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From The Editor's Desk

Bangladesh's aid regime has experienced significant changes since the time when the theme of aid in Bangladesh context was comprehensively dealt with in Professor Rehman Sobhan's seminal works titled *From Aid Dependence to Self Reliance: Development Options for Bangladesh* (ed. 1990) and *Aid Dependence and Donor Policy: The case of Tanzania* (1996). Over this period the political economy of foreign aid in Bangladesh has undergone important transformations, so has the focus, magnitude, composition and operational modalities associated with aid. Though the importance of aid in terms of its share in the development budget and GDP have been on the decline over the past years, at the same time aid conditionalities have extended to areas beyond the scope of the traditional structural adjustment policies. In view of this dynamics of changes that informed the aid regime in the context of Bangladesh, particularly during the 1990s, CPD felt it to be of practical and policy significance to revisit the issue of aid in a comprehensive manner. It was reckoned that an assessment of Bangladesh's recent experience with foreign aid would be instructive in providing an in-depth understanding about current role of external assistance in the economy and its important sectors, changing focus of aid, efficacy of aid, the shifting dynamics of the

aid-recipient relationship, and the evolving reform agenda in the country in the context of aid. This urgent need to have a fresh look at aid prompted CPD to select this particular theme as the focus for its annual publication titled *Independent Review of Bangladesh's Development (IRBD)*.

The IRBD2003 titled *Revisiting Foreign Aid in Bangladesh: A Review of Bangladesh's Development (IRBD) 2003* looks at aid from a number of important perspectives. The IRBD2003 includes a number of contributions by authors who have been able to bring in a blend of sound conceptual understanding about aid related issues and practical exposure to policy and implementation related aspects of aid. They joined CPD's in-house IRBD2003 team in putting under scrutiny the emerging dynamics and tensions as regards aid policy and practice in the context of Bangladesh.

The various chapters in the thematic part of IRBD2003 capture a wide spectrum of issues concerning aid which include political economy of foreign aid, macroeconomic dimensions of aid, role of aid in public investment, utilisation of aid, impact of foreign aid on the economy and on poverty alleviation, and the interface between aid and the NGOs.

Dwelling on the issue of changing importance of aid in Bangladesh, it has been

argued in the thematic discussion that Bangladesh economy is evolving from a predominantly aid dependent to a trade dependent one. The juxtaposition of declining aid contributions of Bangladesh's development process with the broadening of the development partners' policy conditionalities is leading to growing tensions in the context of aid. Aid flows have often been determined by political and strategic considerations of particular development partners rather than development objectives. Market-oriented policy reforms, implemented at the behest of aid-providing institutions, do not necessarily guarantee a flow of accelerated aid. There is also hardly any association between levels of aid flow and levels of poverty. However, the papers argued that aid continued to remain a major determining factor in the performance of a number of sectors in Bangladesh. Thus, raising the efficacy of aid utilisation through various initiatives to be undertaken by major stakeholders continued to remain important for the performance of Bangladesh economy.

It is hoped that the analyses presented in IRBD2003 volume will provide useful information and insights as regards a number of important aspects that define recipient-donor relationship in the Bangladesh context and that there will be important lessons to be drawn from this exercise.

Ensure Government Role and Proper Utilisation of Foreign Aid in Policy Formulation Experts stressed at CPD dialogue

The CPD organised a dialogue titled *Aid and Policy Reforms in Bangladesh* at the BRAC Centre on December 7, 2004. Presided over by CPD Chairman Rehman Sobhan, the dialogue was attended by Agriculture Minister M K Anwar, MP as the chief guest. M Syeduzzaman, former Finance Minister and Mirza Azizul Islam, Chairman of Securities and Exchange Commission, presented the two keynote papers.

In his keynote presentation on the *Macroeconomic Dimensions of Aid Dependence*, Mirza Azizul Islam noted that aid flows to LDCs have been on a declining path in absolute terms and also as a proportion of GNP of major donor

(Con. Page-2)



Dialogue on Aid and Policy Reforms in Bangladesh: (from right to left) M Syeduzzaman, Finance Secretary Zakir Ahmed Khan, Agriculture Minister M K Anwar, MP, Professor Rehman Sobhan, AMA Muhith and Dr Mirza Azizul Islam



Ensure Government Role and Proper Utilisation of Foreign Aid in Policy Formulation

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countries. He also observed that the share of Bangladesh in aid flows to LDCs has been falling in the recent past. This is corroborated by the fact that per capita ODA in Bangladesh fell to only US\$9 in 1999 as against US\$19 in 1990. Islam further noted that the lack of capacity of recipient developing countries in implementing the conditionalities imposed by the donors is a major cause for this deteriorating trend in aid flow. While presenting a cross-country comparison, Islam highlighted that there was no relationship between aid and a country's poverty status. In this connection, he showed that although Israel and Egypt had a per capita income of US\$16,310 and US\$1490 in 1999, per capita ODA in these countries were US\$148 and US\$25 respectively. Islam also noted that proper implementation of the Poverty Reduction Strategy Papers (PRSPs) could bring the economically marginalised countries out of the poverty trap and that both domestic and aid policies would need to play their respective roles in a cogent and effective manner.

Presenting his paper on Aid and Policy Reforms in Bangladesh, Syeduzzaman argued that the proliferation of conditionalities imposed by the

donor agencies puts governments underpressure as regards implementation of reform initiatives. "Most of the reforms undertaken by successive governments appear to have been implemented under pressure", he noted. In this regard, he underscored the need for strong domestic institutions and adequate capacity on the part of the national government to engage in constructive dialogues and interactions with the donors, and that both these were essential to make effective use of international support. Syeduzzaman traced the evolution of donor policy induced reforms in the 1980s and 1990s and identified a number of key factors which contributed to 'success' and 'failures' of particular reform agendas. Based on this experience, Syeduzzaman put forward a number of concrete suggestions to raise the efficacy of future aid utilisation in Bangladesh. He maintained that both Bangladesh government and development partners were responsible to make aid work for development and identified a number of key areas where these two major stakeholders should concentrate to achieve this goal.

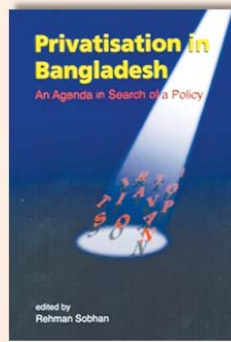
In her remarks, World Bank Country Director Christine Wallich noted that

an effective government-donor collaboration was required to change the current dynamics of aid. She was in unison with Syeduzzaman while underscoring institutional capacity as the key to any kind of economic management. She observed that it was mainly the donors rather than the government which was in the driving seat in terms of institutional capacity building in Bangladesh.

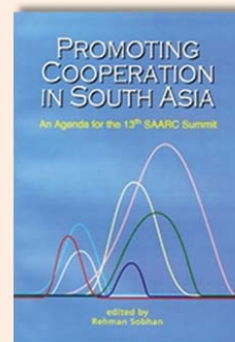
Addressing the dialogue as the Chief Guest, Minister for Agriculture M K Anwar, MP noted that the government needs to use local resources effectively and efficiently for transforming Bangladesh economy from an aid-dependent to a self-reliant one. "We should rely more on domestic resources, and ensure productive use of limited foreign aid", he maintained. The Minister further cautioned that pragmatic policy measures to raise efficacy of aid was urgently necessary since there was a possibility that flow of aid might become scarcer and conditionalities more stringent in future.

The discussion was also partaken, among others, by former Finance Minister A M A Muhit, Chairman of Square Group Samson H Chowdhury, former ERD Secretary Masihur Rahman, Privatisation Commission Chairman Enam Ahmed Chaudhury, former Revenue Board Chairman Shah Abdul Hannan, Professor Abu Ahmed and Professor M M Akash.

Upcoming Publications



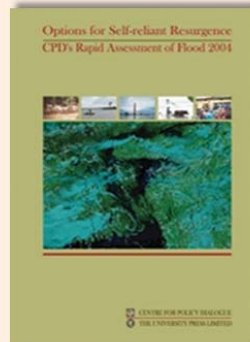
Privatisation in Bangladesh: An Agenda in Search of a Policy



Promoting Cooperation in South Asia: An Agenda for the 13th SAARC Summit



বিশ্ব বাণিজ্য সংস্থা এবং বাংলাদেশ: কানকুন সম্মেলন-উত্তর মূল্যায়ন



Options for Self-reliant Resurgence: CPD's Rapid Assessment of Flood 2004



Agenda for Economic Cooperation in South Asia: SACEPS Task Force Reports



Retrospect

(Major CPD activities during Jan.-Sept., 2004)

CPD Dialogue on Dispute Settlement in the WTO



Participants at the dialogue on Dispute Settlement in the WTO: How Friendly is it for the LDCs? (From left to right) Dennis Browne, Amir Khosru Mahmud Chowdhury, Debapriya Bhattacharya, Mohammed Faruk Khan, MP, Mohammad Ali Taslim and Mustafizur Rahman.

The launching ceremony of the South Asia Human Development Report 2003



BIDS Research Director Rushidan Islam Rahman presents the South Asia Human Development Report 2003. Former Finance Minister and Member CPD Board of Trustees M Syeduzzaman and Research Director, CPD, Mustafizur Rahman are also seen in the picture.

4th Policy Appreciation Workshop on WTO and Bangladesh



State Minister for Foreign Affairs Reaz Rahman speaks at the Certificate Awarding Ceremony of the three-day Policy Appreciation Workshop on WTO and Bangladesh. Sitting from the left to right: Dennis Browne, Robert Beadle, M Syeduzzaman and Professor Mustafizur Rahman.

Dialogue on Women's Contribution to Rural Economic Activities: Making the Invisible Visible



Dialogue on Women's Contribution in Rural Economy: (From right) Agriculture Minister Mr M K Anwar, MP, Member, CPD Board of Trustees and BRAC Chairman Mr Fazle Hasan Abed, State Minister for Agriculture Mr Mirza Fakhru'l Islam Alamgir, MP, and Dr Mahabub Hossain.

CPD Dialogue on Budget 2004-5



Professor Rehman Sobhan looks on while Dr Debapriya Bhattacharya makes his presentation at the dialogue on Budget 2004-05. AL lawmaker Dr Abdur Razaque, MP, Bangladesh Bank Governor Dr Fakhruddin Ahmed, and former Finance Ministers Mr M Syeduzzaman and Mr A M A Muhiith are also seen.

Dialogue on Civil Society's Perspectives on the Bangladesh Development Forum 2004



Finance Minister M Saifur Rahman, MP speaks at CPD's pre-BDF dialogue while Professor Rehman Sobhan and Dr Debapriya Bhattacharya pay attention.

Follow-up of SAARC Summit Decisions Concerning the SAARC Social Charter



Law, Justice and Parliamentary Affairs Minister Barrister Moudud Ahmed, MP makes a note while Godfrey Gunatilleke, Adil Khan, Rehman Sobhan, Muhammad Yunus, Muchkund Dubey and Mustafizur Rahman pay attention.

The Dialogue titled In Search of New Products and New Markets for Bangladesh



Dialogue on In Search of New Products and New Markets (from left to right) Professor Mustafizur Rahman, HE Matsushiro Horiguchi, Kazi Zafrullah, MP, Professor Rehman Sobhan, Commerce Minister Altaf Hossain Choudhury, MP, HE Esko Kentrshynskyj, and Amir Khosru Mahmud Chowdhury, MP.

National Dialogue on Surviving In a Quota Free World: Will Bangladesh Make it?



CPD ED Debapriya Bhattacharya moderated the dialogue on Surviving In a Quota-Free World: Will Bangladesh Make it? Mustafizur Rahman, Annisul Huq, Amir Khosru Mahmud Chowdhury, Suhel Ahmed Choudhury, Mamun Rashid, Harry K Thomas and Quazi Moniruzzaman are also seen in the picture.

Dialogue on Citizen's Voice in Health Policy and Programme: Setting Agendas and Establishing Accountability



Professor Rehman Sobhan speaks at the dialogue on Health Policy. Professor Rounaq Jahan, Dr Zafrullah Choudhury, M Amanullah, MP, Professor (Dr.) M S. Akbar, MP, and Samson H Choudhury are also seen.



From Research Division

Themes for IRBD2004 Selected

CPD has selected 'Regional Cooperation among South Asian Countries' as the thematic focus of Independent Review of Bangladesh's Development 2004 (IRBD2004). IRBD2004 will focus on a number of key areas including cooperation as regards macroeconomic policies and reforms, investment, trade, poverty alleviation, energy and finance. CPD's in-house professionals will be joined by a number of outside experts who will contribute in the preparation of the IRBD volume.

Macroeconomic Outlook for FY2005

As part of CPD's ongoing work on presenting an assessment of the macroeconomic performance of the economy, CPD has prepared a report that assesses performance of Bangladesh economy over the first six months of FY2005 (July-December, 2004). This evaluation looks at dynamics of principal macroeconomic indicators during the period under review. The report presents an indepth analysis of developments in a number of selected issues such as Fiscal Performance, ADP Implementation, Inflation, Flood Impact, MFA Phase-out, PRSP, NCB Reform, Investment, and Exchange Rate Movement. The assessment was scheduled to be released in a press briefing in early-January 2005. A CPD research team led by Executive Director Debapriya Bhattacharya has been working on this interim assessment.

Contribution by Overseas Researchers to CPD's Trade Policy Analysis (TPA) Programme

As part of CPD's TPA programme, a study titled Preferential Market Access in Canadian Market: Maximising Benefits for Bangladesh will be prepared by May T. Yeung, a researcher at the Estey Centre for Law and Economics in International Trade, Canada. The study will be carried out: (a) to analyse the salient features of the Canadian market access initiative for the LDCs; (b) to identify the products with market opportunities in Canada, both traditional and new; and (c) to articulate a strategy for increasing Bangladesh's share in the Canadian market.

A second study on Market Access Barriers against Temporary Movement of Natural Persons and Demand Analysis in OECD will be prepared by Johannes Bernabe, Chairman of the WTO Council for Trade in Services. The objective of the study will be to (a) analyse the nature of Market Access Barriers in the OECD countries which constrain Temporary Movement of Natural Persons from the LDCs; (b) undertake a disaggregated analysis of the demand for Temporary Movement of Natural Persons in the OECD countries; (c) provide insights on Bangladesh's negotiating stance in the WTO-GATS; and (d) suggest measures in terms of supply side capacity building in developing countries such as Bangladesh to access the emerging opportunities in OECD labour markets in areas which will be identified in the course of the study.

Research on Agriculture Policy

Uttam Kumar Deb, Research Fellow of CPD, prepared a paper titled Bangladesh Rice Industry: Import Trends and the Impact of Policy on Rice. The paper was presented at the World Rice Commerce 2004, which was held at the Sheraton Grande Sukhumvit Hotel, Bangkok, Thailand during 17-19 November, 2004. The paper highlighted the major trends in rice import in the context of changes in rice sector policies over time. The study has analysed the impact related policies on rice production, and rice producers (profitability and competitiveness) and consumers.

Uttam Kumar Deb has prepared another research paper titled Performance of the Rice Economy of Bangladesh: Impact of Policies on Production, Trade and Welfare Gains. The paper was presented at the 15th Biennial Conference of the

Bangladesh Economic Association (BEA) on "Bangladesh in the 21st Century: Political Economic Perspectives" which was held at the Institution of Engineers, Bangladesh during 8-10 December 2004. The paper argued that Bangladesh has experienced a structural shift in its rice production, from a largely weather influenced Aman crop to an irrigated Boro crop. This transition is much more sensitive to the quality of public policy and governance compared to the vagaries of nature. In the mean time rice trade has also been substantially liberalised. Increased rice production and liberalisation of rice trade have increased availability of rice and led to a decrease of real price of rice over time. Development and diffusion of modern rice varieties have benefited owner and tenant farmers through increased production and profit; landless agricultural labourers benefited from increased employment opportunities. Rural and urban poor households mostly benefited from decrease in relative price of rice. Based on research findings, the paper suggests some policy measures to sustain rice production in Bangladesh over future period.

CPD Research Fellow Uttam Kumar Deb, and Programme Associates Md. Masum Billah and Narayan Chandra Das prepared a research paper titled Foodgrain Production Situation in the 21st Century: A District Level Analysis. The paper was presented at the above mentioned BEA Conference. The paper analyses food production performance both at the national and district level for three periods: 1980s (1981/82-1990/91), 1990s (1991/92-2000/01) and the 2000s (2001/02-2003/04). Annual growth in total foodgrain production in the 2000s was 2.9 percent, against 3.5 percent in the 1990s and 2.4 percent in the 1980s. Increase in foodgrain production over the last few years was mainly due to increase in rice production. At the national level, annual growth in rice production in 1980s, 1990s and 2000s was 2.7, 3.3 and 3.7 percent, respectively. Area and production of wheat in 2003/04 (compared to 2000/01) has decreased at the national level and in all the study districts except Sylhet which experienced increase in area and production of wheat.



CPD's Inputs for Development of E-commerce in Bangladesh

A paper on Financial and Legal Issues of E-commerce in Bangladesh, prepared by CPD Research Fellow Ananya Raihan, was presented at the SoftExpo 2004 held in Dhaka. The paper pointed out a number of financial and legal issues which have constrained vertical growth of e-commerce in Bangladesh. The paper put forward a set of policy recommendations which could benefit electronic trading and export sectors in Bangladesh.

TRIPS and Public Health: CPD's Bangla Publication

CPD Research Fellow Fahmida Khatun prepared a paper titled *Shashthya, Shamota ebong Banijjo: Medhashwatto Ainer Alope (Health, Equity and Trade: From the Perspective of TRIPS)* which was published in BIDS Unnyan Shamikkha. The paper focuses on various aspect of TRIPS agreement and its implications on the access to health by least developed countries (LDCs). The article gives a brief historical background of TRIPS, and discusses a number of conceptual issues related to the TRIPS Agreement. Development achieved during and after the Doha Ministerial Meeting in 2001, debates among members, and proposals submitted to the TRIPS council of the WTO were discussed in the paper with a view to provide an idea on the positions of member countries. By examining the issue of patenting under the TRIPS agreement, the paper refers to a number of challenges faced by the LDCs including exorbitant price of essential drugs, compulsory licensing requirement and parallel import of medicines. The paper suggests that access to cheap medicine by the poor is the main challenge for LDCs and, therefore, they should be given enough time to implement the TRIPS Agreement, and be provided with technical and financial support to raise their capacities in this regard.

Report on Business Competitiveness Environment in Bangladesh

CPD has initiated a study titled *Bangladesh's Business Competitiveness Environment 2004*. A research team, under the supervision of CPD Executive Director Debapriya Bhattacharya will conduct this research. The study will assess business competitiveness environment in Bangladesh on the basis of perception survey of a large number of respondents who play a key role in Bangladesh's trade, investment and business. CPD has been conducting this perception survey since 2001.

New Studies

CPD has finalised a study proposal on *Restructuring of Bangladesh's Apparel Industry in View of MFA Phase Out: Addressing Macro, Sectoral and Enterprise Level Impacts*. The objectives of the study are to: (a) stimulate social dialogues and policy debates among the various stakeholders and key actors in the apparel industry; (b) understand the nature of ongoing changes in the apparel sector; (c) design appropriate policy and practical actions aimed at assisting displaced workers, enhancing apparel workers' employability and employment security, and improving decent work in apparel units; and (d) develop a baseline for assessing the economic and social changes

that are likely to occur in the coming 1-2 years. The study is envisaged to be carried out on the basis of primary survey of selected enterprises, entrepreneurs and key stakeholder groups.

A second study proposal on *Liberalising Social Sectors under the WTO-GATS: Implications and Opportunities for Bangladesh* has been prepared by the CPD. The major objective of the study is to analyse the implications of GATS on Bangladesh's healthcare and education services from the perspective of national policy objectives in these areas. The study will particularly look into issues that relate to potential opportunities that might emanate from market access to other countries, risks of opening the domestic health and education service sectors to the foreign service providers, and how international trading mechanism can be made use of to improve the state of education and health sectors of Bangladesh.

Young Scholars' Seminar Series (YSSS)

Under the CPD's YSSS programme, the following two research papers were presented during the last quarter of 2004:

Environmental Externalities and Policy Analysis

Byron Pakula, Australian Youth Ambassador for Development and a Visiting Intern at CPD presented a paper on *Environmental Externalities and Policy Analysis: An Economic Investigation of an Environmental Problem* on November 30, 2004 at CPD's YSSS seminar. The presentation highlighted importance of good policy analysis to assess impact of government intervention in the area of environmental degradation caused by agricultural activities. The case study was based on the experience of a project in Australia. The study explained that river salinity had increased because of excessive irrigation and Government imposed a tax on transferring water rights as a market-based mechanism to deal with environmental externalities. Pakula drew some important insights by juxtaposing this case study with similar environmental problem arising out of excessive shrimp cultivation in southern Bangladesh which is causing salinity in the wetlands. The author outlined the type of information that was required to put in place an effective zoning system for environment-friendly shrimp cultivation in the Sundarbans.

WTO-DSM and the LDCs

Research Associate Syed Saifuddin Hossain presented a paper titled *Dispute Settlement in the WTO: Challenges and Opportunities for the LDCs* on December 30, 2004. The paper focused on the existing provisions in the Annex 2 to the WTO Agreement and made an analysis of how these provisions have limited the participating power of the developing and least developed countries (LDCs) in the Dispute Settlement Body (DSB). The author also pointed out how some of these provisions addressed the interest of developing countries and the LDCs. The paper presented a picture of current state of play in the DSB and how the Dispute Settlement Understanding (DSU) is being made use of by the WTO Members. Finally, the author put forward a number of strategic policy options which developing countries and the LDCs might pursue in advancing their interests in the Dispute Settlement Mechanism (DSM), and bring the existing rules and procedures more in line with their common interests.



Temporary Movement of Natural Persons Can Help Mitigate Illegal Migration

Commonwealth official suggests at CPD dialogue on Mode 4

On October 28, 2004, CPD held an in-house dialogue on Migration and Mode 4 in Health and Education Sector. Roman Grynberg, Deputy Director and Head of Trade and Regional Integration Department of Economic Affairs Division of the Commonwealth Secretariat made a presentation on the findings of an on-going study on Migration and Mode 4 in health and education sector: Towards a trade and development approach which is being conducted by the Commonwealth Secretariat.

Grynberg argued that the developed countries would agree to hire unskilled and semi-skilled workers under mode 4 only if they were certain that the workers would go back home following expiry of their contracts. In view of the emerging demand for nurses he suggested that there should be a programme to train nurses who work abroad. Such types of temporary movement of natural persons would also help address the problems of illegal migration. Around half a million people enter the European countries every year illegally, he added. "It would have been better to give market access to the developing countries rather than giving them aid", he argued.

Despite significant interest in Mode 4 in South Asia and other developing countries, there is a lack of substantial progress in Geneva in this regard. Although the level of interest in South Asia is high in favour of labour market liberalisation under mode 4, many developing countries are not enthusiastic about the issue to be moved in the WTO. Citing the example of the Caribbean countries, Grynberg noted that there were countries which have no desire to discuss this issue in multilateral fora since many of them have bilateral arrangements with their larger trading partners such as the US and Canada.

Taking part in the discussion former Commerce Minister Amir Khosru Mahmud Chowdhury, MP suggested that there was a need for adequate capacity building and proper



CPD Chairman Professor Rehman Sobhan makes a note at the dialogue on GATS Mode 4. Keynote presenter Dr Roman Grynberg and Former Commerce Minister Amir Khosru Mahmud Chowdhury, MP are also seen in the picture.

economic guidelines in order to tap the potential opportunities emanating from any development in the current negotiation on Mode-4. Bangladesh economy could gain substantively from these initiatives. Speakers at the dialogue pointed out various types of obstacles which constrain movement of workers from the developing countries to the developed ones. They felt that developed nations do not support movement of workers under Mode-4 fearing that it may create social and cultural problems in their

countries. However, some of the participants contested this perception.

Chaired by Rehman Sobhan, Chairman of CPD, the dialogue was also participated among others, by former Governor of Bangladesh Bank Mohammad Farashuddin and former Commerce Secretary Alamgir Faruk Chowdhury, Abdur Razzak from Dhaka University, and CPD Researchers Ananya Raihan, Uttam K Deb, Fahmida Khatun, and K G Moazzem.

Publications

(From Page 8)

Dispute Settlement in the WTO: How Friendly Is It for the LDC?
Paper No. 45 (December, 2004)
Author: Dennis Browne

The paper looks at the working of WTO dispute settlement mechanism (DSM) and discusses issues related to effective participation of the LDCs in the DSB. Part 1 of the paper reviews the evolution of the provisions in the GATT/WTO relating to dispute settlement, with special reference to the incorporation of special and differential treatment for the developing and least developed countries. Part 2 of the paper delves on special challenges faced by LDCs

in the WTO dispute settlement procedure, and what might be done to address those hurdles. In doing so, the paper also presents a review of the contributions made by some international organisations towards capacity building of the least developed countries.

Dialogue Reports

State of the Bangladesh Economy and Budget Responses 2004
Report No. 74 (November, 2004)

Dispute Settlement in the WTO: How Friendly Is It for the LDCs?
Report No. 75 (December, 2004)

Cancun WTO Ministerial: An Ex Post Assessment
Report No. 76 (December, 2004)



CPD Professionals Overseas

Professor Rehman Sobhan
Chairman

- | Participated in the Wilton Park-SACEPS Conference in Wilton Park during October 11-14, 2004.
- | Presented a paper on Globalisation and the New Economic Order: Asian Perspectives at the seminar on Europe and Asia: Perspectives on the Emerging International Order. The seminar was held in New Delhi, India during November 19-20, 2004.
- | Participated in a seminar on Implementation of the Social Charter in Rawalpindi, Pakistan during November 29-30, 2004.
- | Participated in SACEPS seminar on SACEPS-LUMS Event Follow up SAARC decisions in Islamabad. It was held in Rawalpindi, Pakistan on December 1, 2004.
- | Participated in the conference on US Policy in the Arab and Muslim Worlds in Dead Sea Resort, Jordan during December 17-20, 2004.
- | Participated in the 5th BCIM Forum Kunming Initiatives in Kunming, China during December 21-25, 2004.

Professor Mustafizur Rahman
Research Director

- | Participated in Expert Group Meeting on the Role of Trade and Investment Policies in the Implementation of the Monterrey Consensus in Bangkok, Thailand during October 26-27, 2004.
 - | Participated, as designated discussant, at the Academic Workshop of the Fifth BCIM Forum in Kunming, China during December 21-23, 2004.
- Dr M Rahmatullah
Programme Director
- | Presented a paper on What Preparation for Open Borders and Integrating Transport System? at Wilton Park-SACEPS Conference on South Asia: What are the Benefits of Regional Economic Cooperation? in Wilton Park, Sussex, UK during October 11-12, 2004.
 - | Presented a paper on Transport Connectivity and Economic Opportunities - South and South East Asia in the International Seminar on Towards Cross-Border Cooperation between South and SE Asia: Importance of NE India Playing Bridge and Buffer Role in Kaziranga, India during November 16-19, 2004.
 - | Presented a paper on Improving Transport Links and Facilitation in

Academic Workshop of the 5th BCIM Forum in Kunming, China during December 21-23, 2004.

Dr Ananya Raihan
Research Fellow

- | Participated in the Regional Workshop on The Phase-out of the Multi-fibre Agreement: Policy Options and Opportunities for Asia in Bangkok, Thailand during October 6-7, 2004. The event was organised by Asia Foundation.
 - | Participated in the Regional Seminar on Achieving SAFTA: Public-Private Partnership in New Delhi, India during December 15-16, 2004, organised by Commonwealth Business Council and Council for Social Development, India.
- Dr Uttam K Deb
Research Fellow
- | Presented a paper titled Bangladesh Rice Industry: Import Trends and the Impact of Policy on Rice at the World Rice Commerce 2004 in Bangkok during 17-19 November 2004. The seminar was organised jointly by IBC Asia, Ministry of Agriculture, Thailand and Rice Exporters Association, Thailand.
- Dr Fahmida Khatun
Research Fellow
- | Presented the report on Evaluation of DFID Support to Trade Related Capacity Building Projects in Bangladesh at the DFID Head Office in London during October 19-20, 2004. The meeting was organised by DFID, London.

Upcoming Activities

- | TPA dialogue on Regionalism vs Multilateralism: What Could Bangladesh Learn from the Global Experience will be held on January 3, 2004 at CIRDAP auditorium.
- | Fifth Policy Appreciation workshop on WTO and Bangladesh will be held during January 4 to 6, 2004 at CIRDAP auditorium.
- | IRBD 2005 Expert Group Meeting will be held on January 12, 2005 at CPD's Dialogue Room.
- | Meeting of the CPD Board of Trustees will be held on January 13, 2004 at CPD dialogue room.
- | Press Briefing on Interim IRBD will be held on January 15, 2005 at CPD dialogue room.
- | The SACEPS-FBCCI-CPD Pre-Summit Conference on Regional Cooperation is due to be held on February 04, 2005 at Hotel Sheraton in Dhaka.

- | Dialogue on Millennium Development Goals in Bangladesh will be held on February 24, 2005 at the CIRDAP Auditorium.

CPD Young Scholars' Seminar

Series (YSSS)

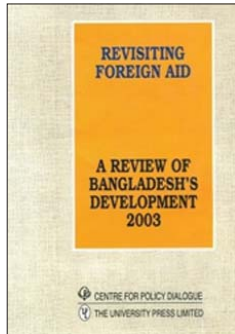
Under the CPD's YSSS programme, following papers will be presented and discussed in the course of the coming months:

- | Capital Flows and Their Macroeconomic Effects in Bangladesh by Noor Mohammad Wasi Uddin, Research Associate in February 2005.
- | Market Efficiency Test and Synchronous Movement of Stock Indexes by Shubhashish Barua, Programme Associate in March 2005.



Publications

Revisiting Foreign Aid: A Review of Bangladesh's Development 2003
(December, 2004)



The present volume titled *Revisiting Foreign Aid: A Review of Bangladesh's Development 2003* is the eighth publication under the initiative of the Centre for Policy Dialogue (CPD) to produce, on an annual basis, a home grown perspective on Bangladesh's development experience. The objectives of this endeavour of the CPD, titled *An Independent Review of Bangladesh's Development (IRBD)*, are two-fold: to present a review of the dynamics of key macroeconomic variables and developments in the economy of Bangladesh during the fiscal year under scrutiny, and to analyse, from multi-dimensional perspectives, a particular strategic issue of critical developmental interest to the country. Thus, IRBD2003 continues the tradition of serving as an important and essential reference book on the economy of Bangladesh.

The three chapters in Part A of IRBD2003 examine the efficacy of macroeconomic management in Bangladesh by studying such important performance indicators as GDP growth rate, savings and investment performance, revenue mobilisation and public expenditure, credit and monetary growth, and wages and inflation. Part A also looks at Bangladesh's external sector performance by concentrating on export, import, terms of trade and balance of payments, with a discussion on some selected key emerging issues. This section of IRBD2003 also reviews the various initiatives and activities

which went into the preparation of the Poverty Reduction Strategy Paper (PRSP) for Bangladesh.

Selection of the theme of aid as the overarching focus for Part B of IRBD2003, gives the current volume a distinct flavour. This section of the IRBD2003, titled *Revisiting Foreign Aid in Bangladesh*, presents a rich discourse on aid by looking at it from a number of important perspectives in the context of Bangladesh. Thus, the nine chapters in Part B of the IRBD2003 present a critical examination of the political economy of foreign aid to Bangladesh, macroeconomic dimensions of aid and underlying dynamics in the distribution of its gains, changing role and structure of aid, and shifts in the perspectives of Bangladesh's major development partners in relation to aid to Bangladesh. This section also examines efficacy of aid in terms of poverty alleviation, and in this context looks at the role of NGOs and the private sector in the context of aid.

Prepared by a team of eminent economists and young researchers, experts and development practitioners under the leadership of Professor Rehman Sobhan, the IRBD2003 will enable the readership to gain an indepth understanding and insights on the current state and future directions of the Bangladesh economy. Policymakers, academics, students, development practitioners and activists and others, with an interest in Bangladesh's current economic performance and future development strategies, will stand to benefit from the wealth of information and analyses to be found in IRBD2003.

Occasional Paper

The EU-EBA Initiative: Market Access Implications and Potential Benefits for Bangladesh
Paper No. 43 (October, 2004)
Author: Debapriya Bhattacharya, Mustafizur Rahman and Ananya Raihan

The study was conducted by the CPD with a view to strategically analyse Bangladesh's trade potentials in the context of the EU-EBA Initiative, which replaced the previous EC-GSP Scheme. The paper reviews the major features of the new initiative and highlights the

major departures of this initiative from the earlier EC-GSP scheme. The paper also identifies products of Bangladesh's export interest which have come under the purview of the new scheme, market access opportunities of the newly included products in EU and current supply side capacity in Bangladesh in view of these opportunities. It then comes up with some suggested measures towards capacity building in relevant areas in order to be able to realise the potential benefits. The paper also points out the limitations embedded in the new EU initiative and put forward a number of pragmatic policy recommendations which could enhance Bangladesh's capacity to gain substantially, particularly in the context of export diversification and market access in the EU. The study was conducted by Debapriya Bhattacharya, Mustafizur Rahman, and Ananya Raihan under CPD's TRRPD Programme.

New Japanese GSP Schemes for LDCs and Bangladesh's Export Opportunities Paper No. 44 (October, 2004)
Author: Debapriya Bhattacharya, Mustafizur Rahman and Ananya Raihan

This study was conducted at CPD under its TPA Programme. In the context of the enhanced preferential treatment for LDCs under the new Japanese scheme (revised in 2001 and 2003), LDCs now have an opportunity to substantively increase their exports to the Japanese market under more favourable terms. However, Bangladesh has not been able to benefit significantly from this preferential regime because of various reasons. The present paper attempted to identify Bangladesh's products which could potentially gain from the new initiative. The discussion focuses on industrial and agricultural products of Bangladesh which are competitive in the global market but have not been able to access the Japanese market. Under the new scheme, all apparel goods were to enjoy market access under preferential treatment. The study highlighted that it was difficult for Bangladesh to ensure compliance with the Japan Industrial Standards (JIS) and the Japan Agricultural Standards (JAS) and, in this regard, underscored the need for making appropriate investments to address the attendant concerns.

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