Inclusive Growth in Bangladesh

The Asia Foundation promotes inclusive growth through policy reform, participatory dialogue, and support for women entrepreneurs.

Using a multi-faceted approach, The Asia Foundation identifies key policy barriers to inclusive and green growth, and supports agents of change who individually or by mobilizing others drive necessary reforms and actions. The important role women can and do play in economic growth is an underlying and cross-cutting theme of our work.

Fundamental to our success is a political economy approach based on multi-disciplinary analysis and a deep understanding of key actors, power dynamics, and incentives for action. Through strategic, flexible, and evolving interventions, we are committed to creating effective coalitions by liaising with champions for reform, engaging sector-specific “development entrepreneurs” who enjoy the confidence of stakeholders and can drive forward the reform process, and using action research to highlight new issues, find solutions to existing questions, and raise public awareness.

GREEN GROWTH
LEATHER INDUSTRY

In 2003, the government proposed the relocation of the country’s leather tanning industry from Hazaribagh, Dhaka to a purpose-built industrial estate outside the city equipped with modern waste treatment facilities, including a Central Effluent Treatment Plant (CETP). Conflicting interests, factionalism within the industry, and a lack of confidence in the government’s capacity to carry out the relocation acted as binding constraints and resulted in the project being stalled for more than 10 years. Beginning in 2013, The Asia Foundation facilitated the creation of a reform-minded coalition to lead the way in addressing the barriers to the relocation, and mediated a sustained and successful dialogue between the government and the leather industry that increased mutual trust and confidence. As a result of the interventions, the primary leather trade associations and the government signed a memorandum of understanding in October 2013 and, subsequently, the government approved budgetary provisions to share the costs of the relocation. At present, the reform coalition is engaging with international accreditation agencies to ensure that the new industrial estate is certified as compliant with all relevant protocols – especially in regards to environmental compliance – for export to the European Union and other export destinations. A successful relocation is expected to significantly decrease pollution of the

Photo: Flickr user Michael Foley Photography
Buriganga River in Dhaka and increase leather exports by as much as $1 billion per year.

RENEWABLE ENERGY SECTOR
The Government of Bangladesh’s Renewable Energy Policy has an ambitious goal of sourcing at least 10 percent of the nation’s power from renewable energy sources by 2020. Attaining this goal depends on crafting an unambiguous, realistic strategy to encourage private sector investment in medium-scale renewable energy-based power generation. Feed-in Tariff (FiT) regulations are recognized as an effective policy instrument to increase private sector investment in renewable energy solutions by stimulating small to medium-scale private investment, reducing dependency on fast-depleting natural gas reserves, reducing fuel import bills, and sparking creative investment in new technologies. The Asia Foundation is playing an instrumental role in building consensus among public and private sector stakeholders about the importance of FiT regulations and the potential of renewable energy. The Foundation, in collaboration with Dhaka University’s Institute of Energy, the Bangladesh Energy Regulatory Commission, and other stakeholders, participated in the drafting of a FiT regulatory framework, which could catalyze domestic and foreign investment in renewable energy and pave the way to a greener and more energy-secure Bangladesh.

HARNESSING TECHNOLOGY FOR INCLUSIVE GROWTH

ICT SECTOR
The development of Bangladesh’s ICT sector is an indispensable foundation to increased business efficiency and productivity at all levels and across all sectors. Adoption of ICT tools more broadly will improve domestic, regional, and international competitiveness of Bangladeshi businesses, support economic growth, generate employment, and reduce barriers to social inclusion. Expansion of the ICT sector is constrained by a lack of competition resulting from limited service providers and an uncertain investment climate in two key markets: international bandwidth segment and domestic backhaul connectivity. The Asia Foundation, leading a coalition of industry leaders, academic experts, and government regulators, is recognized as a valuable partner in the identification of appropriate solutions in this sector and has facilitated effective high-profile public-private dialogues informed by evidence-based analytical work and policy advocacy to support reforms that will enable affordable and reliable internet connectivity.
EVIDENCE-BASED POLICY DIALOGUE FOR POVERTY ALLEVIATION

In Bangladesh, there is a lack of high-quality research on inclusive growth to feed into high-level policy dialogue. The result is insufficient utilization and reflection of evidence in policy discussions and decisions. In October 2015, The Asia Foundation, in partnership with the Overseas Development Institute (ODI), began an initiative to support the Government of Bangladesh to make pro-poor economic policies by addressing the disconnect between evidence and policy discussions. The initiative is building capacity among Bangladeshi centers of expertise on key economic development topics to conduct and disseminate evidence-based research to feed into timely and relevant policy discussions.

SUPPORTING WOMEN-OWNED BUSINESSES

Women face a distinct set of challenges that impede their entry into and ability to sustain business ventures in Bangladesh. They are often uninformed about effective means to find customers and suppliers, market their products, and diversify their businesses to generate further revenue, and the lack of women-friendly facilities in banks, marketplaces, and other business settings often discourages or prevents women’s participation. Recognizing the potential of women-owned businesses for economic development in Bangladesh, The Asia Foundation organized district women’s business forums to expand loan opportunities, which successfully secured commitments from the Bangladesh Bank and several commercial banks to provide collateral-free loans for women entrepreneurs at concessional interest rates through special desks set up inside bank branches. Building on the success of that initiative, the Foundation is now empowering district-level women business-owners to unleash their potential by providing exposure to ICT tools, including mobile technology and mobile money, and targeted networking opportunities.

SOUTH ASIAN WOMEN’S ENTREPRENEURSHIP SYMPOSIUM (SAWES)

To enable South Asian women to fully contribute to and benefit from economic growth, barriers to women in business such as limited access to finance, markets, skills training, networks, and information, as well as onerous and/or discriminatory laws and regulations need to be addressed.
Since 2012, The Asia Foundation has been engaging women entrepreneurs and women’s business associations in Afghanistan, Bangladesh, India, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka in a set of targeted, mutually reinforcing activities to foster the success of business women and aspiring entrepreneurs. Through SAWES, the Foundation has built capacity of local organizations working to support women entrepreneurs by providing small grants, building online connectivity, engaging women entrepreneurs and relevant stakeholders in public-private dialogues, and bringing women entrepreneurs from across the region together in networking and exposure events.

REGIONAL ECONOMIC COOPERATION

Regional economic cooperation is an important means for creating new trade, investment, and employment opportunities, enhancing economic security, and addressing broader socioeconomic and environmental issues. Yet significant challenges continue to hinder greater cooperation and integration within South Asia. Intra-regional trade accounts for just 5 percent of total trade within the region, compared with 25 percent among the members of the Association of Southeast Nations (ASEAN). A large body of research points to the prevalence of non-tariff barriers (NTBs) in South Asia as a major reason for its low level of intraregional trade. The Asia Foundation has implemented several projects to provide further evidence for this, and to facilitate removal of NTBs in the region. The Foundation is partnering with the Metropolitan Chamber of Commerce and Industry (MCCI), Bangladesh, in the use of political-economy approach to the removal of NTBs to trade in four countries in the South Asia region: India, Bangladesh, Nepal, and Bhutan. It has pioneered the use of an NTB reporting desk to provide policymakers with up-to-date information on NTBs faced by various industries. The objective is to identify major economically relevant NTBs and remove them through participatory regional dialogue and politically informed interventions; this is expected to serve as an example that will spur further trade reforms in the future.