

8th Five Year Plan (July 2020 – June 2025)

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Introduction

The duration of the 7th Five Year Plan (7FYP) ended in June 2020. However, due to the Covid-19 pandemic the 8FYP has been delayed. The General Economics Division of the Planning Commission (GED) had to revisit and revise the targets and strategies in view of the pandemic. The 8th Five Year Plan, a projected course of action for a period of 5 year, represents the first phase of the country's Perspective Plan 2041 (PP2041).

Two broad themes of the plan:

Promoting Prosperity: The plan has emphasized on appropriate policies, frameworks and devised suitable and sustainable development strategies for promoting prosperity. For this, the first step is to bring Bangladesh closer to attaining Upper Middle-Income Country (UMIC) status, major Sustainable Development Goal (SDG) targets, and eliminating extreme poverty.

Fostering Inclusivity: A broad-based strategy of inclusiveness with a view to empowering every citizen to participate fully and benefit from the development process and helping the poor and vulnerable with social protection- based income transfers has been adopted in the plan.

Plan is divided into two main parts:

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- A. Macroeconomic perspective:** The first part delineates the macroeconomic framework for the plan period (July 2020-June 2025) along with strategic directions and policy framework for promoting inclusiveness, reducing poverty and inequality. It also describes the resource envelop and overall fiscal management tools of the government and specifies the Development Results Framework (DRF) for proper monitoring and evaluation.

Plan is divided into two main parts (cont.):

B. **Sectoral Strategies:** The second part sets out the sectoral strategies for thirteen sectors (except defense) with some specific targets to attain by FY 2025. The ministries/divisions are expected to follow these sectoral strategies and action measures while preparing their sector specific projects and programs to achieve their respective targets set in the 8th Five Year Plan.

The 8th Plan centers on six sub-core themes:

1. **Rapid recovery from COVID-19** to restore human health, confidence, employment, income and economic activities;
2. **GDP growth acceleration**, employment generation, productivity acceleration and rapid poverty reduction;
3. A broad-based **strategy of inclusiveness** with a view to empowering every citizen to participate fully and benefit from the development process and helping the poor and vulnerable with social protection- based income transfers;
4. A **sustainable development pathway** that is resilient to disaster and climate change, entails sustainable use of natural resources; and successfully managing the inevitable urbanization transition;
5. Development and improvement of critical institutions necessary to **lead the economy to UMIC status**;
6. **Attaining SDG targets** and coping up the impact of Least Developed Country (LDC) graduation (sustainable transition with exploring alternatives to the erosion of preferential benefits and not to go back to previous LDC status).

Table: GDP Growth Projections under the 8FYP

Particulars	FY20 (Actual)	FY21	FY22	FY23	FY24	FY25
Pre-COVID-19 GDP growth (as per pp2041)	8.19	8.23	8.29	8.32	8.37	8.51
GDP growth with COVID-19	5.24	7.40	7.70	8.00	8.32	8.51

Source: BBS and GED Projections

Challenges in implementations of the plan:-

During the implementation period of the 8FYP, the government will face a number of challenges. The **four** specific ones are the following:

1. Covid-19 pandemic
2. Graduation from the least developed country (LDC) category
3. Implementation of the Sustainable Development Goals (SDGs) and
4. Climate change vulnerability.

Besides, Russia Ukraine war, rise in fuel price, disruption in supply chain & currency devaluation are some other major challenges that government needs to confront with.

Effects of the challenges in implementation of the plan:-

1. **Covid-19 pandemic:** Covid-19 has deteriorated economic and social conditions. The pandemic has put pressure on the economy which has resulted in a rise in poverty and inequality. Informal workers, the urban poor, migrant workers, small businesses and women are among the most affected segments. Before the outbreak of the pandemic in Bangladesh some of the macroeconomic indicators were under pressure.

Effects of the challenges in implementation of the plan (cont.):-

2. Graduation from the least developed country (LDC) category: The effects of graduation that every LDC faces is the loss of LDC-specific international support measures (ISMs), such as preferential market access. The decline of existing privileges and preferences will adversely hit the exports of Bangladesh, especially that of apparel products, to European and North-American markets. It is estimated that Bangladesh may experience a shortfall of 8-10 percent of its gross export revenue, amounting to almost USD 2.5 billion annually, due to the loss of duty-free and quota-free market access. Besides, the duty-free trading facilities that Bangladesh is currently enjoying under the World Trade Organization's (WTO) generalized system of preferences (GSP) will be curtailed once it leaves the LDC group. With graduation, Bangladesh will no longer be eligible for LDC-specific special and differential treatment, aimed to facilitate LDCs to increase participation in international trade, under WTO agreement.

Effects of the challenges in implementation of the plan (cont.)

3. Implementation of the Sustainable Development Goals (SDGs): The 8th Five-Year Plan (FYP) is crucial to realizing the SDGs by 2030. The key focus of 8th FYP during the 2020-2025 period will be on creating sustainable jobs and reduction of poverty for inclusive growth. In order to compete in the global market, the country has to improve on social, environmental and labor related compliances.

Effects of the challenges in implementation of the plan (cont.)

4. Climate change: Despite Bangladesh's resilience to various shocks including natural disasters, dealing with the impact of climate change will be beyond its capacity given the nature and scale of the impact. The Intergovernmental Panel on Climate Change (IPCC) has provided scientific evidence on this. Bangladesh will have to negotiate at the global level to receive funds for climate change adaptation. During the 8FYP period Bangladesh needs to invest in green energy, green building, green transportation and green agriculture. In the first phase of implementation, the 8FYP will prioritize the ongoing efforts to reduce air and water pollution, strengthen forestry management and implement the BDP2100. Efforts will be made to build up institutional capabilities, policies and regulations for the implementation of environmental fiscal reforms (EFR) and the development of the green growth strategy. Proper coordination with global climate change programmes will be maintained along with stronger efforts to mobilize global climate change resources.

Focus of the Plan:

The plan mainly focuses on 7 areas:

- a) Labour-intensive manufacturing
- b) Export-oriented manufacturing-led growth
- c) Agricultural diversification
- d) Dynamism in cottage, small and medium enterprises
- e) Modern services sector
- f) ICT based entrepreneurship, and
- g) Overseas employment.

8FYP targets for indicators:

- ✓ Inflation – 4.60%
- ✓ Public & Private Investment – Public (25.3%) & Private (74.7%)
- ✓ Employment - 1 crore 13 lakh 30 thousand
- ✓ Poverty reduction – 15.60%
- ✓ Revenue mobilization – 12.3% of GDP
- ✓ Allocation for Annual Development Plan (ADP) – 3675.3 billion

Key Takeaways:-

- Bangladesh has targeted 8.51 per cent economic growth for the 8th Five Year Plan. To accommodate this growth target, the gross investment needs to be raised to 36.59 per cent of GDP by FY 2025.
- As per the Planning Minister, some **Tk. 64,959.8 billion** is required to implement the 8th Five-Year Plan. Out of the amount, 94.9% will be mobilized from the domestic source, while 5.1% will be financed from external resources.
- Since the beginning of the COVID-19 pandemic, the government has taken various steps to combat its fallout. It has taken a comprehensive plan to overcome the negative impacts of pandemic on economy and people.

Key Takeaways (cont.):-

- The comprehensive plan is based on 4 (four) main strategies --discouraging luxury expenditures and prioritizing government spending that creates job, creating loan facilities through commercial banks at subsidized interest rate for the affected industries and businesses, expanding the coverage of the government's social safety net programs.
- In light of the comprehensive plan and strategies, the government has declared a number of stimulus packages to support the emergency healthcare services to protect jobs and achieve smooth economic recovery.

Concluding remarks

- The Government needs to address issues relating to forex reserve, surge in import, export development, remittance inflow, inflation, GDP growth, Tax to GDP ratio, Foreign Direct Investment, and Human Resource Development.
- Policy measures would drive the issues to a positive direction.