

WORLD BANK CONFERENCE ON DEVELOPMENT ECONOMICS

Improved rural infrastructure key to escaping poverty

INAM AHMED, from TOKYO

Investment in rural infrastructure came into sharp focus at the Annual Bank Conference on Development Economics here on Monday as it was pointed out that improved rural infrastructure is the key to escaping poverty and increasing agriculture productivity.

Every one percent increase in agriculture productivity reduces poverty by 0.72 percent in Africa and 0.48 percent in Asia, and so takes a larger portion of the rural poor out of poverty cycle than through any other means.

And of the rural infrastructures, investment in roads, specially low quality roads -- is favoured most because of its high multiplying effect -- every one dollar spent on roads brings back \$2.

A study presented in the World Bank conference showed income inequality declined with higher infrastructure quantity and quality in rural areas of developing countries between

1960 and 2000.

"Productivity increase depends on good rural infrastructure, well-functioning domestic markets, appropriate institutions, and access to appropriate technology," said Per Pinstrup-Andersen, chair of the Science Council, Consultative Group on International Agricultural Research. "Despite the importance of rural infrastructure to promote growth and poverty alleviation, neither governments nor international aid agencies seem to prioritise investments in construction of new infrastructure and maintenance of existing infrastructure."

"Failure to accelerate investments in rural infrastructure will make a mockery of efforts to achieve the Millennium Development Goals in poor developing countries and severely limit opportunities for them to benefit from trade liberalisation, international capital markets and other potential benefits of globalisation," he noted.

The second day of the ABCDE

showed how a large share of subsistence and semi-subsistence agriculture has been transformed through the adoption of new technology, investments in rural infrastructure and markets. Low food prices achieved by reduced unit-costs of production contribute to lower wages in non-agricultural sectors and help facilitate industrial growth.

Agriculture development has a significant potential to contribute to nation-wide poverty reduction through direct effects on farm incomes and employment and indirect effects on overall economic growth as well as its impact on food prices.

"A failure to liberalise agricultural trade and the continuation of domestic agricultural subsidies in the OECD countries results in low world market prices of agricultural commodities and thus makes agriculture less profitable for developing countries," Pinstrup-Andersen observed.

His study showed how investment in low quality rural roads has

much higher returns than that in high quality roads. In China, investments in low quality roads have the largest returns in total GDP in rural areas, while the effects of high-quality roads were almost twice as high as those in low-quality roads in urban areas.

In most low-income developing countries, market integration is limited by poor transport, storage and communication infrastructure, lack of effective competition among market agents, limited rule of law and restricted access to commercial finance, the conference was told.

It was also highlighted that one of the key determinants of international competitiveness of farm products in developing countries would be the availability of adequate and efficient domestic infrastructure. In most low-income countries, high transportation costs, low productivity and unstable supply of basic inputs such as electricity reduce price competitiveness.



Fakhruddin Ahmed, chairperson of the Advisory Council for the Citigroup Microentrepreneurship Awards, speaks at a press conference in Dhaka yesterday to announce the launch of 2006 awards. Among others, economist Wahiduddin Mahmud, former Bangladesh Bank governor Mohammed Farashuddin, former adviser to the caretaker government Rokia A Rahman, Citigroup Country Officer Mamun Rashid, and Director and Head of News of Channel i Shykh Seraj are seen.

Microentrepreneurship awards 2006 of Citigroup launched

STAR BUSINESS REPORT

The Citigroup Foundation, the philanthropic arm of Citigroup, will award microentrepreneurs and microfinance institutions in five categories for their outstanding performances in Bangladesh.

The 2006 awards will be presented in five categories -- the Best Innovative Micro-Business of the Year, Best Woman Micro-Entrepreneur of the Year, Best Micro-Finance Institute of the Year, and Best Programme for the Hardcore Poor.

The winner of the each category will receive \$4,000 in prize money.

Dr Fakhruddin Ahmed, chairperson of the Advisory Council for the Citigroup Microentrepreneurship Awards, yesterday announced the schedule at a press conference at Dhaka Sheraton Hotel in the capital.

The Daily Star, the Prothom Alo, Channel i and Dhaka Sheraton Hotel have joined the programme as partner organisations.

The objective of the award, which was launched in 2005, is to recognise and honour the leadership, entrepreneurial skills and best practices of individual microentrepreneurs in Bangladesh, organisers said.

The organisers will publicise the competition and seek information from the micro-finance institutions across the country in June-July and the hosting of the award ceremonies is expected to complete by the end of September.

They said the Advisory Council will judge the candidates and select the winners.

A 14-member Advisory Council has already been formed to evaluate the performance of microcredit operators and microentrepreneurs. Palli Karma Sahayak Foundation (PKSF) Managing Director and former governor of Bangladesh Bank Fakhruddin Ahmed heads the council.

Speaking at the conference, Wahiduddin Mahmud said the award on microentrepreneurship already bears a symbolic value, which recog-

nises the contribution of microcredit from personal life to social life.

Referring to the commercial banks' reluctance to offer loans to the microentrepreneurs without collateral, Dr Mohammed Farashuddin, former Bangladesh Bank governor and a member of the Advisory Council, said the commercial banks should be encouraged to give collateral free loans to the microentrepreneurs.

Among others, Bangladesh Bank Governor Dr Salehuddin Ahmed, former adviser to the caretaker government Rokia A Rahman, Bangladesh Shilpa Bank Chairman Professor Abu Ahmed, Brac Executive Director Abdul Mueyed Chowdhury, Advisory Editor of the Amar Desh Ataus Samad, Editor of The Daily Star Mahfuz Anam, Bangladesh Television Director General Nasimul Gani, Director and Head of News of Channel i Shykh Seraj, and Citigroup Country Officer Mamun Rashid were present at the function.

More wage-based jobs needed to eradicate poverty

Says Wahiduddin Mahmud

STAR BUSINESS REPORT

It is not possible to eliminate poverty only through microcredit but increase in wage-based employment is needed to eradicate poverty, economist Wahiduddin Mahmud said yesterday.

"Poverty eradication is possible only when demand for workers increases and the wages go up," he said.

The microcredit is merely a way to prevent the poverty growth, he said while addressing a press conference in Dhaka to mark the launch of Citigroup Microentrepreneurship Awards 2006.

Although Bangladesh has achieved a moderate economic growth over the last 10 to 15 years, employment opportunity and rate of wages especially in the agriculture and garment sectors did not increase, he said.

"The microcredit programmes have helped the country check the growth of poverty rate. It is also helping the economy by generating self-employed people," he said.

Replying to a query, Mahmud said now it is a major challenge of the microcredit programmes to reach to the hardcore poor to bring them out from the poverty.

"We need to take special microcredit programme in rural areas especially in the Monga-hit areas to free the people from hunger," he pointed out.

S'pore pressing for open skies deal as part of FTA

AFP, Sydney

Singapore is pressing to incorporate a full "open skies" deal into a bilateral free trade agreement (FTA) with Australia following Canberra's recent refusal to grant Singapore Airlines access to the lucrative Sydney-Los Angeles route, reports said Tuesday.

Trade Minister Mark Vaile told The Australian Financial Review newspaper that Singapore wanted the open skies issue covered during a biannual review in coming months of the free trade pact originally signed in 2003.

Vaile said, however, that Australia was standing by its position that the two issues must be kept separate.

"It was deliberately left out of the FTA because it's a separate negotiation conducted by transport departments," Vaile said.

"It's a stand-alone issue that we will continue to deal with on its merits by itself."

Vaile argued that Australia had already progressively opened up access for Singapore Airlines in Australia "at a fairly dramatic rate over the last six or seven years to the point where they just have enormous access".

The newspaper said Singapore's campaign had been given a boost by the release of a letter from former deputy prime minister John Anderson to Singapore in which he raised the possibility of a "state of the art open skies agreement" being reached in parallel with the free trade talks.

Prime Minister John Howard has been accused of favoring Australia's main airline, Qantas, by frustrating foreign companies' attempts to expand services to and onward from Australia.



Latifur Rahman (3-L), chairman and managing director of Bangladesh Lamps Limited, speaks at the 45th annual general meeting of the company in Dhaka Monday. (From left) Directors Saifur Rahman, Shamsur Rahman, Obaidur Rahman Khan, Atiqur Rahman and Company Secretary Abdullah Ismail are also seen.

Bangladesh Lamps declares 27.50pc dividend

Bangladesh Lamps Limited, the official licensee of Philips Electronics NV Holland for lighting products and manufacturer of Philips electric bulbs, has declared a 27.50 per cent cash dividend.

The dividend was declared at the 45th annual general meeting of the company held at the National Shooting Federation Auditorium at Gulshan in Dhaka Monday, says a press release.

Latifur Rahman, chairman and managing director of the company, presided over the AGM, which was attended by a large number of shareholders.

The meeting approved the annual report and accounts of the company for the year that ended December 31, 2005.

The board of directors of the company is composed of Latifur Rahman, Shahnaz Rahman, Saifur Rahman, Atiqur Rahman, Shamsur Rahman and Obaidur Rahman Khan.

NCCBL okays 20pc dividend

National Credit and Commerce Bank Ltd (NCCBL) has approved 20 per cent -- 10 per cent cash and 10 per cent bonus share -- dividend for the year 2005.

The dividend was approved at the 21st annual general meeting of the bank in Dhaka yesterday, says a press release.

M Wazhiullah Bhuiyan, chairman of the bank, presided over the meeting, which was attended, among others, by Vice-chairman SM Abu Mohsin and Managing Director Nurul Amin.

The meeting approved the directors report and audited account of the bank for the year ended December 31, 2005. The was also informed that the bank earned Tk 101.83 crore operating profit during the year 2005.

JUNE 4 INDO-BANGLA TRADE TALKS

Non-tariff barriers high on agenda

UNB, Dhaka

Removal of non-tariff barriers (NTBs) and trade disputes will be high on the agenda of the upcoming meeting of Bangladesh-India trade taskforces to be held here on June 4.

A 14-member trade delegation of Federation of Indian Chambers of Commerce and Industry (Ficci) will arrive here on June 3 to attend the meeting. Members of the taskforces from the Indian side will comprise the delegation.

The 1st meeting of the taskforces will be held at the conference room of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Sources said FBCCI, the country's apex trade body, is working on the issues and preparing a set of recom-

mendations to place at the meeting.

The FBCCI is also identifying the problems Bangladesh has long been facing in bilateral trade with India, according to the sources.

A competent source in the FBCCI told the news agency that the apex organisation has prepared a list of NTBs to be placed at the meeting. Bangladesh at the meeting will request the Indian government to take immediate measures for removing the NTBs.

The issue of the NTBs is likely to come on the top of the agenda as the local entrepreneurs have been facing hurdles in doing trade with India due to the barriers, the sources said.

The barriers identified by the FBCCI are testing requirements,

inadequate physical facilities at land customs stations of India, special labeling requirements for jute bags, mandatory standard requirements imposed by Indian government in 2001, banking difficulties in north-eastern India, restriction on export of hilsa as well as chemical test, particularly for textile goods, customs valuation, technical regulations and others.

Six taskforces on bilateral trade will discuss Indian investment in Bangladesh, trade-related infrastructure, removal of trade disputes, non-tariff barriers, and activating the Bangladesh-India Chamber of Commerce and Industry (BICCI), which was formed earlier this year during Prime Minister Khaleda Zia's visit to Delhi.

US asks India to reduce trade barriers

PALLAB BHATTACHARYA, New Delhi

The United States has asked India to cut tariff and non-tariff barriers to boost bilateral trade and said the authorities look forward to movement in talks on Doha round of World Trade Organisation.

Visiting US Deputy Trade Representative Karan Bhatia, during his meeting with Indian Commerce and Industry Minister Kamal Nath

here on Monday, said many US companies are keen to come to India but wanted New Delhi to lower trade barriers to trade.

He said the two sides have discussed plans to increase bilateral trade to 60 billion dollars in the next three years. Proposals were being discussed to enhance trade in industrial goods and agriculture as well as trade in services and intellectual property rights.

Bhatia said the US and India were working together on the issue of Doha round of talks and he was hopeful of convergence.

His remarks assume significance as the Doha round of talks are mired in differences between the US and European Union on one hand and the G-20 developing countries on the other hand on issues of agriculture subsidies and industrial tariffs.

Oil higher in Asian trade on Iran concerns

AFP, Singapore

Oil prices were higher in Asian trade Tuesday after the long Memorial Day weekend with the market still concerned about Iran's row with the West over its nuclear programme, dealers said.

Prices were also being pushed up by expectations of strong gasoline (petrol) demand in the United States as the country's summer driving season gets underway, they said.

At 10:25 am (0225 GMT), New York's main contract, light sweet crude for July delivery was 38 cents higher at 71.75 dollars a barrel from its close of 71.37 dollars in the United States Friday.

Markets in the US were closed Monday for the Memorial Day public holiday.

"I think the market really is looking

for a direction and there are a number of things happening this week," said Victor Shum, an analyst with energy consultancy Purvin and Gertz in Singapore.

"We've got the US summer driving season and I think the market will look for implications about the US gasoline demand situation," he said.

Memorial Day marks the start of the US summer driving season when many Americans take to the roads for their vacation and gasoline demand typically increases.

Meanwhile, Iran's insistence that it has the right to develop nuclear energy is yet another sign that Tehran's row with the West over its nuclear programme will not be settled any time soon.

"There is more upside potential than downside potential in this market," Shum said.



M Wazhiullah Bhuiyan, chairman of National Credit and Commerce Bank Ltd (NCCBL), presides over the 21st annual general meeting (AGM) of the bank in Dhaka yesterday.