

**LSE-Oxford Commission on State Fragility Growth and Development.**  
**Event Report: State Fragility, Growth and Development: Bangladesh's Progress**

The International Growth Centre (IGC) Bangladesh Programme hosted a roundtable discussion on 'State Fragility, Growth and Development: Bangladesh's Progress' on 27 April 2017 in Dhaka.

The roundtable was chaired by Professor Rehman Sobhan, Founder & Executive Chairman, Centre for Policy Dialogue (CPD). The IGC Bangladesh Country Director and the IGC Research Director moderated the session. Leading academics, civil society leaders and private sector representatives participated the roundtable (please see annex I for the list of participants and their profiles).

David Cameron, former Prime Minister of the United Kingdom, attended as the chief guest of the roundtable. He is the chair of the new LSE-Oxford Commission on State Fragility, Growth and Development, which aims to guide policy on economic growth in fragile and conflict situations. The commission will address fragile and conflict situations globally – where countries are failing, or are at risk of failing, with respect to political authority and legitimacy, and providing basic services such as health, education, security, and rule of law.

The roundtable was organized with the aim of achieving a deeper understanding of the 'Bangladesh paradox'. The term has been coined to illustrate that despite weak institutions in the area of politics and governance, the country has managed to maintain commendable economic growth over 6 percent per annum over the last two decades. In addition, the growth has been inclusive with laudable reduction in poverty and success in improving a number of human development indicators of education and health attainments. Although, the Bangladesh growth experience provides unique insights and lessons, it should be acknowledged that the local context of countries learning from Bangladesh must be taken into account.

The roundtable was also meant to exchange views on the constraints that should be relaxed to assist Bangladesh in attaining accelerated economic growth in the near future and to distill lessons from the 'Bangladesh story' for other country's experiencing similarly difficult constraints. The dialogue stressed the importance of issues such as security, state legitimacy, state effectiveness, ability of the state to facilitate inclusive growth and rule of law for the growth prospects of Bangladesh.

Given the remit of the LSE-Oxford Commission on 'State Fragility, Growth and Development', it was suggested that the commission's recommendations for governments, development partners, and NGOs to substantially enhance their engagements and assistance to countries facing fragility and conflict.

The nation seems to have some autonomous, self-sustaining, growth generation elements that are deeply embedded in the economy which have helped the country to overcome local constraints and supported innovative solutions across the country at a relatively low cost. The export sector which is very sensitive to transport logistics, has been able to withstand the violent political unrest in Jan-March 2015 and prior to that during the frequent opposition led general strikes since the 1990s. Exports were resilient in spite of the high level of disruption and violence across the nation. The business leaders and political leaders both in government and in opposition were able to reach agreement on permitting RMG exports to move undisturbed at certain times of the day.

Although the private sector has in built and innovative ways to cope with political risks, there is nonetheless a clear need to acknowledge that the economy may have endured a loss in terms of attaining a higher growth trajectory. The nation is at an important crossroad of development, and to consolidate the gains and move forward towards fulfilling Bangladesh's aspirations of becoming a middle income country necessitates reconciliation of the gaps by strengthening the institutions of political, economic and social governance.

'Bangladesh development paradox' can be better understood by drawing on the fact that in spite of change of political regimes, successive governments had embedded the mandate to reduce poverty, inequality, worked towards raising wellbeing and welfare. As a result, withstanding issues of state legitimacy, state's effectiveness was maintained at a satisfactory level. In addition, Bangladesh's remarkable gains in health and education sector, with such low levels of public expenditure relative to that of other developing countries, were possible partly due the adoption and diffusion of low cost intervention and campaigns. The fact that the country has high population density, made operational cost of penetration of such interventions easier. This success is very clearly evident in the sphere of family planning where the campaigns have been able to change social norms and behavior at the intra household level – particularly of the women folk. The lesson to draw is that Bangladesh been more successful in enhancing agency, at seemingly more difficult individual/household level, rather than at a collective level - both community and broader state level.

Bangladesh risks reaching a plateau in its growth trajectory if economic activities continue on the back of replication of low cost technology that are being used at the moment. There is an urgent need to raise the productivity of the economy and that requires improvement in skills and knowledge as well as interventions to raise the quality of education.

The quality of education in Bangladesh has been deteriorating and there is serious concern as it will entrench a vicious cycle of inequitable growth in the future. The education system in Bangladesh is divided into three streams- religion based, mainstream and English medium/private; the returns vary significantly between one stream to the other. This type of systemic divide is neither conducive to growth or equity- and may result in cohorts of low skilled individuals. Bangladesh's potential demographic dividend may well not be reaped if future generations cannot be gainfully employed due to lack of skills and knowledge. The current education curricula have not attempted to integrate the notion of secular ideology and this probably manifest in the general rise of intolerance in the society.

Investments in infrastructure is essential but the nation needs to invest in technical skills and trade specific skills as well. Although the country enjoys remittances inflow sent by migrant labor based in GCC countries, there is also a nontrivial outflow due to employment of foreign mid and upper level managers (in skilled job categories). The bulk of these mid-level managers are sourced from India, Sri Lanka and other East Asian countries. This reflects the dearth of skills which in turn results from inadequate number of accredited training programmes and institutes; setting up UK accredited professional training institutes in Bangladesh may be a step forward and can address the skills gap.

Inflow of FDI will require ensuring a stable business environment with safety and security of life and property. There is potential for FDI inflow from SMEs in UK but those firms due to their size cannot bear high overhead cost of maintaining security protocols in place and thus may have been dissuaded from considering Bangladesh as a potential location for investment.

In spite of efforts to make the growth process equitable, exclusion is still a challenge. In recent times there has been a slowdown in the activities of NGOs and other civil society groups who advocate for a more inclusive society and respect for civil rights for all segments of the population. One reason for this is the lack of financial support from donors to such advocacy orientated NGOs. There is a need to bolster civil society as well as to invest in community services like legal services and effective arbitration and redressal mechanisms. Such provision

will be highly beneficial to all, but particularly communities who are vulnerable to violence and security threats.

In general the space for NGOs and civil society is shrinking; there has been a marked shift in the public sector's approach of viewing NGOs as a partner in development activities. The government is open to NGOs who are primarily involved in the delivery of services like health and education. The room for advocacy and activism based NGOs in the sphere of civic and human rights have diminished considerably.

The winner takes all feature of Bangladesh democracy is conducive to creating client patron relationships. The lack of accountability and lack of institutional capacity will aggravate the state legitimacy issue in Bangladesh. This creates instability and adversely affect growth. The recent security issues that the country is facing is potentially a serious risk and there is a need for introspection to understand the reason for the rise of such radicalism. The extent of religious radicalization may be more pervasive than what it appears to be.

## Annex 1

### 1. David Cameron

Former Prime Minister, United Kingdom

Chair, LSE-Oxford Commission on State Fragility, Growth and Development

### 2. Professor Rehman Sobhan

Founder & Executive Chairman

Centre for Policy Dialogue (CPD)

Professor Rehman Sobhan was educated at St. Paul's School, Darjeeling, Aitchison College, Lahore and Cambridge University where he was awarded an MA in Economics. He began his working career at the faculty of Economics, Dhaka University in 1957 and retired as Professor of Economics in 1977. He served as Member, Bangladesh Planning Commission, in charge of the Divisions of Industry, Power and Natural Resources, and of Physical Infrastructure, as Chairman, Research Director, Director General and Emeritus Fellow, BIDS from and as a Visiting Fellow, Queen Elizabeth House, Oxford. He was a Member of the Advisory Council of the President of Bangladesh in 1991, in charge of the Ministry of Planning and the Economic Relations Division. He is the founder and Executive Chairman of Centre for Policy Dialogue (CPD). He has been the Executive Director, South Asia Centre for Policy Studies (SACEPS), a Visiting Scholar, and Initiative for Policy Dialogue, Columbia University and a Senior Research Fellow, at the Ash Institute for Democratic Governance, Harvard University. Currently he is the Chairman of CPD.

Professor Sobhan has held a number of important professional positions. He was a Member of the Panel of Economists to review the Third and Fourth Five Year Plans of Pakistan, Editor, Pakistan Economic Journal and Editor, Forum, a weekly magazine by The Daily Star. He served the independent Government of Bangladesh as Envoy Extraordinary with special responsibility for Economic Affairs, during the Liberation War in 1971. He was President, Bangladesh Economic Association, Member, Bangladesh National Commission on Money, Banking and Finance, Member, U.N. Committee for Development Planning, Member, Governing Council of the U.N. University, Tokyo, Member of the Commission for a New Asia, Kuala Lumpur, Member of the Board of the United Nations Research Institute for Social Development, Geneva, Member of the Executive Committee of the International Economic Association, Member of the Group of Eminent Persons appointed by the SAARC Heads of State to review the future of SAARC, Chairman, South Asia Centre for Policy Studies, Chairman of the Board of Grameen Bank, Member of the BIDS Board of Trustees and Member of the International Advisory Committee of the Ash Institute, Harvard University. He is currently a member of the Board of Trustees of the Freedom Foundation, Bangladesh, Chairman of the Pratichi Trust (Bangladesh) set up by Nobel Laureate Amartya Sen and Board Member of SACEPS, Kathmandu.

He has published 27 books, 15 research monographs and 140 articles in professional journals. His principal publications include: Basic Democracies, Works Programme and Rural Development in East Pakistan, Public Enterprise in an Intermediate Regime, The

Crisis of External Dependence: The Political Economy of Foreign Aid to Bangladesh, Debt Default and the Crisis of State Sponsored entrepreneurship in Bangladesh, Planning and Public Action for Asian Women, Rethinking the Role of the State in Development: Asian Perspectives, Bangladesh: Problems of Governance, Agrarian Reform and Social Transformation, Aid Dependence and Donor Policy: The Case of Tanzania, Transforming Eastern South Asia, Rediscovering the Southern Silk Route, Challenging Injustice: The Odyssey of a Bangladeshi Economist, Milestones to Bangladesh and The Political Economy of Malgovernance in Bangladesh.

### **3. Dr. Badiul Alam Majumdar**

**Global Vice President &  
Country Director, The Hunger Project**

Badiul Alam Majumdar joined The Hunger Project as Country Director in Bangladesh in 1993 and was named a Vice President in 2003. He is the founder-Secretary of Shujan (Citizens for Good Governance), a civil society organization. Dr. Majumdar was born in February 1946 in Comilla, Bangladesh. He received his Bachelor of Commerce with Honors (1967) and Master of Commerce (1968) from Dhaka University. From 1970-71, he took his first trip to study in the U.S. on a Graduate Fellowship for International Understanding, sponsored by the Rotary Foundation, at Claremont Graduate School. He earned a Master of Business Economics (M.B.E.) from Claremont and then went on to earn his Doctor of Philosophy (Ph.D.) in Economics from Case Western Reserve University, USA. Dr. Majumdar was a Lecturer at Dhaka University in 1969-70. He also taught at Seattle University, Central Washington University and Washington State University during 1976-91. In addition, he worked for NASA and the Saudi Royal Family. He came back to Bangladesh in 1991, resigning a full professorship in America. He briefly served on the Board of Governors of BARD. He was a member of the Committee to Strengthen and Revitalize Local Governance, which was set up by the last Caretaker Government in Bangladesh. Dr. Majumdar has authored several books and published many articles in professional journals. He is also a popular newspaper columnist. Under Dr. Majumdar's leadership, THP-Bangladesh has established programs in all 64 districts of Bangladesh, has become the largest volunteer organization in the country, and is recognized as a leading voice for the rights of girl children.

### **4. Ms. Rasheda K. Choudhury**

**Executive Director  
Campaign for Popular Education (CAMPE)**

Rasheda K. Choudhury is the Executive Director of Campaign for Popular Education (CAMPE), a network of more than a thousand NGOs and educator groups working in the basic education sub-sector in Bangladesh.

She was Adviser (De-facto cabinet Minister) in 2008, in charge of three ministries- Ministry of Primary & Mass Education, Ministry of Women & Children Affairs and Ministry of Cultural Affairs, in the non party Interim Caretaker Government of Bangladesh which conducted the Parliamentary Election and handed over power to the elected government in January 2009.

Rasheda was Member Secretary and Coordinator of Education Watch, a civil society initiative that regularly reviews the status of Education for All (EFA) in Bangladesh and suggests guidelines for improvement. Education Watch, since inception in 1999, has published a number of research studies widely acclaimed for their statistical validity and in-depth, objective analysis.

## **5. Mr. Asif Saleh**

Senior Director

Strategy, Communication and Empowerment, BRAC and BRAC International

Mr. Asif Saleh oversees advocacy, information and communications technology, communications and the social innovation lab at BRAC and BRAC International. He also leads the empowerment cluster, which includes migration, human rights and legal aid services, the urban development programme and the skills development programme.

He served as an Executive Director at Goldman, Sachs until 2008 until he decided to return to Bangladesh and work in the development sector and started DriVen partnership, a social enterprise, that worked with Microenterprises. Over a career span of 12 years with Goldman, Sachs in New York and London, he served in various management roles in Equities and Asset Management Division of Goldman, Sachs. His previous work experiences were in Glaxo Wellcome, NorTel and IBM. Asif is also the founder of Drishtipat, a global organization focusing on human and economic rights of Bangladeshis. In 2001, he started the then Internet based Drishtipat (Take Notice ) which became an umbrella of concerned diaspora expatriates working on social development. Currently it has 9 chapters in the USA, Australia, UK, Canada and Bangladesh.

Asif is the co-founder of Drishtipat Writers' Collective. He writes regularly for leading dailies in Bangladesh and in international magazines on society, politics, development, entrepreneurship and diaspora centric issues. His write ups have been published in Guardian, Himal, Daily Star, New Age etc. He has also been featured in CNN and Al Jazeera English. He also occasionally hosts the Road to Democracy show in RTV.

On his most recent role, he served as a policy specialist for the UNDP funded project Access to Information Programme (A2i) based at the Prime Minister's Office and facilitated various ICT initiatives for development sector. Some of the notable policy initiatives included facilitation of partnership between government and the banks on branchless banking, nationwide broadband connectivity etc.

Asif was recognized for his work by Asia Society through their Asia 21 program, a program to recognize young leaders from Asian countries, in 2008. He also has been recognized by Bangladeshi American Foundation for his achievements in 2007. Asif has a Bachelors in Computer Science and an MBA in management from NYU Stern School of Business.

## **6. Barrister Sara Hossain**

Partner

Dr. Kamal Hossain & Associates

Barrister Sara Hossain is a barrister practicing in the Supreme Court of Bangladesh, mainly in the areas of constitutional, public interest and family law. She is a partner at the law firm of Dr. Kamal Hossain and Associates ([www.khossain.com](http://www.khossain.com)), and currently serves pro bono as the Honorary Executive Director of the Bangladesh Legal Aid and Services Trust

([www.blast.org.bd](http://www.blast.org.bd)). She is a member of Ain o Salish Kendra (ASK), the Human Rights Committee of the International Law Association (ILA), the Advisory Committee of the Women's International Coalition on Gender Justice (WICG) and a Commissioner of the International Commission of Jurists (ICJ).

Sara's casework on women's rights has included public interest litigation before the Supreme Court of Bangladesh challenging 'fatwa' violence (degrading punishments being imposed on women and girls accused of violating community norms on sexuality), 'forced veiling' and the use of the 'two finger test' as a form of medical evidence collection; and amicus/ third party briefs for constitutional litigation before the Supreme Court of Nepal in a case challenging marital rape as discrimination, and before the European Court of Human Rights challenging the requirement of proof of force to establish rape (MC v Bulgaria)

Sara writes and speaks on public interest law, human rights and women's rights and access to justice. Sara was educated at Wadham College, Oxford (MA (Hons) 1988), called to the Bar from Middle Temple (1989), enrolled in the High Court Division of the Supreme Court of Bangladesh (1992) and then in the Appellate Division in 2008. She has received awards from the Lawyers Committee for Human Rights (now Human Rights First), and Ananya, and been selected as a World Economic Forum Fellow and an Asia 21 Fellow.

## **7. Professor Wahiduddin Mahmud**

[Country Advisor](#)

[International Growth Centre \(IGC\) Bangladesh](#)

Wahiduddin Mahmud retired as a Professor of Economics from the University of Dhaka. He was Advisor (Minister) for Finance and Planning of the non-party Caretaker Government of Bangladesh in 1996.

Wahiduddin Mahmud obtained his PhD in economics from Cambridge University and is professor of economics at the University of Dhaka. He has frequently consulted for many international organizations and has held teaching and research appointments at Cambridge, IDS at Sussex, IFPRI and the World Bank, among others. He is currently a member of the UN Committee for Development Policy (UN-CDP) and chairman of the South Asian Network of Economic Research Institutes (SANEDI). Together with Nobel peace prize winner Muhammad Yunus, he co-founded, and was chairman for the last ten years of Palli Karma Sahayak Foundation (PKSF), which is an apex institution for funding the microfinance programmes of NGOs in Bangladesh. He is also chairman of the Institute of Microfinance, a sister organization of PKSF. His current and previous assignments in Bangladesh include chairing several government commissions and committees including those related to bank reforms, national income accounting, implementation of Millennium Development Goals and preparation of the country's five-year development plans. His recent books include an edited volume for the International Economic Association titled "Adjustment and Beyond: the Reform Experience in South Asia" (Macmillan Palgrave) and another edited volume titled "Handbook on the South Asian Economies" (Edward Elgar). His forthcoming book is "Theory and Practice of Microfinance".

## **8. Dr. Sultan Hafeez Rahman**

[Executive Director](#)

[BRAC Institute of Governance and Development, BRAC University &](#)



## Country Director, International Growth Centre (IGC) Bangladesh

Dr. Sultan Hafeez Rahman is the Executive Director of BRAC Institute of Governance and Development, BRAC University and concurrently the Country Director of The International Growth Centre's Bangladesh Country Programme since 2013.

He started his career as a staff economist in the Bangladesh Institute of Development Studies (BIDS) in 1975 and later served the Asian Development Bank from 1993-2012 carrying out various responsibilities in almost all regions in Asia –Pacific, including serving as the Director General of South Asia region in his last posting.

Throughout his professional career of 42 years Dr. Rahman presented papers, participated in, organised and chaired many workshops, seminars and conferences around the world. He has worked in Cambodia, Thailand, Viet Nam, Malaysia, Republic of Korea, Indonesia, Kazakhstan, Uzbekistan, India, Pakistan, Afghanistan, Nepal, Bhutan, Sri Lanka, Maldives and Bangladesh as well as 14 Pacific Island countries in the northern and southern Pacific Ocean region. Dr. Rahman has published articles on a wide range of economic issues. His current research interests are in the areas of economic growth and inequality, governance, decentralization, macroeconomic policy, financial sector policy, governance and regional economics.

An alumni of Stanford University in the United States, Dr. Rahman obtained his Ph.D. and M.A. Degrees from there and M. A. in economics from the Vanderbilt University. He was also educated at Dhaka University, Chittagong College and Faujdarhat Cadet College. He was born on 7 April 1952 in Chittagong, Bangladesh.

### 9. Mr. Salahuddin Kasem Khan

President

Bangladesh Employers' Federation (BEF)

Mr. Salahuddin Kasem Khan is third son of pioneer industrialist of Bangladesh, Late A. K. Khan (Abul Kasem Khan), who was the Member of Parliament from 1947–1962, former Federal Minister of Government of Pakistan (1958 – 1962). Mr. S. K. Khan did his schooling from Aitchison College, Lahore, 1964; Graduated from the University of Punjab in 1968 and did Post Graduate in Legal Studies in London (1969–1972). Mr. Khan was appointed as Honorary Consul General of the Republic of Turkey, Chittagong by the President of Turkey in 1984.

He is the Managing Director of A.K. Khan & Company Ltd. and also the Chairman of Coats (Bangladesh) Ltd. a joint venture with Coats U.K.

### 10. Dr. Adnan Q Khan

Research and Policy Director, IGC LSE.

Co-Chair, LSE-Oxford Commission on State Fragility, Growth and Development.