

Strengthened Global Partnership: Crucial to Bangladesh's Economy and Development Goals

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Summary

Bangladesh has been one of the fastest growing economies in the world since 2007. It was also well on track to achieve the Sustainable Development Goals set by the United Nations. However, the COVID-19 pandemic has not only severely hurt its two economic pillars – garment manufacturing and foreign remittances, but also its sustainable and inclusive development goals. Global support in the form of finance, technology and capacity building will be imperative to bring these back on track.

Introduction

The world today is facing an unprecedented crisis due to the outbreak of COVID-19. The virus is wreaking havoc across the globe, taking lives and upsetting livelihoods in its path. Since its outbreak in Wuhan, the capital of China's Hubei province, the virus has now spread to over 200 countries and territories. Most countries are struggling to manage the outbreak effectively and there is a fear that if it continues unchecked, the epidemic may spur waves of social unrest, conflict, displacement and unmanaged migration. The pandemic could also become a new excuse for nationalism, protectionism, anti-immigration policies, racism and xenophobia. We already see tendencies of some of these.

As a common response to the infection, most countries have closed their borders and businesses, shut down workplaces and schools, and locked their population at home. As a result, it has affected a broad swath of social, economic and trade activities, like tourism and hospitality, medical supplies, consumer products, financial markets, energy, transportation, food, and more. Far from ideal, the current circumstances present a profound challenge to pursuing global development objectives in the form of Sustainable Development Goals (SDGs). The world was already falling behind in efforts to achieve these goals even before the virus outbreak. The pandemic may have further complicated the effort.

Sustainable Development Goals

Adopted by the United Nations (UN), the 2030 Agenda for Sustainable Development and the SDGs provide a blueprint for nations to achieve a better and more sustainable future for all. These goals have captured sustainable development priorities and aspirations of individual nations, and the international community has sought to mobilise global efforts around a common set of goals and targets. These 17 interconnected goals and 169 targets have laid out a path for the next 15 years to end poverty, fight inequality and injustice, and protect the planet. UN member states are expected to and have been using this template to frame their development policies and agendas.

It is important to note that this new set of global goals resulted from a long process that was more inclusive than ever before, involving governments, businesses, civil society organisations and the citizenry. Thus, the development framework was legitimate from the start. It marked the first time in human history that the nation-states had agreed on a comprehensive action plan, with clear goals and targets, for the economic, social and environmental development of the world. Unlike its predecessor, the Millennium Development Goals (MDGs), these are universal, integrated and transformative – they are applicable to all countries, irrespective of their levels of development. For these reasons, the SDGs are considered a once-in-a-lifetime opportunity to create a better world that is socially thriving, economically resilient and environmentally sustainable.

Global Partnership, Global Solidarity

The success of the 2030 development agenda in general and the SDG framework in particular are incumbent upon the availability of necessary resources. For many developing countries, resource mobilisation from within the country is not sufficient and, as such, international assistance is needed to cover the shortfalls. Thus, SDG 17 has been included in the development framework to appreciate the importance of global partnership and cooperation. To put it simply, it is about strengthening and streamlining the cooperation between nation-states, both developed and developing, on a shared vision for development. This goal seeks to strengthen global cooperation by bringing governments, the international community, civil society and the private sector together. It is believed that without significant progress on SDG 17, achieving the first 16 goals would be a near-impossible task.

Although some progress has been made, significant shortcomings remain in the most critical areas of international cooperation. For example, the donors are failing to keep their Official Development Assistance (ODA) commitments, which is on the decline. Moreover, investment flows in the developing countries are most often not in line with the expectations of sustainable development, and a significant digital divide continues to exist among nations. Amidst such deteriorating circumstances, the essentiality of global partnership and the importance of SDG 17 cannot be overemphasised.

Status of SDGs in Bangladesh

The government of Bangladesh has recognised the importance of sustainable and inclusive development to create a peaceful and prosperous country. With the experience of successfully implementing the MDGs, Bangladesh embraced the new goals with determination and enthusiasm. Under the dynamic leadership of Prime Minister Sheikh Hasina, the government of Bangladesh laid out ambitious development plans and people-centric policies, which have placed Bangladesh ahead of others in achieving the SDGs. The government aligned these development goals with the 7th Five Year Plan (2016-2020), its flagship strategic document. Bangladesh envisions becoming an upper-middle-income country by 2031. According to the World Bank, it had already become a lower-middle-income country. In 2018, Bangladesh fulfilled all three criteria for graduating from the category of Least Developed Countries (LDCs) to a developing country. Since then, Bangladesh has made decent gains in implementing most SDGs and is on track to achieving

good progress on the rest. Sadly, this pandemic hit the country at a time when the SDGs were gaining good traction here.

The government has estimated that it would require an additional amount of US\$928.48 billion (S\$1,293 billion) to achieve the SDGs. This amount would be needed and utilised over the period from FY2017 to FY2030, with an annual average of US\$66.32 billion (S\$92.4 billion).¹ It has recognised that the current progress in resource mobilisation, both domestic and external, needs substantial improvement to deliver on the development commitments. Although mobilisation of domestic resources remains central, the shortfall may have to be covered through public-private partnerships and external sources. The overseas support, consisting of foreign direct investment and ODA, has traditionally played an essential role in forming the development budget of Bangladesh. The country needs to secure such support from the international community, in the form of finance, technology and capacity building, to achieve the SDGs by 2030.

Implications of COVID-19 on the Global Economy

The full impact of the COVID-19 pandemic is yet unknown, as this is still developing and being assessed. We will have to observe the length and depth of the infection for the next few months to better understand the potential economic consequences. What we can see now is that the pandemic has already caused an unprecedented disruption to the global economy. Lives have come to a standstill, businesses are shut down, stock markets have plummeted and oil prices have fallen. Even the best performing economies are overwhelmed with the rapidly unfolding crisis.

There is still no certainty about when and how the pandemic will end, although across the world, efforts and experiments are in full swing to find an effective medical treatment or vaccine. However, most economists predict that a deep global economic recession is on the cards. The International Monetary Fund (IMF) estimates that the full economic impact of the crisis could be around US\$2 trillion (S\$2.8 trillion).² According to the IMF projections, by the end of 2020, global economic activity could decline by three per cent, global trade could fall by 13 to 32 per cent and oil prices could drop by 42 per cent.³ These are ominous signs no authorities would ever want to see.

The Immediate Consequences of COVID-19

The pandemic has been picking up momentum, causing more socio-economic disorder around the world. Authorities are imposing various forms of restriction to curb the spread, which is disrupting the everyday lives of citizens and adding to their economic woes. Travel restrictions have led to the crash of the aviation and hospitality industries. Lockdowns have shattered retail, as well as food and beverage businesses, exacerbating unemployment. Transportation shutdowns have interrupted the global supply chain. There is an overall drop

¹ Social Watch-Poverty Eradication and Gender Justice; www.socialwatch.org/node/18086.

² The World Economic Forum; COVID Action Platform 2020, "This is how much the coronavirus will cost the world's economy", 17 March 2020.

³ "Global Economic Effects of COVID-19", Congressional Research Service, 1 May 2020; <https://fas.org/sgp/crs/row/R46270.pdf>.

in demand for goods and services as the people are not willing to buy. While manufacturing firms are most affected by these disruptions, reduced consumer activity is also impacting the services sector. As businesses shut down, companies are unable to pay workers, resulting in layoffs.

Long-term Effects of COVID-19

The COVID-19 outbreak will have long-lasting and far-reaching implications for states and societies. The virus has already affected the global economy to an extent not seen since the financial crisis of 2008-2009. Concerns are growing that the pandemic-induced supply-side constraints would create more prolonged demand-side deficiencies. These could lead to decreased economic growth, from which economies may take a long time to recover. As the crisis deepens, the economic outlook worsens in a vicious downward spiral.

The crisis is testing the ability of different economic players to withstand its consequences. It has already impacted the economies of developing countries badly, as they inherit precarious healthcare systems and have limited fiscal means to fund necessary stimulus packages. The cascading effect of economic downturns, lower revenues but higher demand for public expenditure, is putting tremendous pressure on the financial sustainability of countries of the developing south.

Impact of COVID-19 on Bangladesh

Bangladesh has been one of the fastest-growing economies in Asia. Since 2009, the country has maintained an average annual gross domestic product (GDP) growth rate of nearly seven per cent.⁴ During the same period, per capita income has doubled from a mere US\$860 (S\$1,198) to the US\$1,751 (S\$2,439).⁵ However, the COVID-19 crisis has halted the economy to a virtual standstill. It is feared that the novel Coronavirus may jeopardise Bangladesh's aspiration to become a developing economy soon. The country's economic challenges are attributable to domestic disruptions as well as to its interconnectedness with the global value chain.

As with other affected countries, Bangladesh was forced to impose a lockdown to tackle the pandemic. Consequently, millions of people face the impending risk of losing jobs in sectors like dairy, poultry, transportation, tourism and garments. For 50 million workers in the informal sector, the situation is even worse since they face greater dire repercussions of the lockdown. Both the World Bank and the IMF have warned that the economic growth of the current fiscal year may slide down to just over two per cent.⁶ However, the government of Bangladesh remains optimistic about growth. Experts contend that the prognosis will largely depend on the duration and severity of the outbreak.

The Bangladesh economy stands on two pillars: foreign remittance and garments export. The looming economic recession in the Gulf region, due to plummeting oil prices, poses a

⁴ The Asian Development Bank, "Economic Indicators for Bangladesh", <https://www.adb.org/countries/bangladesh/economy>.

⁵ The Bangladesh Bureau of Statistics report; 2017-18.

⁶ Ahmed, H U, "Economic Ramification of COVID-19 in Bangladesh", *The Financial Express*, 11 May 2020.

significant threat to Bangladesh's remittance inflow. Many migrant workers in the Gulf have either lost their jobs or will be losing them soon. On the one hand, this will affect the country's rural economy, which is dependent on remittance while, on the other, erode its foreign currency reserves. The situation of the readymade garment sector, which contributes to more than 85 per cent of the country's export revenue, is not any more promising. Due to the outbreak, many buyers have been cancelling orders or refusing to accept products.

If the outbreak prolongs, it may become difficult for the government to cope. Export income would wane with a decline in demand. Private investment would drop with heightened economic uncertainty. Furthermore, foreign investment may dry up and the flow of ODA may dwindle. The outcome of all these would be distressing for Bangladesh. According to the Bangladesh Bureau of Statistics, around 20.5 per cent of the country's population lives below the poverty line.⁷ This number could swell, sending thousands of men, women and children into economic desperation, over and above the hardship of the pandemic itself. In short, the strides Bangladesh has made over the past two decades in poverty-alleviation may be nullified.

Actions taken by the Bangladesh Government

The Bangladesh government has risen up with speed and strength to fight the pandemic. It has been cooperating with stakeholders to mobilise societal action against the deadly virus. The private sector and civil society have partnered in this endeavour, working at the grassroots level to raise awareness and deliver relief to the needy. As the virus has proliferated worldwide, countries have undertaken aggressive, non-therapeutic, and preventive measures, which include travel bans, lockdowns, quarantines, isolations, and social distancing. Bangladesh has done the same. The country is also fortunate to have a strong manufacturing sector, which it has mobilised to fill the supply gaps in essential medical and non-medical equipment.

The Bangladesh government has announced rescue packages totalling of US\$11.9 billion (S\$16.6 billion), equivalent to 3.6 per cent of the country's GDP, to weather the crisis.⁸ These packages aim at supporting the industries, the agriculture sector, as well as pandemic operations, and social safety net programmes for the poor. In the short-term, the packages will ensure that those relying on daily wages and working in informal economies have food on the table during this uncertainty. In the long-term, they will help the economy regain the momentum needed to achieve its development objectives.

Challenges for Bangladesh

Bangladesh, as a lower-middle-income country, faces many challenges in fighting this deadly virus. With 160 million inhabitants in a small area, it is one of the world's most densely populated countries. As a result, the implementation of various mitigation measures like

⁷ The Bangladesh Bureau of Statistics; "Poverty and Extreme Poverty Rate of Bangladesh 2018-19", p. 1, www.bbs.gov.bd/site/page/.

⁸ Anas, A Z M, and Kuronuma, Y, "Coronavirus risks pushing millions of Bangladeshis back into poverty", *NIKKEI Asian Review*, 12 May 2020.

social distancing has become complex and troublesome, especially in urban areas. Moreover, since a significant proportion of the total population lives hand-to-mouth, prolonged lockdowns are threatening their food security. This is a harrowing situation that the government is currently struggling to manoeuvre.

Like other countries, Bangladesh did not anticipate facing a public health emergency of such monumental scale. As a developing country, its healthcare delivery system is designed to focus on primary healthcare and prevention. Now, the Bangladesh healthcare system is overwhelmed with the staggering number of infections and the requirement for extensive specialised medical management. Plus, the country is battling a severe shortage of protective equipment, testing kits and training for healthcare workers, as well as quarantine and hospital facilities, making the fight against the virus even more daunting.

Additionally, Bangladesh has two crucial challenges to overcome in the short-to-medium term if its economy is to thrive during these trying times. The apparel sector, second in size only to that of China, has been the golden goose for the country's US\$300 billion-plus (S\$418 billion) economy. Garment and textile exports account for almost 12 per cent of the GDP and 84 per cent of the total exports.⁹ Now, the entire industry is in deep trouble as the companies that buy from Bangladesh are cancelling orders, pushing it to the brink of collapse. Since the beginning of the outbreak, nearly US\$3 billion (S\$4.18 billion) worth of work orders have been cancelled. This will directly affect the livelihood of roughly two million garment workers, who are mostly women.¹⁰ The government now faces the arduous process of bringing back the buyers needed to revive these flagship industries.

Furthermore, foreign remittances, the second-largest driver of the economy, are also threatened. Last year, over 10 million Bangladeshis working overseas sent home more than US\$18 billion (S\$25.1 billion), making up about six per cent of the GDP. Most Bangladeshi migrants work in West Asia, where economies have been hit hard by declining oil prices. Many of them will be forced out of their jobs and will have to return home empty-handed. With the fall in the oil prices and subsequent job losses, remittances are expected to fall by 20 per cent this year.¹¹ This will have resounding consequences for Bangladesh, as remittances have provided crucial funding to the country's poverty alleviation programmes.

Bangladesh needs resources to help its workers, employers and marginalised people withstand the crisis. Currently, the government is struggling to cope using its own resources, and it needs support from overseas to cover the shortfalls. The World Bank has fast-tracked US\$100 million (S\$139 million) to support the country's fight against the virus.¹² However, this is far from the amount needed for Bangladesh to care for its vulnerable citizens. That said, a supportive and collaborative effort by both national and international entities can help the country to overcome this crisis.

⁹ Anas, A. Z. M., "Bangladesh goes to bat for textile industry as buyers scrap orders", *NIKKEI Asian Review*, 31 May 2020.

¹⁰ Anas, A Z M, and Kuronuma, Y, op. cit.

¹¹ Ibid.

¹² The World Bank, Dhaka Office; <https://www.worldbank.org/en/news/press-release/2020/04/03/world-bank-fast-tracks-100-million-covid-19-coronavirus-support-for-bangladesh>.

Implication of COVID-19 on the Implementation of the SDGs

The implication of the COVID-19 pandemic on Bangladesh's achievements of the SDGs has not yet been studied. However, from a thoughtful reflection on the outbreak's economic outcomes, it can be stated in definite terms that this will have short- and long-term effects on the realisation of the SDGs. Clearly, the pandemic has direct implications on SDG 3, which concerns good health and well-being. However, it will also have far-reaching consequences for the entire Agenda of Sustainable Development. Desired progress could be jeopardised if the time required to return to normalcy is longer than expected. The short-term effects are already noticeable. SDG 1 regarding poverty and SDG 2 on food insecurity need to be emphasised as they face tremendous challenge. According to one estimate, the virus may push 40 to 60 million people into extreme poverty in the developing world, and 16 million of them are said to be in South Asia.¹³ With more people living below or close to the poverty line, the developing countries, particularly LDCs, will suffer the gravest consequences.

One estimate reports that the pandemic has affected some 1.25 billion students,¹⁴ which pose a serious challenge to SDG 4 on education. Furthermore, the International Labour Organization estimates that some 25 million people could lose their jobs,¹⁵ undermining the prospect of SDG 8, decent work and economic growth. COVID-19-induced economic crisis will also impact SDG 5, women's empowerment, since they make up the bulk of part-time and informal workers. Moreover, the pandemic and its effects will exacerbate inequality of access to clean water and sanitation, SDG 6, and inequality more generally, SDG 10.

A key directive of the 2030 Agenda is to 'leave no one behind'. This is meant to protect the most vulnerable people in a given society from economic, social and environmental stresses such as this. The pandemic has reminded us all that we need integrated policy responses covering all areas, including health, poverty reduction, climate change, and rule of law and paying particular attention to the marginalised and distressed.

Imperative for Global Cooperation to Fight COVID-19 and Achieve the SDGs

The COVID-19 crisis has reinforced the fact that we live in an interconnected and interdependent world. The pandemic has proved that no country is an island. It has brought to the fore the urgent need for concerted global action, which, if undertaken, could end poverty, protect our planet and ensure prosperity for all. COVID-19 highlights our common vulnerability across borders and beyond North-South divides, and our segmented and narrow approach to development. We face common global challenges that must be solved through common, global solutions. This is what the 2030 Agenda and the SDGs are about.

We do not really know the final shape a post-pandemic world will take. However, in these uncertain times, we are often told to focus on what we can know; and we know that robust international cooperation will be fundamental to dealing with this global scourge and its

¹³ Mahler, D, and Lakner, C, "This is the effect COVID-19 will have on global poverty, according to the World Bank", The World Economic Forum COVID Action Platform, 11 May 2020.

¹⁴ Akufo-Addo, N A D, and Erna Solberg, E, "Amid the coronavirus pandemic, the SDGs are even more relevant today than ever before", UN Sustainable Development Goals Blog, 28 April 2020.

¹⁵ International Labour Organisation (ILO) press release; 18 March 2020.

aftermath. As the UN Secretary-General reminds us, no matter its perceived capacity, no country has a chance of success in tackling this crisis if it devises health and economic responses on its own. Global partnership and solidarity is and will continue to be needed as we handle the ongoing pandemic and mobilise resources to revive global trade. Moreover, helping the most vulnerable countries is in the self-interest of the most affluent ones and should be an essential part of future development cooperation frameworks.

Moreover, COVID-19 has underscored the relationship between people and our environment, educating us that unsustainable paths will prove themselves as such, unsustainable. It is in the interest of humanity to move away from unsustainable practices that are set to trigger further crises. However, doing so requires political will, global coordination and solidarity. As we move towards the next phase of the crisis in many countries, governments have a unique opportunity to pursue recovery that not only ensures income and jobs for all, but also protects diversity and the ecosystem, one that truly 'leaves no one behind'. Only such an approach can deliver win-win-win policies for people, planet and prosperity.

Conclusion

As the world is seized with containing the spread of COVID-19 and addressing its impacts, countries are resetting their priorities and reallocating resources to deal with this. The immediate attention of all countries is to save lives at all costs, and that is the right thing to do. However, rich countries, having also suffered substantial losses, may use COVID-19 as a pretext to cut down their development assistance to developing countries. As they fight the pandemic with border controls and other protective measures, a rise of nationalism within their communities is not unexpected. However, wealthy countries should recognise their inability to confront it within the confines of the nation-state as evidence of our shared global experience and our common imperative for robust international cooperation.

Bangladesh is fortunate to have a government led by a visionary Prime Minister, an enthusiastic civil society, a vibrant non-government organisation community and a thriving private sector. Their prompt, supportive and emphatic collaboration have enabled the country to handle the pandemic reasonably well. However, as a lower-middle-income economy with an enormous population and an already-strained healthcare system, it is not easy for the country to weather this storm by itself. Furthermore, the hasty, short-sighted and inconsiderate decisions made by some governments and businesses affecting the two lifelines of Bangladesh's economy - garments export and remittances – have not helped its cause either. The country needs compassion and solidarity from the international community to defeat such calamities now and in the future. Working together, in partnership and with burden-sharing, we can save lives, restore livelihoods, bring our economies back on track and foster sustainable development for ourselves and the generations after us.

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