

Investment Environment in Bangladesh

by Dr Miekio Nishimizu

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Improving the Investment Environment

The country's achievements have been impressive. But these are being outstripped by the unsatisfied needs, and rising expectations of the people. If the Bangladeshi people are to realize their legitimate aspirations for a better life, the rate of economic growth has to accelerate, for which raising investment levels is crucial. We consider the following actions to be important in creating a conducive investment environment.

The first and perhaps most important, precondition is to establish political stability and provide security of investment. While Bangladesh can be proud of its multi-party democratic system, the continuing political instability combined with incidents of toll taking and other forms of extortion are major impediments to business operations. The government must send an unmistakable signal that unlawful activities will not be tolerated and that the investments would enjoy the full protection of law.

The second priority should be to ruthlessly curb corruption and to eliminate the hassle of doing business. One need hardly elaborate that every payment made by a businessman to corrupt officials adds to the cost of doing business. And this negatively affects the competitiveness and profitability of the enterprises which discourages investors from locating their businesses in Bangladesh. I am

greatly encouraged by the assurances given by the government during the last two days on its firm commitment to fight corruption. In this effort, the government would need to attack directly the underlying causes of corruption, such as monopoly power, weak accountability, and excessive discretionary powers usually vested in officials who are underpaid and are tempted to seek rents. I am afraid that as long as these aspects are not addressed, corruption will remain a pervasive scourge.

Third, a key element in business decision making is the country's legal environment. Prospective investors wish to know if they can enforce their contracts. If they can seek cost effective redress from the legal system, and if satisfactory arbitration mechanisms exist. Fortunately, Bangladesh has already perceived this need and created a permanent Law Commission to revise its archaic business laws and regulations. It has also embarked on the preparation of a comprehensive legal and judicial reform programme with the assistance of the World Bank.

Fourth, another important action is for the Government to tackle the over-extended and intrusive nature of its activities. Government is still doing too many things which the private sector can do better. For instance, the government is still in the business of managing industrial enterprises — there are over 150 state owned

enterprises and we believe that several more activities could be opened to private sector participation. If Bangladesh intends to create the space for greater private sector activity, it must phase out the public sector from running businesses. The government can be at its best in the areas of its comparative advantage such as policy formulation, regulatory role, and most importantly, the maintenance of law and order.

The fifth important area of reform would be to develop a business-friendly civil service — a civil service which supports rather than controls business activity. The East Asian experience clearly demonstrates one major lesson and that is the positive impact of a supportive civil service in facilitating the impressive growth of private investment. For this to happen in Bangladesh the public officials will have to shift gears in

moving credibly and resolutely from the prevailing culture of bureaucratic hindrance to one of providing high quality support and service to the private sector. But let me caution that changing the culture of public officials will be a difficult and relatively long process requiring a resolute and consistent effort by the political leadership. A necessary condition would be to alter the system of incentives so that there is clear accountability and penalties for poor service, and rewards for excellence in public service.

The sixth area of attention is the development of infrastructure, a pre-condition for the growth in private investment. It is no secret that the underdeveloped state of physical infrastructure in Bangladesh acts as a major constraint to private investment and to private profitability. But at the same time, this provides investment op-

portunities to all of you. The government must play a lead role in paving the way for your participation. It has taken several laudable measures such as the policy for private participation in the power sector, and the deregulation of the telecom and gas sectors and airline cargo services. But, the agenda is still unfinished. More needs to be done. I urge the policy makers to give the highest attention to removing the remaining constraints to mobilising large amounts of investment for infrastructure development.

Last but not least, one cannot help mentioning the overarching consideration of maintaining macroeconomic stability as a pre-condition for mobilising private sector investment. Investors are always attracted by the prospects of low inflation, comfortable foreign exchange reserves, fiscal stability, and a healthy financial sector that can efficiently serve the varied needs of business transactions. In particular, Bangladesh clearly needs to take urgent steps to reform its ailing banking sector and to strengthen its capital market.

Do not mistake me. Having

said all that, I am bullish on Bangladesh. Nobody is perfect. Bangladesh is still a young democracy and one of the poorest nations in the world.

I wish to end on an optimistic note derived from the dream of the Nobel prize-winning poet laureate Rabindranath Tagore who referred to this land in his beautiful, stirring poetry as "Amar Sonar Bangla" — our golden land of Bangla — with a vision of plenty for all those who live in it. I believe that the people of Bangladesh can be freed from the curse of poverty, have access to education and better health, be gainfully employed, and above all, have the opportunities to change their lives. In this endeavour, the government has a key role to play since it enjoys the trust of the people who have elected it to reflect their aspirations and hopes for a "Sonar Bangla".

The author is Vice President, South Asia, The World Bank. The above piece is based on his speech delivered at the conference on Bangladesh — A New Era for Growth and Investment, yesterday.

MICRO-CREDIT

Towards Institutional Sustainability and People's Self-reliance

by Md Enamul Haque

ALMOST all of the NGOs are committed to achieve the prime goals: Poverty Eradication and Institutional Sustainability. However, it is easy to speak but hard to realise the above-mentioned goal and objective. NGOs' concept of poverty means lack of awareness, lack of education, lack of decision-making process everywhere depending on traditional social leader, no access to capital in existing commercial market, lack of health-related knowledge, lack of environmental message and uncertainty of the daily-based manual labour, etc. Based on these concepts NGOs have been designing their programmes and working strategies, depending on manpower, organizational capacity and foreign donations. We know that all of the larger and national NGOs working in their respective rural and urban areas with communities of landless poor, received funding from foreign donors. If one of the institutes is capable to earn all of its cost involved, that is cost of capital, all operational and management-related cost, money inflation and loan loss provision, then we can say, it has achieved financial sustainability.

To alleviate the backward condition of the have-nots and the hard core landless poor, NGOs design their programmes according to their resources and capacities. Most highlighted NGO programmes are savings and income generation credit.

child and adult education, awareness raising and unity among themselves, primary health and nutrition, human development training, nutritional food processing, voter education, disaster management, relief and rehabilitation in the hour of natural disaster, environmental education, etc. Out of all these programmes, income generation activities play a very significant role in poverty eradication and financial sustainability for the institutions. Association for Social Advancement (ASA), one of the leading micro-finance institutes (MFI) in Bangladesh, implemented its income generation activities (IGP) very successfully in a self-reliance and sustainable way. ASA calls it ASA-Sustainable Model. Some novelties of this model are, low cost and cost-effective management, highly decentralised management procedure, faster growth, well-written manual, short period (only 9-12 months) needed to achieve break-even up to branch-level, high transparency, easy accounting and self-maintained account and almost cent per cent recovery rate etc. According to ASA statistics, the cost of delivery against Tk one is only six paise. That is, the lowest among the world MFIs.

ASA mobilised and raised fund from internal resources

through group members' mandatory weekly savings, voluntary savings and association members' savings. This amount contributes at least 46 per cent of ASA's revolving fund capital. ASA achieved 100 per cent sustainability in 1993. At present, more than 60 national and five foreign MFIs follow the ASA model. Earlier ASA also borrowed capital from different sources at high rate of interest. Now ASA is no more dependent on foreign donation.

Very recently an Indian organisational management expert Dr. Pankaj S. Jain in his debt management study paper "Management of Fast Expanding Micro-credit Programmes (The Lessons from ASA)" mentions about this faster growing micro-credit programme in Bangladesh, and establishes the need to re-examine some popular notions regarding the imperatives of successful micro-credit programme. The paper posits that the key to the fast growth of such programme lies in designing suitable systems and policies for (i) decision-making and problem-solving, (ii) organisational and staff training, (iii) resource generation, and (iv) resource development. Recently, another impact assessment of ASA programme done by 12-member evaluation team led by Mr.

Michael Bruntrup, professor of Hoenheim University, shows that ASA is able to provide services to the hard-core poor at a high rate and in reducing their poverty. The findings also show that ASA members could increase their additional household income by about 50 per cent. About 90 per cent of the borrowers could ensure productive utilisation of the credit amount.

ASA attracts more landless people. The reasons are good conduct and cordial behaviour by ASA staff, good communication with the people, the simple procedures and very flexible conditions for the borrower on impact of development education, the report reflects that 100 per cent of ASA group members can sign their names and 80 per cent are aware of life-centered issues. Eighty per cent of the female group members are contributing to family decision-making. Besides, they are found to be solving 68 per cent of the queries among themselves. Social impact of the programme reveals that 75 per cent of the children of ASA group members go to school. Social mobility and active participation in social movement have increased considerably. It is believed that in coming days the borrowers will be self-sufficient themselves and economically empowered.

The writer is vice-chairman of Credit and Development Forum (CDF) and Project Coordinator of ASA.

BANGABANDHU MURDER CASE

Verbatim Text of Cross Examination of 36th Prosecution Witness

Cross-examination of PW 36, Newaz Ahmed Gorjon, in Bangabandhu murder case began after his deposition to the trial court on Wednesday.

Following are the excerpts from his examination by advocate Mahabur Rahman, state defence counsel for accused Major (ret'd) Bazlul Huda:

Q: Did you hear the bugle on that day for the first time or you heard it earlier?

A: No, it was not for the first time. I also heard it when I was a student of Momen Shahi Cadet College in 1966.

Q: Was it for the first time that you woke up from sleeping hearing the bugle?

A: No, I also woke up hearing bugle earlier.

Q: What was the time?

A: It was approximately 5 am.

Q: Would you go to Bangabandhu's house?

A: Yes. You know Sheikh Kamal and Sheikh Jamal?

A: I was introduced with them in my childhood.

Q: Was your mother a leader of Awami League?

A: Yes.

Q: Was she also a minister of the then Awami League government?

A: Yes.

Q: Were you also a supporter of Awami League?

A: Yes, I was.

Q: You didn't know Bazlul Huda saheb.

A: I didn't know him.

Q: Where is your cousin Badsha now?

A: In London.

Q: Does Badsha come home occasionally?

A: Yes.

Examination by advocate Abdur Razzaq Khan, defence lawyer for accused Hon Capt (ret'd) Abdul Wahab Joardar:

Q: Do you know the difference between talks and altercation?

A: Yes.

Q: You told the IO that the riders of the jeep had an altercation with security guards. But today you said they talked to them.

A: I told him that they had talks in loud voice.

Q: You told the IO only about the black uniformed army.

A: I told him about both the black and khaki, dressed armyman.

Q: You told the IO the army personnel wanted to know from

you where was Sheikh Kamal last night and whether Sheikh Jamal was in the house.

A: Correct, I told him. Perhaps, it was a slip that I didn't mention it today.

Examination by advocate Abdur Razzaq Khan, also the defence counsel for accused Lt Col (ret'd) Sultan Shahriyar Rashid Khan:

Q: From when Bangabandhu started to reside in the house number 677?

A: We have been residing at the house number 678 since 1962. They were from earlier.

Q: Were your mother the founding chairperson of Mohila Awami League?

A: Yes.

Q: Your sister Nasrin Ahmed is the eldest among you. Is her husband a sitting MP of Awami League?

A: Yes.

(Razzaq Khan, with a laughter, said he have been introduced here. He is my cousin.)

Q: Did you see that frequent processions from different parts of the city came to Bangabandhu's house during every movement?

A: Yes, I saw.

Q: Anilul Haq Badsha once was the press secretary to Bangabandhu.

A: Yes.

Q: (Quoting a statement of Nasrin Ahmed of a book) All of you, including your sister Nasrin Ahmed, woke up on that morning amidst heavy firing. You first took shelter at the bathroom.

A: It's a fact for everybody. But I woke up earlier.

Q: You along with brother Rokton, cousin Badsha and sister Nasrin, took shelter at the bathroom on the east side of your house.

A: Correct.

Q: Did you come out from house on August 16 and moved forward?

A: On August 16 we went to another place and returned after three days or four.

Q: Did you ever enter Bangabandhu's house later on?

A: After several years.

Q: You told the IO that you replied to the army personnel that you were not aware if anyone kept any weapon at your house.

A: Perhaps, I told him.

Q: You told the IO that army raided your house even after you brought the 'gada' (countrymade) gun.

A: Yes, I also told him in the mean time that they looted wrist watches and gold ornaments.

Q: Did they raid other neighbouring houses?

A: I was not aware.

Q: Was there regular police guard at Bangabandhu's house?

(Court: Is it necessary to explain whether police guarded the residence of the President?)

A: Yes.

Q: Who was contemporary or intimate to you between Sheikh Kamal and Sheikh Jamal?

A: Sheikh Kamal was two years senior to me. I knew him as my elder brother. Jamal was junior to me.

Q: Did you take part in the Liberation War?

A: Yes.

Q: Did Sheikh Kamal join the army?

A: Yes, during the Liberation War.

Q: Was he ADC to General Osmani during the war?

A: I am not sure. However, I know that he was involved with General Osmani during the war.

Q: Did Sheikh Kamal take army training in Sanders?

A: Yes.

Q: When he was commissioned in the army?

A: In 74/75.

Q: What did Sheikh Kamal do?

A: Perhaps, he was still a student. He was also an athlete and an ideal for the young generation.

Q: When did he leave the university?

A: Perhaps, he didn't leave the university until then.

Q: Did Sheikh Kamal get married in his student life?

A: Yes.

Q: Was your family very conscious about politics?

A: Yes.

Q: Did you know Syed Nazrul Islam, Tajuddin Ahmed, Mizanur Rahman Chowdhury, Abdul Mannan, Sohrab Hossain, Sheikh Abdul Aziz?

A: They used to come to our house. I saw them.

Q: Were Syed Nazrul Islam the President and Capt Mansur Ali Prime Minister during the day of occurrence?

A: Maybe.

Q: Admitting the incident, all of the people went on political hibernation.

A: I don't know.

Q: As a close neighbour did you know that Sheikh Kamal was injured by bullet and given treatment at PG Hospital some days before the incident?

A: I came to know it later.

A: No, I don't know it.

Q: Didn't you hear it?

A: No.

Q: Did you know that huge arms were recovered from Bangabandhu's house?

A: I don't know.

Q: There was a rumour that huge shots were fired from Bangabandhu's residence.

A: This is not correct. I also talked to the sentries posted there. They also didn't say anything like this.

Q: Martial law was imposed in the early morning on August 15?

A: I don't know it.

Q: Cars of different foreign missions came to Bangabandhu's house.

A: I didn't see such things.

Q: Did any car flying a flag came from the cantonment?

A: I didn't see any car of army carrying flag.

Q: Any minister with flag car?

A: No.

Q: Didn't you see any other leader of Awami League other than Khandakar Mushtaque enquired about your well-being on August 15?

A: Yes, many others enquired. But, I don't recall their names.

Q: Do you have many relatives in army?

A: Several.

Q: Didn't you make any statement before the CID investigation?

A: Yes, I gave many interviews.

Q: Were those published?

A: Some of those.

Q: Was the statement of your sister Nasrin Ahmed also published?

A: Yes.

Q: Did you tell the IO that your interviews were published in newspapers?

A: Yes, I told him.

Examination by advocate T M Akbar, defence lawyer for accused Lt Col (LPR) Muhtuddin:

Q: Which newspaper you used to read at that time?

A: It was possibly Observer.

Q: Did you read any newspaper after August 15?

A: Yes, about 10 days after.

Q: Did you come to know that a new government took power instead of BAKSAL government?

A: I came to know it later.

— UNB

Further texts of cross examination will be published as and when received.

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Metropolitan



People paying their last respects to writer-journalist Ronesh Dasgupta at the Shaheed Minar premises where his coffin was kept yesterday. Dasgupta died in Calcutta Nov 4 at the age of 86. — Star photo



Indian filmstar Nasiruddin Shah, now in the city to perform in a presentation of Samuël Beckett's "Waiting for Godot," visited the Liberation War Museum at Segun Bagicha yesterday. — Star photo

Teenage girl abducted

By Staff Correspondent

A teenage girl was allegedly abducted by her house tutor in the city yesterday morning. Police said the 14-year-old girl, a resident of Dhanmondi, was abducted when she went out for a morning walk at about 6:30 am near her residence.

Quoting the FIR, filed by father of the victim, police said a young man, her private tutor, forcibly picked her up in an auto rickshaw and drove off. However, police were not able to rescue the girl and none was arrested till filing of this report last night.

Ranesh Dasgupta's death condoled

Leaders of Bangladesh Federal Union of Journalists (BFUJ) and Dhaka Union of Journalists (DUJ) yesterday condoled the death of writer-journalist Ranesh Dasgupta who died in Calcutta on Tuesday and was cremated in Dhaka yesterday, reports BSS.



Brilliant result

Ronni S F Khan obtained five A grades in his A Level examinations and has obtained a place at Cambridge University to read Mathematics. He also obtained five A's and five A Stars for his GCSE examinations in the summer of 1995. He is the only Bengali-speaking student selected to study Mathematics at Cambridge University out of 200 students in 1997, says a press release.

Meanwhile, his younger sister, Sonia Khan obtained four A's and five A Stars for her GCSE examinations this summer. She is currently studying for her A Levels at Heathfield School in Pinner, London.

They are son and daughter of Shamsuzzaman Khan and Shamima Akhtar Khan.