

Bangladesh needs a 'green' growth strategy

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✖ The pattern of urbanisation contributes to severe water and air pollution, providing yet another major challenge for environmental protection. Photo: Star/file

As one of the fastest growing economies in South Asia, Bangladesh continues to experience sustained economic growth underpinned by macroeconomic stability and strong domestic demand. The country has been growing at an annual average rate of 6 percent for the last decade. Its progress on key human development indicators has continued to improve and it is now one of the best performing countries in South Asia, with higher life expectancy, lower fertility rates and lower infant mortality. Bangladesh has also made good progress on the achievement of the MDGs, particularly in terms of reducing income poverty, getting nearly all boys and girls enrolled in primary school, and reducing child and maternal mortality.

Bangladesh still has further growth potential. In 2007, Goldman Sachs listed Bangladesh in their 'Next 11' economies, highlighting its potential to become one of the world's largest economies in the 21st century. However, current policies and strategies to accelerate economic growth in Bangladesh are not always consistent with environmental protection. In particular, past growth has been reliant on industrialisation that is not environmentally-conscious. The pattern of urbanisation contributes to severe water and air pollution, providing yet another major challenge for environmental protection.

Environmental vulnerabilities threaten to derail growth

Evidence suggests that environmental degradation and climate change related risks and vulnerabilities have intensified in Bangladesh. Loss of forest land, the degradation of land, sea and river water pollution, indiscriminate filling of water bodies for land acquisition,

unsustainable use of ground water and fishery resources in ponds, lakes and rivers, and unsustainable ways of shrimp farming have collectively taken a huge toll on the degradation of the eco-system and consequent loss of bio-diversity. A global ranking of per capita forest cover prepared by NationaMaster.com for 2005 puts Bangladesh at the near bottom of the list of countries compared (186 out of 192). Bangladesh is one of the lowest ranked countries in the global Environmental Performance Index prepared by the Yale Centre for Environmental Law and Policy: in the 2016 report it ranks 173 out of 180 countries.

At the macro-level, indicative projections show that the combined effects of moderate climate change could cause an average GDP growth loss of about 1.3 percent per year between FY2017 and FY2041. Environmental degradation lowers growth by reducing the capital stock as well as by lowering the productivity of capital. Any slowdown in growth will have negative consequences for the growth of employment and the progress with absolute poverty reduction in both forms: extreme and moderate. Accordingly, Bangladesh will also fail to achieve its target to eliminate extreme poverty by FY2031.

Policy intervention attempts have largely gone unrewarded

The growth policy articulated in the Bangladesh 6th Five-Year Plan (2011–2015) and the Perspective Plan Bangladesh (2010–2021) have 'green' growth elements and seek to introduce poverty, climate and environment into development planning processes. The National Strategy for Sustainable Development (NSDS) 2010-2021 was adopted in May 2013, and contains an impressive list of environmental laws, regulations and plans that covers a wide range of environmental issues including forestry control, air pollution, water pollution, bio-diversity preservation and wetland management. The 7th Five-Year Plan articulates the promotion of green growth and sustainable development. The Plan outlines that the development approach will revolve around three themes, one of which is: "A sustainable development pathway that is resilient to disaster and climate change; entails sustainable use of natural resources; and successfully manages the inevitable urbanisation transition".

Despite this array of policies and programmes, the overall environmental management performance in Bangladesh is weak owing to several binding constraints:

First, the national sustainable development framework lacks strategic focus. Fragmented

attempts at reform in support of environmental management in a few sectors including fisheries, wet land management, biodiversity promotion, forestry, and agriculture have not been sustained and the impact on natural resources generation has not been tangible. How the various laws and regulations interact with each other and connect to the overarching goals of high sustainable growth and poverty reduction are mostly missing.

Second, the governance and institutional arrangements for environmental management are weak. The focal environmental management ministry, the Ministry of Environment and Forests (MoEF), and its main agency for environmental management, the Department of Environment, are constrained in terms of capacities, technical knowledge and staffing, owing to very limited resources. Technical data on environment performance is scarce and not regularly monitored to check progress. There is inadequate coordination between the MoEF and other ministries that have a major role in determining the quality of the state of the environment. Another major institutional weakness is the absence of any meaningful role of local government institutions in environmental management.

Thirdly, at the heart of the weak performance of environmental protection is the shortage of financial resources. Direct spending by the coordinating ministry responsible for managing the national environmental programmes has been almost negligible (0.06 percent of GDP). Total public spending of the core ministries dealing with water and environment-related services and the water and sanitation component of the local government division and local government institutions constitute only 1 percent of GDP.

So, what could be the way forward?

The agenda for green growth for Bangladesh is undoubtedly daunting, but not impossible. The 2041 Perspective Plan, currently under preparation, provides a major opportunity to jump start the green growth agenda and step up the policies, programmes, institutional reforms and financing that will allow Bangladesh to reconcile its growth and poverty agenda with environmental protection.

A first major strategic consideration in translating the vision of 'green' growth and corresponding targets for environmental management into actions is to demonstrate tangible ways in which the green growth strategy can help the growth agenda. For example, in the

context of a neo-classical growth model, green growth strategy can help accelerate growth by increasing the availability of capital that substitutes for exhaustible natural resources (e.g. renewable energy; conservation of surface water) and by increasing the productivity of capital (e.g. avoiding land degradation, reducing the adverse effects of natural disasters, cost savings on health, etc).

Second, is the challenge to identify and adopt policies, institutions and programmes that internalise environment as an integral part of the growth process and not as an add-on to worry about as an international commitment or as a part of a donor commitment. Bangladesh has made a start in this integration process by incorporating climate change agenda in the national plans and in the budget. But there is a long way to go. Incentive policies for environmental protection such as adoption of green tax on fossil fuel consumption are missing. Similarly pricing policies for water, fertiliser and timber do not allow for environmental consideration.

Regulatory policies for controlling water and air pollution are either weak or not properly enforced. Monitoring and evaluation of environmental degradation and effectiveness of redressing measures is absent or weak owing to a lack of adequate information and capacity.

Third, at the macroeconomic level, the growth strategy should incorporate environmental protection as an integral part of the macroeconomic framework by recognising the adverse effects of environmental degradation and associated costs in terms of loss of growth prospects and slower pace of poverty reduction. As against this base case, policies and programmes must be identified to offset these costs and the implications for additional investment must be incorporated in the planning process.

Finally, sectoral policies, programmes and institutions need to internalise the environmental considerations in developing proper sectoral objectives and strategies that are consistent with the targets and objectives of the macroeconomic framework.