income on children's education so that their future generation can move towards human capital-based activities instead

also made significant changes in the rural areas. Rural electrification has facilitated the creation of several new employment and income opportunities. People could work at night and shops could remain open at night due to electricity availability in the villages.

Third, remittances sent by non-resident Bangladeshi workers have been invested in the nonfarm activities. Remittances have also increased the purchasing power of rural people. Rural wages have gone up due to the inflow of remittances, though productivity has not increased by equal measure. Indeed, labour productivity in the agriculture sector is comparatively lower in Bangladesh than in many other countries. In addition to remittances, expansion of the manufacturing sector in the cities where migrated rural workers have been engaged has also pushed rural wages up. Export-oriented readymade garments sector is a major source of employment for the rural population, including women.

Fourth, access to technology has created new opportunities. Cable television, computer, mobile phone and internet have brought radical changes in the rural areas. Rural people can connect with the large cities and the world. They can access information on markets for their products, weather, jobs, healthcare facilities and much more through technology.

Much of the potentials for further transformation of the rural economy is still untapped. Through higher investment the sector can be further diversified and developed. During the ongoing Covid-19 pandemic reverse migration has been observed in Bangladesh. Many people who had earlier migrated to the cities have returned to villages as they lost their jobs and incomes. Ironically, large cities could not accommodate them, but they could somehow survive in the villages. Not only is the cost of living lower in the villages, they have a place to stay, and they have a social support mechanism.

The pandemic has reminded us of the importance of the rural economy. Also, the need for financial support to the small businesses has been felt more strongly. Most businesses in the rural areas are very small in size, and focused on services and trade. Many of them are not registered and rely on local markets only. Very few could expand their businesses outside their areas. Since many operate informally, they cannot take loans from the financial institutions. This has also been observed in case of the stimulus package for the small businesses announced by the government. Micro and small businesses do not have banking records which is discouraging banks to provide loans to them. However, if these businesses are not supported, many will not be able to survive. Therefore, special measures for disbursement of credit under the stimulus packages are needed. Besides, the role of the micro finance institutions in making the rural economy more dynamic and modern is also crucial.

A stronger and larger rural economy is crucial for employment generation and poverty reduction. This will in turn help reduce inequality and achieve sustainable development.

Dr Fahmida Khatun is the Executive Director at the Centre for Policy Dialogue. Views expressed in this article are those of the author and do not necessarily reflect the position of her organisation.



In Bangladesh more than 40 percent of the total labour force is still engaged in agriculture though the sector contributes only 13.65 percent to the gross domestic product (GDP) of Bangladesh as of 2019.

PHOTO: OXFAM

agriculture sector has been surpassed by industry and services sectors in terms of its contributions to the economy. Many developed countries have experienced similar structural transformation in their economies. Agriculture plays much less of an important role compared to the other sectors there. As a result, the sector is no more a major source of employment in those countries.

However, in Bangladesh more than 40 percent of the total labour force is still engaged in agriculture though the sector contributes only 13.65 percent to the gross domestic product (GDP) of Bangladesh as of 2019. This implies that there are surplus labour in the agriculture sector who are underemployed. On the other hand, employment in the manufacturing sector whose share in GDP is 35 percent, has not increased as expected but rather remained

Most villages in Bangladesh are now linked with the cities as economic needs have increased. Improved connectivity has facilitated this. This has changed the rural landscape too. New activities and services including tea stalls, coffee shops, restaurants, salons, beauty parlours, kindergarten schools, coaching centres, health clinics, diagnostic centres, photocopying, printing, cybercafé, communication, processing, and many other vocations are available in and within the periphery of the villages. This diversification also indicates the increased purchasing power in the rural areas. Moreover, this suggests that the quality of human resources and the entrepreneurship of rural people have improved now than before.

Limited land is an important push factor for the rural people to be engaged in the

of labour based activities. So, children of agricultural families are making a transition from agriculture towards non-agriculture sector-based livelihoods.

Many initiatives have also facilitated the expansion of the rural nonfarm economy. First, programmes by both non-government and government organisations have helped nonfarm activities flourish. Organisations such as, Grameen Bank, Brac, Palli Karma Sahayak Foundation and similar ones have played important roles in helping the rural people with finance for their businesses.

Second, improved infrastructure had an important role to play in creating more employment opportunities in the nonfarm sector. Since the mid-eighties improved roads, culverts and bridges have increased the speed of lives by several times. So, the required time for completing activities has gone down. Besides, access to electricity has

# A crisis like no other: But what have we learned?

RMG NOTES



MOSTAFIZ UDDIN

WE are still here and still fighting, even though the past few months have been tough. Myself, and many of my contemporaries running garment factories in Bangladesh are well qualified, experienced, we have the training and we have the knowledge. But absolutely nothing could have prepared us for the past few months. It has been a rollercoaster ride like no other.

In the midst of the battle, it has been difficult at times to sit back and take stock. We've all been fire-fighting and it has been all hands on deck pretty much since March. Sleepless nights and regular trips to the bank have become the norm for many of us.

Despite this, even in these incredibly challenging times, a few clear dynamics have presented themselves. Without doubt, we have learned a lot in the past few months, about ourselves and the industry in which we operate.

So what are the key lessons? Here are five things that stood out during the coronavirus pandemic.

One, we are resilient. We probably always knew this but this pandemic has shown that, as an industry, we are capable of digging deep and drawing on amazing reserves. There are factories still operating now which I would not have given a prayer a few months ago. But somehow, they have clung on, from week to week, and month to month. No factory owner wants to go down without a fight, and this pandemic has highlighted the incredible, indomitable human spirit which is alive and well in our industry.

Two, sometimes it takes a crisis to show people just what they are capable of. Look back to early on during this pandemic when our factories quickly adapted to producing personal protective equipment, despite having little experience in this area. Look at how factories across the industry have shown agility and flexibility, altering their layouts and introducing stringent cleansing programmes to ensure they remain Covid bio-secure. And look at how operations managers have somehow managed to cut costs even further, operating on a shoe-string budget at times so that they can retain as many staff as possible and, more importantly, remain in the game for when things pick up. Many of the lessons learned can surely be carried forward to better times.

Three, there is over-capacity. Before Covid struck, it was clear there was an over-capacity issue in the Bangladesh RMG sector. The past few months have simply brought this into further focus. With global demand for clothing down by more than 50 percent in the first half of 2020, it was fairly obvious there would be too many garment makers fighting over too few orders this year. Unit prices are down significantly, but don't let the pandemic muddy the waters here. Unit prices have been falling for apparel from Bangladesh for years. There are too many factories supplying the same, homogeneous produce and this is allowing brands to simply play one factory off against another. As painful as it may be, our industry needs a rationalisation at some point, and now might be the time to think about what shape our industry will take moving forwards, especially with a global recession forecasted.

Four, supplier relationships must improve. We have learned who our friends are during the pandemic. And, let's be honest, we don't have many of them.

There is a lot of talk about partnership in our industry but the reality, as we have learned, is that when push comes to shove, it is generally every man for himself. Some major brands committed to supporting suppliers by honouring all orders in the early days of the pandemic. But these were the exception rather than the rule. Most used the pandemic to squeeze large discounts out of suppliers, delay payments and in some cases, walk away from orders without looking back.



We probably always knew this but this pandemic has shown that, as an industry, we are capable of digging deep and drawing on amazing reserves.

Supplier relations cannot continue like this—it is literally not sustainable. We need a more equal balance between supplier and retailer, one built on transparency, trust, openness, honesty and mutual benefit. Surely that is to all our benefit.

Five, we need a broader strategy for our industry. This final point is one for our leaders and government. As we move towards the end of a year like no other,

more than ever I feel we need a clearly laid out strategy for our RMG industry. This needs to set short, medium and long-term goals for the industry and it has to be holistic—considering how industry, academia and other stakeholders can work together to make our industry world class. As I have said repeatedly in my column, this pandemic represents an opportunity as well as a threat. Everything is up in the air right now, and it is clear that now more than ever brands and

retailers are seriously looking at shifting more and more production out of China. This will be the biggest sourcing shake-up our industry has seen in a generation and, once it has unfolded, we all have to work together to ensure Bangladesh RMG is sitting pretty.

Mostafiz Uddin is the Managing Director of Denim Expert Limited. He is also the Founder and CEO of Bangladesh Apparel Exchange (BAE). Email: mostafiz@denimexpert.com