

Bangladesh in 2020: A Vision for the Future

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Introduction

When Bangladesh gained independence in December 1971, people had high hopes that political freedom would bring economic emancipation; that poverty would soon be a thing of the past, and that the nation would steadily become more prosperous. Now, 38 years later, although there are some notable achievements, there are also major disappointments. Nearly half of the population still live in poverty; over 60 percent are illiterate and barely 20 percent is truly functionally literate.

The vision for 2020

During the past 38 years or so, a number of Asian countries have achieved remarkable progress, transforming themselves from largely agrarian, underdeveloped economies into dynamic industrial and export powerhouses but we did not have fruitful success. By 2020, if not earlier, the hope is that the basic needs of the population of Bangladesh will have been met when everyone will be properly fed and adequately clothed, shod and housed, able to read and write, have

access to basic health care and have their basic rights irrespective of men and women, old and young. Furthermore, the expectation is that all of these can be ensured on a sustainable basis without damaging the environment. Nothing would be done today which would in any way compromise the well-being of future generations. That, in essence, is the principal challenge for policymakers of today.

A perspective for the 21st century

We want a developed Bangladesh and so we should take a long-term perspective roughly the duration of one generation to argue both that dramatic change in Bangladesh's economic and social prospects is realistic and that dramatic change in many of Bangladesh's economic and social policies and priorities is essential.

The government of Bangladesh made several efforts in the past to draw up a long-term perspective plan which would provide a long-range envelope to the traditional five-year plans. Most recently, the Government, with support from UNDP, undertook a maiden effort at drawing up a fifteen-year perspective plan covering 1995-2010. It was an innovative exercise at highlighting the possible future directions for the country, assessing the needs for domestic resource mobilization for achieving self-reliance in the country's development effort in view of the dwindling prospects of ODA for the long-term, and initiating strategies for accelerated economic growth in order to move out of the poverty trap while making significant gains in living standards of the people. A notable feature of this perspective plan was the concept of participatory planning that visualized needs assessment at the grassroots level through the formation of local level consultative groups.

Governance in the 21st century: To meet all the challenges and exploit all the opportunities that present themselves in the 21st

century, Bangladesh must reform its system of governance, from one that is apathetic, secretive, and unaccountable to one that is effective, responsive, and accountable. This is not a matter of choice. The internal pressures from a more rapidly growing, more demanding, the electorate will fuse with the external pressures from a much more competitive global economic environment to create new opportunities and new demands. The public sector will not be able to cope unless it creates a critical mass of trained personnel capable of taking the country into the next century and significantly changes the way it works.

The future economy: creating growth and jobs

Evidence from the East Asian nations already making that transition demonstrates that without economic growth, jobs do not materialize; the incomes of the poor do not rise significantly. For Bangladesh to grow as this study envisions, its development strategy must build on the synergies of growth and poverty alleviation, raising the productivity of the poor while instituting reforms that promoting the sectors of highest efficiency. During the past 38 years, the economy has passed through at least three distinctive phases in its development process.

1972-78: a period of reconstruction and rehabilitation with socialist planning within a closed economy framework and with widespread nationalization of private businesses;

1979-90 gradual policy switch in favor of free markets and outward orientation, but slow progress in implementing reforms; the emergence of ready-made garments as a major export and remittance of migrant workers as a major foreign exchange earner;

1991-current: structural reforms embracing trade liberalization, open investment policy, financial sector reforms and privatization, and more remittance facilities despite the high

price of goods. With a combination of correct policies and strategies over the short-medium and long term, a 7 percent annual average growth rate is feasible in the short- to medium-term. Over a longer period, the average growth of 8 percent or better is quite possible. These rates are the bare minimum targets to strive for in the next 15 years. Three forces should propel the economy to those goals:

Labor force growth with higher future productivity resulting from prompt increases in resources dedicated to human development; High returns on new investment that reflects the current very low capital stock base, and Structural change that comes in tandem with economic maturity to ensure that, as a result of market-friendly policies, resources in the economy will be more efficiently allocated.

Growth and poverty reduction

How would such growth impact poverty and income inequality for the long haul? The East Asian economies have shown the way to rapid poverty reduction with high economic growth and without generating high degrees of income inequality – contrasting the Kuznets hypothesis (Kuznet, 1995). This combination of rapid poverty reduction without income inequality was achieved through a strategy of relatively high levels of public spending on education, health, and nutrition thus creating access of the poor to these services. If the Bangladesh economy were to reach the 7-8 percent growth rates between 2000-2020, and the strategy for human development, was to be carried out, simulations show that the incidence of the very poor would decline to about 11 percent from the present 36 percent by the year 2020.

Challenges for growth in agriculture

To prosper, Bangladesh must change. In agriculture, for instance, change means, among other things, further intensification to garner higher yields from rice, in particular, and increasing diversification to garner new earnings, including export, from higher-value crops.

The projection of per capita income changes over the next quarter-century (double by 2010 and quadruple by 2020), is expected to alter the pattern of demand for farm products. A higher proportion of income will be allocated to vegetables, fruits, fish, and livestock products instead of staple grains. This expenditure pattern will be further reinforced by changes in tastes and preferences associated with increased urbanization.

Challenges for industry

Though efficient and productive agriculture is a pre-condition for rapid sustainable growth, agriculture is unlikely to be the engine of growth in the future. With unemployment and underemployment already high and increasing as millions enter the job market each year, exports and job-oriented manufacturing must hold the key to national development over the next quarter-century. By 2020, the target is for the industry to make up 35-40 percent of GDP compared to its present size of about 26 percent [see Table 2.1]. Much of the gains in industrial production is likely to come from labor-intensive export-oriented production, from the benefits of global integration of production, and the leadership role played by a private enterprise which will have completely replaced public enterprises as the prime movers in the industry by 2020.

With current levels of computer skills, Bangladesh is considered by experts to be at the “initial level” of a five-stage process. There is no denying that with the right strategies for skill development

(see Chapter 3), Bangladesh could emerge as an exporter of software and data entry services. Future success in this industry will rest on adopting policies today that (a) recognize software development as a thrust industry, (b) make provision for adequate data communication infrastructure, and (c) invest in scientific and technical education.

Challenges in human development: In 1975, the country's total fertility rate (TFR) was 'about seven births per woman; by 1988 the TFR was 5 births, and by 1995 it was down to 3.2. Yet even the remarkable halving of the fertility rate in 20 short years is not enough. On present projections, the population density will increase to over 1,250 per sq. km. from current estimates of about 800 per sq. km. the highest density of any of the world's nations other than tiny city-states.

These projections envisage reaching a replacement level of fertility by 2010, with a population increasing from 125 million now to about 170 million by the year 2020. Population growth has declined to an annual rate of 1.8 percent, but Bangladesh is still far short of achieving a replacement level of fertility. Although desired family size is already close to the replacement level, actual fertility is still about one birth per woman above that. Closing that gap, eliminating unwanted fertility, is the major challenge facing the country's family planning services.

There is overwhelming evidence that building human capital is one of the keys to reducing poverty. Research has shown that each additional year of schooling brought a 16 percent rise in the wages of Malaysian men, and an 18 percent increase in the wages of Malaysian women as well as a 5 percentage point increase in farm output. But the poor generally lack access to basic social services. There is too little investment in their human capital, and this increases the probability that they and their children will remain poor. To break this vicious

circle, policymakers must make the poor reach a priority in their own right.

Primacy to primary education: A detailed World Bank study (World Bank, 1993) shows that primary education is the most important factor, much ahead of physical investment, in explaining East Asian growth over the last three decades: in Taiwan, for instance, it accounted for 87 percent of the overall growth. Estimates of social rates of return indicate, moreover, that the primary level has the highest return (18 percent) compared to secondary education (14 percent) and higher education (12 percent). The social returns are higher still in female primary education, even without including the indirect benefits linking female education to household hygiene, health, and family planning.

Towards an urban strategy

Urbanization is a dynamic process in Bangladesh; so a static urban strategy is not the answer. It needs to be re-evaluated every few years. The key elements of a future urban strategy might include:

- Governance initiatives to improve urban management
- Spatial priorities for future urban growth
- Land market and housing initiatives
- Private sector initiatives for delivery of urban services
- Urban infrastructure initiatives – water/sanitation, transportation, environment
- Urban governance is the ultimate challenge.

Underlying any successful urban strategy is effective urban governance. This calls for radical change in the existing structure. Existing fiscal relationships, both internal and external, undermine rational resource allocation. Decentralization is the key.

Initiatives that address the devolution of power, encouraging and empowering local governments (especially municipalities) to attract capital and human resources in order to become self-determining are essential.

What is possible: Options for sound environmental management

Yields of major crops particularly rice and wheat, being only a fraction of potential yields, could be raised with better farm management and balanced nutrient inputs. In the longer term, a possible breakthrough in rice productivity through new technologies such as "Super rice"

Deforestation could be stopped and reforestation and afforestation programs together with road and homestead tree planting will enhance tree cover. Biodiversity could be protected through the sustainable management of forests and wetlands with community participation.

Pond aquaculture could continue to expand with environmentally sound management of open water and marine fisheries.

Urban solid, air, and water pollution can be controlled through appropriate regulation, and the use of available new technology, awareness campaigns, and the encouragement of private sector initiatives.

Renewable energy will be able to make a significant breakthrough special-ly in meeting rural energy needs.

A vision of sustainable development

Looking 25 years ahead, in the energy sector, technical innovation, financial pressures, environmental constraints, restructuring, and internationalization-all combine to point to a transfer of responsibility for the production and distribution of energy largely to the private sector by 2006 and, by 2020, to considerable progress

in exploiting solar radiation and biomass energy as important renewable sources to be used increasingly to meet the country's growing energy requirements.

In agriculture, fisheries, forestry, and energy, a basic rule must be vigorously applied. Respecting that rule, a number of specific targets are nonetheless feasible. Although they may appear ambitious, the right mix of policies and actions can make them achievable and through their achievement make sustainable development a reality in the future of Bangladesh.

Transport for a modernizing economy

For urbanization to proceed at a more or less orderly pace and to realize its inherent growth potential, the new, full-fledged cities and towns and the established mushrooming urban centers will have to be connected by efficient communication links and multiple forms of transport capable of moving not just people but industrial freight as well along with a coordinated inter-modal network. Considering the spatial pattern of urbanization discussed above, the government's first priority should be the road network linking division, district, and thana centers. Water transport in private hands, ports rendered efficient and air transport professionalized in partnership with outsiders are all necessary building blocks of a communications network equal to the vision of Bangladesh in 2020. For this, The Road system, The Railway system, Chittagong Port and Airways should be more improved

Potential sources of future power generation

Coal: Coal resources have been discovered in three locations: Jamalganj (Bogra), Barapukuria (Dinajpur), Peerganj (Rangpur). The planning of a power plant with a capacity of 300 MW using coal

reserves of Barapukuria is already in progress.

Hydropower: Total hydropower potential of Bangladesh is reported at 1500 GWh per annum located at Kaptai (1000 GWh), Matamuhury (300 GWh), and Sangu (200 GWh). The total generating capacity of five hydro-units at Kaptai is 925 GWh or 230 MW.

Renewable energy: Bangladesh is blessed with abundant solar radiation. The yearly direct solar energy available in the whole of Bangladesh is estimated to be 25,610 million tons of coal equivalent. Wind energy is another long-term possibility. India is already producing 732 MW of power from the wind. The most promising prospects for its use are in regions where the national grid is non-existent. For a more extensive discussion of renewable energy.

Effective telecommunications

Telecommunication is another area where private initiative holds the key to rapid economic development in general and to successful urbanization in particular. Fast effective telecommunications are the lifeblood of modern societies and economies. The technology that has made them increasingly versatile has also made them indispensable.

To join the global information revolution and exploit its potential for accelerating growth, Bangladesh must (i) concentrate on adopting high-level telecommunications technology and investing in infrastructure, (ii) undertake institutional reforms enabling competing private operators to meet demand and effectively deliver services and (iii) develop an appropriate governmental regulatory framework to assure consumers and providers alike a predictable environment in which to do business. These changes amount to major departures from current practices. As reforms, they are long overdue.

Conclusion

A substantial reduction of poverty by 2020, has to be a primary objective for the nation to pursue in the foreseeable future, apart from achieving 7-8 percent average GDP growth, universal adult literacy and access to basic health care, effective protection of the environment, and successfully managed urbanization, and an economy on a highly competitive footing with significantly diversified exports in global markets. Acceding to the notion that accelerated growth is a necessary but not sufficient condition for poverty reduction, the study lays the highest emphasis on investing in human development education, with particular emphasis on primary education, universal access to health care and child nutrition – such that the poor do not suffer the consequences of `exclusion from the benefits of high growth. Most importantly, Bangladesh must commit to a long-term strategy for the sustainable development of its human and natural resources. If it takes those steps, its future can be as bright as this study sets forth. And for this, the government should be realistic at first. Government should discern the material policy the commoner demand from their heart's core.