

Development trends...

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Besides these, Bangladesh has some weaknesses in employment generation (Goal 1, Target 1.B) and malnutrition (Goal 1, Target 1.C). These observations were brought up at a press briefing on 'Southern Voice on Post-MDG-Dhaka Expert Group Meeting' organised at the CPD auditorium in Dhaka in January 2013 (The Financial Express, 2013)

I would like to mention that we have challenges before us. We have to reduce the percentage of poor to 29% by 2015; we have to reduce maternal mortality rate to 139, child mortality to 31 and enrolment to primary school to 100% by 2015. The gap is more evident in the nutritional outcome of the MDGs. The poor in Bangladesh still suffer from nutritional deficiency, which can be improved by increasing the entitlement capacity of the poor to have a balanced diet. I shall not go into the various challenges and caveats we face, but I will single out one of the most important challenges, which is "institutional challenges". Impact of various efforts for improving the socio-economic conditions of the poor in the developing countries can be maximised through proper management and implementation of development projects. Effective project management and implementation are also crucial for sustainable development. Institutions, which encompass entities at the local level, community level, national level, and project management units, are integral parts of project management and implementation. However, despite strong statements and rhetoric about the essential role of institutions, and the realisation of its potential contribution in development efforts, the issues of institutions have received relatively little

attention by policy makers, planners and implementers of development projects.

CHALLENGES

Political instability

The main challenge is the prolongation and intensification of political turmoil. This affects the economy in both the short and medium terms. The lack of political stability results in a lack of good governance, transparency and

Reform measures

Reforms in the financial sector, public enterprise and regulatory bodies should be carried out.

Growth rates

Average annual GDP growth rate needs to be increased to 7.5% to 8% in order for Bangladesh to reach middle-income status by 2021. For this, we require: (a) Investment to be increased to 32% from the current 26-27% of

Improved human welfare

While growth is necessary, attention to distributional aspects of income and assets among the people has to be addressed as well. This aspect coupled with higher allocation of resources to education, health, and social welfare will result in increased human welfare.

RISK FACTORS

In the backdrop of gradual international integration, it will be important for policy makers to monitor external factors since any external instability can easily be transmitted into the internal economy. The risk factors for the Bangladeshi economy include the following.

- Insufficient infrastructure, i.e., insufficient public capital, mainly insufficient investment, in power generation could be a major threat for growth;

- Constraints in domestic revenue mobilisation with continuing dependence on international trade tax, with direct tax collection increasing at a pace that is slower than the domestic Value Added Tax (VAT);

- Low degree of monetisation hinders normal flourishing of the equity market. A shallow equity market is subject to easy manipulation. Low level of financial development is also characterised by the absence of effective bond and insurance markets;

- Slow pace of complementary reforms to ensure improvement of environment for private investment including FDI; improvement of governance in public infrastructural facilities and utilities; regulatory framework for capital and debt market; contract enforcement through judicial process; and transparency in public expenditure;

- Lack of human capital with adequate technical or vocational education;

- Constraints in the opportunities of investment by non-resident Bangladeshis in productive sectors.

Within this context, faster GDP growth consistent with poverty reduction goals can be met if first, the efficacy and quality of regulatory bodies like Bangladesh Bank, Bangladesh Securities Exchange Commission, Bangladesh Telecommunication Regulatory Commission, and Bangladesh Energy Regulatory Commission advance significantly. Second, if the efficiency of government bodies like Planning Commission, Tariff Commission, and Bangladesh Bureau of Statistics, Implementation Monitoring and Evaluation Division of the Planning Ministry enhances considerably. Third, if the agencies responsible for promotion of business like the Board of Investment (BOI) and Export Promotion Bureau become more dynamic and pro-business. Fourth, if the bodies representing business interests like the Federation of Bangladesh Chambers of Commerce & Industry, and Bangladesh Garments Manufacturers and Exporters' Association work in tandem with the government for sustainable and equitable development to ensure benefits of development to the poor and disadvantaged. Last but not the least, if and only if good governance with adequate transparency and accountability in both the public and private sectors is ensured.

To address these issues appropriate macro-policies, especially fiscal, monetary and trade policies combined with a set of heterodox policies, backed by political will and political stability (with democratic norms, rule of law and good governance), are necessary to enable the Bangladeshi economy to grow at an accelerated rate in the medium term and pave the way for Bangladesh to become a "success story" of overall development.

The writer is Former Governor, Bangladesh Bank (Central Bank). He is also a Professor at BRAC Business School, Dhaka, Bangladesh



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accountability in the public and private sectors. The political turmoil of late 2013 and early 2015 has resulted in economic losses. Different estimates of GDP foregone range from 0.55% to 1.1% of GDP.

Lack of good governance

Corruption, nepotism, and political interference in economic activities result in inefficiencies, wastage of public fund and lower rate of growth, employment and poverty reduction.

GDP; (b) Increased employment; (c) Increased quality of education and training; (d) Increased total factor productivity (TFP); (e) Increased export diversification; and (f) Introduction of improved technologies in all sectors.

Mitigating adverse impact of climate change

Bangladesh is vulnerable to environmental risks and climate change, which must be addressed properly.



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