

Middle Income Bangladesh

The challenge for Bangladesh is not just to attain rapid growth, but also to maintain and to the extent possible, accelerate it. Even if we consider real GDP growth of 5% per annum, Bangladesh is likely to achieve per capita GNI over \$900 by 2019.

MAMUN RASHID

BANGLADESH could possibly be a middle income country (MIC) by 2016 if the GDP growth continues to be sustained at the rate of 7.5%. The World Bank has classified its 185 member countries into the low-income, middle-income, and high-income groups on the basis of 2006 per capita GNI figures. As per the classification, countries which have \$905 or less per capita GNI are low-income countries, from \$906-\$3,595 are lower middle-income, from \$3,596-\$11,115 are upper middle-income and \$11,116 or more are high-income.

To become a middle income country our prime goal would be to alleviate the poverty level. We have so far made a modest progress to reduce the poverty level of the country. The average income of Bangladesh today is more than 75% higher than in 1990. The rate of poverty has also declined from 58% in 1992 to below 40% recently.

To be a middle income country, the per capita income level needs to be improved. The key to improve our country's per capita income level is to generate employment, primarily via growth of the manufacturing sector, thereby supporting wealth generation and ensuring an efficient governance to distribute the wealth into the productive sectors of the economy.

To foster economic growth, the indus-

trial sector will have to account for a larger share of GDP. Improving the productivity of the manufacturing sector will require particular attention to: (i) strengthening export competitiveness, (ii) improving the skill levels of the labour force, (iii) improving attractiveness to FDI, and finally (iv) ensuring law and order.

To strengthen export competitiveness we need to diversify country's export base. In addition to building on our achievements in the RMG sector (with gradual integration of linkages), and also food processing, leather, pharmaceutical, ceramics, home textiles and light engineering products, new sectors will need to emerge to take advantage of our competitiveness.

The RMG sector is currently facing threats from the economic slowdown in the US and EU markets (which account for 83.5% of textile exports). Therefore it is vital to improve intra-regional trade to diversify country's export base. BRIC countries (Brazil, Russia, India and China) are still untapped markets for Bangladesh to improve export base. So is Japan.

Improving the investment climate will warrant ensuring the competitive strength of our industry and thereby attract FDI. This will entail an institutional set-up that is free from corruption and unnecessary regulatory hassles,

existence of harmonious labour relations and labour laws that meet global standards, simplified export and import procedures via the use of e-investment services and deepening of the capital market. Development of infrastructure facilities especially in the areas of highways, port and airport facilities, telecommunications and the power sector will be of crucial importance in this context.

Highest priority should be given to building up a large base of skilled workers to match the growth and structural transformation of our economy as well as the expanding the demand for migrant workers within the global economy. Accordingly, budgetary allocation, moreover, execution for education should be increased substantially to address both tertiary education and vocational training needs to meet the emerging demands for knowledge-based workers of an increasingly technology-driven and service-oriented world.

One of the biggest challenges that we are facing is capacity development. Although the power sector has grown over the years, the sector continues to suffer from shortages with only 35% of the population having access to electricity. Transport infrastructure is fundamental to the growth of trade. Our river network has the potential to play a vital role in integrating and upgrading transport networks of the country and in South Asia. The bridge construction and operation will result in significant positive impacts on national and intra-regional growth.

In densely used corridors, railways could provide an efficient passenger transport system. On the Dhaka-Chittagong corridor, rail transports freight containers much more efficiently than trucks. Better management practices could easily increase this. Because of

faulty management, we have failed to unleash the immense possibility inherent in our two seaports.

The Chittagong port alone handles 85% of the country's trade, but is plagued by slow vessel turn-round times, low labour productivity, high number of trade union counterparts, poor onward connection, and several other bottlenecks. The recent corrective actions have brought notable improvements; efficiency of port has increased by 30%, nevertheless, we have further scope of improvements.

We must remember that without good performance of our agriculture sector historically we have not performed well as a whole. In the face of a declining share of cultivable land, increasing productivity in agriculture will have to be secured through greater investments in quality research, extension, and mechanised cultivation and crop diversification.

More commercial and technology-driven farming system will have to be built upon in order to enhance the productivity of small farms and to move towards higher value crops. The promotion of industry, including agro-processing as well as simple manufacturing, will play an important role in contributing to economic growth.

Bangladesh faces further challenges in terms of economic erosions. Almost every year flood visits the country. In 2007 after two floods in a row, the country was also hit by the deadly Cyclone Sidr. The losses incurred by the SOEs each year contribute further to economic erosions. We should continue to provide subsidy which protects the vulnerable section of the society. But no subsidy should be provided which creates inefficiency and obstructs the overall wealth creation process.

A rapid transition to MIC status would



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not only demand a deeper level of political commitment but also require far more complex policy innovations. Analysts have also pointed out three key transition areas which are key to achieve MIC status:

- Competitive private manufacturing sector along with a productive, diversified, and commercially oriented agriculture sector.
- Further liberalisation of trade and investment. Deepening of integration with global markets wherein internationally competitive Bangladeshi firms would be plugged into global supply chains.
- More urbanisation and having a diverse set of dynamic urban centres as viable alternatives to Dhaka

The challenge for Bangladesh is not just to attain rapid growth, but also to maintain and to the extent possible, accelerate it. Even if we consider real GDP growth of 5% per annum, Bangladesh is likely to achieve per capita GNI over \$900 by 2019.

Thus it is very much possible to attain Middle Income Country status within year 2020, or soon after and to achieve so it is essential to strengthen core governance along with having sound management policies in place.

The first steps need to be tackled are core governance related problem that foster regulatory and political uncertainties, corruption, crime and disorder. The other steps are to strengthen export competitiveness by linearisation of trade regime, accelerate growth in manufacturing sector and reverse the declining productivity growth trends in agricultural sector, address skills constraints, adopt measures to reinforce trade facilitation, make the financial system more efficient, and lastly maintain the past record of macroeconomic stability and sustainability.

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Managing Digital Bangladesh 2021

Sustainability is more important than starting. If we fail to manage a sustainable digitised Bangladesh with our own resources, Digital Bangladesh 2021 will harm rather than benefit the country.

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THE scope of Digital Bangladesh (DB) is not yet clear. We assume that the government wants to make Bangladesh fully digitised by 2021 through application of third generation information and communication technology (ICT).

Digitisation helps increase operational efficiency and productivity provided the supporting infrastructures work properly. This is a tool that will help accelerate economic development and increase competitive edges of Bangladesh in the world market.

Wide-scale digitisation is likely to help Bangladesh become a mid-income country sooner than otherwise possible. However, for proper management the government needs to define its vision, mission and goals and formulate strategies and prepare action plans supported by necessary financial and human

resources so that the plans can be implemented.

It is assumed that by 2021 Bangladesh will have a countrywide ICT network that will operate to ensure high speed information flow between the decision-centres wherefrom instructions will be transmitted electronically to the action centres to make the intended actions happen.

The goal is to accelerate a national decision-making process and to implement the decisions, monitor the performance of the government functionaries at all levels starting from the national parliament through the ministries, administrative offices at districts, upazilas and down to the schools at village levels; evaluate the results at each level and if necessary correct the behaviour of the non-performers.

The scope of DB is very wide. It is not only e-governance or e-commerce or e-banking, or operating a country-wide mobile phone network through which

one can access the daily newspapers or other internet devices.

In fact, it is a combination of all of them. It is a country-wide application of 3G ICT to institutionalise the best management practices in every sector and sub-sector. To make DB happen, highest priority must be given to science, technology and management education. Besides, to be productive, the educated people must be in good health. This means digitisation should start simultaneously with the education and health sectors.

Education sector

The universities of Bangladesh are already partly digitised. DB visualises that by 2021 all universities, colleges, high schools, primary schools, and madrasahs will have computerised connectivity. ICT is intended to be used as teaching-learning aids. After five years of schooling all students should have regular access to computers with internet facilities. The goal is to improve the quality of education. The use of automated library is spreading slowly in most universities, although they have to go a long way to be digital in the real sense. By 2021 the entire education sector should be digitised with third generation wireless technology.

Health sector

Under the Ministry of Health there are medical universities, colleges and hospitals in big cities. In addition, there are a large number of rural hospitals/clinics/healthcare service centres at district, upazila, and thana levels. However, most of these hospitals and clinics are not well equipped and their services are not of desirable quality. The number of qualified doctors and nurses is much less than required. Nor do they have required type of diagnostic equipment and operating theatres. Reportedly, the available facilities and medicines are often misused.

In Digital Bangladesh all these clinics will be linked through the computer-aided connectivity. Major hospitals should even have their websites linked with the websites of the DG, Health Directorate. But it must be noted that merely establishing connectivity will not solve the problems of inadequacy of the number of doctors, nurses, equipment, medicines, etc.

What the digitisation can do is to seek, receive, analyse the medical reports and transmits back prescriptions/instructions, monitor the performances at the rural clinics electronically. In other words, decisions can be imple-

mented very quickly. This will ease out management problems.

Because the entire information and data set will flow back and forth electronically they will be relatively more transparent and in turn the probability of indulgence in corruption will decrease. Beside, by 2021, the DB will hopefully introduce video conference systems between doctors in major clinics.

Managerial talent

To digitise Bangladesh with 3G technology in 12 years is fairly ambitious. However, there is no reason to feel skeptical. It needs strong commitment and strategic planning for sustainable DB. The beginning must concentrate on the development of infrastructure in terms of hardware, software and manpower. Merely buying several lakh computers and distributing them among several thousand workstations located in colleges, schools, hospitals and clinics will not digitise Bangladesh. Locally produced qualified manpower must be available to keep the system running without depending on foreign "experts."

The project presupposes that Bangladesh will be able to build its technical and managerial capacity to design the necessary digital network system, procure and install all the equipment properly, and to educate, train and deploy necessary

personnel to operate and maintain the nationwide ICT network.

Sustainability of DB will depend on our ability to maintain, repair and expand once the system is installed. To install the system at the beginning we may seek foreign help, but to keep the system running we must not depend on external help. We must develop our own manpower.

To produce such human resources, the government must assign highest priority to the promotion of science, technology and management education. We must prepare a separate plan to produce adequate number of scientists, computer and communication engineers, software engineers, technology management experts, etc.

Otherwise DB will make Bangladesh highly vulnerable by making Bangladesh dependent on those countries that manufacture, control and distribute ICT. Sustainability is more important than starting. If we fail to manage a sustainable digitised Bangladesh with our own resources, Digital Bangladesh 2021 will harm rather than benefit the country.

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A flawed idea

The two strands within Pakistan's DNA began to slowly split its personality. The father of the nation, Mohammed Ali Jinnah, thought he had produced a child in his own image, but his secular prescription was soon suppressed. His ideas were buried at his funeral.

M J AKBAR

INDIANS and Pakistanis are the same people. Why then have the two nations moved on such divergent arcs over the last six decades? The idea of India is stronger than the Indian, and the idea of Pakistan weaker than the Pakistani. Multi-religious, multi-ethnic, secular, democratic India was an idea that belonged to the future; one-dimensional Pakistan was a concept borrowed from the fears of the past.

India has progressed into a modern nation occasionally hampered by backward forces. Pakistan is regressing into a medieval society with a smattering of modern elements. Pakistan was born out of the wedlock of two inter-related propositions. Its founders argued, without any substantive evidence, that Hindus and Muslims could never live together as equals in a single nation. They imposed a

parallel theory, perhaps in an effort to strengthen the argument with an emotive layer, that Islam was in danger in the subcontinent. Pakistan's declared destiny, therefore, was not merely as a refuge for some Indian Muslims, but also a fortress of the faith. This was the rationale for what became known as the "two-nation theory".

The British bought the argument, the Congress accepted it reluctantly, the Muslim League exulted. The Indian state was founded on equality and equity: political equality through democracy, religious equality through secularism, gender equality, and economic equity. Economic equality is a fantasy, but without an equitable economy that works towards the elimination of poverty there cannot be a sustainable state. India, therefore, saw land reforms and the abolition of zamindari. Pakistan has been unable to enforce land reforms. India and

Pakistan were alternative models for a nation-state. Time would determine which idea had the legs to reach a modern horizon.

The two strands within Pakistan's DNA began to slowly split its personality. The father of the nation, Mohammed Ali Jinnah, thought he had produced a child in his own image, but his secular prescription was soon suppressed. His ideas were buried at his funeral. His heirs began to concede space to mullahs like Maulana Maudoodi who asked, in essence, that if Pakistan had been created to defend Islam, then who would be its best guardians? After some debate, the first Constitution in 1956 proclaimed Pakistan as an "Islamic" state. It was an uneasy compromise. No one cared (or dared) to examine what it might mean. The principal institutions of state, and the economy, remained largely in the control of the secular tendency until, through racist prejudice, arrogance and awesome military incompetence it was unable to protect the integrity of the nation.

The crisis of 1969-1971, and the second partition of the subcontinent, which created a Muslim-majority Bangladesh out of a Muslim-majority Pakistan, forced Pakistan to introspect deeply about its identity. Perhaps the last true secularist of this Islamic state was the Western-

Oriented-Gentleman Zulfikar Ali Bhutto, who came to power in 1971, preached emancipation from poverty and did not mind a spot of whisky in the evening. By the end of his six years in office, he had imposed prohibition. The ground had begun to shift even before the coup that brought Gen Zia to power. Zia had the answer to his own question: if Islam was the cement of Pakistan, how could you expect the edifice to survive if the cement had been diluted.

Islam became the ideology of the state, not as a liberal and liberating influence, but in its Wahabi manifestation: compulsory prayers in government offices, public flogging, the worst form of gender bias in legislation, the conversion of history into anti-Hindu and anti-Indian fantasy, a distorted school curriculum, with "Islamic knowledge" becoming a criterion for selection to academic posts. The Soviet invasion of Afghanistan provided the excuse for the adoption of "jihad" as state policy as well as a medley of irregular forces, liberally funded by American and Saudi money.

The madrassas became not only the supply factories for irregular soldiers, but also the breeding ground for armed bands that are holding Pakistan hostage today. If it had been only a question of an individual's excesses Zia's death could

have been a swivel moment for the restoration of the pre-Zia era, particularly since his successor was Benazir Bhutto. But in the quarter century since his sudden death by mid-air explosion, no one in Islamabad has had the courage to change the curriculum or challenge the spread of the madrassas.

There are now over 20,000 of them, with perhaps two million students, most (not all) of them controlled by extremists. Worse, prompted by thoughtless advice, Benazir engineered the rise of the Taliban and helped it conquer Kabul. The children of Gen Zia are now threatening Islamabad. Sometimes a simple fact can illuminate the nature of a society.

During the 2005 earthquake, male students of the Frontier Medical College were stopped by religious fanatics - their elders - from saving girls from the rubble of their school building. The girls were allowed to die rather than be "polluted" by the male touch. For six decades, power in Pakistan has teetered between military dictatorship and civilian rule. When the credibility of civilians was exhausted the people welcomed the army; when the generals overstayed their welcome, the citizen returned to political parties.

Pakistan is facing a dangerous moment, when the credibility of both the military and politicians seems to have ebbed beyond recovery. How long before the poor and the middle classes turn to the theocrats waiting to take over? The state has already handed over a province like Swat to Islamic rule. Men like Baitullah Mehsud, Mangal Bagh and Maulana Fazlullah are a very different breed from the mullahs who have already been co-opted and corrupted by the system. They have a supplementary query, which resonates with the street and the village after 9/11: why is Pakistan's army fighting America's war against fellow Muslims? Any suggestion that Pakistan might have become a much larger base for terrorists than Afghanistan ever was is met with the usual response, denial.

On the day that terrorists attacked Sri Lankan cricketers, I had a previously arranged speaking engagement at a university in Delhi before largely Muslim students. I began with the suggestion that every Indian Muslim should offer a special, public prayer of thanks to the Almighty Allah for His extraordinary benevolence - for the mercy He had shown by preventing us from ending up in Pakistan in 1947. The suggestion was received with startled amusement, instinctive applause and a palpable sense of sheer relief.

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