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CPD

Centre for
Policy
Dialogue
Bangladesh

Quarterly

FROM
the editor's desk

Two major events kept CPD professionals particularly busy in this quarter. The first was the fourth UNLDC Conference which was held in Istanbul, Turkey during 9-11 May 2011, and the second was CPD's multifaceted activities related to the budget for FY2011-12 that was presented before the National Parliament on 9 June 2011.

As readers who follow CPD activities on a regular basis will recall, in November 2010 CPD had organised the *Dhaka International Dialogue* with a view to providing inputs to the preparatory process of the then upcoming UNLDC IV Conference in Istanbul, Turkey. As a follow-up of the Dhaka Dialogue, CPD organised a number of events in Istanbul, at the time of UNLDC IV Conference in collaboration with its partners. The purpose was to highlight concerns and interests of LDCs, and to project the recommendations originating from the Dhaka Dialogue. These events were participated by high level policymakers including Secretary General of the UNCTAD and Ministers including some from the LDCs. CPD is also planning to undertake a number of initiatives to monitor the implementation of the Istanbul Programme of Action (IPoA) over the next decade. In this connection, CPD professionals have already taken part in a number of preparatory events in Paris and Geneva where future actions in this regard were discussed.

Traditionally, CPD maintains a very busy schedule in this quarter on account of its budget related activities. This year activities included preparation of CPD's budget proposals and state of the economy report, immediate reactions to the budget proposals put forward in FY2011-12 Budget, and organisation of post-budget dialogues in Dhaka and Chittagong. CPD was able to bring to the fore in public discourse the need for reliable estimates of GDP and sectoral growth rates; CPD's analysis of the major challenges facing the country in FY2011-12 in key areas of macroeconomic management and economic governance also received wide attention and coverage. In keeping with its tradition, as the fiscal year makes progress, CPD plans to undertake periodic assessment and analyses of key performance indicators of the Bangladesh economy relating to fiscal and monetary sectors, and the real economy.



Muhiuddin Khan Alamgir, MP is addressing the dialogue; (from left) Mustafizur Rahman, Amjad Khan Chowdhury, M Syeduzzaman, Amir Khosru Mahmud Chowdhury, A B Mirza Azizul Islam and S R Osmani are paying attention

Prudent Macroeconomic Management will Hold the Key

Speakers Suggested at the CPD Budget Dialogue

The dialogue on *State of Bangladesh Economy and Analysis of the National Budget FY2011-12*, organised by the Centre for Policy Dialogue (CPD), was held on 18 June 2011 at the Ballroom of Ruposhi Bangla Hotel, Dhaka. *Dr Muhiuddin Khan Alamgir, MP*, Chairman, Parliamentary Standing Committee on Public Accounts and Former State Minister for Planning was present as the Chief Guest while *Mr Amir Khosru Mahmud Chowdhury*, Former Minister for Commerce attended the dialogue as the Special Guest. *Dr A B Mirza Azizul Islam*, Former Advisor to the Caretaker Government; *Dr S R Osmani*, Professor, University of Ulster, UK and Visiting Professor, BRAC University; *Major General (Retd) Amjad Khan Chowdhury*, President, MCCI; and *Dr Mustafa K Mujeri*, Director General, Bangladesh Institute of Development Studies (BIDS) were the distinguished experts who offered initial comments at the discussion. CPD Executive Director *Professor Mustafizur Rahman* presented the keynote paper while *Mr M Syeduzzaman*, Member, CPD Board of Trustees and Former Finance Minister chaired the dialogue.

Revisiting the macroeconomic trends, *Professor Mustafizur Rahman* stressed the major trade-offs that would have to be faced by the government while implementing the Budget for FY2011-12. He also highlighted the missing links between various targets of the Medium Term Macroeconomic Framework (MTMF) and expressed his doubts over realisation

of these targets. High dependence on borrowing from the banking system to meet deficit financing requirements may crowd out private investment, he apprehended. He also demanded more clarity and transparency with respect to providing subsidy to various sectors, particularly to power sector. To conclude, *Professor Rahman* identified maintaining the balance among the financing options for the government expenditures, ensuring prudent macroeconomic management, strengthening of institutions that deal with development praxis and a conducive political environment as the four defining factors that are critically important for implementation of the budget for FY2011-12.

Dr A B Mirza Azizul Islam apprehended that an increase in subsidy requirements, pressure on exchange rate and inflation might pose additional threats to the macroeconomic stability. He also doubted the realisation of external assistance expected during the next fiscal year. Addressing the dialogue, *Dr S R Osmani* cautioned the government that increasing domestic borrowing is pushing the fiscal sector towards an evolving debt trap. He informed that a major proportion of the country's incremental revenue collection is now being used up for incremental debt servicing – which should be a major anxiety for any government. *Major General (Retd) Amjad Khan Chowdhury* opined that agriculture did not get its due attention from the proposed budget. He also found the proposed tax structure very discouraging

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Attaining 7 per cent Growth Target will be Challenging

Says CPD at its Budget Press Briefing

Government's high growth target (7 per cent) will be challenging with lower export and import targets, falling remittance inflow and foreign exchange reserves, and lower broad money target, said CPD at its budget press briefing. Following its tradition, CPD organised this press briefing at the BRAC Centre Inn Auditorium, on 10 June 2011, immediately the day after the National Budget FY2011-12 was announced by the Finance Minister. Professor Mustafizur Rahman, Executive Director, CPD briefed the press about CPD's initial comments on the proposed budget. The briefing was telecast live on Channel I, and was covered extensively by both print and electronic media.

Professor Rahman expressed his concern that the growth target of foreign exchange reserves for FY2011-12 (11.6 per cent) may not be achievable owing to the lower flow of remittances and high growth of import. Regarding tax measures, he noted that increase of tax deduction at sources from 0.4/0.5 per cent to 1.5 per cent would be a burden for the exporters. Commenting on sectoral resource allocation, he stated that though the budget has allocated Tk. 45 billion for agriculture subsidy, it will ultimately go up



Mustafizur Rahman is presenting the CPD budget analysis to the media; a part of the CPD-IRBD team is also seen

due to upward price of the fertilizer in the international market. He praised the proposed increase of supplementary duty from 20 per cent to 45 per cent on the import fabrics, noting that the measure will help boost the local textile industry. Professor Rahman continued that the budget allocation for the development of the energy sector may not be enough to achieve power generation targets. He also criticised the government for reducing the number of beneficiaries (5 per cent less than the previous year) under the social safety net programmes. He mentioned that CPD strongly opposed government's offer for whitening undisclosed income.

Professor Rahman apprehended that while the flow of foreign aid has been low

during the past few years, a number of large foreign-aid projects, including the Padma Bridge, have been earmarked for implementation in the upcoming fiscal year. He proposed that efforts to release foreign aid in the pipeline needs to be intensified and government should seek alternative sources of foreign aid in the form of grant, and budgetary support to reduce pressure on domestic credit market. Adjustment of interest rate and management of exchange rate are also necessary, he added.

Dr Debapriya Bhattacharya, Distinguished Fellow, CPD remarked that the government's higher borrowing target from the local sources, and high bank rate can squeeze the credit flow to the private sector. If this happens, it will adversely impact on the growth performance of the economy, he added. He observed that withdrawal of tax exemption for parliamentarians and government officials is a bold and long-awaited measure towards establishment of equity between public and private sector employees.

It is important to invest in development of human resource and capacity building, and also raise the efficacy of all ministries and institutions related to ADP and budgetary implementation, suggested CPD.

Need for Child-Friendly Budget Stressed at UNICEF-CPD Seminar

UNICEF Bangladesh and CPD jointly organised a seminar to launch the study report titled *National Budget: Are the Commitments to the Children of Bangladesh being Kept?* on 26 June 2011 at Pan Pacific Sonargaon Hotel, Dhaka. The report is the outcome of a study on the above mentioned subject conducted by CPD in collaboration with UNICEF based on the analysis of national budgets of Bangladesh since 2005. The study estimated that the total budget directly allocated for children, including allocations for children's social safety net programmes, amounted to a mere 4.1 per cent of the national budget for FY2010-11 and it was equivalent to 0.7 per cent of the GDP. The study also revealed that despite substantial increase in the total budget in the last couple of years, share of children's budget in the GDP has remained more or less unchanged. Mr A M A Muhith, MP, Hon'ble Minister for Finance, who was present as the Chief Guest of the seminar, however, held a somewhat different view. He felt that if parent-oriented programmes and social investment in sectors such as social welfare, nutrition, health and education are considered, allocation for children would be more than the estimated amount.

Dr Shirin Sharmin Chaudhury, MP, Hon'ble State Minister for Women and Children Affairs was the Special Guest of the event whilst Professor



(from left) Fahmida Khatun, Abul Barkat, Mustafizur Rahman, Shirin Sharmin Chaudhury, MP, A M A Muhith, MP, Carel Roy, and Wahiduddin Mahmud are seen holding the report at the UNICEF-CPD seminar.

Wahiduddin Mahmud, Former Advisor to the Caretaker Government; and Professor Abul Barkat, President, Bangladesh Economic Association (BEA) were the Guests of Honour. Dr Fahmida Khatun, Head of Research, CPD, who was the lead researcher of this study, presented the keynote paper. CPD Executive Director Professor Mustafizur Rahman chaired the event. Experts present at the dialogue highlighted the need to announce a child-friendly budget considering that almost half the population of the country are children and 31 per cent of

them live below the poverty threshold. They mentioned that 3.3 million children of Bangladesh are growing up in slums, and child poverty severely limits children's opportunities to be developed with full potential. They stressed the need for higher allocation for the programmes that are directly or indirectly benefiting children. The study recommended to develop a 'pro-child budget' framework to assist the government to realise its commitments already made towards children by allocating resources to programmes directly benefiting children. It also stressed the need to increase investment for children in a sustainable manner to reduce socio-economic inequalities and break the prevailing inter-generational poverty cycle as a prerequisite for realising the MDGs and the government's Vision 2021.



CPD Presents Proposals for the National Budget FY2011-12

to the Media

"In order to maintain both macroeconomic stability and recently generated moderately high growth momentum the upcoming budget must ensure raising allocative efficiency, enhancing implementation capacity and strengthening monitoring and outcome assessment." These remarks were made by CPD while presenting *A Set of Proposals for the National Budget FY2011-12* in a media briefing on 26 April 2011, at the CPD office. *Dr Fahmida Khatun*, Head of Research, presented the proposals while senior CPD researchers were also present and responded to various queries from the media.

While briefing the media, *Dr Khatun* said that the economy is currently facing a number of challenges including inflationary pressure, deteriorating balance of payment and growing subsidy requirements. She explained that the economy is experiencing mainly food inflation driven by soaring global prices of food and fuel, and the balance of payments situation has been put under some pressure because of higher trade deficit and stagnated remittance inflow. Keeping all these in mind, CPD prepared its proposal for the next budget which included issues of raising income tax exemption limit to Tk. 200,000 for individuals, introduction of capital gain tax on stock market transactions, mandatory tax identification number for beneficiary owners' accounts and creation of a special contingency fund for migrant workers. About containing inflation, CPD proposed to concentrate on facilitating employment creation through investment; continuation of zero tariff on import of rice, wheat and lentils, provide adequate budgetary allocation to import essential commodities periodically from the global market. CPD expressed concern regarding transparency in utilisation of subsidy funds and suggested that there is a need to explore rationalisation of subsidy including raising tariff on energy.

On energy, infrastructure and communication, CPD suggested the government to put high importance on medium and large power plants in place of smaller rental and quick rental plants keeping in mind the long-



Fahmida Khatun addresses the media accompanied by the CPD-IRBD team

term solution of power crisis in Bangladesh. CPD recommendations also included giving highest priority to railway services to ease the pressure on the highways as well as additional allocations for strengthening the facilities at the Chittagong and Mongla ports in view of the proposed enhanced connectivity with neighbouring countries.

About Public Private Partnership (PPP), CPD suggested that in order to attract large funds government should consider offering medium to long-term concessional contracts, depending on the size of the project. CPD appreciated the government's initiatives to introduce Value Added Tax Act 2011 and Direct Tax Law 2012. In this context, *Dr Khatun* mentioned that a 26.7 per cent growth of NBR tax mobilisation may not be overambitious if the recent performance of the NBR continues and these new tax laws are brought into action. CPD's recommendations also included establishment of a 'Technology Upgradation Fund' for major export-oriented industries such as RMG, textile, leather and jute.

In-house Workshop on

Agricultural Trade between Bangladesh and India



CPD organised an In-house Workshop on *Agricultural Trade between Bangladesh and India: An Analysis of Trends, Trading Patterns and Determinants* at its office on 3 April 2011. CPD

Research Fellow *Dr A K M Nazrul Islam* presented the preliminary findings of the CPD-CMI collaborative study. The focus of the study was to understand the trend and nature of changes in Bangladesh-India agricultural trade since 1971 in order to identify the policy inputs required for the faster growth of the bilateral agricultural trade in the coming days. The study noted that India continued to remain an important trade partner for Bangladesh, overall as well as for agricultural trade, but Bangladesh's exports of agricultural commodities to India is much smaller than her imports from India. However, exports of agro-based products to India is increasing fast. Suggestion was thus made to encourage this sector through fiscal and financial incentives, besides ensuring easier access to the Indian Market. The workshop was attended by *H E Ms Ragne Birte Lund*, Ambassador, Royal Norwegian Embassy along with other senior embassy officials. From CMI, *Dr Arne Wiig*, Senior Researcher; *Dr Inge Amundsen*, Senior Researcher; and *Dr Ivar Kolstad*, Research Director, Poverty Reduction Group were present at the workshop. CPD senior researchers including *Professor Rehman Sobhan* and other national experts on agriculture and trade also participated in the workshop.

Training Workshop on CGE Modelling for CPD Researcher

A ten day-long training workshop on *Input-Output Analysis, Social Accounting Matrix (SAM) and Computable General Equilibrium (CGE) Modelling: Understanding and Application* was organised by CPD under the CPD-CMI research collaboration programme. The event took place on 5-15 April 2011 at CPD where 15 CPD researchers participated. The training was facilitated by globally renowned experts in the field *Mr Robert James Davies*, Research Fellow, Trade and Industry Policy Strategies (TIPS), South Africa and *Mr Dirk van Seventer*, Principal Information Analyst, Department of Labour, New Zealand. The aim of the workshop was to strengthen the capacity of the CPD researchers to undertake rigorous analytical research that involves quantitative exercise. The training comprised of both theoretical and practical components and was designed to focus mainly on static CGE modelling.



Political Stability Must for Budget Implementation

Says Speakers at CPD-BEA Budget Dialogue at Chittagong

A post-budget dialogue titled *An Analysis of the National Budget for FY2011-12* was organised by CPD in Chittagong, in association with Bangladesh Economic Association (BEA), Chittagong Chapter on 25 June 2011 at the Chittagong Club Ltd. Auditorium. Mr Mainuddin Khan Badal, MP from Chittagong attended the dialogue as the Chief Guest while Professor M Sekandar Khan, Former President, BEA (Chittagong Chapter) was the Special Guest. Professor Muinul Islam of Chittagong University and Mr Farid Ahmed Chowdhury, Former President of Chittagong Chamber of Commerce and Industries (CCCI) were the Designated Discussants. Professor Dr Jyoti Prakash Dutta, President of BEA (Chittagong Chapter) chaired the dialogue, and Professor Mustafizur Rahman, Executive Director, CPD delivered the welcome speech. The dialogue was addressed by politicians, businessmen, academics, researchers, lawyers, representatives of NGOs, and eminent citizens of Chittagong. Dr Khondaker Golam Moazzem, Senior Research Fellow, CPD presented the highlights of CPD's analysis of the Budget for FY2011-12.

While commenting on the proposed budget, Mr Farid Ahmed Chowdhury said that for accelerating economic growth decentralisation of the governance system is a must. For the capital market, he suggested to consider legalisation of undisclosed money, but strongly disagreed to provide chances to legalise illegally earned money. He felt that government could consider renewal of alternative power sources such as wind mills, electricity production from gas and coal instead of costly rental power plants to resolve energy crisis.

Professor Muinul Islam did not find the budget ambitious. He remarked that though government was successful in agriculture,



Mainuddin Khan Badal, MP addresses the dialogue while (from left) Khondaker Golam Moazzem, Farid Ahmed Chowdhury, Jyoti Prakash Dutta, Mustafizur Rahman, M Sekandar Khan, and Muinul Islam are also seen among the participants

education and load shedding management in FY2010-11, in many other sectors performance was disappointing. He criticised lower allocation in agriculture and education sectors in this year's budget. He also remarked that the government has turned the Anti Corruption Commission (ACC) into a 'toothless tiger' by snatching all its power away.

Professor M Sekandar Khan stated that this year's budget contains a lot of anticipation, but it hardly provided any guideline for implementation. He was critical about inclusion of the

number of carryover projects and significantly lesser number of new projects in the ADP.

Addressing the dialogue as the Chief Guest, Mr Mainuddin Khan Badal, MP commented, "this year's budget contains everything except any development plan for Chittagong." He expressed his concerns regarding political instability which, according to him, had hampered economic growth of the country. Addressing the transit issue, he suggested not to expose the entire inland, but to consider a shorter (Nazirhat-Ramgar) route for transit. He argued for a four-lane 'coastal highway' from Patenga to Mirsharai to expand connection of the port city to the capital. For the sake of development of Chittagong, he urged for a separate authority for the Karnafuli River to protect it from industrial pollution and to ensure water flow.

Among others, Mr Nasir Uddin Chowdhury, First Vice-President, BGMEA; Mr Mazharul Hoque Shah Chowdhury, Former MP; Professor Emeritus Jamal Nazrul Islam, Former Vice-Chancellor Professor Alamgir Mohammad Sirajuddin, and Professor Iftekhar Uddin Chowdhury of Chittagong University presented their valuable comments during the open floor discussion of the dialogue.

CPD Organised Events Related to UNLDC IV

Trade and Development Symposium on LDCs in Turkey

The Centre for Policy Dialogue (CPD) organised a two-day *Trade and Development Symposium on LDCs* in Istanbul, Turkey during the fourth UN Conference on the Least Developed Countries (UNLDC IV). The Symposium was convened in collaboration with International Centre for Trade and Sustainable Development (ICTSD), Geneva; OECD Development Centre, Paris; Commonwealth Secretariat and the Turkish Economic and Social Studies Foundation (TESEV) on 10-11 May 2011. Dr Debapriya Bhattacharya, Distinguished Fellow; Professor Mustafizur Rahman, Executive Director and Dr Fahmida Khatun, Head of Research of CPD participated in the discussions at various sessions of the event.



International Dialogue on

Beyond Istanbul: Challenges after the UNLDC IV and Trade Preferences for LDCs

The Istanbul Programme of Action (IPoA), adopted at the fourth UNLDC Conference, aims at helping the world's poorest countries combat poverty during the upcoming decade. But what does the IPoA really mean for LDCs? Where is further work needed and what can be done about possible weaknesses? Panelists of the International Dialogue on *Beyond Istanbul: Challenges after the UNLDC IV and Trade Preferences for LDCs* addressed these questions, assessed the importance of the measures within the IPoA, and identified the monitoring and follow up measures to improve the influence of the IPoA for LDCs. The event was jointly organised by CPD; ICTSD, Geneva; and OECD Development Centre, Paris on 28 June 2011, in Geneva, Switzerland.

An Expert Group Consultation on *State of the Bangladesh Economy in FY2010-11* was organised by CPD on 2 June 2011 at its office. The draft report prepared by the CPD-IRBD team was shared at this meeting with a distinguished group of policymakers and professionals for their views, insights and comments. The expert group members were *Professor Abu Ahmed*, Department of Economics, University of Dhaka; *Dr Mahabub Hossain*, Executive Director, BRAC; *Dr Zahid Hussain*, Senior Economist, The World Bank; *Dr A B Mirza Azizul Islam*, Former Advisor to the Caretaker Government; *Dr Salahuddin Ahmed Khan*, Professor, Department of Finance and Banking; *Dr Ahsan Habib Mansur*, Executive Director, Policy Research Institute of Bangladesh; *Dr Binayak Sen*, Research Director, Bangladesh Institute of Development Studies (BIDS); *Mr M Syeduzzaman*, Member, CPD Board of Trustees; *Dr M Tamim*, Professor, PMRE Department, BUET and Former Advisor to the Caretaker Government and *Dr Sayera Younus*, Deputy General Manager, Bangladesh Bank.

Expert Group Meeting on State of the Bangladesh Economy in FY2010-11



Press Briefing on State of the Bangladesh Economy in FY2010-11



Debapriya Bhattacharya is addressing the media along with CPD-IRBD Team

The report on *State of the Bangladesh Economy in FY2010-11 (Second Interim Review)* was released to the press on 4 June 2011 at the CPD office. *Dr Debapriya Bhattacharya*, Distinguished Fellow of CPD made the presentation on behalf of the CPD-IRBD Team. Analysing the stated level of investment, CPD observed that the GDP growth for FY2010-11 turns out to be about 6.3 per cent instead of 6.7 per cent as estimated by the Bangladesh Bureau of Statistics (BBS). "Stagnating gross investment level producing a spectacular 6.7 per cent growth may prompt us to term the phenomenon as investment-less growth," commented CPD.

Reviewing the trend of ADP implementation, CPD identified that some structural discrepancies are hindering ADP performance. *Dr Bhattacharya* recommended for sustainable ADP financing and a task force to operationalise ODA pipeline. He also suggested implementation of 16 PPP projects, included in the ADP, through consultation with the

investors. He also stated that the current situation of the financial sector in Bangladesh is an inefficient one driven by less prudent decisions and poor governance which has jeopardised the stability of the whole financial system. Given the critical role of the financial sector towards fostering economic growth, the sector has to be managed more effectively through strengthened oversight function of the Bangladesh Bank and deployment of coordinated measures, the study suggested. Identifying the macroeconomic prospects and challenges for FY2011-12, he presented thirteen lessons learnt from last years' experience. Regarding overhauling of the capital market, the CPD study identified few challenges which include: maintaining financial discipline in the money market and strengthening its coordination with the capital market, investigation of fraudulent and illegal activities, restructuring and reform of the SEC and DSE/CSE, minimising agency problems involving various stakeholders, enforcement of rules and regulations in the SEC, and strengthening the legal base of the capital market.

Regarding inflation, prices and food security, CPD suggested: creation of a Department of Market Surveillance (DMS) to supervise the daily essential commodity markets, strengthening of the TCB which still remains an unfinished agenda, higher boro procurement, and widening SSNPs to ease the burden of price hike. On energy and power sector, the study proposed to strengthen the capacity of BAPEX to explore and extract local energy resources. The CPD study noted that in FY 2010-11, subsidy payments accounted for around 4 per cent of GDP, and subsidy-related expenditures are expected to increase further in the coming fiscal year. CPD also observed that sustainability of the current high growth in export depends on the ability to go for efficiency enhancing production measures, catering to high-priced and high value-added items, enhancing south-south trade, and getting Bangladesh strongly placed in the context of the 'China plus one' policy pursued by major buyers. It also stated that maintaining double digit growth of 16.0 per cent in the MTMF is possible if Bangladesh can successfully address the aforesaid challenges.

CPD Budget Dialogue

(From page 1)

for SME. *Dr Mustafa K Mujeri* observed that agricultural growth in recent years had been commendable. However, he emphasised on accelerating industrial growth to attain the growth target of 7 per cent in FY2011-12 along with the targets of Sixth Five-Year Plan. In this process, labour force from traditional agriculture sector would shift to the modern industrial sector which can help to attain the poverty reduction target, he added.

Dr Md Akram Hossain Chowdhury, MP, Member, Parliamentary Standing Committee on Ministry of Food and Disaster Management emphasised on appointing planning officers at upazilla level and urged for decentralisation for better implementation of development budget. *Ambassador Salma Khan*, President, Women for Women did not find the budget women-friendly as allocations on gender-related activities were reduced. She also demanded higher allocation for education and health sector.

Mr Amir Khosru Mahmud Chowdhury commented that dependence on the private sector for delivering utility services such as power, water, etc. was not commendable. He also observed that despite the stock markets of Bangladesh being in a weak condition, no pragmatic measure was proposed in the budget to revitalise it. The Special Guest also emphasised on correcting the macroeconomic fundamentals of the

economy. He observed that weakening Taka against USD may further aggravate the inflationary pressure. *Mr Chowdhury* remarked that the proposed deficit financing scheme in the budget could put further pressure on the liquidity crisis and crowd out private sector investment. He called for prudent macroeconomic management to maintain macroeconomic stability.

Dr Muhiuddin Khan Alamgir, MP noted that the proposed national budget had set some challenging targets. He emphasised on enacting new audit laws to ensure transparency in public expenditure. He also stressed on reduction in the allocation for public administration and defense. In addition to this, he called for establishing a Revenue Commission to make taxation and public expenditure more transparent. He also opined in favour of coal exploration and setting up new coal-fired power plants to boost economic growth. *Dr Alamgir* hoped that along with ICT developments, all educational and cultural institutions will work together in establishing Digital Bangladesh.

In his concluding remarks, *Mr M Syeduzzaman* recommended that ADP should be designed in line with the targets of Vision 2021 and the Sixth Five-Year Plan. He proposed to monitor the fiscal balance situation throughout the fiscal year. The Chair reminded that responsibility for implementing the proposed budget should not be laid upon the Ministry of Finance alone, rather every ministry should act responsibly to attain the targets set out for.



In-house Workshop on The Parliament of Bangladesh: Preliminary Findings



An In-house workshop on *The Parliament of Bangladesh: Preliminary Findings* was organised by CPD on 3 April 2011, at the CPD Dialogue Room. Professor Rounaq Jahan, Distinguished Fellow of CPD, and Dr Inge Amundsen, Senior Researcher, CMI

jointly presented a draft paper for discussion at the workshop. The objective of the study was to increase knowledge about the role of Parliament and put forward suggestions to improve the functioning of the Parliament. The issues presented and discussed were, major trends (positive and negative) in the development of Parliament since independence, representation in the Parliament and various factors responsible for its proper functioning. The workshop was attended by H E Ms Ragne Birte Lund, Ambassador, Royal Norwegian Embassy; Dr Arne Wiig, Senior Researcher; Dr Ivar Kolstad, Research Director of CMI and National experts Professor Mohammad Mohabbat Khan, Department of Public Administration, University of Dhaka; Professor A M Hasanuzzaman, Department of Government and Politics, Jahangirnagar University; Dr Badiul Alam Majumder, Member Secretary, SUJAN; Mr Warren Cahill, Project Director, UNDP Bangladesh; Mr M Hafizuddin Khan, Chairman, TIB Board of Trustees; Dr Tofail Ahmed, Local Government Advisor, UNDP Bangladesh; and Barrister Manzoor Hasan, Director, Institute of Governance Studies, BRAC University along with CPD senior researchers including Professor Rehman Sobhan, Chairman, CPD.



Students and Faculty from Muhlenberg College, USA visited CPD on 2 June 2011



Students of Ohio Wesleyan University, USA visited CPD on 5 May 2011

Research Division Report

State of the Bangladesh Economy in FY 2010-11 (Second Reading)

The report discusses the challenges in FY2010-11 from the macroeconomic management point of view. The disquieting signs which appeared during the early months, turned more entrenched during the second half of the elapsing year putting serious strains on the macroeconomic balances. The tensions projected by consumer price hike, rising bank interest rates and falling exchange rate of national currency were underpinned by global economic shocks as well as by domestic policy and institutional weaknesses. While the relatively good economic performance in FY2010-11 provides a good basis for pursuing the growth target for the coming year, one should not be oblivious of the increasingly visible fault-lines in the macroeconomic fundamentals. The report recommends that lessons learnt from the experience of FY2010-11 could be the guidelines for an improved macroeconomic management and higher economic growth in FY2011-12.

Bangladesh Labour and Social Trends (BLST) Report

CPD, in collaboration with International Labour Organisation (ILO), conducted a study titled *Bangladesh Labour and Social Trends (BLST) Report*. The objective of the study was to examine the relationship between the observed progress in the fields of both economic and social sectors of Bangladesh, and changes in the labor market dynamics in the recent decade. The study looked into the economic growth, dynamics of labour market, implications of trade liberalisation on employment and gender divide, trend of international migration, remittance and welfare outcome of Bangladesh during 2000s. Led by *Mustafizur Rahman*, Executive Director, the study was carried out by *Khondaker Golam Moazzem*, Senior Research Fellow; *Syed Saifuddin Hossain*, *Ashiq Iqbal*

and *Tariqur Rahman*, Senior Research Associates; and *Zafar Sadique* and *Afrin Islam*, Research Associates of CPD.

National Budget: Are the Commitments to the Children of Bangladesh being Kept?

Children under eighteen constitute about 45 per cent of the total population of Bangladesh. If development issues affecting children are not adequately addressed in a timely manner, children will be denied the opportunities to develop and reach their full potential, and the country will be unable to break the inter-generational poverty cycle and achieve the MDGs with equity. This study estimates direct allocations for programmes within the ADP that goes to children and child-related safety net programmes that are financed only from the revenue budget. Though there can be many programmes which benefits children, this study only looks into those programmes which are targeted for children. The study finds that despite the substantial absolute increase of the national budget in the recent past, the children's budget share of the total GDP has remained more or less constant during FY2006-2011.

Fama-French Three Factor Model: A Sectoral Level Application for the Dhaka Stock Exchange

This study has been conducted as part of CPD's IRBD programme. Using the Fama and French (FF) Three Factor Model, the study attempted to estimate the patterns of risk and return of investment both at the aggregate and sectoral level to compare performance of different sectors in relation to the overall market for the Dhaka Stock Exchange (DSE). Jointly authored by *Tariqur Rahman*, Senior Research Associate; *Khondaker Golam Moazzem*, Senior Research Fellow and *Ahmed Sadek Yousuf*, Research Intern of CPD, the paper will be submitted for publication to an international journal.



Mr Clovis Freire, Economic Affairs Officer, Macroeconomic Policy and Development Division, UNESCAP presented a paper on Building the Productive Capacity of the Least Developed Countries at an In-house Dialogue on "Policy Agenda for Building Productive Capacity of the LDCs," organised by CPD on 4 May 2011. Professor Mustafizur Rahman and CPD senior researchers are seen in the photo paying attention to his presentation.



Annual Meeting of CPD-CMI Research Collaboration Programme 2010-2012 was held at the CPD Dialogue Room on 3 April 2011

CPD Professionals in International Fora

Rehman Sobhan, Chairman

- Participated in a Consultation Meeting on "Promoting Agrarian Reforms in Sri Lanka," organised by Institute of Policy Studies (IPS), on 7 April 2011, in Colombo, Sri Lanka.
- Presented the Keynote Paper at the 1st International Conference on "Promotion of Social Science Research in Pakistani Universities: Prospects and Challenges," organised by University of Gujarat, on 18-20 April 2011, in Islamabad, Pakistan.
- Participated in a Meeting on "Injustice of Poverty: Agenda for Inclusive Development in South Asia," organised by Council for Social Development, on 4-6 May 2011, in New Delhi, India.
- Attended the Annual West Asia-North Africa (WANA) Forum, organised by WANA, on 7-10 May 2011, in Amman, Jordan.
- Presented a paper on *Challenging the Injustice of Poverty in South Asia*, organised by Chr. Michelsen Institute (CMI), on 23 June 2011, in Bergen, Norway.

Mustafizur Rahman, Executive Director

- Participated in the third European Report on Development (ERD) Research Workshop on "Effective Natural Resource Management for Inclusive and Substantial Growth," organised by European Commission, on 6 April 2011, in Brussels, Belgium.
- Attended the "Pre-UNLDC IV Pan-Commonwealth Meeting," organised by Commonwealth Secretariat, on 11 April 2011, in Westminster, London.
- Attended the Istanbul Trade and Development Symposium on LDCs on "UNLDC IV: Implementation Challenges and Follow-up Actions," organised by UN Office of the High Representative for the LDCs, LLDCs and SIDSs (UN-OHRLLS), on 9-13 May 2011, in Istanbul, Turkey.

Rounaq Jahan, Distinguished Fellow

- Participated as a Panel Presenter at the 15th Berkshire Conference on "The History of Women," organised by University of Massachusetts Amherst, on 9-11 June 2011, in USA.
- Delivered a lecture titled *Challenges of Democratic Renewal in Bangladesh*, organised by Chr. Michelsen Institute (CMI), on 16 June 2011, in Bergen, Norway.
- Delivered a lecture on *National Mechanisms for Gender Equality and the Empowerment of Women*, organised by Norwegian Agency for Development Cooperation (Norad), on 21 June 2011, in Oslo, Norway.

Debapriya Bhattacharya, Distinguished Fellow

- Participated in the Istanbul Trade and Development Symposium on LDCs on "UNLDC IV: Implementation Challenges and Follow-up Actions," organised by UN-OHRLLS, on 9-11 May 2011, in Istanbul, Turkey.
- Attended Chicago Council's Global Agricultural Development Initiative Public Seminar, International Food and Agricultural Trade Policy Council (IPC) Plenary/Board Meeting, and Closed Roundtable for US Foundation Initiative at the Meridian Institute, organised by International Food and Agricultural Trade Policy Council, on 23-26 May 2011, in Washington D.C., United States.
- Participated in the Second Global Summit, organised by China Center for International Economic Exchange (CCIEE), on 25-26 June 2011, in Beijing, China.
- Presented a paper on *Securing the Outcome of the UNLDC IV: The Need for an Independent Monitoring Mechanism*, as the Panel Speaker at the Conference on "Challenges after the UNLDC IV and Trade Preferences for LDCs," jointly organised by CPD, ICTSD, and OECD Development Centre, on 28 June 2011, in Geneva, Switzerland.
- Presented a paper on *China's Trade Relations with LDCs in the Post-WTO Accession Period* at a Dialogue on "A Decade in the WTO," jointly organised by ICTSD, China Society for WTO studies, and Friedrich Ebert Stiftung (FES), on 29 June 2011, in Geneva, Switzerland.

Fahmida Khatun, Head of Research

- Participated as a Panelist in the session on "Climate Change and LDCs," and presented a paper on *Vulnerability of LDCs to Climate Change*, at the UNLDC IV Conference, organised by UN-OHRLLS, on 7-11 May 2011, in Istanbul, Turkey.
- Participated in the Nansen Conference on "Climate Change and Displacement in the 21st Century," jointly organised by Norwegian Ministry of Environment, Norwegian Ministry of Foreign Affairs, Norwegian Refugee Council (NRC), and Center for International Climate and Environmental Research-Oslo (CICERO), on 5-7 June 2011, in Oslo, Norway.
- Chaired the session on "Taxation," at the Annual Meeting 2011, organised by International Centre for Tax and Development, and Institute of Development Studies, on 21-23 June 2011, at University of Sussex, UK.



CPD Professionals in National Fora

Mustafizur Rahman, Executive Director

- Participated as a Discussant at a Seminar on "Strengthening Indo-Bangladesh Business Ties: North-East India Perspective," organised by India-Bangladesh Chamber of Commerce and Industry (IBCCI), on 5 May 2011.
- Participated as a Designated Discussant at the Discussion on "Middle East and Japan Crisis: Possible Impact on Bangladesh Economy," organised by Metropolitan Chamber of Commerce and Industry (MCCI), on 16 May 2011.
- Participated as a Discussant at a Roundtable on "Role of Missions of Bangladesh in Export Growth and Cooperation in Agriculture in Africa and Expansion of Market," organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), on 31 May 2011.

Debapriya Bhattacharya, Distinguished Fellow

- Presented a paper on *Thirteen Lessons for FY Twelve: Response from the National Budget*, at a seminar organised by BRAC University, on 16 June 2011.

Fahmida Khatun, Head of Research

- Presented a paper on *Gender Sensitive Economics and National Budget*, at the "Pre-Budget Discussion," organised by Bangladesh Mahila Parishad, on 11 April 2011.

- Delivered a lecture on *Bangladesh Economy: Opportunities and Challenges*, at the National Defence College, on 18 April 2011.
- Delivered a lecture on *Gender Economics*, organised by Bangladesh Mahila Parishad, on 22 April 2011.
- Participated as a Panelist at a Discussion on "Beyond Lending Approach," organised by Eastern Bank Ltd. on 25 April 2011.
- Presented the keynote paper on *Migration: Role of Remittance in Poverty Reduction*, at the Workshop on "Migration and Poverty Reduction," organised by Bangladesh Alliance for Women Leadership Academy, on 4 May 2011.
- Presented a set of recommendations and made a presentation on *National Budget 2011-2012: Allocation on Social Safety Net and Related Sectors*, at the Pre-budget Dialogue on "Social Safety Net and Related Issues," jointly organised by All Party Parliamentary Group (APPG), Bangladesh Parliament in association with PET, DFID and Shiree, on 4 May 2011.
- Made a presentation on *Ensuring Women's Participation in Emerging Economic Sectors*, at a Discussion on "Women's Participation in Emerging Economy," organised by Public Policy Issues Forum, on 16 May 2011.

Book



Bangladesh Economy in FY2010-11: Second Interim Review of Macroeconomic Performance

This CPD-IRBD volume is published to take stock of major economic developments experienced in the fiscal year 2010-11. The content of the present volume has two core parts. The first part provides an analysis of the growth outcomes in FY2009-10 and FY2010-11 along with an overview of the

macroeconomic aggregates. The second part takes a close look at a set of issues which underpinned the overall performance of Bangladesh economy in FY2010-11. The volume closes with a brief discussion on the prospect for FY2011-12 in the context of the emerging challenges in the economy.

Occasional Paper

- Mustafizur Rahman and Nafisa Khaled. *Global Market Opportunities in Export of Jute*. Occasional Paper 93.

Other Publications by CPD Researchers

Uttam Deb, Muhammad Al Amin. 2011. "Impact of the Doha Round Negotiation on Bangladesh Agriculture: An Analysis of the Revised Draft Modalities." *Journal of International Trade Law and Policy*, 10(2): 104-123.

Hasanuzzaman and Afrin Islam. 2011. "The Fourth UNLDC (UNLDC-IV) Conference in Istanbul: Exploring Ideas for Augmenting Foreign Aid Flows." *Modern Economy*, 2(2): 84-89.

Hasanuzzaman and Kishore Kumer Basak. 2011. "Political Economy of Business Competitiveness Environment: Analysing Bangladesh's Performance in 2009-10." *Asia Pacific Business Review*, 7(1): 18-30.

Hasanuzzaman. 2011. "Evaluating Performance of Employment Generation Programmes in Bangladesh and India: The Case for Social Cohesion." *Asian Profile*, 39(2): 113-128.

Mazbahul Golam Ahamad, Rezai Karim Khondker, Zahir Uddin Ahmed, Fahian Tanin. 2011. "Seasonal Unemployment and Voluntary Out-migration from Northern Bangladesh." *Modern Economy*, 2(2): 173-178.

Hasanuzzaman. 2011. To Amend Article 70 or Not. *The New Age*. 23 April.

Fahmida Khatun. 2011. Need for a Poor-friendly Budget. *The Daily Star*. 30 May.

Fahmida Khatun. 2011. WTO Negotiations on Environmental Goods: South Asia's Interests. *Trade Insight*. May.

Fahmida Khatun. 2011. উৎপাদনমূলক খাতকে প্রাধান্য দিন. *The Prothom Alo*. 9 June.

Mustafizur Rahman. 2011. দক্ষিণ এশিয়ায় দ্বিপক্ষীয় অবাধ বাণিজ্য চুক্তি প্রসঙ্গে. *The Daily Samakal*. 22 June.

Mustafizur Rahman. 2011. জাতীয় বাজেট ২০১১-১২: কিছু প্রাসঙ্গিক ভাবনা. *The Ittefaq*. 25 June.

Mazbahul Golam Ahamad. 2011. Alternative SHS Electrification in Rural Bangladesh: The Economics of Trust. *Energy and Power*. June.

Fahmida Khatun. 2011. "Waiting for the Rainbow". *ICE Business Time*. June.

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