

Intervention on
Agenda No. 3.(a)
Macroeconomic Policy, Poverty Reduction and Inclusive Development

Bangladesh economy has demonstrated satisfactory growth performance while maintaining macroeconomic stability over last few years. During the financial year 2011-2012, there has been sustained growth in industry and service with moderately satisfactory growth in the agriculture sector. We have adopted a coordinated approach in policies and strategies to attain high and sustainable growth in the medium term with a clear shift in planning philosophy from short term to medium and longer term period.

For the first time in the history of Bangladesh, a 10-year long planning document titled 'Perspective Plan of Bangladesh 2010-2021: Making Vision 2021 A Reality,' has been formulated recently. This is a living document which *emphasising sustainable growth.* will be updated from time to time. To achieve a higher sustainable growth, the Plan envisages increasing the share of national savings to 39 percent of GDP in order to finance an investment level of 38 percent of GDP. The focus is on poverty alleviation and employment generation for an inclusive growth so as to reduce the level of poverty to about 14 percent by 2021.
13.5

Beside prudent macroeconomic management, the Plan calls for putting together and implementing a wide range of reforms to maintain domestic as well as external economic stability, ensure price stability and ensure high economic growth.

In last five years, despite global economic downturn and financial crises, Bangladesh economy has registered an average GDP growth of 6.2 percent. A number of reason can be attributed to this sustained economic growth and have huge impact on our poverty level.

First, sustained industrial and service sector growth, supported by a robust agricultural sector. **Second**, the inflow of foreign remittances from our expatriate workers has been steady. In FY2012 remittances stood at around \$12.8 billion, representing more than one-tenth of GDP. **Third**, RMG sector

provides employment to around 4 million people, 90 percent of them being women. The sector accounts for one-third of manufacturing investment and is responsible for three-fourths of export earnings of the country. Moreover, government's priority attention to agriculture and rural development, extending the social safety net programs targeting the hardcore poor have positive on food security and overall consumption and have contributed to poverty reduction.

I may add that of the total public spending, 12 percent goes to social safety-nets to protect the poorest. Several micro-credit programs in the country hugely contribute to creating opportunities for self-employment and bringing down the poverty level.

Bangladesh set a target to reduce poverty headcount ratio further down to ^{22.5}25 percent by 2013 and to ^{13.5}15 percent by 2021. Our this is achieve high growth, expanding sustained social safety net programs, reaching all the targets of Millennium Development Goals as early as 2017.

Bangladesh has made continuous improvement in macroeconomic indicators. Inflation has eased, following moderate monetary tightening and lower food price inflation, with the headline rate at 7.4 percent in February 2013. Notwithstanding the heightened risks, we have managed external pressures well with policy adjustments and remittance flows offsetting the impact of slowing export growth. As a result, we have experienced a steady buildup in foreign reserves since early 2012, reaching US\$ 13.4 billion in gross terms in February 2012 (US\$ 10.4 billion in June 2012 in FY12).

As the anchor to our macroeconomic stabilization efforts, the Government continues to maintain a sound fiscal stance. To this end, we are pursuing tax modernization and public financial management (PFM) reforms while continuing to execute a sound debt management strategy; and limiting contingent liabilities and associated risks.

Despite global down turn and crises, higher growth in industry and service, resilient export growth and steady foreign remittances have allowed to

us attain an average GDP growth of over 6 percent in the last two financial year. We expect the GDP growth rate to be around ^{6.5} percent this year. Exports grew at 6.2% amounting to US\$ 24 billion while remittance grew at 10.24% amounting to US\$ 13 billion in FY12. *For getting momentum in sustainable agriculture we support the*

In FY12 the economy faced a different set of challenges related to rising inflation and balance of payments pressures. In meet these challenges the central bank followed a moderately restrained monetary policy stance while accommodating private sector credit growth at a desirable level for sustaining the economic growth momentum. Due to restrained monetary policy broad money (M_2) growth was contained at 17.4% in FY12 from 21.3% in FY11.

The pressure on overall balance of payments created in FY11 has significantly eased in FY12 due to a satisfactory growth in export earnings and remittance inflow. Consequently, the overall balance of payments showed a surplus of US\$ 494 million in FY12 from a deficit of US\$656 million in FY11 due mainly to a surplus in current account. Foreign Direct Investment (FDI) grew at 29.56% amounting to US\$ 1.143 billion in FY12.

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Strengthening measures, to enrich CAPSA as a policy think tank. I on behalf of our delegation urge the CAPSA member countries to share each other best practices in agricultural production practices to boost regional agricultural productivity for ensuring food and nutritional security.

Thank you ~~very~~ and the audience very much.