



## Leadership, Economic Partnership and Prosperity

**Fatima Yasmin**

Secretary

Economic Relations Division

*Fatima Yasmin, a career civil servant, joined the Economic Relations Division (ERD), Ministry of Finance as Secretary on 23 February 2020. Prior to this position, she was Vice-Chairman, Export Promotion Bureau, Ministry of Commerce, and Director General, Institute of Public Finance, Ministry of Finance. Yasmin joined the Bangladesh Civil Service in 1991 and worked for Finance Division and Economic Relations Division of Ministry of Finance, and Ministries of Agriculture, Women and Children Affairs, and Defense. Yasmin obtained her Masters in Business Administration from the Institute of Business Administration (IBA), University of Dhaka and Masters in Development Economics from Australian National University (ANU), Australia. She was a fellow of Hubert Humphrey, USA.*

Father of the Nation Bangabandhu Sheikh Mujibur Rahman visioned to build a Sonar Bangla (Golden Bengal). In line with the vision, the dynamic leadership of Hon'ble Prime Minister Sheikh Hasina, the daughter of Bangabandhu, facilitated the country's lower-middle-income status in 2015.

Due to the able leadership of Hon'ble Prime Minister Sheikh Hasina, Bangladesh is now recognized with respect both by the multilateral and the bilateral platforms. Her prudent policies resulted in positive economic outcomes making the international community keen to engage with Bangladesh at deeper levels. People-centric policies, dynamic reforms, trade acceleration, major infrastructure development, and enhanced capacity in project implementation have been key to foster the image the as an emerging tiger. The progress is evidenced in the record \$7.957 billion external assistance received in FY 20-21. Development assistance has both deepened and widened supported by improved relations and inclusive engagements with the development partners. Development partners have aligned their strategies with the strategies of Bangladesh out of mutual ownership leading to faster achievement of development objectives.

Bangladesh saw phenomenal progress over the last decade and the next decade will also be a growth period promoting prosperity and fostering inclusiveness. The Government of Bangladesh has put good governance at the heart of all activities such as the implementation of mega infrastructure projects, ICT, rural development, employment generation, and quality education. The Perspective Plan 2041, approved on 25 February 2020, envisions transforming Bangladesh into a developed country by 2041. Economic Relations Division (ERD) has adopted a diverse range of effective partnership modalities between the government and the development partners to keep the development trajectory upward.

### **Prudent External Resource Mobilization**

ERD has been crucial in ensuring the availability of finances at a concessional terms and conditions to meet the country's development needs.

Bangladesh has witnessed a paradigm shift in development cooperation. There is huge qualitative improvement in resource mobilization along with capacity utilization. Both commitment and

disbursement of assistance have recorded an upward trend over the last decade. In the last 12 years, Bangladesh mobilized USD 99.81 billion which is 4.27 times higher than the previous 12 years. Development Partners (DPs) disbursed USD 50.55 billion in the same period which is 2.75 times higher than that of the previous 12 years. Furthermore, significant changes have taken place in the composition of the assistance package to the country since independence. The share of loans has been increasing with grants decreasing while the project assistance has been increasing sharply. Commodity assistance and food assistance being a predominant share in the post the independence period have now become insignificant.

The significant increase in borrowing is attributed to the increased development needs of the country as well the increased capacity of project implementation. Despite the recent upsurge in external borrowing, the external debt stock has remained reasonably low at USD 50.87 billion (14.33% of the FY 2021 GDP). The Debt Service Analysis by IMF in May 2020 reveals that the overall external debt is 18.5% of GDP at the end of FY 2019 indicating that Bangladesh's external debt lies far below the threshold and the government has adequate capacity for repayment. The World Bank-IMF's DSA 2021 shows that external debt indicators are far below than their thresholds under the baseline and will remain so at least until the end of this decade. The outstanding debt to GDP ratio is declining due to the gradual increase in GDP size. Both the size of Annual Development Program (ADP) and the number of development projects are increasing gradually. In absolute terms, contribution of project assistance (PA) to ADP has been increasing over the years though the percentage of PA in ADP is declining gradually.

As part of the inclusive partnership policy of the government, non-traditional and emerging DPs, in addition to our long trusted bilateral and multilateral DPs, are also increasingly contributing to our development. Despite a phenomenal increase, Bangladesh has been servicing its debt as a 'non-defaulting party' owing to government's prudent borrowing policy. For greater transparency and mutual accountability, ERD has also digitalized assistance and debt management as part of 'Digital Bangladesh' movement of the government,

The 2018 Monitoring Round of the Global Partnership for Effective Development Co-operation (GPEDC) survey reveals that country ownership and priority, inclusive partnership, focus on results, and mutual accountability and transparency - all core principles of development cooperation have substantially increased. At present, both annual and medium-term predictability of development co-operation is high.

### **Visionary Thinking in undertaking Transformative Projects including Mega Projects**

The visionary thinking of the Honorable Prime Minister has been critical in undertaking transformative projects including mega projects and programs with development assistance. Successful implementation of these programs will not only boost the country's socio-economic progress but will also meet the infrastructure requirements to gradually move along the pathways to the upper-middle-income country and then to the pathways to the developed country.

### **Implementation of Inclusive Growth Strategy and SDG**

Following the successful achievements of the MDGs, Bangladesh is now implementing the Sustainable Development Goals (SDGs) with the theme 'Leave no one behind'. SDG -17 (Partnership for the Goals) articulates multi-stakeholder partnership needs for mobilizing resources and transferring technology through innovations and sharing knowledge in achieving the SDGs by 2030. Bangladesh has adopted a holistic approach for SDGs implementation engaging the government, private sectors, DPs, NGOs, CSOs, academics, and professionals. Most of the goals of SDGs have been either directly or thematically aligned with our Five-Year Plans as the government is fully committed to the implementation of the SDGs.

ERD has undertaken several strategic institutional and policy measures for harnessing resources to support Bangladesh's SDGs implementation. It has strengthened partnerships with different line ministries/divisions to accelerate resource mobilization and project implementation process. Challenges relating to fund disbursement are addressed through joint meetings between line ministries/divisions and the DPs.

### **Graduation from Low-Income to Lower-Middle-Income Country in 2015**

Over the last decade, the GDP growth rate significantly surpassed the global average and remained higher than the average for developing countries. According to the World Bank classification of the per capita GNI criteria, Bangladesh graduated to the group of lower-middle-income countries (LMIC) from low-income countries (LIC) in July 2015 - one of the proud achievements as a result of government's pro-growth policies coupled with pro-poor strategies. ERD has been playing its role by mobilizing external resources in support of the implementation of these policies.

### **Progress towards Graduation from LDC status: A Historic Milestone**

Bangladesh was included in the LDC country category in 1975. During the Fourth UN Conference on LDCs in May 2011 in Istanbul, Turkey, the world leaders came up with a mega action plan called the Istanbul Program of Action (IPoA) with a view to halving the number of LDCs by the year 2020. Hon'ble Prime Minister Sheikh Hasina made a strong commitment in the conference to implement the IPoA. Bangladesh has since made remarkable progress in various socio-economic parameters under her dynamic leadership. The country met all the criteria for graduation from the LDC status in 2018 and then again in 2021. As a result, on 24 November 2021, the UN General Assembly adopted a resolution confirming Graduation of Bangladesh from the least developed country category with an exceptionally extended preparatory period of five years. This is a hallmark achievement and a great recognition of its emergence as a 'role model of development'.

### **Expanding Horizons for Development Cooperation**

#### **i) Asian Infrastructure Investment Bank (AIIB)**

Bangladesh is one of the founding members of the Asian Infrastructure Investment Bank (AIIB) launched on 16 January 2016 with an exclusive focus on the wider economic implications of the developing member countries. This was an initiative of the Hon'ble Prime Minister Sheikh Hasina to expand partnership through economic engagement for achieving the national and international targets. So far, AIIB has supported Bangladesh with budget support to mitigate the adverse impacts of the Covid-19 in addition to its regular infrastructure project financing.

#### **ii) New Development Bank (NDB)**

Bangladesh has been actively exploring to expand the source-base of external financing in line with the country's growing resource requirements over time. Hence, Bangladesh became a member of the New Development Bank (NDB) in 2021. NDB was founded on 15 July 2014, the first day of the 6th BRICS summit held in Fortaleza, Brazil. Up until now, the NDB has limited its operation within its five founding member countries (Brazil, Russia, China, India, and South Africa). Bangladesh is the first country in addition to its founding members that NDB has allowed accession. This has opened yet another potential window of external financing for Bangladesh. Like the Asian Infrastructure Investment Bank (AIIB), NDB is expected to be an important source of financing for development projects in the priority areas such as physical and social infrastructures.

### **iii) Climate Financing**

As one of the most climate vulnerable countries, Bangladesh remains severely exposed to the risk of climate change risking the realization of a developed country by 2041. According to the Climate Risk Index 2020, Bangladesh is the seventh amongst the worst victims of climate change. Every year Bangladesh spends nearly USD 5 billion (around 2.5 percent of GDP), on climate change adaptation and resilience activities. Economic Relations Division (ERD) plays an important role to channel external resources both into climate adaptation and mitigation related initiatives.

The Hon'ble Prime Minister of Bangladesh is chairing the Climate Vulnerable Forum for the period 2020-22, while the Hon'ble Finance Minister is chairing the V20 Forum. Bangladesh is also one of the founding donors of the new CVF and V20 Joint Multi-Donor Fund under the United Nations. The Secretary of ERD acts as the National Designated Authority (NDA) of the Green Climate Fund (GCF) formed under the United Nations Framework Convention on Climate Change (UNFCCC) to help the least developed countries and small island countries in implementing climate adaptation and mitigation solutions.

So far, GCF and other development partners have funded USD 389.76 million against five projects of which USD 119.76 million was grants for the adaptation-related projects, and USD 270.00 million was loans for mitigation-related projects. Apart from GCF, Bangladesh is also a member of the South-Asia Constituency of Global Environment Facility (GEF). Currently, GEF has allocated USD 128.70 million in 6 different projects.

### **Strengthening Effective Partnership**

#### **i) Bangladesh Development Forum (BDF)**

Bangladesh Development Forum (BDF), the flagship event of the Economic Relations Division, is the manifestation of Bangladesh's paradigm shift in development from the 'Assistance Consortium' where donors gathered in Paris with a pledge to support. Bangladesh's remarkable socio-economic success supported by strong political commitment enabled it to introduce a high-level multi-stakeholder participatory forum BDF. In BDF, all DPs, national and international NGOs, think-tanks, development practitioners, business leaders and industry participate create an opportunity for partnerships among the stakeholders for implementation challenges and policy or resource gaps identified.

ERD organized four BDF forums over the three-consecutive tenures of the current government in 2010, 2015, 2018, and 2020. Hon'ble Prime Minister Sheikh Hasina took keen interest and participated in all four BDFs as the Chief Guest, while the respective Hon'ble Ministers chaired different working sessions. The highest level of participation from the government inspired other stakeholders to participate with senior delegates and ultimately made the dialogues effective.

#### **ii) Local Consultative Group (LCG)**

Local Consultative Group is the key coordination mechanism between government and DPs. It supports development coordination under the national development plan, focuses on results, and promotes principles of effective partnership. Working Groups on various sectors inform the discussion of LCG to strengthen coordination and to avoid duplication and overlapping. The Hon'ble Prime Minister always supports inclusive partnership for effective development cooperation so that all the relevant actors meaningfully participate in development dialogue.

#### **iii) Global Partnership for Effective Development Cooperation (GPEDC)**

The GPEDC, established in 2012, is a global forum that brings together development actors around four internationally agreed development effectiveness principles underpinning the foundation of effective

development cooperation: ownership by developing countries, a focus on results, inclusive partnerships, and transparency and accountability between development partners and government. Bangladesh has been a member of the Steering Committee since the inception of GPEDC and Bangladesh along with Democratic Republic of Congo and Switzerland is now co-chairing the Steering Committee. Hon'ble Finance Minister represents Bangladesh in GPEDC as its Co-Chair. Bangladesh strongly believes that during this challenging period, effective development cooperation matters more than ever.

### **Strategy for Development**

Located at the crossroad of Asia, Bangladesh has the potential to emerge as a regional economic hub of a combined market of nearly 3 billion people. The country has a relatively young population who are confident, resilient, and competitive. This coupled with the country's able leadership, political stability, and sound macro-economic fundamentals are expected to place Bangladesh as a leader for the future global economic arena. Accordingly, Bangladesh is looking forward to exploring stronger development cooperation with all its strategic partners both bilateral and multilateral.

### **Addressing the Impact of Covid-19 Pandemic**

Like other nations, Bangladesh has been adversely affected by the Covid-19 pandemic, slowing down the country's economic growth, poverty reduction, and other socio-economic development. To overcome these effects, 28 stimulus measures of 22.1 billion, (6.23 percent of GDP) have been rolled out to support the affected sectors. Owing to the prudent policies by the Hon'ble Prime Minister Sheikh Hasina, the country has been able to evade major economic setbacks and sustain lives and livelihoods. The government has allocated \$1.61 billion for free vaccines in the current budget cycle, with a special focus on the most vulnerable populations. ERD has been instrumental in mobilizing resources from the bilateral and multilateral development partners for Covid-19 recovery and widely covered by the media.

### **Conclusion**

Under the leadership of Hon'ble Prime Minister Sheikh Hasina, Bangladesh is on track to build a Sonar Bangla that the Father of the Nation Bangabandhu Sheikh Mujibur Rahman envisaged. His able daughter, our Hon'ble Prime Minister Sheikh Hasina is working relentlessly to ensure a prosperous and happy Bangladesh for all. Necessary medium and long-term plans such as the Vision 2021, Perspective Plan 2041 and Bangladesh Delta Plan 2100 are already in place to guide the economy. Economic Relations Division is working proactively in the implementation of these strategies/ plans through mobilizing external resources. We look forward to celebrating the 70th year of our independence in 2041 as an advanced, knowledge based and developed nation. We are confident that the vision of a Sonar Bangla dreamt by the Father of the Nation will be achieved through the visionary leadership of Hon'ble Prime Minister Sheikh Hasina. We keenly look forward to the development cooperation of our trusted development partners in the journey ahead.

