

অন্তর্ভুক্তিমূলক উন্নয়ন ও ন্যায্যতার লক্ষ্যে নাগরিক এজেন্ডা

Providing Decent Employment for Youth in view of Domestic and Overseas Market

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Citizen's Platform for SDGs, Bangladesh

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Policy Briefs: Origin of the Initiative & Process of Preparation

The initiative of the *Citizen's Platform for SDGs, Bangladesh*, to prepare a set of Policy Briefs builds on a wide range of activities undertaken over the past two years (2022-2023). These activities sought to capture the views of the country's left-behind stakeholders at the subnational level regarding Bangladesh's dominant development narrative.

The Citizen's Platform's engagements in this connection included stakeholder dialogues, citizen's consultations, focus group discussions, perception surveys and consultations with media. Further, Public Hearing was organised at the national level to create opportunities for disadvantaged people to voice their concerns and aspirations in the presence of policy elites.

It emerged from this exercise that a significantly large number of citizens and certain communities have continued to remain vulnerable to various risks, which relegated them to the "left behind" position in the revealed process of economic development.

However, the Leave No One Behind spirit of the Sustainable Development Goals (SDG) requires that all citizens are ensured an equitable share in the country's development outcomes. Arguably, appropriate actions are needed to address these overarching national concerns to advance the interests of the country's vulnerable citizens and communities.

Accordingly, through a country-wide interaction with the spokespersons of the stakeholders, *Citizen's Platform* has identified 11 themes requiring urgent attention for immediate action.



Policy Briefs: Origin of the Initiative & Process of Preparation

Now a series of Policy Briefs has been prepared with a set of recommendations in each of the identified areas underpinned by the context and contestation concerning the articulated theme. In each of these cases, the concerns and interests of the vulnerable groups informed the suggestions for reforms.

Each of the Policy Briefs of the series has been prepared by a dedicated team of experts of high national and international repute. Each Policy Brief Team had an eminent personality as the Chair to lead the process recognised professional as a Penholder to prepare the successive drafts. Each team got together several times, reviewed the notes of the sub-national discussions and FGDs, and consulted relevant resource materials. A 19-member Advisory Committee, which included eminent professionals and leading personalities, provided guidance to the Policy Brief initiative.

The Centre for Policy Dialogue (CPD), as the Secretariat of the *Citizen's Platform*, provided all necessary support for the smooth functioning of the initiative.

The Policy Briefs will be brought out as a collected volume. To follow up on the recommendations, the *Citizen's Platform* will hold media briefings under three clusters of issues, viz Economic, Social and Governance. The recommendations will be shared continuously through various media to inject them into the electoral debates. Efforts will be made for the inclusion of the issues in the election manifestos.

The *Citizen's Platform* plans to hold dissemination meetings across the country and a National Public hearing subsequently.



Policy Briefs: Origin of the Initiative & Process of Preparation

Issues for 11 Policy Briefs

Economic

- Transforming agriculture for an inclusive and diversified economy
- Providing decent employment for youth in view of domestic and overseas market
- Providing public utilities and services in the backdrop of unplanned urbanisation
- Affordable and clean energy for all

Social

- Reducing out-of-pocket expenditure to improve universal access to quality health care
- Triggers to ensuring quality primary education
- Dealing with the manifestation of localised vulnerabilities of climate change
- Promoting universal social protection system and the need for targeting disadvantaged groups

Governance

- Effective implementation of laws and judicial process for eradicating gender-based violence and discrimination
- Access and justice for ethnic and religious minorities
- Giving voice to the 'silent' and establishing democratic accountability



Highlights

1. This Policy Brief aims to highlight **various critical issues** related to the labor market in Bangladesh, from the perspectives of decent work and concerns of the young people:
 - high youth unemployment and underemployment
 - widespread vulnerable employment
 - skills mismatch, and the evolving landscape of the future of work
 - a high number of NEET youth
 - challenges in overseas employment
 - a significant informal sector with a lack of decent jobs
 - low female labor force participation
2. The brief addresses these issues in an indepth way and identifies the key attendant concerns in each area.
3. Drawing inspiration from successful strategies worldwide, the Brief presents a number of actions and initiatives for overcoming the identified obstacles.



Highlights

4. The recommendations take a holistic and actionable approach to reshaping Bangladesh's labor landscape. These include the followings:

- aligning education with labor market demands
- promoting entrepreneurship
- attracting foreign direct investments (FDIs)
- addressing overseas migration challenges
- dealing with the informal sector
- ensuring decent working conditions



The Objectives of the Brief

- The Policy Brief is motivated by a call to action, urging stakeholders to collaborate and align their efforts toward fostering an inclusive and dynamic labor market
- It sets the stage for a discussion on various policy measures, with particular emphasis on youth and by leaving no one left behind, towards achieving SDG Goal 8.



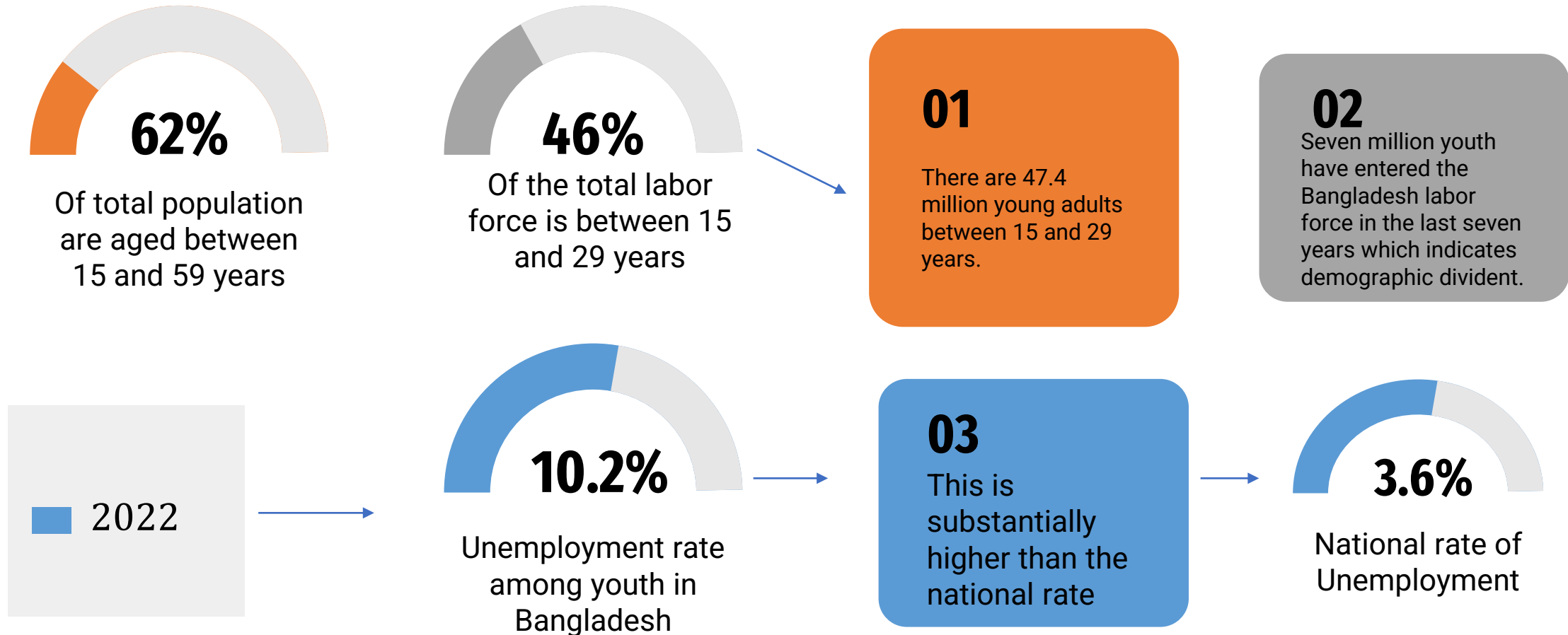
Concerns

- High Youth Unemployment and Underemployment
- High Proportion of Youth 'Not in Employment, Education, or Training (NEET)'
- Overseas Employment Challenges
- Massive Informal Sector and Lack of Decent Jobs
- Low Female Labor Force Participation
- Prevalence of Vulnerable Employment
- Skills Mismatch and Behavioural Tendencies
- The Future of Work



High Youth Unemployment

Bangladesh has one of the world's highest youth population





Underemployment

- Underemployment is a condition in which individuals are either working fewer hours than they would like to or are employed in positions that do not fully utilize their skills and qualifications.
- This is more prevalent particularly among young people in Bangladesh, worsening the employment scenario.



High Proportion of Youth are 'Not in Employment, Education, or Training (NEET)'

01

Percentage of Total Population

This includes 12.6 million or 27% of the total youth population of the nation

02

NEET

Approximately 37.1 million Bangladeshis fall into the NEET category

03

Percentage of Female

Nearly 90% of these NEET youths are female

This considerably high gender gap has emerged as a concern that requires immediate attention and urgent action.

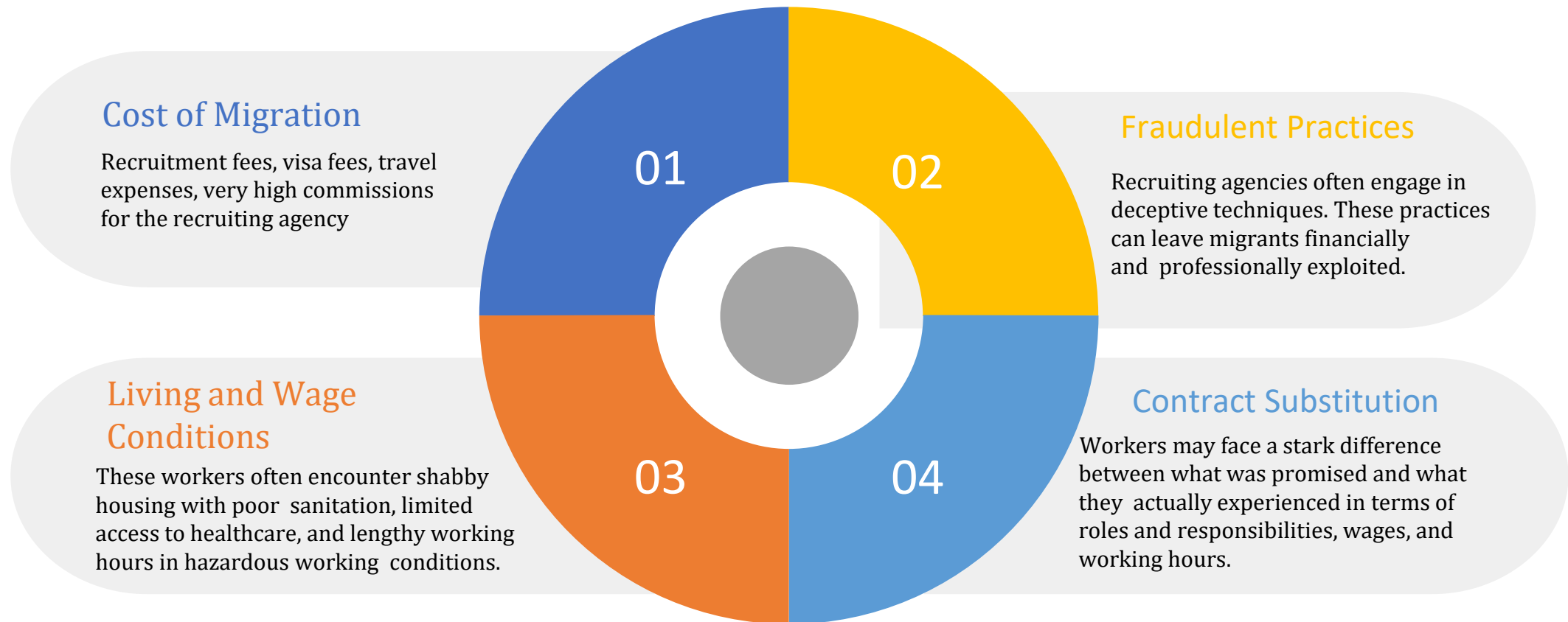


Overseas Employment Challenges

- In the context of Bangladesh, overseas employment is an important source of youth employment, particularly for individuals with low skills
- At present, about 7.5 million Bangladeshi migrants are working all over the world, mostly young people.
- However, this sector is not without its challenges and complexities, which have significant adverse implications for young migrant workers living and working in destination countries.



Overseas Employment Challenges



The Large Informal Sector and Lack of Decent Jobs



- There is a significant gap between this demographic momentum and the creation of suitable employment opportunities, despite Bangladesh's remarkable economic growth.
- The 7th Fifth Year Plan projected that around 12.9 million additional jobs would be available over FY 2016-20, including almost 2 million job opportunities abroad.
- However, the economy didn't create as many jobs, resulting in a shortage of decent jobs for the workforce.
- Furthermore, Covid19 pandemic made the situation even worse.
- As of 2022, about 85% of the labor force was employed in the informal economy, with nearly 78% employed in non-agriculture sectors (BBS). More than 90 percent of youth employment is in the informal sector, of which many are self-employed or in unpaid family work.
- While the informal economy provides some means of subsistence, it frequently lacks the necessary benefits such as social protection, job security, and formal recognition. In order to provide workers with better working conditions and social security, it is crucial to facilitate the transition from informal to formal employment where possible and safeguard interests of the workers in the informal economy where it is not feasible in the current context.



Low Female Labor Force Participation

- There is a lack of needed infrastructure to facilitate and support women's employment, such as daycare facilities near women's workplaces, safe, women-friendly transportation. Violence against women in and out of the workplace is also a concern.
- Although female labor force participation has increased in recent years, it still remains extremely low and significantly below the global average.
- In the labor market, over 90 percent of women were in the informal sector, which was almost 10 percentage points higher than that among males. In addition, the female unemployment rate is more than twice that of men.
- Female participation in the labor force is also essential for reducing gender inequality and supporting the spirit of LNOB.



Prevalence of Vulnerable Employment/Lack of Labor Rights, Job Security, and Satisfaction

- Informal sector accounts for about 86% of all workers and frequently lacks job security, social safety, and decent salaries (ILO, 2020).
- Prevalence of vulnerable employment hinders social and economic mobility for the youth.
- Absence of adequate labor rights protection, job security measures, and job satisfaction exacerbates the difficulties faced by the workforce.
- Workers in the informal sector, in particular, are vulnerable to exploitative practices due to the lack of enforcement and/or absence of legal safeguards and the prevalence of informal arrangements.



Skills Mismatch and Behavioral Tendencies

- Skill mismatch is quite widespread in large segments of the labour market—a gap between the talents attained through academic training and those that are actively sought after in the labor market.
- Many graduates are interested to pursue only certain types of jobs.
- This necessitates firms to look beyond local talent pools and seek workers with the requisite skills from abroad.
- This is more evident within export-oriented manufacturing industries, where many firms opt to recruit foreign workers to fulfill their requirements. This not only raises their production costs but also costs the economy foreign reserves and jobs.



The Future of Work

- The workplace and nature of future employment are changing dramatically around the world because of technological advancement, the rise of artificial intelligence, the impact of the COVID-19 pandemic, and climate change on economies and jobs.
- These forces have given rise to a demand for specific sets of new hard and soft skills. Proficiencies such as numeracy, computer literacy, critical thinking, and language skills have become increasingly sought-after.
- While this affects all employees, it is especially essential for young people because they face more barriers to employment than adults, had their employment and education/training interrupted by the pandemic, and—most importantly—they will make up the majority of our future workforce.
- It is crucial to address these issues by putting in place appropriate systems for skill development and encouraging lifelong learning, upskilling, and reskilling in order to support workforce competitiveness, agility, and resilience in the face of upcoming shocks and disruptions, as well as longer-term transformative trends like the digital and green transitions.



Way forward

Education and Labor Market Alignment:

Selective existing initiatives:

- National Skills Development Authority (NSDA) was established to play a vital role in skill development for youth.
- Skills for Employment Investment Program (SEIP) focuses on enhancing the employability of youth.
- The government is set to launch the Economic Acceleration and Resilience for NEETs (EARN) initiative with WB funding to reduce the youth NEET rate to 15% by FY2025 and below 5% by FY2031.



Way forward

Education and Labor Market Alignment: Recommendations:

- Implement regular skills gap assessments, collaborate with industries to identify emerging job requirements, and align curricula accordingly.
- Encourage universities to introduce flexible, industry-relevant courses and establish strong ties with local businesses for internship and job placement programs.
- Universities can adopt the COOP program to combine classroom-based education with practical work experience.



Way forward

Education and Labor Market Alignment: Recommendations:

- Current TVET can be remodeled after Germany's Dual Education System, which combines vocational education with on-the-job training, ensuring a skilled workforce that meets industry demands.
- Provide necessary support to NEET youths who lack pre-qualification requirements for admission to TVET institutions due to early school dropouts.
- Provide scholarships and financial incentives to students from marginalized backgrounds to ensure equitable access to quality education and vocational training.



Way forward

Attracting FDIs to Promote Manufactured and Export Growth and Diversification

Goals:

- To accommodate the influx of young workforce, it is important for the economy to generate more decent jobs.
- Given that manufacturing is poised to be an important driver for economic growth, it must expand at an annual rate of 12-15 percent in the coming years to accommodate the growing labor force. In addition, the economy has to diversify its production structure.
- To achieve these goals, FDI can play a crucial role.



Way forward

Attracting FDIs to Promote Manufactured and Export Growth and Diversification

Existing scenarios in Bangladesh:

- Bangladesh has made gradual progress in reducing some constraints on investment, including taking steps to better ensure reliable electricity, but inadequate infrastructure, limited financing instruments, bureaucratic delays, lax enforcement of labor laws, and corruption continue to hinder foreign investment (USDoS 2021).
- In the 7th FYP, there was a substantial goal to raise FDI from \$1.57 billion to \$9.6 billion by FY20. According to UNCTAD, FDI was \$3.48 billion in 2022. Bangladesh has not been able to attain this goal despite Bangladesh Economic Zones Authority (BEZA)'s efforts to attract FDIs into special economic zones. BEZA has to streamline its processes and should actively and effectively market these zones internationally.

Way forward



Attracting FDIs to Promote Manufactured and Export Growth and Diversification

Recommendations:

- Develop a digital platform for FDI promotion, offering investors real-time information, e-services, and personalized investment roadmaps, inspired by Singapore's "Invest Singapore" platform.
- Establish a dedicated "Investor Concierge Service" to assist foreign investors with regulatory approvals, site selection, and post-investment support, similar to the "Invest Japan" initiative in Japan.
- Develop an FDI promotion strategy centered on key sectors including manufacturing, technology, and renewable energy that highlights Bangladesh's potential and competitive advantages. Vietnam's pro-active approach to attracting FDIs by offering preferential tax rates, streamlined approvals, and targeted incentives can serve as a model for Bangladesh.
- Establish specialized "Manufacturing Parks" that cater to industries like as electronics and information technology, taking inspiration from Malaysia's successful initiatives like the Multimedia Super Corridor (MSC) and Bio-Xcell Biotechnology Park



Way forward

Promote Entrepreneurship: Selective existing initiatives:

- The government has launched the "Startup Bangladesh" initiative to support and fund startups, drawing inspiration from Indian government's initiative, Startup India. However, it needs to be expanded to provide more comprehensive support and facilitate access to mentors and investors.

Recommendations for further advancement:

- Establish a National Entrepreneurship Fund to provide direct grants, equity investments, and mentorship to startups, modeled after Singapore's "Startup SG Equity" program.
- Encourage public-private partnerships to create innovation hubs modeled after successful entrepreneurial ecosystems like those in Silicon Valley or Bangalore.



Way forward

Promote ICT and High-Tech Sectors:

Fostering innovation, investing funds in infrastructure, and training a trained workforce are all part of promoting ICT and High-Tech sectors.

Selective existing initiatives:

- In Bangladesh, current initiatives under the "Digital Bangladesh" program aim to advance information and communication technology (ICT) and provide digital services. While considerable strides have been made, the progress made so far falls short of the expected goals.

Recommendations:

- Encourage collaborations between government, academia, and private sector, and targeted investment in Research and Development (R&D) can significantly contribute to high-tech industry growth.
- Incorporate coding and digital literacy into early childhood education to build a workforce for the future.



Way forward

Agricultural Modernization:

Modern agro-processing and agribusiness ventures, as well as improving agricultural productivity, can lead to employment creation in farming, processing, and distribution.

Selective existing initiatives:

- In recent years, many initiatives have been taken, such as "Krishi Digital Platform," which aims to provide digital services to farmers.
- Low-cost credit financing facility for agro processing industry by the Bangladesh Bank.

Recommendation:

- Invest in rural infrastructure, including roads and cold storage facilities, to reduce post-harvest losses and improve market access.
- Provide further access to credit for agribusiness entrepreneurs and insurance for small-scale farmers.
- Adopt precision farming technologies using the Internet of Things (IoT) to improve agricultural techniques similar to 'e-Choupal' of India.



Way forward

Addressing Challenges Associated with Overseas Migration

Selective existing initiatives:

- Bureau of Manpower, Employment, and Training (BMET) provides short pre departure training programs for prospective migrant workers.
- The Wages Earners' Welfare Fund was created to support the welfare of migrant workers, with a substantial percentage of its funding going for the repatriation of migrant employees who had passed away abroad.



Way forward

Addressing Challenges Associated with Overseas Migration

Recommendations:

- Government should enact and strictly enforce stringent regulations to control recruitment agencies to protect the rights of migrant workers.
- Negotiate bilateral agreements with destination countries to ensure fair treatment, standardized contracts, and access to legal recourse for migrant workers.
- BMET, in collaboration with private recruiting agencies, should improve their skill development and training programs for potential migrants.
- Develop a migrant worker welfare trust fund to provide financial support, legal assistance, and healthcare benefits for Bangladeshi workers abroad, similar to Philippine's Overseas Workers Welfare Administration (OWWA).
- Establish a "Migration Resource Center" in major labor-sending regions for legal counseling, and remittance services, similar to Sri Lanka's Bureau of Foreign Employment (SLBFE).



Way forward

Formalisation and Embedding Elements of Formality in Informal Labour Market:

Selective existing initiatives:

- To formalize online/digital informal businesses, the government has introduced the Digital Business Identification (DBI) Number and created a digital registration portal and app where online informal businesses can apply for a DBI.



Way forward

Formalisation and Embedding Elements of Formality in Informal Labour Market:

Recommendations for further advancement:

- Similar to the DBI, all informal businesses should have the provision of acquiring a unique business identification number. This will help businesses gain access to formal banking services, promote financial inclusion, and bolster overall accountability. Furthermore, the implementation of this policy has the potential to unlock new avenues for generating tax revenue for government in the future.
- Promote formalization by reducing regulatory burdens and providing incentives for businesses to formalize.
- Launch public awareness campaigns highlighting the advantages of obtaining a DBI or existing business registration. Emphasize the ease of doing business, access to credit, and legal recognition that come with formalization.



Way forward

Overcoming Gender Disparity in Labor Force Participation:

Recommendations:

- ***Address Social Barriers:*** Overcoming cultural and social barriers is crucial. The government, in collaboration with the media and NGOs, can launch awareness campaigns and community engagement programs to change perceptions about women in the workforce.
- ***Adopt Family-Friendly Policies:*** Implement family-friendly policies like flexible working hours and parental leave. These policies can help women balance work and family responsibilities effectively.
- ***Undertake Equal Pay Initiatives:*** Enforce equal pay laws and promote pay transparency. Conduct regular pay audits to ensure women are paid equally for the same work. South Africa's Employment Equity Act enforces equal pay and has led to increased representation of women in senior management positions.



Way forward

Overcoming Gender Disparity in Labor Force Participation:

Recommendations:

- **Skills Training and Education:** Invest in women's education and vocational training, especially in fields traditionally dominated by men, to empower them with in-demand skills. India's "Save the Daughter, Educate the Daughter" campaign aims to improve the education and skills of girls, thereby enhancing their employability.
- **Childcare Support:** Develop affordable and accessible childcare services to help working mothers. Subsidize childcare costs to make them more affordable. Mexico's "Estancias Infantiles" program provides subsidized daycare services, allowing mothers to enter or remain in the labor force.
- **Legal Protections:** Enforce strong legal protections against workplace discrimination and harassment. Ensure that laws are effectively implemented. Tunisia's "Personal Status Code" includes provisions to protect women's rights in the workplace, contributing to improved gender equality.



Way forward

Ensuring Decent Working Conditions:

Selective existing initiatives:

- Department of Inspection for Factories and Establishments (DIFE): DIFE is responsible for labor inspections but could benefit from enhanced independence and resources.

Recommendations:

- Establish an independent labor ombudsman's office to investigate labor rights violations and ensure prompt resolution.
- Promote labor unions and collective bargaining agreements as mechanisms for addressing labor-related issues.



Conclusion

- A multifaceted and strategic approach is required to resolve the complex and pressing issues related to youth employment and labor market dynamics in Bangladesh.
- To overcome these obstacles, it is essential to undertake policy measures that encourage the creation of high-quality employment opportunities, align education with market demands, formalize the informal sector, ensure decent working conditions, and improve female labor force participation.
- It is necessary to address concerns as regards overseas migrant welfare and safeguards, reduce the prevalence of precarious and informal employment, and close the skills divide that perpetuates youth unemployment.
- The proposed strategies include aligning education with the labor market, promoting entrepreneurship, gradually move towards formalisation of informal sector, and ensuring decent working conditions, attracting foreign direct investments (FDIs) to stimulate growth and diversification in the manufacturing sector, streamlining international migration processes.



Conclusion

- These strategies take inspiration from many globally successful approaches and are tailored to Bangladesh's particular circumstances.
- By combining these strategies, Bangladesh can foster a vibrant, inclusive labor market that is able to capitalize on the demographic dividend that its youth population presents. This Policy Brief targets all concerned stakeholders, urging collaborative efforts and a unified commitment to achieve Sustainable Development Goal 8, which is to ensure decent work and economic growth. By doing so, Bangladesh can not only empower its youth but also propel the nation toward sustainable development, attaining prosperity for all while leaving no one behind.

Thank You



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