TOWARDS A SMART BANGLADESH

EDITOR'S NOTE

Dear Readers,
Like the previous years, *The Daily Star* is proud to present to you yet another colourful, well-illustrated 216-page special supplement in five segments on the occasion of its 32nd Anniversary. SEGMENT 1, which appears today, is titled: "Towards a smart Bangladesh"; SEGMENT 2: "The changing middle-class story" will appear on February 13; SEGMENT 3: "Where Showbiz meets the Internet" on February 15; SEGMENT 4: "In with the new: Lifestyle Chronicles" on February 16; and SEGMENT 5: "Celebrating the inspirers" on February 19.

After overcoming the immense tribulations brought forth by the coronavirus pandemic, Bangladesh once again faces the mammoth task of stabilising its economy when the global economy seems to be entering unchartered waters. The Russian invasion of Ukraine and the subsequent war, global supply chain issues, and various other external shocks have placed many new hurdles in front of Bangladesh. Our selection of this year's themes has been inspired by Bangladesh's great efforts to march on towards creating a developed, prosperous, and smart Bangladesh, in spite of all these challenges.

We are happy to say that the contributors, who are experts, practitioners, researchers, eminent economists, scholars and academics, have done a commendable job in presenting us with very insightful and rich articles.

We have tried to make the contents impactful, thought-provoking, objective, constructive, and positively directional, with appropriate suggestions and recommendations, which we are confident will add value to the existing work on the topics covered in the supplements.

We also take the opportunity of expressing our gratitude to our readers and patrons, who have inspired us consistently and have shown keen interest in our continuing progress and lent unstinted support in fulfilling our motto, Your Right to Know.

Mahfuz Anam
Editor & Publisher

ILLUSTRATION: **BIPLOB CHAKROBORTY**

Bangladesh's graduation by meeting all three graduation criteria speaks of the country's impressive track record in terms of some of the key socio-economic indicators of development. PHOTO: SALMAN PREEOM/UNSPLASH

Lessons for Bangladesh as a graduating LDC

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MUSTAFIZUR RAHMAN

As per the decision of the UN General Assembly held in November 2021, Bangladesh is set to graduate out of the group of least developed countries (LDCs) on November 24, 2026, about 50 years after it first became a member of this cohort of developing countries in December 1975. The Twelfth Ministerial Conference of the World Trade Organization (WTO-MC12), held in Geneva during June 12-17, 2022, proved to be a litmus test as to what extent the global community was ready to extend support to these graduating LDCs, towards their sustainable graduation. As the MC12 decision indicates, regrettably, the ministerial has failed to pass the test. While the graduating LDCs will need to continue pursuing the agenda in future discussions and negotiations in the WTO, the message is clear – MC12 outcome reinforces the point that as a graduating LDC Bangladesh will need to prioritise its own homework in order to graduate with momentum and make graduation sustainable.

No doubt, Bangladesh's graduation, by meeting all three graduation criteria (GNI Per Capita, Human Asset Index, and Economic Vulnerability Index), speaks of the country's impressive track record in terms of some of the key socio-economic indicators of development. Sustainable LDC graduation will now hinge on Bangladesh's capacity to take advantage of the emergent global opportunities in the backdrop of the fast-changing and evolving geoeconomics, and its ability to address the challenges originating from the graduation. The government has set up a high-level committee at the Prime Minister's Office, with seven dedicated sub-committees, with the mandate to come up with an Action Plan with concrete recommendations. The point being made here is that whilst Bangladesh will need to pursue the case for a new set of ISMs in the WTO for the graduating LDCs, priority should be put on implementing concrete measures so that come November 2026, the country is well-prepared and ready to graduate from a position of confidence and strength.

There are valid reasons to be frustrated by the MC12 outcomes. LDCs, which are slated for graduation over the next few years, have argued that they were graduating under the long shadow of the pandemic, that in spite of their commendable economic achievements their economies continue to suffer from embedded structural weakness and that a number of earlier initiatives in the WTO in support of the LDCs are yet to be implemented. In this backdrop, LDCs had put forward a proposal for extension of LDC-specific support measures to be enjoyed by the graduated LDCs, for a time-bound period. LDCs have also argued in favour of a new set of ISMs which include, along with the call for the aforesaid extension, debt relief initiative and reflection of concerns of graduating LDCs in the built-in and ongoing negotiations in the WTO. Being a recognised leader of the group of the LDCs in the WTO, Bangladesh has played a key role in articulating the demands of the graduating LDCs. Indeed, the Bangladesh Mission in Geneva and Ministry of Commerce have been playing a proactive role in pursuing this case in the WTO.

To reiterate, no concrete decision was taken at MC12 in view of the LDC proposal pertaining to the interests of the graduating LDCs. MC12 merely recognised the difficulties facing the graduating LDCs, as is evidenced by the Ministerial Outcome Document. Para 5 of the MC12 decision states, "We acknowledge the particular challenges that graduation presents, including the loss of trade-related international support measures, as they leave the LDC category. We recognise the role that certain measures in the WTO can play in facilitating smooth and sustainable transition for these Members after graduation from the LDC category." Para 8 of the outcome document recalled earlier decisions in support of the LDCs (e.g., Duty-Free Quota-Free market access, LDC-friendly rules of origin, operationalisation of services waiver and preferential treatment in favour of services and service suppliers from the LDCs, support to LDCs for implementing commitments as regards Category C in connection with the Trade Facilitation Agreement, and others). However, there was no time-bound commitment for implementation and operationalisation of these WTO decisions which were adopted several years back at successive earlier WTO Ministerial Conferences but are yet to be materialised. Indeed, a number of LDCs currently slated for graduation such as Bangladesh were likely to graduate before any of these commitments are realised on the ground, if at all. Also, no modality was proposed as to how the MC12 decision will be operationalised or whether a Working Group will be set up to conduct follow-up discussions. Thus, the MC12 decision had little practical significance as far as the graduating LDCs were concerned.

Some have, however, interpreted the ministerial decision as leaving a window of opportunity open to initiate deliberations as regards graduation-related issues in the run up to MC13 in order to give shape to the part in the MC12 decision that talks of "the role that certain measures in the WTO can play in facilitating sustainable transition of graduating LDCs."

Notwithstanding this, as was noted earlier, rather than pinning hope on developments in the WTO, Bangladesh ought to prioritise domestic preparedness towards the country's sustainable LDC graduation.

Sustainable LDC graduation will now hinge on Bangladesh's capacity to take advantage of the emergent global opportunities in the backdrop of the fast-changing and evolving geoeconomics. PHOTO: STAR

Bangladesh will thus need to put emphasis on putting in place concrete measures to mitigate the likely implications of LDC graduation in both domestic space (e.g., stringent compliance requirements including in areas of trade-related intellectual property rights; more obligations and greater commitments in various areas including tariffs and subsidies), and in global space (e.g., ensuring greater reciprocity in negotiations with partners; loss of preferential market access). Capacities should be built to take advantage of the new status as a graduating LDC, to promote "Brand Bangladesh," take advantage of better credit rating to raise financial resources in the international markets, and to attract more foreign direct investment, particularly in the special economic zones. Indeed, effective triangulation of transport, investment, and trade connectivity will be the key here to translate Bangladesh's comparative advantages into competitive advantages.

At the same time, however, from a strategic point of view, Bangladesh should continue to be proactively engaged in the WTO discussions concerning possible steps in support of the graduating LDCs. Indeed, in view of engagements in the WTO, Bangladesh's strategy should be guided by its triad identity: as an LDC – to work for implementation of earlier decisions favouring the LDCs during the next four years when Bangladesh will continue to remain an LDC; as a graduating LDC – proactively pursuing the case for a new set of ISMs for the particular cohort of graduating LDCs; and as a future developing country – in anticipation of Bangladesh's interests as a developing country member beyond 2026 (particularly in view of the ongoing negotiations in the WTO as regards Fisheries Subsidies, Agreement on Agriculture and plurilateral discussions on E-commerce, Investment Facilitation and Micro, Small and Medium enterprises, among others).

Going forward, in view of the above and in anticipation of the upcoming WTO MC13 (to be held some time in 2024), and in anticipation of the decadal LDC V Conference to be held in Doha (March 5 to 9, 2023), Bangladesh and other graduating LDCs should pursue the following strategies:

(a) Be proactively engaged in the discussions as regards follow-up of the MC12 decision so that a set of concrete ISMs favouring the graduating LDCs are ready to be presented at MC13.

(b) Strive to build coalitions of supporting members from among other groups including the G20 and G90.

(c) Play a proactive role for consolidation of LDC solidarity.

(d) Take stand against the proposed differentiated approach that argues in favour of taking measures depending on specific challenges faced by particular graduating LDC.

(e) Pursue issues of interest to graduating LDCs in other relevant fora including regional and bilateral platforms, with key trading partners and in discussions involving other international bodies.

(f) Take advantage of various supportive measures already available for graduated LDCs (e.g., Technology Bank; Climate Fund; Aid for Trade, etc.).

(g) Make best use of the available LDC-specific ISMs during the run up to the graduation timeline (2023-2026 for Bangladesh).

(h) Pursue the cause of policy coherence in line with various UN resolutions that committed to extend support to graduating LDCs.

(i) Take up the graduation issue at the upcoming decadal LDC V Conference in Doha (in March, 2023) to garner international support for graduating LDCs.

Surviving the energy crisis

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IJAZ HOSSAIN

VISUAL: TEENI AND TUNI

Energy crises are not rare, but a crisis of this magnitude that tends to derail world economic progress is. One reason why the ongoing energy crisis is particularly concerning and may be long drawn is that it is the result of two major world events. Recent data on international oil and LNG prices make it clear that the effects of the Russia-Ukraine war on them is over. What is prolonging the crisis is the supply chain disruptions that resulted from the post-Covid global economic recovery. Moreover, what turn China's economy takes following its opening up and recovery will significantly influence the crisis.

The global energy crisis has hit Bangladesh hard. The main reason behind this, of course, is that we are overly dependent on imported energy (oil, gas, and coal). Our dependence on oil is an old problem and there were times when the economy was under stress because oil prices had gone up – such as during the Gulf War crisis of the early eighties. Coal import did not impact the economy much because coal was imported from India by the private sector for brick kilns. The new element of our energy dependency is natural gas in the form of LNG. The LNG price effect – as a result of the post-Covid supply chain disruptions and Russia-Ukraine war – has pushed many developing nations to the brink.

The many reasons why we are in this situation have been widely articulated, but not much has been said about how we can survive this crisis. Due to our wrong decisions, we have placed ourselves in a bad situation from which it is difficult to see any easy way out. To survive this crisis, we need to dig deeper into our failures and slowly rectify the errors we have committed. However, as an immediate measure, we must use less. There is no alternative. We must tighten our belts and practice extreme energy conservation. Along with that, we must try to be as energy efficient as possible.

To survive this crisis, we need to dig deeper into our failures and slowly rectify the errors we have committed. However, as an immediate measure, we must use less. There is no alternative. We must tighten our belts and practice extreme energy conservation. Along with that, we must try to be as energy efficient as possible.

With regards to electricity production, we must ensure that all the coal fired power plants in the pipeline are implemented on time and also that the nuclear power plant is not delayed further (we have been notified of a one-year delay). In terms of substantive long-term actions, we must immediately start vigorous gas exploration and urgently set up 2,000-3,000 MW of utility scale solar PV and wind power plants. All these will probably restore health to the power sector, but what about the other sectors?

The industrial sector is in dire straits. Industrialists are crying out for relief, but the government is not paying much heed to their distress. For industries to survive they need gas. But where will more gas come from? Of course, they have to conserve and use efficient machines, but such measures can only do so much. One solution is that in the short run, gas supply to power plants and fertiliser plants can be reduced and diverted to industries. This strategy is feasible because as more and more coal-based power plants enter the generation mix, the natural gas power plants can be relieved; and by importing fertiliser, the production in our fertiliser plants can be reduced to conserve gas. Both these measures are short term because keeping natural gas power plants idle may turn out to be costly because of capacity payments; and reducing fertiliser production for too long will have other domestic consequences.

Even though the prognosis for the price and supply of LNG is good in the long run, overdependence on a single imported fuel endangers energy security. To manage the energy crisis, industries must also take some responsibility and try to: (i) slowly wean themselves out of captive generation and come to the grid; and (ii) look for alternative fuels. This, of course, puts the burden on Bangladesh Power Development Board (BPDB) to ensure reliable electricity supply at least to those industries that give up captive generation. The reliance of industries on cheap gas must end because gas will no longer be cheap since it is being replaced by imported LNG.

In an article in oilprice.com titled, "High LNG Prices Have Sparked Demand Destruction in India," Tsvetana Paraskova quotes Lucy Cullen, principal analyst, APAC Gas & LNG Research at WoodMac, as saying in September that, "India has reduced LNG usage by 30-40 percent year-on-year in refineries and petrochemical plants. Large-scale industries have replaced LNG with domestic gas, produced in India's eastern offshore. And other small industries are switching to fuel oil and liquefied petroleum gas (LPG) for heating." India and China saw the largest reductions in LNG consumption as consumers switch to coal and fuel oil in power and non-power sectors, Cullen noted. We must learn from China and India.

One of the biggest follies that Bangladesh has committed is to not realise the true value of natural gas. That natural gas is a valuable resource has never been appreciated. As a result, we were wasteful in its use. We indiscriminately opened up new sectors to consume gas, and the most troubling aspect of our indifference is that we gave it away at very low prices. The fact that the true value of a depleting resource was not taken into account implies that many customers got used to enjoying this valuable commodity at a very low price.

Industries in Bangladesh have been the biggest beneficiary of the low gas price. The tremendous success of the garments and textile sector has been due to cheap labour and cheap energy. The cheap energy era is over. Industries must transition out of cheap gas. Since that cannot be done overnight, the government needs to do some hand holding for three to five years. It is vital for our export-oriented industries to be kept afloat at any cost.

To keep gas supply at a level where export-oriented industries can continue their production unabated, gas supply to this sector must be prioritised. Before that, gas loss due to pilferage and theft which goes by the name of "Unaccounted for Gas (UFG)" must be stopped. If this can be achieved in a short time, then the adjustments mentioned above and a small amount of LNG purchase from the Spot Market can solve the problem. However, from the nature of Petrobangla's management, we know that this will be a slow and uncertain process. The other significant intervention can be to slowly shift CNG vehicles and domestic gas users to LPG.

At this time, the fuel that is the cause of the biggest concern is coal. One would think that the world moving away from coal would mean a price collapse. However, the reverse has happened as a result of LNG supply disruption and price escalation; the price of coal has skyrocketed as countries scramble to buy coal. Even Germany, which had abandoned coal, is opening up new mines. As a result of the Paris Agreement, many coal mines had been closed down. The price of coal has increased more than three times and has gone from below USD 100/Ton to over USD 300/Ton. While the prices of oil and LNG have moderated, the price of coal remains elevated.

According to most international experts and consulting groups, the prognosis for energy prices is good. Platts has predicted the spot price of LNG will go below USD 10/MCF in 2026. If prices eventually come down to that level, Bangladesh will comfortably be able to buy LNG. Therefore, Bangladesh will have to manage the energy crisis for the next one to three years. The year 2023 will be the greatest challenge.

Coal workers are seen at a market as they unload a ferry in Dhaka, Bangladesh, January 13, 2019.

PHOTO: MOHAMMAD PONIR HOSSAIN/REUTERS

VISUAL: **SALMAN SAKIB SHAHRYAR**

Why Bangladesh Bank needs to be fully independent

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BIRUPAKSHA PAUL

If you ask someone from a country with a decent economy whether the central bank should be allowed to exercise independence in its policymaking, they will say that not giving independence to the central bank is like letting someone drive a car while keeping their hands tied behind their back. The question is not why, but how to give more independence to the institution.

An independent central bank is a necessity for the functioning of a state in the modern world, to act as a regulator as per the constitution of that country. Its independence is equivalent to the independence of the judiciary. An independent central bank can ensure macro-stability by maintaining a non-inflationary money supply, credible currency value, ensure responsible borrowing by the government, and private credit growth that is supportive of employment generation. No country has been able to maintain low inflation without an independent central bank. A government-controlled central bank is often used as a money-printing factory for the political party in power. The US, New Zealand, Australia, and European economies thus stand out in contrast with the inflation prone economies of Latin America and Africa.

The reason lies in the conflict between the short-term interest of political power and the long-term commitment of the central bank. Before elections, politicians long for cheap money policy that relates to greater money supply for businesses and consumers and low interest rates. It requires the central bank to print more notes without any judicious calculations. Inflation does not kick in immediately after more money is printed, and there is a time gap because of the circuitous transmission mechanism.

The extra money printed goes to businesses through private credit and consumers through wage growth. This channel creates excess demand which exceeds supply, causing price hikes in the market. When too much money chases too few goods in the market, prices go up, making high inflation inevitable. Clever politicians who seek to get re-elected see this gap – of say, three to six months – as an advantage they can use to lure voters.

If the central bank is forced to execute this plot, the incumbent is likely to get re-elected, and it does not care if inflation is higher once the party has regained office. Thus, central bank independence is essential to prevent politicians from gambling with a country's economy and damaging its macro stability just to regain power. This is the conflict of interest from which central bank independence can rescue a nation – and as an extension, from price instability and hyperinflation. Economist John Menard Keynes argued that price stability should be the single most important goal of monetary policy, whose smooth functioning cannot be ensured without central bank independence.

The Zimbabwean case is a classic example of why central bank independence is crucial. President Robert Mugabe forced the central bank to print more money whenever he wanted, or particularly before elections. He used that money to bribe civil and army officials and to satisfy his personal cravings. He lived one of the most luxurious lives among all the world leaders. Mugabe's endless spending to fulfil his personal and political ambitions eventually caused Zimbabwe to experience an unthinkable and unprecedented level of hyperinflation, ruining the economic prospects of Zimbabwe.

Of course, no ruler is expected to be so destructive in their handling of the central bank. But a government even with a partial mindset as Mugabe is enough to destroy the financial architecture of the whole country.

The British Empire created central banks in its colonies to smoothen its trade and fund wars when needed. The Bank of Calcutta – the first of its kind in undivided India – was founded in 1806 mainly to fund General Wellesley's wars against Tipu Sultan and the Marathas. Later, the Imperial Bank of India, formed in 1921, acted as the central bank until 1935 when the British government opened the Reserve Bank of India (RBI). These banks acted under the royal charter and served the special interests of the colonial rulers who never thought of giving independence to these institutions.

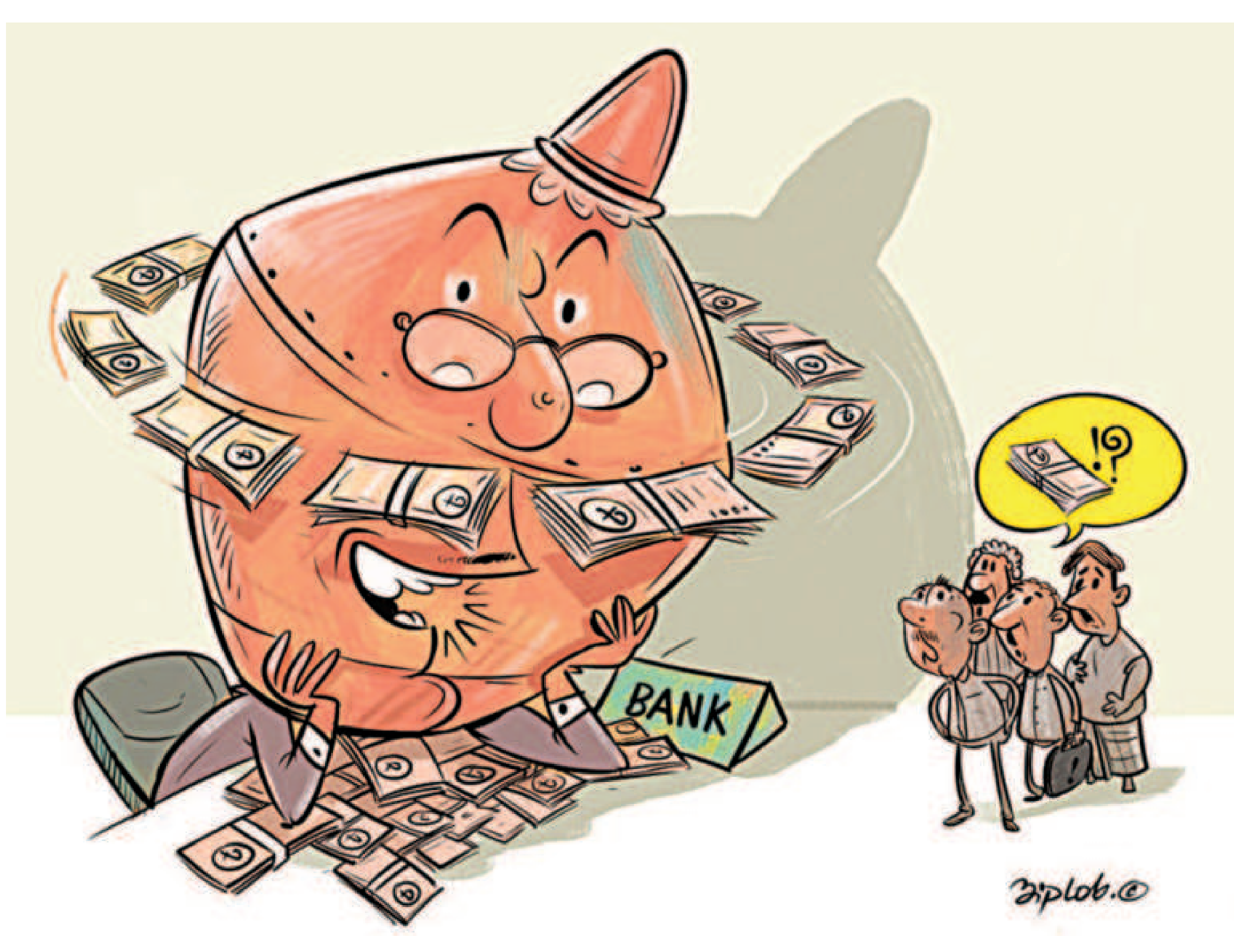

ILLUSTRATION: **BIPLOB CHAKROBORTY**

India won its freedom and was partitioned into two separate countries in 1947, but the institutions, including the central banks, carried over with them the legacy of colonial domination. Their finance ministries took the place of the British rulers by capturing their respective central banks, so that opportunistic money creation for political short-term gains remained under their control. The British central bank or the Bank of England (BOE) is one of the most independent central banks in the world, and it has enhanced its authority over time to adapt to the modern world. The tightening steps which Mark Carney, as the governor of BOE, undertook were often disliked by the exchequer of its finance division. But nothing could stop Carney from doing his job.

Unfortunately, the central banks of the former British colonial countries did not change much, mainly because their respective governments wanted to use them the way General Wellesley once did. And Bangladesh is not an exception, where the government, and particularly the finance ministry, use the central bank to fund government deficits. The fiscal shortfall arises from undertaking politically ambitious projects and for failing to tax the rich since it is politically unpleasant. The ministry heavily relies on the banking sector for borrowing when its tax collection is poor and inefficient. That is why the central bank is often used as a note printing factory for the government.

India, however, is different in this regard. It passed the fiscal responsibility act in 2003 – a law which forces the government to bring fiscal discipline by stopping the automatic monetisation of its fiscal deficit. Bangladesh is in desperate need of a similar law. Without it, the finance ministry will keep hiding its fiscal incapacity by increasingly borrowing from the banking channel – which economists define as "crowding out," suggesting the shying away of private investors in the face of aggressive government borrowing from the banking sector.

The Bangladesh Bank (BB) Order of 1972 describes the objectives of the institution. It includes maximising employment, ensuring price stability, and preserving the value of the country's own currency, the taka. However, it does not instruct the bank to maintain an artificially inflated value of the taka. Devaluing the taka often makes the government unpopular and hence there is political pressure on the central bank for being tardy in devaluing the currency. The penalty is huge and often damaging as we have experienced in recent months – since mid-2022, when the taka's value against the US dollar cascaded down rapidly, leading to a serious depletion of the country's foreign reserves from USD 48 billion in August to USD 34 billion in December 2022. Some sort of economic crisis will be inevitable if this trend is not checked. Central bank independence is required to ascertain a floating exchange rate regime reflecting the fair play of demand and supply in the market.

Unlike RBI, BB has lost its autonomy of fixing interest rates – the number one tool for implementing its monetary policy. The government has imposed interest-rate caps on both the lending and deposit rates since April 2020 – at 9 and 6 percent, respectively. While these rates were set during the pandemic so that investors could borrow funds at a reasonably affordable rate, the cap still persists despite the changing reality.

With the onset of Covid, inflation subsided to below 5 percent and keeping that 9 percent cap seemed practical at that time. Inflation doubled in the post-pandemic recovery period due to supply disruptions and Russia's invasion of Ukraine, requiring the central bank to raise interest rates to squeeze private credit. But that did not happen because the hands of BB are tied. BB raised its repo rate just as a perfunctory measure, but was not able to remove the caps because it had to please the politically connected wealthy borrowers, a segment of which has turned into loan defaulters – as they borrowed lots of cheap money from the banking sector.

RBI raised its policy rates five times since May 2022, while BB has not been able to do anything, portraying the crucial necessity of central bank independence. If a central bank cannot use tools like money supply or interest rates independently to serve the greater interest of the economy, it turns into a clerical office of the finance ministry, whose political priorities often compel the central bank to act in a way that is detrimental to the long-term interest of the economy's macro stability and employment.


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More attention needed for the agriculture sector

Shykh Seraj
is Bangladesh's pioneer development journalist. He received the country's two highest civilian honours, Swadhinata Puroshkar and Ekushey Padak, respectively.

SHYKH SERAJ

The agriculture sector is one of the key economic pillars of Bangladesh. Just after liberation in 1971, its contribution to GDP was around 60 percent. It is the most important sector in Bangladesh that helps with peoples' livelihoods, employment, and contributes to GDP, we all know that. But its share of GDP has decreased over the last decade, going from 17 percent in 2010 to 12.6 percent in 2020.

Countries around the world are now facing serious inflationary challenges mainly due to the Russia-Ukraine war, which is greatly harming the global economy. The global commodity market is facing considerable instability due to supply chain disruptions. Bangladesh has also been affected by all these, and is struggling to cope with the situation. The country was already experiencing significant inflationary pressure, and the added price hike has made the situation almost unbearable for the general people.

On the other hand, its foreign currency reserves have been going down. The impact of the three Cs – climate change, Covid-19, and conflict (Russia-Ukraine war) – has given birth to another "C" which is quite evidently, the cost. However, these could be tackled with three As – agriculture, austerity and assistance – which could save all of us.

Over the years, Bangladesh has written a remarkable story of poverty reduction and development, especially during the past decade. After its independence in 1971, it was one of the poorest countries in the world. But Bangladesh successfully reached the lower-middle-income status in 2015 and is now on track to graduate from the UN's Least Developed Countries (LDC) category by 2026.

However, compared to many other countries of the world, we are still lagging behind in terms of technology, education, economy, farming, and in numerous other sectors. Bangladesh is now an important part of the global village. And it will not always be easy for Bangladesh to overcome different global shocks. It is because we currently have so many issues to cope with that the government announced a measured budget for the fiscal year 2022-2023.

In his budget speech for the fiscal year 2022-2023, Finance Minister AHM Mustafa Kamal emphasised on boosting food production to ensure food security amid the Russia-Ukraine war and global food price hike. He proposed an allocation of Tk 33,698 crore for food, fisheries, and agriculture for the coming fiscal year, which is only 6.2 percent of the total budget. He talked about increasing fertiliser subsidies from Tk 12,000 crore (2021-2022) to Tk 16,000 crore.

The significance of farming as a whole, including the sub-sectors, service and industry sectors, has increased manifold. The cultivation of high-value fruit orchards and vegetables also played a significant role in boosting the economy. Not only the farms, but the value addition of these agricultural products provided a much-needed boost for the agricultural service sector. Bangladesh Rice Research Institute (BRRI) must be credited for the grain production and they have been quite remarkable, I must say. Alongside the production, the research didn't stop for a day and with responsibility, it moved ahead with the support of Bangladeshi Agricultural Research Institute (BARI). Bangladesh Institute of Nuclear Agriculture (BINA) also deserves credit for their advanced techniques in boosting agricultural production and for developing technologies that are environmentally friendly and sustainable.

Over the years, Bangladesh has written a remarkable story of poverty reduction and development. PHOTO: HABIBUR RAHMAN

The farming sector has individually employed more than 40.6 percent people, either directly or indirectly. Previously, farmers in our country were really poor, but today, they have changed their fates with their persistent labour and certainly with quality seed support. And that has also led to farmers' buying capacity increasing. They can now feed themselves and their family and also send their children to school.

If we look at the three main driving forces of our economy – i.e., farming, RMG, and remittances – we will see the sons and the daughters of farmers working in all three sectors. Oftentimes, they send their earnings back to their parents in their villages. And this money is used to invest in farming – both in small- and large-scale initiatives. This has not only strengthened our economy, but has empowered the youth, especially women, and has also helped raise the voice of the impoverished. Moreover, agricultural tourism has opened a new door for us. I have seen in many European countries and in the US the concept of the family farm. Many young entrepreneurs in Bangladesh have started a number of wonderful eco-resorts across the country and people from around Bangladesh are visiting these beautiful places to get close to nature and farming.

Climate change is a big challenge, which we are facing and will have to face with the use of new agricultural technologies and adaptability. We must closely follow global adaptation technologies and concentrate more on new examples of climate adaptability which is best suited for us. More emphasis should be given on agricultural mechanisation and the use of ICT in farming, as this will help us greatly in fighting back against climate change. In the same way, we should also focus on the weather-based index and crop insurance which will ensure real empowerment of farmers and will make them more resilient. Artificial intelligence will play a key role and I don't think family farms will remain, but the pattern of farming will change entirely. Overall, the system will change and we will go through a global paradigm shift. Ultimately, we will have to face the challenge of hidden carbon emission and we will need technologies to overcome it. After 50 years, farming will become more expensive, but there will be a global export market where Bangladesh will hopefully be at the forefront.

Despite the high population, decreasing arable land, and frequent natural disasters, Bangladesh has made significant progress in achieving self-sufficiency in producing cereal crops and reducing poverty. Almost half of the population is now employed in the farming sector. Therefore, our state policies must be aligned with the interest of this sector, especially at a time when we are facing numerous challenges as a nation. I believe that, if we could safeguard the marginal farmers, bring in modern technologies, properly execute the Delta Plan, and strengthen inter-ministerial coordination, the country will keep moving forward and the farming sector will continue to flourish.

More emphasis should be given on agricultural mechanisation and the use of ICT in farming. PHOTO: STAR

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VISUAL: **TEENI AND TUNI**

What makes our energy subsidy policy irrational

M TAMIM

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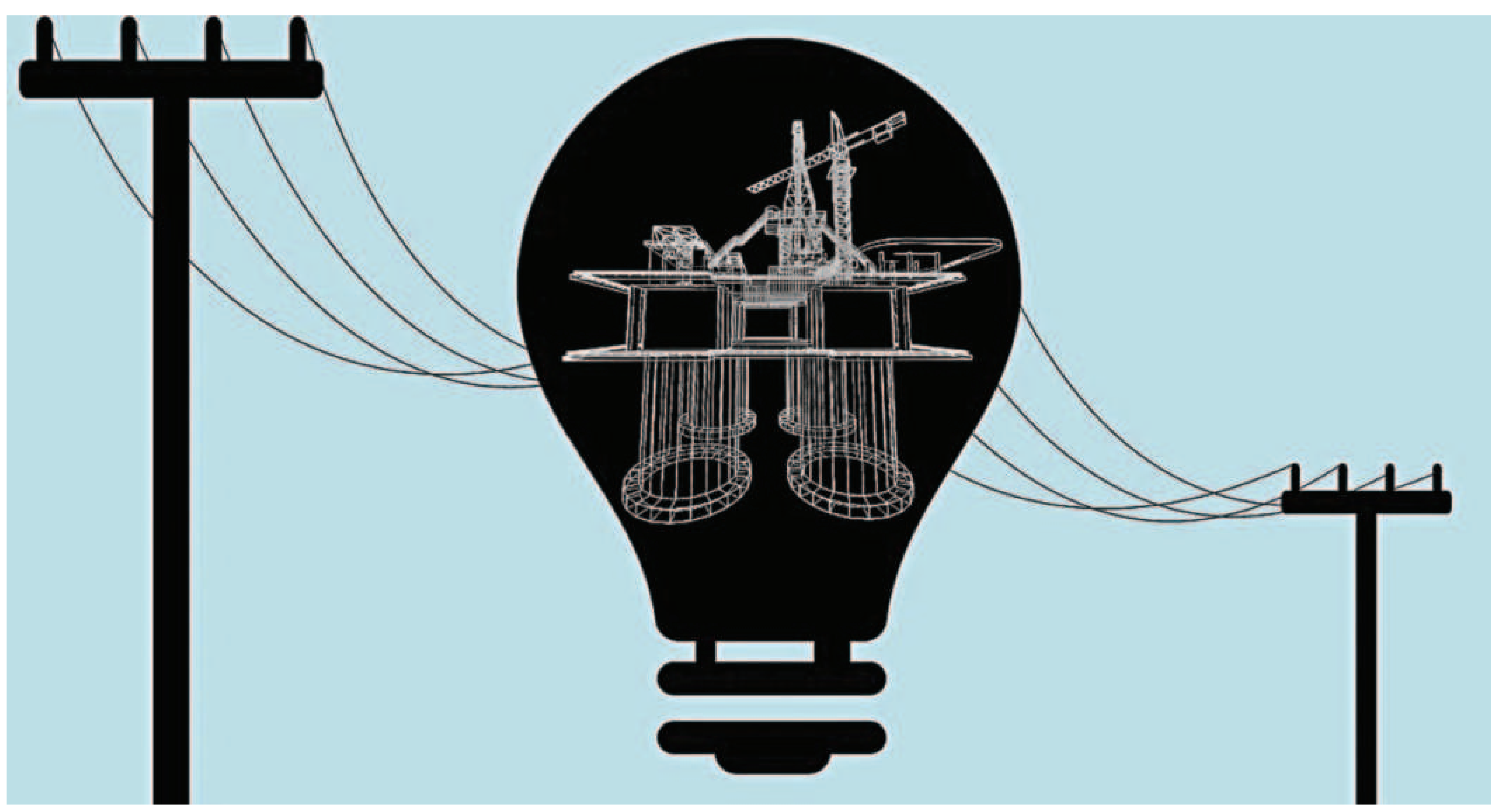

VISUAL: **TEENI AND TUNI**

Fossil fuel and electricity subsidy is widely provided all over the world. A subsidy is a product of the political economy. Access to affordable energy is now a basic human right. The high cost of energy in low-income countries forces the government to provide a subsidy so that poor people can access energy products at affordable prices. The subsidy is sometimes directly provided to the low-income group through cash transfer or other targeted means – voucher, no disconnection clause, etc. With poor databases and weak administrative infrastructure, it is very difficult to provide targeted subsidies in developing countries. As a result, all citizens receive a universal subsidy that disproportionately favours high consuming rich people, defeating the purpose of the subsidy.

Bangladeshi citizens started receiving subsidies in the early eighties when indigenous natural gas started replacing oil as the principal fuel source. The gas price was fixed at one-fifth of the oil price it replaced – far below its economic value. Energy subsidies can help to alleviate poverty by promoting economic growth and development. By making energy more affordable, subsidies can help to encourage investment in energy-related industries, which can create jobs and increase economic activity. Additionally, subsidies can also help to promote the development of new technologies and infrastructure, which can further contribute to economic growth. The low gas price stimulated overuse, misuse, and wastage. In most industries, the use of inefficient technology and equipment grew. At the same time, the low energy price and cheap labour attracted the garment industry to Bangladesh in the mid-eighties. The current state of Bangladesh's economic success is built on the long, persistent subsidy on gas and electricity either by under-pricing indigenous resources or by budgetary allocation.

Eliminating or reforming subsidies require careful examination of the effect of the reform. The impact on household capacity and assessing alternate arrangements to help the poor, the competitiveness of firms and industries, and the economic (inflation) and environmental (deforestation, coal use) impacts must be thoroughly examined. A well-thought-out design for subsidy reform must be in place before any decision is taken.

SDG7 demands affordable, reliable, and sustainable modern energy for all. The biggest challenge is the gap between the cost of energy and purchasing capacity. While developing countries are always struggling to close that gap, mostly through subsidies, developed countries and multilateral lending agencies have always opposed the idea as regressive, until affordability became a major issue for most of Europe after the invasion of Ukraine. A study by Brugel showed that various European countries earmarked 705.5 billion euros to protect consumers from the rising energy cost due to post-Covid recovery since September 2021. These were administered through reduced energy tax/VAT, retail/wholesale price regulation, direct transfer to vulnerable groups, support to state enterprises and private producers, windfall profit tax/regulation, and other measures. The actual allocation until July 2022 was over USD 260 billion. This assistance was mostly targeted towards the lower 40 percent income group of the population to reduce the affordability gap.

Poorly designed subsidy will mostly benefit the rich. In a study by the World Bank in June 2022, it was found that up to 42-73 percent of fuel subsidy was benefitting the middle and upper middle class of Indonesia. The IMF and the world bank suggest reallocation of subsidies to the poor, vulnerable, and prospective middle class through social assistance or direct cash transfer. Designing an effective subsidy programme to help the targeted end-users requires accurate data on usage, income level, and affordability gap of the target group. Efficient delivery and monitoring of the subsidy require well-trained and structured administration with modern technology support. Closing the affordability gap is considered a social investment whose return must be measured using tangible parametres (income, health, education, economic activities, etc). This is required to eventually phase out the subsidy programme. Unfortunately, Bangladesh lacks the citizen database to identify the target group and the administrative infrastructure is not equipped to deliver targeted subsidy.

As mentioned earlier, Bangladesh's economy has been based on universal subsidies. The electricity tariff uses a tiered (step) system from the lowest rate for the lifeline connection (1-50 kWhr) to the highest tariff for over 600 kWhr users through six steps. Despite cross-subsidy from high-end users, the average tariff has always been lower than the cost of production requiring subsidy. The industry is offered both a flat rate and time of use rate (peak/off-peak). Last November, the government increased the fuel price by as much as 46 percent in one go, essentially eliminating all subsidies, causing high and widespread inflation. On January 18, 2023, the gas price was increased almost three times in many sectors sparing the domestic and CNG sectors. As a result, the average selling price jumped from Tk 11.64/m3 to Tk 21.27/m3, an increase of 83 percent. This astonishing increase will not only eliminate all subsidies but allow Petrobangla to profit at least Tk 5/m3.

The average purchasing cost including the high-priced LNG calculated by BERC in June 2022 was about Tk 12-16/m3. The SME sector, local manufacturing, and exporting industry will all struggle to cope with the new price. This may cause bankruptcy, loss of jobs, reduction in export earnings, and widespread inflation. The 2.8 times gas price increase for the power sector will definitely increase the average electricity production cost by at least Tk 1.5/kWhr, resulting in further tariff hikes.

Eliminating or reforming subsidies require careful examination of the effect of the reform. The impact on household capacity and assessing alternate arrangements to help the poor, the competitiveness of firms and industries, and the economic (inflation) and environmental (deforestation, coal use) impacts must be thoroughly examined. A well-thought-out design for subsidy reform must be in place before any decision is taken. The recent pronouncements and actions by the government do not indicate that any such studies were undertaken. The only avenue of accountability and transparency for the utility companies was price-fixing through the regulatory commission. The government has recently taken over the price-fixing power of all energy products by a presidential order in their hand. This has made the role of BERC redundant and the general consumers defenseless and helpless. In the current energy crisis when the richest of nations are providing subsidy to its poorer citizens, Bangladesh is abandoning its downtrodden. The impact of this will unfold in the months to come.

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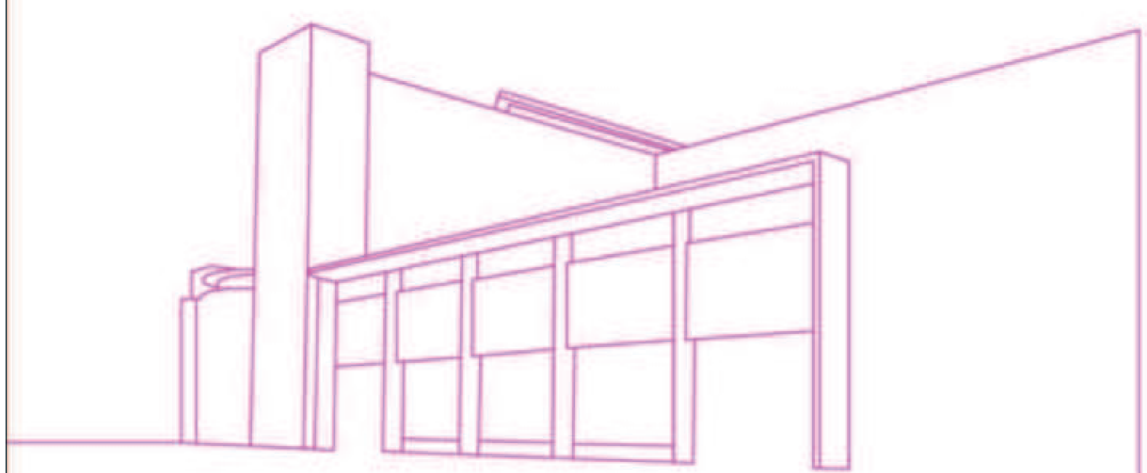

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Lack of banking sector reforms will further choke the economy

Tasneem Tayeb
is a columnist for The Daily Star. Her Twitter handle is @tasneem_tayeb

TASNEEM TAYEB

Like every year, our banking sector had been in the news in 2022, and mostly for the wrong reasons. High related-party lending, soaring bad debt, new relaxed rules for repayment of NPLs (giving ample scope to the defaulters to extend their payment schedule), and increased opportunities for window dressing of accounts (new terms for loan evergreening), have been the key contributors to the swiftly deteriorating health of the country's financial sector.

The IMF and World Bank have repeatedly flagged these issues over the last few years. In 2022, the IMF had very straightforwardly mentioned to the central bank that the default loan ratio is much higher than the BB data, and that they should publish correct data. Aligning the definition of NPL according to international standards had also been recommended by the Washington-based lender.

A World Bank study released last year titled, "Country Economic Memorandum: Change of Fabric," revealed that among its structural and aspirational peers, Bangladesh's ratio of private credit to GDP is among the lowest. While between 1980 and 2020, private credit-to-GDP ratio in Bangladesh had grown eight times, from 5.8 percent in 1980 to 45.2 percent in 2020, a point to be noted here is that despite the gradual growth, since 2016, the number has stagnated at around 45 percent. The figure for Vietnam is 116 percent (2020 data), Thailand 164.71 percent (2022 data), and Cambodia 139.6 percent (2020 data).

The stagnation around 45 percent is concerning as it brings into question the banking sector's capability to cater to the needs of the private sector loan volume. The aforementioned WB study found that banks with higher NPLs are able to give out limited loans and their ability to attract deposits is also impaired.

The current condition of the financial sector should be a cause for concern for the relevant authorities, as this has exposed our economic growth aspiration to various risks. First of all, in the backdrop of the increasing load of non-performing loans – 9.36 percent of the total outstanding loans in the banking sector as of September 2022, or Tk 1.34 trillion – how much our banking sector is actually capable of expanding the private credit-to-GDP ratio, and supporting the private sector to fulfil its growth plans, have become questionable.

Moreover, we have reached such a situation where the private banks – including Islami Bank Bangladesh Ltd (IBBL), one of the largest commercial banks in the country – are having to take emergency loans from the central bank after giving big loans to their patrons. The central bank has given out a loan of Tk 40 billion to the five banks which include Union Bank, Social Islami Bank, First Security Islami Bank, and Global Islami Bank, apart from IBBL.

Islami Bank Bangladesh Ltd, First Security Islami Bank Bangladesh Limited, and Social Islami Bank Bangladesh Limited, all owned or controlled by S Alam group, have given big loans to the group and its affiliates without collateral or required documents. From IBBL alone, S Alam group borrowed Tk 30,000 crore, against the group's maximum borrowing entitlement of Tk 215 crore.

While the ACC is now investigating the issue and observers have also been appointed in some of the banks, the question remains, for how long would the greedy, irresponsible borrowers be allowed to repeatedly bilk banks and make the economy suffer for individual gains?

For the above-mentioned banks involved in the S Alam group loan incident, it had been a clear case of related-party lending. One wonders how the banks were able to approve such loans, without the intel agencies getting a whiff of what was happening?

And where did the money eventually go? Had such significant volume of money been invested in the economy, the reflections would have been obvious. Perhaps the money is invested abroad to buy properties and assets, or laundered through shady/offshore companies?

Unfortunately, this problem of a lack of corporate governance is prevalent extensively in the banking sector, where according to the WB study, directors are granted around 20 percent of the total loans in the banking sector.

These malpractices and lax enforcement of rules and regulations – many of them are no longer time befitting – are taking a toll on the national economy. Today we have reached a scenario where the country's ability to import essentials have come into question, where businesses are not being able to open letter of credit (LC) to import the much-needed raw materials to support their production lines. We have reached a situation where we are having to take a USD 4.5 billion loan from the IMF to help the vulnerable people and stabilise the economy in the wake of the economic stress the country is facing.

Had so much money not been squeezed from the banks or laundered out of the country, perhaps we would have been better positioned to overcome these ongoing challenges. Given that the banking sector is a key organ of the national economy – calling it the economy's lifeline might not be an exaggeration – its perpetual ill health is making the suffering worse for the people.

The inability of the regulators to rein in the situation over the years exposes the muscle power of the influential borrowers – read crooks and scammers – who are robbing this nation of its finances and trampling on the economy to create stronger foundations for their illegally acquired wealth.

Reforms in the banking sector have become the need of the hour. Corporate governance system in the banks should be strengthened so that the owners and directors are not able to abuse their authority. More independent directors should be appointed and empowered to take unbiased and fair decisions, especially with regard to sanctioning loans. Due diligence should be given the priority, existing rules and regulations should be reviewed and brought on par with international standards to eliminate loopholes in the system, and the standardised regulations should be stringently enforced. Moreover, the financial criminals should be brought to book and the legal system should be used to punish such crimes. Existing laws should be reviewed and, if needed, reformed to mete out appropriate punishment to the financial criminals.

It is high time the concerned authorities took stock of the rapidly deteriorating scenario and implemented effective and time befitting reforms to revitalise the system.

ILLUSTRATION: BIPLOB CHAKROBORTY

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Bangladesh's key role in combatting climate change

Dr Saleemul Huq
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SALEEMUL HUQ

As we enter the third year of this decade, we have only seven more years until 2030 to tackle the major global problems of climate change and the Sustainable Development Goals (SDGs). Unfortunately, the world is not on track to meet the targets it has set for itself, so we need to work doubly hard to achieve them in less than seven years as failure to do so will mean significant losses and damages for people in all countries, both poor as well as rich.

The year 2022 has proven to be a very important milestone year as far as climate change is concerned, as the Intergovernmental Panel on Climate Change (IPCC) in its 6th Assessment Report made it very clear that human induced climate change due to over one-degree centigrade rise in global temperature is now unequivocally causing adverse impacts which, in turn, are causing losses and damages in all countries. Thus, humanity has now entered the era of "loss and damage" from human induced climate change and no country is adequately prepared to address the consequences.

The good news is that at the COP27 of the UNFCCC held in November 2022 in Egypt, all countries agreed unanimously to create a new fund to address loss and damage from human induced climate change.

However, the good news is that at the 27th Conference of Parties (COP27) of the United Nations Framework Convention on Climate Change (UNFCCC) held in November 2022 in Egypt, all countries agreed unanimously to create a new fund to address loss and damage from human induced climate change. This was a major victory for the vulnerable developing countries, including Bangladesh, who had been advocating for this for many years without success.

The principal reason why all the countries, including the rich ones who have opposed the idea up to now, was the stark reality of visible impacts around the world such as the devastating floods in Pakistan last year. This was thus a major positive outcome of global diplomacy, although much remains to be agreed on in terms of setting up the fund, getting it up and running, which we hope to achieve at COP28 in November 2023 in Dubai.

At the national level in Bangladesh, we also had several major achievements in terms of planning as well as action. On the mitigation front, we adopted the Nationally Determined Contributions (NDC) and on the adaptation front, the

CONTINUED ON PAGE 13

We have only seven more years to tackle the major global problems of climate change.

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Bangladesh's key role in combatting climate change

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National Adaptation Plan (NAP) as well as the Mujib Climate Prosperity Plan (MCPP), all of which have excellent ideas and proposed activities to tackle the climate change issues in Bangladesh.

The challenge, as always, remains in the implementation. Thus, the responsibility for implementing these excellent plans rests not only on the government of Bangladesh, but on all of us, as we need to develop a whole-of-society approach to tackling climate change along with all our other development needs in an integrated manner.

One of the great lessons that the Covid-19 pandemic and the global crisis that it unleashed taught us is that no country can tackle a global crises like climate change alone, and that sectoral silos such as health, agriculture, or even finance need to be broken down into multi-sectoral approach to tackle the nexus of all 17 SDGs in each and every country going forward.

As it happens, Bangladesh is well placed to achieve this goal of a whole-of-society approach to tackle all our different but related problems in a multi-sectoral manner, but it will need much stronger political will from the top as well as active engagement of all citizens from the bottom.

I will conclude with a few examples on how to tackle climate change in Bangladesh, which can make us a global leader in the years to come to enable the world to reach our climate change goals by 2030.

A woman wades through clogged tidal water after the cyclone Sitrang hits in Kalapara on October 25, 2022.

PHOTO: MUNIR UZ ZAMAN/AFP

The second arena that is now just emerging but will rapidly become a much higher priority in all countries is in addressing the losses and damages that will inevitably be caused by the adverse impacts of human-induced climate change going forward.

The first arena is on implementing our National Adaptation Plans (NAP) and particularly focusing on Locally Led Adaptation (LLA) for which Bangladesh has been recognised by the Global Center on Adaptation (GCA) as their Global Hub on LLA. This will require much greater collaboration between government ministries and agencies with both large as well as smaller NGOs who have been working around the country. This can certainly be achieved with better sharing of knowledge and experience and we can also share our strategies and actions with other countries through South-South collaboration and even with developed countries through South-North collaboration.

The second arena that is now just emerging but will rapidly become a much higher priority in all countries is in addressing the losses and damages that will inevitably be caused by the adverse impacts of human-induced climate change going forward. Here, again, Bangladesh has an opportunity to be a global leader by setting up our own National Mechanism on Loss and Damage (NMLD), to find our own local solutions to this problem through a whole-of-society approach, and building on our past experience and achievements in disaster management.

Finally, as we enter a new era where climate change impacts are being felt around the world, Bangladesh needs to step up its role as a global player as well as tackle the problem at national and local scales. Thus, the year 2023 has the potential to bring a new global approach rather than only a national approach to tackling climate change, particularly on LLA, and also on loss and damage. This will need to be developed as a new part of our global diplomacy by our diplomats, businesses, NGOs, and researchers. If we can do this, then we will be able to help the entire world reach the climate change goals as well as SDG goals by 2030.

Are we doing enough for our SMEs?

Dr Sayema Haque Bidisha
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SAYEMA HAQUE BIDISHA

One significant dimension that has emerged in Bangladesh in recent decades is the expansion of small and medium enterprises (SMEs). The growth of SMEs, especially in the last one decade, has been quite astonishing. From the mid-1980s, the number of SMEs has increased four to five times. The contribution of small, micro and medium (MSME) enterprises to the country's GDP has also reached as high as 25 percent, while their number increased to 7.9 million. In addition to its direct contribution, SMEs play an important role in the supply chain of many other goods and services. It is not only in terms of contribution to national output/income, but primarily of the capacity of SMEs in generating employment that has helped shape the rural economy in particular. As many as 24 million people are estimated to be engaged in SMEs, which is around 30 percent of the total employed workforce. Moreover, SMEs are gradually becoming one of the key sources of employment generation for women.

During the Covid period (i.e., 2020, 2021), SMEs, especially the micro and small enterprises, despite being hit hard by the pandemic, served as a source of livelihood for a large number of people. The sector, however, has several structural bottlenecks that are constraining its potential expansion – which includes constraints related to access to marketing, access to finance, access to information, infrastructural bottlenecks, technological shortcomings, etc. Additionally, there are certain fundamental issues related to the SMEs, which include the disagreement in terms of its definition and classification along with the informal nature of many of the enterprises. Therefore, in order to reap maximum benefits from this sector, we need targeted policy interventions.

One of the more important areas of intervention for the government is to facilitate the activities of women entrepreneurs. PHOTO: STAR

The most crucial bottleneck for the growth of SMEs is probably related to their difficulty in accessing credit for their operation and expansion. Formal financial institutions are often reluctant to extend loans to SMEs due to their pre-conceived belief that it is unsafe to fund SMEs, especially the small and micro-ones, as these enterprises might be unsustainable in nature. Besides, many of the small and micro entities might find difficulty in accessing formal credit due to their informality or lack of required documentation. Many SMEs, therefore, tend to obtain loans from informal channels or from NGOs at high interest rates, resulting in high cost of operations for them. In order to circumvent this constraint, though the government as well as the central bank has taken different initiatives for encouraging and incentivising the commercial banks, there has not been much improvement in terms of access to credit from formal institutions.

SMEs have increasingly expanded to the online arena, where the main regulatory body is the e-Commerce Association of Bangladesh. This type of business model is being preferred particularly by female entrepreneurs as it involves less mobility for business operations. However, restraints related to internet services, digital literacy, fragmented nature of the business, limited market base, etc. are some of the drawbacks for this type of businesses.

With a view to facilitate the expansion of SMEs, the government has taken a number of initiatives, including the formation of the SME Policy of 2019. It emphasises supporting SMEs in three key areas – supportive policies, effective

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Are we doing enough for our SMEs?

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institutions, and access to services related to business and finance. In addition, the five-year plans, the perspective plans, along with the industrial policy of the government have also emphasised strategies in relation to the development of the SME sector.

From an institutional point of view, for SME development, the Ministry of Industries serve as the apex regulatory body with a number of other organisations including the SME Foundation. In addition, a wide range of government, non-government as well as (semi) private entities are also engaged in the development of SMEs, which includes Bangladesh Small and Cottage Industries Corporation, Micro Industries Development Assistance and Service (MIDAS), NGOs like Brac, PKSF, etc. All of these institutions are involved in the development of SMEs through a wide range of initiatives, but there still exists a number of fundamental problems in regards to the operation and expansion of the activities of SMEs. Such constraints are related partially due to the small and fragmented structure and informal nature of the SMEs.

Like many other countries, SMEs in Bangladesh have also suffered badly during the initial years of Covid and many even had to close down their operations. In this regard, the government announced a recovery package for SMEs, which primarily constituted subsidised loan facility. Empirical evidence (e.g., firm level primary survey conducted by Sanem – a leading think tank in Bangladesh) suggests that it was the micro and small enterprises that suffered the most during the pandemic, followed by the medium ones, with the pace of recovery being much slower for these enterprises. In terms of the utilisation of government stimulus packages, the micro and small firms in particular were left behind with very small percentages of them having been able to avail the low-cost loan facility. According to a survey on 500 firms conducted by Sanem, only 9 percent of micro and small firms and 30 percent of medium firms were reportedly able to avail it, while the percentage was found to be as high as 46 percent for the large enterprises.

PHOTO: PALASH KHAN

Like many other countries, SMEs in Bangladesh have also suffered badly during the initial years of Covid.

SMEs are gradually becoming one of the key sources of employment generation for women. PHOTO: STAR

One of the more important areas of intervention for the government is to facilitate the activities of women entrepreneurs. In this connection, the Bangladesh Bank in its SME Credit Policy of 2010 requires commercial banks to lend to women entrepreneurs, and has also introduced a targeted women's credit policy. The SME Foundation has also been working to bring women entrepreneurs into the mainstream development process through a number of initiatives like institutional capacity building of women chambers and trade bodies, formulation of gender action plans, encouraging bankers to finance women entrepreneurs, etc. Despite the initiatives, women owned SMEs in particular suffer three broad challenges: i) constraints in accessing credit from formal enterprises due to their lack of network, low mobility, lack of collateral, absence of gender sensitive supportive environment, etc; ii) lack of information about available finance, business opportunities, marketing, etc; iii) lack of linkages to the supply chain of products and lack of marketing facilities. Though these challenges exist for both male and female entrepreneurs, they are found to be more acute for women.

Given the enormous potential of SMEs, and in particular due to its contribution in small scale employment generation, much greater policy emphasis is needed towards them. As outlined in the new SME policy, the government can facilitate the operation and expansion of this sector by formulating favourable policies and strategies, by strengthening the institutions related to the SMEs and, of course, by fulfilling their financing requirements. The most important thing to consider in this context is to have a favourable regulatory environment in terms of finance, business operation, etc. – and for this it is important to have more flexible financing requirements (e.g., less documentation), separate treatment for the micro and small enterprises due to their vulnerable status, greater flexibility in terms of regulatory requirements (e.g., requirements in terms of trade license), etc. It is also extremely important that the government as well as the central bank incentivises the private banks to extend credit to the smaller entities.

Besides, in order to enable SMEs to benefit from different available facilities, there must be effective mechanisms to integrate the informal entities into the regulatory structure. As for the female entrepreneurs, the government can play a crucial role by providing supportive facilities to link them to the market by setting up and expanding support services in each of the upazila offices, by offering greater degree of flexibility in terms of documentation, legal requirements, collateral, and above all, by practicing gender-sensitive service delivery at the supply side.


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EDUCATION AND GROWTH: Are we asking the right questions?

Dr Manzoor Ahmed
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MANZOOR AHMED

Economists and policymakers, influenced by economists, tend to look at education as a homogeneous and highly aggregated category. Growth is also defined and measured by change in the gross domestic product (GDP) of a country – another aggregated category. The relationship of education and economic growth is attempted to be gauged by linking change in the quantum of education and of GDP. This approach is misleading and has misguided policy and decision-makers concerned with priorities and plans both in education and national development.

Joseph Stiglitz, the Nobel prize-winning economist at Columbia University, wrote, "It's clear: we are living beyond our planet's limits. Unless we change something, the consequences will be dire. Should that something be our focus on economic growth?"

The international community (as in COP-27 at Sharm-el-Sheikh in November, 2022) has re-affirmed the goal of limiting global warming to two degrees Celsius rise (from the pre-industrial level of mid-19th century) and "net-zero" carbon emission by 2050 in order to keep the planet safe for human habitation. Stiglitz and others have argued that this goal can be achieved in a way that would enhance living standards; because the transition to a green economy could spur investment, employment, and prosperity. But it will take the alignment of major interest groups and building a supportive social compact in favour of sustainable production and consumption.

> **"The global climate fight will be won or lost in this crucial decade – on our watch... humanity has a choice: cooperate or perish. It is either a climate solidarity pact – or a collective suicide pact."**
> – UN Secretary General

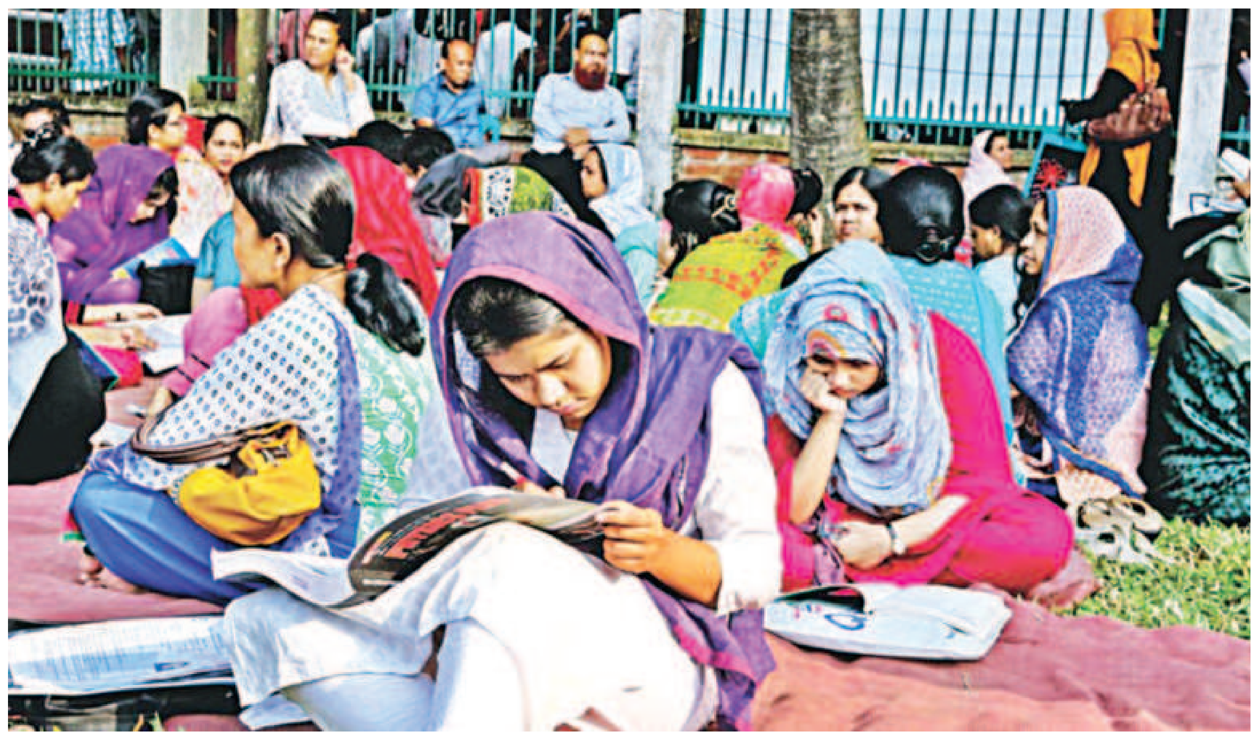

PHOTO: ANISUR RAHMAN

Education is of intrinsic value to individuals and society, besides its contribution to economic growth and productivity.

The single-minded pre-occupation with ever-rising GDP is clearly misguided. But without economic growth, billions of people will not have the chance to live with dignity; and remain without adequate food, shelter, education, clothing, and healthcare. As suggested above, the idea of growth needs to be broadened and modified to embrace elements of sustainable social and economic development and protection of the environment.

The content and quality of growth, who decides these and how, and how the benefits of growth are distributed are more important than the frequently invoked single number representing the aggregate growth rate. To get the balance and composition of growth right, it is reasonable to limit in many situations the pace of growth or even live with no growth. Many economists and politicians find this idea a taboo.

The shared responsibility of protecting the planet for humanity and other living species requires a global balancing with slower and even no-growth economies in countries which have already attained a high level of affluence. Since the Club of Rome discourse on "Limits to Growth" in 1972, this theme seems to have gone out of vogue.

Historian Arnold J Toynbee wrote, "Civilisations die from suicide, not by murder." Antonio Guterres, UN Secretary General, said at Sharm-el-Sheikh, "The global climate fight will be won or lost in this crucial decade – on our watch... humanity has a choice: cooperate or perish. It is either a climate solidarity pact – or a collective suicide pact."

Toynbee had also said, "The only real struggle in the history of the world... is between the vested interest and social justice." A combination of vested interests stands in the way of making hard choices about climate change actions.

The Human Development Report was first launched under the United Nations Development Programme (UNDP) auspices in 1990 by the Pakistani economist Mahbub ul Haq and Indian Nobel laureate Amartya Sen. The human development approach that forms the basic premise of the report takes a broader view of development incorporating economic prosperity, human well-being, freedom and justice, and protecting the natural environment.

The indicators that make up the human development index comprise life expectancy, adult literacy, access to the three levels of formal education, and average per capita income. These are regarded as the proxies for the conditions that enable people to exercise freedom of choice about their life. Economic growth, represented by per capita income, is seen as a means, along with others, to the end of human development.

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ILLUSTRATION: BIPLOB CHAKROBORTY

Education and growth: Are we asking the right questions?

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Recognising the urgency of the planetary survival concern, the 2020 Human Development Report makes the point that immense human pressures on the planet have ushered in a new geological epoch, the Anthropocene, or the Age of Humans. A new index, the Planetary-Pressures Adjusted Human Development Index (PHDI), has been introduced to show a country's carbon dioxide emissions and material footprint.

Bangladesh ranked 129th among 191 countries in Human Development Index, as indicated in Human Development Report 2021-22 – an improvement from 133 out of 189 countries in the previous year. Increase in national income was the major reason behind Bangladesh's progress. Inequality, however, grew which is a challenge to sustaining well-rounded progress. Among its South Asian neighbours, the Maldives ranked 90th, Bhutan 127th, India 131st, Nepal 143rd, Pakistan 161st, and Afghanistan 180th.

A broader view of development, going beyond GDP, is reflected in the SDG agenda for 2030. SDG-4 goal on education includes 10 targets on education and skills of people from early childhood to youth and adults, which also are linked directly and indirectly to attaining the other 16 sustainable goals. Returning to the connection between education and economic growth, it should be underscored that the relevant question is how the many components of the education system function with efficiency and effectiveness to contribute to sustainable human development with a broad vision that embeds social, environmental, and economic objectives.

Education is of intrinsic value to individuals and society, besides its contribution to economic growth and productivity. It has a key role in realising human potential and building a society where human dignity and well-being flourishes. It prepares the new generation to learn and live by the rules of sustainable consumption and production. The contribution of education can be derived from effective functioning of its diverse subsectors and stages of education and the wide range of institutions and programmes in the public sector, private sector, and in hybrid state-non-state partnerships.

Education activities are carried out in formal, non-formal, and informal modes, and serve different groups of learners and diverse education and skill development objectives. An education system's performance depends on aligning all the diverse actors and actions towards obtaining better outcomes. The limitations of looking at education and its output as one aggregate category are obvious.

Taking the human development index as a reasonable measure of progress, Bangladesh is advancing at a moderate pace, but remains behind more than two-thirds of the countries of the world, as noted above. A poorly performing education system obstructs a broad-vision growth. A recent study exploring collaboration of state and non-state actors in education revealed what are described as structural and operational problems of education. Remedial measures have been proposed (Brac University/Brac Education Program, 2022). These suggestions, noted below, are relevant for enhancing the role of education in advancing sustainable human development.

Thousands of children from different schools and colleges on September 20, 2019 stage a demonstration at Manik Mia Avenue in Dhaka urging world leaders to act against climate change.

PHOTO: PRABIR DAS

1. Preparation of an overall education sector plan (beyond current partial sub-sectoral plans) to optimise public good functions of state/non-sate activities in education and to achieve SDG4 targets deserve high policy priority.

2. Longstanding structural and operational weaknesses in the education system should be addressed to remove barriers to effective education governance. Measures demanding attention include: i) One education and human resources ministry to provide unified lead; ii) A statutory permanent education commission; iii) A right to education law; iv) Moving towards largely autonomous district school education authorities; v) An autonomous higher education commission with necessary capacity and authority; vi) New thinking about teachers including a National Teaching Service Corps serving both state and non-state schools; and vii) Implementing a unified core curriculum for all schools. Many of these issues were anticipated in the 2010 Education Policy and flagged here only as headlines.

3. Ensuring adequacy of education resources and effective use to achieve results, which calls for a higher level of public resource commitment along with partnerships among diverse actors including households; models of partnerships for subsectors should focus on defined results rather than compliance to rules.

4. Well-designed collaboration and partnerships within a facilitative regulatory framework applied by the government that will serve the responsiveness, academic autonomy, public accountability, and stakeholder participation objectives better than direct government take-over or "nationalisation."

5. Drawing on the social capital– authorities in the education sector and at the political level need to find ways of drawing on the social capital embodied in non-state actors including civil society and NGOs.

Government leadership is essential for leveraging the political dynamics of education policy and decision-making toward building a social compact to achieve the public good aims of education. When our leaders talk about "Smart Bangladesh," a pre-condition to realising it is to nurture "smart politics" that halts the culture of impunity and lack of accountability.

Education prepares the new generation to learn and live by the rules of sustainable consumption and production.

PHOTO: STAR

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Staying on top of the 4IR at the policy level

ABDULLAH SHIBLI

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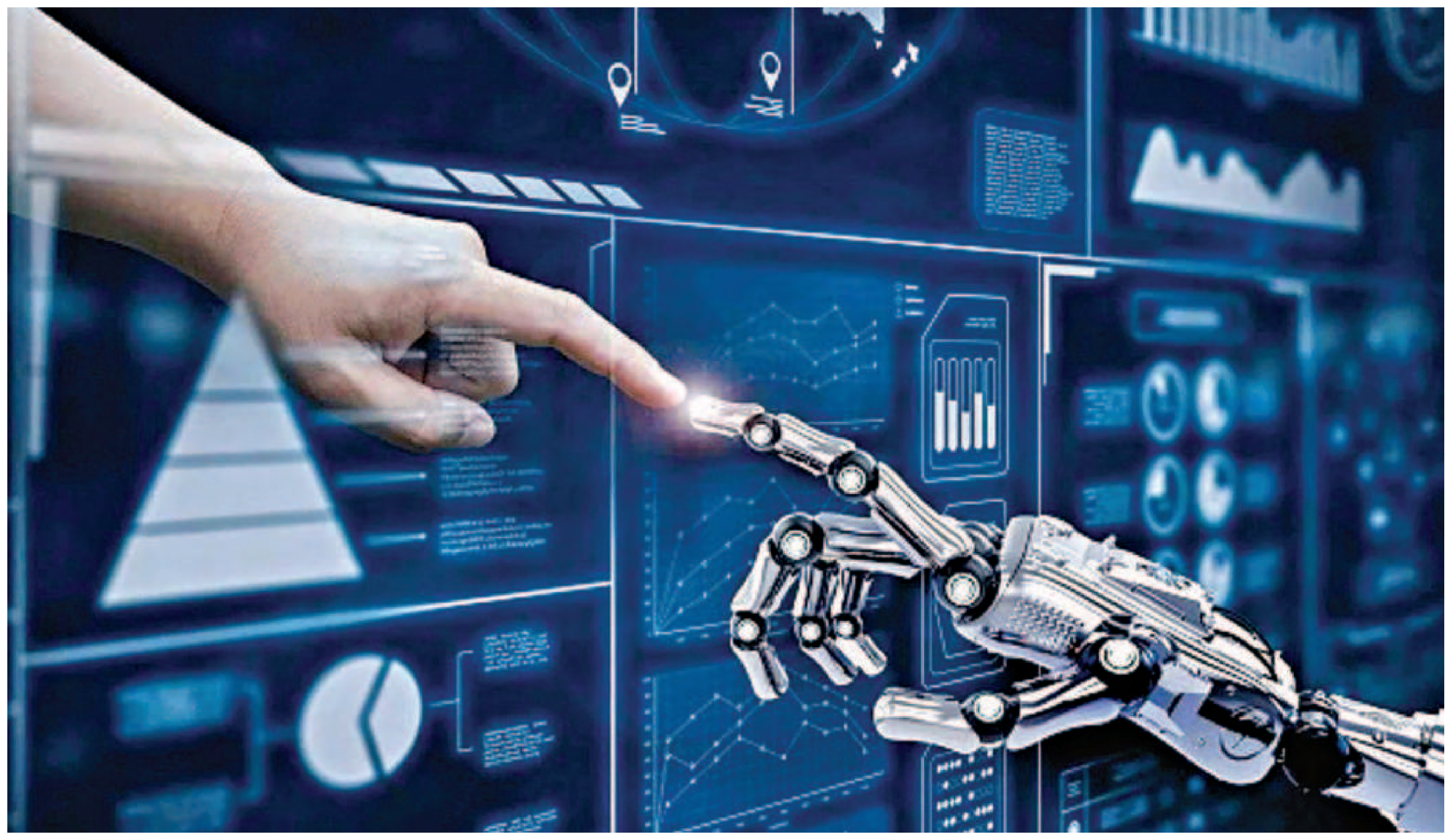
Bangladesh is poised to join the ranks of middle-income countries in 2026, and industrial growth will form the backbone of our economy as we make this transition. However, rapid industrial growth faces several challenges and simultaneously provides an opportunity to learn from the mistakes made by the developed countries during the Third Industrial Revolution. One of the unintended consequences of the rapid economic growth in the last 150 years has been industrial pollution, climate change, and depletion of natural resources.

Currently, there are two major issues that Bangladesh seeks to address:

1) What options do we have in terms of choice of technology to build our industrial sector?

2) How do we move forward in the Fourth Industrial Revolution (4IR) and maintain the dynamism without contributing to climate change?

Sustainable technology and industrial growth movement have arisen out of the awareness that industrial expansion has occurred at some cost to public health and the environment. We are now identifying a pathway to cleaner production including clean technology, processes, and products. Cleaner production is a comprehensive, preventative strategy for environmental protection that encompasses the conservation of energy and materials, eliminating toxic substances, and reduction of wastes and pollutants created by processes and products. This approach relates to all phases of manufacturing processes and product life cycles, including product use. Sustainable technology is a general concept that focuses on developing, demonstrating, and evaluating innovative processes for reducing pollution through source reduction. The life cycle of a product needs to be analysed to focus on the design and development of products whose manufacture, use, recycling, and disposal reduce environmental impacts.



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Can the Bangladesh government and the industrial sector recognise the opportunities that lie ahead as we strive to achieve the targets of SDG9? Our industries are already shifting away from treating or disposing industrial waste to preventing its creation. In the garments industry, the owners have embraced eco-friendly practices and begun to appreciate that a comprehensive environmental management plan can benefit the environment. It is also good for the bottom line since it leads to savings in energy, water, and raw materials.

Many innovative concepts that have gained coinage in US industries can provide important pointers for Bangladeshi leaders, in private as well as in public sectors. Some of these are listed below.

INDUSTRIAL ECOLOGY (IE)

This concept is closely related to clean technology and sustainability. IE refers to a new strategy for the industrial design of products and processes that lead to the implementation of sustainable manufacturing. In this approach, not only are environmental considerations incorporated into all aspects of product and process design, but technology also plays a more active and positive role in achieving sustainable development. According to professor Thomas Graedel, Clifton R Musser Professor Emeritus of Industrial Ecology at Yale, IE "seeks to optimise the total materials cycle from raw materials to finished materials, to product, to waste product, and to ultimate disposal (Graedel, TE et al., Proceedings of the National Academy of Sciences)."

DESIGN FOR ENVIRONMENT (DFE)

Based on the principles of IE, the concept of design for environment (DfE) is a means to achieving environmentally conscious designs. The EPA considers the DfE as an "innovative, non-regulatory initiative to help companies consider human health, environmental and economic effects of chemicals and technologies, as well as product performance, when designing and manufacturing commercial products and processes."

GREEN DESIGN/GREEN PRODUCTS

Clean or green products require green design because product design determines input materials, manufacturing processes, packaging, distribution, and disposal methods. Product design decisions significantly affect the quantity of wastes generated at different stages of a product's life cycle. To promote green design, professor VN Bhat suggests two broad green design strategies: source reduction and waste management.

Source reduction includes, but is not limited to, reducing the use of non-recyclable materials, replacing disposable materials and products with reusable materials and products, reducing packaging, reducing the amount of yard wastes generated, establishing garbage rate structures with incentives to reduce the amount of wastes that generators produce, and increasing the efficiency of the use of paper, cardboard, glass, metal, plastic, and other materials.

Interestingly, a source reduction strategy may include designing packaging for products to minimise waste generated after consumer use. The literature is replete with designs and processes that minimise waste, and as we know, the issue of waste management has already become one of the priorities for our government and private entities.

LIFE CYCLE ANALYSIS (LCA)

Life cycle analysis (LCA) is an analytic methodology developed for evaluating the costs and benefits of various green designs for cleaner production. The objective of LCA is to estimate the total environmental risk from input and output wastes generated during extraction, manufacturing, product distribution, product use, and disposal. LCA is known by other names, including product life cycle analysis, eco-balance, cradle-to-grace analysis, and resource and environmental profile analysis.

SUSTAINABLE MANUFACTURING

Sustainable manufacturing is another term in the literature for cleaner production/clean technology. Some define sustainable manufacturing as "a comprehensive business strategy that aims to incorporate environmentally proactive thinking into every step of the manufacturing process." Sustainable manufacturing is, however, a larger concept that includes pollution prevention, DfE, toxic use reduction (TUR), and product LCA. The National Wildlife Federation Corporate Conservation Council (NWFCCC) clearly differentiates among these concepts. According to them, DfE revolves only around the product and does not include work environment, factory and machinery design, or overall corporate environmental policy. TUR focuses on internal and external chemical risks at the process and worker levels but does not take into account packaging, energy use, or end product disposal. Product LCA defines the environmental life of the product but does not address management strategies or worker health and safety issues. Sustainable manufacturing, in contrast, includes:

- Materials selection
- Design for environment
- Optimising production using pollution prevention and TUR strategies
- Energy conservation
- Eliminating worker health and safety risks
- Reducing packaging and using reusable packaging
- Design for disassembly, that is, design of products for repair and replacement of components rather than disposal
- Design for recycling and reuse, that is, reducing product persistence in the environment.

NEXT STEPS FOR BANGLADESH

I present some of the policy initiatives essential for Bangladesh to promote sustainable industrial growth with clean technology. Some of these prescriptions are for the government, while the others are for different stakeholders.

REGULATORY INITIATIVES

- Source reduction (input substitution; product reformulation; process redesign)
- Multimedia focus, including worker health
- Coordination of environmental, energy, and industrial policies
- Design regulation to get the technology desired
- Strict standards with flexible provisions

TECHNICAL ASSISTANCE INITIATIVES

- Technical assistance to firms

ECONOMIC INSTRUMENT INITIATIVES

- Tax policy
- Taxes on inputs and production
- Liability and financial responsibility

STAKEHOLDER PARTICIPATION INITIATIVES

- Involve citizens and workers

INTERNATIONAL POLICY INITIATIVES

- Devise international policies

Fortunately, for emerging economies such as Bangladesh, we can take advantage of multiple sources and global initiatives. We can also participate more actively in the Technology Bank (TB) initiative of the multilateral agencies. The TB partnership brings together United Nations agencies, 180 international publishers, universities, and other organisations to provide researchers in the developing world with online access to international academic and professional journals, databases, and other information resources. Fortunately, TB is currently focusing on improving access for scientists and researchers to data, publications and science, technology and innovation (STI) initiatives in 12 LDCs: Bangladesh, Bhutan, Burkina Faso, Liberia, Madagascar, Malawi, Mozambique, Nepal, Rwanda, Senegal, Tanzania, and Uganda.

For the private sector, there are important lessons for the next decade. While executives are complaining about the cost of hiring when labour market is tight and business needs change, they need to look inwards and retrain their own workers and ask the HR to create programmes to reskill their existing manpower. A big challenge for the government, industrial owners, and entrepreneurs is the investment needed for skills development, workforce development, and training.

If Bangladesh is to seek a niche in the biotech industry, it must adhere to "good manufacturing practices (GMP)," with a plan for cleanrooms, and tout a modular configuration that will enable the easy adoption of emerging technologies manufacturers. Globally, demand for these biological products, such as cell and viral vector products, is so high that the resulting manufacturing bottlenecks can ultimately limit the number of patients who are able to access medical breakthroughs produced using cell and viral vectors. Obviously, there is a role for a regional leader to manage quality control, lab, office, and convening space designed to facilitate collaboration between scientists from the region's universities, hospitals, and industries. Bangladesh must prepare itself for this position.


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Innovation key for Bangladesh to remain a global RMG leader

Mostafiz Uddin
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MOSTAFIZ UDDIN

As we head into 2023, there is a sense of trepidation in the business landscape. As 2022 drew to a close, it felt at times like many companies were limping towards the end of the year. Executives I know were glad of the break and keen to recharge their batteries after a sobering few months as autumn turned to winter.

Orders from global fashion brands were down markedly towards the end of the year, as retailers struggled to manage inventory levels. The global pandemic has scarred our industry in many ways, and the issues it created in terms of supply chain volatility have yet to fully play out.

Against this backdrop, the question I want to consider at the start of this year is, can Bangladesh maintain its dominance in the global ready-made garment (RMG) supply chain? The short answer to this question is, yes, I truly believe that it can. But obviously there are plenty of caveats to such a statement and there are many things which we need to get right in order to capitalise on our current position. We also must consider that many economists are forecasting a recession for 2023, the extent of which there is no real consensus on.

In this article I will outline how I believe Bangladesh can maintain and improve on its current position as a garment production powerhouse. Before that, I will look briefly at some of the short-term dynamics which I believe will shape our fortunes in the coming months.

I believe it is impossible to write such an article without first of all considering the current situation in China. Consider first that China is the world's largest exporter of garments and textiles, followed by Bangladesh, and Vietnam. Our own industry is competing with Vietnam to win business and potentially inward investment from China, and this process will continue in the coming years.

What is notable about China is that the country has recently lifted its draconian "zero-covid" restrictions. The results are proving to be disastrous, and this could have a knock-on effect on Bangladesh's RMG sector for reasons I will explain. There are reports that Covid is now sweeping through China like wildfire. Hospitals, morgues, and crematoriums are said to be overflowing and the country is in serious crisis. Many countries are now making it compulsory for people from China to have a negative Covid test result in order to enter.

This issue is clearly going to have an impact on business, including China's huge textile industry. I quote here from the *Financial Times* (UK): "The coronavirus sweeping across China is causing widespread business disruption as staffing shortages threaten to close down factory production lines and truck drivers fall ill, bringing chaos to supply chains."

With this in mind, I expect many fashion brands to be watching this situation closely. China's crisis may well give them pause for thought and encourage them to further shift orders out of the country to supply hubs where the pandemic is no longer an issue. Bangladesh could benefit if executives exercise further caution over China.

This is the short-term context. However, to benefit from China's setback while growing more broadly, there are other things Bangladesh must get right.

The first of these is the onward shift towards vertical integration of its industry. If our industry is to maintain leadership status, it needs to be progressive and this means bringing more processes under one roof. Obvious benefits of vertical integration for Bangladesh's RMG industry include greater resilience to supply chain disruptions, market power, and economies of scale. The latter of these will enable Bangladesh apparel makers to gain a greater margin on products and become more profitable.

The second area I feel we need to improve in order to maintain leadership status is in the shift to higher added value products. We have all heard talk of how Bangladesh apparel makers are always price takers. Over-capacity is a well acknowledged problem in our industry, with too many factories producing the same, low value staple items. An excess of supply in this area maintains downward pressure on prices and reduces our bargaining power as manufacturers. There is a lot of talk about purchasing practices in our industry and how these can be improved. But the fundamental reason why purchasing practices are an issue is because of market dynamics and excess supply.

I would like to see this picture change and Bangladesh's supply chain to become more diversified in the short-medium term. To do this, we need to see a shift towards the production of products from man-made fibres such as polyester and viscose. We also need to see greater use of niche fibres such as wool, cashmere, and other fibres often associated with the luxury fashion sector.

This shift in emphasis will require investment in our supply chain and industrial upgrading, a process which we are already seeing at some of the larger, cash-rich garment makers. I believe the issue of added value goes hand-in-hand with vertical integration. Larger, vertically integrated textile factories with true economies of scale have much greater bargaining power and can work alongside clients as equals, rather than competing on price, price, price.

Another obvious way to add value is via sustainable production. All fashion brands these days are asking more and more of their suppliers in terms of their use of renewable energy, what they are doing to save water in apparel production, how clothing is being made, dyeing and finishing, and other areas. We can generate added value by becoming a world leader in all of these areas, and helping global fashion brands to achieve their sustainability goals.

There are two more areas where I believe investment is crucial to maintain industry leadership status. The first is placing greater emphasis on skills and training across the board. Particularly, I would like to see more investment in senior management learning and development. We need the brightest talent available to ensure our industry continues to be progressive and innovate and provide a vision and strategy.

Our rivals such as China place huge emphasis on management development and they do this by providing world class training and development. Interestingly, I saw a statistic recently which showed that China has nine out of the top 10 engineering universities in the world. This offers an illustration as to how developed countries use education and learning in order to get ahead in business and elevate their industries to the next level.

The final point on competitiveness relates to logistics. It has been a positive to see shipping lines introduced to European countries such as Italy in the past couple of years and we need more of the same in this area. Customers are wanting orders faster than ever, and Bangladesh must be ready to respond to this.

I do hear talks of near-shoring in countries such as the USA, with many people claiming that the country should reignite its once-proud textile industry. However, this talk has been around for as long as I have been in this industry and, so far, it has remained just that: talk. The reasons are a lack of industry infrastructure, and the high costs of doing business in the USA, which means it simply cannot produce clothing at a rate which is competitive with Bangladesh.

That said, we must not rest on our laurels and be awake to the fact that near-shoring is a potential threat in a world where everybody wants things straight away. We can counter this by continuing to invest in logistics, while building world class factories to produce clothing using state of the art techniques, and delivering orders in record time.

Overall, I am optimistic Bangladesh can maintain its global leadership status, but we will need some notable innovations in our industry to remain competitive in a rapidly evolving business landscape.

A visitor takes a closer look at products put on display at the 12th Bangladesh Denim Expo organised at International Convention City Bashundhara in Dhaka on May 10, 2022. PHOTO: AMRAN HOSSAIN

Customers are wanting orders faster than ever, and Bangladesh must be ready to respond to this. PHOTO: STAR


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How startups can make the best use of data

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KHAN MUHAMMAD SAQIFUL ALAM

We live in the age of data. Today, as I write this article nearing midnight, almost 2.5 quintillion bytes of data have been generated globally. That is 25 followed by seventeen zeros. And we in Bangladesh are not much behind in this stream of data generation. A good back of the envelope calculation will be that since almost two percent of the world's population live in Bangladesh, and assuming that one in every 100 persons in the country has access to devices that generate data, we will be generating 500 terabytes (TB) of data per day. And I am making some very conservative estimations here. That's more than the highest storage space available in personal computers or hard disks (which max up to 20 TB).

As a result of this predominance of data everywhere, many successful business names today have grown by leveraging data. Companies such as bKash have utilised insights from data to make sure that their retailers are working properly, to identify the wallet sizes in different regions, and to predict the right amounts of cashbacks that incentivise customers to use the mobile wallet. Pathao has used massive amounts of data and their unique graph algorithm (a data science tool) to match the rider and the user which has helped them compete against global giant Uber. Even brick and mortar organisations such as Unilever and British American Tobacco are investing heavily on setting up their data teams and making the right use of data to increase revenue.

But for a startup, making the best use of data can be challenging. There are quite a lot of issues to consider – how and where to obtain the data? How to set up a data team? How much to invest? When? How to scale up? Which tools and platforms to use? And these

PHOTO: **COLLECTED**

challenges are exacerbated by the fact that startups are short on funds, always under pressure from investors to show positive return on investment (ROI), and be as lean as possible.

Therefore, the first issue really is to determine how and where to obtain the data. But that is honestly the easier part. Most business models today are either online or involving services that are digital or connected to social media. A startup can chart its whole process of doing business, from the very first steps, till the service or the product is delivered to the customer, and identify exactly the points where they can get data. For example, in the case of a company that provides ride services to university students and professionals, the data can be in the form of what routes are being requested in the company's website, its social media channels and its hotlines, what are the existing routes, how many customers are using the existing routes, who are the recurring customers, how many vehicles are operating in each of the routes, what is the spare capacity, etc. And this is where the company needs to make another major investment – building a data culture, where the focus is always on evidence driven decision making. Everyone in the company should at least be aware of how valuable data is for decision making, to support their hunches, experiences, and sparks of brilliance, and also be on the lookout for which data points they can obtain to connect the company's performance. And this culture needs to be driven from the very top – startup founders need to instil the value of data. This has successfully been accomplished by visionary startup founders such as Reyasat Chowdhury of Shuttle, or Oli Ahad of Intelligent Machines Limited, both of which have reaped significant benefits from data utilisation.

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How startups can make the best use of data

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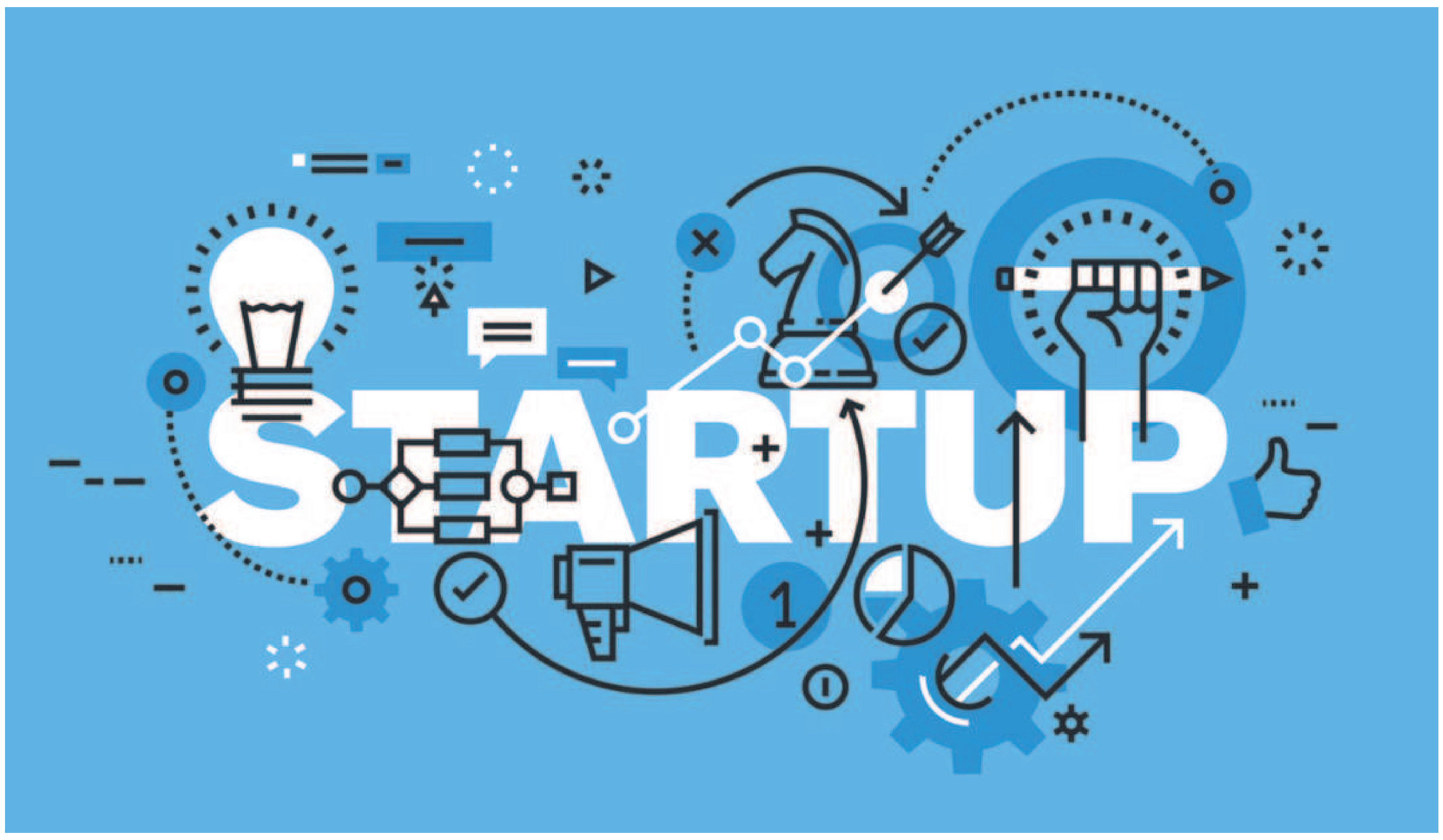

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The second issue is to understand when the time is right to invest in a data team. This is a more difficult challenge to handle as there is no "one size fits all" solution to this. If the startup's core business model is to generate insights from data, or utilise data, such as that of Pathao, then the data team is the first team to develop and train up, with an experienced data leadership, a chief data officer (CDO) or a chief technology officer (CTO). But there are many startups whose business models do not only revolve around data. For them, to initially invest on a dedicated data team led by CDO/CTO might be prohibitively expensive. In such cases, the startup can approach the issue from a different angle, channel it's prime resources and priorities launching a minimum viable product (MVP), and start generating cash flows as soon as possible while keeping in mind what nature of data is generated at every step and store that data. These storages will not need much of an investment, but some investment would be required to set up means of collection. If the startup is unsure of what data can be helpful, or how to set up the collection, they can hire external consultants and advisers to help step up the collection and data management. But when the startup reaches a certain stage where there is a recurring revenue flow, and the MVP is launched and being accepted in the market, that should be the ideal time to set aside some of the revenue to build a good data team.

I have seen over the years many attempts at creating data teams and drives by businesses to be data driven, only to yield disappointing results. One key reason for this is the lack of understanding by the organisation's leadership of what data driven decision making is, and how it can help them.

Let me elaborate more on how a company should strive to build a good data team. I have seen over the years many attempts at creating data teams and drives by businesses to be data driven, only to yield disappointing results. One key reason for this is the lack of understanding by the organisation's leadership of what data driven decision making is, and how it can help them. A common approach is to hire someone from a technical background such as Computer Science or Electrical and Electronic Engineering (EEE), and then ask them to start processing the data that has been accumulated or start building databases and reporting structure. I am confident that any technical graduate from a good engineering school in Bangladesh can do an incredibly good job on this, but in the longer run, the management fails to realise the benefit of it, because what they get is a report on their table, or a dashboard on their laptops summarising the basic findings, which they see and don't act on.

To get the right team and have them deliver profitable changes to the startup, much more is needed. It starts with the organisation's leadership understanding what the data can do for them, and building data literacy at the topmost level of the organisation. This does not need to be technical, but the senior management of the company needs to understand what data they have, how they can gain a competitive advantage with this data, and what nature of insights they are looking for. This can be achieved with the help of expert consultants or trainers, to learn of sources of data and methods (tools and techniques) of driving decisions and strategies using data. The next step is to appoint a data team lead – someone who understands the nature of the business the startup is in, someone with experience in managerial positions or leadership positions, with good business acumen, and a good understanding of the technical concepts of data science. In short, the startup needs to hire a "data strategist," someone who not only can code and crunch numbers, but can drive strategies using the output from the data tools and techniques. Then the focus should be on hiring technical talents for data storage, pipelines, and reporting. Many times, the organisation's drive towards data transformation fails due to missing out on these two crucial steps – data education of its leadership and hiring a data strategist.

The rest of the issues are more technical in nature and can be handled when the organisation has invested in a capable data strategist and team.

Nature-based solutions can fight two key battles together

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HASEEB MD IRFANULLAH

In the last two months of 2022, two large global events took place on two continents flanking the Atlantic Ocean. In November, around 35,000 people met at the Egyptian tourist city of Sharm El-Sheikh for the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27). A couple of weeks later in early December, Canada's Montreal got busy with the 15th biodiversity conference organised under the UN Convention on Biological Diversity (CBD). These two meetings were a big deal for the Earth as they discussed two ongoing global crises of our lifetime – climate emergency and disappearing biodiversity.

Over the past few years, an environment-related notion has drawn huge traction around the globe – Nature-based Solutions (NbS). NbS also found its place in the long list of action points the above two events produced, agreed upon by around 200 nations. At Sharm El-Sheikh, the world emphasised that protecting, conserving, restoring, and sustainably using all kinds of ecosystems is crucial to fight climate change. In March 2022, the Fifth UN Environment Assembly (UNEA-5) at Nairobi, Kenya endorsed a definition of NbS – for the first time by the UN. This definition, based upon the International Union for Conservation of Nature's (IUCN) 2016 NbS definition, reads: "nature-based solutions are actions to protect, conserve, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems, which address social, economic, and environmental challenges effectively and adaptively, while simultaneously providing human well-being, ecosystem services, resilience and biodiversity benefits." Referring to the UNEA-5, the "Sharm El-Sheikh Implementation Plan" encourages all nations to consider NbS or ecosystem-based approaches for climate change mitigation (i.e., reducing carbon emissions) and adaptation (i.e., adjusting to climate change impacts).

The floating agriculture practice in Bangladesh is one example of nature-based solutions (NbS). PHOTO: REUTERS

It is often perceived that NbS is just planting thousands of trees, thus converting barren lands into lush landscapes. PHOTO: AFP

At Montreal, on the other hand, the nations adopted the "Kunming-Montreal Global Biodiversity Framework" (GBF) to stop the current unprecedent rate of species extinction. The Framework has 23 targets to be achieved by 2030, including protecting 30 percent of the world's land and water. Target 8 is very much in line with the "Sharm El-Sheikh Implementation Plan," as it talks about increasing biodiversity resilience through climate change mitigation and adaptation via NbS and/or ecosystem-based approaches.

In recent years, Bangladesh has come a long way in adopting NbS in its climate change policies and plans. In September 2021, for example, we saw how NbS was mainstreamed in the draft Mujib Climate Prosperity Plan (MCPP2030). One year later, Bangladesh embraced NbS as a key strategy to adapt to climate change over the next 28 years as the government approved the National Adaptation Plan of Bangladesh (NAP2050). But, despite the historic constitutional amendment of 2011, which made nature conservation a responsibility of the state, we don't see similar movement and momentum in biodiversity conservation as we see in climate change. With donor money the National Biodiversity Strategy and Action Plans (NBSAPs) are being prepared since 2004, the "Wildlife (Conservation and Security) Act" was updated in 2012, the Wildlife Crime Control Unit was established in the same year, the "Bangladesh Biodiversity Act" was enacted five years later, and the list of protected wildlife species was extended in 2021, for example, but investments and consorted efforts to protect the country's nature is still limited.

As we implement NbS to climate change, small or big, we must track its effectiveness. Since we want our NbS to sustain beyond project tenure, we need to create space and system to gather evidence on, for example, if benefits from NbS are equitably shared among the stakeholders, if the NbS is improving the local biodiversity, or if the NbS managers are performing adaptive management in response to changing situation.

Nevertheless, NbS can effectively bring our climate and conservation actions together, not only to use ecosystems to fight climate change, but also to reduce negative impacts of climate crisis on biodiversity. Such synergistic efforts can maximise the use of our scarce financial resources, especially in the post-Covid, Ukraine-war-laden times. It can also help us to see biodiversity conservation beyond the boundaries of wildlife sanctuaries, national parks, safari parks, and eco-parks.

It is often perceived that NbS is just planting thousands of trees, thus converting barren lands into lush landscapes. But it is not quite true. If such forestation is done with a single tree species, it is in no way a NbS, since it doesn't offer tangible biodiversity benefits rather could be disastrous as, for example, it may not survive pest attacks. That's why in Bangladesh we now create greenery and coastal green belts with multiple species. At our older mangrove plantation sites, when plants die from natural causes, enrichment plantation is done in the vacant spaces with many stronger mangrove species.

A Bangladeshi villager evacuates to a cyclone shelter on the coast in Cox's Bazar district on May 30, 2017. PHOTO: AFP

Besides forestry, NbS can be widely practiced in agricultural sector. Agroforestry or combining crops and trees on the same field is a nature-based intervention, so is floating agriculture, which has been practiced in southern Bangladesh for 200 years. Conservation agriculture, on the other hand, means always keeping the soil covered with crops or crop residues, using no or minimum tilling of arable land, and having different crops successively on the same land. Studies in Bangladesh showed nature-based agricultural practices can reduce water use by up to 33 percent, cultivation costs by up to 75 percent, and greenhouse gas emissions from rice fields by a maximum of 31 percent, and can increase production by up to 28 percent. All these not only help us with food security and biodiversity conservation, but also climate change adaptation.

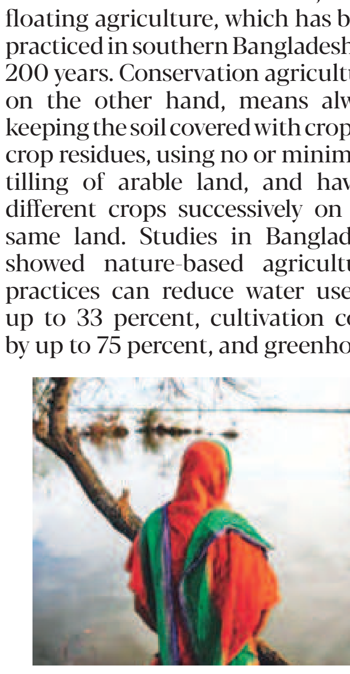

PHOTO: GMB AKASH

At Sharm El-Sheikh, the world emphasised that protecting, conserving, restoring, and sustainably using all kinds of ecosystems is crucial to fight climate change.

NbS is not only an activity to be taken up by government agencies and NGOs involved in natural resource management. Rajuk, LGED, WASA, and Bangladesh Army, for example, restored Hatirjheel and Begunbari Khal to tackle Dhaka's waterlogging. Humanitarian agencies are implementing ecosystem-based disaster risk reduction interventions in the degraded hilly terrain of Ukhiya, Cox's Bazar, sheltering about 0.8 million Rohingya refugees. The proposed Bangabandhu Sheikh Mujib Shilpa Nagar – a 137-square-kilometre economic zone city along the Feni-Chattogram coast – offers a fantastic opportunity to implement NbS by conserving and expanding the existing coastal mangroves, protecting new embankments with green-belts, excavating water reservoirs, and promoting green infrastructures.

To scale up NbS, we should take some urgent actions in three areas. Let's start with funding. Since 2015, Bangladesh has been earmarking climate budgets of its 25 ministries and government agencies. Bangladesh Finance Division should now track how these allocations are being spent not only by the public entities, but also in the pertinent sectors and sub-sectors. Such monitoring is essential since actions like conservation don't only belong to the Ministry of Environment, Forest and Climate Change (MoEFCC). This will also allow us to see how much of our USD 3.4 billion climate budget is spent on NbS. In addition to new investment plans (e.g., MCPP2030, NAP2050, and Bangladesh Delta Plan 2100), we have also updated the Climate Fiscal Framework (2020) outlining different funding provisions for climate action. Government's designated bodies and accredited agencies now need to make all out efforts to fund these plans from the Global Environment Facility (GEF), the Green Climate Fund (GCF), the Adaptation Fund, and the to-be-established Loss and Damage fund to take nature-based actions. Furthermore, we need to have functional Biodiversity Conservation Fund and Ecosystem Management Fund, as outlined in the "Bangladesh Biodiversity Act 2017" and the "Ecologically Critical Area Management Rule 2016", respectively. And, we should revisit the 12-year-old Bangladesh Climate Change Trust Act – as envisaged in the NAP2050 – to efficiently coordinate as well as channel funds from the above international and domestic sources.

Second, given the increasing interest in NbS, there is a risk of using NbS for "greenwashing" where agencies with vested interest misleadingly pose their actions as nature-friendly, while in reality, these are depriving the local people and harming the biodiversity. The MoEFCC can work with the South Asian office of the Global Center on Adaptation (GCA) in Dhaka and establish a cell to act as a watchdog to flag misuse of the NbS approaches. In 2020, IUCN launched its Global Standard for NbS. It is now planning to launch an NbS certification scheme. Bangladesh could be one of the first countries to adopt similar

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Nature-based solutions can fight two key battles together

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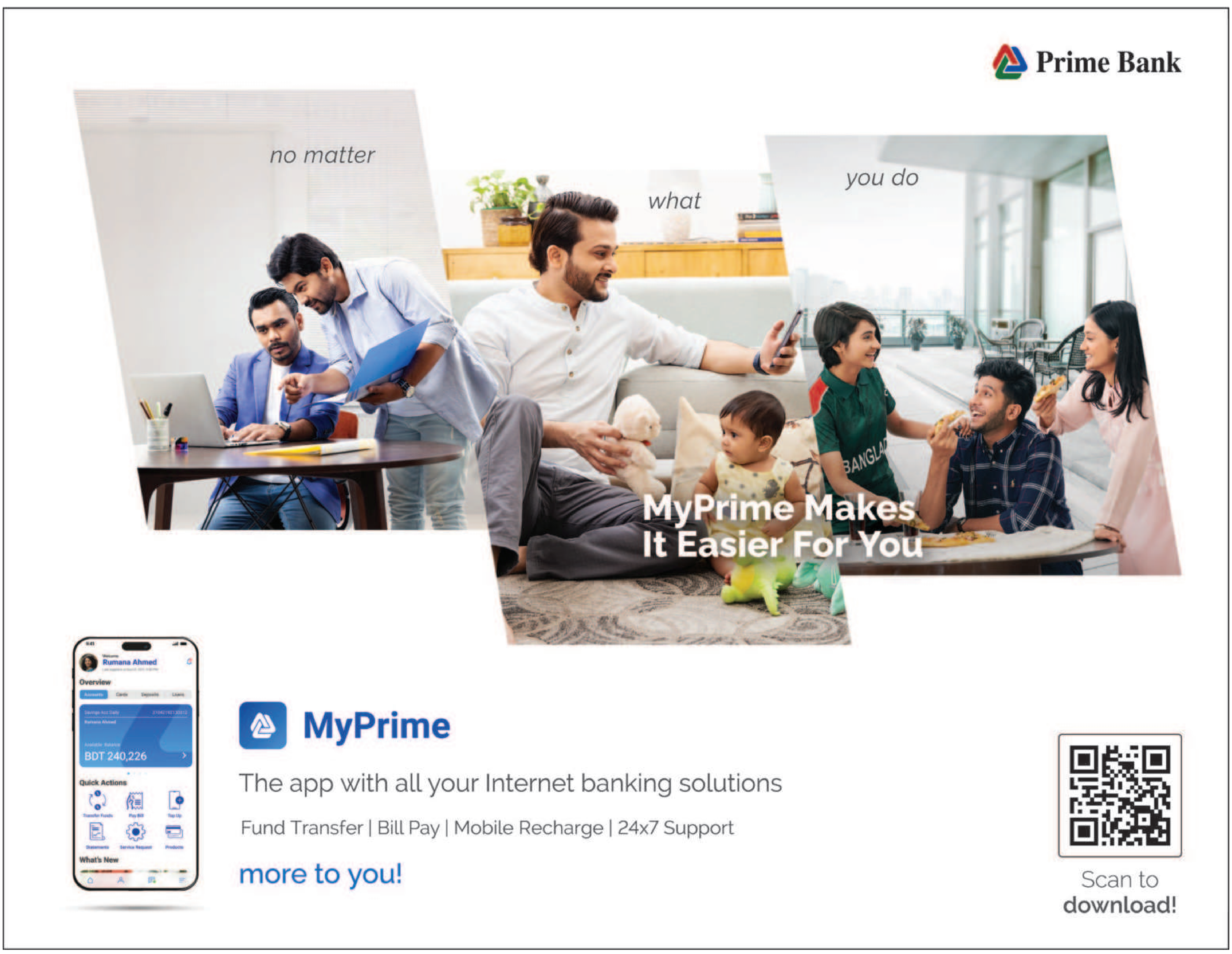
quality assurance system based on IUCN NbS Standard and avoid malpractice.

Finally, as we implement NbS to climate change, small or big, we must track its effectiveness.

Since we want our NbS to sustain beyond project tenure, we need to create space and system to gather evidence on, for example, if benefits from NbS are equitably shared among the stakeholders, if the NbS is improving the local biodiversity, or if the NbS managers are performing adaptive management in response to changing situation. International Centre for Climate Change and Development (ICCCAD) in Bangladesh has paved the path of bringing together the country's NbS actors under the "NbS Bangladesh Network." This platform could be strengthened to lead knowledge creation, management and sharing by working with interested individuals, NGOs, Bangladesh Planning Commission, the GCA, and initiatives, like UK's Bangladesh Climate and Environment Programme (BCEP).

Bangladesh embraced NbS as a key strategy to adapt to climate change over the next 28 years.

PHOTO: STAR



How can we become an attractive investment destination?

Abu Afsarul Haider
is an entrepreneur.

ABU AFSARUL HAIDER

Economic growth and business development are highly dependent on the business climate created by socio-economic policies and political decisions of governments. Research suggests that countries that provide better public goods and services – such as roads, electricity, gas, water, and sewerage – and offer business-friendly policies that protect the rights of business enterprises, as well as workers, consumers, and the environment, and ensure a stable political system, attracts more investment and businesses. More investment and businesses create more economic activity, which in turn generates more jobs, reduces poverty, and increases social cohesion, and economic growth. Prior to the Covid-19 pandemic in 2020, Bangladesh's economy was growing rapidly, recording an annual expansion in the range of 8 percent.

Bangladesh is, without a doubt, one of the most promising economies in the region. Research, however, shows that to transform Bangladesh into a high-income country, it would need to raise its investment-to-GDP ratio to around 40-44 percent of GDP. Currently the investment-to-GDP ratio in Bangladesh is hovering around 30 percent.

Just as we started to recover from the fallout of the pandemic, the country started to face unprecedented challenges created by the Russia-Ukraine war. The war has led to a massive increase in energy prices, altered global patterns of trade, production, consumption, and disrupted supply chains which have led to rising prices globally. Rising commodity prices, higher import payments, and low remittance flow resulted in Bangladesh having a negative balance of payments (BoP) in the first five months of the current fiscal year.

The present economic scenario indicates that doing business in Bangladesh may not be all that easy in the coming days. History, however, suggests that tough times like these have only made Bangladesh stronger as a nation. Since independence in 1971, Bangladesh has undergone an amazing transformation in spite of facing periodical floods, cyclones, droughts, and other types of disasters.

When the war-ravaged country gained independence in 1971, the size of its GDP was only USD 6.2 billion. In fiscal year 2021-22 (FY21-22), Bangladesh's GDP grew to USD 465 billion – becoming the 35th biggest economy in the world. A large part of this growth has been driven by export earnings, especially from the ready-made garments (RMG) industry, growth of our agricultural sector, and remittances sent in by our migrant workers.

Bangladesh is, without a doubt, one of the most promising economies in the region. Research, however, shows that to transform Bangladesh into a high-income country, it would need to raise its investment-to-GDP ratio to around 40-44 percent of GDP. Currently the investment-to-GDP ratio in Bangladesh is hovering around 30 percent. Despite steady economic growth over the past decade, investment in Bangladesh has remained comparatively lower than its regional peers. The public investment-to-GDP ratio was 8.67 percent in FY2021, up from 8.41 percent in FY2020, and 8.03 percent in FY2019. Unfortunately, while public investment on the infrastructure front – particularly on megaprojects – has increased, it has been unable to attract significantly higher private investment from either local or overseas sources. The private investment-GDP ratio was 25.25 percent in FY2019, which fell to 20.24 percent the following year, and then rose to 23.70 percent in FY2021, according to BBS data.

PHOTO: COLLECTED

We are also lagging behind in attracting foreign direct investment (FDI). While even during the pandemic (2020) FDI flow to developing countries in Asia increased by 4 percent to USD 535 billion, according to figures from the UN Conference on Trade and Development (UNCTAD), Bangladesh could not achieve the expected FDI. According to the latest statistics released by the central bank, in FY2022, Bangladesh received FDI of around USD 3.44 billion and of the amount, USD 2.04 billion accounted for reinvested earnings by the already existing foreign companies in the country. The rest came from equity or fresh investment of USD 1.34 billion. The rate of FDI inflow in Bangladesh is only around 1 percent of GDP, one of the lowest in Asia.

What is worrying is that while Bangladesh is desperately looking for both local and foreign investment, a group of wealthy people are reportedly siphoning huge amounts of money out of the country. According to the Global Financial Integrity (GFI) – a Washington-based think tank – USD 61.6 billion was siphoned out of Bangladesh between 2005 and 2014. In 2015 alone, about USD 5.9 billion was laundered out of the country. GFI also revealed that on an average, USD 7.53 billion has been siphoned out of the country each year and, accordingly, from 2016 to 2020, around USD 37.65 billion has been laundered. The low inflow of FDI, sluggish private investment, and large outflows of capital indicate that we have failed to gain investors' confidence.

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How can we become an attractive investment destination?

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Though our government agencies claim they are very keen and sincere about promoting investment, the ground reality often differs from their claim. Industry experts say that there are many gaps in the comprehensiveness of our policies, as well as in their implementation – particularly when it comes to the private sector and investors. Then there is the problem of some areas of business being over-regulated, while others are not regulated enough.

It should be noted that for investors, the level of convenience in doing business in a country plays a crucial role in them investing there. Most, if not all, investors choose to invest in countries based on how easy it is to do business there, as well as by their global business competitiveness. They assess the clarity of existing policies, reliability of government officials, adherence to rules and regulations and, most importantly, whether there is sufficient security for their investments.

PHOTO: COLLECTED

In September 2021, the World Bank discontinued publishing its of Ease of Doing Business index. Nevertheless, foreign investors today still evaluate a country's investment potential based on its Ease of Doing Business ranking and overall economic climate. Bangladesh ranked 168 out of 190 countries in 2020, which says a lot about the business environment here. For instance, transferring a property title in Bangladesh takes an average of 271 days, almost six times longer than the global average of 47 days. Resolving a commercial dispute through a local first-instance court takes an average of 1,442 days, almost three times more than the 590 days average among OECD high-income economies. According to the World Bank, it takes 150.2 days for a new business to get electricity connection in Bangladesh, whereas it takes 31 days in Vietnam, 30 days in Singapore, 24 days in Malaysia, and 55 days in neighbouring India.

VISUAL: STAR

Though our government agencies claim they are very keen and sincere about promoting investment, the ground reality often differs from their claim.

PHOTO: STAR

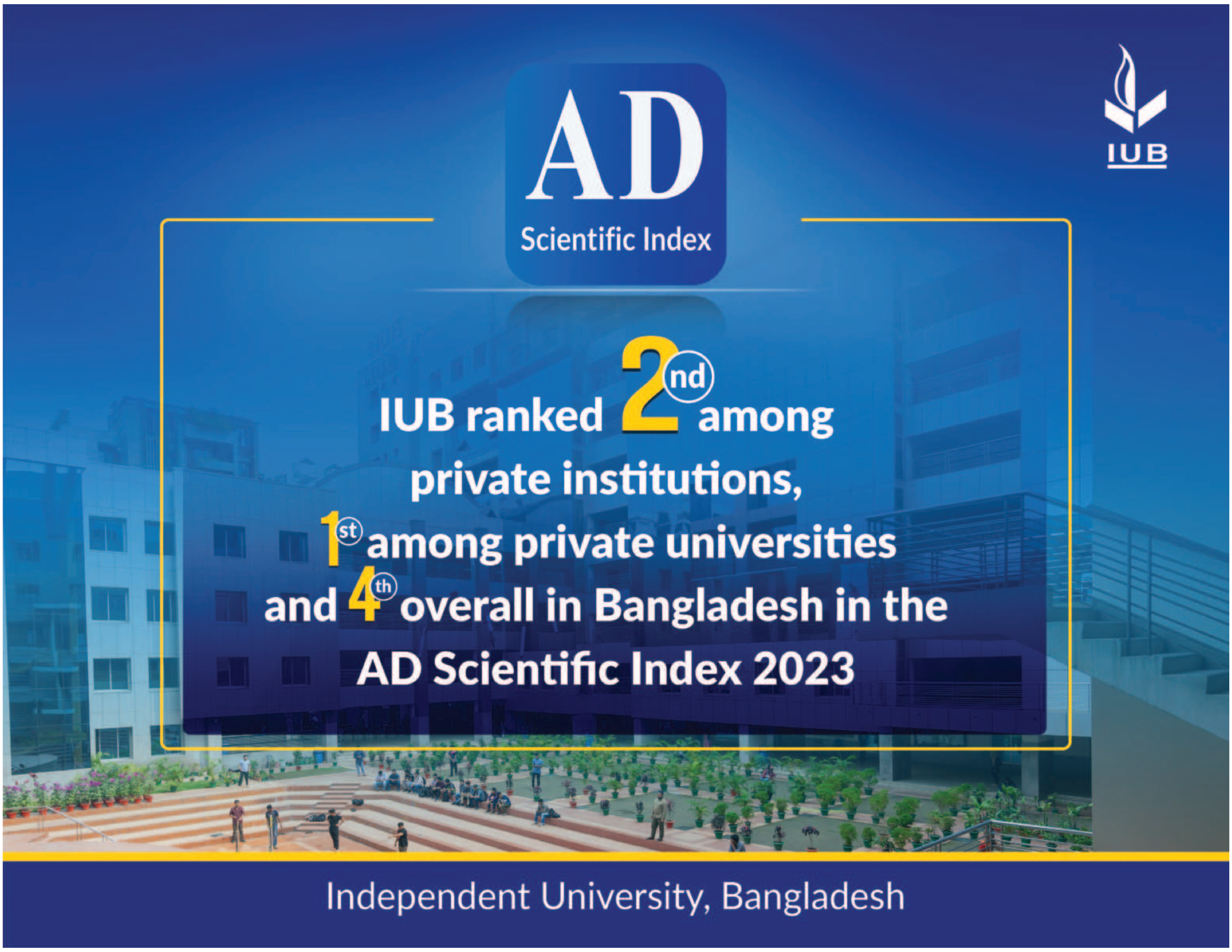
Furthermore, existing foreign investors often complain about bureaucratic tangles in Bangladesh that stand in the way of business operations and obtaining various licenses. Then there are hidden costs in matters related to procedure, policy, law, and infrastructure that seriously weigh upon the cost of doing business. Such barriers include bureaucratic red-tape, poor socio-economic and physical infrastructure, unreliable energy supply, corruption, absence of good governance, low labour productivity, underdeveloped money and capital markets, high cost of doing business, complicated tax system, frequent changes in policies on import duties for raw materials, machinery and equipment, delays in decision-making, etc. In recent times, frequent power cuts and a gas crisis have been added to the list of challenges – as a result, industries and businesses in Bangladesh have been struggling since, in many cases, their production declined by 50 percent, while their cost of production rose significantly. Businesses also allege that they have to pay for other hidden costs, for example, to get their goods released from ports, which further pushes up their product prices at the consumers' end.

As unpleasant as it may sound, corruption has spread across every sector in Bangladesh. In the Transparency International's (TI) Corruption Perceptions Index 2021, Bangladesh ranked as the 147th most corrupt country out of 180 countries.

According to the World Economic Forum's (WEF) Global Competitiveness Index (GCI) 2019, Bangladesh slipped two notches to 105 among 141 countries. As per the report, Bangladesh's competitiveness declined in 10 out of 12 categories, where significant deterioration was observed in regards to macroeconomic stability, labour market, ICT adoption, and infrastructure. Beside poor infrastructure, lack of land, acute shortage of power and gas for new industries, finding the right people and getting them to work productively are the biggest problems in Bangladesh today.

Undoubtedly, we have made remarkable progress in expanding primary education, especially in raising the number of student enrolment, and reducing gender disparity. But our education system and curricula do not serve the goal of developing human capital. There is a lack of communication and collaboration between the government, academia, and businesses when it comes to producing quality or skilled individuals for today's modern industries. To cover the shortage, a good number of foreign professionals and technicians are imported from neighbouring countries.

Business insiders say that establishing and running a business in Bangladesh require overcoming numerous challenges. There is no denying that successive governments have taken several reform measures, but more needs to be done to create a congenial business environment to achieve higher economic growth. If our policymakers are serious about improving Bangladesh's position in the global marketplace as an attractive business and investment destination, it has to remove the deterrents discussed above that are responsible for the high cost of investment.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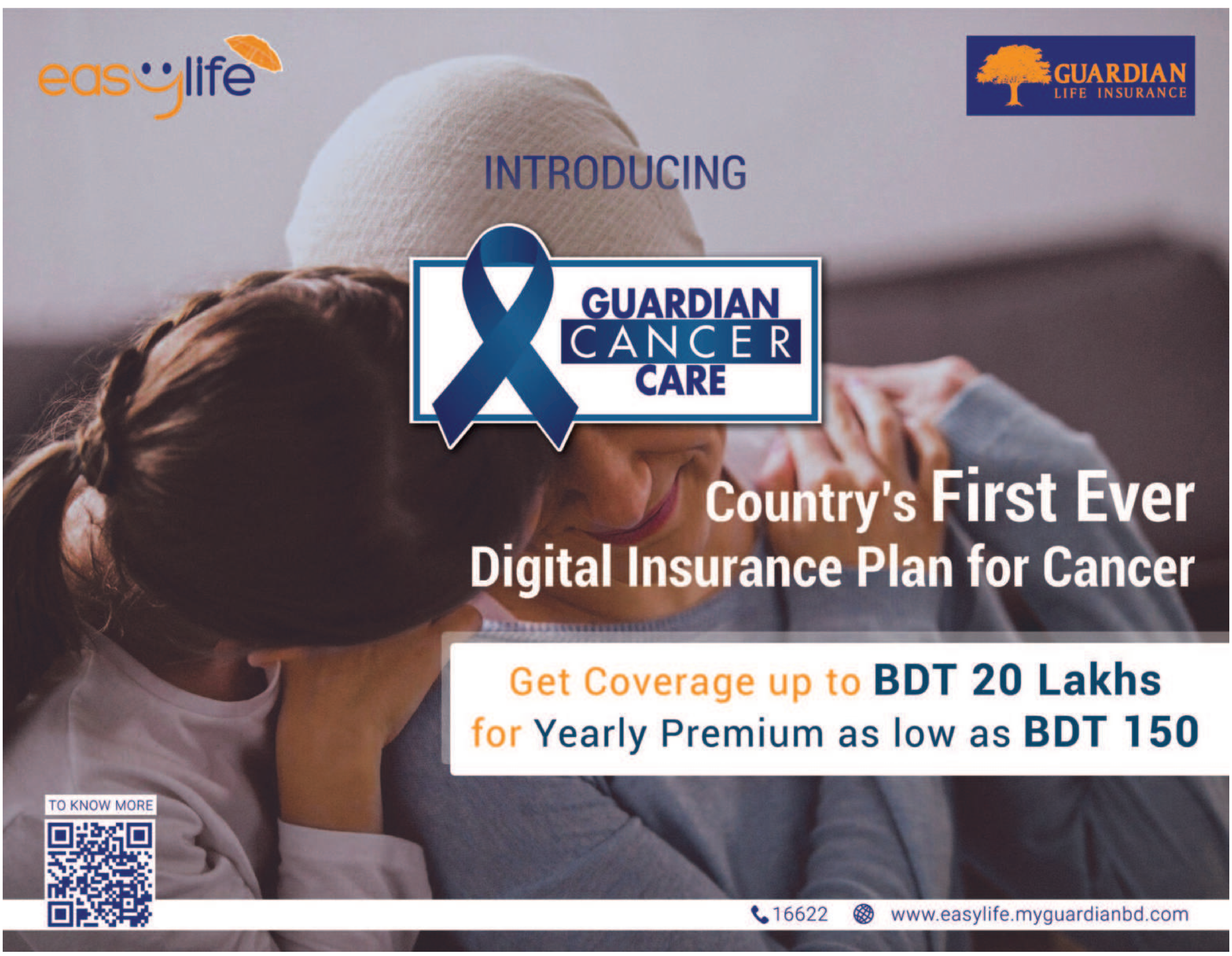
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Better care for migrants can ensure higher remittance earnings

Shariful Hasan *is the Programme Head of the Migration Programme and Youth Initiative at BRAC.*

The top 11 remittance earning countries for Bangladeshis in 2020-21 were KSA, USA, UAE, UK, Malaysia, Kuwait, Oman, Qatar, Italy, Singapore, and Bahrain. According to data from the Bangladesh Bank, remittance inflow decreased from all of these countries in 2021-22, except for the USA, UK, and Italy.

SHARIFUL HASAN

Abdur Rashid Mia (32) from Narsingdi went to Saudi Arabia in June 2022. However, each step of his journey there was complicated – from getting his passport, to completing his medical check-ups, paying for his tickets and, finally, getting a job. But after completing everything, he left Bangladesh believing that he could positively change the financial condition of his family.

Rashid was not the only one; in 2022, two Bangladeshis left the country every minute to work abroad. The total number of migrant workers who left the country was 11.35 lakh, which is a record for Bangladesh. They all left their homes with the same dream.

Bangladesh is the sixth largest labour-sending country and the eighth in terms of remittance earned. According to the Bureau of Manpower Employment and Training (BMET) under the Ministry of Expatriate Welfare and Overseas Employment, more than 12 million Bangladeshis – of which nearly one million are women – have gone abroad as migrant workers in the last five decades, and sent back USD 275 billion remittance earnings in total.

Migrants are not money-making machines; they are human beings, just like us. PHOTO: STAR

Thanks to them, Bangladesh now has a foreign exchange reserve of more than USD 35 billion, even amidst a crisis. Those migrants have sent USD 21 billion as remittance on average in the last three years, which is 8-10 times higher than the total foreign aid or foreign direct investment (FDI) Bangladesh received. Bangladesh is no longer dependant on foreign aid because of this.

After liberation, Bangladesh was the second poorest country in the world. Five decades later, Bangladesh has become one of the fastest growing economies, with an average growth rate of 6.3 percent over the last decade. Evidently, overseas employment and remittance played a vital role here.

Our migrants have proved time and again that even when most of our other sectors are struggling, their contribution can carry Bangladesh through its darkest times. They have proved this during the global financial crisis of 2008-09, the Covid-19 pandemic, and the dollar crisis that arose due to the Russia-Ukraine war.

But despite their vast contributions, are Bangladeshi migrants getting the respect they deserve? The answer is a resounding, "no."

Instead, they are exploited at home and abroad. The same applies to when they send remittances back to Bangladesh. Even though they are urged to send remittances through the legal channel, hundi traders have been increasingly luring them into using the illegal channel. So, despite the surge in overseas employment, remittance inflow through the official channel dropped to USD 21.28 billion in 2022 from USD 22 billion a year earlier.

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Most of these countries undoubtedly faced high inflation. Still, the yawning gap in the dollar rates between the informal market and the banking channel was one of the primary reasons for the decrease in remittance inflow.

Bangladeshi migrant workers mostly earn between USD 200-400 a month. When they were getting Tk 93-99 for every dollar through the formal channel, they were getting Tk 110-120 through hundi. If the informal market offers them Tk 10-20 more for every dollar, it is natural for them to prefer it over the official channel. It is evident that the decision to fix the price of the dollar was incorrect. The Association of Bankers Bangladesh (ABB) and Bangladesh Foreign Exchange Authorized Dealers Association (BAFEDA) raised this issue in a meeting with the Bangladesh Bank last November.

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আপনার আস্থাই
আমাদের শক্তি

আইএফআইসি ৩২.৭৫% সরকারি মালিকানাধীন একটি সার্বজনীন ব্যাংক।

আইএফআইসি আমার প্রতিবেশী
দেশব্যাপী সর্বোচ্চ সংখ্যক (১২৩৭) নিজস্ব শাখা-উপশাখার মাধ্যমে এখন দেশের বৃহত্তম ব্যাংক আইএফআইসি।

আইএফআইসি আমার একাউন্ট
সুবিধা যেমনই চাই, হিসাব একটাই
বাংলাদেশের ব্যাংক খাতে সম্পূর্ণ ভিন্ন মাত্রার একাউন্ট- আইএফআইসি আমার একাউন্টে আছে একসাথে সেভিংস ও কারেন্ট একাউন্টের লেনদেন সুবিধা, আছে দৈনিক জমার উপরে এফডিআরের মতো আকর্ষণীয় মুনাফা।

আইএফআইসি ওয়ান স্টপ সার্ভিস
একমাত্র আমরাই ব্যাংক হিসেবে সর্বপ্রথম সব শাখা-উপশাখায় চালু করেছি ওয়ান স্টপ সার্ভিস, একই কাউন্টারে সব ব্যাংকিং সেবা দিচ্ছে নিজস্ব দক্ষ কর্মীবাহিনী।

আইএফআইসি আমার কার্ড দিয়ে দেশের ১৩ হাজারেরও বেশি এটিএম থেকে টাকা তোলা যায় একদম ফ্রি। ক্রেডিট কার্ডের উত্তম বিকল্প হিসেবে ব্যবহার করা যায় দেশে ও বিদেশে।

আইএফআইসি আমার বাড়ি
শহর-গ্রাম সারা দেশে পাকা ও সেমি-পাকা বাড়ি নির্মাণে বেসরকারি খাতে অন্যতম শীর্ষ হোম লোন বিতরণকারী ব্যাংক আইএফআইসি ৩০,০০০ গ্রাহকের মাঝে দিয়েছে ১৩,০০০ কোটি টাকা ঋণ।

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Better care for migrants can ensure higher remittance earnings

Bangladesh is the sixth largest labour-sending country and the eighth in terms of remittance earned.

PHOTO: STAR

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After that meeting, it was decided that migrants would get Tk 107 per dollar, which was Tk 99.50 before. Apart from this, banks agreed not to charge any fee for collecting remittances. Besides, it was decided that sending any amount of remittance from abroad will not require any documentation.

These were positive decisions. But migrants also take other considerations into account when sending money. For example, they consider how quickly it can be sent to their families, how easy the process is, etc. And so, unless these issues are addressed, it will be difficult to prevent them from preferring the use of hundi.

Better care and services for migrant workers, along with some special incentives can increase remittances or even double it. So, the banks need to get closer to them or develop special digital services and products targeting migrants.

It needs to be asked what facilities do migrants get for sending remittances for 10-20 years. Do they get any pension schemes? Is there any One-Stop Centre for migrants to invest in Bangladesh? What benefits do their family members get? There are no satisfactory answers to these questions.

Many migrants and their family members are not within the reach of banking services. Though there are more than 10 million migrants abroad, many don't even have a bank account. The government can make it mandatory for them to open a bank account before leaving the country.

Banks here can promote the opening of two accounts, one for sending money to their families and the other to save for the migrants themselves. They can also introduce various saving schemes for migrants. The government can also introduce pension allowance for migrants, from which they can benefit once they return after 10-20 years.

The government can provide other benefits to migrants. For example, they can introduce a special admission quota in schools and colleges for their children, or give them medical incentives.

The government can also take more initiatives to honour and recognise migrant workers. In addition to that, the sending of skilled workers abroad should be prioritised. This should be prioritised after the Covid-19 pandemic and due to the Fourth Industrial Revolution, which has drastically increased the demand for skilled workers. We also need to explore new markets, while not losing our focus on the old ones.

Overall, we must focus on ensuring good governance in the migration sector. The sector is still plagued by a number of problems. Before migration, migrants have to deal with recruiting agencies – some of which turn out to be fraudulent – intermediaries, inaccurate information regarding jobs, purchasing and selling of visas at high prices, the issue of obtaining government clearance, etc. But even that is not the end of it.

Once migrants reach their destinations, they often face harassment, exploitation, abuse, have to take on inhumane workloads, live in difficult conditions, and even risk their lives.

The government has indeed taken various positive initiatives in the field of migration, but there is still a long way to go. But before everything else, we must understand that migrants are not money-making machines; they are human beings, just like us. They deserve dignity and better care, which will ultimately help increase remittance for the country.

Bangladeshi migrant workers in Dubai.

PHOTO: REUTERS

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VISUAL: **TEENI AND TUNI**

Making private sector a key driver of our economy

Mayank Arora
is the managing director of Coca-Cola Bangladesh Beverages.

MAYANK ARORA

Bangladesh has come a long way in weaving its inspirational tale of incredible success as one of the fastest-growing economies in the world. Currently the 35th largest economy in the world (World Economic Outlook Database, October 2022 Edition, IMF), by 2030 Bangladesh is expected to become the 24th largest economy globally, according to the National Human Development Report (NHDR), prepared by the Economic Relations Division (ERD) of the government.

The country has been enjoying more than six percent GDP growth per year for more than a decade, save the pandemic-hit years, and despite the global economic stress caused by the Russia-Ukraine war, and the economic aftershocks of Covid-19, Bangladesh is expected to grow at 6.1 percent in FY2022-23, as per the World Bank's South Asia Economic Focus, Fall 2022.

And prospects on the horizon look bright for the nation. Bangladesh is expected to become a trillion-dollar economy by 2040 (Boston Consulting Group), and riding on the back of a growing middle and affluent class (MAC) population – according to the aforementioned Boston Consulting Group report the country's MAC population is to grow to 34 million by 2025 – the country is expected to become the ninth largest consumer market by 2030 (HSBC report).

Increasing public spending (from Tk 532 billion in 2012 to Tk 2,254 billion by 2022), comparatively lower government debt (debt to GDP percent as of March 31, 2022 is 31.42 percent), the benefits of demographic dividend (currently 65.6 percent of the population of 16.51 crore is of working age), increasing domestic consumption (Bangladesh's consumption rate reached a record high of 18.36 percent in FY 2021-22), advancements in IT and its ripple effects on the country's economy and commerce, among other factors, are accelerating the country's growth trajectory – creating a favourable environment for businesses.

The country is all set to take the next leap to materialise its vision of becoming a developed nation by 2041. And in this journey, the private sector will have a major role to play.

As Bangladesh steps out of the Least Developed Countries (LDC) club, there are going to be certain challenges that it would need to overcome. These include navigating a scenario where trade facilities (Generalised System of Preferences, for example) the country is currently

The country has been enjoying more than six percent GDP growth per year for more than a decade, save the pandemic-hit years, and despite the global economic stress caused by the Russia-Ukraine war, and the economic aftershocks of Covid-19, Bangladesh is expected to grow at 6.1 percent in FY2022-23, as per the World Bank's South Asia Economic Focus, Fall 2022. And prospects on the horizon look bright for the nation. Bangladesh is expected to become a trillion-dollar economy by 2040 (Boston Consulting Group), and riding on the back of a growing middle and affluent class (MAC) population – according to the aforementioned Boston Consulting Group report the country's MAC population is to grow to 34 million by 2025 – the country is expected to become the ninth largest consumer market by 2030 (HSBC report).

enjoying would become limited, foreign grants will dwindle, there will be fewer opportunity for concessional loans, and added market competition – RMG and pharmaceuticals especially would be under greater stress with the loss of benefits these are deriving from GSP and Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, respectively.

It has been suggested that Bangladesh runs the risk of losing 14 percent or USD 5.73 billion worth of export earnings per year after graduation from LDC (LightCastle Analytics Wing), mostly due to loss of GSP facility, which provides the country with Duty-Free and Quota-Free (DFQF) access for its exports to the World Trade Organization's international development partners. Currently, Bangladesh also gets duty-free access to 38 countries under the GSP.

An impact of such a scale could create additional pressure on the growing economy, especially on one of its key contributing sectors – the RMG sector. This would have a ripple effect on various verticals of the economy, including employment, exports, forex reserves, among others.

While the country is planning to seek a six-year buffer period for access to such facilities after graduation to cushion the transition to a middle-income country, eventually Bangladesh would have to navigate and overcome these challenges. Here the private sector has a pivotal role to play in supporting the country in preparing for the journey during and after the transition, towards the developed nation goal.

Diversified products made with locally sourced raw materials would give the country an added edge when competing in the international market. Speaking from experience, it is very much doable. Coca-Cola Bangladesh Beverages for instance, produces products through a value chain where up to 75 percent of the goods and services are sourced locally. There are ample opportunities in every sector to further localise their sourcing which could reduce the burden on imports and support the local value chain.

Moreover, the private sector in Bangladesh has been working relentlessly to innovate and develop varied product portfolios which are adding to the export basket diversification agenda that the government is currently driving. From manufacturing high-tech gadgets to assembling cars for brands such as Mitsubishi, Bangladesh is already pushing its boundaries in manufacturing innovation and excellence.

CONTINUED ON PAGE 40

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ILLUSTRATION: BIPLOB CHAKROBORTY

Creating conditions for our youths to prosper

Eresh Omar Jamal
is assistant editor at The Daily Star. His Twitter handle is: @EreshOmarJamal

ERESH OMAR JAMAL

Despite overcoming its many economic challenges, one obstacle Bangladesh continues to struggle with is creating enough quality employment opportunities for its young population. In 2018, the International Labour Organization (ILO) ranked Bangladesh second out of 28 countries in the Asia-Pacific region for having the highest level of educated unemployment rate. Moreover, between 2010 and 2017, the ILO estimated that the rate of youth unemployment in Bangladesh had doubled.

Similarly, according to the Labour Force Survey 2016-17 of the Bangladesh Bureau of Statistics (BBS), while the national unemployment rate back then stood at 4.2 percent, the youth unemployment rate stood at more than double that at 10.6 percent. The survey also revealed that the share of unemployed youth in total unemployment was 79.6 percent, with the rate being higher among the more educated youth. For example, unemployment rate was 13.4 percent among youths having a tertiary level education and 29.8 percent among youths having secondary level education.

Another problematic trend for policymakers in the last decade has been a slowdown in job creation. Between 2013 and 2016-17, while the average annual GDP growth was 6.6 percent, the average annual growth of jobs was only 0.9 percent. Employment elasticity, meanwhile, went down from 0.54 during 1995-2000 to 0.25 during 2010-2018, which further reflects the slow growth of job creation.

So, during a period of impressive economic growth, Bangladesh had failed to create decent employment opportunities for its young people. And the Covid-19 pandemic has clearly aggravated that situation.

Data from the World Bank suggests that total unemployment rate in Bangladesh in 2020 stood at 5.3 percent of the total labour force. And so, it is most likely that youth unemployment in the country also worsened.

What makes the high level of youth unemployment even more concerning for Bangladesh is that it is wasting its once-in-a-lifetime window of demographic dividend – as the talents of many of our young people remain unutilised. According to the Population and Housing Census 2022, 65.6 percent of our total population of 16.51 crore people are of working age (15-64 years old). And, in theory, when there are growing numbers of people in the workforce relative to the number of dependents, chances for swift economic growth are higher, as more people have the potential to be productive and contribute to the economy.

Many experts argue that the "economic miracles" experienced by Hong Kong, Singapore, South Korea, and Taiwan between the early 1960s and 1990s and the economic boom witnessed by Ireland in the 1990s were down to their demographic dividend. And this door is expected to close for Bangladesh around 2045. Unfortunately, Bangladesh seems to be struggling in that regard, as it grapples to utilise the productive capacity of its young people.

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While the number of university degree-holders are increasing, getting a degree is in no way ensuring decent employment for the youth.

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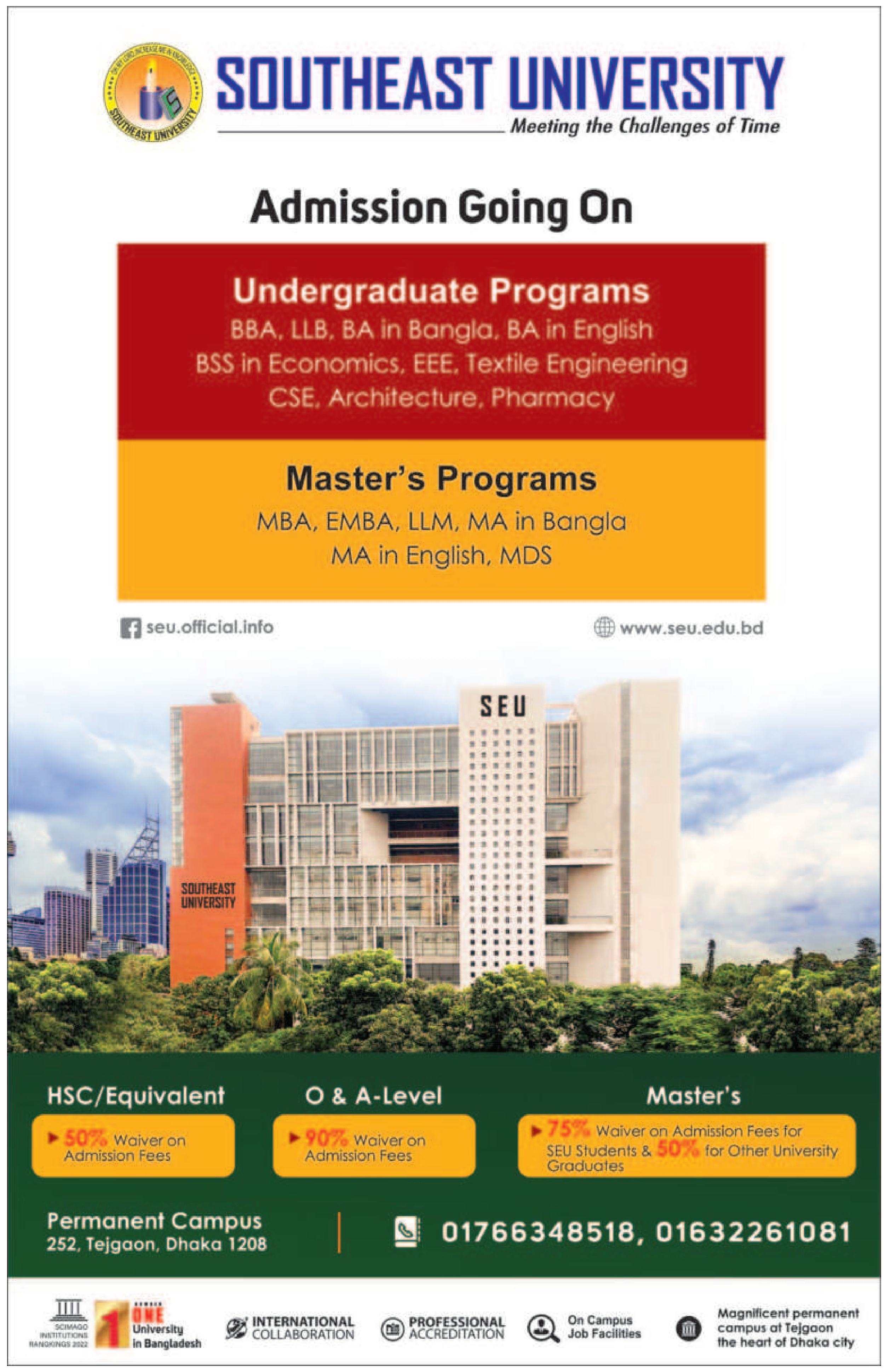
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Making private sector a key driver of our economy

VISUAL: TEENI AND TUNI

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And with more time, facilities, and support from the government – both in terms of policy framework and creation of conducive ecosystem – the private sector can do a lot more to accelerate the pace of this innovation, which will add to the country's export goals, while catering to domestic market demand. At Coca-Cola Bangladesh Beverages, we are, for example, supporting innovation like developing and promoting the use of hydro carbon (HC) cooling technology in the local value chain. These HC coolers are being manufactured for us by a reputed local company. These locally-made coolers would reduce our carbon footprint while enabling us to serve chilled and refreshing beverage options to our consumers. At the same time, we are also developing a local plastic recycling industry, and currently helping to collect and recycle 25 percent equivalent of PET packaging against the total volume sold in the market by us. By 2030, we will help to collect and recycle bottles equivalent to every PET bottle we produce.

Also, the more the private sector is able to flourish the more jobs it will create in its value chain. For instance, all the Coca-Cola Bangladesh Beverages brands are locally manufactured and brought to the market by a local workforce.

Moreover, as grants and donations from the international donors and agencies, and even concessional loans, will decrease after the LDC graduation, it is the private sector that can come forward and plug in the gap with its resources – through sustainability and CSR initiatives and funds – to support the nation's development and SDG agenda.

Both local conglomerates and MNCs are already driving their respective sustainability agenda and supporting the government's initiatives to attain SGDs by 2030 – out of their own need to be climate resilient – and as the private sector grows it will be able to make more meaningful contributions in driving sustainability and development.

And the success of the businesses operating in Bangladesh would only add to the government's campaigns to pull in more FDIs. As more companies and more nations would see these success stories – real cases – they would be able to understand the true potential of Bangladesh as an investment destination.

Bangladesh's biggest strength is its resilient economy, which has in the past and currently continues to rebound from shocks and pushbacks – be it the pandemic-induced losses or the volatile energy market shocks – to get back on the growth trajectory. And businesses operating in Bangladesh continue to reap benefits of this and keep growing even amidst headwinds.

Bangladesh's biggest partner in progress as the nation transitions into a middle-income country and then march even beyond into the developed country club, is its private sector. The more the private sector is allowed to grow, with adequate policy and regulation support, eco-system creation, infrastructure and logistics support, and level-playing field, the more they will be equipped to support the nation and its people as they take one big leap after another.

The future holds immense possibilities. We need to prepare today to make the most of these opportunities tomorrow, to continue on our path of sustainable shared prosperity.

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We can see how much of the demographic dividend a country is being able to benefit from along two dimensions: i) how many youths are being turned into skilled manpower through quality education; and ii) how many skilled youths are being absorbed into remunerative employment. While young Bangladeshis are trying their best to get employed, experts argue that they are not getting the necessary support from the system, as approximately 87 percent of them are engaged in informal employment.

One of the systemic failures is the lack of job-oriented education. While the number of university degree-holders are increasing, getting a degree is in no way ensuring decent employment for the youth. And that, surely, comes down to the quality of education that our educational institutions are providing. Despite the abundance of young people in the labour force, many employers still complain about the lack of high-skilled workers, which is why in many cases, they opt to hire individuals from abroad, providing them with high benefit packages. Thus, the quality of our educational institutions needs to be improved on an urgent basis.

Aside from that, the fact is that youth unemployment in many advanced countries has been solved by technical and vocational skills. Not everyone has to go to universities. But this realisation is yet to properly transpire in Bangladesh.

Between 2010 and 2017, the ILO estimated that the rate of youth unemployment in Bangladesh had doubled.

PHOTO: ANISUR RAHMAN

Some of the most important global innovators didn't necessarily discover their world-changing inventions from what they had learned at their higher educational institutions. Rather, many of them had, in fact, opted out of their respective educational institutions to pursue their dreams of becoming inventors and entrepreneurs. For our youth to have the courage, motivation, and dedication to pursue similar paths, the culture of how we view potential innovators and inventors, and those looking to become entrepreneurs and even those trying to establish their own start-ups, must change.

Additionally, we must also support them through easier access to financing and better government policies. Unfortunately, however, given the way our financial sector has been performing, it can be said that financing new and productive business schemes has become extremely difficult for our young people. Instead of loans being given based on the merit of a business idea, our financial sector has become a cesspool of corruption – where loans are given based on political connections that often turn into bad loans. This is another reason why policymakers urgently need to fix our financial sector.

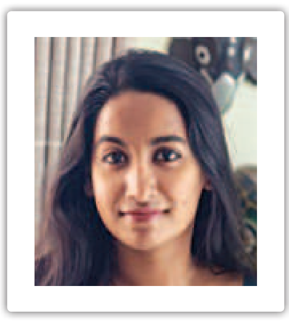
Another major focus for our government should be to reduce overall corruption in the country and business red-tapes. Corruption always makes (legitimate) business difficult. Young people who are among the most intelligent and conscientious – the two best predictors of business success according to behavioural research – are naturally reluctant to start a business in Bangladesh, fearing corruption and other related problems such as having to pay bribes. And why shouldn't they be? When they know they have what it takes to start a business anywhere else in the world and succeed, why would they bother dealing with all the corruption to start a business here in Bangladesh?

What ends up happening as a result is that many of these bright young people tend to go abroad to start their own business, or to work for some of the biggest and most reputed companies in the world. While some may think that's a good thing as it reduces competition in our domestic job market, that is actually the wrong way of looking at it. As we are seeing increasingly around the world, it is new ideas and inventions that are now the central generators of employment, as automation rapidly continues to replace humans in performing more rudimentary jobs. Therefore, what we are actually losing are highly qualified people, whose creative abilities could generate many more jobs than are being left open for others to grab in their absence.

Our economy, as it currently stands, is on a fast-paced journey. However, the problem of youth unemployment could render many of our economic and social achievements useless in the medium to long term. Hence, the materialisation of our aspiration to become a developed and prosperous country by 2041 will depend greatly on maximising the potential of our young people, as at the end of the day, human capital is our most abundant and important resource.

Our migrant workers deserve better protection

SHUPROVA TASNEEM



Shuprova Tasneem *is a member of the editorial team at The Daily Star. Her Twitter handle is @shuprovatasneem*

How often have you heard the term "hundi" recently? I would bet quite a few times, especially if you've been following the worried discussions surrounding the cost-of-living crisis and economic downturn, both at home and abroad.

In Bangladesh, external economic shocks as well as our own misguided fiscal policies have led to high rates of inflation, and a foreign currency reserve so depleted that we had to resort to asking the IMF for a loan to shore ourselves up and avoid a Sri Lanka-style crisis in the future.

And in the debates surrounding our low forex reserves, fingers have been pointed at reduced export earnings, as well as remittances from migrant workers, whose tendency to opt for unofficial channels (otherwise known as hundi) to send money back home to their families has reportedly deprived the government of crucial dollar earnings.

Putting a pin on the fact that tax evasion, defaulted loans, and money laundering by the country's super-rich have probably done far more damage to our forex reserves and overall economic conditions than reduced remittances or exports ever could – and experts have identified the central bank's artificial overvaluation of the taka for at least a decade as a key reason behind the mushrooming of hundi – I'd like to ask one simple question. What have we done for our migrant workers, whose hard-earned income – often from back-breaking labour in horrific conditions – has propped up our economy for years and been an integral part of our development journey?

PHOTO: RAJIB RAIHAN

Photo of migrants gathering at the Biman Bangladesh Airlines office in Chattogram for return plane tickets to the Middle East, in August 2020.

Should we expect them to give up using private agent-based informal channels – that give better exchange rates, charge minimal or no fees, work faster, and are more accessible, especially for women – and contribute to government coffers, simply out of patriotic zeal?

Even a cursory glance at the situation of migrant workers over the past few years will make clear that this might be a little too much to expect.

The 2022 FIFA World Cup, while it brought a great deal of joy to many, also brought to the fore the terrible conditions that migrant workers (especially from South Asia) endure in the Middle East. According to a report published by this daily to mark International Migrants Day (December 18) last year, out of the 45,301 Bangladeshi migrant workers who returned home in body bags and coffins between 2008 and June 2022, 63 percent died in the Gulf states.

A staggering 12,930 deaths took place in Saudi Arabia alone, while 5,123 died in the United Arab Emirates, 3,776 in Oman, 2,724 in Kuwait, 1,011 in Bahrain, and 1,562 in Qatar. The documents that arrive with these coffins routinely suggest that they had died from brain strokes or heart attacks, even though most workers tend to be young or middle-aged – only rarely are workplace accidents cited as the cause of death.

And these are only the deceased workers whose bodies were returned home. Reports suggest that there are many more migrant workers who died abroad but were buried locally, especially in Saudi Arabia.

The torture and abuse faced by female migrant workers in countries like Saudi Arabia is also common knowledge. In 2021, a Saudi court issued a landmark verdict against a Saudi family of three over the murder of Bangladeshi migrant worker Abiron Begum, but there are many more such Abirons who have been killed and received no justice. According to the International Organization for Migration (IOM), 70 percent of female migrant workers are abused and beaten by their employers, with their mobility restricted and wages withheld.

However, to this date, no national efforts have been made to investigate just how and why so many Bangladeshi migrant workers end up losing their lives abroad, or to hold to account the syndicates and middlemen that prey on economically and socially vulnerable women and send them abroad (according to an Ovibashi Karmi Unnayan Program report from last year, 88 percent of the 262 female migrant workers they surveyed were not provided with a written job contract).

It appears that, in the business of remittances, as long as the money comes home, the relevant authorities are least concerned about the circumstances in which the money is actually earned.

The capacity of embassies and their staff to provide crucial services to migrant workers must be strengthened. PHOTO: STAR

The same apathy seems to apply to the widespread wage theft of migrant workers that occurred during Covid-19 and continues to occur today, whether it is in the form of employers refusing to pay arrears and injury compensation, or middlemen and mega-employment companies who work as labour contractors and eat up huge segments of wages for their "services." Despite the fact that such instances of wage theft harm our national economy as well, no official initiative has been taken so far to support workers in claiming their dues.

What is even more concerning is that, according to research from the Refugee and Migratory Movements Research Unit (RMMRU), skilled labour migration from Bangladesh came down to 17.76 percent in 2022 from 21.33 percent in 2021. This has raised worries that unskilled workers, often recruited through informal channels, will become even more vulnerable to violence, exploitation and wage theft in the near future.

Against this bleak backdrop, it is necessary for the government and relevant agencies to engage with host countries and implement solutions to protect migrant workers abroad.

The immediate and most necessary step is the breaking up of recruitment rings that prey on vulnerable workers and, with the promise of work, trap them in exploitation and slavery abroad. While certain such groups have been busted over the years, there have been no serious investigations

CONTINUED ON PAGE 46

PHOTO: SK ENAMUL HUQ

The immediate and most necessary step is the breaking up of recruitment rings that prey on vulnerable workers.

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Overcoming challenges of LDC graduation

Anupam Debashis Roy *is a member of the editorial team at The Daily Star.*

ANUPAM DEBASHIS ROY

While graduating from LDC status is a source of pride for Bangladeshis, it may also bring certain difficulties. PHOTO: MUNIR UZ ZAMAN/AFP

The United Nations Committee on Development Policy (UN-CDP) determined in February 2021 that Bangladesh has satisfied all three requirements to graduate from the category of Least Developed Country (LDC) for the second time. This came after the country successfully met all three requirements for the first time in 2018. A country must fulfil two of the three requirements for two consecutive three-year periods in order to graduate.

Gross National Income (GNI), Human Assets Index (HAI), and Economic and Environmental Vulnerability Index (EVI) are the criteria for graduation, and they assess a country's income levels, human assets, and ability to adapt to economic and environmental challenges. According to the CDP criteria, a per capita GNP of USD 1,222 is sufficient to meet the target. Our current per capita GNP is USD 1,827. The Human Assets Index graduation criterion is 66 points, whereas Bangladesh presently has 75.3 points. The targeted aim for the EVI is a score of 32 or below, whereas Bangladesh's score is 27. This signifies that Bangladesh is on course to leave the Least Developed Country (LDC) category.

Bangladesh's strong performance in all three areas demonstrates its economic strength and resilience, even during times of crisis such as the Covid-19 pandemic. As a result, the country is set to graduate from LDC status in November 2026.

POSSIBLE CHALLENGES OF LDC GRADUATION

While graduating from LDC status is a source of pride for Bangladeshis, it may also bring certain difficulties. For example, Bangladesh might lose roughly 14 percent of its annual export profits – or USD 5.73 billion – if preferential market benefits such as Duty-Free and Quota-Free (DFQF) access under the Generalised System of Preferences are lost (GSP). This might have a negative impact on Bangladesh's garments exports. It is predicted that the country will lose 8-10 percent of its overall export earnings, equivalent to almost USD 2.5 billion per year, as a result of the loss of DFQF market access. Furthermore, Bangladesh will no longer be eligible for LDC-specific special and differential treatment under the World Trade Organisation (WTO) after graduation.

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Perhaps more importantly, following this economic shift, Bangladesh will no longer be eligible for grants and soft loans under the official development aid (ODA) it has received since 1971. Developed nations' promise to provide 0.15-0.20 percent of their GNP in ODA to LDCs would likewise be unavailable to Bangladesh. The loss of access to LDC-exclusive concessional funding may potentially have a negative impact on the country's development prospects. This has the potential to impede Bangladesh's remarkable progress in recent years.

Furthermore, as a result of graduation, Bangladesh would lose access to specialised funding possibilities such as the Green Climate Fund (GCF), which is critical for developing resilience against the increasing danger of climate change. Because Bangladesh is expected to be one of the worst hit countries by the climate catastrophe, losing GCF financing might be a big setback. The UN Technology Bank, which was intended to increase the contribution of science and technology for the sustainable development of LDCs, would also no longer assist Bangladesh once it moves into the category of developing countries.

OPPORTUNITIES ARISING FROM GRADUATION

Graduating from the LDC category, on the other hand, entails receiving a worldwide mark of approval for development achievements, which may boost Bangladesh's image in the international community. This could increase foreign direct investment (FDI) by sending positive signals to foreign investors about the country's business-friendly environment.

Following graduation, Bangladesh could qualify for GSP+, a special incentive programme for sustainable development and good governance that might make up for the loss of GSP privileges. Additionally, the nation may negotiate trade deals with other nations on more equal footing. Graduation could also open up new opportunities for regional and global integration.

It will be easier to get foreign loans despite a slight rise in the interest rates. Interest rates will, however, be lower for the private sector. The cost of LC confirmation of our traders will be reduced by the foreign banks. More and more foreign investment could flow into our country, enhancing employment opportunities. Our VAT, tax, and revenue collection could also increase.

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VISUAL: KAZI TAHSIN AGAZ APURBO


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Our migrant workers deserve better protection

PHOTO: STAR

According to an Ovibashi Karmi Unnayan Program report from last year, 88 percent of the 262 female migrant workers they surveyed were not provided with a written job contract.

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into the real beneficiaries of this business, even though it is clear that corrupt government officials are also involved in giving approval to the migration process.

Experts have also argued that regularising the middlemen or sub-agents who recruit migrant workers and elevating them from their role as "brokers" is the ultimate solution to this problem. This can be done by registering them at the Bureau of Manpower Employment and Training (BMET), or at district employment and manpower offices.

The capacity of embassies and their staff to provide crucial services to migrant workers must be strengthened as well, and ease of access must be ensured. In Digital Bangladesh, is it too much to expect migrant workers to have access to an online portal that will support them through their immigration journey, and act as their first port of call for help when required?

Finally, the government must also acknowledge the fact that migrant workers face abuse and exploitation (and in worst cases, death) abroad, and that they and their families require support when they return home. Investigations must be opened into every single migrant death and abuse, and the authorities must put pressure on the host country to provide details of the circumstances. Psychosocial support for workers who have faced violence is a crucial factor here, especially female workers who have been sexually abused.

Support must also be given to returning migrant workers to ensure they have work at home, or are able to go abroad again. Training and upskilling of workers is a crucial factor here, since the more skilled they are, the less likely they are to be exploited in irregular, low-skilled jobs. While the government initiative of a loan fund worth Tk 1,290 crore last year to help returning migrant workers (among others) is appreciated, accessibility of such funds remains an obstacle for many.

However, it is also true that destination countries can often hold unfair leverage – if a labour-exporting country demands better protections for their workers, they can simply threaten to take their business elsewhere. The lack of recognition of migrant workforces' contributions in the host country's economic development, and the absence of a rights-based regime for workers, definitely increase their vulnerability. This is especially true in the Gulf States, where studies have shown a lack of labour laws that protect workers, and a general apathy towards implementing structural reforms.

Hence, it is high time for countries who have a high number of migrant workers to come together to collectively articulate their demands for workers' rights and protections in regional and global forums and processes. There is strength in numbers, and as the change in the kafala system of recruitment in Saudi Arabia demonstrates, it is possible to continuously campaign for change and see it happen, despite the huge resistance it initially faces.

Experts have said that pressure must be put on destination countries to commit to commissioning independent investigations into the death of each migrant worker, and to provide primary and emergency healthcare for low-paid migrant workers free of charge, regardless of their immigration status. Bangladeshi embassies can play a role in creating access to such healthcare as well.

All of these steps, however, have to be precluded by one important condition – the acknowledgement and understanding, from all concerned, that migrant workers are human beings who have rights, and who deserve decent work and living wages; they are not just economic units that contribute to our forex reserves and growth trajectory.

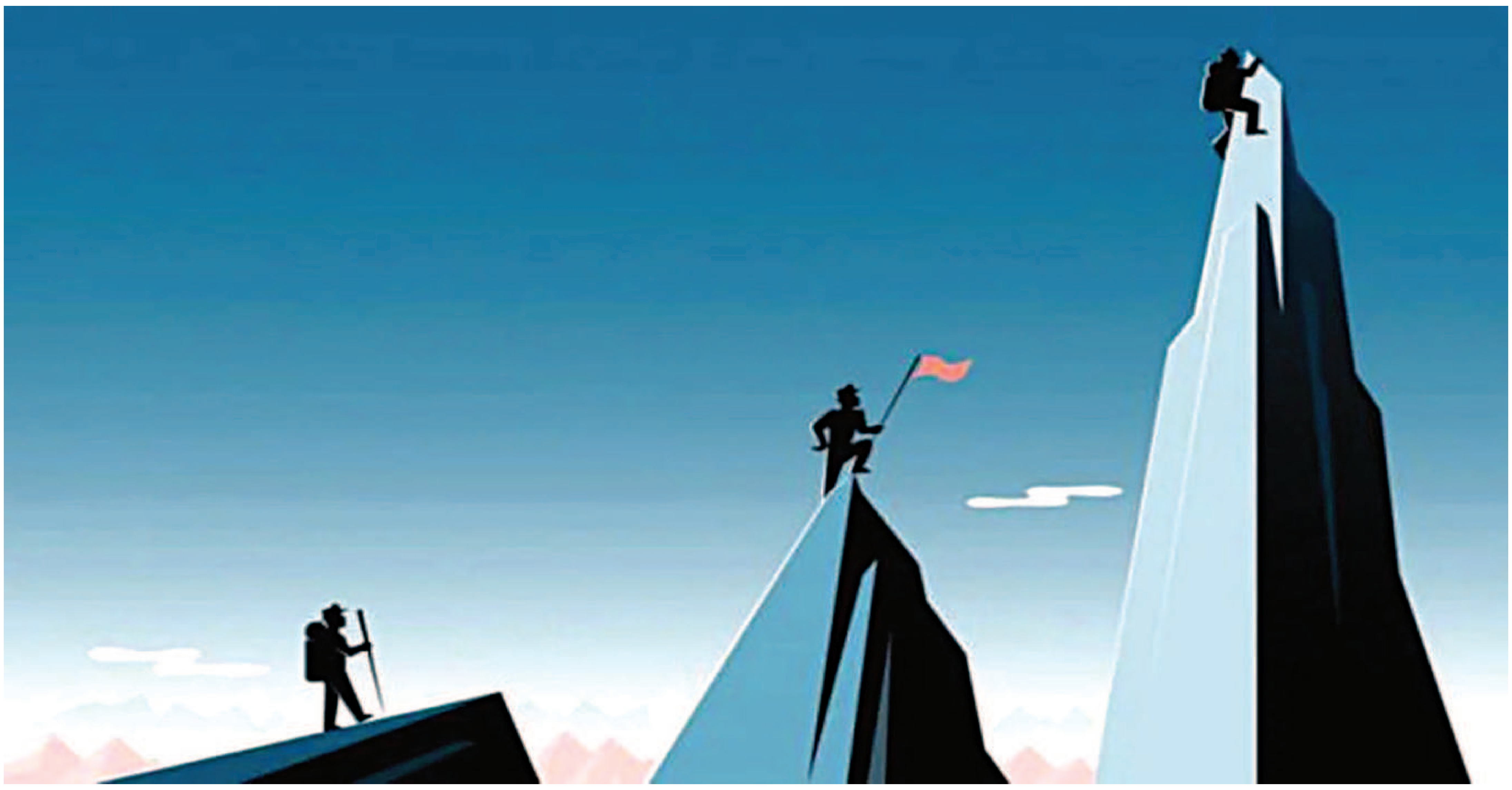

PHOTO: COLLECTED

Overcoming challenges of LDC graduation

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WHAT WE NEED TO DO

Before officially graduating, there are a few things we need to address. Our tax-to-GDP ratio is still relatively low. Through the effective use of technology, we may be able to significantly boost tax collection. The NBR should modernise our tax collection system so that no one can avoid taxes. Additionally, we must ensure that money laundering is stopped and that those responsible for it are held accountable.

Additionally, Bangladesh would have to compete fiercely with foreign businesses in the sphere of international commerce after graduation. In the years following graduation, Bangladesh will need to significantly alter its import-export policies in order to effectively compete with foreign rivals. Despite the pressure, these policy changes will ultimately be beneficial. Our factories also need to be more considerate of both the environment and workers. The need to modernise and humanise our businesses will grow as we use green energy and uphold workers' rights. This modification is necessary to export goods at market-competitive pricing. Economic diplomacy needs to be better and more appropriately targeted in light of the altered circumstances.

We must see to it that free trade agreements are signed with several nations that may import our goods if we are to gain from international commerce even after our LDC classification expires. Vietnam has been successful in forming these partnerships and agreements, and we should try to do the same.

In the same breath, we need to transform our country from a net importing country to one which is more export-oriented. We can also try to develop products other than garments like cement, petrochemicals, and high-quality yarn that foreign buyers may be interested in buying. If our domestic market is diversified, there is a greater chance that it would be resilient to shocks that we may experience due to our increased integration with the global economy.

Overall, graduation from the LDC status would be a watershed moment in Bangladesh's history. The people of Bangladesh have worked incredibly hard to bring the country and its economy to this stage. We will soon be able to proudly say that we are a developing country. The government needs to make sure that the challenges that we will face after graduation can be tackled with prudence and forethought.


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