



Training of the Trainers (ToT) Program

on

Bangladesh's Graduation from LDC Category

Outcome Document



21- 23 June 2022

Organized by

**Support to Sustainable Graduation Project
Economic Relations Division
Ministry of Finance**

In collaboration with

Bangladesh Public Administration Training Centre, Savar

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Background: A three-day long Training of Trainers (ToT) Program on ‘Bangladesh’s Graduation from LDC Category’ took place at the Bangladesh Public Administration Training Centre (BPATC) in Savar from 21 to 23 June 2022. Economic Relations Division (ERD) and BPATC jointly organized this ToT. Officials or trainers from national training institutes like BPATC, Bangladesh Institute of Administration and Management (BIAM), National Academy for Planning and Development (NAPD), Bangladesh Civil Service (Admin.) Academy and ERD participated in the ToT program.



Group Photo of ToT Participants and Relevant Officials



Ms. Sharifa Khan conducting the working session on Impacts of LDC Graduation



Participants of the ToT program during the one of the working sessions

The major objectives of the ToT programme were to:

- (i) develop a group of trainers from renowned national training institutes, like BPATC, BIAM, NAPD, the Bangladesh Civil Service (Admin.) Academy and ERD; and
- (ii) conduct training programmes through trainers developed through this ToT programme to disseminating knowledge and necessary information on the LDC graduation-related issues as well as other development-related issues to the relevant stakeholders, particularly the government officials.

Major discussions, remarks, and feedbacks coming from the three-day long program are furnished below:

Day 01 Inaugural Session

The three-day long program was commenced through a formal inaugural session. Additional Secretary of ERD Mr. Farid Aziz inaugurated the event on behalf of the respected Secretary of ERD Ms. Fatima Yasmin. Member Directing Staff (MDS) of BPATC and Additional Secretary Mr. Abu Momtaz Saaduddin Ahmed chaired the inaugural session. Director (PPR) of BPATC Mr. Hasan Murtaza Masum moderated the session.

Welcome Remarks from Mr. Md. Anwar Hossain, Component Manager 1, SSGP, ERD:

Mr. Md. Anwar Hossain, in his welcome remarks, described the background and objective of the event. He recalled that Bangladesh had made commendable progress in almost all development spheres in recent decades and consequently-- the country had been recommended for graduation from LDC status. He also recalled that to assist the government in making the graduation process smooth and sustainable—ERD had initiated the Support to Sustainable Graduation Project (SSGP). Afterward, he explained the main objectives and components of SSGP. Mr. Hossain, also explained that the government officials would play a key role in the formulation of various policies and strategies related to sustainable graduation. In this context, he explained that the ToT program had been organized to enhance the knowledge and capacity of government officials on graduation-related issues.

Speech of the Chief Guest: Mr. Farid Aziz, Wing Chief (Additional Secretary), ERD and Project Director, SSGP:



Mr. Farid Aziz speaking during the inaugural session

Mr. Farid Aziz, in his speech, opined that LDC Graduation would not only offer opportunities but would also invite a bunch of challenges. He also noted that the country had set its targets of achieving the SDGs by 2031, gaining an upper-middle-income status by 2031, and becoming a knowledge-based developed economy by 2041. Against this backdrop, he stressed ensuring that the challenges of graduation do not pose any threat to the country's development trajectory. He also observed that the issue of smooth graduation had become more pertinent in the ongoing context due to the backlash of COVID-19, unprecedented inflation due to the disrupted global supply chain and geopolitical tensions like the Russia and Ukraine war. In this context, he underscored the need for taking every step in a very calculative way so that the country never slips down from its planned development track. He also opined that government officials should take the lead in devising appropriate strategies

and implementation. In this context, he opined that the government officials should have thorough ideas about the graduation process which would be helping them in finding out the most appropriate solutions to the development challenges to be faced by Bangladesh as a non-LDC country.

Recalling that the government is preparing a very comprehensive Smooth Transition Strategy (STS) to avoid any negative consequences of graduation and to navigate the development journey efficiently- Mr. Aziz said that the government officials would be the front liners in implementing this STS. In this context, he opined that an early understanding of the STS process would help them in discharging their responsibilities successfully. He explained that keeping in line with the above vision-- ERD, with support from BPATC, was conducting the ToT program to prepare a few trainers on LDC graduation from important training institutes in Bangladesh—so that they could train the government officials through different training courses in their respective institutions. In this context, he called upon the training institutes of Bangladesh to include LDC graduation issues in their course curriculum.

Noting that LDC graduation is a new issue for Bangladesh—he said that it might not be possible to cover all the relevant issues in the three-day long course. He expressed his hope that the course content would be further refined with the suggestions and recommendations coming from participants.

He extended his appreciation to the Rector of BPATC and his team for accepting ERD’s request to organize this maiden ToT course on LDC graduation. He also extended thanks to the authority of BCS (Admin) Academy, BIAM and NAPD for nominating their officials for this course.

Speech of the Chairperson: Mr. Abu Momtaz Saaduddin Ahmed, Member Directing Staff, BPATC



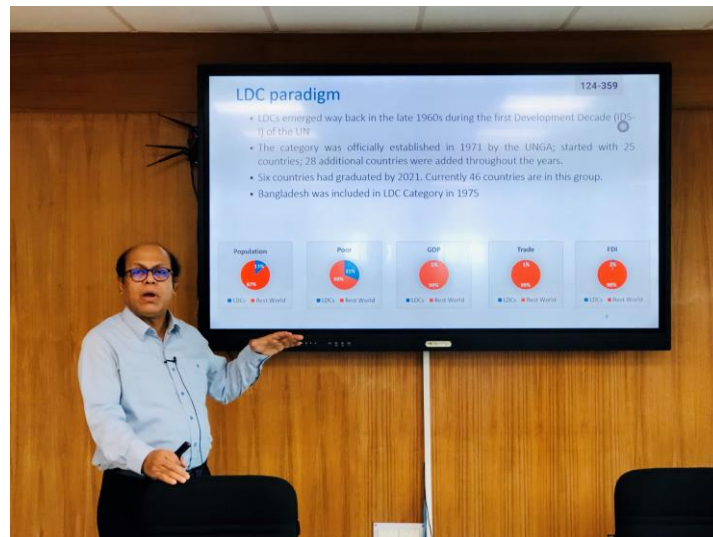
Mr. Abu Momtaz Saaduddin Ahmed speaking during the inaugural session

Mr. Ahmed, in his remarks, termed the ToT program as a critical endeavour that had come at the right time. Noting that LDC graduation is a big milestone in Bangladesh’s development journey—he also pointed out that graduation would entail some challenges for the country. In this context, he emphasized formulating appropriate strategies, enhancing competitiveness, as well as developing human and institutional capacities in order to make graduation smooth and sustainable. As a first step, he also underscored the need for making all the stakeholders aware of graduation-related issues, particularly the challenges, to develop inclusive plans and actions.

Against this backdrop, Mr. Ahmed mentioned that ERD, with support from SSGP, had partnered with the BPATC to organize the three-day ToT program to create a pool of trainers from renowned national training institutions such as BPATC, BIAM, NAPD, and BCS (Administration) Academy who could disseminate knowledge and necessary information on graduation-related issues to relevant stakeholders, particularly government officials. He hoped that the initiative would be extremely beneficial to the country's overall preparation for smooth and sustainable graduation. Lastly, he thanked ERD for partnering with BPATC in organizing the ToT program.

Working Session 1: Graduation from Least Developed Country (LDC) Category: Bangladesh Perspective

The first working session of the program was themed on 'Graduation from Least Developed Country (LDC) Category: Bangladesh Perspective'. Additional Secretary of ERD and Project Director of SSGP was the resource person for the working session.



Mr. Farid Aziz conducting the working session on Graduation from Least Developed Country (LDC) Category: Bangladesh Perspective

At the beginning of his presentation, Mr. Farid Aziz provided a background on the formation of the LDC category. He also highlighted the Programs of Action that have been formulated for LDCs over the decades at the global level. He also explained the latest LDC graduation framework as well as the threshold for inclusion into and graduation from the LDC category. He also explained in detail the procedure for graduation from the LDC category. He provided a comparative picture of the graduation status of various countries that are currently in the process of graduating from the LDC category. He explained, in detail, the difference between LDC and 'Middle Income Country' category. He provided a detailed overview of Bangladesh's position in three graduation criteria. Afterwards, he highlighted on Bangladesh's uniqueness among the LDC group as well as the competitive edge the country had in terms of export, finance, consumer market, finance, trading infrastructure etc. Later, he highlighted on the International Support Measures (ISMs) available for LDCs in the areas of trade and development cooperation. He explained the benefits and opportunities that might usher as a result of LDC graduation. He reflected on the flexibilities provided to graduating LDCs during the transition period. While explaining the synergy between LDC graduation, SDG implementation and avoiding Middle Income Trap—he explained the possible causes of the middle-income trap as well as the strategies Bangladesh should follow to avoiding the Middle-Income Trap. In this context, he observed

that structural transformation would be the key to avoid the Middle-Income Trap as well as sustaining the graduation momentum. He also underscored the need for smooth and sustainable graduation for achieving SDGs and Vision 2041.

Lastly, Mr. Aziz emphasized the following points for a smooth and sustainable transition:

- A graduating country should prepare in such a way so that LDC graduation doesn't slow down the development momentum.
- The smooth transition is a concept of avoiding negative consequences due to graduation from the LDC category.
- The United Nations General Assembly (UNGA) calls for integrating a country's preparations for sustainable graduation and its smooth transition beyond graduation into that country's long-term national sustainable development plans and development financing strategies.
- UNGA and experts suggest that the country should prepare a comprehensive Smooth Transition Strategy (STS) through an inclusive process to grab the opportunities and tackle the challenges of graduation efficiently.
- Two main principles should guide the STS process;
 - Country-led, country-owned and using country systems to the extent possible
 - Intl. community support is country-driven, timely and of high quality

In conclusion, Mr. Aziz recalled that Bangladesh had successfully tackled a number of challenges in the past including the phasing out of the quota system in 2005, the Rana Plaza incident and the withdrawal of US GSP in 2013 as well as the COVID-19 crisis in 2020. He also noted that Bangladesh had a history of successfully tackling many natural disasters and economic crises. Against this backdrop, he expressed his optimism that Bangladesh would be able to boldly overcome the graduation-related challenges.

Feedback from Participants:

- Participants observed that higher productivity, innovation, structural transformation and skill enhancement would be crucial to avoiding the middle-income country trap.
- Citing the example of China, it was recalled that the Chinese government had put a lot of emphasis on vocational education for skill enhancement of its workforce. In this context, it was queried whether the Government of Bangladesh had initiated any similar approach. Responding to this query—Mr. Farid Aziz recalled that Bangladesh Technical Education Board had been bestowed with the responsibility to enhance the quality of technical education in the country. He also recalled that the Subcommittee on Investment, Domestic Market and Export Diversification led by the Prime Minister's Office—which is one of the seven subcommittees that had been formed under the National Committee on Graduation, is responsible for suggesting strategy for managerial and other skills enhancement as well as labour productivity to address LDC graduation challenges.
- It was informed that the government had already taken the initiative to incorporate technical education into the curriculum of Class 08, 09 and 10. Under this arrangement, the students would simultaneously receive one certificate for their general education and another one for their vocational education upon passing their SSC examination. It was also informed that the government had been planning to roll out this program initially at a total of 907 schools across the country.

- Participants observed that to move up from the lower middle-income status to the higher middle-income status—Bangladesh would need to change the mode of production of its export items and would require a shift in terms of both origin and scales. They also called for making small and medium enterprises as well as start-ups a part of this transformation.
- Citing the example of other countries—participants informed that South Korea offers its citizens the scope for pursuing higher studies in technical and vocational education.
- Participants also queried how the private sector is being engaged in the overall process of sustainable graduation. In response, it was informed that the private sector bodies are well represented in the National Committee on Graduation as well as the Joint Task Team that had been formed under the Subcommittee on STS. It was also informed that private sector bodies were also taking part in regular dialogues with the government on issues related to LDC graduation through various seminars, workshops and Focused Group Discussions organized by the private sector.

Working Session 2: Formulating Smooth Transition Strategy (STS)

The second working session focused on the modality that Bangladesh is following in the formulation of the Smooth Transition Strategy to prepare the country for LDC graduation. Component Manager of SSGP Mr. Md. Anwar Hossain was the resource person of the session.



Mr. Md. Anwar Hossain conducting the working session on Formulating Smooth Transition Strategy (STS)

Mr. Anwar Hossain, in the beginning of his presentation, explained the context of formulating this STS. He also cited various international reference documents which had provided a guideline for formulating this STS. Later, he highlighted on the key initiatives that had been taken by Bangladesh to ensure smooth and sustainable graduation. While explaining the key features of STS that the government is planning to formulate, he first described the guiding principles of the proposed STS. He also explained the consultative mechanism that had been designed for preparing the Smooth Transition Strategy. In this connection, he highlighted the six Service Offering Lines (SOLs) that were offered by CDP under its Sustainable Graduation Support Facility (SGSF). Afterward, he explained, in detail, the key steps that would be followed during the formulation of STS. Later, he highlighted the broad outline and structure of the aforementioned strategy. He also reflected on the mapping exercise

that had been carried out to identify the sources of information for STS. Later, he explained the time-bound action plan that had been developed for formulating the STS. Lastly, he highlighted on the steps that had been taken so far for the formulation of STS.

Feedback from Participants:

- Focusing on the need for skill enhancement in the context of LDC graduation-- it was queried what impact the 4th Industrial Revolution (4IR) could have on Bangladesh's strategies to enhance the skill of its workforce. Responding to this, Mr. Anwar Hossain observed that 4IR would open new avenues for job creation. He also observed that the local workforce would need to be prepared in line with those new avenues.
- Participants also queried whether the STS would be aligned with the Five-Year Plans or Perspective Plans of the country. In response, SSGP officials said that while the Five-Year Plans or Perspective Plans are mostly driven by some mid- and long-term goals and aspirations, STS would be driven by the need to meet the challenges and exploit the opportunities arising from LDC graduation.
- Participants also suggested formulating a mechanism similar to the Annual Performance Agreement (APA) to track and monitor the progress of the implementation of STS.
- Participants also suggested involving the Local Consultative Groups (LCG) in the formulation of STS to ensure better engagement of relevant stakeholders including development partners.
- It was queried how LDC graduation would result in an increased flow of FDI into the country. In response, Mr. Anwar Hossain said that LDC graduation would enhance the country's image abroad while it would be a testimony to the country's strong socio-economic progress. He said that these factors would help the country to become more attractive to foreign investors.
- Participants observed that government organizations should become much more business-friendly and should play the role of facilitators when it comes to business and trade. They also called for enhancing the capacity of SMEs, bringing them to the economic mainstream, providing them with better access to market and finance while also bringing them under the tax net.
- Underlining the importance of enhancing the quality of education for skill enhancement across the board—it was also observed that there is an urgent need to uplift the quality of education in schools and colleges at the grass-root level.
- Noting that the share of the social safety net in the country's GDP is still hovering around 2 to 3 percent— the participants also called for proportionately increasing the budget allocation for social safety net programs.

Day 02
Feedback Session/ Demonstration:

The second day of the ToT program commenced with a feedback session where participants were asked to provide their feedback on the presentations and discussions coming from the first day. During this session, the following major feedback came from the participants:

- A separate workshop could be organized involving the trainees or officials from the relevant training institutes to design and further improvise the contents and modality of this ToT program.
- The prime concern of this ToT program should be to develop the management or leadership capacity of government officials which could lead to the enhancement of their service delivery within their domain. This, in turn, could help in sustainable graduation—they opined.
- The presentations could be modified according to the need of individual training institutes.
- Training manuals and teaching notes should also be provided.
- In addition to trade-related challenges— environmental and other development concerns should also be taken into account while analysing the challenges of LDC graduation.
- It was observed that an LDC tracker— similar to the SDG tracker that had been developed by the PMO, could be useful to track Bangladesh’s progress against various LDC graduation-related criteria and sub-criteria. In response, it was informed that there is a component of SSGP to develop an LDC tracker.
- It was also observed that some gap analysis could be carried out to identify sectors or areas which would be affected due to LDC graduation. In response, it was informed that there is a component within SSGP to carry out the relevant policy gap analyses. It was also informed that currently SSGP, under the guidance of NCG, is providing support in carrying out various studies on the impact of LDC graduation through that component.
- Participants also observed that although the global RMG market is growingly tilted towards man-made fiber—Bangladesh’s RMG industry is still mostly dependent on cotton fiber. In this context, they observed that the government should provide incentives to the local RMG industry to enable them to adjust better to the global market dynamics.
- Participants also expressed their concerns over the potential impact of the withdrawal of the TRIPS waiver on the local pharmaceutical industry in the aftermath of graduation. In this regard, SSGP officials informed that around 25 percent of pharmaceutical products manufactured by Bangladeshi companies are still patent protected while the rest of the medicines produced by them had already come off-patent. Against this backdrop, it was observed that the LDC graduation might have an impact on the production and pricing of those patent-protected drugs. In this context, they emphasized enhancing the capacity of smaller drug manufacturers while also calling for quick completion of the construction of API (Active Pharmaceutical Ingredients) Parks.
- Participants also opined that the local RMG manufacturers might strategically opt to move some of their production bases to other Least Developed Countries in Africa after Bangladesh’s graduation to avail of the same duty benefits they are receiving now.
- It was also observed that instead of remaining dependent on the export of RMG or cheap manpower—Bangladesh should look for export diversification, higher value addition and skill enhancement of its labour force to prepare itself for the post-graduation dynamics.

Working Session 3: Impacts of LDC Graduation

The third working session of the ToT program was themed on 'Impacts of LDC Graduation'. Member (Secretary) of the Planning Commission Ms. Sharifa Khan was the resource person of the session.

Reflecting on the status of LDCs at the global stage, Ms. Sharifa Khan, in her presentation, informed that although LDCs comprise 14% of the global population—they together account for only 1.3% of global GDP, 1.4% of global FDI and less than 1% of global merchandising exports. She also pointed out that almost half of the LDCs are landlocked or small island countries, and highly vulnerable to climate changes. She also observed that the policy response of LDCs is limited due to weak fiscal conditions and poor resilience capacity.

Afterward, she highlighted the benefits enjoyed by LDCs under WTO which included the following:

1. Unilateral preferential market access in the WTO. Bangladesh enjoys DFQF in 38 countries including 27 EU countries, the UK, Switzerland, Australia, China (97% tariff lines), India (except 25 products)
2. Favourable Rules of origin.
3. Exempted from undertaking commitments in agriculture and non-agriculture and
4. Longer grace period under trade facilitation and technical support for TFA Category C.
5. Enjoys waiver from TRIPS obligation and the services waiver.
6. Less frequent notification on their domestic support (every 2 years, while annually for other WTO members).
7. LDCs can provide certain agricultural export subsidies until 2030.
8. Enjoy longer repayment periods for export financing support and can benefit from the monetization of international food aid.
9. Particular consideration should be given to the special situation of LDCs in all stages of a dispute involving an LDC.
10. Members should exercise due restraint in raising matters involving an LDC.
11. LDCs may request the use of the good offices, conciliation and mediation of the Director-General or the Chairman of the Dispute Settlement Body.
12. Free legal service from ACWL.
13. Technical assistant under EIF and trade facilitation.
14. Technology transfer under TRIPS Agreement
15. Lower binding coverage and higher bound rates.



Ms. Sharifa Khan conducting the working session on Impacts of LDC Graduation

Subsequently, she reflected on the trade-related international support measures that would be lost due to graduation. These include:

- Loss of preferential Market Access
- Bangladesh will lose DFQF facilities in other countries and RTA partners in 2026 and in 2029 in the EU.
- More than 70% of our export duty-free market access under the WTO decision of granting unilateral duty-free market access to LDCs.
- Undertake tariff reduction commitment under WTO if Doha Round is completed.
- Remove specific duties, regulatory duties and supplementary duties that will lead to more imports and worsen BOP.
- Ineligible to enjoy preferential “Rules of Origin” (RoO). Double transformation or about 40-50% value addition.
- The minimum market loss prediction for Bangladesh is 6.3 billion (WTO). UNCTAD Estimate: 5-7% of preferential export.
- Bangladesh is no more in Annex 7 list of Subsidies Agreement which allows providing some export subsidies under certain conditions

She also provided an overview of LDC-specific preferential market access schemes available in major markets as well as the schemes that would be applicable in those markets after graduation.

Recalling that a country must ratify and effectively implement 27 international conventions on labour rights, human rights, environmental protection and good governance to avail GSP+ after graduation— Ms. Sharifa Khan noted that Bangladesh had already ratified all 27 ILO Conventions including the minimum working age convention on 25 February 2022. However, she observed that ensuring the enforcement of the above international conventions would be a challenge. Noting that safeguard measures would be applicable for import share of more than 6 percent for clothing and leather under Article 29 of the new GSP Scheme -- she pointed out that GSP-covered import from Bangladesh is more than 16 percent of all EU GSP-covered imports. In this context, she pointed out that the import

of textile and clothing from Bangladesh to the EU might fall under safeguard measures—as such preventing it from getting GSP plus facilities.

Noting that FTA will be the main tool after LDC graduation to cover the loss of GSP—she, however, pointed out that Bangladesh had little experience in signing FTAs. Explaining other challenges of signing FTA for Bangladesh, she highlighted that:

- Patterns of PTA/FTAs are changed. It now covers trade in goods, services and intellectual property rights. It also includes non-trade issues such labour rights, green financing, environment, good governance, government procurement, etc.
- Signing FTA would require a reduction of import duties. This will reduce government revenue of around 29%. Revenue loss with China is Tk. 25,000 crore, Malaysia Tk 3000 crore, Indonesia 137 crore, etc.
- Domestic industries also are not willing to face more competition and reduce duties for the items they produce.
- USA, Sri Lanka, Nepal, MERCOSUR, Malaysia and many of the African countries may not be willing to sign FTA.
- Indonesia offered to grant DFQF for 45 products under PTA which is not meaningful for Bangladesh.

Reflecting on the enforcement of TRIPS agreement, Ms. Sharifa Khan recalled that although the WTO TRIPS Agreement came into force in 1996, one year after the establishment of WTO-- LDCs, in view of the special needs and requirements of LDC, their economic, financial and administrative constraints, and their need for flexibility to create a viable technological base, have been granted two transition periods (after three times extension):

- Extension of the general transition period until 01 July 2034.
- TRIPS extension for the pharmaceuticals until 2033.

In this context, she explained that the TRIPS transition period would be over as soon as Bangladesh graduates from the LDC status in 2026.

Reflecting on the current IP situation in Bangladesh, she observed that the existing poor scenario had created health and safety concerns as well as mistrust among the consumers due to the low quality of products and the loss of trust on brands. She also observed that the prevailing situation had generated consumers' dissatisfaction, loss of sales volume, revenue and profit, loss of trust and reputation as well as legal and fiscal liability for businesses. She also pointed out that the existing situation had discouraged innovation while causing a loss of tax revenue. She also mentioned that such scenario had discouraged investment—especially foreign direct investment while hampering the country's image.

Afterward, she explained the impact of termination of both TRIPS general waiver as well as TRIPS pharmaceutical waiver in various arenas. She also provided a comparative picture of the impact of patent protection on the prices of various pharmaceutical products.

Reflecting on the impact of termination of other flexibilities, she informed that

- Bangladesh grants cash incentives of about 6,600 crores for the export of 38 products.
- Cash incentives are prohibited and subsidies have to be removed.

- Supplementary duty, regulatory duty and development surcharge are not WTO consistent. These have to be withdrawn which would have negative impact on revenue earnings.
- Domestic industries will face fierce competition.
- LDCs including Bangladesh receive free legal supports from ACWL which will be no longer available free of cost.
- Technical support under Enhanced Integrated Framework (EIF) supports will be available after five years of graduation.

Highlighting the ODA-related ISMs, she recalled that Bangladesh's graduation to Lower Middle-Income Country status, as per the World Bank classification back in 2015, had already resulted in reduced concession in the area of aid and grants as well as reduced grace period while increasing the rate of interest on loans.

Focusing on the recently concluded 12th Ministerial Conference (MC12) of WTO, Ms. Khan recalled that the LDC Group had made a submission to WTO during the conference for the continuation of special and differential treatments (S&D) after graduation for 6-9 years. However, she also noted that MC12 did not reach any conclusion on this submission apart from just taking note of it.

Lastly, she recommended that the following measures should be taken at the international level to cope with the post-graduation scenario:

- Lobby for getting GSP+ with European Union is important
- Include Bangladesh's name in the Annex 7 list of WTO Subsidies Agreement to continue some subsidies.
- Take initiatives to sign FTAs/PTAs with potential partners.
- Try to take benefits as LDC and also prepare for negotiations with non-LDC developing countries.

At the same time, she suggested that the following measures should be taken at the domestic level to address the post-graduation challenges:

- A Task Force under the chairmanship of Principal Secretary to Hon'ble Prime Minister and seven sub-committees have been formed which would accelerate the pace of the graduation path.
- Prioritization of issues and Branding of Bangladesh and be careful about middle-income trap.
- Strengthening trade negotiation pools.
- Diversification, improved quality & productivity are the most effective strategies in the post-graduation era.
- Removal of para-tariffs (supplementary duties, regulatory duties, AIT, etc).
- Better enforcement of Intellectual Property Rights (IPR).
- Identify WTO consistent subsidy measures to support entrepreneurs and farmers.

Lastly, she highlighted the following strengths of Bangladesh which would help the country to overcome the potential post-graduation challenges:

- Bangladesh has a strong domestic market.
- People are hardworking and adaptive to technological changes.
- The economy is highly resilient to natural and economic shocks.

- Successfully faced quota phase out in 2005 and financial-food-fuel-fertilizer crisis and global recession in 2008 and Covid-19 Pandemic.
- Bangladesh will courageously overcome graduation challenges

Feedback from Participants:

- Participants queried whether Bangladesh is legally bound to declare or attain a certain level of binding coverage. Responding to this, Ms. Sharifa Khan informed that there is no such compulsion yet from the WTO side. However, she also observed that WTO encourages its members to have a higher binding coverage. She also observed that increasing the binding coverage could also help to bring more transparency to the system.
- Participants also observed that despite the increased emphasis on export diversification--readymade garments industries are receiving stronger policy support compared to other export-oriented sectors. Responding to this observation—Ms. Sharifa Khan said that the government had been asking for the continuation of ‘Duty Free Quota Free (DFQF)’ facilities for not only RMG but for all products. She also opined that the importance of RMG in Bangladesh’s overall trade scenario cannot be overlooked due to the sector’s importance in generating mass employment.
- Participants also queried what were the main barriers for Bangladesh in signing FTAs with potential trade partners. Responding to this, Ms. Sharifa Khan cited the issue of reciprocity, potential revenue loss, the willingness of trading partners and the resistance from domestic manufacturers as some of the major barriers to the signing of FTAs.

Case Studies:

At these stages, participants were divided into four groups. They were then provided with four different case studies based on various hypothetical scenarios concerning LDC graduation. They were also asked to prepare their responses or feedback to some specific questions based on those case studies. Those case studies and the responses from the participants are documented below:

Case Study 1

Nina is an LDC. UN-CDP’s review in 2021 found that its per capita income is US\$ 1,150, Human Assets Index (HAI) is 70 and Economic Vulnerability Index (EVI) is 29. Present graduation threshold is 1,222 per capita GNI, 66 for HAI and 32 for EVI. UN-CDP generally conduct 2nd review after 03 years later and UNGA-recommend for graduation.

Another country Bena qualified in the first and 2nd reviewed respectively in 2018 and 2021. Bena asked for additional transitional period for graduation due to devastating impact of Covid 19 in its economy. Bena already graduated to lower middle-income country by World Bank in 2018 and paying higher interest with lower grace period for the loan taken.

1. Do you think Nina is qualified for graduation from the LDC status in UN first review? When the 2nd review would take place?

Answer: a. Yes: b. No:..... c. Year for 2nd Review: ...2024...

2. Bena is recommended for graduation in 2026. Do you think it is acceptable in the context of existing graduation process?

Answer: a. Yes: b. No:

3. Does Bena ask for additional transition period beyond 2026 for its graduation. If your answer is yes then why? If your answer is no, they explain why?

Answer: a. Yes: b. No:

Explanation: **Due to the impact of COVID-19**

4. Will Bena raise complain to UNGA for charging higher interest rate for its loan as it is still an LDC?

Answer: **No**



Case Study 2

Bena is an LDC. It is now enjoying duty-free and quota-free market access in EPA under Generalized System of Preference designed for LDCs. This has boosted its clothing and leather exports significantly in EPA Union. But it will be graduated from the LDC status in 2026

Vera is a developing country whose productivity is higher and cost of production is lower than Bena. Vera also produces textile and leather. It is a major competitor of Bena. Vera has recently signed a Free Trade Agreement with EPA. As a result, Vera will also enjoy duty free market access from 2025.

1. What do you expect the export prospect of Vera and Bena from 2026?
 - A. The export prospect of Bena looks gloomy beyond 2026. Meanwhile, Vera is likely to continue to enjoy export boom due to the signing of FTA with EPA as well as its higher productivity and lower cost of production.
2. What course of actions Bena will take under this context?
 - A. Bena should diversify its export base and should negotiate an FTA with EPA. It should also look to increase its productivity and lowering its cost of production.

Case Study 3

Bena is an LDC which enjoys waiver under the World Trade Organization (WTO)'s TRIPS Agreement. As a result, it is exempted from the protection of intellectual property rights until 2033. Utilizing this facility, Bena has developed capacity to produce and export pharmaceutical products and advanced pharmaceutical products (API) at a cheaper price. After the graduation from the LDC status in 2026, this facility will be terminated. The cost of production of pharmaceuticals will increase after graduation as it now has to pay royalties to the patent holders. What Bena will do now and beyond graduation? Write according to your priority list and find which one is not applicable.

- a. Urge WTO for extension of this facility for the newly graduating LDCs.
- b. Formulate or amend trademarks laws and copyright act.
- c. Formulate data protection act.
- d. Develop capacities for production of Advanced Pharmaceutical Ingredients (API).
- e. Ask UNGA to support newly graduating LDCs for patent waiver.

Response:

The priority should be:

- a. Develop capacities for production of Advanced Pharmaceutical Ingredients (API).
- b. Urge WTO for extension of this facility for the newly graduating LDCs
- c. Formulate data protection act.

Case Study 4

Nina is an LDC which will graduate from the LDC status in 2025. Bena now wants to sign Free Trade Agreements with some of its major partners. High level policy makers of Nina asked its Ministry of Commerce to take initiatives for signing Free Trade Agreement to compensate the market loss due to graduation from the LDC status to a number of countries. What will be the major considerations of Nina in selecting FTA partners? Write according to your priority list and find which one is not applicable.

1. Export volume of Bena with the proposed partner country.
2. Revenue earnings from import duties.

3. Complementarity of production
4. Substitutability of production.
5. Undertake trade facilitation measures.

Response:

The priority should be:

1. Undertake trade facilitation measures.
2. Substitutability of production.
3. Export volume of Bena with the proposed partner country
4. Revenue earnings from import duties.
5. Complementarity of production

Working Session 4: Strategies for Sustainable Graduation

The fourth working session of the program was themed on 'Strategies for Sustainable Graduation'. Distinguished Fellow of the Centre for Policy Dialogue (CPD) Professor Dr. Mustafizur Rahman was the resource person of the session.

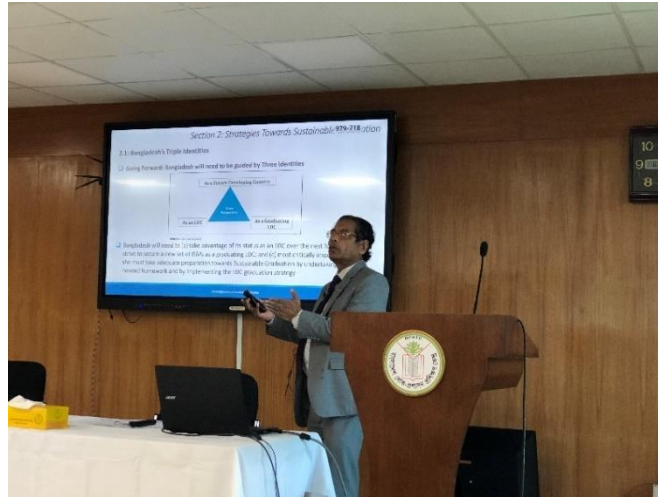
Professor Mustafizur Rahman, in his presentation, observed that Bangladesh's Dual Graduation is going to take place at a time when the world is becoming increasingly competitive while there is a rise in mega-regionals. He also noted that Bangladesh's Graduation would take place under the shadow of the pandemic as well as the Ukraine-Russia war.

Focusing on the outcome of the recently concluded MC12-- he said that although the conference had indicated that WTO members might take some measures in support of the graduating LDCs-- the ambition had been set at rather low levels. In this context, he said that Bangladesh would need to put more emphasis on its own efforts to navigate the process towards smooth graduation, graduation with momentum and sustainable graduation.

He also observed that although Bangladesh had made a crucial transition from a predominantly aid-driven economy to a trading economy-- the task before Bangladesh would be to move for the next transition from market access-driven competitiveness to skills and productivity-driven competitiveness through triangulation of trade, investment and transport-logistics connectivity.

Pointing out that Bangladesh will be the first major LDC to graduate-- he said that Bangladesh would be a test case for graduation. Noting that going forward, Bangladesh would need to be guided by three identities namely: an LDC, a graduating LDC and a future developing country—he observed that Bangladesh would need to

- (a) take advantage of its status as an LDC over the next four years;
- (b) strive to secure a new set of ISMs as a graduating LDC; and
- (c) take adequate preparation towards Sustainable Graduation by undertaking the needed homework and by implementing the LDC graduation strategy.



Professor Mustafizur Rahman conducting the working session on Strategies for Sustainable Graduation

Dr. Rahman explained that the impacts on Bangladesh would be felt at both domestic space and global space—which would likely concern four areas: (a) policy-making and policy flexibilities; (b) obligations, compliance and enforcement relating to various WTO Agreements; (c) terms of market access; and (d) degree of reciprocity in dealing with partners.

Dr. Rahman recalled that nothing had been mentioned among the decisions of the MC12 with regard to a concrete timeline for extension of ISMs for graduating LDCs. He also recalled that there was only a recognition of the challenges faced by the graduating LDCs and the need to take supportive actions by WTO members to facilitate sustainable graduation. He expressed his hope that if the discussions and negotiations in the WTO Working Groups and relevant platforms result in some agreed measures, then the MC13 could come up with some concrete actions.

Subsequently, he presented some arguments favouring support to graduating LDCs in view of the upcoming MC13:

- The scores for HAI and EVI (which were moving averages earlier) have been fixed in 2012 (at 66 and above and 32 and below) leading to many LDCs being eligible for graduation, even though all graduating LDCs suffer from embedded structural weaknesses. This fact should guide the decisions concerning graduating LDCs
- It is not that WTO does not recognise differentiation among developing countries. For example, the WTO-SCM (subsidies and countervailing measures) Agreement (Annex VIIb) allows for derogation from obligations on grounds of per capita income (US\$1000 in 1990 terms). Also, the WTO Agreement on Agriculture (AoA) offers flexibility to net-food importing developing countries (NFIDCs)
- There is precedence in the WTO as regards support to graduating LDCs: Maldives LDC graduation: Deferment of TRIPS implementation by 3 years
- At the least, currently graduating LDCs should be allowed to enjoy the flexibilities that are already in place, for a time-bound period (e.g., TRIPS patent waiver till 2032; GATS Services Waiver till 2030)

He identified the following elements of a possible Graduation Support Package:

- Extend S&DTs for a time-bound period

- **Urge countries to** provide preferential market access to LDCs on bilateral basis (EU, India, China, Japan, USA, Canada and others) or as part of regional agreements (e.g., India in SAFTA), **to extend the preferences for a time-bound period**
- **Design a Debt Relief Initiative** for graduating LDCs to incentivize graduation and release funds to undertake activities in support of sustainable graduation
- Put in place a **Graduation Support Fund**
- **Support the proposal floated** to provide preferential access to the extent of **Domestic Value Addition** in graduating LDCs
- **Embed concerns of graduating LDCs** in ongoing negotiations where decisions may be taken at MC13, keeping in the purview the perspectives as both **graduating LDC** and **future (non-LDC) developing country**

Dr. Rahman also noted that some support measures are already in place within the ambit of the WTO (e.g.- EIF, Technology Bank) which extend support to LDCs following their graduation. He explained that these allow LDCs to enjoy benefits for additional periods (for an additional five years in both the aforesaid cases, following graduation). He said that Bangladesh would need to take full advantage of these built-in measures.

Lastly, he identified the following key areas that need to be addressed for ensuring smooth and sustainable graduation:

- Middle-income graduation and avoiding the Middle-Income Trap
- Raising productivity and competitiveness through triangulation of trade, investment and transport connectivities
- Renewed emphasis on regional cooperation
- Ensuring inclusive Dual Graduation
- Build the Required Negotiating Capacity

Feedback from Participants:

- Reflecting on the areas of LDC graduation impacts in terms of policy space—it was observed that the domestic space often does not receive enough attention despite that being much more within the control of the national policymakers. Responding to this observation, Dr. Mustafizur Rahman said that external factors are also important as it would involve effective negotiations with trading partners as well as enhancement of negotiation skills.
- Participants asked about the prospect of the new development banks from a development financing perspective. Responding to this, Dr. Rahman said that moving forward-- Bangladesh should look to the diversification of its sources when it comes to development financing. Accordingly, he observed that new development banks like AIIB and BRICS Bank are some of the new sources of development financing that Bangladesh should explore.
- Participants also observed that the think tanks should carry out more in-depth research in the areas of governance or public administration. They also proposed that a separate institute could be established to conduct research and dialogue on the issues pertaining to economic diplomacy. Responding to this observation, Dr. Rahman affirmed that efficient economic management would be very crucial for Bangladesh soon. In this context, he observed that there should be more in-depth research in this arena in the context of Bangladesh.

- It was queried whether the government's planning documents had adequately addressed the LDC graduation-related challenges of Bangladesh. Responding to this, Dr. Rahman said that in terms of LDC graduation-- Bangladesh had already made some good progress in terms of policy awareness and preparation. He also observed that the 8th Five Year Plan had extensively highlighted the LDC graduation-related challenges. However, he emphasized on the effective implementation of those plans and strategies.
- Participants also queried whether sufficient emphasis had been put by the policymakers on other areas of LDC graduation impacts apart from market access. Responding to this, Dr. Rahman affirmed that although the issue of market access is paramount in the context of LDC graduation-- the time had come to focus more on other areas of potential challenge like IPR, trade facilitation, logistics facilitation, etc.

Day 03 Feedback Session:

The third day of the ToT program commenced with a feedback session where participants were asked to provide their feedback on the presentations and discussions coming on the second day. During this session, the following major feedback came from the participants:

- Participants observed that local pharmaceutical industries would be particularly affected after graduation due to the withdrawal of TRIPS-related flexibilities. Against this backdrop, they called for enhancing the research capacity of the local drug manufacturers.
- Responding to this, SSGP officials informed that they had conducted a number of Focused Group Discussions (FGDs) with the pharmaceutical industry representatives including the Bangladesh Association of Pharmaceutical Industries (BAPI) to exchange views on issues pertaining to graduation. They also informed that lately, the government had enacted a new patent law which, they hoped, would streamline the patenting process of homemade medicines.
- Participants also queried whether Bangladesh would be able to maintain the current level of GNI per capita in the coming years. Responding to this, SSGP officials observed that Bangladesh is expected to not only maintain the current level of GNI per capita—rather the country is expected to reach the Upper Middle-Income threshold by the year 2028. However, they observed that going forward-- the Middle-Income Trap experienced by many of Bangladesh's Asian peers would be major concern. However, they emphasized on encouraging innovation, structural transformation and enhancing productive capacity to avoid this Middle-Income Trap.
- Participants also queried whether LDC graduation would have a negative impact on Bangladesh's manpower export. Responding to this, SSGP officials informed that there is no evident correlation between LDC graduation and manpower export. They further informed that the STS would outline some tactics for enhancing the productive capacity of the people which, in turn, would help the country to gain a better share of the overseas market for high-skilled workforce.
- Participants also queried how Bangladesh could address the 'brain drain' issue. Responding to this, SSGP officials said that Non-resident Bangladeshis (NRBs) could, in the long term, help in the process of transfer of technology, capital and technical know-how. Citing the example of India, they said that the Bangladeshi diaspora could also help in the branding of the country. It was also informed that ERD is providing various technical support to the government in this regard through its NRB cell.

Working Session 5: Sustainable Graduation: Enhancing Productive Capacity

The fifth working session of the program was themed on 'Sustainable Graduation: Enhancing Productive Capacity'. Mr. Md. Tofazzel Hossain Miah, Senior Secretary, Prime Minister's Office was the resource person for the session.



Mr. Md. Tofazzel Hossain Miah conducting the working session on Sustainable Graduation: Enhancing Productive Capacity

Mr. Md. Tofazzel Hossain Miah, in his presentation, demonstrated the strong linkage between sustainable graduation and the enhancement of productive capacity. He said that productive capacity development can help to:

- diversify production and export bases, thereby reducing vulnerability to external shocks
- benefit more from greater integration into the global economy
- sustain progress in human and social development
- adapt and build resilience to climate change and other exogenous shocks

In line with the definition of UNCTAD, he explained three basic elements of productive capacities. He explained the linkage between productive capacities and structural transformation. Highlighting the eight core elements of the Productive Capacity Index (PCI), he pointed out that Bangladesh was lagging almost in every core area of PCI against Vietnam in the 2018 dataset. He explained that the enhanced productive capacity can help Bangladesh offset the loss of international support measures. Underlining the need for export diversification, Mr. Md. Tofazzel Hossain Miah noted that the share of RMG in Bangladesh's export had risen from 78% in FY 2011 to 84% in FY 2019-- showing increased export concentration. He pointed out that Bangladesh's export markets are highly concentrated and highly skewed to EU and North American markets.

Afterward, in line with the three criteria of LDC graduation—he outlined some specific sectoral strategies that the country should undertake for enhanced productive capacity. These sectors include export diversification, service sector, digital economy, the fourth industrial revolution, transport and communication, overseas employment and welfare of migrant workers, gender empowerment, education, health, environmental development, avoiding middle income trap.

Strategy for Higher Exports and Diversification

- Pursue export-led industrialization and growth policy
- Enhance productivity and competitiveness
- Ensure safe work environment and bring reforms for congenial labor market

- Streamline the tariff policies
- Improve trade logistics and strengthen trade facilitation
- Improve national, regional and global connectivity
- Enhance technology transfer and market access through FDI
- Improve the investment climate and ease of doing business
- Strengthen the Institutions for Trade and Industry

WTO-Consistent Industrial Policy for Rapid Development

- Make industrial policy consistent WTO framework
- Policies related to infrastructure, human capital formation, innovation, and diffusion of technology are now critical for export competitiveness
- WTO-consistent industrial policy instruments for Bangladesh would include-
 - Tariffs (within bound rates);
 - Subsidies for regional connectivity, R&D, and the environment; and
- The GoB has adopted a policy of signing bilateral PTA, FTA, or CEPA with potential partners to overcome the trade challenges of LDC graduation
 - A Comprehensive study to assess the cost and benefit of forming RTA is critical
 - Rationalizing tariff structure is important for RTA

Strategy for Service Sector to boost Structural Transformation

- Increase public investment in key service sector infrastructure.
- Develop capabilities that strengthen the skills base for the service industry and the industrial sector.
- Strengthen implementation of prudential regulations to boost service quality, increase public safety, improve compliance and ensure accountability of service providers.
- Strengthen public institutions to support the growth of service sector and improve service quality, safety and accountability.
- Support skills development for employment and entrepreneurship
- Create an enabling ecosystem that allows better partnership among government, entrepreneurs, the financial sector and educational institutions for facilitating innovative service offering

Strategy for Digital Economy

- Making IT-related products and services affordable to all
- Establishing cooperation between Industry, Academia, and Government
- Intellectual Asset and Local Market Centric Start-up Success Creation and Youth Empowerment

- Leveraging of Redesign Capability for Creating Success in High-tech Devices and Innovation
- Turning high-tech Parks into Nucleus of Digital, Knowledge and Innovation Economy
- Digital Economy for Leveraging Fourth Industrial Revolution
- ICT for Greater Transparency, Good Governance, and Service Delivery
- Intensifying Effectiveness and Efficiency, and Encouraging Private Investment
- Developing the Culture and National Innovation System for Leveraging Knowledge-Economy

Strategy for Fourth Industrial Revolution

- Deployment of 5G network infrastructure and services to integrate with 4IR and to carry forward the 'Digital Bangladesh'
- Bridging 'Digital Divide' and addressing the changing demands for Digital Skills
- Digital Transformation at Firm-Level
- Partnerships between government and private sector for easier access to finance, investment, skills and infrastructure
- Ensuring Digital Security and Privacy and Bridging the Standardization Gap
- Utilizing the potential of Space Technology
- Creating Internet of Things (IoT) and Machine to Machine (M2M) Communication ecosystem
- Enhance Research and Development and manufacturing of Telecommunications and IT equipment and products

Strategy for Transport and Communication

- Creating balanced inter-modal transport facility
- Ensuring sustainable financing of transport infrastructure
- Developing and implementing key policies for ensuring quality and reliability of transport services
- Consolidation and upgrading of the National Highway Network
- Utilizing the potentials of PPP for private sector participation in infrastructure
- Reconstruction, modernization and extension of missing links for national, regional and global connectivity
- Giving priority to inter-regional river connectivity to facilitate trade, commerce and tourism.
- Upgrading and modernizing all existing airports and build a new international airport.
- Improving productivity of all land and sea ports to bring efficiency in trade and commerce

Overseas Employment and Well-being of Migrant Workers

- Institutional and Legal Reform and Capacity Enhancement
- Market Expansion through development cooperation

- Market demand-based skills development
- Access to improved services for migration; Digitization of the process
- Access to finance
- Ensure Protection, Rights and Well-being
- Private Sector and Stakeholders Engagement
- Lowering Cost of Migration

Strategy for Gender Empowerment

1. Increase access to human development opportunities
2. Enhance access to and control over diversified economic opportunities and resources
3. Increase participation and decision-making at all levels
4. Establish a conducive legal and regulatory environment for gender equality
5. Provide Infrastructure and communication services for women
6. Improve institutional capacity, accountability, and oversight for ensuring women's rights
7. Promote positive social norms

Strategies for Education

Primary Education

- Reduce dropouts, and absentees, especially the girl
- Better quality outcomes in education through ensuring updated curriculum and pedagogy, improved physical facilities, teaching professionals
- Strategy to make up for the loss of learning during the COVID pandemic

Secondary Education

- *Increase enrolment in science and technology education.*
- *Improve equity:* Generous scholarships to students and financial incentives to parents
- *Encourage greater role of ICT-based learning*
- *Improve the TVET stream and make it easily accessible*
- *Ensure better industry-academia collaboration.*
- Encourage more private sector investment in education

Strategies for Higher Education

- Increase focus on STEAM fields including Agricultural Sciences;
- Reduce the gender gap and provide generous scholarships for women and other funding packages.
- Greater collaboration with internationally reputed universities;

- More focus on research and publication;
- The industry-academia linkage and placement programs;
- Empowering the University Grants Commission (UGC) towards improving educational management;
- Involving the private sector in education investment and curriculum development;
- Devising curricula to match the demand of the market;
- A permanent statutory National Education Commission that anticipated in Education Policy 2010 will be used for guiding, exercising oversight, assessing progress and impact of education reforms.

Strategies for Health

- Addressing challenges of stunting through nutrition and social protection measures
- Bringing efficiency in the service delivery in the public sector health management
- Utilizing the potential of Public-Private Partnership in the health services
- Ensuring improved cost-effective services in the private sector provider through effective rules, regulations and close oversight
- The introduction of universal health care facilities will be the key to ensuring 'health for all'
- Improving the skill and quality of all levels of medical professionals
- Increased allocation for health research and development
- Improving preparedness and resilience for any uncertain situation like the COVID pandemic

Strategies for Environmental Development

- Adoption of Environmental Fiscal Reforms (EFR) for Sustainable Development
- Strengthening Environmental Concerns and Climate Change in Planning and Budgeting
- Increased resources in the management of ecosystem and biodiversity conservation
- Taxation of Emission from Industrial Units
- Reducing Subsidies for Fuel and Adopt Green Tax on Fossil Fuel Consumption
- Administrative Reforms for Implementing Environmental Fiscal Reforms
- Coordinating NAP, BCCSAP, CIP and NDC with BDP 2100
- Improving the Capacity of MoEFCC
- Strengthening economic diplomacy for ensuring greater access to climate finance
- Implementation of the Bangladesh Delta Plan 2100

Strategies to avoid MIT

- Structural transformation and high-value-adding activities

- Enhanced productivity and competitiveness
- Innovation conducive policy framework and business environment
- The inclusive and green development path for shared prosperity
- FDI is critical for technology transfer, filling the capital and entrepreneurship gap
- Economic integration for accessing new markets
- Sector-specific evidence-based policy support
- An effective framework for policies and institutions to encourage skills, knowledge, and technology

Strategy to Enhancing Capacity Reflected in the Budget 2022-23

- Credit and other facilities will continue to be provided to the CMSMEs
- Agricultural diversification and ICT dependent initiatives will be the priority
- Diversification of exports and incentives for backward linkage industries
- For new start-ups, a project titled 'My e-commerce, My own business' is initiated
- Lowering corporate tax, deepening financial inclusion and development of insurance services
- National Social Insurance Scheme and Initiative to Introduce a Universal Pension Scheme
- Increasing internal revenue collection (value added tax and income tax) through rationalization of tariff structure
- Consumption and investment to increase the domestic demand and exports to increase the external demand
- Building improved communications, necessary infrastructure and ensure power and energy security through increased public, private and foreign investment
- Increasing the productivity of labor to increase export competitiveness.
- Accelerating the growth of the industry and service sector to achieve high GDP growth and employment.
- Vocational and technical education to build skilled manpower and explore new labor markets to increase remittance income
- Creation of better environment for Ease of doing business and opportunities in Bangladesh for foreign investment

Feedback from Participants:

- Reflecting on the keynote presentation from Mr. Md. Tofazzel Hossain Miah, participants observed that the government should provide appropriate policy support for enhancing the productive capacity of both the public and private sectors. In this context, they underscored the need for increasing the analytical capacity of the civil servants so that they could assist the government in devising the aforesaid policy support.
- Responding to this observation, Mr. Md. Tofazzel Hossain Miah said that the capacity of Bangladesh's bureaucracy—especially the negotiation capacity of the government agencies

like ERD had increased a lot in recent years. He also observed that the incentive packages offered by Bangladesh for foreign investors are also quite attractive. However, he opined that the simplification of the relevant processes would be crucial for attracting more foreign direct investment in the country.

Working Session 6: Graduation Benefits/Opportunities

The sixth working session of the program was themed on 'Graduation Benefits/Opportunities'. Component Manager of SSGP Mr. Md. Anwar Hossain was the resource person of the above working session.

Identifying the benefits of graduation-- Mr. Anwar, in his presentation, noted that LDC graduation might result in better country image and improved credit rating. He also explained that how graduation might provide impetus for increased FDI, priority policy intervention, reinforcement of broader development agenda as well as exploration and innovative financing sources.

Mr. Anwar identified three Graduation Pathways for LDCs. These were:

Pathway I: Rapid economic growth through resource extraction; small progress in HAI and EVI

Pathway II: Economic specialization and investments in human assets

Pathway III: Investment in human assets and (often slow) structural transformation

He cited the example of Angola and Equatorial Guinea as two countries that had followed pathway 1 while Botswana and Bhutan were cited examples of countries that had followed pathway 2. He said that larger economies like Ethiopia and Rwanda should follow pathway 3 defined by 'Economic specialization and investments in human assets.

He identified Bangladesh's uniqueness among the LDCs which included the following:

- Like most LDC countries Bangladesh is not affected by three major vicious cycles- *poverty trap, commodity trap, and weak productive capacity*
- Bangladesh's achieved *high but sustained inclusive growth over a longer period*
- Bangladesh's export is highly dependent on *manufacturing goods*
- Strong potential productive base with *large young workforce*
- Bangladesh's *productivity* is on the upward trend
- *Population size, economic size and structure, remittance flows, vibrant export led manufacturing growth placed Bangladesh different among LDCs*

He also explained how Bangladesh might turn various challenges arising from LDC graduation into opportunities. He also provided a detailed picture of Bangladesh's debt sustainability and debt servicing scenario. Lastly, he identified some priority areas for sustainable graduation of Bangladesh. these included:

- Social development including health, education and increased coverage of the safety net
- Massive skill enhancement program

- Enhancing private sector investment and FDI
- Infrastructural development and export diversification
- Increased access to the local and international financial markets and innovative instruments for increased financing
- Enhancing resilience against exogenous shocks- finance, health, trade or, environment-related disasters
- Adapting to climate change
- Prudent debt management

Feedback from Participants:

- Participants queried how LDC graduation would help the country to receive more development financing from the development partners. Responding to this, Mr. Md. Anwar Hossain explained that LDC graduation would result in better country image and better credit rating for the country. Development partners, in turn, would be much more interested to provide increased amount of financing in various development schemes in light of the country's enhanced borrowing capacity.
- Participants also observed that appropriate steps should be taken to divert a greater portion of the country's human resource into service sector. Against this backdrop, they put emphasis on structural transformation and economic diversification.
- Participants observed that appropriate leadership could go a long way in enhancing the productive capacity of an organization. They also opined that organizations should not be used for personal gains. It was also observed that the training institutions should instil greater leadership quality and management capacity among their participants. However, it was also noted that the structure of the relevant organizations should be geared towards that goal.
- Responding to this, ERD Additional Secretary and Project Director of SSGP Mr. Farid Aziz said that the private sector of Bangladesh had experienced dynamic transformation in recent decades. In this context, he observed that the structure of the public sector should also change in line with that transformation. He also opined that the structure of the government sector had already been changing and it is bound to change—albeit at a slower pace than the private sector. He also observed that the government should play the role of facilitator for the private sector.
- Participants observed that fair recruitment and fair placement within the government would be crucial for socio-economic progress.
- Noting that the tax-GDP ratio in Bangladesh is still quite low—participants also called for the expansion of the tax net to boosting the country's tax-GDP ratio. In this context, they called for innovative measures to generate more revenue from property tax while bringing the health establishments under the tax net. Responding to this, SSGP officials affirmed that reviewing the tax holiday schemes provided to multifarious sectors while bringing the SMEs into the economic mainstream would help the government in widening its tax net.

Closing Session

The three-day-long ToT program was wrapped up through a formal closing session. Wing Chief and Additional Secretary of ERD and Project Director of SSGP Mr. Farid Aziz was the chief guest of the session. Member Directing Staff (MDS) of BPATC Mr. Abu Momtaz Saaduddin Ahmed chaired the session. Director (PPR) of BPATC Mr. Hasan Murtaza Masum moderated the session. During the closing session, participants of the ToT program were awarded with certificates. Some of the participants also provided their feedback on the outcome of the ToT. Major remarks of the session are furnished below:

Closing Remarks from the Chief Guest: Mr. Farid Aziz, Wing Chief (Additional Secretary), ERD and Project Director, SSGP:

Mr. Aziz, in his remarks, observed that the three-day ToT program had resulted in fruitful deliberations on various graduation-related issues. He said that it was evident from the discussion that graduation entails a few challenges that cannot be avoided but can be overcome through appropriate strategies. Reflecting on various approaches suggested by the resource persons of the event—Mr. Aziz identified the enhancement of productivity as the most important development discourse in non-LDC regime for remaining competitive. He also explained that such enhancement of productivity should not be resource-driven but should rather be knowledge-driven. He emphasized on a ‘factor-driven to productivity-driven’ economic transformation. He identified knowledge, skill and innovation as the most important tools to attain a productivity-driven economy. He also observed that the government officials had a vital role in this desired transformation. Calling for an inclusive approach in overcoming the challenges of graduation—he said that the government officials could play the most important role in engaging all stakeholders for smooth transition.

Mr. Aziz said that the program had come up with some good suggestions on various issues including the modality of ToT. He expressed his hope that those suggestions would help in designing future ToT courses on LDC graduation issues. He hoped that the participants and organizers would meet again soon to devise the appropriate approach of bringing the LDC graduation agenda to the forefront of different capacity development initiatives.





Certificates are being handed over to some of the participants of the ToT Program

Feedback from Participants:

Ms. Jannatul Ferdous, Deputy Director (Training), B.C.S. Administration Academy:

Ms. Jannatul Ferdous, in her remarks, said that although LDC graduation had been merely a concept to her before this ToT program-- she had realized by the end of it that graduation from LDC status would not only be a matter of honour and pride but also a matter of great concern and responsibility. She also appreciated ERD's effort to engage some of the leading government training institutes in this process—as these institutes usually train civil servants from different levels who are ultimately responsible for formulating strategies related to the country's socioeconomic pathways. She suggested arranging a workshop engaging all the relevant training institutes to develop unified training content for future ToT programs.

Mr. Nur Ahmed, Joint Secretary, ERD:

He observed that the ToT program had been a learning process for SSGP, which would result in a better-designed program in the future. He proposed to increase the duration of the program to 8-10 days so that the relevant topics could be covered more extensively. He proposed to create a Facebook Group and also called for using the Zoom platform for better sharing of knowledge, ideas as well as course materials. He also observed that the aim of this ToT program should be the creation of knowledge hub so that the predictability and continuity of this process could be ensured. He also opined that participants of this ToT program should assemble quarterly for regular sharing and dissemination of relevant knowledge and information.

Speech of the Chairperson: Mr. Abu Momtaz Saaduddin Ahmed, Member Directing Staff, BPATC

The chairperson, in his closing remarks, termed LDC graduation as a big milestone in Bangladesh's development journey. However, he emphasized on preparing appropriate strategies, improving competitiveness as well as developing human and institutional capacities for facing the challenges associated with graduation. He said that the program had increased the morale and knowledge of the trainers to a great extent. He also noted that the trainees had taken the training seriously to gain full advantage of the contents of this ToT. He observed that the program had been designed in such a way that the participants could get an overall understanding of the diverse spectrum of LDC graduation and the ways of undertaking pragmatic measures to achieve its mission. He also noted that apart from enhancing the professional knowledge of the participants-- it had also intended to enrich

the behaviour and character of the trainers to enable them to perform their role in this regard with due sincerity, commitment, fairness, and objectiveness. The chair also opined that the program had provided an opportunity for the trainers to familiarize themselves with various dimensions of history, culture, and socioeconomic development of the country. He also said that the program was intended to develop the trainers as innovative, proactive, and well-groomed individuals who would be committed to the wellbeing and development of the nation in an ever changing national and global context.

Major Observations/ Feedbacks Coming from the ToT Program:

The three-day-long ToT program has come up with the following major feedback/ observations:

- Enhancement of productivity is the most important development discourse in non-LDC regime for remaining competitive. Such enhancement of productivity should not be resource-driven but should rather be knowledge-driven.
- A factor-driven to productivity-driven economic transformation would be crucial for coping with the challenges of LDC graduation. Knowledge, skill and innovation will be the most important tools to attain a productivity-driven economy. Government officials will need to play a vital role in this desired transformation.
- Government officials can also play the most important role in engaging all stakeholders to ensure an inclusive approach in overcoming the challenges of graduation
- This ToT program has been a learning process for SSGP which would result in a better-designed program in the future.
- A workshop can be organized engaging all the relevant training institutes to design and further improvise the contents and modality of this ToT program and to develop a unified training content for future ToT programs on LDC graduation issues.
- The prime concern of such ToT programs should be to develop management or leadership capacity of the government officials which could lead to the enhancement of their service delivery within their domain. This, in turn, could help in sustainable graduation.
- The presentations could be modified according to the need of individual training institutes.
- Training manuals and teaching notes should also be provided.
- The aim of the ToT program should be the creation of knowledge hub so that the predictability and continuity of this process could be ensured.
- The participants of this ToT program should assemble quarterly for regular sharing and dissemination of relevant knowledge and information.

INTRODUCTION TO GRADUATION FROM LEAST DEVELOPED COUNTRY (LDC) CATEGORY: BANGLADESH PERSPECTIVE

FARID AZIZ
Additional Secretary
Economic Relations Division
Ministry of Finance
21 June 2022

Presentation outline



Definition of LDC

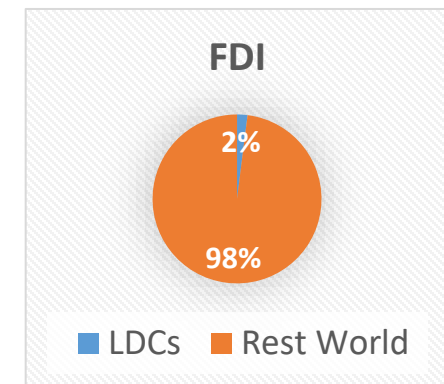
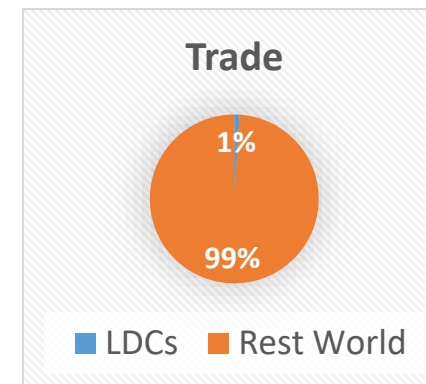
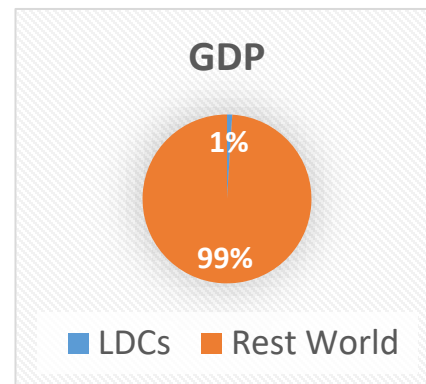
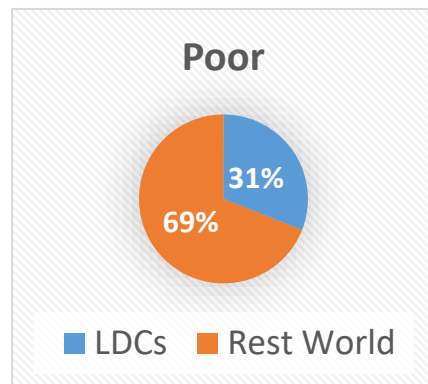
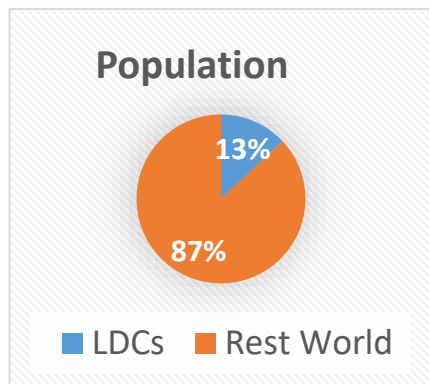
- **The Least Developed Country (LDC)** category comprises the most disadvantaged of the developing countries. The UN defines LDCs as the countries that have low levels of income and face severe structural impediments to sustainable development.
- **Least developed countries (LDCs)** are those which have low incomes, low levels of human assets and are vulnerable to economic and environmental shocks.
- **The Least Developed Countries (LDCs)** is a list of developing countries that, according to the United Nations, exhibit the lowest indicators of socioeconomic development, with the lowest Human Development Index ratings of all countries in the world.

Why LDC category was created?

To provide special support from the international community in the form of **International Support Measures (ISMs), especially for trade-related engagement.**

LDC paradigm

- LDCs emerged way back in the late 1960s during the first Development Decade (IDS-I) of the UN
- The category was officially established in 1971 by the UNGA; started with 25 countries; 28 additional countries were added throughout the years.
- Six countries had graduated by 2021. Currently 46 countries are in this group.
- Bangladesh was included in LDC Category in 1975



MILESTONE IN THE CREATION OF LDC CATEGORY

1964

- UNCTAD-I RECOMMENDED SPECIAL SUPPORT FOR THE LESS DEVELOPED AMONG DEVELOPING COUNTRIES

1969

- UNGA CALLED FOR THE ACTION TO PROVIDE SPECIAL MEASURES FOR THE LEAST DEVELOPED AMONG DEVELOPING COUNTRIES

1970

- COMMITTEE FOR DEVELOPMENT PLANNING ISSUED REPORT ON SPECIAL SUPPORT MEASURES AND PROPOSED CRITERIA FOR IDENTIFYING LDCS

1970

- UNGA REITERATED URGENT NEED FOR FORMAL IDENTIFICATION OF LDCS

1971

- COMMITTEE FOR DEVELOPMENT PLANNING ESTABLISHED TENTATIVE LIST OF 25 LDCS

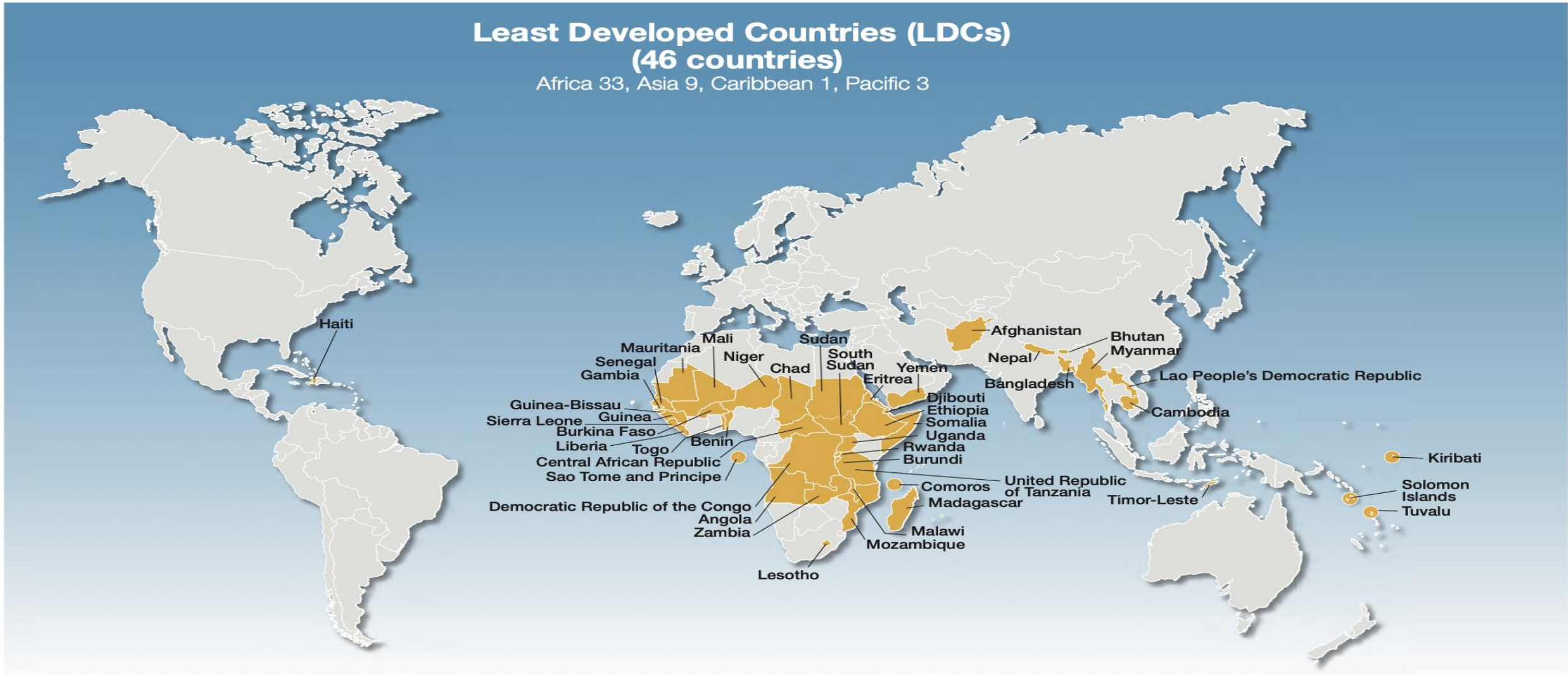
1971

- UNGA FORMALLY ENDORSED THE LIST OF 25 LDCS AND REQUESTED INTERNATIONAL ORGANIZATIONS TO FORMULATE PROGRAM OF ACTIVITIES FOR LDCS

Program of Action for the LDCs

1980s LDC-I	The Substantial New Program of Action for the 1980s for the LDCs adopted in 1st UN Conference on the LDCs (LDC-I) Aim: transform LDC economies and enable them to provide minimum standard of nutrition, health, housing and education
1990s LDC-II	The Paris Declaration and Programme of Action Macroeconomic policy; human resources development; reversing the trend towards environmental degradation and reinforcing action to address disasters
2001- 2010 LDC-III	The Brussels Programme of Action for LDCs Overarching goal: substantially reducing the proportion of people living in extreme poverty Priority areas: developing human and institutional resources; removing supply-side constraints and enhancing productive capacity; accelerating growth
2011- 2020 LDC-IV	The Istanbul Programme of Action (2011–2020) adopted at LDC-IV Overarching objective: enable half of the LDCs to meet the graduation criteria Priority areas: productive capacity; agriculture, food security and rural development; trade; commodities; human and social development; multiple crises and other emerging challenges; mobilizing financial resources for development and capacity-building; and good governance at all levels
2022- 2031 LDC-V	The Doha Programme of Action (2022-2032) adopted at 1st Part of LDC-V Overarching goal: achieving rapid, sustainable and inclusive recovery for COVID-19, building resilience against future shock Focus areas: investing in people, leveraging power of STI, supporting structural transformation, addressing climate change and reinvigorating global partnership

Map of least developed countries in 2021

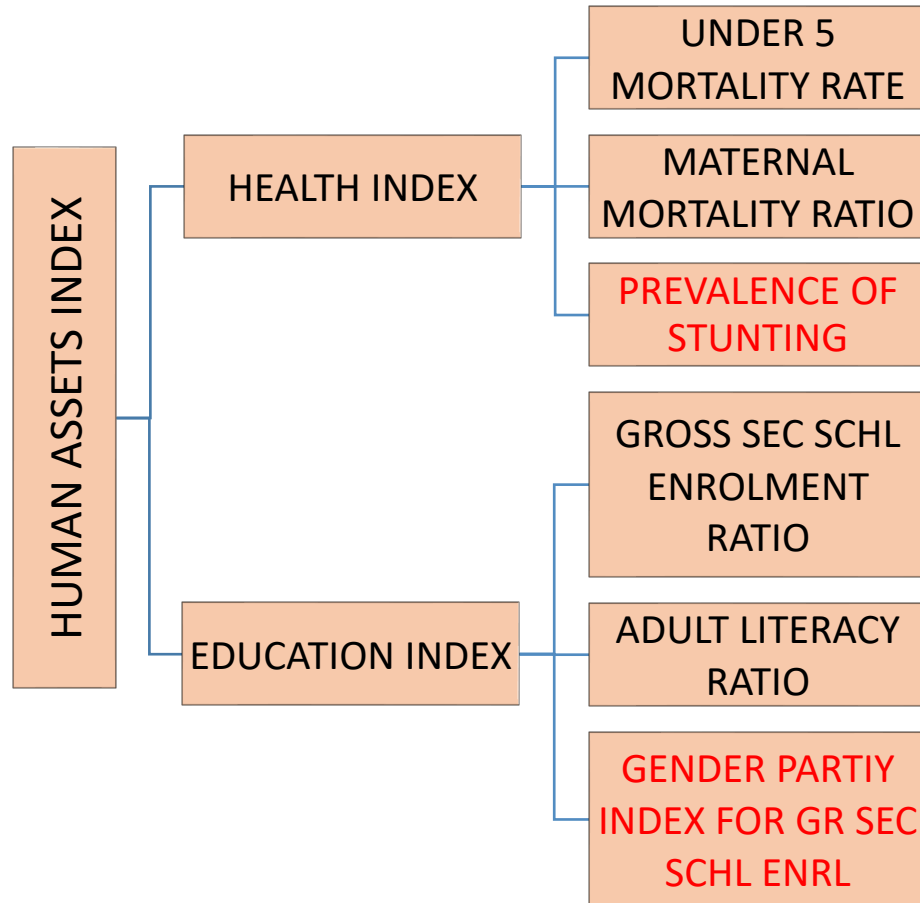


Source: United Nations Conference on Trade and Development (UNCTAD), *The Least Developed Countries Report 2021 – The least developed countries in the post-COVID world: Learning from 50 years of experience* (United Nations publication, 2021).

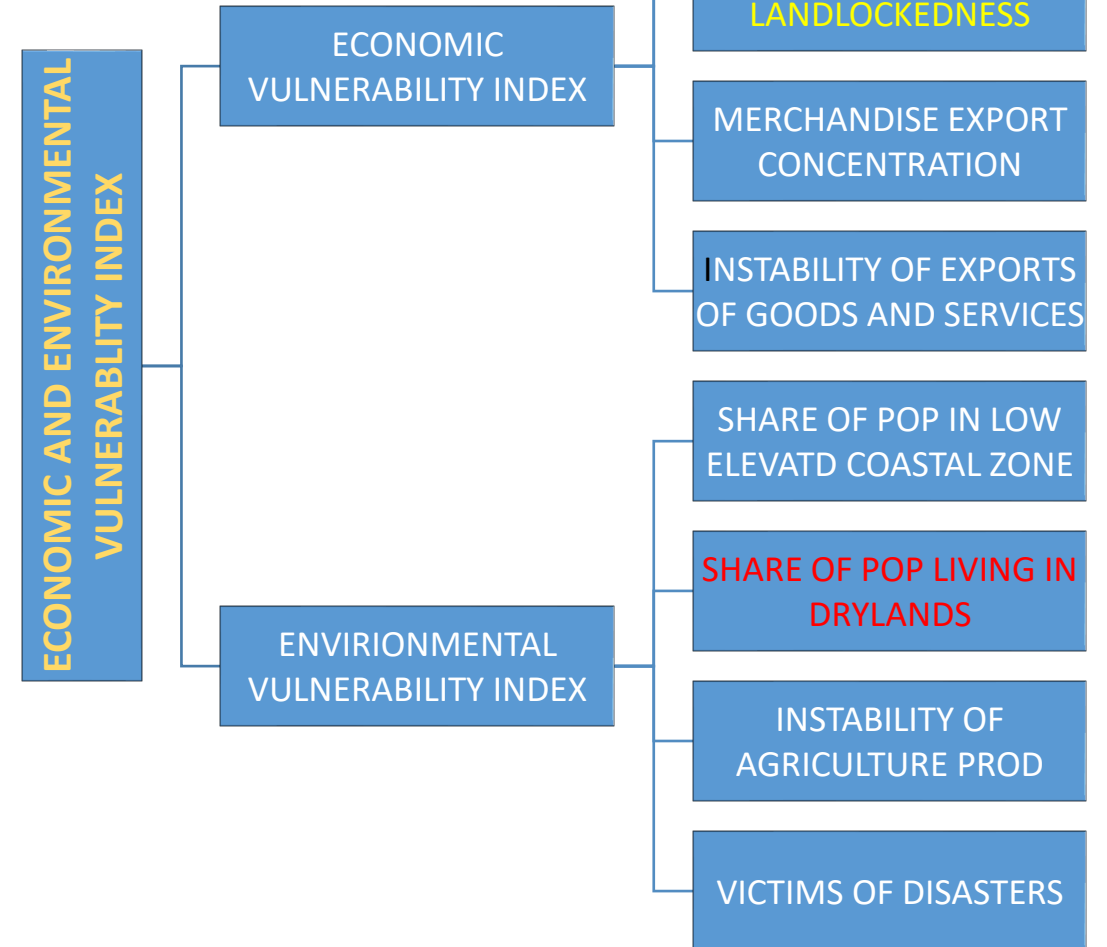
LDC Graduation Framework, February 2020

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HUMAN ASSETS INDEX (HAI)
All indicators have an equal weight of 1/6



ECONOMIC & ENVIRONMENTAL VULNERABILITY INDEX (EVI)
All indicators have an equal weight of 1/8



THRESHOLDS FOR INCLUSION AND GRADUATION (2021)

	GNI Per Capita	HAI	EVI
Inclusion	\$ 1,018 or below	62.0 or below	36.0 or above
Graduation	\$ 1,222 or above \$ 2,444 or above (Income-only)	66.0 or above	32.0 or below

Eligibility rules

Inclusion

- Country meets inclusion thresholds **for all three criteria**
- Country must agree to its inclusion
- **For the first time, no country was found eligible for inclusion in 2021**

Graduation

- Country passes graduation thresholds of **any 2 criteria** or
- Alternatively, GNI per capita is at least twice the graduation threshold (**'Income-only' rule**)
- Country must meet criteria at **two consecutive reviews**

No automatism: additional information is taken into account



Procedures for Graduation from LDC Category

First Year Triennial Review (year 0)

- CDP reviews the preliminary data for the LDC criteria and identifies those that meet the criteria for the first time.
- CDP Plenary, during TR, reviews the findings. If the country is found to meet criteria CDP:
 - (a) notifies the Govt. in writing;
 - (b) includes the findings in its report to ECOSOC; and
 - (c) requests UNCTAD to prepare Vulnerability Profile and UNDESA to ex-ante Impact Assessment

Information gathering (years 0 to 3)

- UNCTAD prepares Vulnerability Profile, UNDESA prepares ex-ante Impact Assessment and CDP may conduct special research
- UNGA suggests to initiate early preparation and UNDP encourages to build knowledge and awareness of the graduation process and impacts
- CDP shares data with the country before 2nd TR to resolve data discrepancies

Procedures for Graduation from LDC Category (contd..)

Decision on graduation (year 3)

- At preparatory meeting of TR, CDP Subgroup reviews the preliminary data against LDC criteria, graduation assessment and supplementary graduation indicators
- CDP invites Govt. to share its views on possible graduation at prep. Meeting
- The Govt. is invited to submit its views and any additional information in writing
- At the Plenary of TR, if the country meets the graduation criteria for 2nd time, CDP recommends graduation based on subgroup reports and country submission
- The CDP reports to ECOSOC with recommendation for graduation and duration of preparatory period
- ECOSOC endorses the recommendation in its annual resolution. ECOSOC may defer the consideration to a later session if it unable to find consensus.
- The UNGA takes note of the recommendation by the CDP to graduate a country
- The preparatory period starts from the date the resolution of UNGA is adopted

Preparing for graduation (years 3 to 6)

- Graduating country is invited to prepare and start implementing a smooth transition strategy (STS)
- Graduating country establishes a consultative mechanism in cooperation with development and trading partners

Procedures for Graduation from LDC Category (contd..)

Preparing for graduation (years 3 to 6)

- The UN system led by UNRC and IATF stands ready to provide assistance in the preparation of STS
- DPs and TPs participate in consultative mechanism and support STS. UNGA invites them to extend ISMs beyond graduation
- CDP monitors country's development progress and STS preparation
- The standard preparatory period is 3 years. The GA may, however, grant a longer period even during the preparatory period.

Effective graduation (year 6)

- The begins its journey as non-ldc LDC from the date of its effective graduation, but there is no obligation for any action by the country itself.
- The country is no longer on the official list of LDCs maintained by UN DESA

Procedures for Graduation from LDC Category (contd..)


Transition (years 6+)

- The country implements its STS
- The DPs and TPs extend or phase out their LDC-specific ISMs and provide specific support for graduation in line with established procedures.
- The continues to monitor country's development progress and implementation of STS annually for three years after graduation and then triennially for two TR. The monitoring for CDP lasts between seven to nine years, depending on the date of graduation
- Certain LDC-specific ISMs have a fixed transition period. In other case, the length of an extension or provision of specific graduation support, if any, is determined by the provider of support on an ad hoc basis

Effective graduation (year 6)

- The begins its journey as non-ldc LDC from the date of its effective graduation, but there is no obligation for any action by the country itself.
- The country is no longer on the official list of LDCs maintained by UN DESA

Overview of graduation process



Meeting of the graduation criteria for the first time
Year 0

CDP establishes at triennial review that country has met the graduation criteria for the first time

Information gathering
Year 0 to 3

Country initiates preparations for possible graduation with international community support

Decision on graduation
Year 3

CDP recommends country for graduation, ECOSOC endorses and General Assembly takes note of the recommendation

Preparatory period
Years 3 to 6

Country prepares for graduation and smooth transition with international community support

Effective graduation date
Year 6

Transition period
Years 6+

Country implements smooth transition strategy; phasing out of LDC-specific measures

Key asymmetries between the inclusion and graduation process

	Inclusion	Graduation
Number of criteria to be met	3	2
Criteria threshold	Established at each review	Established at each review but set at a higher level than inclusion
Eligibility	Determined once	Determined twice (over consecutive reviews)
Timing	Effective immediately	Preparatory period (3 years)
Approval by country	Required	Not required

What does Graduation Mean?

- Graduation from LDC Category inherently means that a country has reached a level of development that no longer requires LDC-specific support from the international community.
- Graduation marks a shift from **dependence primarily on ISMs** to **dependence on markets** – that is, from dependency to a greater degree of self-reliance
- Graduation is milestone, not the winning post in a race to escape LDC status. It marks the end of a political and administrative process, but not the completion of an economic or development process.

- **What is Preparatory Period?**

The period between the date of the General Assembly's resolution and actual graduation is known as the "preparatory period". During this period, countries are encouraged to elaborate:

- ✓ a "Smooth Transition Strategy (STS)"
- ✓ ensure that they make the most of the remaining eligibility periods ISMs,
- ✓ prepare to mitigate any impacts of graduation;
- ✓ negotiate alternative support with development and trading partners; and
- ✓ engage actively with the international processes relevant for graduation, including at the WTO, LDC V and similar opportunities.

- **What is Transition Period?**

Transition period is from the date the country's graduation becomes effective to the date all international support measures are phased out or transitional periods have concluded.

CDP'S TRIENNIAL REVIEW 2021

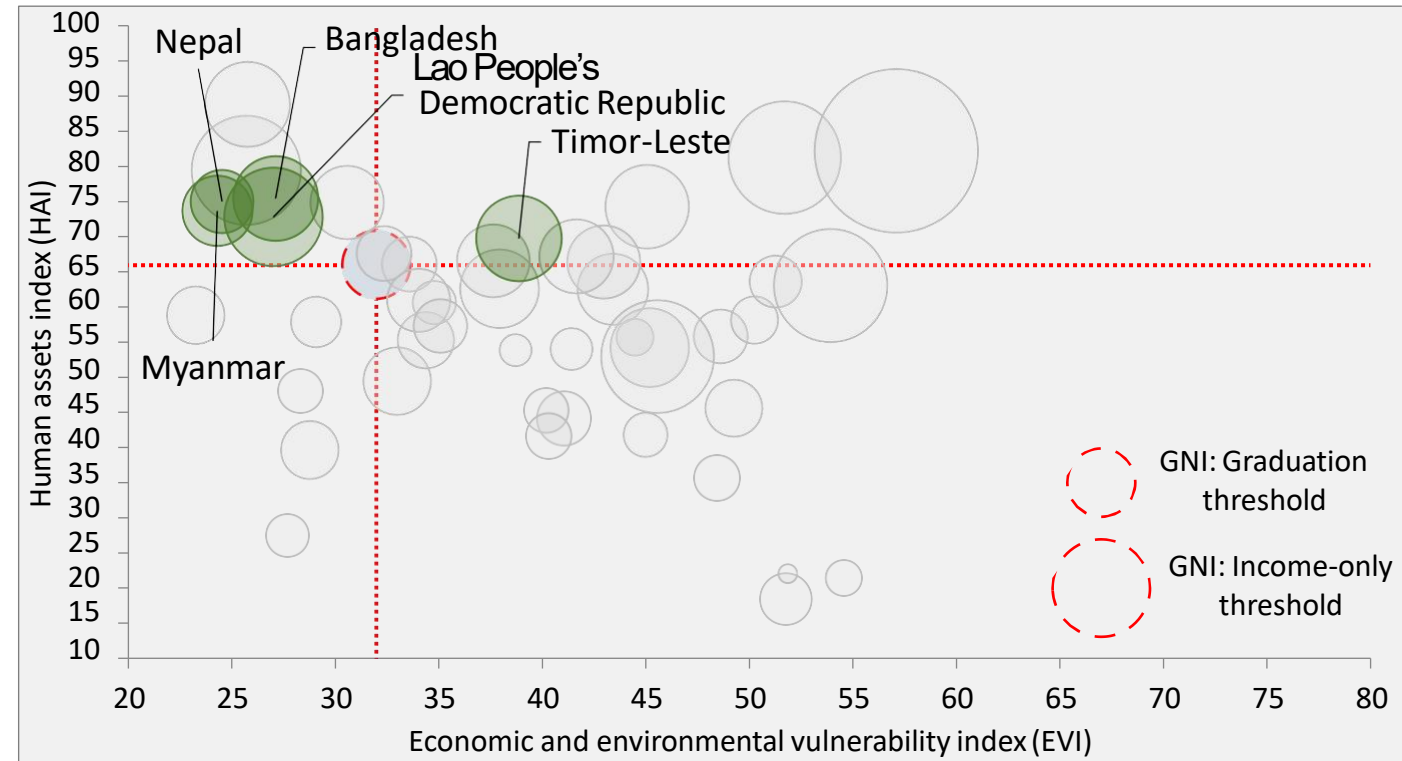
Graduation – Countries considered by CDP for graduation recommendation in 2021

LDCs deferred by CDP in 2018 (third eligibility):

- **Nepal**
- **Timor-Leste**

LDCs meeting criteria for the second consecutive time:

- **Bangladesh**
- **Lao PDR**
- **Myanmar**



Horizontal recommendations due to Covid-19

- ➔ Extended five-year preparatory period for all countries recommended for graduation in 2021
- ➔ Analyze at 2024 triennial review if extension is needed
- ➔ Improve monitoring system; pay special attention to COVID-19 impacts; alert ECOSOC if action is needed

Graduation – 2021 CDP recommendations

Bangladesh

- ➔ **Graduate all three countries** from the list of LDCs in line With General Assembly resolutions 59/209 and 67/221.

Lao PDR

- ➔ **Support to graduating countries** by development and trade partners more important than ever

Nepal

- Extending access to relevant ISMs for an appropriate period; support to address challenges arising from Covid-19; capacity-building;...

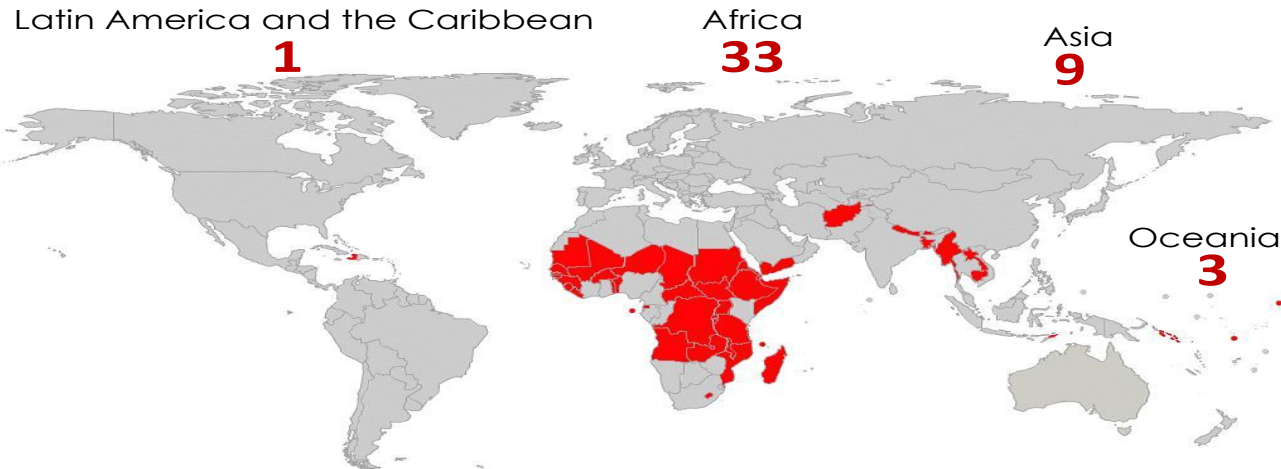
Timor-Leste

- ➔ **Defer the decision to the 2024 triennial review**, due to continued concerns about the sustainability of the country's development progress.

Myanmar

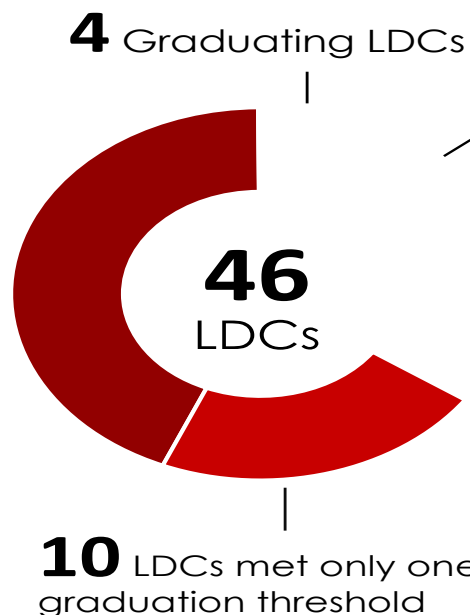
- ➔ **Defer the decision to the 2024 triennial review**, due to concerns on negative impacts of the state of emergency declared by the military on Myanmar's development trajectory and graduation preparation; inability to review at this time

The LDC category after the 2021 triennial review



6 Countries already graduated from the LDC category:

- Botswana (1994)
- Cabo Verde (2007)
- Maldives (2011)
- Samoa (2014)
- Equatorial Guinea (2017)
- Vanuatu (2020)



5 LDCs recommended for graduation by CDP, under consideration by ECOSOC

2 LDCs met the criteria two or more consecutive times, but deferred by CDP

5 LDCs met criteria for the first time and are under CDP review

Angola (2024)	💰		
Bhutan (2023)	💰	👤	📈
São Tomé and Príncipe (2024)	💰	👤	📈
Solomon Islands (2024)	💰	👤	
Bangladesh	💰	👤	📈
Kiribati	💰	👤	
Lao PDR	💰	👤	📈
Nepal		👤	📈
Tuvalu	💰	👤	
Myanmar	💰	👤	📈
Timor-Leste	💰	👤	
Cambodia	💰	👤	📈
Comoros	💰	👤	
Djibouti	💰		
Senegal	💰	👤	
Zambia	💰	👤	

💰 Per capita GNI: 2021 graduation threshold: \$1222 or above
 💰 Per capita GNI: 2021 income-only threshold: \$2444 or above

👤 HAI: 2021 graduation threshold: 66 or above
 📈 EVI: 2021 graduation threshold: 32 or below

BANGLADESH HAS CROSSED TWO GLOBALLY RECOGNIZED MILESTONES

- I. GRADUATION TO LOWER MIDDLE INCOME COUNTRY FROM LOW INCOME COUNTRY (2015)**
- II. LEAVING THE LDC CATEGORY (Recommendation: 2021; Effective: 2026)**



LDC and Middle Income Country (MIC) Categories

Issues	LDC	MIC
Classification authority	UN Classification Single Category	World Bank Classification Four Categories: LIC, LMIC, UMIC, HIC
Purpose	To provide eligible countries with LDC-specific ISMs	Make lending decisions; benefits provided in terms of lower interest rates; debt relief; etc.
Basis for taxonomy	3 criteria- GNI per capita, Human Assets Index, Economic and Environmental Vulnerability Index	Income in WB Atlas method: LIC: <=\$1,045; LMIC: \$1,046- \$4,095; UMIC: \$4,096-\$12,695; HIC> \$12,695
Cap on Population	Additional criteria included in 1991; Population must be less than 75 million Now no cap	No cap
Process of exit	Long. Minimum 6 years from meeting the criteria	Short. Changes every year

Bangladesh Journey Towards Graduation with Strong Commitment

Graduation- a strong political commitment, IPoA 2011



LDC related 4th UN Conference, 9-13 May 2011

- A critical goal was set to halving the numbers of LDCs by 2020



- Hon. Prime Minister participated in LDC IV Conference in 2011 and expressed her firm commitment to implement IPoA (Istanbul Program of Action) for achieving the goal of halving LDCs
- Bangladesh made remarkable progress during last 13 years that helped it to graduate from LIC to LMIC in 2015 and to fulfill the graduation criteria in two consecutive reviews of 2018 and 2021

Gross national income (GNI) per capita (2021 Review)



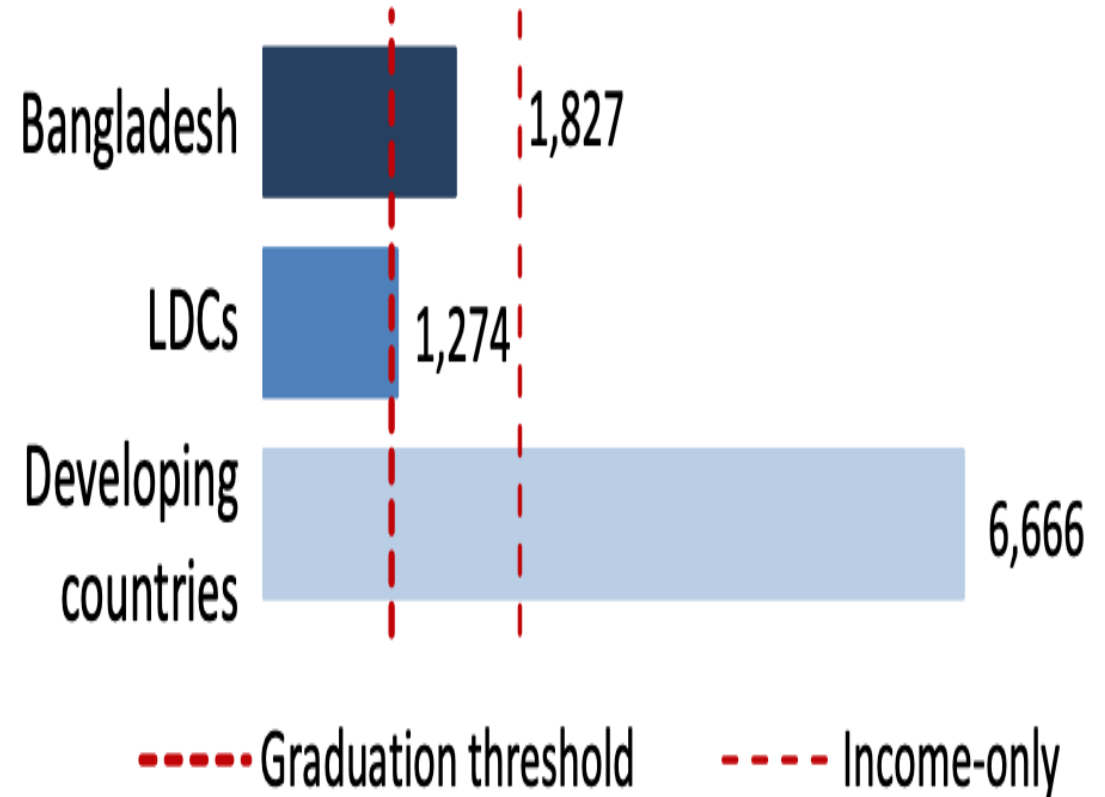
Value **\$1,827**

Thresholds:

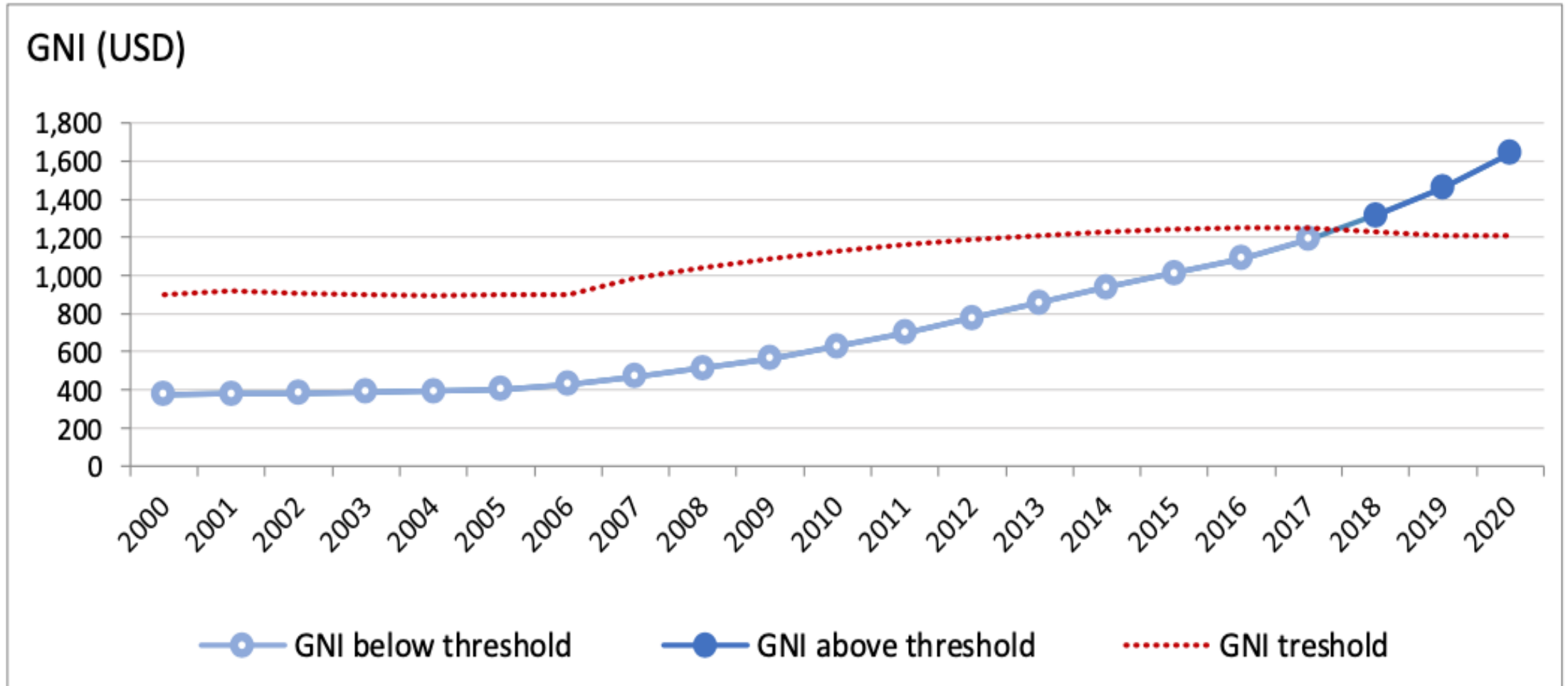
Inclusion **\$1,018 or below**

Graduation **\$1,222 or above**

Income-only: **\$2,444 or above**



Bangladesh's per capita GNI, US Dollar using Atlas conversion, 2000-2020



Human assets index (HAI) (2021 Review)



HAI indicators*

Under-five mortality rate



Value: 30.8
Index: 87.4
Source: UN IAG for Child Mortality Estimation

Gross secondary school enrolment ratio



Value: 72.6
Index: 69.5
Source: UNESCO

Prevalence of stunting



Value: 31.0
Index: 43.0
Source: UNICEF/WHO/World Bank Joint Child Malnutrition Estimates

Adult literacy rate



Value: 74.7
Index: 66.2
Source: UNESCO

Maternal mortality rate



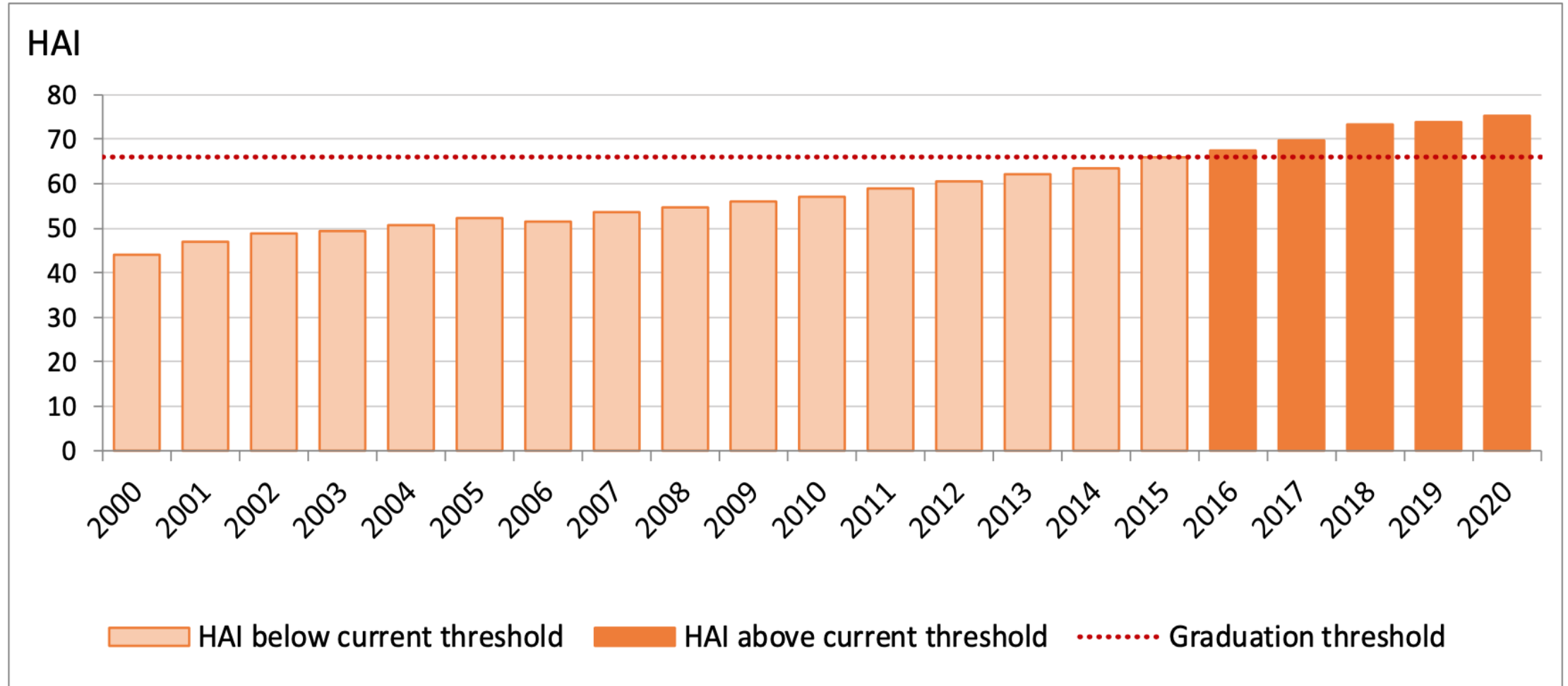
Value: 173
Index: 85.9
Source: UN IAG for Maternal Mortality

Gender parity index for gross secondary school enrolment



Value: 1.17
Index: 100.0
Source: UNESCO

Bangladesh's HAI, 2000-2020



Economic and environmental vulnerability index (EVI) (2021 Review)



EVI indicators*

Share of agriculture, forestry and fishing in GDP



Value: 13.8
Index: 21.7
Source: UN/DESA, Statistics Division

Remoteness and landlockedness



Value: 37.8
Index: 34.8
Source: CDP

Merchandise export concentration



Value: 0.41
Index: 36.0
Source: UNCTAD

Instability of exports of goods and services



Value: 2.7
Index: 5.4
Source: UN/DESA, Statistics Division

Share of population in low elevated coastal zones



Value: 8.4
Index: 23.9
Source: CIESIN

Share of population living in drylands



Value: 0.0
Index: 0.0
Source: CDP

Instability of agricultural production



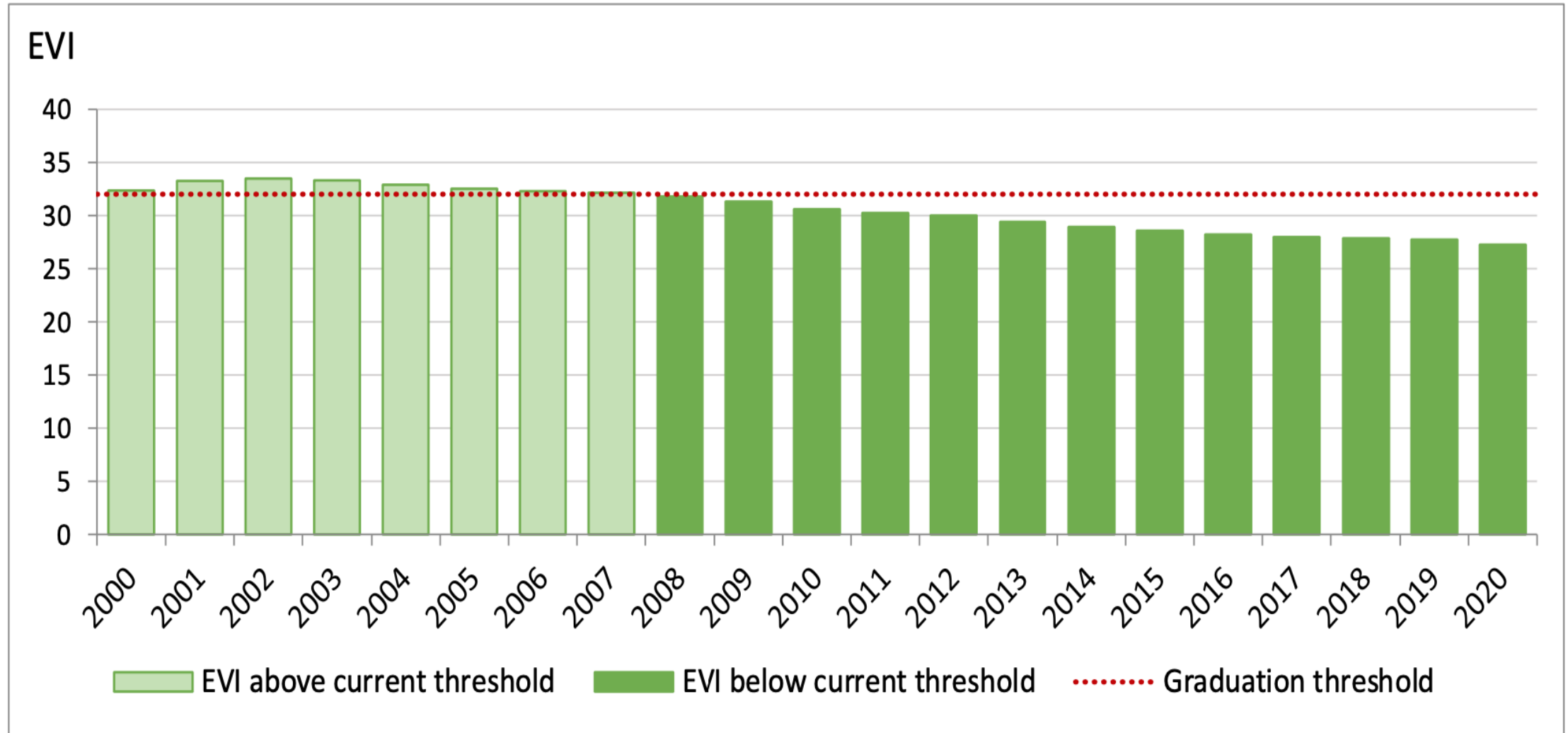
Value: 3.1
Index: 8.4
Source: FAO

Victims of natural disasters



Value: 3.86
Index: 87.5
Source: EM-DAT

Bangladesh's EVI, 2000-2020



ACHIEVEMENTS TOWARDS GRADUATION

- Bangladesh meets all three thresholds for LDC Graduation
- Bangladesh has been recommended for graduation in the last triennial review of UNCDP in February 2021
- ECSOC endorsed the recommendation on 08 June 2021 and 76th Session of UNGA finally took note of recommendation on 24 November 2021
- Bangladesh's graduation from LDC category will be effective on 23 November 2026
- Bangladesh journey towards graduation is a milestone, not a winning post

No country graduated meeting all three criteria...

Country	Graduation Year	GNI per capita	HAI	EVI
Graduated Countries				
Botswana	1994	YES	YES	NO
Cabo Verde	2007	YES	YES	NO
Maldives	2011	YES	YES	NO
Samoa	2014	YES	YES	NO
Equatorial Guinea	2017	YES	NO	NO
Vanuatu	2020	YES	YES	NO

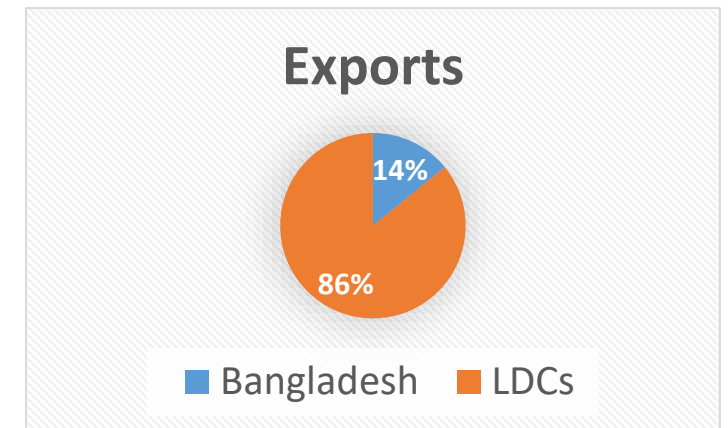
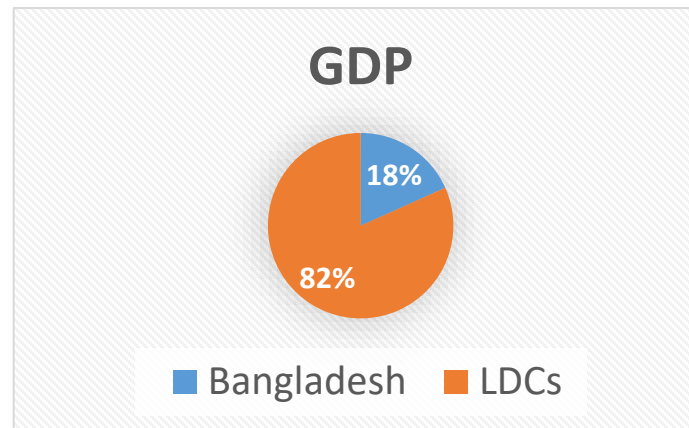
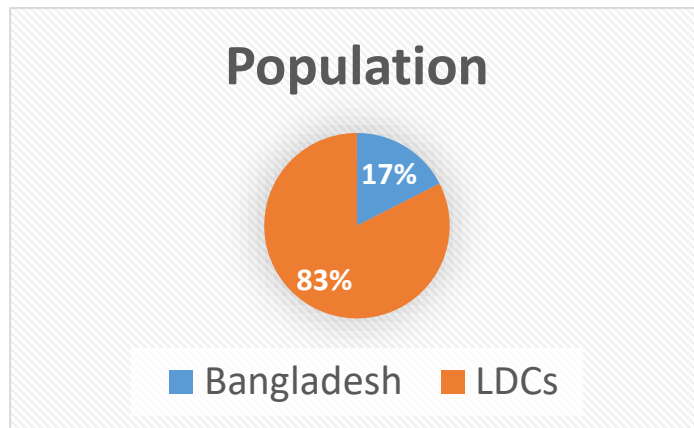
Source: <https://www.un.org/development/desa/dpad/least-developed-country-category/lDCs-at-a-glance.html>

Hon'ble
Finance
Minister
handed over
the UN-
CDP's
Recommend
ation Letter
of LDC
Graduation
to Hon'ble
Prime
Minister

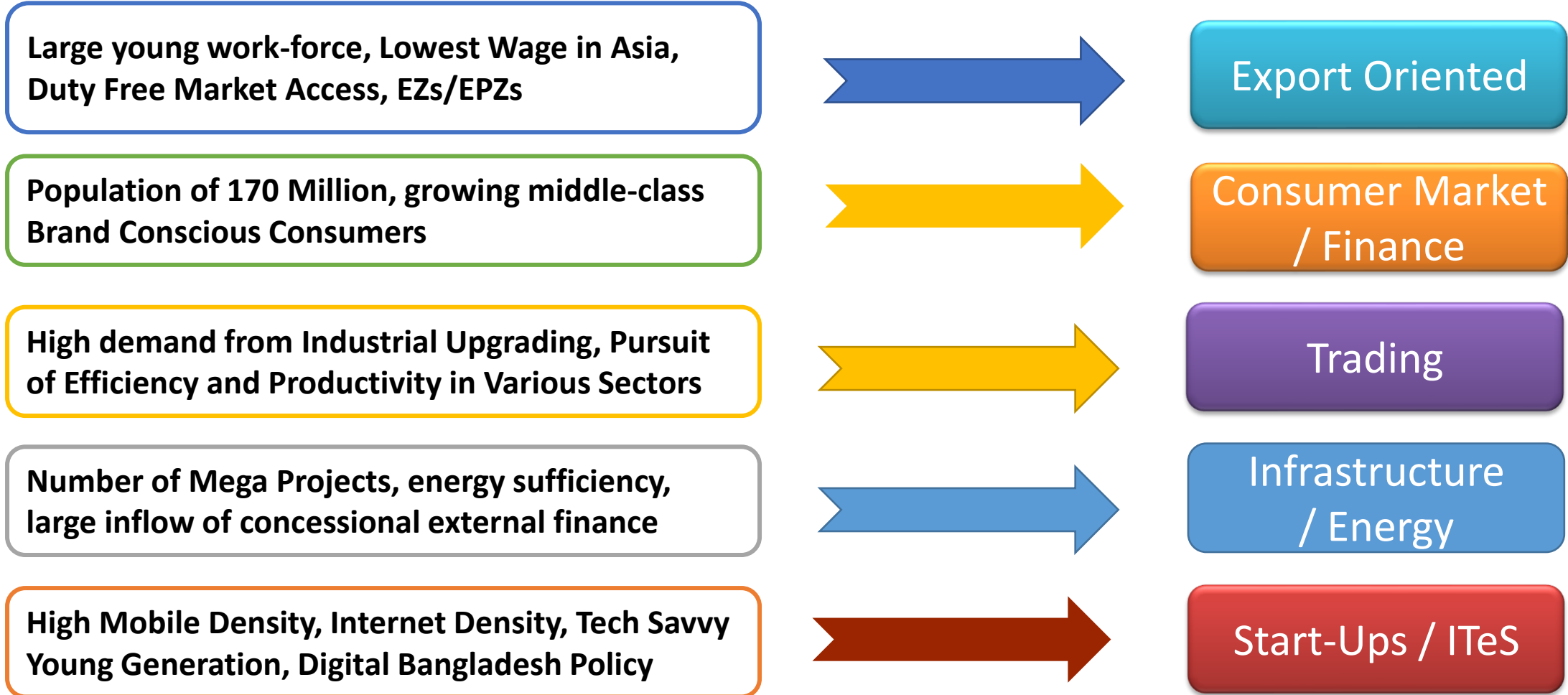


Bangladesh is unique among the LDC group

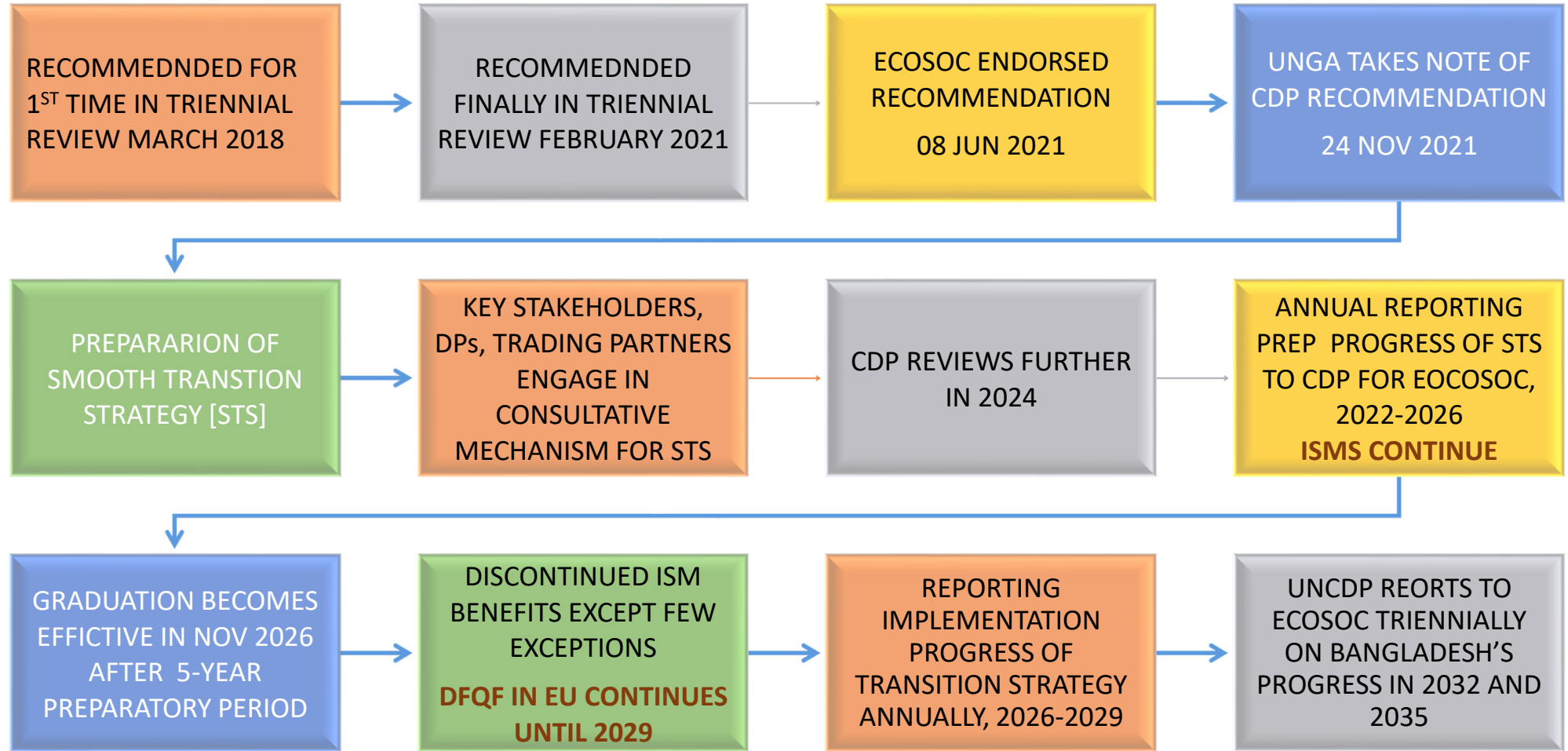
- Like most LDCs Bangladesh is not affected by vicious cycles- *poverty trap, and weak productive capacity*
- Bangladesh achieved *high but sustained inclusive growth*
- Bangladesh's export is highly dependent on manufacturing goods
- Strong potential productive base with *large young workforce*
- Bangladesh's productivity is on upward trend
- *Population size, economic size and structure, remittance flows, vibrant export led manufacturing growth placed Bangladesh different among LDCs*



Bangladesh's Competitive Edge



BANGLADESH GRADUATION TIMELINE



Special Supports for LDCs and Flexibilities during Transition Period

International support measures (ISMs)



Trade-related support measures

- Preferential market access for goods
- Preferential treatment for services and service suppliers
- Special treatment regarding obligations and flexibilities under WTO rules
- Special treatment regarding obligations and flexibilities under regional agreements
- Trade-related technical assistance and capacity-building



Supports of United Nations and other international forums

- Caps (0.01%) and discounts on the contribution to the budget of UN system
- Support for travel
- Capacity building for participation in negotiations
- Other forms of support for participation in intl. forums: flexibility in reporting and support for costs of diplomatic representation



Development cooperation

- Bilateral and multilateral partners
- International and regional financial institutions
- Support by UN system organizations
- EIF, LDC Fund, UNCDF, Technology Bank, Investment support program for the LDCs
- The LDCs in South-South cooperation
- Scholarship & other financial support for education & research

INTERNATIONAL SUPPORT MEASURES (ISMs)

DFQF Access
Rules of Origin
TRIPS Exemptions
Export Subsidies
LDC Services Waiver

ODA

Bangladesh made the best use of ISMs among the LDCs...

DFQF Access According to Trade Impacts of LDC Graduation, WTO 2020

- Bangladesh is the highest utilizer of DFQF- 71%
- Average tariffs increase by 8.9% after graduation

Preferential Rules of Origin Bangladesh enjoys the most flexible rule, e.g. single-stage transformation for RMG in EU

LDC Services Waiver No significant impact due to graduation (CDP Impact Assessment, Mar 2020)

TRIPS Flexibilities no need of patent protection in Pharma Production

- Bangladesh Pharmaceuticals meets around 98% of local demand and exports to more than 100 countries
- 25% pharmaceutical products will require patent licenses after graduation

The cost of **ODA** will increase due to rise in per capita GNI

Benefits of LDC Graduation

- An important development milestone – enhance country image and self-esteem
- Provide unquantifiable boost to national and international sentiment.
- LDC government may target graduation as a gauge of development progress and therefore benefit from a perception of success.
- Foreign investment may increase as outside perceptions improve.
- Credit ratings agencies do not take the LDC category into account when deciding sovereign bond ratings, although they do use some of the subsidiary indicators.
- Some institutions and countries provide '[smooth transition](#)' support in line with relevant UN resolutions.

Graduation offers opportunities

- Graduation plus strategy for graduation with momentum
- Enhanced urge for export diversification and moving up global value chain
- Impulse for enhancing productive capacity and continuing structural transformation
- Big push for increasing productivity
- Exploring for non-traditional financing sources
- Facilitating FDI by improving business climate- EoDB
- Enhanced use of STI and leveraging 4IR
- Calculated steps to avoid risk of uncertainty (e.g. Pandemic, climate change, external shocks)
- Greater impetus for greener economy

Flexibilities during transition period

- In developed country markets, countries graduated from LDC will normally become beneficiaries of standard GSP schemes.
- In developing country markets, graduated countries may continue to have preferential market access only if they are member of regional or bilateral trade agreements but no longer access to non-reciprocal pref. mkt. access.
- EU grants additional 3-year period of eligibility for graduated countries under EBA initiative
- The EU, UK and Norway have non-reciprocal preferential market access schemes that lie, in terms of coverage, in between LDC-specific ones and and the standard GSP.
- The special arrangement for sustainable development and good governance (GSP+) in the EU grants duty free access to most of the products covered by standard GSP. However, it requires the ratification and implementation of 27 conventions on human rights, labour rights, env. protection, good governance, etc.
- The UK's enhanced framework within its GSP has similar terms
- All LMIC with population less than 75 mill and LIC are eligible for GSP+
- Norway's GSP+ scheme grants duty free access for all industrial goods and higher preference on a number of agricultural goods in comparison with standard GSP

Flexibilities during transition period (contd..)

- A draft proposal by the LDC Group for a ministerial decision to establish a smooth transition mechanism for graduating LDCs under the WTO system is now under consideration

Smooth transition provision in selected LDC-specific market access arrangement

Markets	Smooth transition clauses
EU and Turkey	Smooth transition period of 3 years after entering into force of a delegated act adopted by the Commission after the date of graduation
Australia, Canada, China, India, New Zealand, Norway, RoK, Switzerland, USA	No formal smooth transition provision. Some graduates have been able to maintain the GSP for LDCs for a period past the date of graduation
Chile, Eurasian Economic Union, Japan, Thailand	No formal smooth transition provision and no record of flexibility in extending eligibility beyond graduation

Flexibilities during transition period (contd..)

- The SAFTA contains a special provision for Maldives, which graduated in 2011, granting LDC equivalent treatment in the Agreement and in any subsequent contractual undertakings.
- Graduated countries continue to have access to Technology Bank for 5 yrs.
- Graduated countries continue to have access to selected EIF benefits for 5 years
- Graduated countries remain eligible to apply for assistance under investment support programme for LDC by Intl. Dev. Law Organization and OHRLLS for 5 yrs.
- Benefits from UNCDF can be continued for 3 years after graduation

Synergy between LDC Graduation, SDGs Implementation and Avoiding Middle Income Trap

Does graduation mean a country has achieved SDGs?

- Graduation signifies partial progress toward the SDGs, since some of the LDC indicators can be found in the goals.
- Graduated countries continue to face challenges in pursuing the objectives outlined in Agenda 2030.
- Progress towards these broader objectives requires improved domestic policy choices as well as international support within a reinvigorated multilateral system.

Middle Income Trap

What is middle income trap?

The middle-income trap refers to a situation whereby a middle-income country is failing to transition to a high-income economy due to rising costs and declining competitiveness. (Breda Griffith, 2011)

Homi Kharas and Harinder Kohli (2011) elaborated on the concept, specifying that when a country escapes the poverty trap in the low-income development stage and enters into the middle-income development phase, the country may face growth stagnation and inability to further move up the ladder into the high-income range.

Evidence to support the middle-income trap indicates a levelling-off of income per capita and a decline or stagnation in an economy's competitiveness.

Possible causes of the middle-income trap

Rising wages / unit labour costs

- The surplus supply of labour dwindles
- Labour migration can run dry including rural-urban movement
- Demographic transition model - falling natural population growth
- Gains in productivity growth slow down

Possible failure to invest in human capital

- Countries may start to age before they get rich
- Early growth tends to be input-driven rather than productivity-driven
- Technology needs to become more sophisticated

Possible causes of the middle-income trap

Can the private sector generate sufficient innovation?

- Innovation creates goods and services that get higher prices in world markets
- Innovation is harder than simply copying what wealthier countries already do

Institutional failures and social capital weaknesses

- Institutions may not support an adaptive and creative economy and society
- Social capital may not support sustained growth especially in knowledge sectors

Problems in maintaining macro-economic stability

- Fast growing countries suffer from high inflation
- Credit bubbles can develop as speculative investments take hold

MIDDLE INCOME TRAP

Preparedness for a timely transition from resource-driven growth to knowledge & innovation-driven growth

Potential Challenges of MIT

Bangladesh's development vision of achieving knowledge-based developed economy by 2041 may be hampered due to stuck in the MIT

Strategies to avoid MIT

- Appropriate growth strategy to lift per capita income
- Structural upgradation and high value adding activities
- Innovation conducive policy framework and business environment
- Inclusive and green development path for shared prosperity
- Improving productivity and competitiveness
- FDI is important for technology transfer, filling capital and entrepreneurship gap
- Sector-specific evidence based policy support
- An effective framework for policies and institutions to encourage skills, knowledge and technology

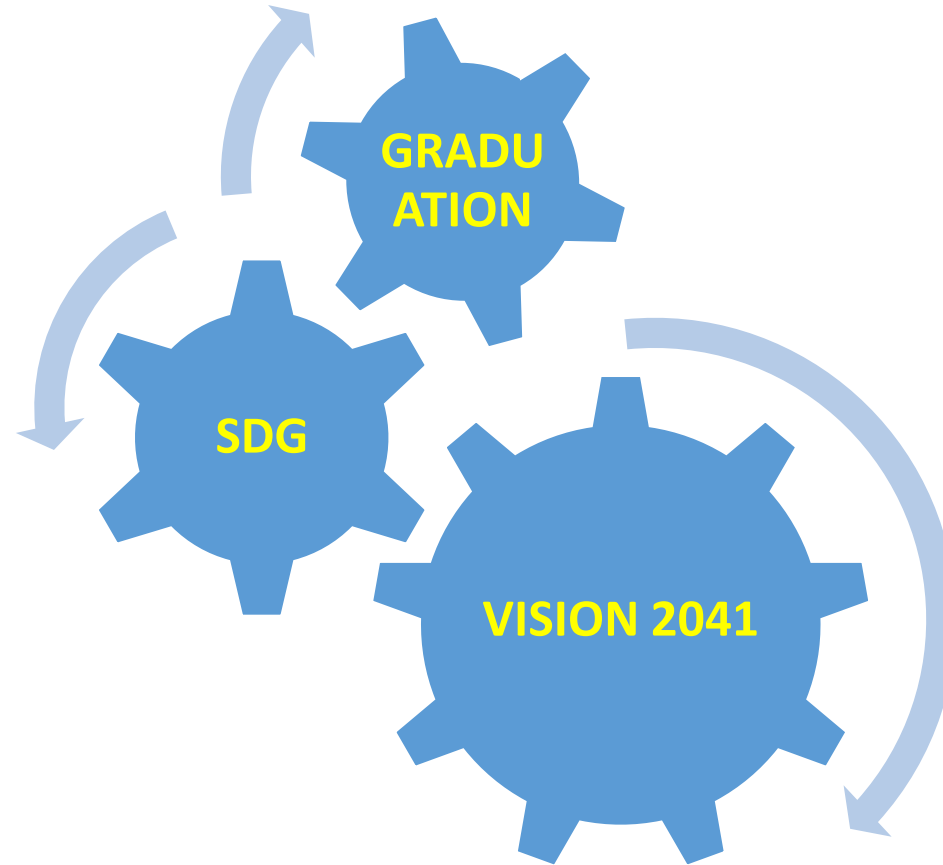
Structural Transformation is the Key

Stage	Product Specialization	Growth Driver	Development Outcome
1	Primary Products	Abundant Land and Cheap Labour	Low Income Trap
2	Labour Intensive Simple Manufacturing	Low Labour Cost led Simple Manufacturing Products/Exports	Graduation from Low to Lower-Middle Income
3	Hi-Tech Manufacturing	Capital Intensive & Productivity led Technically Sophisticated Products/Exports	Graduation from Lower-Middle Income to Higher-Middle Income
4	Services (High-Level)	Innovation-led Knowledge based Economy	Graduation from Upper-Middle to High-Income

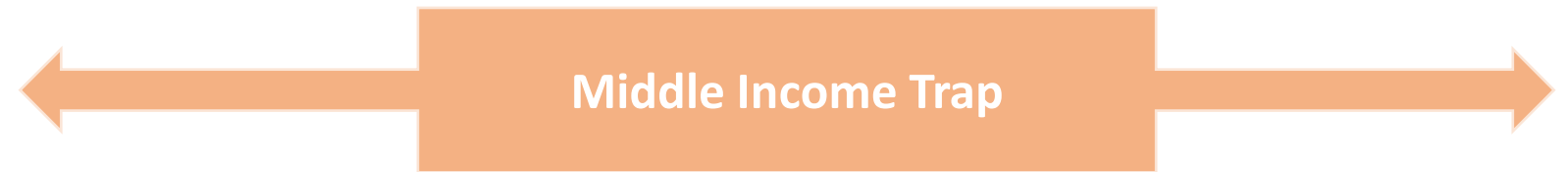
GRADUATION IN
LARGER
DEVELOPMENT
LANDSCAPE

BANGLADESH REQUIRES SMART
GRADUATION

A SMOOTH AND SUSTAINABLE
GRADUATION WITH GREAT
MOMENTUM



Transition to
Upper-Middle
Income Country
[WB Classification]
By 2031



Journey Towards Smart Graduation

Preparing for graduation and smooth transition

- Graduating Country should prepare in such a way so that the graduation doesn't slow down the development momentum.
- Smooth transition is a concept of avoiding negative consequences due to graduation from LDC category.
- The GA calls for integrating a country's preparations for sustainable graduation and its smooth transition beyond graduation into that country's long term national sustainable development plans and development financing strategies.
- UNGA and experts suggest that the country should prepare a comprehensive Smooth Transition Strategy (STS) through an inclusive process to grab the opportunities and tackle the challenges of graduation efficiently.
- Two main principles guide the STS process;
 - i. Country-led, country-owned and using country systems to the extent possible
 - ii. Intl. community support is country-driven, timely and of high quality

Conclusion

- There is no explicit theoretical framework for smooth LDC graduation
- Bangladesh will have to develop its own country strategies
- Bangladesh passed a number of challenges in the past:
 - Quota phase out on 2005
 - Rana plaza
 - US withdrawal of GSP in 2013
 - COVID-19 crisis in 2020
- Bangladesh also has lots of success stories in managing natural disaster economic crisis.
- Bangladesh will boldly face the graduation challenges.

Together we will make it happen!!!

Reference:

- Handbook on LDC Category: Inclusion, Graduation, and Special Support Measures
- STS Guidance Note

THANK YOU

Sustainable Graduation: Benefits and Opportunities

Farid Aziz, Additional Secretary, DEW & PD, SSGP

Md. Anwar Hossain, SSGP

23 June 2022

BPATC

Presentation content

- Graduation Benefits/Opportunities:
 - Country image
 - Commercial loans from the international market
 - Improved creditworthiness—higher FDI
 - Others
- Lessons learned from other graduated / Graduating countries
- Development Pathways

Why is LDC category developed?

Core areas of LDC graduation:

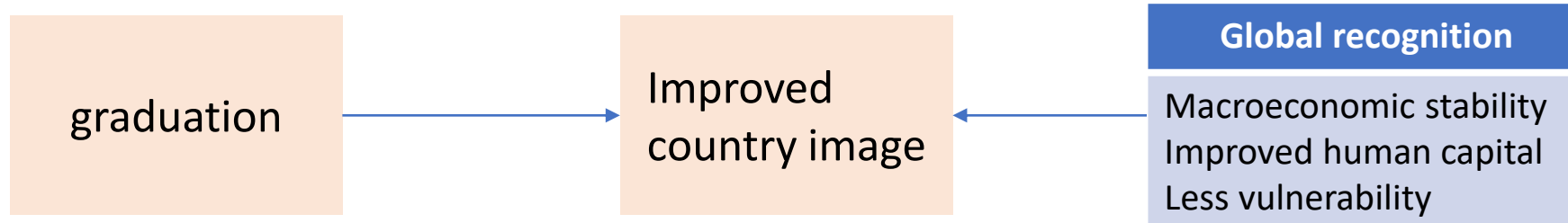
1. GNI per capita
2. Human Asset Index
3. Economic and Environmental Index

- Due to have weak productive capacity and vulnerability- LDC category is introduced in 1971 to support through International Support Measures (ISMs) in 3 broad areas:
 - Trade-related support measures
 - ODA financing for development
 - concessional subscriptions, supports for technology, trade and climate

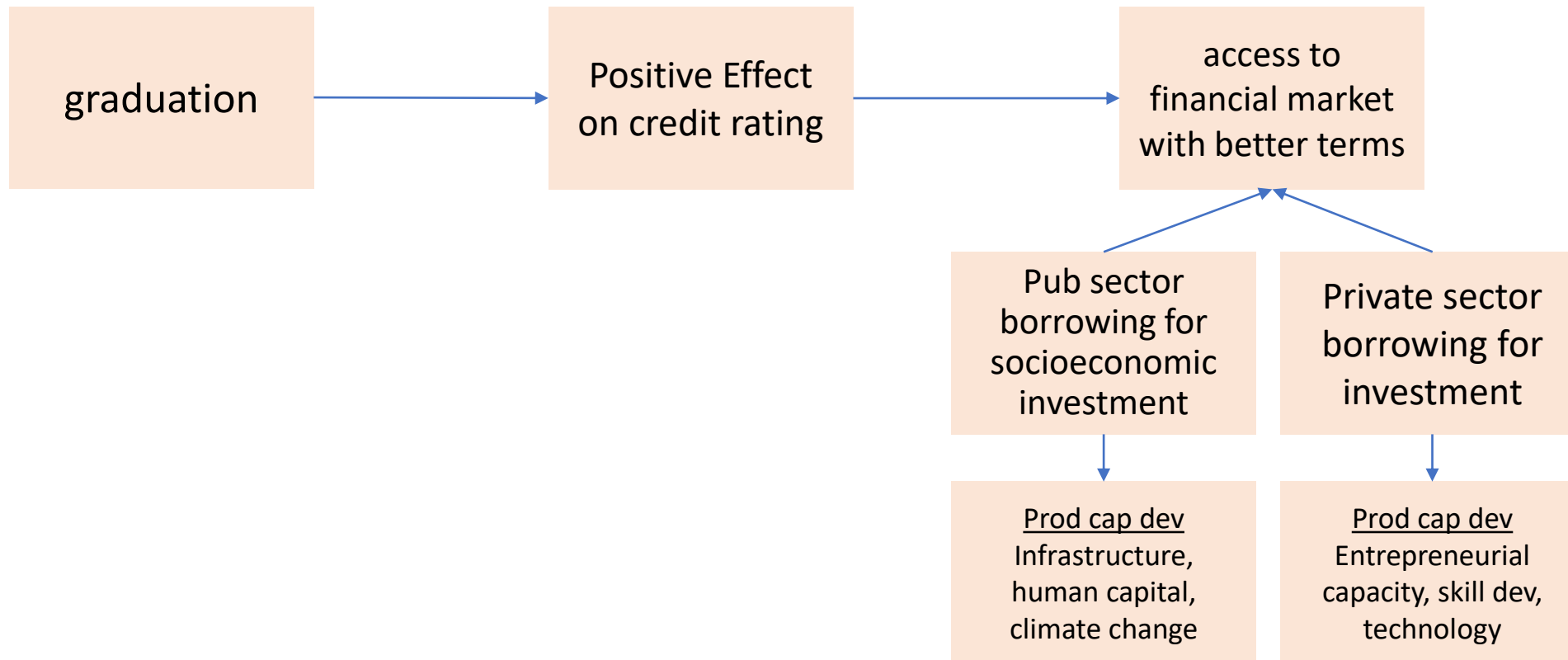
So, graduation from LDC category means-

- improved economic condition
- Better human capital
- Less vulnerability in the economy, trade, environment and improved resilience

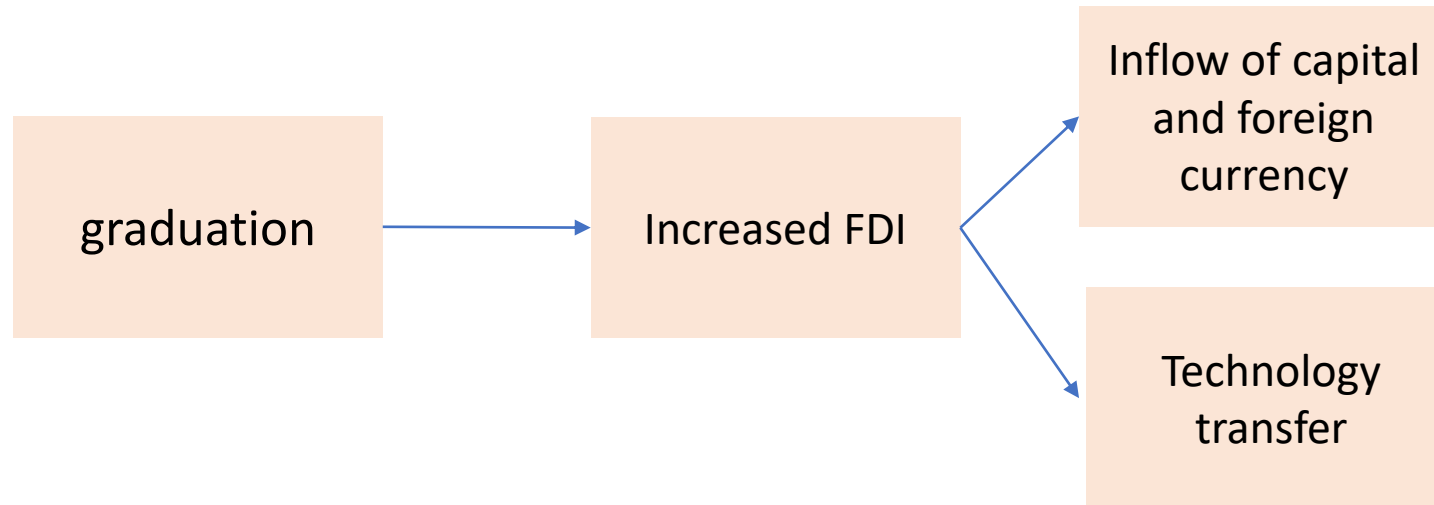
Graduation Benefit- improved country image



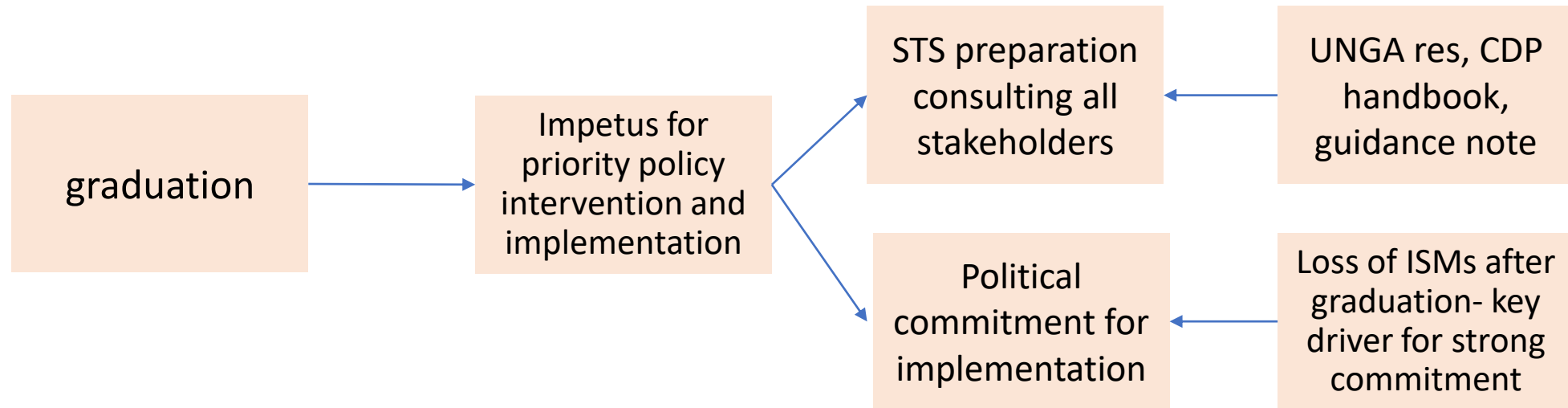
Graduation Benefit and opportunities- improved country credit rating



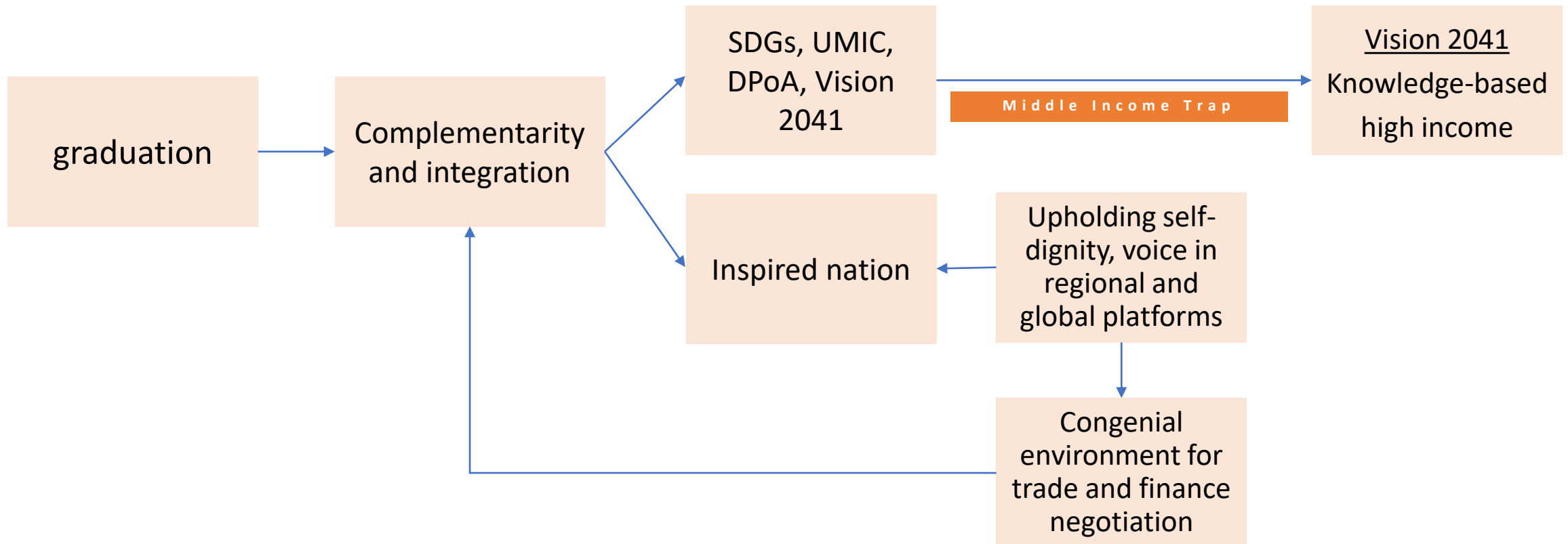
Graduation opportunity- increased FDI



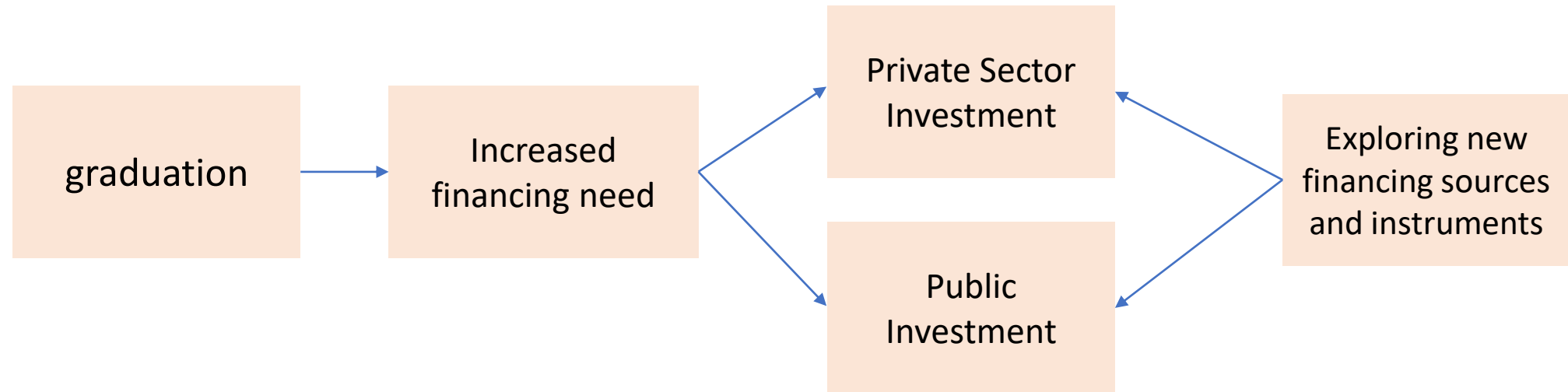
Graduation opportunity- impetus for priority policy intervention



Graduation opportunity- reinforcing broader development agenda



Graduation opportunity- exploring innovative financing sources

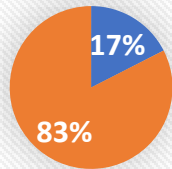


EXPERIENCE
OF
GRADUATED
AND
GRADUATING
COUNTRIES

Country	Grad Year	Pop (mill)	GDP (Bill USD)	Per Capita GNI (USD)	Types of Country	Primary Export
Botswana	1994	2.35	15.91	7,304	Land locked	Agriculture
Cape Verde	2007	0.56	1.75	3,371	Small Island	Tourism
Maldives	2011	0.54	4.6	9,189	Small Island	Fishing & tourism
Samoa	2014	0.2	0.804	4,118	Small Island	Agriculture
Equatorial Guinea	2017	1.41	9.52	7,617	Small Island	Oil
Vanuatu	2020	0.3	0.864	2,991	Small Island	Agriculture, fishing, tourism
Nepal	2026	29.13	33.67	1,027	Land locked	RMG, carper, pulses, handicrafts
Lao PDR	2026	7.28	19.13	2,449	Land locked	Power and minerals
Bangladesh	2026	170	416.26	2,591	Connected with land and sea route	Manufacturing & large economy

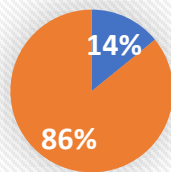
Bangladesh is unique among LDCs

Population



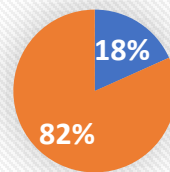
■ Bangladesh ■ LDCs

Exports



■ Bangladesh ■ LDCs

GDP



■ Bangladesh ■ LDCs

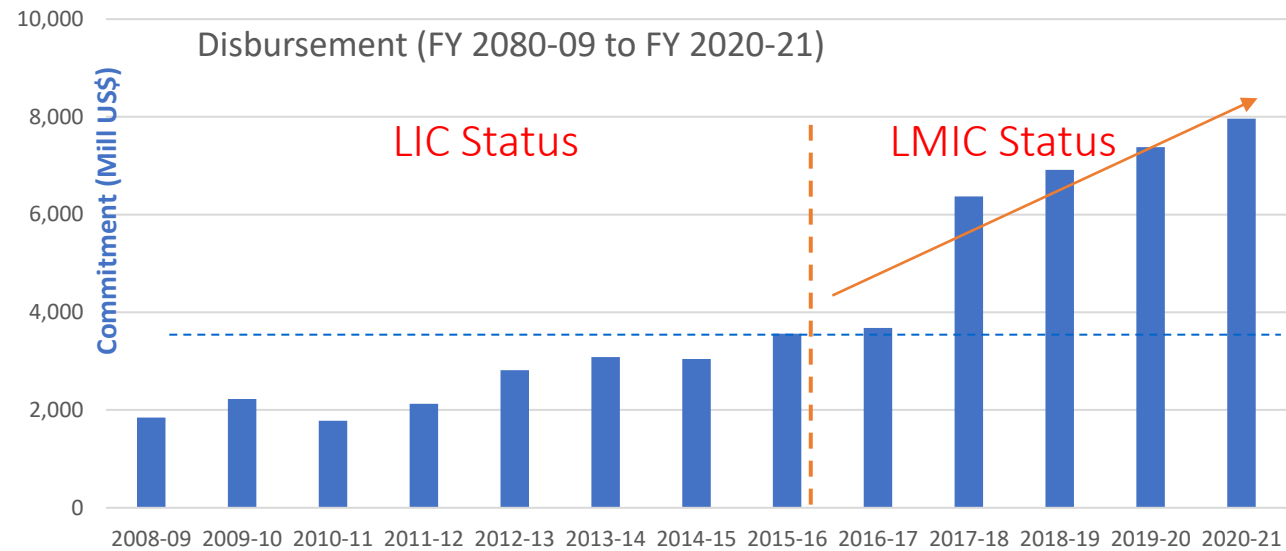
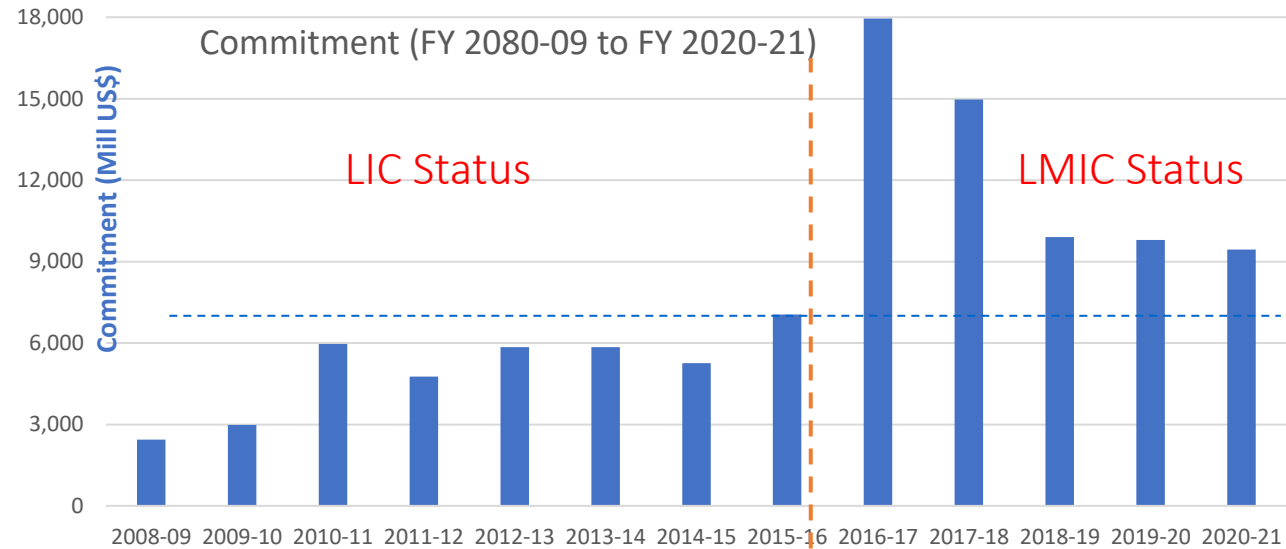
- Like most LDC countries Bangladesh is not affected by three major vicious cycles- *poverty trap, commodity trap, and weak productive capacity*
- Bangladesh's achieved *high but sustained inclusive growth over a longer period*
- Bangladesh's export is highly dependent on *manufacturing goods*
- Strong potential productive base with *large young workforce*
- Bangladesh's *productivity* is on upward trend
- *Population size, economic size and structure, remittance flows, vibrant export led manufacturing growth placed Bangladesh different among LDCs*

IMPLICATION OF GRADUATION FROM LOW TO LOWER INCOME COUNTRY STATUS ON EXTERNAL FINANCING

IMPACT ON ODA

CDP- NO IMPACT

GED- NO IMPACT



INTERNATIONAL SUPPORT MEASURES (ISMs)

DFQF Access
Rules of Origin
TRIPS Exemptions
Export Subsidies
LDC Services Waiver

ODA

Bangladesh made the best use of ISMs among the LDCs...

DFQF Access According to Trade Impacts of LDC Graduation, WTO 2020

- Bangladesh is the highest utilizer of DFQF- 71%
- Average tariffs increase by 8.9% after graduation

Preferential Rules of Origin Bangladesh enjoys the most flexible rule, e.g. single-stage transformation for RMG in EU

LDC Services Waiver No significant impact due to graduation (CDP Impact Assessment, Mar 2020)

TRIPS Flexibilities no need of patent protection in Pharma Production

- Bangladesh Pharmaceuticals meets around 98% of local demand and exports to more than 100 countries
- 25% pharmaceutical products will require patent licenses after graduation

ODA the cost of ODA will increase due to rise in per capita GNI

Competitive edge of Bangladesh in investment segments

Export Oriented



Large young work-force, Lowest Wage in Asia, Duty Free Market Access, EZs/EPZs

Consumer Market / Finance



Population of 165 Million, growing middle-class Brand Conscious Consumers

Trading



High demand from Industrial Upgrading, Pursuit of Efficiency and Productivity in Various Sectors

Infrastructure / Energy



Number of Mega Projects, energy sufficiency, large inflow of concessional external finance

Start-Ups / ITes



High Mobile Density, Internet Density, Tech Savvy Young Generation, Digital Bangladesh Policy

GRADUATION OFFERS TURNING CHALLENGES INTO OPPORTUNITIES

*Strengthening
multilateralism will be
the key driver*

CHALLENGE

OPPORUTNITY

COVID-19 pandemic and ongoing regional conflict

building back better; enhancing resilience & green dev

Loss of International Support Measures

becoming competitive in the global market

Middle Income Trap

graduating with momentum to avoid the trap

Technology

Catching up/ leap-frogging

Climate change

Green, eco-friendly and sustainable development trajectory

GRADUATION REINFORCES DEVELOPMENT

- Graduation requires generating income, building human assets and reducing economic and environmental vulnerability
- Graduation reinforces for building productive capacity for sustainable development

Three Graduation Pathways for LDCs...

Pathway I: Rapid economic growth through resource extraction; small progress in HAI and EVI

Pathway II: Economic specialization and investments in human assets

Pathway III: Investment in human assets and (often slow) structural transformation

Main lessons - Pathway I: Rapid economic growth through resource extraction. Small progress in HAI and EVI

Angola, Equatorial Guinea

- Oil drives rapid economic growth
- Human assets remain very low, vulnerability high
- Weak development governance is key constraint
- Vicious cycles: Resource dependence feeds weak governance and reduces urgency for diversification away from resources
- Scope for industrial and sectoral policy limited

Main lessons - Pathway II: Economic specialization and investments in human assets

Landlocked: **Botswana, Bhutan**

SIDS: **Cabo Verde, Maldives, Samoa, Vanuatu, Solomon Islands**

- Income channeled into building human assets
- Vulnerability remains high; exogenous
- Absence or restoration of conflict critical
- Economic specialization: natural resources or services (tourism)
- Policies for harnessing external sources of finance- FDI, ODA, bilateral agreements, remittances

Main lessons - Pathway III: Investment in human assets and (often slow) structural transformation

Larger economies: **Bangladesh, Ethiopia, Rwanda**

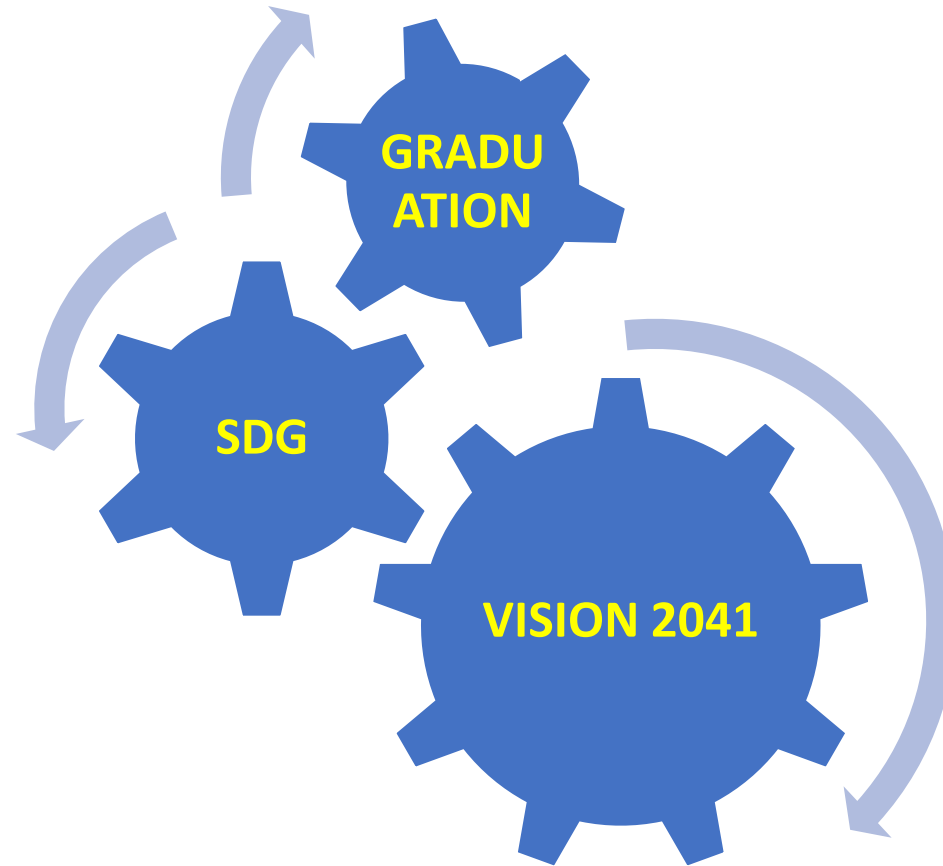
- Slow structural transformation
- Development governance built after war and conflict
 - Active State, ensuring coordination of economic activities
 - National ownership of the process of development
 - Creates room for ‘unorthodox’ policies
- Increase agricultural productivity first
- Innovative social services delivery
- Appropriate industrial policies is important

Trade preferences can work, but require basic capacities, ‘right’ market conditions and domestic policies

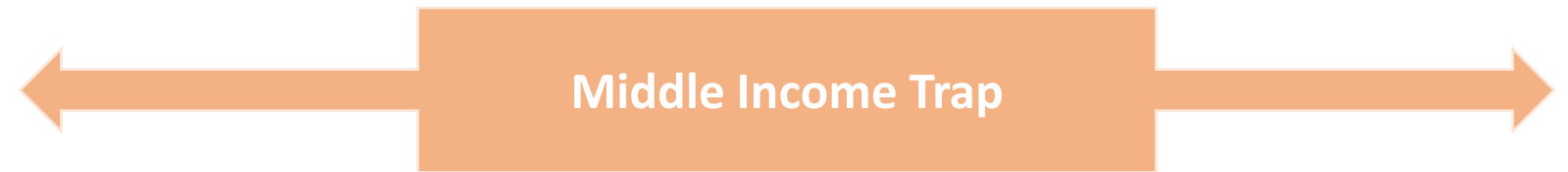
GRADUATION IN
LARGER
DEVELOPMENT
LANDSCAPE

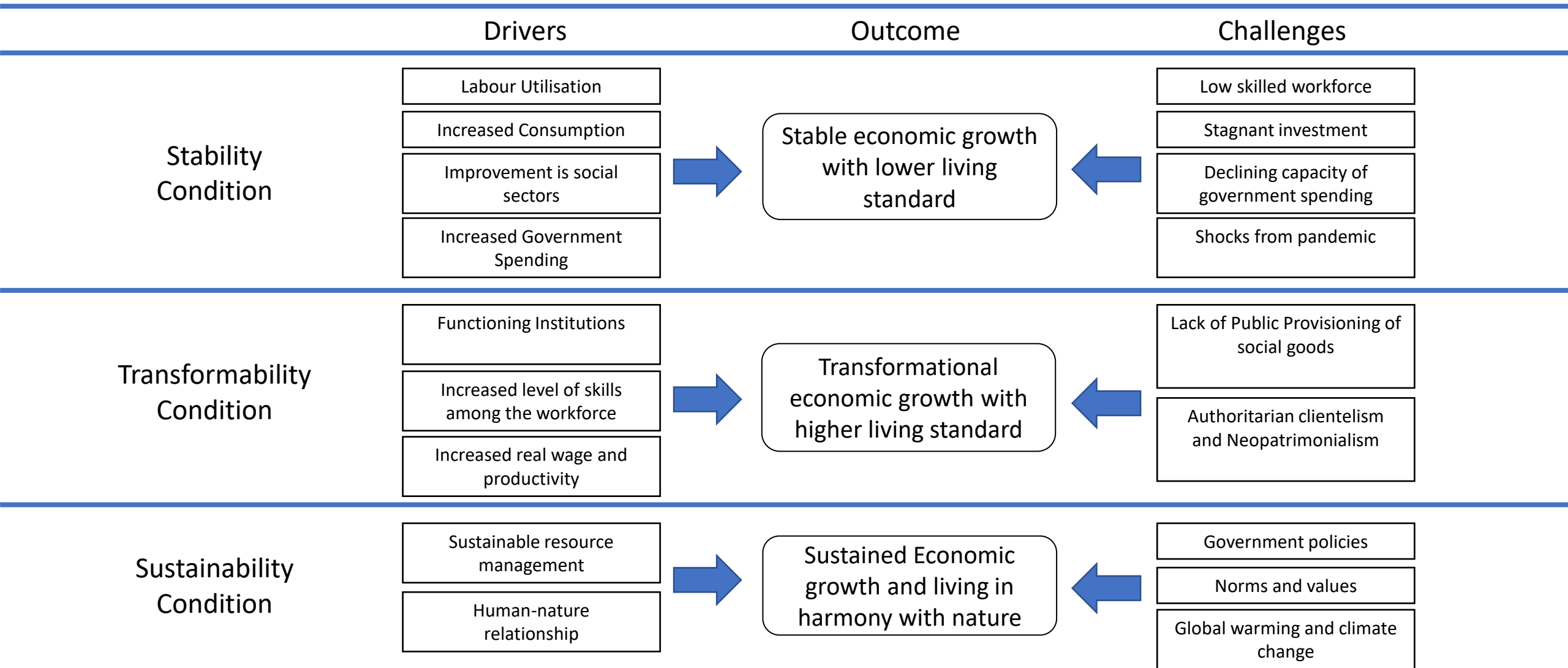
SMART GRADUATION

A SMOOTH AND
SUSTAINABLE
GRADUATION WITH
GREAT MOMENTUM



Transition to
Upper-Middle
Income Country
[WB Classification]
By 2031





Source: Rashed Al Mahmud Titumir, Numbers and Narratives in Bangladesh's Economic Development

*PRIORITIES FOR
SUSTAINABLE
GRADUATION OF
BANGLADESH*

*improving human
capital and quality*

*deepening
structural
transformation*

- Social development including health, education and increased coverage of safety net
- Massive skill enhancement program
- Enhancing private sector investment and FDI
- Infrastructural development and export diversification
- Increased access to local and international financial market and innovative instruments for increased financing
- Enhancing resilience against exogenous shocks- finance, health, trade or environment related disasters
- Adapting to climate change
- Prudent debt management

Debt Sustainability Assessment

Indicators	2017-18	2018-19	2019-20	2020-21	*Threshold level
Debt Stock					
Debt to GDP	13.95%	14.71%	15.49%	14.33%	55%
Debt to export plus remittance	68.61%	69.78%	88.45%	85.87%	150%
Debt Service Liability (DSL)					
DSL to export plus remittance	3.94%	4.43%	5.47%	4.71%	15%
DSL to Revenue	8.33%	9.41%	10.19%	8.44%	18%

Debt Service Scenario

FY	Principal	Interest	Total
2016-2017	894.10	229.17	1123.27
2017-2018	1110.43	298.76	1409.19
2018-2019	1202.31	391.47	1593.78
2019-2020	1256.55	477.44	1733.99
2020-2021	1418.63	496.19	1914.82
2021-2022(Budgt)	1770.00	820.00	2590.00
2022-2023(Pro.)	1955.00	820.00	2775.00
2023-2024(Pro.)	2300.00	1000.00	3300.00

Factor to Consider at Present-

Present Situation-

- LIC to LMIC
- LDC to Developing Country
- Decreasing ODA
- Increasing Non-Concessional Borrowing(Interest Rate, Floating Rate, others cost, Maturity)
- Mega Projects
- LIBOR Transition
- COVID-19, World Economic Growth
- Increasing Debt Service
- Increased Pipeline amount

Ref documents:

1. *Ex-ante Impact Assessment of Bangladesh, CDP, 2021*
2. *Expanding Productive Capacity: Lessons Learned from Graduating Least Developed Countries, CDP Policy Note 2017*

THANK YOU ALL

RELEVANT THEORIES FOR GRADUATION

- DUALISM- LEWIS THEORY
- STAGES OF DEVELOPMENT THEORIES- Rostow's five stages
- TRADE THEORIES

TOT Program on IMPACT OF LDC GRADUATION AND WAY FORWARD



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Planning Commission
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LDCS IN THE CURRENT STATUS

1

LDCs comprising 14% of the global population. Receive only 1.3% of global GDP, 1.4% of global FDI and less than 1% of global merchandising exports

2

Almost half of the LDCs are landlocked or small island countries, and highly vulnerable to climate changes.

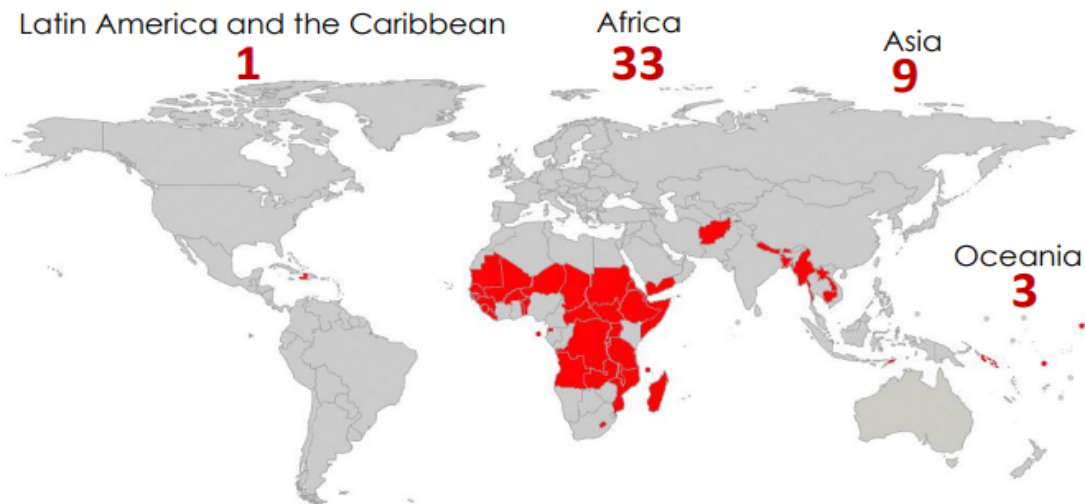
3

LDCs policy response is limited due to weak fiscal conditions and poor resilience capacity

4

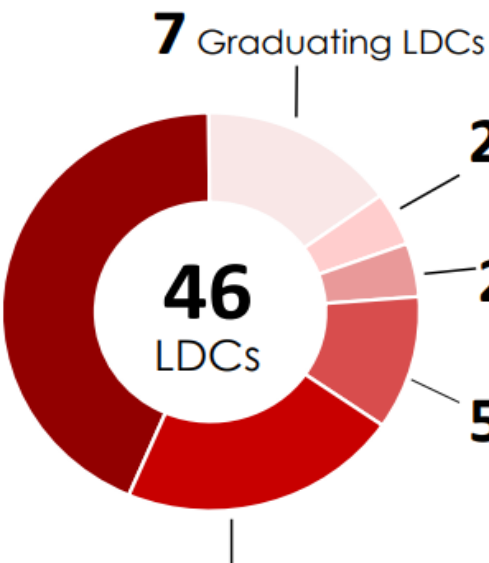
Underinvestment in health sector, weak social protection systems and lack of institutional capacity

The LDC category after the 2021 triennial review



6 Countries already graduated from the LDC category:

- Botswana (1994)
- Cabo Verde (2007)
- Maldives (2011)
- Samoa (2014)
- Equatorial Guinea (2017)
- Vanuatu (2020)



Angola (2024)	💰		
Bangladesh (2026)	💰	👤	📈
Bhutan (2023)	💰	👤	📈
Lao PDR (2026)	💰	👤	📈
Nepal (2026)		👤	📈
São Tomé and Príncipe (2024)	💰	👤	📈
Solomon Islands (2024)	💰	👤	
Kiribati	💰	👤	
Tuvalu	💰	👤	
Myanmar	💰	👤	📈
Timor-Leste	💰	👤	
Cambodia	💰	👤	📈
Comoros	💰	👤	
Djibouti	💰		
Senegal	💰	👤	
Zambia	💰	👤	

10 LDCs met only one graduation threshold

💰 Per capita GNI: 2021 graduation threshold: \$1222 or above
👤 HAI: 2021 graduation threshold: 66 or above
📈 EVI: 2021 graduation threshold: 32 or below
💰 Per capita GNI: 2021 income-only threshold: \$2444 or above

Benefits Enjoy by LDCs Under WTO

1. Unilateral preferential market access in the WTO. Bangladesh enjoys DFQF in 38 countries including 27 EU countries, UK, Switzerland, Australia, China (97% tariff lines), India (except 25 products)
2. Favourable Rules of origin.
3. Exempted from undertaking commitments in agriculture and non-agriculture and
4. Longer grace period under trade facilitations and technical supports for TFA Category C.
5. Enjoys waiver from TRIPS obligation and the services waiver.
6. Less frequent notification on their domestic support (every 2 years, while annually for other WTO members).
7. LDCs can provide certain agricultural export subsidies until 2030.

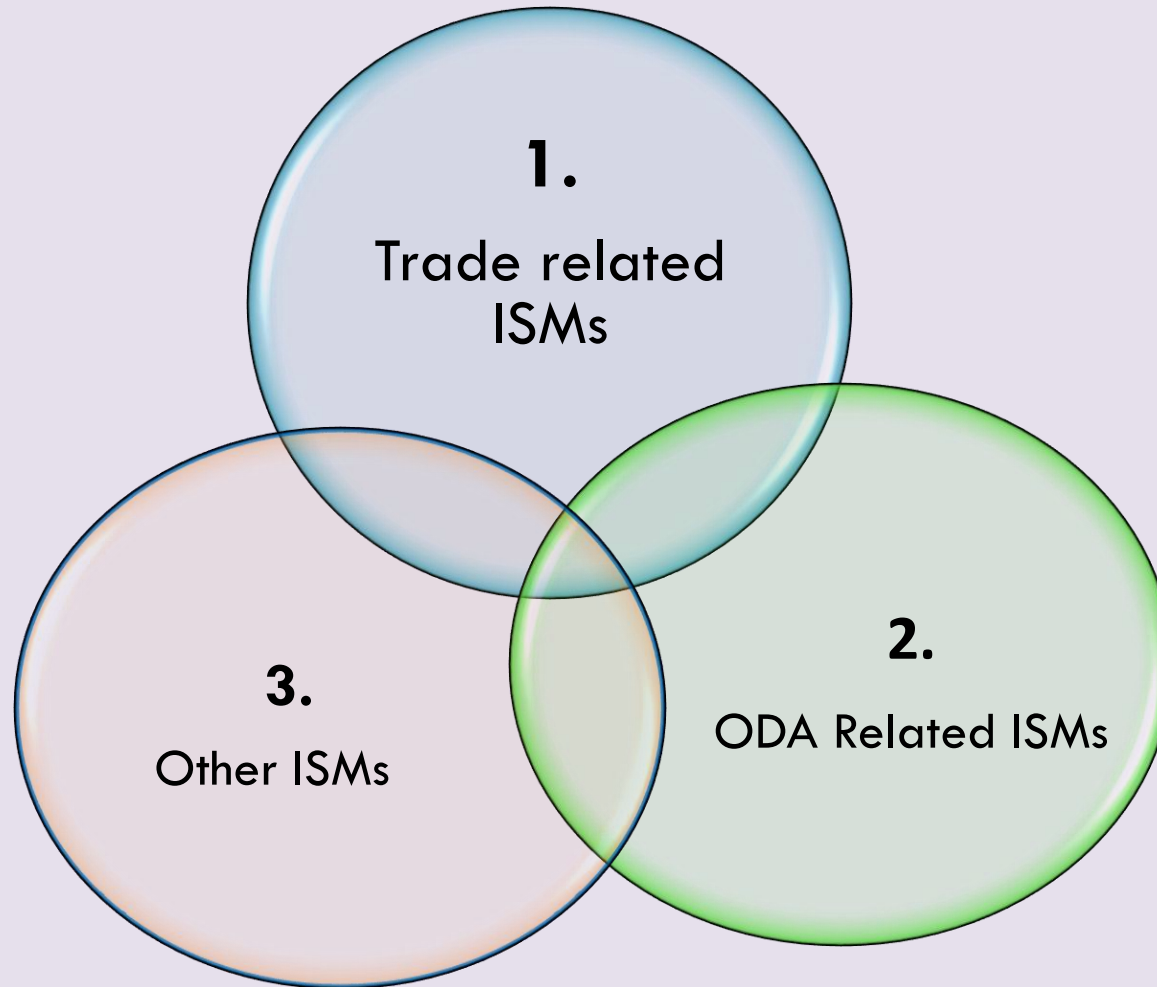
Benefits Enjoy by LDCs Under WTO

8. Enjoy longer repayment periods for export financing support and can benefit from the monetization of international food aid.
9. Particular consideration should be given to the special situation of LDCs in all stages of a dispute involving an LDC.
10. Members should exercise due restraint in raising matters involving an LDC.
11. LDCs may request use of the good offices, conciliation and mediation of the Director-General or the Chairman of the Dispute Settlement Body.
12. Free legal service from ACWL.
13. Technical assistant under EIF and trade facilitations.
14. Technology transfer under TRIPS Agreement
15. Lower binding coverage and higher bound rates.

BOUND AND APPLIED TARIFFS

Tariff Commitments and Applied Most-Favoured Nation (MFN) Rates Developed Status (%)			
Group	Binding Coverage	Bound Duty	Applied MFN
All WTO Members	80.1	38.3	9.0
Developed Country Members	99.0	10.2	4.3
Developing Country Members	85.0	33.7	8.4
LDC Members	63.1	57.0	11.7
Graduating LDC Members	76.4	65.8	9.9
Other LDC Members	59.9	54.9	12.1
Bangladesh	17.0	154	11.3*
MFN Applied tariffs do not include other duties and charges Source: WTO Tariff Profiles			

Impact of Graduation: Loss of International Support Measures (ISMs)



Loss of Trade Related ISMs

- Loss of preferential Market Access
- Bangladesh will lose DFQF facilities in other countries and RTA partners in 2026 and in 2029 in EU.
 - More than 70% of our export duty free market access under the WTO decision of granting unilateral duty free market access to LDCs.
 - Undertake tariff reduction commitment under WTO if Doha Round is completed.
 - Remove specific duties, regulatory duties and supplementary duties that will lead to more import and worsen BOP.
- Ineligible to enjoy preferential “Rules of Origin” (RoO). Double transformation or about 40-50% value addition.
- Minimum market loss prediction for Bangladesh is 6.3 billion (WTO). UNTAD Estimate: 5-7% of preferential export.
- Bangladesh is no more in Annex 7 list of Subsidies Agreement which allows to provide some export subsidies under certain conditions

Preferential Market Access

Countries	LDC-Specific Schemes	Applicable schemes after graduation*
European Union including UK	Everything But Arms (DFQF)	No EBA after 2029, Standard GSP or GSP+ (after 3-year smooth transition). 9-12% duty
Turkey	Everything But Arms (DFQF)	Standard GSP or GSP+, 9-12% duty (after 3-year smooth transition)
USA	GSP for LDCs	Standard GSP; AGOA for African states. Bangladesh currently receives no preference
China	Preferential tariffs for LDCs	MFN for WTO members, grants DFQF to 97% of Tariff Lines to Bangladesh
Japan	GSP for LDCs	No transition support
Canada	GSP for LDCs	No transition support. MFN duty about 16-18%
South Korea	Preferential tariffs for LDCs	MFN, no transition period
India	Preferential tariffs for LDCs	MFN, no transition period Bangladesh enjoys DFQF for all except 25 items
Switzerland	GSP for LDCs	Standard GSP, 9-12%
Russia	GSP for LDCs	Standard GSP
Australia	GSP for LDCs	Standard GSP/ MFN tariff

Possibility of Getting GSP+ in EU after Graduation

No	EU Criteria	Current status of Bangladesh	Comments
1	Must ratify and effectively implement 27 international conventions on labour rights, human rights, environmental protection and good governance.	Bangladesh ratified all 27 ILO Conventions including minimum working age convention on 25 February 2022.	However, ensuring enforcement is difficult
2	Safeguard measures of the newly GSP Scheme under Article 29 for clothing and leather for import share more than 6%	GSP-covered imports from Bangladesh is more than 16 percent of all EU GSP-covered imports.	Textile and clothing may fall under safeguard measures
3	At least 75 per cent of its total GSP imports coming from the seven largest sections of GSP-covered imports.	Bangladesh fulfills this criterion without facing any problem.	No problem

FTA Opportunities for Bangladesh

- Bangladesh did not gain much from BIMSTEC and TPS-OIC. SAFTA gain has S&DT, but limited benefits.
- Signed only bilateral FTA with Bhutan for limited products.
- Bangladesh enjoys duty-free market access in India except 25 items in India under SAFTA. Achieved limited gain.
- Duty free market access under FTA benefited will be terminated once Bangladesh will graduate from the LDC status in 2026.
- Most of the countries are moving towards to FTA due to deadlock in the WTO Negotiations.
- Competing countries are signing bilateral FTAs with big players, Bangladesh needs to adopt and adjust with the trend.
- However, FTA will be the main tool after LDC graduation to cover the loss of GSP.
- FTA however, is reciprocal, i.e. both parties have to commitment and make concessions.

Huge Sensitive List for SAFTA

Member State	Number of Products in the original Sensitive Lists	Number of Products in the Revised Sensitive Lists (Phase-II)
(1)	(2)	(3)
Afghanistan	1072	850
Bangladesh	1233 (LDCs) 1241 (NLDCs)	987 (LDCs) 993 (NLDCs)
Bhutan	150	156
India	480 (LDCs) 868 (NLDCs)	25 (LDCs) 614 (NLDCs)
Maldives	681	154
Nepal	1257 (LDCs) 1295 (NLDCs)	998 (LDCs) 1036 (NLDCs)
Pakistan	1169	936
Sri Lanka	1042	837 (LDCs) 963 (NLDCs)

- However, negotiations could not move as expected. SAFTA has huge sensitive list

FTA Challenges for Bangladesh

1.	Patterns of PTA/FTAs are changed. It now covers trade in goods, services and intellectual property rights. It also includes non-trade issues such labour rights, green financing, environment, good governance, government procurement etc.
2.	Signing FTA would require reduction of import duties. This will reduce government revenue of around 29%. Revenue loss with China is Tk. 25,000 crore, Malaysia Tk 3000 crore, Indonesia 137 crore etc.
3.	Domestic industry also are not willing to face more competition and reduce duties for the items they produces.
4.	USA, Sri Lanka, Nepal, MERCOSUR, Malaysia and many of the African countries may not be willing
5.	Indonesia offered to grant DFQF for 45 products under PTA which is not meaningful for Bangladesh.

Enforcement of the TRIPS Agreement

- WTO TRIPS Agreement came into force in 1996, one year after the establishment of WTO.
- In view of the **special needs and requirements of LDC, their economic, financial and administrative constraints, and their need for flexibility to create a viable technological base,**
- LDCs have been granted **two** transition periods (after three times extension):
 - Extension of **general transition** period until 01 July 2034.
 - TRIPS extension for the **pharmaceuticals until 2033.**
- Moreover, Article 66.2 allows technology transfer to the LDCs.
- The two extension mentions: until, or **until such a date on which they cease to be a least-developed country Member, whichever date is earlier.**
- TRIPS Transition period will be over as soon as Bangladesh graduate from the LDC status in 2026.

Existing IP Situation in Bangladesh

- Bangladesh's ranking in IPR score (125th/129th in the world) and Global Innovation Index 116/131
- Trademark's violation is frequently reported by local and foreign companies.
- World Trademarks Review 2020, reported Bangladesh as the hotspots of counterfeit products.
 - **Consumers:** Health & Safety concerns, get low quality product and loss trust on Brand.
 - **BUSINESSES:** Consumers' dissatisfaction, loss of sales volume, revenue and profit, loss of Trust and Reputation, legal and fiscal liability.
 - Creators and innovators are morally discouraged.
 - Loss of Tax Revenue: 4.2% to 6% annually
 - **Investment**, especially Foreign Direct Investment discouraged.
 - **Country** image hampered.

Existing IP Situation in Bangladesh



12/07/2011

Impact of Termination of the TRIPS Transition Period

TRIPS General Waiver

- No TRIPS waiver will be available after graduation in 2026.
- Copyright protection has to be ensured.
- Books and software will be expensive.
- Trademark violation has to be stopped and other IP protection must be ensured.
- Technology Transfer under Article 66.2 is yet to bring desired benefit

TRIPS Pharmaceutical Waiver

- Patent protection for pharmaceuticals will be terminated after graduation in 2026.
- Pay royalties to the patent holders. API and medicines will be expensive.
- Remove export subsidies (5% pharmaceutical and 20% API).
- Test data protection is to be ensured

Impact on Pharmaceutical Product Prices

Name of the Drugs	Bangladesh Price (US\$)	Price in Countries with Patent Protection (US\$)
sofosbuvir	6	1000
harvoni	12	1130
rosuvastatin	0.25	7.25
sitagliptin	0.25	11.25
Source: South Center, Geneva		

Termination of Other Flexibilities

- Bangladesh grants cash incentives about 6,600 crore for export of 38 products.
- Cash incentives are prohibited subsidies and has to be removed.
- Supplementary duty, regulatory duty and development surcharge are not WTO consistent. These have to be withdrawn which would have negative impact on revenue earnings.
- Domestic industries will face fierce competition.
- LDCs including Bangladesh receive free legal supports from ACWL which will be no longer available at free of cost.
- Technical support under Enhanced Integrated Framework (EIF) supports will be available after five years of graduation.

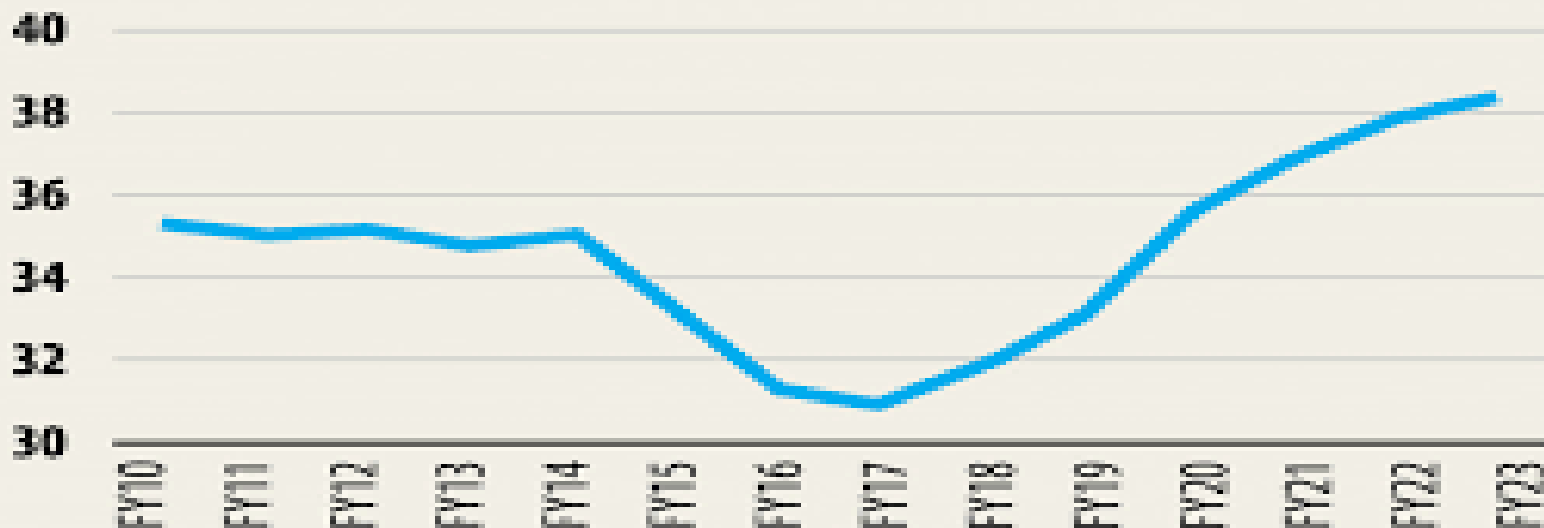
ODA Related ISMs

Bangladesh became a lower middle income country from low income country by World Bank in 2015.

WB graduation to lower middle income countries have already reduced concession aid and grant, increased loan, reduced grace period. All DFQF benefits will be end if Bangladesh moved to upper-middle income country.

Bangladesh's debt-GDP ratio

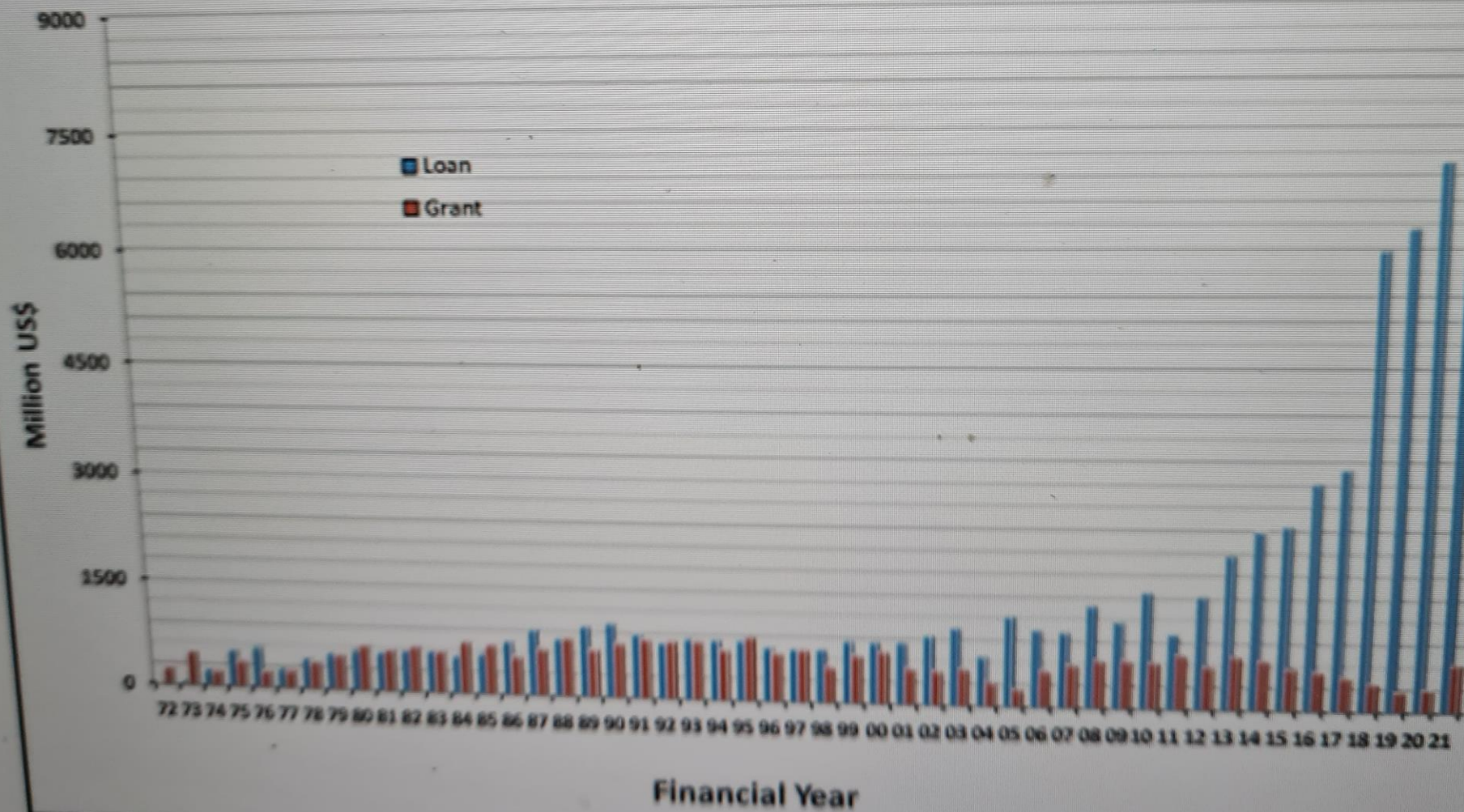
(in %); SOURCE: FINANCE DIVISION



ODA Related ISMs: High Loan

Figure

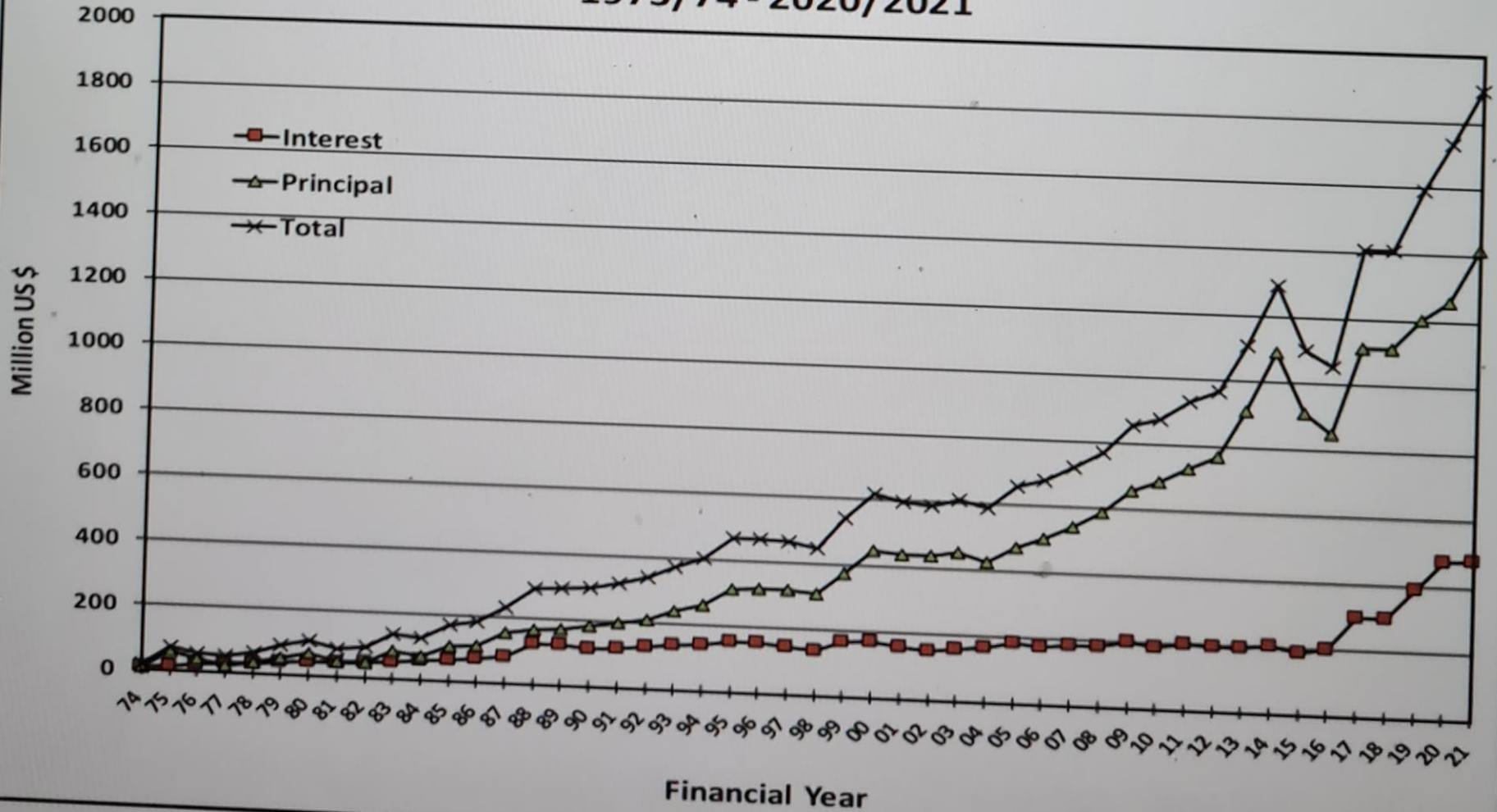
1971/1972 - 2020/2021



ODA Related ISMs: High Debt Servicing

Figure-9

Debt Servicing (Yearwise)
1973/74 - 2020/2021



Some Challenges During Post Graduation Era

Policy Issue	Concerns	Impact
High export concentration	<ul style="list-style-type: none"> • 84% of export earnings are generated from RMG. • US, UK and EU comprises 77% export market 	High risk due to current geo political conditions
Low Productivity Index	<ul style="list-style-type: none"> • Productivity index = 0.44 • Product concentration index = 0.40 • Structural transformation index =0.68 • Transport index =0.17 • ICT index = 0.25. 	Hold back Bangladesh's potential growth potentials
Dramatic increase of trade imbalance	<ul style="list-style-type: none"> • Currency has devalued significantly due to higher increase of import • Export demand could not catch up with import demand. 	Increase poverty

Way Forward: International Level

LDC group made a submission to WTO for continuation of S&D after graduation for 6-9 years.

12 WTO Ministerial Conference did not reach any conclusion on this. Just took note of this.

Lobby for getting GSP+ with European Union is important

Include Bangladesh's name at the Annex 7 list of WTO Subsidies Agreement to continue some subsidies.

Take initiatives to sign FTAs/PTAs with potential partners.

Try to take benefits as an LDCs and also prepare for negotiations as non-LDC developing countries.

Way Forward: Domestic Measures

01

A Task Force under the chairmanship of Principle Secretary and seven sub-committees have been formed which would accelerate the pace of graduation path.

02

Prioritization of issues and Branding of Bangladesh and be careful about middle income trap.

03

Strengthening trade negotiation pools.

04

Diversification, improve quality & productivity are the most effective strategies in post graduation era.

05

Removal of para-tariffs (supplementary duties, regulatory duties, AIT etc).

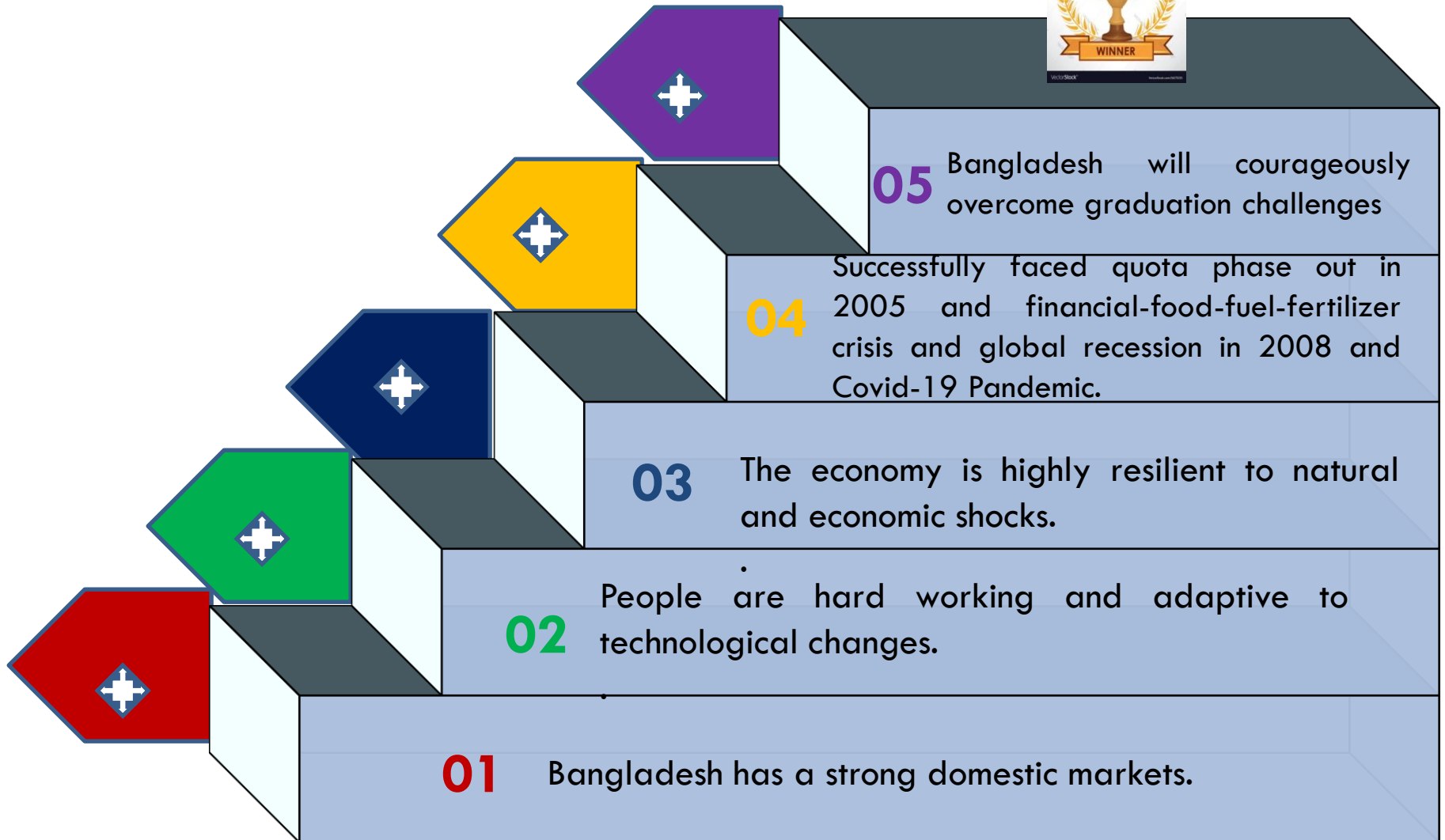
06

Better enforcement of Intellectual Property Rights (IPR).

07

Identify WTO consistent subsidy measures to support the entrepreneurs and farmers.

Conclusion



01 Bangladesh has a strong domestic markets.

02 People are hard working and adaptive to technological changes.

03 The economy is highly resilient to natural and economic shocks.

04 Successfully faced quota phase out in 2005 and financial-food-fuel-fertilizer crisis and global recession in 2008 and Covid-19 Pandemic.

05 Bangladesh will courageously overcome graduation challenges

**Thank
you
all**

Training of Trainers (ToT) Programme on Bangladesh's graduation from LDC category

Lecture on

Strategies for Sustainable Graduation

*Organised by Bangladesh Public Administration Training Centre (BPATC)
and Support to Sustainable Graduation Project (SSGP)*

Presentation by

Mustafizur Rahman

Distinguished Fellow

Centre For Policy Dialogue (CPD)

Wednesday, June 22, 2022

Strategies for Sustainable Graduation

1. Section 1: Context of Bangladesh's LDC Graduation
2. Section 2: Strategies Towards Sustainable Graduation
 - 2.1: Bangladesh's Triple Identities
 - 2.2: Four Areas of Impacts: Four Elements of Strategies
 - 2.3: Strategies in View of WTO: MC12 Decision and Graduating LDCs
 - 2.4: Strategies to take advantage of built-in measures
3. Section 3: Realising the Strategies Towards Sustainable Graduation
 - 3.1: Middle income graduation and avoiding the MIT
 - 3.2: Raising productivity and competitiveness through triangulation of trade, investment and transport connectivities
 - 3.3: Renewed emphasis on regional cooperation
 - 3.4: Ensuring inclusive Dual Graduation
 - 3.5: Build the Required Negotiating Capacity

Section 1: Context of Bangladesh's LDC Graduation

- ❑ LDC graduation of Bangladesh testifies to our country's socio-economic progress in terms of per capita income (as indicated by the **GNI per capita**), enhancement of Human Resources (as indicated by the **HAI**) and capacity to deal with economic vulnerabilities (as indicated by the **EVI**)
- ❑ Bangladesh is one of only seven LDCs out of the current 46 LDCs which have a firm timeline for graduation
- ❑ Graduation has positive implications for Bangladesh's branding and image (improved), economic benefits (e.g., an attractive destination for FDI) and favourable borrowing terms (e.g., better credit rating). But there will be formidable challenges as Bangladesh goes forward

Section 1: Continued

- Bangladesh will need to face the impacts of dual graduation simultaneously: Middle income graduation and LDC graduation
- Bangladesh's Dual Graduation is going to take place at a time when the world is becoming increasingly competitive and there is a rise of mega-regionals. Graduation will take place under the shadow of the pandemic and Ukraine-Russia war and their implications on the economy
- Outcome of MC12 indicates that while WTO members may take some measures in support of the graduating LDCs, the ambition has been set at rather low levels
- Consequently, Bangladesh will need to put more emphasis on its own efforts to navigate the process towards smooth graduation, graduation with momentum and sustainable graduation

Getting Ready for Sustainable LDC Graduation

- ❑ The GED has prepared an LDC Graduation Strategy early on
- ❑ The 8th FYP of Bangladesh has been designed as a graduation preparedness document and has incorporated many graduation-related strategies
- ❑ A high level committee has been constituted at the initiative of the PMO to monitor implementation of the LDC graduation strategy, setting up a number of sub-committees and ensuring participation of representatives of major trade bodies and non-state actors

Bangladesh: The Next Transition

- ❑ Bangladesh has made a crucial transition from a predominantly aid-driven economy to a trading economy
- ❑ The task before Bangladesh is to make the next transition: From market access driven competitiveness to skills and productivity driven competitiveness through triangulation of trade, investment and transport-logistics connectivities
- ❑ UN resolutions have rightly stated: ***Graduation is not a destination, but a milestone in the journey of the LDCs***

Table: Selected data on Bangladesh and other graduating LDCs (billion USD)

Countries	GDP	Total export of goods	Total export of services	Total import of goods	Total import of services
World	84705.43	17347.77	5041.74	16995.23	4706.09
All LDCs* (including 16 graduating LDCs)	1108.69	170.55	41.86	237.73	60.14
LDCs recommended for graduation (7)	443.77 (100%)	61.15 (100%)	8.68 (100%)	75.74 (100%)	16.74 (100%)
Bangladesh	324.24 (73.1%)	32.47 (53.1%)	6.31 (71.2%)	48.85 (64.5%)	8.41 (50.2%)
Bhutan	2.41	0.65	0.13	0.96	0.23
Nepal	33.66	0.89	0.90	9.59	1.09
Angola	62.31	20.94	0.07	9.54	5.58
Lao PDR	19.14	5.81	1.18	6.27	1.25
São Tomé and Príncipe	0.47	0.01	0.04	0.12	0.04
Solomon Islands	1.55	0.38	0.05	0.40	0.15
Other graduating LDCs (9)	152.38	44.24	11.92	51.84	9.73
Other LDCs (26)	512.53	65.16	21.26	110.16	33.66

Source: World Development Indicators (WDI), World Bank (2019)

Note: Respective shares of seven LDCs in the LDC group in view of the five indicators are: 40.1 per cent, 35.9 per cent, 20.7 per cent, 31.9 per cent and 27.8 per cent.

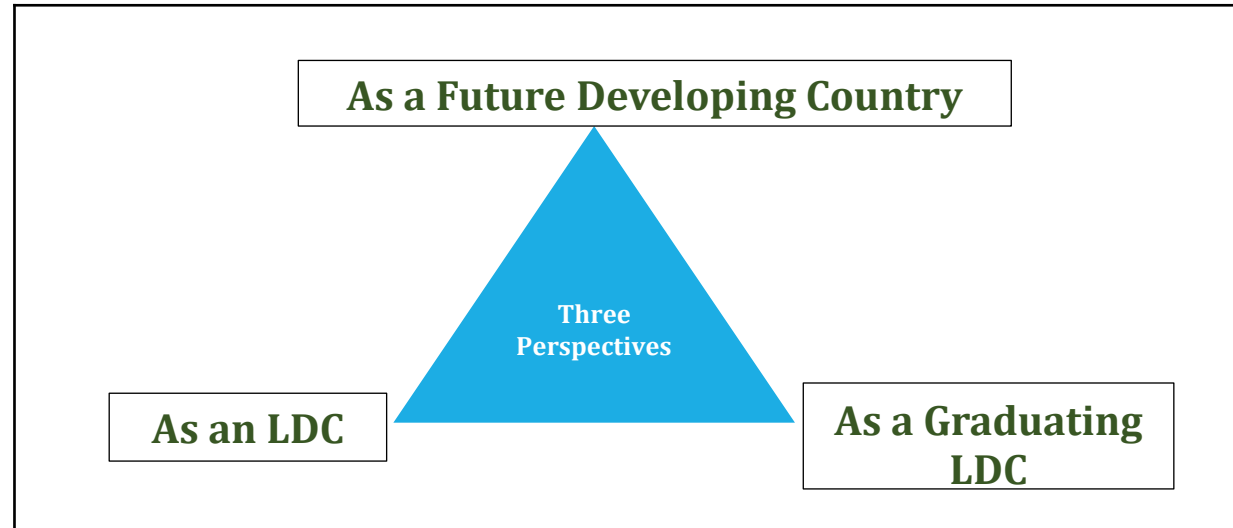
• *Figures in parentheses show Bangladesh's share in graduating LDC group*

- ❑ Bangladesh is the first major LDC to graduate. The six previously graduated LDCs are mostly small island economies
- ❑ Bangladesh's graduation journey will be watched closely by the global community

Section 2: Strategies Towards Sustainable Graduation

2.1: Bangladesh's Triple Identities

- Going Forward: Bangladesh will need to be guided by Three Identities



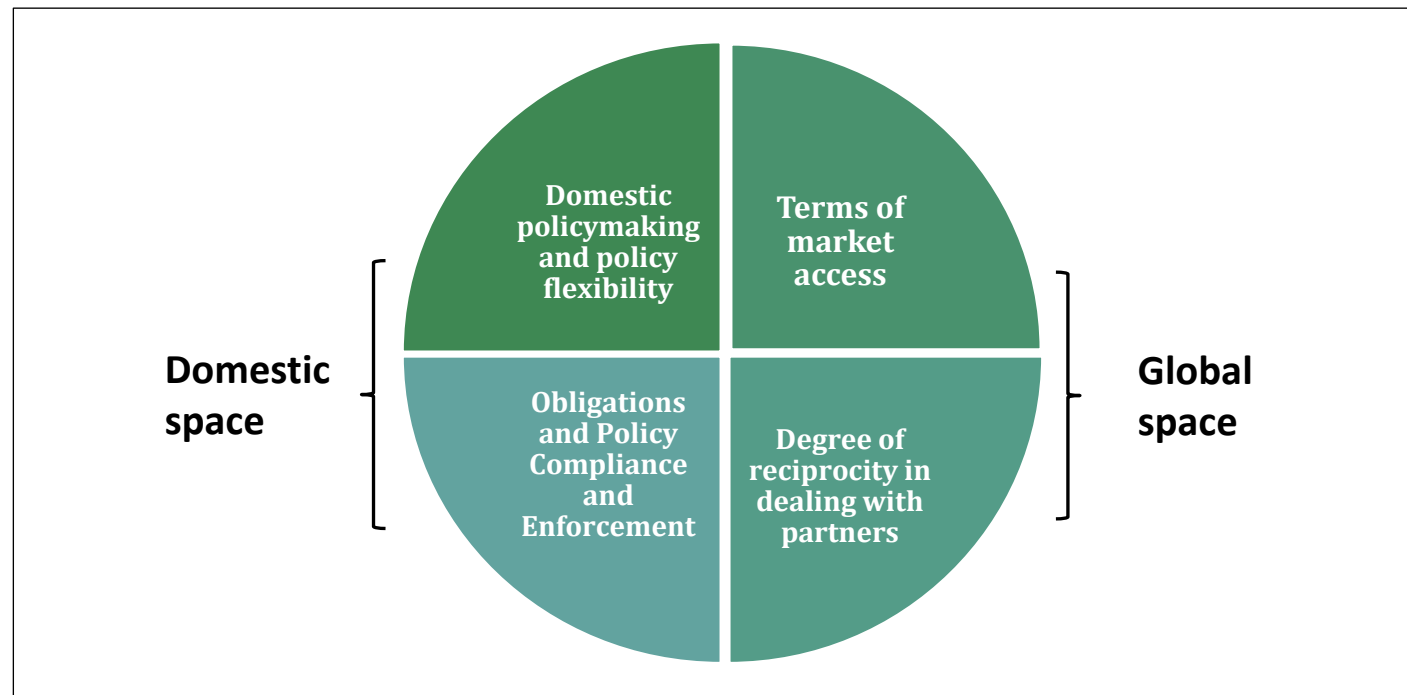
Source: Rahman (2021)

- Bangladesh will need to (a) take advantage of its status as an LDC over the next four years; (b) strive to secure a new set of ISMs as a graduating LDC; and (c) most critically important of all, she must take adequate preparation towards Sustainable Graduation by undertaking the needed homework and by implementing the LDC graduation strategy

2.2: Four Areas of Impacts: Four Elements of Strategies

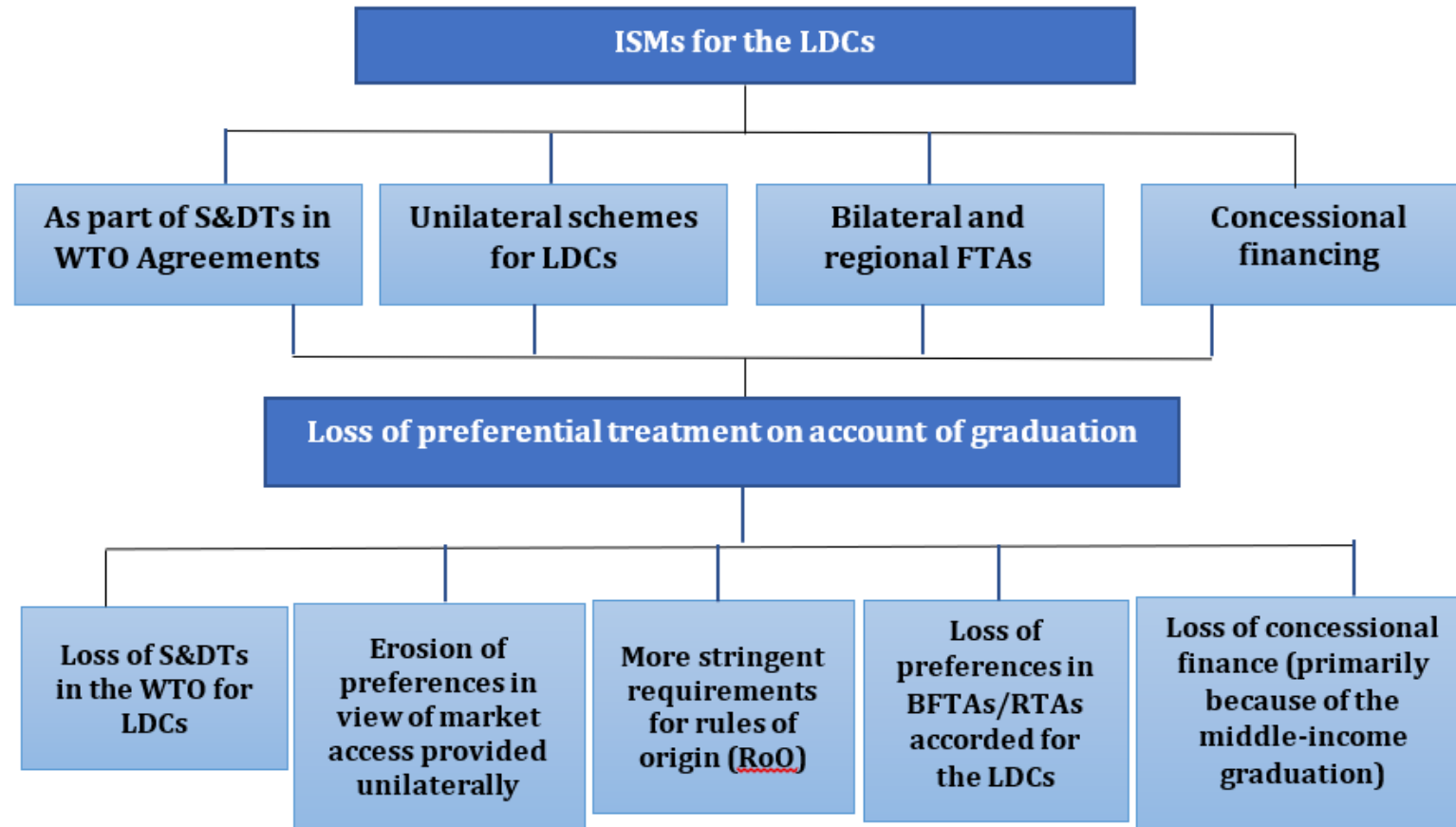
- It is reckoned that the impacts on Bangladesh– will be felt at both **Domestic Space and Global Space**, as depicted in Figure 2. These will likely concern four areas: (a) policy-making and policy flexibilities; (b) obligations, compliance and enforcement relating to various WTO Agreements; (c) terms of market access; and (d) degree of reciprocity in dealing with partners.

Figure: Impact of LDC graduation on policy space



Source: Rahman (2021)

Graduation and Loss of International Support Measures (ISMs)



Source: Rahman (2021)

- ❑ **As an LDC Bangladesh also enjoys preferential market access** under autonomous initiatives operated by preference-providing WTO member countries. For example, as part of LDC-specific preferential market access schemes
 - These preferences are allowed and codified under the **WTO Enabling Clause** of 1979
 - These are offered: **Multilaterally** as part of various WTO Agreements (e.g. NAMA, AOA, TRIPS, SPS-TBT, TFA; GATS; 183 S&DTs in 16 Agreements, 25 exclusively for the LDCs). **Bilaterally** (e.g. EU-EBA, LDC- specific GSP Schemes). And also as part of **RTAs** (e.g. in SAFTA, India offers DF-QF market access to all SAARC LDCs)
- ❑ Together the above constitutes **international support measures (ISMs)** for the LDCs
- ❑ On graduation, LDC-specific ISMs will no more be available to Bangladesh and other LDCs, with consequent impacts for both national and global spaces

2.3: Strategies in View of WTO: MC12 Decision and Graduating LDCs

- ❑ During the run up to MC12, LDCs as a group fought hard to have some concrete measures agreed at the Ministerial (extension of ISMs for a time-bound period, extension of DF-QF MA by 6-9 years, extension of S&DT in fisheries subsidies for graduated LDCs by 7 years and others)
- ❑ There is no mention in the MC12 Decision as regards any concrete timeline for extension of ISMs for graduating LDCs
- ❑ There is only a recognition of the challenges facing graduating LDCs and the need to take supportive actions by WTO members to facilitate sustainable graduation (Para 5)
- ❑ If the discussions and negotiations in the WTO Working Groups and relevant platforms can result in some agreed measures, then MC13 (may be held in 2023 or 2024) could come up with some concrete actions

Arguments Favouring Support to Graduating LDCs in view of Upcoming MC13

- ❑ The **scores for HAI and EVI** (which were moving averages earlier) **have been fixed in 2012** (at 66 and above and 32 and below) leading to many LDCs being eligible for graduation, in spite of the fact that all graduating LDCs suffer from embedded structural weaknesses. This fact should guide the decisions concerning graduating LDCs
- ❑ It is not that WTO does not recognise differentiation among the developing countries. For example, the **WTO-SCM** (subsidies and countervailing measures) Agreement (Annex VIIb) allows for derogation from obligations on grounds of per capita income (US\$1000 in 1990 terms). Also the WTO Agreement on Agriculture (AoA) offers flexibility to net-food importing developing countries (NFIDCs)
- ❑ There is precedence in the WTO as regards support to graduating LDCs: **Maldives LDC graduation**: Deferment of TRIPS implementation by 3 years
- ❑ At the least, currently graduating LDCs should be allowed to enjoy the **flexibilities that are already in place**, for a time-bound period (e.g., TRIPS patent waiver till 2032; GATS Services Waiver till 2030)

Elements of a Possible Graduation Support Package

- ❑ Extend S&DTs for a time-bound period
- ❑ **Urge countries** providing preferential market access to LDCs on bilateral basis (EU, India, China, Japan, USA, Canada and others) or as part of regional agreements (e.g. India in SAFTA), **to extend the preferences for a time-bound period**
- ❑ **Design a Debt Relief Initiative** for graduating LDCs to incentivise graduation and release funds to undertake activities in support of sustainable graduation
- ❑ Put in place a **Graduation Support Fund**
- ❑ **Support the proposal floated** to provide preferential access to the extent of **Domestic Value Addition** in graduating LDCs
- ❑ **Embed concerns of graduating LDCs** in ongoing negotiations where decisions may be taken at MC13, keeping in the purview the perspectives as both **graduating LDC** and **future (non-LDC) developing country**

2.4: Strategies to take advantage of built-in measures

- ❑ There is already support **measures in place within the ambit of the WTO** (EIF, Technology Bank) which extend support to LDCs following their graduation. These allow LDCs to enjoy benefits for additional periods (for an additional five years in both the aforesaid cases, following graduation). Bangladesh will need to take full advantage of these built-in measures

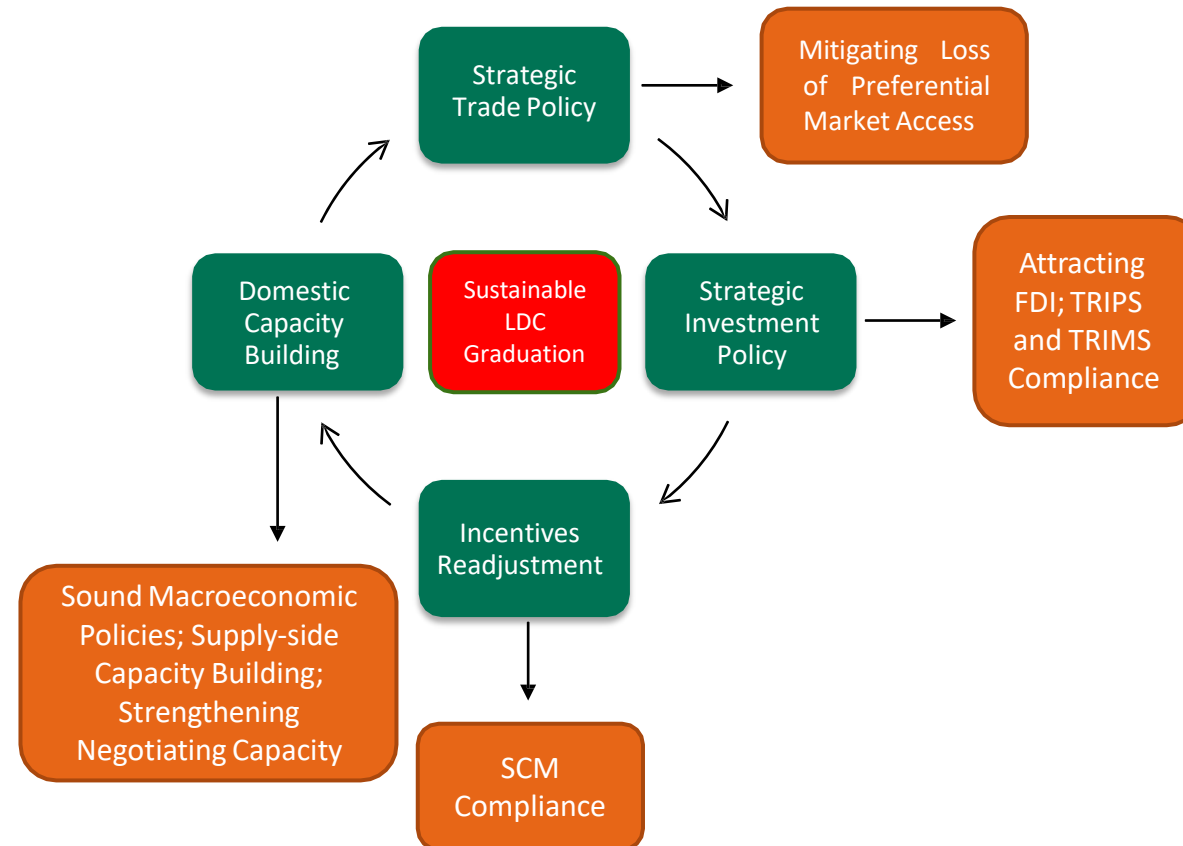
□ Support for Graduating LDCs in Various Trade-related Areas

Programme	Area of support and the provider	Extension period after graduation
EU's Everything but Arms scheme (EBA)	Trade related LDC-specific market access support by the European Union	3 years
Enhanced Integrated Framework (EIF)	Trade related capacity building multi-donor support managed by United Nations Office for Project Services (UNOPS)	5 years
UN Capital Development Fund (UNCDF)	Finance related support for the LDCs	3 years + 2 years on an equal cost sharing basis
Least Developed Countries Fund (LDCF)	Climate fund operated by Global Environment Facility (GEF)	Projects approved before graduation would be funded
UN Technology Bank for LDCs	ICT and knowledge sharing platform	5 years
International Development Law Organization (IDLO) pro-bono legal support	On-demand legal and professional assistance to LDC governments	5 years
UN travel support for GA sessions	Travel support fund extended by UN agencies	3 years

Source: UNOHRLS, (n.d.)

Section 3: Realising the Strategies Towards Sustainable Graduation

Proposed Action Agendas in Going Forward



3.1: Middle income graduation and avoiding the MIT

- ❑ Bangladesh will soon graduate from a 'gap country' to a 'blend country' to a 'non-blend' country (exclusively WB-IBRD) which will result in more stringent aid conditionalities and non-concessional loans at a time when it will require more foreign resources to prepare for LDC graduation
- ❑ A renewed effort will be needed to ensure best use of aid money to avoid debt distress and the dreaded debt trap. Bangladesh should be cognisant of the middle income trap (MIT) and avoid it by pursuing appropriate macro-economic and fiscal-monetary policies by ensuring good value for money in implementing development programmes
- ❑ Move towards (partial) convertibility of BDT may become a necessity
- ❑ New sources of funding such as AIIB and NDB (to which Bangladesh has been invited), issuance of sovereign bonds, should be more actively explored

3.2: Raising productivity and competitiveness through triangulation of trade, investment and transport connectivities

- Technological preparedness hierarchy (WEF): Leading; High potential; Legacy, Nascent → Implications for emerging demands in the job market and for the education sector
- More reliance on New economy as against Traditional economy
- Transition from factor-driven to productivity-driven economy
- Avoid jobless growth
- Undertake trade and investment reforms
- Triangulation of the various connectivities

3.3: Renewed emphasis on regional cooperation

- Regionalism versus Regionalisation
- Go for market and product diversification within and outside of RMG
- Integration with Southern Asian markets
- Deepen six connectivities to deepen regional cooperation
- Build regional production networks and RVCs
- Pursue regional integration as a strategy towards strengthened global integration

3.4: Ensuring inclusive Dual Graduation

- Rising consumption, income and wealth inequality in Bangladesh
- Nature of inequality: Sectional and Spatial
- Rising inequality as a drag on future growth
- Leverage the implementation of LDC graduation strategy with SDG implementation
- Triangulation of the three pillars of Economic growth, Social inclusiveness and Environmental sustainability as per the aspirations articulated in Vision 2041

3.5: Build the Required Negotiating Capacity

- ❑ *In trade negotiations countries get not what they deserve but what they negotiate*
- ❑ Capacity to carry out tough negotiations to go for CEPA type of Agreement based on:
 - Reciprocity: Providing access to our own market
 - Preparedness to deal with complex issues: tariff and trade liberalisation; opening of sectors for foreign investment; labour compliance; environment compliance
- ❑ Bangladesh can go for negotiations bilaterally, or as a groups (SAFTA; BIMSTEC) with single country or with group of countries
- ❑ India and China, ASEAN and RCEP are possible regional countries and groupings with most potential benefits, but also most challenging
- ❑ **Key strategy:** Attracting investment to build value-chains and production networks to take advantage of preferential market access
- ❑ **Approach to negotiation: Argue for Two-track liberalisation** (similar to the ones for the **CMLV in the ASEAN**)
- ❑ Develop legal capacities to deal with cases in the WTO-DSB
- ❑ Needed → A **Negotiation Cell** (Like the WTO Cell in the Ministry of Commerce), which should be equipped with adequate human-analytical-technical-financial resources and capacities

Thank You

Sustainable Graduation: Enhancing Productive Capacity

M. Tofazzel Hossain Miah

Senior Secretary

Prime Minister's Office

23 June 2022

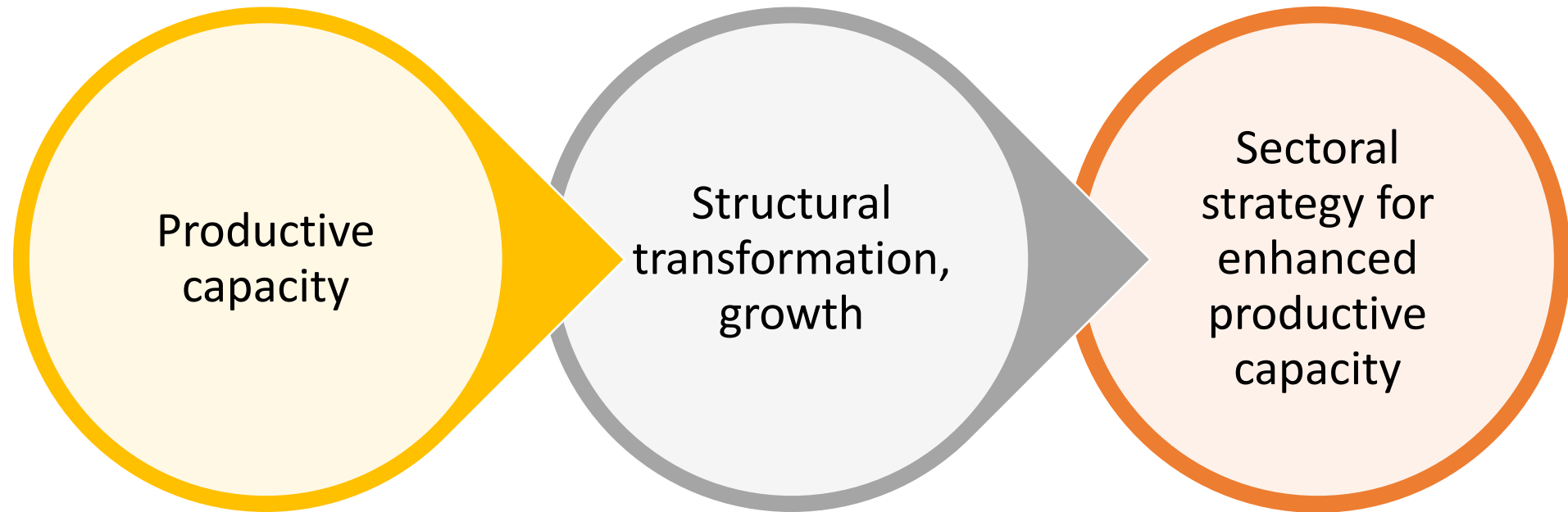
BPATC

Session content

Sustainable Graduation: Enhancing Productive Capacity

- Concept of productive capacity
- Skill Enhancement
- Technology Development
- Entrepreneurship development
- Capital Market Development and Financial Sector Reform
- Ensuring quality education and healthcare
- Gender Empowerment
- Prudent adoption of 4th Industrial Revolution (4IR)

Presentation flow



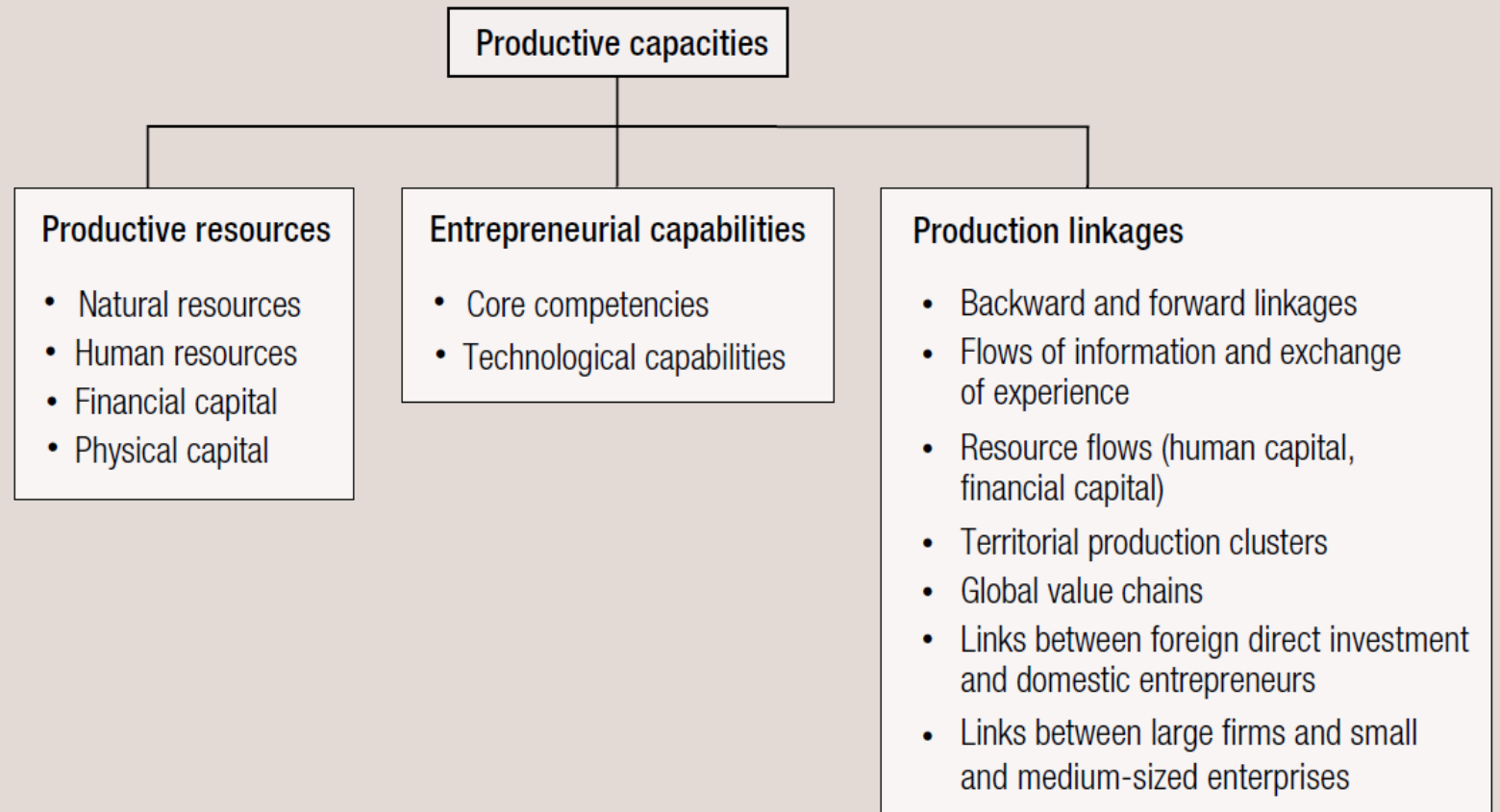
Why does Productive Capacity Analysis Matter?

Productive capacity development can help to:

- diversify production and export bases, thereby reducing vulnerability to external shocks
- benefit more from greater integration into the global economy
- sustain progress in human and social development
- adapt and build resilience to climate change and other exogenous shocks

UNCTAD defines productive capacities as the productive resources, entrepreneurial capabilities and production linkages that together determine a country's ability to produce goods and services that will help it grow and develop

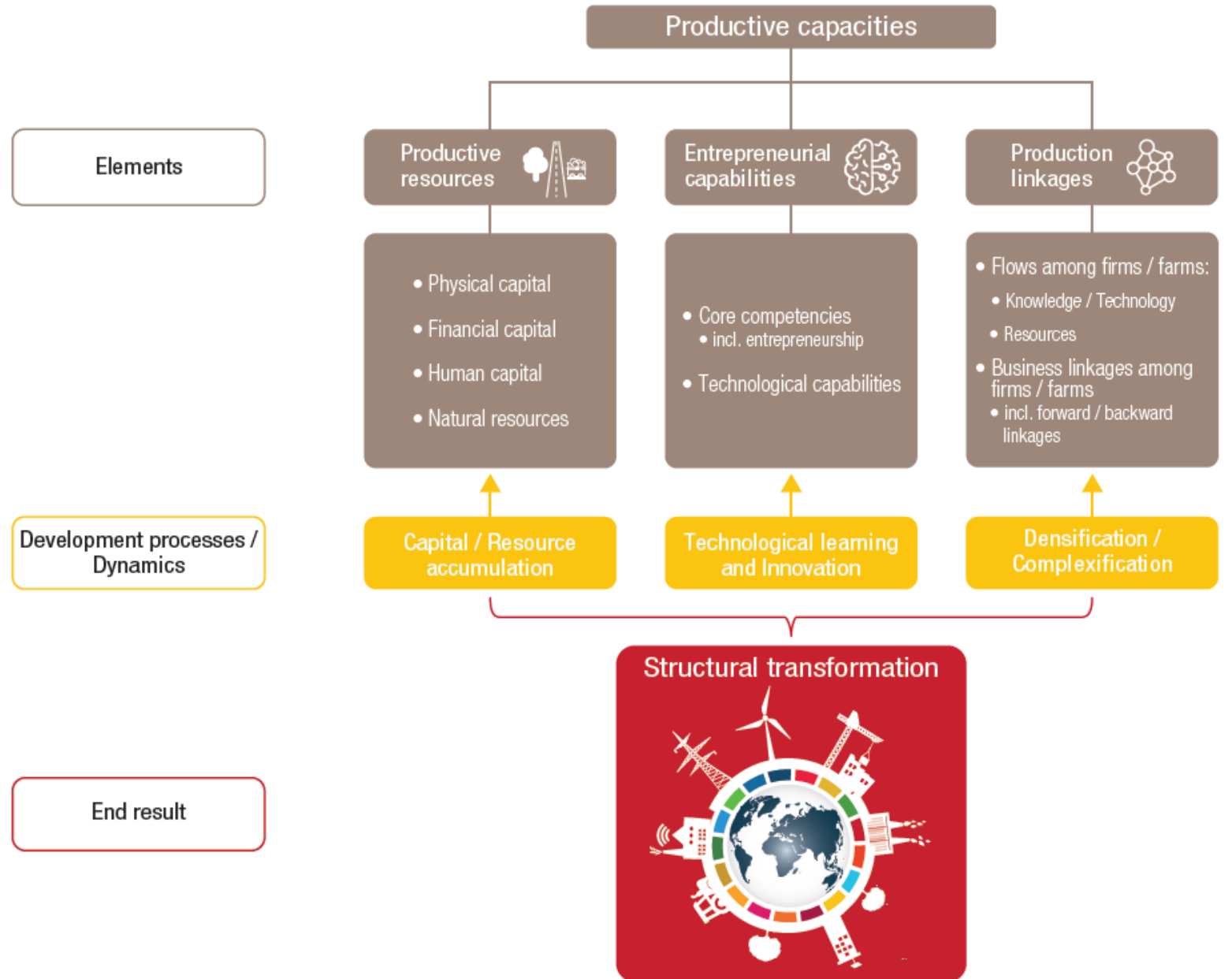
Figure 1. Productive capacities: Three basic elements



Source: UNCTAD, 2006, p. 63.

Productive capacities and structural transformation

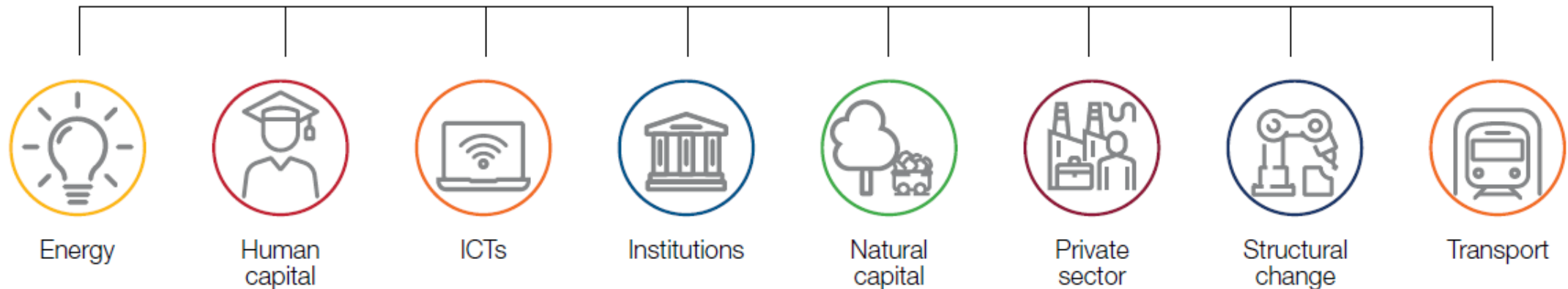
Productive capacities and structural transformation



The Productive Capacities Index (PCI)

- eight domains or categories; 46 indicators
- scores ranging from 0 to 100
- data for 193 economies for the period from 2000 to 2018

Productive Capacities Index



Ref: Placing productive capacities at the heart of least developed countries' development policy and strategy: A call for change ahead of UNCTAD XV, UNLDC V and beyond, Policy brief No. 86 2021

**Productive
Capacity
Index: Eight
Core
Elements**

**Scale 0 to 100
Higher the
better**

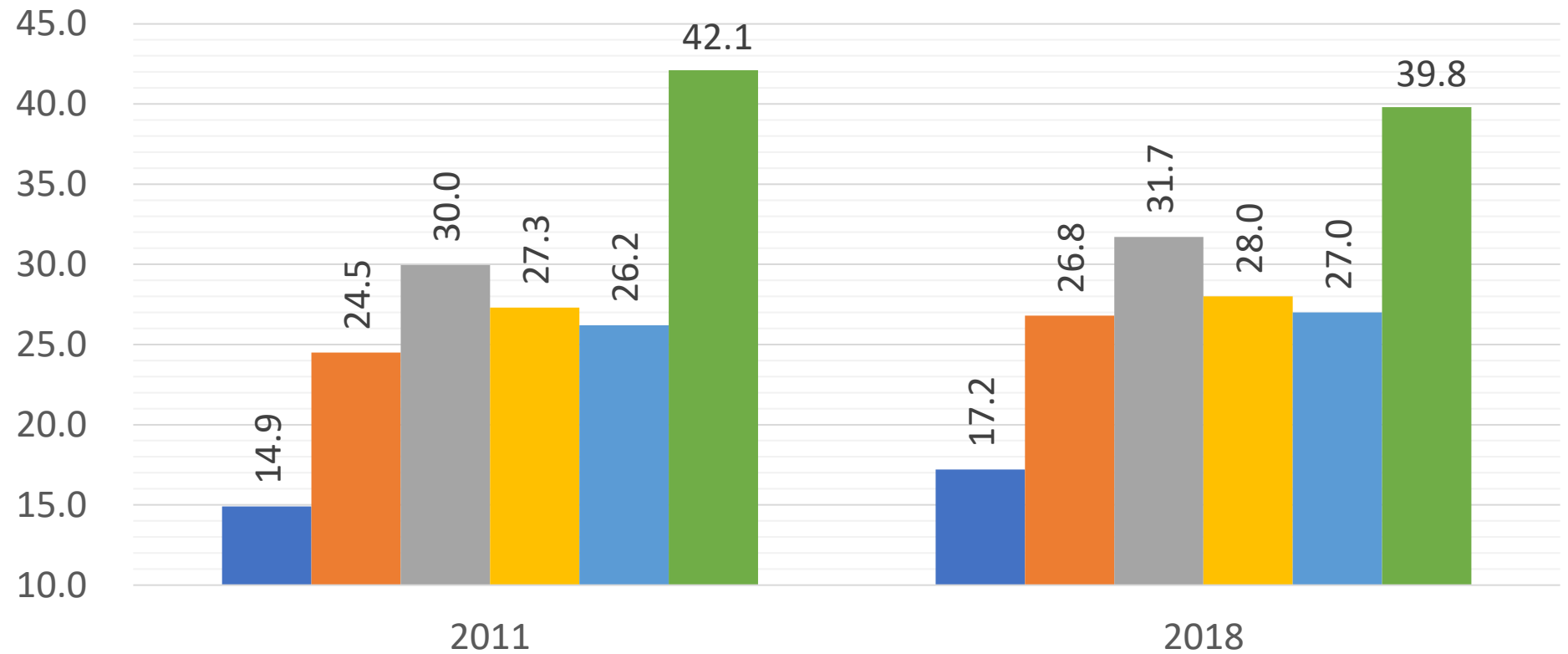
Energy	sustainability and efficiency of power sources
Human capital	education, skills and health conditions
ICTs	accessibility and integration of communication systems within the population
Institutions	regulatory quality, effectiveness, success in fighting criminality, corruption and terrorism
Natural capital	extractive and agricultural resources
Private sector	ease of cross-border trade, access to credit, business climate
Structural change	movement from low-productivity to high-productivity economic activities
Transport	roads and railways network, and air connectivity

Productive capacity index (PCI)

- Least developed countries
- Bangladesh
- Vietnam
- Other developing countries
- World
- Developed countries

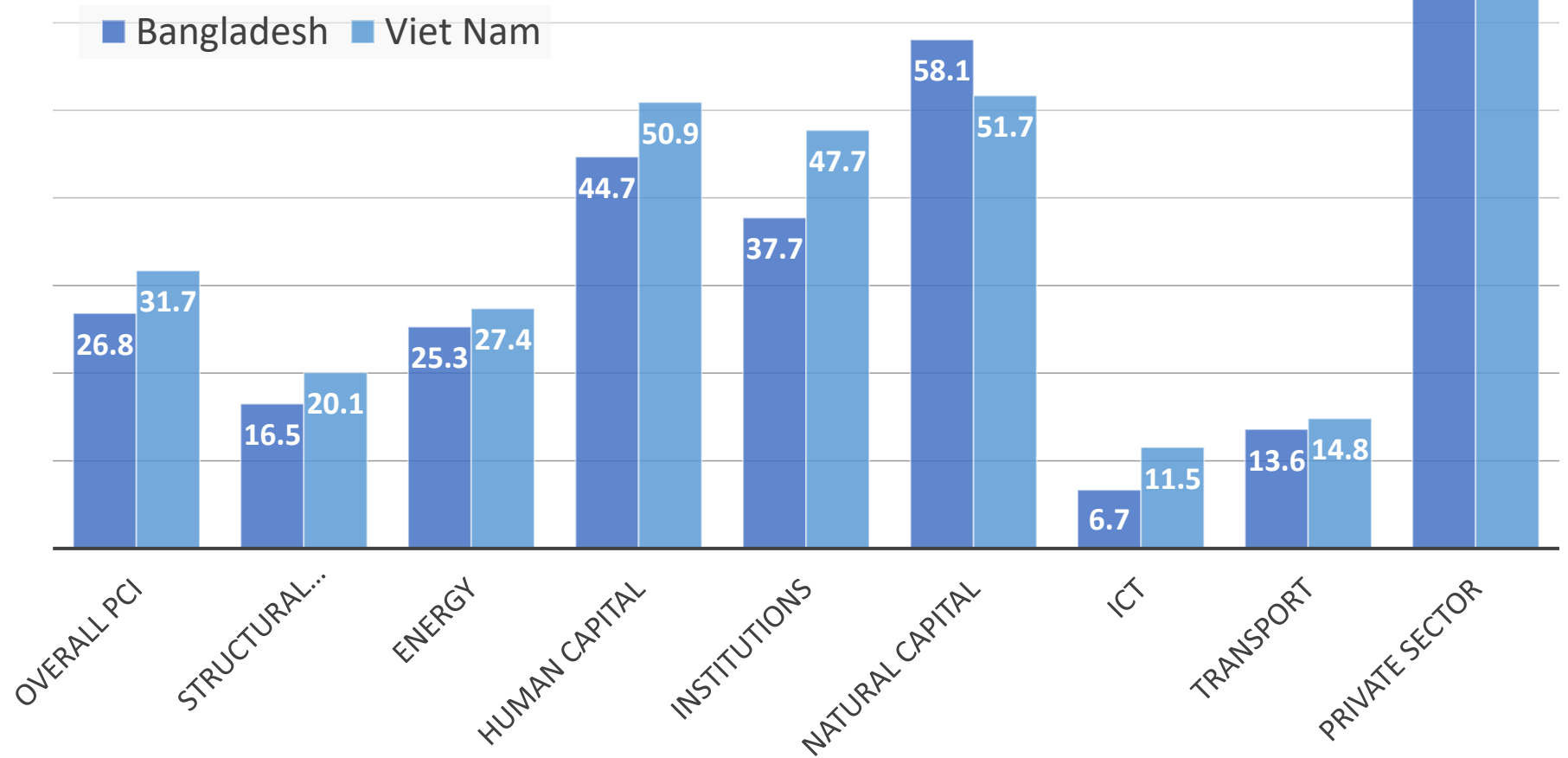
*A snapshot of
PCI, 2011-
2018*

*Bangladesh
needs to do a
lot to be
competitive*



Data source: UNCTAD datastat [UNCTADstat - Productive Capacities Index](https://unctadstat.unctad.org/)

Categories of PCI: Bangladesh and Vietnam



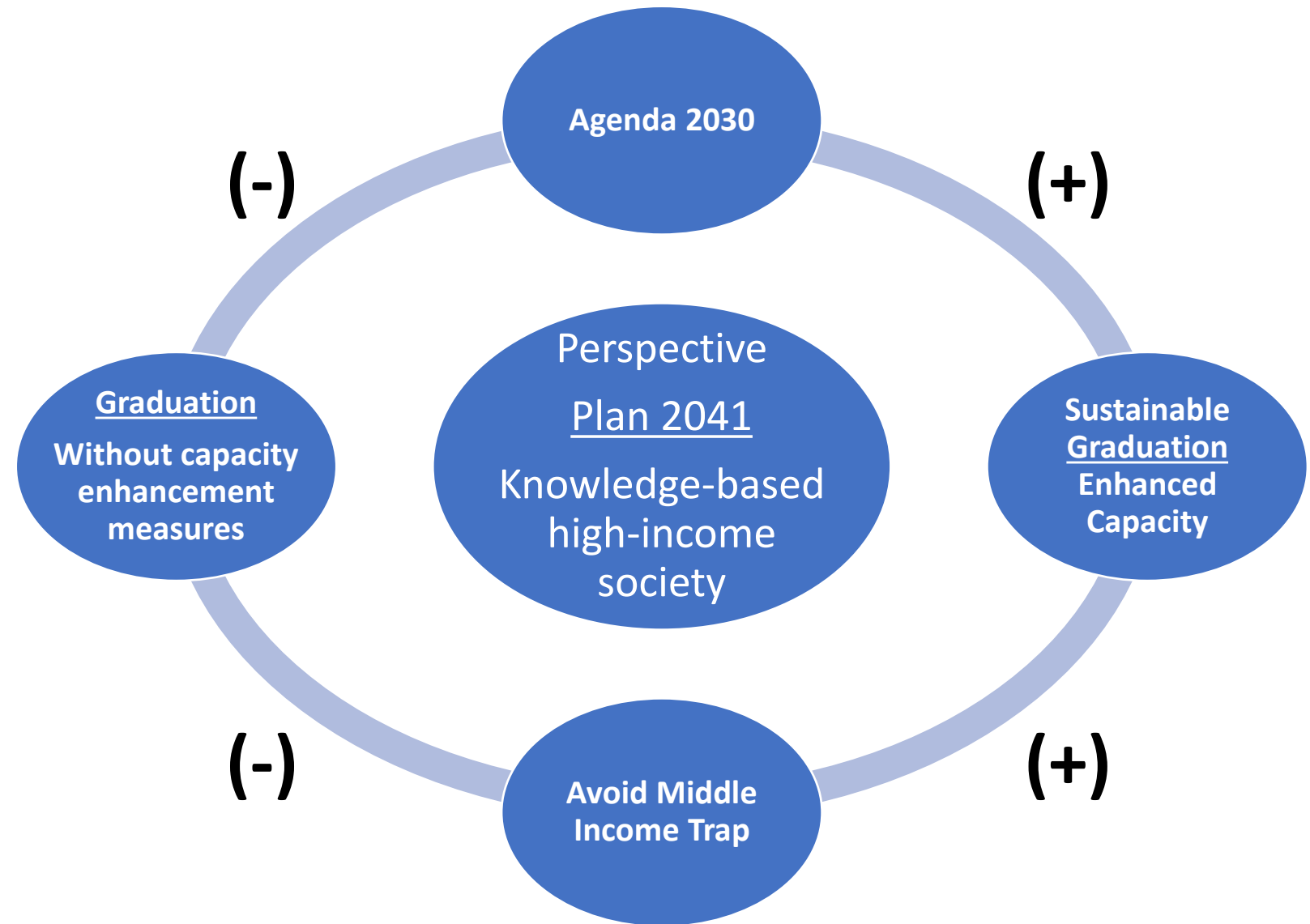
Bangladesh lagging almost in every core area of PCI against Vietnam in the 2018 dataset

Data source: UNCTAD datastat [UNCTADstat - Productive Capacities Index](#)

RELEVANCE OF PRODUCTIVE CAPACITY TO GRADUATION WITH MOMENTUM

Core areas of LDC graduation:

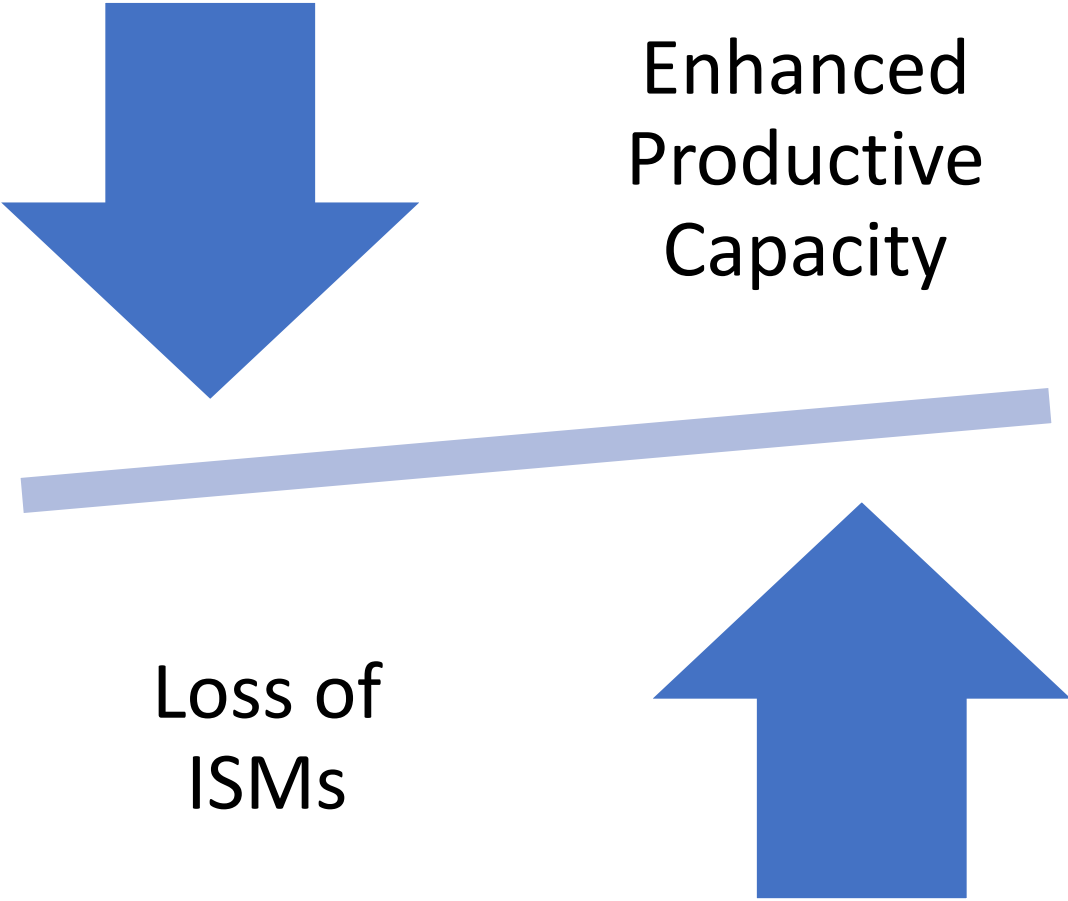
1. GNI per capita
2. Human Asset Index
3. Economic and Environmental Index



COMPENSATING LOSS OF ISMS WITH PRODUCTIVE CAPACITY DEVELOPMENT

Loss of International Support Measures:

- 1. Trade related supports
 - a. DFQF
 - b. RoO
 - c. IPR- TRIPS
- 2. Concessional financing- ODA
- 3. Other benefits- concessional subscription

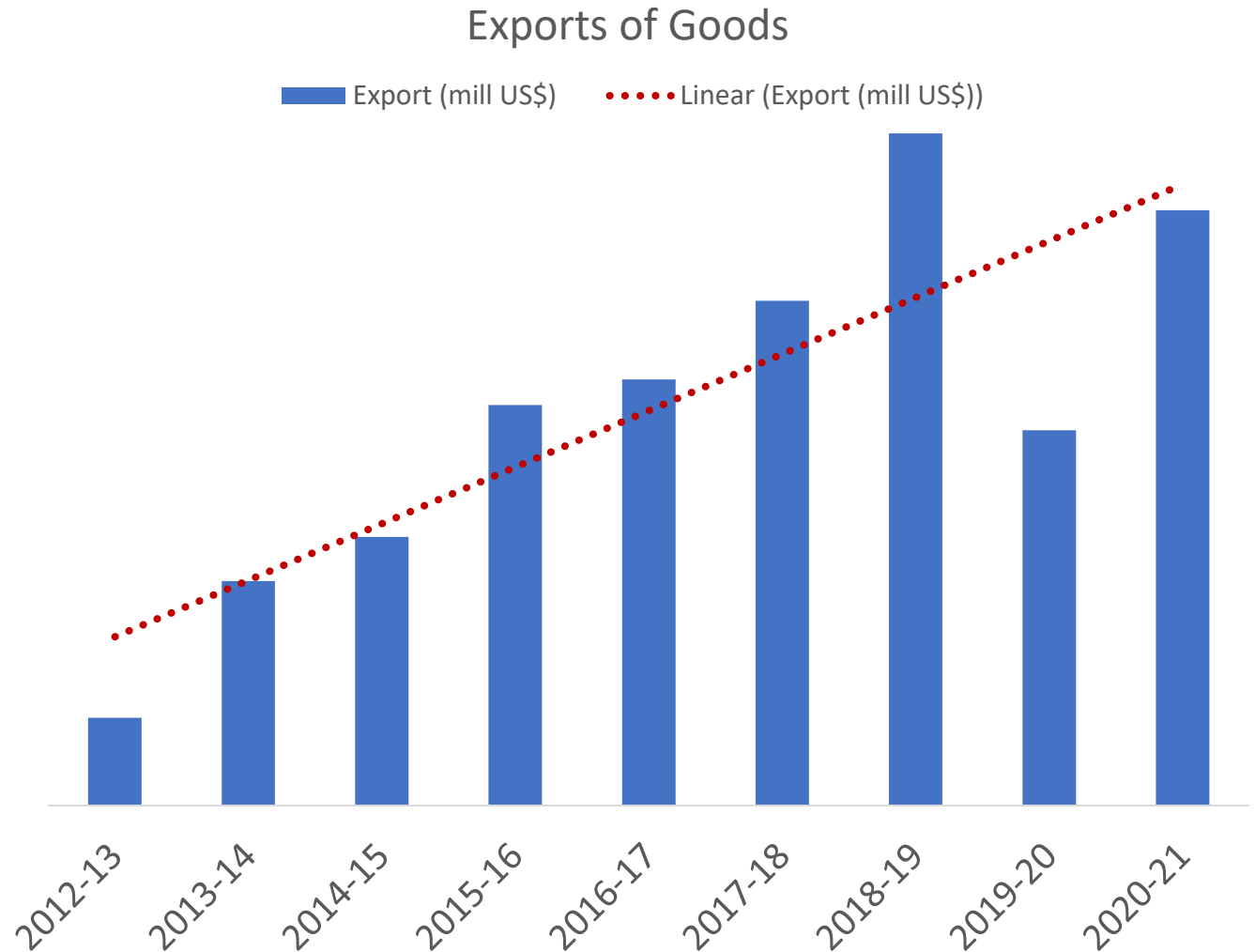


Improvement in:

- 1. Energy
- 2. Human capital
- 3. ICTs
- 4. Institutions
- 5. Natural capital
- 6. Private sector
- 7. Structural change
- 8. Transport

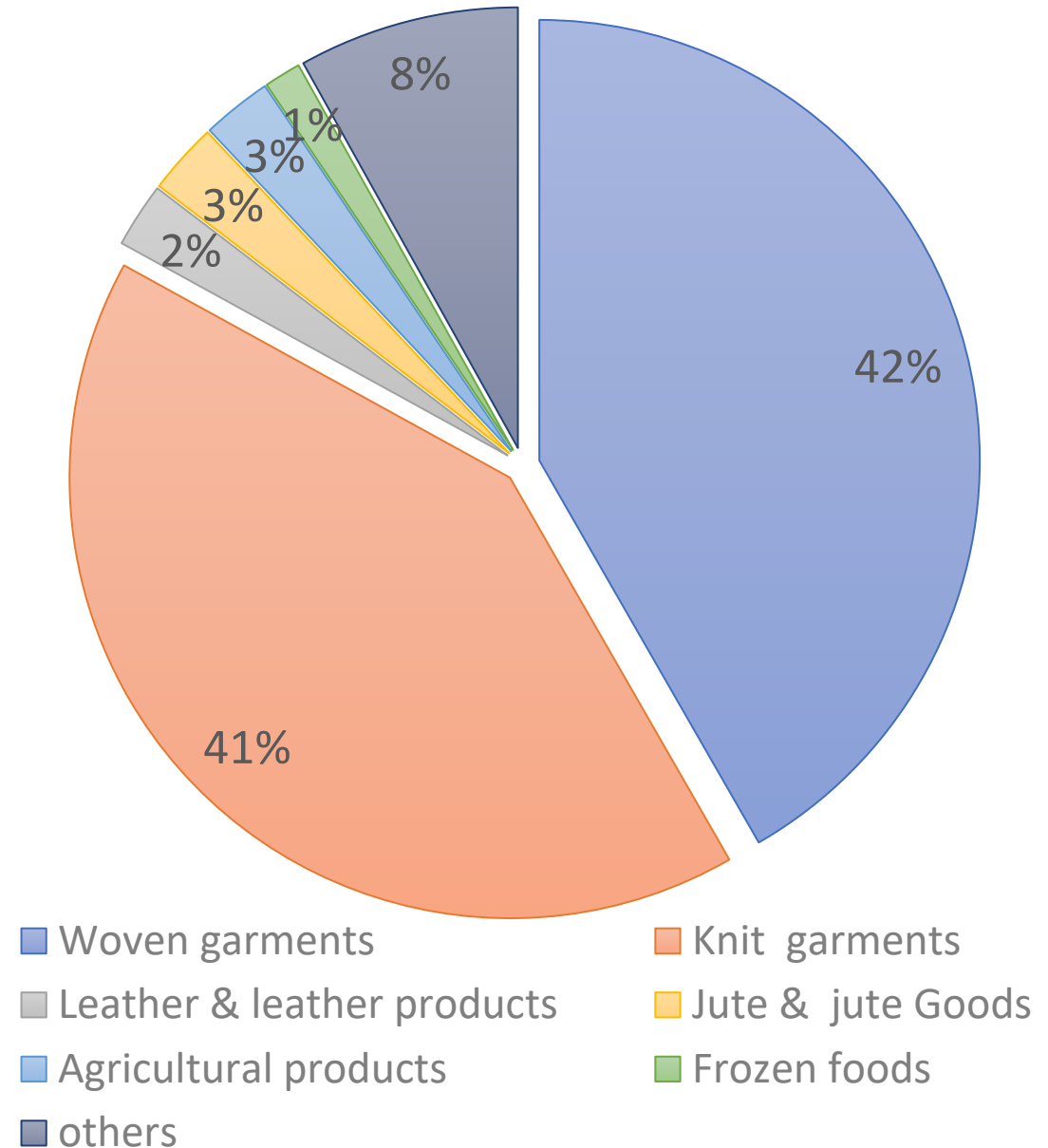
Export Earning From Goods

FY	Export (mill US\$)	Growth (%)
2012-13	27,027	
2013-14	30,187	11.57
2014-15	31,209	2.96
2015-16	34,257	9.68
2016-17	34,847	1.98
2017-18	36,668	7.15
2018-19	40,535	13.51
2019-20	33,674	-15.36
2020-21	38,758	15.10



Six items share 92% of the total export basket

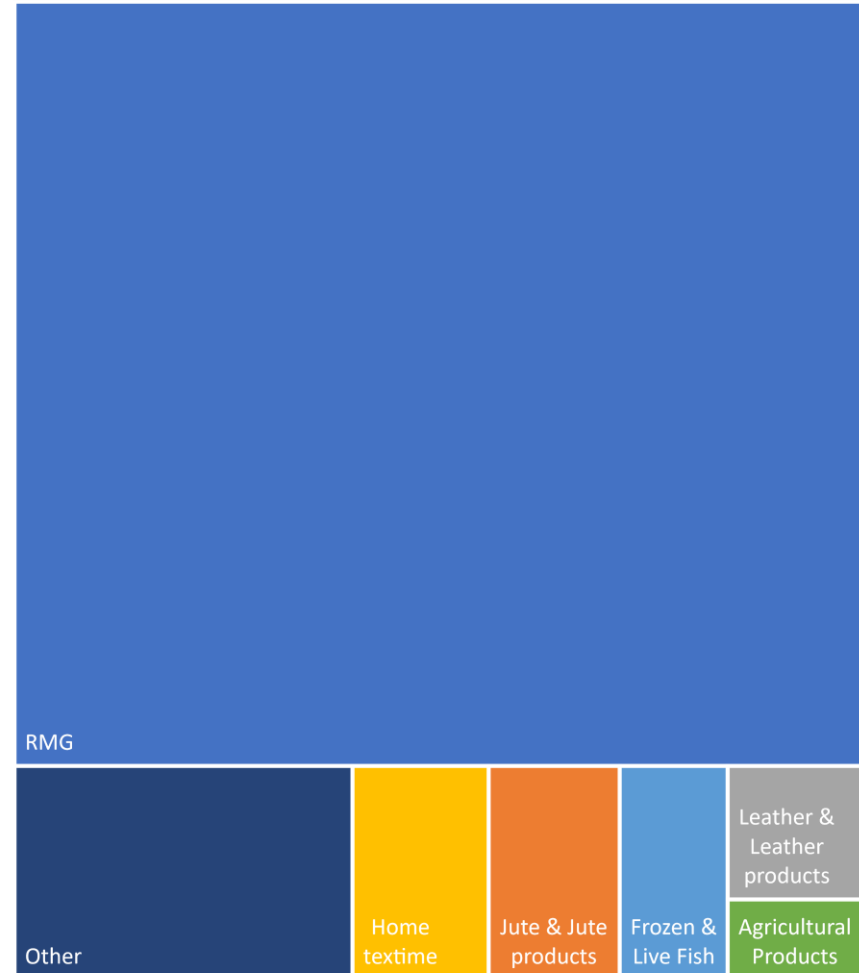
01.	Woven garments	41.70%
02.	Knit garments	41.30%
03.	Leather & leather products	2.37%
04.	Jute & jute Goods	2.62%
05.	Agricultural products	2.56%
06.	Frozen foods	1.35%
Total:		91.90%



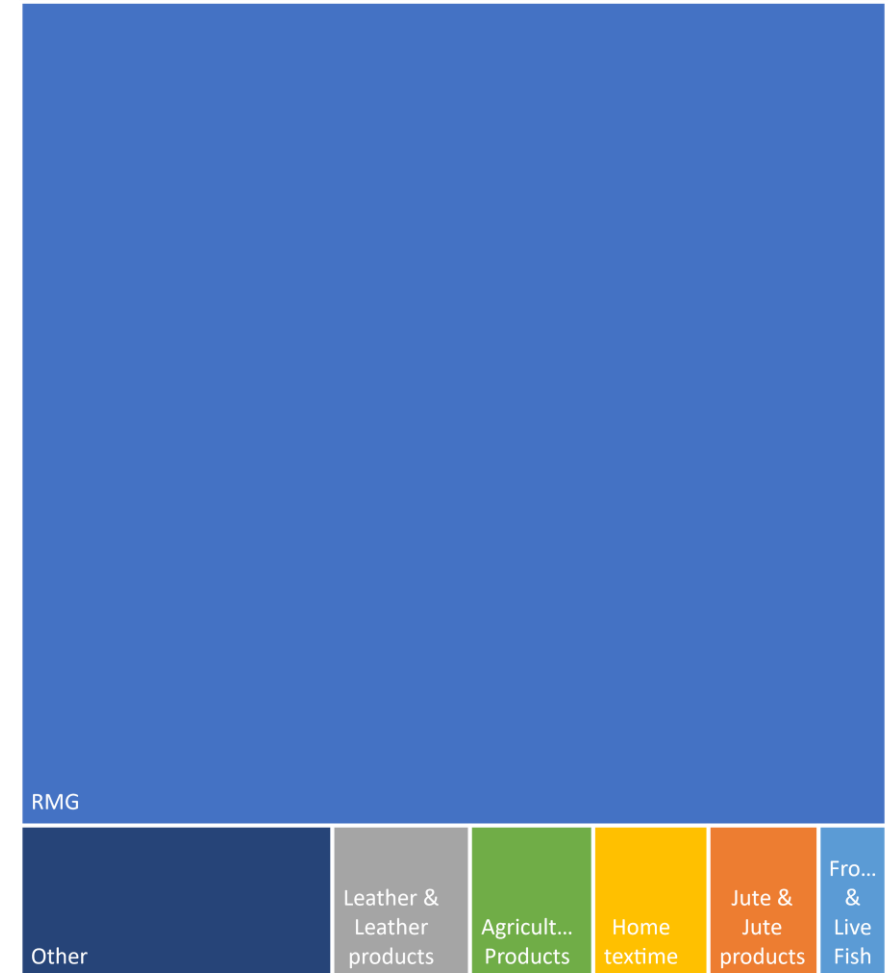
BANGLADESH EXPORT PRODUCT PROFILE

RMG share in exports rose from 78% in FY 2011 to 84% in FY 2019- showing increased export concentration...

FY 2010-2011



FY 2018-2019

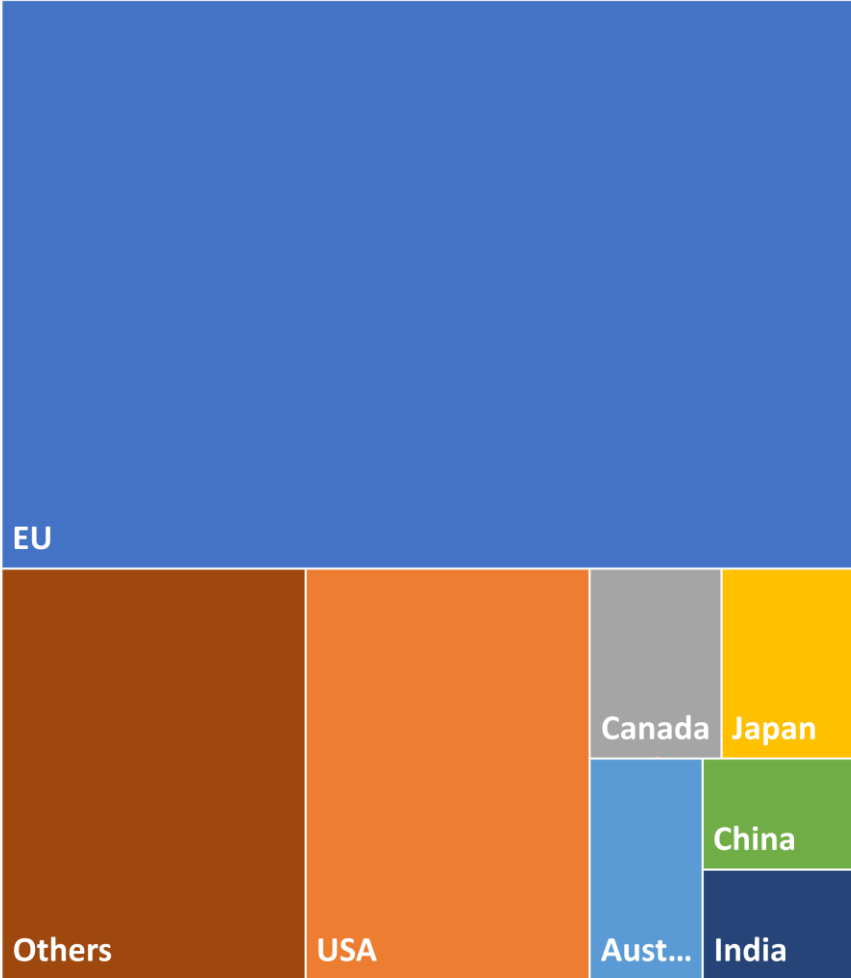


BANGLADESH EXPORT DESTINATION PROFILE

Export markets are also highly concentrated; highly skewed to EU and North American markets...

EXPORT DESTINATION

Destination	% of total exports
EU	58%
USA	14%
Canada	3%
Japan	3%
Australia	3%
China	2%
India	2%
Others	15%
total	100%



Strategy for Higher Exports and Diversification

- Pursue export-led industrialization and growth policy
- Enhance productivity and competitiveness
- Ensure safe work environment and bring reforms for congenial labor market
- Streamline the tariff policies
- Improve trade logistics and strengthen trade facilitation
- Improve national, regional and global connectivity
- Enhance technology transfer and market access through FDI
- Improve the investment climate and ease of doing business
- Strengthen the Institutions for Trade and Industry

WTO-Consistent Industrial Policy for Rapid Development

- Make industrial policy consistent WTO framework
- Policies related to infrastructure, human capital formation, innovation, and diffusion of technology are now critical for export competitiveness
- WTO-consistent industrial policy instruments for Bangladesh would include-
 - Tariffs (within bound rates);
 - Subsidies for regional connectivity, R&D, and the environment; and
- The GoB has adopted a policy of signing bilateral PTA, FTA, or CEPA with potential partners to overcome the trade challenges of LDC graduation
 - Comprehensive study to assess the cost and benefit of forming RTA is critical
 - Rationalizing tariff structure is important for RTA

Strategy for Service Sector to Boost Structural Transformation

- Increase public investment in key service sector infrastructure.
- Develop capabilities that strengthen the skills base for the service industry and the industrial sector.
- Strengthen implementation of prudential regulations to boost service quality, increase public safety, improve compliance and ensure accountability of service providers.
- Strengthen public institutions to support the growth of service sector and improve service quality, safety and accountability.
- Support skills development for employment and entrepreneurship
- Create an enabling ecosystem that allow better partnership among government, entrepreneurs, financial sector and educational institutions for facilitating innovative service offering

Strategy for Digital Economy

- Making IT-related products and services affordable to all
- Establishing cooperation between Industry, Academia, and Government
- Intellectual Asset and Local Market Centric Start-up Success Creation and Youth Empowerment
- Leveraging of Redesign Capability for Creating Success in High-tech Devices and Innovation
- Turning high-tech Parks into Nucleus of Digital, Knowledge and Innovation Economy
- Digital Economy for Leveraging Fourth Industrial Revolution
- ICT for Greater Transparency, Good Governance, and Service Delivery
- Intensifying Effectiveness and Efficiency, and Encouraging Private Investment
- Developing the Culture and National Innovation System for Leveraging Knowledge-Economy

Strategy for Fourth Industrial Revolution

- Deployment of 5G network infrastructure and services to integrate with 4IR and to carry forward the 'Digital Bangladesh'
- Bridging 'Digital Divide' and addressing the changing demands for Digital Skills
- Digital Transformation at Firm-Level
- Partnerships between government and private sector for easier access to finance, investment, skills and infrastructure
- Ensuring Digital Security and Privacy and Bridging the Standardization Gap
- Utilizing the potential of Space Technology
- Creating Internet of Things (IoT) and Machine to Machine (M2M) Communication ecosystem
- Enhance Research and Development and manufacturing of Telecommunications and IT equipment and products

Strategy for Transport and Communication

- Creating balanced inter-modal transport facility
- Ensuring sustainable financing of transport infrastructure
- Developing and implementing key policies for ensuring quality and reliability of transport services
- Consolidation and upgrading of the National Highway Network
- Utilizing the potentials of PPP for private sector participation in infrastructure
- Reconstruction, modernization and extension of missing links for national, regional and global connectivity
- Giving priority to inter-regional river connectivity to facilitate trade, commerce and tourism.
- Upgrading and modernizing all existing airports and build a new international airport.
- Improving productivity of all land and sea ports to bring efficiency in trade and commerce

Overseas Employment and Well-being of Migrant Workers

Remittances Inflows [mill US\$]			
Countries	FY 2019-20	FY 2020-21	Growth (%)
Saudi Arabia	4,015	5,721	42.5
USA	2,403	3,462	44.0
UAE	2,473	2,440	- 1.3
UK	1,365	2,024	48.3
Malaysia	1,231	2,002	62.6
Kuwait	1,372	1,887	37.5
Oman	1,241	1,536	23.8
Qatar	1,020	1,450	42.2
Italy	699	811	16.0
Singapore	457	625	36.6
Others	1,929	2,821	46.2
Total	18,205	24,778	36.1

- Institutional and Legal Reform and Capacity Enhancement
- Market Expansion through development cooperation
- Market demand-based skills development
- Access to improved services for migration; Digitization of the process
- Access to finance
- Ensure Protection, Rights and Well-being
- Private Sector and Stakeholders Engagement
- Lowering Cost of Migration

Strategy for Gender Empowerment

The Total Fertility Rate came down from 6.38 in 1980 to 1.99 in 2020

Bangladesh ranks 50th in the **Global Gender Gap Index, WEF** and is the only South Asian country in the top 100;

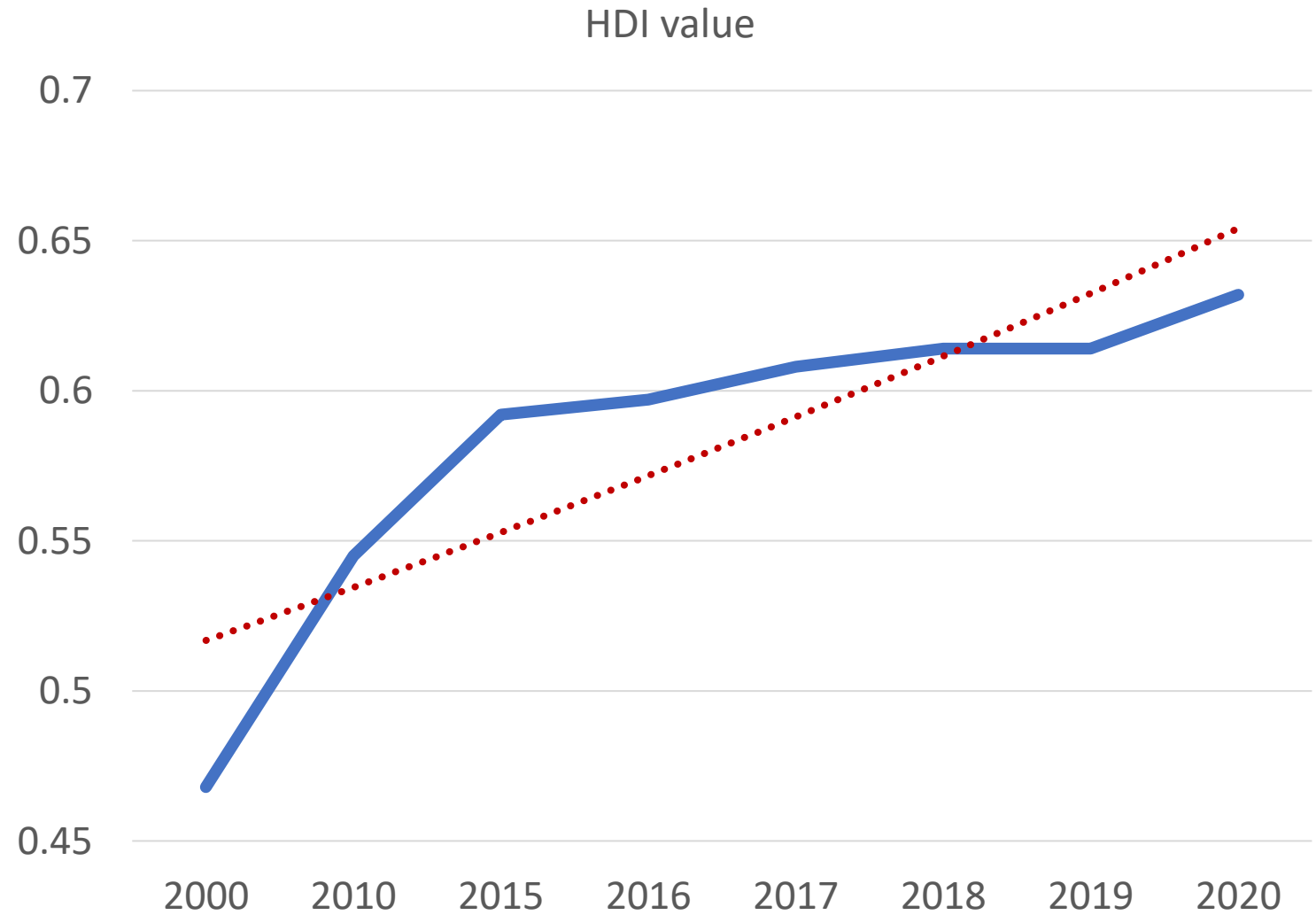
it ranks 7th on Political Empowerment

1. Increase access to human development opportunities
2. Enhance access to and control over diversified economic opportunities and resources
3. Increase participation and decision-making at all levels
4. Establish a conducive legal and regulatory environment for gender equality
5. Provide Infrastructure and communication services for women
6. Improve institutional capacity, accountability, and oversight for ensuring women's rights
7. Promote positive social norms

Human Development Index Trend

HDI score is consistently demonstrating an upward trend...

Year	HDI value
2000	0.468
2010	0.545
2015	0.592
2016	0.597
2017	0.608
2018	0.614
2019	0.614
2020	0.632



Strategies for Education

Primary Education

- Reduce dropout, absenteeism, especially the girl
- Better quality outcome in education through ensuring updated curriculum and pedagogy, improved physical facilities, teaching professionals
- Strategy to make up for the loss of learning during the COVID pandemic

Secondary Education

- *Increase enrolment in science and technology education.*
- *Improve equity:* Generous scholarships to students and financial incentives to parents
- *Encourage greater role of ICT-based learning*
- *Improve the TVET stream and make it easily accessible*
- *Ensure better industry-academia collaboration.*
- Encourage more private sector investment in education

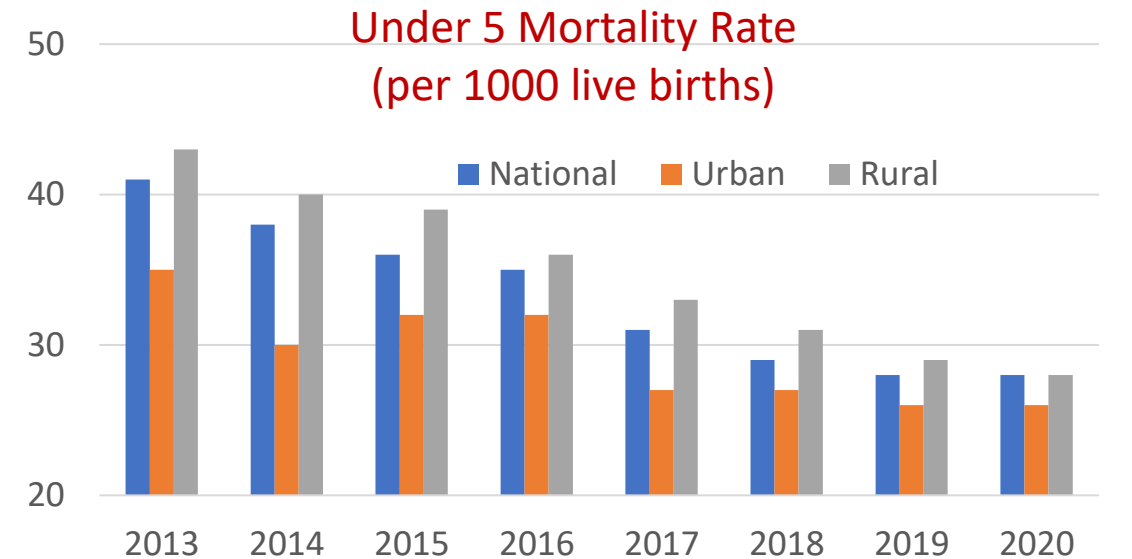
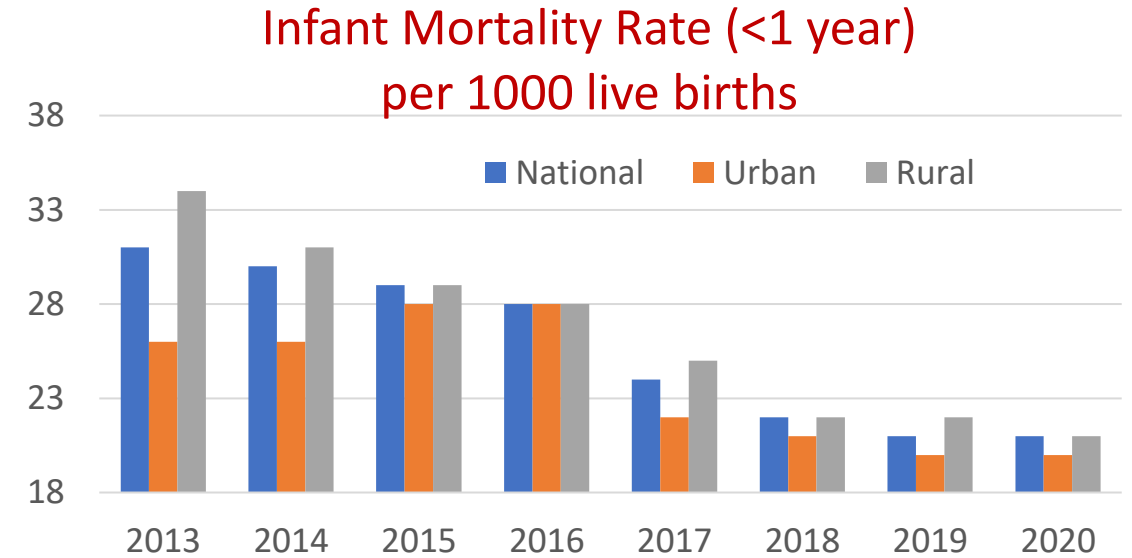
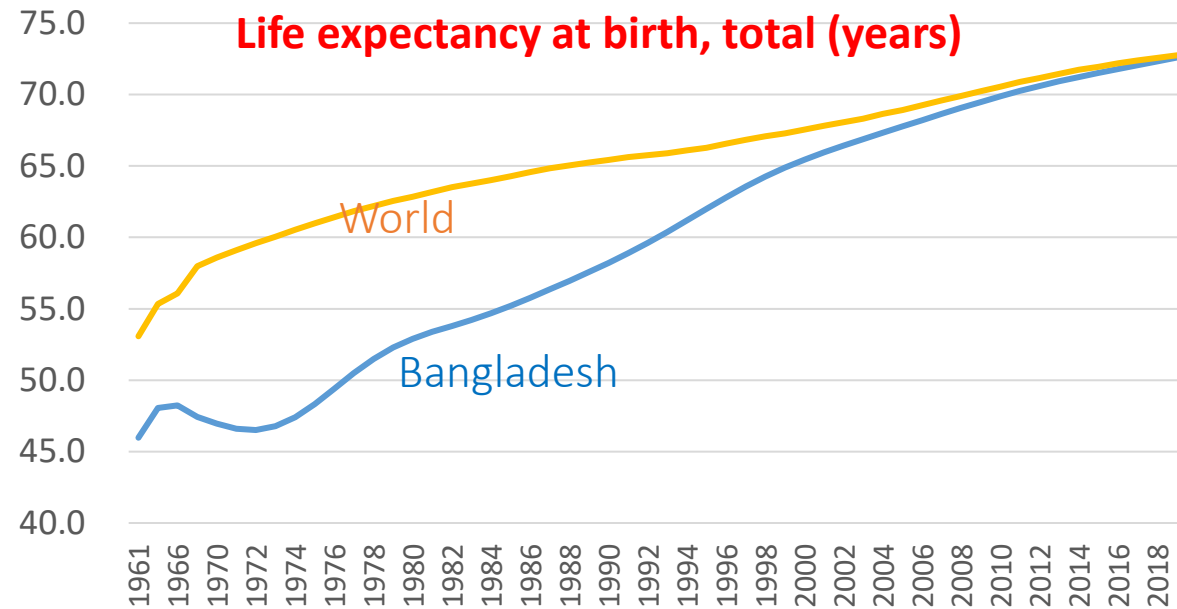
Strategies for Higher Education

- Increase focus on STEAM fields including Agricultural Sciences;
- Reduce the gender-gap and provide generous scholarships for women and other funding packages.
- Greater collaboration with internationally reputed universities;
- More focus on research and publication;
- The industry-academia linkage and placement programs;
- Empowering the University Grants Commission (UGC) towards improving educational management;
- Involving private sector in education investment and curriculum development;
- Devising curricula to match the demand of the market;
- A permanent statutory National Education Commission that anticipated in Education Policy 2010 will be used for guiding, exercising oversight, assessing progress and impact of education reforms.

Health sector progress card

Both infant and under 5 mortality rates are declining with a significant converging trend between urban and rural

The life expectancy at birth has converged with the global average- demonstrating great improvement in access to health facilities



Strategies for Health

- Addressing challenges of stunting through nutrition and social protection measures
- Bringing efficiency in the service delivery in the public sector health management
- Utilizing the potential of Public-Private Partnership in the health services
- Ensuring improved cost-effective services in the private sector provider through effective rules, regulations and close oversight
- Introduction of universal health care facilities will be the key to ensuring 'health for all'
- Improving the skill and quality of all levels of medical professionals
- Increased allocation for health research and development
- Improving preparedness and resilience for any uncertain situation like the COVID pandemic

CLIMATE CHANGE

Bangladesh is the 8th worst-hit country by natural disasters, World Disasters Report 2018

COMMON FEATURES

- frequent flood
- tropical cyclone
- salinity intrusion
- damage of infrastructure
- agricultural losses

Measures Undertaken

- Bangladesh Climate Change Strategy and Action Plan, 2009
- Climate Change Trust Fund, 2009
- National Sustainable Development Strategy, 2010-2021
- National Environment Policy 2018
- Bangladesh Delta Plan 2100

Policy Outlined in 8FYP

- Allocating more resources for green development
- Planning of taxing industrial units for air and water pollution
- Reducing subsidies for fuel and adopting green tax on fossil fuel consumption

Delta Plan 2100

- long-term integrated technical and economic mega plan
- integrates all delta-related sector plans and policies, enveloping a Delta Vision and strategies
- the Delta Vision plan aims to achieve a safe, climate-resilient and prosperous delta.

Global Climate Financing

- Fulfilling committed resources to flow to LDCs
- Due supports to compensate non-contributing but victim nations

Strategies for Environmental Development

- **Adoption of Environmental Fiscal Reforms (EFR) for Sustainable Development**
 - Strengthening Environmental Concerns and Climate Change in Planning and Budgeting
 - Increased resources in the management of ecosystem and biodiversity conservation
 - Taxation of Emission from Industrial Units
 - Reducing Subsidies for Fuel and Adopt Green Tax on Fossil Fuel Consumption
- **Administrative Reforms for Implementing Environmental Fiscal Reforms**
 - Coordinating NAP, BCCSAP, CIP and NDC with BDP 2100
 - Improving the Capacity of MoEFCC
- **Strengthening economic diplomacy for ensuring greater access to climate finance**
- **Implementation of the Bangladesh Delta Plan 2100**

MIDDLE-INCOME TRAP (MIT)

Structural transformation through enhancing productive capacity is crucial for avoiding MIT

Potential Challenges of MIT

Bangladesh's development vision of achieving a knowledge-based developed economy by 2041 may be hampered due to being stuck in the MIT

Strategies to avoid MIT

- Structural transformation and high-value-adding activities
- Enhanced productivity and competitiveness
- Innovation conducive policy framework and business environment
- Inclusive and green development path for shared prosperity
- FDI is critical for technology transfer, filling capital and entrepreneurship gap
- Economic integration for accessing new markets
- Sector-specific evidence-based policy support
- An effective framework for policies and institutions to encourage skills, knowledge, and technology

Strategy to Enhancing Capacity Reflected in the Budget 2022-23

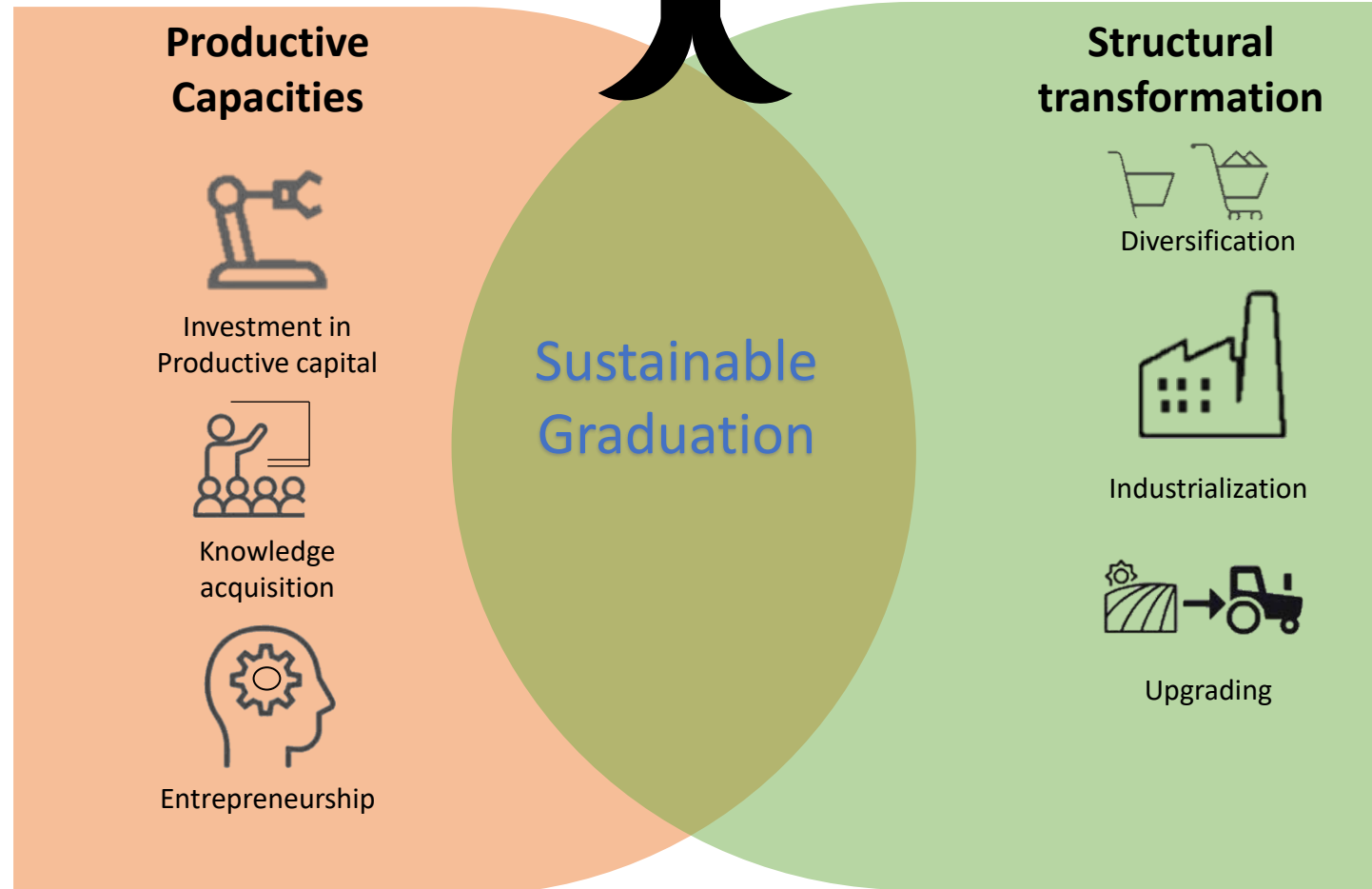
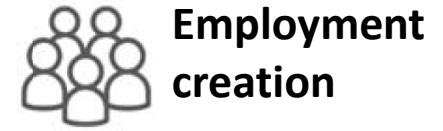
- Credit and other facilities will continue to be provided to the CMSMEs
- Agricultural diversification and ICT dependent initiatives will be priority
- Diversification of exports and incentives for backward linkage industries
- For new start-ups, a project titled 'My e-commerce, My own business' is initiated
- Lowering corporate tax, Deepening Financial Inclusion and Development of Insurance Services
- National Social Insurance Scheme and Initiative to Introduce a Universal Pension Scheme
- Increasing internal revenue collection (value added tax and income tax) through rationalization of tariff structure

Strategy to Enhancing Capacity Reflected in the Budget 2022-23

- Consumption and investment to increase the domestic demand and exports to increase the external demand
- Building improved communications, necessary infrastructure and ensure power and energy security through increased public, private and foreign investment
- Increasing the productivity of labor to increase export competitiveness.
- Accelerating the growth of the industry and service sector to achieve high GDP growth and employment.
- Vocational and technical education to build skilled manpower and explore new labor markets to increase remittance income
- Creation of better environment for Ease of doing business and opportunities in Bangladesh for foreign investment

Productive Capacity:

a critical driver for employment generation and faster economic growth



Ref documents:

1. *LDC Report 2020: Productive Capacities for the New Decade, UNCTAD*
2. *Eighth Five Year Plan (2021-2025)*
3. *Budget speech 2022-2023*

THANK YOU ALL

Formulation of Smooth Transition Strategy (STS)

Anwar Hossain, Component Manager (Joint Secretary)
Support to Sustainable Graduation Project (SSGP), ERD

21 June 2022

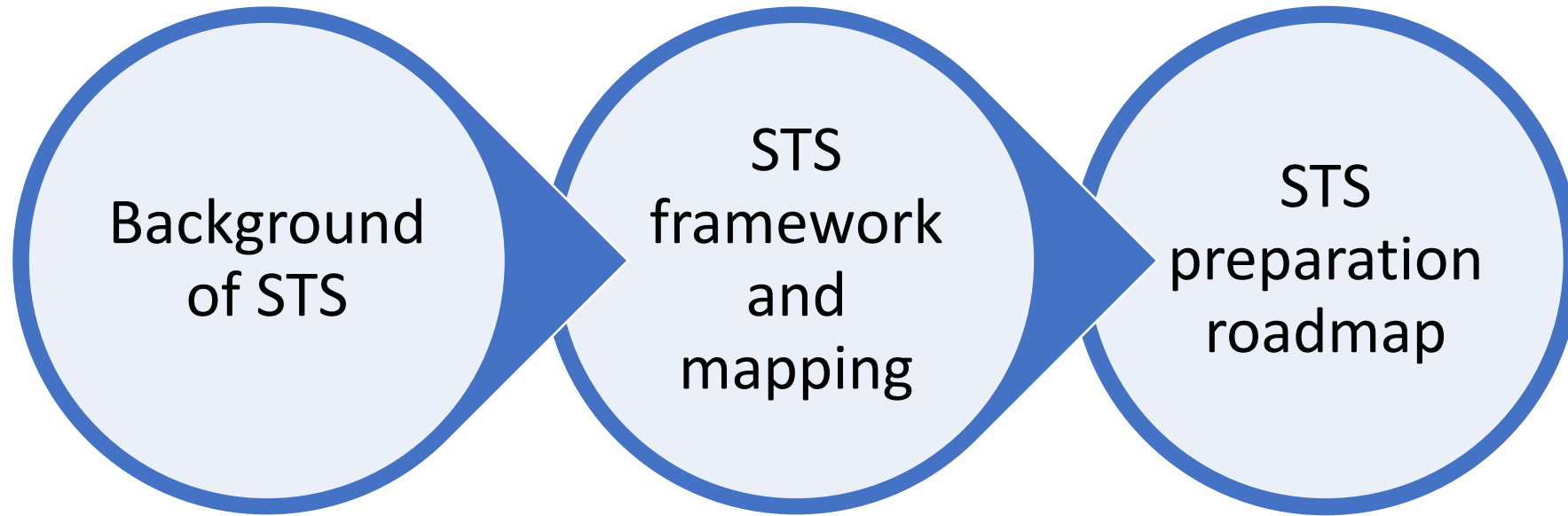
BPATC

Session Content

Formulating Smooth Transition Strategy (STS)

- Government Initiatives
 - Formation of National Committee on Graduation
 - Formation of seven sub-committees and working groups, etc.
- Establishing Consultative Mechanism involving all the stakeholders including development and trading partners
- Process of STS formulation
- Roadmap

Presentation flow



Background of STS Preparation


- Bangladesh achieved double graduation under the prudent statesmanship of HPM since 2009:
 - Graduated to LMIC in 2015
 - UNGA resolution on LDC graduation on 24 November 2021 with 5-year preparatory period
- UNGA resolution, CDP chair's note, Handbook and guidance note of CDP highlight preparation of Smooth Transition Strategy (STS) during the preparatory period (2021-2026)
- Smooth transition is a concept of avoiding negative consequences and enhancing capacity for sustainable graduation.



STS will be prepared in the preparatory period (2021-2026)

STS Reference

- CDP Chair's letter
- Guidance Note
- CDP Handbook
- UNGA Resolution

United Nations  Nations Unies
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NEW YORK, NEW YORK 10017
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EAPD/2021/004 Date: 26 February 2021

Excellency,

I have the honour to inform you that during the triennial review of the list of least developed countries (LDCs), undertaken on 22-26 February 2021, the Committee for Development Policy (CDP) decided to recommend to the Economic and Social Council (ECOSOC) the graduation of Bangladesh from the LDC category.

The Committee highlighted that the triennial review took place amid the challenges caused by the Covid-19 pandemic. Countries recommended for graduation should have completed the planning for post-Covid-19 recovery and implementation.

Smooth
Transition
Strategy
GUIDANCE NOTE



LETTER OF RECOMMENDATION FOR COUNTRIES FOR GRADUATION FROM THE LDC CATEGORY

The Committee has recommended the graduation of your country from the LDC category.

United Nations

A/76/L.6/Rev.1



General Assembly

Distr.: Limited
11 November 2021

Original: English

Seventy-sixth session
Agenda item 9
Report of the Economic and Social Council

Guinea:* revised draft resolution

**Graduation of Bangladesh, the Lao People's Democratic Republic
and Nepal from the least developed country category**

SMOOTH TRANSITION STRATEGY (STS)

- Smooth Transition Strategy (STS) is a compact development agenda encompassing all areas of the economy, human capital, environment, technology, and governance.
- The essence of graduation from the LDC status is to uplift a country to a new development trajectory through increasing productive capacity and structural transformation.
- Improving **business and investment climate** through policy support, infrastructure facilities, trade facilitation
- Massive **skill enhancement** programs for leveraging demographic dividend
- Mainstreaming MSMEs in the economy for **quality job creation**
- **Narrowing the digital** divide for enhancing **competitiveness and productivity**
- STS is the **agreement with the main bilateral and multilateral** development and trading partners on smooth transition measures

DEVELOPING STS THROUGH A CONSULTATIVE MECHANISM AS PER CDP GUIDELINES

- All relevant Ministries/ Divisions/ Agencies
- Private Sector
- UNRC and other DPs, Trading Partners
- CSOs, think tanks

Global & Local Initiatives for Sustainable Graduation

Global Initiatives

- DFQF access should continue for a reasonable time after graduation
- Relaxing the accessibility to TRIPs and technology bank for graduated nations
- Allowing easy and affordable access to knowledge product for graduating and graduated nations
- Scaling up concessional supports to enhance productive capacity for LDCs in the pre and post graduation phase
- Pressing global community to materialize their committed support for climate change for which many LDCs are innocent victims

Domestic Policy Intervention

- Enhancing Domestic Resource Mobilization (DRM)
- Diversification and expansion of the base of industries and export
- Exploring market access through negotiation
- More private sector investment and more FDI in high-value industries (job creation)
- Ensuring inclusiveness and increased coverage of the social safety net
- Investment in Human capital to lift productivity and Investment in Health Sector
- Adapting to climate change to reduce vulnerability; shift to clean and sustainable energy
- Prudent debt management

Preparations for Smooth and Sustainable Graduation

Key stakeholders engagement

- **A 22-member National Committee on LDC Graduation** under the leadership of the Principal Secretary to HPM and 7 Subcommittees have been formed
- **A Working Group** is working to provide technical support
- **A Joint Task Team (JTT)** has been formed to guide the formulation of the Smooth Transition Strategy through the Consultative Mechanism
- Support to Sustainable Graduation Project (SSGP) is being implemented by ERD to support graduation processes and activities

Campaign for the continuation of ISMs beyond graduation

Extension of General Transition under the TRIPS Agreement

- **WTO members agreed to extend until 1 July 2034**

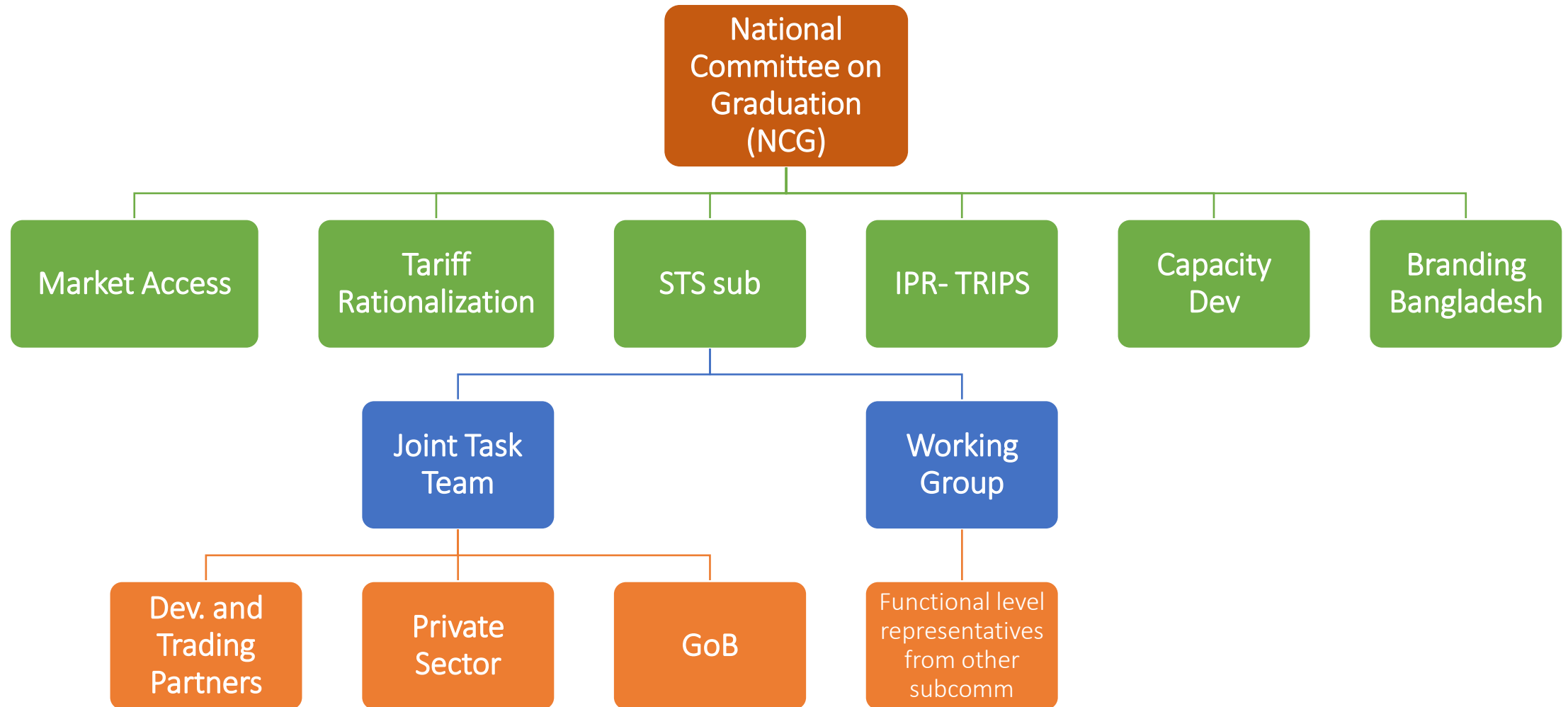
Draft proposal for WTO Ministerial Conference

To extend current and future ISMs at least **for twelve years** after graduation [DFQF, TRIPS pharma transition, cash incentives etc.]

KEY FEATURES OF BANGLADESH STS



BANGLADESH SMOOTH TRANSITION STRATEGY FRAMEWORK



Consultative Mechanism designed for preparing Smooth Transition Strategy

Academia

Think Tank

Private Sector

Dev Partners

Trading Partners

NCG

Smooth Transition Strategy

UN CDP's iGrad

Inputs to STS

Consultation workshops;
Share study findings;
Share sectoral studies, policies, strategies

Preferential Market Access & Trade Agreement Sub Committee

Intellectual Property Rights Sub Committee

WTO Issues other than Market Access & TRIPS Sub Committee

STS subcommittee

Investment, Domestic Market Development & Export Diversification Sub Committee

Internal Resource Mobilization & Tariff Rationalization

Subcommittee on Bangladesh Branding

SUSTAINABLE
GRADUATION
SUPPORT FACILITY
(iGrad)

SOL-1: Addressing the loss of existing ISMs

- a) Support for existing ISMs
- b) Strengthen negotiating capacity
- c) technical assistance for LDC-specific SDTs

SOL-2: Improving the ability of graduating and graduated LDCs to access non-LDC-specific support

- a) Support assessment of climate funding
- b) Assist in accessing non LDC-specific Aid for Trade
- c) Technology transfer and transfer of know-how
- d) Innovative disaster-risk reduction solutions

SOL-3: Preparing and implementing a smooth transition strategy (STS)

- a) preparation and implementation of a STS
- b) Connect countries to partners

SOL-4: Assistance in Accessing Financing Transition and Beyond

- a) Support to INFF
- b) Facilitate access to finance
- c) Support to strengthen revenue generation capacities

SOL-5: Facilitating South-South Cooperation, dialogue and sharing country as well as region-specific knowledge and experience

- a) Support south-south dialogue

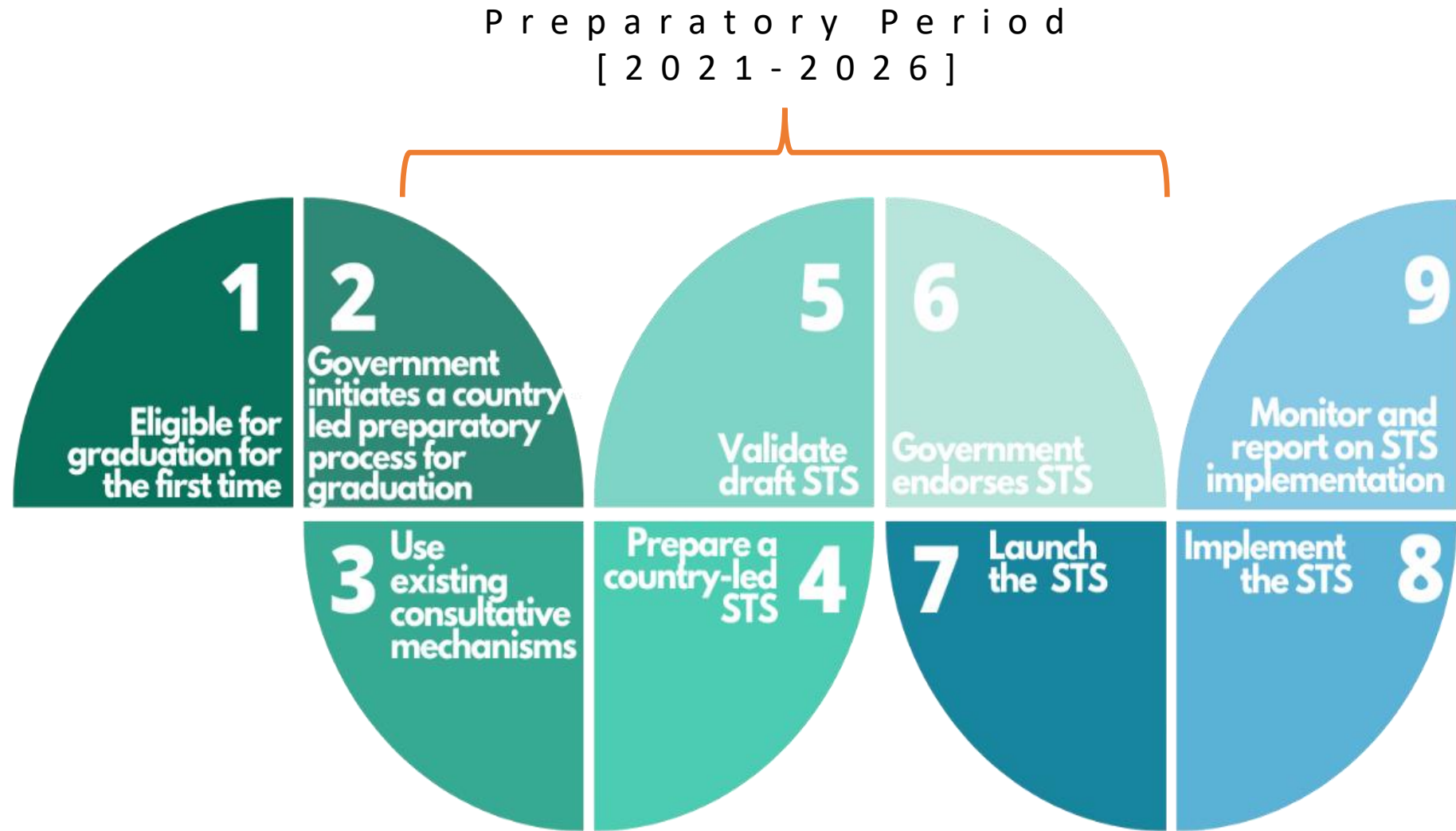
SOL-6: Ensuring effective participation in the monitoring process of the CDP

- a) Facilitate inputs to CDP
- b) Facilitate communication channel between CDP and Govt
- c) Assist participation of the country in CPD's effort

SIX SERVICE
OFFERING LINE
(SOL)

STS Process during Preparatory Period [2021-2026]

- Country prepares the STS during the Preparatory Period
- Country may start implementing the STS with the support of development and trading partners
- Country reports annually on the progress of STS to CDP
- Bangladesh undergoes another Triennial Review in 2024
- CDP monitors development and STS progresses and alerts the ECOSOC of any setback



Nine key steps of STS process

Step-1: Country meets the graduation criteria for the first time

- The country takes ownership and leadership of whole process in terms of its readiness to prepare and manage graduation and smooth transition.
- Organize awareness at local, subnational and national levels in order to have as wide as possible an understanding of what it means to sustainably graduate from LDC category

Step-2: Govt. initiates a country-led preparatory process for graduation

- Govt.-led dialogue (based on whole-of-govt. policy leadership with key partners from private sector and NGOs) aimed at how best to integrate graduation into its existing plans, policies, and MTBF and associated process.
- Strategic engagement with intl. community at the outset to clearly outline it will need throughout the graduation process.

Nine key steps of STS process (contd..)

Step-3: Use consultative mechanism to facilitate the preparation of strategy

- Existing or new mechanism should be integrated with other relevant consultative processes & initiatives between the country and its DPs and TPs. Two key components of the consultative mechanism:
 - (a) National and local stakeholders- govt., think tank, pvt. Sector, CSOs and other
 - (b) Intl. partners- bilateral, multilateral & regional partners, pvt sector, philanthropies, INGOs
- Having a component dedicated to national and local consultations allows the voices and interests to be heard and considered in preparing the STS & implementing the process.
- Intl. community facilitate identifying and negotiating graduation support prior to preparing STS

Step-4: Prepare country-led STS

- The GA recommends that the STS should include a comprehensive and coherent set of specific and predictable measures that are in accordance with the priorities of the graduating country, while taking into account its structural challenges and vulnerabilities as well as its strength, and should be implemented as part of the overall development strategy.

Nine key steps of STS process (contd..)

Step-4: Prepare country-led STS

- The approach of developing & implementing STS should be through inclusive and participatory engagement process.
- Sufficient time should be spent on thorough analysis of impacts and identification of mitigation measures for smooth transition beyond graduation.
- The draft should be shared with stakeholders well ahead of a validation workshop and the revised strategy is prepared based on the comments received

Step-5: Validate the draft strategy

- A whole-of-govt, country-led validation workshop should be organized and facilitated through consultative mechanism

Step-6: Government endorses the STS

- Govt. endorsement gives the legitimacy of STS for implementation and garner support from DPs
- Responsibility of implementing actions or measures of STS should be assigned within the govt. with specific timeframe
- The STS should be endorsed by the Govt well ahead of graduation becomes effective

Nine key steps of STS process (contd..)

Step-7: Launch the STS

- An opportunity to promote key messages underpinning the importance of smooth transition beyond graduation that requires commitment by all.

Step-8: Implement the STS

- Country implements the STS as part of their overall development policy
- Linkages can be identified with VNR, diagnostic trade integration study, trade policy review, poverty reduction and growth strategy
- The resource required for implementing the STS should be reflected in MTBF, INFF, dev. Fin. strategy

Step-9: Monitor and report on the implementation of STS

- STS should be embedded in country's monitoring and evaluation framework
- Annual monitoring and reporting should form part of existing sectoral monitoring and reporting and integral reporting requirements to CDP
- Develop a brief advocacy and communication strategy as a tool for higher level in raising awareness, garnering support across the country and strengthening key partnership

BANGLADESH: SMOOTH
TRANSITION STRATEGY
AND PRIORITIES FOR
SUSTAINABLE
GRADUATION

BROAD STS OUTLINE

Executive summary

Chapter 1. Socioeconomic Transformation and Graduation from LDC Status

Chapter 2. Pathways towards Graduation: Tapping Opportunities and
Addressing the Loss of ISMs

Chapter 3. Priorities for Inclusive Graduation with Momentum

Chapter 4. Preparing for an Uncertain World and Building Resilience

Chapter 5. Best Utilization of Strategies for Sustainable Graduation and
Development

Table of Graphs

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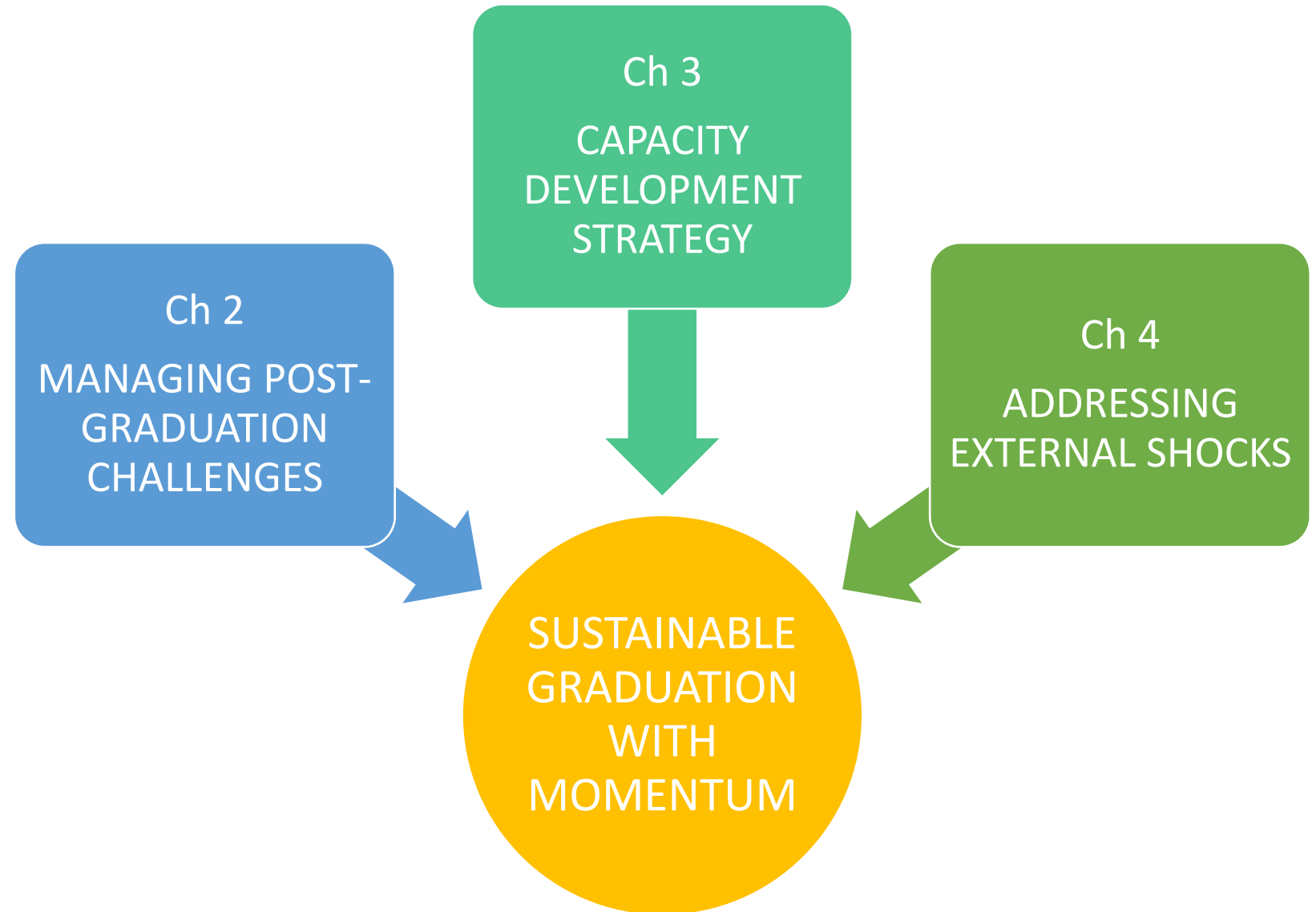
Annexure: Policy Matrix

Annexure: Implementation Matrix

BROADER STRUCTURE OF STS

Key components of LDC graduation:

1. Per capita income
2. Human Assets
3. Economic and environmental vulnerability



Mapping sources of information for STS

Probable content	Brief annotation	Internal Sources	UNRC-IATF	UNDESA's iGrad
Executive summary				
Chapter 1. Socioeconomic Transformation and Graduation from LDC Status				
1.1. LDC graduation context	Context of graduation journey-2018 through now	GED FD		
1.2. Graduation support framework	Institutional framework to support sustainable graduation- NCG/ subcommittees/ JTT/ WG	STS led subcommittee		
1.3. Approach to developing the smooth transition strategy	Consultative mechanism/ linkages among 7 thematic subcommittees/ measures taken for STS so far	STS led subcommittee		

* *sub stands for subcommittee in the matrix*

Mapping sources of information for STS (cont....)

Probable content	Brief annotation	Internal Sources	UNRC-IATF	UNDESA's iGrad
Chapter 2. Pathways towards Graduation: Tapping Opportunities and Addressing the Loss of ISMs				
<p>2.1. Opportunities created by the LDC Graduation and its implications for Bangladesh</p> <p>2.1.1. Strategy for best utilization of ISMs during the preparatory period</p> <p>2.1.2. Promoting foreign and local investment</p> <p>2.1.3. Harnessing enabling environment for business and trade</p> <p>1.1.4. Promoting country branding for finance and business</p>	<p>Opportunities offered by the graduation</p> <ul style="list-style-type: none"> - Image - Confidence - Investment <p>Branding Bangladesh Strategy</p>	<p>MoC led subcommittee</p> <p>STS led subcommittee</p> <p>PMO led subcommittee</p> <p>BIDA led subcommittee</p>		
<p>2.2. Addressing loss of preference in international trade</p> <p>2.2.1. Preferential market access in the European Union</p> <p>2.2.2. Preferential market access in other major markets</p> <p>2.2.3. Tariff implications on overall trade dynamics</p> <p>2.2.4. Preferential Rules of Origin and implications</p> <p>2.2.5. Strategies to mitigate implications</p>	<p>Strategies to address the challenges in various markets</p> <ul style="list-style-type: none"> - EU/ North America/ India/ China <p>Strategies to address tariff implications on import and local market</p> <p>-</p>	<p>MoC led subcommittee</p> <p>study report on market access</p>		

Mapping sources of information for STS (cont....)

Probable content	Brief annotation	Internal Sources	UNRC-IATF	UNDESA's iGrad
<p>2.3. Policy intervention for other trade-related supports</p> <p>2.3.1. Special and Differential Treatment</p> <p>2.3.2. Intellectual Property (IP) issues</p> <p>2.3.3. Export subsidies</p> <p>2.3.4. Others</p> <p>2.3.5. Strategies and roadmap to comply WTO obligations</p>	<p>Loss of special and differential treatment</p> <ul style="list-style-type: none"> - Subsidies - IPR - TRIPS <p>-strategy to comply WTO obligations</p>	<p>MoC led subcommittee study report on WTO issue</p> <p>FD led subcommittee</p> <ul style="list-style-type: none"> - study on tariff rationalization <p>MoI- study on IPR and TRIPS flexibility</p>		
<p>2.4. Development and Transition Financing</p>	<p>-strategy for securing transition financing and maintaining debt sustainability</p>	<p>STS led subcommittee</p> <ul style="list-style-type: none"> - study report on Transition Financing; 	<p>UNDP-DFA and INFF</p>	
<p>2.5. Redressing climate vulnerability for sustainable graduation</p>	<p>-strategy for addressing regional and global climate change</p> <p>-strategy for securing climate financing gap</p>	<p>MoEnvt</p> <p>FD</p> <p>ERD</p>		

Mapping sources of information for STS (cont....)

Probable content	Brief annotation	Internal Sources	UNRC-IATF	UNDESA's iGrad
Chapter 3. Priorities for Inclusive Graduation with Momentum				
3.1. Human development and matching policy gaps 3.1.1. Education 3.1.2. Health 3.1.3. Social Protection System	-strategy for human development -Measures to meet policy and implementation gaps for human development in education and health	M/O Edu- studies on addressing loss of learning/ ICT- skill gap and strategies for 4IR M/O Health-national policies ERD- Bangladesh HDR Report	UNRC	SOL
3.2. Unlocking development potentials 3.2.1. Demographic dividend and strategy to exploit 3.2.2. Massive skill development drive 3.2.3. Ensuring safe work environment for all 3.2.4. Migration of workforce and strategies for maximum utilization 3.2.5. Fourth industrial revolution	-roadmap for exploiting demographic dividend -action plan for reskilling and upskilling -strategy to meeting infrastructure and logistics gaps -preparedness for taking advantage of automation and digitization of the economy	NSDA's	UNRC	SOL

Mapping sources of information for STS (cont....)

Probable content	Brief annotation	Internal Sources	UNRC-IATF	UNDESA's iGrad
<p>3.3. Promote productive capacity and structural transformation</p> <p>3.3.1. Measures for productivity enhancement</p> <p>3.3.2. Private sector capacity development</p> <p>3.3.3. Building and improving trade infrastructures and logistics</p> <p>3.3.4. Participating in Global Value Chain</p>	<p>-shifting towards agriculture to manufacturing/ industry</p> <p>-food security and mechanization of agriculture sector</p> <p>-entrepreneurships' capacity development and creating enabling environment</p> <p>- drives for moving up in the GVC</p>	<p>PMO led subcommittee reports</p> <p>MoC- National strategies</p>	UNRC	SOL
<p>3.4. Adapting to globalization trends and challenges in the fast-changing dynamic world</p> <p>3.4.1. Tailoring existing and devising new support mechanism</p> <p>3.4.2. Strengthening institutional capacity</p>	<p>-assess the likely scenario of globalization trend- trade, technology, knowledge and migration</p> <p>-how existing mechanism and framework could be made sensitive to exploit the existing support system and offer new one for quick adaption</p> <p>-development of institutional capacity and governance</p>		UNRC	SOL
<p>3.5. Development cooperation framework between graduating LDCs and South-South Cooperation</p>	<p>-knowledge sharing mechanism among LDCs, collaboration with LDC group for new ISMs-</p> <p>-best practices and experiences</p>		UNRC	SOL
<p>3.6. Enhancing resilience against potential challenges/ threats</p>	<p>-building resilience against potential health or environmental challenges/ threats in future</p>		UNRC	SOL

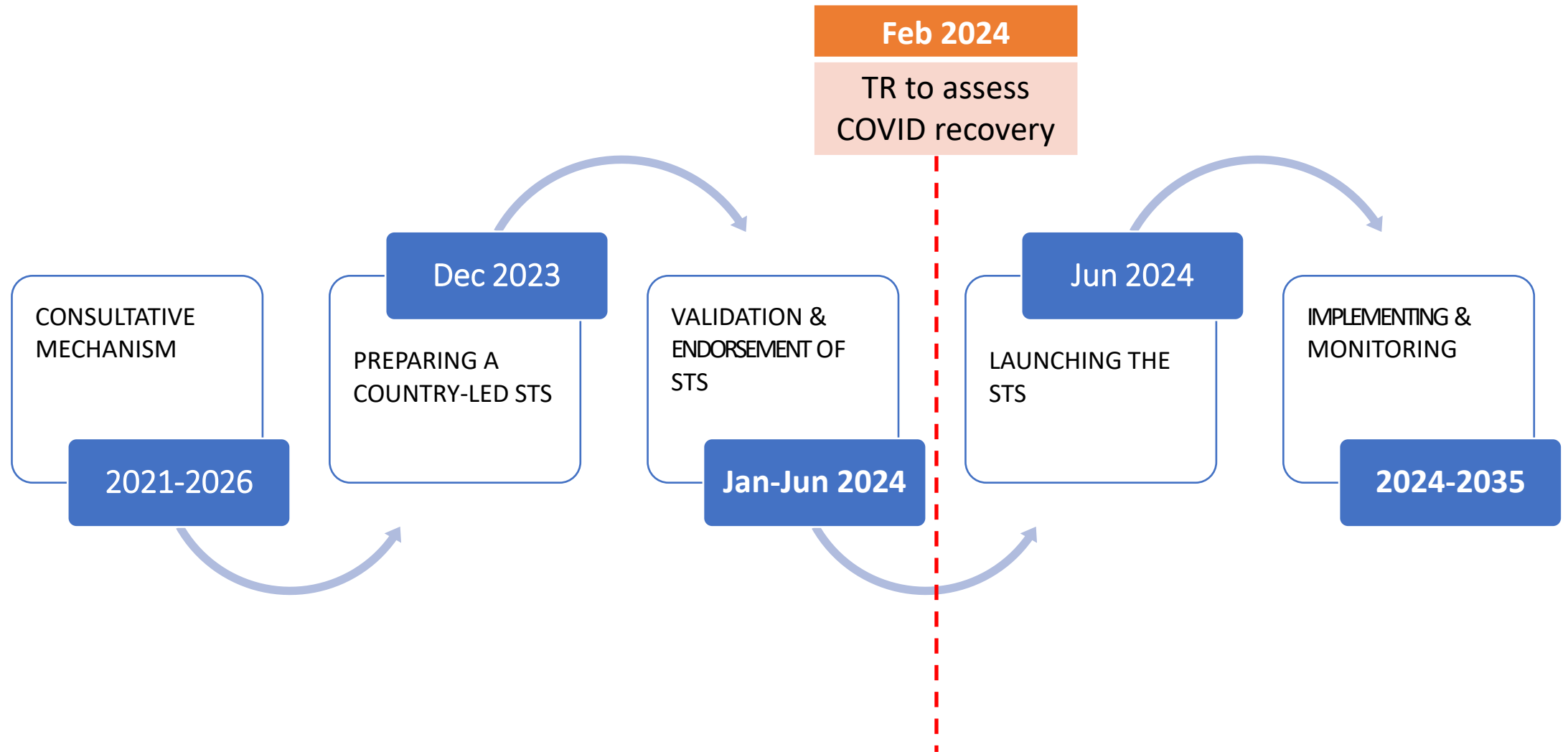
Mapping sources of information for STS (cont....)

Probable content	Brief annotation	Internal Sources	UNRC-IATF	UNDESA's iGrad
3.7. Synergizing LDC graduation with broader development agenda: SDGs, DPoA and vision 2041	<ul style="list-style-type: none"> - Strong linkages between LDC graduation, 2030 Agenda, 2031 UMIC drive, 2041 vision - sustainable graduation is reinforced through implementing DPoA, SDGs and vision 2041 	STS led subcomm ERD- DPoA action plan GED		
3.8. Strategies to avoid Middle Income Trap	-strategies to address impending middle-income trap		UNRC	SOL
Chapter 4. Preparing for Uncertain World and Building Resilience				
4.1. COVID-19 implications and addressing challenges	Changes in international trade and development landscape due to COVID; Medium- and long-term measures to address COVID	FD- studies MoC- studies		
4.2. Strategies to address the impact of geopolitical crises	Trade and macroeconomic strategies -improvement of social protection measures	FD- social protection strategy/ universal pension system GED-	UNRC	SOL
4.3. Preparation for a new normal world	Strategy for enhancing resilience and building forward better		UNRC	SOL

Mapping sources of information for STS (cont....)

Probable content	Brief annotation	Internal Sources	UNRC-IATF	UNDESA's iGrad
Chapter 5. Best Utilization of Strategies for Sustainable Graduation and Development				
5.1. Best utilization of opportunities and building capacity	-wrapping up broadly how we planned to build capacity to exploit the opportunities	MoC- study reports MoI- study reports	UNRC	SOL
5.2. Engaging in the global negotiations to generate more opportunities and address transboundary challenges	-active engagement in negotiations in trade, FDMN crisis, climate change, geopolitical crises	MoC- study reports MoI- study reports	UNRC	SOL
5.3. Leveraging global support to build forward better	-strategy for strengthening multilateralism and engaging in the process		UNRC	SOL
Endnotes/ References				
Table Table: Risk assessment of strategy/ policy	Policies/ Strategies will be assessed based on risks and opportunities and presented in tables for relevant cases			
Annexures Annexure: Policy Matrix Annexure: Implementation Matrix	Policy matrix will be developed based on the policy/ strategy mapping with the national policy/ strategy regime and relevant stakeholders Implementation Matrix may be developed based on the policy/ strategy suggested in the document with specific actions, the role of stakeholders and resources required			

SMOOTH TRANSITION STRATEGY: TIMEBOUND ACTION PLAN



PREPARATION OF SMOOTH TRANSITION STRATEGY: WHERE WE STAND?

Steps	Key actions undertaken	Time-line	Status/ Remarks
CONSULTATIVE MECHANISM AND PREPARATION OF STS	Pvt sector, Dev & Trading Partners involved; Consultative Mechanism is designed; support from DPs is committed; SOLs are offered	2021-2026	NCG is guiding and the consultation process will continue until 2026
PREPARATION FOR CDP TR, 2024	Data reconciliation, consultations, position papers, report preparation Mainly COVID recovery will be assessed; however the implication of recent Ukraine war is likely to be come in the forefront of discussion	Oct 2023- Feb 2024	A rigorous preparation will be undertaken
PREPARING A COUNTRY-LED STS	STS will be prepared by drawing the strategies, national policies, research and background studies	Dec 2022- Dec 2023	1 st draft will be available by Jun 2023
VALIDATING DRAFT STS	Massive consultations among stakeholders	Jan 2024	rigorous consultation govt's firm commitment
ENDORISING AND LAUNCHING THE STS BY GOVT	Official launching across the Government system; Highest level endorsement through a process	Jun 2024	Formal launching of STS to inspire all
IMPLEMENTING THE STS	Implementation across the systems in collaboration with Pvt. Sector, DPs and Trading Partners	2024-2035	9 th and 10 th FYP critical for sustainable graduation
MONITORING AND REPORTING ON THE STS IMPLEMENTATION	Implementation of STS will be reported annually for 3 years 2 triennial reporting will follow	2027- 2029 2032 & 2035	Strong coordination with UN agencies- OHRLLS, CDP, ECOSOC

Thank you all