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Agri development strategy: Priority issues

DR. QUAZI SHAHABUDDIN

DECLINING agricultural productivity and growing food demand have brought the world food situation to a crossroads. Failure to act now through reinvestment in agriculture - including research in improved technologies and infrastructure development -- could lead to long-term crisis.

As per IRRI estimates, the annual rice yield growth rate has declined to less than one percent as compared with two to three percent during the Green Revolution period of 1967-90. Based on projected income and population growth, annual productivity growth of almost 1.5 per cent will be needed. A FAO report stated that

Revolution. Unlike the first Green Revolution, in which productivity growth was achieved with the introduction of modern varieties associated with assured irrigation and other inputs such as fertiliser and guaranteed prices, the second Green Revolution needs to achieve the same goal in the face of several 21st century challenges. These challenges include water and land scarcity, environmental degradation, sharply rising input prices -- all within the context of global climate change.

The complex causes of the food and agricultural crisis require comprehensive response. This situation calls for an international pact to achieve food and nutrition security with elements of global, regional and

imply a fundamental revaluation of agricultural production and the natural resources it depends on, especially land and water. The challenge is to soundly manage the transition to the new economics of agriculture and the food system and to facilitate stable supplies and prices that offer long-term incentives for agricultural production and help protect the poor. Technology plays a key role in this transition in the medium and the long run. Bangladesh needs to urgently review its agricultural strategy in this new context, and to opt for a comprehensive plan addressing all the ongoing and newly emerging issues related to production.

The surge in prices of foodgrains specially that of rice in the past one year has become a matter of serious concern. There has been considerable erosion of purchasing power of the poor who spend more than 60% of their income on food. This has obviously put them at greater risk of hunger and malnutrition, which threatened to undermine the gains in poverty reduction that Bangladesh has achieved in recent years. In fact, this may even reverse the trend unless effective and coherent policy actions are undertaken and implemented by the government on an urgent footing.

Although both cyclical and structural factors have contributed to recent surge in food prices, the latter are likely to dominate the former causing the high prices to persist for the foreseeable future. Cyclical factors such as unfavorable weather conditions mostly drought and floods, contributed to production shortfalls in a number of countries including Bangladesh. Trade policies of surplus countries also aggravated the situation through restrictions on exports. However, structural factors seem to have significantly contributed to gradual rise in foodgrain prices in Bangladesh in recent years. Bangladesh, a net importer of foodgrains, has been seriously affected by food price shocks, driven

by higher international prices and domestic production shortfall following successive natural disasters. Bottlenecks in the distribution and retail marketing chain, hoarding and panic buying by consumers aggravated the domestic price situation. Administrative actions by the government failed to arrest upward trends in prices. The domestic cost of rice production increased even with subsidized agricultural inputs such as diesel and fertilizer. Although domestic foodgrain prices are expected to moderate somewhat, high food prices are likely to persist in the foreseeable future.

The doubling of rice prices within one year has seriously eroded the capacity of below-poverty households to access staple food. Availability of substitute food such as potatoes and vegetables may induce poor households to change food habits. Moreover, the tightness in labour market has led to increase in agricultural wages which may partly compensate the negative effect of rising prices. The groups at high risk are industrial workers and low-paid government employees with fixed income. Under the circumstances, the government should build-up stocks for expanded subsidized food distribution and operation of safety net programmes. Bangladesh has also to take into consideration other factors in designing a new agricultural development strategy. Agricultural prices in the world market had a secular downward trend (with short-term cyclical fluctuations) in the aftermath of the Green Revolution. However, the supply response may be constrained this time due to: (a) not enough excess capacity for increasing production (b) technological progress getting out of steam in the irrigated ecosystems (c) climate change induced erratic monsoons and non-availability of appropriate technology constraining the production increase from rainfed agriculture (d)

rapid increase in demand for agricultural produce as feed in the vastly expanding bio-fuel industry and (e) increase in price of fuel and fertilizers putting an upward pressure in the cost of production. It is projected by IFPRI that the high prices are going to persist till 2012. FAO in its latest Food Outlook Report also predicted similar trends for global price of rice.

The increase in food prices played a dominant role in fuelling inflation in many countries and Bangladesh was no exception. It needs to be examined whether it would be prudent to address these specific causes of inflation with general macroeconomic and monetary instruments. Specific policies would be needed to deal with the causes and consequences of high food prices. Although the current situation poses policy challenges on several fronts, there are effective and coherent actions that can be taken to help the most vulnerable people in the short term while working to stabilize food prices by increasing agricultural production in the long term.

Over the short-term, the focus of policy actions should be on targeted interventions to protect the poor and vulnerable in the face of rising food prices. With targeted support to the poor rather than general price subsidies, the government will be able to ensure better coverage as well as free up resources and minimize distortions in the incentives for farmers. Farmers should be ensured timely, adequate and affordable access to agricultural inputs (seed, fertilizer, irrigation water etc) to generate a strong supply response for the coming crop seasons. The government needs to increase its capacity to operate a public food distribution system in collaboration with the private sector to stabilize prices and assist the poor and vulnerable groups in the society. Over the medium to longer term, the focus should be on improving productivity by disseminating modern production

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In the present situation, Bangladesh can increase support to agriculture without violating the provision of WTO to avail emerging opportunities along several directions: geographically fast growing export markets; horizontally increasing the spread of export commodities; and vertically increasing value added of export commodities.

higher food prices were largely to blame for the number of hungry people growing by 75 million to around 925 million worldwide and thus jeopardising the MDG of halving hunger and poverty by 2015.

Another report released by ADB argued that for Asian countries to prevent future price surges, agriculture needs wide-scale structural reforms. The report also warned that with demand outstripping supply, any supply shocks may further deepen food crisis in the future.

There is evidence of growing global support for agricultural investments in the food- insecure developing countries of Asia and Africa. The world is now better positioned to take advantage of whatever science has to offer, since the public platforms required for success are in place to support a new Green

national actions, all of which have shorter, and longer-term dimensions and need adequate sequencing. The IFPRI Policy Brief (May 2008) recommended two sets of actions to cope with the situation in the short and the long term. The first set of actions -- the emergency package -- should address immediate needs for food assistance and increased food availability. The second set of actions -- the resilience package -- should address the need to build a more resilient food and agricultural system that can meet ongoing and future challenges. Continued population growth, expanding demand due to income growth, and emerging climate change point to the future challenges for agricultural production. The current food price crisis merely foreshadows the events of coming decades. The high agricultural prices

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Food security in an innovative way

ABDUL BAYES

FOOD security, FS for short, refers to the availability of food and assured access to it. Food that is available may not be accessible due to the lack of entitlements (purchasing power) - also called poverty aplenty. FS exists when occupants of households do not live in hunger (a feeling of desire to eat) or fear of starvation (several reductions in vitamin, nutrient and energy). It exists - la FAO/World Summit - when all people at all times have physical and economic assets to access sufficient, safe and nutritious food to meet their dietary needs and food preference for an active and healthy life. Again, it means assured ability to acquire acceptable foods in socially acceptable ways i.e. without relief, scavenging, stealing or such like. At the national level, "FS means the availability of sufficient stocks of food in a country to meet domestic demand until such time as stocks can be replenished from harvests or imports". In most of the cases, FS is identified through estimates of calorie intake per person per day. An intake of less than 1800 calorie is called extreme poverty (very insecure) and an intake of 2200 calorie is taken as tolerable limit. However, the level of FS could also be judged by other indirect indicators. For example, levels of stunting, blindness, disability, access to three meals a day, household incomes etc

Determinants of security

At the macro-level, FS could be constrained due to: increased farming for use in biofuels, oil price hike, population growth, climate change, loss of agricultural land, etc. At household levels, the deterring factors are, for example, lack of natural and physical capital, sickness of the earning member, lower yield of crops, large household size, etc. Food insecurity could gripe a household temporarily or permanently. For example, a sudden Sidr, flood or drought could damage crops and thus forfeit FS of a household for a certain period of time. Permanent insecurity emanates from disability/death of the household head, landlessness, divorce etc.

In the prevailing discourse on FS, we often forget that women are crucial in turning products of a vibrant agricultural sector into food and nutritional security. They have less access to productive factors; yet, for agricultural growth to fulfil their potential, gender disparities must be addressed and effectively reduced and active participation of women at all levels of decision making is necessary.

Food insecure Bangladesh

By any stretch of imagination, Bangladesh is one of the most food insecure countries in the world. As many as 10 million people do not have access to three satisfactory meals a day;

more than half of the people's calorie intake a day is less than 2200 calories. Gender and regional disparity in this regard is very wide. Unfavourable and ecologically backward zones are relatively more prone to FS than favourable zones and non-farm households are worse off than farm households. That means, if farm activities could be geared up with active participation of women, the FS status could be improved significantly. Empowerment of women and making the resource poor farms more productive would emerge as key policy variables.

Innovative initiative

To this effect, I shall draw upon some recent initiatives taken in the field to ensure FS of resource poor farms. My intention is to show that small attempts could bring in significant impacts on FS.

Food Security for Sustainable Household Livelihoods (FoSHoL): An EC/IRRI initiative

FoSHoL starts with the basic premise that agriculture in particular (and rural development in general) is the fountainhead of FS for households. The targets are resource poor households (mostly small and marginal). They are poor but are endowed with some natural capital i.e. their own land up to 100 decimals. However, the average of a large number of them is less than 50 decimals of land and, thus falling outside the 'favour' of NGOs. More impor-



tantly, they reside mostly in backward regions. How could we ensure FS for them in a sustainable fashion? Quite rightly FoSHoL aims to improve livelihoods, by increasing availability and access to food as well as utilisation of food by target households. That requires technology adoption to

increase food production, capacity building to cope with creeping crisis, linking with extension and markets, etc. The project works in 14 districts administered by three partners (Actionaid, Care, Practical action) and their local NGOs.

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The dual challenge of poverty and inequity

DR. FAHMIDA KHATUN

ALMOST a century ago in 1907 George Bernard Shaw wrote “the greatest of evils and the worst of crimes is poverty”. Ironically, poverty has continued to remain as the greatest curse in the world even to this day, including Bangladesh where it is endemic.

Surely, Bangladesh has achieved a steady growth of 5 percent on average and performed impressively in the area of human development since the beginning of the 1990s having withstood several global and domestic challenges. There is also no denying that a seeming difference is observed in, for example, the lifestyle of the so-called poor people, both in the urban and rural areas. One does not see as many unclothed children in the villages with bloated tummies infected with diseases or rickshaw pullers with only a piece of ‘gamchcha’ around his neck. The appearance, the clothing, the food have gone through a change over the years. Access to housing, sanitation, electricity and communications has improved the living condition of poor people in a major way. While all these may be attributed to the impressive improvements in some of the macroeconomic indicators, poverty reduction still remains as the greatest challenge for Bangladesh.

The ruling party Bangladesh Awami League (AL) has, in its election manifesto, 2008: mentioned “elimination of poverty and inequity” as its fourth major objective. The annex of the manifesto also delineates targets for poverty alleviation. Admittedly, the commitments of the present government as regards elimination of poverty and inequity are heavy and the challenges of achieving these are even heavier, particularly in the context of lack of adequate resources, accountability, transparency, efficiency and good governance. Hence the government will have to devote its efforts to several sectors in order to fulfil this particular commitment of poverty reduction. A few of the do’s are following:

Keeping the right focus: According to the Household Income and Expenditure Survey (HIES) 2005 Bangladesh still has 40 percent people living below the poverty line and 25 percent living below the hardcore poverty line implying that the first group of people cannot afford a daily nutritional requirement of 2,122 calorie and the latter cannot afford even 1,805 calorie. Though there is a declining trend in poverty over the years there is nothing to be complacent about this marginal success as the absolute number of poor people is still huge. On the basis of cost of basic needs method during 2000 and 2005 the percentage of people below poverty line has reduced from 48.9 to 40.0 which means that total number of population below poverty line has come down from 61.7 million to 55.4 million. More depressing is that about 27 million live below the hardcore poverty line who are deprived of basic needs of life.

In the above context, while spelling out the strategy the manifesto briefly and rightly highlights the vibrancy of agriculture and rural economy, and extension of safety net programmes. This is the right focus for a number of reasons. First, though the contribution of the agriculture sector to GDP has been declining it still employs the bulk of the labour force and has the potential to absorb more. Second, more than 80 percent poor live in the rural areas.

Address all dimensions of poverty: Inequality is an added concern to the anti-poverty agenda. Notwithstanding a faster pace of poverty reduction during the 1990s this reduction in poverty was not accompanied by a reduction of income inequality. The AL election manifesto 2008 has rightly pointed out its priority to eliminate inequity along with poverty as it is a major concern for the economic development of Bangladesh.



thus requires a fiscal policy towards resource mobilisation. The revenue-GDP ratio is still the lowest in Bangladesh with only 10.7 percent at present compared to 11.2 percent in India, 14.3 percent in Pakistan and 16 percent in Sri Lanka. The more depressing is the tax-GDP ratio in Bangladesh which is only 8.9 percent and the weakness of the tax structure for being dependent on indirect tax. The accelerated drive of tax collection during the last two years should be continued in order to generate revenue and meet up the requirements of development spending which comprise of a component of social sector. Undoubtedly, active efforts have to be dedicated towards improving institutional and administrative mechanisms of tax collection, reducing complications and ensuring transparency and accountability of the whole tax system. Some initiatives have already started and should be taken forward.

Resource utilisation: The resource situation gets worse with the lack of proper utilisation. Historically, the annual development expenditure (ADP) has been low with the utilisation rate of around 80 percent or so which went further low to 69.3 percent in FY07-08. During the first six months of the FY08-09 the ADP utilisation has been only 24 percent which calls for speedier disbursement and utilisation of funds during the next six months, particularly in view of the target of achieving 90 percent utilisation as declared by the government. Even if we accept the fact that during the initial months of the fiscal year ADP utilisation is usually low and it picks up towards the later part of the year, utilisation of another 66 percent in the next six months seems overambitious and will be a challenging task given the administrative system and procurement law. The Prime Minister’s announcement in a cabinet meeting that laws which hamper the speedy implementation of projects may be revised and changed for the sake of better resource utilisation is encouraging. The government, however, has to be vigilant over any possible wastage of resources during such speedy disbursement.

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Inequality is also evident amongst various regions of Bangladesh as reduction in incidence of poverty is not taking place equally in all regions. For example, divisions in the east which includes Rajshahi, Khulna and Barisal districts are found to be the highest poverty prone areas compared to the western divisions which include Dhaka, Chittagong and Sylhet districts where poverty reduction has happened at a faster pace.

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Third, the rural poor suffer both income poverty and human poverty and thus require support through safety net programmes (SNP). On average, during 1996-97 to 2004-05 the share of spending on SNPs was 0.8 percent of the GDP and 5.7 percent of the total public expenditure. This share has increased substantially during the recent years. In the annual budget of FY 2008-09 the share of SNP has been

proposed to be 2.8 percent of GDP and 16.9 percent of total public expenditure. However, this is far too less even compared to the South Asian countries where the average share is about 5 percent of GDP.

Resource mobilisation: The choices of programmes are often constrained by non-availability of resources and competing priorities. Though over the years the private sector has been play-

ing increasingly important role in terms of setting up industries and making other private investments, the government still has the responsibility to provide public goods including infrastructure, rural development, health and education which are pre-conditions for employment generation and poverty eradication. The present government’s commitment towards pro-poor development policy

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Social inclusiveness for sustainable development

QAZI KHOLIQUZZAMAN AHMAD

SUSTAINABLE development can be achieved only through an integrated economic-social-political-environmental approach. Undoubtedly, economic growth is essential for improved living conditions of the people. But, for sustainability, prosperity must be equitably shared by all citizens. Otherwise, as is well known now, social disparity and political marginalisation accentuate. This outcome is unjust and unethical and a sure recipe for social tensions, even destabilisation; and, over longer run, the process is unsustainable.

In a broad sense, social exclusion may be defined as "the process through which individuals and groups are wholly or partially excluded from the society in which they live". In fact, the poor are disabled by their material disadvantage and constrained circumstances to participate meaningfully in socio-economic-political processes of advancement so that they get socially excluded. At the same time, social exclusion of, for example, ethnic minorities or physically handicapped through denial of economic, social, and political rights and opportunities can cause diverse deprivations to them as an instrumental process.

In the economic arena, social exclusion may take the form of a lack of access to land and other physical assets, credit, skills and labour markets, resulting in economic impoverishment of the affected people and condemning them to poor, even sub-human living conditions (in terms of, for example, undernourishment, ill-health, poor housing or homelessness, and unsanitary conditions). In the social aspect, exclusion may work in terms of discrimination on the basis of, for example, gender, ethnicity, mental and physical handicap, delinquency, and age so that the opportunities of those discriminated against for lifting themselves from their lowly living conditions are effectively reduced.

In the political context, exclusion occurs due to absence of people-centred democracy and in terms of denial of political rights such as political participation and the right to organise and also of personal security, freedom of expression, and equality of opportunity. The socially excluded are often deprived of legal redress of violations of their rights and denial of opportunities to them because either they cannot afford the costs or they are restrained by threats from the powerful perpetrators of injustices on them or their tormentors can bend the rules and laws in their own favour.

Social exclusion may be deliberately imposed by the government or a powerful social group on certain communities or groups. It also takes place through ongoing social processes without there being a deliberate attempt on the part of the government or any group of powerful people to exclude, while there may not also be deliberate public or private interventions to reverse the process of social exclusion of this nature.

When hierarchical levels of deprivations are interpreted to imply varying degrees of intensity of social exclusion, hierarchical (usually exploitative in nature) and lateral (e.g. those most disadvantaged may all be struggling to survive, using whatever little means they can command) social exclusion-based social relations immediately come to the fore. In this context, exclusion-related dynamics of different types and nature, as they relate to social exclusion of different intensity, need to be explored and brought to bear on the relevant policy making processes.

In Bangladesh, a large majority of the population is socially excluded in the sense of being left out from the ongoing socio-economic development process. It is ironic, indeed, that the large majority is socially excluded by a small minority. But this majority is atomistic and powerless, while the minority consists of organised groups of power elites who, between themselves, control the affairs



of the economy and of the state. The downtrodden majority suffers from high degrees of economic and social deprivations and political marginalisation. The deprived part of society in the country is also highly differentiated. That is, the deprived people are divided into many 'societies', depending on different degrees of limitations in relation to their economic circumstances, human capabilities, and access to education, health, employment, information, and financial resources as well as on different degrees and nature of their political marginalisation, all constraining their ability at different levels of severity to conduct necessary activities to break out of the deprivation syndrome.

To substantiate the above comments, a few statistics may be cited. As of 2005, about 40% of Bangladesh's total population was poor according to national poverty line. But, as a consequence of two major floods and a devastating cyclone in 2007, poverty in the country has both increased and deepened. One estimate shows an updated poverty ratio close to 50%, but it could be more. There has been a slide downward for all poverty categories and even for many from non-poor groups. The UNDP Human Development Report 2007/08 puts the proportion of population living on less than PPP\$1 per person/day at 41.3% and that below PPP\$2 per person/day at 84%. PPP\$1 is equivalent to Tk.22.64 according to World Bank's revised PPP and poverty ratio estimates with reference to 2005. Although there may be question marks relating to the data and various parameters used in computing these figures, they surely indicate broad orders of magnitude. Clearly, the economic situation of the large majority of the people of Bangladesh is unpalatable, and for many of whom it is dire.

The economically deprived people of Bangladesh also suffer from social deprivations including illiteracy or poor primary education and negligible participation in tertiary education, ill-health; high levels of undernourishment and underweight among children as well as widespread undernourishment among adults; and high levels of infant and maternal mortalities.

Ethnic minorities and other small social groups suffer from human right deficits of various degrees in relation to various aspects of life and living. Women belonging to the downtrodden categories also suffer the indignities of

dowry requirements, torture at home, and trafficking on a wide-scale.

The children of the socially excluded often face crises of various kinds including insecurity against preventable and curable diseases, trafficking, child labour, and absolute lack of opportunities for self development.

The socially excluded are condemned as such due to systemic injustices which are, in general, more entrenched in the wake of neo-liberal reforms and globalisation. Social exclusion severely limits the abilities of the excluded to break out of the severe insecurity in human terms that they face and is manifested in their extreme vulnerability in relation to income, employment, food, health, education, environment and, above all, prospects for a better future. In other words, they are condemned by 'capability deprivation' into living in conditions unbecoming of human dignity.

They include the landless; unemployed and underemployed; employed but earning very low incomes; small artisans and informal sector operators; disadvantaged women; ethnic minorities; untouchables; mental and physically handicapped; disadvantaged people living in vulnerable coastal areas and river banks and hence on the frontline of severe natural disasters such as cyclones, floods, and river erosions; and other severely deprived groups.

The poor and socially disadvantaged people also suffer the most as a consequence of natural disasters such as floods, cyclones, storm surges, tornadoes, and droughts. Their ability to respond to the vulnerabilities caused by natural disasters is virtually non-existent; moreover, many of them live on marginal lands such as riverbanks, coastal and char areas, and arid or semi-arid lands. Therefore, they are at the forefront of the devastating impacts of natural disasters. The projected anthropogenic climate change and sea-level rise will make things worse for them. As a consequence of extreme climatic events i.e. devastating natural disasters, which are likely to be more frequent and intense in future under climate change, the affected poor become destitute and many affected non-poor (i.e. those just above or not much above poverty lines) are forced to join the ranks of the poor as their few assets are lost, houses are washed away or damaged, employment opportunities collapse, and homesteads are

destroyed by river bank erosions and storm surges if they happen to live on those marginal lands. Relief and rehabilitation programmes undertaken by the government and others provide some succour to the people devastated by natural disasters and help them get back on their feet and resume toiling for eking out a living. But, it is often the case that sudden (caused by natural disasters) and endemic poverty together widen and deepen the poverty syndrome, as has happened as a result of two major floods and a devastating cyclone in the country in 2007.

The ongoing free market dynamics militate against the needs and interests of these people as they are outside the scheme of things in the mainstream. This is so, notwithstanding such internationally high profile poverty reduction programmes as the Millennium Development Goals (MDGs), and the Poverty Reduction Strategy Paper (PRSP) prepared by many developing countries as required by the World Bank and IMF.

Now talk about the way forward to social inclusion and cohesive social transformation. Under the ruling paradigm, generally palliatives are offered to the excluded and deprived majority through various nationally and internationally designed poverty reduction and social development projects and programmes, implemented by the government and also by NGOs. The stated purposes of many of these programmes are good, even laudable. But, in most cases, people to be served are treated as target groups or objects and the underlying basic causes of their exclusion are not addressed.

However, there has also been much talk, often by the power elites themselves, with reference to the need for accelerating development and fast reducing poverty, about empowering people so that they can take control of their own destiny and make the best possible contributions to their own and national development. Also, many politicians have often pronounced, and correctly, that all citizens are entitled to equal opportunities and that they (the particular politicians) would ensure that such is actually the case. But, they usually have made such pronouncements at times of elections, ostensibly to woo the voters. In reality, these power elites have not usually walked their talks; and perhaps, these talks are not, in the first place, meant to be walked. However, some efforts are made to

empower some people in the country by various motivated citizens' groups working with the people within a framework of promoting the self-help concept and people's abilities in communities. But these localised efforts and the results achieved in the country remain negligible compared to the size of the population involved and the nature of the problems to be overcome.

Clearly, therefore, a paradigm shift to an inclusive, sustainable development pathway is called for. The goal to be achieved through this shift may be construed as the empowerment and well-being of all citizens on an equitable basis as well as ensuring the integrity and health of the environment, as opposed to the present reality of power and wealth of some and the exclusion of and ills for the majority and a deteriorating environment and intensifying climate change.

Focusing on social exclusion, the first key implication is that the socially excluded must be enabled to free themselves from the economic, social, and political conditions into which they have been condemned by the ruling paradigm. At the heart of freedom in this sense is empowerment. Quality education, basic health services, basic skill training, ownership of resources, employment, and access to information and appropriate technologies are among the key elements of empowerment. Reasonable levels of achievement in respect of various elements of empowerment would enable one to articulate their demands and work towards securing and expanding their freedoms from, for example, poverty and hunger, oppression, subjugation, lack of opportunities, capability deprivations, lack of access to resources and employment, and political marginalisation and exclusion. For sustainable productive employment of the unemployed and underemployed, the upgrading of their skills and commensurate infrastructural developments are required as economic operations expand. Safety-nets should be strengthened for those who, for health or age or other reasons, cannot participate in income earning activities.

For economic prosperity to be equitably shared as is required for sustainability of the economic process, the patterns of investment and production need to be reoriented towards those sectors (such as diversification of

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To summarise, five key concepts on which the proposed paradigm shift to an inclusive, sustainable development is anchored, as outlined above, are: freedom from the entrenched, debilitating socio-economic-political conditions; empowerment; shared prosperity; unity in diversity; and people's democracy.

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Powering Bangladesh: Learning from past mistakes

SHARIER KHAN

UNLIKE the past election winners, the Awami League came to power this time with a clear idea about what it would do in the power sector. It categorically spelled out a “doable” target of increasing power generation in phases in its five year rule.

AL's election manifesto could have given a much rosier and ambitious picture, but it did not. This reflects that the AL is down-to-earth and a doer in the power sector. After all, one of the success stories of the past AL government is the power sector.

With the global economic meltdown in progress, there is a concern whether Bangladesh would get enough project-financing to achieve this objective. An international player told The Daily Star that project financing has already become very difficult across the world and new projects are now being delayed in different countries.

But a Power Development Board (PDB) source says, major financiers like the World Bank and the Asian Development Bank (ADB) have already earmarked financing for large power projects like the Sirajganj, Meghnaghat 2 or Bibiyana schemes. In addition, the Japan government recently promised US 400 million dollar power and infrastructure sector financing.

According to the former secretary of power ministry Fouzul Kabir, power financing in Bangladesh was profitable as the country needed power and it never failed to pay back loans.

It now seems that power projects promised by the AL would not be impossible to implement.

Yet if financing is not a problem, the AL needs to address another basic impediment- ensuring the gas supply, which is the main source of power in

Bangladesh.

Already, lack of gas supply is responsible for power generation shortfall by 600 mw. The Petrobangla which coordinates gas production and supplies, had been refusing to supply gas to several new power projects as there is a lack of supply infrastructure as well as lack of new gas production source. Like power, the past BNP-led alliance government also had failed there as there had been almost no oil and gas exploration in the country.

Increasing gas production is a much tougher challenge than increasing power generation because first we must find new gas source. To find new gas, there should be oil and gas exploration. But thanks to an excessively nationalis-

tic pressure group (National committee to protect oil, gas and port) that filed a writ petition and the high court has imposed a restriction over on-shore oil and gas exploration. The ban has not been lifted in the last five-six years, because the government did not make any move to have it lifted. The committee giving “nationalistic” arguments is now mounting pressure on the government not to allow oil and gas exploration by foreign oil companies in the Bay of Bengal which, in absence of Bangladesh, is now a playground of

India and Myanmar. Bangladesh as yet does not have any intellectual or financial resource to conduct surveys in the deep sea.

A part of the new gas production may derive from the lone national exploration wing Bapex, which is still a weak front. But it will take seven years for Bapex to strengthen itself and produce some noticeable amount of gas. Bapex is eyeing gas daily production of 200 million cubic feet (mmcf) in 2015, from the present level of 30 mmcf (present total national daily gas supply is 1850mmcf). By that time, 200 mmcf would still be a small percentage of the national picture, as the economy would be much bigger. Therefore, new oil and gas exploration by interna-

tionally companies can not be ignored. Finally, the government may also tap the coal resources. Coal is the main power source in countries like USA, China, Germany or even India but a pressure group does not want Bangladesh to go for significant coal development.

While considering and dealing with these challenges, the AL should also review the past BNP led government's failure in the energy sector and decide what it should avoid. It is interesting to note that presently there are about a dozen large power projects totaling 4000 mw approved by the government since 2000 and onwards, which have not been implemented.

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This has happened mainly because of the inefficiency and short-sightedness of the BNP-led alliance government. Some of these projects saw unsuccessful tender processes conducted by inefficient or inexperienced officials in Power Cell and PDB who bowed down to immoral pressure from some officers of the Prime Minister's Office or the power ministry to favour certain companies in the bid. For instance, the tenders for the Meghnaghat 450mw 2 and Meghnaghat 3 projects failed because

is directly responsible for coordinating power generation across the country. Other projects never made it that far because the top policymakers lacked the political will or did not understand the importance of power sector development. For instance, the Bhola or Bheramara large power projects

But there is also another major reason that never gets discussed: business lobbies and local agents of power companies who would do anything to damage a successful bid to grab a piece of the pie. When these lobbies and local agents see that their companies are being disqualified, they begin the process of discrediting the whole bid. They bribe, they buy off officials and they guide powerful foreign embassies to exert so much influence that a tender process bogs down.

These lobbies and local agents are handful and well known to the policymakers of all regimes. Some of them are dangerously too close to policymakers making it difficult for policymakers to avoid them.

The country could have been benefited immensely if the system of local agency could have been banned. While it can not be done, it is easily possible to introduce a set of rules under which a local agent or business lobby would have to follow a standard set of behaviour or face black listing. Plus, the governing organs like the ministries should not entertain local agents or business lobby when they are participating in a bid. In addition, the government must set some business ethics standard, the violation of which should blacklist any company from participating in any bid in the country.

Sharier Khan is Deputy Editor (Reporting) of the Daily Star.

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DHAKA MONDAY FEBRUARY 23, 2009

Realistic alternative energy sources

ABDULLAH A DEWAN

BA NGLADESH, in recent times, has been experiencing an energy deficit of about 2,000 MW, which has caused shutdown of hundreds of manufacturing plants across the country. There is hardly any office or factory which is not being affected by power supply interruptions on a daily basis.

The conventional resources of energy generation are starkly inadequate, which is holding back poverty reduction, standard of living, and economic progress. Therefore, economists and energy experts are exploring the feasibilities of harnessing renewable energy sources (RES). However, in developing countries like Bangladesh, RES are considered primarily as an option for remote locations where the infrastructure needed to provide supply from the electric grids is prohibitively cost ineffective.

According to a Power Ministry source, the country presently meets 5 per cent of its energy needs from renewables. The government plans to increase it to 10 per cent by 2010 from hydro, solar, wind, and biomass.

The plan includes a 100 MW production target from hydro-sources. Implementation of the Kutubdia wind pilot is also under feasibility review.

A recent study by the power cell of the ministry projected that around 2,200 MW of power could be harnessed from renewable energy sources (RES). At present, the home solar system accounts for 4 MW of power with the future prospect of 300 MW.

Another 2 MW is being generated by wind power which can be dramatically boosted to 1000 MW once wind turbines are installed along the coastline.

The study further claimed that around 600 MW of power could be produced from bio-mass and around 300 MW from co-generation (using the pulp of crushed sugarcane, for example). Various NGOs have helped to install 75,000 home solar systems in remote rural areas under rural electrification and RES programs (see my DS December, 2008 piece, “Green energy”).

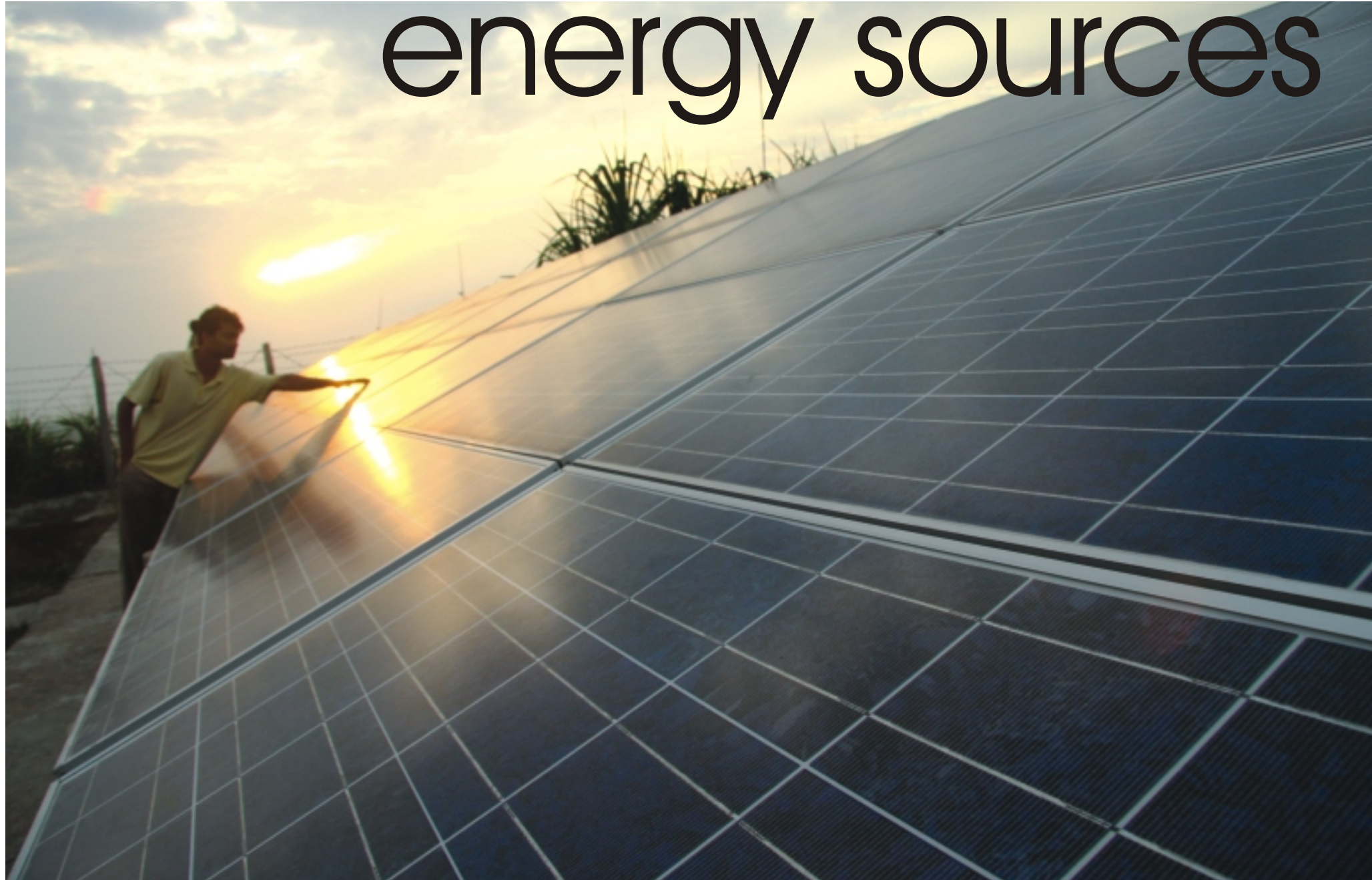
To reach the target of 10 per cent supply of energy from renewables by 2010, the government plans to attract both domestic and foreign investors with incentives, such as corporate exemptions for 15 years, low-interest loans and a cap of 3 per cent on import duty and value-added tax. It is proposed that all investment will originate from private investors and the projected amount of financing would be in the ball park of \$1.5 billion.

A cost comparison of various renewable energy technologies in the US is presented in the table of which solar is the most expensive one. Additional cost reductions will require further technology development, market deployment, scale economies and the establishment of an emissions trading scheme and/or carbon tax -- one that would attribute a cost to each unit of carbon emitted -- reflecting the true cost of energy production by fossil fuels. Under the carbon tax regime the true cost/kWh of these renewable energies would look more appealing compared to traditional fossil fuel energy sources.

Although renewable energy sources offer high promises, they're still out of reach for industrial production. Most experts think the solutions for our present growing energy needs lie in burning gas, coal and nuclear fuel.

Currently the average power generation capacity during peak hours is around 3,800MW and the total domestic gas production is at around 1,780 million cubic feet per day.

Awami League pledged to increase power generation to 5,000MW by 2011 and to 7,000MW by 2013. Experts suggest that to reach the 7,000MW target by 2013 the government would need to install imported coal based power plants since would take years before new domestic fields begin production.



Given the shortages, burning of gas for power generation is not feasible to achieve the target.

The present gas shortage is around 250mmcf/d with the exiting production of 1780mmcf/d. This shortage is likely to deepen by the year and it will turn severe in 2011, according to Petrobangla officials. Even with massive gas exploration efforts, it will be unlikely that any substantial gas production could be assured within 6 to 7 years.

With regard to coal and oil, the government will have to resolve some contentious coal policy issues vis-à-vis national interests such as demand for the cancellation of the agreement with Asia Energy for the Phulbari coal field and the award of offshore blocks to international oil companies.

Although abundant in supply, coal is also the most polluting and that is a major concern for global warming and climate change. Coal, when burned, emits nitrogen oxides, sulfur oxides, mercury, carbon dioxide, fine particles and other air pollutants. Research is now underway in search of “clean coal technology (CCT)”.

General Electric already has an

Energy source	2001 costs	Potential future cost
Wind		
48 ¢/kWh		
310 ¢/kWh		
Solar photovoltaic	25160 ¢/kWh	525 ¢/kWh
Solar thermal	1234 ¢/kWh	420 ¢/kWh
Large hydropower	210 ¢/kWh	210 ¢/kWh
Small hydropower	212 ¢/kWh	210 ¢/kWh
Geothermal	210 ¢/kWh	18 ¢/kWh
Biomass	312 ¢/kWh	410 ¢/kWh
Coal (comparison)	4 ¢/kWh	

Integrated Gasification Combined Cycle (IGCC) system that successfully converts coal into a cleaner burning energy source. The IGCC System also makes it easier to separate CO2 and emits less than half of the sulfur oxides, nitrogen oxides, mercury, and particulate matter that would be emitted by a traditional pulverized coal plant. The GE research team is hard at work on inventing the next generation of power systems that will help convert coal into an even cleaner burning fuel.

Concerns exist regarding the eco-

Renewables energy sources will not bring the country's salvations from the growing energy shortages (can only complement somewhat). Given that open pit coal mining is unacceptable and burning unclean coal will have disastrous ecological imbalances, clean coal technology is not yet available to generate coal energy at an industrial scale, and severe gas shortages will soon hit the country, the energy choice for the future is nuclear.

nomic viability of these technologies and the timeframe of delivery, high hidden economic costs in terms of social and environmental damage, and the costs and viability of disposing of removed carbon and other toxic matter (See my DS Sept. 4 article, “Economics and ecology of dirty energy”).

Interestingly, nuclear energy is conspicuously absent from the group of renewable energy sources primarily because it isn't considered inexhaustible. However, in 1983, physicist Bernard Cohen proposed that uranium, the primary fuel for nuclear

tion machineries is environmentally concerning. However, once nuclear reactor starts generating power it is CO2 emission free.

The installation of NPP depends substantially on politics, and this politics has come out differently in different countries. One aspect of this politics is nuclear waste -- that is, disposal of burned up fuels. The other aspect is -- what to do with bomb making material plutonium which is produced as a byproduct of burning uranium. For Bangladesh, the concerns about making nuclear bomb are not an issue but disposition of nuclear waste is.

By design, a NPP cannot blow up like a nuclear bomb. However a lesser blow can occur if it is sufficiently badly designed and operated. The 1986 Chernobyl NPP accident occurred as the reactor reached 150 times its normal power level before its water turned to high pressure steam and blew the plant apart, thus putting out the nuclear reaction. This only took a few seconds. By all accounts, it was a poorly designed nuclear reactor and no other reactor of that design is in operation today.

About one cubic meter of nuclear waste per year is generated by a NPP. This waste consists of the fission products. After about 18 months in the reactor, the burned fuels, which are highly radioactive, are removed from the reactor, and stored in water in an enclosed Olympic size swimming pool. Current estimates show that after 10 years, the fission products are 1,000 times less radioactive, and after 500 years, they will be less radioactive than the uranium ore they're originally extracted from.

Some people argue that the energy required in building NPPs, operating

them, and mine and process the uranium may be so large as to cause a net energy deficit. This argument is nonsensical. The basic fact about nuclear energy is that the input energy is 4.8 per cent of output energy if 'gaseous diffusion' is used to enrich uranium and 1.7 per cent if the 'centrifuge' technology is used.

One can look at the fact this way: if gaseous diffusion is used for uranium enrichment, the energy invested in building the plant is paid off in 5 months, whereas if centrifuges technique are used the pay off time is 4 months. Under any practical circumstances, Bangladesh will not be enriching uranium for power generation -- it will buy enriched uranium from the company that will build the NPP. Therefore, the authorities should look for companies that would supply nuclear fuel that is enriched by the least costly method.

Renewables energy sources will not bring the country's salvations from the growing energy shortages (can only complement somewhat). Given that open pit coal mining is unacceptable and burning unclean coal will have disastrous ecological imbalances, clean coal technology is not yet available to generate coal energy at an industrial scale, and severe gas shortages will soon hit the country, the energy choice for the future is nuclear. My June 22, 2006 DS article, “Nuclear energy: Is it safety or political will?” covers all other rationales why Bangladesh should go for nuclear energy.

Dr. Abdullah A. Dewan, formerly a nuclear physicist at BAEC, a nuclear engineer from North Carolina State University, is professor of economics at Eastern Michigan University.

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Food security

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Rewarding results

In some villages of Kurigram, Rajshai, Jamalpur, Khulna etc. small and marginal farmers had long been growing traditional paddy -- with pitifully low output - when their counterparts in other parts of the country have already marched towards modern varieties. The land on which Pajam was grown in Kurigram @ of 6-7 maunds per bigha, farmers now grow 12-13 maunds of BR33 per bigha. FoSHoL changed the mindset of these poor farmers and forced them to reshuffle their risk-strategy. Thus, from one bigha of land they can now manage additional 3-4 maunds (120-160 kg) of rice equivalent of paddy. Assuming daily requirement of 2.5kg per 5-member household, the resource poor household seemingly stands safe for 1.2 additional months of food. Line sowing, scientific preservation of seeds, links with extension also add to the quantum of food available and that remains to be recognised. So, to ensure food security, we learn that the prime propeller is technology and extension.

But modern crops also need expensive inputs. Where should the extra money come from? The poor households formed a group (of 20-22 members) imbibed with the spirit of cooperative instinct. They deposit Tk.5-10/week to a common fund run by their elected members. The money is kept in banks. The members can borrow at very easy terms (say at 10-15 percent interest rate) with an accommodative installment payment policy. Monitoring, screening and servicing are done by the group. They now plan to raise group's savings by investing in fish culture, leasing in khas lands, transplanting trees on road side on

contract etc. By and large, apparently, access to credit is not a very big problem for them.

While access to technology and finance could postpone the pains of FS for a while, the question of capacity for coping crisis on a sustainable basis looms large on the horizon. That needs an overall capacity building within the household. To this end, women have been drawn to form separate groups (also they join with males). All the abovementioned activities are done by women themselves: group formation, deposit mobilisation, record keeping, technology adoption etc. To ensure FS for these households, FoSHoL prompted them to be prominent in terms of decision making, allocation of land, children's education and health etc. Thus, unused homestead land is now widely filled with vegetable cultivation for extra income and consumption. Again, note that one-third of respondents reported loss of livestock and poultry as shocks faced by them. Knowledge about vaccination, worming, fattening etc has reduced mortality rates of livestock and poultry birds and increased income and consumption. Thus, it is not surprising that these women now share 40-45 per cent of the household income compared to almost none previously. And by virtue of their contribution, they have become more empowered than before.

In Rajshahi areas, attempts are there to work on tenants' rights. In some places, tenants have got written contract to cultivate land for specified periods with stipulated win-win share of crops. As a result of this, the incentive problem has reduced with positive impacts on land productivity. In other places, khas land had been turned into



'bazaar' so that small and marginal farms get access to markets to produce surplus. Wholesalers collect perishable products from these bazaars.

The feelgood factor

The feelings of the target households about the changes are very important. First, they feel that they have better FS than before: number of months without three meals a day came down. Second, land is more productively used than before and changes in cropping pattern and land use opened the doors for extra income. Third, they can now meet demands of children at ease

as women have extra income. Fourth, women have become worthier to husbands as they contribute to the household kitty. And finally, because of the knowledge gained from FoSHoL, they have become more respectful to the villagers who, sometimes, come seek their advice.

Conclusions

The bottom line of the discussion is as follows. Food Security is not a forbidden fortress. It requires neither heavy dose of dolls nor demands a creed of credit. Only agricultural and rural development can ensure FS for the

poor. In many cases, it is the ignorance of the households that, to an extent, ignites food insecurity for them. Even very poor households could improve upon FS provided they know how to best utilise the meagre amount of resources at their disposal.

FS thus rests on research on new crops and extension to disseminate findings, women's participation and innovative institutional arrangements. Let us facilitate FS for households rather than funding it.

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Abdul Bayes is Professor of Economics at Jahangirnagar University.

Agri development



FROM PAGE 49

technologies, investing in agricultural research in collaboration with international organizations, developing rural infrastructure including reliable and expanded irrigation systems, bringing ecologically unfavorable areas under cultivation, strengthening extension services, improving marketing services, providing quality seeds through public-private partnerships and ensuring rural financial services.

Reevaluation of the food and agricultural strategies and policies in Bangladesh has therefore, become a top priority. Certain basic issues have

to be considered in this context. In particular, it appears in the light of recent developments in global market which are likely to persist in future that for staple food like rice, self-sufficiency rather than self-reliance is a more sensible policy to pursue. Various studies have shown that Bangladesh has a comparative advantage in rice production for import substitution, if not for export. So all efforts should be geared to achieve this objective. An increase in population by almost 2 million every year means that the country should target an increase in production by 0.35 million tons of rice every year.

Moreover, the current deficit of 2.5 million tons need to be met by incremental domestic production. Roughly a 3.5 per cent annual growth in rice production need to be targeted to ease the situation within the next five years or so. An increase in investment in research and development would take time to have its full impact on foodgrain production. Possible medium-term measures include, among others, (a) adoption of hybrid rice (b) use of quality seeds (c) reducing yield gaps through better crop management and (d) efficient operation of input markets to ensure timely availability of essential inputs at reasonable prices. An important area in which public sector involvement is critical is agricultural research, education and training for generation of knowledge, information and technology. Because of severe land constraint, sustainability of growth in crop production in the coming decades will depend on the government's continued support to developing agricultural technologies, improving farming practices, and transferring new technologies to the farmers. Resources for agricultural research and development have been made available by some donors and also by the government. Proper utilization of these resources and the institutional arrangements required for the same need to be examined and recommendations formulated. This will be extremely important in the medium and long term context. The NARS need to be adequately supported -- and their collaboration with the IARS strengthened.

Agriculture in Bangladesh has undergone major transformation, including changes in its structure, resource base, technology and organization of production. The changes were led by crop production, especially production of rice. The near-

stagnation of foodgrain production in the first half of the 1990s gave way to a significant surge in rice production during the later years, which not only drastically reduced the 'food gap' but made the country nearly self-sufficient in foodgrain production. There has, however, been some deceleration in growth of foodgrain output in recent years. In the context of these developments, there is a need to re-thinking of the agricultural and rural development strategies to cope with changed circumstances.

Except for a few import-competing crops such as sugarcane and oilseeds, Bangladesh has comparative advantage in the production of most agricultural crops. The exploitation of this potential will, however, depend on investment in developing infrastructure for storage, processing, marketing and financial services, for which public support is needed. Investment for reliable supply of power in rural areas, development and maintenance of an efficient transport network, and modern communications facilities for low-cost and timely exchange of information is crucial. The development of infrastructure will also reduce the cost of processing, storage and marketing of fisheries and livestock production which will encourage private sector investment in these activities. Investment strategies in these areas merit serious examination for formulating recommendations for the medium and long term.

In response to changing pattern of demand with growing income and urbanization, the future strategies needs emphasis on promoting non-cereals crops, fish, and livestock products. Faster development of livestock and fisheries will also contribute to equity and food security by focusing on disadvantaged social groups and regions where the crop production

environment is unfavourable. The promotion of rice-fish cropping system in the deepwater floodplain and saline-affected coastal areas (areas bypassed by the green revolution) could help improve economic conditions of the rural poor in these less developed regions. Agricultural diversification (with potential for exports) will also need to be considered in the new global scenario. To face the challenges of emerging global opportunities, WTO rules provide several opportunities which Bangladesh agriculture can capitalize under the Agreement on Agriculture (AoA). Bangladesh, as a least developed country, is exempted from reduction commitments on tariffs, export subsidies and domestic support to agriculture. In the present situation, Bangladesh can increase support to agriculture without violating the provision of WTO to avail emerging opportunities along several directions: geographically fast growing export markets; horizontally increasing the spread of export commodities; and vertically increasing value added of export commodities.

The priority for Bangladesh, therefore, is to ensure sustained rural development along with productivity growth in agricultural production, development of efficient markets to facilitate food distribution and storage, strengthening emergency preparedness to address transitory food insecurity, expanding income generating opportunities of the poor and food-insecure households along with targeted interventions to address immediate needs, and improving nutritional outcomes through raising consumption of safe and nutrient-rich foods among the vulnerable groups.

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Dr. Quazi Shahabuddin is Director General, Bangladesh Institute of Development Studies.

DHAKA MONDAY FEBRUARY 23, 2009

Banks in financial re-engineering

KHONDKAR IBRAHIM KHALED

BANKS mobilise savings, regenerate savings through investment, plough back generated savings to reinvest again and the cycle moves on. A bank functions at each step of the 'savings ? investment' process. Banks are therefore, known as mirror of a country's economy.

For the last two years, investment remained stagnant in the country, presumably because of promulgation of emergency laws, which meant withdrawal or curtailment of basic human rights and also other normal citizens' rights as recognised by the Constitution of our country. Investments flourish in a market economy, when democratic rights are protected by the state. Political democracy is congenial for the growth of free market economy. Both enjoy similar rights to exist and prosper.

Against this background, restoration of democratic government through a free and fair election, participated by record number of voters, is a positive event for economic development.

We may refer to the inferences drawn by the governor of our central bank at the time of presenting the new monetary policy. New policy visualises an increased growth rate of national income at 6.50 percent and decreased inflation rate of 8.50 percent. This is an optimistic projection. In my opinion, this is achievable. Finally, growth rates may vary from the projection, but the trend shown by the projection will not change. Rate of inflation will decrease and rate of growth of GDP will increase.

If we look back to glance through the price scenario in our country during the past couple of years, we observe steep rise in prices of all essential items, pushing the inflation rate to cross double digit. The reason was



At the end of 2008, operational profits of the banking sector looked handsome, even higher than those of the previous year. This was a puzzle to many people, as the banks earned high profits, though investment was stagnant throughout the year. This is because banks earn major part of their profit from the interest accrued on outstanding loans. Market conditions discouraged the borrowers to pay back loan installments and the bank happily calculated profits on default loans

Many big industrialists and business magnets were rounded up and put behind the bar during the emergency rule. Some were detained without any formal charge sheet or case. Harsh measures were taken to strike back at corruption. The intention was noble but the process proved counter-productive. Result is stagnation of investment, local or foreign. Had it been for a short spell of time, return to normalcy could have been easy. But two years' time cannot be termed as a short period. Hence, restoration of normalcy in investment in particular and overall economy in general may take some time.

obvious. Natural calamity hit the country hard; severely damaged crop and properties of people and created almost a famine condition in the affected areas. Food price was very high in the international market. At one point, there was no exportable surplus of rice in any country.

Bangladesh has witnessed a contrasting scenario at the end of 2008. Price of petroleum came down to US \$ 40 from a peak of 150. Prices of rice, wheat, edible oil drastically declined in the international market. Crop production within the country brought smile on the face of farmers. The trend of decline in prices continues in the

new year, 2009. Under the changed circumstances, projection of inflation rate at 8.5 percent seems reasonable. We will not be surprised if inflation rate dwindles down even below 8.5 percent.

We do not have very strong argument in favour of increasing GDP growth rate to 6.5 percent. If investors get back their lost confidence, if they really start investing in productive sectors, if foreign investors follow suit and if peaceful business environment continues, there is hope for increasing GDP growth. A keen eye may have already discerned some positive signs of investment regeneration. Reaching the target will depend on many more factors.

With such projections and overall outlook in mind, we may now enter into the financial sector to understand its present and future behaviours.

At the end of 2008, operational profits of the banking sector looked handsome, even higher than those of the previous year. This was a puzzle to many people, as the banks earned high profits, though investment was stagnant throughout the year. This is because banks earn major part of their profit from the interest accrued on outstanding loans. Market conditions discouraged the borrowers to pay back

loan installments and the bank happily calculated profits on default loans. This is, however, a normal banking practice. If default continues for longer period, the loans will be 'classified' and banks will be required to plough back 'provision' from their earned profit. Simultaneously, charging of interest on 'classified loan' remains suspended, creating penal pressure on the bank either to recover stuck-up loans or to suffer loss. 2008 was the sensitive marginal year. If banks can come out of classification crisis by regularising stuck-up loan accounts in the new year, they will not suffer from penal provisions. All these will depend on the opening up of new investments, gearing up of production and functioning of business in a peaceful environment.

During emergency rule, depositors were scared of unusual search and enquiry about their bank accounts. In the process, large deposits were withdrawn from the banks, presumably for safe hiding. Withdrawal of deposits did not create liquidity crisis because of simultaneous stagnation of investment.

After restoration of democratic rule, the situation may take a positive turn. But the process appears to be zig zag in nature. All the deposits, with-

drawn during emergency rule may not rest idle in the country. Part of it might have flown to other countries seeking safety and investment. Financial crisis in the west might have eaten up portion of such fund. Rest of the money may return to the country, if financial environment becomes congenial.

Banks will find their critical role in anticipated financial re-engineering. We may witness large consortium loans in coming days. The process appears to have already started.

Bangladesh Bank has advised all local and foreign banks to go for agricultural lending. Bangladesh Krishi Bank is proceeding steadily. Other government owned banks are also supportive. But the private and multinational banks are reluctant, because of their absence in the rural areas. Moreover, typical structure for city-based banking is not appropriate for financing rural economic activities. We may innovate and develop a suitable rural banking structure in line with Micro-financial Institutions (MFI) to meet the challenge of rural finance.

Khondkar Ibrahim Khaled is Chairman, Bangladesh Krishi Bank.



The dual challenge

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Also, whatever pro-poor growth has been made, that too has not happened evenly across various sections of the society. It is claimed that women have been able to come out of poverty to a large extent through their participation in more productive wage employment facilitated by higher education. But such improvements are concentrated mostly amongst richer women and thus the impact on poorer women is much less. The paradoxical situation that faster reduction in poverty has, in fact, been accompanied by increasing inequality indicates that poverty has various dimensions and therefore, poverty reduction programmes require consideration of multifaceted impact on the poor people.

Poverty is a primitive problem of human civilisation. The world has progressed economically, socially, technologically. However, poverty continues to be a companion, like a shadow of development. During the

pre-historic period lack of resources has been the prominent cause of poverty while in modern days it is the lack of efficient use of resources and inequality in distribution of resources. Hence policy initiatives towards poverty reduction have to consider these aspects as much as the need for accelerated growth. Those who were once our co-fighters in the journey of poverty alleviation such as Indonesia, Malaysia, South Korea and Taiwan in the seventies have progressed leaving us behind. We bear the pain of poverty till today. While we find gratification by decreasing poverty level even by a small percent, others now talk about social justice and right of access to resources. Human beings are born not to fight against poverty but to nurture and utilise their talents, express their creativity. The real meaning of progress is embedded in this.

Dr Fahmida Khatun is an economist at the Centre for Policy Dialogue (CPD).

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Social inclusiveness

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agriculture, rural non-form activities including trade and manufacturing, small enterprises, and upgrading of urban informal sectors) in which people with lower skills, even unskilled people, mostly coming from the deprived segments of the population, can be productively employed. But, over time, their skills should be upgraded through on-the-job and formal training. At the same time, economic enterprises should be expanded and technologically upgraded to raise productivities and enhance economic growth prospects. Obviously, the question of demand for the products and services generated should be kept in sharp perspective as emphasis is placed on any particular sector's expansion.

At the same time, potential high-tech manufacturing and service industries including Information Communications Technology (ICT) activities and banking and financial institutions must also be facilitated for their expansion. But, corporate social responsibility must be clearly codified, which should then be observed by the corporate sector under appropriate and effective regulatory watch. The government's role is to adopt policies and guidelines, develop necessary infrastructural facilities, and create an environment of incentives for the private investors to invest in the above mentioned and other similar sectors and in appropriate locations for the inclusive approach to succeed. When the now excluded people are absorbed in economic enterprises, it will not only serve the interest of the those people but will also contribute to national

economic growth as new productions will result from new and more productive employment.

But, the ruling paradigm based on neo-liberalism needs to be reformed to create the basis for the reorientation of the pattern and tone of economic growth as indicated above. For the market to work for all, appropriate and effective regulatory systems must be put in place and properly implemented. These systems should specify the roles and responsibilities of all actors, viz. the private sector (e.g. production and distribution of goods and services in real and financial sectors), the government (e.g. facilitation as appropriate, infrastructure development), the consumers, and so on, which they will carry out under effective legal watch. The government must be responsible for taking steps to protect and enhance the rights and interests of the poor and disadvantaged people and ensure their adequate access to basic services such as quality education and training, primary healthcare services, information, electricity, and water.

Social inclusiveness does not mean that diversity is to be destroyed. On the contrary, diversity has to be celebrated. There is a wide range of cultural and other diversities in the country. One is likely to be more interested and fulfilled in subscribing to and promoting changes being introduced when their cultural and other distinctive aspects of life are respected. What is necessary is to seek out the commonalities and, building on those, establish unity amidst diversity for collective pursuit of common goals.

The final element in the package is

the establishment of people's democracy at all levels of society. Good governance is crucial for good democracy; and, for that, establishment of transparency and accountability and corruption control are essential. Local governance with appropriately devolved powers would provide an effective framework for local mobilisation (economic, social, political) and action. Macro-micro policy congruence is essential for a nationally cohesive, sustainable development pathway to be constructed and implemented at all levels of society for the well-being of all.

To summarise, five key concepts on which the proposed paradigm shift to an inclusive, sustainable development is anchored, as outlined above, are: freedom from the entrenched, debilitating socio-economic-political conditions; empowerment; shared prosperity; unity in diversity; and people's democracy.

The country has just returned to democratic ways. Bangladesh Awami League-led alliance has taken office with an overwhelming majority in the Parliament. The recently held upazila elections are a step in the right direction in the context of democratisation at all levels of society. The upazila parishads are now more independent as MPs are no longer advisers to them. But, unless financial independence is also ensured, administrative freedom further expanded, and powers are properly developed, upazila parishads won't be as effective as they should be for spearheading sustainable development at local spaces. The same comments apply with respect to other tiers

of local governance. At the same time, vertical working relationships between various tiers will also need to be clearly defined.

Awami League has, in its election manifesto, promised a change, with people at large as the focus of attention, for socio-economic advancement of all. The stated goals are by and large consistent with social requirements of sustainable development. It is appreciable that, within the first 10 days or so of taking office, the government adopted some people-focused steps such as those aimed at reducing prices of rice and other consumer essentials, reduction of the prices of non-urea chemical fertilisers by about half, some reduction in the prices of diesel and kerosene with further reductions in prospect, and those announced to improve energy sector's performance and reach. One expects that this process will be strengthened and concerted people-centred policies and actions undertaken. However, an overall framework is essential for properly coordinating actions across sectors in the light of the proposals made in the manifesto and other relevant concerns to bring about the promised people-centred change, which should help ensure social sustainability of development.

The analysis and conceptualisation provided in this paper should be a useful basis to build on towards formulating the necessary framework.

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Qazi Kholiquzzaman Ahmad is Chairman, Unnayan Samannye and President, Bangladesh Economic Association.

