

Foreword

The current global economic and political landscape is marked by turbulence, complexity, and rapid change. Governments, businesses and societies are striving to comprehend the ongoing technological, digital, and industrial reorganisation processes and their profound potential impacts on the economy and society. In a time where it is evident that growth is a necessary but not sufficient condition for development, and incentives are required to ensure inclusive and sustainable growth, the planning and execution of strategies for economic transformation are of paramount importance.

The Production Transformation Policy Reviews (PTPRs) serve as a vital OECD policy assessment and guidance tool, aiding policy makers in crafting and implementing improved strategies for economic transformation. These reviews are enriched by international peer dialogues and discussions under the OECD Initiative for Policy Dialogue on Global Value Chains, Production Transformation, and Development. Adding perspective to the OECD Development Pathways Series, the PTPRs shed light on economic transformation and governance for change.

The PTPR of Bangladesh represents the first assessment carried out in a Least Developed Country (LDC), at the behest of the Ministry of Commerce and with financial support from the European Commission. Co-authored with the United Nations Conference on Trade and Development (UNCTAD), it benefits from close co-operation with the United Nations Committee for Development Policy (CDP), UNDESA, and the UN Technology Bank for the LDCs.

The PTPR of Bangladesh included an extensive process of consultation with multiple stakeholders in Bangladesh and abroad. It also involved the participation of several representatives of countries, the private sector and international organisations in a Peer Learning Group that steers each PTPR process.

Half a century after independence, Bangladesh has achieved impressive progress. The country has transformed from one of the poorest nations into a global textile manufacturing hub and country that is capable of meeting its medical needs almost entirely through domestic pharmaceutical production. The country will graduate from the LDC category in 2026 and aspires to be a high-income nation through industrialisation by 2041. Meeting this challenge requires accelerating economic transformation through diversification and innovation. It calls for leveraging digitalisation to address persistent fragilities and it advocates for a new pact based on shared responsibilities between the national government, the private sector and international partners to shift to a new development phase and ensure a sustainable, smooth and irreversible graduation.

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The PTPR process and the report were conducted under the strategic guidance of Annalisa Primi, Head of the Economic Transformation and Development Division at the OECD Development Centre. Manuel Toselli, PTPR Coordinator in the Economic Transformation and Development Division, was the lead economist for this PTPR, benefitting from the collaboration of Giovanni Valensisi from UNCTAD's Division for Africa, LDC and special programmes. The report was drafted by Annalisa Primi, Manuel Toselli, Vasiliki Mavroeidi and Giovanni Valensisi. Antonio Vicencio supported the project's implementation through data collection and analysis. Abdul-Fahd Fofona, Edoardo Pontecorvi, Harry Mathers from the OECD Development Centre and Piergiuseppe Fortunato and Fareha Raida Islam from UNCTAD contributed to the research and the implementation of project-related activities. Mereseini Bower, Inter-regional Adviser in the UN Secretariat of the Committee for Development Policy, UNDESA, Daniel Gay, former policy analyst at the OECD Development Centre, and Roni Mazed, Development Coordinator and Economist at the UN Resident Coordinator Office in Bangladesh, joined the PTPR field missions and contributed to shape the analytical content of the report. Several colleagues from different international organisations provided useful comments and suggestions, including Lorenzo Pavone from the OECD Development Centre, Stephen Thomsen, Fernando Mistura and Katharina Bohm from the OECD Directorate for Financial and Enterprise Affairs, Bejraoui Aussama from OECD Development Co-operation Directorate, Anders Isaksson from UNIDO, and Annalisa Prizzon from the Overseas Development Institute. Delphine Grandrieux oversaw the publication process. The report benefitted from editing by Andrew Brenner.

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The PTPR is the result of an extensive and open consultation with diverse stakeholders during two country visits to Bangladesh in May and October 2022, which included the following activities:

- Two roundtables for production transformation in Bangladesh. Participants discussed strategies, policy tools, and partnerships needed for sustaining the electronics and pharmaceutical industries at two separate roundtables. Both events brought together 50 representatives of private and public sectors who have been key in sharing their views about the future and shaping the content of this report.
- One consensus-building event steered the PTPR process. The meeting was co-organised with the Ministry of Commerce with the contribution of UNCTAD and UNDESA. In total, 30 participants from the domestic private and public sectors and foreign delegations to Bangladesh contributed to enrich the discussion on three essential topics discussed in the review: regional integration as a driver of diversification; cushioning fragilities to develop a sustainable transformation; and fostering innovation for production transformation.
- Two meetings with foreign delegations in Bangladesh contributed to and supported the analytical work. In particular, we thank the Ambassadors and Delegates of the following countries: Canada, Denmark, France, Germany, Italy, Japan, Korea, the Netherlands, Norway, Spain, Sweden, Switzerland, Türkiye, the United Kingdom, and the United States.

- The participation in the seventh EU-Bangladesh Business Climate Dialogue hosted in June 2022. The dialogue hosted annually gathers the Heads of EU Diplomatic Mission to Dhaka together with representatives of the Bangladeshi Government as well as representatives of the EU and the country's private sector.
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