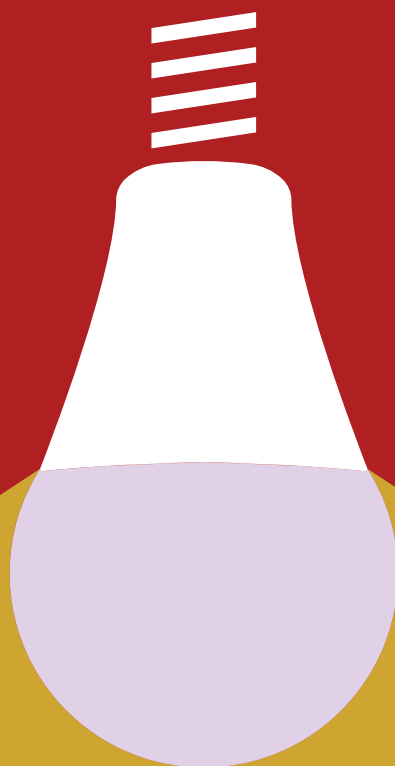


# Development Letters

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# About Development Letters

*Development Letters* is a periodical that aims to promote ideas with important policy and practical implications for a developing country like Bangladesh. This publication provides a platform to introduce thought-provoking ideas on broad development issues through short and concisely-written articles that are comprehensible to policymakers and development practitioners.

*Development Letters* is different from other established academic journals in several respects. First and foremost, it emphasises on communicating the propositions in a manner that can help integrate senior policymakers and other relevant stakeholders into the policy discourse. Disseminating potentially important and timely ideas without being stifled by technical details and unnecessarily long and ambiguous review of other studies is one core objective of this publication.

Furthermore, *Development Letters* will also select and publish ideas that should require full-blown research for gathering evidence. These days, policy-relevant analytical studies are often in short supply given the lack of financial support needed for conducting those. This journal will showcase the underlying ideas that need to be supported to bridge the gap between analytical research and informed policymaking.

*Development Letters* will also offer an opportunity to learn from those who—based on their experience—can share insights into the factors that cause development results to be less than optimal. This can help generate invaluable lessons for future interventions.

Finally, *Development Letters* is about dealing with issues that are topical and demand immediate policy attention. It is a usual phenomenon in social sciences that empirical research can be quite time-consuming, and any evidence gathered may require further verification. This publication will duly acknowledge this challenge while highlighting the promising ideas that need due consideration. To summarise, this periodical focuses on bringing together relevant issues, ideas, and approaches that can be researched, refined, experimented, and investigated further.



# Bangladesh's Response to the Global Economic Crisis

*Atiur Rahman*

There are two dimensions of Bangladesh's response to the ongoing global economic crisis; domestic and external. The former has focused mostly on promoting domestic supply in the fast-advancing deglobalised world following the Ukraine-Russia war. One recourse has been to ensure sustainable agricultural development for food security. Food stock is currently about two million metric tons (mmt) with the aim to raise it to three mmt through domestic and external procurement. Thriving agriculture is a boon for Bangladesh's economy. Besides feeding millions, it provides employment (especially in rural areas) and raw materials, and creates demand for industry. The industry has come of age due to better-performing agriculture; this is one of the reasons - alongside agriculture related SMEs - that Bangladesh has fared better than contemporaries. Sustainable agriculture has also been synonymous with import-substituting industrialisation in Bangladesh. Bangladesh avoided billions of dollars of food imports mainly due to better-performing agriculture. Additionally, robust financial inclusion, including mobile financial services and microfinance penetration into the rural economy, has transformed the rural economy into a vibrant landscape of smaller entrepreneurs. However, in a globalised world, these factors cannot ensure macroeconomic stability alone. The external and regional economy is crucial in responding to the global economic crisis. The growth of the low-skilled manufacturing industry, particularly the textile sector, has been key to Bangladesh's LDC graduation. Textile exports have given special comfort to Bangladesh as a source of forex and employment to low-skilled rural youths, mostly women. Contributions of low-skilled remittance earners in providing both employment and forex has been equally strategic for Bangladesh. Besides making a significant contribution to the domestic response to the global economic crisis by these three sectors, their role in shaping the external sector economy has also been integral.

One of Bangladesh's vulnerabilities is rising inflation, mostly due to higher import prices. The supply-chain disruptions due to the Ukraine-Russia war combined with the lagged effect of the pandemic have caused higher fuel, fertiliser, and food prices. Moreover, the Fed's sustained tightening of monetary policy has raised the primary rate of interest in the US financial market, causing US long and medium-term bond yields to rise sharply. Simultaneously, the exchange rate of the US dollars against major currencies has been rising, creating turbulence in the world's currency market. Almost all currencies, including Euro, Pound Sterling, and Indian Rupee, have weakened consistently to keep pace with the USD. The dollar has gained 13, 15, and 20 per cent against the Euro, Pound, and Yen respectively. Bangladesh's Taka has not been an exception. Since most international import products are dollar-denominated, landing prices of almost all imports in non-US economies, including Bangladesh, are experiencing phenomenal price rises, causing higher inflation. Most central banks, including the ECB, have started raising their primary rates to address the inflationary challenges. BB, however, has been finding it difficult to raise its repo rate due to the general cap on the interest rate. Consequently, depositors are concerned about the existing rate being below the inflation rate. The growth rate of deposits has been running much lower than private credit growth. If continued, some banks may face a liquidity crunch. Besides substantial devaluation of the Taka, BB has also been taking several macro-prudential measures to suppress the import of luxury and non-essential items, including raising margins and scrutinising certain letters of credit. GoB augmented these policies by introducing austerity measures, raising certain tariff barriers, and decelerating the implementation of projects with low immediate gains. Import subsidies have also been readjusted to free fiscal space despite some risk of a rise in inflation.

The end result of these prudent moves by the central bank and government have been encouraging in slowly reducing the trade deficit. In fact, the trade deficit went up to nearly \$33 billion leading to a current account deficit of about \$17 billion at the end of the last fiscal year. This exerted pressure on the forex reserves as BB tried to protect the taka. To this end, BB sold nearly eight billion USD during the last fiscal year and more than two and a half billion USD in the current fiscal year. Apparently, this market is now moving towards stability as the monthly trade gap has been closing. The latest data from BB indicates that the number of L/Cs opened in August 2022 came down to \$5.65 billion from \$7.42 billion last August, a 24 per cent decrease. L/Cs opened in July 2022 was \$6.22 billion, indicating a decline of 10 per cent in a month. The trend continues in September as well. The settlement or actual import in value terms declined by 13 per cent in August 2022 compared to August 2021. The actual import still shows an upward trend compared to the same time of the previous year, mainly because of clearing outstanding import payments. If this trend of declining import orders continues, the actual import will also soon decrease.

Exports were increasing during the first two months of FY23. They went up to \$8.59 billion during July-August 2022, compared to \$6.86 billion in the same period last year, up 25.31 per cent. These figures have been increasing due to the 50 per cent export retention quota, and the 5 per cent reduction of the net open position limit of commercial banks. Thanks to currency depreciation, remittance inflow during the first two months has more than two billion USD, rising by 12 per cent. Monthly inflow has been rising in this period. The government has been more low-cost long-term foreign loans from international finance and development organisations like IMF and ADB. GoB is going to receive \$4.5 billion in long-term loans from the IMF. The government is also attempting to release committed funds in the pipeline. Last year it was able to release about \$8 billion from the pipeline. Bangladesh should build on this as pressure on reserves has intensified.

GoB has also been enhancing its regional economic diplomacy to get more support from India in the areas of connectivity, energy, and trade cooperation. GoB has also started negotiating the import of diesel and the continuous flow of essential commodities following the successful visit of the Prime Minister to Delhi.

Bangladesh worked closely with Japan to get more bilateral low-cost loans from JICA. The launch of Special Japanese Economic Zones in Araihasar at the year-end will attract more FDI from Japanese and international investors. This is at a time when western investors are redirecting investment from China. One recent study shows that more than 50 per cent of US importers of RMGs would like to source garments from Bangladesh. In other words, the change in geopolitics has favoured Bangladesh.

Given this backdrop, it will be wise to enhance the flow of FDI by streamlining the investment process.

Additionally, it is important to focus on augmenting the supply of foreign exchange by easing and incentivising the forex market. Progress has been made on the demand side of the foreign exchange market; the overall long-term external debt position is very comfortable at 15-17 per cent debt-to-GDP, much lower than comparable countries (104 per cent in Sri Lanka). Thus, Bangladesh should focus on the supply side:

1. It is important to engage all stakeholders (avoiding the 'blame game') to augment the diversified flow of foreign exchange. Strong monitoring is must, but no 'media trial'. Ongoing discussions on concessional long-term borrowings from multilaterals are timely and prudent

2. Export diversification is crucial. Non-RMG exports, which are stuck at 20 per cent, must be further promoted via facilitative policy. New markets for RMG exports must be explored along with upskilling of workers to respond to high-end buyers. Infusion of new technology in this sector must also be encouraged as a blended strategy where humans and machines work concurrently.

3. All banks with stakeholders must focus more on bringing FDI and FPI into Bangladesh. As emphasised by the IMF and international rating agencies, there is about no investment risk in Bangladesh; this is precedent to recontextualise the development story. The country has never delayed repayment and has limited high-cost commercial loans, which promote export industries meant for earning dollars. So, this is the best time to attract more external investors.

4. Wage earners' remittances should continue to remain an important source of comfort. Besides providing the remitters with a market-based stable exchange rate, the process of opening and managing foreign exchange accounts should be streamlined. Remitters should also be incentivised to join the universal pension scheme and other social security supports to encourage them to send money through official channels.

Bangladesh has responded well to the global economic crisis, utilising both demand and supply side policies. Eventually, the excess demand for foreign exchange will diminish, and the flow of foreign exchange will further augment. The forex market will stabilise, the reserve will be equivalent to six-plus months' import bills, and inflation will come down as expected.

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# LDC Graduation and Economic Partnership with the EU

*Abdur Razzaque*

The European Union (EU) is an indispensable trade and development partner of Bangladesh. Almost half of Bangladesh's merchandise exports are destined for the EU.

Taking advantage of the Everything But Arms (EBA) initiative -- a trade preference scheme granting duty-free market access for the goods originating from the least developed countries (LDCs) -- Bangladesh's combined exports to the EU and UK expanded rapidly from US\$2.5 billion in 2000-01 to \$28 billion in 2021-22.

In value terms, more than 80 per cent of all trade preferences for Bangladesh is obtained from European markets. Bangladesh has been the single largest beneficiary of the EU Generalised Systems of Preference (GSP) scheme.

Along with trade, the EU has been one of the most important sources of overseas development assistance (ODA). Over the past five years, the cumulative ODA from EU institutions and individual member countries amount to \$2.3 billion, which is around 10 per cent of all ODA received by Bangladesh during the same period.

Between 2017 and 2021, the net FDI flow into Bangladesh from EU countries was \$3.5 billion, accounting for about a quarter of all such flows into the country during the same period. The FDI stock in Bangladesh due to the EU is estimated to be more than 12 per cent of the total such stock.

The \$6.3 trillion EU import market offers vast export potential for a country like Bangladesh. Even under the current conditions, utilising a methodology proposed by the International Trade Centre, it is estimated that currently only 60 per cent of Bangladesh's export potential is utilised.

The EU's annual apparel import is \$180 billion, which is more than 40 per cent of the global market in the same product. Bangladesh has seen its share in extra-EU apparel import rising from just 5 per cent in the late 2000s to about 20 per cent in 2021, capturing much of China's falling share from more than 40 per cent to just above 30 per cent during the same. Therefore, tens of billions of dollars of export potential continue to exist as the overall EU clothing import increases along with China's declining share.

However, the nature of trade relations with the EU, or, more precisely, Bangladesh's dependence on EU trade preference, is now set to come to terms with other major developments that will require a profound transformation of the current trade and cooperation regime. This is because of several reasons as outlined below.

Bangladesh's LDC graduation: Bangladesh's graduation from the group of LDCs in 2026 will result in the cessation of LDC-related trade preferences in most countries such as Canada, China, India, and Japan. The EU (and the UK) would provide an additional three-year transition period and thus EBA trade preferences will come to an end in 2029. After graduation, a country can apply for preferential market access under the EU GSP+ programme, which provides tariff-free entry of goods in 66 per cent EU tariff lines including textile and clothing items.

However, to qualify for GSP+ preference, two criteria will have to be fulfilled. First, the vulnerability criterion stipulates that the eligible country must have a non-diversified economy defined as the country's seven largest sections of GSP-covered imports representing more than 75 per cent (in value) of its total GSP-covered imports to the European Union during the past three consecutive years. The sustainable

development criterion, on the other hand, requires a beneficiary country to ratify and effectively implement 32 international agreements and conventions on human rights, labour rights, environmental protection and climate change, and good governance.

Bangladesh meets the vulnerability criterion. Inclusion in GSP+ thus will depend on ratification and effective implementation of the pre-specified international conventions. Bangladesh has already ratified 20 of those conventions and has acceded to the rest. While effective implementation can always be subjective, Bangladesh will surely aim to comply with the ratification process.

However, even if Bangladesh is included in GSP+, apparel exports will likely be subject to EU safeguard measures. According to EU provisions on "Safeguards in the Textile, Agriculture, and Fisheries Sectors" (Article 29 of the proposed EU GSP), clothing products from a GSP+ beneficiary will not receive preferential access when the share of those products exceeds certain pre-specified thresholds.

Without delving into technical details, as things stand, if the proposed GSP rules are not amended, Bangladesh would be in a unique situation to qualify for GSP+, yet its clothing items will be ineligible for any preference and end up paying MFN duties. Under this circumstance, clothing items comprising more than 90 per cent of Bangladesh's exports to the EU, will face around 12 per cent tariff against the current zero duty facilities under EBA.

Other countries' trade agreements with the EU: The EU's free trade agreements (FTAs) with other countries could allow competitors to gain competitive advantages vis-à-vis Bangladesh. For instance, because of the EU-Vietnam FTA Vietnam will see tariffs on its clothing exports to the EU gradually decline from an average of 9 per cent to zero around the same time as Bangladesh's duty-free access coming to an end and being replaced with an average tariff of about 12 per cent. Even countries like Pakistan and Sri Lanka have access to GSP+, while Indonesia, and India, which are other major apparel-supplying countries are currently negotiating FTAs with the EU.

The EU Green Deal and its carbon border adjustment mechanism (CBAM): The recently proposed EU Green Deal aims to make use of a carbon border adjustment mechanism (CBAM) to internalise the cost of CO<sub>2</sub> in both domestically produced and imported goods. Under the CBAM, the EU wants to price the embedded carbon content in imports which will be equivalent to the price of CO<sub>2</sub> faced by domestic firms under the EU emission trading System (ETS). The CBAM, to be enforced within the next few years, will initially consider six high-energy intensity sectors, viz., cement and glass, steel, aluminium, paper, petroleum and coal products, and chemicals and fertilizers. Additional sectors are likely to be brought under coverage later. This implies that countries' abilities to deal with carbon emissions could be an important factor in export competitiveness.

Environmental, Social and Governance (ESG) compliance: The emerging trends in global trade and investment regimes, led by the EU, seem to suggest that the future success of exports will critically hinge upon ESG compliance. While the readymade garment sector is already under scrutiny, such standards for other sectors are also equally important and could determine future market access to the EU. The supply chain laws in the EU and individual member states may affect businesses in the developing countries that supply to the EU, including Bangladesh. Companies will have to monitor and undertake the required due diligence exercise to be able to export to the EU.

The above factors call for immediate policy attention to assess the major trends and emerging issues affecting future trade prospects with the EU. While LDC graduation has received prominence in policy discourse, Bangladesh seems to remain focused on the existing unilateral LDC-style trade preferences, while other emerging issues affecting external competitiveness receive inadequate attention.

Given its size and current significance, there is no substitute for the EU market, and thus Bangladesh must prepare to deal with any adverse consequences arising from any factors mentioned above.

There is now a need for developing a medium to long-term strategy and action plan for strengthened Bangladesh-EU cooperation after LDC graduation.

LDC graduation does not mean the end of trade preference. Therefore, Bangladesh must effectively engage with the EU for securing favourable market access terms in the post-LDC graduation period. It is worth pointing out that the EU under EBA initially offered only a double-stage transformation-based rule of origin provisions as preconditions for duty-free market access. Later on, it was derogated to a single-stage transformation from which Bangladesh's woven garments benefited profoundly. In the context of GSP+, therefore, favourable opportunities through proactive engagements must be explored.

The need for securing a trade deal (e.g., FTA) with the EU is often highlighted by many. It is often argued that other trade partners will find Bangladesh an attractive trade partner given its sustained economic growth, making it one of the largest 30 major economies in purchasing power parity terms. However, Bangladesh lacks a credible track record for undertaking and sustaining major policy reforms in such areas as trade, industrial policy, investment, intellectual property and environmental protection that are now considered most essential for negotiating a trade agreement with any major economy in the world. In this context, learning from Vietnam, which has successfully negotiated trade deals with major global trading partners and country groups, can help prepare.

Given the EU's strong focus, giving utmost attention to ESG (environmental, social and governance) factors,

including compliance with labour issues, will be critical for a transformed and revitalised trade and economic partnership with the EU.

There are still several years left (until close to the end of 2029) before LDC-related preferences are gone. This provides an opportunity for developing time-bound actions for ensuring conformity with international conventions/standards and to make further improvements in ESG compliance. In many instances, EU technical and financial assistance can be sought for making the desired improvements.

In fine, the Bangladesh-EU relationship is now at a critical juncture. Bangladesh's graduation success will be tested by its export performance in the EU. It is in this context that Bangladesh's embarking on a transformed bilateral partnership with the EU cannot be overemphasised.

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***“Given the EU's strong focus, giving utmost attention to ESG (environmental, social and governance) factors, including compliance with labour issues, will be critical for a transformed and revitalised trade and economic partnership with the EU.”***

# Understanding the Middle-Income Trap

*Mustafa Murshed*

Defining development is no doubt a cumbersome task. It means a continuous increase in the standard of living of people. Otherwise saying, it does refer to both qualitative and quantitative positive changes of the development variables. The World Bank's income classification is most widely used to divide countries into income groups. Based on the countries' GNI per capita at current prices the countries are categorized into three groups: a) Low-income country (LIC), b) Middle-income country (MIC) including i) Lower middle-income country (LMIC) & ii) Upper middle-income country (UMIC), and c) High-income Country (HIC).

Development might be considered as a sequential journey from LIC to HIC. To make the transition from LIC to LMIC is less difficult than the transition from UMIC to HIC. This difficulty is referred to as the Middle-Income Trap (MIT), a buzzword in the international development communities. The MIT is much discussed among development practitioners and also known as a 'growth slowdown'. To a great extent, now the trap has become a concept since there are many countries suffering from it. In the development journey, many countries may struggle to escape from the LMIC to become a UMIC.

The MIT refers to a situation where a MIC falls into economic stagnation and becomes unable to move ahead its economy to a high-income level for certain reasons. The term MIT was first coined in 2007 by a few World Bank economists (Gill, I., Kharas, & Homi) in a book titled "An East Asian Renaissance: Ideas for Economic Growth," to describe the situation in which an economy is stuck in the middle-income range and fails to graduate to high-income status. The book demonstrated the slow growth of Middle East and Latin American countries with Asian MICs - the so-called

'Tiger Economies. As the book suggests, some Latin American countries as having fallen into the trap, reasoning that they realized fast growth to become MICs by extracting and exporting their natural resources, but fell into long-term stagnation thereafter. The fast-growing economies of East Asia are poised to slow down. Gill et al., applied this observation to four countries in Asia (Indonesia, Malaysia, the Philippines, and Thailand), and suggested that these countries should upgrade their economic structures. In general, the book shows that MICs have grown less rapidly than either rich or poor countries. Since then, the concept of MIT has increasingly been discussed among economists.

Evidently, between 1960 and 2008, only 13 out of 88 middle-income economies successfully rose to the high-income group. The MIT primarily is caused by slow or unsuccessful economic transformation, further fueled by trade dependence, slow export expansion, and commodity-driven growth. Basically, MIT is the result of a series of failures in the process of sustained economic growth that thwarts the progression of MICs into HICs.

Though not full-fledged, at present time, the MIT is in line with the framework of the mainstream economic growth theories. It becomes a useful concept through which one can analyze growth phenomena in specific economic growth phases. The empirical experiences of many countries also indicate that at specific middle-income stages, economies with high rates of growth tend to encounter economic slowdown or even stagnation. The specific concerns for the MIT are prevalent for the following three reasons: First, several MICs have failed to graduate to the high-income category despite attaining middle-income status several decades ago; Second, many of the world's developing growth engines, like China and India, are now MICs.

Significant growth slowdowns in these economies would have a major impact on the global economy; Third, three-quarters of the world's poor now live in MICs to proclaim a 'new bottom billion', who no longer live in fragile, poverty-stricken, and conflict-affected states.

MIT is a situation where industrialization driven by low-cost advantages (cheap labor & capital) has come to an end, the wage that rises faster than productivity and declining investment efficiency lead to such a deadlock. Having successfully escaped the low-income category, countries slowly start to face new problems with rising levels of development, particularly, wages rising steadily. While higher incomes are, by all means, a positive development, they undermine the low-cost growth model that allowed countries to escape the low-income category in the first place. At higher levels of income, and with agriculture no longer being the single dominating sector, there no longer is a 'free' demographic dividend of moving unproductive workers to more productive sectors. Higher wages, thus, make it difficult to remain competitive as a high-volume & low-cost producer.

The concept of MIT argues that countries encounter a series of obstacles when trying to adapt their economies and comparative advantages to become more specialized market economies. The countries are struggling to remain competitive as high-volume, low-cost producers in the face of rising wage costs, but are yet unable to move up the value chain and break into fast-growing markets for knowledge and innovation-based products and services. The very same factors (e.g. low-wage competitiveness) that fueled growth in the early stages act as a hindrance at the middle-income level, slowing down and eventually causing a stagnation of the growth process, if the correct policies are not implemented.

To ensure competitiveness in the face of rising wages, countries must move their industries 'up the value chain', and make their production more knowledge-intensive. Such a move up the value chain requires significant investment in knowledge and innovation-based industries. Most MICs are still over-reliant on labor-intensive production, and consequently, struggle to compete with technologically superior advanced countries.

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***“To ensure competitiveness in the face of rising wages, countries must move their industries 'up the value chain', and make their production more knowledge-intensive. Such a move up the value chain requires significant investment in knowledge and innovation-based industries.”***

# Public Hearing: A Catalyst For Democratic Governance

*Asinur Reza*

What does democracy mean? To some people, democracy is getting the opportunity to vote and elect the ruler of the country. However, without systematic research, it cannot be claimed that the perception is of the majority. In most cases, citizens play no other part in democracy than voting once every five years at both the national and local levels. Although Article 7.1 of the Bangladesh constitution explicitly states that the people of the republic hold full power, but in reality, the power is only limited to voting. Therefore, how can it be ensured that the citizen's voice is reflected in the government's decision-making? Or, how may the people participate in governance structures as the state's owners?

People of the country must get the opportunity to elect leaders through participatory election, and the people's leaders must make policies. Apart from that, some other ways need to be explored to ensure more participation of people in micro and macro level public service and governance through different inclusive activities. Following The Asia Foundation's experiences under its South Asia Governance Program (SAGP) initiatives, it was possible to evaluate how public hearings can stimulate people's involvement and influence the government of the country.

The public hearing allows people to direct dialogues with decision-makers and service providers on different local issues. It is a formal event putting various stakeholders together related to one or a few specific services. Service users have the option to report any deviations they encounter, which eventually enables duty bearers to take remedial action to enhance their services. However, a public hearing allows people to influence decisions, which leads to substantial changes in their community, in addition to voicing concerns and finding remedies. Thus, it accommodates the

participation of people in decision-making at the local level who are subject to being affected by a decision of the local governing body. In a case study from neighbouring India, Thomas (2014), also depicted how public hearings played a pivotal role in raising the voices of marginalized communities who were often suppressed and remained unaware of their fundamental rights.

Traditionally, as the region was ruled under British colony near 200 years, there is a long trait of bureaucracy that made an invisible wall between government, service providers, and the people. People are often not very comfortable coming to the governor spontaneously. Because of the invisible barrier between people and the governor, responsive government officials are also not always motivated to solicit the opinions of mass people. Although, Article 21 of Bangladesh's constitution identified the duties of its citizens and instructed the public servants to strive at all times to serve the people. However, the public hearing could catalyse both parties together to break the wall, ensuring greater social accountability.

Partners of The Asia Foundation, through its ongoing South Asia Governance Program (SAGP) piloted several public hearings across the country on different local issues connecting community people with relevant stakeholders. These hearings created avenues for strengthening the social accountability of local administrations and local government institutions. Through such activities, several stories addressing grievances were recorded on both individual and collective levels.

A widowed woman from one of the country's western Upazila spent years trying to be enlisted for the widow allowance offered by the Department of Social Services

(DSS) through her local agent, but she was unsuccessful and frustrated due to a lengthy bureaucratic process. In contrast, she was included for the services within a few weeks after raising the issue at one such public hearing. In the same region, the local community influenced the decision while restructuring a pool over a small river that now offers utmost utilisation to the local context. In the Northern part of the country, public hearings helped connect accountable duty bearers and service providers to reduce corruption and ensure transparent and effective access to services for Plain Land Ethnic Communities (PLEC), especially on land rights that often lead to violence and criminal offenses. The SAGP partners Badhon Manob Unnayan Sangstha (BMUS), Rural Economic and Social Welfare Organization (RESWO), Eco-Social Development Organization (ESDO), Bangladesh NGOs Network for Radio and Communication (BNNRC), and Madaripur Legal Aid Association (MLAA) were able to resolve a range of issues involving legal, agricultural, health, and social services with the aid of this tool and produced impressive results.

United Nations Development Programme (UNDP) in Bangladesh, in partnership with the Local Government Division (LGD) under the Ministry of Local Government, Rural Development and Co-operatives of the Bangladesh government, is working to institutionalize public hearings as a social accountability tool at Union Parishad (UPs) level following a pilot program titled 'Efficient and Accountable Local Governance (EALG).' EALG initiative has been working in 18 Upazilas of 9 districts across the country since 2018 to strengthen the capacities of local government. LGD already issued a basic guideline in January 2022 for holding the hearings fortnightly at the UP level and once a year at the ward level to enhance transparency and accountability of Union Parishads (UNDP 2022).

However, the institutionalisation of public hearings began much earlier, in June 2014, when the cabinet division of the Bangladesh government took the unprecedented step of issuing a letter ordering each Deputy Commissioner (DC, admin head of a district) to hold such a hearing activity once a week. Following that order, most DC offices regularly organise public hearings; Wednesday is set for this in most areas, where DC, as the administrative head of the district, listens to the public in the presence of all relevant service-providing departments of the government. This initiative is widely appreciated by the people and helped reduce gaps between citizens and their government, ensuring civic participation in governance. Though public hearing is a tool that offers a standard structure bringing the local essence of democracy in governance. But to maximize its effect, a vibrant civic platform could assist by acting as a watchdog to track the pledge and encourage the accountable department to move forward. Through the SAGP it was observed that the partners who developed community groups harvested better outcomes pursuing stakeholders for after-action compared to others who do not have such citizen groups in their region. An

analysis made by Islam et al. (2018) examining the rationale and realities of public hearings also suggested that the engagement of local leaders, civil society, and local elite can bring more effectiveness to using this social accountability tool in the Bangladeshi context

Finally, people are going through a hard time globally in the economy and political aspects due to the prolonged effect of COVID-19 and some other circumstances. The long-lasting impact of COVID-19 and other factors have led to a difficult period for the world's politics and the economy. There are numerous places where democratic practices appear to be waning, but the only way to stop this decay is to increase democracy by giving people more power. Besides administration, political leaders, especially political parties and elected leaders, could also utilise such tools outside their political horizons to connect mass people on what they think in this ever changing world. Life is not the same after Covid-19, so politics and governance might not follow earlier paths as well.

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# Promoting Exports of Light Engineering Products

*Jillur Rahman and Humayra Anjumi Nabila*

## Background

Light engineering is the process of producing key products and raw materials for other industries, as well as supplying agricultural equipment and building materials and assisting other industries in their growth. Prior to the pandemic, the domestic market for this sector was valued at Tk. 25,000 crores per year and was growing at a rate of 20-25 per cent per year. It contributes 2.5 per cent to GDP and around 10 per cent to manufacturing GDP in the FY 2020-21. Total exports of these items exceeded half a billion in FY2021, achieving a staggering 80 per cent growth. Approximately 10 million people work in this industry directly as well as indirectly.

Despite of having high export potentials, the LE sector is not booming at large scale in the global market. There is very insufficient information available regarding the potential exporters of LEIs. While the Export Promotion Bureau (EPB) does provide an aggregate snapshot of LEI product exports, data at the disaggregated level is largely missing. This frequently serves as a deterrent to attracting higher FDI. In this context, a database of light engineering manufacturers and potential exporters is required to develop evidence-based policies for developing LEI product export marketing initiatives. Against this backdrop, Research and Policy Integration for Development (RAPID) in collaboration with Bangladesh Engineering Industry Owners Association (BEIOA) has developed a database of 500 LE firms all over Bangladesh. This article outlines major findings of the study.

## Location, Specialization, Ownership Structure and Employment of LEIs

The light engineering firms are found to be located in industrial zones to meet the demand of local industries. The location of the firms and their specialisation also depends on the availability of raw materials and labour. As per the findings of the study, Dhaka-Narayanganj-Gazipur LE hub is found to be specialised in producing capital machinery and equipment for heavy industries; for example -transportation, construction, and textile industries and spare parts for agro-processing industries and bicycles to meet the local demand. Due to the availability of raw materials, the Chittagong LE manufacturing hub is a shipbuilding and breaking hub for related spare parts and machineries. LE firms produce and supply machinery and spare parts for different types of industries as well as provide repair services. The specialisation of LE manufacturing hubs is provided in Table 1. The major products of the surveyed LE firms are liner, pinion, tea processing machine, bush, shaft, gear, mould, mixer machine, rice thresher machine, automobile body and parts, cutting tools, oil machine, crankshaft etc. They provide support to the automobile, industrial, agricultural, and construction sectors by supplying low-cost spare parts, castings, moulds and dices, oil and gas pipeline fittings, light machinery, and repair services.



**Table 1: Specialisation of light engineering manufacturing hubs**

Hub of LE firms	Focus of Production
Dhaka, Narayanganj, Gazipur	Spare parts and capital machinery for transportation, construction industry, textile industry, cottage industry, agro-processing and bicycles.
Bogura, Pabna, Naogaon	Spare parts foundry, agro-machineries, transportation industry, construction industry and cylinders.
Dinajpur, Nilphamari, Rangpur	Spare parts for automobiles, railways, mills, factories, and agriculture.
Habiganj, Moulvibazar, Sylhet, Sreemangal	Spare parts for agro-machineries, tea industry, food industry, mills, and factories.
Kishoreganj, Mymensingh	Spare parts for agricultural industry, construction industry, food industry.
Chuadanga, Jessore, Kushtia	Spare parts for mills, motor car, pharmaceutical industry, food industry, kitchen and bathroom fittings, agriculture industry, and construction industry.
Chattogram	Ship-breaking linked factories that are concentrated on transportation industry, food industry, construction industry.

Source: RAPID survey on light engineering enterprises.

Sole ownership is found to be most popular ownership structure among the LE firms. Since the firms are established with the intention of meeting livelihood maintenance, that's why "sole ownership" is established widely. However, majority of the surveyed LE firms are relatively small and operate with less than 10 workers. On average, each firm has 14 workers. More than two-thirds of the firms have 10 workers or less, while a quarter has 11-30 workers. Less than 2 per cent of surveyed LE firms have more than 100 workers in their factories. Due to nature of the work (extremely labour intensive and no specific working hour) there is little participation of female workers in the LE firms. More than 90 per cent firms have no female workers. The share of female workers in this sector is less than 5 per cent.

### Potential of the Light Engineering Firms in the Export Market

The study findings indicate that almost all (98%) the light engineering firms are concentrated into serving the local market due to huge domestic demand. Only less than 2 per cent of the surveyed firms are exporting to the global market. However, the exporting firms also sell their products in their home country. The small LE firms cannot do as much and almost never sell their products internationally. Currently, approximately 8% of the surveyed firms with 31-100 employees export their goods. The figure is 22 per cent for large firms with more than 100 employees. The light engineering firms that ship their goods overseas earn more than \$300,000 per year on average. Fertilizer mixers, thresher machines, dredging machines and spare parts,

head gaskets, mixer machines, pumps and parts, washing machines, and so on are among the major exports of the LE firms surveyed. Around 16 per cent of the surveyed firms believe that they have a lot of potential to sell abroad. Proportionately, medium- to large-sized light engineering firms intend to look for export markets for their products. LE firms are interested in exporting agricultural equipment and parts such as thresher machines, liner and piston, tube wells, mixers, pumps, drill machines, motor vehicle bodies and parts and so on.

### Challenges of Light Engineering Firms in Expanding Market Size in the Global Market

In the world market, production standard and quality of products is one of the most important requirements of buyers. People all over the world are increasingly demanding high-quality goods. Regrettably, light engineering manufacturers produce average quality goods using low quality raw materials, old conventional machineries and technologies. Due to import tariff, VAT and other taxes, light engineering firm owners are less likely to use the imported raw materials. As per the study findings, aluminium, roller chain, V-belt, nut-bolt, iron, casting iron, S.S and M.S steel, ferromanganese, graphite, filter paper etc. are major imported raw materials, mostly imported from India and China. Consequently, they cannot attract the big investors due to poor quality of products. In the long run, the owners of LEIs are failing to grab the benefits from this sector like other large manufacturers in competing countries.

Moreover, the LE firms rarely replace their machines, most of the machines are old and average age of the conventional machines' ranges from 12 to 21 years. The usages of conventional and old machines are accountable for the low productivity of light engineering workshops. Due to manual handling of machines, use of conventional machineries and technologies, about 30 to 40 per cent of the used materials get wasted. Consequently, the cost per unit increases and the quality of the products does not meet the requirement of the buyers in global market. The study findings indicate that workers in the LE industry lack the necessary formal technical education or training. Although there is a training facility centre financed by the World Bank, the training provided is insufficient to boost workers productivity. Most workers are found to learn their tasks through on-the-job training rather than formal education. Due to the above-mentioned bottlenecks such as use of low-quality raw materials, conventional machines and technologies and low quality of workers the LE sector is losing the possibility of expanding its product in the global market.

To boost exports of LE products, the sector's competitiveness must be enhanced by adopting appropriate technologies, upgrading skill sets, shifting to need-based products, achieving scale of economies through specialization. Learning from the Chinese, Korean, and Taiwanese LE industries can also help improve the quality and improve industry specialization.

*This article is adapted from a study conducted by Research and Policy Integration for Development (RAPID) in collaboration with Bangladesh Engineering Industry Owners' Association. The study was led by Dr M Abu Eusuf.*

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***“To boost exports of LE products, the sector’s competitiveness must be enhanced by adopting appropriate technologies, upgrading skill sets, shifting to need-based products, achieving scale of economies through specialization.”***

# Investing in Children

*M Abu Eusuf & Rabiul Islam Rabi*

Over the past several decades, Bangladesh has shown a strong commitment to improving the lives of children. Since the early 1990s, there has been a persistent decline in neonatal, infant, and under-five mortality. Before the pandemic, the net enrolment rate in primary education rose to 97 per cent in 2019 from 75 per cent in 1990.

## Emerging and longstanding challenges

The COVID-19 pandemic has dealt a serious blow to children. The adverse impacts of the pandemic have been manifested through the digital divide, learning loss, dropout, and child marriage, among other factors.

**School closure and digital divide:** The protracted closure of 61 schools disrupted the education of about 37 million children and resulted in learning loss due to reduced participation for many. Despite the measures taken to continue learning through online classes, the lack of access to digital devices and the internet has been a challenge for many students, particularly for those who live in rural periphery. A BRAC study revealed that 56 per cent of the surveyed students could not participate in online lessons. This non-participation was more evident among students of ethnic minorities (75%), and those living in rural areas (60%). Although no official data is available on how many students could not take part in online lessons across the country, the findings mentioned above are alarming, indicating the most disadvantaged population are likely to be left out of online education.

**Dropout:** Even before the pandemic, the dropout rate for primary and upper secondary levels was 34.8 per cent and 19.6 per cent, respectively; the dropout rate

was highest in secondary education (37.6 per cent). With the onset of the pandemic, a whopping 45% of students are likely to have dropped out of secondary school to either support their family in earning or to lessen the economic burden, as suggested by one World Bank study.

**Child marriage:** Prolonged school closure might have resulted in spike in child marriage, impacting the girls' students mostly. A report by Manusher Jonno Foundation, UNFPA, Unicef and Plan International Bangladesh revealed that between April-October 2020, at least 13,886 girls from 84 Upazilas of 21 districts were forced into child marriage. In addition to these factors, the disruption in education at all levels is likely to hamper students' competency across the lifecycle, hindering their current and future job market participation.

There exist other challenges predating the pandemic. According to one estimate, 46 per cent of children suffer from multidimensional poverty. Before the pandemic, 6.8% of children aged 5-17 were involved in child labour in 2018. Such child labour and multidimensional poverty incidence could have been worsened during the pandemic. Children are also prone to human trafficking. A study indicates that some 20,000 Bangladeshi women and children are trafficked annually to India, Pakistan and Middle Eastern countries.

According to the Global Hunger Index report 2021, during 2012-2021, the country slashed child stunting by 12.8 percentage points to 28 per cent - reflecting a significant improvement in chronic undernutrition. Still, this number is alarming and needs attention.

Bangladesh also needs to deal with the growing number of street children. The number of street children

number of street children. The number of street children is 1.5 million in Bangladesh, and this number could surpass 1.6 million by 2024, according to one study. Street children face a myriad of problems, such as physical and sexual abuse by local adults, an uncertain life, lack of guiding foundations, to name a few.

There are concerns regarding the health of Bangladesh's 29.5 million adolescents, who comprise nearly one-fifth of the country's total population. Issues surrounding adolescent sexual and reproductive health (ASRH) remain taboo, and such a social stance adversely affects the development of adolescents. Research shows that adolescents appear to be poorly informed regarding their sexuality, physical well-being, health and body. Prevalence of low rates of educational attainment, limited sex education activities, and inhibited attitudes toward sex contribute to this ignorance.

In contrast to women in their twenties, adolescent mothers are more likely to experience pregnancy complications and die during childbirth. Furthermore, vitamin A deficiency in adolescent females is linked to increased illness, decreased work capacity, and poor health during pregnancy, according to a BRAC study.

Children are also the invisible victim of increasing air pollution. As per one recent estimate, Dhaka's air pollution is five times higher than the standard level. According to one study, air pollution reduces the average life expectancy in Bangladesh by nearly three years.

The scarcity of playgrounds is also impacting the well-being of urban children. During 2000-2022, the number of playgrounds in Dhaka has come down to 24 from 150. The global guideline states that a playground measuring one acre is needed for every 5,000 inhabitants in a region. To match this, Dhaka's 2.5 crore inhabitants require nearly 5,000 fields.

## Budgetary Allocations and Interventions

Budgetary allocation for children is a cross-cutting issue and difficult to disentangle across sector-wise resource distribution. For example, investing in Mother and Teacher benefits the children. But how do we segregate the allocation? This is a demanding task.

In FY 2015-16, the government introduced child-focused reporting on the budget to facilitate tracking of investment in children. Child Budget was not a separate budget for the children - rather, it reported child-focused resource allocations made in the budget. Since FY2019, child budget reports are not available.

The budget speech for FY2022-23 has mentioned numerous commendable initiatives to improve the lives of children. These include building infrastructure to

providing stipends to rolling out interventions for children with special needs. The budget speech emphasised five areas to implement the government's strategic objectives for women's empowerment and child welfare. These areas include food assistance for vulnerable mothers (VGD) programmes, mother and child benefit programmes on a life-cycle basis, child development centres and adolescent empowerment programmes, technical, vocational, income-generating and productive training for women and prevention of violence against women.

Looking at the allocation for the education sector, it is evident that, despite pandemic impacts, the education budget as a share of GDP has decreased to 1.83 per cent in FY23 compared to 2.08 per cent of the revised budget of the outgoing fiscal year.

The allocation utilisation of the Ministry of Women and Children Affairs can give us food for thought. MoWCa has shown an impressive fund utilisation record - close to 100 in recent years. This makes one wonder whether there is a higher demand for allocation. Given the challenges mentioned above, it is likely to be so.

## Way Forward

- **Going beyond the business-as-usual approach:** Against the backdrop of the budgetary allocations and multifarious challenges, there is a serious need to go beyond the business-as-usual allocation, have a proper assessment of the needs of children and then strategise accordingly.
- **Prioritising health and education:** Given the challenges, children's health and educational needs should be prioritised. It is also important to consider regional disparity and the accompanying needs of the children. Then a suitable strategy and time-bound actions should be deployed, categorising the interventions into short, medium and long-term measures.
- **Making the school-feeding programme universal:** Considering the pandemic's debilitating impacts, the school-feeding programme should be made universal, going beyond the poverty-prone areas. Renewed engagement with World Food Programme should help in this regard.
- **Identifying the dropped outs:** The government now has a good database of millions of students' mothers who receive the stipend money through the digital payment system. One strategy could be utilising this database to identify the affected students and families. Affected families with dropped-out students could be incentivised to bring back students to school.
- **Investing in adolescent and sexual reproductive awareness:** Utilising modern and innovative social

sensitisation techniques, proper health and sexual reproductive health awareness activities should be conducted among adolescents.

- **Curbing air pollution:** In the face of increasing air pollution, targeted interventions should be taken to curb air pollution. Legal enforcement is imperative in this regard.
- **Investing in greening urban spaces:** Adequate budget should be allocated for greening urban areas and setting up required playgrounds and recreation centres for the mental development of children.
- **Rehabilitating the needs of street children:** Adequate allocation should be given in the budget to ensure basic needs through proper rehabilitation of the street children. The current setup should be scaled up.
- **Leveraging GO-NGO collaboration:** The above-mentioned tasks are difficult to implement on the part of the government alone. It would be prudent to utilise the vast network of NGOs across the country. A proactive government-NGO collaboration can help address such challenges.

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*“Identifying the dropped out students could be done with the database of beneficiaries who receive the government stipend money through the digital payment system. One strategy could be utilising this database to identify the affected students and families.”*

# Assessing the Impact of COVID-19 on Tanneries

*Humayra Anjumi Nabila*

## Introduction

Like other export-oriented industries, the COVID-19 pandemic has disrupted the production, manufacturing processes, productivity, and supply chain of leather tanning industry (Bangladesh Labor Foundation, 2020). During the first wave of COVID-19, many international buyers cancelled orders, and thus only 30 per cent of the tanneries have been operational at Savar. The tanneries and leather industry faced massive financial losses of more than \$300 million (Bangladesh Labor Foundation, 2020). Moreover, during the pandemic-induced shutdown periods, the workers lost their employment and faced difficulties in terms of meeting their livelihoods (UNIDO, 2021). Against this backdrop, it was, therefore, important to understand the overarching impact of COVID-19 on the performance of the tannery industry as well as on the lives and livelihoods of tannery workers and how they cope with the challenges of the pandemic. Given these circumstances, RAPID conducted research to assess the impact of COVID-19 on workers' access to fair employment practices, wages, occupational health and safety, workers' ability to engage in collective bargaining and form unions, as well as the state of the business of tannery industry and challenges faced by tannery owners.

This study adopted a mixed method research approach combining quantitative and qualitative research methodologies. In terms of the collection of the quantitative data, a questionnaire survey through in-person interview was conducted with 120 tannery workers from 20 tannery firms at the Savar Tannery Estate, Hemayetpur. To gauge the impact of COVID-19 on tannery products and processing factories, 18 Key Informant Interviews (KIIs) and 10 Focus Group

Discussions (FGDs) were conducted with the tannery owners, Tannery Workers Association (TWA) leaders, Tannery Estate Dhaka (TED) authorities, Department of Inspection for Factories and Establishment (DIFE) authority, factory supervisors, retrenched workers. This article outlines the major findings of the study, which is funded by The Asia Foundation.

## Findings from the Workers Survey

### Employment, wages, and livelihood maintenance

The tannery workers were found to be in extreme financial crisis due to the impact of COVID-19, but exploitative working conditions have been the root of the problem. The survey data suggests that a significant portion of tannery workers were hired through informal routes, such as a referral from a family, neighbour, or acquaintance i.e., 44 per cent of the respondents were employed through their relatives, while 38 per cent were hired by the factory owners or management. Moreover, majority (48%) of the workers have been working without having signed an employment contract, leaving the workers without any legal protection if the employers victimize them.

The survey responses shed light on the dire economic hardships that tannery workers are facing in the post COVID-19. During the shutdown period, 38 per cent of the surveyed workers were involuntarily unemployed whereas only 7 per cent were employed at different tanneries with partial salary. Most of the workers with partial or no salary managed their daily expenses through different means. For instance, 75 per cent managed their expenses by borrowing money from relatives and friends, 37 per cent used their savings

during the lockdown, while others took loans to meet their basic needs. Since the beginning of COVID-19, majority of the workers have been subject to financial crises, and they find it difficult to manage daily expenses because of inflation and reduction in income. The portion of workers earning less than BDT 8,000 per month has increased by 16 per cent in the post-COVID-19 period from 13 per cent in the pre-COVID-19 period. Since there has been a high layoff of workers, the laid-off workers had witnessed extreme financial crises to maintain their livelihood. Most of the laid-off workers have either moved to other jobs or still remain unemployed.

### **Occupational health and safety**

In the post COVID-19 period, the majority of the surveyed workers have noticed improvement in the basic facilities and OHS conditions at tanneries. The survey data suggest that there have been improvements in drinking water facilities (34%), separate toilet facilities (14%), washing and bathroom facilities (42%), and availability of first aid equipment (40%). In terms of the reasons for improved health condition, 83 per cent of the respondents said that washing hands with soap and frequent use of hand sanitizer helped them to improve their health condition. Besides, 75 per cent mentioned that wearing masks at the workplace has improved their health whereas 24 per cent think that social distancing at the workplace played a key role in improving their health condition. This study also found that about 72 per cent of the respondent mentioned that the use of PPEs is unchanged since COVID-19 whereas 18 per cent of the respondent mentioned that use of PPEs increased ever since the pandemic started.

A comparison of OHS conditions at Hazaribagh and Savar was also conducted based on the workers' perceptions. The survey results show that 81 per cent of the workers had experience of working in the tannery sector of Hazaribagh. Of those 81 per cent, 44 per cent of the workers said OHS Conditions are worse in Savar as compared to those in Hazaribagh whereas 34 per cent of the workers said the conditions improved in the Savar tannery estate.

### **Access to stimulus packages**

packages whereas only 8 per cent of the respondents received support under the stimulus package in the form of food items such as rice, wheat, and some financial assistance. The workers had received support from different NGOs and their relatives 63 per cent and trade unions 25 per cent.

### **Collective bargaining and union activism**

The workers have appreciated the efforts made by labour unions during the lockdown in terms of assistance and healthcare. Referring to the role of the trade union during lockdowns, 50 per cent of the respondents said that the trade unions were more active during the lockdowns while 38 per cent mentioned no change in the trade unions' activities and 8 per cent of the respondents said during the lockdowns trade unions were less active.

## **Findings from the Employers Survey**

### **Production and employment**

The tannery owners revealed that the tanneries discontinued their production for on average 125 days. During the pick period of COVID-19, the tanneries did not receive new orders from the buyers while many previous orders got cancelled. Consequently, the tanneries witnessed a substantial decrease in their revenue earnings. KIIs with the tannery owners suggest that losses incurred range from BDT 4 crore to BDT 20 crore. Moreover, the prices of chemicals and container charges rose sharply during the first wave of COVID-19. About 30 per cent of the tannery firms laid off workers when they reopened their tanneries and the majority (70%) of the firms did not recruit new workers after reopening.

### **Access to stimulus packages**

Among the surveyed tannery firms, only 40 per cent of firms received support from the government stimulus packages. The non-recipient tannery owners referred to ineligibility, lack of connection with people in authority, uncooperative attitude of implementing banks, and lack of information as reasons for not getting access to stimulus packages. KIIs suggest that the tannery firms were already struggling with prior bank loans taken with high-interest rates for their tannery establishments at Hazaribagh.

### **Challenges of tannery owners**

Due to the impact of COVID-19, the local and global demand for tannery products decreased sharply, resulting in the loss of revenue. The KIIs suggest that factory owners had to cut production costs, reduce outputs, and cut jobs for survival. Most of the tannery firms mentioned the lack of finance as the primary challenge followed by the decrease in export demand, high production cost, and increased prices of chemicals. The tannery owners were also highly concerned about not being able to obtain the LWG certificate. The owners stated that a fully functioning CETP and an efficient solid waste management system are critical challenges to the tanneries in obtaining the LWG certification.

## **Conclusion**

The COVID-19 pandemic had a significant negative impact on the leather industry. Proper implementation of the proposed relief incentives is required to sustain the industry. The decline in exports due to a lack of regulatory assistance had exacerbated the crisis for the tannery owners of the country. The government must provide adequate policy support to the tannery firms and implement a new refinancing scheme to assist them in recovering from the pandemic-induced business slowdown.

On the other hand, due to high layoffs, the workers of the leather tanning industry have been struggling hard to maintain their livelihood with the increased price of

commodities. Along with the severe economic hardships endured by tannery workers during the pandemic, long-standing issues such as an exploitative working environment, and a lack of accommodation, transportation, and medical facilities have exacerbated the current crisis.

*This article is adapted from a study on the same topic. The study was led by M Abu Eusuf, PhD. The study was made possible with the support of The Asia Foundation.*

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***“The tannery owners noted that the tanneries discontinued their production for on average 125 days.”***



# Life Skills Education for Gender Equality

*Tunaggina Sumaia Khan*

## The Need for Life-Skill-Based Education to Address Gender Inequality

World Health Organization (WHO) has described life skills as adaptive and positive behaviour that enable individuals to deal effectively with challenges and demands of everyday life. So, life skills refer to self-awareness, decision-making, problem-solving, critical thinking, coping with stress, emotions, consciousness, communication, creative thinking, empathy, and interpersonal skills (WHO, 1997). The life-skill-based education (LSBE) promotes healthy development of children and adolescents that later shapes the beliefs and thought processes of young adults (UNESCO, 2008). Hence, they could take part in the well-being of society, development of good citizenship, establish good democratic practices and values, etc. It also plays a significant role in gender parity. As life skill promotes cognitive competencies, intra-personal and inter-personal competencies, it transforms traditional beliefs and can address adverse masculine norms that exhibit gender inequality. And the application of LSBE helps to promote Sustainable Development Goals of quality education, gender equality, sustainable cities and communities, reduce inequalities, and so on (Vavilala, Shukla, Dosaya, & Nirban, 2020).

According to UNICEF, Gender equality refers to those women, men, girls, and boys who must enjoy equal rights, resources, opportunities, and protections. Bangladesh has made notable progress in closing the gender gap in the last 20 years. The Global Gender Gap Report 2022 of World Economic Forum shows that Bangladesh ranked 71 among 146 countries; highest in South Asia in terms of achieving Gender Parity. Despite

the growth in gender gap, some problems persist that deter the growth of gender development. For example- the political empowerment index has slipped to 9th position in 2022 from 7th in 2021 (WEF, 2022).

In Bangladesh, the social structures are mostly patriarchal presiding the role of males and females through cultural and religious norms. These traditional gender roles promote men's guardianship and women's dependency, restricting women's access to public and private spheres. As a result, a big chunk of women's workforce remains confined to home rather than actively getting involved in economic activities. The lack of financial freedom, freedom of expression, confidence, knowledge, courage to take care of themselves alongside socio-cultural responsibilities, and lack of support from the male partner makes it difficult for women to live independently.

Men are also the victim of abuse that distorts gender parity. A study in 2020 by Bangladesh Men's Rights Foundation found that 80 per cent of married men also suffer from psychological torture by their wives (Dewan, 2021). So, gender discrimination impacts every aspect of people's lives. To be exact, if the stance of males and females towards each other changes, it would provide better gender parity in the future. One way to achieve this goal is to provide life-skill-based education. As education is the first primary institutional system where boys and girls get basic educational knowledge, this platform could be used to teach them basic human skills, value-based teaching, learning, and basic life skill training, which may promote gender equality and reduce discriminative outlook of socio-cultural context.

## Contemporary Issues

Despite the achievement in Gender Parity, there are some problems persists that deter the growth of gender development Such as-

- Gender-based violence hinders the growth of women's empowerment. According to the BBS report, 55 per cent of women ever-married, and 65 per cent of women currently married reported violence by their partner. In the last twenty years, almost 82 per cent of married women suffered from gender-based violence and persuasive sexual violence which prevents them from achieving their full potential (Haque, H. 2022).
- Despite the efforts of the government and NGOs to reduce the rate of child marriage in Bangladesh, around 59 per cent of girls aged below 18 are getting married, which is the highest in South Asia (Haque, H. 2022).
- Moreover, labour force participation for females is 36 per cent which is very low compared to male participants, which is 78.78 per cent (WEF, 2022). In professional and technical work, females consist of 29.65 per cent, and males 70.35 per cent. So, the gap is 40.7 per cent. The highest gap is for the position of legislators, senior officials, and managers at 78.52 per cent. The Women, Business and the Law Index 2022 shows that Bangladesh scores 49.4 out of 100, which has remained the same since 2012 (World Bank, 2022). And, in this context, Bangladesh ranked second-bottom ahead of Afghanistan in South Asia (Ali, 2022). Nepal scored 80.6 followed by India 74.4 out of 100. Even Pakistan achieved more than 55 points. Besides, women's participation in economic activities and opportunity index slightly increased to 141st in 2022 from 147 in 2021. As a whole, Bangladesh has a meager state to improve women's condition and gender parity in terms of economic empowerment, participation, and freedom.

All these signify that gender inequality persists in Bangladesh. There is a need for policy implications, law enactment, and a change in socio-cultural outlook and responsibilities assigned to male-female individuals to address the issues. One way to initiate the change is to modify the education system by incorporating the life-skill-based education process. Because LSBE provides value-based training which helps a child to develop attitudes and behaviour in favour of human relationships, community engagement, and healthy lifestyles which results in gender parity (UNESCO, 2008).

## Gender-Inclusive Life Skill-Based Education

UNICEF defines life skills-based knowledge as an interactive process of teaching and learning that

enables learners to acquire knowledge and develop attitudes and skills which support the adaptation of healthy behaviour. LSBE brings positive development and changes behaviour through balance of knowledge, attitudes, and skills (UNESCO, 2008). The interactive participation like group discussions, role-playing, debating, exploratory learning techniques, etc. accelerates critical thinking, value analysis, and problem negotiation skills. These also help to understand the stance of other people's perspectives and promote an environment of gender equality. So, the introduction of LSBE may add significant value to gender equality in Bangladesh's context

LSBE can help promote gender equality in various ways as listed below-

- LSBE allows students to think critically, creatively, and logically which can bring changes in the conventional attitudes, beliefs, and expectations popularly held about men and women.
- Implementing LSBE requires participatory and interactive techniques like decision-making, debating, role-playing, etc. These techniques help them to communicate with others regardless of gender, to understand what they need, and create a gender-balanced environment in educational institutions.
- Through self-awareness, stress management, order of emotions and consciousness, effective communication, empathy, and interpersonal skills, children learn positive behavioural qualities and attitudes which benefit in developing respect for the opposite gender.

## Mainstreaming Life Skills-Based Education

Various intervention programs should be implemented during primary and secondary education in Bangladesh. For example-

First, teachers should get the training for providing the LSBE. Education curriculum and reading materials should include context-based syllabus. These are the inputs of the program. Now, there will be challenges like- budget constraints, allocation of resources, lack of motivation among personnel, not a pro-poor system, socio-cultural norms, etc. But to achieve the goal of gender equality, the government along with other development partners should go for a joint partnership to build back better education system.

LSBE requires proactive learning and teaching system. These proactive learning and teaching are the outputs of the LSBE program which will aid to achieve the goal of gender equality. Through the proactive learning system, children could assess situations, raise alarms when feel threatened, and voice what they need (UNESCO, 2008). The associated challenges are-

insufficient teachers, low enrollment and completion, overcrowded classrooms, or uncooperative institution administration, etc. But developing LSBE programme requires effort to make students more motivated by offering pro-active classes, even-tempered reading materials, more hands-on experience, etc. Thus, encouraging students to see, express, learn, and develop acceptance to consider others as equal regardless of gender will establish an environment for gender equality.

LSBE should be mainstreamed in conventional curriculum through simulation activities. For instance, 3 areas should be focused on- Social and familial skills, Self-regulation, and Communication. These are the expected outcomes of the LSBE program. To be exact, socialization-familial skills are to be taught to the primary level student that shapes the 'Value, Moral, Discipline' mentally and physically. Self-regulation could help an individual to step forward with confidence and conviction. Both primary and secondary level students need these skills most as they reach adolescents and mature gradually. The curriculum may include karate, taekwondo, scouting, girl's guide, etc. to sew innate sense to take care of oneself. Furthermore, if girls do not take responsibility for protection, and safety, society would keep pressurizing boys for girls' protection, and this vicious circle of discrimination against gender would keep rolling. Learning to communicate with proper etiquette, addressing issues, and responsibly presenting statements could ease the overall communication process. Altogether, these will help to achieve the goal of gender equality in Bangladesh. Obviously, with the effort to overcome the challenges like social norms, confining peers, vulnerable groups, unsupported school atmosphere, structural and contextual limitations, etc.

Eventually, LSBE will help to achieve the SDGs of quality education, gender equality, sustainable cities and communities, reduce inequalities, etc. Therefore, the government should take steps to promote a better education system by incorporating the LSBE. A proper gender-sensitive curriculum, incorporating life-skills based education, needs to be developed to address the needs of both urban and rural areas of the country.

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# Impact of Cross-border Dataflow Restrictions on Digital Services Exports

*Jillur Rahman*

Bangladesh's ICT sector has had an impressive annual growth of 40 per cent with current valuation of \$1.54 billion, engaging more than 300,000 professionals and 4500 enterprises. Facilitated by cross-border data flows (CBDF), over the past five years, ICT exports have doubled to \$1.4 billion in 2019-20, wherein exports were made to as many as 80 countries by 400 enterprises. Given the strong performance of the ICT sector and equally strong potential to export digital services, an evidence-based approach to policymaking on issues that have a bearing on the sector is required. This article provides an econometrics-based understanding of the possible consequences of restricting Cross-Border Data Flows (CBDF).

## Econometric Analysis

The study formulated an augmented gravity model based on existing literature to model the impact of CBDF restrictions on digital services exports in Bangladesh. As per the gravity model, trade between two countries depends on their economic size and the distance between them. So, the bigger the economies more the trade between them, and the farther the economies lesser the trade between them. In this model, digital services exports have been considered a dependent variable. In contrast, a Data Policy Rank (DPR) interaction variable and the size of economies and other variables have been included in the model as the explanatory variable.

The DPR interaction accounts for CBDF restrictions imposed by both the trading partners. Based on the availability of data, a panel of 25 countries over 11 years from 2007 to 2017 have been compiled from various sources for econometric modelling and estimation of results.

A few scenarios were built to further understand the consequences of tightening restrictions on CBDF. These scenarios account for changes in Bangladesh's policy scenario and possible retaliatory restrictions imposed by trading partners.

## Scenario Analysis

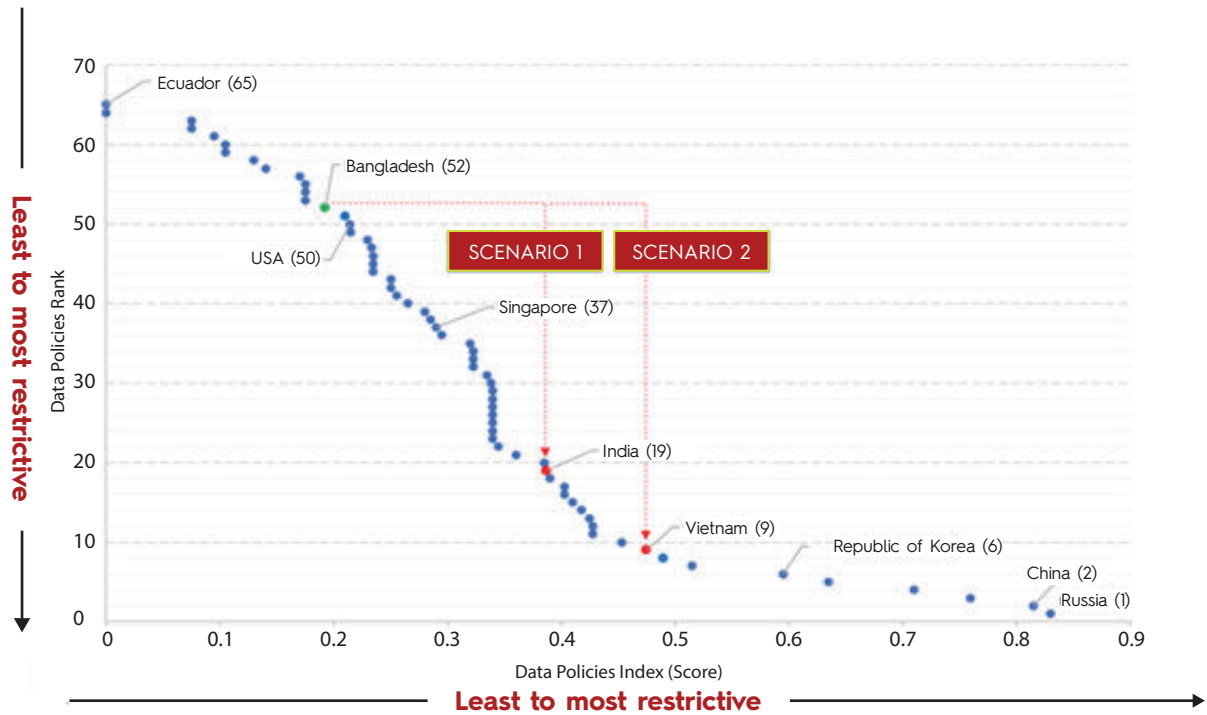
A few scenarios were built on two possibilities to quantify the impact of CBDF restrictions on Bangladesh's digital services exports, as shown in Figure 1. One is Bangladesh adopting CBDF policies similar to India as they existed at the time of estimation of the DPR, and two is Bangladesh adopting significantly restrictive CBDF policies akin to Vietnam.

Bangladesh's initial DPR was estimated to be 52, which was changed to 19, i.e., India's DPR, for building scenarios if a policy similar to India is adopted. In addition, Bangladesh's DPR was changed from 52 to 9, i.e., Vietnam's DPR, to build scenarios in case Bangladesh adopts considerably stricter policies.

India and Vietnam were chosen to provide a contextual understanding because both countries are from the Asian region and are frequently mentioned in the popular narrative on data localisation and data protection in Bangladesh.

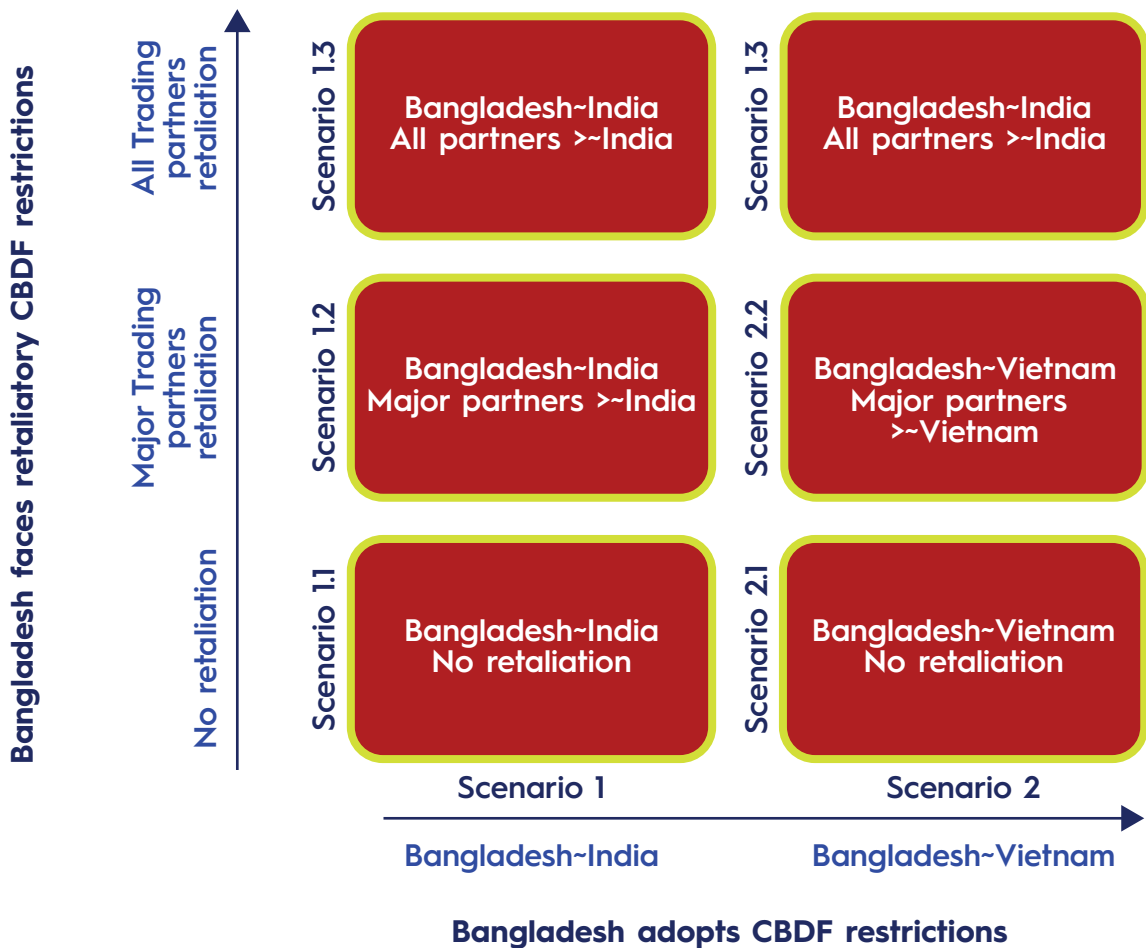
Further, as indicated in Figure 2, the following three assumptions were made to account for the level of restrictiveness on cross-border data flows from relatively less to increasing – (i) Bangladesh adopts measures restricting cross-border data flows, (ii) Bangladesh's major digital services export destinations, accounting for fifty per cent of exports, retaliate, and (iii) All importers of digital services from Bangladesh impose retaliatory restrictions on cross-border data flows.

**Figure 1: Data Policies Rank and Index**



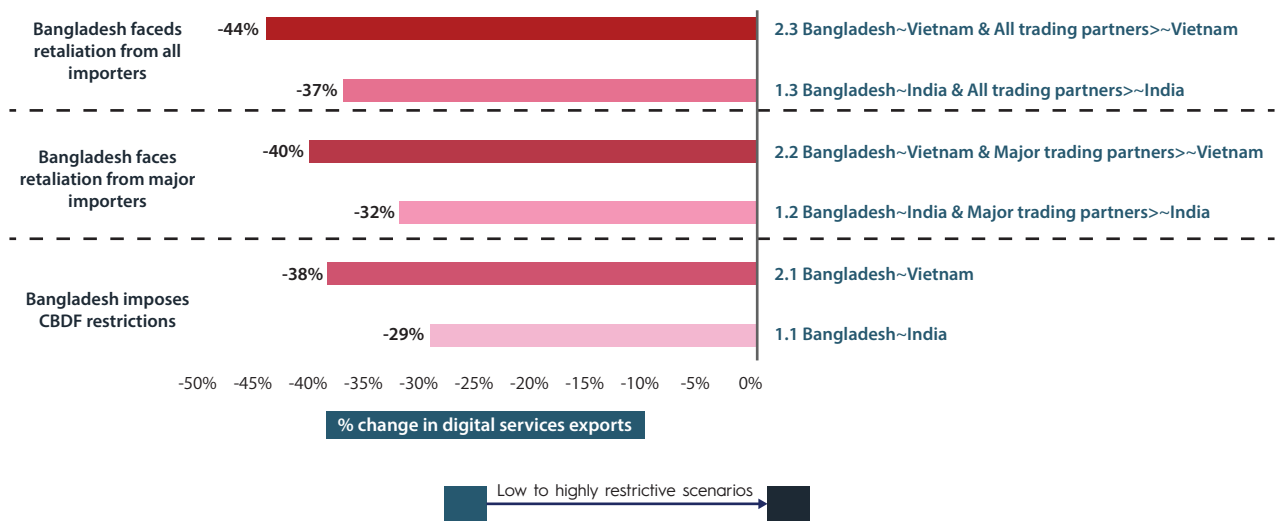
Source: RAPID estimation.

**Figure 2: Scenario Analysis**



Source: RAPID illustration.

**Figure 3: Results of Scenario Analysis- Impact on Digital Services Exports**



Source: RAPID estimation.

The scenarios analysed were:

**1. Bangladesh adopts CBDF restrictions similar to India.**

1.1 Change in Bangladesh’s digital services exports when Bangladesh’s data policy rank is similar to India.

1.2 Change in Bangladesh’s digital services exports when major export destinations that account for 50 percent of digital services exports from Bangladesh retaliate and impose restrictions similar to India.

1.3 Change in Bangladesh’s digital services exports when all export destinations retaliate and impose restrictions similar to India.

**2. Bangladesh adopts CBDF restrictions similar to Vietnam.**

2.1 Change in Bangladesh’s digital services exports when Bangladesh’s data policy rank is similar to Vietnam.

2.2 Change in Bangladesh’s digital services exports when major export destinations that account for 50 per cent of digital services exports from Bangladesh retaliate and impose restrictions similar to Vietnam.

2.3 Change in Bangladesh’s digital services exports when all export destinations retaliate and impose restrictions similar to Vietnam.

**Results of Scenario Analysis**

Figure 3 summarises the results of the various scenarios. The scenarios predict a decline in digital services exports of Bangladesh, ranging from 29 per cent to 44 per cent, depending on the severity of restrictions and retaliatory measures.

**Impact on GDP if Bangladesh Imposes CBDF Restrictions Equivalent to India**

Bangladesh’s GDP may see a 0.58 percent decline, as a result of 29 per cent decline in digital services exports, if it adopts restrictions similar to India. Retaliation by major trading partners and all importers may lead to a GDP decline of 0.63 per cent and 0.73 per cent respectively, this is because digital services exports are estimated to decline by 32 per cent and 37 per cent in these scenarios.

**Impact on GDP if Bangladesh Imposes CBDF Restrictions Equivalent to Vietnam**

A more restrictive policy approach by Bangladesh, such as CBDF restrictions similar to Vietnam, could reduce exports by as much as 38 per cent which would lead to a 0.76 per cent decline in GDP. If major trading partners also retaliate with similar restrictions Bangladesh will face 40 per cent decline in digital services export and GDP would decline by 0.8 per cent. Lastly if all the trading partners retaliate then Bangladesh GDP would decline by 0.9 per cent due to a 44 per cent decline in digital services exports.

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# Development Letters

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