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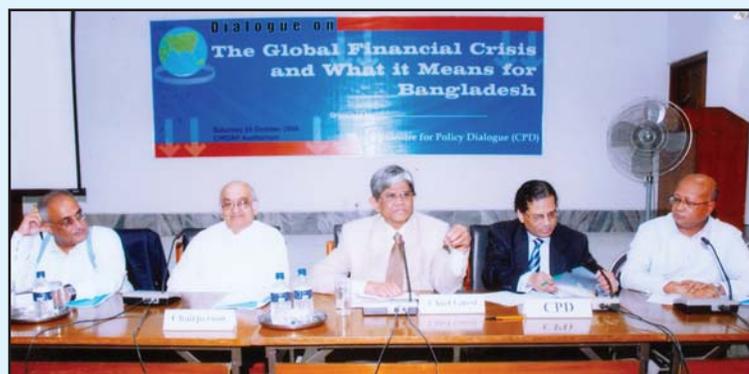
**CPD** Centre for  
Policy  
Dialogue  
Bangladesh

**Quarterly**

## FROM the editor's desk

Keeping the then upcoming National Elections in mind, CPD focused its research and dialogue activities on issues which were perceived to be of immediate concern and importance to the elected government. In this context, the CPD held a dialogue on **Global Financial Crisis and What it Means for Bangladesh** where speakers recommended that the government set up a multi stakeholder Taskforce on Global Financial Crisis to assess the impacts and design an appropriate response package. Yet another issue which was perceived to be requiring priority attention of the elected government was energy. The CPD dialogue on **Energy for Development: Option and Strategies for Bangladesh** discussed a number of short and medium term measures. Diversification of energy resources was highlighted by many participants who emphasised particularly on nuclear energy and exploration of new gas fields. The need to look for avenues to economize on use of gas and energy were also stressed by many participants.

On the regional front, a two-day seminar on **Rethinking Poverty Eradication in South Asia** was organised by the CPD as part of CPD's joint programme with South Asia Centre for Policy Studies (SACEPS), Kathmandu. Leading authors from South Asian Countries presented country papers. Rehman Sobhan, Chairman, CPD in his keynote paper put forward the idea of expanding the ownership base. He argued for establishing control of the excluded over productive assets and added that budgetary support should be provided to strengthen the capacity of the excluded to compete in the market place. Global Competitiveness Report (GCR) 2008-2009 was released to the press in this quarter. The Global Competitiveness Index (GCI) report indicated that Bangladesh had slipped back to 111th position in the GCI compared to the 107th position in 2007. It may be noted here that the GCR draws inputs from the Bangladesh Business Environment Surveys conducted by CPD in collaboration with the World Economic Forum. The CPD survey identified major bottlenecks that constrain conduct of business in Bangladesh. During this quarter, CPD has initiated a study on International Production Network and Trade Policy which aims to analyse the impact of various bilateral and regional trading agreements for the development of production network in the textile and clothing sector of Bangladesh. Another study titled **Aid for Trade: Needs Assessment from the Perspective of Bangladesh** was initiated by CPD which will attempt to identify priority areas which could be targeted for support under the Aid for Trade (AFT) initiative of the WTO.



Salehuddin Ahmed is addressing the dialogue participants. (from left) Debapriya Bhattacharya, Rehman Sobhan, Mustafizur Rahman and Mahabub Hossain are also in the picture

## A Competent Taskforce is Needed to Combat the Impact of Financial Crisis

*CPD Dialogue Stressed*

Not only Bangladesh Bank, but all the relevant agencies, including politicians, should come forward to face the global financial crisis, commented Bangladesh Bank Governor Salehuddin Ahmed as the Chief Guest at CPD dialogue **The Global Financial Crisis and What it Means for Bangladesh** at the CIRDP auditorium on 25 October 2008. Debapriya Bhattacharya, Ambassador and Permanent Representative of Bangladesh to the World Trade Organization (WTO) and UN Offices in Geneva, presented the keynote paper and Rehman Sobhan, Chairman of CPD chaired and moderated the dialogue. The dialogue was attended largely by policymakers, economists, business leaders, diplomats, politicians and civil society leaders.

Following a brief introduction about the financial crisis that first emerged in the US and then spread like a wildfire, Debapriya mentioned that it was too early to conclusively assess its impact on Bangladesh's economy as there was no real time data to analyse the situation. He suggested that to protect the domestic economy from the said crisis, the government needs to set up a competent taskforce to assess the effects and impacts, and to design an adjustment package with both short and medium term policy and institutional measures. In an attempt to find the root causes, Debapriya said that US financial

institutions forwarded bad, namely sub-prime, mortgages to foreign banks, which eventually confronted deteriorating balance sheets. He noted that rising commodity prices hardly affected the magnitude of the financial crisis, but definitely impeded its effective resolution. At the same time, upward pressure on producer/consumer prices had prompted many central banks to tighten monetary policy to avoid inflation. He added that the complexity of financial instruments, and associated lack of transparency, had prevented timely corrections of expectations. Talking about the role of international financial institutions, particularly the IMF, the keynote speaker said that it had failed to foresee and prevent outbreak of major financial crisis, and thus was unable to service its mandate. He said that the current financial crisis had the potential to trigger a deep global depression if counter-cyclical policies are not applied in a coordinated fashion. A credit crunch was imminent if bailout packages fail to absorb all bad loans and restore sound balance sheets, he noted.

Debapriya identified revenue from merchandise exports and remittances from services exports countries as potential areas of vulnerability for Bangladesh. In addition, he identified foreign direct investment and net flow of foreign aid as two ambiguous areas which could be

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**Combat the Financial Crisis**

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affected due to the crisis. He advocated for active management of the exchange rate, strict monitoring of the activities of credit rating agencies, intensification of export market exploration in emerging economies and consolidation of the country's labour market to face the current crisis.

Taking into consideration the likely impact of the global financial crisis on Bangladesh, dialogue participants advised that the government should increase the domestic demand base which would help the domestic economy to sustain the crisis. Concern was also expressed by business people pointing out that the commodity importers would incur a loss to the tune of USD 2 billion due to the fall in international market prices, and therefore the Taka should not be devaluated now against the US Dollar. They observed that government would depend more on bank borrowing if the net flow of foreign aid declines as apprehended.

It was claimed that export was declining and it would continue to fall if the crisis continues. In this regard, they sought for government's extended support towards the exporters to face the crisis. Cash subsidy to the exporters for the time being was also suggested.

Former Finance Minister A M A Muhith opined in favour of setting up a taskforce and adopting an expansionary monetary policy. He supported the idea of promoting agricultural and rural development to face the crisis on the domestic front.

Bangladesh Bank Governor Salehuddin Ahmed said that Bangladesh Bank was closely monitoring the emerging situation and had already taken some measures in this connection. However, he said that Bangladesh's financial sector problems were not so deep. He agreed with the keynote presenter on the point of setting up a taskforce to assess the situation, and hoped that such a committee would play a key role in determining what actions should be taken. He said that the money injected into the market should be available to small investors

and the agricultural sector instead of big borrowers. The Bangladesh Bank chief suggested that it was necessary to be careful about the activities of country's securities market and insurance companies. In this context, he stressed the need for strict regulation of these institutions by all concerned. Rehman Sobhan, the Chair of the dialogue, expressed his concern on the issue of donor's involvement in the policymaking process, particularly with regard to monetary policy. He opined that Bangladesh should try to build a new global economic architecture for herself taking into account emerging export markets other than conventional markets such as US and Europe.

Among others, Syed S Kaiser Kabir, CEO of Renata Limited, Toufic Ahmad Choudhury, Director of Bangladesh Institute of Bank Management (BIBM), M M Akash, Professor of Economics, University of Dhaka, Syed Akhter Mahmood, Senior Program Manager of IFC-BICF and Mustafizur Rahman, Executive Director of CPD also took part in the discussion.

**Effective Energy Management to Deal with Acute Crisis**

*Says CPD Dialogue*

**Quick** and effective steps, as well as proper utilisation of energy resources, are necessary to avoid dire crisis in the near future. At the same time, consumers need to be tactical and economical in their use of power and energy. These observations were made by M Tamim, the Special Assistant to the Chief Advisor in charge of the Ministry of Power, Energy and Mineral Resources at the



M Tamim speaks while (from left) Mustafizur Rahman, Annisul Huq, M Fouzul Kabir Khan, Rehman Sobhan, Mohammad Mohsin and M Asaduzzaman look on

dialogue on **Energy for Development: Options and Strategies for Bangladesh**, held at the city's Bangladesh-China Friendship Conference Centre on 28 October 2008. He was addressing the dialogue as the Chief Guest, while M Fouzul Kabir Khan, Secretary, Power Division and Mohammad Mohsin, Secretary, Energy and Mineral Resources Division, were present as Special Guests. M Asaduzzaman, Research Director, Bangladesh Institute of Development Studies (BIDS) presented the keynote paper while Rehman Sobhan, Chairman, CPD chaired and moderated the dialogue. The event was jointly organised by the Centre for Policy Dialogue (CPD) and the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

The Chief Guest also underscored the need to initiate the construction of a nuclear power plant and explore new gas fields to overcome the energy crisis within the next five years. He identified problems that the sector was facing in such areas as financing, technology and management, and stressed the need to quickly formulate policies to overcome these problems. The Special Assistant also informed the dialogue that the government was considering setting up imported coal-based power plants in coastal districts, particularly in Khulna and Chittagong, to solve the impending crisis.

M Asaduzzaman, in his presentation, explained the current scenario of the energy and power sector and highlighted the acute crisis that both home and industrial users were facing. He said that even as a low energy consuming country, with usage as low as 89 kgoe/capita, the country is energy starved. Presenting the supply side scenario, the keynote presenter emphasised the need for a rational duty

structure for import of efficient power technology, the creation of an energy fund and production and export of ethane/ethylene to generate funds. On the demand side, he emphasised the need for metered use of gas, a differential tariff structure during part of the day and a rational duty structure for energy-efficient appliances. Talking about the governance of the power sector, he called for the reform of government agencies such as Rural Electrification Board (REB) and Dhaka Electric Supply Authority (DESA) as these agencies were crippled with theft, graft, system losses, poor collection, and price-cost misalignment. He identified lack of autonomy of the government agencies, non-existent and opaque regulatory framework and too many regulators as the major hindrances to electricity governance. To conclude his presentation, he stressed that rural electrification should be addressed immediately, power supply options must be understood clearly and avenues of nuclear energy be explored to meet the future energy and power challenge.

Bangladesh Atomic Energy Commission (BAEC) Chairman Shafiqul Islam Bhuiyan informed the group that Bangladesh had signed Nuclear

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## Teachers' Competency is Key to Achieve Quality Education

*Says Primary Education Advisor of CTG*

Primary and Mass Education Advisor Rasheda K Choudhury emphasised the need for quality teachers and their commitment to civil society, the commitment of community and parents to ensure education for all. She suggested that to enhance quality of the teachers some kind of professional exams to test teachers' proficiency be administered by some professional bodies as is done for TOEFL and SAT tests.

The Centre for Policy Dialogue (CPD) and Campaign for Popular Education (CAMPE) jointly organised a dialogue on **Achieving Universal Primary Education with Quality and Equity** on 5 November 2008 at the BRAC Centre Inn Auditorium in Dhaka. Rasheda K Choudhury, Advisor for Ministries of Primary & Mass Education and Women & Children Affairs attended the dialogue as the Chief Guest, while Badrul Alam Tarafdar, Secretary In-Charge, Ministry of Primary and Mass Education was the Special Guest. Rehman Sobhan, Chairman, CPD moderated the dialogue. Mahabub Hossain, Executive Director, BRAC and Manzoor Ahmed, Senior Advisor, Institute of Educational Development, BRAC University (BRACU) made two presentations on the subject. The Chief Guest informed the audience that the caretaker government (CTG) had done well in many fields, particularly with regard to reducing the drop-out rate and gender disparity. But there were areas like Char, Haor and Monga hit regions and the people of the 'Dalit' community who were yet to be reached, she noted.

In his presentation, Mahabub Hossain said that gender parity in primary education was achieved but the extent of drop-outs and quality of education were still matters of concern which needed proper attention. He said that only 42 per cent of male workers aged 18-40 years had



(from left) Manzoor Ahmed, Mahabub Hossain, Badrul Alam Tarafdar, Rehman Sobhan, Rasheda K Choudhury, Md Azizul Haq and Anisatul Fatema Yousuf are seen in the picture.

beyond primary level schooling in 1988 which was increased to 52 per cent in 2000, but since then the progress had been marginal (54 per cent). He continued that the progress was more pronounced in case of women. The proportion of woman completing primary schooling increased from 32 per cent in 1988 to 49 per cent in 2000 and further to 61 per cent in 2008. The keynote speaker identified socioeconomic factors such as landlessness, poverty and low levels of schooling of parents as causes of drop-outs. He

recommended that for achieving the millennium development goal (MDG) with regard to universal primary education, special attention be given to the inclusion of children with special needs, from ultra-poor households, and whose parents are illiterate.

Manzoor Ahmed observed that Bangladesh was not on track to achieve education for all and MDG targets by 2015. He identified very large drop-out and non-completion rates, low learning achievement for the majority, and great inequality in the system as major challenges in achieving the said targets. He suggested the introduction of a unified school system with primary education to be extended up to class eight in order to implement the right to education. He added that the two existing Ministries, Ministry of Education and Ministry of Primary and Mass Education, be merged to form a single Ministry titled Ministry of Education and Human Resource.

Citing Bangladesh's constitution, Secretary General of Jatio Party Sheikh Shahidul Islam said that the target should be compulsory primary education for all, not universal primary education. He called for keeping the teacher recruitment process out of any political influence.

B M Ashad Ullah, Convenor of National Primary Teachers' Association said that many a times primary teachers were engaged in non-teaching

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## Budgetary Policy to be Redesigned in order that Public Resources Reach the Poor

*SACEPS-CPD Seminar Suggests.*

Centre for Policy Dialogue (CPD) as part of its joint work programme with the South Asia Centre for Policy Studies (SACEPS), Kathmandu hosted a two-day long seminar on **Rethinking Poverty Eradication in South Asia: An Agenda for Inclusive Development**. The seminar was held in Dhaka from 12-13 October 2008 at the BRAC Centre Inn Auditorium. Hossain Zillur Rahman, Hon'ble Advisor for Ministry of Commerce along with Nobel Laureate Professor Muhammad Yunus inaugurated the seminar. Mohan Man Sainju, Chairperson, Institute of Integrated Development Studies, Nepal and Board Member, SACEPS chaired while Rehman Sobhan, Chairman, CPD presented the keynote paper at the inaugural session.

Rehman Sobhan in his presentation recommended for expanding the ownership



Wahiduddin Mahmud is addressing the seminar participants, while (from right) Mustafizur Rahman, Hossain Zillur Rahman, Mohan Man Sainju, Muhammad Yunus and Rehman Sobhan are listen

and control of the excluded over productive assets, enhancing their access to a knowledge based society. He suggested that the budgetary policy was needed to be redesigned for the public resource to reach the poor and

completion of primary education was not up to the mark towards achieving the MDGs.

capacity of the excluded needed to be strengthened to enable them compete in the market place. Yunus termed South Asia as the most poverty intensive area and felt the need for collaboration between SAARC countries and there should be a network of highways through its member countries to eradicate poverty from the region. He called for effective government initiative to reach the MDGs by 2015. Hossain Zillur Rahman informed that progress on three out of eight MDGs namely maternal mortality, child malnutrition and completion of primary education were in critical condition. The number of primary enrolment had increased a lot but the rate of

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## Regional Disparity to Worsen in Future unless Addressed Appropriately

*Cautioned Finance Advisor*

**Finance** and Planning Advisor A B Mirza Azizul Islam cautioned that disparity would deepen in the future unless it is addressed in an appropriate manner. Programmes must be taken to narrow down regional disparity and thereby save the country from a poverty explosion. The Advisor identified non-connectivity of gas and electric lines, improper attention to the disparity issue and less public expenditure in the backward regions, as reasons behind increasing disparity between the East and the West. He added that it would be difficult for the future policymakers to address issues such as increasing public investment and building infrastructure for promoting private investment in the backward regions. The Advisor informed the audience about the government's initiatives to unload 40 per cent of its food imports through Mongla port, which he believed would mobilise the port and contribute to reducing regional disparity. He, however, criticised the role environmentalists had played in the coal mining issue, which was hindering economic development in the northern regions. He made these comments as the Chief Guest at a CPD-organised dialogue on **Regional Disparity in Bangladesh: An Emerging Concern**. The dialogue was held on 25 November 2008 at the BRAC Centre Inn Auditorium in Dhaka. Akbar Ali Khan, Former Advisor to the caretaker government, attended the dialogue as the Special Guest. Rehman Sobhan, Chairman of CPD, chaired and moderated the dialogue. Sajjad Zohir, Director, Economic Research Group and Uttam Kumar Deb, Additional Director, Research, CPD were the discussants. Based on the World Bank's poverty assessment, Hassan Zaman and Ambar Narayan, Lead Economist and Senior Economist, respectively, at the World Bank jointly presented the keynote paper titled *Poverty in Bangladesh: Creating Opportunities*

& Bridging the East-West Divide. The presenters showed that Dhaka and Chittagong, with just over half the population, contributed 79 per cent of national poverty reduction; Khulna and Barisal, with 20 per cent population, made no contribution. Areas with

largely contributed to the widening of the gap between the East and the West.

Commenting on the presentation, Sajjad Zohir said that there was disparity between the East and the West but that it was not so wide. He gave the example of Rajshahi, which had attained growth similar to Dhaka and Chittagong, while only Khulna and Barisal were a bit behind. Former Finance Minister M Syeduzzaman said that the World Bank study had covered the period between 2000 and 2005, but said nothing about the recent increase in poverty. He emphasised the need for public investment to address the disparity issue.

Project Co-ordinator of Gonoshasthya Kendro, Zafarullah Chowdhury criticised the lending agencies' role. He argued that they were only interested in demand-

driven private sectors, and insisted that the microcredit organisations should come up with packages for farm loans, especially for the Bargadars.

Akbar Ali Khan disagreed with the explanation of the speakers as regards East-West divide. He said that the real divide was between the centre and periphery in Bangladesh. This was due to higher incidences of poverty in districts like Sunamganj, Netrokona and Jamalpur, all located in the East. He added that the total number of poor was no less than that of the western region. The former caretaker government Advisor said that issues of decentralisation of power and equal infrastructural development could play critically important roles in reducing disparity. In conclusion, Rehman Sobhan said that due to a market-dependent economy, income disparity was rising, which had ultimately resulted in an increased regional disparity. Finally, he suggested that policymakers should concentrate on growth effort for less privileged areas and for those social groups who are excluded but have a lot to contribute to the growth process.



Akbar Ali Khan speaks while (from left) Hassan Zaman, Rehman Sobhan, A B Mirza Azizul Islam and Mustafizur Rahman pay attention

higher incidence of remittances are less likely to be poor, and areas with a higher risk of cyclone damage and vulnerability to seasonal deprivation such as monga are more likely to be poor, the presenters observed. They said lack of market connectivity and poor access to electricity and quality of electricity to be among the major constraints facing non-farm enterprises. In their presentation, the World Bank experts said that the gap in poverty rate had doubled from 2000 to 2005, and mean consumption in Integrated Region was 9 per cent higher in 2000, and 17 per cent higher in 2005. They added that both endowments and returns contributed to the widening consumption gap. East-West differences had expanded because the West is handicapped by the absence of growth poles, poor connectivity with urban centres, and deficient public infrastructure and markets. Commenting on the labour market, the presenters said that real wages had grown robustly in the East but had stagnated in the West. At the same time, the East had a far larger share of salaried jobs and non-farm self-employment while the West had high share of low-paid daily wage workers. These factors had

### Achieve Quality Education

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activities like preparation of voter lists during scheduled classes. As a result, they were unable to deliver quality teaching in the classroom. Mohammad Samsul Alam, President of National Primary Teachers' Association mentioned the prevailing low salary of the primary school teachers and said that it was impossible to deliver quality education while living under poverty.

Former Vice-Chancellor of Jahangirnagar University, Kazi Saleh Ahmed, criticised the government for creating disparity in primary education by permitting 10 to 11 types of primary education for different population groups, such as poorest, middle class and richest. He called for government's intervention to find out why some children are always left behind.

Joint Program Director of Primary Education Development Program - II (PEDP-II) Chaudhury Mufad Ahmed informed that the teacher recruitment process had been made completely free of corruption and it was indeed a big success of the Ministry of Primary and Mass Education.

Rehman Sobhan concluded with the hope that continuing dialogues on education would provide new thoughts and ideas to ensure quality education for all.

Siddiqur Rahman, Team Leader, PEDP II, Directorate of Primary Education, Shafi Ahmed, Professor of English, Jahangirnagar University, Anir Chowdhury, Policy Advisor, Access to Information (A2I) Programme, Barbara Payne, Senior Education Advisor, DFID were among others who participated in the discussion.



## New Government to Face Ten Major Challenges

CPD Analysis Stated

The Centre for Policy Dialogue (CPD) organised a press briefing on "State of the Bangladesh Economy in the Run-up to the National Election 2008" on 23 December 2008 at the CPD dialogue room. Mustafizur Rahman, Executive Director, CPD, made the presentation. Evaluating the state of the economy in the first half of the current fiscal year 2008-09, the CPD analysis identified ten major challenges that the upcoming elected government will have to deal with. The new government



Professor Mustafizur Rahman is briefing the media. CPD-IRBD 2009 study team is also seen

will need to ensure uninterrupted supply of production inputs, especially fertiliser and diesel for Boro plantation season. Regarding distribution of fertiliser Rahman pointed out that there will be no time to revisit the dealership of fertiliser distribution, quick procurement and distribution of fertiliser through existing mechanisms will be the practical option. A revision of fertiliser price, along with distribution of subsidy for different types of fertilisers will help Bangladeshi farmers enjoy the benefits of the global decline in fertiliser prices before the upcoming Boro season. CPD report revealed that one of the formidable challenges is to ensure sufficient energy. Rahman emphasised to explore other options such as nuclear power. From the perspective of medium to long term energy security, gas reserve would be a major concern for the economy, he added. On this issue strengthening Petrobangla and resolution of maritime boundaries with Myanmar and India would be a proper step for the offshore exploration.

Due to falling commodity price at the international market, domestic price level has been declining which is reflected through an inflation rate of 6.12 per cent (point-to-point) in November 2008. However, the price level is still high and bringing down price level further remains a major challenge for the upcoming government.

Rahman also suggested the central bank to pursue a monetary policy supportive to both growth, employment creation and lower inflation. At

the same time, it was emphasised that the new government will need to prepare itself at the earliest to face possible adverse consequence of the ongoing global economic crisis.

It was mentioned in the presentation that so far in FY2008-09, NBR revenue collection has been satisfactory. However, concerns were expressed that revenue collection could slow down in the coming months due to fall in international commodity prices and slowing down of imports. This may have a dampening impact on import related

revenue, which is already evident from the October data.

The month-to-month comparison reveals a negative (-) 1.7 per cent fall in customs duty collection in the month of October 2008. The government would thus need to concentrate on monitoring the NBR revenue earnings and strengthening revenue collection at the domestic level by widening the base of direct tax and VAT.

It was suggested that considering the implications of annual development programme (ADP) on employment creation, poverty reduction and meeting the rising public investment demand in order to sustain growth, the newly elected government should put high emphasis on improving ADP implementation.

The CPD presentation suggested that the upcoming elected government would continue the institutional and regulatory reforms initiated by the CTG. Based on the manifestos of the political parties CPD analysis identified a number of immediate priorities. These include poverty alleviation and employment, food security, containing price inflation, energy security and institutional and regulatory reforms.

On FY2008-09 growth prospects, Rahman said that macroeconomic performance will depend on how the economic scenarios evolve in the second half of the current fiscal year and how the global financial crisis impacts on export, remittance, domestic resource mobilisation, etc. The assessment report also highlighted that considering the on-going trends of the economy, achieving a target of 6.0 per cent growth rate in FY2008-09 could be a realistic one.

### Budgetary Policy Redesigned

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On the first day after inaugural, seven presentations were made in three sessions. Three presentations were made at the Session II on Strategies for Inclusive Development in Bangladesh respectively titled as Broadening Asset Ownership by M M Akash, Professor, Dhaka University; Making Markets More Competitive for Primary Producers by Nasreen Khundker, Research Director, CIRDAP and Agrarian Reform in Bangladesh by Bimal Kumar Saha, Research Fellow, BIDS. Mahabub Hossain, Executive Director, BRAC chaired the Session III on Presentation on Country Papers where two presentations were made respectively titled as Institutional Imperatives of Poverty Eradication in Pakistan by Akmal Hussain, Distinguished Professor, Beacon House University, Lahore and Eradicating Poverty through Empowerment of the Poor: An Agenda for Nepal by Mahesh Banskota, IIDS, Kathmandu. Dr Stephen J McGurk, Regional Director for South Asia and China, IDRC, Ottawa chaired the Session IV on Presentation on Country Papers (Contd.). Here also two presentations titled respectively as Economic and Political Empowerment of the Poor in Sri Lanka by Ganga Tilakaratna, Research Economist and Head, Poverty and Social Welfare Unit, Institute of Policy Studies, Colombo and by Beena Pandey, Research Associate, RIS, New Delhi.

The second day continued with four sessions -- Session V on Discussion on Policies for Inclusive Development in South Asia, Sessions VI and VII on Discussion on Policies (Cont.) and Session VIII: Concluding Session. In Session V there were two presentations on Agrarian Reform for South Asia by M M Akash and Democratizing Educational Opportunities by Khaleda Akhter, Research Associate, CPD. Shamsul Bari, Chairperson, Research Initiatives Bangladesh (RIB) chaired the session. In Session VI two presentations were on Enhancing the Market Power of the Excluded by Rehman Sobhan and Institutional Mechanisms for Broadening Ownership of Assets by M M Akash. Mr Syed Manzur Elahi, Member, CPD Board of Trustees chaired the session. Session VII included three presentations i.e. Budgetary Policies for Poverty Eradication by Atiur Rahman, Professor, Department of Development Studies, Dhaka University and Financial Policies for Poverty Eradication by M M Akash. Quazi Mesbahuddin Ahmed, Managing Director, PKSf chaired the session.

Rehman Sobhan made a presentation titled The Political Economy of Structural Change at the final session i.e. Session VIII, while Muzaffer Ahmad, Chairman, Transparency International, Bangladesh chaired the session.



## Bangladesh Slips Down to 111th Position Says GCI of 2008

**CPD** Executive Director Mustafizur Rahman and Senior Research Fellow Khondaker Golam Moazzem jointly briefed the media about the Global Competitiveness Report 2008-2009 in a press briefing organised by CPD on 8 October 2008. CPD, in collaboration with the World Economic Forum (WEF), has been assessing the business competitiveness environment in Bangladesh since 2001. This report

was prepared on the basis of a perception survey conducted by CPD in Bangladesh, as part of a global survey. Perceptions of the respondents referred to the state of the economic and business environment in Bangladesh during February 2007-January 2008. The survey was carried out by CPD during February-April 2008. According to the report, Bangladesh slipped back to 111th position in the Global Competitiveness Index (GCI) in 2008. In 2007 the country ranked 107th position out of 131 countries. Other South Asian economies, including India, Pakistan, Sri Lanka and Nepal also witnessed falling positions in the GCI compared to the 2007 ranking. In the survey, the business executives identified corruption to be the most important determining



Mustafizur Rahman is briefing the media. Senior CPD researchers along with the CPD's Bangladesh Business Environment Study 2008 team are also seen in the picture

factor that affected the country's business environment followed by inefficiency in bureaucracy, government instability and creeping inflation. This year, Bangladesh's rank was relatively better in areas such as market size and financial market sophistication. However, no significant improvement was made in most areas. In the case of institutions, higher education and technological readiness Bangladesh was among the last ten performers. CPD conducted the survey among 93 business houses that had a capital base over Tk 10 crore. On the basis of the survey, WEF prepared the report on competitiveness. The USA was on top of the GCI 2008 followed by Switzerland, Finland, Germany, Netherlands,

emphasised the removal of prevailing uncertainties in the overall atmosphere of the country. The report said that the government's anti-corruption move and consumer protection move could not make any significant contribution towards improving the business environment. It happened because of the poor implementation capacity of the institutions. Director, Dialogue and Communication, Anisatul Fatema Yousuf, Additional Directors, Research, Uttam Kumar Deb and Fahmida Khatun, and Senior Research Associate, Kazi Mahmudur Rahman were also present at the media briefing.

Japan and Canada. The report revealed that although financial strength of the banking sector improved in 2007, businesses suffered from lack of capital. CPD, in this regard, urged that Bangladesh Bank's intervention was necessary in case of reduction of lending rate of credit by commercial banks. CPD cautioned that the future of Bangladesh would largely depend on smooth transition to democracy and



### Lunch to Honour UNCTAD's Secretary General

In honour of Dr Supachai Panitchpakdi, the visiting Secretary General of United Nations Conference on Trade and Development (UNCTAD) CPD hosted a lunch on 30 October 2008 at the Pan Pacific Sonargaon Hotel. The lunch meeting was widely attended by the academics, political, business and civil society leaders and media editors. In the photo above, Dr Supachai Panitchpakdi is seen addressing the guests who attended the lunch meeting.

### Canadian High Commissioner Visits CPD

The newly appointed Canadian High Commissioner in Bangladesh, H E Robert McDougall visited CPD on 16 October 2008. He was accompanied by Robert Beadle, Country Programme Director and Head of Development Cooperation, Linda Cloutier, Counsellor, Development Affairs, Canadian High Commission. Mustafizur Rahman, Executive Director of CPD briefed them about ongoing and planned CPD activities. Other senior researchers of CPD were also present at that time.

### Young Scholar Seminar Series (YSSS)

Syed Saifuddin Hossain, Senior Research Associate, CPD presented a paper titled "Bangladesh Customs: Managing Risk for Better Trade" on 2 November 2008 under CPD's Young Scholar Seminar Series (YSSS). The YSSS gives young CPD researchers an opportunity to present their research work to the CPD community, enabling them to improve their presentation skill and gather more inputs from the discussion on the subject.



## Effective Energy Management

(from page 2)

Non-Proliferation Treaty and Comprehensive Test Ban Treaty (CTBT), and that the International Atomic Energy Agency (IAEA) was ready to help Bangladesh on the nuclear power issue. The BAEC was working on human resources development for the installation of such a plant and was ready to install a 1000 MW nuclear power plant at Ruppur if they get green signal from the government.

FBCCI President Annisul Huq described how the industrial sector was being affected due to energy crisis. He voiced the need for an immediate decision on the coal mining issue for the purpose of power generation.

Taking part in the discussion, Debapriya Bhattacharya, Ambassador and Permanent Representative of Bangladesh to the WTO and UN Offices in Geneva said that it was necessary to establish physical and regulatory infrastructure before going for a nuclear power plant. He informed the audience that Rooppur was an ideal place for such a project with an expected production capacity of 1,000 MW.

Energy Secretary Mohammad Mohsin said that the government was looking for alternative options like a nuclear power plant. At the same

time, the government was working to finalise a coal policy which would be a step forward towards solving the energy crisis. He also informed that the government was also trying to strengthen the BAPEX for exploration of new gas fields.

Power Secretary Fouzul Kabir Khan identified scarcity of primary power, fuel diversification and scarcity of investment resources, and lack of local entrepreneurship as future challenges for the power sector. He informed that the Kaptai power plant could generate 14 per cent more electricity if there were sufficient water levels and gas supply. The Power Secretary recommended policy for enhanced private partnership enactment of energy conservation act and promotion of renewable energy to meet future demand of energy.

Among others, former BUET Vice-chancellor Abdul Matin Patwari, former Planning Commission Member Nazrul Islam, National Committee to Protect Oil, Gas, Mineral Resources, Power and Port Convenor Sheikh Shahidullah, Bangladesh Energy Regulatory Commission Member Md Emdadul Haque, FBCCI Director Aftab Ul Islam and former PDB Chairman Shamsul Islam also took part in the discussion.

## Research Reports

### CPD-ARTNeT Study on "International Production Network (IPN) and Trade Policy: With Special Reference to Textile and Clothing Sector of Bangladesh"

CPD, in association with ARTNeT, UNESCAP has initiated a study on International Production Network (IPN) and Trade Policy: With Special Reference to Textile and Clothing Sector of Bangladesh. The objective of the study is to appreciate the dynamics of the development of production network in the textile and clothing sector of Bangladesh and to analyse the impact of various trading agreements particularly bilateral and regional trading agreements for the development of this network in the country. Based on the analysis, the study will put forward policy suggestions as regards increasing contribution of various trade policies for strengthening regional production network in textile and clothing sector. As part of this study, an indepth analysis is being carried out on intra-regional and inter-regional trade of textile and clothing products which are originated from and targeted to Bangladesh based on the available secondary data. Besides a sample survey is planned to be carried out by the end of March 2009 in order to appreciate dynamics and changes in the production network of textile and clothing sector of Bangladesh. The study is led by Khondaker Golam Moazzem, Senior Research Fellow, CPD, while able research support is being provided by Tariqur Rahman, Research Associate, CPD. The study is expected to be completed by May 2009.

### Aid for Trade: Needs Assessment from the Perspective of Bangladesh

Targeting aid to overcome trade related barriers is what Aid for Trade all about. Aid for Trade emerged as a significant part of the WTO Hong Kong Ministerial Declaration in 2005 amid commitments from G-8 Ministers to provide additional aid to developing countries "to build the physical, human and institutional capacity to trade", and "to address adjustment related challenges and supply side constraints". For many countries like Bangladesh, though, the results of these negotiations can only translate into real gains through well targeted, effective and efficient Aid for Trade. However, in order to access those funds, countries need to identify priority areas where aid is required. Keeping all these in mind, CPD has initiated a study titled 'Aid for Trade: Needs Assessment from the Perspective of Bangladesh.' Based on both

primary survey and secondary information, the paper attempts to identify the constraints of trade that are facing Bangladesh. Based on those constraints, the paper identifies areas and subsequent programmes and projects where 'aid for trade' should be targeted. An analysis to track aid flow targeted to trade has also been done to monitor the flow of trade related aid/assistance to Bangladesh. The study was led by Fahmida Khatun, Additional Director, Research, CPD.

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

Bangladesh is recognised worldwide as one of the most vulnerable countries 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 in a 'normal year' by 2030 rice production is likely to be reduced by 12.19 lakh tonnes (about 4.2 per cent of current annual rice production) due to the impact of climate change. The report suggested 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.

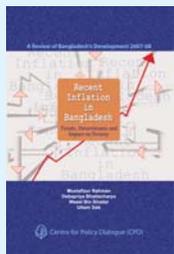
### Environment Related Trade Barriers and the WTO

This study looks at some of the environment related trade measures which may appear to be trade barriers at times in the context of the WTO. It also briefly discusses WTO Agreements on environmental measures and the use of environment related trade measures. The study also articulates the interests of LDCs in the area of trade and environment and how their concerns can be protected. The study was carried out by Fahmida Khatun, Additional Director, Research, CPD.



## Publications

### Books



#### **Recent Inflation in Bangladesh: Trends, Determinants and Impact on Poverty**

This volume captures the findings of two recent studies, completed under the IRBD programme by the CPD on inflation in Bangladesh. As is known, price hike of essential commodities has been a major concern in Bangladesh, both for the policymakers and the public at large. In 2007, (March-June), CPD carried out a study titled Price of Essential Commodities: A Diagnostic Study of Recent Trends to investigate the underlying factors contributing to inflation in Bangladesh

which was gradually gaining momentum at the time. Based on the value chain analysis of a number of essential items, the CPD study identified the key reasons (both domestic and international) which fuelled the inflationary pressure and put forward suggestions for the government. To examine the more recent developments, CPD conducted another study, as a follow-up of the aforesaid diagnostic study, which was titled Trends in Prices and Inflation: Impact of Real Income and Poverty in Bangladesh. This study traced more recent trends in aggregate inflation levels and analysed movements in price levels of a number of essential items of consumption from a regional comparative perspective. Finally, various government interventions to address both causes and consequences of inflation were reviewed under this study.

### Occasional Papers

**Paper 70** State of the Bangladesh Economy in FY2007-08 and Some Early Signals Regarding FY2008-09

**Paper 71** Addressing Regional Inequality Issues in Bangladesh Public Expenditure

**Paper 72** Public Expenditure, Employment and Poverty in Bangladesh: An Empirical Analysis

**Paper 73** The Micro Level Impact of Foreign Remittances on Incomes in Bangladesh: A Measurement Approach Using the Propensity Score

**Paper 74** Poverty-Environment Nexus: An Investigation of Linkage and Policy Implications

**Paper 75** Macroeconomic Implications of Social Safety Nets in the Context of Bangladesh

**Paper 76** Accra Conference on Aid Effectiveness: Perspectives from Bangladesh

### Dialogue Reports

**Report 96** State of the Bangladesh Economy and an Analysis of the National Budget for FY2008-09

### CPD Professionals in International Events

#### **Rehman Sobhan**

Chairman

Attended the meeting of the "Senior Advisory Board of the WANA Forum" on 15 October 2008 in Amman, Jordan.

Attended the seminar on "Equitising Development: Agendas for Poverty Eradication in South Asia" organised by the UNDP from 17-18 December 2008 in New Delhi, India.

Participated at the Conference on "Development, Freedom and Welfare" jointly organised by Cornell University, USA and the Institute for Human Development, New Delhi from 19-20 December 2008 in New Delhi, India.

#### **Mustafizur Rahman**

Executive Director

Attended the technical meeting of the "Better Regulation for Growth (BRGs) Advisory Panel" jointly organised by Dutch Ministry of Foreign Affairs, DFID, UK and FIAS/World Bank from 9-15 November 2008 in Amsterdam, Hague, The Netherlands.

Participated at the International Regulatory Reform Conference (IRRC) 2008 and made a presentation on "Regulatory Reforms Commission (RRC) of Bangladesh: Experience and Way Forward" organised by Bertelsmann Stiftung from 16-19 November 2008 in Berlin, Germany.

#### **Uttam Deb**

Additional Director, Research

Participated at the ARTNeT Capacity Building Workshop for Trade Research: "Behind the Border-Gravity Modelling," from 15-19 December 2008 in Bangkok, Thailand.

#### **Fahmida Khatun**

Additional Director, Research

Participated at the launching of the "Green Economy Initiative" organised by the United Nations Environment Programme (UNEP), from 1-3 December 2008 in Geneva, Switzerland.

#### **Khondaker Golam Moazzem**

Senior Research Fellow

Participated at a workshop on "Financial and Macroeconomic Issues in Asian Economic Integration" jointly organised by the Indira Gandhi Institute for Development Research (IGIDR) in Mumbai, India with the East Asian Bureau of Economic Research (EABER) in the Crawford School of Economics and Government at the Australian National University (ANU) on 17 November 2008 in Mumbai, India.

Participated at a workshop on "Intraregional Trade and Investment in South Asia: Policy Workshop" organised by the Asian Development Bank (ADB) from 4-5 December 2008 in Kathmandu, Nepal.

Participated at a Capacity Building Workshop titled "Behind the Border -- Gravity Modelling" organised by ARTNeT, UNESCAP from 15-19 December 2008 in Bangkok, Thailand.

#### **Kazi Mahmudur Rahman**

Senior Research Associate

Presented a paper titled "Removal of Bottlenecks from Trade under SAFTA: Initiatives from Bangladesh" at the roundtable on "SAFTA: Efforts for Trade Liberalization in South Asia & Way Forward" organised by SAARC Chamber of Commerce and Industry on 28 November 2008 in Colombo, Sri Lanka.

