



Citizen's Platform for SDGs, Bangladesh  
এসডিজি বাস্তবায়নে নাগরিক প্ল্যাটফর্ম, বাংলাদেশ

# Bangladesh's Eighth Five Year Plan (2021-25): Development Strategy and Interests of the “Left Behind”

Presented at the virtual multilogue on  
অষ্টম পঞ্চবার্ষিক পরিকল্পনা: জাতীয় উন্নয়ন ও পিছিয়ে পড়া মানুষের স্বার্থ

Presented by

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and

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# Research Team and Acknowledgement



This presentation draws on an ongoing research study titled “**Revisiting the National Development Strategy of Bangladesh from the Perspectives of the Left Behind Citizens**”. The issues highlighted in the presentation reflect on the strategic development issues, less on target programming and implementation concerns.

The research team involved in mentioned study includes

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# 1. Seventh Five Year Plan – A Period of Achievements

- ▶ **Transition from LIC to LMIC (2015)**
- ▶ **Meeting LDC criteria (2018)**
- ▶ **Significant achievements recorded during last five years (2015-2020)**
  - ▶ **More than 1 crore people were pulled out of poverty**
  - ▶ **Robust economic growth**
  - ▶ **Macroeconomic stability: low inflation, stable exchange rate**
  - ▶ **Life expectancy at birth increased by one year**
  - ▶ **Literacy rate (aged 15 and above) improved by 10%**
  - ▶ **Rice production increased by 12%**
  - ▶ **Energy production increased by 41%**
  - ▶ **Remittance earning increased by 20%**
  - ▶ **Share of manufacturing in GDP increased from 30.4% to 35.4%;  
*o/w Manufacturing from 20.2% to 24.2%***
  - ▶ **Improvement in Gender Gap Index**
  - ▶ **Relative success in COVID management**



# 1. Seventh Five Year Plan – A Period of Achievements

## → The New Benchmark

### COVID-19 Impact on Poverty, Employment and Income

- Poverty rate will increase from 24.3% (2016) to 35.0% (2020) (Source: CPD)
- 1.3 crore people (20.1%, Labour Force Survey 2016-17) are under risk to lose employment (Source: Citizen's Platform for SDGs, Bangladesh)
- Increase in income Gini coefficient from 0.48 (2016) to 0.52 (2020) (Source: CPD)



## 2. Faultlines of the Recent Development Experience

### 2.1 Delink between programmed inputs and recorded outcomes

#### 7FYP: Target vs Achievement of Selected Indicators

Items	Total Revenue (% of GDP) (FY2020)	Total Public Expenditure (% of GDP) (FY2020)	Fiscal Deficit (% of GDP) (FY2020)	Private Investment (% of GDP) (FY2020)	Exports (US\$ billions) (FY16-20)	Remittances (US\$ billions) (FY16-20)	FDI (US\$ billions) (FY16-20)
Target	16.1	21.1	4.7	26.6	233.8	105.8	30.2
Actual	12.4	17.9	5.3	23.6	179.7	76.1	8.9
Achievement rate	(-) 23.0%	(-) 15.3%	(+) 12.8%	(-) 11.3%	(-) 23.2%	(-) 28.1%	(-) 70.5%

**Source:** Based on 7FYP (GED), Export Promotion Bureau (EPB), Bangladesh Bank.

How could we attain the GDP growth target when production related indicators had been far away from the mark? – **Programming deficiency or Data confusion?**



## 2. Faultlines of the Recent Development Experience

### 2.2 Structural Transformation

- ▶ Share of Agriculture sector declined from 16.3% to 13.3% in GDP
- ▶ Share of Services sector declined from 53.6% to 51.3% in GDP
- ▶ The decline in the two sectors was picked up by increasing share of Industry sector (30.4% to 35.4%), **driven primarily by large and medium manufacturing sector.**
- ▶ The marginal contribution of small scale manufacturing highlights the challenge of lack of diversification and lower access of small enterprises to policy inputs and incentives.

Source: BBS and 7FYP



## 2. Faultlines of the Recent Development Experience

### 2.3 Role of Domestic Demand

- ▶ Share of **consumption demand** in GDP has **decreased** (77.8 to 74.7%) over the five years. **The decrease was driven by the decrease in share of private/ household consumptions** (72.4% to 68.5%).
- ▶ Share of **public consumption** has increased from 5.4 to 6.2%
- ▶ Share of **investment demand** in GDP has **increased** over the years, albeit below the target rate.
- ▶ The increase in investment has been largely driven by **public investments** which exceeded the target rate in FY20.

In summary,

- ▶ ***Domestic demand has been driven by public consumption and investment***
- ▶ ***Private consumption declined, investments stagnated with decreasing contribution of FDI***





## 2. Faultlines of the Recent Development Experience

### 2.4 Disjuncture between aggregate and disaggregate outcomes

#### A. National Consumption, Income & Asset Inequality Increased Between 2010 & 2016

##### Consumption Inequality

- ❑ Average annual consumption fell from 79 (as a percentage of GDP) to 75 (as a percentage of GDP) from 2010 to 2016 and poorer households experienced slower consumption growth compared to richer households.

##### Income Inequality:

- ❑ GNI index increased from 32.10 in 2010 to 39.5 in 2018. **(Income inequality increased by 7.4%)**
- ❑ Growing concentration of income accelerated during 2010-2016. The ratio of average household Real Income Per Month for the top 5% and the bottom 5% increased from 32 to 121.

##### Asset Inequality:

- ❑ Top 5% households had **1283 times higher** (*BBS,2010*) **share of asset** than the bottom 5% households, this was **800 times higher** in 2005 (*BBS,2005*)



## 2. Faultlines of the Recent Development Experience

### 2.5 Disjuncture between aggregate and disaggregate outcomes

#### B. Rural vs Urban Disparity

- ❑ Rural poverty rate (26.4%, BBS) remain higher than urban poverty rate (18.9%,BBS).
- ❑ During 2010-16, the real income per month of the Urban Top 5% increased by 23%. For the Rural lower income group this decreased by 55%.

#### C. Marginalisation of Lower Income Group

- ❑ Between 2010 and 2016 the poorest 5 per cent population of Bangladesh in 5 years (2010-16) lost out 2/3 of their share resulting acute marginalisation (in terms of income level).
- ❑ The income share decreased by 3.37% for the bottom 20% from 2010 to 2016. For the bottom 10% the decrease was even higher (5.13%).



## 2. Faultlines of the Recent Development Experience

### 2.6 Disjuncture between aggregate and disaggregate outcomes

#### D. Employment Situation

##### a. Aggregate employment target was not achieved by 26%

During FY16-20, a total of 95 lakh new jobs were created against the targeted number of 129 lakh

##### ❑ Domestic employment situation was more adverse - 45% Shortfall

Against a target of 109 million domestic employment, was set as target whereas 6 million new Jobs were created.

##### b. Share of “Not in Education, Employment, or Training” Population increased by 4.4%

The percentage of young ‘NEET’ population increased from 25.4% (LFS 2013) to 29.8% (LFS 2017)

##### c. Youth unemployment rate is significantly higher than the national average unemployment rate

In 2016-17, against a national average unemployment rate of 4.2%, the youth labor force (between 15 and 29 years) unemployment rate was about 10.6%.

##### ❑ Unemployment rate of educated youth was even more precarious

In 2016-17 more than one-third of the youth labour force with tertiary education (34.3%) remained unemployed.

❑ During the period of 2013 to 2016-17, 9.1% of Urban Women employment shifted from the formal sector to the informal sector.

##### d. Gender-informalisation of female labour

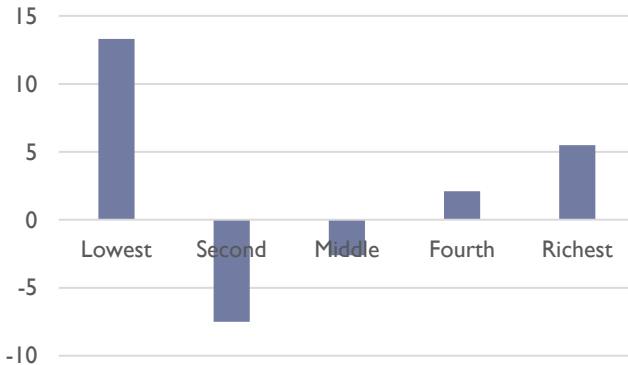


## 2. Faultlines of the Recent Development Experience

### E. Differential performance in Education

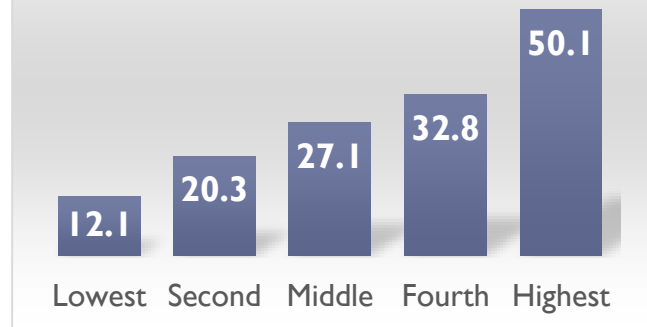
- The rate of primary School Completion has fallen by 7.5% for the lower-middle class and by 2.6 % for the emerging middle class between year 2013 to 2019
- Upper Secondary completion rate for the richest group is almost 4 times higher compared to the poorest group

Change in Primary School Completion Rate 2012-2019



Source: MICS 2012,2019

Upper Secondary Completion Rate in 2019



Source: MICS 2019



## 2. Faultlines of the Recent Development Experience

### F. Differential performance in Health

- ▶ **Nutritional Attainment is significantly low**
- ▶ About 5.5 million children under 5 years (36 percent) are suffering from chronic malnutrition (stunting or low height-for-age) and 14 percent are acutely malnourished (wasting or low weight-for-height).
- ▶ **Deprivation is more acute in the bottom 20%**
- ▶ The prevalence of stunting is 2.4 times higher for the lower wealth group (40%) compared with the richest group (17%) (*BDHS 2018*).
- ▶ **Child Mortality Rate is still very high**
- ▶ Under-five mortality rate is nearly double in the bottom 20% household compared to the top 20%. (*MICS 2019*)



### 3. Redefining the Development Strategy

#### Proposed Strategic Framework for Eighth Five Year Plan (1)

#### Employment-Targetted Inclusive Development (Orientation on LNOBs and PNOBs)

- Post-COVID rebound
- Productivity growth and social innovation
- Economy-wide diversification
- Welfare protection (wellbeing promotion)

- Beyond traditional income poor to socially excluded and emerging middle class
- Domestic demand driven
- Focused on post-harvest agriculture /rural and non-farm actors, CMSMEs
- Climate resilient



# 3. Redefining the Development Strategy

## A. Escaping the growth delusion (“probridhdir ghor”)?

1. **Employment generation** as the fundamental (Core/Primary) target indicator
2. **Move beyond traditional pro-poor declarative focus** to an approach focused on inequality, social exclusion and vulnerabilities e.g. the emerging middle class and support beyond income
3. Incremental **domestic consumption and investment** (domestic demand) to be the sources of economic growth
4. Sectoral focus priority to be on **domestic market oriented manufacturing growth and diversification** - post-harvest agriculture and non farm as lead sectors
5. **Productivity** growth and **technological** transformation
6. Promote **green growth** and resilience to climate change
7. Focus on **welfare protection** and promoting well-being
8. Resilience in **post-COVID** rebound and resumption

# 3. Redefining the Development Strategy



## Proposed Strategic Framework for Eighth Five Year Plan (2)

Macroeconomic Stability Anchored on Low Inflation

→ *Complimentary: Exchange Rate/Current Account Balance/Fiscal Deficit/Interest Rate*



Domestic Resource  
Mobilisation → emphasis on  
direct taxes (income +  
asset), greater tax coverage,  
curbing illicit financial flows

Enhanced allocation and  
improved quality of  
resource development  
services (health+education)

Animating Private Sector  
Investment (Domestic +  
Foreign)

Balanced Global Integration  
(Beyond RMG and Semi-  
skilled overseas  
employment)

Universal Social Protection  
(Scheme + Insurance)

→ **More Active Use of Fiscal Instruments vis-à-vis Monetary Instruments**



# 3. Redefining the Development Strategy



## B. Securing macroeconomic stability

1. Stability anchored in moderate **inflation** complimented by stable exchange rate, current account balance, manageable fiscal deficits and interest rates
2. Increased focus on mobilising **domestic resources** through direct taxes
3. Increased allocation towards improvement of **quality of education and health services** - particularly from public and government supported institutions

## C. More active use of fiscal instruments with monetary instruments

1. Stimulate **private investment** including FDI
2. Aim towards balanced **global integration** - skilled manpower export, high value exports (beyond RMG)
3. Universal **social protection**
4. **Rule of law** and strengthened institutions



# 3. Redefining the Development Strategy

## Proposed Strategic Framework for Eighth Five Year Plan (3)

### Three Strategic Safeguards



***Effectiveness: Improved Public Policy and Institutional Effectiveness (e.g. controlling inflated project costs)***



***Transparency: Disaggregated Data and Disclosure***



***Accountability: Enforcing Social Accountability***

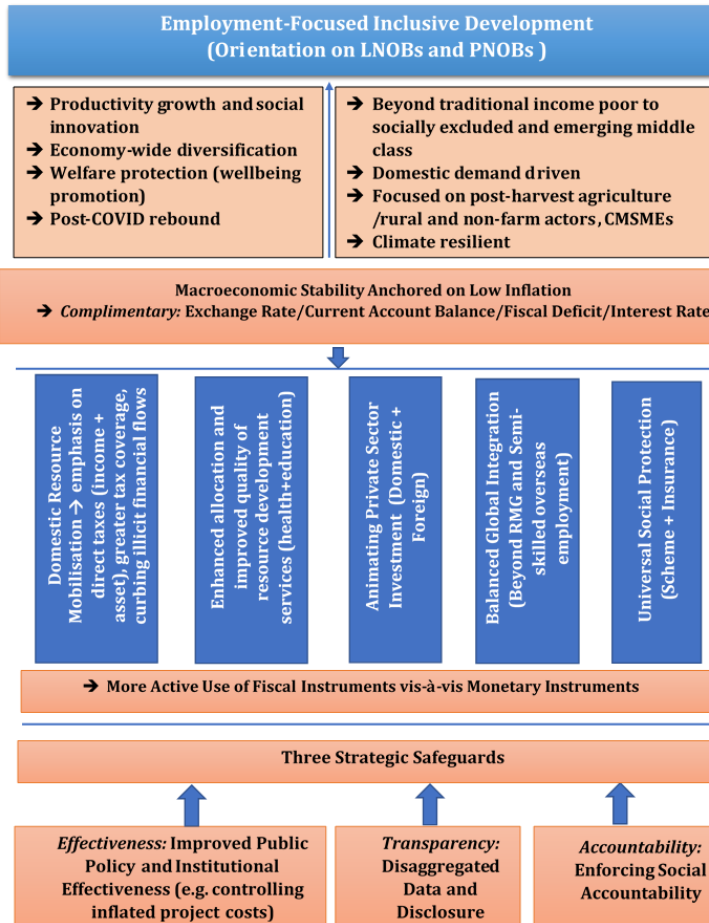


## 3. Redefining the Development Strategy

### C. Strategic Safeguards

1. Improved **effectiveness** of public policy and institutions
2. Enhanced **transparency** through more disaggregated and real time disclosure of data and information
3. Increased **accountability** through enforcement of social mechanisms and tools

# Proposed Strategic Framework for Eighth Five Year Plan





# Thank You!

<http://bdplatform4sdgs.net/>