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# CPD

Centre for Policy Dialogue Bangladesh

## Quarterly

### FROM the editor's desk

As the readers will note, CPD has brought out a special issue in July 2009 titled CPD Retro which provided information about CPD activities in July 2009.

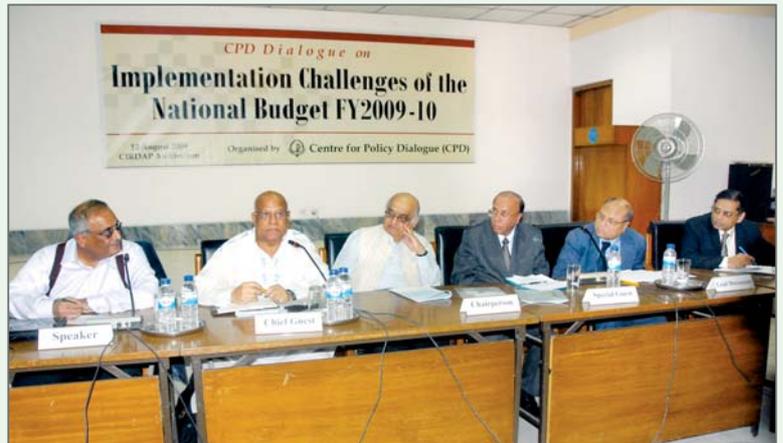
Whilst continuing the traditional format of CPD quarterly, we intend to publish Retro, from time to time, highlighting activities of specific period of time. Thus the present quarterly focuses on CPD activities held during the month of August - September 2009.

As the readers will observe, the July - September 2009 period was a busy time for CPD with a number of research and dialogue activities having been organised involving a number of key issues. One of the major events of policy importance in the recent past has been the formulation of new Education Policy. Though CPD did not take up the Education Policy from research or dialogue perspective during this period, given its importance, it is pertinent to revisit its salient features.

The National Education Policy Formulation Committee has submitted the Final Draft of the *Education Policy 2009* to the Education Minister on 2 September 2009. No doubt, the proposed policy has attracted a lot of attention. This is an important initiative in view of the fact that many of the past policies have faced strong resistance from students, parents and citizens in general. That the Committee has been able to prepare the policy document in four months needs also to be appreciated.

*Education Policy 2009* has proposed three tiers of education in the country: (i) Pre-primary and Primary education, (ii) Secondary education, and (iii) Higher education. The Policy clearly delineates goals and targets of education at all the three levels. The Policy recommends one-year pre-primary education for over five year-old children. Primary education will be for eight years (Class I to Class VIII). The Policy stipulates that primary education will be free, universal and compulsory for all school-going-age (6+ years) children. Pre-vocational education will be mandatory for all students from Class VI to Class VIII. At the end of class V, a nation-wide examination will be held and based on the performance in that examination students will receive scholarships for the period of study in class VI to class VIII. For class VI to class VIII, the Policy has suggested concrete steps for preparation of new syllabus, textbooks and

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(From left) Debapriya Bhattacharya, AMA Muhith, Rehman Sobhan, AB Mirza Azizul Islam, Siddiqur Rahman Choudhury and Mustafizur Rahman

### Revenue Collection, Employment Generation and Poverty Reduction Require Improved Investment Scenario

CPD organised a dialogue titled 'Implementation Challenges of the Budget FY2009-10' on Wednesday 12 August 2009 at the CIRDP Auditorium, Dhaka. AMA Muhith, MP, Hon'ble Minister for Finance attended the dialogue as the Chief Guest while AB Mirza Azizul Islam, Former Advisor to the Caretaker Government was the Special Guest. Debapriya Bhattacharya, Distinguished Fellow, CPD made the keynote presentation which was followed by discussions including the Lead Discussant Siddiqur Rahman Choudhury, Chairman, Agrani Bank and Former Secretary, Finance Division. Rehman Sobhan, Chairman, CPD chaired and moderated the dialogue.

Debapriya Bhattacharya in his presentation explored the growth prospect of Bangladesh economy for FY2009-10 and its linkages with implementation of the budget. He termed the targeted growth rate of 5.5 per cent as conservative. Debapriya argued that propping up of investment would be a major challenge and collection of revenue, generation of employment and reduction of poverty would be difficult to attain unless the overall investment situation was improved. The keynote speaker

explained that a growth was necessary for the government to finance development projects and there was no scope of increased private investment unless public investment was increased. He identified that energising investment would be the biggest challenge for Bangladesh economy during FY2009-10, particularly to achieve the targeted growth between 5.5 to 6 per cent. He emphasised that renewed efforts were needed to be taken in FY2009-10 to improve both the quantitative and the qualitative aspects of the ADP. This, in turn would be able to stimulate and crowd in private sector investment, he added. In case of ADP implementation Debapriya said that ADP utilisation in FY2008-09 stood at 76.7 per cent of original ADP and 85.4 per cent of revised ADP which showed a declining trend over the decade comparing to 92.8 per cent in FY2000-01, and 85.1 per cent in FY2004-05.

Mirza Azizul Islam, however, made cautionary note about the success of public-private partnership (PPP). He feared that PPP initiatives might be turning into publicly funded private projects. Commenting on poor ADP implementation, Aziz blamed the

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## Progress in Political Representation of Women Undermined by a Number of Challenges

A dialogue titled 'Women's Political Representation: Lessons from Global Experience for Bangladesh' was organised by CPD on Tuesday 18 August at the CIRDP Auditorium, Dhaka. The dialogue focused on the status of political representation of women in Bangladesh.

Shirin Sharmin Chowdhury, MP, Hon'ble State Minister for Women and Children Affairs was the Chief Guest at the dialogue. Meher Afroz, MP, Chairman, Parliamentary Standing Committee on Ministry of Women and Children Affairs was the Special Guest, while Begum Selima Rahman, Joint Secretary General, Bangladesh Nationalist Party (BNP) was the Guest of Honour. Rounaq Jahan, Senior Research Scholar and Adjunct Professor, Southern Asian Institute, Columbia University, USA presented the keynote which was followed by comments from Ayesha Khanam, President, Bangladesh Mahila Parishad as the Designated Discussant. Rehman Sobhan, Chairman, CPD chaired and moderated the dialogue.

In her presentation Rounaq Jahan made a comparative analysis of the systems being followed globally and regionally, which would contribute towards political empowerment of the women in Bangladesh. In this connection she expressed her concerns that gender disparity was a global problem; although women constitute about 50 per cent of total voters, yet they constituted only 9 per cent of the heads of government, 18 per cent of members of parliament, 13 per cent of the speakers of parliament, 13 per cent of members of political parties. She informed the dialogue participants that Nepal (20 per cent) ranked the top in South Asia in terms of women's representation in ministerial positions followed by India (10.3 per cent), Bangladesh (8.3 per cent) and Sri Lanka (3.6 per cent). She informed that Bangladesh had witnessed an increase in representation of women in the parliament to 18.6 per cent in 2008 from 2 per cent in 2001. She also discussed limitations of the existing system with women reserved seats and tried to identify priority areas that needed to be addressed to fast track women's

representation in Bangladesh. The keynote presenter recommended that the Terms of Reference of women MPs in reserved seats in the present parliament be specified, access to public development funds by women MPs in reserved seats be ensured, women's share in decision making bodies of political parties be increased, Parliamentary Standing Committee on Women & Children Affairs be activated and introduction of a bill to implement the electoral pledge of 100 reserved women's seats through direct election be introduced.

Ayesha Khanam in her speech appreciated present government's move of assigning women politicians to lead important ministries such as home, foreign affairs, agriculture, and labour & employment. She added that Bangladesh had achieved a lot in terms of access to politics, decision making and government services. Meher Afroz, MP in her speech mentioned that women MPs from reserved seats cannot perform their duties due to absence of definite constituencies. She added that though number of reserved seats had increased, the situation did not change much. Begum Selima Rahman stressed the need of enacting law that would facilitate opportunities to work for the women MPs. She demanded specific area to be identified for woman MPs to work; defined, responsibilities and power for women MPs from reserve seats. The Chief Guest of the dialogue Shirin Sharmin Chowdhury, MP said that selected MPs were no longer ornaments of the parliament and they were playing critical roles both in the cabinet and in the parliament. She added that Bangladesh had been a fine example in the world in terms of women's participation in the political process.

The dialogue was also addressed among others by Ruby Rahman, MP; Nilufar Chowdhury Moni, MP; Sayeda Ashifa Ashrafi Papia, MP; Khushi Kabir, Member, CPD Board of Trustees; Badiul Alam Majumder, Member Secretary, SUJAN; Sadeka Halim, Commissioner, Information Commission; and Zarina Rahman Khan, Professor of Public Administration, University of Dhaka.



Rounaq Jahan is seen making the presentation, and (from left) Shirin Sharmin Chowdhury, Rehman Sobhan, Meher Afroz, Begum Selima Rahman and Mustafizur Rahman are also seen in the photo



Sayeda Ashifa Ashrafi Papia, MP is addressing the dialogue. Khushi Kabir and Rasheda K Choudhury are seen in the photo



## Bangladesh's Labour Market to Suffer if Global Economic Crisis Deepens

Ministry of Labour and Employment (MOLE), International Labour Organization (ILO) and Centre for Policy Dialogue (CPD) jointly organised a technical consultation on 'Impact of Global Financial Crisis on Employment and Labour Market of Bangladesh' on Wednesday 19 August 2009 at the Surma Room of the Pan Pacific Sonargaon Hotel. Md Atharul Islam, Secretary, Ministry of Labour and Employment attended the dialogue as the Chief Guest while Sachiko Yamamoto, ILO Regional Director and Panudda Boonpala, Director, ILO Country Office, Bangladesh were Special Guests. Syed Saifuddin Hossain, Senior Research Associate, CPD presented the keynote paper and Mustafizur Rahman, Executive Director, CPD chaired and moderated the dialogue. The keynote speaker in his presentation addressed the likely impact of global economic crisis on Bangladesh's employment and labour market, focusing on export sectors which



Md Atharul Islam is addressing the consultation participants, while (from right) Mustafizur Rahman, Sachiko Yamamoto and Panudda Boonpala are paying attention

included readymade garments, textile, jute and jute goods, frozen food, ship-building, real estate, and overseas migrant workers. He particularly focused on the situation of the youth and the vulnerable and analysed measures taken by the government. Saifuddin stated that in the face of falling global commodity price revenue earning from import duty witnessed a downturn since April 2009, and it might result in expenditure cut on development projects and social safety net programme with consequent negative impact on the poor. He informed that growth of employment opportunity in industrial sector was expected to be slowed down. Focus group discussion with RMG entrepreneurs revealed that there were closures of some 47 knit and 66 woven factories at the same time. Fresh recruitment of workers had been slowed down significantly

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### Rehman Sobhan

Chairman

Attended a regional conference on "Quality of Growth: Approaches to Inclusive Development in Asian Societies" as a speaker, organised by the GTZ, India held from 14-16 September 2009 in New Delhi, India.

### Debapriya Bhattacharya

Distinguished Fellow

Presented a paper on *China-SAARC Relations: Towards a Partnership of Common Prosperity*, on 25-26 August 2009, at Chengdu, China.

### Mustafizur Rahman

Executive Director

Made a presentation on *The Global Financial Crisis and Developing Countries: The Bangladesh Case Study* at the Workshop on "The Global Financial Crisis and Developing Countries" at the Overseas Development Institute (ODI), on 7 September 2009, in London.

Participated at a meeting on "Domestic Resource Mobilisation for Development Policy Solutions in Times of Crisis" organised by Development Finance Network (DeFiNe) and Organisation for Economic Co-operation and Development (OECD), held in Paris on 25 September 2009.

## CPD Professionals in International Fora

### Fahmida Khatun

Additional Director, Research

Made a presentation on *Trade in Environmental Goods in the WTO: Strategy for LDCs* at the seminar on "Trade, Climate Change and Food Security Agenda for Copenhagen" jointly organised by the South Asia Watch on Trade, Economics & Environment (SAWTEE), Oxfam Novib and Climate Change Action Network in South Asia (CANSAs) held from 9-11 September 2009 in Kathmandu, Nepal.

Made a presentation on *Trade Negotiations on Environmental Goods and Services in the LDCs Context*, at a seminar, organised by the UNDP Switzerland, held on 24 September 2009, in Geneva, Switzerland.

Participated at the seminar on "Trade, Climate Change and Development: A Fresh Look at Dilemmas and Reconciliation" organised by IMD Switzerland, held on 25 - 26 September 2009, in Geneva, Switzerland.



## Bangladesh's Business Competitiveness Improved in 2008

**Khondaker** Golam Moazzem, Senior Research Fellow, CPD briefed the print and electronic media on 'Global Competitiveness Report 2009-2010 and Bangladesh Business Environment Study 2009' in a press briefing organised by CPD on Tuesday 8 September 2009. Bangladesh Business Environment Study is an annual exercise implemented by the CPD, this year's being the eighth of its kind. The Global Competitiveness Report is an annual survey conducted under the auspices of World Economic Forum (popularly known as Davos Forum). The survey ranks countries (including Bangladesh) according to the competitiveness environment based on information from National Perception Surveys. Due to better performance of public sector institutions, macroeconomic management and financial stability – Bangladesh advanced five ranks in the Global Competitive Index (GCI) from 111th to 106th in 2008. Various reform measures undertaken by the caretaker government possibly

contributed to that. But at the same time poor infrastructure i.e. acute power and gas crisis were identified as major hurdles to attain much better business competitiveness. According to the survey, more than 80 per cent businessmen expressed the same view that infrastructure was largely underdeveloped in 2008. The GCR revealed corruption as the second most deterrent factor for businesses in 2008. Undocumented and illegal payments to public officials, judiciary and influential people were still a major concern. Entrepreneurs were less optimistic about economic growth of the country during 2009 perhaps because of economic downturn in view of the global financial crisis. Switzerland topped the GCI list by replacing the



*Khondaker Golam Moazzem is briefing the media while (from left) Kazi Mahmudur Rahman, Debapriya Bhattacharya, Anisatul Fatema Yousuf and Uttam Deb are seen in the photo*

US. Debapriya Bhattacharya, Distinguished Fellow, Anisatul Fatema Yousuf, Director, Dialogue and Communication, Uttam Deb, Head of Research and Kazi Mahmudur Rahman, Senior Research Associate, CPD were also present during the briefing session.

### from the editor's desk

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teachers' manual, teacher's training, administration and management, and development of physical infrastructure. Public examination will be held after completion of primary school. Introduction of universal, free and compulsory primary education up to class VIII will allow Bangladesh to reach the global average level in compulsory education, which is currently 8 to 9 years. Primary education curricula in advanced countries generally focuses on knowledge and skills development in language, foreign language, mathematics, science, ethical values and development of personal and life skills. After completion of primary education, students are expected to gather competences in communication, reasoning, creativity, problem solving, and most importantly, ability to learn. To this end, the proposed primary school system is expected to enable students to attain a higher level of competency, skills and better ability to learn. According to the proposed policy, secondary education will be of four years (Class IX to Class XII). At this level, uniform curriculum and syllabus will be followed for common subjects for students of all types of educational institutes (general, vocational and madrasa). The Policy suggests that an examination will be held at the end of Class X at upazila or pourashabha or thana level with centralised question papers, and examinations scholarships will be given for Class XI to Class XII on the basis of performance in that examination. Public examination will be held after completion of secondary school. In case of higher education, four years bachelor degree will be introduced in colleges and universities. Bachelor degree will be considered as terminal degree for all types of jobs except academic jobs where Masters or M.Phil. Degree will be needed. Existing three-year pass degree courses will be converted into four-year

bachelor courses. Education Policy 2009 has also proposed establishment of a permanent Higher Education Commission, by converting the existing University Grants' Commission. *Education Policy 2009* has strived to make a balance between the emergent needs and the existing realities of creating knowledge and skills for productive engagement in the economy, and has emphasised the need for a better understanding of our society and culture. However, the proposed policy is likely to face some serious challenges in terms of implementation. Upgrading the primary schools to the level of Class VIII will call for rapid development of physical infrastructure along with recruitment of teachers capable of teaching upto class VIII. In some schools, classes may be held in multiple shifts (morning and day shift) for students in lower (Class I to Class V) and upper (Class VI to Class VIII) classes to ease the problem. Transforming existing high schools (up to Class X) to Class XII will be another major hurdle. Physical infrastructure (in terms of building rooms) may not be a problem since two classes (Class XI and Class XII) will be added against reduction of three classes (Class VI to Class VIII), but laboratory facilities for science students studying in Class XI and Class XII should be developed urgently. On the other hand, teachers who are able to teach in Class VI to Class VIII will not be able to teach in Class XI and Class XII. Therefore, for effective utilisation of knowledge and skills of these teachers, they might be given an option to be recruited or transferred, with adequate financial incentives, for teaching in primary schools. Since independence, six commissions and committees had been constituted prior to the present one. Unfortunately, many good recommendations of those committees have not been implemented due to lack of political will and the required financial support. It is hoped that the government will implement the recommendations of the present Policy in a speedy manner and will regularly monitor the outcomes and impacts of the Policy.



## 8 per cent Targeted GDP Needs New Generation of Electricity

In the face of acute crisis of gas, CPD organised an in-house consultation titled 'Dealing with the Gas Crisis.' The consultation was held on Tuesday 1 September 2009 at the CPD Dialogue Room. Speakers argued that the current quantity of electricity generation was not enough to attain 8 per cent GDP growth as stipulated in the election manifesto of the government, and therefore, generation capacity was needed to be increased substantially. In this context, it was mentioned that wells, production of which had been suspended could be brought again into production at minimum risk, cost and time. The government's initiative of obtaining nuclear energy was also discussed at the consultation. It was opined that, if the programme was successful it would be a big boost in electricity generation. However, experts present at the meeting opined that safety issues and risks should be addressed seriously in realising this effort. About the production sharing contracts (PSC), it was observed that PSCs were not done in a transparent way and did



*Azim Uddin Ahmed is presenting the paper while other participants are paying attention*

not always serve Bangladesh's interests. It was also argued by the participants that BAPEX should carry out regional level seismic survey by the next dry season particularly in blocks no 8 and 11.

Participants also suggested to strengthen the financial health of the Petrobangla without any delay for augmentation of gas supplies. Former Energy and Mineral Resources Secretary Azim Uddin Ahmed made a presentation to initiate the discussion, while Rehman Sobhan, Chairman, CPD chaired and moderated the consultation. Others who attended the consultation included M

Syeduzzaman, Former Finance Minister; M Fouzul Kabir Khan, Former Secretary, Power Division; M Nurul Islam, Professor of Institute of Appropriate Technology; AKMA Quader, Professor of Chemical Engineering, BUET; MM Akash, Professor of Economics, Dhaka University; Jalal Ahmed, Former Chairman, Petrobangla; Md Maqbul-E-Elahi, Former Director, Petrobangla and Abdul Hafiz Chowdhury, President, MCCI.

### CPD Professionals in National Fora

#### **Rehman Sobhan** Chairman

Attended a dialogue titled "The Asian Highway: Is it a Dream or a Reality?" as the Special Guest organised by the Institute of Engineers, Bangladesh (IEB) on 8 August 2009.

#### **Mustafizur Rahman** Executive Director, CPD

Gave a lecture on *WTO and Regional Trade Cooperation*, at the Teachers' Refresher Course, organised by Bangladesh Economic Association, on 10 August 2009.

Gave a lecture on *"WTO - A New International Order-Fears and Hopes for Poor States"* at Defence Services Command and Staff College of Bangladesh, on 26 August 2009.

#### **Debapriya Bhattacharya** Distinguished Fellow

Presented a paper on *Public-Private Partnership*, at a seminar organised by American Chamber of Commerce and Eastern Bank Ltd., on 16 August 2009.

Gave a lecture on *Globalisation, Competitiveness and Bangladesh*, at Defence Services Command and Staff College of Bangladesh, on 18 August 2009.

#### **Uttam Deb** Head of Research

Acted as Designated Discussant in Technical Session 1 of the Inception Workshop on "Strengthening the Governments Capacity for Improving Food Security," organised by the Directorate of Food, Ministry of Food and Disaster Management, Government of Bangladesh, on 16 August 2009.



## Research Division reports

### NAMA Modalities and Implications for Bangladesh

The CPD study titled "Draft NAMA Text of December 2008: Implications for Bangladesh" has examined the state of current negotiations in the WTO with respect to market access for industrial goods, and identified issues of concern and interest to Bangladesh in the draft NAMA text on the table. The study reviewed the evolution of the NAMA draft text, through various stages of negotiation. The study has particularly focused on how the implementation modalities of the DF-QF decision in support of LDCs taken at the sixth WTO Ministerial Conference at Hong Kong are being moved forward through current negotiations in Geneva. The report has focused primarily on four issues: (a) market access of Bangladeshi goods in the USA in the context of the DF-QF decision (97 Per cent tariff lines); (b) Annex 2 (EU market) and Annex 3 (US market) of the NAMA modalities relating to items with slower tariff reduction; (c) Bangladesh's concern with regard to Annex 4 of the NAMA text which relates to DACs; and (d) Bangladesh's preference erosion in view of tariff reduction envisaged under the Swiss formula (with coefficient 8).

The study has undertaken a detailed analysis of Bangladesh's tariff lines and how Bangladesh's interests could be affected through inclusion in the aforesaid Annex 2, 3 and 4 in their current form.

The study has also carried out a review of the recently conducted UNCTAD exercise to review the modalities with respect to the DACs (in Annex 4). The study has argued that no LDC, including Bangladesh, should receive less preferential treatment than a non-LDC WTO Member in the context of Annex 4 of the NAMA negotiation. In this connection, the paper has made a comparative study of tariff lines of interest to Asia-Pacific LDCs including Bangladesh vis-à-vis African LDCs which are beneficiaries of the AGOA initiative.

The study has closely examined the discussion that was held with respect to NAMA issues during the recently held seventh WTO Ministerial Conference in Geneva. Mustafizur Rahman, Executive Director, CPD and Asif Anwar, Senior Research Associate, CPD conducted this study.

### McDermott's New Bill on Market Access

**Recognising** the importance of US market, Bangladesh has been striving for duty-free market access for its products to the US. In October 2007, US Congressman Jim McDermott introduced a bill titled New Partnership for Development Act (NPDA) of 2007 in the US Congress to provide duty-free market access to LDCs to the US market. Due to reservation posed by a number of African countries and a section of US manufacturers, the bill was not amended by the US Congress. McDermott's office is currently thinking of re-introducing the Bill to the US Congress, with some minor changes. In view of the importance of the bill for Bangladesh's export performance, CPD initiated a study on market access in USA. The latest Draft Bill, though somewhat similar to NPDA 2007, introduces a new concept of Tariff Preference Limit (TPL) into its body, which will restrict the duty-free movement of certain apparels items after a certain threshold level. The CPD study is investigating these issues and analysing the apparels items of the TPL. It envisages to find some items which are not of export interest for the Sub-Saharan African countries, but have potential for Bangladesh and other Asian LDCs. This study is being conducted by Mustafizur Rahman, Executive Director and Asif Anwar, Senior Research Associate.

### Apparels Sector Needs to Upgrade its Industrial Base in order to Tap Japanese Apparels Market

**Apparels** sector of Bangladesh could enhance its export to Japan through developing its industrial base on technologies, production techniques and operation, and improvement of quality and standard of products. Bangladesh's potentiality has been acknowledged by Japanese buyers under their recent strategy for outsourcing called 'China plus One.' As part of this strategy, Japanese buyers have taken initiatives to outsource 30 per cent of existing import of apparels from China to other Asian countries. Analysis showed that a set of conditions have emerged in the apparels value chain in Japan which have influenced buyers to outsource more from alternate sources. Firstly, structural changes in Japanese retailing system led by changes in economic condition and changes in behavioural nature of Japanese consumers have created more demand for low end but standard products. Bangladesh's comparative advantage on manufacturing low end products at a large scale is attributed to this changing demand in Japanese market. More importantly, import of apparels from China is getting costlier due to rising labour cost and appreciation of currency. An overall rise of production cost by 20 per cent between 2000 and 2008 has led buyers searching for alternate sources outside China. Analysis of comparative advantages and unit prices of Bangladesh's major apparels products to Japan reveals Bangladesh's relative advantages in a number of products vis-à-vis competing countries. However, industrial base of the apparels sector particularly its technologies, operation, product diversity, and standard and quality are considered 'not up to the mark' by the Japanese buyers. Firm-level analysis reveals that immediate attention is needed in case of developing better quality yarn and fabrics, upgradation in production technique as per Japanese standard, and improvement of production capacity of firms.

The study has been carried out by Khondaker Golam Moazzem, Senior Research Fellow, CPD as part of the JASSO Fellowship for 2009 programme in Japan during July-August, 2009.

### Investment, Resource Mobilisation, Development Plans and Expenditure Issues are Keys to Budget Implementation

**A** recent CPD research titled "Delivering on Budget FY2009-10: A Set of Implementation Issues" attempts to facilitate the implementation of the national budget by identifying priorities, challenges and obstacles of the process. Time series analysis, carried out in this study, confirmed that while promoting economic growth which had been the primary objective of the budget implementation, performance of the economy also determines, to a large extent, the implementation of the budget. In this context, along with an evaluation of the growth prospects for FY2009-10, the study explicitly examined the prospects of domestic and foreign resource mobilisation for the current fiscal year.

On the expenditure side, a select set of expenditure issues relating to the revenue expenditures have been looked up, besides reviewing the challenges of annual development

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### Research Division reports

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programme (ADP) delivery. Timely disbursement of funds and realisation of the policy support provided in the announced stimulus packages has been emphasised to counter the adverse affects of the global financial crisis. The study also argued that mainstreaming of the public-private partnership (PPP) being a distinguishing feature of the budget; a workable framework must be established at the earliest. Engaging the private sector, incorporation of the local government bodies, designing an informed monitoring mechanism and implementation of the reform agenda were among the other identified issues that could affect the successful delivery of the budget.

The paper was jointly authored by Debapriya Bhattacharya, Distinguished Fellow; Md Ashiq Iqbal, Senior Research Associate; and Towfiqul Islam Khan, Senior Research Associate.

### Continuation of Cash Incentive is Required to Protect Shrimp, Frozen Fish and Vegetables Sectors

A study titled "Cash Incentives for Export of Shrimp and Vegetables: Impact on Farm Level Income and Employment in Bangladesh" has revealed that cash incentive had positive contribution to the export of frozen shrimp/prawn, frozen fish and

vegetables. The study examined the impact of cash incentives provided for export of shrimp, frozen fish and vegetables on farm level income and employment. It has also documented the evolution of the cash incentive programme and its implementation mechanism for agricultural products (shrimps and other frozen fish, vegetables and fruits, and processed agro-products), which was introduced in FY2002-03. The study concluded that during the six years (FY2002-03 to FY2007-08) of the cash incentive scheme, net income (profit) received by farmers from exported shrimp, frozen fish and vegetables were 34 per cent, 52 per cent and 79 per cent higher respectively than that of the pre-cash incentive period (comparable years). Cash incentive also had positive impact on labour employment particularly for labour engaged in production and processing of exported shrimp, and production of fish and vegetables. Labour engaged in production and processing of exported shrimp in the cash incentive period was 85 per cent higher than that of the pre-cash incentive period (comparable years). On the other hand, labour engaged in production of exported white fish and vegetables in the six years of cash incentive period was 118 per cent and 7.5 per cent higher than that of the pre-cash incentive period (comparable years). In view of these findings, the study recommended that the government should continue the cash incentive programme to increase export at the national level, and income and employment at the farm level. Conducted by Uttam Deb, Head of Research and Subir Kanti Bairagi, Research Associate, CPD, the study was carried out in collaboration with Bangladesh Agricultural University (BAU), Mymensingh and Food and Agriculture Organization (FAO), Rome.

### Implementation Challenges of the Budget

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in revision of projects due to faulty preparation. He added that in view of the investment scenario, it was unlikely that a 6 per cent GDP growth would be attained. However, the Chief Guest AMA Muhith, MP informed the dialogue that the government would go for a half yearly review of the national budget to assess the implementation progress of ADP for FY2009-10, and allocation and re-allocation of funds for development projects would be

made based on that review. Being aware of the problems in the private sector investment, the Finance Minister said that there were some impediments over which the government had no control. To attract private investment, Muhith observed, the government would go for massive investment within a couple of months in sectors such as energy, ICT and water resources.

To conclude Rehman Sobhan commented that media could play a critically important role to ensure public accountability. In this regard, he proposed that the media could carry out investigative reports on various

development projects undertaken by the government.

The dialogue was addressed among others, by Ali Ashraf, MP, Former Deputy Speaker; Mohammad Tareque, Secretary, Finance Division; Zahid Hussain, Senior Economist, The World Bank; Syed Akhtar Mahmood, Senior Programme Manager, Bangladesh Investment Climate Fund (IFC-BICF); A Atiq Rahman, Executive Director, Bangladesh Centre for Advanced Studies (BCAS); Manzur Ahmed, Advisor, FBCCI; Sharmin Neelormi, Associate Professor of Economics, Jahangirnagar University and Mustafizur Rahman, Executive Director, CPD.

### Bangladesh's Labour Market

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since mid-2008. But it was not clear whether it happened due to global recession, Saifuddin added. In case of migrant workers, he said that number of overseas migrants in May 2009 was about 57 per cent lower than that of May 2008. With a high level of unemployment and underemployment in the country, slowdown in the outflow of migrant workers and rise of inflow of returned migrants would possibly have adverse impact on domestic job market creating additional pressure. Talking about policy implications, Saifuddin said that at the global level, Bangladesh should take necessary steps to avail funds from multilateral initiatives such as the G-20, World Bank and ADB for their ailing export-oriented industries, affected workers of these industries and for boosting domestic demand. At the national level, he recommended that stimulus package should ensure some share for workers of the affected industries. He recommended for strengthened efforts to cater to the needs of new markets for migrant workers in the developed countries.

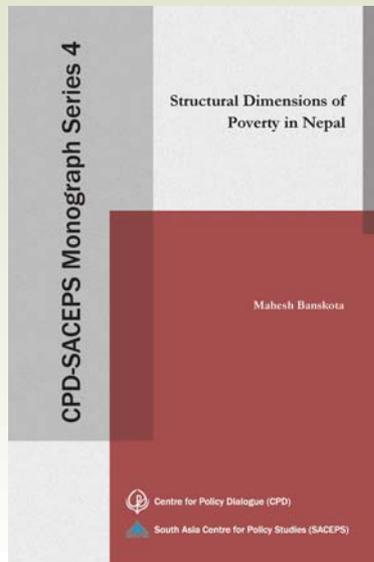
Sachiko Yamamoto mentioned that the ILO in collaboration with relevant local ministries and institutions is preparing a programme to provide protection to migrant workers and to assist the returning migrants to reintegrate into their communities. Panudda Boonpala said that the impact of global financial crisis on Bangladesh was not as severe as in other Asian countries, but it is important to be cautious.

The Chief Guest in his speech said that as an affect of the global financial crisis, Bangladesh's overseas job market was experiencing job losses and exports were also facing threat. He advocated for better management of the overseas employment, exploration of new labour market and expansion of skill development programmes. The Secretary also informed that his Ministry is working in tri-partite committees to help improve the situation.

Habibullah Bahar, Economic Advisor, Bangladesh Bank; MA Baset, Vice President, BKMEA; Akhter Matin Chaudhury, Member, Executive Committee, Bangladesh Employer's Federation; Wajedul Islam Khan, General Secretary, Bangladesh Trade Union Kendra; Debapriya Bhattacharya, Distinguished Fellow, CPD also spoke at the session.



## CPD Publication



CPD-SACEPS Monograph Series 4

## Structural Dimensions of Poverty in Nepal

The present monograph is the fourth in the series of publications to come out of the CPD-SACEPS joint research initiative on *Eradication of Poverty in South Asia Through the Empowerment of the Poor*. The monograph is based on a study conducted as part of this programme in Nepal. The study focuses on structural dimensions of poverty in the country, evaluates various policies that have been undertaken to mitigate the poverty situation in Nepal, and comes up with an actionable agenda to address the attendant challenges.

The study identifies sources of poverty in Nepal including lower access to and control over productive assets, lack of access to quality education and health care, and unequal participation in the market; and examines how these have impacted on the state of poverty in the country. The specific geographical and natural features are considered to be critical contributing factors to poverty in the particular context of Nepal. The study makes an analysis of various policy interventions and identifies areas where progress has been made in reducing poverty and inequality in Nepal. It also points out why and where some of these policies were lacking in terms of addressing the felt needs. The author argues that Nepal has failed in her previous plans and poverty reduction strategies largely because of lack of an inclusive approach to development. The study provides a number of useful suggestions as regards designing more effective policy interventions to tackle developmental challenges confronting Nepal.

In view of the recent political developments in Nepal, expected empowerment of poor and addressing their needs will likely be at the centre of developmental debate and efforts in Nepal. From this perspective, the present monograph will be an essential reading for anyone interested in addressing the concerns and advancing the interest of the assetless and poor in the context of Nepal.

## Publications of CPD Researchers

Sobhan, R. August 15th and the Transformation of Bangladesh. *The Daily Star*, 15 August 2009

Khatun, F. Drobomullo Nie Kichhu Kotha. *The Daily Ittefaq*, 28 August 2009.

Rahman, M.T. and Amin, M.A. 2009. Prospects of Economic Cooperation in the Bangladesh, China, India and Myanmar Region: A Quantitative Assessment. ARTNeT Working Paper Series No. 73. Bangkok: Asia-Pacific Research and Training Network on Trade (ARTNeT).

Habib, M.A. Pittsburgh G-20: Time to Deliver on Promises. *The New Age*, 17 September 2009.

Hasanuzzaman. Shipbuilders: Sailing Away. *The New Age*, 18 September 2009.

## Staff News

Zeeshaan Rahman has been promoted to Senior Research Associate from Research Associate with effect from 1 August 2009.

AKM Fazley Rabbi Faruque has been promoted to Publication and Print Associate from Programme Associate with effect from 7 August 2009.

## 32nd BOT Meeting Held

The 32nd meeting of the Board of Trustees (BOT) of the CPD was held at CPD Dialogue Room on Monday 17 August 2009. The Board reviewed CPD's research, publication and dialogue activities at national, regional, and international levels during the period February-August 2009. The Board expressed its satisfaction over the performance of the CPD in this period. CPD-BOT approved CPD's half yearly accounts for the year 2009 and the revised budget for the year 2009. The meeting also discussed and approved CPD's Research, Dialogue and Publication plan for the rest of the year 2009. The Board encouraged CPD Management to undertake research on issues of strategic importance to Bangladesh economy and explore new avenues towards more effective policy influencing.

Presided over by Rehman Sobhan, Chairman, CPD, the BOT meeting was attended by CPD Trustees Fazle Hasan Abed, Chairperson, BRAC; Syed Manzur Elahi, Chairman, APEX Group; Nurul Haq, Former Member, Planning Commission; Khushi Kabir, Coordinator, Nijera Kori; M Syeduzzaman, Former Finance Minister; and Mustafizur Rahman, Executive Director, CPD and Member Secretary of the CPD Board. Anisatul Fatema Yousuf, Director, Dialogue and Communication Division, CPD attended the meeting on invitation.