



**INPUTS OF NATIONAL FOCAL POINTS OF
LDCS IN THE ASIA-PACIFIC ON
RESPONSE TO COVID-19 AND WAY
FORWARD: BANGLADESH CONTEXT**



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A. Introduction

Bangladesh outperformed in socio-economic development over the last decade compared to peer countries and achieved a great momentum through accelerated but quality growth that halved poverty to 20.5% in the FY 2019 immediately before the COVID-19 struck. The prudent leadership of Honorable Prime Minister Sheikh Hasina blended with an ambitious plan and pragmatic implementation strategy led Bangladesh's development to a new trajectory.

Bangladesh has sustained robust economic growth over the last ten years averaging 6.7 percent since FY 2009. GDP growth for the Fiscal Year 2019 reached 8.15 percent - the highest in the country's history. The country attained the lower-middle-income status back in 2015 by World Bank criteria and met all the three criteria to graduate from the least developed country (LDC) status in the last triennial review of the Committee for Development Policy (CDP) in March 2018. Bangladesh's impressive success in achieving Millennium Development Goals (MDGs) energized towards the successful implementation of Sustainable Development Goals by 2030.

The COVID-19 is an unprecedented human crisis evident in every country of the world. Bangladesh is also no exception. However, quick responses to save lives and innovative stimulus packages of USD 13 billion, nearly 4% of GDP (annex. 1), targeting health, businesses and the economy have paid off. Growing signs of a quick recovery and economic momentum are visible and the Government has attempted to rightly balance between lives and livelihood. Despite all challenges, Bangladesh is well poised to cross the graduation threshold with a comfortable margin, and marching ahead for smooth and sustainable graduation with all its vigor and exuberance.

Bangladesh bounced back strongly: Bangladesh's economy has proved its resilience one more time by demonstrating great optimism for V-shaped quick recovery, especially in exports, remittance, agricultural production. Bangladesh export seems to restore the critical supply chain earlier than expected and Government, as well as multilateral organizations like ADB, analyzed that Bangladesh will bounce back strongly with high economic growth in the next fiscal year. Despite COVID challenges, Bangladesh registered a 5.24% growth in the last fiscal year (July 2019- June 2020)¹. The following table of vital statistics on the external economy showing the prospect of great bounce back:

Indicators	Year 2019-2020 (mill USD)	Year 2020-2021 (mill USD)	Increase (%)
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¹ Accessed to Bangladesh Bureau of Statistics site at http://bbs.portal.gov.bd/sites/default/files/files/bbs.portal.gov.bd/page/057b0f3b_a9e8_4fde_b3a6_6daec3853586/2020-08-10-14-49-94b60708240f454c1036d64090cf38ec.pdf on 22 September 2020

Remittance (July – September)	4,519.4	6,713.2	48.45%
Exports (July – September)	9,648.0	9,896.8	2.58%
Reserves (September)	31,831.9	39,125.3	22.91%
Overall Balance of Payment (End of July)	(-) 77	1127	

V-shaped recovery is visible on the horizon: Exports picked up from June 2020 to onwards and data suggests Bangladesh’s export performed better than the corresponding month of the previous year². A low ratio of public debt to the gross domestic product, which is around 33-34 percent, leaves Bangladesh with a fiscal headroom to borrow low-cost funds from the global financial market and invest for public works and infrastructure that will induce local and foreign investments.

BBS conducted a perception-based household survey in September 2020 over telephone on Impact of COVID on Households Income and Expenditure. The survey revealed that the unemployment rate increased from nearly 2.3% in March 2020 to 22.4% in July 2020. Buoyed by Private Sector’s vibrancy in the post lockdown phase, the unemployment rate gone down to 4% in September 2020- a great sign of quick recovery and economic resilience.

B. Response of the Public Health System to the COVID-19 Pandemic

Guiding Question:How does the public health system in LDCs respond to the pandemic? What adaptive measures including building capacity in testing and treatment and institutional arrangements have been adopted?

Bangladesh outperformed in public health: Bangladesh has made significant progress in ensuring access to essential, quality health and nutrition services in recent years. Efforts have been made to broaden public health coverage. As a result, the country's score on the Universal Health Coverage Index increased, the maternal mortality rate has fallen by one-third, and in the last decade, the child mortality rate has been cut in half. Improved life expectancy, immunization coverage, and tuberculosis and diarrhea control are also part of this remarkable success story. Bangladesh's achievements were reflected during the MDG era when the country was awarded for attainments of relevant goals. With the experience of MDGs, Bangladesh is now implementing SDGs, and aims to provide all citizens and communities with the quality health services at an affordable cost by 2030.

COVID-19 attacks in Bangladesh: In Bangladesh, the first three COVID-19 infections were detected on 08 March 2020 and the first case of death was reported on 18th March 2020. As

² Monthly Economic Trends, Bangladesh Bank, August 2020 available at <https://www.bb.org.bd/pub/monthly/econtrds/aug20/econtrds.php>

of 11 October 2020, total 3,78,266 cases were detected corona positive and the total deaths were 5,524. **Immediate response:** After the WHO declared the disease as a pandemic on 11th March 2020, the government's preparatory efforts were further strengthened. In order to prevent widespread disease in society, the Government took various preventive and adaptive measures. All public and private offices were closed from 26 March to 30 May 2020, except for emergency services. All factories, shopping malls and other similar activities were closed down. Schools, colleges and other academic institutions were closed for an indefinite period. Mass transport, rail, road and domestic air communication system were also put under suspension. Flights from many countries were suspended. People coming from outside the country were put mandatory quarantine in the designated quarantine centers. People were also put under home quarantine where infections were detected.

Intensive awareness campaign: Intensive awareness campaign was conducted through print, electronic and social media for awareness building about the necessity of maintaining health regulations, such as wearing masks, sanitizing hands repeatedly through washing or sanitizers, maintaining social distance, avoiding crowds, etc. Many other preventive measures were put in place for preventing the spread of the COVID-19. People were asked not to go out of home unless an emergency arises. Many areas and cities were put under complete lock-down as and when necessary. In a nut-shell, at the initial stage of spreading the pandemic, the whole country was put under a complete shut-down in order to control the mass scale spread of the virus.

Attempts to judicious balance between lives and livelihood: Offices were made open in a regulated manner since 31 May 2020. Factories, shopping malls, transport systems other activities were made operational in a phased and regulated manner. All are instructed to strictly follow health regulations and preventive measures. Academic institutions have still remained closed. But online classes and academic activities have been started in almost all levels of education.

Adaptive health service measures: In order to ensure proper treatment, many public and private sector hospitals and clinics have been dedicated for COVID treatments. The number of such dedicated hospitals were increased gradually. In addition, all hospitals and clinics were asked to keep some beds exclusively for COVID patients. Treatment facilities in terms of Intensive Care Unit, the supply of oxygen, other supportive facilities were gradually increased. In parallel, supply of adequate personal protective equipment (PPE) is being ensured to protect doctors, nurses and other health workers from the COVID-19 infections. New 2000 doctors and 5000 nurses were recruited quickly to strengthen the capacity of the health system.

Responsive and Responsible Leadership: The Hon'ble Prime Minister has been overseeing the national response. Through videoconferencing, she has been taking feedback from the

grassroots represented by government officials and political leaders and different stakeholders. To handle the pandemic, Bangladesh is making all out efforts through mass mobilization of the health care systems, public employees, and the security forces, combined with an energetic and creative public education campaign. The Ministry of Health and Family Welfare (MOHFW), under the guidance of the Honorable Prime Minister, has been working day and night to prevent and control the spread of COVID-19 as well as to provide health care services to the infected people. Since the beginning of the pandemic, Bangladesh adapted "All-Government-Approach" to ensure the interactive process among all Ministries and to achieve the best results through openness, sharing information and cooperation amongst all concerned.

Close monitoring and oversight framework: A National Committee headed by the Minister of Health and Family Welfare was constituted to take necessary steps for the prevention and control of the corona virus. Besides, committees had been formed at City Corporation, municipality, district, Upazila, and union levels. Some existing public hospitals have been made ready to provide specialized services for corona virus patients and more hospitals are being prepared. In addition to government hospitals, a number of private sector hospitals are involved in testing and treatment of corona virus patients.

The country has been implementing the response activities in association with relevant ministries, the United Nations agencies working in Bangladesh, national and international organizations. and development partners through a pillar-based multi-sectoral coordination mechanism. The plan includes mechanisms for developing surge capacity to manage the patients, to sustain essential services and to reduce the adverse effect in the society.

Community Support Team: A novel Community Support Team (CST) intervention was piloted so that individuals with symptoms could be evaluated and those who meet the clinical criteria are isolated at home with their families with the full support of the rapid response. The CSTs are comprised of the Ministry of Health and Family Welfare (MOHFW) Community Clinic, BRAC community health, available medical students, intern doctors, staff and volunteers. The CST has also been facilitating access to hospital care for those who develop a severe disease.

Community-centric capacity development: MOHFW has rapidly implemented community-based prevention practices, case identification, and quarantining utilizing local community health capacity for slowing the spread of disease following lockdown; immediate arrangement, and procurement of medical equipment and supplies such as medicine, personal protective equipment (PPE), masks, etc. Besides, healthcare workers' training programs were initiated for improving infection prevention control and case management. Also, risk communication and community engagement has been focused on encouraging the spirit of

solidarity, empowering individuals and communities to stop the spread of COVID-19 through behavioral change, informed individual decisions and collective community action.

Realtime diagnostic testing: All available realtime diagnostic testing facilities were rapidly assessed for the capability to undertake COVID-19 testing. Responding to this crisis, MOHFW expanded the diagnostic capacity to 91 laboratories (Coordination Cell, DGHS). Healthcare worker training was conducted for improving infection prevention control and case management skills of the frontline health care providers. Increased testing capacity has not only enabled better intelligence of the disease situation nationally but also more precision for identifying those individuals and families who need to remain in home quarantine. Some other measures have been taken for public health management at designated Points of Entry such as health screening of passengers before arriving, screening of passengers after arrival at the Point of Entry, etc. The MOHFW has also taken initiatives and working hard with all material support to prevent and control the spread of Covid-19 in the camps of forcibly displaced Myanmar nationals located at Cox's Bazar district.

Other operational measures undertaken by MoHFW

- A “Corona Control Room” has been established by Medical Education & Family Welfare Division to collect relevant information regarding affected patients and the overall management to control the outbreak of this disease.
- The Duty Officer of Control Room are collecting daily updated information regarding affected patient, treatment & management issues, number of PCR tests and so on from all COVID dedicated hospital. After collecting the information concerned officer prepares daily updated reports and sends it to the Secretary.
- Under the government order and instructions, most of the private medical colleges and hospitals are now providing COVID-19 treatment all over the country.
- COVID-19 sample test has increased which is an effective measure to prevent the Corona virus outbreak. 22 government medical colleges under MEFWD are doing PCR tests regularly in their molecular lab to ensure the treatment and isolation of affected peoples.
- To prevent the outbreak of this disease this division utilized 4,375 medical college teachers (Who are specialized in clinical issues). Those teachers are providing health services in different COVID dedicated hospitals as well as working in the molecular lab.
- Training of the service providers on how to use PPE, infection control and maintain WHO protocols on safety measures are being provided.

C. Social Protection Measures and Stimulus Packages

Guiding Questions: What social protection measures have been taken to protect the livelihoods of people, particularly the vulnerable population, informal workers, migrants and women? What measures have been taken to keep business afloat?

Since the beginning of the COVID-19 pandemic, the Bangladesh government has taken various steps to combat its fallout. The government has taken a comprehensive plan to overcome the possible negative impacts of the pandemic on the economy and people. Under this plan, some measures that were necessary for the immediate term have been taken and some are implementing in the medium term. The government has also taken up a range of initiatives that will be implemented in the longer term to achieve full economic recovery.

Humanitarian Support: The government has introduced humanitarian aid including food aid to those affected by sudden unemployment due to the coronavirus outbreak.

Cash support to five million households: As the government enforced general holidays, lockdowns, closure of factories and businesses to prevent the spread of coronavirus infections, the income of the common people has reduced, which now threatens our achievements in poverty alleviation and social security. The government is providing direct cash transfers of Tk. 2,500 (US\$ 30) each to five million selected families nationwide.

Other ongoing social safety net programs: Alongside, the coverage of the Old Age Allowances and the Allowances for Destitute Women have been widened to include all qualified persons in the poorest 100 Upazilas in the country. The total number of new beneficiaries due to expansion of the Allowances for Disabled Persons and these two programs is 1.7 million. Besides, Tk. 2,130 crore (US\$ 251 million) has also been allocated to construct houses for the homeless population. All widows and women deserted by their husbands in 100 Upazilas most prone to poverty due to the coronavirus outbreak will be brought under the coverage of the allowance program for widows and women deserted by their husbands as per the existing policy.

Policy support and increased budget support for social security: In the light of the National Social Security Strategy Paper, 2015, various social security programs will be implemented to alleviate the plight of the poor and helpless people from the impact of the coronavirus outbreak. The government has been increasing the allocation in the social security sector every year to improve the condition of the poor. By now, about one-fourth of the families in the country have been brought under the social security program. The government has allocated Tk95,574 crore (US\$ 11.3 billion) in the social security sector, which is 16.83 percent of the total budget and 3.01 percent of GDP in FY2020-21.

Open Market Sale operations at a subsidized rate for vulnerable: Many people have suddenly become unemployed as economic activities significantly slowed down as part of

enforcing social distancing and continuing with long holidays to limit the spread of the novel coronavirus. In the wake of this crisis, the government has started the free food distribution program and also begun Open Market Sale (OMS) operations of rice and other essentials nationwide at a reduced price since April. The government food storages had been maintaining an adequate buffer when the COVID 19 crisis broke out. This buffer helped us to manage the supply of food and ensure that no one remained hungry throughout the crisis period, which is a major success of our government.

One of key priorities of the government in the post-COVID economic recovery plan is to keep the momentum of agricultural production. The government has taken some important steps to maintain the growth in agriculture, and thus to ensure food security for our people. Subsidy in the agriculture sector has been increased to Tk 9,500 crore (US\$ 1.12 billion). In addition, the target for government procurement and distribution of rice and paddy has been raised to ensure that farmers get a fair price for their produce while at the same time the retail market price of rice remains stable. The government is also going to form agriculture refinance scheme of Tk 5,000 crore (US\$ 590 million) to provide required agricultural credit to farmers. Another refinancing scheme of Tk 3,000 crore (US\$ 354 million) has been announced for small income farmers and traders in the agriculture sector.

Subsidized credit facilities for farmers, repatriated overseas workers: The government is also expanding low-interest credit facilities to poor farmers, recently repatriated overseas workers and skilled but unemployed youths in rural areas to enable them to take up self-employment ventures in sectors like agricultural production, agro-based service, small business, cottage industries, SMEs, etc. Under this program, Tk 2,000 crore (US\$ 236 million) will be distributed through three specialized banks, namely Palli Sanchay Bank, Probashi Kallyan Bank, Karmasangsthan Bank and one specialized institution, namely Palli Karma Sahayak Foundation (PKSF), with each receiving Tk 500 crore (US\$ 59 million).

For the sake of effectively combating the deadly coronavirus and resolutely overcoming its economic impact, agriculture is the second highest priority sector in our national budget in the current fiscal year. To boost food production, the government will lay emphasis on farm mechanization, incentives for irrigation and seeds and rehabilitation of agriculture and continue to provide subsidies on fertilizers. Expanding the coverage of social safety net programs is our third highest priority sector to reduce the hardships of the poor working people due to long general holidays and lockdowns. And, the fourth priority sector will be job creation and rural development.

Support for SMEs: The COVID situation has particularly affected job retention and creation of new jobs. The workers in the informal sector have particularly been more vulnerable which requires enhanced efforts to promote self-employment. The promotion of SMEs will be one of the alternatives in this regard. The impact has been so severe for- the migrant

workers from developing countries including Bangladesh. The destination countries should respond with a lenient view to re-employ the migrant workers who lost their jobs due to COVID-19.

Specific measures protecting the interest of labor

- I. Meeting with stakeholders:** After mid of March 2020, two meetings were held under the chair of Hon'ble State Minister, Ministry of Labor and Employment to discuss the labor situation in industrial sectors, including RMG (Ready Made Garment) sector, amidst the COVID-19 outbreak. In addition to the government ministries and departments, the representatives of major employers' and workers' organizations were present in the meetings. In the meetings, several directives were given for all sectors to tackle the situation and to ensure health care and use of personal protective measures for the workers.
- II. Awareness Building & providing healthcare:** 125 thousand leaflets and 75 thousand posters containing information and photographs to protect corona virus (COVID-19) have been distributed to the workers in 4 labor-intensive areas through the field offices of the Department of Labour (DOL) and Department of Inspection for Factories and Establishments (DIFE). In addition, various activities are being undertaken to raise awareness among the workers and their family members.
- III. Corona Preventive Teams:** Corona prevention teams have been formed at DIFE HQs and 23 Field Offices of DIFE.
- IV. Control Rooms:** 24 control rooms, at DIFE HQs and 23 Field Offices of DIFE have been established which will remain open from 8am to 8pm daily.
- V. Telemedicine:** The Doctors at 17 Labour Welfare Centers are engaged in telemedicine through the mobile app 'Sromiker Sastho Katha' to provide health care service. With this app, the workers and their family members can get advice on corona disease and other health issues.
- VI. Helpline:** A 24/7 toll-free helpline (16357) has been established at DIFE to provide accurate information and guidance to the workers and to assist the infected ones.
- VII. Daily Labor situation monitoring:** Labor situation throughout the country is being monitored daily under the guidance of the Hon'ble State Minister and the Secretary, Ministry of Labor and Employment (MOLE). The situation of industrial production of all sectors, labor situation (dissatisfaction/unrest if any), spreading of coronavirus and health safety status of workers are particularly being monitored.
- VIII. Crisis Management Committee:** 23 tripartite Crisis Management Committees have been formed by the Ministry of Labor and Employment to

monitor labor situations in various industrial factories, including RMG, amidst coronavirus outbreak. The Committees will ensure timely payment of wages/salaries of workers/employees, taking necessary actions to prevent probable labor unrest/disputes, settlement of labor unrest/disputes through tripartite arbitration, compliance of corona hygiene and health guidelines of workers in the running factories, coordination with the local administration and industrial police on labor-related issues.

- IX. Working with local public administration:** All officials of the Ministry and its Departments are staying in their respective work stations. The Officials of filed level offices are maintaining close coordinating with local public administration to address any situation.
- X. Food & other assistance for the workers:** The Officials of filed level offices under the Ministry are assisting local public administration and the labor leaders to provide relief and other support to the workers in their respective areas. They are assisting to identify the workers who needed relief and other support.
- XI.** Prepared two standard guidelines to ensure Occupational Health & Safety as well as to maintain Labour Relations during COVID 19 with the help of ILO.

Stimulus packages declared by the Government

The government has so far announced a set of stimulus packages worth above US\$13.25 billion under 21 packages, which is around 4.03% of the total GDP to offset the COVID-19 shock on various sectors of the country and minimize the sufferings of the people caused by the nationwide shutdown (Annexure-1).

All economic sectors, including export-oriented industries; small, medium and cottage industries, agriculture, fish farming, poultry and livestock have been brought under these incentive packages. Need based more stimulus or support packages are in the pipeline to boost the economic activities.

The most important stimulus packages are as follows:

- The government will provide working capital of Taka 300 billion (around US\$ 3.53 billion) for the COVID-19 affected industries and service sector institutions. The interest rate of this loan facility will be 9 percent- borrowers will pay 4.5 percent while the rest will be borne by the government as subsidy.
- The government will provide Taka 200 billion (around US\$ 2.35 billion) as working capital for the small and medium industries. The interest rate will be the same as 9 percent- of which borrowers will bear 4 percent interest and the rest will be paid by the government as subsidy.

- For workers' salary, the Government has declared two support packages of total US\$ 764.27 million. The packages are – (i) Special Fund for Salary support to export oriented manufacturing industry workers worth US\$ 588.2 million and (ii) Social Protection (Cash transfer) Program for the export oriented industry workers worth US\$ 176.5 million.
- Bangladesh's Central Bank-- the Bangladesh Bank will enhance its Export Development Fund (EDF) from US\$3.5 billion to US\$5 billion for importing raw materials under the back-to-back LC system. The current interest rate of the EDF is LIBOR (London Inter-Bank Offer Rate) plus 1.5 percent which will be decreased to 2 percent.
- Bangladesh Bank will also introduce a new loan facility titled 'Pre-shipment Credit Refinance Scheme'. The amount of this loan facility will be Taka 50 billion (around US\$ 588.79 million) in total where the interest rate will be 7 percent.
- To support Social Safety Net and social protection programmes, the Government has declared five packages of total US\$ 818.4 million. The packages are – (i) Free food distribution, (ii) Open Market Sales (OMS) of rice at Tk 10/kg, (iii) Cash transfer for targeted poor people, (iv) Expansion of Cash Allowance Programs, (v) Construction of home for homeless people.

Financing for Agriculture Sector

The Ministry of Agriculture (MoA) is implementing the Action Plan-2020 to ensure increasing agricultural production, improve agricultural marketing systems and ensure fair prices of agricultural commodities to confront with the COVID-19 shock and various emergency situations at the cost of Tk 2,878 (US\$ 34 million). The Ministry of Agriculture is expecting that about 50% of this will come from the Government and the rest from the Development Partners.

Financing for Education Sector

The Global Partnership for Education (GPE) under its COVID-19 accelerated funding window is supported the COVID-19 School Sector Response Project (CSSR) in Bangladesh through a grant of US\$ 15 million. The Project is under process of approval of the Planning Commission. Major portion of the distance learning through television broadcasting are financed by Public fund. Few UN organizations and INGOs have engaged with these processes.

D. Short and Long-term Socio-economic Impacts

Guiding Questions: What are the short and long-term socio-economic impacts of COVID-19 on achieving goals of the IPoA and sustainable development? How has COVID-19 affected the graduation process of LDCs?

Like others, it is perceived that Bangladesh's economy will suffer in multiple channels.

The toll on real economy: The real sector of the economy is likely to suffer due to weak aggregate demand at home and abroad. The production may suffer due to a lack of intermediate goods caused by the breakdown of the global supply chain. Bangladesh's manufacturing sector especially the export-oriented one is a hard hit because of large order cancellation by the brand importers in Europe and North America. A significant number of factories have shuttered their operations mostly because of a higher cost of production, wage hike, the declining trend of work orders, lower prices offered by foreign buyers and now most importantly, arbitrary cancellation of orders after the items are produced and ready for shipment. Consequently, workers have started losing jobs. As Bangladesh enjoys a demographic dividend, a huge number of active populations are entering the labor market every year. So, if people continue to lose their jobs and new job opportunities are not generated, there will be socio-economic consequences in the long run.

Impact on livelihood: The informal sector and micro, small, and medium enterprises, which employ 85% of the total employment, are the worst-hit ones due to the COVID-19. As the government enforced general holidays, lockdowns, closure of factories and businesses to prevent the spread of coronavirus infections, production as well as income of the common people has reduced significantly. This economic disruption has affected the livelihoods of millions of people employed in both formal and informal sectors of the country.

Impact on service sector: The contagion effect will slow down the service sectors including tourism, transport, and entertainment due to lackluster demand. The loss of jobs in these sectors will put more burden on the public exchequer through mounting demand for social safety.

Stress on fiscal management: From the fiscal perspective, the revenue shortfall puts more strain on the economy and will widen the budget deficit. Bangladesh's prudent budget management so far succeeded maintaining a fiscal deficit of less than 5 percent of GDP- which, it is apprehended, might be impossible to maintain in the context of the evolving situation. Low level of intermediate goods and capital machinery import and a simultaneous drop in revenue earnings from direct and indirect taxes due to slow down economic activities will result in a significant shortfall of overall revenue earnings. Besides, a substantial resource reallocation to the health sector and additional transfer of funds to social safety net programs will put more stress on fiscal management.

Challenges faced by the financial sector: Bangladesh will also face challenges like other LDCs in the financial sector. The capital market will lose due to uncertainty, and the banking sector will be in a difficult situation to collect its installments from the borrowers hamstrung by stagnation of economic activities due to the pandemic. The business will suffer deplorably more due to a lack of funds unless adequate money is injected into the economy.

Woes in the external economy: The external sector, that is, the balance of payment will be in stress through two channels- export and remittance earnings. The export is affected due to lack of demand in the global market and disruption of the supply chain while remittance earning is impacted by shutting down in the host countries and abrupt fall in oil price. The RMG sector, the bedrock of Bangladesh's exports, has been struggling with the cancellation of around \$3 billion in garment orders from major retailers affecting more than a thousand factories since the outbreak of Covid19.

Non-resident Bangladeshi (more than 10 million) around the globe remitted close to 17 billion USD in FY 2019 representing over 5 percent of GDP, which not provides give cushion to its foreign exchange management but also gives impetus to strong demand for education, health and economic activities contributing to higher economic growth and social development. In the wake of the outbreak of Coronavirus, close to half a million migrant workers have returned. Moreover, the income of the majority of migrant workers in the Gulf countries will be affected by the abrupt decline in oil prices and a weak job market in the medium term because of the economic downturn.

Strong bounce back of economy: The government has managed the health safety concern and facilitated the opening up economy to secure the livelihood of the millions. Positive signs are already visible in many areas of the economy. Though many analysts predicted a huge decline in GDP growth, Bangladesh's economy performed comparatively well with GDP growth of 5.24% in FY 2019-2020 (Bangladesh Bureau of Statistics). RMG buyers are coming back and export earning is growing. After the record low export earnings in the last FY 2019-20, export earnings have increased 2.58% in the first three months – July & September – of the current FY 2020-21 compared to the same period of the previous year (Export Promotion Bureau). Various reports also indicated that western buyers are trying to shift their purchase orders as well as investments from China particularly due to the bad reputation generated by the COVID-19 pandemic. Bangladesh may take this opportunity and there is every possibility for the RMG sector to get back its previous momentum. Remittance inflow is also increasing and has registered 48.45% growth in July- September 2020 compared to the same period of the previous year (Bangladesh Bank). Foreign exchange reserve has registered a record high with US\$ 39.13 billion as of September 2020 (Bangladesh Bank). So, the overall trend is very encouraging. The implementation of some ongoing mega-projects is also expected to contribute significantly to the growth trajectory of the country. It has a direct bearing on the national economy.

IPoA Implementation and LDC graduation process

The latest data from both domestic and international sources indicate that Bangladesh will comfortably fulfill requisite scores against each graduation criteria. The COVID-19 pandemic will certainly have some impacts on Bangladesh's economy like any other country in the world. However, the resilient Bangladesh economy is bouncing back very strongly in response to stimulus and recovery packages- the sign of V-shaped recovery is very much visible. Economic indicators are already indicating positive trends. Bangladesh, with restoring its economy, is boldly marching ahead to be recommended for the second time in the February 2021 Triennial Review for graduation from the LDC category.

Two important events are due in Bangladesh's national life in the year 2021- first, the final celebration of the birth centennial of our Father of the Nation Bangabandhu Sheikh Mujibur Rahman, and second, Bangladesh will celebrate the 50th anniversary of its independence. The emotion surrounding the year 2021 has an important role in inspiring 170 million Bangladeshi for building a prosperous country. The Government is willing to inspire the nation with the historic declaration of successful fulfillment of graduation criteria for the second time in February 2021. Bangladesh, as data suggests, is likely to cross the thresholds with a comfortable margin and look forward to graduation with momentum. Bangladesh's graduation is considered as an impetus for achieving vision 2021, Global Agenda 2030, graduating to Upper-Middle-Income-Country by 2031 as per World Bank classification, and finally making a room in the club of the developed world in 2041. Bangladesh's recent VNR report 2020³ accounts its progress on SDG implementation is very encouraging.

The government of Bangladesh has been taking policy and support measures in various socio-economic fronts, which will ensure the implementation of the IPoA targets as well as smooth and sustainable graduation.

E. Recovery Plans

Guiding questions: What recovery plans have been designed? What are the inadequacies and constraints in achieving an inclusive, resilient and sustainable recovery?

Bangladesh Government offered a quite generous stimulus package equivalent to 4% of its GDP to support the vulnerable sections of the society, expansionary fiscal and monetary policy to boost aggregate demand. It is expected to create a great boost to consumption and business and thus helps to recover the economy and create retain employment in this difficult time (Annexed). To this end, social safety net programs had been widened, financing and borrowing cost had been significantly subsidized for entrepreneurs, health care facilities had

³ Accessed on 22 Sept 2020 at <https://sustainabledevelopment.un.org/memberstates/bangladesh>

been improved by providing new and modern equipment to combat COVID-19 across the country.

In addition, various Ministries have also taken relevant sector specific recovery programs to overcome the probable negative impacts of the COVID-19. The 8th Five Year Plan (FY 2020-21 to FY 2024-25) will focus, inter alia, on protecting people and the economy from the adverse impacts of the COVID-19 pandemic. The Plan will implement many recovery measures, short and long term, to get back the development momentum in all socio-economic areas. Among other initiatives, the government has proposed to allocate an amount of BDT 10,000 crore (US\$1.18 billion) to meet emergency requirements caused by COVID-19. This money will be used to do whatever is needed to address the impacts of the pandemic.

F. International Supports

Guiding questions: What support from the international community has been received to help cope with the pandemic? What are the shortfalls?

In response to COVID-19 crisis, Government has been borrowing additional amount as budget/Balance of Payments (BOP) & project supports to finance COVID-19 response and recovery related projects and programs out of regular borrowing. In FY 2020, total of 1000 million US\$ budget support has already been disbursed and 300 million project support has been committed by World Bank, ADB & AIIB. In addition, IMF has provided BOP support worth 732 million US\$. On the other hand, in line with the on-going project identification process, Bangladesh has mobilized some projects for COVID-19 response and economic recovery for the FY 2020 & FY 2021. In connection with this, Bangladesh government expects to receive additional budget support worth approx. US\$ 2 billion in FY 21 & US\$ 1.43 billion from its' development partners. Moreover, scope of mobilization of foreign assistance in concessional term has become less than previous years because most of the development partners have already adjusted their financial terms and conditions either by shortening maturity and grace period or by increasing interest rates as Bangladesh graduated to Lower Middle-Income Country (LMIC). The detailed supports form received from the development partners are shown in Annexure 2.

In addition to the above debt scenario, recently, despite the entire prevailing present adverse situation, Bangladesh is being assessed at low risk of external and overall debt distress in Debt Sustainability Analysis (DSA) conducted jointly by World Bank- IMF. Even taking consideration of the impact of the COVID-19 pandemic shock in the assessment process it has found that debt remains at a low risk of debt distress. Despite the adverse shock to growth and exports, all external debt indicators are below their respective thresholds under the baseline and stress-test scenarios in that DSA.

G. Way Forward

Bangladesh through its prudent policies and efforts over the last decade has been able to achieve a solid foundation as well as resilience in all socio-economic areas. With long experience and entrepreneurship, the private sector of Bangladesh is also very vibrant, capable of absorbing shocks and back to business with stronger strength. Bangladesh is also enjoying a demographic dividend with around two-thirds of the population is between 15 to 60 years of age, according to the population census of the country.

Utilizing all these strengths along with the stimulus packages already declared, Bangladesh is in a better position to overcome the probable impacts of the COVID-19. However, continuous support of the international community will be very vital in this regard. Bangladesh has been benefiting most from the LDC-specific International Support Measures (ISMs). Continuation of these ISMs even beyond graduation will be critical for coping with the COVID impacts, which will in turn contribute to ensuring smooth and sustainable graduation and SDG implementations.

In this regard, it may be mentioned that the LDC Group in the WTO has been preparing a draft Decision for the continuation of all trade ISMs, including duty-free & quota-free market access and the TRIPS exemptions & waivers, for the graduating LDCs beyond graduation. The draft Decision will be submitted to the upcoming 12th WTO Ministerial Conference.

Annexure 1: COVID-19 Response Packages Declared by Government

Item	Implementing Agency	Total Size of Package (In Million US\$)	Fiscal Cost (In Million US\$)	
			FY 2019-20	FY 2020-21
Special Fund for Salary support to export oriented manufacturing industry workers	BB	588.2	588.2	
Working Capital loans for the affected industries and service sector (Interest Subsidy from fiscal resource)	BB	3882.4	39.7	158.8
Working Capital loans for the SMEs including the cottage industries (Interest Subsidy from fiscal resources)	BB	2352.9	29.4	117.7
Expansion of facility provided through Export Development Fund (EDF) by Bangladesh Bank	BB	1500.0	10.0	50.0
Pre-Shipment Credit Refinance Scheme	BB	588.2	5.0	20.0
Special Honorarium for doctors, nurses, medical workers	MoH&FW	11.8	-	11.8
Health insurance and life insurance	MoH&FW	88.2	-	88.2
Free food distribution	MoDMR	294.5	294.5	-
OMS of rice at 10 taka/kg	MoFood	29.5	29.5	-
Cash transfer for the targeted poor people	MoDMR	147.9	103.6	44.4
Expansion of Cash Allowance Programs	MoSW	95.9	-	130.9
Construction of home for homeless people	MoDMR	250.6	74.1	176.5
Additional procurement of paddy/rice (2.0 lac ton)	MoFood	101.2	-	101.2
Support for farm mechanization	MoAgri	378.8	50.0	328.8
Subsidy for agriculture	MoAgri	1117.6	-	1117.6
Agriculture refinance scheme	BB	588.2	-	29.4
Refinance scheme for professional farmer and small traders	BB	352.9	-	17.6
Employment creation through four State owned financial institutions	Banks	235.3	-	235.3
Subsidy for Commercial Bank's suspended interest of April-May, 2020	BB	235.3	-	235.3
Credit risk sharing scheme for SME Sector	BB	235.3	-	47.1
Social Protection (Cash transfer) Program for the export oriented industry workers	DoL	176.5	-	43.3
	Total (US\$ mil)	13,251.4	1224.0	2953.9
	Per cent of GDP	4.03		

Source: Finance Division, Ministry of Finance, as of October 12, 2020

Annexure 2: COVID 19 Economic Recovery Financing Plan, as of 13 September 2020

Budget Support for FY 2020, FY 2021, FY 2022

Amount in million US\$

	<u>FY 2020</u>	<u>Status</u>	<u>FY2021</u>	<u>Status</u>	<u>FY2022</u>	<u>Status</u>
ADB	500.00	Disbursed	500.00	Committed	500.00	Initiated
World Bank	250.00	Disbursed	500.00	Initiated		
AIIB	250.00	Disbursed	250.00	Initiated	250.00	Initiated
Japan			330.00	Disbursed	670.00	Initiated
EU			100.00	Committed		
AFD			165.00	Confirmed		
Germany			23.00	Committed		
OFID			70.00	Initiated		
EDCF			50.00	Initiated		
ITFC			25.00	Initiated		
Total	1000.00		2013.00		1420.00	

ERD emphasized on budget support mobilization. Budget support being fungible allows to allocate fund over projects/fiscal stimulus those are identified as priorities of GoB.

Project Support for FY 2020, FY 2021

Amount in million US\$

		<u>FY 2020</u>	<u>Status</u>		<u>FY2021</u>	<u>Status</u>
ADB	Health	100.00	Confirmed (Signed)	1. Employment creation MSME	230	Initiated
				2. Compensation frontline workers	100	Initiated
WB	Health	100.00	Confirmed (Signed)	Public Health (Water and Sanitation and hygiene-WASH)	200	Committed
AIIB	Health	100.00	Confirmed (Co-lending with WB, DPP yet be revised)	Public Health (Water and Sanitation and hygiene-WASH)	200	Committed
EDCF				Health	10	Initiated
IsDB				Public Health	40	Initiated
IFAD				1. Agriculture	18.91	Committed
Total		300.00			798.91	

ERD has mobilized some projects for FY 2020 and FY2021 and for FY 2022 projects are yet to be identified.

Grant Assistance for FY 2020, FY 2021

Amount in million US\$

		<u>FY 2020</u>	<u>Status</u>		<u>FY202 1</u>	<u>Status</u>
ADB	TA	1	Disbursed	Health Sector Procurement	2.65	Committed
	Equipment	0.35				3
Germany				Health Equipment Support	2.5	Equipment Provided
Japan				Health Equipment Support	9.5	Equipment Provided
Total		1.35			17.65	