

## **Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

### **Introduction**

SDG 8 focuses on improving economic growth that is sustainable while also ensuring that the average real income of both employed and unemployed persons, especially in the least developed countries, is improved significantly. High economic growth will be achieved through increased diversification and continued technological upgrading and innovation that will be biased towards the labour-intensive sectors. More productive employment opportunities and a better work environment will be created for both men and women across all age groups and for the disabled in the formal sector. This will result in a significant reduction in the unemployment rate, the wage gap, and decent work deficits.

### **Context**

Bangladesh has been successful in accelerating economic growth to a higher trajectory in the last decade. After attaining more than 7 per cent growth rate in three consecutive years, we achieved 8.15 per cent real GDP growth in 2018-19, which is the highest in the Asia Pacific region. Bangladesh maintained strong macro-economic stability, which contributed, to increasing per capita income, reducing poverty and achieving other socio-economic objectives. Bangladesh became a lower-middle-income country in 2015 and fulfilled all three criteria for graduation to a developing country in 2018.

The major objectives of the goal require contextual interpretation and judgment for achieving them in terms of the social and ecological sustainability development realities of Bangladesh. The mode of application of this goal can largely vary from country to country. The people of Bangladesh being supportive of future generations need to sustain different sustainability values and spirituality for the sustainability of future generations. They also need to consider the resource constraint of the country. The country's soil fertility, freshwater reserves, and ecological carrying capacity will be vital to cope with the rate of economic growth as stated in goal 8. From the very beginning of the country's independence, it had gone through several socio-economic and political transitions. Inclusive development has been one of the key priority areas of government. Bangladesh has the mandate to graduate from the least developed country (LDC) by 2024. The government has set the national development plans to reach developed country status by 2041. It has recently taken the Delta Plan 2100 linking sustainable development in all national development activities. The development journey of the country as stated in goal-8 requires comprehensive and holistic endeavours from both the public and private sectors.

### **Progress Against targets**

*8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries*

With the high growth of GDP in the last decade, per capita GDP has also grown substantially. In 2018-19, growth in real GDP per capita has increased to 6.91 per cent from 5.12 per cent in the baseline year, 2014-15. This achievement is complemented by a successful population management policy as reflected in the falling population growth rate. Accelerated growth in GDP per capita contributed to a continuous expansion of GDP per capita measured in terms of current US dollars. As a result, per capita GDP grew substantially from US\$ 780 in 2009-10 to US\$ 1828 in 2018-19.

**Table 8.1 Economic growth, per capita GDP and its growth**

	2010	2014-2015	2015-16	2016-17	2017-18	2018-19
GDP Growth (%)	5.57	6.55	7.11	7.28	7.86	8.15
Per capita GDP (US\$)	780	1236	1385	1544	1675	1828
Growth rate of real GDP per capita (%)	4.20	5.12	5.77	6.05	6.61	6.91
Growth rate of real GDP per employed person (%)		5.71	6.27	4.99	5.56	5.85

Source: BBS, SID

*8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors*

The annual growth rate of real GDP per employed person is used to assess the likelihood of a country's economic environment to create and sustain decent employment opportunities with fair and equitable remuneration. It measures an increase in the growth rate of output per unit of labour input or in other words labour productivity. Growth in labour productivity is an important driver of GDP growth and therefore contributes to full and productive employment and decent work for all. The growth rate of real GDP per employed person increased to 6.27 per cent in 2015-16 from 5.71 per cent in 2014-15. However, it witnessed some fluctuations in the following years. With a view to accelerating the pace of labour productivity growth, it is imperative that special attention is paid on enhancing labour use efficiency, increased use of physical or human capital. To enhance the farm productivity and income of small scale food producer Ministry of agriculture has now given the emphasis on efficient use of agricultural inputs, mechanization, producing more high-value crops, building market linkages and facilitating agro-processing.

*8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services*

Informal employment, comprising an overwhelming majority of the total labour force, is one of the major issues that characterise the economy of Bangladesh. Such a high scale of informal labour force presents a substantial challenge to the sustainable development initiatives of the country as they are engaged in activities that are unregulated, unrecognized,

and considered low productivity. These jobs generally lack social or legal protections or employment benefits.

However, the informal sector contributes significantly to the country's economy by creating employment opportunities for a large number of people who either are displaced from or could not be absorbed in the formal sector. According to the recent labour force survey of 2016-17, informal employment comprises 85.1 per cent with 82.1 per cent male and 91.8 per cent female.

The non-agriculture sector, comprising industry and services sectors, account for 59.4 per cent of the total employment, formal and informal combined. The proportion of informal employment in the non-agriculture sector employment has increased slightly from 77.5 per cent in 2015 to 78 per cent in 2016.

In the informal sector, 15-29 year old youth population accounts for 31 per cent of employment, declined from 35.6 per cent in 2015. For the 30-64 year group, informal sector employment has increased from 62.4 per cent in 2015 to 64.9 per cent in 2017. The shift in the age structure of employment implies that workers delay entering the labour market as well as it takes a longer time to get absorbed in the labour market.

*8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead*

In Bangladesh, the material footprint and domestic material consumption are comparatively less than those of the developed countries are. The economy of the country has been growing to maintain a steady growth rate for the last two decades focusing on not only to uplift the standard of living of the people of the country but also to expedite the export of different commodities including garments and others. The main objective is to achieve the target of the socio-economic development of the country. Although the data for a material footprint and Domestic Material Consumption is not available up to now in Bangladesh, the trend to use the material footprint and domestic material consumption is in increasing day by day.

*8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value*

The average earning of employed persons is an indicator for assessing their skill level and status of employment. According to the recent BBS survey, the average monthly wage has improved slightly in FY 2016-17 over the baseline amount of Tk. 12,897 although real wage has declined for both male and female workers in the last 4 years. The average monthly wage in FY 2016-17 is Tk. 13,258 which was estimated at Tk. 14,152 in 2013.

Wage disparity by gender has deteriorated further in the recent period due to a faster reduction in the real wage rate for females than for males. Reduction in wage rate for female workers is estimated to be 3.8 per cent in 2016 compared to 1.9 per cent for male workers from the 2013 figure indicating a greater degree of wage disparity between males and females

for the same type of work. In 2016, the average wage for male and female workers is estimated at Tk. 13,583 and Tk. 12,254 respectively. The average wage for male and female workers was estimated at Tk. 14,309 and Tk. 13,712 respectively in 2013.

In order to improve the earning levels of the employees, the Government of Bangladesh has undertaken a number of initiatives where the major emphasis has been given on institutional capacity building of technical and vocational education, and ICT education across the country for creating skilled work force for both domestic and international markets.

The Labour Force Survey 2016-17 shows that the total number of the labour force has increased to 63.5 million - an increase of 6.8 million over seven years since 2010. Although the labour force participation has increased over the past years, the female labour force participation is extremely low and well below the world average.

Women in the labour market, over 90 per cent were in the informal sector in 2016-17 - almost 10 percentage points higher than that among men. Bringing women into the labour market is also essential to help reduce inequality and for the LNOB framework. As evident, the informal economy continues to host the larger share of those employed. In 2017, over 85 per cent of those employed were working in the informal sector. This share is even larger for women at almost 92 per cent.

Rate of unemployment is a critical indicator for assessing performance of the economy. The rate of unemployment, defined as the percentage of unemployed persons in the total labour force, does not show any noticeable change during the period from 2013 to 2017 when it varied between 4.2 and 4.3 per cent. The overall unemployment situation has marginally improved in the recent years, from 4.6 per cent in 2010 to 4.2 per cent in 2017. The female labour has experienced higher unemployment marked with declining trend since 2013. Female unemployment rate is more than double the male unemployment rate. Unemployment rate for male has increased marginally from 3 per cent in 2013 to 3.1 per cent in 2016. Among all the age groups, 15-24 age group youth has the highest unemployment rate of 12.3 per cent in 2017, which declined from 20.6 per cent in 2015-16.

#### *8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training*

The proportion of youth (aged 15-24 years) not in education, employment or training (NEET) is used for assessing the complexities of youth transition to labour market and vulnerabilities. It actually measures the size of the youth population who are the potential entrants to the labour market. In general, a high NEET rate and the low youth unemployment rate may indicate significant discouragement for young people. According to Labour Force Survey, about 29 per cent of youth was not in education, employment or training (NEET) in 2014-15, which has increased to about 30 per cent in the following year. While the proportion of youth male NEET is closer to 10 per cent the proportion of youth female is about 50 per cent in 2016/17.

#### *8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child*

*labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms*

The Government has undertaken a number of initiatives to address the child labour issue. In 2010, the National Child Labour Elimination Policy was formulated with the objective of making meaningful changes in the lives of the children by withdrawing them from all forms of labour including the hazardous work and worst forms of child labour. Child Labour National Plan of Action was also implemented during 2012-2016 for the elimination of child labour. Interventions through Child Sensitive Social Protection Project (2012-2016), Enabling Environment for Child Rights Project, Primary Education Stipend Project are undertaken towards eliminating child labour from different sectors. Since 1994, ILO has been supporting the government through its International Programme on Elimination of Child Labour, which directly benefited 75,000 working children through various interventions. US department of labour is also supporting the implementation of the project entitled 'Country Level Engagement and Assistance to Reduce Child Labour' towards realizing its commitment to eliminate worst forms of child labour.

The Child Labour Survey 2013 is the most recent survey conducted in Bangladesh. Based on the UN convention, the survey classified children engaged in economic activities into three categories, working children, child labour, and hazardous child labour. According to the survey, 8.7 per cent (3.45 million) of the 39.65 million population in the age group of 5-17 years are classified as working children, 4.3 per cent (1.7 million) as child labour, and 3.2 per cent (1.28 million) as hazardous child labour.

As part of the implementation of SDGs, the government has set a target to eliminate child labour in hazardous activities by 2021 and all forms of child labour by 2025 from Bangladesh. To achieve the target, the Government has taken a number of following initiatives: Under the National Plan of Action "National Child Labour Welfare Council", "Divisional Child Labour Welfare Council", "District Child Labour Monitoring Committee", and "Upazila Child Labour Monitoring Committee" have been constituted and they are working to eliminate hazardous child labour including all forms of child labour.

Inspectors of the Department of Inspection for Factories and Establishment under the Ministry of Labour and Employment are regularly monitoring activities related to child labour, and legal actions are being taken against those industrialists who employed child labour. In the meantime, 182 cases related to child labour have been filed with concerned courts from which 49 have been disposed of. Department of Inspection for Factories and Establishments (DIFE) is playing an important role in ensuring women-friendly and healthier workplaces. Children's kitchens are being set up in factories aimed for children. Under the supervision of DIFE, a total of 4537-day care centres have been set up in DIFE in January 2019.

*8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment*

Frequency rates of fatal and non-fatal occupational injuries are used to assess workplace safety situations, which is an important indicator of ‘decent work’. Recent data on occupational injuries indicate that significant improvement has taken place at the workplaces that are reflected through a substantial reduction in fatal injuries from 382 in 2015 to 228 in 2019 – the target set for 2030. On the other hand, non-fatal injuries have increased substantially to 111 in 2019 from 2015 with a dip in 2016.

*8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products*

To fulfil the target, a number of policy/ strategies have been taken in the action plan of the Ministry of Civil Aviation and Tourism to be completed by 2030 including the development of Tourism Master Plan, Community Based Tourism Policy, Eco-tourism Policy, up-gradation of National Tourism Policy 2010, review of Master Plan of Airports, etc.

According to Tourism Satellite Accounts, in 2011-12, tourism direct GDP as a proportion of total GDP was 1.565 per cent. Due to lack of awareness among the people and the management authority of the tourist sites as well as backward infrastructure seem to be the critical difficulties to develop this sector as one of the drivers of the economy. Since tourism is a specialized sector and a combination of transportation (including air, water, and rail), accommodation, foods, and recreation, the holistic plan with prioritization is highly needed. Creation of Exclusive Tourist Zones along with a targeted master plan can ensure the sustainable development of tourism. Currently, 1.3 million direct employments have been generated from this sector while 2.4 million employments are indirect. Moreover, once the Master Plan is implemented, it is expected that more than 6 million employments will be created by 2030.

*8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all*

Access to finance typically expands opportunities for all with higher levels of access and use of banking services associated with lower financing obstacles for people and businesses. In Bangladesh, the number of commercial bank branches for every 100,000 adults increased to 8.58 in 2017 from 8.37 in 2015 and 7.47 in 2010. Access to ATMs has also improved significantly in recent years, from 2.06 in 2010 to 6.8 in 2015 and 7.8 in 2016.

Financial inclusion ensures improved access to and better utilization of resources, and better access to services that ensure the poor better quality of life. Increasing financial inclusion will help households and businesses to utilize formal financial services such as loans, deposit and saving accounts, payment services, and insurance to meet their specific needs for consumption and investment. There has been a gradual improvement in financial inclusion indicators in Bangladesh over the years. According to the Global Financial Inclusion database/Global Findex of the World Bank, 50 per cent of adults (15 years and older) have an account in 2017, which was 31 per cent in 2014. Moreover, 41 per cent adults have an account with other financial institutions in 2017, which was 29 per cent in 2014.

*8.a Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries*

Aid for Trade is an umbrella policy comprising a wide variety of activities. It combines conventional measures of technical assistance to trade, intended to enhance the ability of the recipient country to comply with international trade rules and to develop its trade, with other types of trade-related aid, such as the provision of physical infrastructure and productive capacity for trade, or adjustment assistance to firms and households in the case of trade liberalization. Bangladesh received US\$ 824.1 million as an aid for trade during the period 2012-2014 against the commitment of US\$1340.1 million indicating the difference between commitment and disbursement.

In 2017, Bangladesh received \$1.89 billion aid for trade against the annual commitment of \$2.96 billion. Disbursement of the fund increased gradually in the last 10 years while commitment from donors fluctuated regularly. In 2017, the country's top three priorities for AFT were trade facilitation, transport infrastructure, and networking infrastructure.

*8.b By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization*

The government of Bangladesh gives utmost priority in poverty reduction and social protection expenditures. In 2019-20, the Government has allocated 74,367 crore taka in social protection programmes which is 14.21 per cent of the national budget and 2.58 per cent of GDP. Among 126 social protection programmes implemented by various Ministries/ Division, there are many large employment programmes, which generate employment. Some notable programmes are Employment Generation Programme for the Poorest, Food/ Cash for Works Programme, Skills for Employment and Investment Programme, etc.

### **Challenges**

The economy has to create more jobs and more productive jobs to absorb the flow of new entrants with higher average schooling. The majority of workers are employed in the informal sector. Reducing youth unemployment rates would be challenging.

While university graduates are more likely to take professional levels of occupations, there seems to exist a mismatch between the labour market demand for academic specialties and academic disciplines that university students study. The difficulty of finding appropriately skilled workers is a substantial constraint to the growth of industries.

Overseas employment is of considerable importance as a source of employment, especially for low or unskilled workers. However, the high cost of migration, fraudulent practices, the substitution of contracts in destination countries and unacceptable conditions of work and living constrain the outward flow of workers.

There exist barriers to female labour force participation in the country. These include the absence of infrastructure to facilitate and support women's employment, such as childcare

facilities near women's workplaces, violence against women- both in workplaces and in outside, and safe and women-friendly transportation.

Despite the government's effort to provide FDI friendly environment in the country by undertaking reforms in a wide range of areas, Bangladesh still has a weak institutional architecture to serve the private investors.

### **Way forward**

Since manufacturing will be the main driver of growth, it has to grow at the rate of 12-15 per cent per annum during the next 15 years to absorb the growing labour force. At the same time, the economy has to diversify its production structure.

The tie between the education system and the labour market needs to be strengthened in several ways. First, the skills the education system is providing to the students need to fit what the labour market needs in terms of kinds and quality. The education system needs to provide more non-cognitive skills, which the labour market requires. Second, there has to be effective communication between educational and training institutions and employers. There has to be systematic support to the graduates of educational and training institutions for job placement. Private universities should be able to respond to the increasing and diversified demand for skills in the manufacturing and services sectors through curriculum revision, the introduction of new programmes and faculty development.

Bangladesh has to address the multifarious barriers faced by women in order to enhance their labour force participation rate. The Government has developed a legal framework to address issues such as child marriage and violence against women. However, the application of laws needs to be much stricter. Infrastructure facilitating women's participation in the labour force needs to be expanded where both the public sector and the private sector can participate.

As FDI not only augments investment but also brings new technology and management skills which have spill over effects Bangladesh should attract a larger volume of FDI as part of its strategy to mobilize significantly bigger amount of resources for achieving accelerated growth, poverty reduction and employment generation.

Investing in human development through quality education and vocational training and enabling an equal opportunity will allow the government to take advantage of its young workforce.