

Turning Point

Bank Job Aid

Focus Writing Module - 5



Developed & Presented by

Aashfak Dipu

(Chief Advisor)

Turning Point Job Aid

A Complete Preparatory Package for Bank Job Written Part

Session Content

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United Nation's classification of Countries

A. Least developed countries (LDCs): The concept of LDCs originated in the late 1960s and the first group of LDCs (25 countries) was listed by the UN on 18 November 1971. The list of LDCs is reviewed every three years by the Committee for Development Policy (CDP). Two major features of LDCs:

- LDCs are low-income countries confronting severe structural impediments to sustainable development.
- They are highly vulnerable to economic and environmental shocks and have low levels of human assets.

As of 25 August 2023, there are **46 LDC** countries (Africa 33, Asia 9, Caribbean 1, and Pacific 3). South Sudan is the last inclusion in this list (2012). Bangladesh, Central African Republic, Gambia were listed in 1975. These LDCs account for around 13 per cent of the world population. However, they contribute only 1.3 per cent to the global GDP and less than 1 per cent to the global trade and foreign direct investment (FDI).

Graduated: Six countries have graduated from least developed country status so far:

Country	Year	Country	Year
Vanuatu	2020	Maldives	2011
Equatorial Guinea	2017	Republic of Cabo Verde	2007
Samoa	2014	Botswana	1994

Schedule of Graduation: 7 countries are scheduled to be graduated by 2027:

Country	Timeline	Country	Timeline
Bhutan	13 December 2023	Bangladesh , the Lao People's	24 November, 2026
Angola	12 February 2024	Democratic Republic and Nepal	
São Tomé and Príncipe	13 December 2024	Solomon Islands	13 December, 2027

In 2018, Bangladesh fulfilled all three criteria for the first time and in 2021 for the second time. If Bangladesh can fulfill these requirements for the third time in 2024, Bangladesh will be considered as an LDC graduate country.

B. Developing Countries: Although the United Nations determines which countries are among the least developed countries, it has not itself adopted criteria for developing countries. Probably the most widespread interpretation of the term "developing country" is that of the International Monetary Fund (IMF). IMF listed **152 countries** in developing country club. Here, states are classified on the basis of three criteria:

1. Average per capita income
2. Diversification of export goods
3. Degree of participation in the international financial system

C. Developed Countries: According to UNs Conference on Trade and Development, *'The developed economies broadly comprise Northern America and Europe, Israel, Japan and the Republic of Korea, as well as Australia and New Zealand'*. Commonly used measure of a developed country is the threshold of GDP per capita of at least \$22,000. In 2023, 40 countries fit all four criteria and 15 countries fit at least three criteria for being developed countries.

Note: According to UN Statistics Division, *'There is no established convention for the designation of "developed" and "developing" countries or areas in United Nations system'*.

Classification of Countries using World Bank's Atlas Method

The World Bank assigns the world's economies to four income groups. The classifications are based on the GNI per capita and are updated each year on July 1. For the current 2024 fiscal year, these are the levels calculated using the World Bank Atlas method:

- 1. Low-income countries (LICs):** GNI per capita 1,135 US dollars or less. 28 countries are in LIC group.
- 2. Lower middle-income countries (LMICs):** GNI per capita \$1,136 – \$4,465. In LMIC group, there are 54 countries. Bangladesh reached lower-middle income status in 2015 whose per capita income is USD 2,824 (FY22). Bangladesh is eyeing to reach UMIC level by 2031.
- 3. Upper middle-income countries (UMICs):** GNI per capita \$4,466 – \$13,845. In LMIC group, there are 54 countries as well.
- 4. High-income countries (HICs):** Income above 13,845 US dollar. Total 81 countries are in HIC group.

LDC Graduation Criteria and Bangladesh's Success in LDC Graduation

The Committee for Development Policy (CDP) is mandated by the UN General Assembly (GA) and the Economic and Social Council (ECOSOC) to review the list of LDCs every three years and to make recommendations on the inclusion and graduation of eligible countries using the following criteria:

- 1. Gross national income (GNI) per capita:** GNI refers to any country's income per capita. Required GNI per capita in 2021 was \$1,222 or above. Bangladesh's GNI in 2021 was \$1,827, which was 30 percent higher than LDCs average score.
- 2. Human Assets Index (HAI):** HAI means the level of human assets a country has and required score is 66 or above. Bangladesh's score on the HAI in 2021 was 78.1, which was 26 percent higher than the LDC average score.
- 3. Economic and Environmental Vulnerability Index (EVI):** EVI indicates any country's economic and environmental shock adaptation capacity and required value is 32 or below. In 2021, Bangladesh's EVI score was 27 compared to the average score of LDCs of 39.

These three benchmarks assess a country's ability to sustain development and the associated support needed to maintain that ability.

Bangladesh's Graduation Track:

Phase - 1: In 2018, Bangladesh fulfilled all three criteria for the first time. However, once a country fulfills these criteria to become an LDC graduate, as per United Nations Committee for Development Policy (CDP), these conditions must be fulfilled two more times at an interval of 3 years.

Phase - 2: In 2021, Bangladesh fulfilled these conditions for the second time, and if Bangladesh can fulfill these requirements for the third time in 2024, Bangladesh will be considered an LDC graduate country. However, after graduation, Bangladesh will be given a 3-year grace period to comply with the new regulations.

Bangladesh has performed well in all three indicators in the first two phases and has maintained stability even during economic and environmental disasters such as the Covid-19 pandemic. Bangladesh is set to graduate out of the group of least developed countries (LDCs) on **November 24, 2026**, about 50 years after it first became a member of this cohort of developing countries in December 1975, as per the decision of the UN General Assembly held in November 2021.

Bangladesh's LDC Graduation: Challenges, Opportunities and Preparedness

At the second triennial review by the Committee for Development Policy of the United Nations (UN-CDP), Bangladesh received the final recommendation to graduate from the least developed country (LDC) category. The country has once again met all three criteria, namely per capita gross national income (GNI), human assets index (HAI) and economic vulnerability (EVI) index to graduate from the LDC group and scheduled to get official recognition in 2026. It's a matter of pride along with new horizon of challenges and opportunities in coming days.

Challenges from losing International Support Measures (ISMs)

1. The major challenges for graduating LDCs come in the form of losing various international support measures (ISMs):
 - a) The Generalized System of Preferences (GSP) by 38 WTO partner countries provide duty-free quota-free (DFQF) market access for Bangladeshi exports. Graduation from LDC will result in loss of DFQF market access and Bangladesh might lose roughly 14% of its annual export profits – or roughly USD 6 billion.
 - b) It is predicted that the country will lose 8-10 percent of its overall export earnings, equivalent to almost USD 2.5 billion per year, as a result of the loss of DFQF market access.
 - c) Following this economic shift, Bangladesh will no longer be eligible for grants and soft loans under the official development aid (ODA) it has received since 1971. The cost of development finance and debt servicing liabilities will increase. The loss of access to LDC-exclusive concessional funding may potentially have a negative impact on the country's development prospects.
 - d) Bangladesh will no longer be eligible for LDC-specific special and differential treatment (S&DT) under the World Trade Organization (WTO) after graduation. The loss of LDC-specific S&DT under the WTO's TRIPS agreement may hinder the development of the pharmaceutical industry in Bangladesh.
 - e) Additionally, membership of the LDC group in negotiations and in international meetings, overseas development assistance, trade-related technical assistance, scholarships, reduced budgetary contribution to the UN, and tickets to General Assembly and other UN meetings are among the other ISMs which will be gone after the graduation.
2. Furthermore, as a result of graduation, Bangladesh would lose access to specialized funding possibilities such as the Green Climate Fund (GCF), which is critical for developing resilience against the increasing danger of climate change. Because Bangladesh is expected to be one of the worst hit countries by the climate catastrophe, losing GCF financing might be a big setback.
3. The UN Technology Bank, which was intended to increase the contribution of science and technology for the sustainable development of LDCs, would also no longer assist Bangladesh once it moves into the category of developing countries.

Opportunities that come along the way

1. Following graduation, Bangladesh could qualify for GSP+, a special incentive program for sustainable development and good governance that might make up for the loss of GSP privileges. Additionally, the nation may negotiate trade deals with other nations on more equal footing. Graduation could also open up new opportunities for regional and global integration.
2. Graduation from the LDC group essentially means acquiring a seal of global approval for development achievements, which will brighten Bangladesh's image in the world court. This could increase foreign direct investment (FDI) by sending positive signals to foreign investors about the country's business-friendly environment.
3. Global lending agencies feel reassured on the ability of the country to pay back loans. So, its credit worthiness is expected to improve, and its credit rating will be better.
4. Bangladesh will have more opportunities for taking commercial loans from the international market at a competitive interest rate. It will be easier to get foreign loans despite a slight rise in the interest rates. Interest rates will, however, be lower for the private sector.
5. Better branding will help the country to mobilize resources from the global market through sovereign bonds. The difficulties faced by the private sector in generating capital from the global financial market are expected to be less in the coming days.

Preparing for smooth and sustainable graduation

Graduation does not necessarily mean that all the trade-related facilities will be curtailed overnight. Bangladesh is getting an exceptionally extended period of five years—the standard period is three years—to prepare for the aftermath of graduation. It must make the best out of the LDC-specific facilities while it still can. Developing countries also enjoy some trade preferences, which could be used to the fullest if Bangladesh is well-prepared with the needed homework.

1. After graduation, Bangladesh may be infected with "*Dutch Disease*" since the country's RMG sector bringing in more than 80 percent of the country's export earnings for the last several years. To avoid this consequence, the country should diversify both of its export basket as well as markets.
2. In the post-graduation period, Bangladesh will still be eligible for "GSP-plus" benefits for market access. In order to access this, 27 international conventions on labor rights, human rights, environmental protection and good governance have to be ratified and implemented by the country.
3. Our tax-to-GDP ratio is still relatively low. Through the effective use of technology, we may be able to significantly boost tax collection. Additionally, we must ensure that money laundering is stopped and that those responsible for it are held accountable.
4. Additionally, Bangladesh would have to compete fiercely with foreign businesses in the sphere of international commerce after graduation. In the years following graduation, Bangladesh will need to significantly alter its import-export policies in order to effectively compete with foreign rivals.

5. After graduation, Bangladesh will have to go for blended finance that includes loans from the development institutions and other sources with a high interest rate and shorter repayment period. However, Bangladesh should also explore more resources from institutions such as the Asian Infrastructure Investment Bank (AIIB), New Development Bank (NDB) and other commercial sources. Though it may be a bit costly, it will be useful for Bangladesh to become a member of the NDB.

In order to remain competitive and keep the economic growth rate steady after 2026, Bangladesh should focus on knowledge-based economy, utilize demographic dividends, mobilize local resources, ensure congenial business environment, shift towards manufacturing high-value goods, promote export-oriented industries, and increase regional and global connectivity. The country must make plans to turn the challenges into opportunities in the coming days. The absence of tailored and clearly defined roadmaps for addressing the post-graduation challenges and post-pandemic economic recovery may make Bangladesh a victim of the "middle-income trap."

Why Export Product Diversification is Urgent

\$55 billion export earning in last fiscal year is planned to reach \$150B by 2031 and \$300B by 2041 requires special attention when more than 80% of the export basket is RMG. Beside RMG, other major exportable products such as home textiles, leather and leather products, agriculture and agro-processed products, jute and jute products, light engineering products, and frozen and fresh fish have an export share varying from 3 to 1 per cent only. In last 50 years the country could achieved robust and consistent growth though couldn't establish any multibillion dollar earning export item beyond RMG which might be the poor part of the tale.

As the export of Bangladesh is highly dependent on apparel, it is indispensable to take initiatives to increase the participation of other potential products through product diversification. The fact that RMG exports continue to grow at an average annual rate of 15% while non-RMG exports grow at a much slower pace of barely 3-4% which resulted in an over concentration in a single industry which is vulnerable for long term economic stability.

To attain the zero poverty targets and reaching HIC threshold by 2041, we must increase GNI per capita. The only solution in big picture is to enrich the export income by diversifying its portfolio. Greater export depends largely on how much it is diversified and resilient over periods.

Initiatives Taken for Export Product Diversification

So far, several initiatives have been undertaken by the government to diversify export products:

1. The Business Promotion Council (BPC) has been created to implement the product diversification plan of the government and seven Business Promotion Councils have been created by the Ministry of Commerce to develop, promote and explore the international market for ICT, leather and leather goods, fisheries, agro products, light engineering products, medicinal plants and herbal products, and plastic products through capacity building of those selected sector players.
2. Six-year long Export Competitiveness for Jobs (EC4J) project has been in progress right now by the Ministry of Commerce with the finance of the World Bank to help build the capacity and explore the international market for leather and leather goods, footwear, elastic, and light engineering.
3. One District One Product (ODOP) program was adopted by identifying 14 (fourteen) district-wise products for product development using local resources in accordance with the Japanese concept of One Village One Product (OVOP) for product diversification.
4. The Export Coaching Project on Home Decoration and Home Textiles has been undertaken with the technical support of CBI (Centre for Promotion of Imports from Developing Countries), a trade promotion organization based in the Netherlands.
5. Besides, Canada-based TFOC (Trade Facilitation Office Canada) undertook a capacity-building project to increase the capacity of SMEs.
6. Bangladesh Quality Support Program (BQSP) has been implemented with the technical support of the European Union (EU) for improving the product quality of herbs and herbal medicine, light engineering products, ICT, horticulture, and agricultural and agro-processed products. These initiatives are also part of a product diversification plan.

Export Diversification: Strategies

1. **Expanding Existing Market:** In the case of market penetration, it is necessary to take efforts to capture new market share of the existing export market and there is an opportunity to increase the export earnings of our readymade garments to Bangladesh's traditional export destinations (USA and European Union). The global readymade garment market size is approximately \$ 450 billion. The market size of the United States and the European Union is \$87 and \$177 billion respectively of the global market. In the financial year 2021-22, the combined export earnings from knit and woven garment were \$42 billion.
2. **Exploring New Market:** Apart from this, it is necessary to adopt an effective plan to expand export through the development/exploration of new markets. In this case, measures can be taken to explore and expand the market in the MERCOSUR (the free trade area of Latin America in which Brazil, Argentina, Paraguay, and Uruguay are full members), Mexico, South Africa, Turkey, CIS countries, Japan, and South African Developing Countries (SADC). To materialize this strategic planning, participation in international trade fairs and sending trade missions abroad can be appropriate steps. Bangladesh Foreign Missions can play an effective role in making this initiative fruitful.

রপ্তানি আয় বহুমুখীকরণের ক্ষেত্রে বাংলাদেশের অবস্থা, উদ্যোগ, সম্ভাবনা ও করণীয়।

Global Economic Diversification Index 2023 এ ১০৫ টি দেশের মধ্যে বাংলাদেশের অবস্থান ৬৯তম, যা ৩৫তম বৃহৎ অর্থনীতির দেশটির সাথে সামঞ্জস্যপূর্ণ নয়। ২০৩১ এর মধ্যে উচ্চ-মধ্যম আয়ের দেশ এবং ২০৪১ এর মধ্যে উচ্চ আয়ের দেশ হওয়ার পথে বাংলাদেশের জন্য সবচেয়ে বড় অন্তরায় দেশের রপ্তানি আয়ে কাংখিত বহুমাত্রিকতা আনতে না পারা। শতকরা ৮৫ ভাগ রপ্তানি আয় এনে দেয়া তৈরী পোশাক শিল্পের সাথে আর কোন বৃহৎ রপ্তানি খাত না থাকা স্বল্প মেয়াদে স্বস্তিকর হলেও, দীর্ঘমেয়াদে আশংকার।

রূপকল্প ২০৪১ অনুসারে, ২০৩১ সালের মধ্যে দেশের রপ্তানি আয়ের লক্ষ্যমাত্রা নির্ধারণ করা হয়েছে ১৫০ বিলিয়ন মার্কিন ডলার যা ২০৪১ নাগাদ ৩০০ বিলিয়ন মার্কিন ডলারে উন্নীত করতে হবে। এই সময়কালে দেশের গড় প্রবৃদ্ধির লক্ষ্যমাত্রা হবে ৯% যা ২০৪১ সাল নাগাদ প্রায় দুই অংকে পৌঁছানোর লক্ষ্যমাত্রা নির্ধারণ করা হয়েছে। অথচ ২০২৩ সাল নাগাদও দেশে তৈরী পোশাক শিল্প ব্যতিত আর কোন মাল্টিবিলিয়ন ডলার (২ বিলিয়ন ও ততোধিক) রপ্তানি খাত নেই। স্বাধীনতার ৫২ বছর পরেও আমাদের দেশীয় পণ্যের রপ্তানি তালিকা এখনো কৃষি, পাট, চামড়া এবং চা এর মত শুধুমাত্র প্রকৃতিজাত পণ্য সমৃদ্ধ। অর্থাৎ শিল্পখাতের বিকাশ না হওয়া এবং রপ্তানি বানিজ্যের বহুমুখীকরণের ক্ষেত্রে ধীরগতি রূপকল্প ২০৪১ এর কাংখিত লক্ষ্য পৌঁছানোর ক্ষেত্রে আমাদের জন্য এখন সবচেয়ে বড় চ্যালেঞ্জ।

৭ বছরের (২০৩১) মধ্যে বর্তমানের ৫০ বিলিয়নের রপ্তানি আয়কে ১৫০ বিলিয়নে রূপান্তর করতে বাংলাদেশ সরকার ১০০টি অর্থনৈতিক অঞ্চলের অনুমোদন দিয়েছে যার মধ্যে ২০ টিরও বেশি ইতোমধ্যে উৎপাদনরত। বিশ্বের ৩৭টিরও বেশি দেশ থেকে প্রায় ৬ বিলিয়ন ডলারের বিনিয়োগ এসেছে বেজার ৮টি ইপিজেডে এবং এসব ইপিজেড থেকে জুন ২০২২ পর্যন্ত রপ্তানি হয়েছে প্রায় ১০০ বিলিয়ন ডলারের পণ্য। ২০৩১ সালের মধ্যে দেশকে ১৫০ বিলিয়নের রপ্তানি আয়ে লক্ষ্যমাত্রায় পৌঁছাতে হলে নির্মীয়মান ইপিজেডগুলোতে বৃহৎ শিল্প স্থাপনের মাধ্যমে রপ্তানি আয় দ্রুত বাড়িয়ে নেয়ার কোন বিকল্প নেই। যদিও বিদেশি বড় বিনিয়োগ আসার পথে Ease of Doing Business ইনডেক্সে বাংলাদেশের অতি দুর্বল অবস্থান এবং দীর্ঘমেয়াদে জ্বালানি অনিশ্চয়তা সবচেয়ে বড় দুটি বাধা।

বৃহৎ শিল্প খাত বিকাশের সাথে সাথে দেশের প্রচলিত খাতসমূহ যেমন কৃষি প্রক্রিয়াজাতকরণ পণ্য, চামড়াজাত পণ্য, হোম টেক্সটাইল, পাটজাত পণ্য ও চা, ফার্মাসিউটিক্যালস, জাহাজ নির্মাণ, প্লাস্টিক পণ্যসহ অন্যান্য সম্ভাবনাময় খাতগুলোকে মাল্টিবিলিয়ন ডলার আয়ের খাতে পরিনত করতে হবে। একইসাথে নতুন নতুন খাতের বিকাশ এবং সেটাকে রপ্তানিযোগ্য করে গড়ে তোলার জন্য দীর্ঘমেয়াদী পরিকল্পনা নিয়ে কাজ করতে হবে। প্রচলিত বাজারের বাইরে নতুন রপ্তানি বাজার সম্প্রসারিত করতে আন্তর্জাতিক অঙ্গনে "মেইড ইন বাংলাদেশ" ব্রান্ড তৈরী এবং আন্তর্জাতিক মানসম্পন্ন পণ্য ও সেবা নিশ্চিত করতে পারলে অল্প সময়েই দ্রুত রপ্তানি আয় বাড়ানো সম্ভব।

পণ্যের পাশাপাশি সেবা খাতের রপ্তানি আয় বাংলাদেশের জন্য বিশেষভাবে গুরুত্বপূর্ণ। ডেমেগ্রাফিক ডিভিডেন্ড এর সর্বোচ্চ সুবিধা নিতে তথ্য-প্রযুক্তিতে দক্ষ তরুণ ও যুবকদের কাজে লাগানো জরুরি এবং এক্ষেত্রে আউটসোর্সিং হতে পারে সবচেয়ে সম্ভাবনাময় খাত। ইতোমধ্যে বিশ্বের ৩য় সর্বোচ্চ আউটসোর্সিং আয়ের স্বীকৃতি অর্জনকারী এই খাতকে ছাড়িয়ে যেতে পারে দেশের রেমিট্যান্স খাতকেও। ২০৩০ সালের মধ্যে আইটি পণ্য ও সেবা রপ্তানি থেকে ৫ বিলিয়ন ডলার আয়ের লক্ষ্যমাত্রা নির্ধারণ করা হয়েছে যা ক্রমাগত বাড়িয়ে নিতে এখনই পরিকল্পনা গ্রহণ করতে হবে।

করোনা পরবর্তী দেশের অর্থনীতি রাশিয়া ইউক্রেন এবং মধ্যপ্রাচ্য যুদ্ধের ধাক্কা সামলে এগিয়ে যাবে; ২০২৬ এর পর থেকে সামলাতে হবে এলডিসি থেকে উত্তরণ পরবর্তী বিবিধ চ্যালেঞ্জ, এগিয়ে যেতে হবে ২০৩১ ও ২০৪১ এর মতো আরও সব কঠিন সব লক্ষ্যের দিকে। দীর্ঘমেয়াদি জ্বালানি নিশ্চয়তা ও শিল্প বিনিয়োগ বন্ধব পরিবেশই গড়ে দিতে পারে দেশি বিদেশি উদ্যোগে বৃহৎ পরিসরের শিল্পায়ন। পাশাপাশি দেশি শিল্পের সুসম বিকাশ এবং রপ্তানির নতুন বানিজ্যিক মানচিত্র উন্মোচনই ঠিকঠাক বিনির্মাণ করবে ২০৪১ এর স্বপ্নের সোনার বাংলাদেশ।