

## ECONOMIC OBSERVER REPORTS

### **PM urges apparel makers to help cut poverty**

Prime minister Sheikh Hasina recently said her government had been relentlessly working to cut down the poverty rate to 21.5 per cent from the existing 31.5 within the next four years by developing the country's agriculture and industrial sectors.

Inaugurating the three-day 22nd Bangladesh Apparel and Textile Exposition- 2011 (Batexpo-2011) at the Bangabandhu International Conference Centre, she urged the apparel industry owners to take more steps towards improving the working condition and salaries of their workers to achieve the poverty reduction goal.

The prime minister also laid emphasis on better relations between workers and owners for better productivity and assured the apparel industry owners of extending all necessary government supports to the sector as a facilitator.

Jute and textiles minister Abdul Latif Siddiqui, LGRD minister Syed Ashraf Islam, industries minister Dilip Barua, commerce minister GM Quader, civil aviation and tourism minister M Faruk Khan and shipping minister Shajahan Khan also spoke on the occasion.

Chaired by BGMEA president Safiul Islam Mohiuddin, the inaugural session was also addressed by its first vice-president Nasir Uddin Chowdhury and second vice-president M Siddiqur Rahman.

Reiterating her firm commitment to the development of the apparel sector and ensure the welfare of the workers, Hasina said the steps of the government and efforts of the garment owners would be successful in expanding the export-oriented sector.

The prime minister said the new industrial policy of the government had earmarked 21 sectors as thrust ones for providing greater opportunities to private entrepreneurs.

To create more opportunities for setting up new industries, she said, the government was going to set up special economic zones across the country.

About investment, Hasina said domestic and foreign investments were increasing while capital machinery and raw material imports were showing positive growth.

The country has already earned GSP facilities to India, Malaysia, South Korea, Japan and China, she mentioned.

Highlighting her government's steps to protect the highest foreign exchange earning garment sector from the fallout of global recession, she said her government had been providing incentive to the sector for the last two consecutive years apart from 17 other sectors.

About the government measures to build a convenient road communication system and increase port facilities, Hasina said communications through roads, railways and waterways were improving fast. The cargo and container handling capacity of Chittagong and Mongla ports has been increased due to the introduction of automation system.

Besides, she said Dhaka-Chittagong highway was being converted into four-lane ones to ensure smooth movement of exportable items.

Listing the social welfare measures taken by the government for around 3.6 million garment workers, the prime minister said rations were being provided to them along with medical services, housing facilities and education for their children.

Hasina appreciated the apparel industry owners to empower the country's huge women and enhancing their status in their families, and

thanked them for implementing the government-set minimum wages of Tk 3,000.

She urged all to work together to turn the country into a middle-income nation by 2021 as envisioned in the election manifesto of her party.

The Batexpo-2011, the country's largest apparel show, kicked off with a high hope to draw larger number of foreign buyers despite the global economic crisis.

A total of 146 stalls of garment accessories (local and foreign), garment fabrics, garment technology and stock lot have been set up at the fair venue.

Opposition BNP chairperson Khaleda Zia is scheduled to attend the closing session of the three-day show as chief guest.

Former industries and commerce minister MK Anwar, BNP acting secretary general Mirza Fakhrul Islam Alamgir, former minister and Khaleda's adviser M Osman Faruk and former commerce minister Amir Khasru Mahmud Chowdhury will also be present at the concluding session.

The organisers expect that this year's Batexpo would be different and it would be able to attract more foreign buyers than in 2010 with an increased volume in spot orders, which was 65 million dollar last year.

It will be a reunion for both foreign buyers and local manufacturers, and the fair would help expand global market for Bangladesh's ready-made garments, they say.

MGH, SAASCO Group, GIZ, IFC Bank, Exim Bank, Southeast Bank, Airtel, NCC Bank, Shahjalal Islami Bank and Well Park Residence are among the sponsors of the event.

### **Government plans big on Chittagong port: PM**

Prime Minister Sheikh Hasina said recently the government is working to make Chittagong Port a gateway of South Asia's commercial hub.

"Steps are being taken to remove all the hassles facing by port users and ensure import-export activities with transparency," Hasina said while inaugurating the computerised container terminal management system (CTMS) and radiation detection system at the port building in Chittagong.

Currently, more than 90 percent of the country's export and import is done through the Chittagong Port.

The prime minister said bulk cargo handling has increased by 12 percent and the number of ship arrivals at the port went up by 8 percent during the last fiscal year.

She said the government has undertaken the task of constructing a deep-sea port at Sonadia in Cox's Bazar to expand commercial activities in South Asia.

On completion of the deep-sea port, the lifestyle of the people of this region, including India, China and Myanmar, will improve, she added.

Hasina said dredging in the channel of the Pashur river will start soon to develop Mongla Port.

She said with the inauguration of the computerised CTMS and the radiation detector, the premier port has been digitalised replacing the manual management operation.

The prime minister said the Chittagong Port has been turned into a safe port in the world with the installation of the radiation detector with financial and technical cooperation from the US.

Prime Minister Sheikh Hasina said illegal transportation of goods will be prevented through radiation pronouncement.

The Chittagong Port through its Mega Port Initiative has joined the international terrorism prevention activities.

She said the improvement of service at the Chittagong Port to international standard will attract increased overseas investment and help expand trade and business.

"We want to become a maritime force in combination with Bangladesh Navy, Bangladesh Coastguard, and Bangladesh Shipping Corporation."

The Prime Minister said the work on installing Global Maritime Distress and Safety System already began to ensure the protection of mariners and ships.

Besides, International Ship and Port Facility Security (ISPS) Code has already been implemented.

According to the IMO Convention, she said, shipping and maritime culture has been built up in Bangladesh, which has emerged as a shipbuilding nation.

Bangladesh has been building and exporting oceangoing vessels to different countries, including Germany, Finland and Denmark, she added.

Mentioning the government's firm commitment to turn Chittagong into the commercial capital of the country, Hasina said a tunnel would be built beneath the Karnaphuli river.

Shipping Minister Shahjahan Khan and Chairman of Chittagong Port Authority Commodore Anwarul Islam also spoke on the occasion.

Port officials said container handling capacity of the port will double with the new system introduced that is sure to help ease the complete container handling process and make the stakeholders anxiety-free while tracing out their containers at the yard.

With the implementation of the CTMS, the operational activities of the import and export

containers and payment of charges and dues will come under online networking system.

Under the new system, loading and unloading activities of the container ships at the port, shifting of containers in the yard, stacking, tracking, delivery and gate control will be conducted through online billing.

Partial operation of the CTMS system began at the port's Chittagong Container Terminal and New Mooring Container Terminal on October 10 and at the general cargo berths on October 12 last.

The equipment that will be added to the handling capacity of the port include six straddle carriers, three container movers, 10 low-mast fork lifts and four rubber-tyred gantry cranes worth Tk 117 crore.

The import consignments from Finland, Germany, South Korea, Japan and the USA include equipment for bulk cargo handling as well.

### **Bangladesh on firm footing in global remittance: WB**

Bangladesh has emerged as the eight largest remittance earner, riding on the back of migration in flocks to the Middle East, according to a global survey by the World Bank.

Migrant deployments from Bangladesh grew strongly this year, the global lender said in its report after conducting the survey recently.

Migration in large numbers to the Middle East in the recent years has placed Bangladesh on a firm footing in remittance earning.

The WB Migration and Remittance Unit prepared an estimate for the whole year on the basis of information available until September.

Bangladesh's inward remittance stood at 11.99 billion dollar. India came in first with revenue

earnings worth 57.82 billion dollar and China stood second at 57.28 billion dollar.

Among the developing countries, Bangladesh holds the fifth position.

Migration from Bangladesh for jobs increased rapidly since 2007, and it is the main contributor to the country's high remittance earning, said Zahid Hussain, a WB senior economist.

Before 2007, around two to four lakh Bangladeshis migrated abroad. In 2008 the figure rose to nine lakh in a single year.

Citing one of his studies, Hussain said remittance increases mainly due to two factors — an increase in net migration and an increase in the per head remittance of the expatriate worker.

Hussain said remittance increased 32.5 percent in 2008 — 22 percent of which took place due to net migration. Remittance earning per worker increased by 10 percent, he added. "The trend still continues."

According to statistics from the expatriate welfare and overseas employment ministry, minimum annual migration stood at 4.75 lakh from 2007 to 2010, while the maximum was 8.75 lakh. However, in 2010, it slumped to an extent and stood at 3.9 lakh.

According to statistics from the first ten months of this year, 4.59 lakh Bangladeshis migrated. Ministry officials said it will cross 5 lakh by the end of the year.

In developing countries, including Bangladesh, migration to the Middle East became more lucrative since the oil price hikes as the nations took on more development projects, hence generating demand for more workers.

High oil prices, hovering over 100 dollar a barrel in recent months, continue to provide a much-needed

cushion for migrant workers in Gulf countries and Russia, the WB report added.

Remittance from the GCC (Gulf Cooperation Council) countries to Bangladesh and Pakistan — where the GCC accounts for 60 percent or more of overall remittance inflow — grew by 8 percent and 31 percent respectively in the first three quarters of 2011 on a year-on-year basis, the lender said.

However, the WB said there are risks associated with the ongoing debt crisis in Europe and high unemployment rates in the high-income OECD (The Organisation for Economic Co-operation and Development) countries for the employment prospects of migrants.

Hussain said Bangladesh may escape the impacts of a second recession as most migrants go to the Middle East. Even if oil prices drop, the ongoing rate of development in those countries will require a large number of workers.

The economist said Qatar is building high tech stadiums, as the country will host the World Football Cup matches in 2022. The Middle Eastern nation will also hire workers from developing countries such as Bangladesh, he said.

Oil prices may slump due to the financial crisis in the US and Europe. But the prices may go up if demand increases in China and India, he said. In that case, the Gulf economies will witness no slow-down, he added.

### **Remittance hits 10-year high**

Remittance inflows hit a decade high of 12.17 billion dollar in the just concluded year, offering the government a much-needed cushion against dwindling foreign exchange reserves and exchange rate volatility.

Remittances grew 10 percent in 2011 from the previous year.

According to data from Bangladesh Bank, remittances rose 26 percent to 1.14 billion dollar in December, compared to the previous month.

"An increase in the outflow of workers and the depreciation of the taka have bolstered the inflow," the central bank said in a statement recently.

A migrant worker now gets Tk 82 for a US dollar, up from Tk 70 a year ago, according to treasury officials.

The latest growth in remittances comes as more workers are joining the bandwagon of more than 7.6 million Bangladeshi migrants, 80 percent of whom working in the oil-rich Middle East.

During 2011, the outflow of migrant workers surged 45 percent to a two-year high at 568,000 due to opening of new jobs.

Key Middle East countries need more foreign workers now as they are taking more development projects, inspired by high oil prices at around 100 dollar a barrel.

Between the years 2002 and 2008, remittance earnings were below 10 billion dollar.

The inflow crossed the double-digit mark in 2009, buoyed by a record outflow of migrants during 2007 and 2008 in the wake of a construction boom in the Gulf states.

After 2008, the outflow of new migrants slumped due to a slowdown in demand. But it rose again last year, enabling Bangladesh to emerge as the eighth largest remittance earning country, according to a World Bank survey released recently.

The growth in remittances, the second biggest foreign currency earning sector after exports, gives a much needed cushion to the government to face a rising pressure on the country's balance of payments (BoP).

"It gives a breathing space. The growth is very much needed considering the falling foreign exchange reserve situation and volatility in exchange rate," said Zahid Hussain, a senior economist at the World Bank's Bangladesh office.

"The growth will help policymakers face the pressure on the balance of payments," he said.

Hussain linked the spiral in remittances to a rise in the outbound workers.

He said this growth should continue at least in the next six months.

"But a deep and protracted recession is bad news for us from the perspective of remittances earnings," said Hussain, fearing that the deepening of Eurozone crisis might lead to a decline in oil prices and thus hurt the economies in the Middle East.

"There is a risk whether contracts of the old workers will be renewed if the economies of these worker-employed countries slow down."

He said a portion of workers who left the country in the recent months would begin sending money by the end of the current year.

But he suggested that the earnings per worker should be increased for long-term sustainability in the growth of remittances, which account for 11 percent of the country's gross domestic product.

"It is important to focus on sending more skilled workers to raise earnings per worker," said Hussain.

"Otherwise it will be tough to retain the pace of growth."

He said the demand and wages for skilled workers will go up with the development of host countries.

## **JU seminar recounts 40 years of Bangladesh**

A three-day seminar titled 'Bangladesh at 40: changes and challenges' concluded recently at Zahir Raihan Auditorium of Jahangirnagar University.

Finance minister Abul Maal Abdul Muhith as chief guest opened the seminar while Bangladesh Bank governor Atiur Rahman and The Financial Express editor Muazzem Hossain were present as special guests.

The seminar included nine academic sessions on micro-economic performance, quality of economic growth, infrastructure and growth, external sector and economic integration, agriculture and food security, population and employment, governance, financial institutions and management and lastly urbanisation and environment.

The inaugural session was chaired by JU VC Professor Shariff Enamul Kabir while former adviser to the caretaker government Akbar Ali Khan gave a lecture on 'The Tapestry of Sense and Non-Sense: First Four Decades in Bangladesh' and former vice-chancellor of the university, Professor Abdul Bayes, also chief coordinator of the seminar, delivered the welcome speech.

Marking the potential development of Bangladesh in social, academic and economic area and reducing child mortality rate and dependency on others, Akbar Ali Khan analysed the achievements and disappointments of tumultuous phase of Bangladesh history.

Terming politics as an art of compromise, AMA Muhith said the politics of Bangladesh was the art of deviation while Atiur Rahman focused on the major barriers and challenges to the development of Bangladesh which included prevalent extreme poverty of nearly twenty five million people, climate change threats, inadequacies in physical infrastructures, widespread use of corrupt practices in public life and criminally enriching the powerful at the expense of the weak and the vulnerable.

'Yet the country is to be upper middle income country by 2030 and mature developed economy status by 2050,' Atiur Rahman added.

Speech on 'Initial pessimism and subsequent surprises' by research director of the Bangladesh Institute of Development Studies Binayek Sen, on 'Evolution of microeconomic management' by former adviser to the caretaker government ABM Azizul Islam and on 'Four decades of Bangladesh economy' by Debapriya Bhattacharya were delivered on the first session of the seminar.

Chaired by AB Mirza Azizul Islam, the second session was addressed by economist Professor Anu Mohammad on 'Whither natural resources' and former JU vice-chancellor Prof K Mustahidur Rahman on 'Infrastructure and growth'.

In third session, a paper on 'Bangladesh's development surprise: A test case or a showcase' was presented by former advisor to caretaker government Professor Wahiduddin Mahmud.

Chairman of Policy Research Institute Zaidi Satter chaired the fourth session while a paper on 'Bangladesh and Regional cooperation in South Asia: Evolution, Prospects and Challenges' by executive director of the Centre for Policy Dialogue Mustafizur Rahman.

The fifth, sixth, seventh, eighth and ninth sessions were addressed by Mhatab Hossain executive director of BRAC, Uttamkumar Deb the ICRISAT-IN of Delhi, Mj Gen Amjid H Chawdhary, CEO of Pran Group, Mohammad Saiful Islam, Associate Prof of JU economics dept, Iftekharuzzaman, executive director of Transparency International of Bangladesh, Mohammad Shamsuddha Khondoker, additional inspector of general of police, Toufiq Ahmed Chawdhury, general director of Bangladesh Institute of Bank Management, Nazmul Islam, dean of the State University, and others.

## **Eurozone crisis dents exports**

Exports dropped 18 percent to 1.60 billion dollar in November from a month ago due to a downtrend in

orders from international buyers as the Eurozone is clouded by a looming debt crisis, according to government data released recently.

Bangladesh fetched 1.95 billion dollar in overseas sales in October.

The November earnings fell short by 16.95 percent of the monthly target.

Export growth was 2.4 percent in November, compared to the same month last year, according to data from the Export Promotion Bureau.

The nation's overseas sales went up 17.33 percent to 9.70 billion dollar in the July-November period, the first five months of the current fiscal year, compared to the same period last year.

However, export earnings in the five-month period were 3.55 percent short of the periodical target for 10.06 billion dollar, the data showed.

Some major products such as knitwear, woven garments, jute and jute goods, oceangoing vessels, home textile, footwear and frozen foods continued their growth momentum during July-November.

During July-November, Bangladesh exported knitwear worth 4.0 billion dollar and woven worth 3.57 billion dollar, with a 13.14 percent and 23.64 percent rise respectively, compared to the same period a year ago.

"The export growth is still within our target. We will be able to achieve the target even if the current trend continues until the end of the fiscal year," said Monoj Kumar Roy, joint secretary (export) of the commerce ministry.

He said the EU debt crisis did not affect exports badly as the earnings are still in the positive territory.

"But the present economic situation in Bangladesh demands more earnings from exports," he added.

The major markets – the US and EU that buy 90 percent garment products of Bangladesh – are affected from the fallouts of recession, said Shafiul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association. "It is a time of ups and downs. We are waiting for good days again," he said.

Exports would have declined more had some markets not been developed, said AKM Salim Osman, president of Bangladesh Knitwear Manufacturers and Exporters Association.

Bangladesh was able to develop some new markets such as Japan, Latin America and South Africa in the last few years, he added.

### **Food prices may ease: FAO chief**

Food prices may ease in 2012 due to a slowing global economy, though no drastic drop from high levels is expected, the new director-general of the UN's Food and Agriculture Organisation said recently.

Jose Graziano da Silva, the Brazilian who replaced Senegal's Jacques Diouf at the helm of the FAO at the start of 2012, said volatility in food markets was likely to continue and that more people would be a risk of hunger due to economic instability.

"Prices will not be going up as in the sense of the last two to three years but will also not drop down. There may be some reductions but not drastic," Graziano da Silva told a news conference in Rome.

Global food prices measured by the FAO hit a peak in February but have been falling since June as crops have improved and concerns about global economic turmoil have reined in demand growth.

High food prices have helped fuel inflation and contributed to civil unrest and the Arab Spring earlier in 2011.

Graziano da Silva said he did not expect the economic slowdown in Europe to impact funding for FAO projects, because the amount countries

donated was such a small proportion of gross domestic product that they were unlikely to cut it.

But he said the slowdown was likely to increase the number of people at risk of hunger in the world.

"We will have more work to do, with more people hungry, more people unemployed, and we will need new ways to assist them," he said, as he began a term of three and a half years.

The 62-year-old agronomist, who is the first Latin American at the helm of the U.N. agency, said he would focus efforts on poor countries that are most in need of outside help and that his priority would be Africa, particularly northern Africa.

He plans a visit to the Horn of Africa early this year.

The FAO is the largest UN agency with an annual budget of some 1 billion dollar and 3,600 workers.

Graziano da Silva, the former head of the FAO in Latin America and the Caribbean and a former minister for food security in Brazil, will need to bridge a divide between donor countries and developing countries to foster consensus and avoid paralysis in the organisation.

He plans to cut bureaucracy and reduce perks for top management and he also wants to decentralise operations and give more authority to local outposts, he said.

The FAO adopted reforms after an assessment funded by its members in 2007, which said it risked "terminal decline" due to its weak governance and lack of transparency and accountability.

But last year Britain threatened to pull out of the organisation unless it improved its performance, and some donors such as the United States have initiated agricultural development projects of their own.

## **Yunus Centre opens at Turkey's Okan University**

Turkey has launched "Muhammad Yunus International Centre for Microfinance and Social Business" at Okan University in Istanbul to provide a platform for addressing development challenges faced by Asia.

The centre, the first of its kind in the country, is expected to be a hub of research and practical applications as well as hands-on training for academics and researchers.

Nobel Laureate Professor Muhammad Yunus, President of Board of Trustees and Founder of Okan University Bekir Okan, Turkish Minister for European Union Affairs Egemen Bağış, representing the president of Turkey, and Minister for Family and Social Policies Affairs Fatma Sahin, representing the prime minister of Turkey, signed a charter to this effect recently.

During the ceremony, Okan also announced that he would donate US Dollar 2 million to take care of the initial costs of the centre, said Yunus Centre in Dhaka in a statement.

Founded in 1999, Okan University is one of the modern universities of Turkey.

During the ceremony, Turkish Prime Minister Recep Tayyip Erdoğan sent a message to Prof Yunus offering him all the hospitalities to hold the 2012 Global Social Business Summit in Turkey.

After the ceremony, the microcredit pioneer addressed students, faculties, NGO leaders, and dignitaries and explained the potential of social business.

The Yunus Centre at Okan University will provide an independent and open platform for addressing development challenges faced by poor people in Asia. The centre aims to contribute to poverty reduction and sustainable development by

promoting, developing and implementing social business ideas and projects.

The centre will conduct applied research in social business and microfinance, and will engage in efforts to disseminate the research in the academic as well as practitioner communities, especially involving young students and people.

It will promote and disseminate Yunus' philosophy with a special focus on social business. Each year, the founder of Grameen Bank will give a lecture on social business at the centre.

### **US wants Grameen Bank to flourish**

The United States wants Grameen Bank to continue to thrive in every possible way, as the Nobel-winning microfinance organisation is an example of extraordinary development work happening in Bangladesh, a visiting senior US official said recently.

"Many officials in our government have said that we hoped that it will continue to flourish in every possible way because the work that it does is very critically important", said Melanne Verveer, the US Ambassador-at-Large for Global Women's Issues.

"It is an example of the extraordinary development work that has been happening in Bangladesh", she said.

She was talking to reporters during her visit to a Grameen Bank centre at Singair, Manikganj along with US Congresswoman Betty McCollum and US Ambassador to Dhaka Dan Mozena.

During the nearly three-hour visit, the US diplomats talked to several Grameen Bank borrowers and listened how they are using the collateral-free loans to better their economic conditions. They also asked them how loans are given and repaid. They also visited their homes.

Both McCollum and Verveer, who arrived in Dhaka

recently, are now in Bangladesh to meet with the representatives of the government, civil society, and community-based organisation involved in advancing the rights and well being of women and girls, and to promote US policy on women, health, and education.

McCollum is a Democrat serving her sixth term in the US Congress. She recently introduced legislation that declares child marriage to be a human rights abuse and advocates for the elimination of child marriage as a US foreign policy goal.

Verveer coordinates foreign policy issues and activities relating to the political, economic, and social advancement of women around the world.

Echoing Verveer, Mozena said, "The position of the government is that Grameen Bank continues to work as an effective institution, bringing hopes to millions".

He said a selection committee should be formed in line with the Grameen Bank procedures to find out a strong candidate for the post of managing director in a free and transparent fashion.

In May last year, the top post of the country's best known organisation fell vacant after its iconic founder Nobel laureate Prof Muhammad Yunus resigned following a legal defeat against the government.

Mohammad Shahjahan, who is currently the acting managing director of the bank, accompanied the US diplomats during their visit. He said Grameen Bank is continuing its activities as per rules.

Verveer will depart for Nepal, while McCollum will continue her visit in Bangladesh until January 10, according to the US embassy in Dhaka.

Grameen Bank has lent more than US Dollar 10 billion to 83 lakh mostly rural women since its inception in 1983. Its microfinance model has been copied at home and abroad.

## **ADB aims to cut poverty in Bangladesh**

The Asian Development Bank recently unveiled its partnership strategies for Bangladesh that it will help the government cut poverty by 10 percentage points by 2015.

The Bangladesh Country Partnership Strategy (CPS) 2011-2015 supports Bangladesh's development goals for boosting investment to 32.5 percent of gross domestic products and tripling investment in infrastructure to 6 percent of GDP by 2015, said the ADB local office in Dhaka.

The targets also include reducing poverty headcount ratio by 10 percentage points by 2015 from 31.5 percent in 2010, said Thevakumar Kandiah, country director of ADB Bangladesh Resident Mission.

Under the CPS, the ADB will provide around 4.5 billion dollar to Bangladesh up to 2015 to help the country face development challenges in areas of energy, transport, urban development, education, agriculture and natural resources and finance.

Of the amount, 2.4 billion dollar will be provided under the concessional Asian Development Financing and 2.1 billion dollar as Ordinary Capital Resources. Bangladesh will also receive technical assistance of about 9.6 million dollar per year, said Kandiah.

His comments came at the launching of "Bangladesh Country Partnership Strategy (CPS) 2011-2015" at Sonargaon Hotel in Dhaka.

The CPS is an outcome of elaborate consultation with stakeholders, including the government, development partners, civil society, academia and the private sector, said Kandiah. "The CPS is closely aligned with Bangladesh's Sixth Five-Year Plan, and the strategy builds on ADB's long operational experience in key sector in Bangladesh."

The Manilla-based lender has committed to provide project and programme assistance of about 900 million dollar per year during 2011-15.

"ADB will also provide significant technical assistance for building institutional capacity and preparing good quality projects. The resources will be supplemented by climate investment funds, other climate change initiatives, and efforts to mobilise additional funding for sub-regional initiatives," said Kandiah.

He said Bangladesh has to introduce further reforms including expediting the project implementation to achieve its targets outlined in the Sixth Five-Year Plan. "Project start up delays need to be reduced, DPP/TPP approval has to be quickened, and project readiness ensured. Procurement and resettlement practices need to be improved."

Finance Minister AMA Muhith said development partners need to harmonise their strategies with the country's goals for effective, meaningful and fruitful development.

He said almost all development partners have set their strategies in line with the government's development goals and objectives defined in the Sixth Five-Year Plan.

The minister conceded that Bangladesh has no other alternatives but to set some ambitious targets to get out of the vicious cycle of poverty.

Nearly 50 million people or 31.5 percent of the total population still live below the poverty line and Bangladesh is the largest concentration of illiterate people in the world as half of the population does not know "three Rs" that stands for reading, writing and arithmetic. Bangladesh is also positioned at the lowest level of per capita income in the world, he said.

"So, we have no other options but to set our target high to make progress, fulfill our pledges and become a middle income country," said Muhith.

The minister also said Bangladesh needs to work harder to improve in the areas of education, health, infrastructure and good governance. He particularly emphasised upon good governance.

"We also need gender equity and a large scale of employment."

Iqbal Mahmood, secretary of Economic Relations Division, urged ADB to give more power to its country-level office so that it can give decision quickly, thus contributing to cost minimisation and time saving.

The issues such as gender equity, good governance and capacity development, private sector development, regional cooperation, knowledge solutions and partnerships have received substantial focus under the latest CPS, said Zahid Hossain, senior country specialist, ADB.

### **Days of reckoning : Delegates from Asian, Pacific and Arab states underline jobs for youth in times of crisis at ILO event in Kyoto**

Debate over the Asian economy, celebrations of its unprecedented achievements in little more than a decade and fears of an uncertain future have defined the mood of a high-profile gathering in the Japanese city of Kyoto for four days.

Asia successfully rebounded from the 1997 financial crisis and, skillfully, navigated through the recent economic turmoil. Both episodes sparked fears that the economy would stall across the region. Each time, Asian countries proved their resilience. Resilience was in great supply and still is.

But it is no recipe for celebration — not anymore. The Asian economy is more open than ever before. With the risks of the global economy slipping into a double-dip recession, this openness has positive and negative implications. It is a crisis of confidence in the global financial markets, as Juan Somavia, director general of the International Labour Organisation, puts it.

The ILO invited about 500 delegates from governments, workers and employers from Asian, Pacific and Arab states. Many shared their views — in their individual ways — on what could be the best for Asian countries. They all agreed to put employment and decent work at the heart of their efforts to make growth and development balanced and sustainable.

They returned home, with one promise in mind — to promote equitable, jobs-rich growth.

Other issues such as social protection, green jobs, youth employment and labour migration have received enough attention from the Asia-Pacific thinkers.

The region — while it is recognised for its dynamic economy — carries a long legacy of deprivation, inequality and brutal living standards. "This region has been the world's most dynamic region, economically, but we have not been getting enough jobs, decent work, from this growth," said Sachiko Yamamoto, ILO regional director for Asia and the Pacific.

"Most developing economies in the region have working age populations that are growing fast, but often we only see 1-2 percent employment growth for 6-7 percent of output growth. So if output growth drops below 6 percent, the region will not be producing enough jobs to meet the needs of those looking for work, particularly young people."

"Even before the current turmoil, this growth was unevenly shared and inequalities were increasing. This inequality threatens economic and social progress if it is not addressed," she added.

Many reflected on the Asian miracle as something for the world to emulate.

"Nor has Asia merely grown fast. For the past years, it has managed to combine growth with inclusiveness," said Neil Pierre, chief of the Policy Coordination Branch of the United Nations

Department of Economic and Social Affairs, in a written statement.

“The Asian experience with inclusive growth has been an invaluable example and contribution to the world.”

There are many success stories. Take poverty for one. The number of people in the Asia-Pacific region living on less than 1.25 dollar a day plunged from 1.5 billion in 1990 to 954 million now. It is all the more impressive, given that its population increased by some 800 million over the same period.

At the ILO's 15th Asia and Pacific Regional Meeting, known as APRM for short in its inner circle, analysts found links between mass uprisings in some Arab states and social exclusion, lack of decent jobs and denial of fundamental rights.

They recognised the importance of the decent work agenda in addressing widespread demands for social justice, dignity, decent jobs, respect for fundamental rights and an end to economic exclusion. They agreed to intensify efforts to ratify and implement core labour standards.

"This is a dynamic region facing huge challenges. To ensure that decent work and full employment are at the heart of sustainable development will be a key," said Nada Al-Nashif, ILO regional director for the Arab states.

"Our region needs growth that can deliver more and better jobs and to ensure that the most vulnerable are protected as they work their way out of poverty and informality," she said.

“Social dialogue and effective cooperation, bringing together workers, employers and governments, must be our watchwords for fulfilling these goals and meeting the aspirations of the youth of today and our future generations.”

The APRM was attended by Yoshihiko Noda, prime minister of Japan, as a keynote speaker. Other keynote speakers included Jose Luis Guterres, vice prime minister of Timor Leste; Ahmed Luqman, director general of the Arab Labour Organisation; and Surin Pitsuwan, secretary general of Association of Southeast Asian Nations.

### **Worries grow over IMF loans to Europe**

The prospect of European heavyweights like Italy or Spain turning to the IMF for rescue loans is worrying the United States and other nations that fear they could suffer losses on funds they have extended to the IMF.

The International Monetary Fund cannot be expected to step in as a substitute for a stronger commitment by Europe which needs to assume the brunt of any losses on emergency loans, a senior US official said recently.

Despite the International Monetary Fund's stable record — no borrower has ever defaulted on an IMF loan and no country has ever lost money lending to the IMF — there are concerns about the IMF's growing exposure to the eurozone.

That exposure could take a quantum leap if Italy and Spain need bailouts, a level of assistance that would almost certainly dwarf the loans already approved for Greece, Ireland and Portugal in deals engineered with the European Union.

Emerging markets, which are contemplating lending more money to the IMF — which couples monetary assistance with tough conditions that seek to ensure a country does not default — have also raised concerns in the IMF about the risks to the fund's capital, officials from emerging nations said.

A crucial European Union summit ended recently with a historic agreement to draft a new treaty for deeper integration in the eurozone in an effort to rein in a debt crisis that started in Greece two years ago and has continued to spread.

Worries about the IMF's risk are also brewing among congressional lawmakers.

Four US lawmakers who met with IMF chief Christine Lagarde this week expressed unease over the risk the fund would take on with a bigger role in Europe.

A request for a big IMF loan for Italy or Spain would put the United States, which holds veto power over most IMF lending decisions, in an uncomfortable spot.

The American public is still stung by the US government's big bailouts for banks during the 2007-09 financial crisis and fears that mounting US debts imperil the nation's future.

With president Barack Obama facing a tough battle for re-election in November, the White House is not keen to appear as Europe's savior, and the administration's message to Europe has consistently been: Put more of your own money on the line.

Indeed, Republican lawmakers are seeking to yank a 108 billion dollar loan the United States approved for the IMF in 2009, a move that would undercut Washington's ability to influence the conditions attached to IMF loans.

'If the United States wants to help Europe find a way out of its current debt crisis, we must be a strong, world economic leader, not merely the lender of last resort,' Republican Senator Jim DeMint wrote in The Wall Street Journal recently.

'Members of the Obama administration must focus all of their efforts on strengthening the US economy and balancing our budget, rather than on continuing to borrow from China to pay for Europe's out-of-control debts,' he added.

DeMint said he would seek to force another vote to stop US treasury secretary Timothy Geithner from supporting more European bailouts. The Senate

voted 55-44 in June against a proposal by DeMint to repeal IMF loan authority.

Domenico Lombardi, a former IMF board official now at the Brookings Institution in Washington, said even if the US Congress rescinded the loan, it would not prevent the IMF from lending to Europe. He said the international community has a stake in ensuring the eurozone crisis does not spread further.

The IMF enjoys an understanding among its members that borrowing nations will always pay the IMF back ahead of private creditors.

However, the scale of borrowing troubled eurozone countries might need raises the spectre that one of the nation's could default on an IMF loan.

The IMF has about 380 billion dollar available for lending, a figure outstripped by Italy and Spain's debt refinancing needs. Italy needs to roll over 340 billion euros in debt next year, while Spain needs to refinance 120 billion euros.

### **Egypt's economic woes mount**

The success of Islamist parties in Egypt's elections could aggravate an already serious economic crisis in the Arab world's most populous nation, analysts say.

Since an uprising in January and February that toppled the 30-year regime of Hosni Mubarak, attention has mostly focused on the political upheaval in a nation at the heart of the Arab Spring.

All the while, however, the economy has been on the slide, with violence scaring off vital holidaymakers and foreign investors choosing to place their money elsewhere.

The success of Islamist parties including hard-line fundamentalists in the first stage of elections for a new parliament, which concluded last week, risks exacerbating both of these trends.

'The collapse of foreign currency reserves and the decline in tourism seriously complicates the economic situation,' said Samer Suleiman, economics professor at the American University of Cairo.

'The large scores of Islamist parties in the first phase of elections will make investors nervous,' he added.

The biggest winner in the election was the more moderate Muslim Brotherhood movement, which won 36.6 per cent of party votes, while the ultra-conservative fundamentalist al-Nur party picked up a surprisingly strong 24.4 per cent.

Both are committed to instituting Islamic or shariah law, and have sent conflicting signals about their approach to the economy and the tourism sector.

Some of the more conservative elements speak about banning mixed-sex beaches, alcohol and even bikinis, while party leaders have sought to reassure that tourists would not be subjected to more restrictions.

For investors, who seek a stable environment for their businesses, the uncertainty is a major deterrent.

Foreign investments are about a third this year at 2.2 billion dollar of the 6.8 billion dollar registered in 2010.

### **No country immune from crisis: IMF chief**

No country is immune from an 'escalating' eurozone crisis and each one must act to head off the risk of a global depression, the head of the International Monetary Fund said recently.

IMF Managing Director Christine Lagarde, speaking at the US State Department, said the outlook for the world economy was 'quite gloomy' and warned that failure to act collectively could lead to protectionism and isolation reminiscent of the 1930s depression.

'There is no economy in the world, whether low-income countries, emerging markets, middle-income countries or super-advanced economies that will be immune to the crisis that we see not only unfolding but escalating,' Lagarde cautioned.

'It is not a crisis that will be resolved by one group of countries taking action. It is going to be hopefully resolved by all countries, all regions, all categories of countries actually taking action.'

The IMF has warned that it is likely to cut its 2012 growth projections, with the economy struggling with a worsening two-year eurozone debt crisis and sluggish US growth. There are also signs from falling Chinese factory output that manufacturers are struggling with waning global demand and tighter credit conditions.