

Do we really have a crisis on the remittance front?

Greater efforts must be made to attract remittances through the formal channel by reducing cost of transfers, having faster and more convenient delivery services in rural areas, and making the presence of Bangladeshi financial institutions or their representatives much more widespread in the GCC and other regions.

AHSAN MANSUR

WORKERS' remittance is the most important source of foreign exchange earning in Bangladesh. Although remittances account for about 60% of gross export receipts, in terms of net value addition and contribution to domestic demand it probably has more impact on the overall economy. It is also the fastest growing component, recording an average growth rate of 21.5% since 2000 and accounting for about 12% of GDP in 2008/09. Thus, the potential adverse impact of the global economic crisis on Bangladesh's remittance inflows is a legitimate concern.

Many countries are already experiencing the negative impact of the global crisis. This is occurring primarily in two forms; lower inflow of remittances in dollar terms and returning of workers from abroad in large numbers. So far Bangladesh has not experienced any significant rise in workers returning from abroad and the inflow of remittances has also remained strong. On a net basis, workers are still going abroad in sizable numbers, albeit at a pace much slower than the record migration reported during the last two years (Fig 1).

The days of workers going abroad in record numbers are certainly over, and the current record high growth in inflow of remittances (in excess of 20% per year

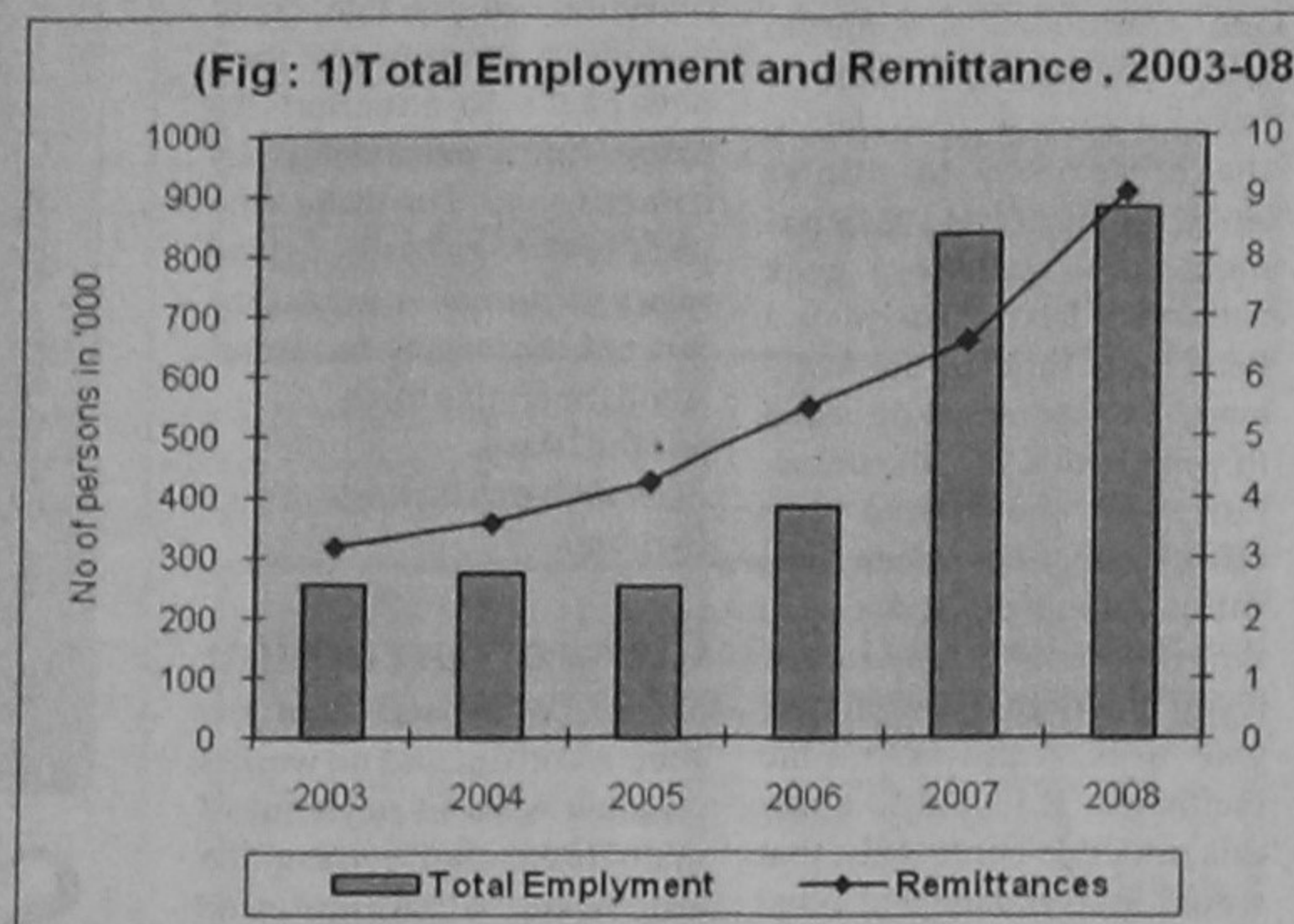
may not last very long. The real issue is how severe the slowdown or decline in migration and remittances will be.

Many countries in Eastern Europe and Central Asia have experienced severe remittance shocks due to the movements of exchange rates among major currencies. The fall in euro relative to the dollar has hurt remittance income from the EU countries. Many former Soviet Union countries have experienced a drop in remittances due to a sharp depreciation of the Russian ruble.

Remittances coming from the dollar-pegged Gulf Cooperation Council (GCC) region and the United States, accounting for 82.4% of the inflows into Bangladesh (Fig. 2), are not subject to such exchange rate movements. Remittances from countries like Malaysia and Singapore, with less exchange rate volatility, also helped protect Bangladesh's remittance inflows.

However, remittances coming from the United Kingdom, Germany, Italy, and Australia suffered significantly due to the weakening of their currencies against the dollar. In particular, remittances from the UK and Germany declined by 15% and 26% during the July-February period, primarily due to the exchange rate factor.

Remittance from Italy declined only modestly (3.7%) despite a much sharper depreciation of the euro against the dollar, indicating that the inflows increased significantly in terms of the euro. The



same will be the case if we measure the inflows from the UK in terms of pound sterling.

We do not expect workers to return from industrial countries like the USA, the UK, other European countries, and the industrialised Asia (Singapore, Hong Kong, South Korea and Japan). Essentially, the threat lies in the GCC and Malaysian markets. The GCC economies comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE) -- while homogeneous in many respects, are at different stages of construction boom.

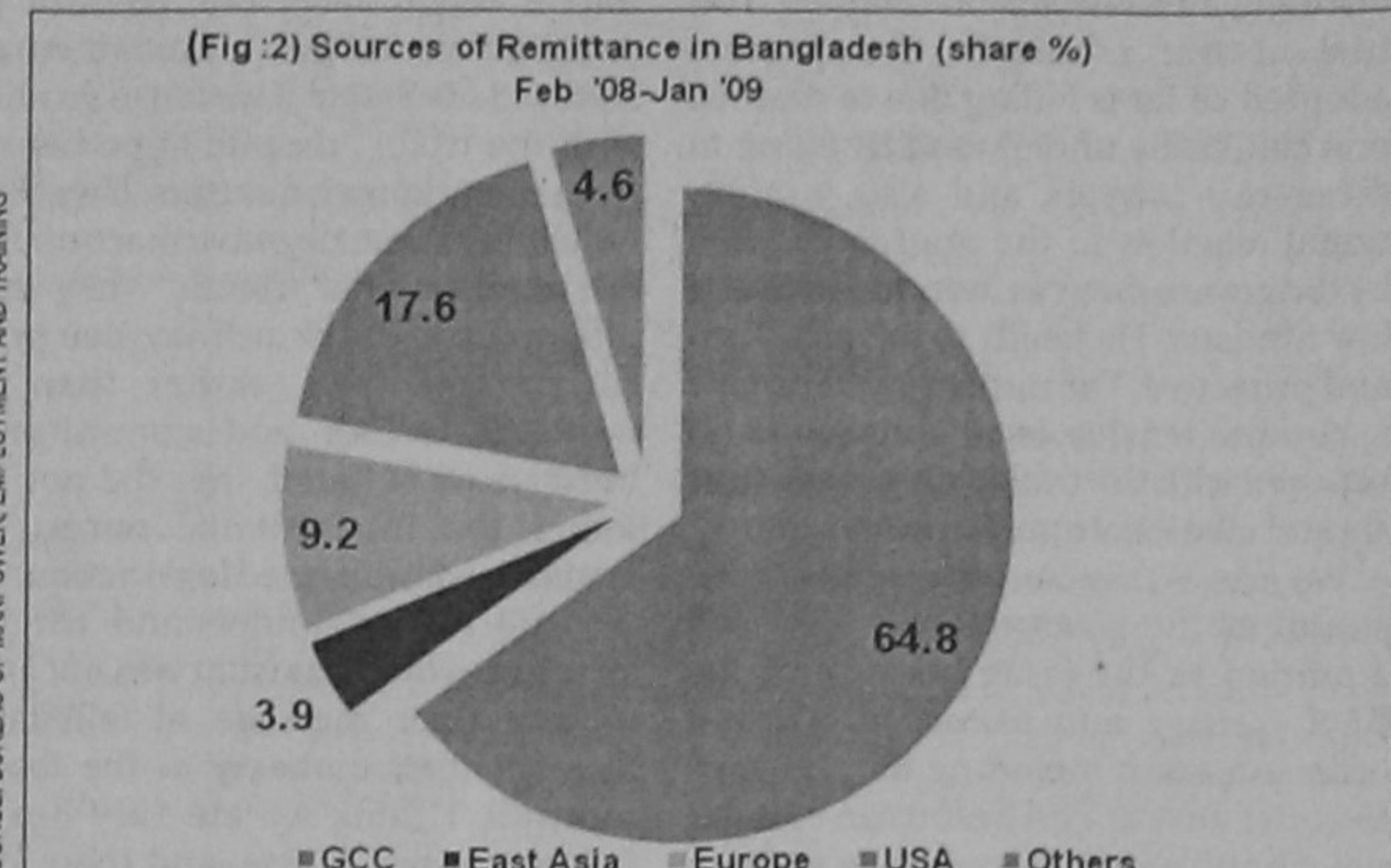
The Dubai market is certainly vulnerable. With the busting of the real estate bubble, property prices have already fallen significantly and are likely to decline further in the coming months. The over-expansion that has already happened in Dubai certainly puts it in a different category. This may not even apply to Abu Dhabi, the largest oil producer in the UAE, which also has a much bigger resource base (with Abu Dhabi

Investment Authority holding more than a trillion dollars in assets).

Construction activity in Abu Dhabi also expanded at a measured pace compared with Dubai. Investment projects in Dubai may be temporarily halted or even abandoned, but those in Abu Dhabi are likely to continue for the most part.

The rest of the GCC countries, accounting for 75% of GCC remittance to Bangladesh, are at early stages of the construction boom. In particular, Saudi Arabia the largest economy in the GCC has a long way to go in building its infrastructure. At the current \$52 per barrel oil price and cost of production ranging between \$1.5-3.0 per barrel, the Saudi budget is in good shape to continue with their massive social and physical infrastructure programs. We have to remember that the overall investment program in the GCC region was about \$2 trillion in 2008. Completion of this investment boom, even if curtailed significantly, will require another 5-10 years.

The other important factor is the firm-



ness of crude prices despite the severity of the current global economic crisis. Crude oil prices have already rebounded from their bottom of \$34 per barrel to more than \$52 within a short time. The moment the industrial economies start showing some signs of recovery, crude prices may very easily increase to about \$75 per barrel. Unlike the previous times, almost all-excess oil production capacity is in the Opec countries primarily with Saudi Arabia.

Thus, economic recovery in industrial countries, even if it happens after 2010, will certainly put the GCC countries once again back into a large surplus position. The GCC governments are not likely to cancel major infrastructure projects. In the meantime, what we can expect is continuation of the ongoing projects and some delays in starting new ones.

Based on the considerations noted above, while Bangladesh should not be complacent, there is no need to panic. The government should keep focusing on its medium-term objectives to broaden

the market for Bangladeshi workers, enhance the skill level and general knowledge of the workers through technical and language training; and improve the understanding of workers' rights and responsibilities through general orientation programs.

Greater efforts must be made to attract remittances through the formal channel by reducing cost of transfers, having faster and more convenient delivery services in rural areas, and making the presence of Bangladeshi financial institutions or their representatives much more widespread in the GCC and other regions.

Attractive investment opportunities should be created in Bangladesh so that workers and other non-resident Bangladeshis in the USA and Europe are attracted to invest their savings in their home country. Launching infrastructure investment funds and popularising special bonds for the NRBs would be important in this regard.

Ahsan Mansur is Executive Director, Policy Research Institute.

Dramatic setback for equality in the world

The financial crisis affects state budgets in a negative way and often entails cut-backs in the public sector. This can lead to more unpaid household and care work, which is often carried out by women, the consequence being that they have less time for paid work.

ANDERS NORDSTRÖM

THE financial and economic crisis is hitting hard, albeit differently, against men and women, and it risks giving rise to setbacks in the fight for gender equality in the world. In connection with the International Women's Day on Sunday, Sida is launching an initiative to increase women's economic empowerment in developing countries.

Over the next few years, the Swedish International Development Agencies (Sida) will be actively raising the question of women's economic empowerment and increasing the support to this area in our partner countries. We will intensify the global influence and work together with other international bodies. Particular focus will be placed on the bigger players, for example the World Bank.

The financial crisis has, up to now, affected the USA and Western Europe worst. But we can already see signs of big effects in Asia, and after a certain time delay, the economic crisis is heading towards negative effects even in Africa and Latin America.

Sida held an international seminar together with a professor and development economist, Naila Kabir, with the title "The financial crisis and women's economic empowerment," which showed how the effects of the financial

and economic crisis seriously risk affecting women's possibilities for influencing their own economic situations.

In relation to this, Sida is presenting a current research compilation and analysis, which has been done in cooperation with researchers at Stockholm University. This analysis shows how the crisis risks affecting women in developing countries in seven identified areas.

Employment in industry is disappearing. Many work opportunities in developing countries have been created in industries where production is labour intensive and aimed at export. These have made use of easy access to low paid, female labour forces.

The financial crisis leads to weakened economies and weakened purchasing power, first in the western world, and then later in developing countries also. This means a decrease in demand for many consumer goods such as textiles, shoes and electronics. Because these goods are mainly manufactured in developing countries, where women represent a large proportion of the labour force, it also impacts women's employment negatively.

A higher unemployment rate does not affect just those women who work in industry, but also the many women who work in the informal economy. The

informal economy employs the majority of the world's people living in poverty and in particular women in developing countries.

Work is lost in the export oriented farming sector. Women in developing countries often work within this sector producing, for example, cut flowers, vegetables and fruit.

These women can be employed in larger companies, but they can also work on the family farm where the husband has entered into a contract with a larger company as a subcontractor. Just as within industry, the financial crisis forces these companies to limit or close their operations because they cannot pay their loans, and the demand for the products decreases, which in turn leads to many women losing their work and incomes.

For women living in poverty the possibility to get access to microcredits has been significant during the past three decades. Microcredits are given to farmers and others who are self employed but lack access to financial services from larger established banks. By accessing microcredit loans they can start a commercial activity and thereby increase their incomes. Women living in poverty make up the largest client group among microcredit institutions.

Because of the financial crisis, there is a big risk that the number of these loans will reduce drastically, which, in turn, will affect access to financial services. As a result, their ability to support themselves is threatened.

The financial crisis affects state budgets in a negative way and often entails cut-backs in the public sector. This can lead to more unpaid household and care work, which is often carried out by women, the consequence being that they have less time for paid work.

There is a big risk that increased work in the household, in combination with lower incomes, will result in families not being able to afford and not having the possibility to let girls attend school. The girls must help their mother with the work in the household or help with securing a livelihood in other ways. Once girls have left school, they rarely go back. This has lifelong negative effects on their possibilities to find employment and receive an income on which to support themselves, which in turn reproduces the lack of equality.

The financial crisis, reduced employment and increased unemployment can lead to the most vulnerable women being forced into prostitution so as to be able to earn a living for themselves and their families. Families can even be forced to sell their daughters to brothels if they cannot find any other alternative to establishing a way of earning a living.

In a financial and economic crisis, stress and conflicts increase as a result of reduced resources. Experience shows that women often try to relieve the effects of the economic crisis also in relation to the husband's unemployment and economic problems. At the same time, research suggests that it is not unusual for men to take out their own frustrations over the difficult situation by turning violent against wives and other female relatives.

If women have a stable source of earning a living, they are not affected to such a wide extent by a financial crisis. But a significant proportion of the world's women already live in poverty. They lack choice, power and material resources where traditional gender roles and norms stand in the way of their development. The conse-

quences are often negative and sometimes decisive for girls and women. Even men are affected negatively by these traditional gender roles. An unemployed man is deemed to be less manly if he carries out tasks that are believed to be "women's tasks" (like taking care of children and the home).

Equal economic opportunities are crucial if women's subordinate position is to be broken. Equal possibility for women and men to own land and assets, earn money and participate in professional life is absolutely necessary for sustainable economic and democratic development.

Sida has worked for many years to clear obstacles that exist for women and girls to participate on equal terms in society, regardless of whether the obstacles have depended on social norms, religious values or a lack of

legislation with regard to equality. Through Sida, Sweden has supported many efforts in developing countries, which has in different ways strengthened the position of women.

But the number of examples of success must rise. Women's control over their own lives must increase. Therefore, Sida now wishes to invite the civil society and the private sector in our partner countries and in Sweden to work together to increase women's economic empowerment. Through transfer of knowledge, qualitative cooperation and better coordination, we can ease the effects of the crisis, increase equality and contribute towards a sustainable global development that favours everyone.

Anders Nordström is Director General, Sida. E-mail: anders.nordstrom@sida.se.



When will we get a fair share?

Remembering Col. Mujibul Hoque

NEELIMA ISLAM

"I'm retiring on April 3, on my birthday. I would like to have a grand party because I want to celebrate my retirement and the beginning of a new episode in my life."

THAT was what my brother-in-law Col Mujibul Hoque, who commanded the Dhaka Sector and headed the caretaker government's Operation Daal-Bhat, and was killed at the early stage of the mutiny, wished for, just weeks before he was slain.

I'll never forget the saddest moment of my life when I had to bear the news of his death so untimely, so barbaric, and so heart-rending. Indeed, I am making preparations for April 3 with due solemnity and honour but not to celebrate his birthday and retirement but to commemorate his chehlum.

Reliving those 33 hours still horrifies me. I was travelling by road from Khulna

to Dhaka when I first received a call from my sister saying she was confined in the gym as some BDR staff members had revolted against the army officers.

I got worried, thought about my brother-in-law who I knew was in the Darbar Hall, thought about my nephew who I heard was sleeping in his room, thought about my niece at school. Then I heard rumours about the DG being shot, and my heart sank.

I was getting text messages from my 17-year old nephew to help him as the mutineers set the house on fire. I frantically called as many people as I thought would be able to help. I felt so very helpless and unfortunate to fathom the trauma that poor boy must be going through. I was hearing rumours of Col Mujib's death, but in a state of denial kept praying: "Oh Allah, please don't let this happen. I'll do anything for you, please protect him, please protect all the others."

However, when I reached Dhaka at 5 pm, I went to bring my niece from her friend's house. Holding her close to my heart, I started worrying about my sister, my brother-in-law and my nephew. Adding to my woes was my niece's relentless yearning to see her parents, her brother, and her pet dog. I had to explain that there were some rebels who had taken control of BDR premises to realise their demands and once they are met, they would set everybody free.

By that evening I had to believe Col. Mujib's death, as his brother identified the corpse. But, how could I tell the little girl that her world had changed?

My sister didn't regret losing her belongings, hoping her husband was alive. But all that they had built together over 25 years of their marriage were burnt down to ashes by the mutineers. They had celebrated their wedding silver jubilee on December 9.

It's hard to put into words how I feel the loss of my brother-in-law who was a great friend to me and I have always admired him as the nicest human being on earth. He lived a worthwhile life and was proud of his loyalty towards the country he loved so much.

I remember when he was posted in Thailand, he would inevitably call me prior to every festival and ask for Bangladeshi greeting cards or gifts which he took pride in giving to contacts there just to show off his country's wealth. I still feel the warmth of his words when on several occasions he said: "I live for this country and I want to die for this country."

He was unyielding and consistent in following his principles and always loved to remain busy with his work. I always believed he had no enemies because he never wished ill for anyone. Utter contentment with what he has

been blessed with, had kept him away from being over-ambitious.

His work, his staff members were always priority for him. He even didn't hesitate to remind his family members how much he valued his staff members and their welfare. That is why my sister found it very difficult to reconcile how those same staff members shot him. To be murdered at the hands of people whom he knew must be all the more heartbreaking.

The only consolation in all these terrible outrages is that for everyone who defies their fellow citizens and country there are many more who show outstanding bravery and self sacrifice when confronted with these terrible situations. They give us continued faith in fellow human beings. I am grateful to all our friends, colleagues and family members who stood by our side, lent their helping hands unconditionally all

of which are so crucial to that gradual process of healing and reconciliation.

Most people are fortunate never to experience such horrors, personally, and cannot begin to understand the lifelong scars they leave. But it is remarkable how, over time, human beings so often pick themselves up from a tragedy and find 'coping mechanisms' to move on, as those they have lost would almost always wish.

I know it will take time to reconcile and I suspect there will be many difficult moments over the months to come for all who knew and loved Mujib. But we all have to remain strong to move on and live Mujib's dreams. I am proud of my sister she is a strong woman with undying loyalty to her husband, his ideals. She is capable of instilling her husband's principles, values in her children and move on with confidence and dignity.