**Concept Paper**

Bangladesh is a third world country of great potentiality. Despite of its small area, it has been successfully managing the overall livelihoods of 160 million people. Bangladesh was included as LDC in the list of ECOSOC in 1975. Recently Bangladesh has achieved all the thresholds of three categories i.e. GNI (Gross National Income, $1272), HAI (Human Assets Index, 72.8) and EVI (Economic Vulnerability Index, 25) for graduating from LDC. In this context, the achievement of Bangladesh in these three categories will be recognized for the first time in upcoming United Nations’ General Assembly which is going to be held in March 2018. Later on, this achievement will be monitored by CDP (Committee on Development Policy), a subordinate agency under the purview of UNOSOC. If Bangladesh can keep its momentum with this achievement for two consecutive triennial review by CDP of 2021 and 2024, it is expected that, Bangladesh is going to be graduated from LDC in 2024. After the graduation Bangladesh will get 3 more years i.e. till 2027 to prepare itself for a smooth transition. In this context like any other LDC, Bangladesh will get 9 years (2018-2027) to prepare her to face the new challenges of international trade and commerce, cooperation, technology and economy.1

**Benefits of being LDC:**

1. Bangladesh enjoys 12% preferential margin on its export to the European Countries which provides a substantial price advantage over other countries.
2. Relaxation (One stage Transformation) in provision of rules of origin in exporting commodities to EU countries
3. Recipient of aid in absolute terms from the aid target of 0.15%-0.20% of donors’ GNI.
4. Budget caps for LDCs’ contribution to regular budget of UN, ILO etc.
5. Technology Transfer to the LDC under the article 66.2 of TRIPS (Trade Related Intellectual Property Rights.)
6. Assistance from LDC fund constituted under UNFCC (United Nations Framework on Climate Change) to mitigate the effect of climate change.
7. Assistance under EIF (Enhance Integrated Framework) to strengthen the capacity of ministry of commerce with a view to mainstreaming global trade with national development plan.
8. Enjoyment of transitional period up to 2033 regarding patent provisions especially for pharmaceutical sector under article 70.8 and 70.9 of TRIPS agreement.
9. Various types of scholarships and fellowships for the citizens of LDC.

10) Travel incentives for the representatives of LDCs participating in conference or summit organized by UN or its bodies.

**Functions of Cabinet Division and Challenges after Graduation:**

Cabinet Division works as a main regulatory entity within the government mechanism. Reviewing the progress and implementation of Cabinet and Committee decisions; coordinating inter-ministerial functions and resolving conflict among ministries etc are the main functions of the cabinet division. Apart from those, supervising day to day activities of field offices is also under the purview of this division. To build ‘Sonar Bangla’ by creating governance in every sphere of public service delivery is the main vision of Cabinet Division.

Cabinet division is not directly engaged in development activities; therefore it is not involved with more than one or two development projects. For the sake of proper implementation of cabinet decisions, it supervises the activities of other ministries, introduces new acts, policies, strategies; oversees the day to day functions of field offices in order to ensure a transparent, strong, efficient and accountable civil service.

Cabinet Division is working as the lead ministry to achieve the targets of 1.1-1.4 under SDG 1 (No Poverty) and targets 16.5-16.6 under SDG 16 (Peace, Justice and Strong institutions). Under the SDG 1 (No Poverty) to achieve the targets 1.1-1.4 proper implementation and expansion of Social protection programs have been emphasized for the eradication of poverty. Cabinet division has already adopted National Social Security Strategy (NSSS) to make all the activities more systematic and uniform. Moreover recently efforts have been taken to establish a single registry MIS to ensure a transparent, easy and flawless system dedicated for social security program.

Total Tk. 54 thousand crore has been allocated in 2017-18 financial year for social security programs. Internal resource is the sole contributor to this huge amount of money which constitutes the 2.4% of our total GDP. Foreign contribution for Social Security Programs of Bangladesh tends to be very insignificant. To achieve the SDG targets from 2017-18 to 2029-30 on an average every year we need additional amount of Tk 18 thousand crore.2 Though the arrangement of this huge amount of money will be a great challenge, Bangladesh’s success in accumulating resource from its internal resource ensures the future funding for SDG targets 1.1-1.4.

To achieve target 16.5 (Reduction of Corruption and Bribery) of Goal 16, National Integrity Strategy (NIS) has been adopted. Under this strategy every ministries/divisions, directorates and other subordinate offices have formulated a yearly Integrity work plan and monitoring framework.

To achieve target 16.6 of Goal 16 Annual Performance Agreement (APA), a set of tools such as Citizen Charter, and Grievance Redressed System are being implemented. Cabinet division is playing the leading role in encouraging innovation in public service to simplify the government service processes.

A few development projects were implemented and some are still under implementation to achieve the targets 16.5 and 16.6. Though these projects are largely foreign funded but are small in size. Graduation from the LDC will not create any problem in funding these small projects because of our growing internal resources.

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| --- | --- | --- | --- |
| Financial Year | Allotment (Tk. In Lac) | | |
| Total | GoB | Foreign Assistance |
| 2016-17 | 2940(%) | 80 (3%) | 2860 (97%) |
| 2017-18 | 1413 (99.95) | 6 (.50%) | 1407 (99.50%) |
| Source: Project Section, Cabinet Division | | | |

But non availability of data regarding performance indicator (16.5.1, 16.5.2, 16.6.2) of target 16.5 and 16.6 3 is the main challenge of achieving goal 16. Therefore, it has become an urgent issue to find out the way to ensure availability of these data. Extensive consultation with the stakeholders is needed to prepare a work plan to achieve the target of 16.5 and 16.6.

**Effect of Graduation from LDC:**

1) Though developed countries are committed to provide 0.15% - 0.20% of their GNI as assistance to the LDCs, only 50% of this commitment has actually been realized. Of this total global assistance, Bangladesh has received only 3%.4 In our current annual budget, contribution of foreign assistance is 13%, which is not that much significant considering our huge size of budget. Moreover Bangladesh`s efficiency and capacity in collecting internal resources and progressive flow of foreign remittance have lessen our dependency on overseas assistance.

It should also be noted that according to various research findings, it does not affect much whether a country is LDC or not to multilateral donor agencies like World Bank, UN, ADB etc in giving assistance or loans. Rather the demand, institutional capacity of the country and political consideration are the main influencing factors.5, 6

Therefore it is understandable that as there is a less probability of decrease of foreign assistance as well as low dependency on it will definitely ensure limited crisis for Bangladesh after the graduation from LDC.

2. After the graduation from LDC, Bangladesh will lose eligibility in getting LDC fund of UNFCC. But Bangladesh has established a ‘Climate Trust Fund’ from its own resources, for which honorable Prime Minister Sheikh Hasina has been awarded ‘Champions of the Earth’.

3. The loss of preferential market access especially in garments sector in terms of tariff margin and rules of origin will be the main challenge for Bangladesh after graduation. The total export will be reduced by 5.5% to 7.5% which is amount to two billion dollar.7 To overcome this challenge Bangladesh should give emphasis on effective bilateral and multilateral negotiation so that preferential market access can be explored. In addition more investment on infrastructure can help lower the price of our product which will increase our competitiveness in international market.**8** In this context ministry of commerce and ministry of industry should play the most important role.

4. There will be a negative impact on pharmaceutical sector because of the effectiveness of patent provision of TRIPS agreement after graduation; though Bangladesh will get the transition period till 2033 to prepare herself for policy and technological homework.

We can conclude that loss may be incurred after the graduation from LDC will be less.9 Rather graduation will brighten our image as a country in the international arena. But graduation should not be the limit for Bangladesh; she has to face many more challenges. One of the main challenges that graduating countries face is ‘middle income trap’.10 It has been found in research that out of 48 LDCs 29 are of low income, 18 including Bangladesh are of lower middle income, only one of them is of high income and all graduating countries are still on middle income group.11 The persistence of this tendency among those countries indicates their economic vulnerability. This is the result of infrastructural weakness and inefficient human resource.12 To maintain a steady growth, nothing is alternative to proper and realistic policy making, especially in industrial and macroeconomic sector. Encouragement in local and foreign investment will guarantee the diversification of our export. In this regard besides facilitating government in formulating right policies, Cabinet Division has to play the key role in creating efficient, corruption-free and accountable institutions, capable of facing the challenges of 2024 and beyond. A complete and integrated work plan on SDG targets 16.5 and 16.6 should be devised immediately to achieve this. Only governance in every strata of public service makes sure the people’s participation in every economic, social and cultural activity of the state which will enable us to build our country as developed one, namely ‘Sonar Bangla’.

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