

Helping Bangladesh make graduation a milestone of continued economic progress

WORKSHOP ON VULNERABILITY PROFILE

Jointly organized by UNCTAD and the Government of Bangladesh

10 December 2020
(Online workshop)

Background

The United Nations Committee for Development Policy (CDP), in its 2018 review of the list of least developed countries (LDCs), found Bangladesh pre-eligible for graduation from LDC status in the light of the country's performance under the three criteria for identifying LDCs. While meeting two of the three graduation lines would have been sufficient for making Bangladesh a case of pre-qualification for graduation, the country pre-qualified on the basis of all three criteria, thereby standing out as one of the first two LDCs in history on its way to three-pronged graduation. It is expected that the country's eligibility for graduation will be confirmed in the next Triennial Review of the CDP, scheduled to take place in February 2021.

Bangladesh's remarkable achievement comes at a defining juncture in its history. The nation is now celebrating the birth centenary of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman. The upcoming year 2021 marks the 50th anniversary of the independence of Bangladesh. This would also mark the final year of the country's seminal Vision 2021. At the same time, the government has set a target to become a prosperous developed nation by 2041.

Foreseeing the eligibility of a country for graduation amounts to recognizing that structural economic and social progress has been underway in that country. Such progress normally implies higher standards of living for the population (a form of progress that can be gauged by the per capita income and the human assets criteria), and structural economic transformation. Transformational progress is usually recognized when it involves economic diversification and upgrading and modernization of the country's economic activities. This typically entails lesser economic vulnerability and greater economic resilience. For this reason, the economic and environmental vulnerability criterion, measured by the EVI, reflects structural economic progress, but imperfectly, since it does not directly measure the progress in building productive capacities, which lies at the core of structural transformation. To this end UNCTAD has developed the Productive Capacities Index, a direct measure of the level and progress of productive capacities.

The progress of Bangladesh towards graduation is likely to be interpreted by the international community as the signal of a lesser need of Bangladesh for LDC treatment. Yet despite the evidence of progress justifying graduation, the challenge of having to be prepared to lose LDC benefits cannot be taken lightly, as the possibility of some adverse effects of graduation exists. Securing a "smooth transition" to post-LDC status is always considered important by graduating countries, and Bangladesh is no exception to the challenge at stake.

The foreseeable graduation of Bangladesh creates three important needs:

- (i) to understand the extent to which there has been structural transformation in Bangladesh;

- (ii) to measure the anticipated impact of probable losses of benefits in the context of graduation;
- (iii) to pave the way for a smooth transition to post-LDC status, and to create a climate in which there should be no room for fear of the unknown.

This online workshop aims to facilitate a leap in that three-tiered direction, by instilling greater awareness and understanding, among national policy makers, of the key implications of the likely change of status.

Objectives

The purpose of the workshop is to help national policymakers and other national stakeholders make graduation a milestone of continuing and intensifying structural transformation and social progress. To that end, the workshop offers an opportunity to:

- (i) review the progress made by Bangladesh on the LDC graduation thresholds and on other dimensions identified by the Vulnerability Profile in the fields of economic, social and environmental performance;
- (ii) examine the broad implications for Bangladesh of the expected change of country status, notably the potential benefits of graduation and the possible adverse consequences of it, in light of the ex-ante Impact Assessment); and
- (iii) discuss the next steps to be taken in the country's smooth transition out of LDC status.

Participation in the workshop

Participants will include national authorities from Ministries and other public institutions, as well as stakeholders from the private sector and civil society.