Sustainable Graduation: Bangladesh Case

High Level Meeting on
Achieving Sustainable Graduation for LDCs

30 November 2017

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Economic Relations Division
Ministry of Finance
UN categorized LDC in 1975 based on three criteria related to Economic and Social Development.

Primarily number of LDC was 25 and at present 48.

Graduated countries are:
- Batswana, Cape Verde, Maldives, Samoa
- Equator Guinea graduated in 2017
- Vanuatu will graduate in 2020
Initiatives for LDC Graduation

- Hon’ble Minister for Finance requested for pursuing LDC graduation process

- A team led by the Principal Coordinator (SDGs Affairs) visited New York on 22-24 February 2017 to discuss with UNCDP Secretariat and other officials of UN HQ

- Bangladesh Delegation led by the Secretary, Economic Relations Division (ERD) participated in a meeting organized by UNCDP on 20-24 March 2017 at UN HQ

- Major Areas of Discussion:
  - Reduce/remove of statistical data discrepancies between GoB and UNCDP
  - Aligning the GNI calculation procedure (considering the 2nd half of calendar year)
  - Measures to be taken by Bangladesh for being recommended in next triennial review (2018) for LDC graduation
  - Post LDC gradation strategies

- Bangladesh invited UNCDP to visit Bangladesh
UNCDP Delegation’s Visit in Bangladesh
(9-12 Oct 2017)

• Met with key Govt. officials and Private Sectors with regard to graduation of Bangladesh

• Narrowed down discrepancy between CDP and BBS

• Inferred that Bangladesh has achieved all the required thresholds for graduation including GNI

• Bangladesh would be recommended for graduation first time in next triennial review (2018)
LDC criteria and Indicator

**GNI**

**Human Assets Index (HAI)**
- Percentage of population undernourished
- Mortality rate for children aged 5 years and under
- Gross secondary school enrolment ratio
- Adult literacy rate
- Maternal mortality

**Economic Vulnerability Index (EVI)**
- Population (Million)
- Trade Remoteness
- Share of population in low elevated Coastal area
- Merchandise export concentration
- Share of agriculture, forestry and fisheries in GDP
- Victims of Natural Disaster
- Instability of agricultural production
- Instability of merchandise exports
<table>
<thead>
<tr>
<th>Year</th>
<th>GNI</th>
<th>HAI</th>
<th>EVI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$1,190 or more</td>
<td>66 or more</td>
<td>32 or less</td>
</tr>
<tr>
<td>2015</td>
<td>$1,242 or more</td>
<td>66 or more</td>
<td>32 or less</td>
</tr>
<tr>
<td>2018</td>
<td>$1,230 or more</td>
<td>66 or more</td>
<td>32 or less</td>
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</tbody>
</table>

Threshold for graduation
Bangladesh GNI per capita, 2006-2017

- 2006: 403
- 2009: 453
- 2012: 637
- 2015: 926
- 2017: 1253
- 2018: 1391
Bangladesh HAI, 2006-2017
Bangladesh EVI, 2006-2017
### Present Status of Bangladesh to Meet 2018 Threshold

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Threshold for 2018</th>
<th>CDP Calculation</th>
<th>BBS Calculation</th>
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</thead>
<tbody>
<tr>
<td>GNI per capita</td>
<td>US$ 1230 or above</td>
<td>US$ 1272</td>
<td>US$ 1271</td>
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<tr>
<td>HAI</td>
<td>66 or above</td>
<td>72.8</td>
<td>72.9</td>
</tr>
<tr>
<td>EVI</td>
<td>32 or Less</td>
<td>25.0</td>
<td>24.8</td>
</tr>
</tbody>
</table>

- Bangladesh is likely to meet all three graduation criteria during the next CDP review (2018) and is expected to be recommended by CDP for graduating from the LDC list.
- Bangladesh will need to meet the criteria in 2021 again.
- With the endorsement from the ECOSOC and being approved by the General Assembly, Bangladesh may graduate from LDC status in 2024.
- Bangladesh may enjoy LDC preferential treatment up to 2027 (if it graduates in 2024) for smooth transition.
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
<th>Details</th>
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</thead>
<tbody>
<tr>
<td>March 2018</td>
<td>Bangladesh meets eligibility for the first time</td>
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<tr>
<td>2018-2020</td>
<td>UNCTAD prepares Vulnerability Profile and UNDESA Impact Assessment</td>
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<tr>
<td>March 2021</td>
<td>Bangladesh meets eligibility for 2nd time, CDP recommends for graduation to ECOSOC</td>
<td></td>
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<tr>
<td>June/July '21</td>
<td>ECOSOC endorses recommendation</td>
<td></td>
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<tr>
<td>Late 2021</td>
<td>General Assembly endorses decision</td>
<td>(Bangladesh officially becomes graduating country. Transition period normally 3 years)</td>
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<td>2021-2024</td>
<td>Bangladesh prepares transition strategy</td>
<td></td>
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<tr>
<td>2022</td>
<td>Annual reporting to and monitoring by CDP begins</td>
<td></td>
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<tr>
<td>Year Range</td>
<td>Description</td>
<td></td>
</tr>
<tr>
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<tr>
<td>2024 (+/-)</td>
<td>Bangladesh ceases to be LDC</td>
<td></td>
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<tr>
<td>2024 (+/-)</td>
<td>Bangladesh implements transition strategy</td>
<td></td>
</tr>
<tr>
<td>2024 – 2027</td>
<td>Withdrawal of international support measures</td>
<td></td>
</tr>
<tr>
<td>2033 (+/-)</td>
<td>Last CDP monitoring report</td>
<td></td>
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</tbody>
</table>
IMPACTS
Current International Support Measures for Bangladesh

Preferential Treatments for Bangladesh:

a. WTO providing special and differential treatment

b. Generalized System of Preferences (GSP) – EU, Canada

c. Special provisions in regional trade agreement:
   - South Asian Free Trade Area (SAFTA)
   - Asia and Pacific Trade Area (APTA)
   - Bay of Bengal Initiative for Multi-sectoral Tech & Eco Cooperation (BIMSTEC) Free Trade Area

d. Bilateral Trade Initiative

- On graduation above treatments as well as DFQF will no longer be available
- Likely to face competitive pressure on export products
• **Official Development Assistance**
• OECD/DAC provide 0.15-0.20% of GNI to LDCs
• Untied Aid to maximum extent
• IDA offered highly concessional terms being LIC and LDC
• IDA credit low interest charges
• Grants in form of Project Aid
• UN prioritizes allocation without much cost sharing obligations

- Graduation will nearly double Bangladesh’s contribution to UN organizations
- Graduation will have impact on ODA commitments
Current International Support Measures (contd.)

Other Forms of Assistance:

- **Travel benefits**
  UN General Assembly Sessions, UNFCCC, Convention against Corruption, WHO, FAO, Montreal Protocol, International Telecommunications Union, etc.

- **Capacity Development**
  Scholarships, Fellowships, Research, Policy Analysis, advice and advocacy etc.

- **Above benefits will be withdrawn after Graduation of Bangladesh**

- **Meticulous Impact Assessment on Graduation of Bangladesh will identify the specific challenges and opportunities along with its magnitude**
Sustainable Graduation and SDGs

Initial findings of a network analysis that examined the linkages between LDC graduation criterion and SDG targets:

- **GNI and SDGs**
  - Total 60 out of 169 SDG targets have the potential to influence GNI per capita
  - SDG targets 8.1 and 10.1 explicitly refer to income growth

- **HAI and SDGs**
  - Total 17 targets from 6 SDGs have connections with HAI that relate to health and education
  - SDG 3 and 4 have explicit indicators on human development; SDGs 1 (poverty), 2 (hunger and nutrition), 6 (access to safe water and sanitation) and 10 (inequality) also have linkages with HAI

- **EVI and SDGs**
  - EVI indicators are not directly linked to SDGs
  - Total 31 targets from total 12 goals are indirectly linked with EVI
Network of LDC Graduation Criteria and SDG Targets

Pursuing SDGs likely to foster smooth graduation
Bangladesh: An early starter in implementing SDGs

SDGs are reflected in the 7th FYP

Inter-Ministerial SDGs Implementation and Monitoring Committee

Mapping of the Ministries

Whole of Society Approach for SDGs Implementation

A training handbook on 7th FYP and SDGs

SDGs Need Assessment and Financing Strategy

Data Gap Analysis
Current Initiatives for Smooth Graduation

- **National Task Force (NTF)**
  - comprising high level relevant stakeholders

  **Terms of Reference:**
  - Policy guidance for conducting the Impact Assessment Study on graduation of Bangladesh
  - Identify priorities for implementing the sustainable graduation roadmap
  - Intensive monitoring and advocacy
  - Coordinate with all stakeholders with regards to graduation

- **Economic Relation Division (ERD) of Ministry of Finance** will provide necessary supports to the NTF at working level
<table>
<thead>
<tr>
<th>Challenges</th>
<th>Plans/Policies/Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>ODA &amp; SSC</td>
<td>National Policy on Development Cooperation (draft), Strengthening Finance for the 7th Five Year Plan and SDGs in Bangladesh, Debt sustainability, Joint Cooperation Strategy 2010, LCG, Sectoral Working Group</td>
</tr>
<tr>
<td>Climate Finance</td>
<td>Bangladesh Climate Change Strategy and Action Plan (BCCSAP) 2009, Climate Change Trust Act 2010, Bangladesh Climate Fiscal Framework 2014, Capacity development of NIEs to access GCF</td>
</tr>
<tr>
<td>Investment</td>
<td>National Industrial Policy 2016, Bangladesh Economic Zones Act 2010</td>
</tr>
<tr>
<td>Remittance</td>
<td>Expatriates’ Welfare and Overseas Employment Policy 2016</td>
</tr>
<tr>
<td>Tariff and non-tariff barriers</td>
<td>Export Policy 2015-18, Diagnostic Trade Integration Study</td>
</tr>
<tr>
<td>Connectivity</td>
<td>BBIN MVA, BIMSTEC, BCIM-EC</td>
</tr>
<tr>
<td>Governance</td>
<td>National Integrity Strategy (NIS) 2012, Annual Performance Appraisal (APA)</td>
</tr>
</tbody>
</table>
Conclusions

• Maintaining the current momentum would be crucial for sustained graduation
• Enhancing DRM (increase the tax base and coverage; reforms)
• Intensify monitoring and accountability to tame misuse of public resources;
• Ensure participation of Private sectors, NGOs and Civil Society in Economic and Social Development
• Improve institutions, service delivery, capacity, and professionalism;
• Address infrastructure inadequacy, particularly quality infrastructure;
• Remove barriers to investment and manage land constraint;
• Enhance labor productivity through training and vocational education;
• Both Product and Market Diversification
• Effective implementation of SDGs (mutually reinforce graduation)
• Negotiate with International/UN bodies/DPs to continue adequate supports to sustain post graduation status
• Focus on longer term development pathway
THANK YOU