



Briefing Note No. 3

New Challenges for SDGs and Budget 2020-21

1. INTRODUCTION

The national budget for fiscal year 2020-21 (FY2021) was placed before the parliament at a time when Bangladesh was reeling from the shocks induced by the COVID-19 outbreak. A realistic and farsighted fiscal stance thus became critically important for the country to regain the pace of development activities and realise the visions of the Sustainable Development Goals (SDGs). In this backdrop, the *Citizen's Platform for SDGs, Bangladesh* organised a virtual dialogue titled "New Challenges for SDGs and Budget 2020-21" on 18 June 2020 to discuss whether the budget for FY2021 has adequately addressed the COVID-19 induced challenges in attaining the SDGs and offer a set of recommendations which may tackle the said challenges .

This Briefing Note¹ summarises the discussion of the virtual dialogue which was participated by 80 professionals. These included government representatives, development activists, business leaders, researchers, academics, youth representatives, and journalists. They are actively engaged in dealing with COVID-19 challenges across the country. They came from 45 Partner Organisations, of which 15 were based outside Dhaka. The event was streamed live on the Platform's website and social media for wider audience engagement. It was viewed by more than 6,730 people.

This document puts forward grassroots level insights as regards the challenges faced by different marginalised communities and the private sector as a consequence of the pandemic. A number of sectoral issues, particularly relevant in view of the SDGs, were also discussed. The takeaways from this briefing note might be useful for formulating an effective public policy response to tackle the COVID-19 induced challenges towards SDG attainment in Bangladesh.

¹ This briefing note is the third one of the Platform's briefing note series on COVID-19. The [first briefing note](#) was published at a virtual media briefing on "Strengthening Effectiveness of the Non-State Actors' in COVID-19 Response Activities" on 18 April 2020, and the [second one](#) was published on 14 June 2020 which was prepared based on a virtual dialogue titled "Post-'General Holidays' Health Risks" held on 1 June 2020.



2. SUMMARY OF THE KEYNOTE

The keynote presentation was made by Dr Debapriya Bhattacharya, Convenor, Citizen's Platform for SDGs, Bangladesh and Distinguished Fellow, Centre for Policy Dialogue (CPD)

This document is available at: <https://shorturl.at/ilosB>

2.1. Context

Given the COVID-19 situation is still unfolding in Bangladesh, it might be too early to make conclusive assessments of its impacts on specific groups of people, sectors and institutions. Nevertheless, some initial evidence-based perspectives may be brought forth in order to inform the national policy framework and initiatives. The discussion of the national budget provides a good entry point to this end.

2.2. Implications for SDGs

The adverse impacts of the pandemic may be considered as formidable impediments in attaining the SDGs. On one hand, COVID-19 is exacerbating the pre-existing vulnerabilities of people; while on the other hand, it is giving rise to new forms of vulnerabilities. At the same time there is considerable variability in terms of the pandemic's impact across population groups including rural and urban. As a consequence, the SDG spirit of 'leave no one behind' (LNOB) is seriously being undermined.

To assess the impact of the pandemic, a labour market-oriented exposition may be more useful than the usual poverty-oriented approach. However, it must be taken into cognisance that the two approaches are complementary. Given this backdrop, the Platform tried to estimate the number of people who may lose employment and income as a consequence of the pandemic. Agriculture sector was excluded from the estimate, despite the non-crop sectors and rural non-farm activities being severely affected by breakdown of the supply chain, to derive a conservative number. Employed individuals who are either part time or temporary workers were included.

The exercise exhibits that due to COVID-19, the number of people at risk in terms of employment could reach about 13 million, which is approximately 20 per cent of the domestic labour force. However, the number could well be an underestimate since the estimation did not take into account the new entrants to the labour market since 2017. A recent study by CPD indicated that current poverty rate (upper) in Bangladesh could be as high as 35.0 per cent, from 24.3 per cent in 2016 as a repercussion of COVID-19. As a consequence, an additional 17.5 million people could fall into poverty. To what extent the aforementioned two sets of people overlap, however, remains a question.



Incidence of not so decent, informal, and non-wage benefits and workers' rights constrained jobs are expected to dominate the labour market in the immediate future. This trend in labour market is apprehended to be much less gender-friendly. Moreover, spill-over impact of these changes might get reflected in, among others, increase in domestic violence, diminished nutrition for female members of households, early marriages and potential school drop-outs of girl children. The new (young) entrants to the local job market will face more barriers which might also be the case for returnee migrant workers.

Inequality is also likely to increase and deteriorate gradually. Returns to labour will be much lower than the returns to capital and less protected. Hence, the income of people whose sole source of earning is labour will be much lower than people with accumulated assets.

2.3. Budget for FY2021 and LNOB issues

In view of the pandemic, the current macroeconomic policy stance by the government rightly emphasises on four key elements. These include: i) increasing public expenditures, ii) incentivising economic activities via interest rate subsidies, iii) broadening social protection and iv) enhancing money supply. However, the fiscal framework is not robust enough to undertake these tasks. The mismatch between policy framework and fiscal framework is evident from the proposed budget for FY2021. Also, the issue of the discrepancy between design and delivery of the budget has repeatedly been highlighted by civil society organisations.

The proposed budget attempts to provide four forms of support to the LNOBs. These include: i) support through fiscal measures (i.e. taxes and tariffs), ii) support through credit market (i.e. refinancing schemes, interest rate subsidy), iii) support through targeted expenditure (i.e. direct cash transfer), and iv) improvement of institutional/administrative efficiency.

The Platform welcomes the fiscal measures proposed for individuals and SMEs except for two. First, tax relief for people with annual income above Tk. 47.5 lakhs (approximately Tk. 4 lakhs monthly) has been increased. This not only favours the rich disproportionately but will also have unfathomable implications for revenue collection. Second, provision and expansion of the black money whitening facility is questionable on ethical grounds.

In the budget for FY2021, much more support was provided through the banking system instead of cash. The support measures are channelled through the credit market under at least ten different schemes. The allocation amount corresponds to 17.8 per cent of the total public expenditure and 3.2 per cent of the prospective GDP of FY2021. On the other hand, support via cash transfer programmes constitutes a meagre 0.13 per cent of the total budget and 0.02 percent of GDP in FY2021. This appears counterintuitive given the fact that in developing economies such as Bangladesh, fiscal measures (cash transfer) are more effective for the LNOBs in comparison to monetary policy instruments.

Also, the issue of improving institutional/administrative efficiency appears noticeably absent (apart from efforts towards digital money transfer) in the budget for FY2021. There was also no noticeable mention to curb corruption and deal with inefficiency in the new budget. The



discrepancy between budget design and budget delivery is already evident in the market. The only effective way of effective cash transfer is to transfer it digitally, excluding middlemen and reaching people directly.

3. ISSUES DISCUSSED

The dialogue reflected on a number of specific issues from the perspectives of LNOB groups, private sector, health and education, corruption and financing of SDGs.

3.1. Perspectives from LNOB groups

3.1.1. Gender

The proposed budget for FY2021 was expected to be a gender responsive one. But in reality, issues pertaining to highly vulnerable populations including women and children did not get adequate attention. In addition, many women who were employed in the informal sectors lost their earning source due to the pandemic and they can now be considered amongst the new vulnerable group. For instance, about 5000 Garo female beauty parlour employees in Dhaka city lost their jobs as a consequence of the shutdown of economic activities. Therefore, such new vulnerable groups should be included in the social safety net programmes.

3.1.2. Physically challenged and disabled persons

Data related to disability, particularly at a disaggregated level, and budgetary allocation for capacity development of the disabled are significant. The budgetary share for the disabled has reduced from 2.19 per cent in FY2020 to 1.96 per cent in FY2021. However, allocation for education and stipend for the disabled people remains unchanged. Thus, the government should conduct a census through Bangladesh Bureau of Statistics (BBS) to find out the actual number of disabled people in the country. Accurate statistics are required to realise the magnitude of disability. To this end, the Ministry of Social Welfare should seek specific budgetary allocation. Monthly allowance for the disabled should also be raised to Tk. 1500 given the current pandemic situation.

3.1.3. Adivasis

Adivasis are included in the traditional groups of people who are being left behind in Bangladesh. For instance, Adivasis of North-West part of Bangladesh, where foodgrain production is highest, suffer from extreme poverty. Concerns were raised as regards to what extent these Adivasis and their needs were incorporated in the budget for FY2021. There was only a marginal increase from Tk. 50 crore in the FY2020 budget to Tk. 80 crore in FY2021 in the allocation for plain land Adivasis. This was deemed to be inadequate. It was pointed out that more than 3 million Adivasis are in a highly vulnerable position as a consequence of the pandemic. Special measures are therefore necessary for their economic development, particularly in the areas of employment generation for Adivasi youth and women at the rural



level. Adivasis have no access to the decision-making process pertaining to the budget. Regrettably, no specific message addressing the Adivasis was articulated in the budget speeches since 2013. Thus, a committee incorporating representatives from the Adivasis should be formed by the government in order for them to ensure their participation and utilise the allocated funds in the best possible way.

3.1.4. Senior citizens

Senior citizens constitute around 8 per cent of the national population in Bangladesh. There was an increase from Tk. 2,640 crore in FY2020 to Tk. 2,940 crore in FY2021 budget allocation for old age allowance which will cover 49 lakh beneficiaries. The government also announced that all poor senior citizens in 100 most poverty prone upazilas will be brought under the old age allowance in the backdrop of the COVID-19 outbreak. Although the increase in allocation for senior citizens was appreciated, it was maintained that the total allocation is still only 0.5 per cent of the total budget for FY2021 – which is very low. Senior citizens are most vulnerable during the pandemic and yet they are being neglected in terms of healthcare facilities and budgetary allocations.

3.1.5. Transgender and sex workers

The FY2021 budget did not adequately address the high-risk populations such as sex workers, transgenders and other gender diverse groups. Around two lakh such people, including sex workers and transgenders, are excluded from the existing social safety net programmes. The safety net programmes need to be reformed and should incorporate the special needs of these people.

3.1.6. Children

The government's budgetary proposals to set up a separate Department of Children and establish day-care centres in all upazilas to ensure the safety of children were appreciated. COVID-19 poses particular risks for children, for example, sharp increases in child marriage and increase in child labour. In order to reduce these risks, proper circulation of information has to be ensured, and guardians of the children should be brought under awareness building campaigns. Special care programmes should be designed and awareness should be raised as regards disabled, autistic, poor and under-privileged children.

3.1.7. Disaster prone and coastal areas

Due to its geographical position, Bangladesh, particularly the coastal areas, fall victim to a number of natural disasters. Regrettably there is no specific mention about benefits or facilities in disaster-prone areas, e.g. community clinic facilities for poor pregnant mothers in the coastal areas, in the budget. There is no proper planning for the coverage of the disaster affected people in various allowances. Moreover, local communities often do not include representatives from these groups of people in discussions pertaining to budget. Hence, they cannot properly communicate their problems to the local authorities. The recent floods in North-East of Bangladesh and cyclone Amphan in coastal areas have caused additional sufferings to the people of those areas. Meanwhile, the economy of the Haor areas has not yet recovered from the



floods in 2017. Keeping these in view, the allocations for these disaster affected people is very low compared to what is needed.

3.2. Discussion on private sector

All types of industries including cottage industries, SMEs and MSMEs are severely affected by the pandemic. While the participants welcomed the government's stimulus package amounting to Tk. 103, 117 crore, a number of challenges in terms of accessing the packages were mentioned. For example, many start-up businesses and entrepreneurs are turned down from accessing the loans from the stimulus packages as they lack any previous credit history. Although the stimulus package for SMEs covers a wide range of businesses, there is no mention of restaurant sector. About 5 lakh people are directly and another 25 lakh are indirectly dependent on this sector. So, these restaurants, which are often start-ups, are gradually shutting down and the workers involved here are now falling under the new vulnerable groups. Awareness among the entrepreneurs as regards the stimulus packages is relatively low. Respondents suggested to develop an awareness raising mechanism through which the beneficiary group will know about their right or expected benefits/schemes from government in the budget. Ensuring accountability and transparency (an issue of SDG 16) of the budget is also very necessary.

In view of the pandemic, additional recommendations include i) creating a separate account in relevant banks for spending the additional budgetary allocation from the government and making it easier to receive support from international development partners; ii) finalising the details pertaining to the stimulus packages as early as possible so that cottage industries and SMEs do not fall behind from this support; iii) continuing and, if possible, expanding the salary support to the export oriented industries; iv) initiating a PPP project to ensure healthy accommodation, nutrition and healthcare for the workers; v) withdrawing VAT paid by SMEs for at least one year to support them in the current scenario; vi) imposition of tax at source by 5 per cent, 10 per cent and 20 per cent on bank accounts with a balance of Tk. 100 crore, Tk. 100-300 crore, and above Tk. 300 crore respectively

3.3. Sectoral issues

3.3.1. Health

In the FY2021 budget, the allocation for health sector was increased slightly although its adequacy remains a question. A bulk allocation of Tk. 10,000 crore was also announced in view of the pandemic. An analysis of the health situation in Bangladesh shows that maternal mortality has reduced significantly between 1990 and 2010. However, after 2010, the number has not reduced at an expected rate. Hence, it will be difficult to reach the target of reducing maternal mortality from presently 200 to 70 per 1 lakh mothers by 2023. Rapid reforms will have to take place in the health sector to achieve the SDG targets. Some of them include: increase of public investment in health sector from current 1 per cent of GDP to 2.5 per cent;



establishment of a national health committee; and ensuring accountability by distinguishing purchaser and provider. As the development of health sector is closely connected to the environment, availability and accessibility of clean water, management of medical waste, cleanliness (especially during the Dengue fever season) are some of the issues related to the sound management of the health sector.

3.3.2. Education

Sectoral priority-based allocation was not evident in the budget for FY2021. Education sector did not receive enough allocation for restoration and reforms. The inclusion of Ministry of Science and Technology in the education budget and in turn, the Rooppur Nuclear Power plant, calls into question the actual allocation for education in the FY2021 budget. Adequate investment should be made in all sectors including education, health, agriculture and others according to their priority and no sector should be left behind. However, Bangladesh's allocation for education as a share of GDP is lowest in South Asia which is not congruent with the country's development aspirations. It was emphasized that the drop-out rate, child marriage and child labour will shoot up as a consequence of the pandemic.

Additionally, increasing the price of internet at a time when students are heavily relying on online classes does not appear to be logical.

Teachers of a number of private educational institutes are not receiving their remuneration as a consequence of the pandemic and there are currently no support measures for the non-MPO teachers. The education recovery plan developed by the Primary and Mass Education Department was not at all reflected in the FY2021 budget. A very insignificant amount was allocated for educational and other researches. If there is not enough allocation for researches, then scope for new interventions gets limited. This, in turn adversely impacts the economy as a whole. Therefore, until and unless due attention is given on enhancing the allocation for education, increasing the overall size of the budget will not bring much benefit for health and other sectors as all these sectors are interlinked.

3.4. Other selected issues

3.4.1. SDG financing

In order to attain the SDGs and associated Targets, a substantial amount of resources will be necessary. As per the government estimates, approximately USD 67 billion per annum (20% of GDP on average) is additionally required during the FY2017-FY2030 period in order to finance the achievement of SDGs. According to the discussants, the interlinkage between budget for FY2021 and SDG financing can be analysed through four dimensions. These are i) contraction; ii) diversion; iii) substitution; and iv) expansion.

The domestic resource mobilisation target of Tk. 378,000 crore in FY2021 is extremely ambitious. It is not likely to be achieved if past mobilisation trends are considered. Hence, a contraction in SDG financing is inevitable particularly in the backdrop of the pandemic. Reliance on foreign sources to minimise this contraction might lead to increased debt servicing liability



in the coming years which, in turn, will add to the contraction. Reprioritisation of budgetary allocations to finance the immediate health responses for COVID-19 has resulted in a diversion of resources from other relevant areas. Therefore, it has become essential to substitute and trade-off between financing for current health issues and long-term issues such as environment and climate budget in the pandemic context. Moreover, the expansion of budget to the health sector has created an opportunity to establish universal health care system. It will have cross-cutting positive impacts like alleviating poverty, reducing income and consumption inequality. If all of the four dimensions are taken into cognisance, the challenge for SDG financing in the coming days become evident.

If the 7th Five Year Plan targeted tax-GDP ratio of 14 per cent could be achieved, then it would not be necessary to substitute financing from other sectors to health. Discussants also expressed their concern as regards the current budget deficit financing scenario and apprehended that the ongoing situation might instigate the risk of falling into a debt trap. This will create another challenge for SDG financing in the coming days. SDG 17, which relates to global partnership, can play an important role in terms of providing new avenues of SDG financing in the present context. Both international development community and the private sector will need to come forth if SDGs are to be attained by 2030 in Bangladesh.

3.4.2. Corruption

The rule of law and justice cannot be established without controlling corruption in the system. The present government has expressed its commitment to reduce money laundering and recover laundered money using highest efforts. However, the FY2021 budget is discriminatory, unconstitutional, conducive to corruption, conflicting with the national laws and contradictory of specific goals of the SDGs. The government's usual argument that the facility to whiten black money helps mobilise revenue and increase investment does not hold water in the Bangladesh context. Rather, it sends the wrong message that corruption and immorality can be legalised.

The new provision of legalising laundered money by paying 50 per cent tax is contradictory of the anti-money laundering act introduced in 2012. As per the provisions of the FY2021 budget, money launderers are receiving a lenient punishment that would encourage the depth and breadth of money laundering and goes against the rule of law.

Corruption has been rampant in the COVID-19 related activities – both at the local level and at the central level. Transparency and accountability as regards the health sector expenditures are also questionable. The bulk allocation of Tk. 10,000 crore in the health sector provides an opportunity for corruption as previous experiences pertaining to block allocations have shown.

4. INTERVENTION BY THE SPECIAL GUEST

Dr Shamsul Alam, Member (Senior Secretary), General Economics Division, Planning Commission, Government of Bangladesh, was the special guest of this virtual dialogue. He mentioned about the increased incidence of poverty due to the pandemic. Although there are



several estimates available, at least 2 crore additional households will now have to be taken into cognisance while discussing the new poverty dynamics. Decent work and employment opportunities will be seriously compromised due to the economic distress originated from the pandemic, both nationally and globally. Income inequality is expected to exacerbate. The current weak fiscal structure and lack of fiscal space in Bangladesh further complicates the scenario. Despite their shortcomings, banking sector was chosen to deliver the stimulus packages because there is no proper alternative. Dr Alam mentioned that the government declared a *soft* lockdown because the economy could not survive a *hard* lockdown and many people would have fared worse. Instead of increasing allocations for public expenditure, more focus should be given on how to increase the efficiency, quality and accountability of public expenditure.

5. INTERVENTION BY THE CHAIR

Professor Rehman Sobhan, Advisory Group Member, Citizen's Platform for SDGs, Bangladesh and Chairman, Centre for Policy Dialogue (CPD particularly focused on the health sector. It is imperative to monitor the stimulus packages and social safety nets provided to the affected groups of people to examine whether these are giving access to resources to the intended beneficiaries, are being used efficiently, and not being diverted towards wrong directions. He stressed that the Platform has a much bigger role to play in the coming year in terms of oversight responsibility of the aforesaid government initiatives by mobilising the Platform's large and diverse constituency.

The major problems in the health sector arise from a) the amount of resources invested in public healthcare system, and b) the neglected governance in this particular sector. In fact, health sector has one of the lowest budget implementation rates amongst the other budgetary sectors. The underlying implication of this is that the policymakers and the ruling class have moved on to private healthcare and effectively abandoned the public healthcare system which is the only option for the most deprived population of the country. .

The present context demands not only increases in the allocations, but also time bound public commitments for this sector. For example, the commitment could be to raise the standard of 20 hospitals in the district level to the highest level within a stipulated timeframe and ensure that these hospitals are provided with ample resources to deal with the pandemic. It has now become an utmost necessity to set concrete targets to address the problems of the health sector. The budget should therefore try to allocate 3-4 per cent of GDP in the public healthcare system which will be utilised to increase its coverage as well as enhance the quality.



6. RECOMMENDATIONS

Taking cognisance of the discussion so far, the Platform is presenting five recommendations for the government to consider:

1. The implementation of the budget requires a definite action plan by the government. This needs to be made keeping the left behind people in mind. Also, a periodic reporting system should be introduced.
2. The government needs to embark on a recovery/restructuring process aligning with the goals and targets of the SDGs in view of the COVID-19 pandemic. National priority indicators should be embedded in the recovery strategy.
3. The government needs to articulate and incorporate the new challenges pertaining to SDG delivery that originated due to COVID-19 to its Eighth Five Year Plan.
4. The need for data, especially disaggregated data, will increase significantly. Therefore, the government has to take action on the quality, availability, and accessibility of disaggregated data. Both traditional and emerging LNOB groups have to be taken into consideration while determining the disaggregation level.
5. Accountability and transparency of the budget delivery system needs to be ensured. To this end, a social accountability system, driven by the non-state actors, could be set up. This will ensure the intended delivery to both traditional and emerging LNOB groups.



Annex

List of participants:

Discussant Panel

Chair

Professor Rehman Sobhan
Advisory Group Member, Citizen's Platform
for SDGs, Bangladesh
Chairman, Centre for Policy Dialogue (CPD)

Distinguished Special Guests

Dr Shamsul Alam
Member (Senior Secretary)
General Economics Division
Planning Commission
Government of Bangladesh

Presentation

Dr Debapriya Bhattacharya
Convenor, Citizen's Platform for SDGs,
Bangladesh
Distinguished Fellow, Centre for Policy
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Designated Discussants (Core Group Members)

Health

Dr Mushtaque Chowdhury
Core Group Member, Citizen's Platform for
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Adviser, James P Grant School of Public
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Former Vice Chairperson, BRAC

Education

Ms Rasheda K Choudhury
Core Group Member, Citizen's Platform for
SDGs, Bangladesh
Executive Director, CAMPE
Former Advisor to the Caretaker
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LNOB

Ms Shaheen Anam
Core Group Member, Citizen's Platform for
SDGs, Bangladesh
Executive Director, Manusher Jonno
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Rule of law

Dr Iftekharuzzaman
Core Group Member, Citizen's Platform for
SDGs, Bangladesh
Executive Director, Transparency
International Bangladesh (TIB)

Private sector

Mr Asif Ibrahim
Core Group Member, Citizen's Platform for
SDGs, Bangladesh
Vice-Chairman, New Age Group and
Industries

Financing SDGs

Professor Mustafizur Rahman



Core Group Member, Citizen's Platform for SDGs, Bangladesh

Distinguished Fellow, Centre for Policy Dialogue (CPD)

Senior Citizens

Mr Hasan Ali

President

Ageing Support Forum, Bangladesh

Designated Discussants (Partner Organisations)

Partner from rural area - Thakurgaon

Dr Md. Shahid Uz Zaman

Founder & Executive Director

Eco-Social Development Organization (ESDO)

Indigenous community

Mr Sanjeeb Drong

General Secretary

Bangladesh Adivasi Forum

Partner from rural area - Barguna

Ms Hosne Ara Hasi

Chief Executive

JAGO NARI

Children

Dr Md Enamul Haque

National Director

SOS Children's Villages Bangladesh

Partner from rural area - Sunamganj

Mr Kallan Rema

Associate Coordinator (Planning, Monitoring and Audit)

Sancred Welfare Foundation (SWF)

Private sector

Mr Kazi Faisal Bin Seraj

Country Representative

The Asia Foundation

Partner from rural area - Bogra

Mr Md. Harun or Rashid

Chief Executive

Light House

Disability

Mr Md. Shafiqul Islam

Country Director

ADD International, Bangladesh

Ms Ashrafun Nahar Misti

Executive Director

Women with Disabilities Development Foundation (WDDF)