Public Dialogue on

Bangladesh's Graduation from the LDC Group
Pitfalls and Promises

Session Three: Graduating in a Brave New World

Bangladesh's Pursuit of the 2030 Agenda
Will It Facilitate Smooth Transition after LDC Graduation?

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Will It Facilitate Smooth Transition After LDC Graduation?

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Contents

- Bangladesh will cross a number of milestones during its implementation of the 2030 Agenda for Sustainable Development.

- The first five years of the SDGs coincide with the last five years of implementation of the Istanbul Programme of Action (IPoA) for the least developed countries (LDCs) for the 2011–20 period, which aims to halve the number of LDCs by 2020.

- Bangladesh is expected to become eligible for graduation given its progress in gross national income (GNI) per capita and Human Assets Index (HAI).

- While implementing various global agendas, Bangladesh has to be mindful about possible implications of pursuing one agenda for the achievement of other agendas.

- On the face of it, efforts towards SDG implementation may facilitate graduation since several objectives of the IPoA and the SDGs have commonalities (UN-OHRLLS, 2016).

- Many of the SDGs are also similar to Bangladesh's objectives for the medium term outlined in its Seventh Five Year Plan (7FYP) for 2016–20 period.

- Allen, Metternicht and Wiedmann (2017) feel that the success or failure of the SDGs, to a large extent, will rely upon their implementation at the national level.

- The Commonwealth Secretariat (2016) reiterates that the goals and targets of the SDGs provide an important opportunity to realise the work plan set out in the IPoA.

- GoB has undertaken alignment exercise between the SDGs and the 7FYP (GED 2016).

- UNDP conducted a rapid integrated assessment of Cambodia's National Strategic Development Plan and relevant sector plans and strategies.

- Coherence and synergy between the SDGs and the IPoA have been explored in UN-OHRLLS (2016).

- Using network analysis, Le Blanc (2015) suggested that the implementation of one SDG may help implement other connected SDGs.

- The broad objective of this chapter is to examine whether Bangladesh's pursuit of the SDGs can facilitate smooth transition after LDC graduation.

- The specific research questions are:
  - ➤ How are the SDGs and LDC graduation criteria linked?
  - ➤ What are the linkages between the SDGs and IPoA priority areas?
  - ➤ How aligned are Bangladesh's national policies with the SDGs?
  - ➤ Based on the findings, what policy recommendations can be made regarding the alignment of Bangladesh's national policies with the SDGs to facilitate smooth transition after LDC graduation?

- By addressing these questions, the study reviews the linkages between the SDGs and LDC graduation criteria as well as the IPoA.

- Most importantly, the study examines how Bangladesh's national policies are informed by the SDGs and the LDC graduation process.

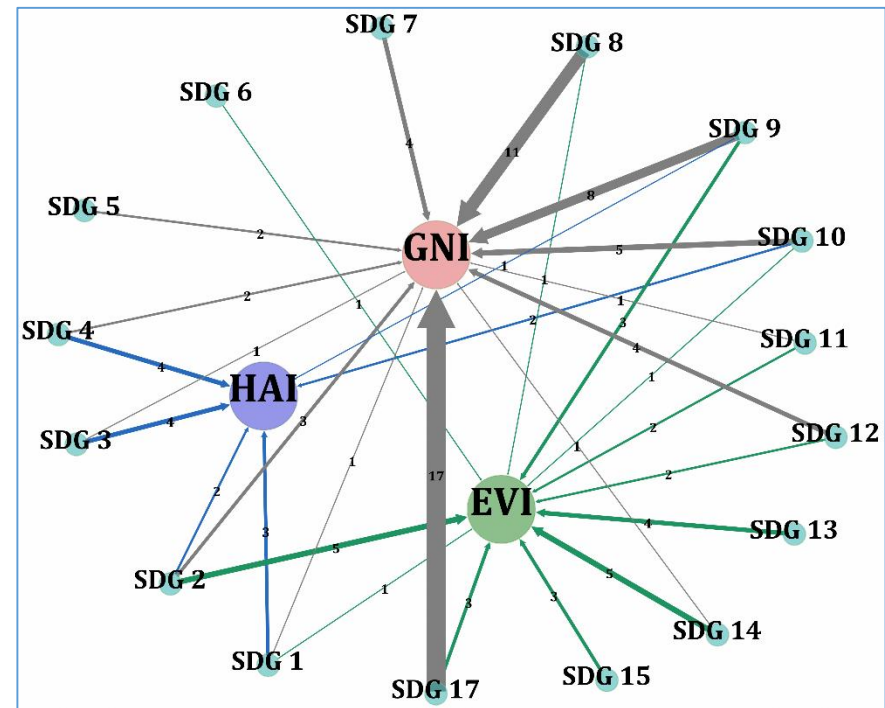***Three methods were adopted to answer the research questions:***

- ✓ Matching exercises to examine which SDG targets are aligned with the LDC graduation criteria, the IPoA and the national policies.

- ✓ Network analysis to map the linkages between the SDGs and LDC graduation criteria, the IPoA and the national policies.

- ✓ Econometric exercise to determine the directions and strengths of relationships between the indicators of SDG targets and LDC graduation criteria identified in the network analysis.

Major findings of the Network Analysis are the following:

- Out of 17 SDGs, 16 goals have direct and indirect similarity with the graduation criteria (Figure 1).

- A total of 50 SDG targets were found to be related with the seven key areas of UNCTAD's "graduation-plus" strategies for graduation with momentum - rural transformation; industrial policy; science, technology and innovation (STI) policy; development finance; macroeconomic policies; and employment generation (Figure 2).
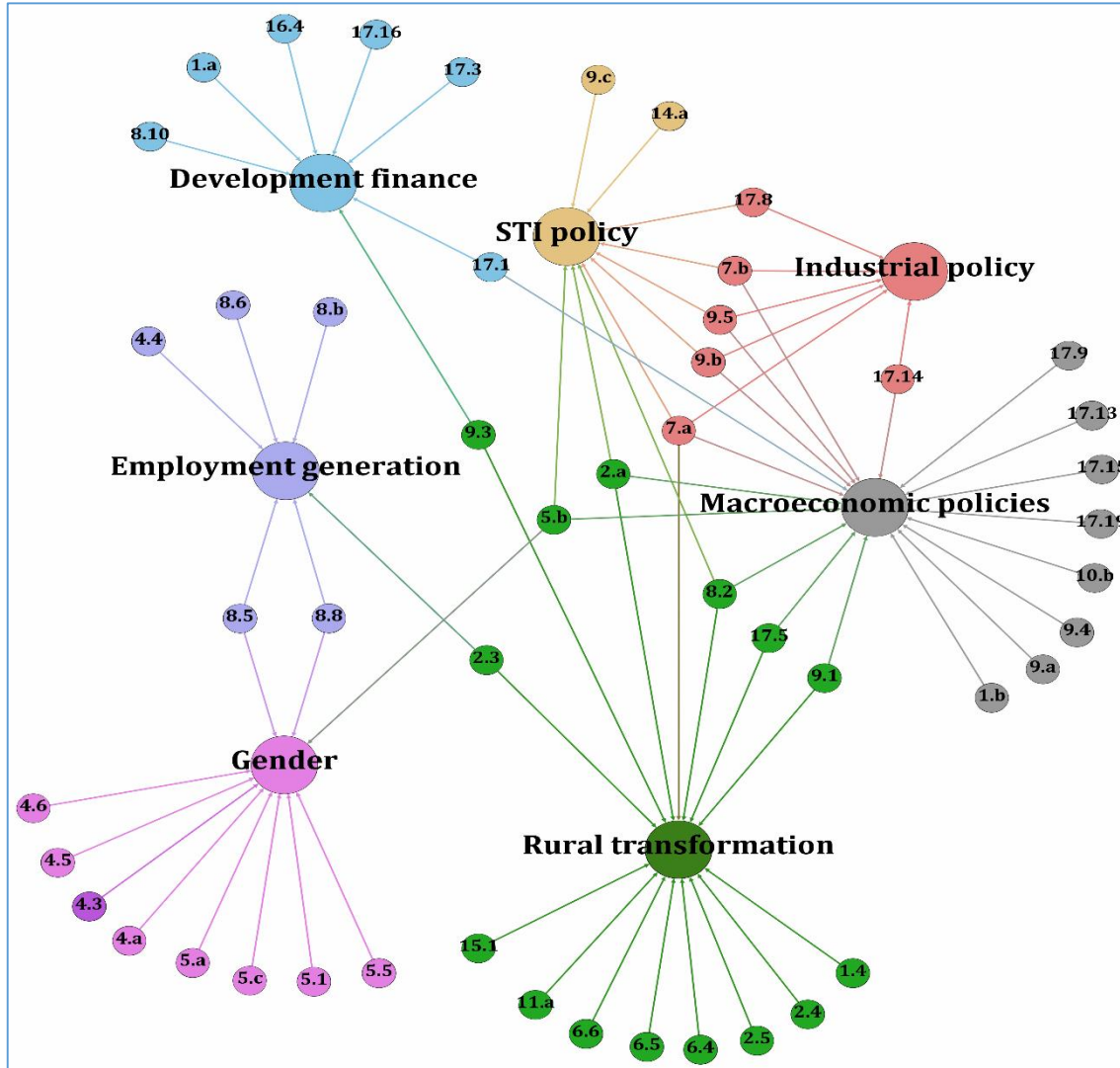
Figure 1: Number of SDG targets under each graduation criterion

Source: Prepared by authors based on UN (2015) and UN DESA (n.d.).

Figure 2: Network of key areas for graduation with momentum and SDG targets

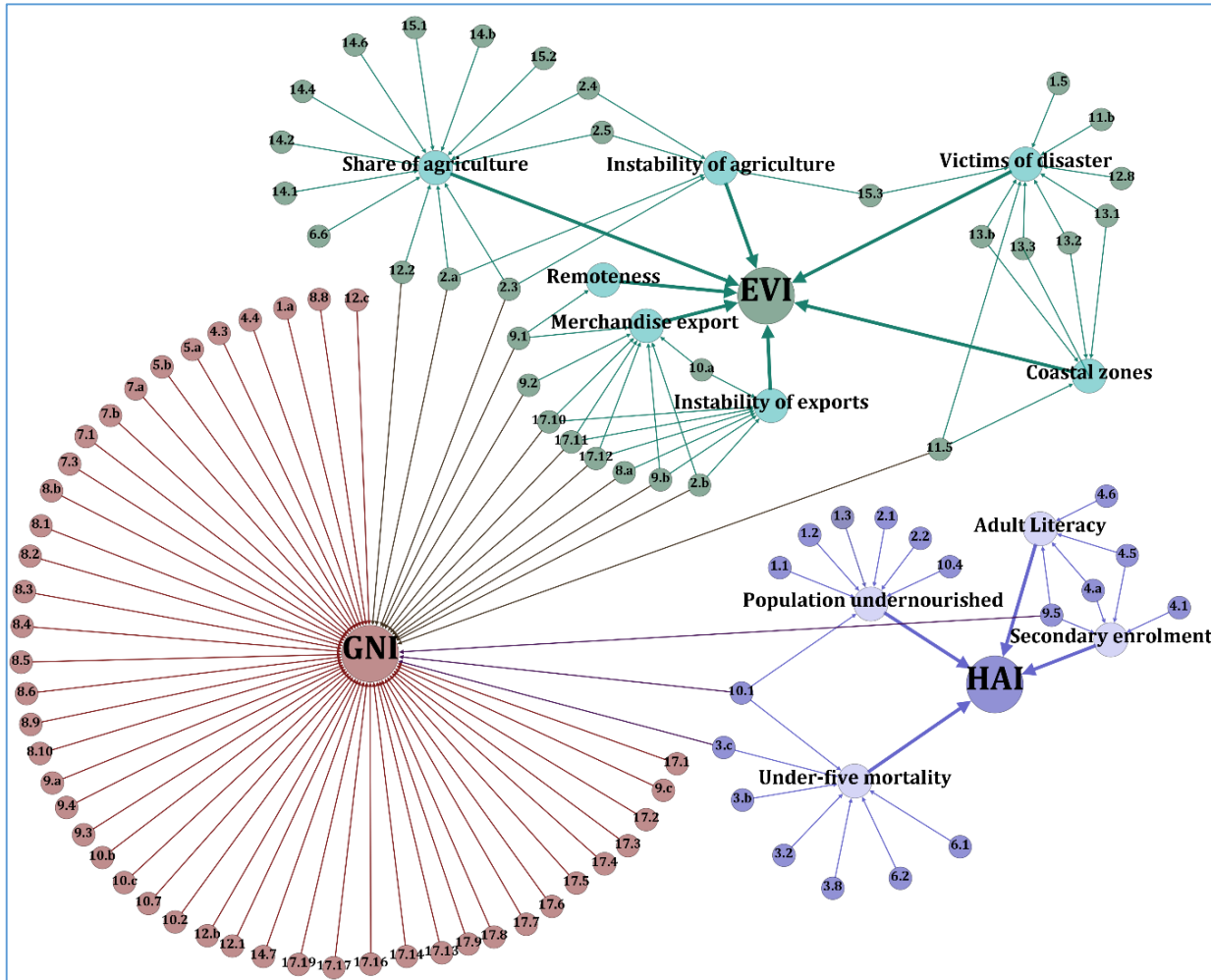**Source:** Prepared by authors based on UN (2015) and UNCTAD (2016).

- The first LDC graduation criterion GNI (Figure 3) has connection with:
  - ✓ 17 targets of SDG 17
  - ✓ 11 targets of SDG 8
  - ✓ 8 targets of SDG 9
  - ✓ 5 targets of SDG 10
  - ✓ 4 targets from each of SDG 7 and SDG 12
  - ✓ 3 targets of SDG 2
  - ✓ 2 targets from each of SDG 4 and SDG 5, and
  - ✓ 1 target from each of SDG 1, SDG 3, SDG11 and SDG 14

Figure 3: Network of LDC graduation criteria and SDG targets

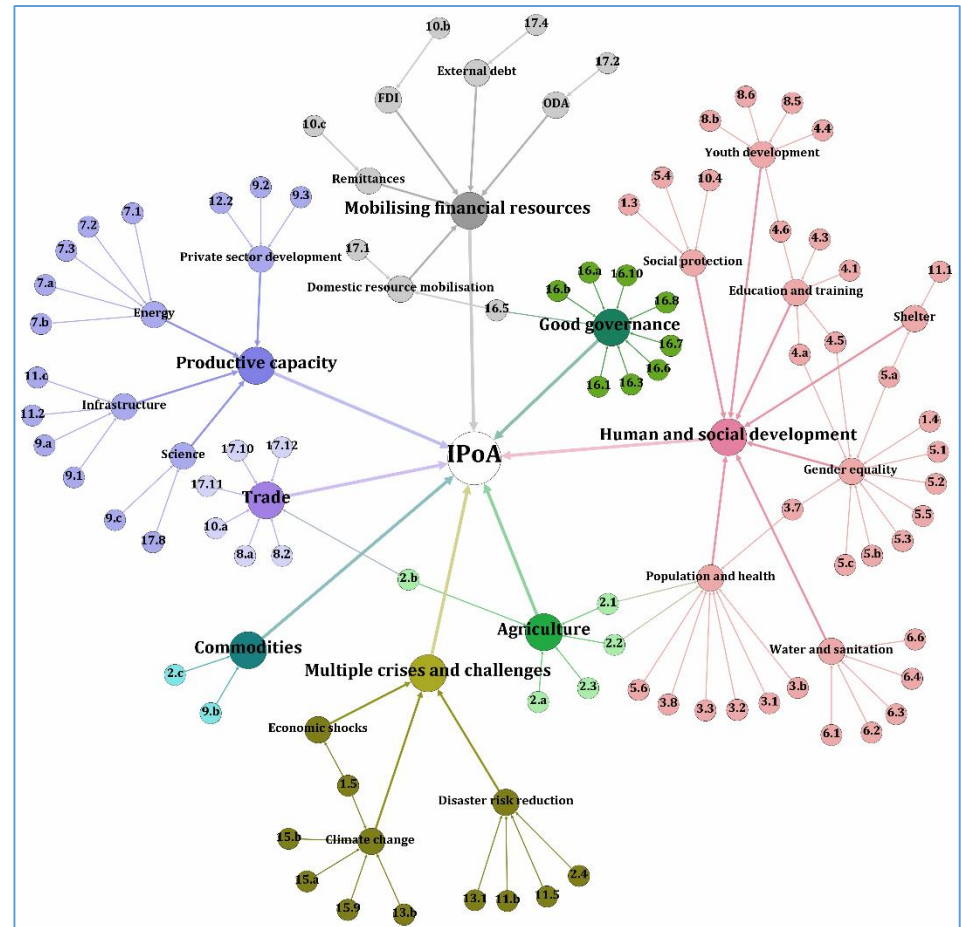**Source:** Prepared by authors based on UN (2015) and UN DESA (n.d.).

- GNI has stronger connections with partnerships (SDG 17), inclusive and sustainable economic growth (SDG 8), industry, innovation and infrastructure (SDG 9), and reducing inequality among the countries (SDG 10).

- HAI is connected with SDG 3 and SDG 4 through 4 targets from each goal; with SDG 1 through 3 targets; and with SDG 2, SDG 6 and SDG 10 through 2 targets from each goal. It shows that, good health and well-being (SDG 3) and quality education (SDG 4) have stronger connections with LDC graduation criterion HAI.

- EVI is connected with 5 targets from each of SDG 2 and SDG14; with 4 targets of SDG 13; with 3 targets from each of SDG 9, SDG 15 and SDG 17; with 2 targets from each of SDG 11 and SDG 12; with one target from each of SDG 1, SDG 6, SDG 8 and SDG 10. It shows zero hunger (SDG 2), life below water (SDG14), climate action (SDG13), industry, innovation and infrastructure (SDG 9) and life on land (SDG 15) have strong connections with the EVI criterion.

- A detailed matching exercise comparing the IPoA priority areas and SDGs indicates that 83 SDG targets have potential linkages with goals, targets and selected actions of 8 priority areas of the IPoA (Figure 4).

Figure 4: Network of IPoA priority areas and SDG targets

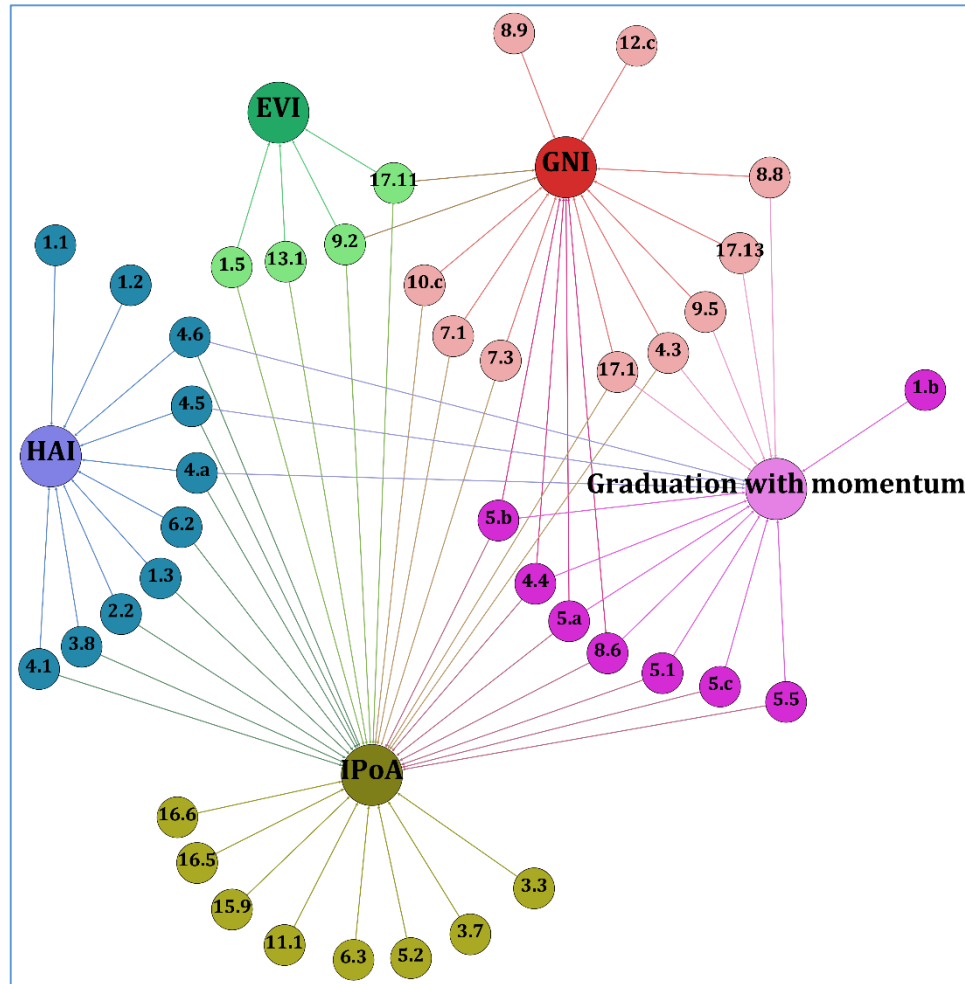**Source:** Prepared by authors based on UN (2015 and UN-OHRLLS (2016)

- In case of matching with national policies, six SDG targets match completely with national policies and falls in the 'fully overlapping' category, 40 SDG targets are 'partially overlapping', 37 targets do not match directly with national policies but 'overlap in essence', 21 SDG targets are in the 'no target in 7FYP' category and another 26 targets are 'global in nature' category whose implementation requires global initiatives (Figure 5).

Figure 5: Linkages among SDG targets reflected in 7FYP, LDC graduation criteria, graduation with momentum and the IPoA
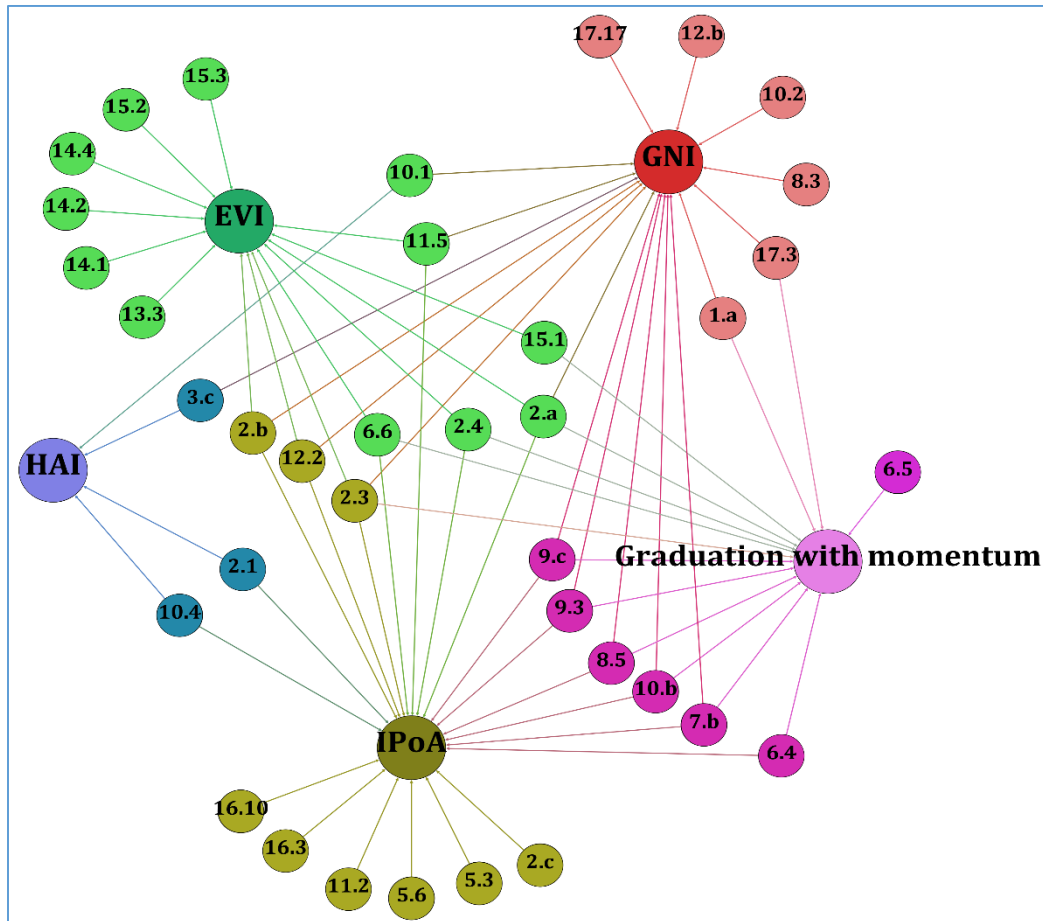
Partially Overlapping

Source: Prepared by authors based on UN (2015), UNCTAD (2016), UN DESA (n.d.), UN-OHRLLS (2016)

Figure 5: Linkages among SDG targets reflected in 7FYP, LDC graduation criteria, graduation with momentum and the IPoA
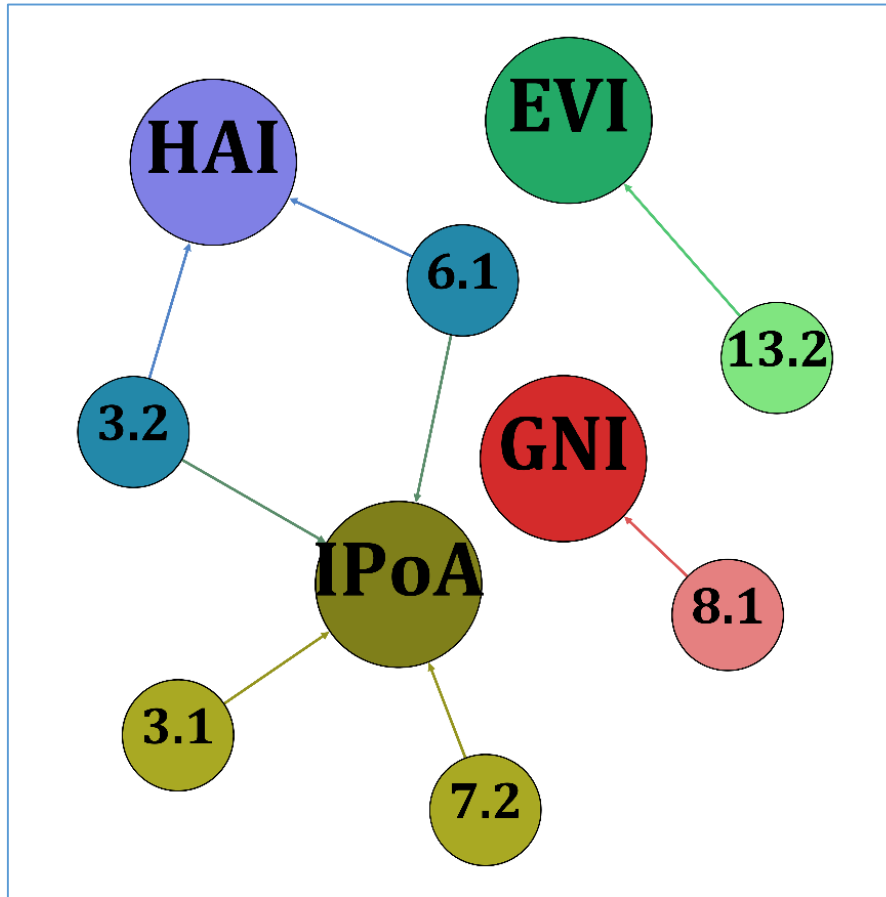

Overlapping in Essence

Source: Prepared by authors based on UN (2015), UNCTAD (2016), UN DESA (n.d.), UN-OHRLLS (2016)

Figure 5: Linkages among SDG targets reflected in 7FYP, LDC graduation criteria, graduation with momentum and the IPoA

Fully Overlapping

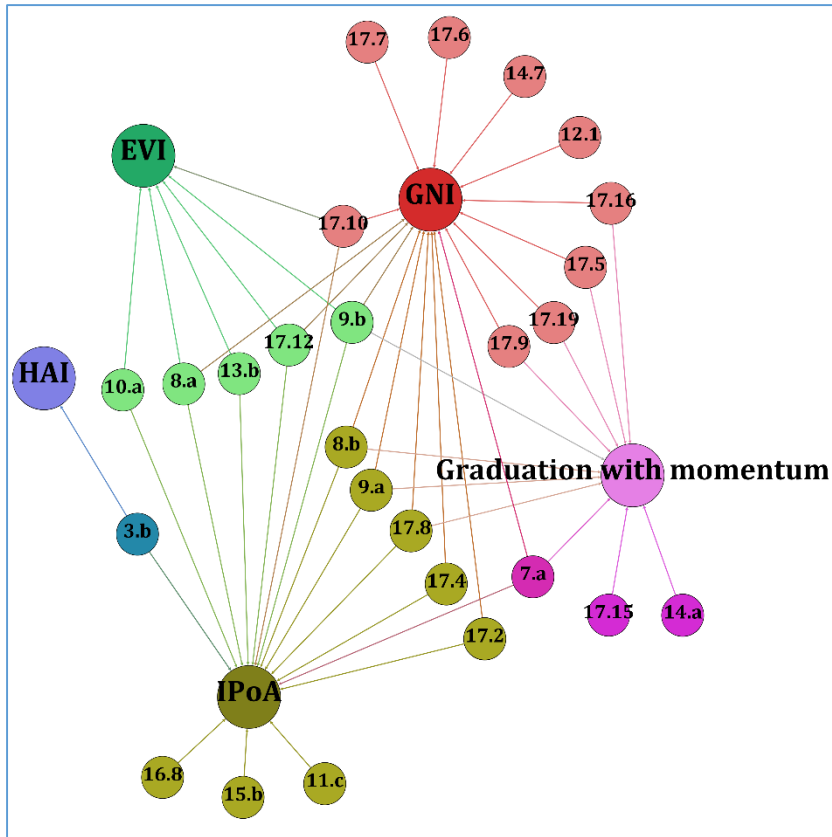**Source:** Prepared by authors based on UN (2015), UNCTAD (2016), UN DESA (n.d.), UN-OHRLLS (2016)
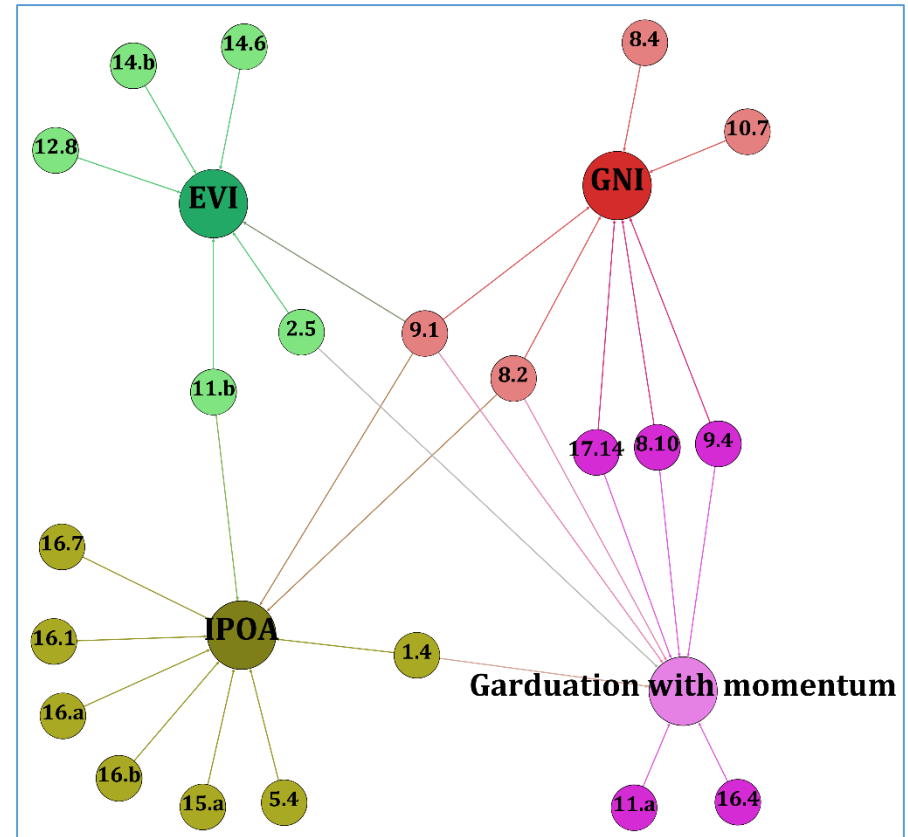
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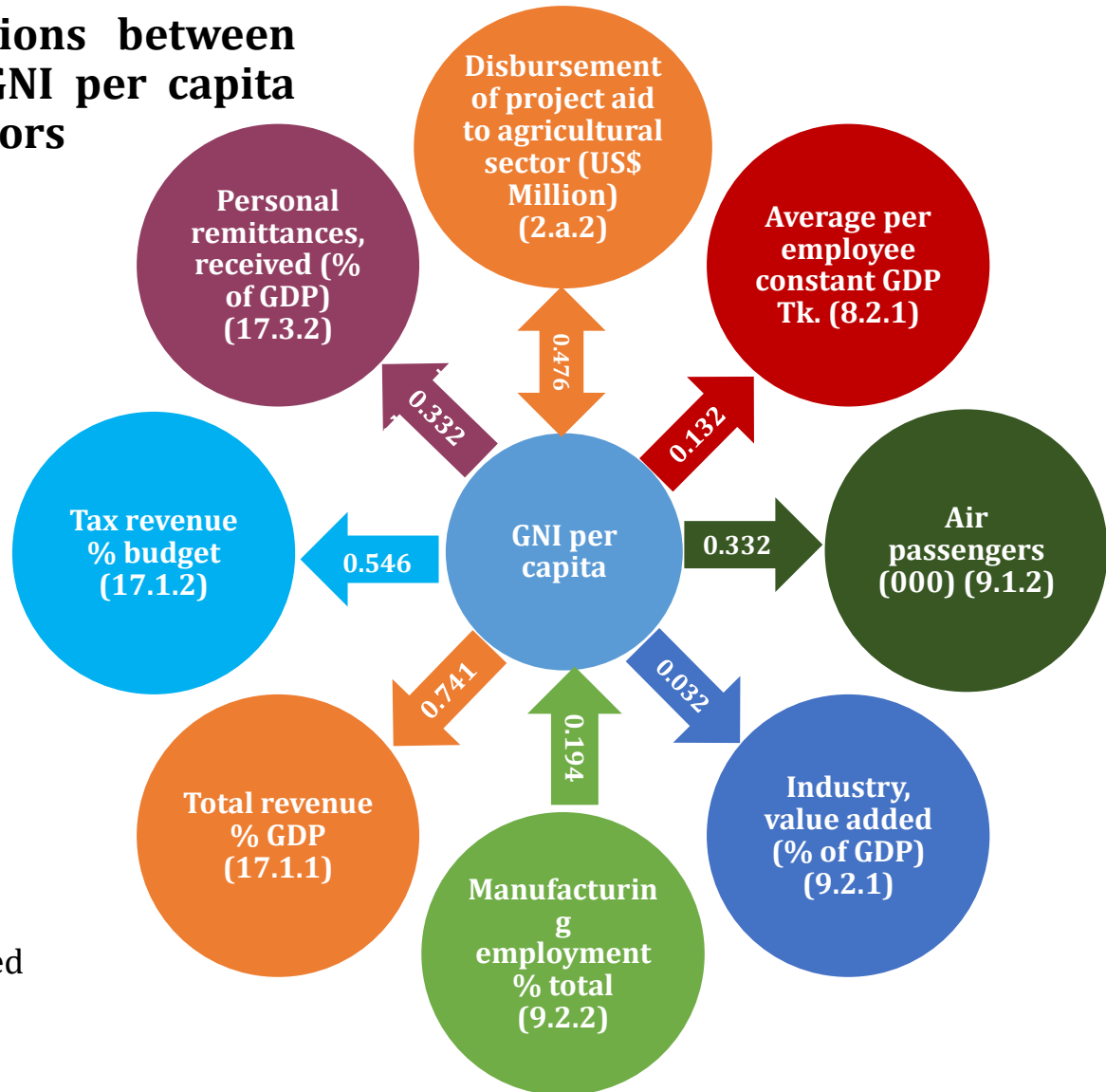
Empirical Analysis

- Network analysis in the previous section provides visual representations of SDGs' linkages with LDC graduation criteria, but it is unclear whether they are mutually reinforcing or hinder each other's objectives.

- Empirical analysis has the potential to improve understanding of the directions and strengths of linkages between the SDGs and LDC graduation criteria if comprehensive data for various indicators are available.

- This section presents the results of Granger causality and pairwise correlation tests between a number of SDG indicators and LDC graduation criteria for which data are available for the 1990–2015 period for Bangladesh.

Major Findings

- There is significant causality and correlation between 8 SDG indicators and GNI per capita graduation criteria. SDG indicator 2.a.2 on 'disbursement of project aid to agricultural sector' has a two-way causal relationship (Figure 6).

- Three indicators such as 'total airports passenger movement (SDG indicator 9.1.2)', 'total revenue as percent of GDP' (SDG indicator 17.1), and 'proportion of domestic budget funded by domestic taxes' (SDG indicator 17.1.2) are positively related to the GNI per capita graduation criterion.

- 'Average per employee constant GDP' (SDG indicator 8.2.1), 'industry, value added' (SDG indicator 9.2.1) and 'manufacturing employment as a proportion of total employment' (SDG indicator 9.2.2) cause GNI per capita positively.

Figure 6: Causal directions between and correlation of the GNI per capita criterion and SDG indicators

Source: Authors' elaboration based on empirical estimations.

Two key recommendations for Bangladesh can be drawn from the ***Network Analysis:***

- Bangladesh should pursue global and national objectives simultaneously due to the various linkages between and among many of their indicators
  - ✓ Equal efforts should be put into all global and national commitments.

- Bangladesh must pay attention to SDG targets that are not reflected in its national and sectoral policies for smooth transition after LDC graduation.

Five recommendations can be derived from Empirical Analysis:

1) Bangladesh should put continuous efforts into increasing the inflow of remittances by
   - ✓ Developing of the skills of potential migrants
   - ✓ Facilitating and supporting the migration process
   - ✓ Making better arrangements with host countries
   - ✓ Facilitating better use of migrants' earnings
   - ✓ Supporting the foreign exchange market.

2) Aid utilisation should be channeled towards employment generation and productivity enhancement within the sector.

3) The aviation sector should be developed.
   - ✓ Apart from the development of modern and bigger airports, shortcomings in luggage handling, security and management need to be addressed.

Five recommendations can be derived from ***Empirical Analysis:***

4) The industrial sector needs supportive measures, including fiscal policies and technical support, to boost employment generation and productivity.

5) Efforts should be geared towards increasing GNI per capita, which will subsequently increase tax revenue.

   ✓ These efforts should be coupled with other measures including broadening the tax base, curtailing tax evasion, strengthening institutions and ensuring good governance.

Thank you