



Mid-Term Review of the Implementation of the Istanbul Programme of Action for the LDCs for the Decade 2011-2020

Bangladesh National Report

**Economic Relations Division
Development Effectiveness Wing
Ministry of Finance
Government of the People's Republic of Bangladesh**

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List of Abbreviation

6 th FYP	Sixth Five Year Plan 2011-2015
7 th FYP	Seventh Five Year Plan 2016-2020
AAAA	Addis Ababa Action Agenda
ACC	Anti Corruption Commission
ADP	Annual Development Programmes
ADB	Asian Development Bank
ADR	Alternative Dispute Resolution
AGM	Annual General Meeting
AIDS	Acquired Immune Deficiency Syndrome
AIR	Annual Information Returns
AIIB	Asian Infrastructure Investment Bank
AIMS	Aid Information Management System
AIS	Agriculture Information Service
APA	Annual Performance Agreement
APTA	Asia and Pacific Trade Area
ASA	Association for Social Advancement
BADC	Bangladesh Agricultural Development Corporation
BAEC	Bangladesh Atomic Energy Commission
BANBEIS	Bangladesh Bureau of Educational Information & Statistics
BAPEX	Bangladesh Petroleum Exploration and Production Company Limited
BBS	Bangladesh Bureau of Statistics
BCCSAP	Bangladesh Climate Change Strategy and Adaptation Plan
BCCTF	Bangladesh Climate Change Fund
BCCRF	Bangladesh Climate Change Resilience Fund
BCDB	Bangladesh Cotton Development Board
BCSIR	Bangladesh Council of Scientific and Industrial Research
BDHS	Bangladesh Demographic Health Survey
BDF	Bangladesh Development Forum
BEZA	Bangladesh Economic Zone Authority
BFRI	Bangladesh Forest Research Institute
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BINA	Bangladesh Institute of Nuclear Agriculture
BITS	Bilateral Investment Treaties
BMDA	Barind Multipurpose Development Authority
BoI	Board of Investment
BPDB	Bangladesh Power Development Board
BRT	Bus Rapid Transit
BRAC	Bangladesh Rural Advancement Committee
BSCIC	Bangladesh Small and Cottage Industries Corporation
BWDB	Bangladesh Water Development
CC	Community Clinic

CCA	Climate Change Adaptation
CCAC	Climate and Clean Air Coalition
CCTF	Climate Change Trust Fund
CCGT	Combined Cycle Gas Turbines
CDP	Committee for Development Policy
CG	Community Group
CHCP	Community Health Care Providers
CIC	Central Intelligence Cell
CIDA	Canadian International Development Agency
CIP	Country Investment Plan
CPTU	Central Procurement Technical Unit
CMC	China National Machinery Import and Export Corporation
COP	Conference of the Parties
CPR	Contraceptive Prevalence Rate
CSG	Community Support Group
CTP	Comprehensive Trade Policy
D-8	Developing-8
DP	Development Partner
DEMU	Diesel Electric Multiple Unit
DFID	Department for International Development
DFQF	Duty free Quota Free
DFID	Department of International Development
DGHS	Directorate General of Health Services
DGI	Digital Financial Inclusion
DNA	Deoxyribo Nucleic Acid
DoE	Department of Environment
DOF	Directorate of Fisheries
DPP	Development Project Proforma
DRR	Disaster Risk Reduction
DSA	Debt Sustainability Analysis
DTW	Deep Tube Well
DTIS	Diagnostic Trade Integration Study
DYD	Department of Youth Development
EBA	Everything But Arms
EECR	Enabling Environment for Child Right
e-CMS	e-contract Management System
e-GP	National e-Government Procurement
EIF	Enhanced Integrated Framework
ERD	Economic Relations Division
EPZ	Export Processing Zone
EU	European Union
EVI	Economic Vulnerability Index
FDI	Foreign Direct Investment

EMIS	Educational management Information System
FSRU	Floating Storage Re-Gasification Unite
FLS	Livelihood Security Programme
FTAs	Free Trade Agreements
FY	Financial Year
FYP	Five Years Plan
GATS	General Agreement on Trade in Services
GCF	Green Climate Fund
GCI	Global Competitive Index
GDF	Gas Development Fund
GDP	Gross Domestic Products
GED	General Economic Division
GEVA	Gender, Equity, Voice and Accountability
GFATM	The Global Fund to Fight AIDS, Tuberculosis and Malaria
GHG	Green House Emission
GGR	Gender Gap Report
GNI	Gross National Income
GIZ	Gesellschaft für Internationale Zusammenarbeit (German Economic Development Agency)
GoB	Government of Bangladesh
GRS	Grievance Redress System
GPOBA	GLOBAL PARTNERSHIP on Output-Based Aid
GSP	Generalized System of Preferences
HAI	Human Asset Index
HDI	Human Development Index
HDM	Highway Development and Management
HIDC	Heavily Indebted Poor Country
HIPC	Heavily Indebted Poor Country
HIV	Human Immune Virus
HPNSDP	Health, Population and Nutrition Sector Development Programme
HRD	Resource Development
HSIA	Hazrat Shahjalal International Airport
HVDC	High-Voltage Direct Current
ICT	Information and Communication Technology
IDCOL	Infrastructure Development Company Limited
IPPs	Independent Power Producers
IPoA	Istanbul Programme of Action
IVR	Inter-active Voice Response
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau (Reconstruction Credit Institute).
LDC	Least Developed Country
LGD	Local Government Division

LGED	Local Government Engineering Department
LIBOR	London Interbank Offered Rate
LCG	Local Consultative Group
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LMIC	Low Middle Income Country
MFA	Multi-Fiber Arrangement
MRT	Mass Rapid Transit
MDG	Millennium Development Goals
MFN	Most Favored Nation
MIC	Middle Income Country
MICS	Multiple Indicator Cluster Surveys
MMCFD	Million Cubic Feet
MMEIG	Maternal Mortality Estimation Inter-agency Group
MoC	Ministry of Commerce
MoE	Ministry of Education
MoI	Ministry of Industries
MoHFW	Ministry of Health and Family Welfare
MoPME	Ministry of Primary and Mass Education
MoST	Ministry of Science and Technology
MoU	Memorandum of Understanding
MoWCA	Ministry of Women and Children Affairs
MRA	Microcredit Regulatory Authority
MRT	Mass Rapid Transit
MSVSB	Monitoring the Situation of Vital Statistics of Bangladesh
MVA	Motor Vehicle Agreement
MT	Metric Ton
MTBF	Medium Term Budgetary Framework
MW	Mega Watt
NAMA	Nationally Appropriate Mitigation Action
NAP	National Agriculture Policy
NAPA	National Adaptation Programme of Action
NARS	National Agriculture Research System
NBR	National Board of Revenue
NDC	National Determined Contribution
NDS	National Development Strategy
NFE	Non-Formal Education
NFP	National Food Policy
NGO	Non Government Organization
NRB	Non-Resident Bangladeshi
NSP	National Service Programme
NTBs	Non Tariff Barriers
NIS	National Integrity Strategy

NMCP	National Malaria Control Program
NPO	National Productivity Organization
NSDP	National Skill Development Policy
NSSS	National Social Security Strategy
LTUs	Large Taxpayers Units
NTPC	National Thermal Power Company
NWDP	National Women Development
OCC	One-Stop-Crisis
ODA	Official Development Assistance
PAYE	Professions Through Advance Tax
PDEP	Primary Education Development Programme
PDB	Bangladesh Power Development Board
PAs	Procuring Agency
PEs	Procuring Entities
PHC	Primary Health Care
PKSF	Palli Karma Shahayok Foundation
PPP	Public-Private Partnership
PSU	Policy Support Unit
PGCB	Power Grid Company of Bangladesh
PMF	Public Financial Management
PSMP	Power System Master Plan
REB	Rural Electrification Board
RHD	Roads and Highways Department
RNGPS	Registered Non-Government Primary School
RMG	Readymade Garments
RoO	Rules of Origin
ROSC	Reaching Out of School Children
RSTP	Revised Strategic Transport Plan
RTAs	Regional Trade Agreements
RTI	Right to Information
SACOSAN	South Asian Conference on Sanitation
SAFTA	South Asian Free Trade Area
SDF	SAARC Development Fund
SDG	Sustainable Development Goals
S & D	Special and Differential
SEIP	Skills and Employment Investment Programme
SHS	Solar Home System
SIDA	Swedish International Development Cooperation Agency
SIP	Solar Irrigation Pumps
SIDA	Swedish International Cooperation Agency
SLIP	School Level Improvement Plan
SLCP	Short-Lived Climate Pollutants
SMEs	Small and Medium Enterprises

SMS	Short Message System
SMEF	SME Foundation
SOEs	State Owned Enterprises
SRDI	Soil Resources Development Institute
SREDA	Sustainable and Renewable Energy Development Authority
STW	Shallow Tube Well
STD	Sexually Transmitted Diseases
SVRS	Sample Vital Registration System
SWAp	Sector wise Approach Program
TB	Tuberculosis
TDS	Tax Deduction as Source
TICFA	Trade and Investment Cooperation Forum Agreement
TIN	Tax Identification Number
TPS-OIC	Trade Preferential System of the Organization of the Islamic Conference
TRIPS	Trade Related Aspects of Intellectual Property Rights
TVET	Technical and Vocational Education Training
UHC	Upazila Health Complexes
UPEP	Upazila Primary Education Plan
UNAIDS	United Nations & AIDS
UNCAC	UN Convention Against Corruption
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
UNEP	United Nations Environment Programme
UNICEF	United Nations Children's Fund works for children's rights
UNJMP	United Nations Joint Monitoring Programme
UNGA	United Nations General Assembly
UN	United Nations
US	United States
UK	United Kingdom
US\$	US Dollar
USAID	United States Agency for International Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
VAT	Value Added Tax
VGD	Vulnerable Group Development
VGf	Vulnerable Group Feeding
WASH	Water, Sanitation and Hygiene
WHO	World Health Organization
WTO	World Trade Organization

Chapter I

Introduction

Bangladesh has been experiencing an impressive stable economic growth for the last two decades despite the challenges emerged from global economic recession, is also in the queue of potential countries to be graduated from Least Developed Country (LDC) category. In line with the Istanbul Programme for Action (IPoA) the country achieved a remarkable achievement in poverty reduction, human and social development, Information and Communication Technology (ICT), domestic resource mobilization, trade expansion and private sector development, infrastructural development, environmental sustainability and vulnerability reduction to the variety of shocks during last five years. It should be worth mentioning that reflecting all these positive trends, Bangladesh would have been considered to reach the graduation threshold under two-criteria formula to start its journey to step out from the list of the LDCs in 2015 as the latest statistics of the Bangladesh Bureau of Statistics (BBS) has suggested. The country has continued to attain the value of graduation threshold in the Economic Vulnerability Index (EVI) in several previous triennial reviews as well as the in the 2015 review of the LDCs done by the Committee for Development Policy (CDP). Regarding the Human Asset Index (HAI) criterion, the recent BBS data has raised the value well above the graduation threshold thus finding the country to qualify for graduation in EVI and HAI. Due to difference between the data of CDP and BBS Bangladesh has to wait to initiate the process of graduation until the next triennial review.

The government has been pursuing a comprehensive and ambitious policy direction the 'Vision 2021' in order to achieve accelerated growth in all economic, social and other sectors of sustainable development by striking the right balance between equitable economic progress and human development by the year 2021, the 50th anniversary of the independence of the country. With a view to achieve the goals of 'Vision 2021' the government formulated a Perspective Plan 2010-2021 and two five years plan (FYP); namely Sixth Five years Plan (2011-2015, 6thFYP) and Seventh Five Years Plan (2016-2020, 7thFYP). The 6th FYP moved the nation from an investment driven and resource dependent framework to a broader socio-economic transformation vision. Similarly, 7thFYP centers on a broad-based strategy of inclusiveness with a view to empowering every citizen to participate and to get from the development process. In addition, it aims to set a sustainable development pathway, resilient to climate change, enable to use natural resources and successfully manage inevitable urban transition bringing all the eight priority areas of the IPoA in to the development matrix of the government.

It is worth mentioning that the duration for IPoA is almost coincides with the government's perspective plan (2010-2021) and so does the duration for 6thFYP with the comprehensive high-level midterm review of the implementation of the IPoA. During last five years (2011-2015) the country achieved commendable success in each of the eight priority areas of IPoA. At macro-level, unlike most countries, more than 6 per cent Gross Domestic Product (GDP) growth rate was achieved while strengthening the micro balance. Infrastructure investments were broadened and deepened with the private capital complementing public resources. The country has seen a rapid growth in the infrastructure sector including communications and energy and power during the period which has massively promoted the

productive capacity of the country. Several projects in the power sector have brought visible positive changes in the power generation and transmission well matched with the equally impressive progress in the communications sector with number of improved and upgraded roads and high-ways contributing to the economy. While planning on widening the export basket and destination, the government has continued to emphasize on Readymade Garment (RMG) industry to push forward since it is the most labour intensive industrial sector of the country. Furthermore, the number of skilled labour increased significantly during the time, who earned huge remittances and enabled the country to utilise the money as a resource and increased the amount of the national reserve. A large number of community clinics established to provide the health service at the door step of the rural people. In addition, primary and secondary levels of education were promoted for all with special emphasis on girls who contributed to significant improvement in school retention with the added benefits of reduced under-age marriage, maternal and child mortality and enhance women empowerment.

Bangladesh, being one of the most vulnerable countries to the adverse effects of climate change, promoted innovation, designed and implemented those programmes spanning agriculture, energy, water resources and so on from local resources. It is to be noted that, the Prime Minister of Bangladesh received the United Nations' (UN) highest environmental accolade 'Champions of the Earth' in recognition of addressing climate change issues properly during United Nations General Assembly (UNGA) 2015. Moreover, going beyond the traditional emphasis on boosting the ICT knowledge, the government uses ICT as tool to increase the efficiency of each development sectors under the wider concept of 'Digital Bangladesh', which contributed in the robust economic growth. As many as 5000 'Digital Centers' have been established in lowest tier of the local government offices to ensure easy and almost free access to millions of underserved people. It is one of the successful examples of the country that other developing country can follow. A hallmark achievement of the country is that the government shows the self-confidence and courage to construct the Padma Bridge, the 5th largest bridge in the world, without any financial assistance from development partners reflecting the economic strength and financial as well as development management capacity of the country. The bridge will be opened for traffic in full swing in 2018.

The report intends to provide the information and a brief analysis of targets, progress and challenges in the implementation of development agenda the Government of Bangladesh during the first half of IPoA for the LDCs and thus has remained limited in its scope within the context of the IPoA's priority areas and within a timeframe as prescribed i.e. between the years 2011 and 2015. The report incorporates five chapters. This chapter, the first chapter, presented a brief introduction of the report while the following chapter refers the country's development planning process including key economic, social, political and environmental trends. Chapter III contains the main part of the report and discusses the progress and challenges in the implementation process of the IPoA. It also identifies outstanding challenges in each of the programme's eight priority areas. Chapter IV describes how the international agreements and policies are integrated in national development policies to accelerate progress, especially in the priority areas of IPoA. The last Chapter highlights major challenges and way forward to further development with an especial emphasis on best practices and lesson learned from the practices.

Chapter II

The national development planning process including key economic, social, political and environmental trends

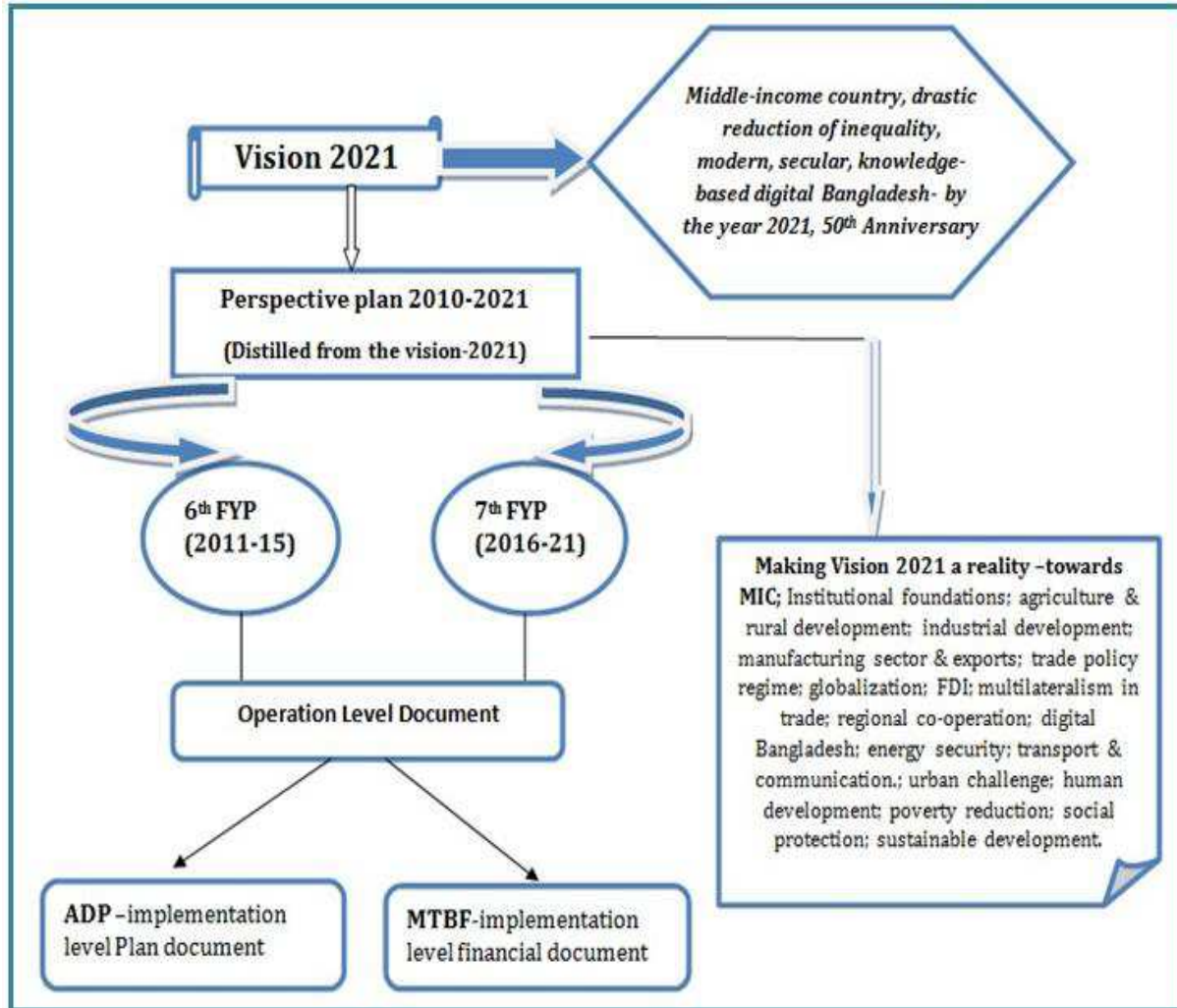
Bangladesh has made remarkable progress in raising incomes, reducing poverty and improving social indicators in the recent years. The growth of GDP averaged 6.3 per cent in the reporting period despite global economic down turn. This impressive performance was possible due to government's pro-poor and inclusive growth strategy. Poverty headcount ratio came down to 24.8 per cent by 2015 and per capita income doubled in less than ten years and recorded 1,314 US Dollar (US\$) in 2015. More importantly, Bangladesh had been classified by the World Bank as a lower middle income country in 2015, six years ahead of 2021 (Vision 2021) due to successful implementation of national plans.

National development planning process

The development programmes and projects of the country are now being undertaken in the light of the "Perspective Plan of Bangladesh (2010-2021): Making Vision 2021 a Reality"-a strategic articulation of the development vision and goals of the government in achieving a prosperous Bangladesh. The Perspective Plan 2010-2021 was formulated to be achieved through the implementation of two successive Five Year Plans; Sixth Five Year Plan (6thFYP) and Seventh Five year Plan(7thFYP). These five year plans are to be executed with alignment of two operational level documents; i.e. Annual Development Plan (ADP) and Medium term Budgetary Framework (MTBF). ADP refers to the development plans of the government for any specific year including the estimated cost of future projects and revised cost of ongoing projects. MTBF depicts the probable source, mode, agenda, execution process of the development expenditures and serves as guidelines for implementing the projects of ADP.

The development plans and programmes of Bangladesh have significant connection with the internationally agreed goals. For instance, 6thFYP had been mainstreamed with the targets of Millennium Development Goals (MDGs) whereas 7thFYP had been recast in line with Sustainable Development Goals (SDGs). At the same time the above mentioned development plans and strategies are also contributing to achieve the targets of IPoA. It is worth mentioning that duration of the two five year plans coincides with IPoA and the development targets of the plans have significant similarities with the eight priority areas of IPoA. The following figure 2.1 shows the planning process of the country and how the probable outcomes are relates the priority areas of IPoA.

Figure 2.1: National Development Planning Process of Bangladesh



As noted above, the eight priorities of the IPoA had strategic synergy with the seven core targets of the 6th FYP which were as follows:

- I. Income and Poverty
- II. Human Resource Development (Education, Health and population)
- III. Water and Sanitation
- IV. Energy and Infrastructure
- V. Gender Equality and Empowerment of women
- VI. Environmental Sustainability
- VII. Information and Communication Technology

Since, the 6thFYP has left a solid footprint of progress for the next one to pick up and carry out the remaining agenda; the 7thFYP therefore reflects a continuation of the major policy goals articulated in the 6thFYP and the legacy of relevance with the IPoA. The core targets of the 7th FYP set in accordance with the vision and goals of the Perspective Plan may be divided into ten broad categories which arose from the fourteen sectoral strategic sectors and have strong alignment with the eight priority areas of the IPoA as compared in (Table 2.1).

Table 2.1: Targets of 7thFYP and alignment with IPoA

Targets of 7 th FYP	Description	Alignment with the IPoA
Income and poverty	<ul style="list-style-type: none"> ▪ Attaining average real GDP growth rate of 7.4% per year over the Plan period ▪ Reduction in the head-count poverty ratio by 6.2 percentage points ▪ Reduction in extreme poverty by about 4.0 percentage points ▪ Creating good jobs for the large pool of under-employed and new labour force entrants by increasing the share of employment in the manufacturing sector from 15 per cent to 20 per cent 	Productive Capacity & Human Development
Different Sectors Development	<ul style="list-style-type: none"> ▪ Significant growth of the agriculture, industry and service sectors ▪ Increase the contribution of the manufacturing sector to 21% of GDP by FY20 ▪ Substantial improvement of exports to \$54.1 billion by FY20 ▪ Achieving a Trade-GDP ratio of 50% by FY20 	Productive Capacity & Trade
Macroeconomic Development	<ul style="list-style-type: none"> ▪ Total revenue to be raised from 10.7% of GDP to 16.1% by FY20 ▪ Maintain the current fiscal deficit of 5% of GDP ▪ Government spending to be increased to 21.1% of GDP by FY20 ▪ FDI to be increased substantially to \$9.6 billion by FY20 	Productive Capacity, Domestic Resource Mobilization, FDI
Human Resource Development (Education, Health and Population)	<ul style="list-style-type: none"> ▪ Achieving 100 per cent net enrolment rate for primary and secondary education ▪ Percentage of cohort reaching grade 5 to be increased to 100 from current 80 per cent ▪ Under 5 mortality rate to be reduced to 37 per 1000 live birth ▪ Maternal Mortality Ratio to be reduced to 105 per 100,000 live births ▪ Reduce proportion of underweight children among under-five children to 20 per cent ▪ Births attended by skilled health staff to be increased to 65 per cent ▪ Reduction of Total Fertility Rate to 2.0 ▪ Increasing Contraceptive Prevalence Rate to 75 per cent 	Human Development
Water and Sanitation	<ul style="list-style-type: none"> ▪ Safe drinking water for all ▪ Proportion of urban population with access to sanitary latrines to be increased to 100 per cent ▪ Proportion of rural population with access to sanitary latrines to be raised to 90 per cent 	Human Development (Water & Sanitation)
Energy and Infrastructure	<ul style="list-style-type: none"> ▪ Installed Generation Capacity of electricity to be increased to 23,000 MW by 2020 ▪ Ensure energy mix for energy security ▪ Electricity coverage to be increased to 96 per cent with uninterrupted supply to industries ▪ Reduce system loss from 13% to 9%, improve energy efficiency & conservation 	Productive Capacity (Power & Energy)

	<ul style="list-style-type: none"> ▪ Construction of 6.15 km. long Padma Multipurpose Bridge at Mawa-Janjira ▪ Construction of about 26 km. long Dhaka Elevated Expressway Construction of Dhaka-Chittagong expressway and up gradation of Dhaka-Chittagong highway to 4-6 lane. ▪ Improve the multimodal transport network with a significant increase in the share of rail and waterways traffic ▪ Reduce urban traffic congestion with focus on Dhaka and Chittagong cities ▪ Reduce the incidence of road accidents ▪ Completion of the following high Priority Mega Projects: ▪ Padma Bridge, Deep Sea Port Project; LNG terminal project; Payra Port Project; Rooppur Nuclear Power Plant Project; Rampal Coal Power Project; Matarbari Coal Power Project 	
ICT Development	<ul style="list-style-type: none"> ▪ Improve tele-density to 100%, internet penetration to 100% and broadband coverage to 50% ▪ All primary schools to have at least 1 and all secondary schools to have at least 3 multimedia classrooms; 30% of primary schools and 100% of all secondary schools to have an ICT laboratory ▪ 25% of Community Health Clinics provide tele-consultation with specialists in urban areas ▪ Most vital government services are made available at all Digital Centres, through the national portal and over mobile devices; ▪ Social media is regularly used for communication with various demand and supply side stakeholders ▪ Open government data and big data analysis are regularly used in public decision support. Increase domestic ICT earnings to \$2 billion and export earnings to \$2 billion; 1 million trained HR for the ICT industry ▪ Spending on Research and Development to constitute 1 % of GDP ▪ Robust cyber security measures are institutionalized 	Productive Capacity (ICT)
Gender equality, income inequality and social protection	<ul style="list-style-type: none"> ▪ Female to male ratio in tertiary education to be raised from 70 per cent to 100 per cent ▪ The ratio of literate female to male for age group 20-24 to be raised to 100 per cent from the current 86 per cent ▪ Encourage female enrolment in technical and vocational education ▪ Reduce or maintain the current income inequality of 0.45 ▪ Spending on Social Protection as a share of GDP to be increased to 2.3% 	Human Development (Gender Equality & empowerment of women)
Environmental Sustainability	<ul style="list-style-type: none"> ▪ Increase productive forest coverage to 20 per cent ▪ Improve air quality in Dhaka and other large cities and enact Clean Air Act ▪ Promote Zero discharge of industrial effluents ▪ Urban wetlands are restored and protected in line with Wetland 	Reduction of vulnerability toward natural shock (multiple crises& emerging

Conservation Act

challenges)

- At least 15% of the wetland in peak dry season is protected as aquatic sanctuary
- 500 meter wide permanent green belt established and protected along the coast
- Environmental, Climate Change and disaster risk reduction considerations are integrated into project design, budgetary allocations and implementation process
- Canals and natural water flows of Dhaka and other major cities restored

Recent macroeconomic performance of Bangladesh

According to the official review of the Bangladesh's economy, despite sluggish global economic recovery and adverse effect emerging from the domestic front, Bangladesh sustained steady economic growth due to prudent fiscal policy and accommodative monetary policy.

The GDP growth was provisionally estimated at 6.51 per cent in Financial Year (FY) 2014-15, significantly up from 6.06 per cent in FY 2013-14. The per capita national income reached US\$ 1,314 in FY 2014-15 from US\$1,184 a year earlier. On the other hand, inflation gradually came down and year-on-year inflation in FY2014-15 and decreased to 6.41 per cent from 7.35 per cent in FY 2013-14. Exports registered a growth rate of 3.39 per cent while import grew 11.26 per cent in FY2014-15. The inflow of remittances rebounded in FY 2014-15 and achieved 7.65 per cent growth to US\$ 15,317 million. Despite modest growth in remittances inflow, current account balance recorded deficit of US\$1,645 million. However, current account deficit was offset by the surpluses of capital and financial accounts. As a result, overall balance of the balance of payments recorded surplus of US\$4,373 million leading to build up of large foreign exchange reserve. As on 30 June 2015, foreign exchange reserve stood at US\$25,020 million, which is sufficient for about 7 months of import coverage. Exchange rate broadly remained stable during FY 2014-15. Moreover, lending interest rate fell, which is expected to encourage investment in the country.

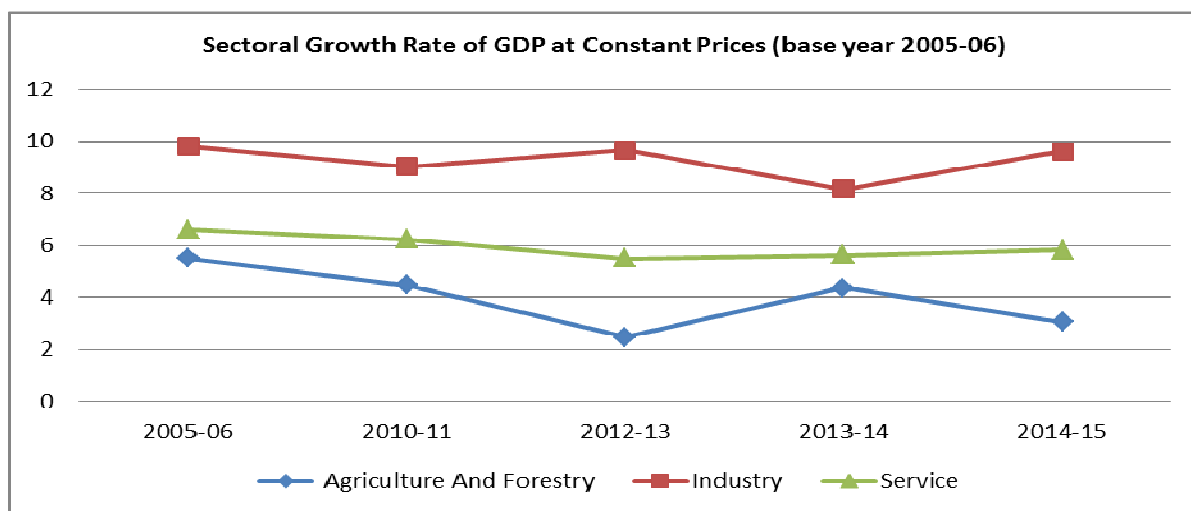
The growth of GDP of the country slightly slowed down from 6.1 per cent in 2007-08 to 5.05 % in 2008-09. In 2009-10, growth bounced back and average growth remained above 6 per cent in the past three years as indicated above and stated in the table below. Overall GDP growth has been mostly driven by industry and service sector. In FY2014-15, agriculture, industry and service sectors grew by 3.04 %, 9.6 % and 5.83 % respectively.

Table 2.2: per capita GDP, per capita GNI (base year: 2005-06)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
per capita GDP (US\$)	514	562	637	703	780	860	880	976	1115	1235
per capita GNI (US\$)	543	598	686	759	843	928	955	1,054	1190	1314
GDP growth rate	6.67	7.06	6.01	5.05	5.57	6.46	6.52	6.01	6.12	6.51

Source: Bangladesh Economic Review 2015, Ministry of Finance

Figure 2.2: Growth of three major sectors of GDP



Source: Bangladesh Economic Review 2015, Ministry of Finance.

Sectoral Performance in GDP Growth

Agriculture Sector

In FY2014-15, within the broad agricultural sector, the growth rate of agriculture and forestry sector stood at 2.07 per cent according to the base year 2005-06. Of this growth performance, the growth of crops and horticulture subsector was 1.30 per cent in FY 2014-15. The growth rate of both animal farming and forestry sub-sectors showed consistent increasing trend. Both sub-sectors grew by 3.10 per cent and 5.10 per cent respectively in FY 2014-15, which were 2.83 and 5.01 per cent respectively in the previous fiscal year.

The Directorate of Fisheries (DOF) reports that the total inland and marine catches were 3.703 million Metric Ton (MT) in FY 2014-15. The sector grew by 6.41 per cent in FY 2014-15 compared to that of 6.36 per cent in FY 2013-14.

Industry Sector

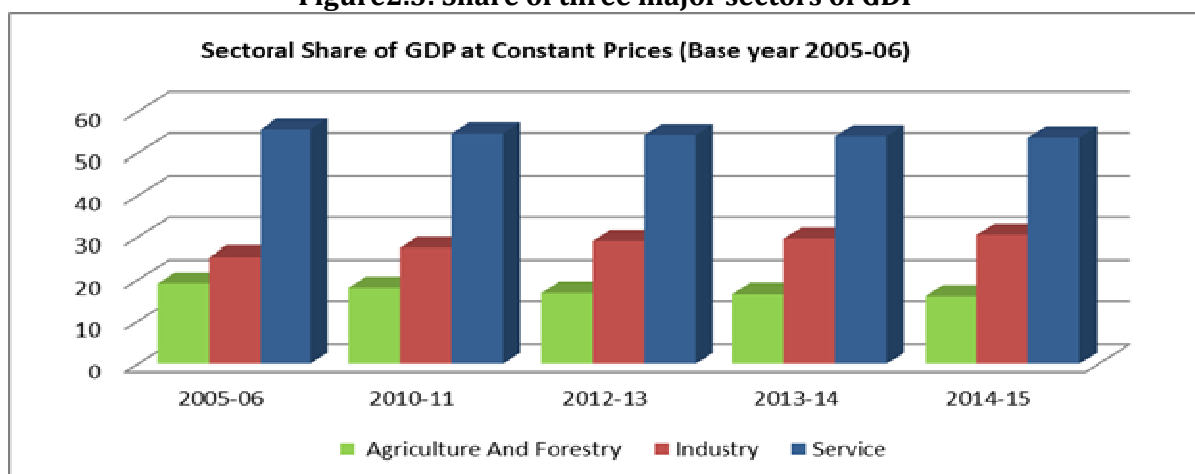
In FY 2014-15, the growth rate of industry sector scaled up from 8.77 per cent in 2013-14 to 10.32 per cent in 2014-15 according to the base year 2005-06. Within the broad industry

sector, mining and quarrying sector experienced the highest growth. The growth of this sector was recorded 7.48 per cent in FY 2014-15, which was 4.68 per cent in FY 2013-14. In this sector, natural gas production and crude petroleum grew by 6.30 per cent, which was 2.47 per cent a year earlier. The growth rate of other mining and coal subsectors stood at 9.24 per cent, which was 8.20 per cent in the previous fiscal year. Besides, manufacturing sector (large, medium and small scale) grew by 8.68 per cent in FY 2014- 15, which was 10.31 per cent in FY 2013-14.

Service Sector

According to the base year 2005-06, the growth of broad service sector increased in FY 2014-15 compared to the preceding year. Growth in the Post and Tele communications sub-sector of Transport, Storage and Communication sector diminished slightly during this period. The output of the wholesale and retail trade declined from 6.73 per cent of the previous year to 6.59 per cent in FY 2014-15. In health and education sector, the growth had been 5.69 per cent and 7.63 per cent in FY 2014-15 respectively.

Figure2.3: Share of three major sectors of GDP



Source: Bangladesh Economic Review 2015, Ministry of Finance

Expenditure Based GDP

Consumption accounted for 77.7 per cent of GDP in FY 2014-15 which was 77.91 per cent in the previous year. On the other hand, domestic savings and national savings were 22.30 per cent and 29.01 per cent of GDP respectively in FY 2014-15 while those were 23.09 per cent and 29.23 per cent of GDP in FY 2013-2014 respectively.

In case of investments, gross investment was slightly stepped up as percentage of GDP rose from 28.51 per cent in the FY 2013-14 to 28.97 per cent in FY 2014-15. Although private investment slightly dropped during this period, public investment scaled up as percentage of GDP. The government took a wide range of initiatives to promote private investment by creating investment friendly environment. Besides, it is expected that investment would be boosted up through infrastructural development, expanding the coverage of electrification rapidly, energy diversification, extension and development of railways, roads, waterways together with land ports, sea ports and airports and implementation of infrastructure related programmes planned under ADP and Public Private Partnership (PPP) initiatives.

Chapter III

Assessment of progress and challenges in the implementation of the Istanbul Programme of Action for the Decade 2011-2020

According to the data of BBS on different indicators of the LDC criteria, Bangladesh has move forward in achieving the graduation threshold values of two of the three LDC criteria in 2015. The country has already crossed the graduation threshold of EVI as revealed in the 2015 triennial review of CDP having the value of 25.1 against the value of 32 or less. According to BBS's latest statistics and calculation of the four indicators of the HAI criterion of LDC category, Bangladesh has attained the graduation value (66.28 against 66) for the HAI also and hence reached the threshold level of graduation under two-criteria formula (reaching threshold value of EVI and HAI simultaneously) as pursued by the CDP. However, the achievement over HAI has not been reflected in the 2015 triennial review of the CDP due to, significantly, differences in the data of different indicators of the HAI. Table 3.1 presents a comparison of the two different sets of values of the four indicators of the HAI criterion. The overall development efforts of the government have greatly induced the process of implementation of IPoA which substantially contributed to the advancement towards reaching the graduation criteria. As indicated above, there had been discrepancies between the estimated value of these indicators calculated by BBS and the CDP. The following table describes the estimated value of Bangladesh for the indicators of the HAI as calculated by the BBS and also the values of the same as recorded by the CDP's 2015 Triennial Review.

Table 3.1: Value of the Four Indicators of the HAI criterion for Bangladesh calculated by BBS and CDP

HAI indicators	Bangladesh value (calculated by CDP)	Bangladesh value (calculated by BBS)	Remarks
1. Percentage of Population Undernourished	80.5	84.9	BBS used the same upper and lower bound. CDP calculation used rate of undernourishment as 16.7 whereas BBS used the rate as 14.06. The undernourishment rate of BBS had been estimated from micro data HIES 2010 through linear progression.
2. Mortality Rate for Children aged 5 years and under	81.2	81.2	
3. Gross Secondary School Enrollment Ratio	48.5	50.93	BBS used the same upper and lower bound. CDP calculation used rate of gross secondary enrollment ratio as 53.6 whereas BBS used the rate as 55.84. BBS used Bangladesh Bureau of Educational Information & Statistics (BANBEIS) database for the enrollment. CDP used United Nations Educational, Scientific and Cultural Organization (UNESCO) database that stated

			the secondary enrollment ratio as 53.6 in 2012. However, this data had not been updated by UNESCO for 2015. Using the same rate for Bangladesh in 2012 and 2015 triennial review by CDP is the cause of this underestimation.
4. Adult Literacy Rate	45.1	48.08	BBS used the same upper and lower bound. CDP calculation used rate of adult literacy rate as 48.08 using UNESCO database whereas BBS used the rate as 61.06 using Monitoring the Situation of Vital Statistics of Bangladesh(MSVSB) (proxy data for 2014) of BBS. However, the same database of UNESCO used by CDP (link: http://www.uis.unesco.org/DataCentre/Pages/country-profile.aspx?regioncode=40535andcode=BGD) shows adult literacy rate as 61.5 in 2015 which is more close to BBS estimation. It seems that updated data in UNESCO database was not available while CDP used data for the review. Using the same rate for Bangladesh in 2012 and 2015 triennial review by CDP is the cause of this underestimation.
5. Overall value for Human Assets Index (HAI)	63.8	66.28	The value of HAI as calculated by the BBS on the basis of the most recent data of the four indicators reveals that Bangladesh has reached the threshold value of graduation in this criterion as well.

Source: UN-DESA and BBS, Ministry of Planning.

Note: Discrepancies had been considered where the difference of two estimated value is greater than .05

Form Table 3.1 it is obvious that there is a scope for reviewing the value of the indicators of HAI for Bangladesh considering the rational cause of the measurement discrepancies. The consideration becomes more crucial as reviewing the value of HAI may add a new dimension of graduation process of Bangladesh from the LDC category. As noted above, Bangladesh has already reached the graduation threshold of the EVI criterion according to the 2015 triennial review of the CDP and further review of BBS result of EVI may depict the actual performance of Bangladesh on combating against economic vulnerability with increased level of resilience.

Progress in the Eight Priority Areas of IPoA

As described in the previous chapter, the eight priority areas of the IPoA have been found to be integrated into the development policy and priorities of Bangladesh. This chapter attempts at reflecting the progress and achievements along with the best practices and lessons learnt in each of these IPoA's eight priority areas as well as identifying challenges.

a. Productive capacity

The government of Bangladesh recognises that quality infrastructure plays key role for the country's overall socio-economic development as well as for remaining competitive in the environment of globalized trade and investment. Therefore, highest attempts were made to improve the infrastructure particularly on power, energy, and transportation and ICT sectors since these are essential elements of the modern production and distribution processes and the

efficiency and relative cost of these inputs are often a key determinant of competitiveness in the global economy.

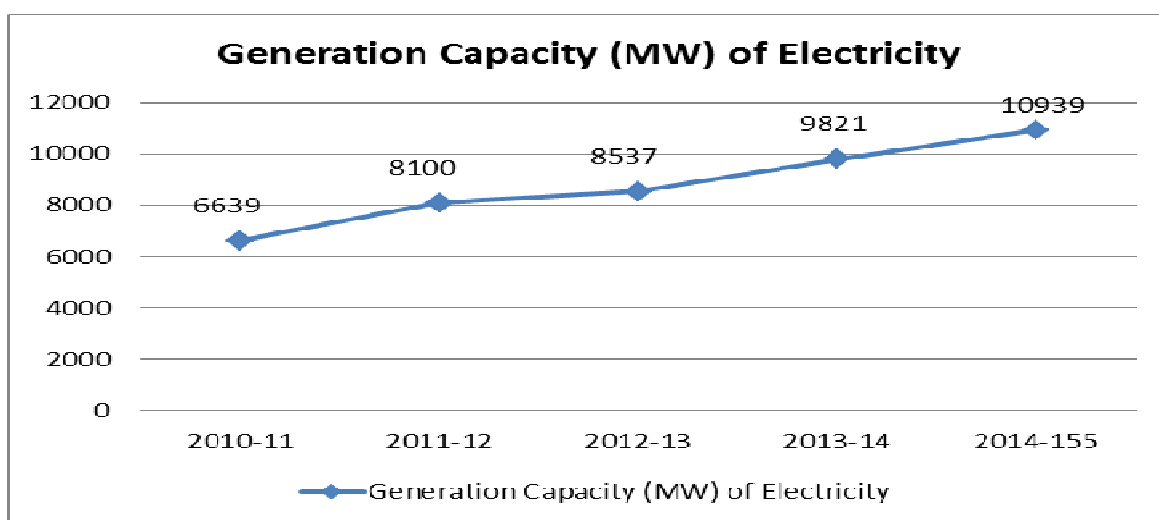
The Global Competitive Index (GCI) published by WEF (2014-2015) shows that Bangladesh has made progress in improving its overall infrastructure performance rating, up from 2.4 (in 2009-2010) to 2.8. Most significant progress has been made in electricity supply, where the score has risen to 2.2 from 1.8, thereby increasing the overall performance index for Bangladesh.

Power

Recognising that uninterrupted power supply is one of the major drivers of private investment and economic development, the Government adopted well-rounded reform programme to increase the supply of electricity involving substantial investment, sector reforms and regional trade of power. The key elements behind the rapid growth in electricity production, distribution and consumption were: mobilising private investment; enhancing the availability of primary fuel; improving power sector efficiency; reforming power-pricing policy; and exploring electricity-trading options with neighbouring countries.

The achievement in power sector had been quite satisfactory over last five years. During the time, total generated power capacity increased from 6639 Mega Watt (MW) to 10,939 MW achieving to an annual growth rate of 14 per cent. People's access to electricity increased from 49 per cent in FY2010 to 74% in FY2015. Per capita electricity consumption also increased from 180 KWh in 2010-11 to 251 KWh in 2014-15. Progress has also been made in reducing transmission and distribution losses from 12.66% in FY 2010-11 to 11% in FY2014-15. The Government has also undertaken number of development projects to improve transmission infrastructures.

Figure 3.1: Generation Capacity (MW) of Electricity



Source: Bangladesh Power Development Board, Ministry of Power, Energy and Mineral Resources.

Future Plan and Target

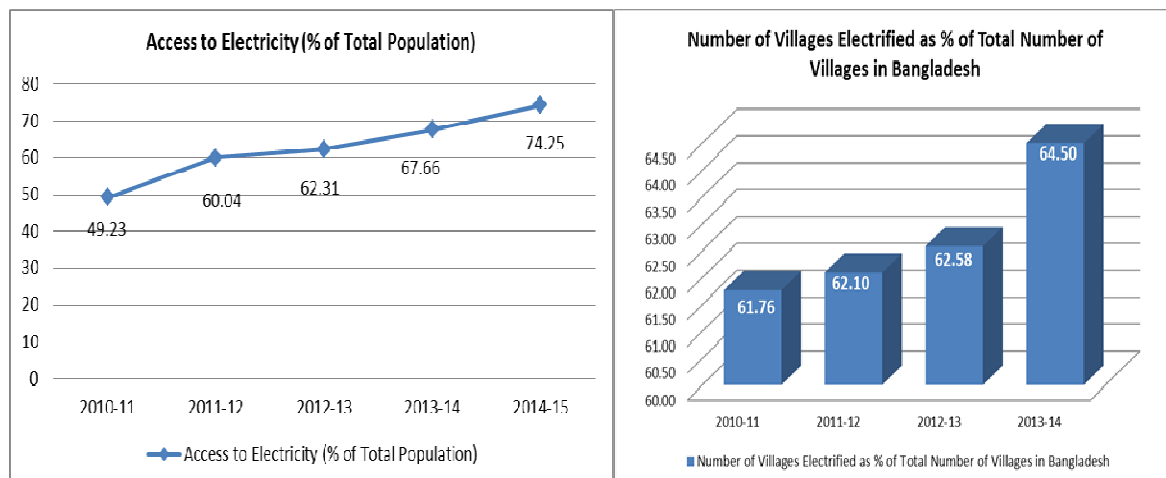
The government has prepared a Power System Master Plan (PSMP)-2010 to improve and expand electricity supply to support the GDP growth of more than 7 per cent. To meet the demand, installation capacity need to be increased to 24,000 MW and 39,000 MW by 2021 and 2030 respectively. The Renewable Energy Policy obligates the renewable energy share to be 10% by 2020. To meet this target, government has prepared a year-wise plan, which is a bit upper range from the policy target (Table 3.2).

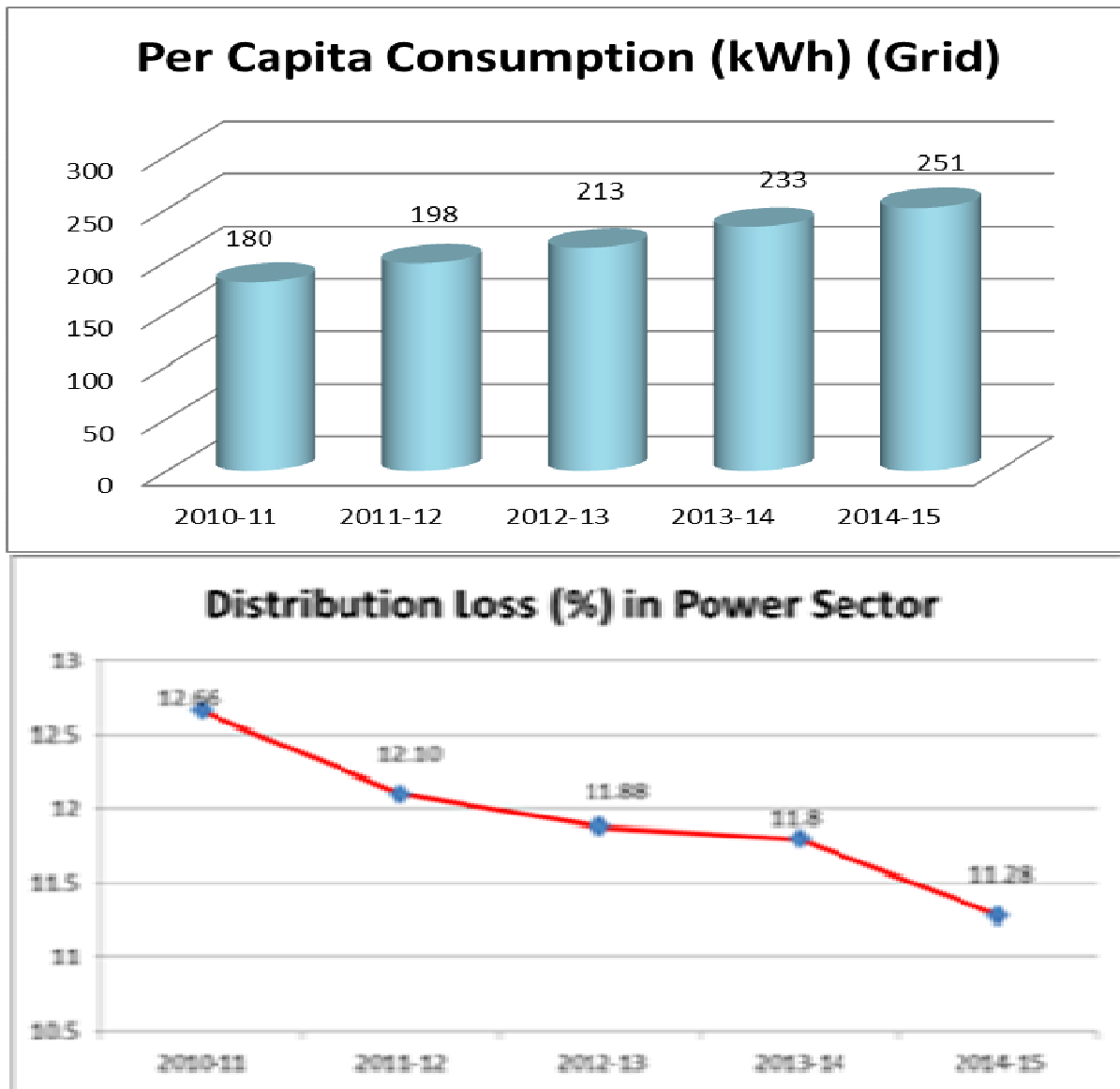
The Government has already launched ‘500 MW Solar Power Development Programme’. A number of projects and programmes have also been initiated under this programme. For this purpose, the first data collection cycle of wind mapping would be completed by 2016 and the wind projects are expected to come in operation in 2017. Considering the country’s future energy security and low-carbon emission strategy, programmes have been undertaken to promote use of renewable energy. Government has formulated pro-investment policy to encourage private sector investment in Renewable Energy (RE) Sector.

	2015	2016	2017	2018	2019	2020	2021	Total
Solar	75	336	421.75	237	195	203	208	1675.8
Wind	0	20	250	350	350	200	200	1370
Biomass	1	16	6	6	6	6	6	47
Biogas	1	1	1	1	1	1	1	7
Hydro	0	2	2	0	0	0	0	4
Total	77	375	680.75	594	552	410	415	3103.8

Source: Sustainable and Renewable Energy Development Authority (SREDA), Ministry of Power, Energy and Mineral Resources

Figure 3.2: Progress in access, rural electrification, consumption and distribution





Source: Bangladesh Power Development Board, Ministry of Power, Energy and Mineral Resources Renewable Energy

In view of the considerable challenge of primary fuel and promotion of green energy, more emphasis has been given in power generation through renewable energy in the 7thFYP. It focuses on two main areas of renewable energy: solar and wind power. In 7thFYP target has been set to develop more than 3000 MW (10% share to total energy supply) of renewable energy projects by 2021 mostly from solar and wind. In addition, Sustainable and Renewable Energy Development Authority (SREDA) is established to provide dedicated institutional support to promote renewable energy.

Bangladesh has the fastest growing Solar Home System (SHS) in the world run by Infrastructure Development Company Limited (IDCOL), a public infrastructure financing entity. More than 3 million SHSs have already been installed under IDCOL programme in the off-grid rural areas of Bangladesh and about 13 million beneficiaries are getting solar electricity. More than 65,000 SHSs are now being installed every month under the programme with average year to year installation growth of 58%. The programme replaces 180,000 tons of kerosene having

an estimated value of US\$ 225 million per year. Moreover, around 70,000 people are directly or indirectly involved with the programme. The programme has been acclaimed as one of the largest and the fastest growing off-grid renewable energy programme in the world. The roof top solar Photo Voltaic (PV) systems, solar irrigation, solar mini-grid projects are also being introduced in the country with the current installed capacity estimated at 26 MW.

A key element of the IDCOL programme's success is its innovative, targeted subsidized SHS delivery and financing scheme. IDCOL works with a number of participating non-government organizations, known as partner organizations, which sell, install, and maintain the SHSs. IDCOL provides targeted subsidies that permit reductions in SHS prices for low income customers, as well as support microcredit financing. At the core is a strong partnership between IDCOL and its participating organizations in terms of specifically defined responsibilities, a system of checks and balances, smart incentives, and trust.

The country has enormous potential for wind energy, mainly in the coastal areas, *haors* and offshore islands. Government has a plan to generate electricity from wind power under both public and private initiatives. As a first step, wind resource mapping is underway in 13 different locations of the country to prepare bankable wind data. Meanwhile, contracts for two Independent Power Producers (IPPs) (100 MW and 60 MW) have been signed which are expected to be commissioned during implementation of 7thFYP period.

Success Story: Renewable Energy in Bangladesh

IDCOL's Solar Mini-grids: Changed lives for the better

Md. Alauddin, 45, from Monpura Upazila in Bhola district owned a small tea stall. It earned him just enough to make a living but on an island without electricity, his business was as profitable as it could get. Alauddin himself never dared to dream anything more, until his village got a remarkable new upgrade – a solar mini-grid. This 177 kWp (kilo watt peak) solar mini-grid system had brought about magical transformation in this remote area. This advancement offered prospect for a better life and endless opportunities. Alauddin can now earn a lot more than before by operating his business for extended hours. Similar to Alauddin, another small shopkeeper, Akter Sikder, 30, owns a photocopy machine along with a refrigerator. He can now sell cold beverages as well as keep ice cream for children.

Before the introduction of mini-grid, Ruma Begum, 24, owned a small solar system (10Wp) to run two small luminaries and kerosene lamps for additional lighting. Ruma Begum used to close her outdoor activities before dark. Monwara begum, 45, mother of Ruma Begum was mesmerized to witness the transformation in life-style of mini-grid beneficiaries. She immediately felt the necessity of the same for her newly married daughter. However, she was concerned about the reaction of her in-laws. She did not wait but paid the one time connection fee with a promise from the lineman to keep it secret from her in-laws. Both her daughter and in-laws are now enjoying the benefits of grid quality electricity. Ruma Begum does not need to be worried to go out of the house even during the night. Her nights are brighter than even before.



Abdur Rahim, 35, a workshop owner could run his machineries only for few hours of the day. Electricity from diesel generator was not sufficient to run his tools in full speed. After getting connected with mini-grid he now can deliver almost double the works what he could do before. His energy consumption has gone higher but comparative energy cost has gone down. Smile on the face of Abdur Rahim denotes the commercial revolution which was beyond imagination just even four months before. These are only a few success stories. There are numerous other accounts that chronicle such transformation not only in Monpura but also other few remote areas of the country.

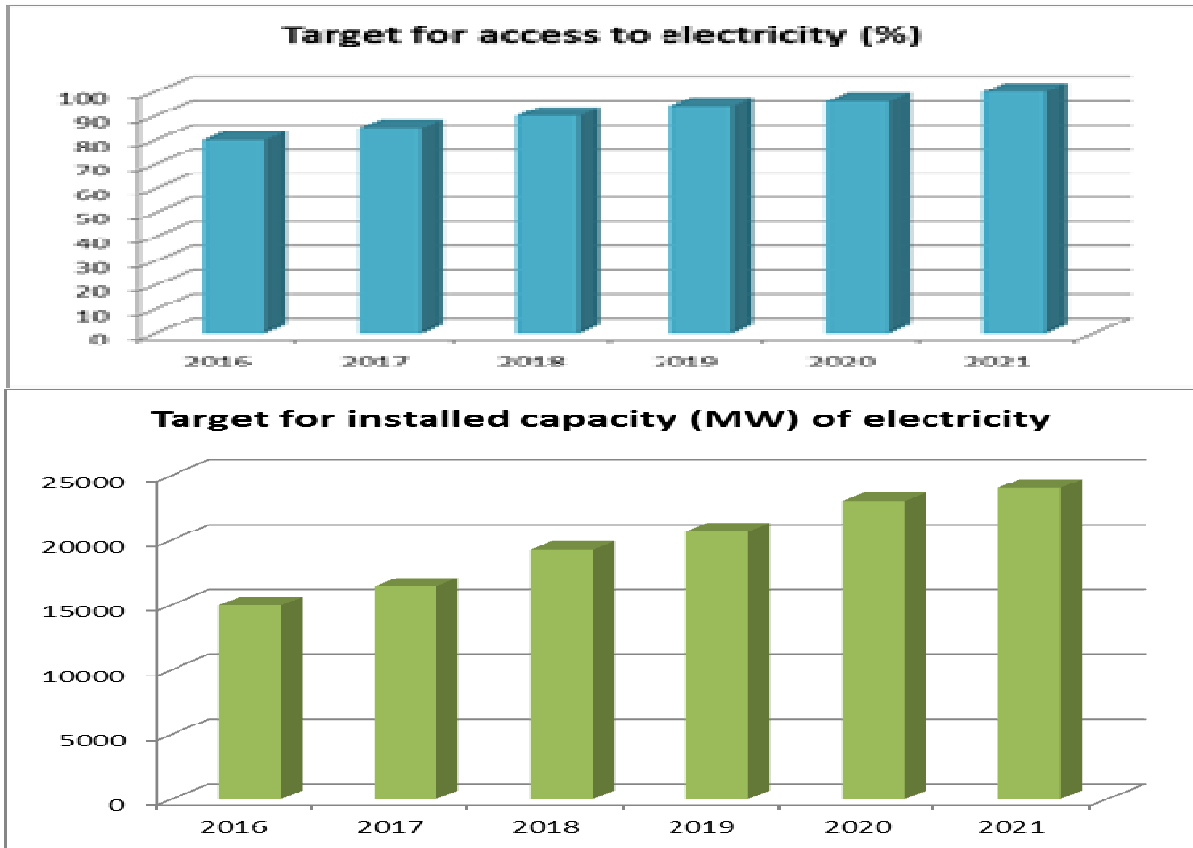
IDCOL's programme is successful because participating organizations have such an extensive presence in rural areas. They not only extend microcredit to the buyers of the SHSs, but also provide the full range of after-sales services-including guaranteeing the performance of the SHS. Solar PV based mini-grid projects are installed in off-grid areas of the country where possibility of grid expansion is remote in near future. These projects provide grid quality electricity to households and small commercial users and thereby encourage commercial activities in the project areas. IDCOL has financed a number of solar mini-grid projects in remote areas of the country. The mini-grid projects are currently supplying electricity to shops, health centers and schools and workshops thereby boosting economic activities. It is also implementing programmes for Solar Irrigation Pumps (SIP) and Bio-gas generation. These two programmes are contributing towards decreased reliance on diesel for running irrigation pumps and halting the indiscriminate felling of trees and use of other vegetative materials for cooking purposes with beneficial impact on the environment. IDCOL has a target to finance 50 solar mini-grid projects by 2017. The World Bank, Kreditanstalt für Wiederaufbau (KfW), Global Partnership on Output-Based Aid (GPOBA), Japan International Cooperation Agency (JICA), United States Agency for International Development (USAID), Asian Development Bank (ADB) and Department of International Development (DFID) are providing financing support in these projects.

Projection for 7thFYP

As targeted in the 7thFYP, the government has reiterated its pledge to supply electricity to every household. The generation hope to be raised to 16,000 MW in 2016 and 24,000 MW in 2021. Share of electricity would be increased through bilateral and regional cooperation with

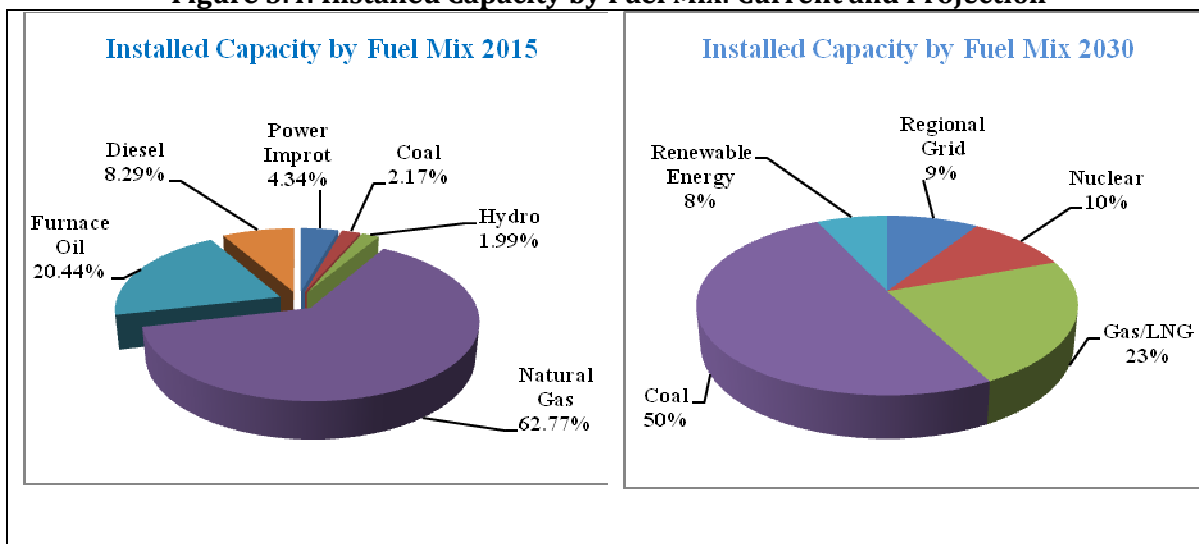
neighbouring countries such as India, Nepal and Bhutan. Availability and use of solar would be further extended.

Figure 3.3: Target for Installed Capacity and access to electricity



Source: 7thFYP, Planning Commission, Bangladesh.

Figure 3.4: Installed Capacity by Fuel Mix: Current and Projection



Source: 7thFYP, Planning Commission, Bangladesh

According to the plan, the government has set a target to increase installed electricity generation capacity to 23000 MW by 2021 (Figure 3.3). The government plans to bring 100 per cent people under electricity coverage at the end of implementation of the 7thFYP. Fuel diversification has been adopted as a strategy considering the promotion of the use of environment-friendly fuels, least cost generation, future availability of various fuels, international market price and domestic natural gas depletion. Figure 3.4 shows the changes in diversification of different types of fuels in electricity generation over the years. At present, share of coal based power generation is about 2.05% which is targeted to be more than 50% by 2030.

Public Private Partnership

The Government has undertaken initiatives to attract private investment in power sector especially for power generation projects. A substantial increase has been made in new generation from private sources mainly in the form of IPP during the 6thFYP. At present the share of private sector in power generation is about 43 per cent. This trend would continue in the 7thFYP. According to the plan total generation during the 7thFYP period will be increased by 12584 MW out of which some 55% will be provided by the public sector and 45% by the private sector.

Regional Power Cooperation

As a policy option, much emphasis has been given on cross border trade of electricity through bilateral and regional cooperation with neighboring countries. In addition to the existing 500 MW imported power from India, import of additional 600 MW power is under process. An 800 KV DC high capacity multi-terminal HVDC bi-pole line interconnecting North East Region of India, Barapukuria (Bangladesh) and Uttar Pradesh of India will be established. After completion of this super highway transmission corridor Bangladesh will be in a position to import 3000 MW from India during the 7thFYP. Bilateral and multilateral discussions are also going on to import power from Nepal and Bhutan.

Mega Power Projects

A number of coal based mega power projects are planned to be implemented during the 7thFYP period. Two joint venture agreements have been signed. One is between Bangladesh Power Development Board (PDB) and National Thermal Power Company (NTPC), India for setting up a coal-based power plant of 1300 MW at Rampal, Bagerhat. Another agreement was signed between North West Power Generation Company Ltd., Bangladesh and China National Machinery Import and Export Corporation (CMC), China for setting up a coal-based power plant of 1320 MW at Payra, Patuakhali. Besides, initiatives have been taken to build more joint venture power plants with Singapore, China, Malaysia and South Korea. Japan is providing financial and technical support to implement 1200 MW coal-based power plant in Matarbari including port facilities. This will bring a significant amount of foreign investment in power sector which will reduce the pressure on government exchequer. A list of upcoming mega projects is given in table 3.3:

Table 3.3: Upcoming Mega Projects in Power Sector

Name	Capacity (MW)	Executing Agency
Moittri Super Thermal Power Project	1320	BIFPC
Matarbari Coal Based Power Pant	1200	CPGCBL
Paيرا Coal Based Power Plant	1320	BCPGC
G to G Coal Based Power Plant	1320	BPDB
Moheshkhali Coal Based Power Plant	1200	BPDB
Moheshkhali Coal Based Power Plant	1320	BPDB
Ashuganj 2x660 MW Power Plant	1320	APSCL
1320 MW Coal Based Power Plant	1320	BPDB
Pekua 1320 MW Coal Based Power Plant	1320	EGCB
Matarbari 700 MW Coal Based Power Plant	700	Sembcorp, Singapore
Total Capacity of 10 Mega Projects	12340	

Source: System and Planning, Bangladesh Power Development Board, Ministry of Power, Energy and Mineral Resources.

Improving Operational Efficiency of Existing Plants

Efficient operation and maintenance (O & M) of the running power plants have been a long-standing critical challenge for the power sector of the country. In order to respond quickly to the growing demand for electricity, the government has emphasized the development of new power plants. Alongside, programmes have been taken for re-powering and replacement of existing simple cycle gas turbines with Combined Cycle Gas Turbines (CCGT) that would eliminate the substantial supply shortfall in the short term.

Electricity Transmission

The government has recognised that for a sustainable grid system, the transmission capacity should be more than double of the generation capacity in order to ensure reliable power. Bottleneck in transmission system is already identified and a massive programme for smooth evacuation of electricity has been taken up. In addition, various transmission projects have been undertaken to improve the transmission infrastructure. Power Grid Company of Bangladesh (PGCB), which is responsible for operation, maintenance and development of transmission system, has undertaken a number of development projects throughout the country. Transmission infrastructures that would be added in the tenure of 7thFYP (2016-2020) are given in table 3.4:

Table 3.4: Transmission Infrastructure in 7th FYP period

Name of the Infrastructure	Length/Capacity
800kV DC Transmission Line	200 ckt. km
400kV Transmission Line	3204 ckt. km
230kV Transmission Line	1755 ckt. km
132kV Transmission Line	3284 ckt. Km
400kV HVDC Station	3000 MW
Substations Capacity 400/230kV	11780 MVA
Substations Capacity 230/132kV	18300 MVA
Substations Capacity 132/33kV	17314 MVA
Capacitor Banks installation at Grid substation at 33 level	1000 MVAR

Source: 7th FYP, Planning Commission, Bangladesh.

Demand Side Management

The government continues giving emphasis on energy conservation by both supply and demand side management. In the area of demand management, proper pricing of electricity is considered to help conserve power. More broadly, a well-articulated demand side management policy is being considered to be an extremely cost effective way of curtailing peak demand.

In recognition of the importance of energy conservation, the sustainable component of SREDA is entrusted with three main pillars: (1) energy management programme, (2) energy efficiency labeling programme, and (3) energy efficiency building programme. SREDA is empowered to offer financial incentive schemes for promoting the programmes to conserve power system in the range of 1,000MW during the 7th FYP.

The energy efficiency building programme is designed to introduce energy efficiency building equipment and appliances in accordance with the new National Building Code requirements and upcoming energy efficiency building guidelines in next five years. In the long run, the Green Building Code, to be used as a guideline for the design and construction of upper-grade energy efficiency and conservation and low environment impact buildings, will be adopted.

Projection of Resource Allocations for Power Sector during the 7th FYP

ADP allocations for power sector are projected to be Taka 1270 billion during the 7th FYP due to high priority of this sector. The year wise ADP allocations for power sector are furnished below:

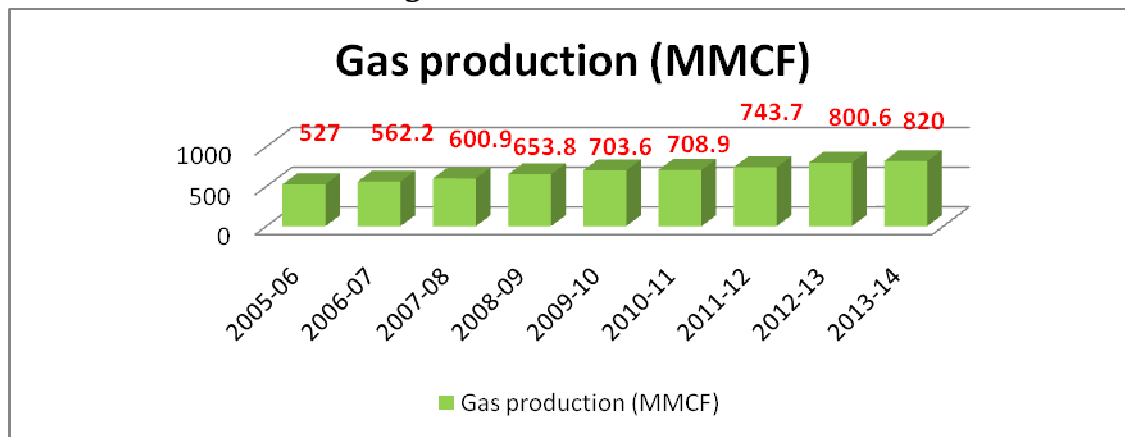
Table 3.5: 7 th FYP ADP Allocations for Power Sector (billion Taka)					
FY2016	FY2017	FY2018	FY2019	FY2020	Total
200	260	270	270	270	1270

Source: 7th FYP, Planning Commission, Bangladesh

Energy

The rapid growth in the share of oil-based power supply from only 8% in FY09 to 29% in FY 2015 is a reflection of a major primary fuel constraint in Bangladesh. The amount of gas supply as per demand is continuously decreasing. The government has taken measures to explore new gas fields and import Liquefied Natural Gas (LNG) to mitigate the wide gap of demand and supply. New projects have also been undertaken that include establishing single point mooring at Bay of Bengal to deliver crude oil from mother vessels to refinery; establishing new refinery unit; extending Liquefied Petroleum Gas (LPG) use throughout the country; importing fuel oil from India through pipeline; establishing floating storage re-gasification unit (FSRU) for importing LNG; increasing the production of coal; conducting multi-client seismic survey for exploring new gas fields in Bay of Bengal are the schemes that have been undertaken to meet the growing demand of gas and fuel in the country. For timely implementation of these schemes government allocated substantial fund to the executing agencies. The Annual Development Programme of Petrobangla for the fiscal year 2013-14 had an allocation of Tk 17489.80 million which includes Tk 5681.1 million as project aid.

Figure 3.5: Production of Gas



Source: Petro Bangla, Ministry of Power, Energy and Mineral Resources.

Moreover, there were 15 projects under Gas Development Fund (GDF) in the fiscal year 2013-14 with an allocation of Taka (Bangladesh currency) 11167.0 million, Furthermore, to ensure the energy supply, necessary steps have been taken to import 500 MMCFD of LNG by 2017. Initiatives have also been taken for the development of coal fields in line with coal policy being finalised. In view of the above, various actions have been taken by the government to develop oil, natural gas and mineral reserve:

- Adoption of time-based action plan for discovering new gas fields and development of the producing gas fields;
- Importing LNG to compensate increasing gas demand;
- Finalising National Energy Policy and Coal policy to create opportunity for using energy from multiple sources;
- Increasing financial capacity of BAPEX by forming Gas Development Fund; and
- Ensuring proper pricing of gas to conserve energy and improving the financial operations of the gas sector

Some of the major initiatives in power and energy sector during the 6thFYP were:

- Sustainable and Renewable Energy Development Authority (SREDA), Act 2012
- The Rural Electrification Board (REB) Act, 2013
- Interim Action Plan for Improvement of Energy Efficiency and Conservation
- Clean Cook Stove Country Action Plan
- Special Act for Quick Procurement in Power and Energy Sector
- Electricity (Amendment) Act, 2014.
- Energy Efficiency and Conservation Rules

Transport

The government recognises the key role of transport efficiency in expansion and integration of national, subnational and international markets. The transport system of Bangladesh consists of roads, railways, inland waterways, ports, maritime shipping, and air transport. Among the different modes of transport, road transportation has become the dominant mode, carrying over 70% of passenger and 60% of freight traffic.

The country witnessed rapid growth of transport sector since independence. The overall annual growth rate was nearly 8.2% for freight transport and 8.4% for passenger transport. Despite the observed growth of transport sector, the full potential of the sector yet to be realised to match with the expected economic growth.

Roads

During the first 4 years of the 6thFYP, construction of 628 km of new roads was completed, 4335 km road was improved and rehabilitated, 26,799 meter bridge/culvert/flyover/overpass was constructed and 16,876 meter bridge/ culvert were reconstructed under Roads and Highways Department (RHD) of the Ministry of Road Transport and Bridges. A total of 80 RHD projects have been completed under Annual Development Programmes during the period.

Despite progress, the physical achievements during the 6thFYP could not reach the target. The RHD had a target of constructing 4,672 km of new roads by FY2015, a total of only 628 km of new roads have been completed so far, which is 13 per cent of the FY2015 target. Similarly as compared with improvement/rehabilitation target of 8433 km, 4335 km has been achieved so far, which is 51 per cent of the FY2015 target.

For a faster implementation of the projects RHD is processing almost all the tenders through e-government procurement. In order to get a good result, the road network has been indicated through Geographic Information System (GIS). Highway Development and Management (HDM) survey vehicle is being used to preserve detailed data base of the road network and Highway Development and Management Model (HDM-4) software is being used in road repair, maintenance and development activities.

A summary of physical work done through Annual Development Programme (ADP) during the 6th FYP period is presented below:

Table 3.6: Physical Achievement of Work under ADP during 6thFYP

Financial Year	New Road (kilometer)	Improvement/ Rehabilitation of Road (kilometer)	New Bridge/Culvert/Flyover /Overpass (meter)	Reconstruction of Bridge/ Culvert (meter)
2010-11	273	703	3796	8925
2011-12	31	529	3461	586
2012-13	103	1993	9982	7365
2013-14	221	1110	7748	1812
2014-15	295	1020	14061	2517
Total	923	5355	39048	21205

Source: ADP 2010-11 to 2014-15, Planning Commission, Bangladesh.

Development strategies and policies in transport sector in the 7th FYP

With a view to increase the share of road transport sector to the GDP at the end of the 7th FYP, the government has set some strategies. These include construction of Dhaka-Chittagong access control expressway along with 4-6 laning of existing Dhaka-Chittagong National Highway; upgrading and 4 laning of other important National Highways to extend the trade and economic connectivity with Nepal, Bhutan, India and Myanmar; upgrading Dhaka-Sylhet Highway to 4 Lane by phases as a part of Asian Highway route; improving border access roads, sea-port link roads to enhance regional connectivity; connecting and improving important economic activity hubs such as Payra Sea Port and Economic Zones etc. Construction of bridges and development of district roads have been prioritised to facilitate economic and social activities.

Maintenance of existing road network is also prioritised in the 7thFYP to make road infrastructure durable. Axle load control policy to reduce road damage caused by overload has been emphasised in this plan. Improving road safety in the country by achieving 50 per cent reduction in road accident fatalities by 2020 is in line with the UN Decade of Action for Road Safety.

To reduce traffic congestion in greater Dhaka, two Bus Rapid Transport (BRT) Lines and five Mass Rapid Transit (MRT) have been identified in the Revised Strategic Transport Plan (RSTP).

Bridges

Construction of the Padma Multipurpose Bridge at the Mawa-Janjira point across the mighty river Padma has been a major infrastructure project under the 6thFYP. The government has attached the highest priority for constructing the Padma Bridge for establishing a proper and coordinated communication network among all regions of the country. The implementation works of 6.15 km long Padma Bridge, the largest ever road infrastructure in Bangladesh, has already been started and is expected to open for traffic movement in 2018. The Bridge will

connect 19 districts of south-western region of the country with the eastern part and the capital Dhaka. This bridge will bring revolutionary changes in the communication system in the South Asia regions as well as in the internal communication system, as this bridge is aligned in the Asian Highway. This bridge will play an important role in the socio-economic development by raising GDP by 1.20% and reducing poverty by 0.84% approximately.

For reducing the traffic congestion in Chittagong city, establishing direct road communication between Dhaka-Chittagong-Cox's Bazar and easing the transportation of goods from Chittagong sea port and proposed deep sea port, steps have been taken to construct 3.40 km long tunnel under the river Karnaphuli.

To rein the traffic congestion in Dhaka city, steps have been taken to construct Dhaka Elevated Expressway from Hazrat Shahjalal International Airport to Kutubkhali on Dhaka-Chittagong Highway on PPP basis. The implementation works of the Expressway which is about 46.73 km long are progressing and it is expected to be completed in time.

Railway

Massive programmes have been taken for the development of railway sector. The government has prepared "Bangladesh Railway Master Plan" for the next twenty years. As of FY13 there is 2877 kms usable railway track, which is 42 kms more than that of FY 2010. There has also been an increase in "passengers-kilometer" from 7,305,000 in FY2010 to 8,638,829 in FY2013. Apart from these, initiation of Diesel Electric Multiple Unit (DEMU) commuter train in 2013, construction of around 10.5 km rail lines, re-construction of 244.9 km rail lines are some of the reforms in railway sector made during the recent years.

Urban transport

A number of measures have been undertaken to improve on multimodal and integrated urban transport system. For construction, maintenance and operation of the Mass Rapid Transit or MRT (Metro), a 100% state owned Dhaka Mass Transit Company Limited has been formed in 2013, which has Project life up to June 2024. Besides, as noted above, some new infrastructure addition has been to address increasing traffic congestion of Dhaka city.

Ports

The Chittagong Port handles 95% of the country's sea borne export and import trade. There has been improvement in turnaround time of vessels, which is 4.91 days in FY13 compared to 6.90 days in FY11. Throughput per ship day for both container and bulk cargo has increased in FY13 compared to FY11.

Civil aviation

With growing domestic income, exports of worker services and expanding tourism, the demand for air services has grown substantially, while growth has been particularly rapid for international travel, the domestic air services is also growing. This expanding demand has created pressure on the civil aviation for airport network and air traffic management services. During the 6th FYP, the main efforts focused on:

- Strengthening of existing runway, taxi-way and apron for safe and secured operation of modern aircraft;
- Construction of new airports for better communication with remote areas.
- Expansion of parking area to accommodate new aircrafts of domestic and international airports of Bangladesh.
- Enhancement of operational facilities at airports.
- Enhancement of the operational facilities of Control Tower at Hazrat Shah Jalal International Airport (HSIA), Dhaka
- Installation of modern navigational equipment.
- Initiatives to strengthen the operational performance of Bangladesh Biman (National Flag Carrier Airline).

These investments and reform efforts are helping to improve traffic flows and quality of passenger service. Nevertheless, there are significant capacity constraints to handling smoothly the growing demand for air services.

Key policy and institutional reforms in transport sector

To help improve connectivity and achieve a more balanced transport sector, the National Integrated Multimodal Transport Policy 2013, covering all modes of transport, August 26, 2013. The government has established 'Road Fund' under Road Fund Board Law 2013 to finance the transport projects. In addition, the government has adopted the Vehicle Axle Load Control Station Operation Policy 2012 to improve road safety.

A River Protection Commission has been formed under the River Protection Commission Act, 2013 to prevent illegal encroachment, river pollution, illegal construction and other unlawful activities for smooth and optimal river transport, among other outcomes. These reforms are fairly broad ranging and their proper implementation is expected to bring in significant improvements in the performance of the transport sector. The government is fully aware of the challenges of ensuring the implementation of these policies. As noted above, several policies have been in place regarding railways and civil aviation and ports.

ICT

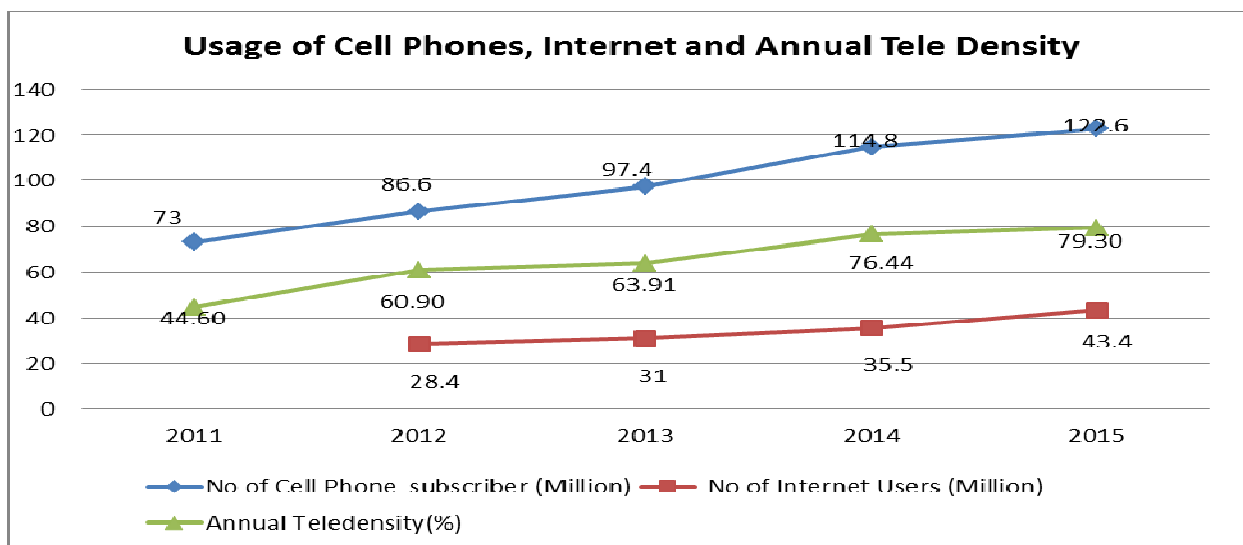
The ICT sector has expanded rapidly with growing access of the population to internet and mobile phone. Over 100 million mobile SIMs are being used in the country. The users of internet has increased by 53% from 28.4 million in 2011 to 43.4 million in 2015 and the number has got an increasing trend as the government reduced the charge of bandwidth as well as commercial production of optical fiber has gone down. The country's tele-density has increased by 78% in the last five years and internet density increased to 25 per cent. The government has also introduced 3G technology network and the users are now getting high-speed internet services, making video calls and watching television programmes. Furthermore, some 8,000 rural post offices and 500 upazila post offices have been transformed into e-centers.

The mobile network coverage revolution is changing ordinary people's life in dramatic ways by making communication easy and affordable. The growth in ICT activities in turn has helped to modernize and expand the formal services sector. A major outcome of the service is

the growth of mobile financial services and e-banking. In health and education, competitive private supply of these services is rapidly changing the quality and quantity of these services in line with growing demand.

Deregulation policies of the government have helped the growth and transformation of telecommunications, banking, health and education sector significantly. The sector has high profitability and attracted considerable foreign private investment. The government is fully aware of the advantage of this favorable outcome and the need for keeping the incentive framework attractive for the private sector.

Figure 3.6: Development in ICT Sector



Source: Bangladesh Economic Review, 2015, Ministry of Finance

ICT for development: Union Digital Centres (UDC)

Union Digital Centres (UDC) have been established in all unions of Bangladesh to ensure proper communication system and advanced knowledge about information technology to develop skill of the citizens. Each UDC is operated by a team of two entrepreneurs including at least one woman. UDC offers services such as internet access, e-mail, video calls, downloading forms, scanning, printing and digital photography. In addition the UDCs provide a growing number of value-added services such as mobile recharges and money transfers via mobile phones. Around 4547 UDCs are providing 102 public and private services. About US\$ 24.9 Million had been earned by different entrepreneurs. UDCs have provided around 200 million services of different categories. These include delivery of 0.45 million of records, 2 million online registration of prospective migrant workers, inclusion of 33.4 million people in e-banking, coverage of 2.7 million people into life insurances and 75 million birth registrations. UDCs have contributed significantly in promoting access of mass people to public information and public services, enhancing transparency in public administration and ensuring good governance in delivery of public rights and services.

Success Story: Union Digital Centres (UDC)



Digital Financial Inclusion (DFI)

Digital financial inclusion introduces new market participants and allocates roles and risks (both new and well-known) in different ways compared to traditional approaches to retail financial service delivery.

Success Story: Digital Financial Inclusion



More than 5000 digital centres established across the country and more than 8500 post offices are providing digital financial services to 22.8 million users who have registered into mobile banking system. A number of 904 school banking accounts have been opened. A new banking system “10 Tk account” has been introduced where the poor can open account with only Taka 10. About 15.4 million people have opened “10 Tk account”. Around 2.5 million poor household electronically received US\$ 213 million and saved US\$ 108 million. Total value of money transferred through electronic money transfer system is around US\$ 884.6 million and around 42 million utility bills have been paid through mobile and online system.

The three key components of digital financial inclusion models correspond to the three main triggers of new or shifting risks:

- The new parties and arrangements involved in the digital transactional platform, and specifically in the management and storage of account data and the holding of customer funds;
- The technology used by the device and the digital transactional platform; and
- The use of agents as the principal customer interface.

ICT's contribution to exports of Bangladesh

Starting from a low base, ICT export earnings have gained some momentum during the 6th FYP, growing from \$246.5 million in FY2010 to \$444.8 million in FY2014. This is an encouraging sign and with concerted efforts, accepted to be a major source of export earnings during the 7th FYP.

Online Transaction and Payments Infrastructure

Usage of ICT in e-transactions, e-commerce and e-procurement has been made possible through the amended ICT Act 2006. Such e-activities have been institutionalised by the government through the provision for digital signature through appointing the Controller of Certifying Authorities.

Promotion of ICT as industry

The capacity of local ICT industry plays an important role to empower businesses and citizens. To support the development of the ICT industry, Bangladesh Hi-Tech Park Act was passed in 2010. Subsequently, Bangladesh Hi-Tech Park Authority (BHTPA) was established in 2010 for creation, management, operation and development of hi-tech parks across the country.

b. Agriculture, food security and rural development

Like many other developing countries agriculture has a direct link to the issues like poverty alleviation, improved standard of living and employment generation in Bangladesh. The government recognises that in order to ensure long-term food security for the people, a profitable, sustainable and environment-friendly agricultural system is crucial. Broad agriculture sector and rural development sector have been given the highest priority in order to make Bangladesh self-sufficient in food. All out efforts of the government have been there to develop the agriculture sector keeping in view the goals set out in the 6th FYP, Perspective Plan, National Agriculture Policy (NAP) and MDGs.

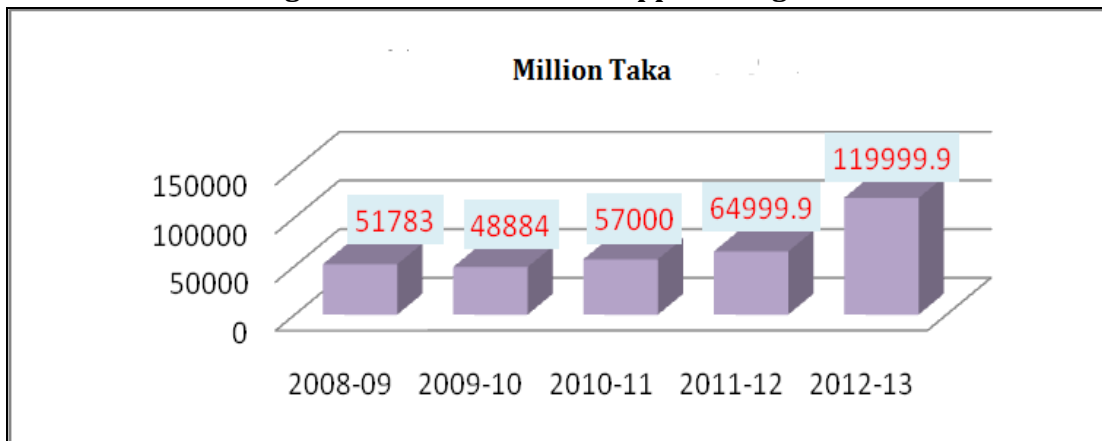
To ensure "Food for all" policy, the government has introduced various forms of development initiatives. Steps have been taken to scale up government's support on agricultural inputs, ensure fair price of crops and uninterrupted supply of agricultural inputs, expansion of irrigation facilities and increased availability of irrigation instrument, agriculture extension services as per target, quality control of agricultural products and ensure sufficient storage facility of food grains.

Government Budgetary Transfer to agricultural activities

The government's supports for the agriculture sector include budgetary transfer for agricultural inputs, increased provision of easy agricultural loan for all categories of farmers, development of rural warehouses, ensure fair price for all crops and other agricultural products. There had been an increasing trend in the provision of budgetary transfer in agriculture sector depicting government's concern about agricultural development despite the periodical decreased contribution of this sector into GDP. According to the data from the Ministry of Agriculture budgetary transfer to farmers was Taka 57000 million in FY2010-11 which increased to around 65000 million in FY 2011-12 and Taka 120000 million in FY 2012-13.

As part of the government policy to promote balanced use of different fertilisers by reducing use of urea and increasing use of non-urea fertilizers, the government drastically reduced prices of non-urea fertilisers.

Figure 3.7: Government's Support in Agriculture



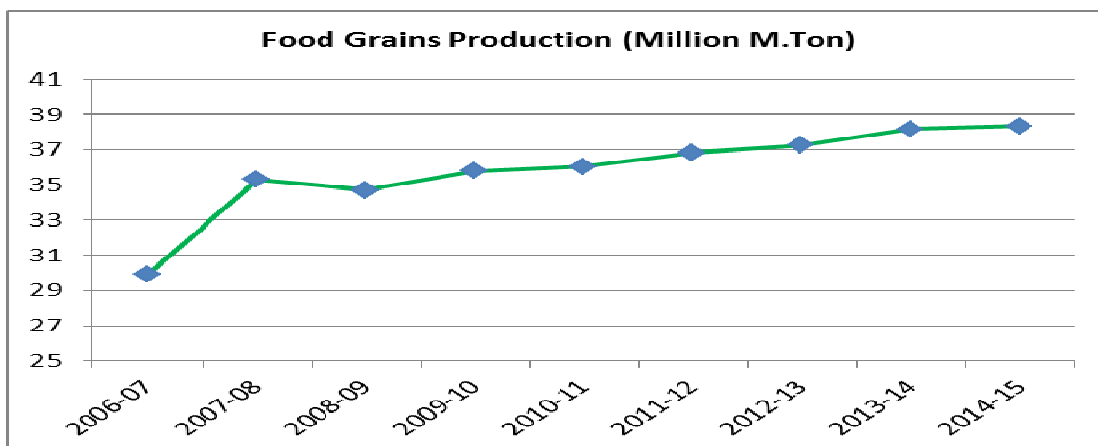
Source: Ministry of Agriculture

Compared to 2009-10, price supports on urea and non-urea in 2012-13 was raised by nearly 2.44 and 3.38 times respectively. In line with the government policy, use of urea decreased while there has been a rise in use of non-urea fertilisers.

Achievements in Food Production

Initiative has been taken to increase food production by expanding agricultural land and by creating the opportunities of multiple cropping by expansion of irrigation, reduction of water logging and planned drainage of water in haor (low land areas having multiple closed water bodies) areas. These initiatives appeared with successful outcome; food production had been increased over the last decade. Food production experienced an impressive surge from 30 million metric ton in 2006-07 to 35 million metric ton in 2007-08. Even though at a slower pace, food production followed an increasing trend; food production was around 39 million metric ton in 2014-15.

Figure 3.8: Production of Food Grains



Source: Bangladesh Economic Review, 2015, Ministry of Finance

Agriculture Facilitation Initiatives and Activities

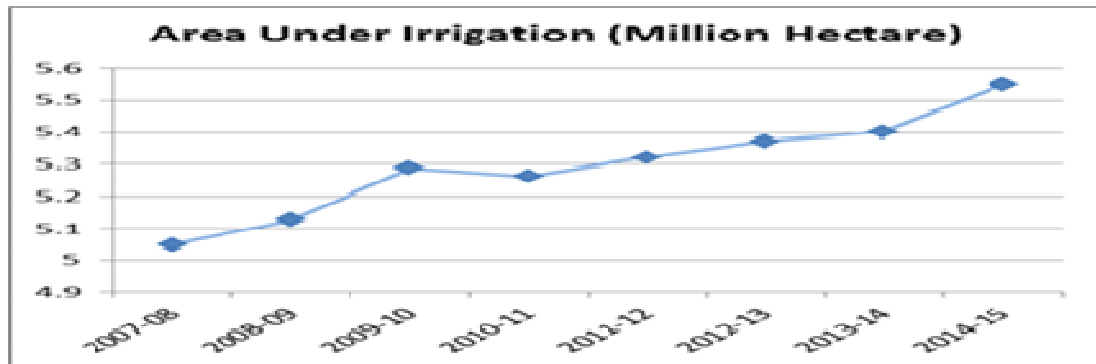
Irrigation

Programmes have been taken up to reserve and utilise surface water to reduce pressure on underground water keeping in view of the issues of global warming, climate change and reduction of water flow. The government has undertaken various projects to build over-ground and buried pipe irrigation canals in order to install power driven pumps, and to prevent wastage of irrigation water by excavating and re-excavating canals, building dams in mountain streams and constructing irrigation infrastructures. To provide irrigation facilities, rubber dams are being used in small rivers and on the other hand to ensure collection of irrigation surcharge and optimum use of water, installation of smart card-based prepaid meters is under way. Since the inception of minor irrigation projects power pump, Deep Tube well (DTW), Shallow Tube well (STW) and floating pump etc.) in the early sixties, area under irrigation has been expanding.(Figure3.9).

From FY 2009-10 to FY 2012-13, Bangladesh Agriculture Development Corporation (BADC) under the Ministry of Agriculture has implemented 19 irrigation projects and 136 irrigation programmes including six water-log-removing programmes. Under the above programmes water logging of 16,728 hectare of land has been removed by excavation of canals. Such types of other eight water log-removing programmes have been implemented in FY 2013-14.

To prevent wastage of irrigation water flow appropriate irrigation technology such as surface and sub-surface irrigation channels have been constructed for DTW and power driven pump. Canals and others water bodies have been excavated for reserving surface water under different projects and programmes of BADC to implement minor irrigation technology.

Figure 3.9: Area under Irrigation



Source: Bangladesh Economic Review, 2015, Ministry of Finance

Reservation of Surface Water

BADC has constructed four rubber dams for reserving surface water which will provide irrigation facilities for 3,400 hectares land.

Solar Power Pump

For the first time, in the FY 2012-13, renewable energy run solar power pump has been installed in Bangladesh. By this time a number of solar pumps have been installed in different districts of the country. As noted earlier IDCOL and also other government agencies are promoting solar power pump systems in different off-grid areas of the country. IDCOL alone has finance a total of 449 solar power pumps out of which 205 pumps are already in operation. The company has a target of financing a total of 1500 solar pumps by 2018.

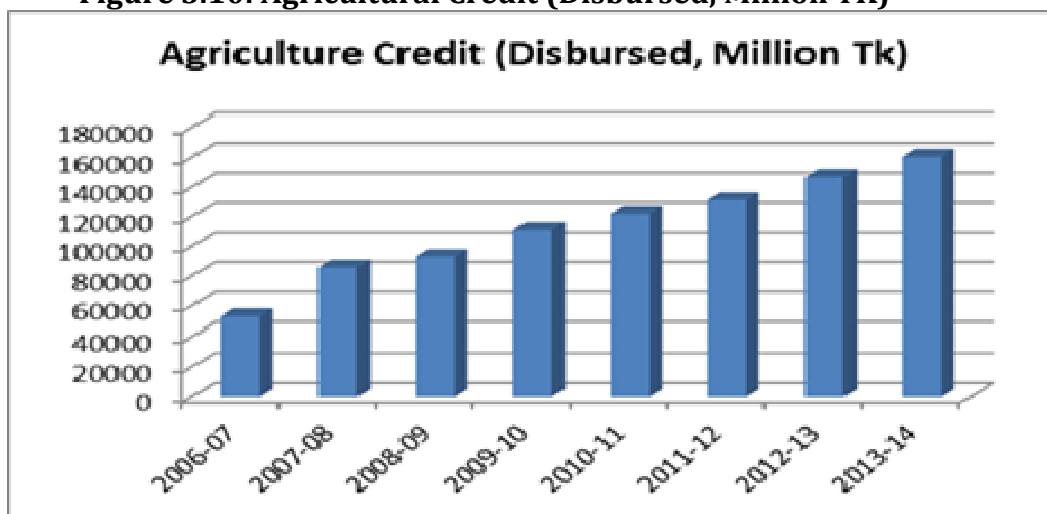
Irrigation in Drought-Prone Area

Barind Multipurpose Development Authority (BMDA) has expanded their activities all over the drought-prone Rajshahi and Rangpur Divisions (Northern part of the country). BMDA provides irrigation facilities to more than 87,000 hectares of land for supplementary irrigation and about 95,000 farmers have been benefited from this supplementary irrigation facility.

Agricultural Credit

Banks and financial institutions are operating their agricultural credit activities across the country. During FY 2009-10 and FY 2010-11, Extended Agricultural and Rural Credit Policy and Programme has been formulated involving all scheduled banks with a view to speedy and easier disbursement of agricultural credit.

Figure 3.10: Agricultural Credit (Disbursed, Million TK)



Source: Bangladesh Economic Review, 2015, Ministry of Finance

The Agricultural and Rural Credit Policy and Programme adopted in FY2013-14, while retaining the old features, includes certain new features such as enhancing the amount and widening the scope of agricultural credit through effective participation of all banks, financial inclusion, expanding banking services to rural areas, attracting farmers to banks, allowing concessional interest rate (4 per cent) for the production of import substitute crops and making maximum use of existing technology bearing in mind the impact of climate change etc. All these led to increase in agricultural credit by 67 per cent from FY 2006-07 to FY 2014-15 (Figure 3.11).

Initiatives for food security and rural development

Food security is defined in terms of availability of food (production); access to food (people's ability to buy food) and utilization of food (seen in nutritional outcomes, safety of food, and reduced losses and waste).

In 2010, the government adopted Country Investment Plan (CIP), a roadmap for agriculture, food security and nutrition, based on the National Food Policy (2006). The CIP provides a strategic and coherent set of twelve investment programmes to improve food and nutrition security in an integrated way, coinciding with the term of the 6thFYP. The programmes are to be funded by government's own resources (under the Annual Development Plan) and through contributions from Development Partners.

The CIP also detailed out a strong monitoring framework for effective implementation of food policy agenda in the country. Initial costs had been around \$8.1bn, investments have been mobilised and further needs have been defined, so that the total required cost is now estimated at \$12.7bn, with programme split between availability (\$7.3bn), access (\$4.9bn) and utilisation (\$0.5bn). The total number of activities funded or completed within the timescale of the CIP (2011-2014) was about 415 distinct projects.

Availability of food

The broad production-focused objectives related to the agriculture sector were to:

- Achieve an average of 4.5 per cent real growth in agricultural sector over the 6thFYP period;
- Raise farm productivity and real income of farm families in rural areas on a sustainable basis;
- Attain self-sufficiency in food grain production along with crop diversification within cereal as well as toward horticultural crops;
- Expand application of technology and mechanized cultivation;
- Ensure sustained agricultural growth through more efficient and balanced utilisation of land, water and other resources;
- Encourage research in adaptation to change and proper use of genetically modified technology in agriculture; and
- Promote non-crop agricultural activities related to forestry, livestock and fisheries.

A key policy imperative has been to reduce rice import dependency. This fell from 3.31 per cent in 2009-10 to only 0.94 per cent in 2013-14, with small surplus indicated for 2014-15, indicating that the country is in line with this policy of attaining self-sufficiency in rice.

Access to food

The CIP programmes on access to food include a programme on improved access to markets, value addition in agriculture and non-farm incomes through the following:

- Improvement of physical access to market facilities and information;

- Mobilising and promoting producer and marketing groups for improved market access and knowledge;
- Developing adequate storage, processing, value addition and reducing wastage through public-private partnerships;
- Promoting and assisting the development of off farm activities and rural businesses.

The CIP also includes a programme to improve the management of public food procurement and storage system-with major investments in grain storage, in order to provide support prices to farmers.

A third major component of CIP programme on access covers social safety net provision, through vulnerable group feeding programme and a number of schemes with cash allowances and stipends to help the most vulnerable. Numbers covered by vulnerable group feeding programme have reduced from over 8 million people in 2010 to around 6.5 million in 2013-14 indicating increased availability and access to food by the poor.

Utilisation of Food

The CIP targets utilisation programmes which promote community based nutrition activities, as well as food safety and quality. Nutrition programmes generally come under the National Nutrition Services of the Ministry of Health, but health based interventions (such as micronutrient supplementation) alone are not sufficient to guarantee improved nutritional outcomes (measured in terms of underweight or stunting figures). The CIP principally covers nutrition-sensitive programmes and food-based approaches including complementary feeding of children, integrated farming to leverage agriculture for nutrition, oil and rice fortification, and the scaling up of nutrition programme.

A second major utilisation programme under the CIP covers food safety and quality, again with a multidisciplinary focus on ensuring standardization and market supervision of food quality, on hand washing and provision of safe drinking water relevant to food preparation. This reflects current thinking that chronic infections and diarrhoea limit the capacity to uptake essential nutrients.

Climate Resilient Agricultural Development

To address the adverse impacts of climate change, the government developed the National Adaptation Programme of Action (NAPA) in 2005 and Bangladesh Climate Change Strategy and Adaptation Plan (BCCSAP) in 2009. The government has adopted a Master Plan for Agricultural Development of the Southern (costal) Region of Bangladesh. Since it is clear that climate change has a negative impact on food security, adaptation strategies would be devised which would help farmers and other food producers cope better with climate change. Some of the main activities which are already in place include the following:

- Development and deployment of stress-tolerant varieties of crops – the range of stresses may include high levels of salinity, drought, and long term inundation. Research is

ongoing and a number of varieties are promising. Since 2009-10, the National Agricultural Research System (NARS) have developed 23 new rice varieties.

- In areas suffering drought, or variable rainfall, planting of less water-consuming crops has been an option to cope with variable rainfall, along with option for identifying alternative sources of irrigation water. Schemes to promote surface water irrigation, coupled with highly efficient new equipment for pumping have been piloted at various locations in the coastal zone.
- Crop diversification is another strategy for minimising risk from climate change, and reduction of potential yield. Integrated production systems, including homestead production are promoted which would help protect those with limited landholdings against the effects described above.
- Agronomic innovations for greater control of water resources permit techniques such as Alternate Wetting and Drying, when applied on a large scale, could conserve irrigation water. Mulching and soil fertility conservation measures could also help cope in areas prone to drought; mechanization will help optimize timing of the crop calendar.

A new development is the creation of another CIP for the Environment Forestry and Climate Change by the Ministry of Environment and Forestry. As with the Food Security CIP this will become an important tool to monitor investments by a whole range of government departments with or without financial assistance from development partners.

Women Participation in Agriculture

In Bangladesh, women constitute about 46 per cent of the total farming population. Women participate in crop cultivation, livestock and poultry rearing, homestead gardening and fisheries. About 60-70 per cent of women from landless and near-landless households work as agricultural wage labourers. The government has undertaken laudatory initiatives for mainstreaming gender issue into the labour market.

The Bangladesh National Women Development Policy 2011 makes comprehensive provisions for women's rights and empowerment through land ownership, earning property, ensuring access to health, education, training and technology, credit facilities and income generation with a vision of improving their overall socio economic status. Department of Agricultural Extension under the Ministry of Agriculture has been providing training on cultivation technology, pest management, storage, post-harvesting processing and marketing. A considerable number of women had been provided with credits ranging from Tk. 10,000 to Tk. 35,000 for production, storage and marketing of crops under Second Crop Diversification Projects. Besides, Integrated Pest Management Projects, Strengthening Mushroom Development Project, National Agricultural Technology Project, Agricultural Extension Component Project are contributing to participation of women in agriculture. Women comprises of 36 per cent of total agricultural entrepreneurs under Agribusiness Development Project. Women's participation in crop cultivation and post-harvest activities, livestock and poultry rearing, homestead gardening and fisheries has remained significant and critical in rural areas.

Research and Development in Agriculture

Bangladesh has a well organised NARS formed under the provision of BARC Act 2012, with BARC as the apex body and twelve agricultural research organizations as the constituent units. The agricultural universities, NGOs and private sectors, although not integrated are actively linked with NARS in terms of research collaboration. Among the thirteen research organizations including BARC, six are autonomous bodies under the Ministry of Agricultural and the remainders are under other ministries and three organizations Bangladesh Forest Research Institute (BFRI), Soil Resources Development Institute (SRDI) and Bangladesh Cotton Development Board (BCDB) are government departments. The research organisations working in different fields of agriculture and allied disciplines are contributing to the agriculture sector of the country. NARS of Bangladesh has developed and delivered technologies to increase production and productivity that made the country significantly less dependent on food imports.

Agricultural Information Service

The government has a dedicated information service for agriculture, the Agriculture Information Service (AIS), under the Ministry of Agriculture. This institution has undertaken number of initiatives in the last five years including Community Radio Project, digitalisation of Agricultural Information and Rural Development Project, Digital Extension Activities, Information Service by cell phones, Mobile Cinema Van and Establishment of Agriculture Call centres which have contributed significantly to the development of agriculture and meeting the information needs of the farmer in implementing and adapting to modern and emerging technologies and building marketing skills.

Agricultural Input Assistance Card

To support the farmers the government has introduced “Agricultural Input Assistance Card”. Initiated in 2010, with the Agriculture Input Assistance card, the cardholder farmers will receive money from banks as cash support to buy diesel. For drawing the financial and monetary transactions, the farmers can open bank accounts for only Taka 10. Moreover, the condition for keeping minimal money with a bank account has not been tagged to operating the farmers' accounts. Also, the farmers need not have any identifier to open the account. The agriculture-assistance card will be considered final identity for the farmers. Under the scheme some 13 million farmers are being given money through banks as direct transfer for diesel used for irrigating croplands for the dry-season rice farming. Marginal farmers will get Taka 800 and big farmers Taka 1000 as cash incentives.

Policies Adopted in Agricultural Sector

The government has been pursuing several inter connected policies for the overall development of agricultural sector which include National Agricultural Policy-2013, 6thFYP, Master plan for Agricultural Development in the Southern Delta of Bangladesh, Seed Policy of Bangladesh-2006, National Fisheries Strategies- 2006, National Forest Policy 1994, National Livestock Development Policy 2007 and Seed Policy of Bangladesh-2006.

Diversification in Agriculture

Diversification in agriculture is one of the remarkable changes in recent years. Contribution of crops and vegetables in GDP decreased from 10.79 per cent in 2009-10 to 8.83 per cent in 2014-15. This decreased contribution is associated with increased share of non-crop sector especially in fisheries, livestock and forestry.

Fisheries Sector

In Bangladesh the fisheries activities are classified under three categories: inland capture fisheries, inland culture fisheries, and marine fisheries, with the inland aquaculture contributing more than 55 per cent of total production of this sector. Fisheries sector plays a very important role in the national economy having a share in GDP of about 3.69 per cent and engaging more than 11 per cent of rural labour force. GDP contribution of fisheries sub-sector over the last 10 years (FY 2006 to FY 2015) varied from 3.67 to 3.79 per cent. There had been several actions undertaken for increasing fish production. These included increasing total water area for aquaculture, augmenting open water capture fishery, ensuring access of the poor and genuine fishers to fish cultivation, accelerating aquaculture farming, developing technologies through supporting fishery research, disseminating evolved technologies through strengthening extension services, promoting private sector, improving fish marketing and processing system, quality control and so on. Available data suggests that fish production increased almost 200 per cent in 2014-15 (3.7 million MT) in comparison to the production of 2001-02 (1.89 million MT). Where, the growth rate of aquaculture production is remarkably increased due to socio-eco-friendly interventions taken by the present government (from 2009). The average aquaculture growth rate was 11.04 per cent during the period of FY2008-09 to FY 2014-15. According to FAO (2014), Bangladesh is ranked 4th in capture fisheries and 5th in world aquaculture production.

The sector's contribution to the national economy is significant, as it provides about 60 per cent of the animal protein intake and more than 17.7 million people are engaged with this sub sector on full time and part time basis. At the end of the 6th FYP, additional average annual employment in fisheries sector is increased from 0.3 million during the period of 2001-02 to 2007-08 to 0.65 million in the year 2008-09 to 2014-15. Women participation in aquaculture interventions and fisheries resource management is substantially increased, almost 20 per cent of the total beneficiaries.

A combination of export and buoyant domestic demand has spurred profitability and growth of fisheries activities. Real prices have been increasing providing incentives for further investment and expansion in this important agricultural activity. Fisheries sector has been earning a notable amount of foreign exchange. In 2014-15, the country earned almost Taka 466.06 million by exporting almost 84 thousand MT of fish and fisheries products. Export volume is substantially increased from 2009 and onward due to addressing of the all possible compliance issues by the present government.

Goals and Strategies for Fisheries Sub-Sector

The vision 2021 of the government targets to achieve its goals of self-sufficiency in food and thus increased food security, which includes attaining self-sufficiency in production of fish and shrimp and generate surplus for export, along with improvement in food safety standard of fish production. According to the 7th FYP, the government has specific goals and targets and strategies to promote increased participation of women in fish cultivation. These require achieving a dual objective of enhancing productivity, livelihoods security and equitable distribution of benefits side by side with the conservation of potential fisheries resources and aquatic biodiversity of rivers, *beel*, *haor*, *baor*, flood plains and other water bodies.

Livestock Sector

The vibrant livestock and poultry sector in Bangladesh accounts for roughly 16 per cent of the agricultural GDP. The sector's contribution to GDP averaged at 2.5 per cent during FY2011-FY2013, and it currently employs around 20 per cent of rural work force and serves as a major source of protein. Though the share of the Livestock sub sector in GDP is small, but it has immense contribution to meet the daily protein (animal protein) requirements for human consumption. About 44 per cent of the high quality animal protein comes from livestock sources. Over the last five years, since formulation of the National Livestock Development Policy, Bangladesh has progressed a lot in terms of milk, meat and egg production. The milk, meat and egg production respectively for FY2015 had been 6.97 MMT, 5.86 MMT and 10,995.2 million, compared to 2.65MMT, 1.04 MMT and 5,653 million respectively for FY08 and 1.78MMT, 0.78 MMT and 4,424 million respectively for FY2001. This data illustrate that the size of the livestock sub sector increased almost 1.00 to 1.50 times between FY2001 to FY2008 and 3 to 4 times between FY2001 to FY2015.

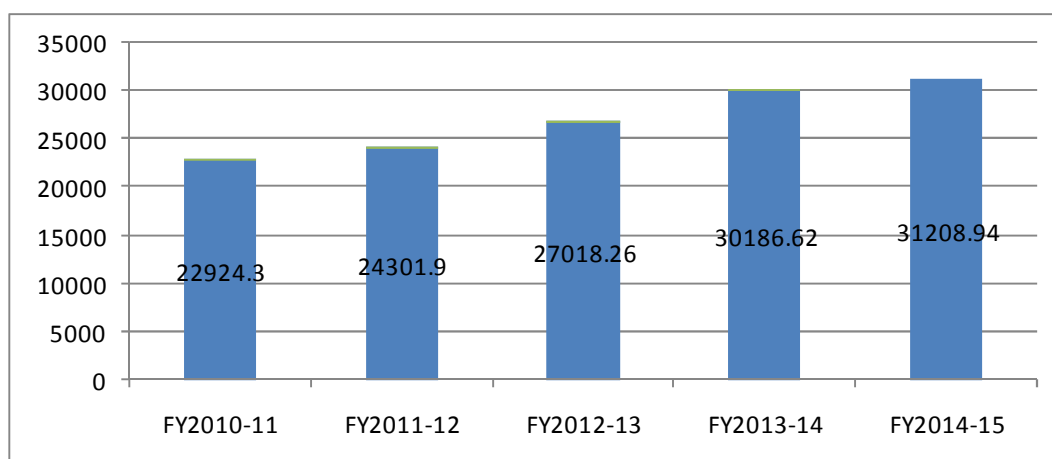
The government has been providing incentives and supports including technical supports to poultry and dairy farms through evaluation of animal and poultry feeds, besides the modern veterinary services. Training, disease diagnostic and treatment facilities, disease control and prevention activities are provided by the government. Different types of infrastructures are being established by the government under a number of projects at grass root level to facilitate livestock production.

c. Trade

Despite some indications of turnaround in the third quarter of FY 2014-15 in country's domestic economy, Bangladesh has been able to achieve a commendable growth rate due to the strong export base. Particularly, RMG and Knitwear have significantly contributed in this regard. Export earnings increased to 3.33 per cent in FY 2014-15 compared to the last fiscal year. On the other hand, import expenditure went up by 11.25 per cent in FY 2014-15 compared to previous fiscal year because of higher domestic demand. Trade performance of the country reflected in an upward trend of both export and import along with increasing remittance inflow associated with implementation of inclusive as well as growth and investment friendly monetary policy facilitated appreciation of Taka against US Dollar and a record rise of foreign exchange reserve. Foreign exchange reserve surpassed US\$25,020 million mark on 30th June, 2015.

The export earnings of the country have been on the increase since FY2010-11 and stood at US\$31,209 million in FY 2014-15 (Figure 3.11). Export earnings increased due mainly to increases in export of footwear, woven garments, knitwear, chemical products, engineering products, plastic products, handicrafts etc. during the recent years. Analysis of composition of exports in FY 2014-15 by major categories reveals that the export earnings over the last fiscal year increased mainly for engineering products (21.9 per cent), chemical products (20.2 per cent), Handicrafts (20.0 per cent), plastic product (17.9 per cent), footwear (10.7 per cent), jute goods (8.4 per cent), and woven garments (5 per cent). On the other hand, export earnings decreased in respect of petroleum by product (52 per cent), tea (19.1 per cent), agricultural products (15.7 per cent), raw jute (11.4 per cent) and ceramic products (9.2 per cent). These figures reflect growing trend in the widening of the country's export basket.

Figure 3.11: Export Earnings during the FY2010-11 to 2014-15 (in Million US \$)



Source: Export Promotion Bureau (EPB), Ministry of Commerce, as reported by Bangladesh Bank, 2015

Bangladesh made significant progress in reforming the foreign trade regime and reducing protection since the early 1990s. This is reflected in the simplification of trade licensing, removal of quantitative restrictions, reduction and rationalization of tariffs, and the implementation of a flexible exchange rate policy. However, the government recognises that the trade liberalization effort needs to be accentuated. The government is fully aware the concern that the dominance of RMG in the exports might have limited the scope of diversifying export basket. Actual performance shows that exports have done well on average during the recent period, growing faster than the projected rate. Compared to the previous two decades, export performance was comprehensively better, averaging double digit growth rates annually for nearly 25 years. As noted above, the performance of RMG was a major factor that ensured steady success in export performance. Though a concentration of RMG is evident in the export baskets of Bangladesh, diversification of export items is also taking place as has been indicated above.

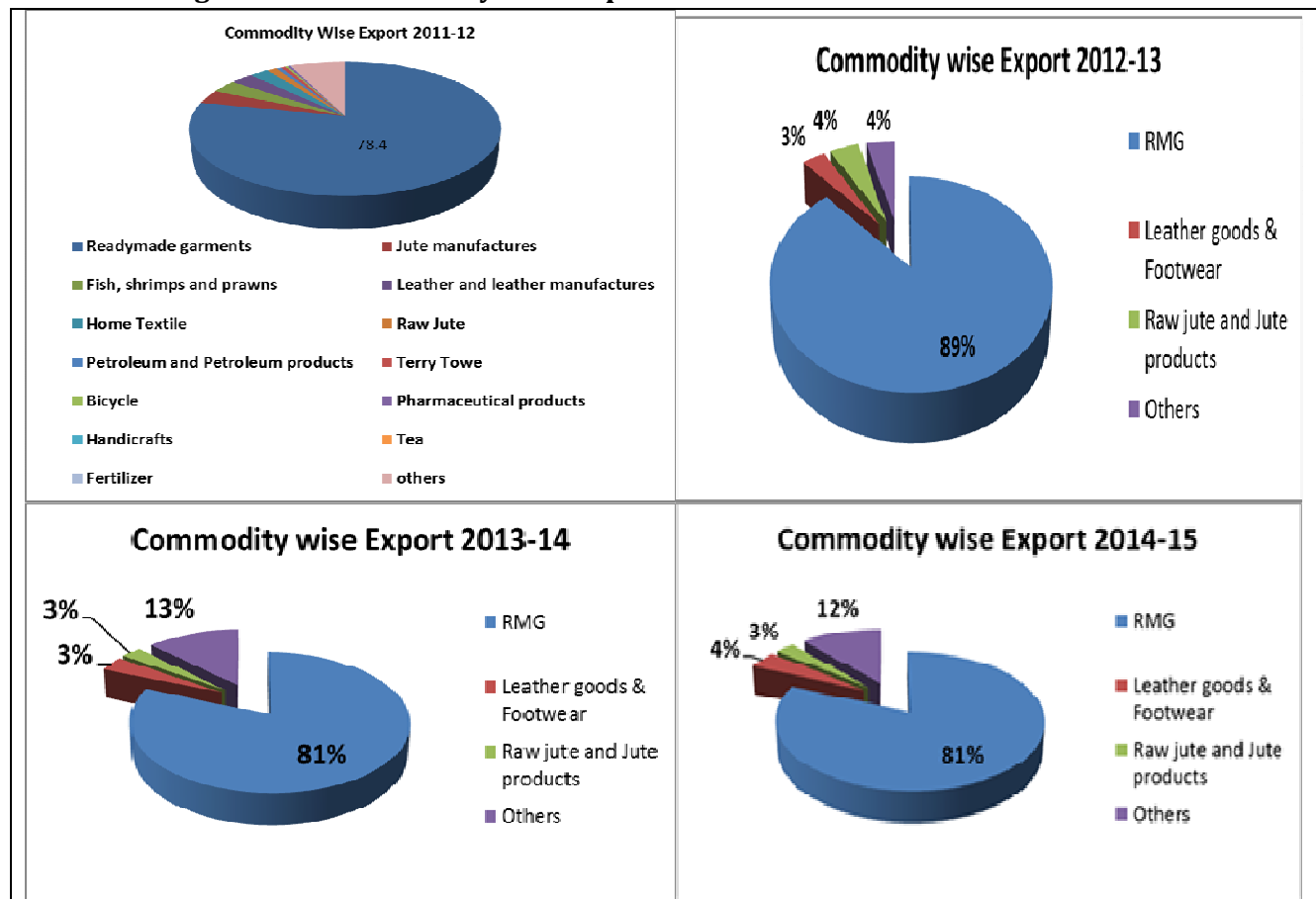
Over the years, the government has adopted strategies to facilitate the high-earning exports. The sectors that have high potential are agro-products and agro-processing products; light engineering products (including auto-parts and bicycles); footwear and leather products;

pharmaceutical products; software and ICT products; home textiles; ocean-going vessels and ceramics and toiletry products.

Export Position and Composition of Export Commodities

The government considers expanding export base as one of the factors for growth drivers. A strategy of growth acceleration for the Bangladesh economy must be predicated upon export orientation because export markets are unlimited and offer economies of scale. As described above, the economy is observing an increasing trend of export earnings over time with export earnings in FY2014-15 reaching at US\$ 31208.9 million. The export of Bangladesh has a high concentration of some specific commodities in the export basket. RMG had been holding its dominant contributions in export basket. Despite the concern of the government toward export diversification, the share of RMG had been increased from 78 per cent in 2011-12 to 80 per cent in 2013-14 (Figure3.12)

Figure 3.12: Commodity Wise Export



Source: Bangladesh Economic Review, 2015, Ministry of Finance

Country-wise Export Earnings

Analysis of trend of country-wise export shows that USA is the main destination of our export. It appears from Figure 3.13 that USA secured the top position in respect of importing commodities from Bangladesh last three years. The second and third dominant exporting countries are Germany and UK respectively, whose share in total export earnings had remained stagnant over last three years (15.1 per cent for Germany and 10.3 per cent for UK). During the

period, export earnings from USA were US\$ 5783.4 million which is 18.50 per cent of country's total export earnings. The principal commodities exported to USA are woven garments, knitwear, frozen food, cap, home textile etc.

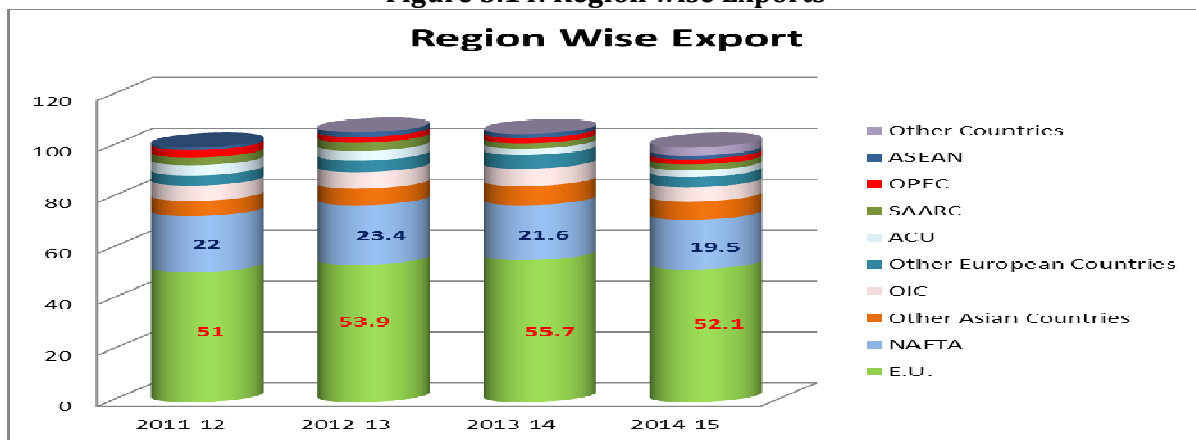
Figure 3.13: Country wise Export (During FY 2010-11 to FY 2014-15)

(In million US\$)											
Fiscal Year	USA	Germany	UK	France	Belgium	Italy	Netherlands	Canada	Japan	Others	Total
2010-11	5107.5	3438.7	2065.4	1538.0	666.2	866.4	1107.1	944.7	434.1	6760.1	22928.2
2011-12	5100.9	3689.0	2444.6	1380.4	742.0	977.4	691.3	993.7	600.5	7682.2	24301.9
2012-13	5419.60	3962.60	2764.90	1513.89	730.81	1036.60	712.47	1090.02	750.26	9046.21	27027.36
2013-14	5583.62	4720.49	2917.73	1677.67	970.53	1332.38	858.13	1099.63	862.07	10154.55	30176.80
2014-15	5783.4	4705.4	3205.5	1743.5	975.1	1382.4	840.34	1029.1	915.2	10629.0	31208.9
Percentage of Total*	18.5	15.1	10.3	5.6	3.1	4.4	2.7	3.3	2.9	34.1	100.0

Source: Export Promotion Bureau, *percentage share of total export earnings of FY 2014-15.

For the country's export to regional destination, European Union (EU) has been dominating as can be seen in Figure 3.14

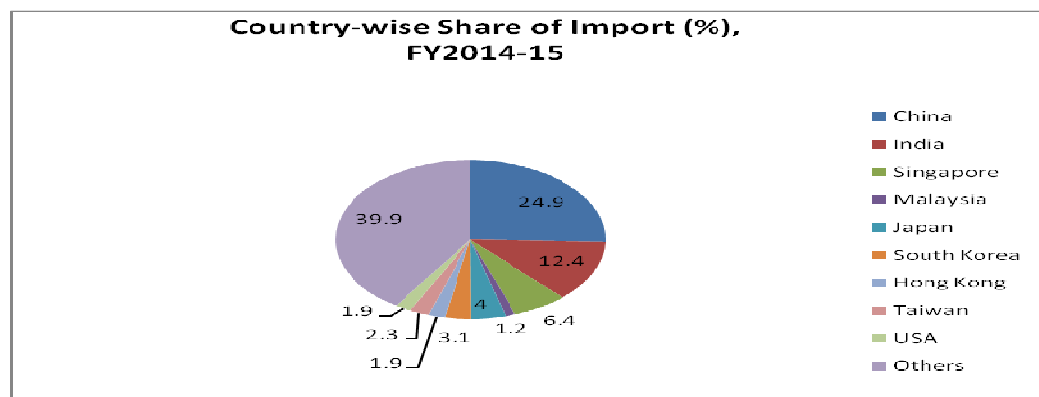
Figure 3.14: Region wise Exports



Source: Bangladesh Bank database

In terms of value of total imported commodities, China held the first position for our import in FY2013-14. During this period 18.41 per cent of the total imported commodities came from China. India was the second largest source of import (14.71 per cent) while Singapore held the third position (5.84 per cent). The trend continued in FY2014-15 as can be seen in Figure 3.15.

Figure 3.15 Country wise share of Import in FY 2014-15



Source: Bangladesh Economic Review, 2015, Ministry of Finance.

Measures Taken for Diversification and Expansion of Export Base

Market Access and Trade Agreements for export promotion

The export performance of Bangladesh may be partly attributed to the preferential trade facilities extended by the European Union (EU), and many other developed countries. Bangladesh receives preferential treatment as an LDC under the Special and Differential (S & D) provision of WTO. Such initiatives have been in the form of Generalized System of Preferences (GSP) facilities from the EU, Japan, and Canada; through regional trading agreements (RTAs), like the Asia and Pacific Trade Area (APTA), free trade agreements (FTAs) like South Asian Free Trade Area (SAFTA), and through bilateral trade agreements with various countries. Under the aforesaid initiatives lower-duty or duty-free entry has given the exports of Bangladesh a competitive edge in those markets. Bangladesh has managed to retain its competitive edge in RMG exports in major export markets, following the 2005 phase out of the WTO's Multi-fibre Arrangement (MFA). Currently, as an LDC, Bangladesh enjoys GSP in 38 countries, including 28 EU nations. Under the GSP, Bangladesh either enjoys zero-duty benefit overall or on export of its major products to 10 countries. Bangladesh continues to seek DFQF export facility for 97 per cent of tariff lines that was committed by developed countries at the Hong Kong Ministerial in 2005.

World Trade Organization (WTO) and Bangladesh

As a founding member of the WTO, Bangladesh has been implementing rules and regulations of WTO Agreements that not only involve traditional trade areas but also other areas, which have direct bearing on trade. Bangladesh has also been taking part in all WTO activities, including negotiations with a view to safeguarding countries' interest as well as to enhancing opportunities for Bangladesh and the LDCs.

As an LDC, Bangladesh is entitled to various flexibilities, Special and Differential Treatment (S&DT), exemptions from obligations. Duty-free and quota-free market access and TRIPS exemptions are most significant ones. Bangladesh has been trying to realize the most of the existing as well as evolving opportunities in the multilateral trading system with a view to accelerating growth and development of the country. Bangladesh has been taking initiatives to safeguard the interests of Bangladesh as a LDC which are as follows;

- I. To ensure Duty-free and quota-free market access in developed and developing countries;
- II. To create more opportunities for exports of semi-skilled and unskilled manpower from Bangladesh under Mode-4 i.e. movement of natural person in services sector.
- III. To take collective initiative for the extension of transition period for pharmaceutical products exempted under the TRIPS Agreement.
- IV. To have stakeholders' consultation for making Bangladesh's position on different trade issues prior to attending the WTO Ministerial Conferences and to ensure the representation of these organizations in the Bangladesh delegation.

Bangladesh delegation participated in the 10th Ministerial Conference of WTO in Nairobi in December, 2015 and performed as the Coordinator of the LDCs Group in the conference. Earlier

delegates from Bangladesh had attended the 8th WTO Ministerial Conference of the WTO held in Geneva from 15-16 December 2011 and also in the 9th WTO ministerial Conference held in Bali, Indonesia in 2013.

The Ministry of Commerce has a dedicated office, the WTO Cell, which deals with the issues related to WTO rules and regulation and takes appropriate steps against the different adverse measures (Anti-dumping duty, Safeguard Duty etc) imposed by other countries on Bangladeshi products.

Negotiating issues of Bangladesh

Duty-free and quota-free market access

Duty-free and quota-free (DFQF) market access is the most important trade-related issue for Bangladesh.. Bangladesh along with other LDCs has been actively participating in the negotiations for full and faithful implementation of relevant declarations and decisions in a way that ensures commercially meaningful market access for the LDCs. The IPoA also refers to “Realize timely implementation of duty-free quota-free market access, on a lasting basis, for all least developed countries consistent with the Hong Kong Ministerial Declaration adopted by the World Trade Organization in 2005”.

Rules of Origin

Rules of Origin (RoO) play a very crucial role in utilizing any preferential market access. The government of Bangladesh believes that most generous preferences may become ineffective if RoO criteria are not attainable. Hong Kong Decision on DFQF also calls for ensuring that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access. In this context, LDCs were negotiating for a RoO regime that ensures simple, flexible and transparent RoO criteria. After long negotiations a guideline was adopted in Bali on preferential RoO. The guideline is not mandatory. However, the main spirit of the guideline is to make preferential RoO simple, flexible and transparent. Adopting this guideline, all WTO members recognized the necessity and agreed in principle for adopting simple, flexible and transparent RoO. Bangladesh along with other LDCs had been continuing negotiations for further streamlining the RoO regime and contributed in the negotiations in 10th Ministerial Conference at Nairobi in December, 2015. The declaration of Nairobi conference allows the LDCs to use non-originating materials up to 75 per cent of the final value of the product. Therefore, LDCs are allowed to participate in the trade of final product with 25per cent local value addition.

Services Waiver for LDCs

GATS (General Agreement on Trade in Services) Article IV:3 calls for providing “special priority” to LDCs for their better market access and increased participation in trade in services. However, there was no mechanism in place for doing so in favour of LDCs. In this context, LDCs started negotiations for having an appropriate mechanism in this regard. After exploration of various options and a decade-long negotiation, a Waiver Decision was adopted in the 8th Ministerial Conference held in Geneva in 2011. The 10th Ministerial Conference at Nairobi (December, 2015) has declared the extension of service weaver up to December, 2030.

Initiatives of Bangladesh for Trade Facilitation

Enhanced Integrated Framework (EIF)

Bangladesh has joined EIF in November 2009. One of the important activities under the EIF is conducting Diagnostic Trade Integration Study (DTIS) to identify obstacles and barriers of the trade regime of the country. Based on the identified obstacles, the DTIS prepares a prioritized Action Matrix for overcoming the barriers and making the trade regime more effective and efficient. DTIS for Bangladesh has already been conducted. The next step will be implementation of the Action Matrix. In doing so Bangladesh is working in close cooperation with the EIF Secretariat and development partners for implementing the Action Matrix through different projects under Aid for Trade funding. Ministry of Commerce has very recently launched a National Trade Portal.

Need Assessment Exercise

Bangladesh conducted a Need Assessment exercise with a view to identify the needs for technical and financial assistance for protecting Trade Related Intellectual Property Rights (TRIPS) and the report was submitted to the WTO. In the meantime, Switzerland, EU and USA have given the assurance to enhance the TRIPS capacity of Bangladesh and the signing of an MOU is at the final stage in this regard.

Competition Act 2012

In order to ensure and maintain fair competition in the market by controlling anticompetitive activities, a competition law, titled as “Competition Act 2012” was formulated and passed by the Parliament.

GSP facilities, DFQF Access and RTAs of Bangladesh

More than 50 per cent of total export of Bangladesh (mostly RMG) goes to the EU. This has been possible due to the Everything But Arms (EBA) initiative in 2002, under which Bangladesh received the most generous market access conditions from EU compared to other non-LDCs. The relaxation of Rules of Origin (RoO) criteria (lower domestic value addition requirement in 2013) and EU's replacement of the “two-stage” processing requirement with “one-stage” processing in 2011, have also contributed to a surge in its apparel exports to EU. Bangladesh enjoys DFQF in the Indian market except for 24 product lines since 2012 and in the Chinese market covering 90 per cent of all products since 2010. Bangladesh receives preferential market access to a large number of countries (including Pakistan, Republic of Korea, Sri Lanka and Thailand) under the various Regional Trade Agreements (RTAs) of which it is a member, notably SAFTA, APTA and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) which was elevated to a FTA in July 2008. In April, 2015 Department of Trade Negotiation of Thailand has published DFQF scheme with 6998 products from LDCs to Thai Market. Bangladesh has signed a total of 45 bilateral trade agreements and bilateral investment treaties (BITs) with countries all over the world. 23 of these treaties have already entered into force, with talks of treaties coming soon into effect with Turkey, Chile and Vietnam. Trade Preferential System of the Organization of the Islamic Conference (TPS-OIC), Trade and Investment Cooperation Forum Agreement (TICFA) and Developing-8 (D-8) PTA are some other trade agreements that the country is a party thereof.

Bangladesh has recently signed “Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement” in June, 2015. The agreement allows vehicles to enter each other's territory and does away with the otherwise time consuming and costly process of trans-shipment of goods from one country's carriers to another at the border, and thus promoting cross-border trade and business with the neighbours.

Gaining market access in non-traditional markets

Despite Bangladesh being favourably located between the world's fastest growing and potentially largest economies, the shares of China, India, and ASEAN in its exports are only 0.8 per cent, 1.9 per cent, and 1.5 per cent, respectively. Considering the export growth, market diversification is the key option for Bangladesh to diminish the dependency on the traditional two regions -the EU and the US-which together account for about two-thirds of Bangladesh's total exports. Achieving market access in the non-traditional markets such as the BRICS countries, Japan, Republic of Korea, and Turkey would be the big alternative destinations of Bangladeshi RMG products in the future as the domestic consumption of those countries is quite large and expanding.

Expanding exports to some emerging market economies

The Asia region, given both their growing markets and close proximity, provides the greatest opportunities for Bangladesh to diversify and expand exports. Geographical proximity has a positive influence on the volume of trade. Other things being equal, the poorest countries increase their trade share with geographically closer partners when trade costs are lower than for more distant partners. Moreover, Bangladeshi locally produced goods, even those that would not meet the requirements of high income countries with stringent standards, could be exported more easily to neighbouring countries with similar consumers' habits like Nepal, Bhutan, Myanmar, Cambodia, Vietnam etc. In fact, Bangladesh's exports to other low-income countries are more diversified than to high-income ones.

Comprehensive Trade Policy (CTP) for rapid growth

The Comprehensive Trade Policy (CTP) of Bangladesh aims to achieve accelerated and sustainable economic growth by an integrated approach to trade and business. The CTP works towards achieving significant trade growth, which is crucial in raising the growth rate of GDP. The increase and diversification of trade, domestic and foreign investment, as well as the mobilisation of internal resources have been identified as crucial growth elements by the 7thFYP, and emphasised in the CTP. Ministry of Commerce (MoC) was entrusted with developing the CTP in line with the development objectives of the Perspective Plan.

Seven guiding principles of Comprehensive Trade Policy (CTP)

- To promote diversified, export-led industrialization as major engine for increased and sustained economic growth;
- To strengthen production networks of existing and new export products, thereby improving the country's position in global value chains;
- To increase the country's international competitiveness by creating a conducive environment for private sector trade and investment including reliable infrastructure, an effective transport network, coherent and enforceable trade-related policies and strengthened institutions;
- To create favourable market access conditions through taking maximum advantage of existing trade agreements and engaging actively in the exploration of new bilateral and regional trade and investment agreements;
- To make trade contribute towards poverty reduction by increased and diversified exports, higher income and employment.
- To make the country's trade regime contribute towards sustainable development by making it fully consistent with its development objectives and existing international trade commitments;
- To establish MoC as the national competent authority and apex organisation in all matters relating to trade policy formulation.

d. Commodities

Bangladesh has performed remarkably well in the context of commodity dependence compared to other LDCs. According to the MoCs' estimate total import payments of Bangladesh in 2014-2015 amounted to US\$ 40.45 billion of which import of food grains was US\$ 1564.9 million among which import of rice was US\$ 553.9 and import of wheat was US\$ 1011.0 million. Import of commodities other than food grains, such as, Milk and Dairy products was US\$ 303.8 million, Spices US\$ 215.5 million, Oil seeds US\$ 353.6 million, Edible oil US\$ 1534.5 million, Pulses US\$ 401.3 million, Sugar US\$ 730.3 million, Crude Petroleum US\$ 853.4 million and Petroleum products US\$ 3322.7 million. Total export of Bangladesh in 2014-2015 amounted to US\$ 31.2 billion of which the export of commodities like Raw Jute and Jute goods was US\$ 799.2 million, Tea US\$ 4 million, Leather US\$397.9 million and Fish US\$ 513.3 million.

Despite the higher concentration of RMG sector in export basket, Bangladesh had been observed with a declining trend in commodities dependence (The state of Commodity Dependence 2014, UNCTAD). Almost all of the export items of RMG are "finished goods" used for final consumption rather than "commodities". Moreover, RMG sector exhibits the diversification among the export items with number of varieties.

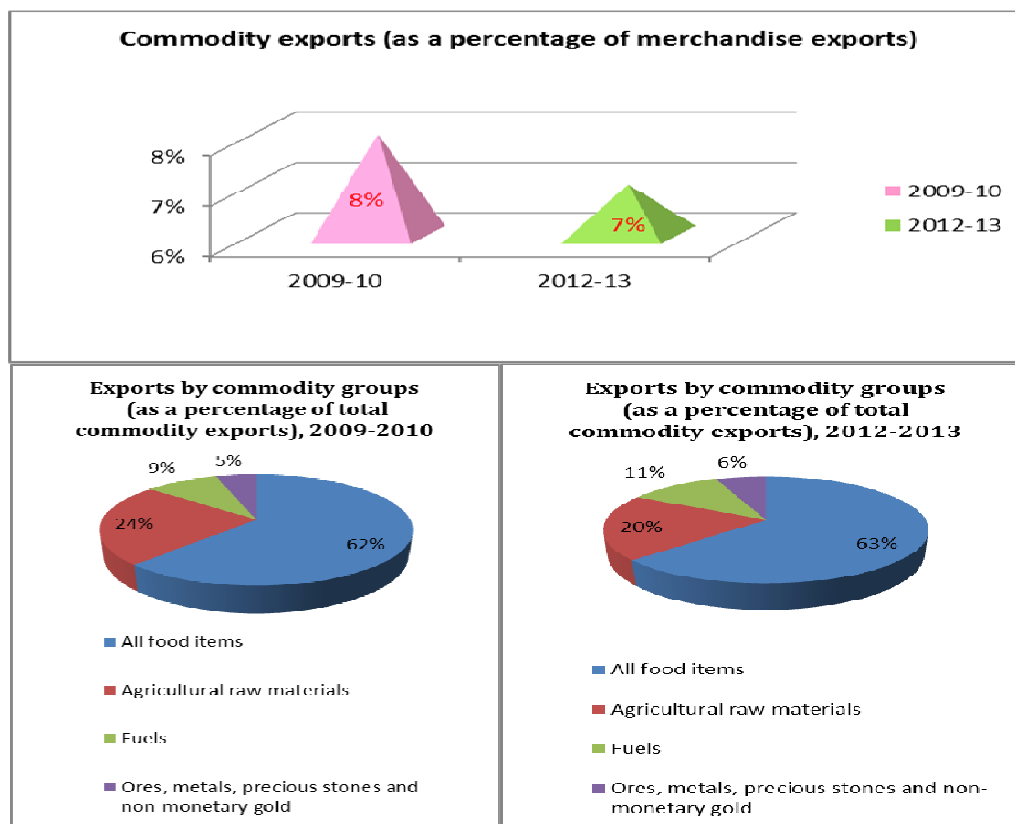
Commodities exports increased from US\$ 1511 million in 2009-10 to US\$ 1908 million in 2012-13; but the share of commodities export in total merchandise exports decreased from 8

per cent in 2009-10 to 7 per cent in 2012-13. Food items comprise most of the commodity dependence which increased from 62 in 2009-10 to 63 per cent in 2012-13. Government had been concerned for diversification of commodities dependence; share of agricultural raw materials dropped from 24 per cent in 2009-10 to 20 in 2012-13. In terms of dependence on import commodities, the share of commodities import in total import decreased from 55 per cent in 2009-10 to 52 per cent in 2011-12.

Initiatives for Reducing Commodity Dependence

The above discussion shows that Bangladesh is not a commodity dependent country. Therefore, Bangladesh does not have any national policy for commodity management. However, Government of Bangladesh is implementing several sectoral policies with special incentives and cares which ultimately target to enhance productivity and vertical diversification, ensure value addition and increase value retention. The government had undertaken initiatives to export finished jute products instead of raw jute. Jute is no longer in the list of three leading commodities in export which accounted around 8 per cent in 2009-10. Instead, vegetable had been newly added in the list. Share of petroleum by products declined from 15 per cent in 2009-10 to 10 per cent in 2012-13.

Figure: 3.15: Commodities Export Dependence across commodity groups of Bangladesh



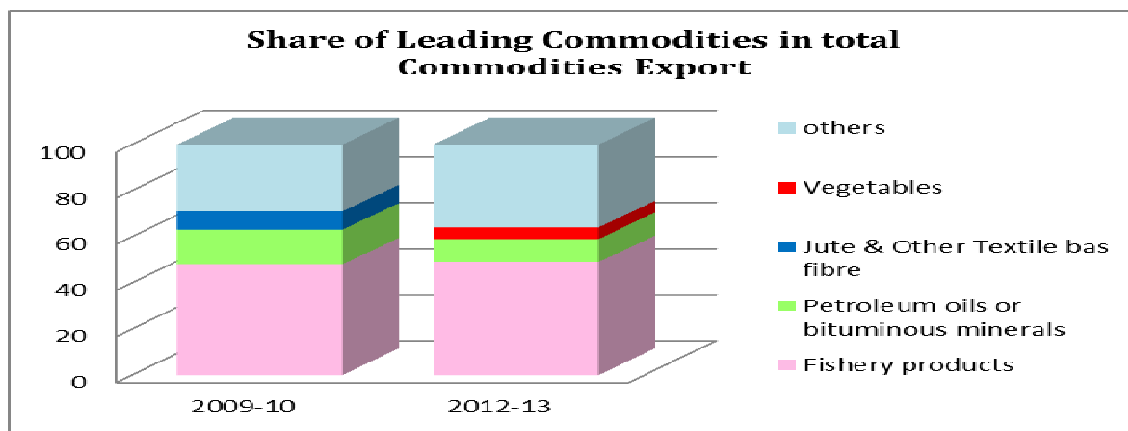
Source: The State of Commodity Dependence 2012 and 2014, UNCTAD

As a part of strengthening national commodity management strategies, the government of Bangladesh made necessary amendment in November 2012 to the Securities and Exchange Ordinance 1969, allowing establishment of a commodity exchange in the country which is expected to minimize the risks associated with the volatility of commodity prices.

In order to reduce price volatility, through including improved information systems for stocks and production, greater transparency in commodity markets, and free movement of food supplies, the government of Bangladesh implemented Country Investment Plan (CIP) under the 6thFYP which had been developed in line with the National Food Policy (NFP) and its Plan of Action for 2008-2015. The 7thFYP has several strategies for Agriculture Sector Development to ensure food security and nutrition as well as export diversification through enhanced production and value addition including linking production with domestic and international markets.

The Ministry of Agriculture (MoA) has taken several policy initiatives to integrate small and marginal producers of high value commodities (crops/horticulture, fisheries and livestock) into the market through the development of supply chains under different projects. These initiatives cover: the strengthening of farmer-market linkages, promotion of contract farming, promotion of low cost post-harvest management, improvement of sanitary standards, extension supports using market-based methodologies, capacity building and training; and information dissemination.

Figure: 3.16: Leading Commodities in Total Commodities Export



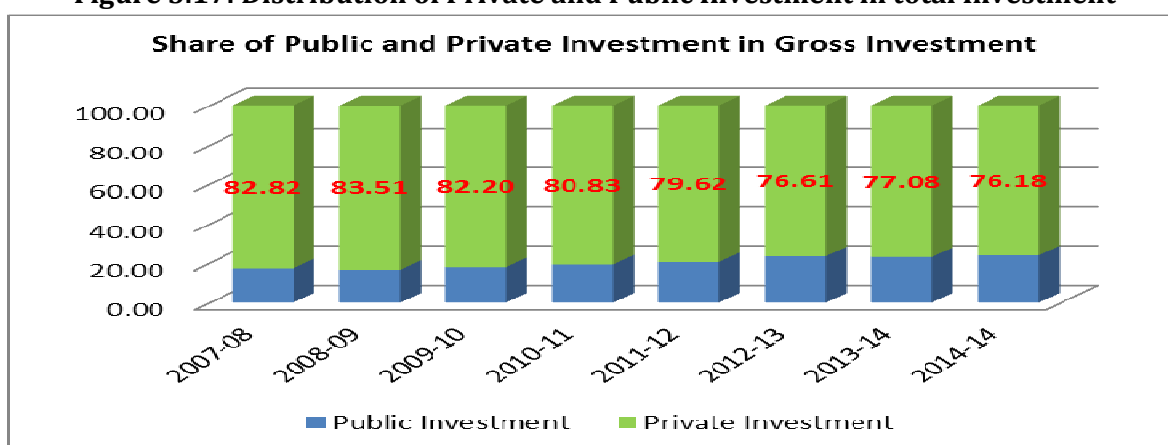
Source: The State of Commodity Dependence 2012 and 2014, UNCTAD

Although Bangladesh does not have any specific national strategy for commodity management by name, it is evident from the above that several other national plans and policies are in place which are targeted towards strengthening and broadening country's production and commodity management system to reduce commodity dependence as well as to minimize its economic vulnerability and risks associated with the volatility of external commodity market.

e. Private Sector Development

Private sector has been considered as the most vibrant sector in the Industrial Policy of Bangladesh as well as in the 6thFYP and the 7thFYP. One of the major steps towards the private sector development and promotion has been the establishment of the Privatization Board. Since its establishment in 1993 and thereafter its transformation into the Privatization Commission in 2000, 74 state owned enterprises (SOEs) have been privatized. The major sectors for privatization are jute, textiles, steel, engineering, sugar and food, banking and financial institutions, fisheries and livestock, environment and forestry, chemicals, telecommunications and tourism. Frozen food, light engineering, ceramics and agribusiness have appeared as most profitable export-oriented industry in recent times.

Figure 3.17: Distribution of Private and Public Investment in total Investment



Source: Bangladesh Economic Review, 2015, Ministry of Finance

According to recent data, there has been a declining trend in share of private investment in total investment since FY 2008-09. The post-effect of global recession can be stated as plausible cause for this decreased contribution from 83.51 in FY 2008-09 to 76.18 in 2014-15. (Figure 3.17).

Government's policy and strategies for the private sector development:

In order to accelerate the pace of industrialisation in the country, the government is preparing the National Industrial Policy 2016. National Industrial policy 2016 has been proposed and will be finalized in the upcoming months. The important and underlying objectives of the proposed Industrial Policy 2016 include generation of productive employment, mainstreaming women in the industrialisation process and poverty alleviation. To this end, emphasis is being laid on developing women entrepreneurship, SME and labour-intensive rather than capital-intensive industries.

The key features of the Industrial Policy:

- To expand the production base of the economy by accelerating the level of industrial investment.
- To promote the private sector to lead the growth of industrial production and investment.

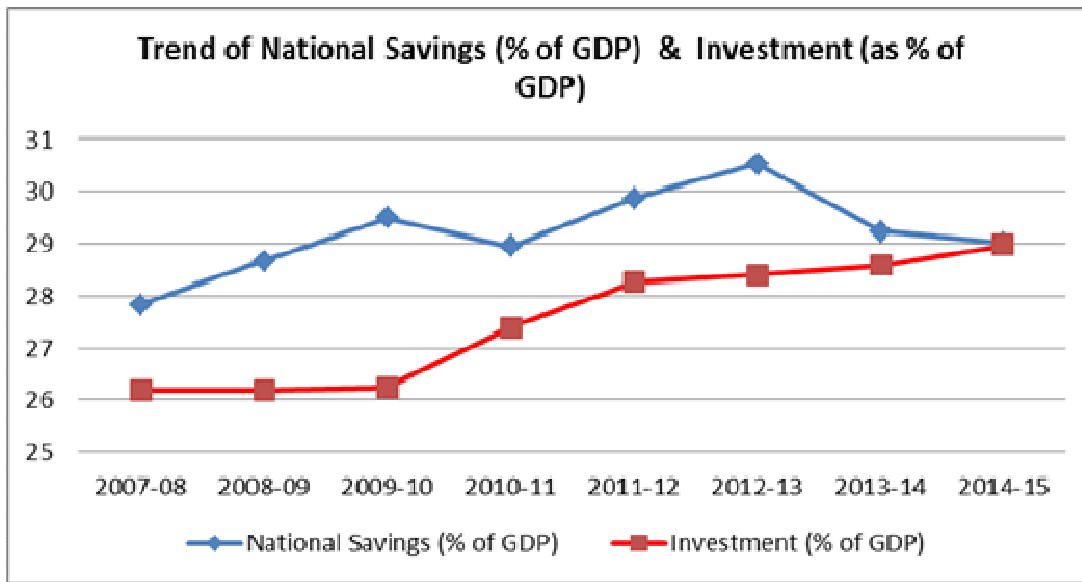
- To focus the role of the government as the facilitator in creating an enabling environment for expanding private investment and sustained economic growth.
- To permit public undertaking only in those industrial activities where public sector involvement is essential to facilitate the growth of the private sector and/or where there are overriding social concerns to be accommodated and private initiatives absent.
- To attract foreign direct investment in both export and domestic market oriented industries to make up for the deficient domestic investment resources, and to acquire evolving technology and gain access to export markets.
- To ensure rapid growth of industrial employment by encouraging investment in labor intensive manufacturing industries including investment in efficient small and cottage industries.
- To generate female employment in higher skill categories through special emphasis on skill development.
- To raise industrial productivity and to move progressively to higher value added products through skill and technology upgrading.
- To enhance operational efficiency in all remaining public manufacturing enterprises through appropriate management restructuring and pursuit of market oriented policies. To diversify and rapidly increase export of manufactures.
- To ensure a process of industrialization which is environmentally sound and consistent with the resource endowment of the economy?
- To encourage balanced industrial development throughout the country by introducing suitable measures and incentives.
- To effectively utilize the existing production capacity.
- To coordinate all macroeconomic policies.
- To develop indigenous technology and to expand production based on domestic raw materials and inputs.
- To rehabilitate and support deserving sick industries.

The Export Processing Zones (EPZs)

The Export Processing Zones (EPZs) are playing important role in the process of promoting rapid industrialisation and attracting foreign investment and also promoting private investment. Both investment and exports in the EPZs are increasing gradually. EPZs are the most preferred destinations for both domestic and foreign investment. Labor- intensive textiles, ready-made garments and footwear plants have been the most dominating industries in EPZs. Bangladesh Economic Zone Authority (BEZA) aims to establish economic zones in all potential areas in Bangladesh including backward and underdeveloped regions with a view to encouraging rapid economic development through increase and diversification of industry, employment, production and export. At present, there are 37 government-owned and 10 privately owned economic zones in the country. Ten more government-owned economic zones have just been inaugurated in February 2016.

Despite the slower pace of private investment growth, the government has managed to minimize the “Saving-Investment Gap”, one of the elements of instabilities in macro-economic equilibrium (Figure 3.18). The differences between national savings and investment come down to 1.7 per cent of GDP in 2007-08 to 0.04 per cent of GDP in 2014-15.

Figure 3.18: National Saving and Investment (Per cent of GDP)



Source: Bangladesh Economic Review, 2015, Ministry of Finance

Policy and strategies for Small And Midium Enterprises (SME) development

For the promotion and of development of Small and Medium Enterprises (SMEs) as an important element of private sector and for ensuring a pro-SME business environment in the country, the government has established SME Foundation (SMEF) as an independent, non-profit organization. Promotion of SMEs is playing important role to improve the overall quality of people’s life, economic growth and eradicate poverty. The government has given special emphases on SMEs in different national policies and strategies, including the National Perspective Plan (Vision 2021), 6thFYP, 7thFYP and also in the upcoming Industrial Policy. SME friendly policies and strategies are pursued at national and international organizations, trade associations, banks and NBFIs including the following initiatives:

- “Policy Strategies for Small and Medium Enterprises (SMEs) Development in Bangladesh” was formulated with a view to accelerate national economic growth, reduce poverty and unemployment, and generate of more employment.
- As stated above, the Ministry of Industries has proposed the National Industrial policy 2016 which is expected to accelerate the growth of SMEs.
- The regulations of tax and VAT in Bangladesh have been made conducive for SMEs.
- The other national policies of Bangladesh like the National Handicrafts Policy, 2015 and the National Export Policy (2015-2018) are also supportive to SME development.
- Bangladesh Small and Cottage Industries Corporation (BSCIC) has established many successful enterprises in the country, created thousands of employment opportunities and ventures, helped develop new technologies and products, pioneered micro credit, empowered women through creative support and helped enterprises to identify and develop new market opportunities including export that ultimately promoted the overall development of private sector.

- Provision of collateral-free, demand-driven and customised loan for SME entrepreneurs of naturally grown SME clusters has been a successful intervention. So far 177 clusters have been identified for such financing supports.

Regular Development Finance by the Government

Annually the government allocates a significant amount of fund for executing regular development activities for the promotion of the export sector as well as for acceleration and expansion of the industrialisation through investment in infrastructural development that would ultimately promote the private sector.

Government's Incentives for the Private Sector:

The government has acted as a caring agent for the private sectors with different types of incentives aimed at the promotion and development of the private sector which include:

- Accelerated depreciation for new industries is available at the rate of 50 per cent, 30 per cent and 20 per cent for the first, second and third years respectively, on the cost of plant and machinery.
- Cash and added incentives to exporting industries.
- Businesses exporting 80 per cent or more of goods or services qualify for duty free import of machinery and spares, bonded warehousing.
- 90 per cent loans against letters of credit and funds for export promotion.
- Export credit guarantee scheme: Domestic market sales of up to 20 per cent is allowed to export oriented business located outside an EPZ on payment of relevant duties.
- Cash incentives and export subsidies are granted on the FOB value of selected exports ranging from 5 per cent to 20 per cent on selected products.

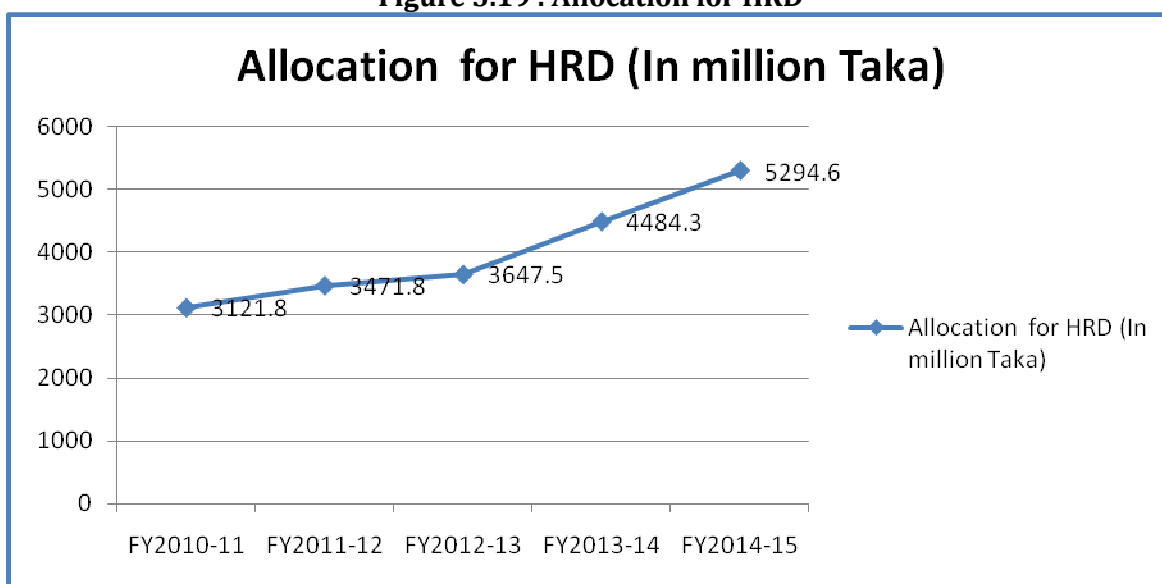
f. Human and Social Development

To the government of Bangladesh, the importance of Human Resource Development (HRD) has got new dimension in order to face the challenges of globalisation. For this reason the government has included HRD (that entails all the elements of IPoA's priority area of Human and Social Development) as one of the main goals of its development agenda along with the economic growth. To achieve this goal the government has allocated more than 20 per cent of budget to the HRD related sectors, that include: Education and Technology, Health and Family Welfare, Women and Children, Social Welfare, Youth and Sports development, Culture, Labour and Employment and like. Various programs have been taken including the adoption of the Education Policy 2010 to create skilled and competent human resources for the country by enhancing the quality and increasing accessibility to the Secondary and Higher Secondary level, Technical Education level and also to all tiers of higher education. Due to the government's policy for recruiting 60 per cent female teachers in the Government Primary School, the number of female teachers has been increased from 21 per cent in 1991 to 64.9 per cent presently reflecting social and economic empowerment of the women. Health sector has observed remarkable progress due to government's priority to the Health, Nutrition and Population Sector under the MDGs. Both fertility rate and mortality rate has come down. Remarkable progress has been made in reducing child and maternal mortality and increasing average life

expectancy. Malnutrition also has come down remarkably. Moreover, two National Action Plans have been prepared to implement National Women Development Policy and to protect violence against women and children. In this regard the Deoxyribonucleic acid (DNA) ACT 2014 also has been prepared. The Human Development Index (HDI) of Bangladesh is gradually improving (as shown in Figure 3.20) due to the implementation of various development activities

The government has a strong understanding that although Human Resource Development requires huge investment in the social sector, this would eventually contribute to the economy by increasing value addition through boosting up production, higher income and more employment generation. Considering this beneficial impact on the economy the government has been spending over 20 per cent of the total public outlay in the social sector. The government considers the development of both health and education sectors as foundation for human resource development. Adequate budget allocation is provided in these two sectors for implementing pragmatic programmes with a view to improving the education, health and family planning indices. The recent allocations for the HRD show a positive trend and the budgetary allocation for different ministries contributing to Human Resource Development had been increased by 67 per cent from 2010-11 to 2014-15. (Figure 3.19)

Figure 3.19 : Allocation for HRD



Source: Bangladesh Economic Review, 2015, Ministry of Finance.

Due to obvious reasons, the government has provided utmost priority to the infrastructure sector including energy sector and transportation sector in the recent years, yet the social and human development sector enjoyed the traditional caring engagement of the government. The government has now planned to give the highest importance to the Human Development but continuing its present mode of allocating adequate and necessary financial resources to the infrastructure sector to ensure the productive capacity of the country is developed to cope with the emerging demands of the globalisation.

The focus on human development has been a major strength of development policy in Bangladesh. The 6thFYP of the government put considerable emphasis to further accelerate progress, especially in terms of increasing the quality of education. Gender parity was a key

objective at all levels of education. Improvement in health and nutrition indicators, reduction in the rate of population growth and better equity in health and education were major objectives of the 6thFYP's human development strategy.

The evaluation of performance in social sector shows progress in many areas. On the quantitative front, 100 per cent net enrolment in primary education has already been achieved. Net enrolment in secondary education has continued to make progress and the planned target is likely to be met. In tertiary education, although there was no quantitative target, there has been a big expansion based on both public and private institutions.

Regarding gender, Bangladesh has been a leader among developing countries in eliminating gender gap at primary and secondary level. Indeed net female enrolments exceed male enrolments in both primary and secondary education. Regarding efficiency of the education system, there has been encouraging progress in reducing dropouts and increasing completion rates for both male and female in primary and secondary education. In terms of quality of education, considerable progress has been made as indicated by public exam results, but there is a long way to go.

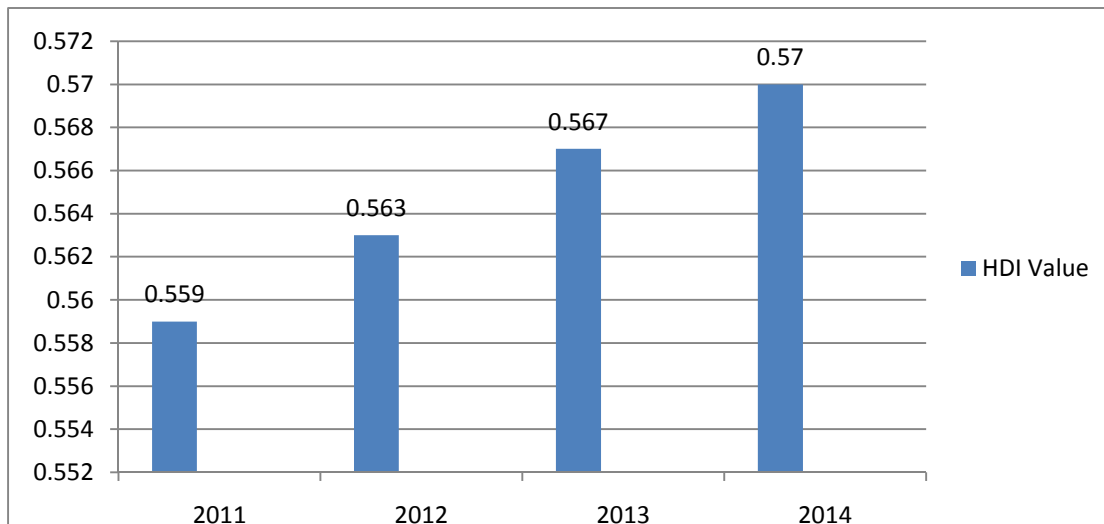
For health, available evidence suggests there has been further progress in reducing rates of infant and under-5 mortality, and maternal mortality ratio in recent years. Importantly, progress has been made in reducing the incidence of child mal-nutrition, which has been a major concern in Bangladesh. Reduction in total fertility rate and population growth rate are also broadly on track.

Besides, in line with the MDGs, the government has taken many initiatives through various programmes to increase the standard of living of the poor and disadvantaged people. To achieve these goals the government has been allocating financial resources in the sectors related to human resource development in education and technology, health and family welfare, social welfare, women and children, youth and sports development, culture, labour and employment etc with specific target for poverty.

Various policies and programmes have been adopted in order to build skilled and competent human resources through creating opportunities of enrolment in all levels of education including secondary, higher secondary, technical and higher education and by increasing the quality of education.

Formation of human capital for sustaining economic growth and poverty alleviation is a pivotal developmental instrument of Bangladesh since independence. Successive plans and strategies of the country put considerable emphasis on further accelerating progress, especially on enhancing access and quality of education and health services along with an emphasis on equitable access and better utilisation of scarce resources. Gender parity at all levels of education, improvement in health and nutrition indicators, reduction in the rate of population growth and better equity in health and education have been major objectives of the human development strategy of the government. The status of Human Development Index (HDI) 2014 depicts that Bangladesh has ranked 142 which was 143 in 2012. The country has been performing better with increased value of HDI over time (Figure 3.20).

Figure 3.20: HDI Index of Bangladesh



Source: Human Development Report 2015, UNDP

Education: Access, Quality, and Skills

Recognizing the importance of education, the government has continued its commitment to bring significant improvements in education sector. The country's education system is large and diversified catering to over 30 million students of different categories. Development plans of education have been prioritised in public sector investments. Public spending on education and technology currently amounts to 12.2 per cent of the overall development expenditure, and about 2.2 per cent of GDP.

The country has done remarkably well in enhancing access and equity in education, with notable achievements in nearing universal access to primary education, attaining gender equity at the primary and secondary education levels well ahead of the MDG targets for 2015, with remarkable reduction in repetition and dropout rates, and reasonably high levels of completion in primary education.

Under the 6thFYP, educational targets were aligned with the goals of Vision 2021 and National Education Policy 2010. The targets included achieving universal primary education; creating a new generation equipped with technical skills and scientific knowledge; better remuneration for teacher and overall improvement of quality of education. The important aspect of the education policy is that it emphasises on science and technical education.

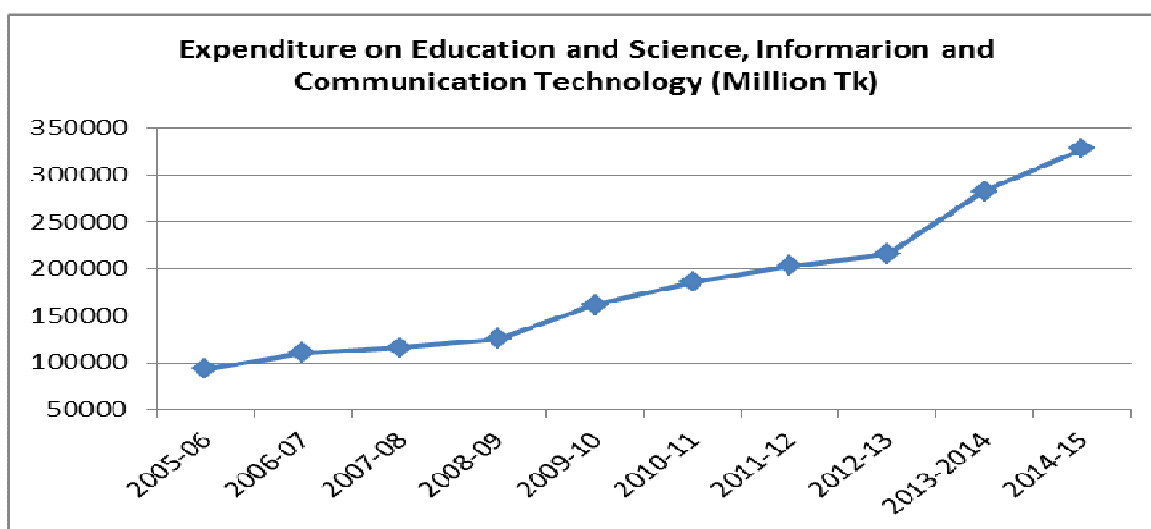
Primary and Mass Education

The government has been implementing different projects and programmes for the promotion of Primary and Mass Education. Besides the regular programmes some enabling and support programmes include the Stipend Programme, the Reaching Out of School Children (ROSC) Project, the School Feeding Programme in the poverty prone-areas, the Basic Education for Hard-to-reach Urban Working Children Project (2nd Phase) and the Post Literacy and Continuing Education for Human Development Projects-II. Under the Primary Education Development Project-III (PEDP-III), implementation of special scheme styled as "second chance

education programme” is under process to offer the primary education to out of school and dropped out children thus ensuring that no one is left without education.

Important activities in primary education in recent years have included the maintaining 60:40 female to male ratio in the recruitments of teachers, decentralisation of administrative and financial power in primary education through School Level Improvement Plan (SLIP) and Upazila Primary Education Plan (UPEP), provision of basic education and life-skill based practical training to 166 thousand working children aged between 10-14 years, implementation of project “English in Action” for improving the quality of education in English, Basic Literacy Project (64 districts) for bringing all the upazillas under basic literacy are some other commendable activities carried out by the government in primary education sector. In line with the government’s policy of HRD, the education and its allied skill and capacity development sectors have continued to be target of increased expenditure in recent years as can be seen in (Figure 3.21).

Figure 3.21: Expenditure on Education, Science, Information and Technology



Source: Bangladesh Economic Review, 2015, Ministry of Finance

Third Primary Education Development Programme (PEDP-III)

A major evolution in the development of the primary education has been the recent dedicated programme the Third Primary Education Development Programme. The objective of PEDP-III is to establish an efficient, inclusive and equitable primary education system delivering effective and relevant child friendly learning to all children from pre-primary through grade-5 primary education. PEDP-III is a large investment programme in primary education sub-sector encompassing total budget of the primary education (both non-development and development). It is composed of 29 sub-components under four major components. Results in these areas will be measured through various activities in twenty-nine sub-components. The major components and subcomponents are given below:

Major Components	Sub-components
Learning and Teaching	<ul style="list-style-type: none"> • Each Child Learns • School and Classroom-based Assessment • Curriculum and Textbook Strengthened • Textbooks Production and Distribution • ICT in Education • Teacher Education and Professional Development
Participation and Disparities	<ul style="list-style-type: none"> • Second Chance Education • Pre-Primary Education • Mainstreaming Gender and Inclusive Education • Education in Emergencies • Communication and Social Mobilization • Targeted Stipend • School Health and Feeding
Decentralization and Effectiveness	<ul style="list-style-type: none"> • Field level Offices Strengthened • Decentralised School Management and Governance • School level Leadership Development • Organisational Review and Strengthening • Grade V Terminal Examination Strengthening • Teacher Recruitment and Deployment • Annual School Census • National Student Assessment
Planning and Management	<ul style="list-style-type: none"> • PEDP-III Management and Governance • PEDP-III Financial Management • Sector Finance • Strengthening Monitoring Functions • Human Resource and Development • Public Private Partnership

Achievements and projection for the achievement of the PEDP-III Objectives

1. The targeted transition rate from Primary to Secondary (from grade 5 to grade 6) is likely to be met, although about 21.4 per cent students dropped out from primary schools in 2013.
2. The number of student receiving stipends targeted to be at least maintained at or to rise above the 2005 baseline level (of 78, 15,000 students) is also achieved.
3. Planned additional teacher recruitment (a total of 35,000 under PEDP II) has been completed and the recruitment of 47000 teachers under PEDP III is continuing.
4. Target related to organisational development and capacity building, including producing the HRD plan and conducting institutional analyses, will be achieved.
5. Educational Management Information System (EMIS) has been significantly enhanced.
6. Achieving universal coverage of School-Level Improvement Plans (SLIP) by FY 2015-2016 as on track and additional attention is being given to their scope and quality.

7. The decentralisation of planning and management functions is progressing.
8. Textbooks are now being produced and distributed to all primary school children and received on time. Since the academic year 2010, all primary children have received free textbooks. The Teachers Guide is being developed based on newly revised competency based curriculum.
9. To enhance the early childhood development of the 5+ aged children, pre-primary curriculum has been developed and introduced all Government Primary Schools (GPS). From this calendar year pre-primary grade will be introduced in all Registered Non-Government Primary Schools (RNGPS).
10. Quantitative training targets (for Teachers and Head Teachers) are likely to be met. However, the quality and outcomes of training have not yet been “systematically documented.”
11. The pass rate of grade-5 completion examination has been significantly increased which was 92.34 per cent in 2010 and 98.54 per cent in 2013
12. School infrastructure development targets are likely to be met, as are the revised targets for better maintenance.
13. The 2013 target regarding safe (arsenic-free) water sources in GPS and RNGPS is likely to be achieved on schedule. About 13000 water sources constructed up to June 2014 under PEDP III.
14. To ensure proper health and hygienic service for the children 7521 WASH blocks (instead of toilets) have been constructed in the primary schools.
15. The issue of “Inclusive Education” is being pursued diligently. Training on Inclusive Education has been given to all teachers, field level officials and Directorate of Primary Education (DPE) officers taking into consideration the fact that the current Programme addresses the needs of only those children with mild physical disabilities – meeting the needs of those with severe disabilities may remain outside the scope of the primary education system.
16. In the primary level the ethnic people are given opportunity to study in their mother tongue and ethnic teachers are given priority in areas where ethnic people are living.
17. Textbooks in five ethnic languages are going to be introduced under PEDP-III from 2016.

Secondary and Higher Secondary Education

During the recent years issues related to secondary and higher education were addressed on a two-pronged basis: a qualitative goal, and a quantitative goal. Under the quantitative goal, the main objective was to increase enrolment and completion rates by improving infrastructure, number of teachers and stipends among others. The qualitative goal included the improvement of the standard of education by addressing teaching capacity, curricula, teaching techniques and other reforms. More emphasis has been given on improving rural educational institutions to reduce rural-urban divide. Initiatives have been taken for infrastructure development of 5,540 secondary school, 1,500 colleges and 70 post graduate colleges. Meanwhile, construction of new buildings in 2,679 secondary schools and 193 Madrasas has been completed. Construction of new building in 828 secondary school, 355 Madrasas and 581 Colleges is underway.

Key Initiatives taken by the Government in the Education Sector

- Third Primary Education Development Programme (PEDP-3) to improve the standard of pre-school and primary level education
- Secondary Education Quality and Access Enhancement Project (2008-2014) and Secondary Education Sector Development Project (2007-2013)
- The Higher Education Quality Enhancement Project ☐
- Prime Minister's Education Assistance Trust Act 2011 – a trust fund for poor meritorious students ☐
- Creative Talent Hunt 2012 which finds and supports creative talent in Bangladesh
- Increased coverage of the School Feeding Programme (from 3.5 million to 20 million) and Stipend Programmes (from 7.8 million to 13.0 million)
- Establishment of 12 Primary Teacher Training Institutes
- Development of a framework for early childhood care and development policy
- Free distribution of textbooks to all primary and secondary students
- Introduction of ICT labs in over three thousand secondary schools
- Primary Education Development Project 2012, which provided better infrastructure, including sanitary latrines and safe water
- Various projects to increase the number of educational institutions – 1500 new primary schools in villages without a school, 306 new model high schools, and number of new universities.

Source: Ministry of Education, Ministry of Primary and Mass Education

Education for skill development

The government also recognises the importance of other forms of education, such as vocational, technical and non-formal. The Ministry of Education (MoE) formulated the National Skill Development Policy (NSDP) and the National Skills Development Council in an effort to improve the skill of the workforce. A framework for a Non-formal Education policy has also been formulated, with the objective of providing quality education and training. This training will provide productive income-generating skills and allow trainees to become self-reliant. The Capacity Development for 'Education for All' was implemented with UNESCO between 2009 and 2011, and aimed at improving adult literacy and the capacity of the government to provide the necessary services.

Non-Formal Education

Various forms of Non-Formal Education (NFE) programmes are been implemented in the country since its independence in 1971. The government looks upon NFE as a key element of the effort to offer lifelong learning opportunities and create a learning society in order to meet the challenges of the 21st century. The government has adopted NFE Policy in 2006 aimed at reducing the number of illiterates, offering need-based continuing education, Pre-vocational¹ and Pre-vocational² level education, promotion of equivalency between formal and non-formal education, ensuring community ownership and sustainability of NFE programmes. The government aimed at completely eliminating illiteracy as outlined in the National Education

Policy. In addition, a mechanism for providing 'Second chance' schooling is to be pursued. It is aimed at serving as a remedial Programme for workers who dropped out of school to enter the labour market.

Encouraging facts and enabling factors in the progress in education sector

Through the widespread efforts taken by the government, Bangladesh has made significant progress in improving access and attaining gender equity at both primary and secondary levels. Net primary enrollment rates rose from 94.8 per cent in 2010 to 96.7 in 2012 and 97.7 per cent in 2014. The primary education cycle completion rate has risen from 60 per cent in 2010 to 79 per cent in 2013 including a gain of nearly 5 percentage point between 2012 and 2013. Net secondary enrolment rate has risen from 43 per cent in 2010 to 50.21 per cent in 2014. Net secondary enrollment rate for girls increased to 78 per cent in 2013 from 51 per cent in 2009, surpassing the target of 75 per cent in the 6thFYP. These positive changes may be attributed to, besides the core education programmes, to other enabling environment created by several government agencies.

The Department of Social Services under the Ministry of Social Welfare has started a stipend programme for the students with disabilities, which is encouraging the students with disabilities to enroll in the general educational institutions. Gender parity in access to primary and secondary education has also been achieved. Efforts have resulted in a higher number of students participating in public examinations at the secondary level. The quantitative improvements have been accompanied with some qualitative ones, such as the increase in the number of schools with pre-school classes and the rise in the proportion of teachers trained. Active participation of various non-government organisations like the renowned international NGO BRAC, Dhaka Ahsania Mission to name a few, and other stakeholders having dedicated programmes in primary and mass education has contributed to the progress of education and particularly of non-formal education and literacy programmes.

Policy Direction

The education sector policies and programmes of the government as reflected in the 7th FYP focuses on (i) addressing the needs of children of poor families; (ii) scaling up successful stipend schemes, and (iii) reducing repetition and dropout rates iv) improving transition rates through two-pronged approach of improved quality and relevance of education v) improving the quality of the teaching force (through adequate deployment, development, incentives for performance, enhanced ability to innovate, etc.) vi) improving basic education and skill development and Technical and Vocational Education and Training (TVET).

Table 3.7: Performance in Primary and Secondary Education

Indicators	Sub-indicators	2010 (unless stated otherwise)	2014 (unless stated otherwise)
Indicators of Participation	a) Primary Gross Enrollment Rate	107.7 per cent	108.4 per cent
	b) Primary Net Enrollment Rate	94.8 per cent	97.7 per cent
	c) Secondary Gross Enrollment Rate	47.34 per cent	55.84 per cent
	d) Secondary Net Enrollment Rate	43 per cent	50.21 per cent
Indicators of Internal Efficiency	a) Primary Repetition Rate	12.6 per cent	6.4 per cent
	b) Primary Dropout Rate	39.8 per cent	20.9 per cent
	c) Primary Survival Rate	67.3 per cent	81 per cent
	d) Primary Student Absenteeism	16 per cent	13.3 per cent
Indicators of Quality	a) Primary Student Teacher Ratio	1:48 (2009)	1:42 (2013)
	b) Secondary Student Teacher Ratio	1:35 (2009)	1:37 (2013)
Indicators of Educational Expenditure	a) Public expenditure on education as per cent of total expenditure	13.8 per cent (2009)	12.3 per cent (2015)
	b) Public expenditure on education as per cent of GDP	2 per cent (2009)	2.2 per cent (2015)

Source: Bangladesh Education Statistics-2014, BANBEIS; 7th FYP, Planning Commission, Bangladesh

The core targets set in accordance with the vision and goals of the Perspective Plan that can be identified for monitoring progress under the 7th FYP include:

Table 3.8: Vision and Goals of Perspective Plan

Targets	Base Year 2010	Progress under 6 th FYP 2015	7 th FYP 2020
Net Enrolment at Primary Level (Percentage)	91	97.3	100
Net Enrolment at Secondary Level (Percentage)	43	57	100
Net Enrolment at Tertiary Level (Percentage)	9	12	20
Per cent age of cohort reaching grade 5 (Percentage)	55	80.5	100

Source: 7th FYP, Planning Commission, Bangladesh

Population and primary health

Bangladesh is striving hard to attain a number of targets in the road towards universal health coverage, consistent with the proposed major targets under the proposed UN Sustainable Development Goals (SDGs) framework. Vision 2021 envisions a middle-income Bangladesh with drastic reduction in poverty and with conditions that allow individuals to reach and maintain the highest attainable level of health.

Population

Bangladesh has identified population growth as a major challenge to overall development. There has been impressive progress in this sector. Contraceptive Prevalence Rate (CPR) has increased by more than 7 folds. 3 in 5 women use a method of contraception and 52 Per cent use a modern method. Use of contraception has increased to 61 per cent in 2011 from 56 per cent in 2007. However, use of long term methods such as sterilization is low at 8 per cent of married couples. More than 1 in 3 users of contraception tend to discontinue a method within a year of starting its use.

Primary health

During the last few decades, Bangladesh has made remarkable progress on most health outcomes, especially maternal and child health. These achievements are the result of health policies related to immunization, oral rehydration salt therapy, and family planning, and can also be attributed to non-health policies and interventions, such as the increase in female literacy, access to microcredit, access to safe drinking water, and rural infrastructure development.

The government has been following a Sector-Wide Approach (SWAp) in the Health, Nutrition and Population Sector Programme since 1998. Health, Population and Nutrition Sector Development Programme (HPNSDP) started in July 2011 for a period of five years until June 2016. The goal of HPNSDP is to ensure quality and equitable health care for all citizens by improving access to and utilization of health, under two main components. The first component aims to improve health services, such as maternal and child health, and support the service delivery system including primary health care. The second component focuses on strengthening health systems such as governance and human resources. Overall, there has been good progress in improving health outcomes. As measured by progress towards attaining the MDGs, Bangladesh has already attained some and others are on track for others.

Progress in Health Sector

The country's performance in reducing child mortality rate is quite satisfactory in compare to other countries in South Asia.

Table 3.9: Reduction in Child Mortality Rate

	Under-5 Mortality Rate (per 1000 live births)			Infant Mortality Rate (per 1000 live births)		
	1990	2011	2013	1990	2011	2013
Afghanistan	192	101.1	23.8	129.4	72.7	70.2
Bangladesh	138.3	46	41.1	96.5	36.7	33.2
India	114.2	61.3	52.7	81	47.2	41.4
Pakistan	122.2	72	85.5	94.6	59.2	69
Nepal	134.6	48	39.7	93.5	39	32.2
Maldives	105.2	10.7	9.9	75.5	9.2	8.4
Sri Lanka	28.9	12.2	9.6	24.2	10.5	8.2
Bhutan	138.4	53.7	36.2	96.3	42	29.7

Source: MDG, Bangladesh Progress Report 2014-15, Planning Commission, Bangladesh and Asia-Pacific Regional MDGs Report 2012/13

The prevalence of underweight children under 5 years of age has declined to half from 66 per cent in 1990 to 33 per cent in 2014, which meets the required 50 per cent reduction by 2015. Bangladesh has already attained the MDG 4 in reducing child mortality rate. Under-5 mortality rate has been dropped to 41 per 1,000 live births by 2014 from 144 per 1,000 live births in 1990, which is a 71 per cent reduction against the target of 66 per cent. The infant mortality rate is 32 per 1,000 live births, and the neonatal mortality rate is 24 per 1,000 live births. The share of neonatal mortality rate is 59 per cent of under-5 mortality rate and 80 per cent of infant mortality rate.

Bangladesh has performed considerably well in reducing maternal mortality rate, which is MDG 5. From 574 deaths per 100,000 live births in 1990, the number has been reduced to 170 per 100,000 live births by 2013. This is a 70.3 per cent decrease as opposed to the target of a 75 per cent decrease. In terms of health services delivery, antenatal care visits for pregnant women by medically trained providers increased from 33 per cent in 1999-2000 to 64 in 2014 and delivery by medically trained providers increased from 12 per cent to 42 during the same period. This increase in skilled delivery is predominantly due to a rise in facility deliveries, which increased from 8 per cent to 33 per cent during 1999-2013.

MDG 6 is concerned with combating HIV/AIDS, malaria and other diseases. In this regard, Bangladesh continues to be a low HIV prevalence country, with less than 1 per cent prevalence among the high-risk population. One downside is that only 56 per cent of people aged 15-49 are aware of AIDS. Bangladesh is moving towards elimination of malaria by 2020. For tuberculosis (TB), although the prevalence rate needs attention, progress on reducing death rates is on track.

Bangladesh has made good progress in combating other disease as well. The country was declared polio-free in early 2014. The goal to eliminate measles by 2020 has seen satisfactory progress. The proportion of children aged 12-23 months who are fully vaccinated has increased from 73 per cent in 2004 to 86 per cent in 2013. Leprosy as a public health problem has already been eliminated at the national level in 1998.

In terms of access to primary health care, there has been progress under the HPNSDP. The provision of Primary Health Care (PHC) under HPNSDP included an emphasis on establishing a functional referral system at Upazila and district levels to improve the continuity of care and included appropriate upgrading and equipping Upazila Health Complexes (UHC) and Community Clinics (CC). The establishment of more than 13000 community clinic extended primary health care services to the doorsteps of the rural people and enabled the citizen to get equitable health care easily, comfortably quickly and free of cost.

Table 3.10: Progress towards the Millennium Development Goals in the Health Sector

MDG Indicators	2015 Target	Current Status
Prevalence of underweight children under 5 years of age (MDG 1)	33 per cent	32.6 per cent (BDHS 2014)
Under-5 mortality rate (MDG 4)	48 per 1000 live births	46 per 1000 live births (BDHS 2014) 41 (SVRS 2013, BBS)
Maternal mortality rate (MDG 5)	143 deaths per 100,000 live births	170 per 100,000 live births (MMEIG 2013)
HIV prevalence among Population (MDG 6)	Have halted by 2015 and begun to reverse the spread of HIV/AIDS	Less than 1 per cent prevalence among high-risk population (MICS 2014)
percentage of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS (MDG 6)	Have halted by 2015 and begun to reverse the spread of HIV/AIDS	56 per cent have heard of AIDS (MICS 2014)
Prevalence and death rates associated with malaria (MDG 6)	Prevalence: 310.8 per 100,000 population Death rate: 0.6 per 100,000 population	Prevalence 202 per 100,000 population Death rate: 0.007 per 100,000 population (NMCP 2013)
Prevalence and death rates associated with tuberculosis (MDG 6)	Prevalence: 250 per 100,000 Death rate: 30 per 100,000	Prevalence: 411 per 100,000 Death rate: 45 per 100,000 (WHO 2013)
Proportion of tuberculosis cases detected and cured under DOTS (MDG 6)	Detected: more than 70 per cent Cured: more than 85 per cent	Detected: 60 per cent Cured: 92 per cent (NTP 2013)

Source: Ministry of Health and Family Welfare; Millennium Development Goals Progress Report 2014 and 2015

Health, Population and Nutrition Sector Development Programme (2011-2016)

Health, Population and Nutrition Sector Development Programme (2011-2016) is a representative programme that can directly intervene into the two indicators of HAI index: undernourishment and under-five mortality rate.

Table 3.11: HPNSDP Budget Estimates

Total Estimated Cost	Tk. 510824.1 Million
Revenue Budget	Tk. 315113.5 Million
Development Budget	Tk. 195710.6 Million
GOB Contribution	Tk. 397486.9 Million
DP Contribution	Tk. 113337.2 Million

Development activities of HPNSDP are being implemented by Ministry of Health and Family Welfare, Directorate General of Health Services (DGHS), Directorate General of Family Planning (DGFP) and other agencies through 32 operational plans.

World Bank and JICA are providing credit and grants; whereas other DPs (DFID, SIDA, USAID, CIDA, EC, AusAID, Kfw, WHO, UNICEF, UNFPA, GIZ, UNAIDS, GFATM, GAVI, etc.) are providing grants. Total DP contribution to the development budget in the health sector is about 58 per cent.

Policy direction

In addition to health service delivery issues, the future plan of the government as opted in the 7th FYP aims to address deficiencies in governance and management of the health sector. Issues related to the inadequacies in the health workforce, finance, surveillance, drugs and equipment, information and research will be addressed. To realize that vision towards achieving Universal Health Coverage, the government has set certain objectives and targets which are:

- To ensure access and utilization of HNP services for every citizen of the country, particularly elderly, women, children, poor, disadvantaged and those living in difficult areas;
- To ensure adolescent and reproductive health care;
- To reduce total fertility rate;
- To decentralize and to strengthen local level planning to obtain better results in implementation of programmes;
- To take effective measures to promote alternate medicines and to improve the quality of care;
- To meet challenges of emerging, re-emerging and non-communicable diseases, health hazards due to climate change and emergency response to catastrophe;
- To enhance national capacity for pre-service education (nursing, Paramedics, midwifery), provide in-service training and better management of Human Resources;
- To improve the quality of hospitals and maternity services and to make these accessible especially to the women, children and poor.

Table 3.12: Health, Nutrition and Population Targets for the 7thFYP

Sl	Indicator	Base year's information (source with year)	7thFYP target FY 2020
Impact/Outcome			
1.	Life Expectancy at birth	70.4 (SVRS 2013)	72
2.	Total Fertility Rate (children per woman)	2.3 (BDHS 2014)	2.0
3.	Under-five Mortality Rate (per 1,000 live births)	46 (BDHS 2014)	37
4.	Infant Mortality Rate (per 1,000 live births)	38 (BDHS 2014)	20
5.	Maternal Mortality Ratio (per 100,000 live births)	170 (MMEIG 2013)	105
6.	Proportion of underweight among under-five children (per cent)	32.6 (BDHS 2014)	20
7.	Proportion of stunting among under-five children (per cent)	36.1 (BDHS 2014)	25

Output			
8.	Proportion of births attended medically trained provider (per cent)	42.1 (BDHS 2014)	65
9.	Contraceptive Prevalence Rate (per cent)	62.4 (BDHS 2014)	75
10.	Proportion of children fully vaccinated by 12 months (per cent)	81.7 (CES,2014)	95
11.	Proportion of births in health facilities by wealth quintiles (ratio of lowest and highest quintiles)	15 : 69.5 (BDHS 2014) (1:4.63)	1 : 3.5
12.	TB case detection rate (per cent)	53 (GTR 2014)	75

Source: Ministry of Health and Family Welfare

Success Story : Primary Health Care

Community Clinics in Bangladesh: A Revolution in Primary Health Care

Community Clinic (CC) is a pro-people health care initiative first adopted in 1998 in order to extend comprehensive primary health care services at the doorstep of rural community across Bangladesh. The concept is unique in a sense that community is actively involved in this program. In this approach, the government constructs the infrastructure in a community-donated land and provides necessary supplies and amenities. The government also helps to capacitate the Community Health Care Providers (CHCP). In delivering the primary health care services, CC engages 'Community Group (CG)' headed by an elected local govt. representative and 'Community Support Group (CSG)' convened by one of the members of CG, which ensure proper functioning, monitoring, supervision and above all, sustainability of the CCs through fund generation.

Activities done so far:

- 13361 CCs have been made functional, each with a catchment area of 6000 population.
- 13839 CHCPs have been appointed among which 13011 CHCPs have already been trained.
- Medicines, instruments and other logistics have been supplied to each CC.
- Nutrition services and health education are being offered at CCs.
- Effective referral system has been established





Achievement:

- Free treatment and advices for rural people has helped to cut-down out-of-pocket expenditure.
- Emergency and complicated patients are referred to higher level facility that helps to reduce mortality and morbidities of different age groups. This eventually has contributed to the MDG-4 and MDG-5.
- The life expectancy of the citizen is increased.
- The initiative was undertaken through a project under which about 14000 persons have been employed. It has led to poverty alleviation of the rural people.
- Through CC Gender, Equity, Voice and Accountability (GEVA) is being addressed as 53 per cent of the service providers are female and more than 80 per cent of the service seekers are women and children.

ICT in Health: Health Information System and E-health

The government's efforts and successes in the use of information and communication technology for improvement of maternal and child health has been recognised in international arena. The Management Information Service of the Directorate-General of Health Services is playing vital role in scaling the e-Health nationwide. Mobile phone health service is being provided from all district and Upazila hospitals. From 800 hospitals and health organisations, clients' grievances are received and resolved through a SMS system. High-end telemedicine service is being provided from 43 hospitals (Health Bulletin-2014). An arrangement has been launched for the citizen to provide complaint/comments using online system. The Health Directorate and Directorate of Family Planning are also working for bringing the total health service management system under automation. An initiative to provide each citizen a unique health identifier code linked with citizens' national identifier system to develop national population registry and life time health records is underway. Meanwhile, a programme to register and track every pregnant woman and under-five year child is also in operation stage to attain the MDGs 4 and 5. The districts hospitals are gradually improving with automated health care service. In addition to that the drafting of National e-health policy and strategy has been completed. Considering the tremendous potentials in e-health management in Bangladesh, a National Health Information Center has been established with adequate safety and security with developed data storage. A backup centre is also established to avert disaster risk for data storage.

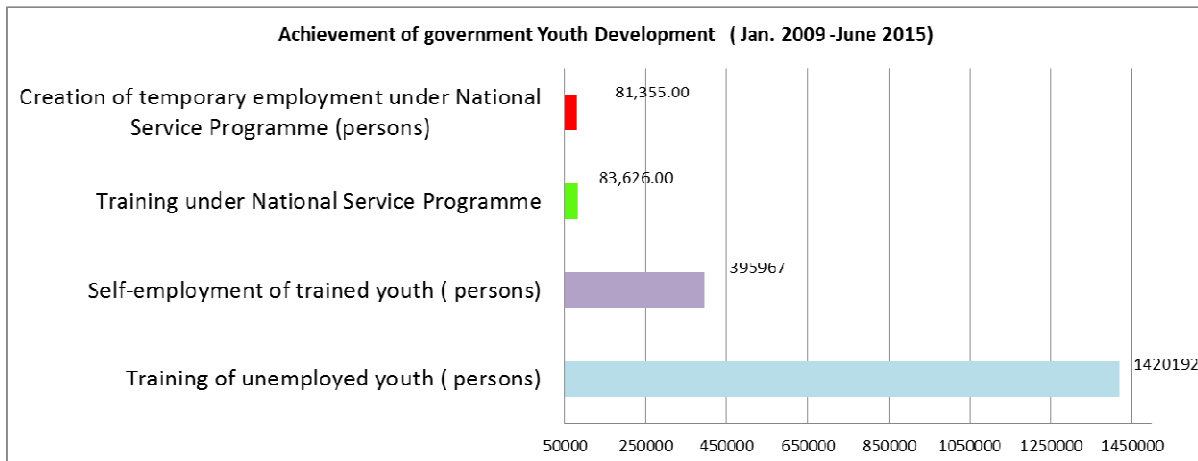
Youth development

According to the National Youth Policy, citizen in the age group of 18-35 years are considered to be youths. According to the Population Census 2011 and Household Survey total youth population in Bangladesh is 48.24 million which constitute one-third of the total population. To tap into the immense potential of the young generation, the Department of Youth Development under the Ministry of Youth and Sports has been assigned the task of transforming the youth into a disciplined and productive workforce. The department is providing dedicated services for transforming the promising, productive and job seeking youth force into disciplined, organised and skilled workforce.

The government through this department has been implementing a number of pragmatic programmes with special focus on development of youths. Out of these, some of activities and programmes are being carried out to prepare the youths for self-employment and wage employment through motivation, training, micro-credit assistance and other necessary support. Several other programmes are organized through voluntary youth organizations to help the young citizens take part in community development and nation building activities. The members of such organised youth organizations at grass-root levels are encouraged to participate in national advancement programmes and socio-economic activities like literacy programme, disaster management, primary health care, environmental improvement, natural and environmental resource conservation and awareness building against anti-social activities, e.g. drug abuse, AIDS/STDs etc.

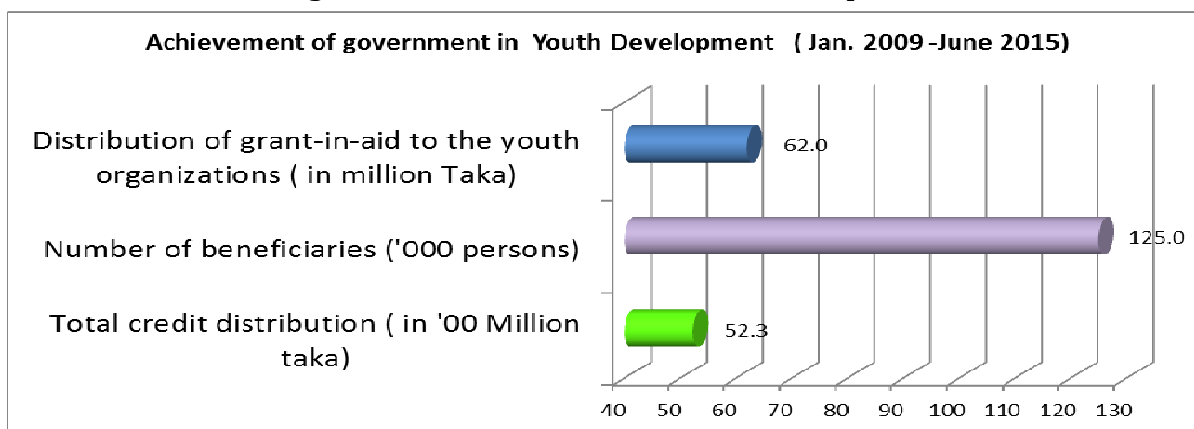
Around 4.5 million youths (male and female) have been trained different trades till June 2015. Out of them, 2.01 million trained youths have engaged themselves in self-employment projects. Until June 2015 an amount of Taka 13.57 billion was disbursed to 8, 34,351 trained youths as loan from a dedicated fund for financing the employment of such trained youths. Moreover, a significant number of trained youths have been hired in adequately paid jobs by different organisations at home and abroad.

Figure 3.22: Achievement of Government in Youth Development



Source: Department of Youth Development, Ministry of Youth and Sports

Figure 3.23: Achievement in Youth Development



Source: Department of Youth Development, Ministry of Youth and Sports.

The government has been implementing number of youth development programmes under different projects some of which are listed in Table 3.13 efforts

Table 3.13: Projects Implemented in Last Five Year for youth Development

Sl. No	Projects Implemented in the Last Five Year
1.	Establishment of New Youth Training Centres in the Eleven Districts.
2.	Completion of Incomplete Works of the Old Youth Training Centres.
3.	Strengthening of Training at Upazila Level for Creation of Employment and Self-employment.
4.	Creation of Employment and Self-employment Opportunities for Unemployed Youths in 7 Districts of Northern Bangladesh.
5.	Innovative Management of Resources for Poverty Alleviation Through Comprehensive Technology .
6.	Expansion of Training Programme on Electrical and House Wiring in 41 districts, Electronics in 55 districts and Air-conditioning and Refrigeration in 55 districts.
7.	Youth Empowerment Through Life Skill Education and Livelihood Opportunities.
8.	Strengthening of Programme Based Networking Between the Department of Youth Development and Youth Organizations.
9.	Commonwealth Youth Programme Technology Empowerment Centre on Wheel's for Disenfranchised Rural Young People of Bangladesh.
10	Innovative Management of Resources for Poverty Alleviation Through Comprehensive Technology (Phase -2).
11	Establishment of Vocational Training and Health Care Centre for Vulnerable Youth.
12	Establishment of Training and Employment Generation Centre for the Vulnerable Youth and Adolescents.

This list should suggest that the programmes are oriented towards skill development, self-employment, motivation, micro-credit, poverty alleviation, awareness on reproductive health HIV/AIDS/STDs and towards overall welfare of the youth at the same time these programmes are demand driven. During the last five years a large number of youths have been trained on different trades and a big number of them have been self-employed. For the promotion of self-employment of the skilled and trained youth government has been providing financial support in the form of soft-term loan.

The government has devised special scheme for providing training and temporary employment to otherwise unemployed youths under the National Service Programme (NSP). According to available data, a total of 83,626 youths have been trained in order to engage in temporary employment for two years and of whom 81,355 were engaged in temporary employment in the different national organizations up to June 2015.

The country's strong focus on youth development is reflected in the allocation of financial resources to the cause of youth development under the Annual Development Programme (ADP) which has amounted to a total of Taka. 2879.662 million during the last five years.

Projected targets of youth development during the next five years during the 7th FYP period:

1. Providing skill development training in different trades – 19, 25,150 youths.
2. Involving trained youth in self-employment activities – 5, 96,000 youths.
3. Disbursement of micro-credit an amount of Taka – 6000.00 million.
4. Number of beneficiaries – 1, 50,000 trained youths.
5. Establishment of divisional offices – 07.
6. Training under NSP – 75,000 persons.
7. Creation of temporary employment under NSP – 75,000 persons.
8. Establishment of Regional Youth Centres- 07.
9. Installment of biogas plants – 31,000.
10. Enhancement of Sheikh Hasina National Youth Centre as “Centre of Excellence.”
11. Construction of Juba Bhaban (Head office of DYD) -01.
12. Construction of infrastructures of Existing six Youth Training Centres- 06.

Water and sanitation

The crosscutting issues of the provision of water and sanitation have been addressed in the country under different national policies and strategies that seek to implement an overall vision of a society which would ensure good health and well-being of all citizens.

Policies, Strategies and Frameworks

The political commitment of the government to sanitation has been the major driving force for the sanitation movement in the country. This high level of government commitment has been reflected in various policy reform initiatives to improve effectiveness and efficiency of service delivery in this sector. The Policy Support Unit (PSU) of LGD with support and assistance

from DPHE and other stakeholders provides technical assistance to the government to develop several water supply and sanitation related policies, strategies and guidelines. The women, children, differently able people, indigenous communities, disadvantaged, hard-core poor people and floating population have been mainstreamed in the policy documents. The major policies and strategies guiding the sanitation movement in Bangladesh are:

- The National Strategy for Accelerated Poverty Reduction, 2005 & 2008, and the Medium Term Budgetary Framework, 2008
- National Water Management Plan, 2004
- The National Sanitation Strategy, 2005
- The Pro-Poor Strategy for Water and Sanitation, 2005
- The Sector Development Plan, 2011-25
- The 6th Five Year Plan, 2011
- The National Strategy for Water and Sanitation in Hard to Reach Areas of Bangladesh, 2012
- The National Hygiene Promotion Strategy for Water Supply and Sanitation Sector in Bangladesh, 2012.
- The National Cost Sharing Strategy for Water Supply and Sanitation in Bangladesh 2012.
- Bangladesh National Hygiene Baseline Survey 2014
- National Strategy for Water Supply and Sanitation, 2014
- Institutional and Regulatory Framework for Fecal Sludge Management (FSM) in Bangladesh (Drafting stage), 2015
- The 7th Five Year Plan (FY 2016-20)

Within such wider policy structures, water and sanitation issues have been addressed under water and sanitation specific policies and strategies like the National Policy for Safe Water Supply and Sanitation, Water Supply and sanitation Sector Development Plan, National Policy for Arsenic Mitigation, the National sanitation Strategy and the pro-poor water and sanitation and cost sharing strategies to name a few. The government stresses upon the availability of clean water as it is essential for human well-being. Access to potable water is closely linked with health, nutrition levels, labour productivity and economic growth. According to Joint Monitoring Programme for Water Supply and Sanitation (UNJMP), access to improved water sources increased from 94 per cent in 1994 to 98 per cent in 2006. However, arsenic contamination of 22 per cent of the tube wells in the country lowered the access to safe drinking water to an estimated level of 78 per cent. The Multiple Indicator Cluster Survey (MICS) 2009 (BBS/UNICEF 2010) reveals that access to improved sources of water adjusted for arsenic contamination has increased to 86 per cent and without considering arsenic contamination, it is 97.8 per cent. However, the MICS 2012-2013 found that 97.9 per cent of household members are using improved sources of drinking water; the arsenic adjusted figure is 85 per cent. The Sample Vital Registration System (SVRS) 2013 of BBS found that access to drinking water of tap and tube-well is 98.5 per cent. Table 3.14 shows the progress in the access to improved drinking water sources by the population in both rural and urban areas as recorded by the UN Millennium Development Goal Indicators, 2015:

Table 3.14: Percentage of Population Using an Improved Drinking Water Source, 1990-2015

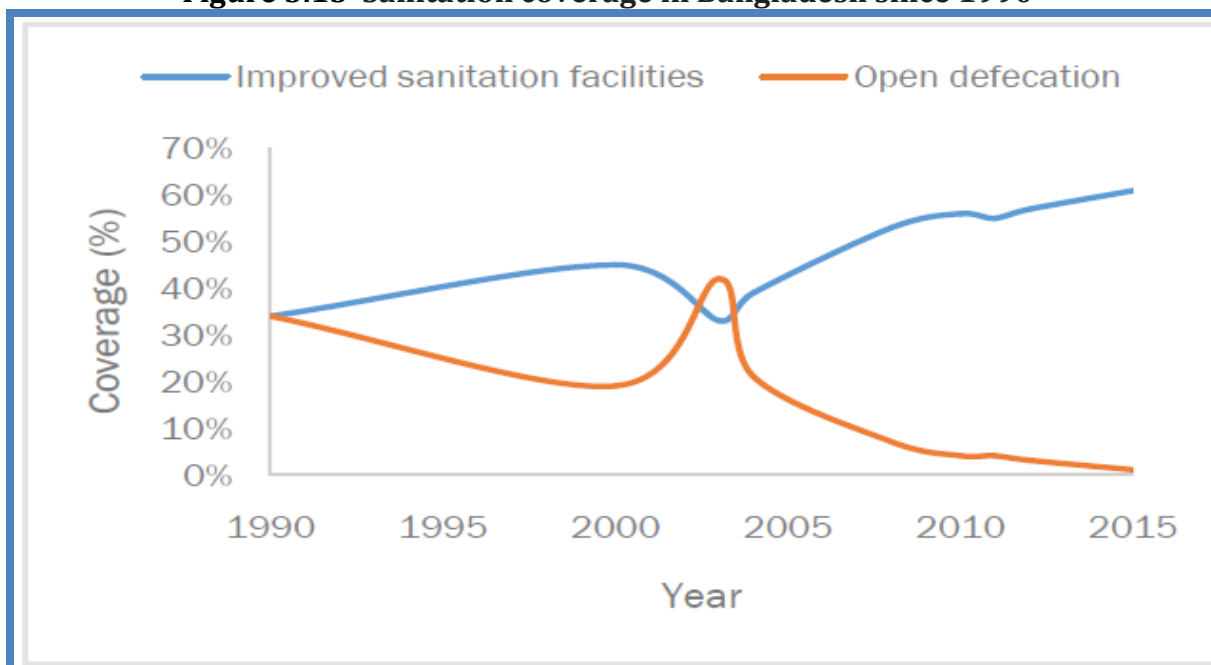
Year	Total	Urban	Rural
1990	68	81	65
1995	72	82	69
2000	76	83	74
2005	80	84	78
2010	84	85	83
2015	87	87	87

Source: UN: Millennium Development Goal Indicators, 2015.

Regarding sanitation impressive progress has been made in recent years, According to JMP, in 2015 Bangladesh has made good progress towards MDG target. Open defecation has been reduced to only 1 per cent, a milestone change from 42 per cent in 2003. Improved sanitation coverage is 61per cent, an increase of 28 per cent since 2003. Still 28 per cent people are sharing latrines and 10 per cent people are using unimproved latrines. A trend of sanitation improvement in the country since 1990 is presented in Figure 3.15 The contributing factors of such impressive result are as follows:

- Strong role of Local Government Bodies (Union Parishads, Paurashavas/Municipalities)
- Government- NGO collaboration at national, district, and sub-district levels
- Long-term assistance from development partners
- Media campaigns
- Technological innovations and creative marketing approaches
- Easy access to latrine materials and skill masons in a local market.

Figure 3.15 Sanitation coverage in Bangladesh since 1990



Source: 6th South Asian Conference on Sanitation (SACOSAN-VI), 2016, Bangladesh Country Paper.

The government has been implementing number of water and sanitation-related projects and programmes that promote supply of safe drinking water and sanitation coverage along with creating awareness among citizens. Such programmes and activities include:

- For the rural areas, Local Government Division (LGD) of Ministry of Local Government, Rural Development and Cooperatives has allocated 20 per cent of the Upazila (Sub-District) development grant for improvement of sanitation.
- For urban areas including City Corporations and Municipalities, government also earmarked 20 per cent of the development grant for improvement of sanitation.
- Task Forces/WatSan Committees with definite terms of reference have been formed in the National, City Corporations, District, Municipality, Upazila, Union and ward levels to implement the national sanitation programme.
- Local Government Division of Ministry of Local Government, Rural Development and Cooperatives have adopted a “National Sanitation strategy” to reach the target.
- Local Government Division allocated additional development grants to Municipality/Upazila Parishad/Union Parishad and awards to head of those Local Government Institutions for achieving 100 per cent sanitation under their jurisdiction. Up to September 2006, around 1,211 Union Parishads, 95 Upazila Parishads and 54 Municipalities have achieved 100 per cent sanitation coverage.
- Local Government Division of Ministry of Local Government, Rural Development and Cooperatives has adopted a policy to provide sanitary latrine sets to “Hard-Core Poor” free of cost, who will install the latrine set and construct its superstructure of their own.
- Government of Bangladesh hosted SACOSAN (South Asian Conference on Sanitation) in January, 2016 in order to (i) assess the state of Sanitation and Hygiene, sharing experience and lessons learnt in the region (ii) raise the profile of Sanitation and Hygiene in South Asia following WSSD (iii) generate political commitment through joint declaration and (iv) strengthen leadership/advocacy for improved sanitation and hygiene in South Asia.

Gender equality and empowerment of women

Bangladesh already stands out well on gender equality among comparable per capita income countries. Further progress was achieved in most dimensions during the years of the 6thFYP period i.e. 2011-15. Bangladesh continues to perform especially well in gender parity in education. Having eliminated the gender disparity in primary and secondary education, solid progress has been made in reducing the large gap between male and female students at the tertiary level. Bangladesh has also advanced well in providing the regulatory framework for protection of women’s rights and privileges. The most important step has been to ratify the National Women Development Policy (NWDP) in 2011. Its vision is to “create a society where men and women will have equal opportunities and will enjoy all fundamental rights on an equal basis”. A list of 20 goals was formulated in order to empower women in all aspect of life: socially, legally, economically and politically.

Political empowerment has been boosted through increased membership in the national parliament. In recognition of this progress, Bangladesh was ranked 10th out of 136 countries for women political empowerment according to the Gender Gap Report (GGR) of the World

Economic Forum, 2014. In the area of economic empowerment progress is ongoing in expanding labour force participation of women. With progress in education, more and more women are entering the labour force, yet the government recognises that there is still a long way to go.

Political empowerment of women has been strongly visible in the country with increased participation of women in national politics as well as in local government bodies. It should not be taken for a mere coincidence that the country has women in topmost posts including the Prime Minister, Speaker of the Parliament, Leader of the Opposition and the Deputy Leader of the House in the Parliament with a number of women ministers. In the judiciary and in the executive branch, participation of women is increasing at different levels including a good number of high judiciary and bureaucratic position.

During the last five governments of parliamentary democracy, women's participation in the Parliament was 12.7 per cent in 1991-95; and 13 per cent, 12.4 per cent, 18.6 per cent and 20.0 per cent in 1996-2000, 2001-06, 2008 and 2014 respectively. In the last Parliament, the share of reserved seats for women was increased from 45 to 50. Moreover, the current Parliament has got 20 directly elected women Parliamentarians.

The country has a dedicated ministry the Ministry of Women and Children Affairs which has developed National Women Development Policy 2011 with the intention of ensuring gender equality and facilitating women empowerment in the country. The Objectives of National Women Development Policy are as follows.

1. To establish equal rights of men and women in areas of state and public life in the light of the constitution of Bangladesh.
2. To ensure security and safety of women in all areas of state, social and family life.
3. To ensure the socio-economic, political, administrative and legal empowerment;
4. To establish human rights of women.
5. To ensure full and equal participation of women in the mainstream socio-economic development.
6. To bring up women as educated and skilled human resources.
7. To deliver the women from the curse of poverty.
8. To remove existing male-female disparities.
9. To give appropriate recognition to women's contribution in socio-economic areas.
10. To eliminate all forms of abuse of women and female children.
11. To eliminate discrimination to women and female children.
12. To establish gender equality in politics, administration, other areas of activity, socio-economic activity, education, culture, sports and in all areas of family life.
13. To innovate and import technology favoring the interest of women and prohibit anti-women technologies.
14. To ensure taking appropriate steps to ensure sound health and nutrition of the women.
15. To ensure priority of women in provision for proper shelter and housing;
16. To arrange rehabilitation of the women affected in natural calamities and armed conflicts.
17. To extend overall assistance to ensure rights of the disabled women and women belonging to the smaller ethnic groups.

The government has identified several major areas that would be given increased focus for implementing the objectives:

- Ensuring Human Rights and Fundamental Freedom of Women,
- Development of Female Child,
- Elimination of All forms of Abuse against Women,
- Armed Conflict and the Situation of Women,
- Education and Training,
- Ensuring Active Role of Women and Their Equal Rights in all the National Economic Activity,
- Poverty Elimination of Women,
- Economic Empowerment of Women,
- Employment of Women
- Making Gender Responsive Budget and Gender Disaggregated Database,
- Women and Technology,
- Food Security of Women,
- Women and Farming
- Political and Economic Empowerment of Women,
- Health and Nutrition,
- Housing and Shelter,
- Women and the Environment,
- Pre-disaster, During Disaster and Post-disaster Protection of Women and Children
- Special Programme for Small Ethnic and Backward Group and Disabled Women.

Within the broad objectives of the above the government is implementing several programmes for the empowerment of women particularly creating an enabling environment for economically that include six-month training programme on ICT to unemployed women, income generating training through Food and Livelihood Security Programme (FLS), Vulnerable Group Development Programme for ultra-poor women, training to poor women in food processing, agriculture, horticulture, mushroom cultivation.

Women in Local Government

The country has a multi-tier structurally independent Local Government system, which includes Union Parishad, Upazila Parishad, Zilla Parishad and Municipal and City Corporation. The legal provisions constituting the Union Parishad, the lowest tier allow for direct election of one chairperson and twelve members to the Union Parishad. Each member represents a single ward (constituted by several villages). In addition, three seats are reserved for women (one woman for three wards) to be elected by direct vote. In addition to the three reserved seats, women can take part in direct elections for general seats.

The Upazilla Parishad Act, 2009 has reserved one seat for women among the two elected vice chairpersons. A upazila parishad consists of a chairman, two vice-chairpersons (one of them a woman), chairmen of all union parishads under the upazila concerned, mayors of all municipalities, if there are any, and women members of the reserved seat. One-third of the total women members from reserved seats of union parishad under an upazila will be the upazila parishad members. The women members of the reserved seat of the union parishad elect them.

Similarly City Corporations and Municipal bodies known as pourasavas (small townships) have the provisions of reserved seats for women. In city corporations ten to thirty seats of councilors are reserved for women depending on the size of the city corporation. The provision of reserved seats for women would not limit rights of women's direct election to compete for the general seats in all the local bodies.

Quota for women in government jobs

An important women empowerment mechanism is the reservation and quota for women in government job which has the provision of reserving ten per cent of gazetted (Upper grade) posts and fifteen per cent of non-gazetted posts in all government offices and agencies. This provision ensures and promotes wider social, economic as well as political empowerment of women.

Another targeted initiative of the government the Enabling Environment for Child Right (EECR) project is providing supports to street children to protect them from hazardous work, child marriage and dropping out from school. 15000 adolescent boys and girls (age 14-18) are being provided with taka 15,000/- as cash grant for income generating activities.

School Enrolment

Bangladesh has achieved MDG target 3A for gender parity in primary and secondary education at the national level. In 2014, enrolment ratio of girl children in primary schools reached 50.7 per cent. In 2015 girl's enrolment rate reached to 53.6 per cent at secondary level. This has contributed to achieving the objectives of ensuring gender equality and empowerment of women. Number of female teachers has been increased substantially due to adoption of a policy of appointing 60 per cent female teachers in primary schools.

Success Story: Women Empowerment

"Joyeeta": Victory of Women: Promoting women entrepreneurship

Sitting among the red hot chilli pepper, yellow turmeric and brown cumin, Selina Akhter looks like the mistress of the spices. Living in the outskirts of Rajbari, Selina and her team produce different spices, puffed or dried rice (muri, chira, khoi), pickles, ghee and many more ingredients that are crucial to good cooking. If you want to enjoy this service, you can consider paying a visit to *Joyeeta*. "We run a small women's organisation called *Antaranga Mohila Samity* where we use to produce different agri-commodities and supply these to various vendors around the country", says Selina while packing some turmeric and chilli powder for her customers. "At last we have a platform through *Joyeeta* where we can sell our products directly, not through any intermediary."



Like Selina, Shima Akhter from Manikganj also holds her own corner at Joyeeta offering different handmade and hygienic food and spices for the customers. "We work with a small organisation called *Esho Kicchu Kori Mohila Shomity* where we produce most of these food items and spices back in Manikganj. Some items which we cannot produce for example, brown sugar, we collect it and keep it in our store so that our customers can get a one stop solution in Joyeeta. A marketing Centre named "*Joyeeta*" has been set up under Women Entrepreneurship Development Endeavour Programme of Department of Women Affairs (DWA) and 18 thousand grass root level women entrepreneurs of 180 women associations would receive support to market their products. Joyeeta not only provides its members a space to exhibit their products, it also provides them training to improve their designing skills to increase the aesthetic appeal of their products leading to an opportunity for sustainable rural women employment. Joyeeta's tagline is 'Bangladesh under one roof'. It is a venture where products made by creative women from across the country are displayed and sold under the supervision of the Department of Women Affairs of Ministry of Women and Children's Affairs.

Other Initiatives undertaken for women empowerment and advancement

- A National Plan of Action 2013 has been formulated to implement National Women Development Policy 2011.
- Maternity Allowance has been increased from 4 months to 6 months with full benefit.
- Inclusion of mother's name along with father's name has been introduced in all administrative process.
- An amendment of the citizenship act of 2009, the National Parliament of Bangladesh re-introduced the law to empower mothers to provide the citizenship rights over her children.
- For ensuring the participation of women in various programmes, the Gender Responsive Budget has been formulated in 2009-2010 fiscal year. .
- The government has undertaken several projects for ensuring women's access to land. The government has been implementing "One House One Farm" to turn each rural household into a centre of economic activities where both of the couple have equal standing in the activities.
- All banks and financial institutions have been encouraged to finance women owned enterprises at 10 per cent interest rate and to allow collateral free loans up to Tk. 2.5 million.
- A dedicated Women Entrepreneurs Desk has been established in Bangladesh Bank and all the banks and financial institutions have been advised to establish Women's Desk at head office and at branch levels.
- For promoting the women employment, efforts are being made to improve the working environment of readymade garments and other offices, providing day care facilities for the children of the working women.
- Social Safety-Net Programmes like old age allowance, vulnerable group development allowance, maternity allowance, lactating mother allowance have been introduced.
- One-Stop-Crisis Centers (OCC) have been established at the Major Medical College Hospitals. OCC provides health services, police assistance, legal assistance, DNA test, psychosocial counseling and shelter to the victims of violence against women and children.
- At the Divisional level, Violence against Women Cells and temporary shelter for women and children victims of violence have been established under the Department of Women Affairs.

"Tottho Apa" (Info Sister): Empowering women with information

"Tottho (Info) Apa" is an innovative project of the Jatiyo Mahila Sangstha (National Women's Organisation) aimed at empowering women through ICT to promote the participation of the women in the wider premises of the digital Bangladesh. The project promotes and ensures easy access of women to vital and essential information and knowledge of health, agriculture, legal aid, education, job, negative impact on child marriage, violence against women etc through the call centres.

Social Protection

The government is constitutionally obliged and committed to provide all citizens with equal opportunity and meaningful social inclusion and understands that to meet this commitment a long-term and continued effort is critical requirement. This commitment is reflected in the Perspective Plan of Bangladesh 2010-2021 which envisaged Bangladesh to be a middle income country by 2021, where poverty will be drastically reduced, citizens will be able to meet every basic need and development will be on fast track. With accelerated rate of economic growth Bangladesh is justifiably proud of its progress in reducing poverty through social protection and the social inclusion of marginal people in its development effort. The social protection programmes provide income transfers and other benefits to the poor and vulnerable population with a view to helping them climb out of the poverty trap. On the other hand, there is large group of population who face various forms of social discrimination (women, socially excluded population) or require special protection against exploitation (children). Bangladesh has developed a whole host of laws, regulations and policies to empower the women and to support the socially vulnerable and marginal population with a view to preventing discriminatory practices from hurting these groups and also to provide affirmative actions to enable these groups to participate fully in the development process.

Taking into consideration the attainment of the targets of MDGs linked with poverty alleviation, an amount of Taka 2,66,540.10 million was allocated against social protection and social empowerment programmes which is 12.33 per cent of the budget and 2.26 per cent of GDP. Under social safety-net programme a total of Taka 9, 6662.50 million has been made as cash transfer. Of this Tk. 9801.0 million was allocated as old age allowance, Taka 3643.20 million for the destitute women, Taka 7200 million for freedom fighters honorarium. Besides, an allocation of Tk. 200 million was made to the Bangladesh Climate Change Trust Fund and Tk. 2350 million for national service. Social protection schemes by the government have contributed substantially in reducing inequality along with the increased economic growth.

Apart from this, the government took the following steps:

- Increased rate and coverage of allowances for the poor elderly citizens, destitute women, insolvent freedom fighters, physically handicapped persons and orphans.
- Increased flow of fund to Palli Karma Shahayok Foundation (PKSF), Social Development Foundation (SDF). During FY 2013-14, an allocation for micro credit programmes to PKSF and SDF was Tk. 450 million and Tk.3000 million respectively.
- Expediting disbursement from the micro-credit funds of Rural Development Board, Directorate of Youth Development, Directorate of Social Services, Directorate of Women Affairs, Directorate of Fisheries, and Directorate of Livestock and BSCIC.

The safety net programme is divided into three broad categories namely Cash Transfer, Food Assistance Incentives, and Poverty Alleviation. Micro credit is an important channel of social safety net programmes that has been contributing significantly in poverty alleviation. Different categories and programmes under these are given below:

Categories of safety net programmes		
Cash Transfer	Food Assistance Initiatives	Poverty Alleviation
Allowance for the Physically Challenged	Open Market Sale (OMS)	Employment Generation Programme for the Ultra-Poor
Insolvent Citizens	Food for Works Programme	
Allowance for Widow	Vulnerable Group Development (VGD)	Economic Empowerment of the poorest
Deserted and Destitute Women	Vulnerable Group Feeding (VGF)	Comprehensive Village Development Programme
Honorarium Programme for Freedom Fighters	Rural Infrastructure Maintenance Programme	

The allocation pattern of the different categories of social safety net programmes is shown in Figure 3.25. There had been an increasing trend in disbursement of budgetary allocation in cash transfer, food security and other safety net programmes.

National Social Security Strategy (NSSS)

The government has formulated a comprehensive National Social Security Strategy (NSSS). The NSSS will help lower income inequality and contribute to higher growth by strengthening human development by broadening the scope and coverage and by improving programme design.

The NSSS will strengthen the transformation towards a lifecycle system by consolidating programmes in a small number of priority schemes. The five core life cycle programmes suggested by NSSS are: Programmes for Children, Programmes for the Working Age, Comprehensive Pension System for Elderly, Programmes for People with Disabilities and Preserving the Value of Transfers. These programmes will be available to those poor and vulnerable people who meet the other requirements of each specific programme.

Important goals of the NSSS include reform in the national Social Security System by ensuring more efficient and effective use of resources, strengthened delivery systems and achieving progress towards a more inclusive form of Social Security that effectively tackles lifecycle risks, prioritising the poorest and most vulnerable members of society.

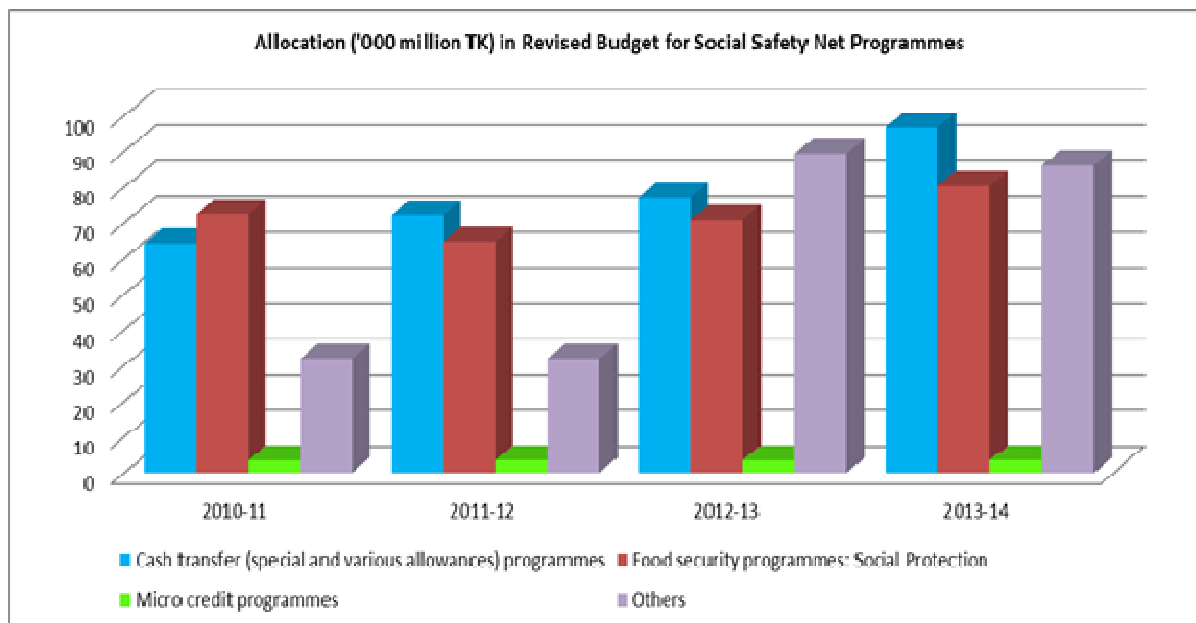
The NSSS aims at bringing a total of 35.7 million poor and vulnerable people in the various forms of social security schemes who will be benefited from the various lifecycle based programmes in FY17-18 when the NSSS is fully implemented. This number will be 22 per cent of the FY17-18 population.

Micro-credit Programmes of NGOs

In tandem with different kinds of social programmes of different ministries of the government, NGOs are also implementing microcredit programmes to strengthen the efforts of poverty reduction in the country. In order to bring coherence and co-ordination into micro-

credit operations of NGOs, a Micro Credit Regulatory Authority Act came into force in 2006 and a Microcredit Regulatory Authority (MRA) was established. MRA is mandated to monitor and regulate the activities of all the organisations. As per the new law, new NGOs need to register with MRA to run the micro-credit programme. Up to June 2012, MRA certified as many as 535 NGOs for carrying out microcredit operations. The activities of NGOs in areas of poverty alleviation have created huge job opportunities for the poor of this country through their microcredit programmes.

Figure: 3.25: Allocation in different categories of social safety net programmes

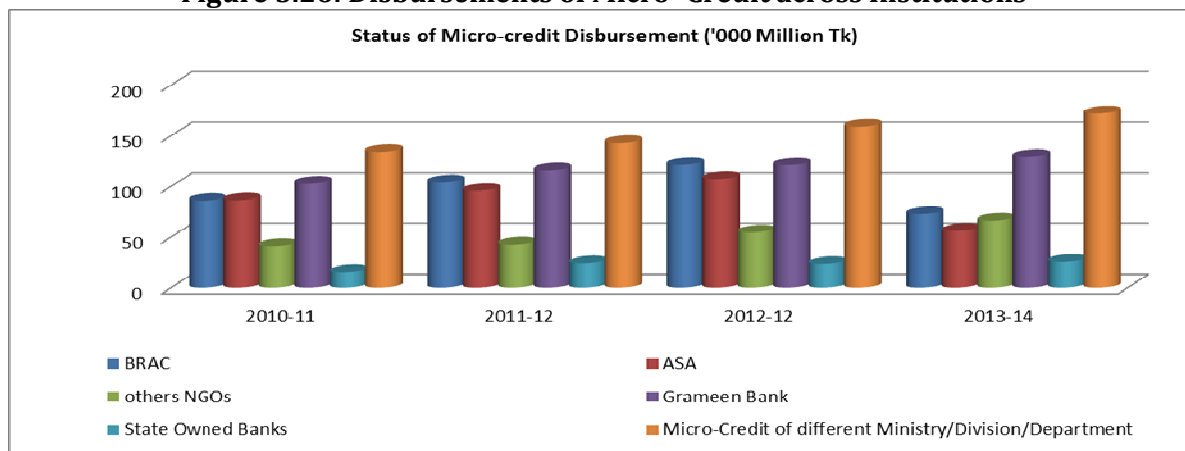


Source: Bangladesh Economic Review, 2015, Ministry of Finance.

Micro Credit Programmes of Administrative Ministries/Divisions

The government has been allocating funds to implement micro-credit programmes for poverty alleviation by different administrative Ministries/Divisions/Departments. In order to sustain the micro-credit programmes for poverty reduction, the government emphasizes on developing small entrepreneurs. The Finance Division in cooperation with the other ministries is working together in this direction.

Figure 3.26: Disbursements of Micro- Credit across Institutions



Source: Bangladesh Economic Review, 2015, Ministry of Finance

g. Multiple crises and other emerging challenges

Bangladesh is progressing amid challenges and crises of varied nature. Due to its geographical location the country is considered as most 'vulnerable countries' in the World. The typical natural disasters include flood, cyclone, tidal surge, landslides, droughts, and river-erosion and so on. People of rural community are often forced to migrate in urban areas in search of employment and shelter which ultimately adds a new dimension of challenge for the country with the increasing number of slum dwellers and floating population. Similarly, the county also occasionally suffers a set-back situation resulting from various external shocks and global phenomenon.

Despite its extremely hazardous location, increase in disasters resulting from extreme weather events and an average loss of 1.8 per cent GDP to disasters annually, the country has been able to stand with resilience through a paradigm shift from disaster response to risk reduction, readiness for disaster preparedness with a legal and institutional framework in place, adoption of early warning technologies and dissemination system. The government has strongly focused on the sustainable development strategy and action plan in two consecutive Five-Year plans, 6th FYP and 7th FYP where disaster and climate risks are considered as a vital threat as well as key challenges. During reporting period some progress have been made under the Disaster Management interventions on Policy Formulation and increasing awareness. These are: (i) Formation of Disaster Management Framework, (ii) capacity building, professionalization and strengthening knowledge-base on disaster management (iii) enactment of Disaster Management Act (iv) mainstreaming of Disaster Risk Reduction (DRR) and Climate Change Adaptation (CCA).

To mitigate or reduce the disaster risk, as a part of the preventive measure in the long run, the government has taken comprehensive actions which are as follows:

- Revision of Development Project Proforma (DPP) project for ensuring adequate consideration of resilience nexus related to Disaster Risk Reduction (DRR) and Climate Change Adaptation (CCA) of each development project
- Implementation of small scale disaster mitigation and climate change adaptation activities through CDMP II project undertaken by Ministry of Disaster Management with a view to realizing the impending hazards and vulnerability with large number of people exposed to variety of disasters especially in rural areas
- Ensuring access to safe drinking water of 500,00 people in the saline intrusion post-Aila cyclone area.
- Excavation of total 54.416 km length canals since 2010.
- Better sanitation for 30,000 families through the construction of 5693 hygienic toilets
- Establishment of early-warning and disaster information network with Disaster Management Information Centers
- Inter-active Voice response (IVR) and the bulk short messaging system (SMS) for weather advisory and early warning.

- Five-day lead time flood forecast for 88 million people in all four river basins (Brahmaputra, Ganges, Meghna and South Eastern Hill Basin) allowing people to save major part of their movable assets.
- Providing life-jackets and solar lanterns to fishermen in coastal districts and 1200 radio sets to 14 community radio stations to disseminate early warning signals.
- Initiating a project to construct 200 multipurpose cyclone shelters in 78 upazilas of 14 coastal districts
- Observe National Disaster and International Disaster Reduction Day each year as a part of the awareness campaign.

Bangladesh in the context of Global Climate Change

Though historically Bangladesh is disaster-prone for its geographical location, the magnitude of disaster has been far more aggravated recently because of the changing climate pattern resulting from global warming. There is no denying of the fact that the current trend of climate change has been largely due to inordinate dependence on the carbon-based economic system in developed and fast growing economies. Bangladesh stands at the forefront of the most climate vulnerable countries while its contribution to the global emission is what may call very negligible.

Realizing the adverse impact of this global phenomenon on the lives of millions of people in the country as well as on the country as a whole, the government of Bangladesh has been taking all out efforts to combat the challenges. Bangladesh has been one of the most proactive least developed countries to take the issue of climate change seriously and has shown success in developing national level scientific expertise and government level actions on the environmental sustainability issues. The knowledge capacity in the country, compared to many other LDCs is relatively high and policies and institutions are taking shape. The 6thFYP has continued to push ahead climate agenda with its policies and programmes. The important measures taken up by the government for tackling climate change are as follows:

National Adaptation Programme of Action (NAPA): In 2005, Bangladesh adopted the NAPA which was intended to identify areas of immediate priority response to the adverse impacts of climate change. The NAPA identified 15 priority activities, including general awareness raising, capacity building, and project implementation in vulnerable regions, with special focus on agriculture and water resources. The NAPA was further updated in 2009 and identified 45 adaptation measures with 18 immediate and medium terms once. The NAPA considered only urgent and immediate priorities for adaptation and was not a comprehensive plan. In 2009, NAPA was followed by the Bangladesh Climate Change Strategy and Action Plan (BCCSAP). This core document provides strategic direction on climate change.

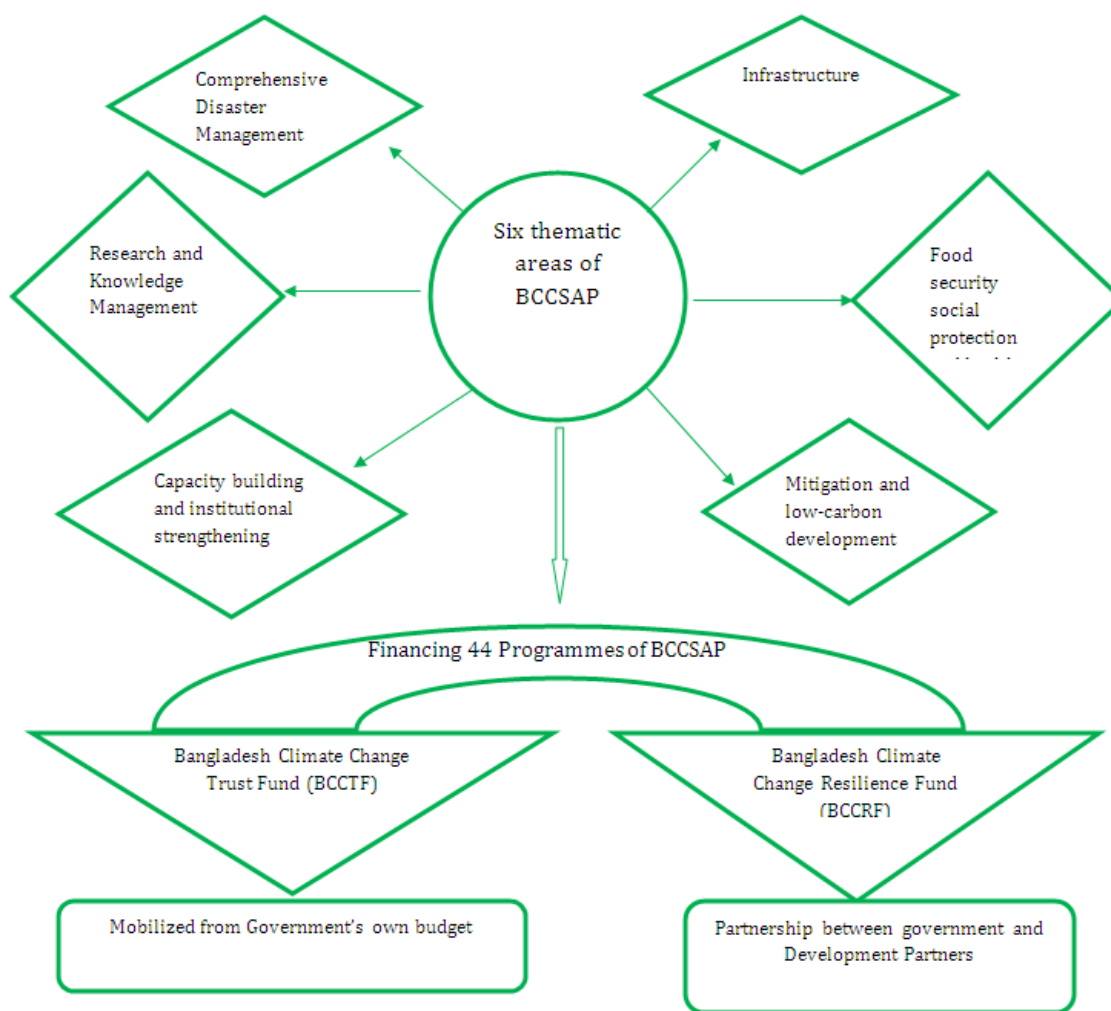
Roadmap for National Adaptation Plan: Bangladesh has already prepared a Roadmap towards formulating comprehensive National Adaptation Plan with a view to reducing vulnerability to the impacts of climate change by building adaptive capacity and resilience. The NAP will also facilitate the integration of climate change adaptation into relevant new and existing policies, programmes and activities in a coherent manner, in particular development

planning process and strategies within all relevant sectors and at different levels, as appropriate.

Climate Fund: In order to implement 44 programmes identified under BCCSAP 2009, Bangladesh established two innovative funds. The first of this fund was launched six years ago when the government set up the Bangladesh Climate Change Trust Fund (BCCTF) from the government’s own budget. Since 2009-10, up to the 2014-15 fiscal year, a total of Tk. 30000 million has been allocated to BCCTF. As of July 2015, 360 projects have been undertaken with an estimated cost of Tk. 23197.60 million. 297 projects are being implemented by government, semi-government and autonomous agencies while 63 projects are being implemented by NGOs.

Bangladesh Climate Change Strategy and Action Plan (BCCSAP) 2009: Reflecting its strong commitment to the United Nations Framework Convention on Climate Change (UNFCCC), the government attaches highest importance to the necessity of enhancing national capacity to cope with the risks induced by climate change. To this end, the government has prepared Bangladesh Climate Change Strategy and Action Plan (BCCSAP) in 2009. This Action Plan is a living document having 10 year time-frame and built on six thematic areas.

Figure: 3.27: Thematic areas and financing of BCCSAP



Bangladesh Climate Change Resilience Fund (BCCRF) is a partnership between the government and development partners. The fund is constituted from the contribution of development partner and international community to fund climate change related activities. Bangladesh launched its first Climate Change Strategy and Action Plan (BCCSAP) at the UK-Bangladesh Climate change conference in London, in September 2008 and updated this in 2009. In the wake of London Conference, an internationally sponsored Trust Fund for climate change was proposed as a modality for the development partners to support Bangladesh in implementing BCCSAP. Thus with contribution from bilateral development partners and following the signing of a Memorandum of Understanding (MoU), BCCRF was established in May, 2010. BCCRF is owned and managed by the government of Bangladesh. The Governing Council, comprising a core group of cabinet ministers and representatives of civil society organizations and development partners, provides overall strategic guidance.

Afforestation and preservation of Bio-diversity: The government has placed special emphasis on afforestation and preservation of bio-diversity to mitigate the adverse impact of climate change and create a liveable environment. Thirty four forests have been declared as reserve forests to preserve bio-diversity. To protect ecological balance, plans have been taken to carry out extensive afforestation in degraded forest, marginal and private land. The concept of social afforestation is being used as a tool to protect bio-diversity and reduce poverty.

Projects implemented under the BCCSAP

- Construction of 6.4 kilometres of coastal sea dyke, 352.12 kilometres of embankments, 65 water control infrastructures including regulators and sluice gates
- Erection of 7218 cyclone resilient houses
- Completion of 156.792 kilometres of river bank protective work
- Excavation of 872.186 kilometres of canals.
- Construction of 40.471 kilometres of drainage in the urban areas to reduce water logging.
- Installation 2849 deep tube wells, 30 pond-sand-filters (PSF) and 50 water treatment plants
- Establishment of 1050 water sources and 550 rain water reservoirs Agro-met stations for early weather forecasting in 4 Upazillas
- Plantation of 144.20 million trees and afforestation of 4971 hectares of forest land
- Installation of 7800 biogas plants, distribution of 528000 improved cook-stoves and installation of 17145 solar home systems in the remote off-grid areas.
- Development of Stress tolerant crop varieties like BINA Rice-7, BINA Ground Nut-1, 2 as well as BRRI Rice-40, 41, 47
- Production and distribution of 111000 metric tons of stress tolerant seeds
- 12000 floating vegetables bed in 210 villages are going to be established and 50 per cent have already been done.

Eco-Tourism: A number of steps have been taken to expand eco-tourism industry. Bangabandhu Sheikh Mujib Safari park with international standard facilities at Gazipur and Sheikh Russel Aviary and Eco-park in Chittagong have already been opened for visitors. Another site has been chosen to establish an eco-park in Sylhet which will soon be opened.

Encouraging Environment-friendly Activities: Bangladesh Bank, the central bank of the country, has created a refinancing scheme to finance environment friendly products and sectors like solar energy, biogas plant, and affluent treatment plant, among others. Initiatives have been taken to shift terribly polluting tanneries located at Hazaribag in the capital and other tanneries operating in the country to an environment friendly place to prevent and reduce environmental pollution. This shift will be completed within the next fiscal year. In order to reduce health hazards of mother and child and to save energy, around 2 million smoke-free improved cooking stoves (ICS) have been installed in households across the country. There is a plan to install around 30 million environment friendly stoves by 2030.

Jute Products for Environmental Protection: In order to protect erosion of river banks, roads and highways, a field trial of environment friendly jute geo-textile has been completed following its invention. Water Development Board (WDB), Roads and Highways Department, Local Government Engineering Development (LGED) and other departments will use this product extensively which will help protect environmental damage and at the same time, rejuvenate jute industry.

Constitutional Provision: An amendment was made in the Constitution of Bangladesh in 2011 to include a constitutional directive to the government to protect the environment and natural resources for current and future generations.

Regulating the Ship-breaking Industry: In a major initiative to protect environment, human health and livelihoods, legislation is being enacted to step up regulation of the coastal polluting from the ship-breaking industry that employs a huge workforce in hazardous conditions.

Mitigation Initiatives of the Government

As mentioned above, Bangladesh is considered one of the most climate-vulnerable countries in the world while its contribution to global warming is negligible. Per capita per year Green House Emission (GHG) emission of the country is less than 0.3 ton. Despite its resource constrain and other development priorities, Bangladesh has pro-actively been participating in global mitigation efforts as a sensible partner of the global community. Bangladesh is committed to maintain a low-emission climate resilient development path. In order to reduce emissions from biomass burning, about 1.5 million Improve Cook Stoves (ICS, Bondhu Chula) have already been distributed to rural households. Bangladesh is also formulating a Nationally Appropriate Mitigation Action (NAMA) in steel sector.

Bangladesh has joined with government of Japan in the carbon offset scheme known as Bilateral Offset Credit Mechanism (BOCM). The BOCM secretariat in Bangladesh is housed in the Department of Environment under Ministry of Environment and Forests.

Bangladesh is the founder member of the Climate and Clean Air Coalition (CCAC) which works for the reduction of Short-lived Climate Pollutants (SLCP). Department of Environment (DoE) is also planning to take two more projects that include 'Reduction of Methane Emission from Paddy Rice under CCAC Agriculture Initiative' and 'Global Strategy for Emission Reduction

from Ports and Marine Vessels and Clean Fuel and Vehicle Standards under CCAC initiative on Black carbon Emissions Reduction from Heavy Duty Vehicle and Engines’.

The government of Bangladesh is working in close cooperation with Green Climate Fund (GCF) Secretariat for mobilizing finance for climate action. Experience in this regard reveals, harnessing the climate finance that are available internationally is a big challenge due to the stringent eligibility criteria which requires a transparent legal and policy framework , and good track record overall .

h. Mobilising financial resources for development and capacity building

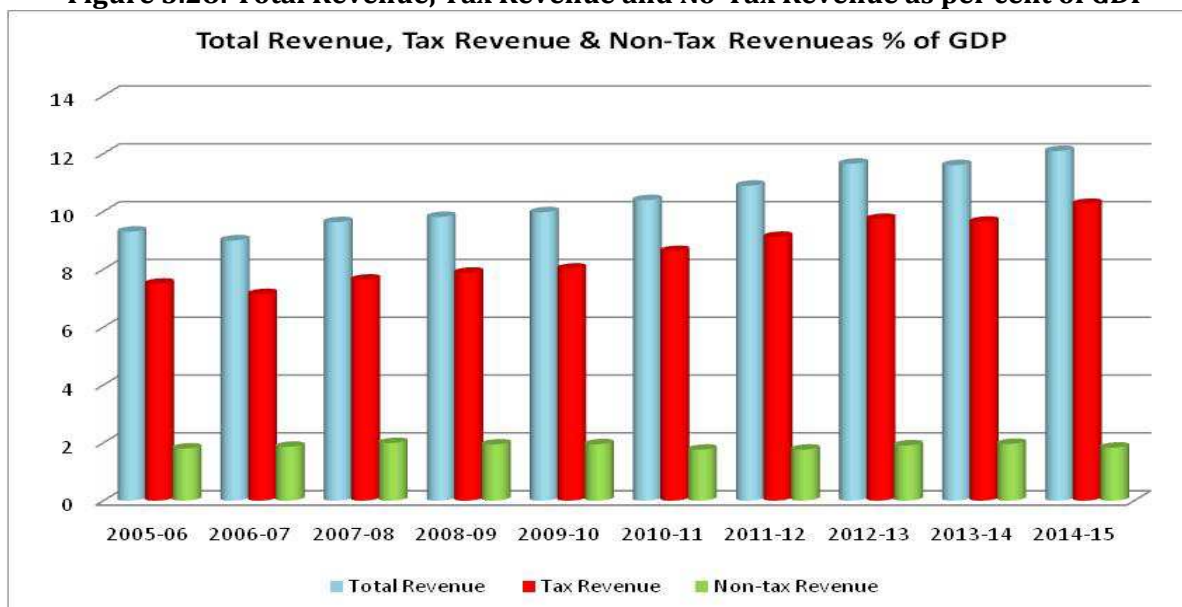
Domestic Resource Mobilisation

The government has been fostering and pursuing a well balanced policy for domestic resource mobilisation and views this as a critical undertaking for the government and very important financing tool for meeting the spending priorities. The government since years has been prioritizing domestic resource mobilisation as such policy option helps creating congenial environment for achieving faster economic growth and maintaining macroeconomic stability of the country. Currently, the government is implementing wide ranging reforms to streamline both revenue and expenditure management. These reforms have a direct bearing on creation of employment opportunities, increasing productivity and poverty reduction.

Government Revenues

Tax revenue is the principal source of government revenue. The rest of the revenue comes from non-tax sources like fees, charges, tolls etc. The trend of revenue mobilisation and the tax/revenue-GDP ratio for the period from FY2005-06 to FY2014-15 is presented in Figure 3.28. Share of total revenue in GDP increased from 9.3 per cent in 2005-06 to 12.1 per cent in 2014-15. (10.79 per cent of GDP of 2005-06 base year).

Figure 3.28: Total Revenue, Tax Revenue and No-Tax Revenue as per cent of GDP



Source: Bangladesh Economic Review, 2015, Ministry of Finance

Revenue management, formulation of tax policy and its execution responsibilities are performed by the National Board of Revenue (NBR) of the MoF. The government has taken a number of initiatives in FY 2014-15 for enhancing collection of direct and indirect taxes in line with the reforms done in the previous years with a view to achieving the social and economic goal at a faster pace. The government's tax reforms programmes are part of the wider policy of domestic resource mobilization. Recent reforms are stated below.

Tax Reform Programmes Completed During the 6th FYP (2011-15)

Tax Policy Reforms:

- Enactment of VAT and Supplementary Duty Act 2012
- Incorporating transfer pricing in the Income Tax Ordinance, 1984
- Incorporating Alternative Dispute Resolution (ADR) in Income Tax, VAT and Custom Acts Drafting of a new Direct Tax Code
- Drafting of a new Customs Act

Tax Administration Reforms: Income Tax

- Establishing 13 new Income Tax Zones, 2 Tax Appeal Zones and 85 Circle Offices
- Automation of TIN registration and linking TIN with National ID
- Tax calculator installed on the NBR website (www.nbr-bd.org)
- Payment of taxes using the Q-Cash network under the platform of e-payment of NBR
- Establishing taxpayer information and service centres at all divisions.
- Providing enhanced taxpayer services through spot assessment, income tax fair etc.
- E-filing of income tax returns on a pilot basis (LTU)
- Introducing incentive based taxation system through tax cards, certificates etc. for tax compliance Strengthening the Central Intelligence Cell (CIC) for combating tax evasion
-

Tax Administration Reforms: VAT and Custom

- Establishing 4 new VAT Commissionerates and 3 VAT Appeal Commissionerates,
- Setting up of 1 new Custom House (ICD), merger of Import and Export Wings of Chittagong Custom House, setting up of a full-blown Bond Commissionerate at Chittagong
- Installing ASYCUDA World System in all Custom Houses and 4 Land Custom Stations
- Online connectivity between the customs database and Bangladesh Bank database for combating money laundering.
- Developing customs database
- E-filing of VAT returns on a pilot basis at Large Taxpayers Units (LTUs)

Future Tax Reform Agenda:

The government has identified the need for NBR tax reform agenda which would be required for attaining the Tax Targets of 7thFYP. In response to such needs the government has chalked out a reform menu as follows:

Tax Policy Reforms

- Effective Implementation of VAT and Supplementary Duty Act 2012
- Incorporating transfer pricing in the Income Tax Ordinance, 1984
- Incorporating Alternative Dispute Resolution (ADR) in Income Tax, VAT and Custom Acts
- Drafting of a new Direct Tax Code
- Drafting of a new Customs Act

Tax Administration Reforms: Income Tax

- **Broadening of the taxpayers' base-** This will require monitoring of the ownership of all sizable physical and financial assets of taxpayers and determining the income generation out of those assets.
- **Broadening of the tax revenue sources-** Traditionally there has been an excess dependency on taxing financial institutions and a few large non-financial corporations. The tax department should explore other smaller organizations in the formal sector as well various corporations.

Focusing on income from service providers and self-employed (who are difficult to tax)

- **Treating all sources of income equally for the tax purpose without discrimination for the households-**This would imply taxation of capital gains from land, real estate/housing, and stock market. Wealth accumulation in Bangladesh is primarily happening through accumulation of urban land and real estate, untaxed/low tax income of the rapidly growing RMG sector, and relatively low tax incidence on income through financial instruments. This must change.
- **Automation of TIN registration and linking TIN with National I.D.**
- **Integrated Revenue Management Programme: Business Process-** An integrated revenue management programme seeks to connect the three departments at transactional level by linking the taxpayer identification numbers i.e. TIN and BIN in the database. The methodology for setting up such an integrated system is to first centralize the database and transaction processing of the three departments at one location and then to build an information system that can mine data in the three databases and thereafter process the same for exception reports. The integrated revenue management programme will enable the desired flow of information and consequent synergy among the three tax wings of the NBR.
- **Integrated Revenue Management Programme: Digitalization Programme -**This programme will seek to set up a country-wide integrated ICT platform to capture all tax payment information from tax returns, banks, Tax Deduction at Source (TDS) deductors, third party collection agencies etc. The integrated revenue management system will also receive third party returns i.e. TDS returns, Annual Information Returns (AIR) etc. and generate MIS reports, exception reports etc. Under this programme, a Central Processing Centre is to be set up for processing all Income-tax and VAT returns, whether e-filed or paper filed at one integrated processing centre.

- **E-Filing of income tax returns:** Aggressive imposition and expansion of withholding taxes, particularly on individual taxes which could potentially improve tax compliance, expand the income tax base and address administrative issues pertaining to tax collection efforts through increased transparency and efficiency.
- **Strategic Communication and Taxpayer Outreach, Education and Assistance:** Bangladesh has a very narrow tax base and a very small percentage of the population bears the burden of taxation. Most of the direct tax revenues come from tax deduction at source (TDS) whereas a large percentage should be coming from corporate tax as well as from businesses and professions through advance tax (PAYE). The logical inference is gross under reporting or non-reporting from various eligible categories. The taxpayer education programme will make available a menu of offerings through remote outlets like websites, internet etc. as well as through customers facing one to one or group interface with the NBR Customer Service Wing.

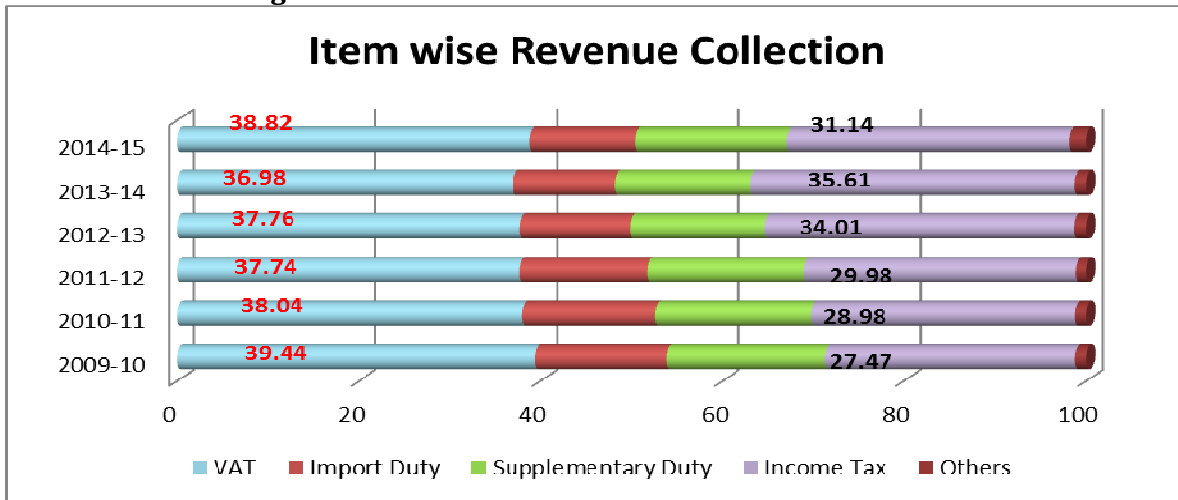
Tax Administration Reforms: VAT and Custom

- Implementation of the new VAT Act.
- Expanding VAT base especially on businesses and organization.
- Incentivizing VAT payment with benefits for small businesses to bring them into the VAT coverage as well as promoting increased formalization of businesses currently operating in the informal sector.
- Reform of the VAT administration along functional lines
- Automation of the whole tax administration through Central Data base including Central VAT Registration; electronic submission and return processing.
- Comprehensive taxpayers' education and information campaign about the new VAT law and Rules

Revenue Mobilisation Programmes

Analysis of revenue collection for FY2013-14 by categories shows that income tax generates most revenues as a single category, although the bulk collection of VAT (import and local) registered highest amount. Import duty and VAT are traditionally predominant in the overall revenue collection; there is a clear directional shift in the last couple of years. Achievement of primary targets of revenue collection in FY 2013-14 faced challenges in the backdrop of global economic slowdown due to the impact of Euro areas sovereign debt crisis. Although, revenue collection fell short of its target, it was 10.41 per cent higher than the collection of FY 2012-13. Item-wise tax collection from FY 2009-10 to FY 2014-15 is presented in Figure 3.29.

Figure 3.29: Item wise Revenue Collection over time



Source: Bangladesh Economic Review, 2015, Ministry of Finance.

The Figure also shows that income tax and VAT play a vital role in revenue generation of Bangladesh. The contribution of income tax is increasing gradually which stood at 35.61 per cent in FY2013-14 from 27.47 per cent of FY2009-10. But the shares of all other categories are decreasing. Despite gradual increase in contribution of direct tax, more than around 64 per cent of tax revenue is mobilized from indirect sources.

The government has adopted following strategies and policies to ensure smooth flow of imports and exports to and from the country and to promote our bilateral and multilateral relations:

1. Modernization of documentary processes related to imports and exports through implementing ASUCUDA World Software.
2. Initiative taken for implementing Single Window System through which importers and exporters will have the opportunity of having related all services from a single service station.
3. Initiative for enacting a new Customs Act aimed at making laws easier and accessible to the importers and exporters.
4. NBR is promoting bilateral and multilateral relations of Bangladesh with other countries in areas of trade, commerce and customs relations through contributing to related treaties, agreements and negotiations. Particularly NBR is holding Joint Group of Customs meeting with the neighboring countries like India, Nepal and Bhutan to address the complications related to movement of goods and passengers across the borders.
5. NBR is contributing significantly to BBIN (Bangladesh, Bhutan, India and Nepal) Motor Vehicle Agreement (MVA) to make it operational from Customs Perspectives.

To help to make Vision 2021 a reality, new NBR, under modern management framework, is committed to fulfill the responsibilities it entrusted with. NBR is following 5Ps (Political Guidance, People, Planning, Performance and Partnership) to achieve its target for the fiscal year 2015-16.

Official Development Assistance (ODA)

Despite the fact that Bangladesh has already reached to per capita income level of a lower middle income country, it requires more resources to graduate as an upper middle income country and to come out from the poverty trap. Though a considerable progress has been made in mobilizing domestic resources, Bangladesh has been still carrying on a financing gap around 5 per cent of the GDP and ODA has continued to be one of major sources of bridging the gap. The share of ODA has been roaming around 35 per cent of the country's development budget since years. Bangladesh has been following prudent borrowing policy of exploring mainly concessional medium and long term loans since independence. As a result, Bangladesh has been able to maintain a comfort zone of debt sustainability till date.

Enhancing quantity and quality of ODA and addressing debt problems of least developed countries are major policies undertaken in the Istanbul Programme of Action (IPoA). Main actions suggested in the IPoA for achieving goals and targets on ODA are:

Action by least developed countries

- i. Integrate and align ODA within their national plans and priorities;
- ii. Use aid to achieve the overall development goals;
- iii. Build synergies among all forms of financing for development;
- iv. Enhance aid transparency and combat corruption by making information on aid quantities, sources and uses publicly available.

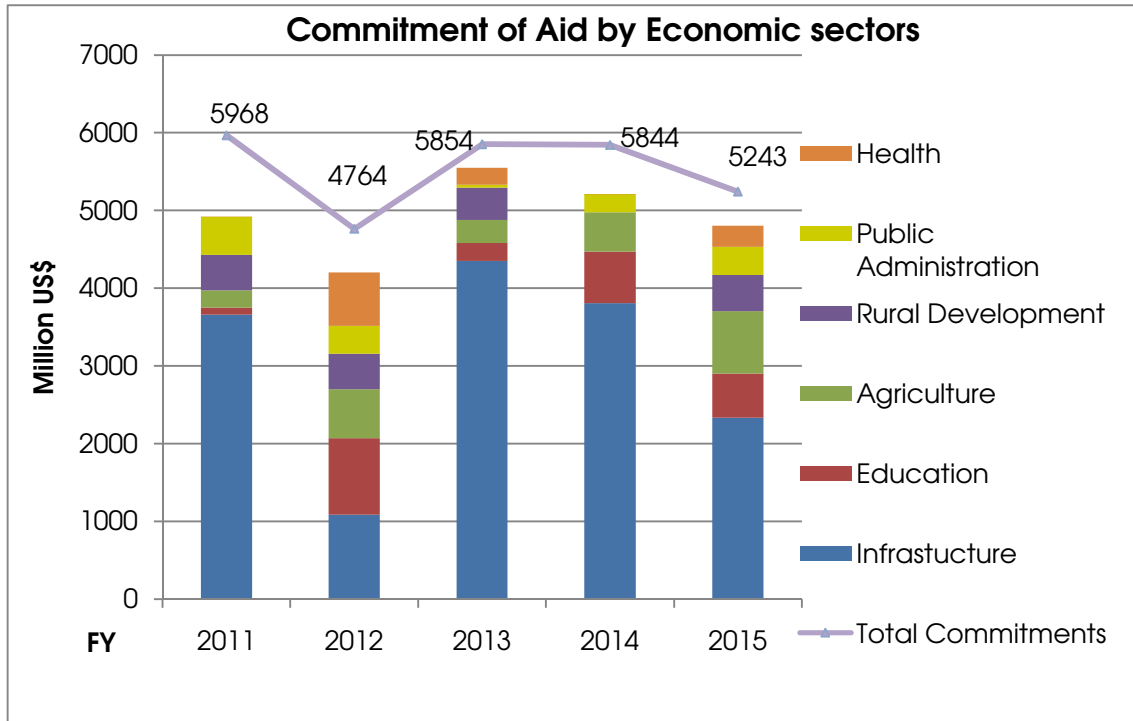
Action by development partners

- i. Exercise individual best efforts to increase ODA to least developed countries;
- ii. Align the allocation of ODA to least developed countries' priorities with particular focus on productive capacity development, as appropriate, in order to achieve sustained, inclusive and equitable economic growth and sustainable development;
- iii. Enhance the quality of aid by strengthening national ownership, alignment, harmonization, predictability, mutual accountability and transparency, and results-orientation;

Actions by Bangladesh in line with IPoA:

To achieve government's long term socio-economic goals by 2021, a Perspective Plan 2010-2021 was prepared and designed to be implemented through the implementation of two five-year plans. First one, the 6th FYP (2011-15), just completed and the second one, 7th FYP (2016-2020) is in the initial year of implementation. Mobilisation of external aid is planned and implemented according to the five year plan.

Figure 3.30: Commitment of Aid by Economic Sectors



Source: Economic Relations Division (ERD), Ministry of Finance

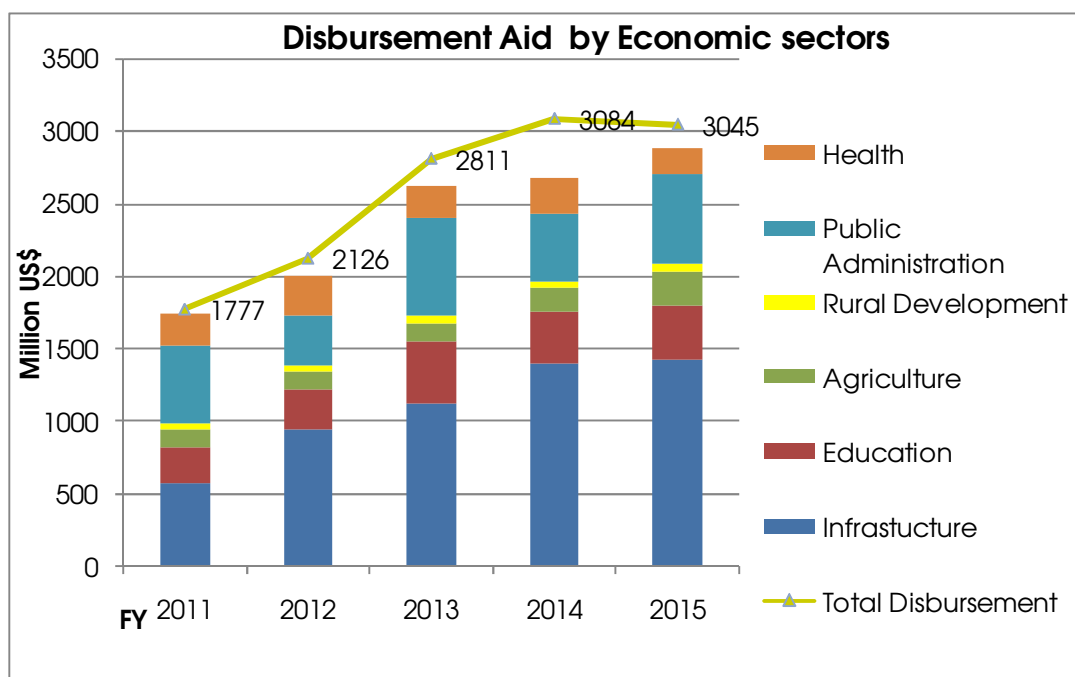
Total commitment of aid has been more streamlined which resulted in an average yearly commitment during the period amounting to US\$ 5.5 billion (Figure 3.30). Moreover, around 90 per cent of aid has been mobilized for the thrust sectors that contributed to the successful implementation of the 6thFYP.

Almost all development partners have 2/3 country assistance programme and strategy indicating their commitments of providing assistance. The country assistance programmes are consulted with the government to align with the country’s plan and priorities and some of them are revised annually which also helps to implement the national plan.

Use of ODA to achieve development goals:

The disbursement of aid has been improving over the period which indicates an improved scenario of utilising committed aid. Since independence, in the last two financial years disbursement of aid has crossed the US\$ 3 billion land mark. Sector wise disbursement of aid is presented below in Figure 3.31.

Figure 3.31: Disbursement of Aid by Economic Sectors



Source: Economic Relations Division (ERD), Ministry of Finance

The average share of yearly disbursement of aid in the above mentioned thrust sectors is more than 92 per cent of the total disbursement. It is evident from the above Figure that disbursement of aid has increased by two-third in four years period.

Considering the improvement of disbursement scenario, there is ample space for further improvement in this regard. Timely project implementation is the key element to increase the pace of disbursement of aid. A recent analysis on bottlenecks that slowed down project implementation indicates that along with the project implementing authority from government, development partners also need to address the delaying factors of the project. Delay in approving project document, processing of tender, procurement and contract award, completing of land acquisition and extension of project implementing period are the main reason of delay on government's part. On the other hand, delayed approval in processing of tender, procurement and contract award, recruiting expert and consultant and processing of fund release are the main causes associated with the development partners. The government has taken steps, such as, tripartite meeting for strengthening cooperation among Economic Relations Division, development partners and project implementing authority to remove the bottlenecks.

Aid flow into the public sector is fully reflected in the national budget. It indicates that aid programmes are well aligned with country policies and processes. Despite considerable improvements in predictability of future commitments, there are some shortcomings in predictability of aid disbursement which often result in revision of estimated resources in the national budget from external sources and thus, national budget needs to be revised accordingly.

Building synergies among all forms of financing for development: Sustainable development requires complementary contribution from public, private, domestic and international financing. But it is highly important to match financing flows with appropriate needs and uses. In a view to exploring innovative mechanisms to mobilize additional international resources for infrastructure development, Bangladesh has already mobilized long term funds from non-traditional development partners such as China, India, Saudi Arabia, United Arab Emirate and Kuwait and others. An amount to US\$ 2.64 billion¹ has been mobilized from these countries during the period from financial year 2011 to 2015. Since 2009 Bangladesh has been exploring selective long term non-concessional² loans for selective infrastructure development projects. As means of diversification of sources of external financing, Bangladesh has already signed Article of Agreement to be a founding member of Asian Infrastructure Investment Bank (AIIB). To strengthen South-South cooperation, Bangladesh arranged two high level international conferences in October, 2014 and May, 2015. Moreover, as a severely affected country due to climate change, Bangladesh has already taken steps to get appropriate share of GCF.

Enhancing aid transparency and combat corruption by making information on aid available for public: Allocation of foreign assistance to projects, ministries as well as to the various economic sectors is being published in the budget document which is made accessible to the public. Monthly report on utilization of foreign aid along with government fund is also published in the web-site of the concerned government institution. Press release is issued just after signing financing agreement on foreign assistance. Moreover, a yearly publication on external aid flows into Bangladesh is published regularly which includes time series data on aid flows and debt. Therefore, it could be said that level of access to information on foreign assistance is reasonably satisfactory.

Bangladesh has enacted Procurement Act in 2006 and formulated procurement rules in 2008. Development partners have recognized the Act as it maintains best practices to ensure competitiveness features of procurement of goods and services. Recently e-procurement system has been launched and made it mandatory phase by phase. This initiative will help government to combat corruption in using foreign assistance.

Actions already taken by Development Partners in line with IPoA:

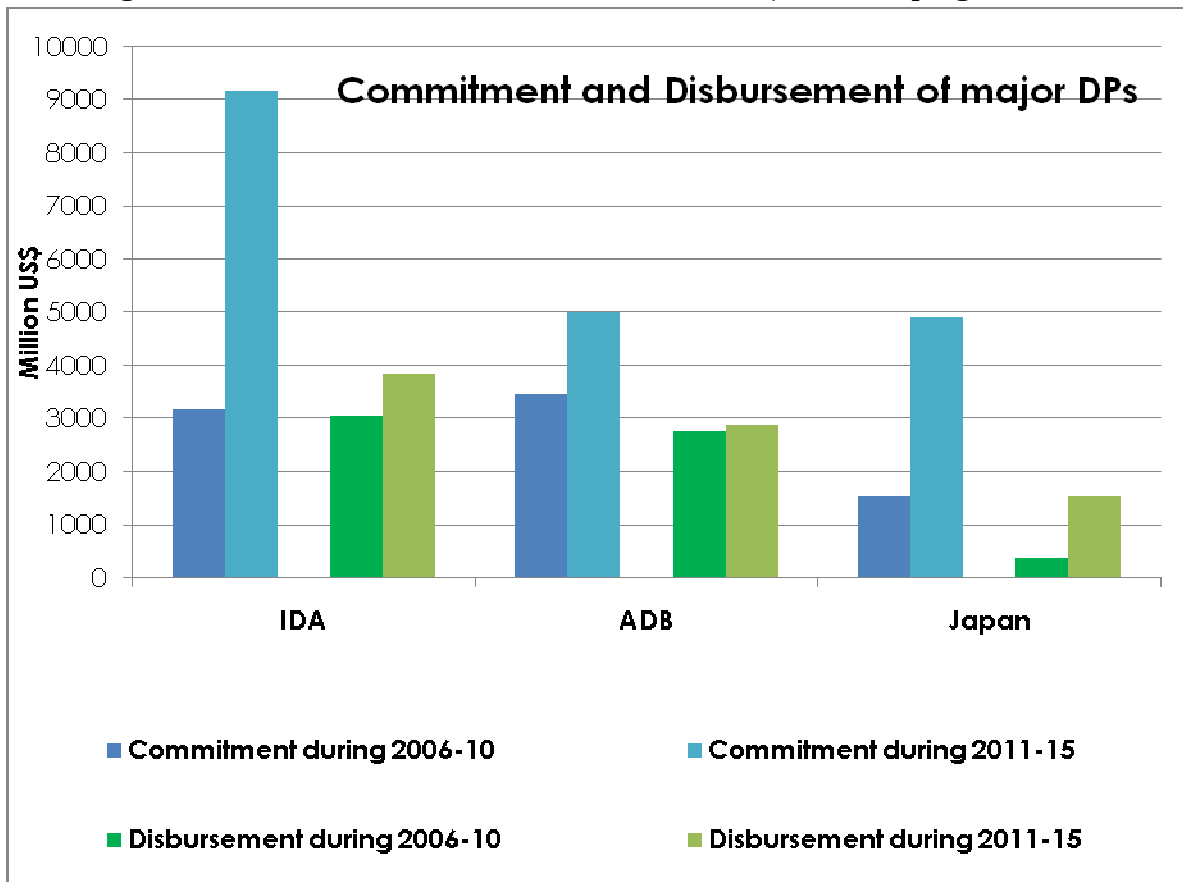
Exercise individual best efforts to increase ODA and align the allocation to countries' priorities:

During the period from FY2010 to FY2015 commitment of aid in total increased by 116 per cent compared to that of from FY2006 to FY2010. On the other hand, total disbursement during the period from FY2010 to FY2015 increased by 37 per cent compared to that of from FY 2006 to FY 2010. The Commitment and disbursement scenario of three major development partners are presented below:

¹ China: US\$1.20 billion; India: US\$ 1.00 billion; Kuwait: US\$: US\$ 0.233 billion; Saudi Arabia: US\$ 0.148 billion and UAE: US\$ 0.61 billion.

² Non-concessional according to the IMF's criteria; most of these non-concessional loans may be qualified as concessional if OECD criteria is used.

Figure 3.32: Commitment and Disbursement of Major Developing Partners



Source: Economic Relations Division (ERD), Ministry of Finance.

Almost all donors have a multi-year country assistance programme and strategy reflecting their commitments in development assistance. During the formulation stage of country assistance programme/strategy development partners consult the government of Bangladesh and tried to accommodate national priority and plan. However, almost all the development partners have their own sectoral investment priority areas and plan. Therefore, there is some sort of limitation on comprehensive coverage of national plan and priority. Moreover, most of the development partners have limited concessional resources package for specific country which could not allow mobilisation of external aid as per requirement.

Strengthening national ownership, alignment, harmonization, predictability, mutual accountability and transparency, and results-orientation:

Bangladesh has a basic structure of collective dialogue with donors under the local consultative group (LCG) mechanism which is formed within the purview of Bangladesh Joint Cooperation Strategy (JCS) signed with 18 development partners in June 2010. Despite its advantages, this mechanism has not yet reached its full potential as an effective co-ordination tool, especially regarding development cooperation activities at the sector level. Meeting of Bangladesh Development Forum (BDF), a forum for discussion of national strategy and aid effectiveness issues, was held in November 2015.

Substantial progress has been reported on overall aid predictability. All country assistance programmes of the DPs are shared with the government to align with the country strategy and some of them are updated annually. Despite noteworthy improvements in predictability by way of sharing donors' future commitments with the government, there is little improvement in predictability of aid disbursements. The lack of a system for sharing DPs' annual schedules or plans with government, reflecting in-year predictability on a regular and systematic basis, attributed such unpredictability. In this context, a web based Aid Information Management System (AIMS) has been developed and launched in 2013 to remove the bottlenecks of real time aid data sharing with development partners. Recently several DPs have started to provide aid information in the system.

A major reform programme has been implemented to improve country procurement systems resulting in significant improvements in legal and policy frameworks, and to some extent, in the level of transparency of procurement process. However, use of Public Financial Management (PFM) by DPs in Bangladesh is rather limited and systems of DPs are used in most procurement decisions. Some DPs establish dedicated project management units or implementation units (PIUs) – to support development projects or programmes outside existing country institutional and administrative structures. These PIUs often tend to undermine national capacity development efforts and weaken accountability for development.

Overall, progress in managing for results has been limited. There is little endeavour to comprehensively report on results. Only recently have donors taken the initiative to link their programmes and resources to country development results as articulated in the National Development Strategy (NDS). The 7thFYP includes an agreed result framework appraisal that will be monitored both by the government and the development partners.

External Debt

Bangladesh has been maintaining a comfort zone in terms of debt sustainability since independence. Prudent borrowing policy, maintained through mobilizing grant and concessional loan, is the key for debt sustainability. However, debt service soaks up a large part of scarce budgetary resources. Long-term sustainability of debt depends on responsible lending and borrowing by all creditors and debtors and sustainable economic growth of the recipient country. In the IPoA most of the goals and target for debt sustainability are related to the countries which fall under the category of Heavily Indebted Poor Country (HIPC). Applicable goals and target under IPoA for the LDCs and DPs are:

Action by least developed countries

- i. Promote and pursue responsible borrowing and public debt management policies in order to avoid an unsustainable debt burden.

Action by development partners

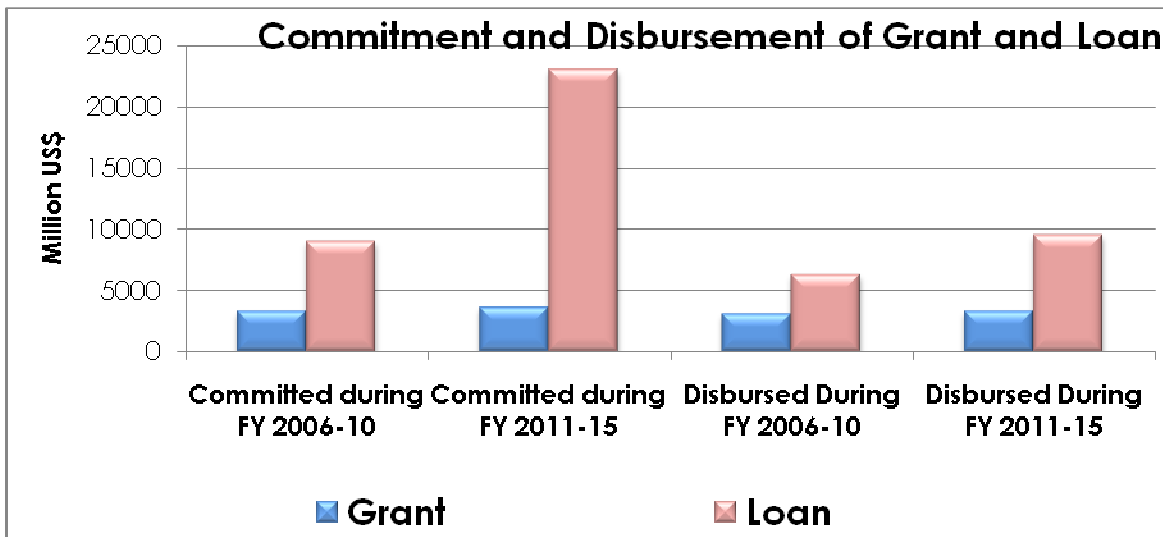
- i. Taking additional measures and initiatives aimed at ensuring long-term debt sustainability through increased grant-based and concessional financing;
- ii. Exploring new and improved debt instruments and innovative mechanisms such as debt swaps.

Actions by Bangladesh in line with IPoA:

Bangladesh is continuing its borrowing strategy of focusing on exploring grant and concessional loan as before. The external loan borrowed in last couple of years are also medium and long term in nature like previous loans to have longer time for repayment and to minimize liquidity risks.

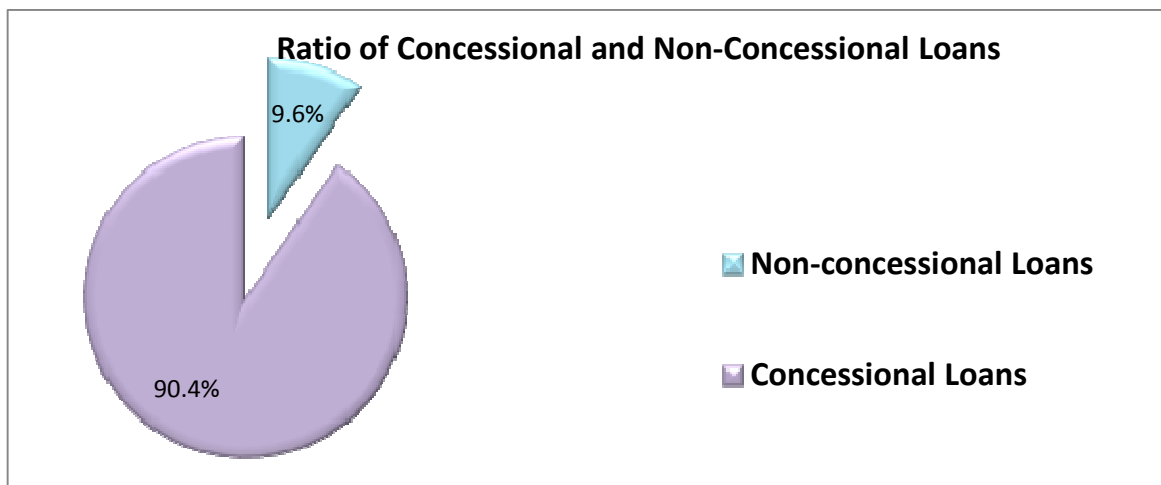
The share of grant in total commitment and total disbursement is lower than the share of loan in both period 2006-10 and 2011-15 (Figure 3.33). However, the gap between the share of grant and loan is pretty lower in case of disbursement revealing the fact that the ratio of disbursement to commitment is higher for grants than the ratio of loans. The share of grants in total disbursement during the period from FY 2006-2009 and FY 2011-2015 are 32 per cent and 25 per cent respectively. Even though the share of grant has been decreased it is still one-fourth of the total disbursement. The share of concessional loans and non-concessional loans of the total committed loans during FY 2011-15 is presented in the Figure 3.34.

Figure 3.33: Commitment and Disbursement of Grant and Loan



Source: Economic Relations Division (ERD), Ministry of Finance.

Figure 3.34: Ratio of Concessional and Non-Concessional Loans



Source: Economic Relations Division (ERD), Ministry of Finance

The government has been maintaining a firm borrowing strategy of restricting net financing within 5 per cent of GDP for a particular financial year budget since years and the maximum limit of borrowing from external sources is 2 per cent of GDP. Actual net financing from external sources are around 1.8 of the GDP. Bangladesh has enacted Public Money and Budget Management Act in 2009.

Bangladesh performs exercise on Debt Sustainability Analysis (DSA) after closing of the each financial year to measure debt sustainability position. The findings of the latest DSA on public sector external debt for FY2013-14 are shown in table 3.15.

Table 3.15: Debt Sustainability Analyses by Bangladesh

Indicators	Bangladesh's Status				Threshold
	2012-13		2013-14		
Solvency Indicators					
Debt to GDP	16.61	per cent	15.56	per cent	40 per cent
Debt to Export of goods and Services	56.37	per cent	57.59	per cent	150 per cent
Liquidity Indicators					
Debt service to Export of Goods and services	8.58	per cent	6.40	per cent	20 per cent
Debt service to Revenue	23.45	per cent	16.47	per cent	30 per cent

Source: Economic Relations Division (ERD), Ministry of Finance

Actions already taken by DPs in line with IPoA:

There is a decreasing trend of providing grants by development partners. Moreover, DPs, even multilateral DPs like World Bank and ADB has tighten financial terms and condition of the loans recently. World Bank has shortened the maturity period and grace period of loans from 40 years and 10 years to 36 Years and 6 years respectively. ADB has also shortened the maturity period and grace period of loans from 30 years and 10 years to 25 Years and 5 years respectively.

Besides that, some bilateral countries and organizations have started to provide loan with floating interest rate instead of fixed interest which increase interest rate risk in the long run. Considering the prevailing low rate of LIBOR, the floating interest rate based loans are also treated as concessional loan at the moment. With increase of LIBOR rate, these apparently concessional loans may turn into non-concessional loan which can bring considerable risk to debt sustainability.

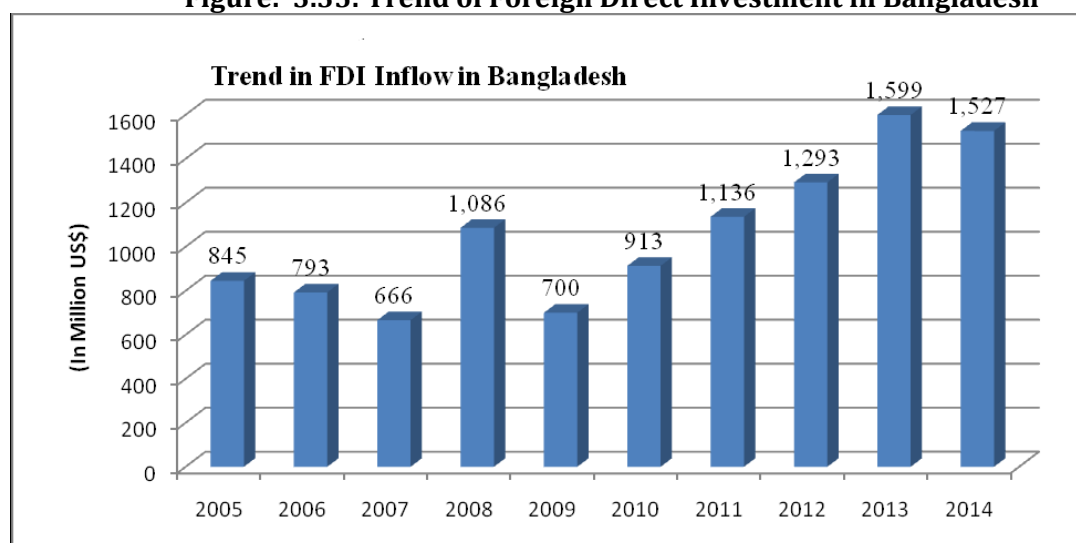
Foreign Direct Investment

Long-term private international capital flows, particularly foreign direct investment (FDI), have a complementary and catalytic role to play in building and strengthening productive

capacity as they lead to tangible and intangible benefits, including export growth, technology and skills transfer, employment generation and poverty eradication. Policies to attract and retain foreign investment are essential components of national development strategies. In this context, a stable economic, legal and institutional framework is crucial in order to attract foreign direct investment and promote sustainable development through investment.

FDI in Bangladesh does not follow any systematic trend. Information of FDI inflow is collected and compiled from half-yearly Enterprise Survey of Bangladesh Bank. Figure 3.35 shows the trend in FDI inflows from 2005 to 2014. The FDI inflow recorded US\$1,527 million in 2014 which was US\$1,599 million in 2013.

Figure: 3.35: Trend of Foreign Direct Investment in Bangladesh



Source: Bangladesh Economic Review, 2015, Ministry of Finance.

Major components of Foreign Direct Investment (FDI) are presented in the Table 3.16. The Table shows that reinvestment is the main component of FDI inflow, followed by equity and intra-company borrowing.

Table 3.16: FDI Inflow to Bangladesh by Components

Components	(In Million US Dollar)									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Equity	425.6	503.7	401.6	809.25	218.55	519.98	431.85	497.63	541.1	280.31
Reinvestment	247.5	264.7	213.2	245.73	364.94	364.62	489.63	587.53	697.1	988.79
Intra-Company Borrowing	172.2	24.1	51.5	31.33	116.67	28.72	214.90	207.40	361.0	257.60
Total	845.3	792.5	666.3	1086.31	700.16	913.32	1136.38	1292.56	1599.2	1526.70

Source: Enterprise Survey, Bangladesh Bank; Bangladesh Economic Review 2015, Ministry of Finance

The government offers attractive incentives for foreign investors and conducts promotional activities to inform potential investors about the investments opportunities in Bangladesh.

These are as follows:

- 5 to 7 years corporate tax holiday for selected sectors;
- Private power companies enjoy corporate income tax exemption for a period of 15 years;
- Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation;
- Tax exemption on foreign loans regarding interest;
- Tax exemptions on capital gains from transfer of shares by the investing company;
- Remittances of up to 50 per cent of salaries of the foreigners employed in Bangladesh and facilities for repatriation of their savings and retirement benefits at the time of their return;
- No restrictions on issuance of work permits to project related foreign nationals and employees;
- Facilities for repatriation of invested capital, profits and dividends;
- Provision of transfer of shares held by foreign shareholders to local investors;
- Reinvestment of remittable dividends would be treated as new investment;
- An investor can wind up on investment either through a decision of the AGM. Once a foreign investor completes the related formalities to exit the country, he or she can repatriate the sales proceeds after securing proper authorization from the Central bank;
- Bangladesh makes no difference between foreign private investors and domestic investors regarding investment incentives or export and import policies;
- In Bangladesh foreign investors enjoy the access to domestic capital markets for working capital in the form of loans sanctioned from the commercial banks and development financial institutions. The foreign investors have been given the opportunity to have access to the services of the country's stock exchanges. Some export-oriented industries of the thrust sector are provided with the benefit of cash incentives, venture capital, and other investment friendly facilities;
- The Board of Investment (BoI) of Bangladesh provides registration and other services. They also provide the procedures for FDI those have been simplified to attract FDI;
- Arranged Road show in different countries such as UK, Japan, France, Netherlands etc.

Science, Technology and Innovation

IPoA emphasizes on undertaking a joint gap and capacity analysis with the aim of establishing a Technology Bank and Science, Technology and Information supporting mechanism dedicated to least developed countries. IPoA also emphasizes on promoting networking among researchers and research institutions, helping LDCs to get access and utilize critical technologies and draw together bilateral initiatives and support multilateral institutions and private sectors, building on the existing international initiatives.

Description of the extent of alignment of the IPoA with national plan documents:

Bangladesh has a National Science and Technology Policy of 2010 which is aimed to meet the basic needs of the citizens by harnessing the potential of science and technology. It has acted as a facilitator of development of our nation having self-sufficiency in food and clothing, increased life expectancy nearer to 70 years and remarkable achievement in the improvement of public health indicators. While a group of young Bangladeshi scientists deciphered the complete Genetic Code of Jute with a great success only within a very limited time and resources, importance given in the S&T Policy 2010 on harnessing Biotechnology has sufficiently proved that Bangladesh may take lead in global science, technology and innovation activities if necessary policy and infrastructural support is ensured.

Collaboration with the international scientific and technological institutions and organization has been encouraged in the 6thFYP. Developing better relationship with neighboring and developing countries by sharing scientific methods, ideas, innovations, discoveries and to take initiative to bring and adopt new technologies from the developed nations have been focused specially in all development plans of Bangladesh.

The Ministry of Science and Technology takes the lead in drawing up Science and Technology development plans and policies for socio-economic upliftment and thus to make Science and Technology a part of national culture. The Ministry teams up with other related ministries, academic research institutions and organizations in policy making of major projects coordinating scientific research and generating outputs. The national budget allocation in Annual Development Programme (ADP) of the country for science and technology sector is Taka24186 million for the FY2015-16. In order to strengthen the base of science and technology of Bangladesh, the Ministry along with its organizations is working in different areas.

Academic research institutions and national laboratories play a major role in scientific research outputs. Strategic partnerships among various actors like government, private enterprises, universities, research institutes, think tanks, consulting firms and others have been built to promote science and technology innovation. To enhance scientific activity within university system, a new programme to promote inter-institutional linkages have been proposed.

Actions taken by the government for the promotion of Science and Technology:

- a) A development project for establishing of a platform to facilitate transfer of technology has been proposed under ADP;
- b) Fellowships are offered every year to students and researchers for M.S. and Ph.D. programmes in Science and Technology from ministry's regular budget;
- c) Research grants are allocated every year to the researchers; fellowships for post-graduates, doctoral and post-doctoral programmes are offered both at home and abroad under Bangabandhu Fellowship Project under ADP.
- d) Establishment of meteorological Doppler Radar system, survey mapping center; GPS station; environment disaster and resources monitoring system; improvement of seismological services and agro-meteorological services, Introduction of ICT and technical education at all levels of education; initiatives in agriculture sector research on high yielding seeds, climate change, agriculture and bio-technology are some of the measures in this regard.

Success Story: Science, Technology and Innovation:

Indigenous Capacity on Research and Development

Bangladesh Council of Scientific and Industrial Research (BCSIR), one of the leading research organizations of the country is committed to the development of scientific processes using indigenous technology. During last three years it has invented 41 new processes. It has leased out 50 processes of which 35 scientific processes have been turned into industry. Patent for 18 processes has been claimed so far. A development project has been taken under ADP to establish a platform to facilitate the transfer of indigenous technologies and adopt suitable foreign technologies for the development of the country.

Productive Capacity Building: nuclear power plant in Ruppur

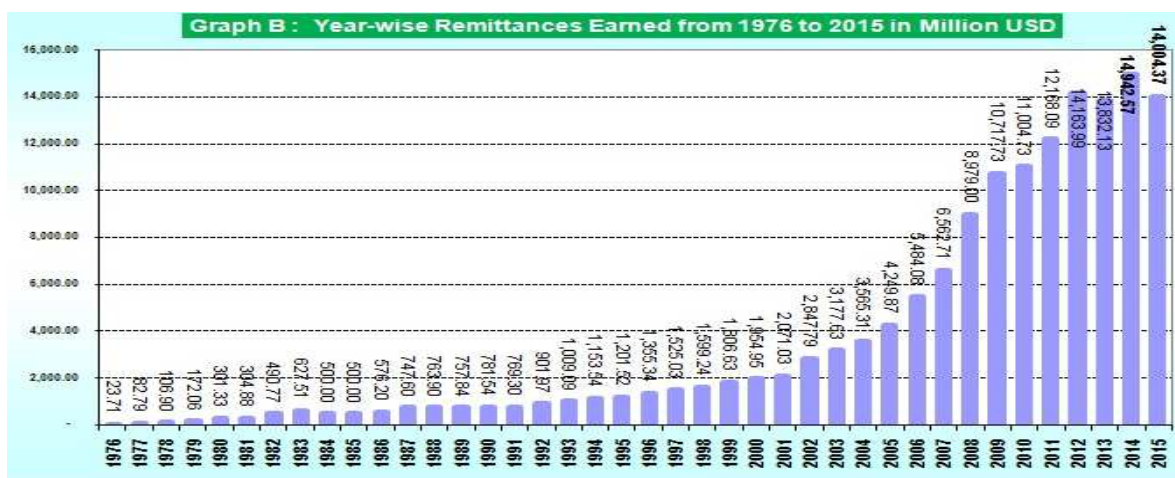
Initiatives have been taken to establish a nuclear power plant by adopting foreign technology. The Ruppur Nuclear Plant is going to be setup in the northern part of the country under a development project of MoST. Bangladesh Atomic Energy Commission (BAEC), another major research organization of the ministry is responsible for the execution of the project. BAEC also serves the huge population of Bangladesh with specialized atomic treatment by establishing nuclear medicine centers in 14 governmental medical college hospitals. Thus BAEC is working on peaceful use of atomic energy for a self-reliant power generation and thereby attaining socio-economic development.

Remittances

Remittances are significant private financial resources for households in countries of origin of migration. There is a need for further efforts to lower the transaction costs of remittances and create opportunities for development-oriented investment, bearing in mind that remittances cannot be considered as a substitute for foreign direct investment, ODA, debt relief or other public sources of finance for development.

Presently about 9 million Bangladeshi migrants are working all over the world. Temporary labour migration from Bangladesh is about 0.4-0.5 million in a year. In 2014, the temporary labour migration from Bangladesh was 4, 25,684. The total number of migrant workers is over 4, 90,000 till mid of December, 2015. Bangladeshi workers are engaged in 160 countries of the world but about 90 per cent of the migration takes place in the Middle East and Malaysia. Inflow of Remittances has been observed with a steady growth. The average growth rate of remittance inflow is more than 10 per cent for last five years. Figure 3.36 shows the total inflow of remittances from FY 1976 to FY 2015.

Figure 3.36: Inflow of Remittance (Million US\$) in Bangladesh from 1975 to 2015



Source: Bureau of Manpower, Employment and Training (BMET), 2015, Ministry of Expatriates Welfare and Overseas Employment

The extent of alignment of the IPoA with national plan documents:

The government has been pursuing policies and measures in line with the goals and targets of reducing the transaction cost of remittance flows and foster the development impact of remittances. The following short term, midterm and long term programmes have been taken to achieve the IPoA-related goals and targets for the promotion of remittances:

Short term (2014-15)

- Encouraging banks to start attractive deposit schemes;
- Leveraging the existing policies for distributing loan against deposits of the wage earners;
- Promoting the benefits and priority systems of existing investment benefits among wage earners to encourage remittances;
- Holding meetings with concerned ministries and Bangladesh Bank in order to reduce remittance fees/charges;
- Liberalizing the drawing arrangement policy of commercial banks with local and foreign exchange houses and increase number of drawing arrangement and scope;
- Expanding the system of mobile banking to the beneficiaries for receiving money within shortest possible time;
- Disseminating and awareness building about the risks of sending money through non-banking channels and the advantages of sending money through banking channels;
- Policy formulation regarding remittances for micro credit institutes

Mid Term (2015-17)

- To provide bank loan with liberal terms and conditions to individuals who are eligible overseas employment under government scheme;
- To expand and strengthen banking activities to the areas where the wage earners are residing;
- Separate cell/division will be established in Bangladesh Bank to formulate regulations and guidelines for remittances, record of information, use of remittances for income generating activities, data analysis and strengthening cooperation with different stakeholders;
- Strengthening remittance activities of NRB (Non-Resident Bangladeshi) and Probashi Kallan (Expatriate Welfare) Banks.
- Increase the number of remittance service provider of micro credit institutes to 60 and formulate monitoring guidelines.

Long Term (2017-20)

- To identify new sectors of investment, to assure proper use of remittances and to create awareness by promotional activities;
- To create investment friendly environment for wage earners;
- To liberalize the process of flow of remittance through Banking channels/ research for finding alternate process
- To perform research for new labor markets
- To prepare new NRB data base

- To increase the number of remittance service provider of micro credit institutes to 100
- To update the policy and implement the monitoring guidelines.

Updates of actions taken by the government

- a) Banks are encouraged to introduce new deposit schemes;
- b) Bangladesh Bank remittance awards were given to 26 remittance providers in order to encourage them;
- c) Bangladesh Bank's representatives have attended different seminars/workshops arranged by NRB's in different countries like UK, Malaysia, and Australia etc.;
- d) Loan was given to different people with liberal terms and conditions by Probasi Kallan Bank (Expatriates welfare Bank) who are interested to go abroad for jobs through government channels;
- e) Bangladesh Bank have given instructions to establish commercial banks in priority basis in places where the NRB is staying;
- f) Several meetings have been arranged among different commercial banks and exchange houses in order to reduce the remittance fees/charges;
- g) About 27 drawing arrangement have been approved till August 2015. New more drawing arrangement will be approved to expedite the process of drawing;
- h) 20 Banks is providing mobile remittance services till to date. It will be extended in future;
- i) Promotional activities have been taken to create awareness among NBRs about sending money through non- banking channels;
- j) 21 micro credit institutes have been approved for operating remittance activities.

i. Good governance at all levels

Government of Bangladesh has adopted a number of policy reform programmes in early 2000s to implement critical and institutional reform in the governance and public management sector. All these are aimed at combating corruption, ensuring separation and independence of the judiciary and improving efficiency of public service.

With the support of DPs so far around 50 policy reforms have been implemented in the country. Some of the important policy initiatives are (1) Reconstruction and Operationalization of Anti-Corruption Commission (ACC), (2) Ratification of the United Nations Convention against Corruption (UNCC), (3) Separation of the Judiciary from the Executive, (4) Enactment of a Law on Right to Information, (5) Legislation of a Whistle blower Protection Act and (6) Adoption of the National Integrity Strategy.

Strategy for Improvement of Governance and Development of Institutions

The government gives priority to improving governance as an underlying strategy to achieve better development outcome and is well aware that the challenge of ensuring good governance for sustaining development cannot be over-emphasized. The government recognizes that without fundamental reforms of core institutions, improvement in public administration capacity and a strong implementation of anti-corruption strategy, the ability to

implement Vision 2021 and the underlying development plans will be seriously compromised. The government also recognized the need of long-term coordinated and sustained efforts to meet these long-term challenges.

Ensuring good governance requires establishment and promotion of strong institutions. The governance improvement strategy in 6thFYP focused on a number of key areas that require utmost attention. Effort has been taken on and to complete the agenda in governance area, the 7th FYP has prioritised the implementation of strategies and policies that were chartered in the 6th FYP.

The government has taken a number of steps to improve planning and budgetary processes. One major initiative is the implementation of a Medium Term Budgetary Framework (MTBF) process as a replacement for incremental budgeting. A second initiative is to move away from the traditional public-investment focused plans to more strategic and indicative planning that puts emphasis on strategies, programmes and policies for the entire economy. A third initiative is to link better the medium-term development plans to the MTBF process by making the plan a living document with review of performance.

The government further envisages improving the planning and budgetary processes by building on the above initiatives. Specifically, following actions are planned to be undertaken:

- i) The annual review of the performance of public entities will focus on implementation of strategies and policies and look at broad economy-wide and sectoral outcomes rather than simply at financial progress of publicly funded investment projects. The results of the annual reviews will be used to determine changes in plan goals, targets, strategies and policies as necessary in light of the changing global and local economies and the results of the plan implementations of the plan.
- (ii) The capacities of line ministries will be substantially strengthened to do proper planning and budgeting in the context of the MTBF. Line ministries will need to ensure that proposed projects and programmes are consistent with the objectives and framework of the planning documents.
- (iii) The project approval process will be strengthened and streamlined to reduce delays and proliferation of small projects. The project approval process will be substantially strengthened. All projects that go to the Planning Commission must provide a proper appraisal report along with sound analysis that shows the consistency and relevance of the project to sectoral/economy-wide objectives, strategies and policies.
- (iv) Proliferation of projects and long implementation lags are a perennial problem. The government seeks to break this logjam by doing a proper review of all approved and active projects in the pipeline in cooperation with the line Ministries. The review of this portfolio will seek to clean out dormant or irrelevant projects and help line ministries close the projects that are facing implementation problems through restructuring or through other relevant

interventions. The government is also considering to institute systems that will permit undertaking project preparatory work like land acquisition, design, technical services in advance so that implementation can start immediately after a project is finally approved.

- (v) The technical capacities of the Ministry of Finance, the Planning Commission, IMED and BBS will be substantially strengthened through proper staffing and training to ensure the timely implementation of the Sixth Plan and the MTBF.

Good governance and development of institutions and e- governance

The government has taken following initiatives to ensure good governance and development of institutions through strategic implementation of e-governance:

- Increasing transparency and accountability in the budget and procurement processes, government auditing, and customs and tax administration.
- Streamlining and simplifying institutions (establishments, conventions and rules and regulations), eliminating administrative barriers, deregulating bureaucratic procedures.
- Developing a national identification system and ID cards which eases transactions for citizens.
- Undertaking various activities to strengthen capital market with the objectives of demutualization of stock exchanges, improve coordination between regulators to enhance financial stability, enhancing institutional investor demand and promote mutual fund industry, enhancing supply of equities and bond etc.
- Formation of Ethics Committee and appointment of Focal point in all the Line Ministries to deal with integrity and governance matters.
- Enactment of a strong Right to Information Act in 2009.
- Introducing the 'Citizen Charter' by the ministries and agencies to enhance accountability.
- Working with the business community to implement codes of conduct and undertake deregulation and legal/procedural reform.
- Implementing Digital Bangladesh, a wide-ranging set of initiatives to greatly expand the government's use of ICT to improve efficiency and effectiveness.
- National e-Government Procurement (e-GP) portal had been developed by the government that provides an on-line platform to carry out the procurement activities by the Public Agencies - Procuring Agencies (PAs) and Procuring Entities (PEs). The e-GP system is a single web portal from where and through which PAs and PEs will be able to perform their procurement related activities using a dedicated secured web based dashboard. The e-GP system is hosted in e-GP Data Center at CPTU, and the e-GP web portal is accessible by the PAs and PEs through internet for their use. This online platform also helps them ensuring equal access to the Bidders/Tenderers and also ensuring efficiency, transparency and accountability in the public procurement process in Bangladesh. In the first phase, e-Tendering has been introduced on pilot basis in the CPTU and 16 other Procuring Entities (PEs) under 4 (four) sectoral agencies, namely: Bangladesh Water Development Board (BWDB), Local Government Engineering Department (LGED), Roads and Highways Department (RHD) and Rural Electrification Board (REB). The system rolled out to 291 PEs of those 4 sectoral agencies is now

expanding to all the PEs of the government up to Districts and sub-Districts level. In the second phase, e-Contract Management System (e-CMS) has been developed and introduced and implemented. E-CMS is a complete electronic contract management system which provides platform for preparation of work plan and its submission; defining milestone, tracking and monitoring progress, generating reports, performing quality checks, generation of running bills, vendor rating, generation and issuance of completion certificate.

- **Implementing the Community Radio Installation Broadcast and Operation Policy:** The establishment of Community Radio aims to ensure empowerment and Right to Information for the rural people/community.
- All the ministries/agencies are required to sign an Annual Performance Agreement (APA) with specific annual work targets and quantifiable and verifiable indicators to assess performance. This has helped to generate a results orientation in public administration besides being contributing to transparency and accountability of the government.

Human rights

Human rights situation is closely linked with Judiciary performance of a country. To uphold human rights as per constitutional obligation government separated the judiciary from the executive in 2007. In addition a Judicial Service Commission has been established and it has been authorized to recruit judges in the lower as an independent entity. Since separation disposal of court cases has improved and the Supreme Court has assumed responsibility for all judicial and administrative function, including inspection, supervision and control of the subordinate judiciary, judicial magistrates and the criminal justice system.

Democratic practice

Bangladesh is making steady progress in strengthening parliamentary democracy. National and Local level elections are taking place on timely basis. Sessions of the Parliaments are regularly meeting and holding debate on various policy issues of national importance. Parliamentary Standing Committees on different ministries and other Parliamentary bodies are actively scrutinizing the performance of the government and thus ensuring a balance of power among different organs of the state.

The government has been taking steps towards capacity building of elected local government bodies to contribute to local development and to be responsive to citizens' needs and priorities, including through an enhanced transfer system and popularly elected government at all levels.

Participation in regional and international forum

A number of important steps have taken place in recent years to deal with regional and international partners. Notable among these are:

- Establishing a framework to counter prevention of money laundering and financing of terrorism.

- Establishing and operating a legal framework to counter corruption through national and international channels, including joining and regularly reporting on the UN Convention against Corruption (UNCC).

Government's initiatives for Good-Governance being implemented by the Cabinet Division:

Introduction of the Governance Performance Management System (GPMS):

Since 2014, under the supervision, coordination and support of the Cabinet Division, 48 ministries/divisions of the government are implementing Annual Performance Agreement (APA). This has brought dramatic change in governance performance management and thereby service delivery system.

Strengthening implementation of Citizens Charter (CC): Cabinet Division has led the process of developing modified and more effective CC for all ministries/divisions in 2015. All ministries/divisions have already developed and started implementing their respective new CC that has been researched and developed by the Cabinet Division. It has a plan to expand the use of this CC to the field level government offices from coming years.

Institutionalizing the Grievance Redress System (GRS): Cabinet Division has launched a web-based Grievance Redress System (GRS). It has already circulated a "Policy on Grievance Redress Management" for all government offices of the country. It has already formed a technical committee having the Executive Director, Bangladesh Computer Council as its convener and representatives from various GO, NGO and private sector as its members, in order to devise a plan for one integrated GRS system for the country. Apart from these initiatives, Cabinet Division is already implementing, through all field level (district, upazila) offices, 'Public Hearing' in every week to address their grievances.

Overarching National Integrity Strategy (NIS): It is the overarching device of the Cabinet Division to ensure improvement in quality and delivery of services in the government sector. The Cabinet Division organized numerous workshops and training to develop skills and attitude to implement the NIS in Bangladesh. It has already developed a monitoring tool for monitoring the work-plans of all ministries/divisions and their respective departments, institutions and corporations.

Developing Civil Registration and Vital Statistics (CRVS): Cabinet Division is developing the CRVS system in Bangladesh. It has already setup a 'CRVS related Steering Committee' along with CRVS Secretariat. Bangladesh is going to develop an Integrated Service Delivery Platform (ISDP) under the CRVS by linking all government services through providing one unique ID for each person of the country

Chapter IV

Coherence and linkages with the Post-2015 Development Agenda and other global processes

Three major international meetings were held in 2015 by the global community for establishing the path toward sustainable development. These three meetings are

- Third International Conference on Financing for Development
- United Nations Summit on the Post-2015 Development Agenda
- 21st Session of the conference of the parties of the United Nations Framework Convention on Climate Change

This chapter discusses about the integration and linkages among the major principles, actions and guidelines of these international arrangements and the national development policies of Bangladesh which may facilitate the process of achieving the goals set by IPoA and ensure sustainable and inclusive development.

Bangladesh has always been pioneer in subscribing and implementing the goals and principles of international development agenda. As mentioned in previous section, the national development policy and development priorities have been streamlined with the SDGs as has been the case during the MDGs era. The government's implementation and financing strategies are aligned with the global trends and expectations as have been reflected in the Addis Ababa Action Agenda of the third International Conference on Financing for Development. Bangladesh had a meaningful and effective participation in the 21st Session of the Conference of Parties of the UNFCCC (COP21) and had substantive contribution by making an Nationally Determined Contribution (NDC). Regarding the UN Summit on the Post-2015 Development Agenda, Bangladesh has remained actively engaged with the post 2015 Development Agenda since its preparatory process having started in 2011.

The principles and actions as well as the concerns and expectations of the developing countries and the LDCs identified and agreed in the AAAA of the FFD3 has strong correspondence with the development experience and strategic options of Bangladesh. As has been the expression of the AAAA, the government is fully aware that the SDGs will require enhance mobilisation of resources from multiple sources domestic resource mobilisation being dominating. Mindful of this, the government has put emphasis on strengthening the tax system through different reform measures. To implement the action agenda of the IPoA and enabling the graduation of the country the role of international trade cannot be over emphasized and in line with the AAAA, the government has adopted policy and strategies to boost international trade by securing legitimate claims as enshrined in the IPoA. The government is confident that the recent development at WTOs MC10 at Nairobi would prove that LDCs can engage in world trade regime and has been taking measures to ensure benefit from the process.

As has been stated in previous chapters, the development planning process and the planning documents of Bangladesh importantly the 7thFYP has incorporated the fundamentals and policy guidelines of the SDGs. Bangladesh actively participated in the preparatory process of the SDGs through a multi-stake holders consultation at different places of the country and thus have a strong ownership over the SDGs narratives as well as many goals and targets therein. Bangladesh had formulated its own set of SDGs which was subsequently submitted to the UN. The 17 Goals and 169 targets of the SDGs have strong relevance with the development vision, policy and strategies of Bangladesh. Many of the action under the SDGs have strong correspondence and connection with the actions suggested in the eight priority areas of the IPoA. Hence the government of Bangladesh is in full agreement that the implementation of SDGs in Bangladesh will facilitate the implementation of the IPoA.

The 21st Session of the Conference of the Parties of the UNFCCC for obvious reason has been an important post-2015 event for Bangladesh. The country's long tradition of climate-sensitive international engagement and legitimate concern over climate change both have placed Bangladesh in the front line of any climate negotiation. Climate agenda is traditionally streamlined in the development policy and its implementation strategies of the country. Hence it is natural that Bangladesh had been one of the active participants in climate negotiations and has been working for decades in the COP framework. In International Climate negotiations, Bangladesh is a bridge between the developing and developed countries. Bangladesh pledged an unconditional 5 per cent greenhouse gas emissions cut by 2030 in its Nationally Determined Contributions (NDC), adding that with financing and technology support it will cut emissions by 15 per cent . Before the summit it was declared that Bangladesh will demand a grant from the Green Climate Fund instead of a soft loan in the Paris Climate Change Conference.

The government of Bangladesh is working in close cooperation with Green Climate Fund (GCF) Secretariat for mobilizing finance for climate action. The experience in mobilising climate fund reveals, harnessing the climate finance that are available internationally is a big challenge due to the stringent eligibility criteria which requires a transparent legal and policy framework , and good track record overall.

In addition, Bangladesh has already established two climate funds; Bangladesh Climate Change Trust Fund (BCCTF) and Bangladesh Climate Change Resilience Fund (BCCRF). As mentioned in chapter 3 (section G); Roadmap for National Adaptation Plan, BCCSAP, NAPA are the major planning documents of the government to address the adverse effects of climate change as well as to integrate climate change adaptation into relevant new and existing policies, programmes and activities.

Bangladesh is committed to maintain a low-emission climate resilient development path. In order to reduce emissions from biomass burning, about 1.5 million Improve Cook Stoves (ICS, Bondhu Chula) have already been distributed to rural households. Bangladesh is also formulating a Nationally Appropriate Mitigation Action (NAMA) in steel sector. Bangladesh is the founder member of the Climate and Clean Air Coalition (CCAC) which works for the reduction of Short-lived Climate Pollutants (SLCP).

All these initiatives and features in the development agenda of Bangladesh highlight the country's legacy of subscription to all the major global agenda and faithful adherence to the implementation process of these with strong belief that these agenda would support and promote the implementation of the IPoA.

Chapter V

Conclusions and Way Forward

Subsequent to the adoption of IPoA in 2011, a number of global meetings and conventions elaborated and built on the aspirational commitments to bring “transformation” in LDCs as evident in the 2030 agenda, including the SDGs and its targets as well as the emphasis on Goal-Specific Means of Implementation (MoI). It is now widely acknowledged that Bangladesh, one of the larger LDCs, has accomplished remarkable progress in realization of MDGs, Disaster Management and Risk Reduction and Climate Change Adaptation. This was done principally mobilizing own resources, capabilities and institutions. It also withstood global volatility and uncertainty in the global economy during the Triple F (2007-09) crises. Nevertheless, this commendable performance of Bangladesh has been accompanied by number of challenges and constraints which still impede the process of implementation of IPoA.

Challenges

Attaining the goal of 8 per cent growth of GDP with the existing low investment-GDP ratio remains the biggest challenge. This ratio needs to increase from the stagnant ratio of 28 per cent through facilitating and encouraging investment both at the national and international level. The 7thFYP envisages the investment to reach 34.4 per cent of GDP.

Infrastructure deficit remains a big impediment to reach a growth rate of 8 per cent. Major investments in transportation and infrastructure projects in power, energy, ICT, roads, telecommunication and bridges will be needed to galvanize the growth prospects of the country. Bangladesh needs to invest at least 8 per cent of GDP for infrastructure compared to current level of between 3 and 4 per cent.

In order to reach an upper middle income country status and to improve upon its competitive position Bangladesh needs to substantially ratchet up its productivity across different sectors. The country is trying to achieve that by improving technological and skill based along with institutional strengthening.

The country is in need for enhanced physical and social sector investments including implementation of its National Social Security Strategy (NSSS) which cannot be met unless the country can ratchet up its domestic resources mobilization. Its revenue-GDP rate at 10.8 per cent is one of the lowest in the South Asia region. Bangladesh is taking steps to improve its collection of domestic resources by expanding the tax network along with enforcing compliance. A revised VAT and Direct Tax Act is expected to help enhanced mobilisation of domestic resources.

Developing improved marketing techniques through modernization of agriculture, improvement of trade infrastructure, trade policy and incentives, facilitating access and equity to education across the socio-economic landscape, adequate service delivery as well as

sufficient expenditure into health sector are some of the other hurdles faced by Bangladesh under different development platforms.

Mobilizing foreign financing either from multilateral development agencies or from private source would be the main factor for successful implementation of the ambitious power sector program of Bangladesh. The focus of the power sector should not be just increasing generation at any cost, but for establishing long term fiscally sound competitiveness of the industry which is more efficient and least costly. Increased financing for infrastructural development can be possible by increasing the tax-GDP ratio of the country.

Bangladesh agriculture is evolving through a quiet revolution, moving away from subsistence farming towards a more commercially viable foundation. Efficient marketing arrangements and investment are still needed along the various value chains involved. Progressive agricultural practices, improved marketing techniques and modern processing facilities are the major challenges in improving quality and expanding production of agro-processing industry.

As a climate vulnerable country, Bangladesh will be incrementally challenged to deal with the impacts of climate change. Mobilizing external support towards adaptation technology will be particularly crucial for Bangladesh. Despite the low carbon-footprint, as a progressive step, the Bangladesh Prime Minister has pronounced the country's readiness to opt for a "low carbon" development pathway. But, premised on the ground of difficult circumstances, capacities, and widely divergent needs, early take off of the LDC Technology Bank with fullest support from global community is crucial.

Bangladesh has been successfully utilizing trade opportunities for its socio-economic developments. Trade, particularly in exports, has been increasing at a significant rate for the last two decades. The constraints in trade facilitation and expansion can broadly be grouped under the rubric of: (a) trade infrastructure; and (b) trade policy and incentives and (c) ease of doing business.

In order to achieve nationally and internationally set development plans and goals through achieving more benefits from evolving trade opportunities, few issues are very crucial for Bangladesh at this stage, which are (i) duty-free & quota-free (DFQF) market access for goods; (ii) export diversification; (iii) addressing non-tariff barriers; (iv) preferential market access for services; and (v) trade-related capacity building.

Bangladesh exports face various non-tariff barriers (NTBs), like stringent rules, regulations, procedures, standard requirements, certifications that adversely impact international trade. These requirements need to be streamlined by eliminating the obviously illegitimate ones and by simplifying the legitimate and essential ones.

Trade in services, particularly international trade, is still very insignificant in Bangladesh. Being a home of a huge pool of human resources, Bangladesh has a great potential in services trade, particularly in the human resources dependent services. Absence of any preferential market access for services has been one of the major constraints in this regard. In

order to explore the full potential, Bangladesh needs to develop its overall trade-related capacity in production, supply-side elements, compliance capability of various requirements, infrastructure, human and institutional capacity.

Bangladesh made significant progress in improving relationships in development cooperation, in particular through the 2010 Joint Co-operation Strategy which represents an achievement and proof of willingness between government and development partners (DPs) to consolidate formal dialogue and re-enforce commitments. In Bangladesh, various aid modalities are followed in delivering project aid such as single project funding, Sector Wide Approach program (SWAp) through a basket fund or through a pooled arrangement for technical co-operation. Though some progress has been made in harmonizing DPs activities through the use of sector-wide and other program-based approaches in disbursing ODA, the pace of change is relatively slow. More joint efforts in particular will be needed within the government for expanding program-based approaches in other sectors. DPs need to provide strong policy-level support for harmonizing activities to reduce the transaction costs of providing aid. Fragmentation is also an issue to be addressed. Numerous small projects in a particular sector financed by various DPs hardly help in harmonizing aid modalities. The Local Consultative Group mechanism needs further improvement to become an effective co-ordination tool.

Provision of quality education to poor and vulnerable groups of the society still remains a challenge. Despite the achievement of gender parity in primary and secondary education, females continue to lag behind in higher secondary and tertiary completion rates. Moreover, absence of quality education among the poor segment of the society leads to unskilled or semi-skilled labor force resulting in lower productivity.

The higher proportion of less-skilled migrant workers from Bangladesh is a cause of lower remittance flow than expected. To make overseas employment equitable for Bangladeshi migrant workers, winning recognition status for their skills is crucial which involves achieving common skills assessment and certification systems. These quality assurance mechanisms should be understood and shared by both the origin and destination countries.

Way Forward

Mutual accountability for the developed and developing countries has been the hallmark in a number of widely interlinked development frameworks since the adoption of IPoA. The Future We Want (Rio+20, 2012), Sendai Framework for Disaster Risk Reduction (2015), the Addis Ababa Action Agenda (AAAA) 2015, 2013 Agenda (2015), COP 21 are the global outcomes those progressively incorporate a significant part of the IPoA clusters and agreed decisions.

Although Bangladesh has made considerable social and economic progress during 2011-'15 through its national endeavors, capacities and resources, some of the key unrealized commitments and external factors continue to impact on Bangladesh's future growth and development potential and pathway. The international community should consider the plausible impact of any of their action, or absence of it, upon LDCs in overcoming the possible challenges and adopting relevant policy measures in implementing the IPoA agendas.

The impacts of the actions of developed countries that include changes in monetary and fiscal policies, modernization of ODA definition and measurement and proposition of Total Official Support For Sustainable Development (TOSSD) should be given due consideration in the context of growth and development process of the LDCs. It is also imperative that the commitments of deferent international conventions aimed at addressing emerging challenges including climate change and related global issues and other external shocks be met accordingly.

Modernization of ODA measurement can be one of the crucial issues for discussion regarding the responsibilities of developed countries toward the betterment of LDCs. Improvement over the existing system of ODA measurement had been proposed in the HLM of DAC members in 2014 with the expectation of more realistic comparison of loans and grants along with the proper usage of grants and highly concessional loans. In the past definition of ODA, the face value of both grants and loans has been accounted as ODA.

In line with Addis Ababa Action Agenda, inclusive and transparent discussions on the modernization of ODA measurement and on the proposed measure of *“total social support for sustainable development”* should be held to ensure “no dilution” of ODA commitments. While a reform of ODA is widely welcomed, there is at the same time some concern that modernizing its definition could lead to a dilution of ODA with the inclusion of a range of flows not traditionally assessed as aid, making it easier for donors to meet their commitment to provide 0.7 per cent of GNI to ODA without an additional donor effort.

There is also concern that the revisions being discussed do not adequately address recipient country resource needs. DAC members, however, have agreed that any modernization of ODA should be able to withstand a critical assessment from the public, and avoid creating major fluctuations in overall ODA levels. Any changes to the ODA measure must support its credibility and help to mobilize more resources - whether public or private - and their effective use in the future in support of the post-2015 goals.

On the other hand, the impact of the modernization of ODA over the willingness of the donors to maintain their commitment is yet to be specified. Only a few developed countries have reached the target of providing 0.7 per cent of GNI as ODA. The proportions of GNI provided as ODA across DAC members have not varied much in the year 2013 and 2014. Hence, the question comes whether the modernization of ODA will motivate the DAC members to fulfill their commitment in the upcoming years in view of the performance of the donor countries which is far from the ideal.

Duty-free & quota-free (DFQF) access seemed to be a blessing for the LDCs for increasing competitive edge of export products but WTO Hong Kong Declaration in 2005 acted as a damper. The Hong Kong decision required all developed and developing countries to provide DFQF access to all LDCs but also facilitated the countries facing difficulties with the scope of allowing such market access to only 97per cent products (by tariff lines).Bangladesh has been pursuing for DFQF from all countries without revoking the Hong Kong caveat.

As Bangladesh's exports are concentrated in very few products (tariff lines), exclusion of only 1 per cent products from the DFQF scheme can virtually exclude all of Bangladesh's important products. Realizing the fact, Bangladesh started negotiating the issue with various options so that important products of Bangladesh are not excluded from DFQF schemes and thereby commercially meaningful market access is ensured. In spite of continuous efforts, very little progress was made until 9th WTO ministerial Conference held in Bali, Indonesia in 2013. In Bali, it was decided that countries that did not yet provide DFQF market access for 97 per cent products will expand their product coverage by the 10th Ministerial Conference. However, little progress is made in implementing the Bali decision. International community, particularly countries that did not yet implement DFQF decisions need to come forward to fulfill the commitments made.

An outcome of decade-long negotiation was adopted in the 8th Ministerial Conference held in Geneva in 2011 with a view to providing preferential market access to LDCs in services trade. The Waiver Decision, also known as Services Waiver, has in fact created an enabling environment for providing preferential market to LDCs in services by waiving preference giving countries from Most Favored Nation (MFN) obligation to extend the same to other members. However, it could not be operationalized for various practical constraints. Given this situation, some actions have been taken following a decision made in the 9th WTO Ministerial Conference held in Bali, Indonesia in 2013. Till now, around 19 countries have notified the WTO of their preferential schemes and the expectation continues that many other countries will declare similar preferential schemes. If these preferential schemes can be utilized properly, Bangladesh will benefit a lot as it is being done through utilizing duty-free & quota-free market access in case of goods. Various international initiatives, like EIF (Enhanced Integrated Framework) and Aid for Trade of the WTO can play a vital role in developing trade-related capacities of Bangladesh.

In the context of supporting meaningful mitigation actions and transparency in implementation of climate-related projects developed countries committed to a goal of mobilizing jointly \$100 billion a year by 2020 from a wide variety of sources to address the needs of developing countries. Developed countries should ensure transparent methodologies for reporting climate finance and welcome the ongoing work in the context of the United Nations Framework Convention on Climate Change.

LDCs possess weakness in assessing the externalities resulted from any future action at international level and do not have adequate capacity to exercise the groundwork for logical argument and disputation at international discussion. The developed world should take the responsibility ahead to design LDC friendly policy measures that serve the global interest at the same ends. The capacity and scope of LDCs should also be appraised in the context of the ability to manage and facilitate multi-dimensional development framework.

Some of the key unrealized international commitments and external factors continue to impact on Bangladesh's future growth and development potential and pathway. This is eminently true in case of granting market access for "all products" from "all LDCs". Also, climate change with its consequent manifold impacts is estimated to wipe out 2 per cent-3 per cent of Bangladesh GDP whereas Bangladesh contribution to Global carbon emission is negligible.

Bangladesh has set up trust fund with its own resources to invest in climate mitigation and adaptation projects. However, constrained fiscal capacity warrants flow of external resources in the form of climate finance through official channels. The Green Climate Fund (GCF) setup under the aegis of UNFCCC should significantly increase its fund disbursement for adaptation projects. Apart from simplifying projects approval and fund disbursement process GCF should proactively give accreditation to national implementing entities of LDCs like Bangladesh to directly access Climate Financing.

Full and timely implementation of all the international support measures intended for the LDCs is critical for the desired development of the LDCs including Bangladesh. Any shortcomings, fluctuation or reduction of such wide-ranging support measures particularly in the areas of trade and development assistance including climate finance, as committed in the IPoA, should warrant pragmatic consideration regarding the long-term consequences for Bangladesh. The requirement and delivery of support measures should be weighed and designed against the over all socio-economic development priorities and gains of the country as an LDC.

Lack of universal recognition of the LDC category and the increasingly dominant trend of classifying countries on the basis of average income-which is just one number-have been mutually reinforcing two negative factors for the development of the LDCs.

Firstly, the very identification of the LDC category presupposes the need for special supports for these countries including increased financial resources from multiple sources. But the LDC category has till now been given a very narrow consideration in the design and delivery of financial and other intended supports from the multilateral development agencies and financial institutions.

Secondly it has since long been argued that the average income of a country camouflages deep pockets of poverty and deprivation and as such does not provide true picture of the inner strengths and weaknesses of any country. Moreover any single average number like GNI/Per capita income fails to consider the risk and vulnerabilities associated with each single economy and increasingly unpredictable externalities and elements of structural vulnerabilities.

As has been stated in previous section on ODA, there have been changes in the behavior of development partners of Bangladesh reflected in the terms and conditions of development assistance which appear to be unfavorable or unsuitable for the stage of development of the country. This may give rise to resource crunch for investment in social and physical infrastructure

To shield the country against such adversities the LDC status of Bangladesh should predominantly determine the modes of economic cooperation with the development partners and global financial institutions despite the country's entry into the LMIC list of the World Bank. In fact such upgrades status would cause more hardship than benefit if such change is not accompanied with a smooth transitional mechanism and support to enable seamless graduation to a non LDC status. In this respect promotion of Bangladesh to lower middle income country status should warrant the consideration of the subject by UN CDP in its next triennial review of

the LDCs scheduled to be held in 2018. This body considers all the three criteria for graduation from LDC status and provide for a three year transition period for graduation. Development partners should await the formal graduation of Bangladesh in 2021 before moving to harder terms in providing development assistance to the country forthwith.