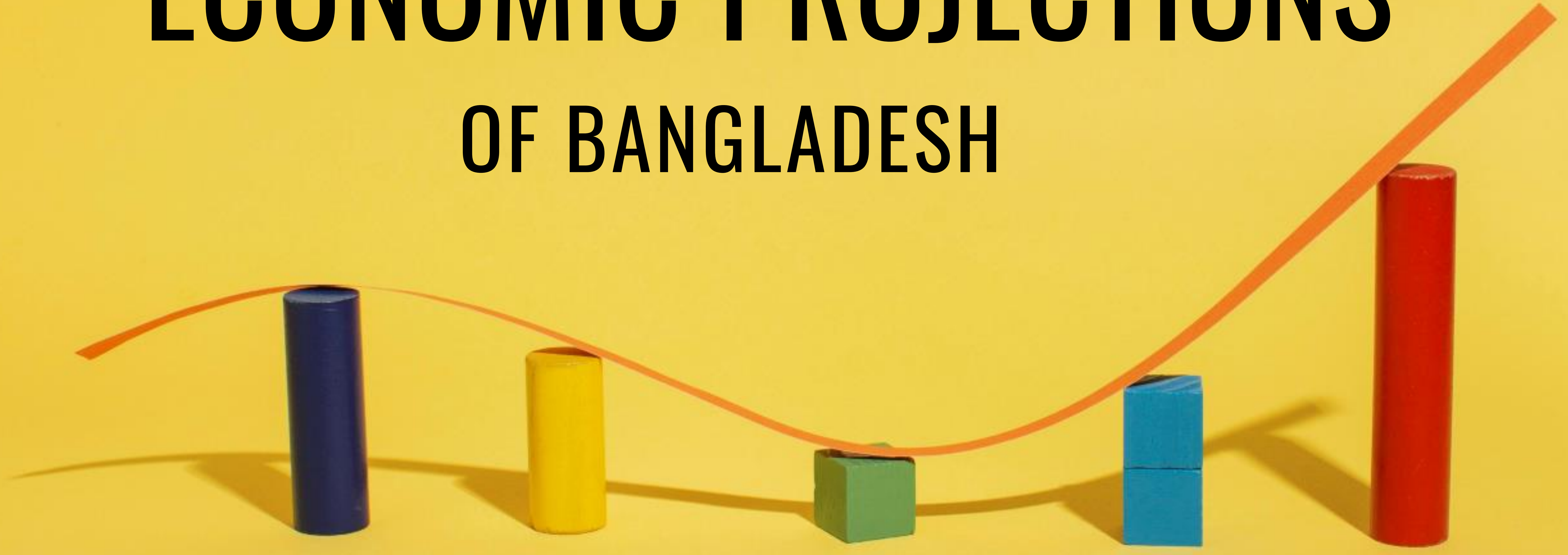
ECONOMIC PROJECTIONS

OF BANGLADESH



GREEN DELTA CAPITAL

Date: 6th December, 2023

Present Macro-Economic Highlights of Bangladesh

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Gross Domestic Product (FY22-23)
USD **453.87** Billion

GDP Per Capita (FY22-23)
USD **2,657**

GDP Growth Rate (FY22-23)
11.77%

Unemployment rate (Q3, 2023)
3.31%

Income Per Capita (2022)
BDT **7,614**

Amount Export (FY22-23)
USD **55.56** Billion

Inflation rate (November, 2023)
9.49%

Forex Reserve (November 2023, BPM6)
USD **19.30** Billion

Source: BB, BBS, EPB, HIES 2022, LFS 2023

Economic Projections under 8th Five-Year Plan

(till FY2025)

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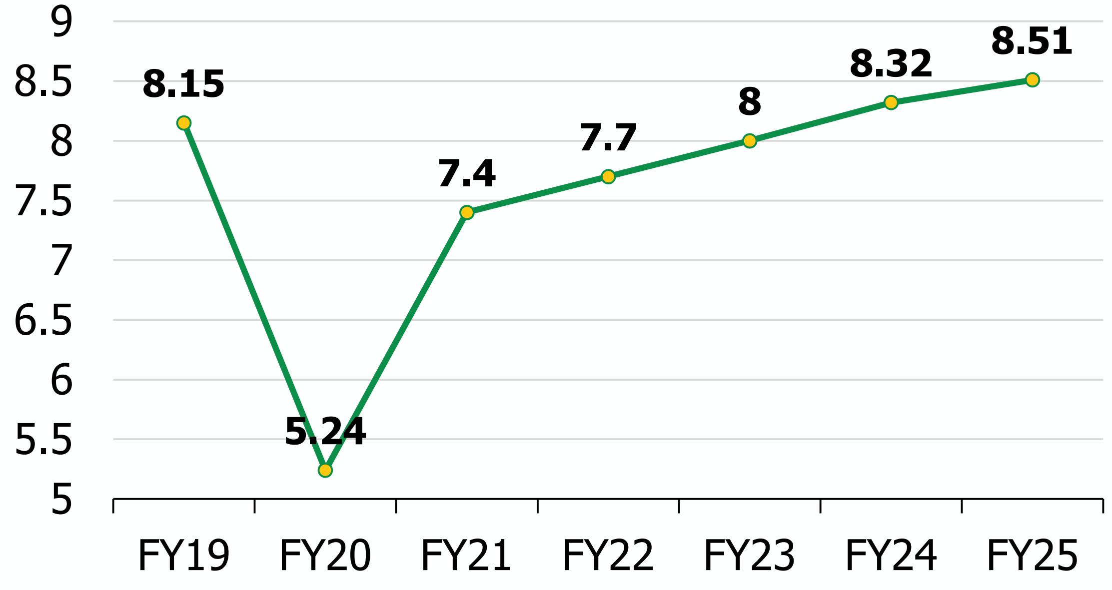
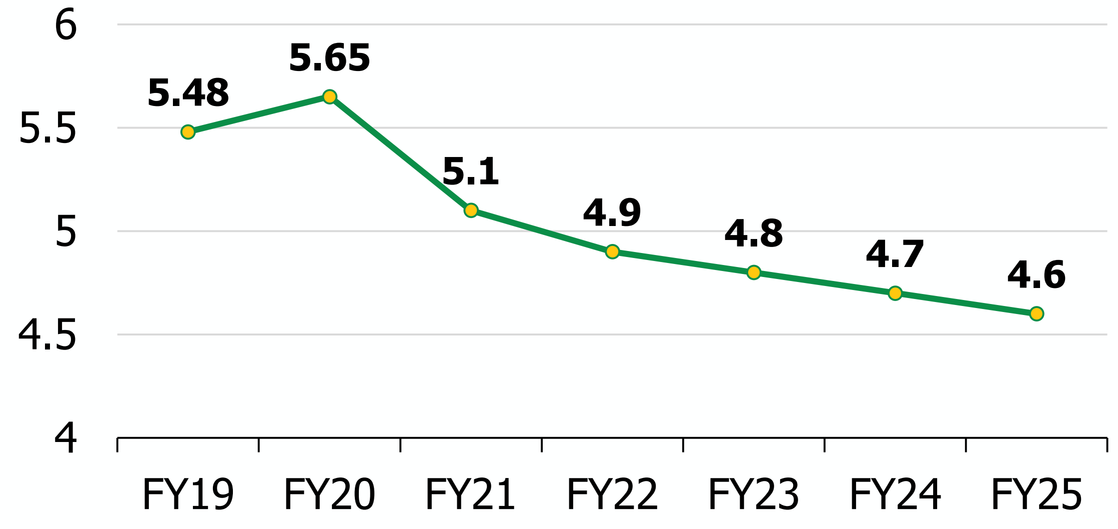
Projections for Economic Indicators

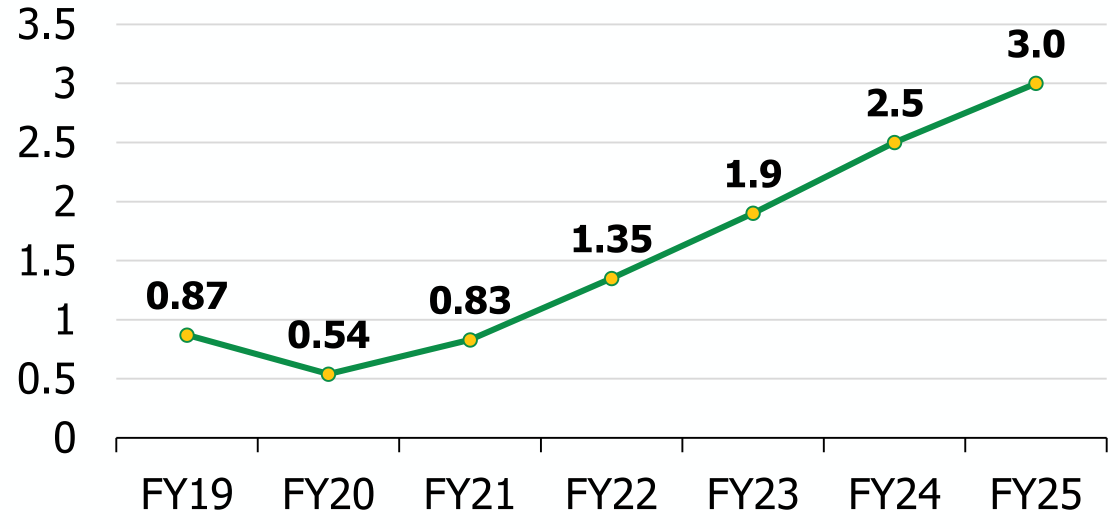
Real GDP growth



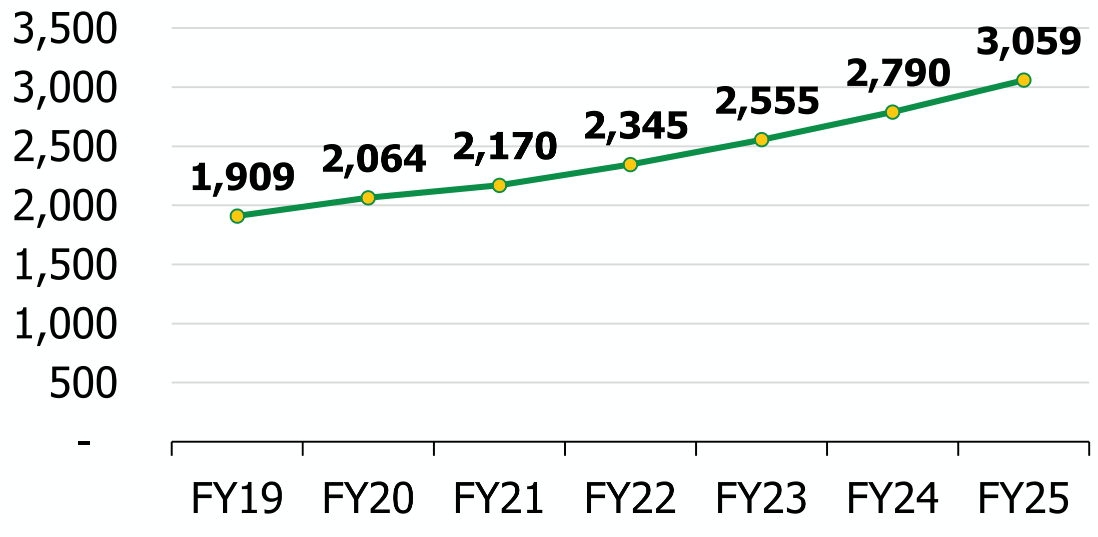
Change in Inflation
(CPI Based)



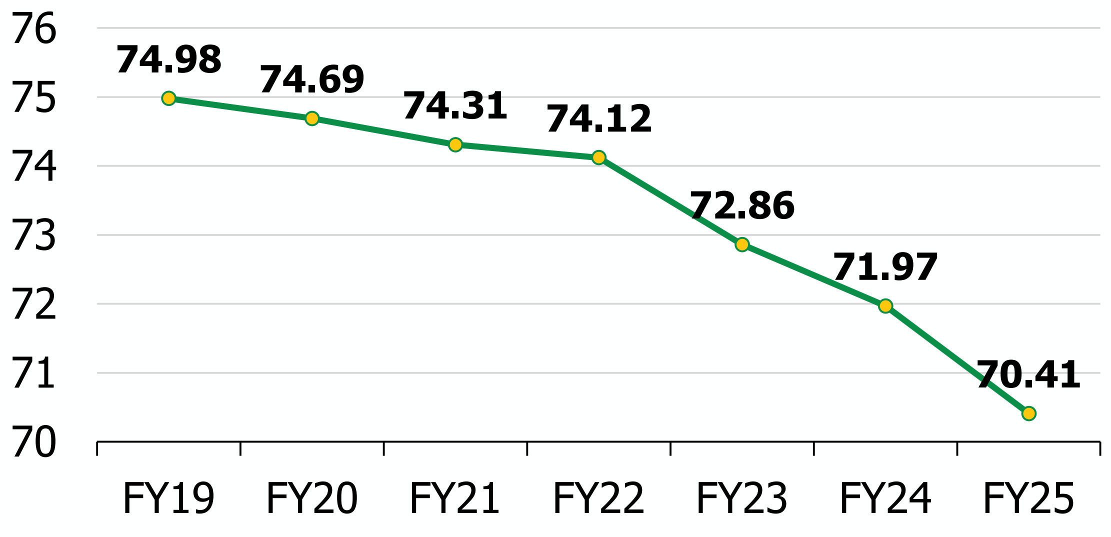
Foreign Direct Investment
(% of GDP)



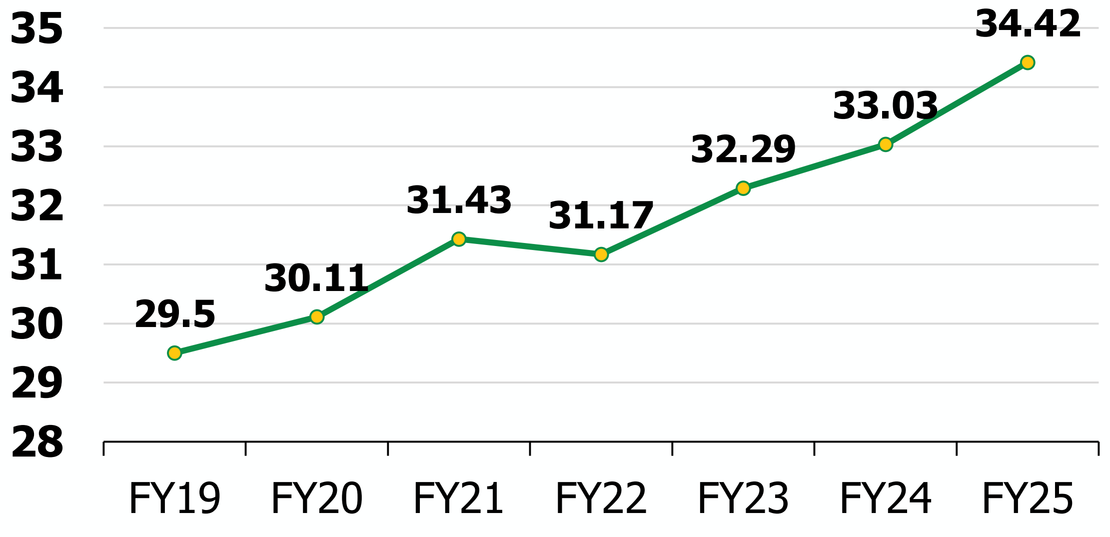
GNI per capita
(in USD)



Consumption
(% of GDP)



National Savings
(% of GDP)



Agriculture & Water Resource

The adoption of the BDP2100 and the implementation of the associate PIP for the 8FYP will substantially rise the ADP spending, especially for water management where the gaps are large, especially in the area of flood control, river bank management and restoration of river courses to provide fresh water supply. These are all highly capital-intensive projects but are essentially to protect the water resources of Bangladesh and reduce the vulnerability of the poor from natural disasters.

Environment & Climate Change

The sustainable development agenda is cross-cutting in nature and involve collaborative efforts of a large number of ministries. So, the total amount of resources involved in financing the implementation of the sustainable development strategy is large and spread over the work programme of several ministries including agriculture, water, land, local government division, etc.

Power & Energy

In primary energy new investments were modest, but the progress with diversifying and increasing the supply of primary fuel has been very limited, though some large-scale coal fired power plants are under different stages of implementation and that imported LNG having been added to the pipeline. During the eighth plan period the effort will be to build a fiscally sound efficient least cost power generation system, with increasing renewable energy as a source for power production. In this pursuit of least-cost generation, the priority should be efficiency gain and rightly balanced fuel mix.

Transport & Communication

In view of the growing demand for transport services and the need for modernization of transport infrastructure in preparation for move towards an UMIC, transport investment needs will be substantial. The 8FYP financing strategy for transport infrastructures call for greater mobilization of PPP investments in toll roads, bridges, aviation and international shipping. Cost recovery policies will be strengthened learning from the good practice example. Cost recovery from airports, inland water transport, road user charges, and railway services can play a major role.

Health Development

The rapid response to COVID-19 and the need to sharply enhance the health sector capacity of Bangladesh calls for substantial increase in budget and ADP allocations. The ADP allocations have been designed to meet the 8FYP target to increase health care spending from 0.7% of GDP in FY2019 to 2.0% of GDP by FY2025. The ADP allocations undergo a steep increase to meet the healthcare objectives of the 8FYP.

Reduction of Poverty

The poverty reduction targets depend upon both the growth rate of GDP and the pattern of consumption/income distribution. It also depends upon how quickly the short-term spike in poverty acceleration owing to COVID-19 is reversed and the poverty path is restored to the pre-COVID trend. The average growth rate projected for the Eighth Plan is 8.0 percent per year.

Economic Projections under Perspective Plan

(till FY2041)

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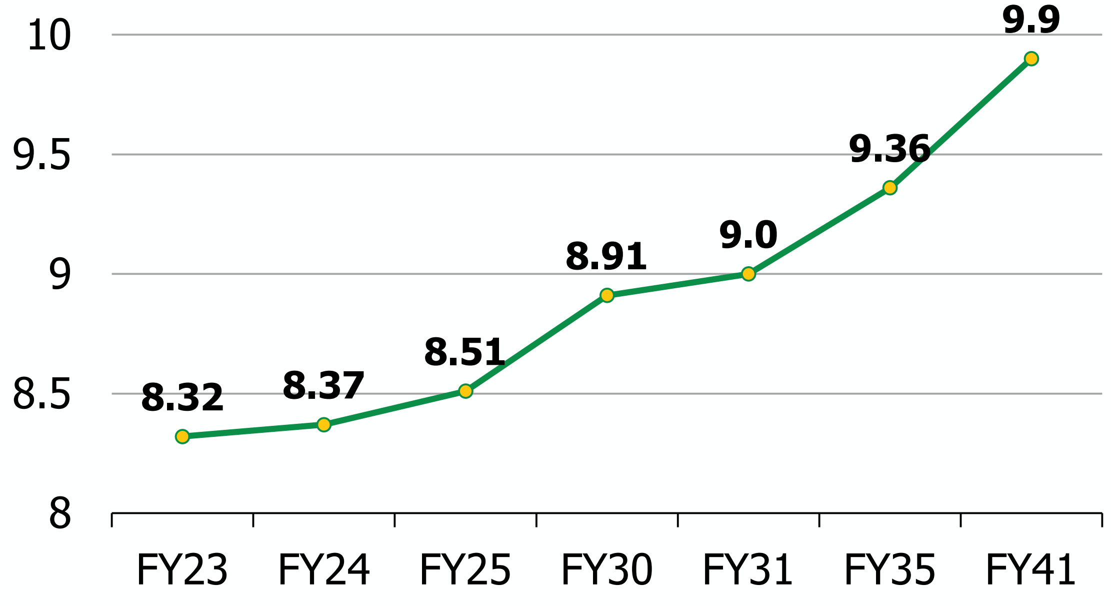
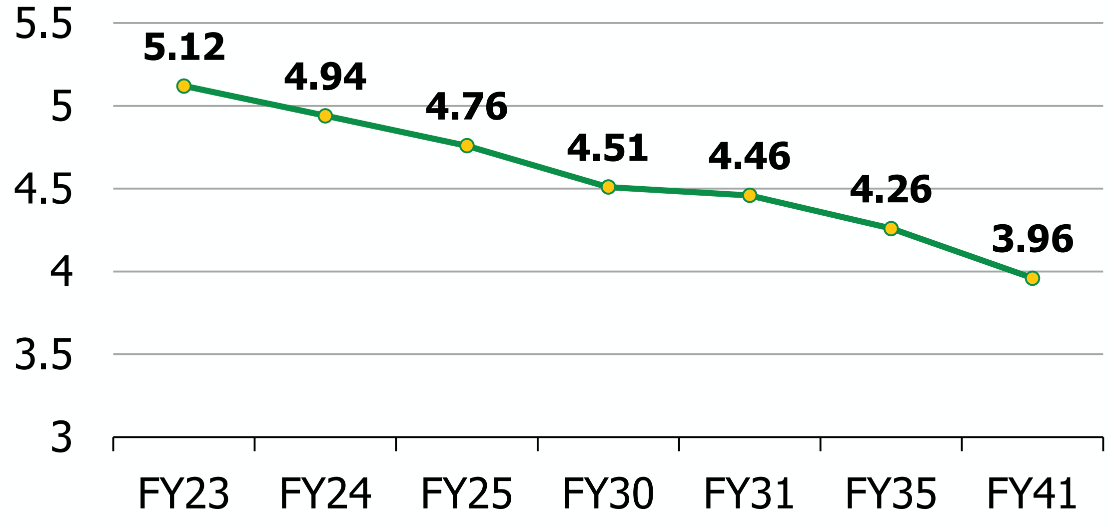
Projections for Economic Indicators

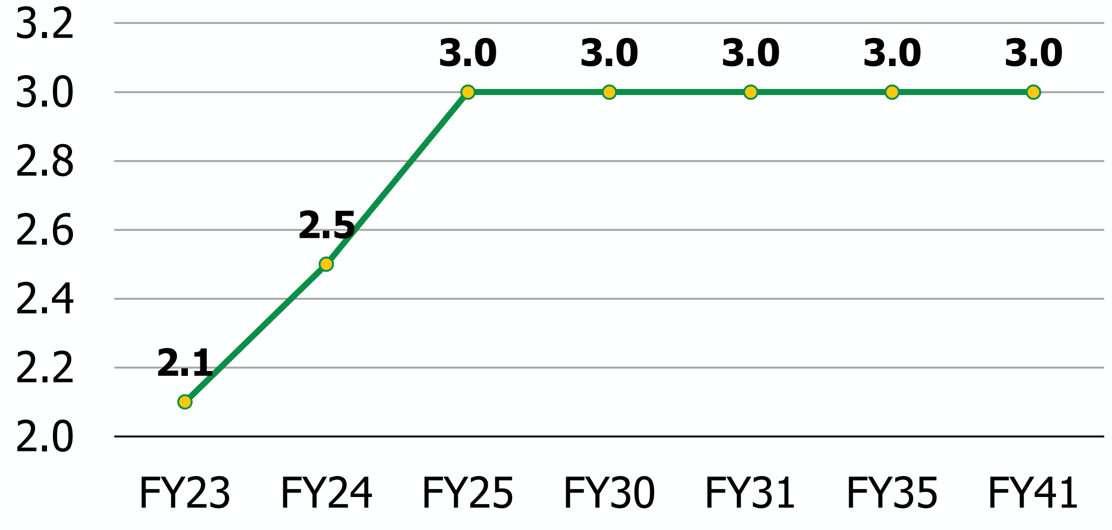
Real GDP Growth (%)



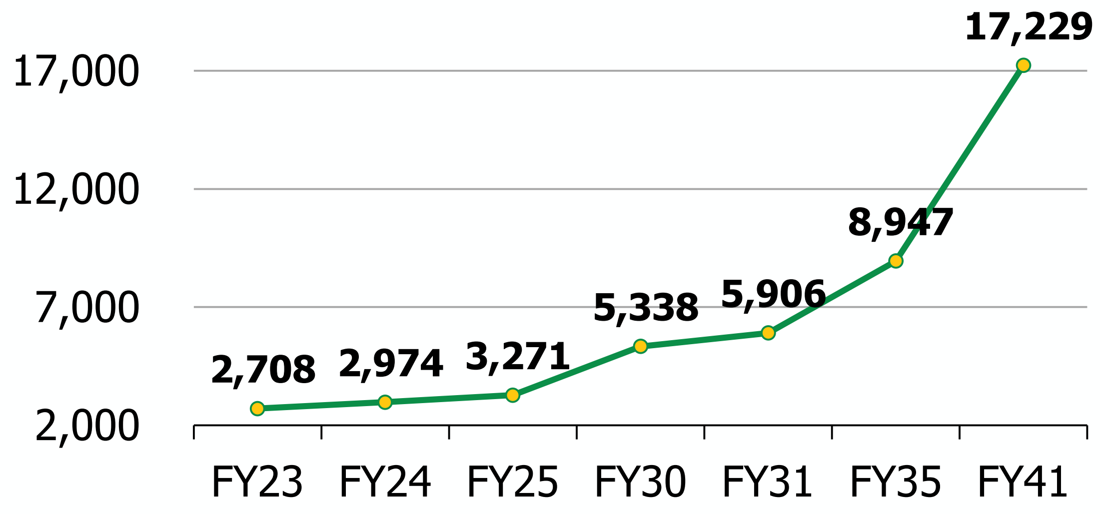
Change in Inflation – CPI Based (%)



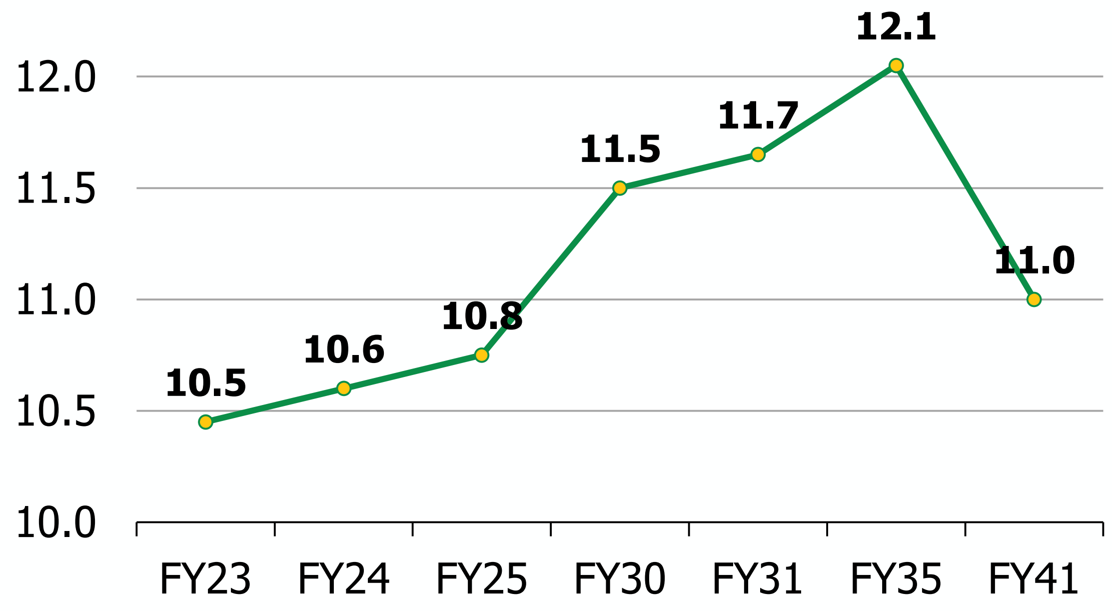
Foreign Direct Investment (% of GDP)



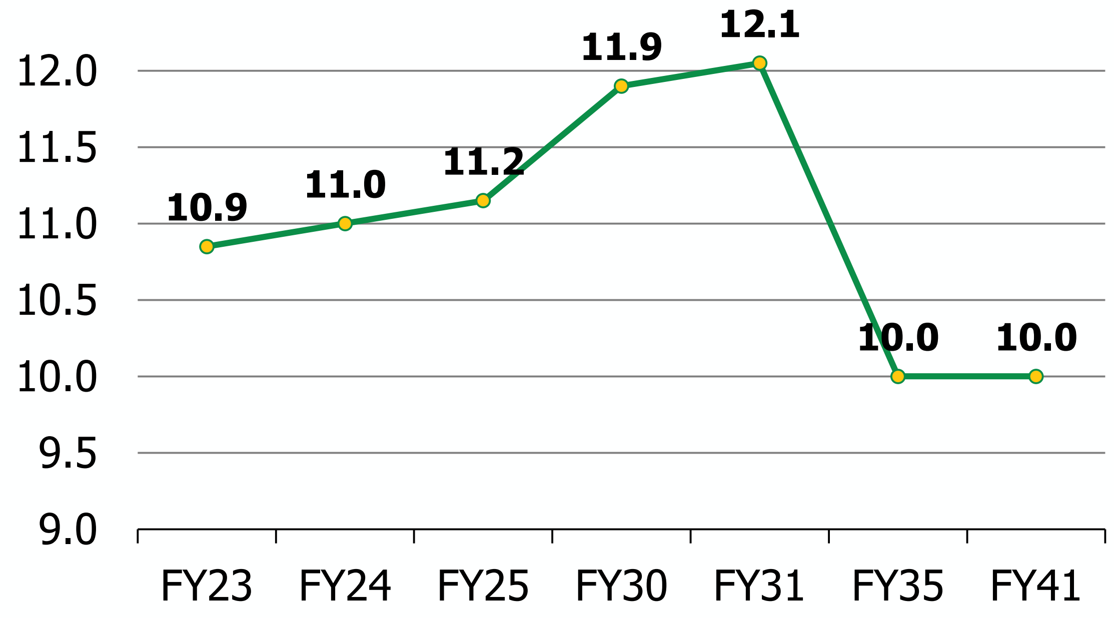
GNI per capita (in USD)



Export Growth (%)



Import Growth (%)



Poverty and Inequality

Fundamentally, the main poverty and inequality objectives of the PP2041are to:

- Eliminate the incidence of extreme poverty by FY2031.
- Keep the incidence of poverty to a bare minimum.
- Arrest the trend of increasing income inequality and seek to reduce it.

The most important targets are the elimination of extreme poverty (less than 3%) by FY2031 and the virtual extinction of poverty by keeping the incidence at below 3% by FY2041. PP2041 also sets a modest target for reduction in income inequality as measured by the Palma Ratio.

Human Development

Consolidating the gains from ongoing initiatives and focusing on areas of concern should allow Bangladesh to secure the health targets. Furthermore, in line with the SDG targets, Bangladesh hopes to achieve universal health coverage (UHC) by 2030. Education and training challenges are more intense given the existing gaps. The quality challenge is especially intense and will require strong coordinated efforts. Success with education targets will be a key determinant for moving forward with the overall growth and poverty reduction targets for PP2041.

Agriculture

The success achieved in agricultural production has substantially reduced risks related to food security, but serious challenges remain as Bangladesh tries to reach its goal of achieving HIC status by 2041. Increases in the production of food are not of much use if it is not distributed to the population adequately.

Power and Energy

A core objective of the PP2041 power and energy strategy would be to meet the new demand. This large long-term expansion in the demand for power and energy will require considerable investment based on least-cost options, a phasing away of high-cost liquid fuel based power plants, and flexible management of primary fuel at the lowest possible cost to produce electricity while also paying attention to minimizing the carbon impact.

Transportation

The targets show both the massive growth in the demand for transport services to meet the needs of a growing and transforming economy and major changes in inter-modal transport that is needed to improve the efficiency and cost-effectiveness of the transport system.

Communication

PP2041 will build on this success and continue to modernize communications in Bangladesh. The PP2041 strategy will continue to provide policy and institutional support to private investment in expanding telecommunications network and services, boost the expansion of private print, audio and video media, and provide an enabling environment for competitive and healthy expansion of communication services and knowledge and information sharing.

Climate Resilient Delta Nation

Given the high cost of environmental degradation and climate change, the conversion of Bangladesh into a climate-resilient and environmentally sound country is essential. Consistent with good practice global experience, the environment and climate change factors will be integrated into the underlying growth and poverty reduction strategies to build resilience and facilitate the journey to an upper-middle-income country status by FY2031 and to a high-income economy by FY2041.

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