

What should be the focus of the upcoming budget?

DR MOHAMMED PARVEZ IMDAD

THIS year's budget clearly needs to focus on addressing the emerging issues and challenges of the current pandemic. In addition, priorities in continuity with previous budget exercises should also cater to addressing the structural and operational constraints that exist, to better achieve targeted objectives of inclusive growth and economic efficiency. Despite strong and viable economic progress made over the past decade, currently the key economic indicators reflect a downward trend. Taking present circumstances into account, it may be necessary to temporarily shift away from the conventional approach of budget as an annual exercise, and concentrate more towards the mid-term perspective.

This year's budget should be based on a three-year framework with six-monthly components. For better implementation within the current constraints, structure and size of the budget may not exceed that of last year's. The budget, on the one hand, needs to prioritise critical challenges due to Covid-19, and on the other, support growth momentum and development sustainability.

The three core objectives of this year's budget could be: Recovery, stabilisation and sustaining economic growth. Recovery will include short and medium-term initiatives to meet deficits arising from weakening of the key drivers of growth—readymade garments and overseas remittances. Recovery will also relate to increasing aggregate demand (through increased access to income and credit) as well as efficient retention of supply. Stabilisation will relate to addressing urgent priorities such as implementing stimulus packages, cash transfers, and broadened social safety nets. Sustained economic growth will cover mainly medium to long-term programmes for increased resource mobilisation, financial sector improvements, strengthened monetary and fiscal instruments, and fostering potential growth

sources through economic diversification.

Our development partners have projected a moderate slide in the GDP growth for the current year. However, based on the trends as of now, our projection expects GDP growth to be in the range of 5-6 percent. Assuming reactivated performance of the current growth drivers, GDP growth is expected to pick up and move towards normal level by 2022. Having new growth drivers, even from a medium-term perspective, would not only enable double digit GDP growth by 2023/2024, but also expedite Bangladesh's transition to middle income and high income levels within the envisioned timeframe.

The anticipated decline in GDP growth this year would be a common phenomenon for almost all countries due. A well-managed economy can adequately steer itself, despite reduced growth in the short to medium-term (like the Southeast Asian countries did during the Asian Economic crisis in 1997-2000).

RMG exports and overseas remittances are currently struggling due to structural and functional constraints and the Covid-19 impact. Budget 2020 should have provisions to provide significant support to these sectors. Current growth stimulants could be reinvigorated through several measures such as enhancing skills, expanding demand and supply linkages and access to new markets. Deriving gains from potentially new growth drivers would require extensive policy support, fiscal incentives, as well as enhanced entrepreneurship and skills broadening. Strategies and programmes that can push GDP growth forward through efficient expansions in agriculture and infrastructure, ICT products and services, small and medium enterprises and pharmaceuticals, should be prioritised. In addition, mega-projects that are currently being implemented and expansion of the manufacturing base through planned special economic zones and other logistical development would also stimulate growth, and facilitate diversification and competitiveness.

Resource mobilisation has always been a critical challenge for countries at different stages of development. For Bangladesh, the current tax-GDP ratio (around 8.6 percent) is expected to slacken to around 6 percent this year. Corporate taxes as well as personal income tax will reduce further in the current year. Similarly, revenues from VAT, customs and supplementary duties will be lower due to reduction in overall trade volume. Despite these constraints, the budget should support a strong fiscal framework and try raising the

Whitening undeclared money or funds from undeclared sources aimed at obtaining additional resources to meet current resource deficits (as on previous occasions), could be an option.

However, the effectiveness of these processes could be further reviewed based on past experiences to ensure more efficient outcomes. As regards to external resources, the government may ask its development partners for priority lending on extremely concessional terms outside the ambit of

massive private investments for improved health infrastructure and healthcare. This should be followed by increased allocations in the following sectors: social protection and safety net, agriculture and food security, education and skills enhancement, infrastructure, ICT and energy. In addition, enhancing government stimulus packages and cash transfers could also be considered with priority, in order to mitigate income erosion and unemployment and contraction in economic activities. Social protection and safety nets could be broadened to transform these into "protection and welfare net".

ADP implementation for the current year is about 40 percent. That tells us that the government should focus on efficient implementation of priority projects, as well as clear up pending backlogs from previous ADPs. Side by side, new programmes under the umbrella of safety nets and food security should aim at meeting deficits in income and losses in employment. For food security and prevention of food scarcity, the budget should focus on increasing the volume of food availability, storage and distribution.

The government had earlier projected fiscal deficit for FY2020 to stay within 5 percent of GDP. This may be difficult to ensure. The government needs to strengthen its effort to avoid higher fiscal deficit in the next few years to ease recovery and efficient expenditure.

As compared to several countries in South Asia, Bangladesh has managed it's external debt with significant success. Improved debt management (overall debt being less than 15 percent of GDP) and reasonably reduced proportion of overall external assistance to GDP (currently 3-4 percent of GDP) adds to the momentum of Bangladesh's economic resilience and development sustainability. Retaining and strengthening these gains would propel growth prospects both in the medium and long-term.

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tax-GDP ratio within the proposed three year mid-term budget period.

Enhanced revenue in the medium-term and beyond would also depend on tax reforms, and on the pace of diversifying the economy. The government needs to assess its options on curtailing portions of non-development related spending, rationalise expenditure, and divert more funds to priority sectors. The government may resort to bank borrowing, incentives as savings certificate, and activating the informal sector.

country partnership.

The health sector should be given the highest priority and adequate resources to combat the virus. In past years, despite moderate numerical increases, the share of the health sector as a proportion of GDP continued to decline. The proposed increased allocation for health should cover expansion of health infrastructure and improved health management. Special provisions should be in place for public-private partnerships (PPPs) in the health sector to facilitate and promote

How well is your child coping during Covid-19 crisis?

MEHTAB GHAZI RAHMAN

AS the Covid-19 pandemic rages on, the world continues to focus on the economic impact and the mortality and transmission rates of the coronavirus. Thankfully, the impact of the current lockdown on the mental health of adults has gained significant attention, but very little has been said about the impact it has had on the mental health of children. The Covid-19 pandemic is seriously disrupting the development of children in many aspects of their lives—their learning, behaviour, physical and mental health.

As with adults, children are prone to suffering a wide variety of mental health issues during the pandemic, particularly anxiety and stress. The pandemic will cause most individuals to feel helpless, lonely and socially excluded; in children, the social isolation, boredom, stress and the lack of outdoor play may lead to increased levels of anxiety and depression that may last for years after the pandemic is over. Children are exposed to a plethora of information about the virus from different sources—television, internet, social media, friends and family. With schools being closed and social distancing being practiced, the normal routines and social interactions children are used to have changed drastically. Across the world, children are struggling to cope with the lack of daily structure and routine, having difficulties with sleeping patterns, and are more likely to suffer separation anxiety once the lockdown is lifted.

The current pandemic is an overwhelming, anxiety-provoking and stressful time for parents themselves, and this may make it difficult for them to recognise and address their children's mental health needs adequately. Seeing a caregiver suffer a labile mood and be constantly in stress can cause anxiety in children and make them believe their safety is at threat from the outside world. In some cases, the absence of regular caregivers, such as grandparents, may further fuel their anxiety levels. Children express anxiety and stress in different ways; rather than

being tearful and being upset, their anxiety is often expressed through challenging and disruptive behaviour, such as acting out or becoming argumentative with others. They may complain of headaches and nonspecific body pain, appear drowsy and sleepy more than normal, show apathy to everything around them, and their appetite may be poor.

Children will suffer a wide range of anxious thoughts during the pandemic. Will they be able to meet their friends ever again? Will they fall behind in class? Will they have to repeat a school year again? Will the family have enough financial security to make it through the pandemic? What if a loved one falls sick and/or dies? For many children, the pandemic will make them reflect on the concept of death for the very first time.

Many adults avoid talking to their children about the pandemic as they assume this will cause distress and parents may hesitate to talk openly about their own difficult feelings with their children during this period of lockdown and uncertainty. However, communicating with children openly is absolutely essential. Research shows that children as young as two become aware of changes that occur around

them, and benefit psychologically when they are communicated to and informed about things going around them in a caring, sensitive manner.

What parents and caregivers need to understand is that if children are not spoken to about things that have changed around them during this pandemic, they will try to make sense of the situation on their own. Between the ages of four and seven, children's interpretation about the outside world is often informed by "magical thinking", whereby they believe a thought they have had or an action they have carried out is directly attributable to a specific life event. During this pandemic, children are highly vulnerable because such thinking may lead them to believe they are somehow responsible for the negative events occurring around them, and start blaming themselves for the events. This emphasises the importance of parents exploring their child's understanding and beliefs about the coronavirus pandemic and providing them with an accurate explanation that is meaningful and allays their fears and guilt.

An easy error that many parents make when speaking to their children about the pandemic

When parents don't allow their children to have access to their emotional state, children are left confused and distressed. If parents are not open about their own thoughts with their child, the child will avoid sharing their thoughts and anxieties with the parent, leaving the child to cope with difficult emotional feelings on his/her own.

help allay their anxieties. Children feed off the energy their parents radiate, so instead of being negative and appearing irritable, parents should model confidence when speaking to their children.

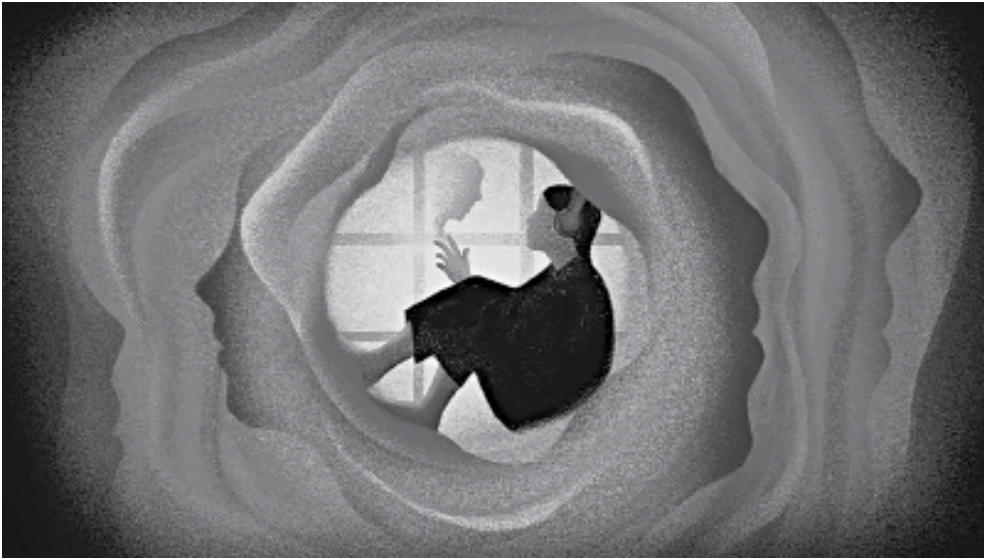
An important part of the government's public health campaign during the pandemic should include psychoeducation that equips parents and caregivers with information on communicating with and relaying information to children about the pandemic in a safe, contained manner.

One important question to ponder on is the impact of the pandemic on the mental health of children in the long term. A recent review conducted by the University of Bath, Somerset, United Kingdom, suggests that long periods of social distancing can cause depression and anxiety in children, even after lockdown restrictions are lifted, with the impact on mental health lasting for up to 9 years.

A group of children will be significantly affected during this pandemic more than others due to their existing vulnerabilities. These include children who face physical and sexual abuse at home, those with special needs and those with pre-existing mental health difficulties. Children growing up in challenging home environments, such as those who witness domestic violence or face poverty, are also at a higher risk of suffering mental health difficulties in the long term.

Good communication and providing accurate information to children in a safe, comforting manner is essential to avoid an adolescent mental health pandemic over the next decade. The current mental health provisions during the pandemic appear to be geared towards adults, and the urgent psychological needs of children during this time should be given equal importance. Ignoring the long-term psychological effects of the pandemic, especially in children and young adults, will lead to a mental health tsunami that the world will reel under for years to come if not dealt with appropriately.

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is to talk in a concrete and practical manner about the illness, rather than focusing on the feelings and emotions they experience, and not exploring the same in their children. When parents don't allow their children to have access to their emotional state, children are left confused and distressed. If parents are not open about their own thoughts with their child, the child will avoid sharing their thoughts and anxieties with the parent, leaving the child to cope with difficult emotional feelings on his/her own.

When talking about the pandemic, parents need to be honest about the psychological challenges of the pandemic without being overwhelming; this will encourage a child to open up about his/her own feelings in a safe space. Explaining to children that their worries and stresses during this pandemic are a normal reaction, and reassuring them with hope that things will gradually improve will

ON THIS DAY
IN HISTORY

NORMANDY INVASION BEGUN
June 06, 1944

Led by US General Dwight D Eisenhower, an Allied armada of ships, planes, and landing craft and some 156,000 troops began the invasion of northern France from England this day in 1944—the famous “D-Day” of World War II.

CROSSWORD BY THOMAS JOSEPH

ACROSS
1 Prince of India
6 Cardiff's land
11 “Hello” singer
12 Texas landmark
13 Nick of “48 HRS”
14 Low point
15 Ore source
17 Memory unit
18 Some babies
20 Seth's father
22 Crunch targets
23 Man or monkey
26 Energy choice
28 Braves legend
29 Shore embankment
31 Dr.'s field
32 Convoy truck
33 Pert talk
34 Salamanders

36 Spot for laps
38 Captain's superior
40 Scoundrel
43 Heat setting
44 Speed checker
45 Ready for war
46 Sports spot

DOWN
1 Operated
2 Fuss
3 Tony-nominated musical of 1992
4 Some singers
5 Listen to
6 Pale
7 Crimson Tide's home
8 1974 Labelle hit

9 Give off
10 Ticked off
16 Cochlea setting
18 Game fish
19 Clarinet's kin
21 Tuning knob
23 Brit's baby carriage
24 Low digits
25 Cuts off
27 Impressive
30 Pert talk
33 Ping producer
34 Jane Austen book
35 Ump's call
37 Gumbo base
39 Relieve
41 Big truck
42 Pitching stat

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YESTERDAY'S ANSWERS

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