The imperative for green growth in Bangladesh

Saturday, May 22, 2021

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22 May, 2021, 11:30 am

Last modified: 22 May, 2021, 08:46 pm

From left- Sadiq Ahmed and Prof Shamsul Alam/Courtesy

Bangladesh's development performance over the past 50 years since independence is truly outstanding. Per capita income grew from less than $100 in 1972 to $2064 in 2020; GDP growth averaged 6.8% per year between 2009-2019 as compared with 4% during 1975-1985; life expectancy surged from 45 years in 1974 to 73 in 2019; adult literacy rate increased from 22% in 1974 to 75% in 2019; and poverty declined from around 80% in the early 1970s to 21% in 2019. Building on these successes, Bangladesh now seeks to attain upper middle-income status (UMIC) by 2031 and High- Income Country (HIC) status by 2041. In addition to

many policy, institutional and governance reforms, Bangladesh must address upfront the growing cost of environmental degradation and adverse effects of climate change to attain these targets. While past efforts to contain these costs have been helpful, they do not add up to a comprehensive response strategy. Consequently, the costs have accumulated, and they pose a major challenge to the sustainability of long-term growth.

Data on the true costs of environmental degradation and adverse effects of climate change are scanty. Yet, some indicative estimates are illustrative of the high cost. A recent World Bank report: Enhancing Opportunities for Clean and Resilient Growth in Urban Bangladesh states that in 2015 some 27.7% of all deaths in Bangladesh were related to environmental risks, mainly air and water pollution, which is higher than the South Asian average of 25.9% and the global average of 16%. The report estimates that the economic cost of these deaths could be as large as 3.4% of GDP per year. The other costs emerge from land degradation, salinity, deforestation, flooding, riverbank erosion, and water logging. The Bangladesh Delta Plan estimates that the loss of capital and productivity could lower GDP growth by 1-1.3% of GDP per year in a moderate climate change environment and from 2-2.5% of GDP per year in an extreme climate environment. In terms of loss of human welfare, district and sub-district level analysis shows that there is a strong positive correlation between incidence of poverty and the intensity of natural hazards. On average, districts that are ranked as most exposed to natural disasters also show poverty rates that are higher than the national average. Strikingly, of the 15 most poverty-stricken districts, almost 90% of the districts belong to high natural hazard risk categories. The district of Kurigram that clocked a poverty rate of as high as 70% even after 50 years of independence is a striking example of how climate change and natural disaster can frustrate development efforts unless the problems are addressed comprehensively and on a long-term basis at the source.

The above suggest that unless the sources of these costs are addressed, the rate of return on investments will fall, growth rate will suffer, and the achievement of the Bangladesh long-term development targets will be jeopardized. Similar environmental costs were faced by other countries in the past, and many have responded by adopting a green growth strategy. Notable examples from the Asian region include Korea, Vietnam, China, and Malaysia. Korea is most advanced and green growth is now embedded as an essential component of development planning. The idea of a green growth strategy is to make the

national growth strategy consistent with long-term environmental sustainability by ensuring that the growth strategy makes sustainable use of natural resources, avoids environmental degradation, and builds in offsetting policy measures to fight the adverse effects of climate change.

Korea's experience has some useful lessons for Bangladesh. Faced with mounting energy costs from the global fuel crisis of 2007-2008, slowdown of growth, and unhappiness of citizens due to the growing incidence of air and water pollution, in 2008 the Korean government adopted a comprehensive long-term national green growth strategy 2009-2050. The strategy had 3 major objectives and 10 specific policy directions. The first objective was the mitigation of climate change and energy independence. The specific policy directions for this objective included: mitigation of greenhouse gases; reduction in the use of fossil fuel and enhancement of energy independence; and strengthening of capacity to adapt to climate change. The second objective was to create new engines of growth, with specific policy directions focused on: development of green technologies; greening of existing industries and promotion of new green industries; advancement of green industrial structure; and the engineering of a structural basis for a green economy. The third objective was to improve the quality of life and enhance Korea's international standing on the green economy. Specific policy directions comprised of: construction of green cities, green transportation infrastructure and improved water management; bringing green revolution in daily lives; and becoming a global leader on green growth.

The strategy was provided the force of law by enacting the Framework Act on Low Carbon Green Growth in January 2010 and initiating in 2009 a series of Green Deals through the 5-year green growth plans. These 5-year plans were broken down into annual action plans for implementation purposes. The First Green Deal was implemented over 2009-2013. The government established a strong institutional framework with coordination provided by the Presidential Committee on Green Growth (PCGG) and implementation of the 5-year Green Deal Plans done through partnerships been the national government, the local government, and the private sector. Each of these three stakeholders was also represented in the PCGG. To ensure adequacy of financing a 2% budget rule was adopted, whereby the Green Deal investments were allocated 2% of GDP per year. The Green Deals were also integrated with the annual planning and budgeting process.

The results of implementation have been remarkably successful in terms of reduced carbon emission, lower dependence on imported fossil fuels, higher production and consumption of renewable energy, cleaner air and water, higher production and exports of green manufacturing products, recovery of economic growth, exports and employment, stable supply of water, reduction in flooding, green urban living spaces and much stronger adaptation to climate change.

Bangladesh has already brought in many elements of a green growth strategy through the adoptions of the Bangladesh Delta Plan, the Perspective Plan 2041, and the 8th Five Year Plan. The green growth vision incorporated in the Delta Plan and the Perspective Plan 2041 has been translated into a 5-year implementation plan in the 8th Five Year Plan. The main focus is on sustainable management of water, which is a top priority for Bangladesh given its impact on green growth (flooding; land degradation through salinity and water logging; droughts and water shortage), water pollution, safe drinking water supply and municipal waste management. This needs to be strengthened with focus on management of air pollution that does the most health damage to Bangladesh. Strategic thinking on how air pollution could be lowered to safe levels is essential. This will be some combination of lowering use of fossil fuel, managing methane gas emission, and managing industrial, construction, and transport pollution. A combination of environmental regulations and standards, taxes and subsidies, proper pricing policies of fossil fuel, water supply and sanitation, and green economy based public and private investments will be necessary.

Learning from the Korea example, these environmental and climate change management issues must be folded under a full-fledged national green growth strategy that contributes to greening the existing sources of growth while also identifying new sources of growth and export opportunities and creates jobs. Proper policy instruments will need to be developed, resources allocated, and institutional arrangements put in place with priorities set through annual action plans. The Korea example illustrates clearly that environmental management and adaptation to climate change cannot be fought in isolation. They must be integrated with the national development agenda that deals with growth, income, exports, investments, and jobs. The green growth strategy does this. It has now become a national priority.

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