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# Bangladesh Quarterly Development Update

October—December  
2017

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## Foreword



UNDP Bangladesh has been a key facilitator in Bangladesh's remarkable development story since it first started operations in 1972. Since then, UNDP has assisted Bangladesh's progression to an ever more dynamic, youthful and resilient emerging economy with distinct promise. UNDP Bangladesh has been a valuable partner throughout this process, acting as an honest broker and catalyst in promoting transformational changes in the lives and livelihoods of the people of Bangladesh.

On the ground in 177 countries and territories, UNDP is the most universal actor in technical development assistance and capacity development. The activity that is facilitated, executed, or encouraged through UNDP's global network generates not only direct development outputs, but also a rich base of collective knowledge. Especially, UNDP's long and diverse country engagement in Bangladesh has generated rich knowledge resources, which are extremely useful to the country's development actors, including the government, academia, civil society, development partners, and the people of Bangladesh.

Anchored in the theme that knowledge is a productive resource to Bangladesh's development transformation and achieving the sustainable development goals, UNDP has launched this flagship publication, the Bangladesh Quarterly Development Update, which seeks to emerge as an inclusive knowledge platform. Its scope will not be confined to contemporary development issues, it will explore emerging socio-political, sustainable development and governance issues with innovative and creative solutions. Simultaneously, the publication will generate operational knowledge to underpin UNDP's country engagement and boost development effectiveness. The update will not only draw and build on inputs from UNDP staff, it will seek knowledge contribution from scholars and development practitioners at all spectrum. While the current issue seeks to contextualise the development agenda, future issues will focus on thematic development topics based on systematic analysis and research.

Bangladesh's development transformation and attaining the SDGs require high quality and competitive knowledge resources at a sustainable basis. UNDP, as Bangladesh's trusted development partner will always facilitate and lead knowledge creation, so that Bangladesh can unleash its development potential and progress towards a knowledge-rich country.

02 January 2018  
Dhaka

Sudipto Mukerjee

Country Director  
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# I. Political and Governance Developments

## A. Political developments

Bangladesh continues to make impressive strides forward in economic development and it is on the basis of these advances that its political outlook is largely founded. Progress in lifting millions of people out of poverty, especially women, has had remarkably positive effects on Bangladesh's overall political picture when one compares the country to the 1970s and 80s when post-conflict stresses, famine, political assassinations and military rule dominated the landscape. However, some uncertainty exists as the country approaches the next general elections, scheduled to be held no later than January 2019, although they may be held between October and December 2018 to avoid the monsoon.

In February 2017, the Bangladesh Elections Commission (BEC) was, according to schedule, reconstituted with a view to making early preparations for the next poll. On 6 February, President Mohammad Abdul Hamid appointed former government Secretary KM Nurul Huda as the next Chief Election Commissioner (CEC). The other four commissioners named are former government Secretary Rafiqul Islam; retired Brigadier General Shahadat Hossain Chowdhury; former government Additional Secretary Mahbub Talukder; and former Judge Begum Kabita Khanam.

The BEC has successfully launched preparations for the general elections and has had some early successes. It is in ongoing and comprehensive consultations with the government, civil society and political parties on the future elections. Given the prolonged political troubles after the national election in 2014, the upcoming general elections are a crucial point in Bangladesh's history as an evolving democracy. Additionally, The BEC managed the conduct of the Comilla elections in the first half of the year. In Comilla the opposition won, and it was an election process that was viewed favourably by most stakeholders. Rangpur City Corporation election was held on 21 December, 2017. The election was participated by major political parties, and the poll was generally peaceful. Mostafizar Rahman Mostafa from Jatiya Party (Ershad) was elected as the mayor. A number of city corporations elections are scheduled to be held in early 2018. These will prove to be important, but not decisive, indicators for the conduct and outcome for the general elections.

In mid-2017, Bangladesh was ranked the third most peaceful country in South Asia, faring better than India, Pakistan and Nepal in the Global Peace Index (GPI) 2017 published by the Institute for Economics and Peace (IEP). More generally, Bangladesh is ranked 84th, having dropped one position from last year, out of 163. However, political violence remains a problem in Bangladesh, especially during periods near elections. The local government elections in 2016 were notable for the elevated levels of violence during a three-stage electoral process between March and June 2016 for over 4,500 Union Parishad local government elections. On the other hand, the city corporation elections in

2017 were generally peaceful. The youth wings of political parties continue to be the sources of much of the political violence in Bangladesh.

International and national rights organisations suggest that Bangladesh's record in these and other areas, such as labour rights, are being undermined. On the other hand, Bangladesh has made progress in developing enhanced engagement with the Universal Periodic Review (UPR) a unique mechanism of the Human Rights Council (HRC).

Meanwhile, Bangladesh moved up three spots and ranked 139th out of 188 countries in the UNDP Global Human Development Index (HDI) 2016. As per the HDR 2015, Bangladesh's position was 142nd out of 188 countries. According to the report, which is published annually, Bangladesh categorized as "medium human development" country. The report also reveals a higher average annual HDI growth rate of Bangladesh (1.64 per cent) during 1990-2015 compared to all other South Asian countries, including India (1.52 per cent). However, Bangladesh is still only ranked fifth in South Asia, falling behind Sri Lanka (73), the Maldives (105), India (131) and Bhutan (132).

## B. Developments in governance

The authorities reasonably maintained prudent public policy regime, aided by digitisation of public administration, raising transparency, and curbing bureaucratic inefficiency and coordination failure. Greater discipline in public financial management improved service delivery. Quasi-independent bodies, such as Human Rights Commission and Right to Information Commission have evolved to register the grievances of the citizenry. The government's 7th Five Year plan and Vision 2021 reflect areas of good governance and reforms that are essential to consolidate wider gains and provide policy direction and targets for the government.

Similarly, Bangladesh's commitment to the 2030 Agenda for Sustainable Development has been well received. Under the leadership of the Prime Minister's Office, an interministerial coordination mechanism has been established to monitor the implementation of Sustainable Development Goals (SDGs).

Despite these positive gains, deficits remain in vital governance areas, including democratic institutions, rule of law, participation in the political decision-making process, curbing corruption, and ensuring accountability by service providers. Much needed governance reforms lack adequate boost, limiting

political space for citizens and civil society organizations (CSOs).

The expansion and contraction of democratic space in Bangladesh suggests a shifting commitment to democratic norms and culture. Civil society is often perceived as politicized, and although there remains a relatively vibrant debate through the mass media, the freedom of the press is weakened by a recent media act imposed by the government.

The options for citizens seeking to voice their opinion on policy matters have reduced. There is a general sense that political space for civil society is shrinking not only due to a rise in market approaches to development (loans, business support) but because fewer rights-based organizations are as outspoken as they once were. As civil society's space is shrinking, discussions related to land rights, freedom of speech, political participation and civic engagement are also getting limited. Hence, "association and other civil society groupings are increasingly being captured by political interests".

Moreover, building trust among the state and citizen remains inadequate. The deficits in accountability of the law enforcement agencies has contributed towards low levels of trust among citizens as well as reducing citizen perceptions that they will be safe and secure. In a recent survey conducted by the Asia Foundation, citizen trust in Police is significantly low at 31%. It is partly attributable to what a Human Rights Watch Report 2016 has described as a culture of impunity and mistrust.

Most importantly, a culture of political violence and ineffective means of alternatively addressing political grievances are some of the many factors that are perhaps contributing to the rise of violent extremism in Bangladesh. Not only it is an issue of political stability for Bangladesh, but also a regional stability issue as well. Furthermore, the influx of half a million Rohingya refugees has created a major humanitarian emergency and raises security concerns. These challenges, if unaddressed, may spur political troubles impacting the country's social, economic and political prospects.

To ensure a culture of effective democratic governance it is essential that state, private sector and civil society actors collaborate to promote sustainable governance through a whole of society approach. In moving forward, to foster good governance and to establish effective democratic institutions, the state needs to make greater efforts to engage citizens in influencing the national development agenda, and to build trust in key democratic and governance institutions.

### **C. Outlook and risks**

The political outlook for Bangladesh is generally positive, but there are potential political downside risks as well. Given the country's experience with, and

patterns, of political violence in the course of an electoral cycle, chances of political troubles in 2018 may not be ruled out. The propensity for this risk is deemed likely higher should the government fail to provide for a level playing field in the election, and / or should the opposition choose to boycott the polls as was the case in 2014.

Additionally, the Rohingya crisis adds to downside risks for Bangladesh's political outlook in 2018. The Government of Bangladesh now asserts that Bangladesh hosts over 1 million Rohingya. Of these, over 624,000 have arrived since August 2017. Previous movements of Rohingya occurred in 1978, 1992, 2012 and 2016. However, the 2017 movement of Rohingya into Bangladesh is vastly larger than any previous influx. The social, economic, political and public security impacts of this crisis are yet to fully unfold. Also, the crisis has tested Bangladesh relations not only with Myanmar but also with key partners such as India, China and Russia, which have largely supported Myanmar's position. In late November 2017, the Government of Bangladesh and the Government of Myanmar reached agreement via a Memorandum of Understanding (MOU) for the repatriation of the Rohingya to Myanmar. While the bi-lateral agreement is a welcome step in the right direction, the details of the repatriation remain unclear and much needs to be done to develop a sound implementation plan based on international standards for refugee return, especially against a backdrop of poor track record of previous such agreement.

Another significant risk to Bangladesh is the threat of violent extremism. Since the Holey Artisan Bakery attack on 1 July 2016 the Government of Bangladesh and the citizens of the country have demonstrated considerable determination to meet the challenge. Aggressive counter terrorism operation through the country in 2016 and 2017 have largely been successful in suppressing the threat of terrorism in the country. However, it is not yet clear if these threats have been resolved permanently. A successful terrorist attack in the context of a sensitive election campaign could pose very deleterious effects on political dynamics in the country. Also, there are other forms of extremism which are an issue. Communal violence against minorities remain a challenge with incidents involving violence against Hindu, Santal and other minorities in 2017.

In the run up to the upcoming national election, 2018 promises to be a testing year for Bangladesh. However, as in the course of its history since independence in 1971 Bangladesh and its people have time and again demonstrated strong resilience in the face of natural and manmade disasters. If the next general elections are carried out in an inclusive and credible manner in which the results are respected by all stakeholders then the country's medium term political outlook is positive. Should this not materialize Bangladesh will likely experience turbulence.



## II. Macroeconomic Developments and Outlook

### A. Summary

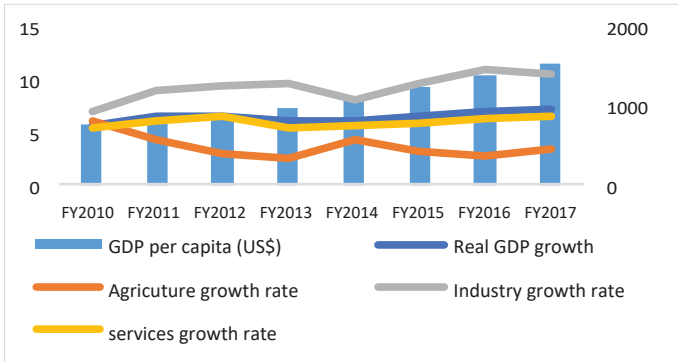
Macroeconomic management was broadly prudent with growth in FY2017 (ended in June 2017) remaining robust despite external and internal headwinds, reflecting the economy's greater resilience. Inflation was lower than expected. Fiscal deficit remained within budget target. Overall external balance recorded surplus, notwithstanding worsened current account balance caused by larger trade deficit and fall in remittances. Depreciation in exchange rate helped to build up solid foreign exchange reserve. Near term macroeconomic outlook is stable. Potential political troubles, negative security fallouts associated with the Rohingya refugees, revenue shortfall and financial sector weaknesses are major downside risks. Lingering conflicts in Gulf Cooperation Countries (GCC) and protracted uncertainty in EU countries are key external challenges.



## B. Growth scenario

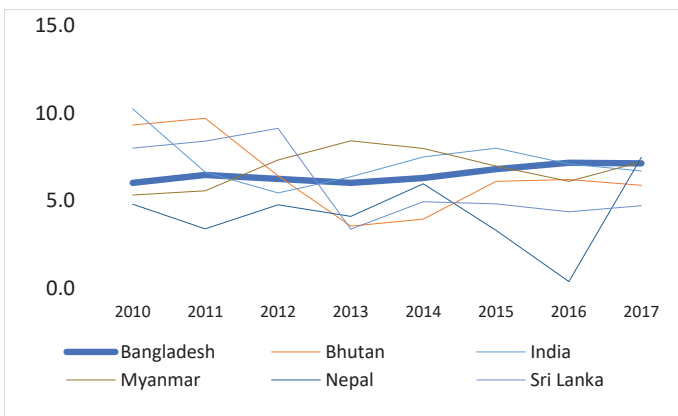
Bangladesh sustained healthy gross domestic product (GDP) growth at 7.2% in FY2017 from 7.1% in FY2016 (Figure 1 and Figure 2), according to the estimates made by Bangladesh Bureau of Statistics (BBS). With population growing at 1.9% per annum, GDP per capita rose to US\$1538 from US\$1385, a rise by 11%.

Figure 1: Trends in growth scenario in Bangladesh



Source: Bangladesh Bureau of Statistics (BBS)

Figure 2: Annual GDP growth rate in selected South Asian countries

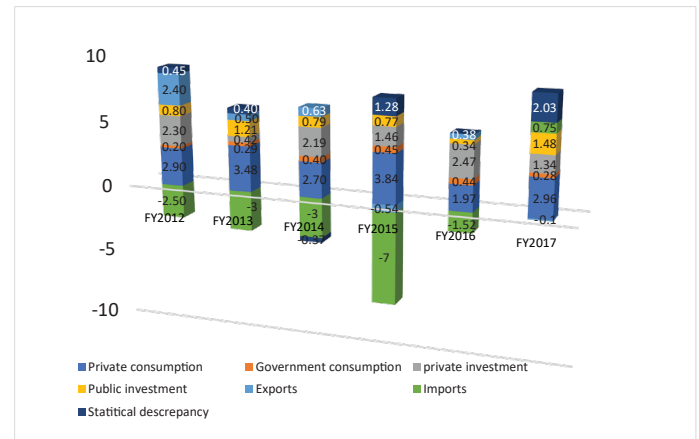


Source: International Monetary Fund (IMF), 2017

On the demand (expenditure) side, uptick in private consumption and public investment propelled higher growth (Figure 3). Notwithstanding fall in remittances, private consumption held up well with brisk private sector credit growth and salary increase for government employees. Total investment remains low at cross country level (Figure 4). Especially, private investment remains stagnant at 23% of GDP, which is a major drag on lifting GDP growth to higher trajectory, creating decent jobs and attaining the SDGs. In fact, contribution of private investment to GDP growth has declined from 2.5% in FY2016 to 1.3% in FY2017, notwithstanding improvement in physical infrastructure and trade logistics, and falling bank lending rates. It hints towards improving investment environment, strengthening financial sector discipline, and cutting costs of doing business. Public investment rose to

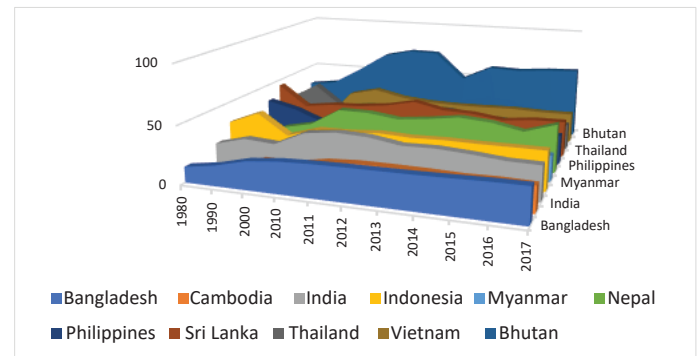
7.3% from 6.7% a year earlier as Padma Bridge construction and several transformative mega projects are in progress. As a result, its contribution to growth increased from 0.3% to 1.5%. Negative net exports subtracted GDP growth. In addition, a large contribution (2.03% of GDP) of statistical discrepancy calls for a more careful and systematic expenditure accounting in GDP estimation.

Figure 3: Contribution to GDP from demand (expenditure) side (%)



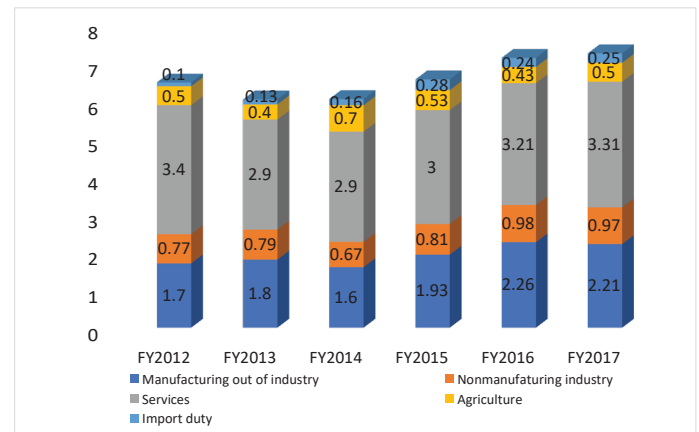
Source: Estimated from BBS data

Figure 4: Trends in investment level in selected Asia Pacific countries (% of GDP)



Source: International Monetary Fund (IMF), 2017

Figure 5: Contribution to GDP from supply (production) side (%)



Source: Estimated from BBS data

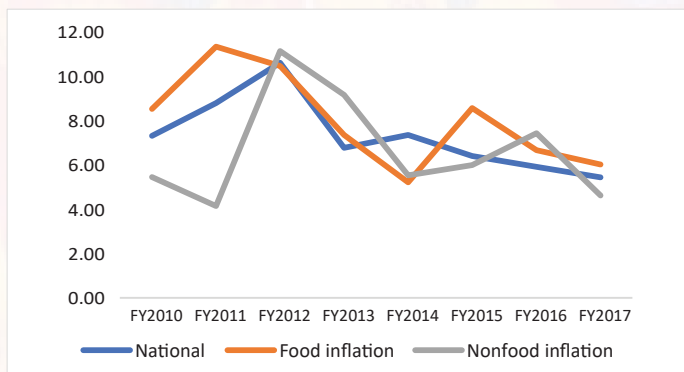


On the supply (production) side, higher GDP growth was mainly driven by robust services and industrial growth. Agriculture, which contributed to 0.5% of GDP growth, grew by 3.4% from 2.8% a year ago (Figure 1), primarily due to supply response to higher domestic food prices together with government supports to timely input delivery, credit supply and extension services. Industrial sector grew by 10.5% (a modest decline from 11.1%), contributing to 3.2% of GDP growth (Figure 5). Especially, manufacturing sector contributed to 2.2% of GDP growth. Services sector, which depends on industry and agriculture sectors' performances, grew by 6.5%, contributing to 3.3% of GDP growth.

### C. Inflation

Average annual inflation fell to 5.4% from 5.9%, mainly due to moderation in nonfood inflation (Figure 6). Monetary restraint pursued by Bangladesh Bank (BB) helped to keep inflation within prudent limit. Favourable global oil and commodity prices also helped. Nevertheless, food inflation rose to 6.0% from 4.9% a year ago, because of multiple factors, e.g. supply shocks caused by repeated floods, fungal blast outbreak and rise in rice price in major importing countries, including India, Thailand and Vietnam. Rice price hike was partly contained by government's rice import and lowering import tariffs on food items.

Figure 6: Trends in annual average inflation rate (%)



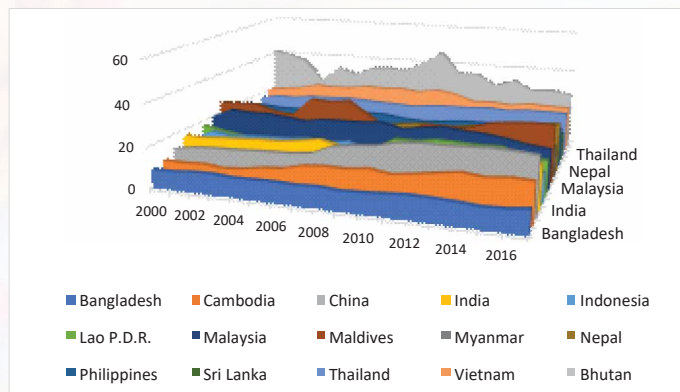
Source: Bangladesh Bank

### D. Fiscal developments

Fiscal policy was largely accommodative. Notwithstanding, fiscal revenue fell short of ambitious budget target, tax/GDP ratio rose to 9.8% from 8.8%, a rise by 1 percentage point. While the government deferred implementation of the Value Added Tax (VAT) Act 2012, National Board of Revenue (NBR) resorted to discretionary application of VAT and Supplementary Duties (SD) to raise tax revenue resulting in distortions in the tax regime. Notwithstanding this increase, Bangladesh still belongs to the lowest rank among the Least Developed

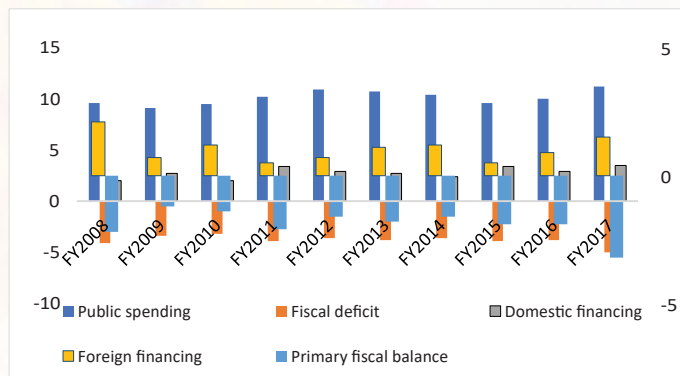
Countries (LDCs; Figure 7). This is a binding constraint to the country's both short run and medium-term development prospects, particularly for financing SDGs. Potential adverse impacts, stemmed from macroeconomic populism and redistributive fiscal politics over the political business cycle, erode fiscal space and weaken fiscal discipline.

Figure 7: Trends in revenue to GDP ratio in selected Asia Pacific countries



Source: International Monetary Fund (IMF), 2017

Figure 8: Trends in public spending and fiscal deficit in Bangladesh (% of GDP)



Source: Estimated from Bangladesh Bank data

Government spending rose to 16.2% of GDP with higher recurrent spending financing enhanced salary and allowances, higher interest payment, and larger subsidy bill. Subsidies, rose to US\$3.0 billion (0.3% of GDP) from US\$2.3 billion a year ago. Subsidies are costly and inefficient on multiple accounts, including misplaced prioritization and erosion in fiscal space. Freeing resources will allow the authorities greater fiscal space for much needed spending on public goods, therefore attaining SDGs.

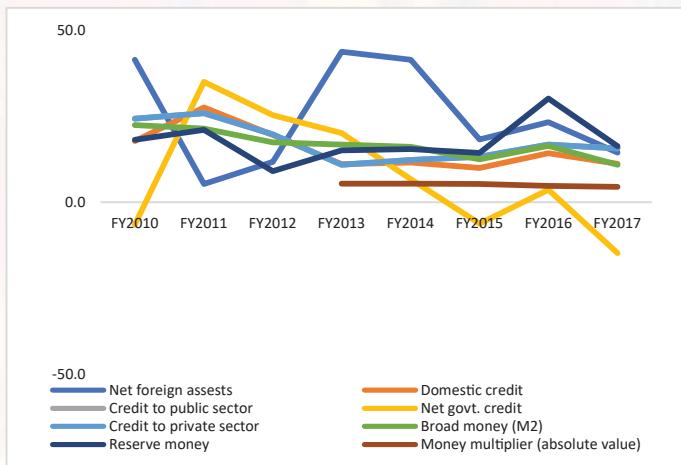
Government's annual development programme (ADP) rose from 4.6% of GDP to 5.7%, nevertheless its quality was affected by end-loading implementation, inappropriate prioritization and lingering capacity

constraint in executing agencies. Although fiscal deficit rose to 5.0% of GDP from 3.8%, it remained within budget target (Figure 8). While domestic financing accounted 3.8% (from 2.9%) of fiscal deficit exceeding the budget target, the rest was financed from external sources. A major policy issue related to deficit financing is the government's over dependence on high yielding National Savings Certificates (NSCs). NSCs are costly as higher interest payment is paid, and it distorts incentive regime in the banking system.

### E. Monetary and financial developments

Prudent monetary policy conduct by the Bangladesh Bank kept the key monetary aggregates, namely broad money (M2), reserve money and private sector credit, reasonably close to its Monetary Policy Statement targets. M2 growth slowed to 10.9% from 16.4% (Figure 9). Private sector credit grew briskly by 15.7%. Upbeat in industrial term loans, working capital and construction loans are positive developments. Public borrowing from the banking system has been substituted with NSCs. Excess liquidity has slowed with rise in private credit and a fall in remittances. Still, excess liquidity remains high, reflecting need for further sterilization.

Figure 9: Trends in monetary aggregates (% change)



Source: Bangladesh Bank, 2017

Financial sector with poor balance sheets remains severely stressed. Especially low capital adequacy, poor asset quality and growing nonperforming loans, particularly in state owned commercial banks (SCBs) have severely undermined financial sector discipline (Figure 10, Figure 11, Figure 12 and Figure 13). Banking sector performance—based on indicators of profitability, capital adequacy, and non-performing loans (NPLs)—differs significantly between private banks (PB) and SCBs (Figure 10), suggesting scope to strengthen oversight and limit risks for the sector.

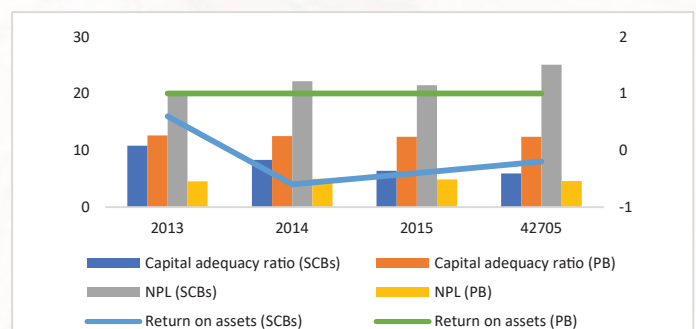
Weaknesses in SCBs are largely the legacy of loans made to large borrowers who lack the incentive to repay, and limitations in the legal system which hamper the banks' ability to recover these loans. This

keeps their NPL ratios high, with the more recent increases reflecting in part improvements in enforcing loan classification and the reclassification of previously restructured loans. These banks are also tasked with carrying out public policy initiatives which have swayed over many of their lending decisions. An implicit government guarantee on their deposits keeps them highly liquid and limits their threat to financial stability, but their operations could lead to growing quasi-fiscal losses and are an impediment to modernizing the financial sector.

NPLs of SCBs soared from Tk150 billion in FY2009 to Tk424 billion in March 2017, rising by Tk276 billion. This large NPL prevails despite write-offs of some of the bad loans and a restructuring of considerable amount of doubtful assets. In percentage terms, NPL amounts to 29% in SCBs. In the US dollar terms, NPLs of PBs are equal to \$5.2 billion. This value of NPLs exceeds by 179% the total public spending on health in FY2017 and is equal to 93% of total public spending on education. The opportunity cost of NPLs is high. This is problematic because Bangladesh needs resources to invest more in health, education and social protection. The authority has responded by injecting capital into these public banks to shore up their capital base and keep them in business. An estimated Tk93.8 billion has been injected so far into these banks between FY2014 and FY2017.

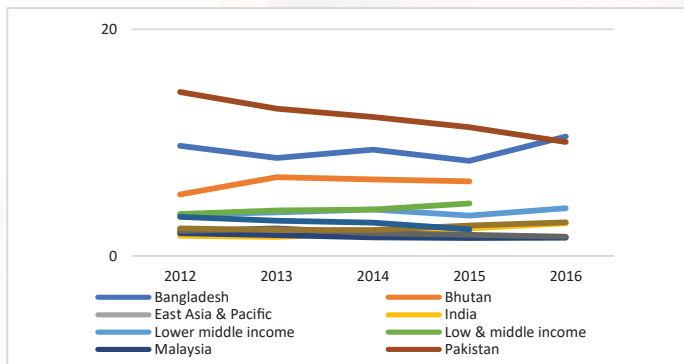
The government's reform strategy to address the banks' losses and improve operations entails improved governance, gradual recapitalization, credit growth limits, and automated financial reporting. To ensure the success of this strategy the government could also introduce legal and regulatory changes to streamline loan recovery, eliminate government influence over lending decisions, and improve incentives for the banks to operate on a commercial basis. Reforms should focus on further improving supervision, containing risks from loan concentration and banks' exposure to capital markets, and improving the legal and financial framework for loan recovery.

Figure 10: Performance of Banks in Bangladesh



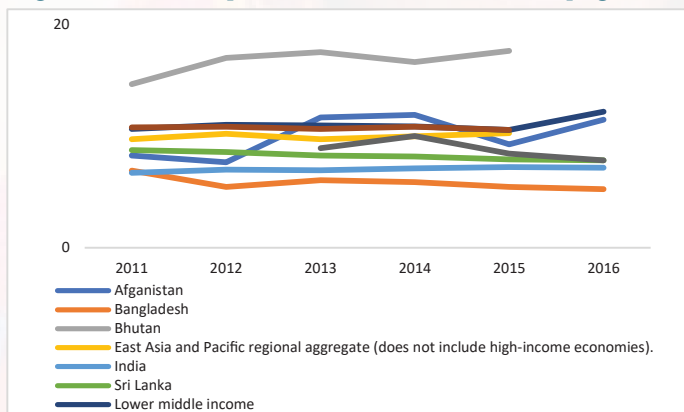
Source: World Bank, 2017

**Figure 11: Nonperforming loans in selected developing countries (% of NPL in gross loan amount)**



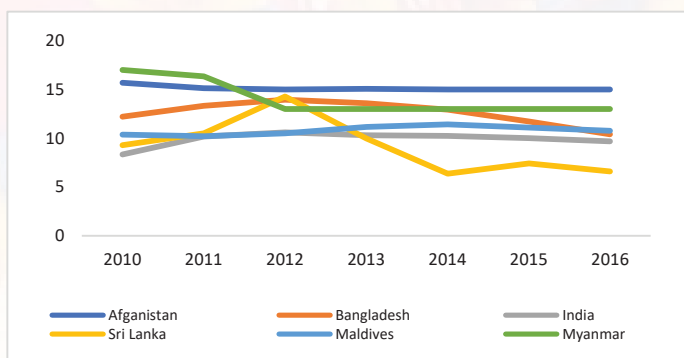
Source: International Monetary Fund (IMF), 2017

**Figure 12: Trends in capital to assets ratio in selected developing countries**



Source: International Monetary Fund (IMF), 2017

**Figure 13: Trends in nominal interest rate in selected South Asian countries**



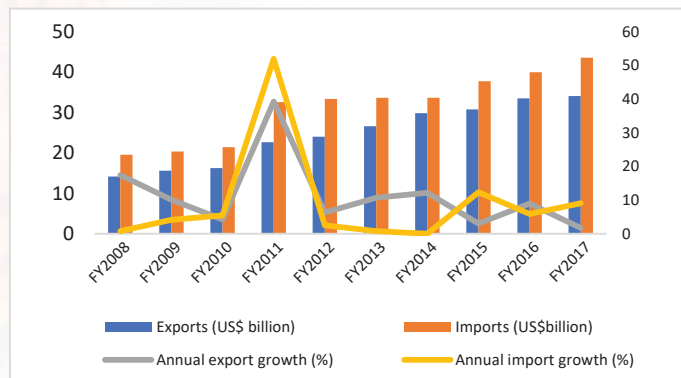
Source: International Monetary Fund (IMF), 2017

## F. External sector developments

Bangladesh experienced major headwinds in external sector. Export growth rate plummeted to 1.7% from 8.9% a year earlier. Readymade garments (RMG) export, which accounts for about 80% of total export, grew by less than 1% (Figure 14). Despite higher volume exported, this slowdown is attributable to synchronized price fall caused by damp demand in all major destinations, including EU, UK, US and Japan. Nevertheless, this was partly offset by robust non-

RMG exports (8.5%). Imports rose strongly by 9% owing to higher import bill for food, petroleum, construction materials and non-RMG intermediate goods. Surge in capital machinery import in recent years is not consistent with stagnant private investment, hinting towards capital transfer.

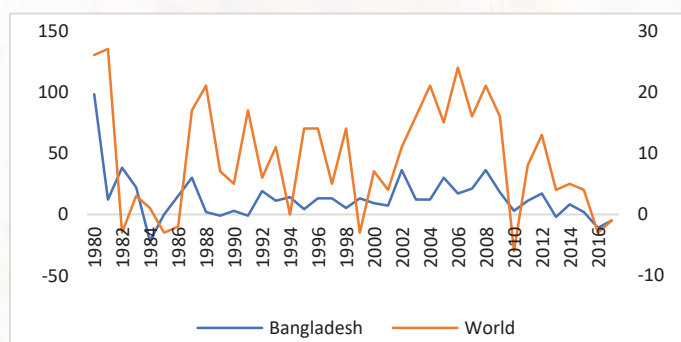
**Figure 14: Recent trends in exports and imports in Bangladesh**



Source: Bangladesh Bank and Export Promotion Bureau

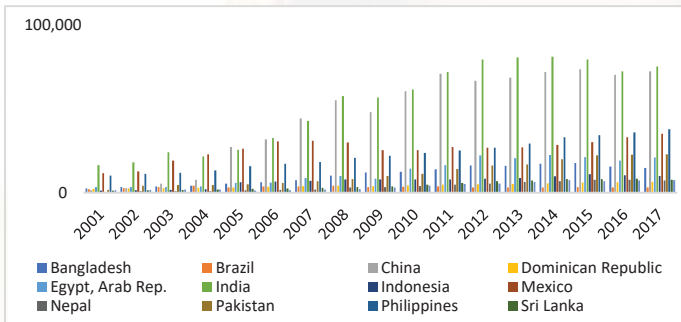
Remittances, the other key growth driver, has been tapering during the last five years as its share in GDP has been declining, and it fell in absolute terms from US\$16.9 billion in FY2016 to US\$12.7 billion in FY2017, a fall by 14.5% (Figure 15 and Figure 16). The slowdown was the largest from the GCC countries (accounts for 60% of total remittances) although, migrant workers from Bangladesh to the GCC countries have been growing steadily over the last two years. Sustained low oil prices have led to slower growth, weakening of fiscal and external positions, and a tightening of monetary and financial conditions in these countries, with government spending on major infrastructure projects seeing delays. This has likely led to less employment opportunities and higher costs of living for migrant workers, reducing their ability to save and remit income home. Another reason could be related to a shift away from banking towards informal channels for transferring funds. Despite various policy measures implemented by the Bangladesh Bank over the past decade, informal channels continue to exist resulting in underreporting of actual remittances inflow in official statistics. Quicker processing, higher exchange rate and less transfer fees have also prompted migrant workers to send money through mobile banking and informal channels.

**Figure 15: Annual growth rate of remittances**



Source: International Monetary Fund (IMF), 2017

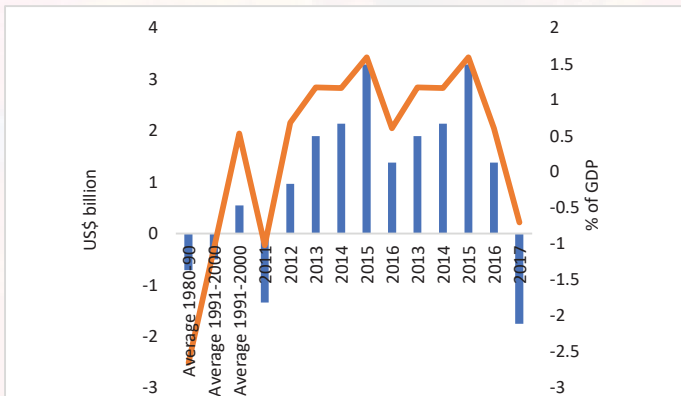
**Figure 16: Trends in remittances inflow in selected developing countries**



Source: International Monetary Fund (IMF), 2017

With larger trade (from US\$3.0 billion to US\$ 9.5 billion), services (from US\$2.7 billion to US\$3.3 billion), and income (from US\$1.9 billion to US\$2.0 billion), deficits and slowdown in remittances, current account balance shifted to negative quadrant at US\$1.4 billion (equal to 0.6% of GDP) from a

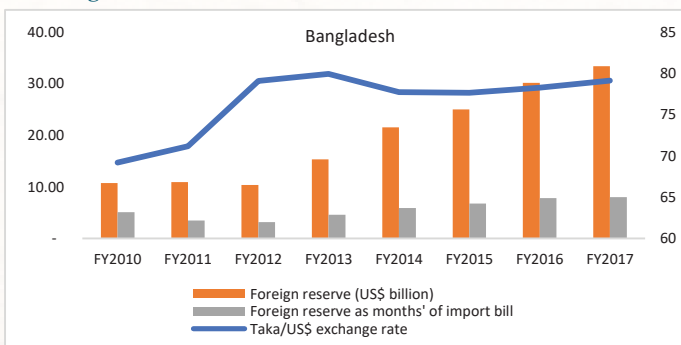
**Figure 17: Trends in current account balance in Bangladesh**



Source: Bangladesh Bank

surplus of US\$4.3 billion a year ago (Figure 17). Nevertheless, surge in net inflows in capital and financial accounts amounting to US\$4.5 billion helped to maintain a surplus overall balance (US\$1.3 billion), and build up a healthy foreign reserve. Medium term loans amounted US\$2.3 billion, foreign direct investment US\$1.7 billion and portfolio investment US\$0.5 billion. With nominal exchange

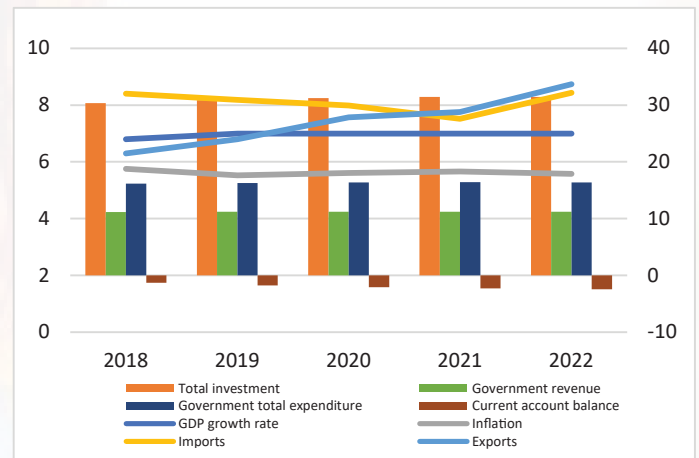
**Figure 18: Trends in exchange rate and foreign exchange reserve in Bangladesh**



Source: Bangladesh Bank

rate depreciating by about 2% in June 2017, foreign reserve further rose, equaling the country's 8-month import bill (Figure 18).

**Figure 19: Medium term projection of key macroeconomic indicators**



Source: International Monetary Fund (IMF), October 2017

## G. Macroeconomic outlook

Short term macroeconomic outlook remains broadly positive despite growing stress on macroeconomic discipline in recent months together with creeping uncertainties surfacing around the upcoming national election and the recent Rohingya refugee problem. Considering recent developments in key growth drivers, GDP growth is expected to slightly moderate, but remain healthy at 6.8% in FY2018 (Figure 19). More systematic expenditure accounting by BBS is likely to lower contribution of 'statistical discrepancy'.

From the demand side, private consumption is expected to hold up solid GDP growth, underpinned by accommodative fiscal policy stance over the political business cycle. Remittances, despite remaining broadly damp, may gradually turn around (Figure 20) with higher number of migrant workers going abroad, expected rise in global oil price and larger inflow through official channel aided by government efforts to cut transfer costs, and prudent exchange rate management. Exports, the other key growth driver, is expected to gradually recover (Figure 21) with RMG rebounding in recent months together with depreciated exchange rate. Nevertheless, net exports are expected to subtract from growth due to higher import bills for food, oil and capital machinery, and depreciated exchange rate. Much needed boost in private investment may not ramp up as expected because of low investor confidence in the run up to the national election, infrastructure constraints and higher business costs. Nevertheless, rise in public investment is likely to lift total investment, although some mega public investment projects may be affected by the Rohingya settlement in greater Cox's Bazar region.

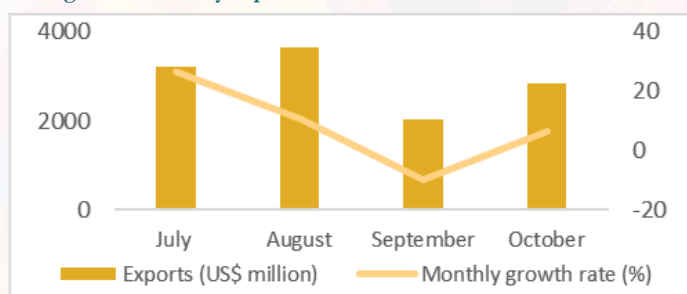
Figure 20: Monthly remittances inflow in FY2018



Source: Bangladesh Bank

In the production side, agriculture sector growth is likely to slow to 2.5% as supply shocks caused by two consecutive floods in May and August 2017 severely affected crops, poultry, fishery, livestock, and people's livelihoods in 32 districts, together with higher base in earlier years (base effect). Industry is expected to

Figure 21: Monthly exports in FY2018



Source: Export Promotion Bureau

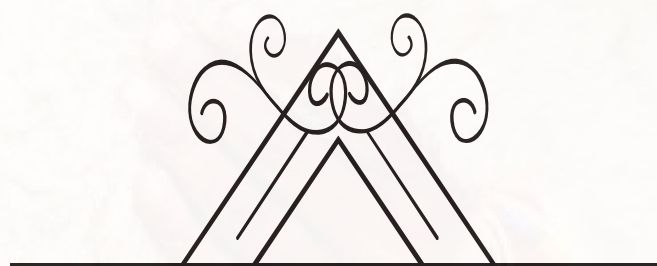
grow strongly by 10.5% with turnaround of exports and construction activities, ample liquidity in banking system and greater government support to boost small and medium scale enterprises. Services growth will remain solid at 5.8% with upbeat in industry and trade activities. Nevertheless, moderation in agriculture and repeated floods will partly hold down services growth.

Inflation is expected to creep up to 6.0% with global oil and commodity prices gradually rising, supply shock caused by recurrent floods, depreciation in exchange rate and expected upward adjustments in electricity and fuel prices. A major structural cause for systemic price pressure is caused by very narrow gap between actual and potential output implying limited scope to boost aggregate demand without raising price level. In addition, higher inflation expectation may build up price pressures. Nevertheless, Bangladesh Bank's cautious monetary policy and prudent exchange rate management together with government's food import and easing supply side constraints are expected to keep inflation within prudent limit.

With larger recurrent and development spending in the run up to the national election and potential revenue shortfall compared with ambitious budget target, fiscal

deficit in FY2018 is expected to edge up to 5.2% of GDP. FY2018 budget aims to raise total revenue to 13.0% GDP from 11.2% in FY2017, a rise by 31.8%. Latest NBR data reveal that total tax revenue collected by NBR (accounts for 95% of total tax receipts) in July FY2018 has risen strongly by 27.1% than corresponding period of a year ago. Tax revenue at import stage grew by 50.6% with customs duty growing by 53.6%, VAT by 48.7% and supplementary duty (SD) by 48.5%. While VAT at local stage grew by 22.6%, excise duty by 47.1% and SD by 10.8%. Revenue from income and travel taxes grew by 10.9%. Although it is too early to make any confident projection, lower tax revenue collection rate at domestic stage compared with import taxes indicates that attaining the budget target will be challenging. In addition, mounting dependence on import and indirect taxes is not healthy. Current spending is likely to overshoot because of higher interest and subsidy payments, flood rehabilitation and Rohingya refugee related spending together with election related outlays. Notwithstanding rise in external humanitarian assistance, selling NSCs will continue to remain the main policy instrument for deficit financing.

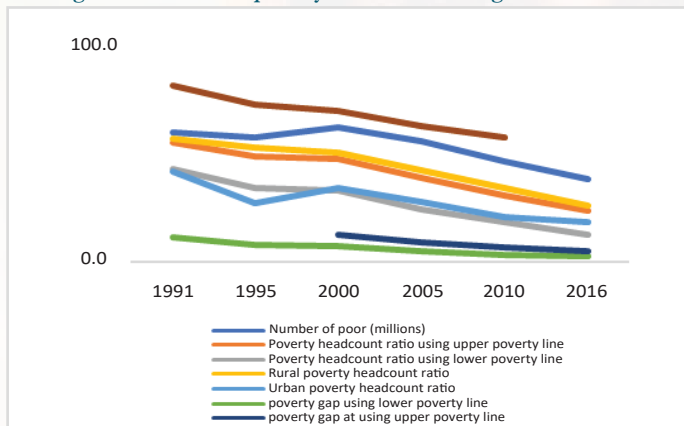
Notwithstanding expected rise in exports and slower remittances fall, larger current account deficit, equally 1.5% of GDP is expected with higher import bills for rice and food grains, intermediate commodities, industrial raw materials, capital machinery and petroleum. Overall balance is expected to remain stable with expected surplus in capital account. Annual debt sustainability exercise carried out by International Monetary Fund reports that Bangladesh's external debt is well within sustainable limit. Greater flexibility in exchange rate management by the Bangladesh Bank is expected to hold up healthy foreign reserve.



### III. Poverty Reduction, Distribution and Job Creation

#### A. Recent poverty situation

Figure 22: Trends in poverty reduction in Bangladesh



Source: BBS, 2017 & WDI 2017

According to the preliminary results of Household Income and Expenditure Survey 2016 (HIES 2016), released in October 2017, head count rate (HCR) based on upper poverty line in 2016 has decreased to 24.3% at national level compared with 31.5% in 2010, a decline by 7.2 percentage points (Figure 22). Nevertheless, growth rate of annual decline in poverty has slowed during 2010-2016 (1.5%) than in earlier years. While poverty in urban areas declined to 18.9% from 21.3% in 2010 (2.4 percentage points), poverty in rural areas fell at a faster pace to 26.4% from 35.2% in 2010, a decline by 8.8 percentage points. Nevertheless, poverty incidence is still significantly higher in rural areas than urban regions.

Using the lower poverty line, HIES 2016 reports 12.9% poverty incidence at the national level from 17.6% in 2010, a fall by 4.7 percentage points. While extreme poverty has fallen to 14.9% in rural areas from 21.1% in 2010, equaling 6.2 percentage point fall, the same in urban regions has slightly declined to 7.6% from 7.7% in 2010. It implies that although extreme poverty incidence is higher in rural areas, it is falling at faster pace than in urban regions.

Spatial concentration of poverty measured by poverty incidence in major divisions shows that Rangpur division has the highest poverty HCR at 47.2%, followed by Mymensingh division 32.8%, Rajshahi division 28.9% and Khulna division 27.5%. On the other hand, Dhaka division has the lowest HCR at 16.0% preceded by Sylhet division 16.2% and Chittagong division 18.4%. Comparing with poverty situation in 2010, poverty reduction rate is significantly higher in Dhaka division compared with other divisions.

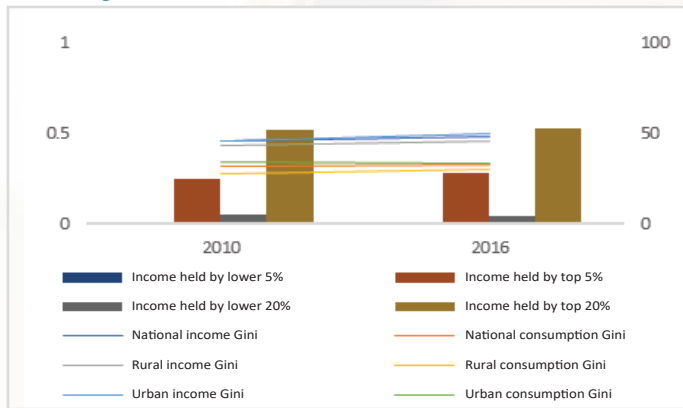
Poverty Gap (PG), which reflects the depth of poverty, fell to 5.0 from 6.5 in 2010 at the national level, using the upper poverty line. Likewise, it declined to 2.3 at national level using lower poverty line from 3.1 in 2010. Nevertheless, PG has fallen unevenly between rural and urban areas, showing higher poverty depth in rural area, although the situation has improved since 2010. Likewise, PG varies across major divisions with highest poverty depth in Rangpur division (11.9 using upper poverty line and 6.3 using lower poverty line) and lowest poverty depth in Sylhet division (2.6 using upper poverty line and 1.8 using lower poverty line). These findings have important implications for poverty reduction strategy, suggesting need for rebalancing the strategy with targeted interventions in the lagging regions.

HIES 2016 also estimates squared poverty gap (SPG), which captures severity of poverty. Preliminary results show that using the lower poverty line, there has been a modest decline in SPG at national level, falling from 0.6 in 2016 to 0.8 in 2010. Likewise, using the upper poverty line, SPG is estimated lower at 1.5 than 2.0 in 2010. These results suggest that poverty severity is gradually falling. Like PG, SPG is higher in rural area than urban region. Across major divisions, SPG based on upper poverty line is highest in Barisal (3.4) while it is lowest in Sylhet division (1.3). A common feature among all the divisions reveals that poverty severity is higher in rural than in urban areas.

#### B. Income and consumption inequality

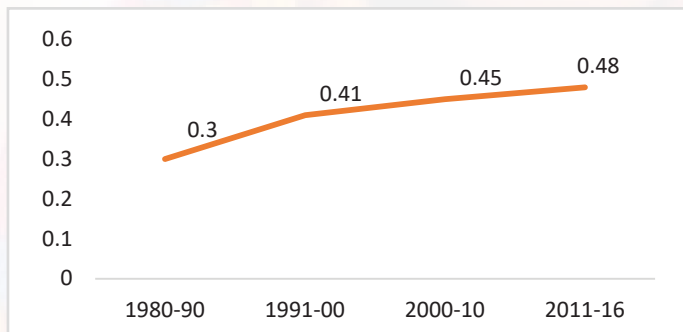
An important finding of HIES 2016, which has important implications for attaining SDGs, is income inequality, measured by income Gini-coefficient has worsened during 2010-2016 at national level, with a rise to 0.483 in 2016 from 0.458 in 2010. During the same time, consumption Gini remains almost static at 0.32, but it is smaller than income Gini, suggesting lower inequality in consumption than income. While income Gini in rural areas rose to 0.45 from 0.43, rise in urban Gini is higher at 0.5 from 0.45 in 2010 (Figure 20 and Figure 21). The results also reveal that the lowest 5 deciles, comprising half of the entire population, have an income share of 19.2%, and it has fallen from 20.3% in 2010, reflecting worsening inequality over time. Income share of the lowest 5% households has decreased to 0.23% in from 0.78% in 2010, whereas income share of top 5% households has increased to 27.9% in 2016 from 24.6% in 2010. Income share of households belonging to decile-10 has also increased to 38.16% in 2016 from 35.8% in 2010.

**Figure 23: Trends in income and consumption distribution in Bangladesh**



Source: BBS, 2017

**Figure 24: Long term trends in income inequality (Gini coefficient ranging from 0 to 1)**



Source: Estimated from BBS data

Changing pattern of decile distribution of income is also observed in both urban and rural areas. Income share of lowest 5% households in rural areas has sharply fallen from 0.88% to only 0.25% in 2016, while the same in urban regions has fallen from 0.76% to 0.27%. Simultaneously, income share of top 5% of the households in rural areas has risen from 22.9% in 2010 to 24.3%, while the same in urban regions has risen to 32.1% from 23.4% in 2010. The major uptakes from these results are: (1) income inequality has worsened across the board during 2010-2016; (2) the poorest, and possibly the most vulnerable group is becoming more impoverished in relative terms; (3) income concentration is rising rapidly as the richest households are becoming richer at a faster pace; and (4) the poor in rural areas are poorer than poor in urban regions.

Preliminary data suggest that with a Gini coefficient at 0.32, consumption inequality at national level remained constant during 2010-2016. Consumption inequality in rural areas has marginally increased to 0.3 from 0.29, while in urban areas it has slightly declined to 0.33 from 0.34 in 2010. Decile-wise, consumption concentration is broadly like income concentration pattern. The lowest 10% has consumption share at only 3.7% (from 3.9% in 2010), while the top 10% households have a consumption share at 26.8%.

To address the rising inequality problem, the government needs to ramp up massive spending on quality education, healthcare and social protection measures. While scaling up social spending will require higher public revenue, a progressive and broad based direct tax system is much needed. Nevertheless, given the country's dependence on indirect taxes, VAT could be the second-best solution. The dynamic redistribution of wealth, assets and income through policies, regulations and institutions that seek to increase human capital and earnings capabilities of the poor citizens hold much better promise and prospects. A major way that the government can help improve income distribution is by making faster progress in building up the human capital of the poor. This will equip the poor to get better and higher paying employment. An educated and healthy labor force can also help increase the rate of growth of GDP while improving income distribution.

In addition to a more effective fiscal policy, the government can also help improve income distribution through better governance. This requires rule of law, proper regulations and letting institutions grow and work. Rent seeking behavior through discretionary access to public bank loans, non-repayment of these loans, insider trading and other manipulations in stock markets, evasion of taxes, corruption in public procurement and public spending, and illegal land grabbing including of public land are all examples of how massive income transfer has happened to the top 10% of the population based on political patronage in different periods. Improved governance that makes key public institutions like the Bangladesh Bank, PBs, public enterprises, NBR, the Rajuk, the municipalities, the Land Administration etc. work based on defined rules of business and accountabilities rather than through political directives is likely to help Bangladesh achieve a better income distribution than presently.

### C. Job creation

Bangladesh's strides in reducing poverty can be largely contributed to its increase in labor earnings and positive labor market developments, coming from a range of factors including expansion in RMG sector employment, international labor mobility, remittances and rapid urbanization. Between 2003 and 2016, the country experienced a 2.4% annual growth and over a million net jobs were generated per year, with an increase in the employment ratio due to employment growth being higher than working age population growth. Nonagricultural and waged employment grew due to manufacturing sector led job growth, primarily in urban areas. Simultaneously, there was income growth with real wage for paid employees increasing almost 5 percent annually. Bangladesh's demographic transition also contributed to this positive outlook, with working age population growing faster than the total population of the country.

Despite the positive scenario in the labor market, there is still significant underutilization of human resources in the country, with 40% of the working age population being out of the labor force. The high employment growth rate for the first decade of 2000 took a downturn since 2010 with job growth slowing down to 1.8% annually, although increased economic growth over this period. This occurred because job growth in the RMG and textile sectors stagnated, among other factors, and pointed out the necessity to diversify export sector beyond RMG by creating an investment policy environment that supports emerging sectors such as leather products and pharmaceuticals. Moreover, microenterprises – small and mid-size enterprises that offer income opportunities in the absence of waged jobs and account for the largest share of firms as well as employment in Bangladesh - need to be aided by reducing regulatory barriers and enhancing their access to finance. Furthermore, with decreasing share of firms in the urban areas due to congestion, it is crucial that cities outside of Dhaka and Chittagong emerge as alternative locations for industrial investment by developing the necessary physical infrastructure and service delivery to incentivize skilled workers to migrate there and facilitate access to formal, waged jobs.

Quality of jobs is another issue that demands policy focus. Despite structural transformations, the quality of jobs in Bangladesh remains poor with the majority of workers being in the informal sector. Only about 20% of the total workforce are formal paid employees and the rest are engaged in informal, unpaid or agricultural work. The low-quality jobs are perpetuated by lack of high skilled workers due to limited skill building opportunities and lack of investment by firms in productivity enhancing technologies. As a result, inclusiveness of the labor market is decreasing, with high unemployment rates for females and youth.

From 2003 – 2016, female employment growth was more than double that of the working age population, but while female LFP has steadily risen, it is still very low and the growth has stagnated recently. A higher share of females' jobs is unpaid compared to those of men, with more females being engaged in the agriculture sector than men and fewer females than males in the service sector. Moreover, job creation in RMG sector, which has been a major source of formal employment for urban women, has slowed down. There is significant gender discrepancy in job quality, with 40% of women being unpaid workers compared to 5% men, and compared to urban females, rural women experienced very little rise in formal jobs.

Youth are being disproportionately affected by the slow of down of job creation, with the 15-29 age group having higher unemployment rates than workers in the 30-64 age group. There's a lack of programs targeted to promote youth employment such as capacity building for entrepreneurship, job

intermediation etc., and qualified, educated youth are entering a market where quality jobs are scarce.

Given the slow rate of job growth in Bangladesh, international migration, primarily to middle eastern countries, continues to be a crucial channel of employment, and with almost 760,000 outmigrants in 2016, remittances are becoming critical to the Bangladesh economy. However, several challenges plague this avenue for employment. Migration cost for Bangladeshis is high, causing many to overstay or migrate to high income countries with risk of forced repatriation. Information gaps and resultant exploitation of workers is rampant. Moreover, foreign jobs are concentrated in a few markets and sectors, and migrants are engaging in low skilled activities, primarily construction and domestic work. Therefore, given the volatility of middle eastern markets, there is urgent need for diversification to ensure quality jobs.

Bangladesh stands at the brink of the global fourth industrial revolution, which presents a staggering confluence of emerging technology breakthroughs, covering wide-ranging fields such as artificial intelligence (AI), robotics, the internet of things (IoT), autonomous vehicles etc. This move towards a more knowledge based economy will generate great benefits and big challenges in equal measure for the country. The challenges created by the fourth industrial revolution appear to be mostly on the supply side – in the world of work and production. Over the past few years, an overwhelming majority of the most developed countries and also some fast-growing economies such as China have experienced a significant decline in the share of labour as a percentage of GDP. Half of this drop is due to the fall in the relative price of investment goods, itself driven by the progress of innovation (which compels companies to substitute labour for capital). This concern holds for the millions of Bangladeshi workers, who are engaged in garments, manufacturing and service sector, as despite overall labor productivity growth, manufacturing productivity is very weak by international standards, and value added per worker in the industrial sector has grown very slowly. These workers jobs risk being substituted by AI in the near future.

#### **D. Poverty outlook**

Short term poverty outlook remains broadly positive, notwithstanding slowdown in poverty reduction and job creation rates in recent years. Progress in poverty reduction will largely hinge on the country's growth prospects, decent job creation, access to productive opportunities, basic services delivery, coverage and effectiveness of social protection measures, and resilience to natural disasters.

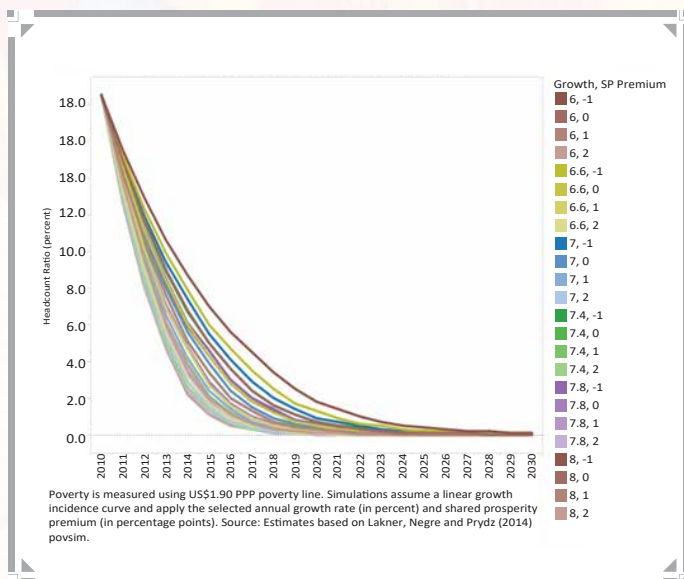
Repeated floods in May and August 2017 have seriously affected people's livelihoods in 32 districts, with a worsening poverty situation in the flood



affected areas. The floods caused massive losses for the agricultural sector and rural infrastructure. According to estimates of the Ministry of Disaster Management and Relief, the floods completely ruined 149,000 hectares and partially affected 0.5 million hectares land, causing a rice production shortfall amounting to 3 million metric tons. In addition, among the rural infrastructure, 4000 institutions, 900 culverts, 890km of roads and 132km embankments and 104,000 houses were completely damaged, and 1 million houses, 10,500 km roads and 664 km embankments were partially damaged.

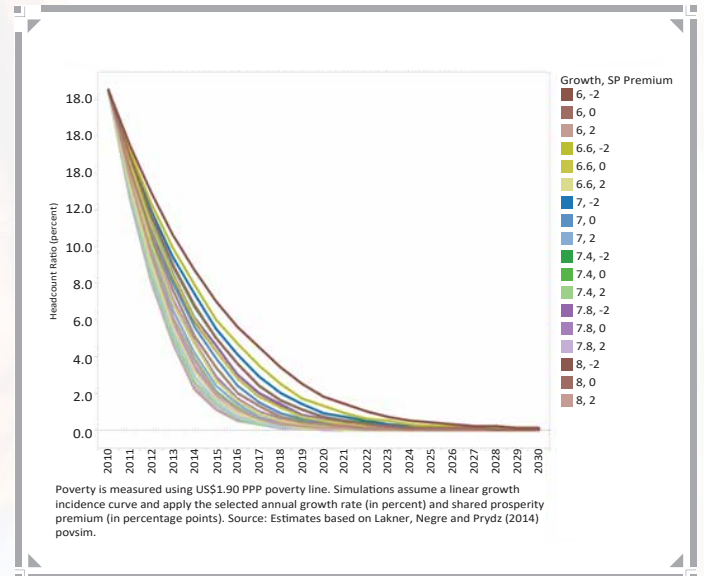
Negative externalities stemming from the Rohingya refugee problem may also affect poverty reduction in the short run. Slowdown in agriculture and remittances inflow, and higher inflation rate, especially food price hike may hamper poverty reduction. Rebounding exports and robust industry and services growth are likely to accelerate job creation and poverty reduction. Greater budgetary provisions kept in FY2018 on SSNPs and targeted poverty reduction measures are likely to help. Nevertheless, lower efficiency and productivity of existing SSNPs need to be improved. Narrow fiscal space caused by smaller revenue base and fiscal profligacy and pilferages undermine government's poverty reduction efforts. The following figures show projected alternative poverty reduction paths based on a simple simulation exercise using different GDP growth rates and estimated shared prosperity premiums. The figures show that higher GDP growth and prosperity premiums will accelerate poverty reduction rate and vice versa (Figure 25 and 26).

**Figure 25: Bangladesh: Simulated headcount ratio (US\$ 1.9 PPP poverty Line) Multiple Growth Rates and Shared Prosperity Premiums**



Source: World Bank, November 2017

**Figure 26: Bangladesh: Simulated headcount ratio (US\$ 1.9 PPP poverty Line) Multiple Growth Rates and Shared Prosperity Premiums**



Source: World Bank, November 2017

## IV. Risks and Challenges

Several downside risks could upset stable outlook damaging macroeconomic discipline. Resumption of political violence in the run up to the upcoming national election is the major downside risk. This will disrupt economic activities and further dampen investor and consumer confidence affecting growth and job creation. Poor balance sheet of SCBs together with diminishing financial sector discipline is a major systemic risk. A contagion of financial sector crisis may paralyze the entire economy. Revenue shortfall is a risk to short-term fiscal stability, notwithstanding government may downsize ADP in such situation, undermining medium term growth prospects. Government's reversal to implementing structural reforms, particularly deferral of enacting the new VAT law and financial sector reforms are adding to the systemic risks. Bangladesh's overdependence on RMG export and remittances has made it susceptible to domestic and external headwinds. Sluggish performance in these two lifelines reflects mounting external uncertainties, especially in GCC, Euro area and US.

Challenges also remain to poverty reduction and equitable growth. Unchecked income and wealth disparity may trigger governance crisis affecting the country's even short term economic prospects. Bunching of about 75% people just above the poverty line makes them vulnerable to any natural or manmade shock. With elections getting nearer, a desirable strategy would be to capitalize on the favourable international commodity prices and solid forex reserves, and spearhead structural reforms for the economy's much needed diversification and transformation.

## A. Good Practices Integrating the SDGs Into Development Planning

### Country context

Bangladesh is regarded as a remarkable example of progress in poverty reduction and human development, maintaining an annual growth rate above 6 per cent for almost all of the past decade and reaching the lower-middle income status in 2014. A sustained decline in poverty enabled Bangladesh to halve the proportion of population in poverty between 1992 and 2012. However, development challenges are formidable – there are about 40 million people living in poverty, of which an estimated 21 million live in extreme poverty.

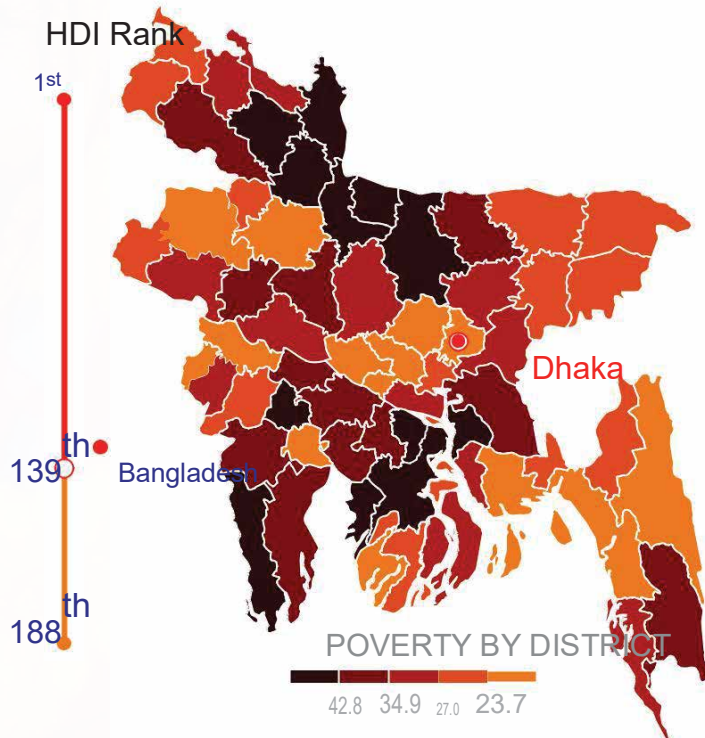
Bangladesh has a population of 160 million people living in an area of 147,570 square kilometres, which makes it one of the most densely populated countries in the world. Much of the country is in low-lying areas. The country is vulnerable to recurring floods and is highly vulnerable to climate change.

Since its independence in 1971, Bangladesh followed a planned path of development with the key objective of reducing poverty by generating employment. Despite many political changes over the last five decades, with several moves towards and away from democracy and the increasing liberalization of the economy, the emphasis of plans on high growth, poverty eradication and employment generation has persisted. By 2021, the 50th anniversary of its independence, Bangladesh aspires to reach the upper middle-income country status, and eradicate poverty, inequality and human deprivation. The current medium-term plan of Bangladesh, the 7th five-year plan, focuses on pro-poor economic growth, sustainable development and resilience to risks.

Bangladesh was an active participant in formulating the 2030 Agenda and its precursor – the post-2015 development agenda. In this regard, it considered probable goals of the agenda at the time of the preparation of the 7th plan, even before the adoption of the 2030 Agenda for Sustainable Development.

POPULATION **162,951,560**

HDI **0.579** Medium Human Development

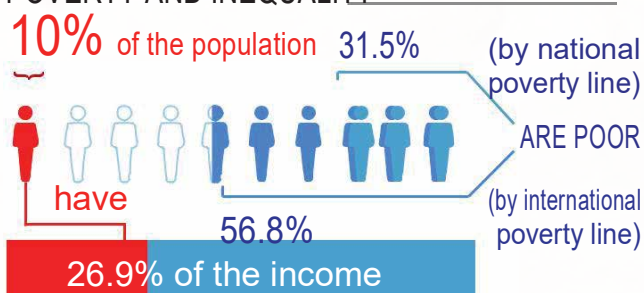


### ECONOMY

GDP per capita: **US\$ 1359**

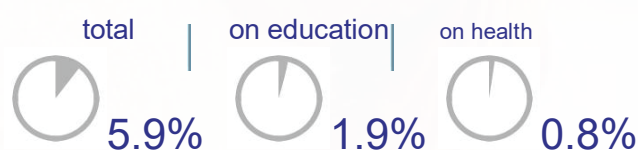
GDP growth: **6.3%** (2010-2016)

### POVERTY AND INEQUALITY



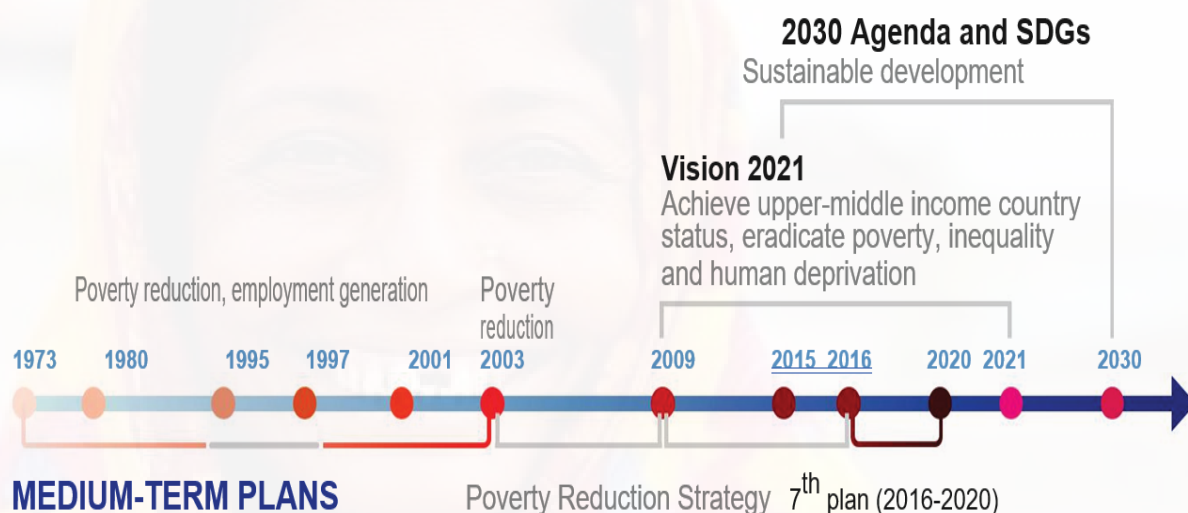
GOVERNMENT SYSTEM: Unitary

GOVERNMENT EXPENDITURES (% of GDP)



# Bangladesh: The planning timeline

## VISION AND STRATEGIC PRIORITIES



### The “whole of society” approach

In preparing its long-term (10 years) and medium-term (5 years) plans, Bangladesh has an established practice of holding wide-ranging consultations across the government, leading economists and academics of public universities, chambers of commerce and industries, non-governmental organizations (NGOs), researchers, practitioners of human rights activities, and development partners. During the plan preparation process, the Planning Commission constitutes the Panel of Economists, comprising eminent economists and development experts to advise the Commission on important policy and technical issues. The Commission also holds consultation meetings and workshops with stakeholders at the national and regional levels.

These consultations are used to inform the plans. For instance, in preparing the current 7<sup>th</sup> five-year plan, the political leadership had initially set growth rates that were considered ambitious. Upon analysis and recommendation by the Panel of Economists, growth projections were later revised downward. The focus of the plan had also changed from reducing poverty to reducing extreme poverty. Another example is that community-based organizations working with physically challenged people proposed strategies that differed from those initially proposed by the General Economics Division (GED) of the Planning Commission, the planning administrative authority of Bangladesh. Subsequently, their proposal was included in the plan.

The government of Bangladesh adopted a “whole of society” approach in working towards attainment of the SDGs. The already-established practice and culture of consultations for planning in Bangladesh means that multi-stakeholder partnerships can be leveraged in promoting the 2030 Agenda for Sustainable Development and achieving the SDGs. The consultations on the sustainable development agenda

in Bangladesh started even before the adoption of the global agenda, beginning in 2013 under the name “post-2015 development agenda”.

Civil society in Bangladesh has already been an active partner of the government. In recent years, as the role of the private sector in driving economic growth has risen, the government and the private sector increasingly recognize the critical role of the private sector in attaining many SDG targets. In Bangladesh, the private sector is critical for growth and employment, but also for the delivery of essential services such as education, health and sanitation. Therefore, the Planning Commission has identified several areas where it expects the private sector to take an active and effective role to support attainment of the SDGs.

In order to raise awareness about and generate commitment to the 2030 Agenda and the SDGs, the government organized wide-ranging discussions with civil society organizations, development partners, the private sector, ethnic minorities, professional groups, labour associations, women’s networks and the media.

### Institutional arrangements for achieving the SDGs

The government established an Inter-Ministerial Committee on SDG Monitoring and Implementation in November 2015. The committee is comprised of 19 senior staff from different ministries and divisions. The General Economics Division acts as the secretariat to coordinate implementation at the policy level. The Committee is responsible for prioritizing and contextualizing the goals and will report to the Prime Minister every six months on SDG implementation. The Prime Minister’s office has also created the role of Chief Coordinator for SDG affairs to convene the committee and be responsible for facilitating the overall implementation and monitoring of the SDGs.

Achievement of the SDGs and SDG targets is not the responsibility of a single ministry. Rather, it involves multiple ministries and government agencies. Recognizing that the 2030 Agenda and the SDGs need to be understood and owned widely by all government agencies, the GED organized a workshop in December 2015 with 69 participants representing 31 ministries and government agencies, with support from UNDP. During the workshop, the participants mapped out 1) ministries and government agencies; 2) actions planned in the 7th plan; 3) actions to achieve the SDGs that go beyond the 7th plan (from 2020 to 2030); and 4) existing policy instruments against SDG targets and indicators. This process of intragovernmental consultation was important because it helped the GED gain wide support from across government for SDG implementation.

The mapping that started at this workshop was subsequently completed and published as a handbook. The handbook serves as a reference to all government ministries and departments to see which SDG targets they are responsible for, and how these SDG targets correspond to the targets of the 7th plan. This mapping covered 41 lead ministries which are directly linked to attainment of the targets, 31 co-lead ministries/divisions which are indirectly linked, and all ministries/divisions which are associated with the targets. For example, for SDG target 1.1, the Cabinet Division is the lead, the General Economics Division is the co-lead, and 19 other ministries/divisions are associated.

Figure 1. The template of the 7th five-year plan Development Results Framework

Performance Indicators	Data Source (Names of Institutions & Reports)	Lead Ministry/ Division	Baseline (year)	Target (2017)	Target (2017)	Target (2019)	Target (2020)
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In this regard, institutional arrangements for SDG implementation in Bangladesh go beyond the establishment of committees and working groups tasked to “look after” the SDGs. The mapping became the first step to mainstream the SDGs within the government structure. It also uncovered duplication of effort between government agencies and is expected to create strong synergies between ministries and agencies which are jointly responsible for specific targets.

To concretize the accountability for the SDGs and targets, the government of Bangladesh is in the process of integrating SDG targets into the government performance assessment system, so that long-term sustainable development objectives translate into annual work plans of ministries.

The government has a system of linking development results with individual performance – the Annual Performance Agreement (APA). The system seeks to improve efficiency, transparency and accountability of

ministries. Under the APA system, the Secretary of each ministry or division signs an agreement with the Cabinet Secretary at the beginning of each financial year. The performance agreements outline goals and targets of each ministry, along with corresponding performance indicators. In this regard, government decision makers are held accountable for the results delivered by their respective ministries.

### The Development Results Framework and its alignment with the SDGs

The government of Bangladesh took into due consideration the SDGs and their targets when setting up the priority areas of the 7th five-year plan; as five-year plans are the guiding documents of the country, this demonstrates the government’s commitment to aligning national planning with the SDGs.

Together with the 7th plan, the government of Bangladesh also adopted its accompanying results matrix, called the Development Results Framework (DRF) (See Figure 1). This is an important step toward results-based management, since it enables the government to monitor development outcomes, or results. The DRF includes outcomes and targets on macroeconomics, poverty reduction and specific sectors. Since this is the first time when such a results framework was developed for a medium-term plan in Bangladesh, it is necessary to invest in capacity to ensure that the results framework is used for monitoring and informing development planning.

The handbook mentioned above is not limited to mapping government agencies; it also included mapping of the 7th plan targets (or DRF targets) against relevant SDG targets. This mapping showed that the DRF targets of the 7th plan have a high degree of consistency with the SDGs. With the exception of SDG 12 (sustainable production and consumption), SDG 16 (peaceful and inclusive societies, justice, institutions) and SDG 17 (global partnership), other SDGs are thematically aligned with the plan document, which means that the plan contains objectives, targets, strategies or actions that address the theme of that particular SDG. At the level of targets, 58 of the SDG targets are aligned with the plan and 38 targets are partially aligned.

Although the goal of such mapping exercises is not to ensure that the medium-term plan includes all SDG targets, it does allow seeing clearly those areas in which the plan is consistent or not consistent with the SDGs.

## Integrating the SDGs into programming

Since plans translate to reality through the implementation of programmes, the General Economics Division is extending the mapping exercise by enumerating all ongoing projects and programmes which contribute to achieving the SDGs and the 7th plan goals and targets. Each programme has a budget; therefore, mapping programmes against the SDGs also allows seeing how many resources are allocated to which SDG.

Furthermore, the government is modifying the formats required for development project proposals. These formats will require ministries and agencies to indicate how each proposed programme and project contributes to the SDGs. This information can be used by the government to decide which of the SDGs will receive higher priority and a greater resource allocation.

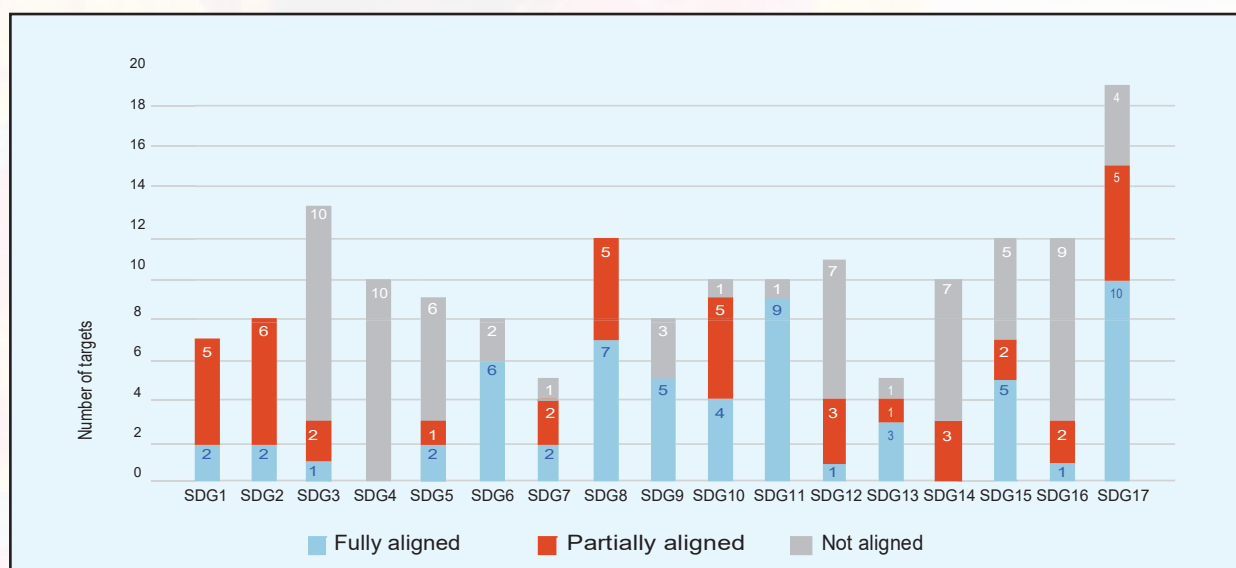
- Identify policies and strategies needed to implement these programmes.

## Assessing financing needs to achieve the SDGs

The government of Bangladesh commissioned an assessment of financing needs for the SDGs. The assessment was conducted by engaging experts from various sectors, both within and outside the government.

Methodologies were selected based on experts' recommendations to estimate costs to achieve each goal and target. Methods used include multiplicative factor analysis, analyses of the poverty gap, and the incremental capital output ratio. For some sectors, information on investment requirements, block grants and ongoing programme costs was used for costing.

Figure 2. Alignment of SDG targets with the 7th five-year plan



Source: SSIP and GED, Planning Commission (2016). Integration of Sustainable Development Goals (SDGs) into the 7th five-year plan and mapping of ministries to goals and targets. Workshop outcome document. Available from [www.plancom.gov.bd/integration-of-sdgs-into-the-7th-fyp](http://www.plancom.gov.bd/integration-of-sdgs-into-the-7th-fyp)

GED is currently coordinating the preparation of action plans for SDG implementation for two sectors, education and governance. As part of this exercise, ministries and divisions are requested to prepare their respective action plans. This exercise requires the ministries and divisions to prepare their respective action plans. This exercise requires the ministries and divisions to:

- Enumerate ongoing programmes, specifying to which goals and targets of the 7th plan (and SDG targets) do these programmes contribute
- Identify new programmes required to achieve the relevant targets during the 7th plan (until 2020)
- Identify new programmes to be implemented beyond the 7th plan (after 2020)

The important part of the methodology was how the assessment addressed the interconnected nature of the SDGs 1, 3, 5, 6, 7, 8, 9 and 17, where synchronization essentially means avoiding double-counting costs needed to finance interrelated SDGs. Major synchronization was done between SDG 7 (energy access), SDG 8 (economic growth) and SDG 9 (infrastructure).

In simplified terms, the synchronization process can be described as follows: first, the analysts identified SDGs that are synchronized with each other, i.e. those goals where actions taken would contribute to making progress on two SDGs (See Figure 3); then, they estimated the costs to achieve each SDG separately. After that, the costs were summed up, subtracting the duplicated part of the cost.

Figure 3. Conceptual framework in synchronization of additional costing of different SDGs



Source: General Economics Division, Planning Commission (2017). SDGs financing strategy: Bangladesh perspective, p. 21

The result of the needs assessment showed that Bangladesh will need additional financing to meet SDG costs of US\$928.5 billion over the period 2017–2030, which translates to US\$66.3 billion per year. This is equivalent to about 18.5 to 20 percent of GDP per year.

The needs assessment looks at possible sources of financing and identifies that about 85 percent of financing would come from domestic sources, while 15 percent would be needed from external sources – both official development assistance (ODA) and foreign direct investment (FDI).

Figure 4. Financing strategy for implementation of the SDGs (US\$ billion)

	FY17-FY20	FY21-FY25	FY26-FY30	FY17-FY30
Total additional amount from domestic sources (85.11% of total)	107.72	257.49	430.87	796.09
Total additional amount from external sources (14.89% of total)	22.07	43.15	67.17	132.39
Total additional amount from both domestic and external sources (100%)	129.79	300.65	498.04	928.48
Annual average additional amount from domestic sources	26.93	51.50	86.17	56.86
Annual average additional amount from external sources	5.52	8.63	13.43	9.46
of which FDI	2.73	6.45	10.70	6.91
Grants and aid	2.79	2.17	2.74	2.55

Source: General Economics Division, Planning Commission (2017). SDGs financing strategy: Bangladesh perspective. p. 17

## Data gaps for the SDGs

The government also conducted an assessment of data gaps, in order to come up with a plan to collect new data, disaggregate existing data and, where necessary, clarify or come up with new definitions of indicators. The data gap assessment looks in detail data required for each SDG indicator, and classifies the indicators into three categories – those for which data is available, partially available and not available. The assessment shows that data is available for 70 indicators (29 percent of all needed indicators), partially available for 108 indicators (45 percent) and not available for 63 indicators (26 percent). Most of the gaps exist in data to construct environmental and governance indicators (See Figure 5).

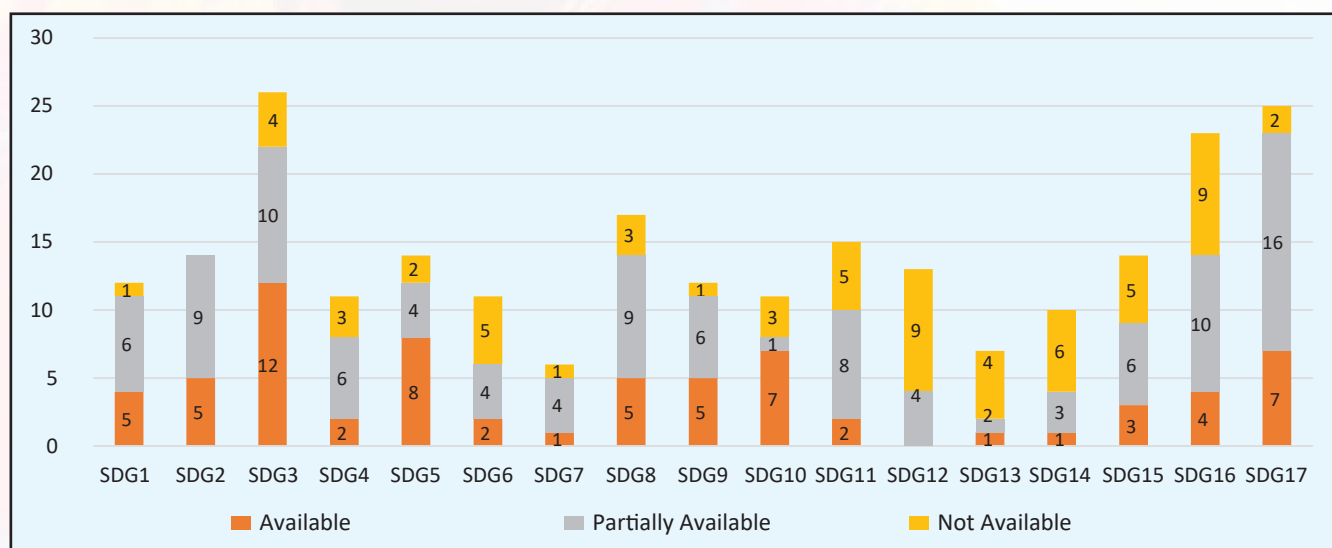
Programme of the Prime Minister’s Office in collaboration with the General Economics Division (GED) of the Planning Commission and other government and private stakeholders, designed and developed the SDG Tracker aimed at creating a data repository for monitoring the implementation of SDGs, to strengthen timely data and improving situation analysis and performance monitoring for achieving the SDGs along with other national development goals.

### Notes:

Data specifications and sources:

- Data on population, GDP, poverty, inequality and government expenditures is from the World Development Indicators, World Bank: <http://databank.worldbank.org/data/home.aspx>.
- Data on human development is from the Human

Figure 5. Availability of data for SDG indicators, Bangladesh



At the 72nd Session of the UN General Assembly in a high-level side event titled, ‘SDG Implementation, Financing and Monitoring, and Sharing Innovations through South-South and Triangular Cooperation’, held on 20 September 2017, Sheikh Hasina, Honourable Prime Minister of Bangladesh launched the SDG Tracker and made this simple but powerful and innovative platform for monitoring and visualizing the progress of SDG initiatives available for all countries, especially ones from the Global South.

The SDG Tracker is an online data repository for accurately monitoring implementation of various initiatives. This unique, searchable database provides a snapshot of the current status of Bangladesh’s progress towards the SDGs. Users can get the latest updates of the implementation status of SDG programs and insightful data visualization that highlights key analysis as well as important trends and patterns.

The UNDP supported Access to Information (a2i)

Development Data website, UNDP: <http://hdr.undp.org/en/data>

- The map shows poverty by district (2012). The data is from the World Bank, Poverty map of Bangladesh. Available from: <http://www.worldbank.org/en/data/interactive/2016/11/10/bangladesh-poverty-map>

Data specifications and years:

- Population (2016), GDP per capita - current US\$ (2016), GDP growth - average for 2010-2016, poverty rate according to the national poverty line (2010), poverty rate according to the international poverty line - \$PPP 3.90 a day (2010), share of income of the richest 10 percent of the population (2010), total government expenditures - percentage of GDP (2016), government expenditures on education - percentage of GDP (2016), government expenditures on health - percentage of GDP (2014).

## B. Sustainable Development Goals and Social Protection



Sustainable development requires integrated actions across a range of sectors, taken on a very broad front: social, economic, environmental, governance. Social protection can serve as a driver and enabler to achieve all of the SDGs. Social protection is by its very nature inter-sectoral and can well serve the purpose of being a strategic integrator that harnesses synergies for enhanced impact by simultaneously addressing several of the SDG targets. The National Social Security Strategy of Bangladesh, engaging 30 ministries/divisions, with UNDP support to roll out and operationalize the strategy, offers a huge opportunity for a whole-of-government approach to facilitate SDG achievement across the board.





## End poverty in all its forms everywhere

The role of social protection in the goal of ending poverty is self-evident.

This goal also has as an explicit target to “implement nationally appropriate social protection systems and measures for all” (target 1.3). Social protection programmes can reduce the incidence, depth and severity of poverty and mitigate multi-dimensional deprivations. They can protect those who face hardship and prevent vulnerable people from sliding into poverty; they can assist recovery from disasters and other shocks; they can promote pathways out of poverty, substituting erosive coping strategies that keep households in poverty traps. Social protection can have long-term effects on productivity and earnings – promotion of livelihoods to reduce poverty; protection of livelihoods to reduce vulnerability.



## End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Households receiving social allowances invariably spend more on quantity and quality of food items, improving their food security and nutrition status. Social protection programmes smoothen consumption during economic downturns and give protection against food price volatility. This is done by either food transfers or food purchase at subsidized prices (Open Market Sales) on the one hand and cash transfers that improve poor households’ access to food on the other. For improved nutrition outcomes, transfers should be combined with behaviour change communication. In food programmes like Vulnerable Group Development and school feeding, it is essential to include micronutrient and protein fortified food items, looking beyond mere calorie intake. Asset transfer programmes typically focus on livestock and poultry, which are rich protein sources. Cash transfer programmes enable beneficiaries to invest some of the money in farm assets, and also generate increased demand for local farm produce, thereby stimulating sustainable agriculture.



## Ensure healthy lives and promote well-being for all at all ages

Poor health is a symptom of poverty and social protection contributes to better health outcomes by reducing poverty. Poor health is also a key driver of poverty and social protection built on the life cycle approach has strong potential to promote healthy lives and wellbeing at all ages. Conditional cash transfers can be used to increase demand for and utilization of health care services, in particular child health care. However, there is a need for an integrated approach that combines social protection measures with provision of improved health care services; such inter-sectoral linkages of social protection can result in substantially higher returns. There is also a very strong interface of the health sector and social protection; the UN Social Protection Floor includes universal access to health care. Bangladesh has borderline health/social protection schemes that provide incentive payments for women to attend pre-natal care and give birth in clinics.



## Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Social protection can promote behaviour that improves human capital accumulation. In Bangladesh, this is done chiefly through a range of school stipend programmes, from primary school to tertiary education for girls and with special stipends for students with disabilities. Improved education advances not only lifelong outcomes, but can also contribute to breaking intergenerational transmission of poverty. Social protection can build life skills, confidence and empowerment. Social protection also offers opportunities to link unemployed people with vocational skills training and subsequently the employment route out of poverty, based on skills demanded by the labour market.



### **Achieve gender equality and empower all women and girls**

Social protection programmes that are designed to be gender responsive can meet both short-term practical gender needs and long-term strategic needs. An often mentioned objective of social protection in Bangladesh is women's empowerment. The transformative dimension of social protection includes breaking down barriers and restrictive social conventions on what a woman can do and be. Bangladesh has a range of programmes that specifically address women's needs. The most vulnerable women are covered by Vulnerable Group Development and a programme for Widowed, Deserted and Destitute Women; working lactating mothers are covered by a special scheme; women employed in the formal sector have entitlements of maternity leave and childcare facilities.



### **Ensure availability and sustainable management of water and sanitation for all**

Households receiving social protection allowances use these for improved family welfare, which includes hygienic latrines and access to safe drinking water.



### **Ensure access to affordable, reliable, sustainable and modern energy for all**

Social protection contributes to improved household economy, which generates energy demands at the base of the social pyramid. This in turn creates new commercial opportunities for business interests that can be guided towards green energy products such as solar home systems and energy efficient devices such as improved cook stoves.



### **Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

Social protection can mitigate consequences of uninsured risks that keep people in poverty traps of low-risk, low-return livelihoods and create opportunities of productive investment combined with safety nets that enable risk taking livelihood strategies. It can assist poor people to accumulate assets for productive self-employment. It can boost the bargaining capacity of socially excluded people to negotiate the labour market for decent work. It can give disadvantaged groups protection to mediate new vulnerabilities resulting from a globalized economy with necessary economic transformation. Social protection also has a multiplier effect on growth through increasing poor households' consumption, with stimulating effects on local markets.



### **Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

Public works programmes can help to build, repair and maintain infrastructure of critical importance for the economic and social life of local communities, at the same time as they serve the intended primary purpose of providing employment and income to seasonally unemployed men and women.



### **Reduce inequality within and among countries**

Social protection can create a more level playing field, break down structural barriers and social norms that prevent disadvantaged people from taking advantage of opportunities provided by economic growth, redress discrimination and in other ways be the means to ensure inclusive growth and facilitate the SDG vision of leaving no one behind. Social protection systems can contribute to both equality of opportunity through inclusive growth and better equity of outcome through redistributive measures.



### **Make cities and human settlements inclusive, safe, resilient and sustainable**

Social protection programmes in Bangladesh have been designed for a predominantly rural population, but there is growing realization that the urban poor need support as well. While rural-urban migration has by and large been a successful household strategy to move out of poverty, rapid and unplanned urbanization is causing special problems that afflict low-income people living in unhealthy urban settlements. Urban social protection programmes need to be tailor-made to meet specific needs in cities and in secondary towns. Without causing an uncontrolled inflow of poor people to urban areas, social protection entitlements can be made portable, with entitlements following people when they move.



### **Ensure sustainable consumption and production patterns**

Social protection allowances are used for basic needs consumption, which stimulates production of essential goods and services in local markets. Countercyclical implementation of programmes has a stabilizing effect on markets, by boosting aggregate demand during times of low demand.



### **Take urgent action to combat climate change and its impacts**

Adaptive social protection combines disaster risk reduction for areas and populations exposed to weather induced hazards, measures to build climate adaptive capacity and welfare measures for vulnerable households. This can be applied through interventions targeting geographical areas and households vulnerable to the effects of extreme weather events; by tailor-made public works programmes that build community resilience to natural disasters and climate change or facilitate recovery after disasters; by promoting diversified livelihoods opportunities that improve resilience to climate change and are inherently more “climate-proof”.



### **Conserve and sustainably use the oceans, seas and marine resources for sustainable**

#### **development**

Marine resources contribute to improved nutrition and dietary diversity and are crucial livelihoods sources for many poor people. It is essential to stem overexploitation of these resources, while not compromising livelihood opportunities. Social protection can help to negotiate these conflicting interests and serve as a tool to avoid overfishing. Fishermen communities in Bangladesh face seasonal unemployment due to seasonal variation in the availability of fish and also from a two-month ban on the catch of young hilsha fish every year, to avoid depletion of the hilsha stock. Poor fishermen are entitled to compensation support from the Vulnerable Group Feeding programme during slack seasons and the government also runs the scheme Alternative Employment of Hilsha Fishermen.



### **Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage**

#### **forests, combat desertification, halt and reverse land degradation, halt biodiversity loss**

Cash-for-work programmes have often been used for roadside plantation, and also for various social forestry activities. There is scope for public works programmes to do much more in environment protection, including co-management of ecologically protected areas and improved sustainable productivity of Common Property Resources. Reversing ongoing degradation of forest areas in Bangladesh should be an issue close to heart for social protection, since forests are often referred to as the poor man’s safety net.



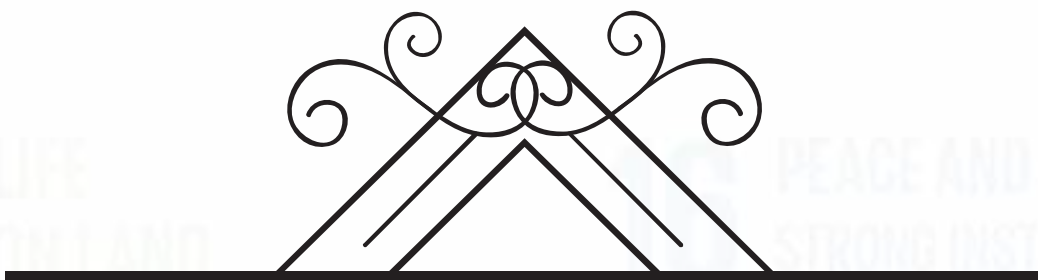
**Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

Social protection can help to reintegrate conflict-affected populations into socio-economic life and promote participatory citizenship. Social protection contributes to greater cohesion in the social fabric of a society, which invests in nation building. In Bangladesh, this includes the vision of peaceful and prosperous Chittagong Hill Tracts, following up the peace accord with various social welfare programmes that meet specific needs of the ethnic population in the area.



**Strengthen the means of implementation and revitalize the global partnership for sustainable development**

Social protection has become a central policy in developing countries, with social protection systems built up in almost all countries over the past two decades. Stronger South-South and triangular cooperation can contribute to better alignment of social protection programmes with sustainable development goals through sharing of successful experiences and lessons learned.





## VI. UNDP's Contribution to Bangladesh's Development: SWAPNO Impact Assessment—A Summary

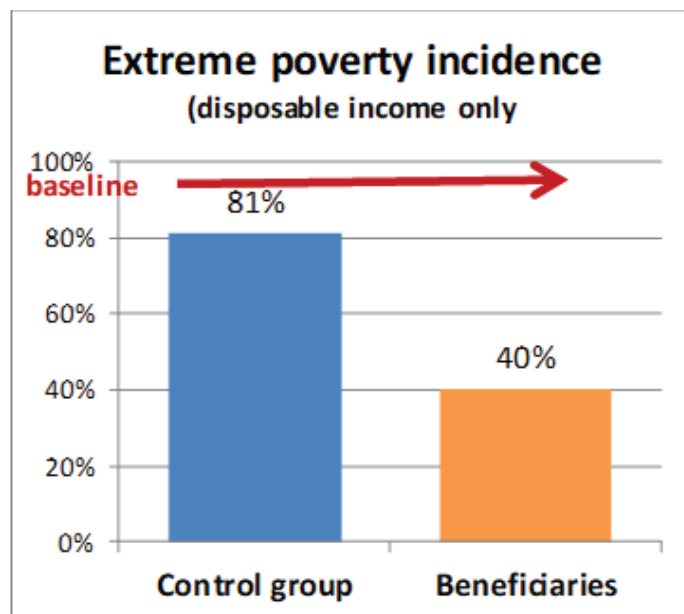
### *About SWAPNO*

SWAPNO (Strengthening Women's Ability for Productive New Opportunities) is a public works based graduation model project targeting distressed and vulnerable rural women. The project not only aims at lifting poor women out of poverty during the project period, but also help them sustain with a higher income level after the end of project support. While the first part is relatively easy due to high wage income, the second part of sustainability of project outcomes requires additional interventions. SWAPNO, following global best practices, complements public works with mandatory and voluntary savings, training on life skills & livelihoods and linkages with local markets and potential employers. The idea is that the set of skills learnt from training will help beneficiaries invest their savings for productive purposes, which would yield a stream of income in years to come.

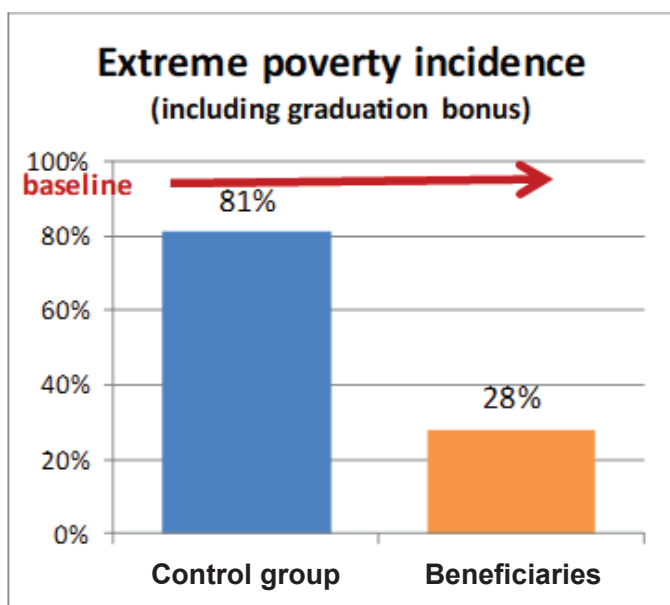
For more information on SWAPNO, please visit [www.swapno-bd.org](http://www.swapno-bd.org)

A baseline survey of 1200 households was conducted prior to project implementation in order to establish the pre-project socio-economic conditions of the poor women. An endline study was carried out to capture project impact, using the same sample. The method of Randomised Control Trial with a control group was employed, to ascertain the attribution of the project to results.

The endline study found that guaranteed wage employment for 18 months, complemented by returns from investment in productive assets, has increased household income substantially for the participating households. This has enabled a large share of beneficiaries to move out of abject poverty. It has also led to an improvement of their social status, self-esteem and confidence, as well as their aspirations for a better life in future. Such non-income outcomes are believed to help beneficiaries sustain their high income and overall well-being beyond the project.

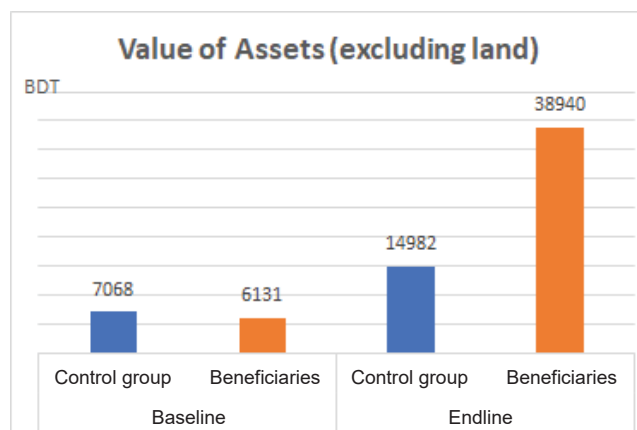


The endline study found significant increase in assets of the beneficiaries. The total value of their assets, excluding homestead land, has increased more than six times – and at the time of the survey half of the



5% of the beneficiary and control group households were extreme poor at baseline. The income of SWAPNO women increased more than three times and this has reduced the incidence of poverty. The endline survey shows that only 28% of the beneficiary women are now below the extreme poverty line. This figure is still very high in the control group, around 81%. Estimates show that about 52% reduction of extreme poverty can be attributed to SWAPNO. This has been brought about by an increase in yearly income of about 40,000 Taka attributable to the project.

Considering only disposable income – disregarding the mandatory savings received as a ‘graduation bonus’ at the end of the employment tenure – the reduction of extreme poverty is still considerable, with now only 40% of the SWAPNO women below the extreme poverty line, before they have invested and reaped dividends from their mandatory savings.



women had not yet invested their graduation bonus in assets.

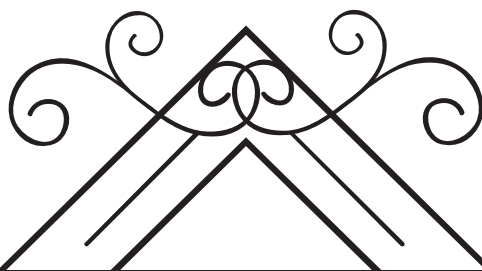
Most of the beneficiaries were found to have invested in livestock, poultry and other productive assets. Livestock has become the main asset of the beneficiaries now. Not just the amount, but the composition of asset has changed as well - livestock constitutes about 43% of their total assets, which was only 13% before SWAPNO. The graduation bonus has also helped the beneficiaries access agricultural land as they are leasing land.

On average, mean value of livestock for beneficiary households increased from around 2,000 Taka at baseline to about 21,000 Taka in endline. Some 16,000 Taka increase in value of livestock can be attributed to SWAPNO. In case of poultry, the value of assets has increased from about 400 Taka to around 1,800 Taka and the project’s contribution is about 1,300 Taka.

There has been a drastic change in the composition of household assets from baseline to endline. Livestock now constitutes 43% of total assets of beneficiary households, and this was only 13% before SWAPNO. Household durables made up about 54% of total as-sets, in both treatment and control groups, at baseline. This composition is significantly changed through the SWAPNO intervention. Although SWAPNO house-holds could afford to double the value of such dura-bles, their share of total assets has actually declined to 19%. This shift in composition of assets from unpro-ductive to productive assets is a life-changing event for the beneficiaries, with significant implications for the sustainability of the outcome of the project.

There is significant increase in the proportion of wom-en reporting greater control over own income and as-sets. Around 91% of SWAPNO women, as against 80% of women in the control group, reported to have full control over their property. The women reported higher decision-making ability in income generating activities, with SWAPNO contributing about 53% in-crease in the share of women empowered to such deci-sion making. Their ability to take decisions on their own will help sustain their income in the absence of project support. Significant improvement was also ob-served in their mobility outside home, facilitating ac-cess to markets and service providing institutions as a result of project participation.

Beneficiaries have through the project intervention become more resilient to shocks. They are better able to cope with disasters with their own assets, particular-ly their savings. The SWAPNO women express signifi-cantly higher optimism about achieving their future goals, as well as a capacity for realisation of these goals.



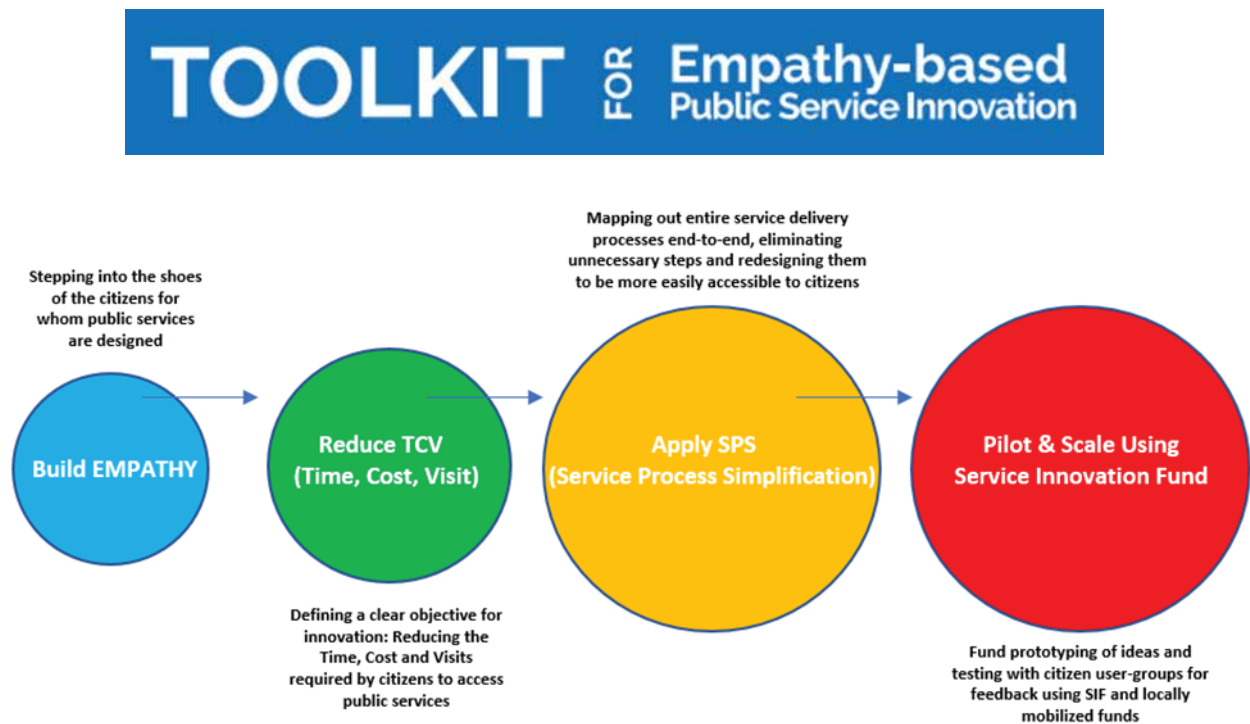
*Strengthening Women's Ability for Productive New Opportunities*

# VII.UNDP's Contribution to Innovation and Creative Solutions

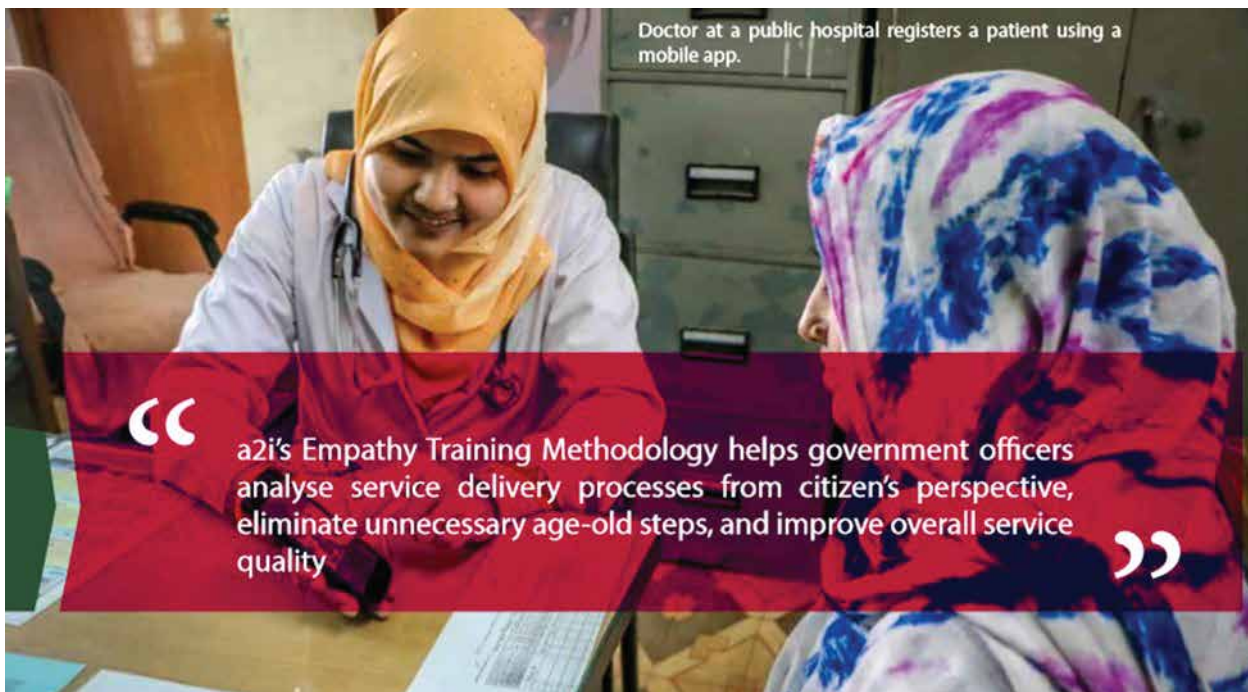




## A. How a2i is Cultivating Empathy among Civil Servants in Bangladesh to Catalyze Citizen-friendly Public Service Innovation



### The a2i Empathy Methodology



### The a2i Empathy Methodology

When public services are not designed with empathy for the people who use them, mothers

have to travel long distances with their newborns and wait in long queues to collect government maternity allowances. Citizens lacking knowledge

of where to access a service or even how to apply for it have to ping-pong among different agencies, sometimes for months and years. Unscrupulous intermediaries take advantage of this situation and charge exorbitant speed money.

The unique home-grown training module, popularly known as empathy training, that the a2i Programme developed arranges training for mid-to-senior-level government officers. Those officers are responsible for dispensing services to citizens. The training arranges for them to act as secret shoppers and visit citizens' access points for services outside of their ministries or areas of expertise.

For example, as part of this training, a government land officer is asked to review the process of submitting an admission application at a public college. A doctor is asked to go through the process of having his or her passport renewed. A teacher is asked to experience how social safety net disbursements are received by beneficiaries. Such orchestrated situations place them in citizens' shoes since they are forced to navigate public systems without any official or intellectual privileges. Under normal circumstances, their rank shields them from being exposed to the real picture, and knowledge of their own domain makes it difficult to assess the state of affairs objectively.

After the secret shopping exercise, these officers from different departments are brought together to share their experiences. The result in most cases is a powerful, moving situation that creates a deep sense of empathy for citizens and the myriad sufferings that they must endure to obtain the most basic services. This experience helps participants to develop a critical eye that they use to scrutinize their own agency's delivery systems and improve the overall quality of services.

### **TCV: Placing citizens at the centre of efforts to improve public services**

Gathering insights and understanding citizens' needs is crucial for identifying new, innovative ways to improve the delivery of public services. Once empathy is triggered, equipping civil servants with tools as quickly as possible is equally important so that they can bring about the necessary changes.

When a2i first started talking to civil servants about innovation; they almost immediately got bogged down in debates around what did or did not constitute 'innovation'. What exactly is 'innovation'? How do you identify it? How do you measure how 'innovative' something was? Opinions were sharply divided at the senior levels while frontline government employees – who were closer to citizens and thus potentially had more ideas to contribute – found it difficult to even conceptualize it.

Reducing the time, cost and number of visits it takes for citizens to access public information and services puts them at the centre and offers simple,

unambiguous parameters to measure and communicate efforts to improve public services and their delivery systems.

TCV also helped replace confusing and frequently misinterpreted jargon like 'outcome' and 'impact'. Since civil servants and development practitioners understand exactly what indicators to record and track, it has contributed immensely to an increase in the amount and quality of data that is collected and made available. Thus, TCV is also gaining popularity as a results-management tool.

### **Service Process Simplification (SPS): a2i's innovative tool for reducing citizens' hassle**

'Business Process Re-engineering' (BPR) is a popular methodology in the private sector for optimizing end-to-end processes and automating non-value-added tasks to boost productivity. a2i took the BPR concept and essentially rebranded it 'Service Process Simplification' (SPS) since it was more meaningful to policymakers and government service providers who did not consider themselves to be engaged in either 'business' or 'engineering'!

In collaboration with the Cabinet Division and government ministries (which formulate policies) and their directorates (which are responsible for service delivery), a2i trained civil servants to apply SPS by mapping out entire service delivery processes end-to-end, eliminating unnecessary steps and redesigning them to be more easily accessible to citizens from a greater number of delivery-points.

Detailed profiles were also developed containing descriptions, process maps, relevant fees and documents needed to access the new, simplified services as well as grievance redressal processes, and associated rules, policies and laws. These profiles were published both in hard-copy (in the form of books) and online at Bangladesh Services Portal. This not only represents extraordinary service delivery reform but also unprecedented proactive disclosure on the part of the government.

### **Service Innovation Fund (SIF)**

SIF is designed to encourage innovative home-grown and localized solutions and is open to all. It embraces the notion of co-creation and engages government agencies, development organizations, non-governmental organizations (NGOs), academic institutions, private companies and even individuals as active partners in the improvement of public services. Anyone can apply online any time, the whole year round for grants worth up to USD 32000. Its priority areas include service decentralization and delivery, gender empowerment, empowering people with disabilities, healthcare, agriculture, rural development, right to information, green initiatives, disaster management, low-cost devices, and Bangla language tools.

# Partnerships



## Impact & results

Empathy was what empowered a junior land officer to build a shed for poor and aged clients in his jurisdiction and automate the manual land service, thereby rooting out corruption and becoming a local hero overnight. It was what drove an agricultural extension officer in a remote district of Bangladesh to develop a pictorial database that enables farmers to easily identify crop diseases and get proper solutions without having to travel tens of kilometres to seek expert advice. With encouragement from top bureaucrats and more than USD 3 million in SIF funding, over 900 such pilots have been launched since 2013 in a wide range of areas, including health care and education, crops and fisheries, land and human rights. To date, a2i has trained 1,000+ officers from 36 government organizations to apply SPS to 400+ vital services. Moreover, each Annual Performance Agreement signed between the Cabinet Secretary and the Secretary of a particular ministry now mandates simplification of at least one service and digitization of a service every year – an important step towards institutionalizing this citizen-centric way of improving public services.

A study over the period of the last seven years reveals that as a result of this holistic approach to empower civil servants with the tools, expertise, knowledge and resources they need for experimenting and innovating citizen-centric solutions to public service challenges, on average, time to receive services has come down by 85%, cost by 63% and the number of visits by 40%. Translated in monetary terms, Bangladeshi citizens have saved more than USD 2 billion.

## B. Multimedia Digital Talking

### Book: Making Education

#### Accessible for All

Vashkar Bhattacharjee is the innovator of the project entitled, “DAISY-standard Accessible Reading Materials for Persons with Visual Disabilities” for which Bangladesh won WSIS (World Summit on the Information Society) award 2017 (one of the world’s most prestigious IT awards) awarded by United Nation’s International Telecommunication Union (ITU). He himself is visually impaired and faced unexplainable challenges in continuing his education. His parents deliberated long and hard about whether they wanted him to have an education, along with all the other children of his village. Textbooks in Braille have been rarely available, and schools also rarely had writing frames or Braille paper. However, he completed his

HSC and got admitted into a university. At the university, the journey got much more difficult, since he had to compete with the students who could see and who did not require the teacher to read out the lessons. The exams were another hurdle. According to him,

**“I had to convince my teachers to provide me with an assistant during exams who would listen to my answers and write them down on paper.”**

The hassles faced by Mr. Bhattacharjee, generally need to be faced by all visually impaired students. In fact, it is the regular scenario that the visually challenged people face unbearable difficulties in having the education, though it is a basic human rights for all.



Vashkar Bhattacharjee (first from the left) receiving WSIS Award 2017

One in about seven persons has some form of disability across the world. At that global average of 15%, Bangladesh has about 25 million disabled people.<sup>5</sup> Among the disabled population, there are 250,000 visually challenged people<sup>6</sup>. A large number of these sight impaired students are now studying at various educational institutions. It is very difficult for them to have access to information and attain an advanced education since there are no suitable study materials for them in Bangladesh besides braille books. But students depending completely on braille might face pronunciation problems. Moreover, it is very important to present the study materials to students in an attractive way that will not make learning monotonous and with visually impaired children the task gets more difficult.

To address this problem, the government and the private sector provides a range of services for the blind

or partially sighted students, including five dedicated government schools, 64 integrated schools and an inclusive education program. But there are no accessible reading materials.



Vashkar Bhattacharjee receiving SIF cheque from a2i

Considering the acuteness of the problem, the Access to Information (a2i) Programme under the Prime Minister’s Office decided to address it with the assistance of an NGO, Young Power in Social Action (YPSA).

a2i, the world’s first public service Innovation Lab+, works to ensure easy, affordable and reliable access to quality public services for all citizens of Bangladesh. It drives the creation of a public service innovation ecosystem and delivery infrastructure from the Prime Minister’s Office. One way a2i is doing so is through engaging and empowering the whole of Bangladeshi society by offering a Service Innovation Fund (SIF) to co-create novel solutions to development challenges and boost their chances of making an impact at scale. With the objective to ensure access of every single visually impaired person in the nation to education contents and reading materials through adoption of an international standard technology, a2i funded the Multimedia Digital Talking Book project.

With the fund received from the SIF, YPSA designed and developed the DAISY (Digital Accessible Information System) standard accessible reading materials for the visually impaired students. The project converted all the secondary education textbooks (class 1 to 10) into a DAISY digital multimedia format making it easier to produce braille, text, audio book or e-Book as suitable. These cost effective digital textbooks are accessible for the blind or partially blind, and also those with print disability or learning disability. Any student with access to computers, tablets or android mobiles can use these books for acquiring knowledge. Visually challenged students can learn their lessons by listening to it.

“I have been teaching in this special school for visually impaired children at primary level for last 15 years, but never have I seen the kids so happy. When they hear this regular MP3 player play, they can actually feel the books coming to life. This happened in the late 2015, when our school received these multimedia players containing multimedia talking books that could read out the text written in the curriculum book. Parents are

thankful since they no longer have to spent hours reading the text to their children. Previously, we could give the students only second-hand braille printed books to study from. But, this time we received brand new books for all the children. Now, I know for sure that my students can compete with any able kid.” said Asma Khatun, a teacher at the physically handicapped training centre.

Today, around 100,000 students with a visual, print and learning disability, and also the information-disadvantaged group, can read and listen to their textbooks, which can significantly improve their learning. At the moment, Multimedia Talking Books can also be used in the regular schools to ensure an inclusive education and can be developed into interactive e-Book as well. In a study, it has been found that around 96% students enjoy their learning through using Digital Talking Book (DTB). Around 96% participants said that they were getting fun from DTB while learning. Previously they had to deal only with Braille which was not enjoyable. Thus, this innovation has made primary and secondary education inclusive and accessible for all students, and has contributed to improving literacy and numeracy.



Honorable Prime Minister handing over books to the visually impaired students

Previously, it was difficult to provide the braille books at the beginning of the year, but now National Curriculum and Textbook Board (NCTB) partnered with a2i ensuring the revised Multimedia Talking Books and braille books along with other textbooks reach the hands of visually challenged children. The books are handed over to visually impaired students every year on the Textbook Day (1 January) by the Prime Minister. The partnership with NCTB and Department of Social Services in the Ministry of Social Welfare have enriched the initiative and taken Bangladesh one step ahead in attaining the Sustainable Development Goal-4 which focuses on inclusive and equitable quality education for all.

Thus, the DAISY multimedia books have the potential to truly transform people with visual impairments, typically considered burdens, into assets who not only become productive, but also have a meaningful life with the ability to contribute to society.

## VIII. Major News and Events

UNDP remained engaged with accelerating programme delivery encompassing its core thematic areas, namely Resilient and Inclusive Growth, Democratic Governance, and Business Development and Partnership. Important events took place, which are summarized in the following.

### We welcome Mia Seppo, new UN Resident Coordinator and UNDP Resident Representative

Mia Seppo joined the United Nations Country Team in Bangladesh as the Resident Coordinator and UNDP Resident Representative in November 2017.



Prior to her appointment in Bangladesh, Ms. Seppo has served as the UN Resident Coordinator and UNDP Resident Representative in Malawi from April 2013 to October 2017, where among other initiatives she coordinated the UN system and partner support to the tripartite elections held in May 2014, the devastating floods in 2015 and the humanitarian response to the food insecurity in 2016-2017.

Between 2010 and 2013, she served as the UNDP Country Director in Sierra Leone, leading the UN support to the tripartite elections held in 2012. Ms. Seppo contributed to the UN's work on aid coordination and development effectiveness in both countries. In partnership with the Peace Building Mission, Ms. Seppo led UNDP's work on conflict prevention in Sierra Leone and the establishment of a National Peace Architecture in Malawi.

Ms. Seppo served in the Regional Bureau for Africa in New York from 2005 to 2010, covering a portfolio of crisis countries, in particular the Democratic Republic of Congo and Burundi. Earlier, Ms. Seppo worked for a decade on the countries of the former Soviet Union focusing on Central Asia and the Caucasus, as part of the Regional Bureau for Europe and the CIS in the UN HQs in New York. She was appointed as the UNDP Deputy Resident Representative in Tajikistan in 2002 to support the post-conflict recovery and reintegration programmes of UNDP at a decentralized level.

Ms. Seppo started her UN career in 1996 with a focus on governance and human rights issues. Prior to her joining the UN, Ms. Seppo worked for civil society and think tanks, including the Finnish Committee for European Security.

Ms. Seppo is a Finnish national and holds a Master's Degree in Social Sciences from the University of Helsinki, Finland.

### Bangladesh National Parliament and UNDP ink deal to promote SDGs

In October, UNDP has signed a MOU with the National Parliament to work together in monitoring and implementing SDGs in Bangladesh. The MoU is continuation of UNDP's assistance to the National



Parliament during its 9th session, through a project, titled "Improving Democracy through Parliamentary Development". Under this new MoU, UNDP will provide support to the parliament members enabling them to contribute to SDGs in the 10th National Parliament, encompassing thematic areas such as health, climate change and women's empowerment. In addition, UNDP will support strengthening research capacity of the National Parliament. It will also help build capacity and leadership of parliament members and parliamentary secretariat officials.

### New business opportunities through development

UNDP and Dhaka Chamber of Commerce and Industry (DCCI) hosted the 'IMPACT Bangladesh



Forum 2017' in October, where more than 150 business leaders, government officials, and UN representatives participated. The Forum arranged panel discussions on building interconnectivity, raising investment return and ensuring sustainability. It also discussed localizing production for local consumption, and tracking private sector impact on SDGs.

## Farmers becoming entrepreneurs

While the small farmers are not integrated with the market, they do not receive fair prices. If unaddressed, there will be 130 million farmers by 2025, who will be



denied market access. This will worsen their sustainable livelihood. To address the problem, UNDP has initiated the “Farmers Becoming Entrepreneurs” campaign, which seeks to raise US\$25,000 to test a digital innovation for 500 farmers. The farmers will be integrated with market value chain and financial inclusion will be raised using mobile devices. This innovation will transform small farmers into entrepreneurs. After project completion, digital innovation will reach 10,000 farmers. The fund received, will be channeled to a new digital phase of “Growing Together in Bangladesh”, which will be aided by Voluntary Service Overseas and Blue number.

## Not leaving anyone behind

In September, UNDP in association with the National Human Rights Commission launched a photo-book “Leaving no one behind: Hijra Lives in Bangladesh” to



ensure the rights of the third gender community, widely known as Hijras. The book will contribute to raising awareness and bring up wider issues that the third gender people are facing.

## Mainstream Rio Conventions in curricula

To mainstream the Rio Conventions in the training curricula of government training institutions, a consultation workshop was held in October, jointly organized by Public Training Institutes under government’s Environmental Governance (Rio) Project and UNDP. The project has compiled a collection of best practices on issues related to operationalizing the Rio Conventions.

## Youths vow to uphold the cultural diversity in Bangladesh

To remain engaged with the youth, UNDP with support from Facebook, Microsoft and Bangladesh ICT Division, has launched the Digital Khichuri challenge, a platform for youth to contribute to problem solving innovations. This unique program will boost creative competition in promoting peace and cultural diversity.

## Bangladesh opts to co-create people centric smart cities through a week-long campaign

The SMART CITY CAMPAIGN was launched to shape an ambitious, feasible roadmap for co-creating



smart cities in Bangladesh through an eventful smart city week held during 29 November–5 December in Dhaka. Communities, city leaders, planners, authorities, individuals and young entrepreneurs joined together to unite for bringing transformative changes to our cities. The three-day (29 November – 1 December) Innovation Hub was the Smart City Campaign’s major event. The Hub connected city leaders, professional experts, young innovators and anyone with a stake in our cities and present innovative ideas, models, and concepts that offer smart solutions to Bangladeshi urban challenges. It showcased what government, non-government and private sector organizations are doing and will draw on best practices in municipalities from around Bangladesh. Social entrepreneurs and businesses also presented innovations they are testing or ones that are in full swing for easing city problems. The campaign organized series of programs during the week including Mymensingh Municipality, a secondary city that hosted an ideathon on its recently prepared Strategic Development Plan. The closing event marked the end of the Smart City Campaign with presentations by experts on urban growth in Bangladesh, an award ceremony for highlighting inspiring urban innovations and the launch of the ‘Smart City Innovation Excellence’ to encourage innovative minds in co-creating smart cities in the country. 17 smart concepts were awarded from more than 100 innovative ideas showcased during the three-day long Smart City Innovation Hub.





*Empowered lives.  
Resilient nations.*

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