

Execution is the challenge

To attain the potential growth we need to enhance our overall managerial skills, broaden capacity, tighten governance, and above all ensure commitment from the political regimes for appreciating the strategic priorities and their execution.

MAMUN RASHID

WHEN a country goes through an economic downturn, the government usually assumes the responsibility of accelerating that; especially if the economic slowdown is the result of not incorporating a prudent long-term outlook in its policy framework.

To accelerate the pace of an economy, the government must take initiatives to encourage productivity with its own investment, which, consequently, will create more employment opportunities. The key to achieving these goals is capacity building, which remains the single biggest challenge in a transition economy like Bangladesh, the prime reason being under-utilisation of the Annual Development Program (ADP) over the years because of execution failure, which also implies governance failure.

Since the 1990s, under-performance of ADP has been a regular phenomenon. By downsizing

ADP every year, the political governments spent more on non-development sectors and focused on revenue expenditures.

Almost every year, successive governments of Bangladesh had downsized the ADP, stating there was inadequate revenue income, insufficient inflow of foreign resources, and failure in project execution by the relevant agencies or local government bodies.

Economic policy makers of Bangladesh did not put much thought on how to finance the country's future growth. Members of parliament were strongly influenced by politically motivated projects, overlooked economic prospects, rate of return and strategic priorities, and lacked the required commitment towards the country's development.

ADP implementation saw an upturn during FY 1998-99 to 2000-01 period. After that ADP was slashed by 15.78% in FY2001-02, 10.93% in FY2002-03, 6.40% in FY2003-04, 6.81% in FY2004-05 and 13.95% in FY2005-06.

Overall, the obstacles to proper

utilisation of ADP were administrative weakness, poor project planning, lack of co-ordination among agencies, inability to undertake prior actions as agreed with the development partners, lengthy procedures of appraisal by donors, slow fund disbursement, politically motivated decisions, corruption, continued political tension between the two prime political parties and political instability.

The donors questioned our aid utilisation capacity repeatedly. All of the stated reasons speak of an inherent problem of implementation, or execution failure, not about resource scarcity or allocation requirement.

Unfortunately, a similar trend continued during the caretaker government period also. Although we have observed a strong anti-corruption drive, improvement in the bench strength of the policy planners, regrettably we had to accept the downsizing of ADP by 17% in FY 2006-07, which was the highest ever in a decade.

Estimated ADP utilisation in the first 11 months of FY 2007-08 was

TK 140 billion, and even if the whole year is considered the figure comes around TK 160 billion, which seems to be the lowest utilisation in the last 15 years. This ultimately represents poor macro-economic management, lack of efficiency and drive, management failure, and weak governance.

Both foreign and local investments are closely linked with ADP implementation. The total investment in FY 2007-08 was 24.2% of GDP, 24.5% in FY 2006-07, and 24.7% in FY2005-2006.

Public investment was only 5% of the GDP in the last fiscal year, while it was 5.5% in FY 2006-2007. Foreign Direct Investment (FDI) inflow in FY 2007-08 was around \$604 million against inflow of \$ 760 million in FY 2006-07. Low utilisation of ADP, mounting inflation and anti-corruption stance were mentioned as the key reasons for decline in investments.

During the preceding financial year, Bangladesh economy had to face several brutal natural calamities. The resulting catastrophe due to those natural blows multiplied because of internal policies that do not have a long-term outlook.

While many countries in the world prepared themselves for the global food crisis, we did not pay any heed. As the real incomes of the

people were sliding down, because of soaring inflation, we found consolation by pointing at our neighbouring countries' towering inflation rates.

Finally, the business community also lost confidence because of the anti-corruption drive and disruption in the smooth pace of business. After the natural disasters, the government should have put its efforts in creating more employment through increasing investment, along with strengthening its restructuring and rehabilitation attempts.

In the same way, the government's encouragement to the private sector should have carried the same importance through prudent revenue and monetary policy formulation and execution.

Nonetheless, the government has aimed at creating 1 crore jobs in the next 3 years. Ministries like local government, transportation, primary and mass education etc., made reasonable progress in implementing ADP.

However, this was not adequate, because the government moves were taken during the very last months of the foregoing financial year. Adding to the woe, price hike of construction materials, primarily iron rods, led the contractors of different government projects to



growth and the future of the economy.

It is more painful when we see that even the present government could not do a better job than the previous political regimes. Plus, the poor performance of the present regime also portrays a very dismal picture about the actual development program expenditures during the previous regimes -- real expenditure or efficacy must have been much lower than mentioned.

Come what may, we need to undertake more development programs to divert money to the hungry streams of the economy, focusing on better education, health, infra-structure and agricultural growth.

We need timely execution of those projects 'with passion in the heart and fire in the belly, better understanding about the destination, and a cohesive journey plan.'

Execution remains the key challenge in attaining the desired growth of the economy. To attain the potential growth we need to enhance our overall managerial skills, broaden capacity, tighten governance, and above all ensure commitment from the political regimes for appreciating the strategic priorities and their execution.

Mamun Rashid is a columnist for The Daily Star.

Can China rule the Olympics?

The rampant growth in China, India, and around the globe has surely changed the way we view winners and losers in the global market. But while swift economic changes influence the models' calculations in the short term, it might take decades for money to translate into building a culture of athletic performance.

DANIEL GROSS

THE economic story of the past several years has been China's massive growth as it has nabbed market share in important international competition and assumed a higher profile on the global stage. Nothing exemplifies China's rise more than its hosting the 2008 Olympics. Could it put an exclamation point on its upward trajectory by dominating the Games?

Economists seem to think so. Four years ago, I wrote about models that predicted Olympic medal totals based on factors that have nothing to do with sports and everything to do with what has been going on in economies around the world.

The competitors in this medal-count guessing game are PricewaterhouseCoopers and Andrew Bernard of Dartmouth's Tuck School of Business. Both engage in the classic economists' tactic of forecasting via extrapolation of the recent past. While the models differ, both share the basic

assumptions that population (more potential competitors) and income levels (more resources to develop competitors) are crucial determinants of Olympic success.

Both also agree that other factors enable countries to punch above their economic weight, including past performance, having been a member of the Soviet/Communist bloc, and/or home-field advantage.

This year, each of those factors would seem to weigh heavily in China's favour. Its economy has grown rapidly for many years, making it the world's second-largest when measured by purchasing power parity.

It's a former member of the Communist bloc with an enduring and strong state sports bureaucracy bent on bringing home the maximum number of medals. And it's the host.

Taking all of that into consideration, PricewaterhouseCoopers projects that China will better its 2004 medal haul by 40 percent, going from 63 to 88. The combination of the home country effect and the state support for sport ... is expected to lead to a particularly

significant boost to Chinese medal performance," writes PwC economist John Hawksworth.

That would allow China to edge out the United States as the leading medal miner in Beijing. Hawksworth projects the American medal count will fall nearly 20 percent from 2004, from 108 to 87.

Other big losers: Russia, Germany, Australia, Japan, and France. In other words, China and some other emerging markets (Brazil, Indonesia, Mexico, Poland) are expected to grab market share from the industrialised West.

Such predictions are perfectly in keeping with the shifting geography of wealth and achievement that has been a byproduct of globalisation. The world may not be flat, but the valleys aren't quite as deep as they were in the past, at least when it comes to Olympic competition.

In 1960, the top 10 countries won 78 percent of the medals. In 2004, the top 10 countries won nearly 56 percent. This year, PwC projects the top 10 will win only 52.4 percent.

Bernard reaches a somewhat different result this time around. He sees the rich getting richer, and the

emerging world taking less of a bite. Bernard's model foresees the US easily on top with 105 medals, Russia holding steady at 92, and China making only relatively modest gains, with 81 medals. Bernard also sees Germany and Australia holding steady. The net result: The top ten nations should take home 59 percent of these games' medals.

But I'm sceptical that either PwC or Bernard will come close to predicting the actual medal count. First, the 2004 projections made by both the PwC and the Bernard models didn't quite pan out. Both overestimated the degree of American decline and the gains by countries whose economies were growing rapidly but lacked a tradition of sports achievement.

Both overestimated home-field advantage, and both overestimated the degrees to which established Western powers would lose market share. As we noted in our 2004 Olympics post-mortem, PwC and Bernard projected that the US medal haul would fall 30 percent and 4 percent from the 2000 total, respectively.

Both foresaw that host nation Greece would more than double its 2000 medal count. And PwC boldly forecast that India would massively increase its medal count, from one in 2000 to 10 in 2004.

Oops!

In Athens, the United States

actually increased its medal total by more than 6 percent, from 97 to 103. Russia, predicted by PwC to lose nearly 30 percent of its 2000 medals (and by Bernard to lose about 6 percent of its medals), increased its take from 88 to 92.

Greece won 16 medals in Athens, a 20 percent increase from its 2000 total, but nowhere near the massive gains the models had predicted. And India disappointed PwC by again taking home one measly medal.

The excuse: "Indian sport tends to be focused on events that are not included in the Olympics, most importantly cricket," Hawksworth wrote in the introduction to the current projection.

The rampant growth in China, India, and around the globe has surely changed the way we view winners and losers in the global market. But while swift economic changes influence the models' calculations in the short term, it might take decades for money to translate into building a culture of athletic performance.

And as seen by the performance of members of the former Soviet bloc, cultures of athletic excellence can endure even when the economic structures that built them have crumbled.

In addition, sports are tied up with culture, geography, social mores, and traditions that aren't particularly responsive to economic

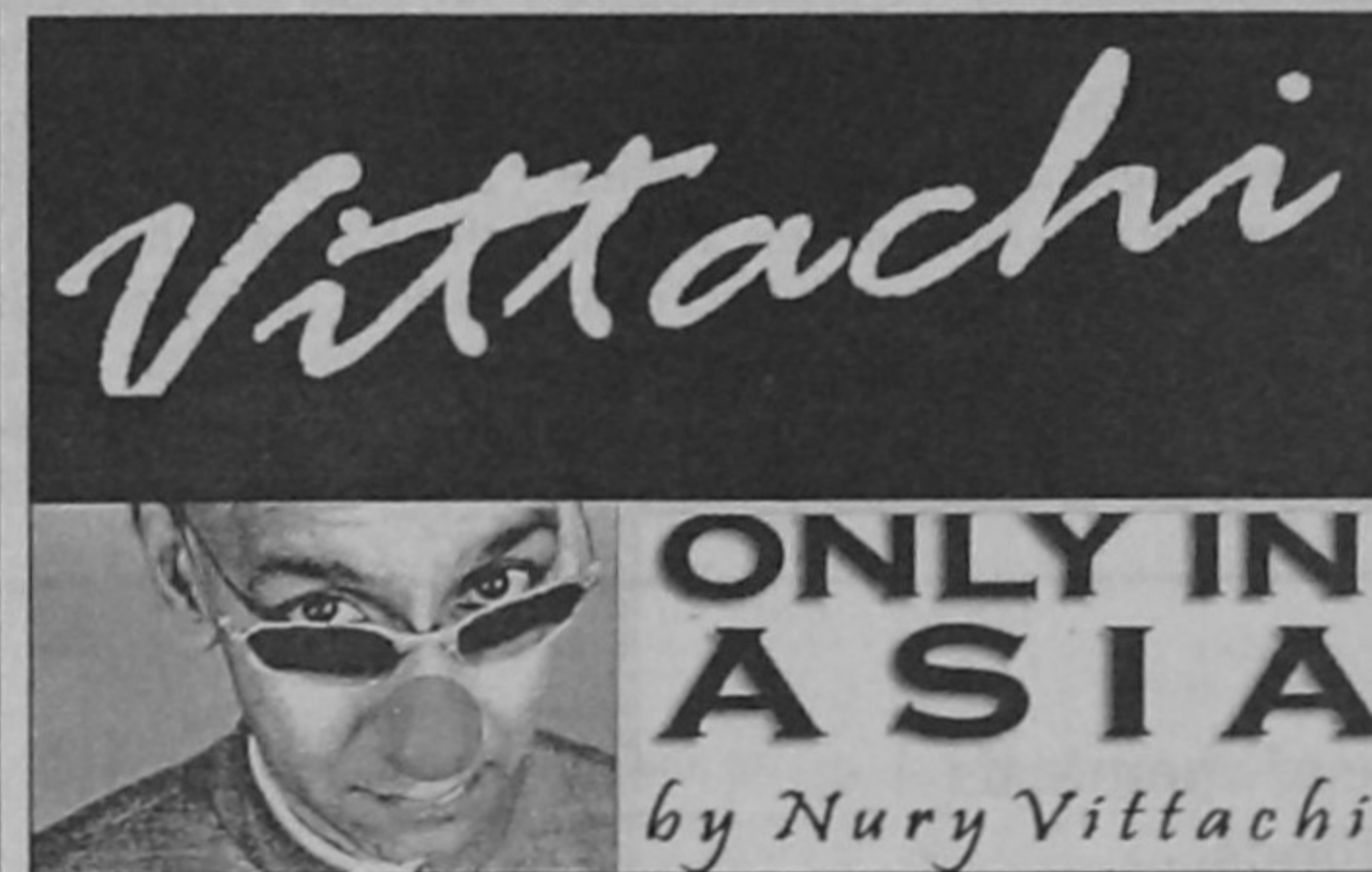
changes. An ultra-wealthy country like Saudi Arabia is unlikely to produce many female Olympians.

In addition, predictions about the Olympics are difficult because of the nature of the Games. The differences separating medal-winners from non-medal-winners are often counted in hundredths of seconds or fractions of inches. And myriad factors on the ground that have nothing to do with economics can impact the outcome of events: a last-minute injury, a runner clipping a single hurdle, or a swimmer turning in a once-in-a-lifetime performance.

Finally, as I noted in 2004, I think the models continue to ignore another economic factor that enables some countries to perform above expectations. Ultimately, Olympic success revolves around a nation's ability to attract, retain, and develop human capital to its fullest potential.

Historically, no country in the world has managed to do this quite as well as the United States. When the US team enters the Olympic stadium in Beijing on Friday, distance runner Lopez Lomong will carry the flag. Seven years ago, he was one of the lost boys of Sudan, living in a refugee camp in Kenya. Today, he's a US citizen and a contender for a medal.

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Asia, Australia and the sex of potatoes

READERS often write to ask me whether I think Asia exists. And I reply: Yes, it does. It's a big place full of non-pink people on the right of the world map.

At which point, the reader respectfully adds: "No, you drooling idiot, I mean the CONCEPT of Asia. Do countries of the region have anything in common other than being neighbours?"

You'd think the answer would be no -- until you visit Australia. Then you realise that being a member of the Asia-Pacific family doesn't make you Asian. Australia is a fantastic place, but SO different. Take the weather for example. Scheduled to do some book talks Down Under, I checked the weather reports. They all said: "Australia is in the grip of a massive drought."

Unbelievably, there was nothing on the Internet about what the fashionable gentlemen should wear when touring droughts. The only advice I could find was to take water.

But my water bottle was confiscated at the boarding gate. "Sorry, sir, you can't take that on the plane," said the flight attendant. "Safety reasons."

Has anyone else noticed the irony that airline staff classify water as a highly dangerous substance, but then will hand you a tray of airline "food" without batting an eyelid?

So I arrived waterless on the arid plains of northeast Australia only to find that the town had been deluged for weeks and my first speech had been cancelled, because the venue was flooded.

During an event I did with another author in a waterlogged field, we slipped around so much that we had to change the title from "A Discussion of the Creative Process" to "A Discussion of the Creative Process and a Demonstration of Mudwrestling."

It rained solidly the whole time, so take note. Australian droughts are not like Asian droughts. Theirs are wetter. If that's the dry season, what's Australia like in the wet season? Underwater kingdom?

Next on my tour was a flight south to Canberra, a city famous for bushfires several kilometers long. I envisioned a sweltering settlement in a landscape of burned trees.

It was snowing. Large drifts of

cold, white stuff were clearly visible on the hills around. In an Australian newspaper, pundits explained that the unusually cold weather had been caused by global warming.

I was reminded of an ancient joke. "Did you hear about the time vandals flooded Dublin? Irish Police said they were searching for arsonists." Clearly, the Irish have been maligned. The incident must have taken place in Australia, where droughts are wet, fires are cold and global warming gives you a chill.

Australia is a great place to visit, but be warned, they don't speak English. A coffee is a "flat white," underpants are "Reg Grundys" and "sex" refers to large cloth bags containing potatoes. The phrase "Let's have



sex" means "Chuck them bags of potatoes over here, will ya?" (Remember this to avoid disappointment.)

I was astonished to see that the local newspaper carried an advertisement for The Australian Cannabis Cookbook. Now you definitely wouldn't see that in Asia.

On the flight back to Asia, I was consumed in thought. Isn't it strange that in some places, highly dangerous substances are openly accepted and consumed, while in others, the same lethal substances are shunned and feared?

I am talking, of course, about airline food.

Readers would be wise to shun and fear our columnist's website: www.vittachi.com.

Burma's democratic revolution

Although there had been sporadic street protests and demonstrations for almost a year, the mass strike and rally called on August 8, 1988 marked a major turning point for the pro-democracy movement. The date was chosen because it was meant to be auspicious -- a reflection of the deep-rooted superstition that grips almost all Burmese.

LARRY JAGAN

THOUSANDS of people joined mass protests outside Burmese embassies throughout the world yesterday to commemorate the tragic events in Rangoon twenty years ago. Many international personalities, including actress Mia Farrow, joined them, all calling for the immediate release of the detained opposition leader Aung San Suu Kyi and a swift move towards democracy. Before leaving for Beijing to attend last night's opening ceremony for the Olympics, President Bush and his wife Laura added their support to the cause during their visit to Thailand.

"The spirit of 8.8.88 must never be allowed to die," said a leading spokesperson for the exiled opposition, Zin Linn, who participated in the mass pro-democracy demonstrations twenty years ago. Although there had been sporadic street protests and demonstrations for almost a year, the mass strike and rally called on August 8, 1988 marked a major turning point for the pro-democracy movement. The date was chosen because it was meant to be auspicious -- a reflection of the deep-rooted superstition that grips almost all Burmese.

Hundreds of thousands of students, civil servants and monks marched through Rangoon -- then the capital -- calling for democracy

and an end to military rule. These protests grew, bringing Burma to a standstill for weeks and threatening to topple the country's one-party state. The universities had been shut several months earlier, after the initial student protests, and student leaders emerged to command the movement.

"We felt that there was no justice or freedom. So we decided we had to bring about an uprising that would end single-party rule," said one of these leaders, Aung Din -- now exiled in the US.

"We called for 'Democracy,' but none of us knew what it meant at the time," said another student activist, Aung Naing Oo -- now exiled in Thailand. "We had to look it up in the dictionary -- but we knew we wanted freedom and an end to military repression."

Six weeks after the start of the mass protests, on September 18, 1988, the army moved against the protesters, crushing the democratic movement. Thousands of students and activists died, as the military mercilessly crushed the protests. The foreign minister at the time, Ohn Gya, in an interview in Rangoon a few years after the events, insisted that only four people died, and that they were killed in the stampede, and not by soldiers' guns.

Most analysts suggest that some 3,000 people died in the military's mopping up operations, while

many military officials openly admit -- albeit privately -- that at least 6,000 perished. In fact, a military intelligence officer close to the former intelligence chief, now under house arrest, told The Daily Star recently that General Kin Nyunt's own assessment was that more than 10,000 people were killed. "Many bodies were quietly cremated so that there was no evidence of the massacre," he said.

Since then, there seems to have been very little movement towards genuine political change. Many Burmese believed that, with twenty years of no progress, Burma is destined to remain under a military dictatorship for decades to come. "What is certain is that change will only come from within the country," said Aung Zaw, editor of the independent Burmese news website and magazine, Irrawaddy. "But more than that, I cannot predict."

Hopes of a new era were again raised last year, when the country's monks joined the street protests against the military regime, spawning a new movement dubbed the "Saffron Revolution." Again, the military's only course of action was to crush the movement with brutal force. The country's activists were jailed or forced underground.

But last year's events showed that things have changed in Burma over the last twenty years, even if much of it is intangible. For years, many local Burmese businessmen



The desire for freedom cannot be suppressed.

have described Burma as a social volcano ready to erupt -- all it needs is a spark, and that could come any time.

No one wants a repeat of the massive social upheaval that happened in the wake of the events of August twenty years ago. What most people don't understand is that the "people's movement" twenty years ago came very close to toppling the military government.

"We were on the brink of giving into the protesters," the senior intelligence officer, Brigadier General Thein Swe -- now serving 197 years in prison for corruption and treason -- told a close confidante. "If the demonstrations had gone on for another two weeks, we would have been forced to give up and withdraw back to the barracks," he mused.

But the protesters gave up first -- leaving thousands dead -- and even more were forced to flee abroad.

More than a quarter of a million Burmese have sought political refuge since the end of the student-led protests 20 years ago. The first batch took months to trudge through the jungles in Burma's border areas close to China, India and Thailand. They had to elude Burmese troops who would have killed them on sight, and suffered illness and disease on the way -- many were decimated by diarrhea, malaria, dengue fever and starvation.

Thousands have poignant personal stories of tragedy. Many left behind their parents and siblings; others left their own young offspring behind in the care of their grandparents, as they would not have survived the arduous journey to freedom. These young children have grown into adults without having known or seen their parents.

Although the "Saffron Revolution" cannot be compared

too closely to the events twenty years ago, it did politicise a new generation of students -- all of whom are too young to remember 1988. They are likely to return to the streets as the root causes of last year's protests -- spiralling food and fuel prices have now been resolved. But one lesson of the last twenty years is that protests do not always produce political change.

"You can expect spontaneous demonstrations against the military -- but the problem is that you have to be organised," said Min Zin, a leading political activist who fled Burma more than a decade ago and is currently studying in the US. "My concern is whether it can lead to a genuine political change."

The junta now has forced the country to ratify a new constitution, which essentially institutionalises military rule, and promised a fresh election within the next two years. Burma's military rulers face a quandary, for they now have to garner the public's support as they seek to move from military to civilian government as outlined in the new constitution.

So the next two years will be uncertain as the regime prepares for these polls.

"It is in times of uncertainty that protest and change seem to happen in Burma," the independent Burmese academic at Chiang Mai University, Win Min, told The Daily Star. "The next two years are likely to be volatile -- with more protests, led by the monks and the students, are almost certain."

Larry Jagan contributes regularly to The Daily Star from Bangkok. He is a former Current Affairs Editor, Asia, BBC World Service, and covered the 1988 events in Burma.