

Bangladesh at 50: The Future of Bangladesh

Transcript Begins:

Chelsea Ferrell: Tarun is the Jorge Paolo Lemann Professor at the Harvard Business School and Faculty Director at the Mittal Institute. Under his tenure as Director, over the past 10 years, we've collectively built the Institute from a near standing start to an entity focussed on intellectual issues relevant to all countries in South Asia. We will just give him a minute to join us as well.

Tarun Khanna: Wonderful, Thank you. I thought we had a 5 minute break so I went out to get a cup of coffee. You tricked me. Okay, no problem, go ahead (Kesha?? - couldn't catch the name)

Kesha: So this panel explores the future of Bangladesh and in turn I'd like to turn it over to you.

Tarun Khanna: Okay, terrific. Welcome everybody. You have all been part of different panels so I don't think we need to spend any time with introductions. I really enjoyed the last panel and maybe the ending part of the last panel sets the stage for looking forward because we talked about a number of deep seated challenges and we would like very much for this last panel which is sort of the younger generation among the panelists, that's how I think Marty and Richard conceived it, since the future is really yours. We would like to make it a little bit more forward looking, perhaps even speculative, perhaps a little bit imaginative and that's why for the audiences benefit I had sent out a simple question - simple to state but perhaps harder to answer, which is if you had 1 magic policy leveller to address some intractable problem that Bangladesh is currently facing with the view to improving things going forward, what would that be? So that's something to keep at the back of your mind.

Umama let me start with you , because you are the youngest and last time also they tricked you and jumped to you without giving you warning. Since you responded so well, um you know.

Umama Zillur: Sure. I am ready.

Tarun Khanna: So I was struck by your comment in the previous session about individual agency and the idea that women are still not seen, if I understand correctly -- I should say for the record that I am not a Bangladesh expert. I have visited Bangladesh several times over the past decades but I am not a Bangladesh expert so forgive me if I mis-state the question but what I understood from your question

was that women's agency was still not taken seriously and I wonder if we could broaden that actually. When I think about some of the many students from Bangladesh who are in my different classes at Harvard, both at Harvard College and HBS, of course usually they are from the Muslim majority living in urban sectors but there are also you know folks from the hill tribes, Zafarullah I think or I think it was a Zafarullah who referenced a Rohingya in the previous panel. We could think about the religious minorities. What about this idea of individual agency? - which has been at the heart of several other miracles in Bangladesh, when you think about grassroots activity which has been at the heart of so many other changes in Bangladesh. It seems like a really important conceptual issue to get around. Do you want to kick us off with that maybe?

Umama Zillur: Sure. So of course I don't want to kind of disregard the role individual agency has been able to play and I think a lot of the conversation around access to services and access to education, all of that was an important part around women being able to exercise their individual agency. I think the point I was trying to make was, I think, now is really the time to translate that individual agency to a broader collective agency for women as a whole which I don't think we have seen.

So these individual stories of success we can see not just in the case of women's rights, other areas as well. I think Bangladesh relies very heavily on individual champions - we don't focus on institutions, we focus on individuals. We focus on initiatives and not policies or systems. I think it's just something we are very attracted to and that we have to do because of the landscape that we work in but really my point was to push for now to translate that work into collective change in women's rights in the country.

Tarun Khanna: So let me put you on the spot for a second.

Umama Zillur: No, No! This is like a Harvard classroom. So how are you going to do that? This is your thing right? So how are you going to get smaller collectives to step up the pressure on institutions.

Let me just start out by saying that this is what I do for maybe the last 5 seconds in the larger scheme of things but I think what I also recognize and kind of have been trying to do is to kind of build coalitions within the group of people who are working on the same thing. So I mentioned the Femgen alliance and one of the main reasons why we did that was we wanted to learn from the people who have been working since the liberation of the country, and some from even before and also take the questions that we have right now and the dreams that we have now of translating this individual agency to collective agency...so learning from their experiences and learning from how they navigated the challenges and combining our newer perspectives.....and we've started this conversation and I think it will take awhile before we can figure out exactly what needs to be done. But I think the hunger is

also not readily there...we have to build that hunger for collective action which is kind of the process that we are in right now and then we can get into those conversations and dialogues and debates then. We can then perhaps see some version of an answer in the future.

Tarun Khanna: Okay. Thank you for being a good sport. Mushfiq let me go to you because you have...Im looking at your website on my other screen, Y-Rise and it claims to be about policy aggregation and in a sense what Umama is talking about is aggregating decentralized action into some form of systemic change, in the absence of sufficiently long run horizons for institutional reform. Educate us if you will based on your other studies and so on...you know what's the best mechanism to aggregate desire or even latent desire if you will, if we take Umama's words at face value about systemic change.

Ahmed Mushfiq Mobarak: Right, so that's almost literally an impossible question to answer

Tarun Khanna: Life is all about the intractable problems in it?

Ahmed Mushfiq Mobarak: So maybe I'll cheat and break down the question into two separate pieces which may or may not be linked. So 1) What are the systemic changes that are required. Like I want to think carefully about what the future holds for Bangladesh and 2) Separately we can have a conversation about how can we get the building blocks to get there.

So in terms of when I thought about the topic of this panel - the future, the word that kept coming back to me was transformation. Like the country is in the middle of a really large transformation and we need to see it through, right? So just day before yesterday the United Nations recommended that Bangladesh graduate from LDC status. That means the country, what the country has gone through, its fundamentally evolved, fundamentally matured right?" And that means we have to reinvent ourselves. This is why it is so hard for me to answer that question right because the reinvention has to happen in many different dimensions. So just to start with a simple example because Shameran is here as well. At the micro level, so this reinvention is going to be required at the organizational level because BRAC's funding sources are not going to remain the same. You know so I run projects not only in Bangladesh but also countries like Indonesia, Chile and Brazil which are richer, right? And it's not the same types of funding mechanisms that you would use in order to address those challenges in those countries. It's like BRAC I'm sure is already discovering it and will continue to discover this. And then on the other hand the problems that BRAC has to work on in Bangladesh, that also has to change, right? There were lots of low hanging fruit that we were able to pick off, that allowed us to get here, right? But now we will be faced with much more complex set of challenges, like make sure everybody is vaccinated. It's not just about making sure

everybody has a toilet, right? That's a problem India still has but we've addressed this. So now just think about - I'm just using BRAC as an example but this transformation is going to be writ large across the economy. E-commerce is becoming more important. So let's say mobile money has become more important. So that means Bangladesh bank and the nature of what it does, its regulatory work has to be fundamentally different again. Here is the biggest one, I think where there has been massive urbanization in the country, right? And it's just a fundamentally different country that you now have to manage. This even changes your nature of politics right? like how you get votes, how you convince people, when they are in urban clusters, have better access and quicker access to information. Right? What people care about, right? Basic needs are met, what they are going to be, like they are going to care a lot more about voice than political freedom. And this is going to come to a head, I fear. As the public is getting more educated and sophisticated, basic needs are met, they care about political rights and normal goods - you demand more when you get richer, right? And I think our government needs to recognize this transformation and act accordingly. Right now with the increased clashes, that is what I'd like us to pay more attention to. I think it is in the interests of the government to pay attention to.

Tarun Khanna: Hmm. So Umama here's a little tip for you. When I asked Mushfiq a question, you saw what Mushfiq did? He just changed the question. But he is not going to get away, I'm going to get back to him. Let's see, so Shameran let me go to you since Mushfiq referenced you know, I guess lots of your senior colleague who are focussed on BRAC have expressed this over the years, including your late father - bless his memory - to me which is that the funding sources are different, the more educated population in more urban settings and so on, the sort of things that Mushfiq was talking about...so can you tell us what is exactly happening inside of BRAC in so far as we can see BRAC as an example of a superbly run institution inside of Bangladesh and one that recognizes the need for systemic institutional change. What can you share with this group - perhaps doesn't have to be BRAC specific - but that still has to do with this challenge of institutional change, from within in some ways.

Shameran Abed: Yeah so obviously the funding sources are changing but I think even more compelling than that is the needs of the people we work with are changing. Right? So funding sources, let's put that to one side...we are going to have to do very different things - let's hope we survive another 50 years. And BRAC turns 50 next year so we are almost there. Um I'll give you a couple of examples."
SA: "What did BRAC work on in the 70s. 80s and 90s? If you look at education we worked on basic access like getting girls to school. Umama mentioned that we have reached gender parity in primary school completion rates, right? We worked on that. Getting girls into secondary education. We have worked on that..right? Access problem has been largely taken care of. But the issue of quality - huge issues of quality, right so if you look at our education sector - so we are going to go from a

country that was largely uneducated to a country that is largely poorly educated so now a lot of our work has to be on improving teaching-learning and improving curricula, improving you know training of teachers and you know and how to make teaching student centric, learner centric and not teacher centric. If you look at healthcare - same. So we have to go from issues of access to issues of quality healthcare, to affordable healthcare. You know so a lot of the thinking we have been doing is how to make that shift from access to quality and also another major shift that is happening is, in our thinking is most of our work has been to sort of provide services for free. Now we are increasingly beginning to think about how to provide services and then charge for it. You know, get the community to pay for services because you know, how with economic growth there has been a manifold increase in disposable income and a lot of our population do pay for health and education and most our healthcare costs are out of pocket costs for people. You know, see this whole mushrooming of private primary education and private kindergarten education all across Bangladesh and our challenge will be how to provide quality education at affordable costs. And once you do that, your accountability is not just to your donors, it is to the community you serve because the community paid for it and once they decide to pay for it, you can't get away with bad quality because, you know, because they have that choice of either paying for it or taking their kids elsewhere, So I think the challenges are going to change, the aspirations of people are going to change, the needs of people are changing a lot and I think we are going to have to change along with that and absolutely our funding will be less donor driven and less you know dependent on donors and by that I mean sort of international foreign donors and much more probably, probably funded by our own people, by our own communities.

Tarun Khanna: Great. Thank you, thank you Shamaran.

Faisal let me give you a chance to give overall comments about something that we corresponded about, perhaps a week ago which is this need for long run development and how that is changing. You can of course perhaps add a macroeconomics perspective from your own role at the IMF so any opening comments for this discussion?

Faisal Ahmed: Let me touch one or two points on the growth, the overall nature of growth in Bangladesh over the last 50 years. Yesterday as several speakers mentioned it has been a very bottom up growth. If you look at relative to other countries, the drivers of growth whether you look at agriculture, remittance, microfinance supported activities - they all created a lot of jobs, right? Again relative to other countries. The second thing I would like to mention is the traditional manufacturing lead growth drivers in Bangladesh, growth factors - if you look at RMG, remittance, so the growth driver is shifting and that's what something Mushfiq mentioned at the microlevel which is also taking place at the microlevel, which is not reflected in the GDP numbers but the growth drivers are shifting. The third point I

would like to mention I think is that a lot of these changes will require what Shameran talked about at the micro level - which is State capacity. State Capacity is intimately tied up not only with what things are manufactured but how things are financed and there I think Bangladesh will be looking ahead as a significant challenge. If you look at the tax to GDP ratio in Bangladesh, there you will find, that we have had in the last 10 years one of the highest GDP growth in the world but we still have one of the lowest - so whatever you talk about - education, health, finance, innovation - State will have to step up its game and ramp up significantly even in comparison to Vietnam and Cambodia, Bangladesh's tax revenue is 1/3rd so on the one hand the bottom-up story is very inspiring and on the other hand, that's where the importance of governance comes in - all of the transformations Mushfiq mentioned whether it is urbanization, technology -all of these transformations, how does the State manage this? Bangladesh is not East Asia. One thing about East Asia is State Capacity. Bangladesh does not have the State Capacity. And one thing as a historian of macro economic reforms, one thing I don't have a good answer, I think one challenge for Bangladesh some of our drivers are actually reducing the incentive for governance reform for example remittance. This large remittance creates a lot of liquidity in the financial system which reduced the incentive for governance reforms and which can hide weaknesses in the system for a very long time, in need of governance reforms. Big reforms only come through pains right? After pains. Very few macro reforms have taken place being foresighted. So a lot of our good stories have a hidden bad story and that, that's, I don't have a good answer. It's easy to be an activist and say let's have macro reforms but too much of a good news is something I worry about because it comes from crisis and pain.

Tarun Khanna: So Shameran, another version of that good news is really a bit of bad news. In the previous panel you characterized the NGOs of being of 2 kinds - service delivery and holding governance accountable. So to the extent that service delivery has happened largely in the realm of, in some sense you, you meaning the BRAC like structure of NGOs has left the government off the hook. This is something you hear very often in classrooms here, you know if these guys keep doing this then what is the incentive of the State to get its act together? Do you want to comment on that because it a version of what Faisal is saying with remittances letting the financial market regulators off the hook.

Shameran Abed: I mean I don't think we've seen it that way. Obviously. You know the way BRAC has looked at it is in the early 2-3 decades of BRAC we had a new country where the Public Sector didn't have the wherewithal to meet the needs of the people and then the civil society organizations jumped in to do sort of a lot of that work and across many sectors. That doesn't mean the government's capacity hasn't grown. I'll give you an example - look at the vaccine drive currently undertaken - its being driven and lead by the government and it is going very well. Just because we work in health doesn't mean the govt. does not have vaccination, immunization, family planning. On many things, the government. has done great work in

Bangladesh. Education - you know the govt runs many schools in Bangladesh. The problem again is quality rather than access and we have been working with the government and in terms of capacitating the govt and capacity building of the government, that is also an area that many civil society organizations have done a lot of work in and it's probably something that we have to focus more on and we continue to do that.

Again I'll give you an example. I mean we have been working very closely with the government in improving primary and secondary curriculum and there is a lot of hope in this and the government, we have been trying to, I mean the space for civil society organizations is shrinking and that is true in a sense but also there are new avenues and opportunities opening up to work with the government on specific things. You know, it's not, it's not one way traffic. There are good things happening and things that would cause a lot of concern.

And I'll just say something, I mean, look, the last 7 days I think, has been kind of symbolic for me, for Bangladesh I mean, on the one hand we have become apparently a middle income country and that is cause for great celebration I think. From where we were at the time of liberation, huge population density and one of the poorest countries in the world, very little natural resources - this country has done very well and that is something to celebrate but at the same time we saw the death of a writer and activist in prison. So that is the challenge - we have the governance challenges on the one hand and on the other hand we are growing, and the economy is growing and the country is becoming successful. So are we becoming the country we want - of course from the infrastructure and development point of view but are we becoming the society we want in terms of rights and peace and democracy and all of that and that's where the concern is so we have to work on all aspects of that, going forwards.

Tarun Khanna: Thank you Shameran and Faisal. Do the other panelists want to comment on this broad theme about incentives to develop the institutional structures going forwards in Bangladesh?

Ahmed Mushfiq Mobarak: I would love to follow up on what Shameran and Faisal just said. So you know Tarun the way you represented the BRAC-govt economy was sort of as substitutes. There are activities that need to be done and if BRAC ends up doing it then, the govt is let off the hook. So it is true that BRAC in Bangladesh are doing things that we associate with govt in other countries so BRAC are running thier own school, dairies, banks for example and on the other hand we might want to also think about complementarity - so they are not always just substitutes - so the government has done a fantastic work of getting out of the way - and its not just BRAC, there are hundreds of NGOs all across the country doing terrific work in terms of social development, economic development etc. and this was something I mentioned yesterday, that trying to do the same type of work in Bangladesh

compared to say Indonesia, right? Is just much more difficult to operate fast in Indonesia and the reason is in Indonesia everything has to go through to Jakarta, where you have to get a letter from a central authority to operate whereas in B'desh you can actually move- be a bit more nimble. So that complementarity has served us well and this shows up in like the social indications like relative to our GDP levels, like relative to states in India that are twice as rich as us, right? Our social indicators end up looking a lot better because of that nimbleness.

Faisal also mentioned that very important point about the tax to GDP ratio and here I do not want to let myself off the hook and I want to come back and answer your first question now, by using a specific example.

So I actually did a project with the National Board of Revenue, the tax authorities, in parts of Bangladesh to raise tax revenues, and this was done in collaboration with your colleague Raj Chetty, who is in the Harvard Econ dept. Our idea was look there are some institutional challenges - we all know what these are like the government bureaucracy. So we thought can we use social incentives to let people know that other people were paying taxes, going to villages to get taxes up, right? So what you find is that yes you can - like if you tell (firms?) that I am going to shame you publicly, in front of your neighbours that you are not paying tax while they do, then they do respond, right? Shame does play a factor but otherwise for those of you who do know statistics - this is the difference between a p value and an r^2 . While they do respond and it does raise tax revenues and its cost effective cause sending letters and interacting with (firms?) in this way is cheap, right, it's not going to move the needle in the way that Faisal was talking about. Because you need like, because it's not like sending letters out - you need institutional transformation and for that, going back to my first set of comments, the country is transforming and our future is not in BRAC. BRAC has done a wonderful job but to run a complex country we need government capacity to step up and that is the big challenge when we think about the future - the challenge is how to get government capacity set up. So just to finish this story with Raj - it was clear to us while we were working on this project that this is not going to move the needle because at every step of the way, when we were trying to digitize the NBR's records for instance, the bureaucrats just hated us. Like I've walked into an office, right? And this is the only time this has happened in my life that as I'm walking in, people are getting up from their chairs and shouting 'How dare you use our records' (*laughs*) you know so, so unless we solve the systemic problems we are going to make little changes at the margin but not really get to the centre and that's really difficult.

Faisal Ahmed: Tarun, can I come in here very quickly please?

Tarun Khanna: Yeah, yeah, go ahead.

Faisal Ahmed: So in terms of taxes this is something very close to my heart. 80% of the tax will come from the larger players and the biggest source of the biggest sum of tax revenue is totally untapped. I am sure most of you who participating here through zoom would be aware of this. So I worked in Bangladesh from 2015-19 and after going back, after working in Bangladesh for 25 years, wherever I went I asked about the land price and in the 25 years I was away from Bangladesh the land price has gone up by 60 to 400 times and even in real terms it has gone up by 60 to 150 times but there are absolutely no property taxes. I myself did valuation of an area called Baridarah using google maps and my rough valuation put its worth at 10 billion dollars and if you look at the tristate area, that is billions of dollars - that is wealth accumulation that can come through property tax but I think the border issue right now when it comes to tax and broader reforms is how to save capitalism from the capitalistic Bangladesh and when you look at the long and when you look at a lot of the other countries in the world, the country Bangladesh resembles the most in terms of reform trajectory is not going to be East Asia, not going to be Korea, not going to be like Malaysia which had reform growth during Cold War, its is going to be like the U.S. 19th century U.S. how the reform took place is how reform will have to take place in Bangladesh, let me pause there.

Ahmed Mushfiq Mobarak: Faisal bhai I have to make a quick joke here. The reason why property values go up is precisely because they are not taxed, that's why everyone is putting their money in it.

Faisal Ahmed: Now that we have accumulated that money - let us use it as an incentive to raise tax. I did a calculation that if you raise the level of property tax a very large amount of money will come and I'm sure those of us who own land from their own balance sheet will be able to make a guess.

Tarun Khanna: Faisal I can sort of see the social media going at you (*laughs*). But let me pick up on that - this is a point that Raunaq and Rehman raised in the very first panel. If I remember their conversation from yesterday, pardon inaccuracy, but my recollection was there are two kinds of capitalists Rehman said - there are the crony capitalists and then there are the few who are sort of honest, globally savvy and so and the question that kept running through my mind and I put it in the chat as a question is how do we - I guess economists would say - make it incentive compatible - so let us just take property taxes right? Why should the rich folks agree to not block property taxes and stymie the process behind the scenes with what appears to be as a previous panel was telling us in a country that appears to be relatively low down in the corruption rankings, in other words quite corrupt - so how do we thread that needle? I'm sorry I'm posing intractable questions.

Faisal Ahmed: My own view, so what I have thought for a long time what is unique about our country Bangladesh in the global landscape - is it the flood, is it that picture of the famished kid in Time Magazine in the early 80s that we saw. I think

what is most unique about Bangladesh is density - it is the largest most compact mass of a country. Now both for the elites and the government things can get unravelled very quickly in Bangladesh. In the past the elites had a very caring view because we all came from a very common background right? Because we didn't have an inherited legacy like Pakistan or parts of India right? Because we were very poor farmers who came from the village and rural society. Because of the compactness elites will have to care, government will also have to care. I think one thing Dr. Jahan also mentioned yesterday was we want justice - road safety movement, within a day the whole city was shut down by young people and this was very inspiring to see. So things can unravel very quickly and elites will have to be, have to care for that and that's why the State capacity will also have to take care and manage and so that is where I'd come back and elite will have to care because of the engineering of it, not because of morality. I am not making a morality argument, I am making a very engineering argument. I think one good thing about Bangladesh we remained a very fragile society - we can basically hijack each other very easily. That is my hope. So this is not a negative message. This is a message of hope.

Tarun Khanna: He's flipping everything around - he says you can't do reform unless your back is to the wall and now the negativity is the cause of all - okay, i love it. Anybody else have any thoughts?

Ahmed Mushfiq Mobarak: "So I'd like to jump in here and actually pose a question to Umama because I'd love to hear her views on this but rather than throwing the question right at you, let me present a few of my own views so you have time to formulate an answer.

So you know we were talking about transformation and there have been many positive sides to this as well - we are seeing a lot of innovation and at every level. So yesterday, in the urban, a food delivery company, just like grubhub got acquired by a multinational in Bangladesh so the innovators who came up with that idea, they did well so they and hopefully just like Elon Musk, right? Move onto the next big thing. But its not just in urban areas. In rural areas we have seen increased salinity due to climate change, south of the country and that has changed who agriculture and aquaculture are done. Like shrimp farming - something that was dominated by Indonesia and Southeast Asia right? Is increasingly moving to Bangladesh. So as a result what happens is a whole supply chain gets built up - so in order to do shrimp farming, you now need fish feed and some of my own cousins in rural areas are involved in this now, right? In this type of business. So for our future we really need to cultivate this sort of innovative spirit. So when I was growing up in the 80s, the main thing you would look forward to, forward for, like I remember what my grandmother told me was the hallmark of success - you look for a government job or an NGO job and this was young people's aspirations then, like can I graduate and get a steady job and then the holy grail because I remember somebody who lived

down the street who had a relative working in the IMF, the holy grail was to get a job at the World Bank or IMF and then you just made it. And unfortunately I failed.

Faisal Ahmed: Mushfiq, my mother said the opposite- why not go into teaching? Why IMF? Bad reputation of the IMF

Ahmed Mushfiq Mobarak: I guess the grass is always greener on the other side. So I am really heartened to see the innovative spirit of the young Bangladeshis and this is why I am really excited to have Umama as a co-panelist because it's not often I get to speak with people who are younger than me and I think the government, I keep going back to this particular theme that, the government needs to realize if you want innovation to continue, people need freedom of expression. They need to feel comfortable that their rights are protected, their voice is protected - otherwise, even the way we are talking on this panel, we are kind of beating around the bush - we are not talking for instance about the digital securities act, right? Even somebody as well established like Shameran, like me is saying things indirectly. You know so recently Al Jazeera did a report, the report itself was not that surprising or shocking but the reaction of the local press was the most surprising. But the reaction of the local press was the most surprising thing. It's as if it did not happen, like everybody was just like stayed quiet about it, not knowing what to and that was much more and I think that reaction was much more damaging than the report itself. So Umama over to you, so how do you get this innovation, like what led you or what drove you?

Umama Zillur: There was a lot happening, like I think a lot of the question and all of that but I think what I will say is that um, there is some areas of innovation which I think is similar to how innovation happened after the liberation, is inline with what the government wants for this concerns. So someone mentioned the words digital Bangladesh which is something we have all heard quite a lot and we see a lot of investment by the government, we see a strengthening of the start-up ecosystem which is kind of held up as the site for innovation and the site for the future and people who are going into that area and that space and the people who are going into that area to bring change for the country are not afraid of freedom of speech or not afraid of government backlash or anything like that because, it very much is in line with what the government is wanting. But I do see that those sets of innovations are not tackling the sort of systemic problems we have all been talking about. So if we are talking about class inequality or if we are talking about roots of gender based violence in the country, the innovations are pretty much, what you talked about, are able to tackle the issues at the margins but not at the roots. So I see a replication of what we saw earlier? And then the second thing I think is we can't look at innovation in a vacuum. I will definitely touch on wood to say that we have to look at it in the social climate that we have right now and even if windows are being opened, the social climate does not allow for people to actually - you know if we are thinking about, or when we are talking about urbanization or we are talking about building more parks so women can be out and about and women can have a healthy urban life, we are not talking about the fact that no their families are not going to allow them to go out and actually use that service and I think

that when we talk about innovation, a lot of the discourse in the country it has been independent of the social climate or the political climate and I think that is really scary that people are comfortable doing that and that is something we need to acknowledge and bring into the discourse. In terms of Kotha and what we have been trying to do is to really try to see where we can interject with government policy but also finding areas of micro influence. So we provide a fairly comprehensive sexual education where we look at that as one of the long term solutions to gender based violence in the country and not just as an ad hoc but really implemented into the schooling system of the country and because we have not been able to get the government completely on board at this moment, even though we are working with the NTTB - the National Textbook, the National curriculum Board - so we are working with school associations and school communities, so we are strengthening them to have a bottom up approach where they can put pressure on their schools to implement such programs etc. So our areas of I would say innovation, is to driving back energy into communities, driving back energy into those where or people we are trying to work for or serve. So you know instead of working with admins or government officials, we are working with students and working with young people and like I mentioned not just as token youth on the table but as program designers and as people who are delivering the programs etc. so yeah I think that would be my take on that.

Tarun Khanna: So Shameran let me come to you in a slightly different guise, not so much sort of as the closest thing on this panel as the representative of the private sector which has come up in the last two comments, which is that you have a connection to BRAC bank which is affiliated with NGOs but is also a private entity and sort of, Iqbal bhai and Kamal bhai's venture. So can you say, you know there have been some pretty cool successes but I can't help thinking of Bangladesh as some version of my country's problem, which is India's problem and I have built many start-ups in India and China which are tinkering at the margin, like the food delivery start-up, I mean it is not insignificant but it is not really getting at some of the tough stuff. Can you comment on the role that private sector - not so much the role of the small private sector but the right side of the SME distribution, the bigger ones, the more established side so to speak, and I'll come to Faisal after that but that has to be the engine of systemic growth I would think.

Shameran Abed: Shit, I don't know if I'll do a good job of representing the private sector but what I agree with Mushfiq bhai that there is a lot of interesting stuff happening and some have broken through and become big, so there are things like *Bkash* that I have been involved in and have involved with but there are others like that but I think that the case in most countries, I mean even in, we always here about the ones that break out and become large but behind that are 100s of start-ups. So if you look at the VC experience in the U.S. so you know you invest in a 100 companies and 2 of them sort of become large and break out and you know, get your returns for all the other ones that didn't. I think there is a lot, I think Bangladeshis are generally quite entrepreneurial and I say this across the board from the women in the villages that we work with in our graduation program in our microfinance programs all the way to the amazing things that young people are doing in the start-up space. Honestly I am more hopeful, I think you

are right, I think we still have some ways to go and that you know, regulations have to improve as well and that I mean, financing has to improve and regulations have to improve but there is so much bubbling under the surface and I am just and I just think its a matter of time before some of these things become large and break out and solve some of these problems that we are talking about. I think technology and innovation will solve many of these issues. Even, even the issue of taxes and the problem with the land prices and all of that, you know, I mean, I'm not going to get into that and there is, that issue is very complicated and I think Mushfiq bhai is right, the reason that is fuelling a lot of that is whitening black money, so there are, there is the question of how do you create incentives to fix that problem but over time there will be digitization and technology that will help solve some of those problems so I remain hopeful. So I think if you are comparing us to India Tarun, I still think we are probably a few years behind in terms of some of the things that are happening but that is where you leapfrog and catch up and I think Bangladesh will on many of these things and those are areas where the government has, I would say more of a progressive view even though the regulation haven't caught up but I think there is more progressive thinking around some of those areas and I think the future in that sense is bright.

Tarun Khanna: So what are some examples of regulations that you have in mind?, just to fix ideas.

Shameran Abed: So yeah I mean you know, the financial services space is one I work a lot in so I'll compare it with India so if you look at some of the regulations that have happened in the last 10 years in India, on financial services - the small finance banks, the payment banks, the India stack with the Aadhar cards getting linked with everything, interoperability, payment switches, I mean there is a lot that has happened that is leading to a lot of these innovative new things scaling. If you look at Bangladesh I mean, we have got to catch up with some of that. And I think we will. I think our regulators will look at what is happening around the world hopefully and even without a lot of that we do have the likes of *Bkash* growing where it is today so I think there are areas we need to do a bit more.

Ahmed Mushfiq Mobarak: So Tarun beyond changes and reforms and regulation, the government has also had an active hand in supporting innovation so like this digital, we have already heard twice about this digital Bangladesh initiative, this was a very well thought out and initiative that came, I mean, large part from the government so now, so now once, just like in India once you have digital ids for the entire country lots of innovations can come in and be built on that, right? So similarly the government has played an active role in digitizing the country so there is now good access to the internet across the country and a lot of the services have become digital and now who knows what will come out of it, like it's hard for us to predict any one particular innovation that is going to be transformative but putting the basic infrastructure in place so that people can build on it, that's been a great achievement of this government. So I'll mention one particular office, the office is called A2I1, within, this was important it sat within the Prime Minister's office and building and so it had that cache and you know, what the government did was let us look outside the mould of traditional bureaucracy which is

training which is where bureaucrats come from and let us try and find people who are more entrepreneurial in spirit and innovative in spirit and ask them to run some of these things, like bring in people from outside and I think that has worked very well.

Tarun Khanna: Hey you know so one of the things, I'm very involved with the innovation policy agenda in India and one of the things I often think about is, just as an example you mentioned, digital IDs and Aadhar and so on, and then aggregation of preferences and that enables but I worry a lot about this point that Umama raised in the last panel and the beginning of this one which is worst for the voiceless because the minute you have that kind of structure where people can gather individual data, all the familiar problems with data aggregation and data privacy come up so unless the voiceless have a voice or a mechanism to channel that, that becomes an institutional conundrum that lots of developing countries are facing.

Shameran Abed: Oh let me give you a specific example. Sorry Umama go ahead.

Tarun Khanna: Yeah Umama go ahead.

Umama Zillur: Sorry - So I did, I did just want to flag the digital Bangladesh, the issue, I think, I think I personally am quite critical of, of the whole scenario that the innovation landscape of Bangladesh right now has. You know if we have severe, extreme poverty, no one is going to solve that with fintech solutions for low income groups or farmers like that. So I think the government's hand on it has played a big role in trying to depoliticize a lot of very political issues and today's youth is sort of also going along with that so unless we are able to bring that discourse and have those confrontations, within the digital space as well, I think it is not going to be good news for us and one thing that we are all very, alert about and have to be, moving towards a surveillance state with all of these new digital innovations so those are just I think some of the critical issues come into play.

Tarun Khanna: No I think they are real issues. So better to have them on the table. By the way a lot of the questions in the chat are all, well not all, but, you know sort of skirting the issue of corruption. And worries about basically lack of accountability in the power structure and you know, the folks in the chat are taking individual comments and anchoring in that thing that's in the back of their mind which is just to communicate the general gestalt of the thread over there. Faisal I was going to come to you about the sort of the middle of the size of the distribution of the private sector, if you will, you know where a lot of the growth engine often is in middle income countries. From your IMF sort of macro views, any comments on that?

Faisal Ahmed: So you like me to make some obvious complicated statement?

Tarun Khanna: Sure, yeah, Go ahead.

Faisal Ahmed: So I think that some of, let me first touch on this innovation border issues, so I think from a macro point of view, this issue of productivity - we have to be a

more productive country to move up the value chain, to the ladder of middle income transitions and all of that. Now innovation is one part, a very important part when you look at, the mid to larger size entities, corporations, this competition policies, how you manage the competition, that is where regulation comes in. I think the government has been very progressive in terms of thinking about business sectoral issues whether export economic zone, whether it is delivering power sector. Less focus has been on the competition. Because for competition you need, monetary you need surveillance and you need to measure competition. If you looked at the struggle of the U.S. 100 years ago, we are basically where the U.S. was 100 years ago. Rise of the larger conglomerates, oligarchy, power structures and all of that there, so I think the competition policies need to be there. Now your previous question, the very first question is how does mid size, what can the government do for the mid-size companies to grow? And in that process create jobs and bring in productivity and that is where fixing the financing is very, every important. I don't think microfinance cannot support the mid-range. I think Bangladesh's innovation can take care of the left side of the distribution on the smaller end but the midsize, that is where a lot of the work has to be done, mid to larger size, capital markets - fixing the capital markets, that's where the government's trust issue comes into play and like the public good, like infrastructure. I think the government is doing quite a bit on infrastructure but delivering more on the infrastructure, not the larger ones but the secondary would also be very important. So I would really emphasize competition, regulation, going for specially - good news is Bangladesh has a very large group domestic entrepreneurs for example in RMG, unlike Vietnam or Cambodian, Bangladesh's entrepreneur;s are all home grown and they are large enough to branch into other manufacturing side and ultimately the take off has to be manufacturing despite all the technological innovations or changes. If you look at from a macro story, it has to be manufacturing lead growth.

Tarun Khanna: So how about if i review a few questions? I tried to represent the spirit of the questions in my own conversation with all of you but let me read you a couple that are really explicit and then we can see and then we can you know, we don't have very much time but towards the end I am going to go to all of you to summarize. So fair warning and we can go in the order of the panellist in the panel, whatever that is.

So let me pick one here.

So Marie Chen who is our conference organizer says that we need to really focus on the size distribution of enterprises which is the conversation that we were just having - the vast majority are just a single personal family, even as and their si this issue of microfinance sector that Faisal was saying is supporting the smaller ones but it is hard to..

Faisal Ahmed: I don't mean to de-emphasize the importance of this policy, it is very important for job creation right?

Tarun Khanna: So I did have a question for Shameran about that. You know one of the things, so I was the lead director for one of India's biggest microfinance firms for a

decade or more and one of the things we always struggled with was, you know, moving mostly women that we were mostly lending to, from joint liability loans to individual liability, bigger ticket loans as they started doing things more sophisticated and then graduating them into "mainstream" shall we call it the non-microfinance economy? and the last stage was extremely difficult to pull off and now with in terms of your ultra poor program which is one of the coolest things I have come across, I have got to say, in the last several years, are you seeing that transitioning happening and are you optimistic about that? Because that is a sense in which the strength of Bangladesh which is the microfinance sector can influence the middle of the size distribution of firms. You want to comment on that briefly maybe?

Shameran Abed: Yeah I agree. So I think we are obviously seeing a transition happen from ultra poor, ultra poverty programs to microfinance. We are seeing, so we got rid of joint liability group loans some years ago - so even our group loans are no longer joint liability, they are individual liability, individual loans and we see some movement of the groups to individual loans even though there is more work to be done there because there are different requirements and just because your business has grown does not mean you can meet those requirements to become an individual borrower right? so you need a trade license and this and that and that becomes, and those become restricted. But the bigger challenges are, we see movements from microfinance out into the you know the more formal banking sector and I was actually talking to our regulator today and saying that look we don't see that transition and even our larger ticket individual loans microfinance clients, I can't push them to our bank - BRAC bank - right? and because as soon as you go to the bank, the requirements, the time it takes to get the loan, everything collateral, everything so difficult so they would rather borrow from us at much higher rates than go to the bank and be able to access a lower rate loan, because it is just not and for women especially, it's almost impossible so that is a problem. I mean, I think, in terms of...

Tarun Khanna: So let me just bring in another data point. Before the Bolsanoro administration in Brazil, I had a lot of conversations with the fellows in the Finance Ministry there and as you know they have this very successful conditional lending program - Bolsa Familia - which has been fabulously successful in taking the poorest and moving them up but it hits a hard ceiling, always, just cannot move them into the mainstream economy. So I think that is an institutional conundrum for all of us when you think about actions for all of us, you know going back to the general theme that you know, what got us in Bangladesh at this point is not what gets us to the next stage right? We need a new set of institutional capabilities and so on and that just seems like a case in point.

Shameran Abed: But even there if I can say Tarun that regulations play a big role and there I think banking regulation is right, banking regulation based on corporate lending and then they whittle it down a little for retail and SME. It doesn't work like that. It is not the same thing, just a little bit lower because it is, I think we got to look at that as a separate issue and how do we write banking regulations that take care of the rest but

also allow banks to lend more easily to a much larger client pool there, that are leaning on banking.

Tarun Khanna: So let me, let me, one of you made the comment, I forget who it was, that you know, we maybe doing well economically, are we becoming the society that we want to become and I thought that was a every telling phrase or sentence. One of the questions goes to that and Ill just read it literally.

Bangladesh has done very well economically and human development but it is terrible in governance. We have seen many countries make a lot of gains economically, basically because of social unrest. Coming out of pick your evil - discrimination, inequality, yadda, yadda, all these super intractable things. How do we try and make sure that that doesn't happen. Because that is like a question that aggregates a bunch of questions. And maybe that, that can be a place to get in just a set of some summary comments from each of you so I guess any order, whoever want to take that and then summarize with your point of view and then we will just quickly go through and that will probably be the time that we have.

Shameran Abed: I mean I can go first.

Tarun Khanna: Sure, go ahead.

Shameran Abed: Look, I'll use that to summarize. You know, again, I said that we are obviously growing economically, People are, I eman pre-Covid we were doing well in pulling people out of poverty, you know poverty rates were falling and infrastructure development is gaining ground and lot of good things are happening and there is a new emerging middle class but of course the question is how are we doing in, are we building the society that we want right? Do We have basic fundamental human rights? Dow e have basic safety for women. We are not even talking about rights and equality, but just basic safety - I eman we are failing on some of that. And I think, my take is I don't know how e get btot aht is that societies that are pluralistic and open and democratci have strong institutions. And institutions that preserv that, right? So even if you look at the U.S,. case in the last 3 or 4 months, there has been a lot of talk globally about look at the U.S. isn't all that different from the rest of us, they are dictators and they want to stay in power but he couldn't stay in power, could he? I mean institutions help. The judicial branch helped, the legislative branch you know, certified the elections and transition happened. that is where I think we have got a lot of work to do and I'm not sure how we get there but the way we are now, we can - you know we need the activism and you need the policy work but at the end of the day if you don't have a judiciary that is dependable and if you don't have a bureaucracy that is not politicized, if you don;t have a law enforcement agency that is completely the extension of a political power..and I'm not talking about the current power, this has been the case since independence that whoever comes to power uses the law enforcement agencies to do their bidding. You know if we don't undo some of that and create institutions that preserve and protect demorcatc order, then I don't know how we get tot hat society that we want and I'm not sure I have the answer of how to do that but we better, we go to do it somehow.

Tarun Khanna: Great. Thank you Shameran. Anybody who is next?

Faisal Ahmed: Let me add a bit of a boring predictable answer. I think 2 things will be important for us. One is the voice - this plurality that we need. We need it more for the engineering, there is a lot of pressure with all this transition and a lot of pressure builds up. So if we don't have the voice and if we don't have the plurality, then we only get to see the pressure in a very difficult manifestation, the way we saw, we saw justice in this road safety movement couple of years ago. So this plurality of voice and accountability is very important. I also don't know how to get there. The second thing for social stability for Bangladesh is jobs. I think that people have higher expectations so the expectations of jobs will be even more in the next 5-10 years and I think that 2 million in a year is not a small number for Bangladesh.

Tarun Khanna: Thank you Faisal. Mushfiq you're next.

Ahmed Mushfiq Mobarak: Sure so to answer the question on what kind of society do we want? I think I'll come back to this point that the country is rapidly urbanizing just like many other parts of the world and we need to make those places livable. Now when I travel in rural Bangladesh, those places have become livable, you know, compared to 1980s today and it's actually visible changes, you know, how much economic activity you see, what clothes people are wearing, the fact that they are wearing clothes, whether they are actually worried about food security or hunger which is by and large not true anymore, food security by and large is not so much of a problem anymore. Right? So you know we have met those in Shameran's words, those basic human rights. Yeah? Now in urban areas we need to move beyond that. So now basic human rights are now about voice, now about political rights, about livability like access to infrastructure such that you can have a pleasant life and that is where we are, our increased share of our challenges are, right? So I think infrastructure investment is going to be critical. So making sure adequate housing, sanitation informal settlements and slums and making sure that there is access to electricity and internet, that allows people to create businesses and to feel confident that that support is there.

So I will just end with an example. When I talk about infrastructure investment, this came up in the earlier conversation between Tarun and Umama, why that matters, why I think even digital infrastructure investment matters. So yes, on the one hand if we digitize everything, let us say there is an elderly transfer program, right? so there is a sub-group of people who cannot access the digital services and we inadvertently hurt them. Right? Just by transferring resources to people who have that capability. But on the other hand during Covid, I have been working very intensely for the last year on Covid response policies with various government actors in Bangladesh. So one of the early problems we noticed was that regardless of your stake in the lives or livelihoods debates about whether we should lockdown or not, something that everybody agreed on was that we need to get money in the hands of poor people very, very quickly and then we realized that we don't know how to do that. Even relative to India where you have the infrastructure built up so people like Nandan Nilkehani, you know, the government, sort

of cooperate with and built up the infrastructure, so you have at least Jan Dhan accounts, so you have ways to send money quickly. So not only is money transfer a problem in Bangladesh but identification of the poor is also a problem. So during this period I also interacted with Shameran's colleague, Asif Salve, the executive director and BRAC also had that same challenge, how do we quickly identify who deserves cash. And one solution to that is that, oh I don't know who is poor but I do, the one thing, the one piece of information I have from people is that they carry cellphones in their pocket and that cellphone might be tracking a lot of things about this person. And there are ways without going into details and creating a cooperation between the government, BRAC, and the cellphone companies to use those digital traces to target people and that is what I mean by infrastructure is necessary is such that we don't know how it is going to be used, but once a problem hits us, innovative people can come together and build on it and solve problems.

Tarun Khanna: Great. Thank you Mushfiq for that. So Umama you had the first word and you will have the last.

Umama Zillur: Great. So I think that I would like to put emphasis on policy implementation. I think we in some cases, in some cases we don't, but in a lot of cases Bangladesh has a lot of really good policies and paperwork done on how we need to do things and where we need to do them but implementation is where we lack and I think that is a combination of the conversations that we were having around governance and also state commitments which I talked about in the last panel. So we have to, when are thinking about that we have to think about how we are recruiting and rewarding people, making sure that people are actually getting access to opportunities based on merit and not because they are able to bypass a lot of the traditional systems because of a lack of governance and a culture of impunity within the country.

And then, I think, I would also like to say that, education is not just another thing we can let go of moving forward. We were talking a lot about success in enrollment both in primary and secondary but now we really need to look at other indicators like completing rates and attendance and quality of teacher and those require different types of prioritization and investment so we will need to kind of reconfigure who we are dealing with that challenge and I think that is reflective of many of the challenges that we have talked about.

And I guess I will end with the fact that, to your question, how do we get to the society that we want to, I think the main problem is you know, the fact that economic growth can exist with rising inequality. That you can have a very "prosperous" economy with one of the worst rates of gender based violence. So in order to tackle that, you actually have to prioritize this. So it is not actually going to happen as a by product and put effort, energy, investment and time behind it and I think from activism and activists were loosely used in some of the other speaker's conversations but even there, there is a lot of work to be done in creating collective action. I think we have been seeing that missing, I think we can see a lot more of that and that is going to be a priority if we are going to figure out how to strategize and how to prioritize to get to the society that we want, to create that in

people and not just be very okay, very okay with the way things have been going so I think I will end with that.

Tarun Khanna: So great. Thank you Umama. Its a perfect ending to capture this again, this idea I am very enamoured by, which is this question of we may be developing economically and becoming middle income but are we becoming the society that we wish to be. And the impetus that you have all put ind of so experly and from different lenses on institution development and that tackles the next phase of challenges and opportunities.

Listen it has been a real pleasure and privilege to have all of you and I am grateful for your time and thank you all for the conversation. Let me hand you over back to my boss now, Marty.

Marty Chen: Thank you Tarun and I think everyone will join me in saying that this has been an amazing 2 half days and the discussions have been so rich and we all take great hope because the people of Bangladesh who have been so wonderfully represented at this conference and I just wanted to add a personal note before a round of thanks, my husband Lincoln and I,with our 10 month old Greg arrived in Dhaka, in East Pakistan in July of 1970. Lincoln had a job with the then cholera research laboratory and we had no idea, little did we know that our lives were going to be forever changed and shaped by a series of momentous events by a series events of the next few months which of course had a much bigger impact on the lives of Bangladeshis and these include the Bhola cyclone in November 1970, the Pakistan national election in December 1970, the military crackdown in March 1971 and then of course the war of liberation. We were evacuated at the end of March of 1971 and did what we could on the margins in the U.S. to get the U.S. to recognize Bangladesh and we were thrilled to return to independent Bangladesh in mid 1973, where we lived and worked until 1980. So our lives and work have been intertwined with Bangladesh ever since. So it has been such an honour and pleasure to reflect with all of you on the arc of Bangladesh's history and development since independence and I really hope that the speaker's reflections and the discussions that followed provided a better understanding of the surprising paradox that is Bangladesh and the challenges ahead.

So special thanks to all the speakers who shared your expertise and perspectives so freely and openly and to the moderators who facilitated such rich discussions. Thanks also to all the participants for listening and sharing your questions, on the q&a function. We apologize that we didn't get to all of your questions. And thanks again to the Mittal Institute team - Tarun Khanna, Meena Huewood, Chelsea Pharoah, Salman Rafi and Meghan Sebank for hosting and facilitating the conference. And last but not least, thanks to Richard Cash, a dear friend and colleague for 50 years for co-planning the conference with me. Our hope is that this is just the beginning of a wider conversation on the successes, paradoxes and challenges of Bangladesh. Let me end by saying, let us talk

again. *Abar Kotha Bole, Kothe Bole.* And let us meet again. *Abar Dekha Hobe.* Thank you.