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# CPD

Centre for  
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Bangladesh

## Quarterly

### FROM the editor's desk

For most of the period during this quarter research staff of the CPD remained busy with the preparation of a series of analytical papers on a select set of critical issues which were felt to be important for the newly elected government.

Themes for the aforesaid seven studies were selected considering emerging economic challenges facing the Bangladesh economy at the beginning of 2009 and taking cue from the priorities set in the election manifesto of the government. These included macroeconomic management in the face of global economic crisis, energy security, boro production, food security, ICT for development, 100-day employment generation programme and restructuring of the jute sector.

Of the seven papers thus prepared, five were presented at a two-day Conference titled *Development with Equity and Justice: Immediate Tasks for the Newly Elected Government* organised by the CPD on 28-29 March 2009. About 700 participants including relevant ministers, high level government officials, Members of Parliament, political leaders, leaders of the trade bodies, academics and experts, policy activists, development practitioners and development partners attended this Conference. The dialogue on 100-days employment generation programme was also participated by beneficiaries of this programme and Upazila Parishad Member from one of the target areas. Each of the papers presented at the Conference concentrated on diagnosis of related concerns and identified a number of interventions and policy initiatives by the government that would be required to address the attendant problems. The studies on boro production and jute sector were prepared based on extensive field level surveys of boro producers and industrial enterprises respectively. It may be recalled here that the study on boro production was presented at an earlier CPD dialogue where the Hon'ble Agriculture Minister was present. CPD is planning to present the findings of the jute study at a public dialogue where the Hon'ble Industries Minister will be invited. The papers also came up with inputs for the then forthcoming national budget for the fiscal year 2009-10.

It is hoped that policy suggestions that emerged from the papers and the rich discussions that followed their presentations at the Conference will enable the relevant ministries to design actionable agendas to address the concerns. CPD is also planning to bring out a volume based on the seven studies. It is hoped that this volume will be of interest and use to both policymakers and others interested in having an indepth understanding in developmental challenges facing Bangladesh.



A M A Muhih, MP is addressing the inaugural session. (from left) Mustafizur Rahman, Masihur Rahman, Rehman Sobhan, M Syeduzzaman and M K Anwar are also seen in the picture.

#### Conference on

### Development with Equity and Justice

#### Immediate Tasks for the Newly Elected Government

The Centre for Policy Dialogue (CPD), in keeping with its track record of promoting, through research and dialogues, the cause of inclusive development in Bangladesh, organised a two-day long Conference titled *Development with Equity and Justice: Immediate Tasks for the Newly Elected Government*. The Conference was held during March 28-29, 2009 at the Bangladesh-China Friendship Conference Centre. The purpose of the

Conference was to identify a set of actionable agendas in the context of the developmental challenges facing the Bangladesh economy today. The Conference covered five broad range of themes including macroeconomic management and global economic crisis, energy, food security, ICT and employment guarantee scheme. These issues were discussed in three plenary and two parallel sessions.

### Macroeconomic Management in the Face of Global Challenges

#### Higher expenditure and deficit awaits the government, stressed CPD

The inaugural plenary session of the Conference titled *Macroeconomic Management in the Face of Global Challenges* was attended by the Finance Minister A M A Muhih, MP and Masihur Rahman, Economic Affairs Advisor of the Hon'ble Prime Minister respectively as the Chief Guest and the Guest of Honour. Mustafizur Rahman, Executive Director of CPD presented the keynote paper while Rehman Sobhan, Chairman, CPD chaired and moderated the dialogue.

In his presentation Mustafizur Rahman said that in the face of global financial crisis, the government would incur higher expenditure in the current and next fiscal year and should be ready to tolerate a

deficit of around 5 per cent of GDP. In this connection he mentioned that many of Bangladesh's competitors had come up with various initiatives including establishment of dedicated funds that would allow access to credit line at lower cost. He suggested that the government could revisit the existing one per cent customs duty on imports of capital machineries and enhancement of budgetary provisions for cash compensations to crisis-affected export sectors. Taking into cognisance the impact of the crisis on overseas employment sector, the CPD Executive Director felt the need for rigorous

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## Macroeconomic Management

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diplomatic efforts in dealing with retrenchment of overseas workers by the host countries so that Bangladeshi workers could stay on even after work permit is expired. In case of exchange rate the keynote presenter noted that global prices were not being appropriately reflected in the domestic market which was a concern particularly in view of the high inflation in the recent past. At the same time, a depreciated taka would not be good for consumers and was likely to have adverse economy-wide impact, he added.

Mirza Azizul Islam, Former Advisor to the Caretaker Government argued that, if required, the option of going for higher deficit equivalent to even 5.5 to 6 per cent of the GDP in FY2009-10 should not be excluded outright. He, however, added that while estimating fiscal space in the current budget, BPC's previous loans and liabilities and increased expenditure associated with implementation of the proposed new pay-scale should be taken into consideration. He also recommended that in identifying sources of deficit financing the government should concentrate more on foreign financing as this will have relatively lower inflationary impact. M K Anwar, MP, Former Minister for Agriculture pointed out that the ongoing global financial crisis had also created some opportunities for Bangladesh in terms of lowering commodity prices, lower bills on import payments and significantly lower inflationary pressure compared to the recent past years. He suggested the government to reduce fuel price, particularly of diesel and kerosene at Tk 35 as both prices had declined subsequently in the international market.

Speakers at the plenary suggested for a more proactive role of the Bangladesh Bank to induce banks to lower the lending rate. They also suggested that the government should make necessary adjustments with regard to interest rates on national savings certificate to influence interest rates of commercial banks. On the issue of SMEs suggestion was to set up a crisis management fund to help SMEs to mitigate adverse impacts of global financial crisis. This should be in addition to

the Tk. 500 crore allocated for SME Fund which was being operated by the Bangladesh Bank.

Commenting as the Guest of Honour, Masihur Rahman feared that tax cut might result in resource scarcity as the issue of stimulus package for affected industries had been put forward. He felt that the



A section of distinguished participants including (from right) A B Mirza Azizul Islam, Badiul Alam Majumder and M Amanullah, MP are seen in the picture.

government would have to choose between expenditure priorities relating to domestic policy interventions and the need to provide incentives to export oriented sectors. The Advisor, however, was apprehensive about availability of fiscal space in the budget as this might not be the case against the revenue losses that the government would incur from the fall in import duties. He stressed both for product and market diversification for bagging more export earnings. Regarding job

losses in the overseas markets, he suggested that returnee workers be absorbed in infrastructure projects which the government would undertake.

Addressing as the Chief Guest, A M A Muhith said that as the government had limited resources, it would go for subsidies rather than direct cash incentives demanded by the sectors affected by the global financial melt down. The government would also seek financial aid from multilateral donor agencies, he continued. The Finance Minister added that the Government would take all necessary steps to ensure that price of daily essentials is not affected by the inflationary pressure. He pledged that migrants, who have returned as a consequence of the recession, would be given financial assistance and in this regard, the next budget would include a new item titled 'public-private partnership'. Among others M Syeduzzaman, Member, CPD, Board of Trustees, Syed Mainul Ahsan, Professor of Concordia University, Canada, Abu Ahmed and Momtazuddin Ahmed, Professors of Economics, Dhaka University, Siddiqur Rahman Choudhury, Former Secretary, Finance Division; Syed Akhtar Mahmood, Senior Programme Manager, Bangladesh Investment Climate Fund (IFC-BICF); Quazi Mesbahuddin Ahmed, Managing Director, PKSf also took part in the discussion.

## Food Security and Containing Price Inflation

### Eight major challenges to be tackled to attain food security, says CPD study

The Plenary Session II of the Conference was on *Food Security and Containing Inflation*. Muhammad Abdur Razzaque, MP, Hon'ble Minister for Food and Disaster Management was the Chief Guest and A M M Shawkat Ali, Former Advisor to the Caretaker Government was the Special Guest. Mahabub Hossain, Executive Director, BRAC and Uttam Deb, Head of Research, CPD prepared the keynote paper. On behalf of them, Uttam Deb presented the paper. M A Sattar Mondal, Vice Chancellor, Bangladesh Agricultural University and Quazi Shahabuddin Ahmed, Director General, Bangladesh Institute of Development Studies (BIDS) were the designated discussants. M Syeduzzaman, Member, CPD Board of Trustees and Former Finance Minister chaired this session.

In his presentation, Deb termed rice as a strategic commodity for food security which accounts for 71 per cent of cropped area. He informed that annual growth rate of food grain production (1990-2007) was 3.5 per cent per year. Production of potato, oil crops and other vegetables witnessed a satisfactory growth, particularly in recent years while pulses and sugarcane had experienced an absolute decline in production due to limited technological progress. As regards availability of food, he also informed that food aid had declined over time and commercial import of

food grains by public sector had also declined. But import of food grains by private sector has increased. He suggested that price of coarse rice must not be below Tk 20 to keep the farmers continue food grain production in the next season. He also recommended to keep retail price of coarse rice between Tk 20-25. He identified ten major challenges in ensuring food security for all and containing price increase in Bangladesh. To meet these challenges Deb suggested that Bangladesh must adopt an integrated strategy focusing on increasing domestic production, ensuring minimum crop price for farmers, expanding social safety net programmes, adjusting trade policies in accordance with the domestic food production situation and trade policies of major exporting countries particularly that of India.

In view of the price volatility in the international market and export restriction by the major exporting countries, Quazi Shahabuddin Ahmed stressed the need for achieving self-sufficiency in food. He said that Bangladesh should perhaps think about a 'second green revolution' focusing on productivity growth by introducing modern variety.

M A Sattar Mandal, opined that Bangladesh Bureau of Statistics and other concerned government offices should develop the capacity of generating

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### Food Security

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agriculture related data automatically. He also stressed the need for strengthening the agricultural marketing department so that it can generate reliable agricultural price related data on a continuous basis.

M A Hamid Miah, Liaison Scientist, IRRI observed that self sufficiency could be attained through reducing the yield gap. In this connection Zeba I Seraj, Professor of Biotechnology, Dhaka University mentioned about a newly invented Chinese variety called 'Zeal' that could reduce the yield gap. Bangladesh could take initiative to cultivate this variety as it had been declared as free by the Chinese, she added. MK Anwar, MP, Former Minister for Agriculture raised concerns over imbalanced use of fertiliser that resulted in gradual decrease in fertility of land. He identified this as a major challenge for the coming years. Talking about green revolution which he termed as 'new green revolution', M Osman Farruk, Former Education Minister said that higher production could only be ensured when farmers have smooth access to the agricultural inputs. A M Muazzam Hussain, Former Professor of BRAC University suggested to introduce the System of Rice Intensification (SRI) that was being followed by the major rice producing countries.



M Syeduzzaman speaks at the plenary session II while (from left) Uttam Deb, M A Sattar Mandal, A M M Shawkat Ali, Muhammad Abdur Razzaque, MP, Quazi Shahabuddin and Mustafizur Rahman look on.

Speaking as the Special Guest A M M Shawkat Ali, called for taking steps to bring water logged south-western region under cultivation. Immediate steps were also necessary to bring 10 lacs hectares of land in the southern region of the country under cultivation which would contribute towards additional production, the former advisor stressed.

He agreed with the keynote presenter on the issue of collaboration among SAARC countries for setting up a SAARC food bank. In this context, he suggested to review the existing SAFTA agreement.

The Chief Guest, Muhammad Abdur Razzaque, MP, said that the government would work for balancing of price between farmers and consumers which was a major challenge. The goal of the government was to help farmers get fair price for their produce and ensure a price tolerable to the consumers, he maintained. In view of the impact of climate change, environment resistant variety needed to be developed to

increase productivity, he said. The Chief Guest observed that Bangladesh lacks capacity and that is why she imports hybrid seeds from other countries like China. Therefore, more allocation was necessary for research and extension programmes and without developing modern technology it would be difficult to become a self-reliant country, he continued.

## Energy Sector: Challenges of Adding New Capacity

Consensus with respect to energy sector development needed, says energy state minister

The Plenary Session III on "Energy Sector: Challenges of Adding New Capacity" of the Conference was held on 29 March 2009. Shamsul Hoque Tuku, MP, Hon'ble State Minister for Power, Energy, and Mineral Resources attended the session as the Chief Guest while Annisul Huq, President of FBCCI was present as the Special Guest. M Fouzul Kabir Khan, Professor of Economics and Finance, School of Business at North South University and former Secretary, Power Division presented the keynote paper. M Asaduzzaman, Research Director, Bangladesh Institute of Development Studies (BIDS) and Nazrul Islam, Executive Director and CEO, Infrastructure and Investment Facilitation Center (IIFC) were present as designated discussants. The session was chaired by Syed Manzur Elahi, Member, CPD Board of Trustees.

Fouzul Kabir Khan Identified some key issues relating to energy sector that were needed to be immediately addressed. These included proper allocation of limited gas, technical interface between gas and energy sector, finalisation of coal policy, revision of gas and electricity tariff, streamlining of the procurement procedure and implementation of power projects, corporatisation initiatives of the government, governance of the sector and passing of energy conservation act. He also identified a number of challenges that the newly elected government would face. The challenges included reaching the target specified in the manifesto, ensure gas supply for the new and ongoing projects, energy import, decision regarding the establishment of nuclear power plant, development of renewable energy sources etc. He made an overview of



Syed Manzur Elahi is speaking at the plenary session III. (from left) Mustafizur Rahman, Annisul Huq, Shamsul Hoque Tuku, MP, M Asaduzzaman, Fouzul Kabir Khan and Nazrul Islam are also seen in the picture.

the energy sector and noted that Bangladesh Petroleum Corporation (BPC) was facing severe liquidity crisis. He made an estimation of coal reserve and said that there was approximately 2.9 billion metric tons of coal in 5 coal fields. As the energy scenario of Bangladesh had undergone considerable changes since its adoption in 1996, he stressed the need for revising the National Energy Policy (NEP). As regards generation of electricity, he said that there was a big demand-supply gap which was due to gas shortage, ageing of

power plants, and most recently due to lack of rainfall in the Kaptai Lake. He analysed the peak and off peak loads and also found that there was a rural-urban divide in energy consumption. Khan identified that if supply of primary energy could be ensured, the power sector would be capable of meeting even the peak hour electricity demand in the country. He revealed that the financial performance of the power sector has also improved significantly as the net aggregate loss has been halved.

His recommendations included minimisation of political interference in the energy and power sector, resolution of maritime dispute with India and Myanmar and maintenance of a balance between inter-temporal choice of gas production and allocation, finalisation of Coal Policy, gradual and periodical adjustment of prices of energy resources and narrowing the rural-urban difference of electricity usage by expansion of electricity network in rural areas based on sound economic criteria.

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## Energy Sector

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Taking part in the discussion Nazrul Islam said that adequate amount of cheap power was necessary to drive the economy. He also suggested to revise the energy price. Speakers at the dialogue also came up with the idea of setting up short and long term goals. According to them, short term goal should include adding new capacity by importing electricity, gas and coal, and exploring avenues of renewable and biomass energy in rural areas, source of which can be country's poultry industry. The long term goals, they mentioned, should include developing national capacity to harness energy resource domestically by strengthening BAPEX and establish nuclear power plants.

Quoting a study conducted by the Dhaka University, one speaker said that around 1000 MW could be produced using wind power. In this connection attention was drawn to India's example which was producing 12000 MW out of a total of 18000 MW of power produced from wind energy.

Speaking as the Special Guest, Annisul Huq, President, FBCCI presented a practical scenario of the acute crisis of power faced by

different industries. He called for immediate decision of the government on issues of feasibility of rental power plants, use of coal and captive power. He said that the business community was ready to support government for raising necessary funds. In this connection he also mentioned that the business community had offered to the government their support to strengthen BAPEX in exploring gas fields.

Shamsul Hoque Tuku, MP, the Chief Guest of the session said that as the people had devided opinions regarding the processes and means for the development of the power and energy sector of the country, government was yet to decide on specific path that would appropriately address the power generation issue. A unified stand with regard to the best possible solution is important and in this regard, government needed support from all strata of the society, the State Minister said.

Imran Ahmed, MP; Ali Ashraf, MP; Mohammad Enamul Huq, MP; Hussain Monsur, Professor, Dept. of Geology, Dhaka University; Nurul Islam, Professor, Institute of Appropriate Technology, BUET, Engr Sheikh Mohammad Shahidullah, Convenor, National Committee for Saving Oil, Gas, Mineral Resources, Electricity and Port, Shahedul Islam Helal, President, Bangladesh Chamber of Industries (BCI) also contributed to the energy session.

## ICT for Development: The Immediate Doables

**Budget must reflect building 'Digital Bangladesh', stressed speakers at CPD dialogue**

**Parallel** Session I titled "ICT for Development: The Immediate Doables" was held on 29th March 2009. Yeafesh Osman, MP, Hon'ble State Minister for Science and ICT attended the session as the Chief Guest while Professor Jamilur Reza Chowdhury, Vice Chancellor, BRAC University was present as the Special Guest. Ananya Raihan, Executive Director, D.Net presented the keynote paper at this session. Mustafa Jabbar, President, Bangladesh Computer Samity and Mr Habibullah N Karim, President, Bangladesh Association of Software and Information Services (BASIS) were discussants while Fazle Hasan Abed, Chairperson, BRAC and Member CPD Board of Trustees chaired and moderated the session.

Ananya Raihan in his presentation focused on three aspects - immediate doables, a five year plan up to 2014 and a master plan targeting attainment of 'Digital Bangladesh' by 2021. He said that the upcoming budget should reflect government's commitment towards 'Digital Bangladesh' by 2021. About immediate doables he identified three things which included setting up a team to develop a comprehensive master plan with a timeframe of 2021, preparing a list of immediate doables for the next 18 months and restructuring the current institutional set up. His suggestions on the project related to e-citizen included integration of national ID database, online tax filing, building a network of telecentres, internet connectivity across the country, market price information to be collected by telecentres so that viewers can see it in bangla and digitization of land record and transaction. He also emphasised the need for Implementation of ICT Act 2006 and E-payment system. Regarding digital government, he suggested that procurement be made online. Talking about e-education, the keynote presenter said that e-learning was necessary as an intermediate solution to quality education.

Mustafa Jabbar commented that the ICT policy must be relevant to the concept of Digital Bangladesh. Year wise work plan and their implementation roadmap were also necessary for this purpose, he



Yeafesh Osman, MP is addressing participants of the parallel session I while (from left) Mustafizur Rahman, Jamilur Reza Chowdhury, Fazle Hasan Abed, Habibullah N Karim, Mustafa Jabbar and Ananya Raihan are looking on.

stressed. He said that the existing intra department communication system within the government needed to be changed to attain the 'Digital Bangladesh' target. He too emphasised on the need for revising the ICT policy and prioritise agendas.

Habibullah N Karim urged to put emphasis on the issue of marketing so that potential users are aware and understand that ICT was such a tool that could be used for various purposes. He also emphasised that the government should give priority towards ensuring access to information to all strata of the country.

CEO of Grameen Phone observed that mobile phone could contribute to a great extent to flourish development through ICT. He considered different types of mobile phones to be much more important than personal computers in terms of flourishing ICT. In this regard he sought government's support in the form of developing infrastructure, and laws and regulations.

Citing his own research findings, Jamilur Reza Chowdhury said that about 70 per cent of the national university graduates did not have any computer knowledge. An exposure to computers was a must for the graduates, he said. About e-government, he said that this effort must move ahead if the government wants to achieve Digital Bangladesh by 2021. In this regard he urged the employers of the private sector to offer internships to graduates and provide on-the-job training on ICT. The Chief Guest of the session Yeafesh Osman, MP said that the main challenge the government was facing was coordination. Regarding the ICT policy, he informed that it would soon be placed at the cabinet and necessary amendment would be done.

The chair of the session underscored the importance of ICT in advancing education in the primary and secondary levels and also in training of teachers.

A good number of ICT personalities including academics, development partners, IT experts, ICT business leaders, telecom experts, government officials from Science and ICT Ministry attended the session.



## 100 Day Employment Generation Programme

Implementation loopholes constraining positive outcomes, CPD dialogue observes

In order to attain the maximum benefit, relevant agencies should revisit the implementation strategies of the 100-Day Employment Generation Programme (100-DEGP). This was observed in the second day of the Conference at the parallel session II titled "100-Day Employment Generation Programme: Challenges of Effective Implementation". CPD undertook a small scale survey to assess the impact of the programme among target beneficiaries in order to suggest the policymakers about possible modifications required for its continuity and operational modalities.

Hossain Toufique Imam, Advisor to the Hon'ble Prime Minister for Administration and Establishment Affairs was present as the Chief Guest at the session, while Akbar Ali Khan, Chairman, Regulatory Reforms Commission and Quazi Kholiqzaman Ahmad, Chairman, Bangladesh Unnayan Parishad attended as Special Guests. Fahmida Khatun, Additional Director of Research, CPD presented the keynote paper while Rehman Sobhan, Chairman, CPD chaired and moderated the session.

The keynote presenter, in her presentation highlighted that an amount of Tk. 2,000 crore had been allocated in the budget of FY2008-09 for the programme targeting 20 lakhs people for employment. The goal of this was to create employment for extreme poor and unemployed rural people and increase their purchasing power. It was revealed that during the first phase of this initiative (first 60 days), number of beneficiary fell short of target by about 7.9 lakhs, and allocated budget worth Tk. 287 crore remained unutilised. The CPD study identified a few loopholes in the total project implementation mechanism of the first phase. Limited ground work at the project formulation stage resulted into a deficit in terms of providing employment. Also the jobs were mainly related to construction or maintenance of rural infrastructure. Hence they were not suitable for all seasons. It was also alleged that selection of card-holders was influenced by personal ties and political factors. Allegation of bribery for getting work opportunity was not uncommon among the beneficiaries. CPD field investigation also observed irregularities in the areas of selection and implementation of projects, selection of beneficiaries, forgery with workers' replacement, illegal relocation of workers, faking/adjustments in muster rolls, and hindering monitoring procedure. Success of next phase lies in addressing these loopholes properly, Khatun said. In this regard, she recommended for improving efficiency in fund utilisation; adequate planning and preparation; reconsidering issues such as running year-long programme, transparent distribution of cards, modification of approach in both selection of beneficiary and type of



Akbar Ali Khan is addressing the parallel session II. (from left) Quazi Kholiqzaman Ahmad, Hossain Toufique Imam, Rehman Sobhan, Atiur Rahman and Syed M Hashemi are paying attention.

activity available to the beneficiary; reassess resource requirement, especially the provision of weekly instead of daily payment; enhance monitoring system; and develop mechanism for addressing complaints from the beneficiary's end.

Quazi Kholiqzaman Ahmad stressed that 100-DEGP should be planned in a way that it would continue to build asset for sustainable employment generation in the mainstream economy. Atiur Rahman, Chairman, Unnayan Shamunnay

said that more marginal population from char, haor and coastal areas could be included in this project as beneficiaries. Akbar Ali Khan suggested that flexibility in choosing the type of activities should be incorporated in the guideline so that the projects undertaken are local need based. Syed M Hashemi, Development Institute asserted that the programme should not be treated as a tool for overcoming temporary crisis. For long term benefit, a comprehensive approach is required so that the beneficiaries do not have to depend on the government's Social Safety Net Programmes forever and they could generate productive assets to secure their livelihoods, he added.

Chief Guest of the occasion Hossain Toufique Imam informed that considering the stock of rice in the storage, government has decided to provide rice, instead of cash in the second phase of the programme. To this end, government has decided to collect fresh rice after the Aman season is over, and it is targeted that 70,000 metric tonnes of rice would be distributed for 40-days of work. He said that despite several limitations of the programme, the government was targeting the long-term successful implementation to achieve its promises in the election manifesto.

Presiding over the session Rehman Sobhan pointed out that Bangladesh's neighbouring countries; particularly India had been implementing such scheme through constitutional mandate and had turned it as 'right to work'. which is not the case in Bangladesh. However, he praised the current programme to be a commendable step by the government that needed to be considered as an initial experiment in dealing with poverty.

Others who took part in the discussion included Enam Ahmed Chowdhury, Former Chairman, Privatisation Commission; Badiul Alam Majumder, Country Director, The Hunger Project; Barkat E Khuda, Professor Department of Economics, Dhaka University, Majeda Haq, Programme Analyst and Cluster Head, UNDP; Shamsher Ali, Deputy Manager, Natural Resources and Services, ActionAid Bangladesh; Laily Begum a beneficiary from Luxmichup Union of Nilphamari District and Khorshed Alam, Union Parishad Member of Kulkandi, Jamalpur

## Boro Production: Immediate Tasks for the Newly Elected Government

Government is adequately prepared, assures Agriculture Minister

The government would take every possible steps to provide price support to the farmers in order to offset any loss they face because of the fall in food grain price. These were told by the Agriculture Minister Begum Matia Chowdhury as the Chief Guest at CPD organised dialogue titled *Boro Production: Immediate Tasks for the Newly Elected Government* held on 19 January 2009 at the CIRDP Auditorium in Dhaka. The assurance came in response a comment from Mahabub Hossain, Executive Director, BRAC. He noted that if because of bumper production supply outpaces demand, the price would fall resulting in ultimate sufferings of farmers. Referring to growing demand for quality seed, the Minister informed that the government was thinking to entrust

the private sector to produce seed. She, however, cautioned that the government would intervene if there is any attempt of syndication to create any untoward situation. Chaired by CPD Chairman Rehman Sobhan, the dialogue was also addressed by C S Karim, Former Advisor for Agriculture as the Guest of Honour. Uttam Deb, Head of Research, CPD, presented the keynote paper.

Uttam Deb in his presentation said that price hike of agricultural commodities particularly of rice and wheat in 2007 and 2008 posed serious challenge to food security in Bangladesh. But a record high production of Boro rice in FY2007/08 had helped to a great deal to meet

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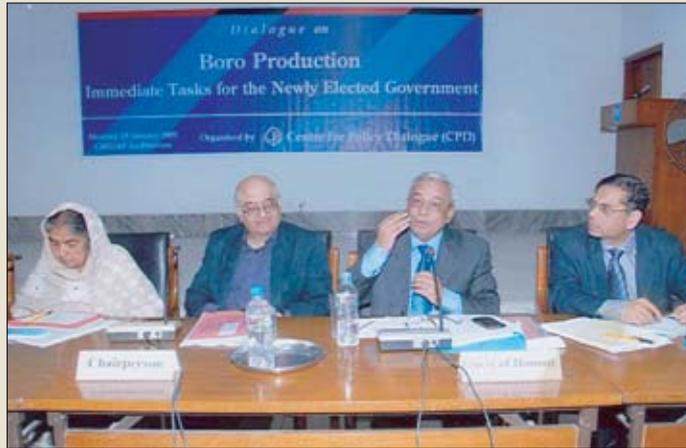


**Boro Production**

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those challenges. Balancing the interest of the consumers and producers was a major challenge for the government, the keynote presenter noted. Quoting a study of Hossain et al. (2002), he emphasised on the need for quality seed that could increase production to the tune of 20 lakh tonnes. About input delivery strategy, Deb mentioned that about 3/4th of the total irrigation in Bangladesh was diesel operated and the farmers had to pay two to three times higher price due to the absence of electricity operated irrigation system that exists in India, Thailand and Vietnam. About pricing of rice, he said that domestic prices were influenced by international prices and various export restrictions implemented by major exporting countries particularly that of India. The speaker also mentioned that increased production alone would not be sufficient to ensure food security for the lowest income group. Social safety net programme needs to be designed in a manner so that hard core poor are covered. Emphasising the need for agriculture subsidy, C S Karim, said that it was important to increase production; but it was more important to see whether subsidy reaches the deserving farmers. As regards food security, the former Advisor said that Bangladesh could not ensure food security only by

importing food and therefore, food production had to be increased. He, however, disagreed with the idea of diesel subsidy and open market sale of fertiliser. He insisted that diesel subsidy be given directly to the farmers and open market sale of fertiliser would only benefit the businessmen who would pile up their stock. Mahabub Hossain, of BRAC stressed the need for strong regulatory measures to combat fertiliser smuggling. Regarding production, he insisted that Bangladesh should not produce more than 28 million tonnes of rice to keep the price stable. Atiur Rahman, Chairman, Unnayan Shamunnay called for more liberalised role of the government as regards agricultural subsidy. He noted that the marginal farmers do not have cash at hand, they need to be supplied with small scale agricultural credit on an urgent basis.



C S Karim is addressing the dialogue participants while Begum Matia Chowdhury, Rehman Sobhan, and Mustafizur Rahman are paying attention.

The dialogue was also addressed by Muinul Islam, Professor of Economics, Chittagong University, M M Akash, Professor of Economics, Dhaka University, A M Muazzem Hussain, Former Professor of Economics and Social Sciences, BRAC University; Ad Spijkers, FAO Representative in Bangladesh; Z Karim, Former Secretary and Chairman, CASEED; Morshed Ali, General Secretary, Bangladesh Krishak Samity, Md Nazrul Islam and Bahauddin, both farmers respectively from Kishoreganj and Netrokona.

**In-house Dialogue on Resurgent China  
Issues for the Future**

**economic surplus in rural households - secret of Chinese success**

CPD organised an In-house Dialogue titled *Resurgent China: Issues for the Future* on 11 January 2009. Nazrul Islam, Senior Economic Affairs Officer, Development Policy and Analysis Division, Department of Economic and Social Affairs, United Nations presented the keynote paper. Highlighting China's recent growth, the presenter said that the Chinese economy generated significant amount of economic surplus in the hands of rural households. This was possible basically due to switching of their economy to farming which has resulted in improvement in agricultural terms of trade. This surplus was then successfully mobilised for industrial investment. China's industrial reform experienced dual impact - improvement in the efficiency of State-owned Enterprises (SOE) and opening up non-SOE sectors, he said. At the same time their private sector was expanded and special economic zones were established. All these initiatives resulted in a sustained industrial expansion. The keynote presenter however, said that despite the degree of economic growth, inequality was also rising



Nazrul Islam is seen making the presentation. Mustafizur Rahman, other CPD researchers and a set of distinguished participants are also seen in the picture.

and the Gini co-efficient was 0.4. Inequality in China had three dimensions i.e regional, urban-rural and social. As regard to urban-rural inequality, measures were taken to promote internal migration, Nazrul Islam said. He identified restoration of public provision of various services as a way to address both social and rural-urban inequality. Chaired by Rehman Sobhan, Chairman, CPD the in-house dialogue was also attended by Syed Akhtar Mahmood, Senior Programme Manager, IFC-BICF (Bangladesh Investment Climate Fund); M M Akash, Ashraf Uddin Chowdhury, both Professors of Economics, Mosharaff Hossain, Former Professor of Economics, Dhaka University; Ahsan Habib Mansur, Former Division Chief, International Monetary Fund (IMF), M Syeduzzaman, Member, CPD Board of Trustees; Zaidi Sattar, Consultant, The World Bank; Sajjad Zohir, Director, Economic Research Group; and Jyoti Rahman, Macro Economist, Australian Treasury and Mustafizur Rahman, Executive Director, CPD.



## Research Report

### CPD-ILO Study on "Impact of Global Economic Crisis on Employment and Labour Market of Bangladesh: A Rapid Assessment"

CPD, in association with ILO, has initiated a study on "Impact of Global Economic Crisis on Employment and Labour Market of Bangladesh: A Rapid Assessment". In view of the global financial crisis, the study assesses its adverse impact on Bangladesh economy, particularly on labour market and employment. The study will put forward policy suggestions as regards mitigating the adverse social effects of the crisis on workers and it will identify possible areas of activities for the ILO under its 'Decent Work Country Programme (DWCP)'. Since the initiation of the study in January, 2009 several outputs have been prepared, which include: short note on Policy Measures Taken by the Bangladesh Government in View of the Global Economic Crisis; Report on Impact of the Global Economic Crisis on Employment and Labour Market of Bangladesh: A Preliminary Assessment; a CPD Occasional Paper on Impact of the Global Economic Crisis on Employment and Labour Market of Bangladesh: A Preliminary Assessment; and a short brief on Impact of the Global Economic Crisis on Bangladesh Employment and Labour Markets: Insights from a Rapid Assessment and Some Policy Recommendations. The occasional paper prepared under this study is available in the CPD website and was regarded as the most circulated paper (6000 downloads) in a global network (SABER) in April, 2009. A team of CPD researchers is involved in this study which is led by Professor Mustafizur Rahman. Lead researchers of this study are: Khondaker Golam Moazzem and Syed Saifuddin Hossain, Senior Research Fellow and Senior Research Associate respectively and research assistance is being provided by Sharmin Chowdhury, Research Associate, CPD.

### CPD study on "Restructuring of the Jute Manufacturing Sector of Bangladesh: Challenges and Way-Out"

CPD had initiated a study on Restructuring of the Jute Manufacturing Sector of Bangladesh: Challenges and Way-Out. The objectives of this study were to identify major challenges confronted by the jute manufacturing sector of Bangladesh particularly jute mills operated under the public sector- BJMC and put forward policy suggestions as regards improvement of the competitiveness of both public and private sectors. This study addressed issues related to privatisation of state-owned public sector jute mills. It is to be noted that this study is an extension of CPD's earlier study on Jute Sector of Bangladesh: Constraints, Opportunities and Policy Options. The paper prepared under this study will be presented as a keynote in a seminar organised by the Privatisation Commission in Chittagong on 8 June, 2009. The study is led by Khondaker Golam Moazzem, Senior Research Fellow with able research support from Tariqur Rahman and Sharmin Chowdhury, both are Research Associates at CPD.

### Climate Change and Rice Production in Bangladesh: Implications for R&D Strategy

Bangladesh is recognized worldwide as one of the countries which is most vulnerable to the impacts of climate change. The study has made a synthesis of predictions as regards agricultural production environment due to the climate change in Bangladesh. It has estimated the impacts of climate change (drought, inundation, salinity) on rice production in Bangladesh by 2030 in different rice growing seasons (Aus, Aman and Boro). The study revealed that by 2030 in a 'normal year' rice production is likely to be reduced by 12.19 lakh tonnes (about 4.2 percent of current annual rice production) due to the impact of climate change. The paper suggests strengthening research on drought, flood and saline tolerant rice varieties to facilitate adaptation in future. In addition, more dependence as well as investment on new sciences such as biotechnology, GIS, remote sensing and ICT for technology generation and dissemination will be required. A team of CPD researchers led by Uttam Deb, Head of Research Division has completed this study. Other members of the team were: Nafisa Khaled, Senior Research Associate; Muhammad Al Amin, Research Associate, and Ashiqun Nabi, Research Associate.

### 100-Day Employment Generation Programme

This study attempted to evaluate the 100-Day Employment Generation Programme of the government of Bangladesh (100-DEGP) on the basis of field level experiences and drew lessons for providing feedback to the policy makers in order for them to make informed policy decisions as regards the 100-DEGP in future. The objective of the paper was to investigate the early impacts of the programme on beneficiaries focusing on the design, implementation and monitoring of the 100-DEGP. In order to address the research questions the study gathered information from three districts, namely Nilphamari, Jamalpur and Naryanganj. These districts were selected in view of their unique socio-economic characteristics. For example, Nilphamari is a monsoon prone area, Jamalpur is affected by river erosion and Narayanganj is close to the capital Dhaka where most economic activities are performed. A total of 9 Focus Group Discussions (FGD) were executed during the field visits, out of which 6 FGDs were performed among the beneficiaries and 3 FGDs were undertaken among the service providers including government officials, Chairman and members of Upazila Parishad. A semi structured questionnaire was used to solicit information on various aspects of the 100-DEGP from the field. The paper prepared, based on this survey, was presented at the CPD conference held on 28-29 March 2009.

The study was conducted by Fahmida Khatun, Additional Director, Research, Kazi Mahmudur Rahman, Senior Research Associate and Ashiqun Nabi, Research Associate of CPD.



Mustafizur Rahman, along with senior CPD officials is briefing the visiting CIDA team about CPD activities. To his opposite, Dusan Duvnjak, Director and Anthony M Levita, Audit Project Leader, Office of the Auditor General of Canada are looking on. The CIDA team visited the CPD on 8 March 2009.



A two member team from the Norway based Chr. Michelsen Institute (CMI) - an international centre policy-oriented and applied development research visited CPD on 24 March 2009. The CMI team was led by Gunner M Sorbo, Director of the institute. The visiting team discussed about the CPD's research and dialogue activities and possibility of collaboration with CMI. In the picture Rehman Sobhan is talking with the CMI officials. Fahmida Khatun, Uttam Deb, Mustafizur Rahman and Khondaker Golam Moazzem are also seen in the picture.



## Publications

## CPD-SACEPS Monograph Series

**1. Monograph 3: Economic and Political Empowerment of the Poor - Sri Lanka**

The monograph focuses on three specific structural injustices - unequal access to capital, land and education. The monograph contextualises Sri Lanka's strategies in addressing these issues and recommends different measures that can be adopted by the government in order to empower the poor.

**Books****1. Emerging Issues in Bangladesh Economy**

This volume of IRBD 2005-06 has identified fourteen strategic issues which are likely to have important medium term implications on how Bangladesh develops over the coming years. These include pro-poor economic growth, agricultural diversification, biotechnology, industrial policy, SMEs ICT, trade policy, manpower export, monetary policy, education, health, environment, women & labour market. The fourteen chapters in the IRBD 2005-06 volume take an in-depth look into these areas and present insights and analyses to meet the challenges that await Bangladesh in its journey towards a future with high growth and distributive justice.

**2. State of the Bangladesh Economy in FY2007-08 and Outlook for FY2008-09**

The present volume, which is the fifteenth in the IRBD series, carries forward the tradition of CPD's effort to come up with an independent civil society perspective on major macroeconomic developments in Bangladesh



on a regular basis. Various sections of this volume were prepared in consultation with relevant stakeholder groups; findings were presented and discussions held at CPD dialogues with participation of key stakeholders. In line with the earlier exercises, this year's IRBD volume examines and analyses key macroeconomic performance indicators of Bangladesh in the immediate past fiscal year, i.e. FY2007-08. The volume provides an analysis of both the success and failures of economic governance in FY2007-08, and identifies major challenges to be addressed over the FY2008-09.

**Occasional Papers**

1. সাময়িক পত্র: ৭৯ বাংলাদেশের পাটশিল্প: সমস্যা, সমাধান ও নীতি-বিকল্প (ফেব্রুয়ারি ২০০৯)
2. Paper 80: Impact of the Global Economic Crisis on the Employment and Labour Market of Bangladesh : A Preliminary Assessment

**Dialogue Reports**

1. Report No. 97: Domestic Violence in Bangladesh: Cost Estimates and Measures to Address the Attendant Problems
2. Report No. 98: Achieving Universal Primary Education with Quality and Equity (February 2009)

**Publication of CPD Researchers**

- Hasan, S. and Jahan, N. (2009). Remittance Hit by Global Crisis. The Daily Star. 26 March 2009.
- Al Amin, M., Rahman, K. M. and Hasan, S. (2009). Impact of Current WTO Agricultural Negotiation for Bangladesh: A Simulation Exercise. Journal of Socioeconomic Research & Development .g-Science Publication. Gurpukur Research Institute (GPRI). Bangladesh. ISSN 1813-0348.
- Hossain, S. S. (2009): Bangladesh Customs: Managing Risk for Better Trade. Global Trade and Customs Journal; Vol 4 Issue 2. Pg. 45 - 51. Kluwer Law International. The Netherlands. ISSN: 1569-755X. (February)
- Hossain, S. S. (2009): Border Enforcement of IPR Laws in Australia. Global Trade and Customs Journal; Vol 4 Issue 1. Pg. 01 - 14. Kluwer Law International. The Netherlands. ISSN: 1569-755X. (January)

**CPD Professionals in International Seminars****Rehman Sobhan**  
*Chairman*

Attended the international seminar on "Social Development and the Human Civilisation in the 21st Century: Centenary of Hind Swaraj" as the keynote speaker. The seminar was organised by the Council for Social Development, India International Centre (IIC) from 12-14 February 2009 in New Delhi, India.

**Mustafizur Rahman**  
*Executive Director*

Attended the Conference on "Global Financial Crisis and Growth & Equity" and made a presentation titled "Global Financial Crisis: Possible Implications for Bangladesh" organised by the Overseas Development Institute (ODI) from 11-13 February 2009 in London, United Kingdom.

Attended the Policy Forum on "Agricultural Reforms and Trade Liberalisation in China and Selected Asian Countries: Lessons of Three Decades" organised by the Food and Agricultural Organisation (FAO), Thailand held during 19-20 February, 2009 in Bangkok, Thailand.

Participated at the workshop on "The Doha Round: Securing Development Outcomes for Small Economies and LDCs" and presented a paper titled "Ongoing Doha Round Negotiations and the LDCs: Issues of Interest,

Concerns and Strategies" organised by the Commonwealth Secretariat from 31 March - 1 April 2009 in London, UK.

**Utam Deb**  
*Head of Research*

Participated at the Project Start-up Meeting of the project titled "Mainstreaming Trade Policies in National Development", held at the FAO Regional Office for Asia and the Pacific on 28-29 January 2009 in Bangkok, Thailand.

**Tariqur Rahman**  
*Research Associate*

Participated at the research workshop on "Emerging Trade Issues for Policymakers in Developing Countries of Asia and the Pacific: New Era of Trade Governance" organised by the ESACAP, ArtNet on 5-6 March 2009 in Manila, The Philippines

**Subir Kanti Bairagi**  
*Research Associate*

Participated at the international conference on "Food Security in SAARC" organised by Indian Council for Research on International Economic Relations (ICRIER) on 23 March 2009 in New Delhi, India.

