BB Governor at UN ECOSOC High-Level Ministerial Panel on Employment-centric Sustainable Development (UN HQ, New York, 08 July 2014)

Bangladesh Bank Governor Dr. Atiur Rahman participated in ECOSOC High-level Ministerial Panel on Employment-centric Sustainable Development' on 8 July at the UN HQ. The High-Level Panel discussion was chaired by His Excellency Mr. Martin Sajdik, President of the United Nations Economic and Social Council (ECOSOC) and moderated by Mr. Guy Ryder, Director-General of International Labour Organization (ILO). The panel included H.E. Mr. Amara Konneh, Finance Minister of Liberia, H.E. Mr. Pekka Haavisto, Minister, International Development, Finland, H.E. Dr. Atiur Rahman, Governor, Bangladesh Bank and Mr. Carlos Lopez, Executive Secretary, Economic Commission for Africa. A brief overview of the presentation made by Dr. Atiur Rahman is as follows:

Employment-centric sustainable development has gained a heightened global attention following the severe disruptions caused by the Global Financial Crisis. The crisis led to a serious slippage in job creation for the younger population. In 2011 alone as many as 74.8 million youths (15-24 year olds) were unemployed around the globe. The High-Level Panel of Eminent Persons on post-2015 development agenda puts 'transforming economies for jobs and inclusive growth' as one of the five transformative shifts. Similarly 'Open Working Group on Sustainable Development' advocates for promotion of inclusive growth and decent jobs for all as one of the 17 Sustainable Development Goals. Most countries have taken these goals seriously and are trying to integrate their policies to engage multiple actors and agencies in achieving these goals. The challenges faced by various countries are broadly similar, warranting cooperation in buildup of a strong political will and social commitment by various actors towards sustainably creating decent jobs.

The Bangladesh experiences in efforts towards achieving these goals would thus be of interest and relevance for efforts elsewhere. Development strategies outlined in Bangladesh's Sixth Five year Plan (SFYP) document specify employment as the key link between economic growth and poverty, identifying it as the major instrument of poverty reduction by inclusive sustainable development. Employment growth is not targeted directly as the primary goal however; doing so risks wastage of resources in unproductive pseudo or non-jobs, as in fiscally financed guaranteed employment schemes for specified periods. Bangladesh uses such schemes only sparingly for the poorest population segments, more as a social safety net cover than as a sustainable employment tool Bangladesh's development strategies target employment generation as an intended outcome of the diverse development initiatives in various sectors, with routinely carried out ex-ante and ex-post assessments of employment impact of each initiative. This approach ensures retention of employment centric focus of development initiatives of all line ministries and agencies in all sectors.

Bangladesh Bank (BB), a public institution mandated to 'manage the monetary and credit system of Bangladesh with a view to stabilizing domestic monetary value and maintaining a competitive external par value of the Bangladesh Taka towards fostering growth and development of country's productive resources in the best national interest', is using its mandate in proactively supporting and promoting sustainable growth initiatives of substantial employment creation impact:

- The BB-orchestrated countrywide campaign for financing of output initiatives of rural and urban farm and off-farm MSMEs is creating jobs for millions, besides self-employment for the entrepreneurs;
- Massive BB-led modernization of the country's payments system and financial sector IT infrastructure has triggered rapid expansion of cost efficient mobile phone/smart card based agent banking in the remoter rural regions; creating jobs in hundreds of thousands in the agent banking outlets.
- Green financing supported by BB refinance is creating 'green' jobs in increasingly numbers, particularly in the areas of assembling, selling, installing and maintaining off grid solar PV systems in household, offices and other establishments. The number of solar PV systems in use has risen fast in the past ten years from around 25000 to 2.8 million; the number of solar PV related jobs are estimated to have nearly doubled between 2011 and 2013, and increasing further. Cow dung based household bio-fuel units expanding in the rural areas are also creating new installation and upkeep jobs in the rural areas.
- BB led CSR mainstreaming initiative in Bangladesh's financial sector has triggered sharp boost in trends of grant support of banks and financial institutions for human development including health and job focused education and training by way of scholarship schemes and upgrading of facilities in academic and vocational training institutions. These expenditures comprising around forty percent of total CSR expenditure has increased by around sixty percent over the last three years.

Risks and caveats to be borne in mind from green job creation pursuits of peers include careful management of challenge of job losses in traditional output units that the new greener ones will replace and render obsolete, as for the paper and printing industries that the increasing paperless electronic office practices are replacing, or for the traditional tungsten filament based lighting that the energy efficient LED technology is replacing. Retraining of redundant workers for jobs in new technologies, and providing them social safety net subsistence in the interim are no small challenges, and will need holistic strategies.

Bangladesh has been promoting greater integration and coherence among macroeconomic, social and environmental policies through participative approach in holistically formulating longer and near term strategies. All this are done by clear delineation of implementation roles and accountabilities for line ministries and agencies. Each line ministry and agency should, therefore, have operational independence in pursuing policies and goals that are set collectively in consultative, participative processes engaging all stakeholder groups. For this to happen the role of political will is paramount.

'Political will' is necessary and also sufficient, <u>if</u> built up with full awareness of potential trade-offs and costs associated with promotion and integration of economic, environmental and social policies, often requiring changes in incentive structures. For instance, promoting use of solar and other environmentally benign renewable energy sources that are costlier to begin with may need not just tax/tariff concessions and waivers on the new options but also withdrawal of those on the traditional more polluting options; there has to be political will to overcome resistance from lobbies for traditional options, coupled with workable near to medium term plans of relocating workers who will be rendered redundant in the traditional options to be abandoned. Another example from the social sector is about abolition of child labor. Children thrown out of work and the poor households subsisting on their meager wages must get subsistence support and incentives for enrolling the children in schools and training establishments.

The ways forward for designing and implementing employment-centric sustainable development strategies can be national, regional and global. Populous developing countries like Bangladesh need focus on investment in labor intensive manufacturing and services rather than in capital intensive heavy industries. New employment opportunities arising from adoption of less polluting green alternatives to traditional polluting output practices and lifestyles will have to be utilized to the fullest possible. To these ends:

- Coherent, mutually consistent strategies and policies will need to be formulated and implemented with employment impact in focus.
- Adequate public expenditure for support and promotion of SMEs and green initiatives will be needed. Fiscal costs on incentives like tax rebates/waivers etc. for green initiatives can be offset to the extent feasible by withdrawal of existing similar incentives on traditional higher pollution alternatives
- Social sector public expenditure for job oriented education and training will need to be sustained to ensure that no population segment is left out in social exclusion. These efforts will need to address the needs of those losing jobs due to substitution of traditional polluting output practices with new green alternatives.
- Adequate public expenditure for facilitation and promotion of SMEs and green initiatives will need to be sustained. Fiscal costs of incentives like tax rebates/waivers etc. on green initiatives can be to a significant extent financed by withdrawal of existing similar incentives on traditional higher pollution alternatives.
- Country authorities responsible for monetary and financial policies will need to focus on ingraining socially responsible fining ethos in the financial sector, so that no productive output initiative or green initiative suffers from financial exclusion.

Finally the sustainable development goals must recognize the shifts that are taking place in the global economy, and carry out the required adjustments in national economy in that context. Obviously, this has to focus on knowledge economy, both covering trade in goods and services taking advantage of investment in digital connectivity. Simultaneously, countries must invest in better education for the youths providing them with so-called STEM skills - science, technology, engineering, and mathematics. Investment in vocational training including retaining for older workers whose jobs have been eliminated is also required. Infrastructure development is a must for creating more employment which again will require long term finance. Also emphasizing job creating industrialization must not undermine agriculture, particularly value-added agriculture which will continue to provide huge employment/self-employment opportunities for majority of population of developing countries. So diversification of economic structures will remain at the core of employment-centric sustainable development processes.

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