

Doing business: Why should we care about global indicators?

Bangladesh has been reforming but not aggressively enough. We have to move faster if we are to exploit the limited window of opportunity that will emerge as the world comes out of recession. Time and tide waits for nobody. Nor do investors. Let us act before the window closes.

SYED AKHTAR MAHMOOD

THE World Bank Group released its Doing Business 2010 report on September 9. This report, the seventh in an annual series that started in 2003, has a sobering message for Bangladesh. Despite some significant reforms, Bangladesh has slipped in the global rankings on the ease of doing business. It was the same story last year.

It is little comfort that a day earlier, when the Global Competitiveness Report was launched, Bangladesh showed an improvement in the competitiveness rankings by five places. These two indicators measure two different things -- one looks at more than a dozen dimensions of competitiveness, from infrastructure endowments to the state of health and education facilities, while the other looks in-depth at the regulatory regime. Hence, the minor discrepancy is not surprising. But both reports have a common mes-

sage. Bangladesh is way behind on both sets of indicators and, in a fiercely competitive world, there is no guarantee that a small improvement in ranking this year will not be reversed next year. After all, relative rankings do not depend only on what we do ourselves. They are also influenced by what our competitors are doing -- and they're not sitting still!

This is very evident from the Doing Business Report. Every year, the report identifies the 10 most significant reformers of the preceding year. This year's list includes, among others, Rwanda, Liberia, Kyrgyz Republic and Tajikistan. These are countries we rarely consider when thinking of competition -- our sights are usually on countries such as Vietnam, Cambodia or Colombia and in our more ambitious moments perhaps Malaysia, Thailand or Poland. Yes, the Tajikistans and Liberias of the world are still behind us. But they will not be there for long if they continue reforming at the pace they are. Rwanda is

a glaring example. Last year, it was 30 places below us on the Doing Business rankings; this year, it is 52 notches above!

The world is changing fast. Time and tide waits for no one; nor do competitors. As the world is getting out of recession, opportunities will emerge for us. Many foreign investors will once again start looking for investment opportunities. But it is unlikely that will be looking at the developed world -- at least not yet. The trend that had started before the recession, i.e., a shift in foreign investment from the developed to the developing world, will be accentuated as recovery proceeds. But will we be able to exploit these opportunities? There is a risk that we may miss the boat. The window of opportunity will not last for too long.

Many investors had been showing interest in Bangladesh in recent years. Then the recession stuck and investment plans were kept on hold. The fact that we had an interim government was also a damper -- foreign investors were unsure whether the policies of that government will be sustained. Now that we have a democratic government with a longer-term mandate, that uncertainty has been reduced. But danger lurks.

Investors who were expanding their horizons beyond China and Vietnam, and started looking at countries like Bangladesh, will now realize that there is a

wider range of countries to choose from. In the past, the name Rwanda may have evoked images of genocide and Tajikistan that of a drug conduit for Afghanistan. But now investors will read the Doing Business Report of the World and will note that these countries have been recognized as among the top 10 reformers in the world. They will wonder why and they will spend some time and effort researching on these countries. And, in doing so, they may discover opportunities in these places which they did not know existed.

As more countries come on their radar screen, investors may lose interest in Bangladesh, especially if they start encountering a maze of regulatory barriers and government agencies which constantly say "maybe", but never yes or no. Investors don't necessarily mind if you tell them clearly and quickly that their proposals can't be accepted. They appreciate a quick decision even if it is negative -- what puts them off is the uncertainty associated with the "maybe" attitude. In a competitive world when many opportunities exist, no one likes to be kept on hold for too long.

This brings us back to the importance of global indicators. Firstly, any indicator, global or local, is important. As someone once said, "What gets measured, gets done". The Doing Business indicators are particularly useful in this regard. Each of these indicators goes in-depth in the

regulatory area it is measuring and pin-points exactly where the problems lie. Take, for example, the indicator "Starting a Business". For Bangladesh, this indicator tells us that there are seven steps to be followed from getting a name clearance (i.e. approval for the name that you want to give your company) to obtaining tax identification numbers.

It further tells us that during the past year, there have been significant reductions in the time required to complete two of these steps, i.e., obtaining the name clearance and the processing of applications at the Office of the Registrar of Joint Stock Companies. But some other steps remain problematic; in particular, it still takes a long time to pay the registration fee because the procedures involved remain cumbersome. We also learn that it still takes much longer than it should to obtain a tax identification number. Such precise identification of problem areas makes it easier for government to take action. And precise measurement allows everybody to focus. There can be disagreements and debates but when they are around precise indicators they are usually much more fruitful than the ones where governments and other stakeholders talk past one other.

There is another reason why we should care about global indicators. As discussed above, foreign investors (and also increas-

ingly donor governments) are looking at these global indicators to base their decisions on. Foreign investors typically start by making a long list of potential investment destinations. They do not have the time and resources to do extensive research on a long list -- such research is usually done after a short list is made.

Thus, for the initial long listing such global indicators matter a lot. Countries which are doing well on such indicators come fast onto the investors' radar screens. Those who are not, will not make it. And the important thing is not always where you stand on the ranking but whether you are moving up. A country that has moved from 140 to 110 this year may seem more attractive to some investors than a country which is at 80 but not moving. That is why there is a risk that countries such as Rwanda or the Kyrgyz Republic may suddenly pass us by while our eyes were fixated on the Vietnams and Colombias of the world.

In brief, Bangladesh has been reforming but not aggressively enough. We have to move faster if we are to exploit the limited window of opportunity that will emerge as the world comes out of recession. As I said above, time and tide waits for nobody. Nor do investors. Let us act before the window closes.

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Can we arrest the decline of Dhaka city?

There is a sense of resigned acceptance about Dhaka's demise. People don't have faith in the DCC's ability to combat the city's problems. Unless the public take a stand, Dhaka's decline will continue. The Mayor of the city cannot proclaim that he has been able to bring about any reform in any sector, be it carpeting the pot-holed roads or creating parking lots or cleaning the streets.

MD. ASADULLAH KHAN

OVERBURDENED by a burgeoning population and attendant civic problems, the city of Dhaka has become unwieldy and hard to live in. Between 1980 and 2009, the population of Dhaka has swelled from 3 million to more than 10 million. From a somewhat laidback, sober city in the past, this capital has turned into a thriving, bustling business centre and a crowded metropolis as well.

But despite the importance the city has received, its basic amenities have not kept up with the changes. The citizens of Dhaka are tired and weary. They are tired of passing through a city in which there are stewing, festering garbage dumped on the road side, along the footpaths. And they are weary of traveling on the pitted roads. The city is now a hell-hole. Its avenues are so full of pollution, and so distressed by the chaos of traffic that they are like arteries clogged with cholesterol, suffering from respiratory failure. Overcrowding, disease, litter, power outages, water shortages, and contaminated water have all played a part in turning this once beautiful and pleasant city into a teeming urban jungle.

Some sixty per cent of the populace in Dhaka live in either illegally built or sub-standard housing with no clean drinking

water. Water from the river Buriganga and Shitalakhya that would have supplemented the need for drinking water and other purposes such as cooking and washing has been fouled as much by raw sewage as by a number of industrial and chemical units and even pesticides. Environmentalists have expressed concern that the encroachment on the river Buriganga, the life line of Dhaka city, traffic congestion, pollution and diseases are turning this once majestic capital city into a choking hell. About fifty per cent of the river's pollution load comes from the industrial sources while sewage and domestic wastes contribute the remaining fifty per cent. A water body receiving such a high pollution is unable to carry out its ecological function.

Both the rivers Buriganga and Shitalakhya are dying despite some hectic efforts by the concerned agencies of the government to the free waterways of all hazards through eviction of illegal encroachers.

Dhaka city has become one of the world's truly hopeless urban cases. Fleeing droughts, floods, and starvation, people poured in Dhaka city from the countryside making it distressingly sick. Dhaka is now bursting with people of all categories looking for jobs. In recent times agitation by garment workers, street fights among rival groups of stu-

dents on tender dropping, and traffic congestion at every road intersection have brought the city to a standstill.

Apart from people living on jobs in government and private agencies, at least 20 lakh people working in different garment factories and other industries in and around the city find it extremely hard to get a shelter in the confines of the city. The way people living in some slum areas near Kamarpara in the close proximity of Ashulia, Sinnir tek, Amin bazaar, Diabari near Mirpur beggars description.

While visiting these places last month, I saw to my horror the most unhygienic and primitive way people are living there. With no facilities of drinking water, electricity and fuel needed for cooking, some five to six persons of the same family are living in one-room shanty covered by C.I. sheet roof in a submerged land. The women folk walk about a mile from their so called houses to fetch water that costs Tk 2.00 per pitcher. With no works and no facilities for schooling, the grown up boys of age range 12-18 are moving aimlessly in the slum area and I saw some of these boys taking drugs in broad daylight.

The situation in Dhaka city is highly alarming. Joblessness, oversized population, noxious emissions and toxic effluents from smoke belching vehicles have made city life choking. Conscious citizenry focused on human factors responsible for deterioration of environmental quality in the city life. These are: population growth incompatible with development of resources, lack of adequate environmental considerations, poor management of waste generated through the production-generation process.

Environmentalists have expressed concern about the environmental degradation of Dhaka city that evidently manifests its decline. Land grabbers and politically influential people are vying with each other to encroach on the rivers and

every available vacant space.

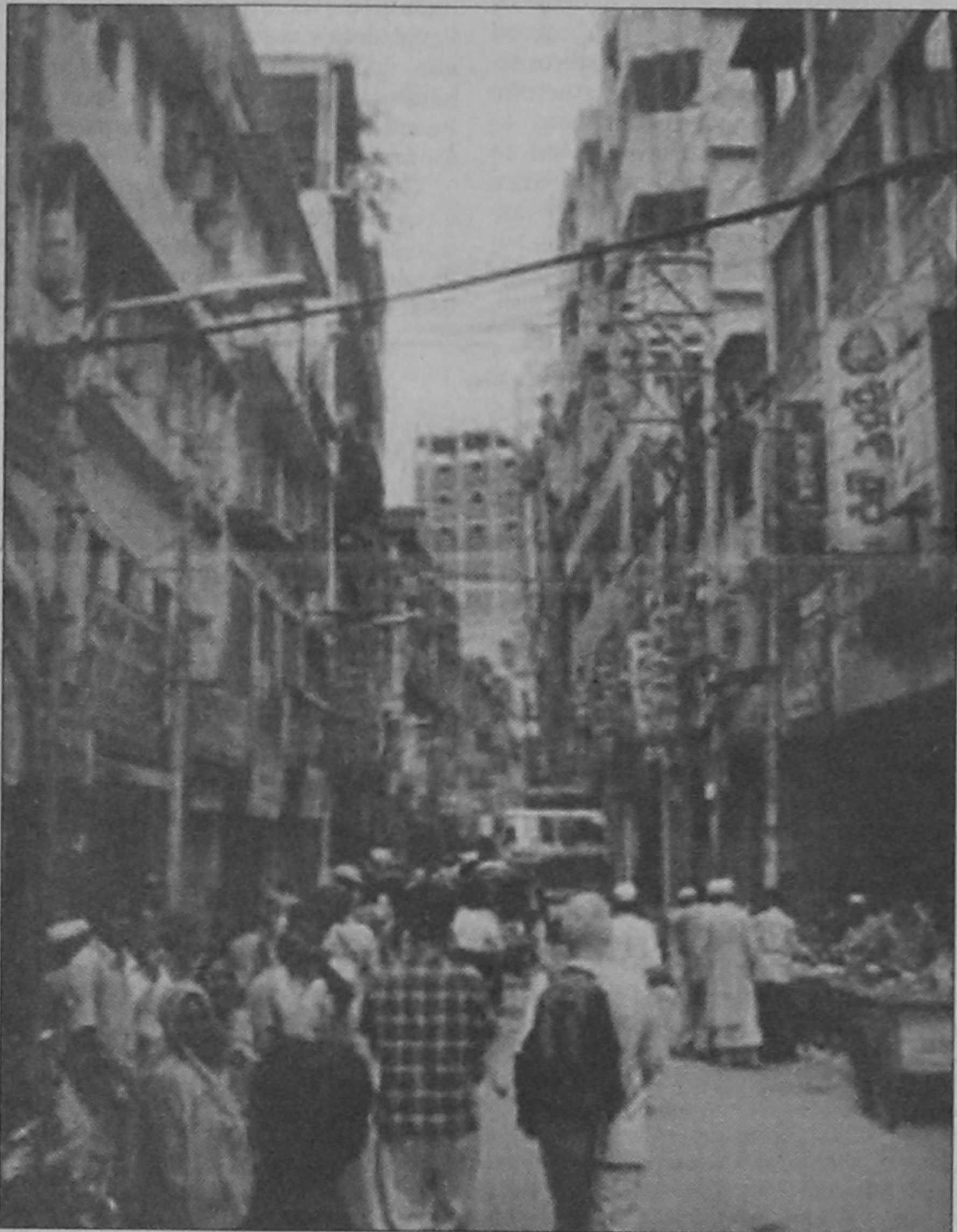
The very qualities that lured millions to Dhaka some thirty years ago are threatening to disappear. The city is under assault on many fronts -- land, water and air. The most critical threat comes from smoke belching vehicles. Dhaka's air pollution scenario through vehicle emission, despite changeover to CNG driven vehicles, is still the worst. Dhaka's sky is no longer blue, it is grey. Health experts claim that the air in this rapidly growing city will soon become impossible to breathe.

Dhaka city dwellers are subjected to slow murder. The city's vehicle population has almost increased ten times since 1992 as a result of our failure to introduce mass transport. Some 80 per cent of the vehicles are three wheelers, small buses of the old days and cars which spew more than half the major pollutants.

Garbage in the Dhaka city has posed a major threat to health and sanitation. In most cases, garbage is not picked up for days together. In the teeming city suburbs, filthy water and human excreta along with other human wastes in choked drains stagnate throughout the year till the rainy season washes a part of them out to the river Buriganga. The city's garbage collection points in the old areas are nothing more than rotting open heaps of refuse.

Shockingly, as opportunities of sort unfold, population pressure increases, and industrial concerns both domestic and larger ones expand and the society as a whole prospers, its trash -- mainly hazardous plastics and packaging -- is growing exponentially. And no measure was taken till now to utilize this trash into any productive purpose.

Unfortunately, there is a sense of resigned acceptance about Dhaka's demise. People don't have faith in the DCC's ability to combat the city's problems. Unless the public take a stand,



Dhaka's decline will continue. The Mayor of the city cannot proclaim that he has been able to bring about any reform in any sector during the last seven years, be it carpeting the pot-holed roads or creating parking lots or cleaning the streets.

Without political commitment, reform of any kind is virtually impossible to

achieve. To arrest the 'decline of Dhaka,' we need political will, public advocacy and civic pressure and we need to create sustained awareness through the media.

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The cow turns green

Appetites once whetted are hard to blunt. Although meat is a health problem in the West, to many poor nations it's a boon. "Even small additional amounts of meat and milk can provide the same level of nutrients, protein, and calories to the poor that a large and diverse amount of vegetables and cereals could provide," concludes a study by the International Food Policy Research Center in Washington.

MAC MARGOLIS

FEW creatures would seem as beneficent as the cow. Properly grazed and groomed, it gives us burgers and brie, boot leather and fertiliser. Lately, however, radical green groups and celebrity vegans like Paul McCartney have made cows out to be weapons of mass destruction; not only has their meat caused an epidemic of hypertension and heart disease, but they also trample rainforests, trash the soil, and foul the air with greenhouse gases.

Scientists say that every year the average Holstein produces up to 180 kilos of methane, which traps 25 times more heat than does carbon dioxide. All told, bringing meat from the pasture to the griddle produces 18 percent of global greenhouse-gas emissions, according to the United Nations. Last year, Rajendra Pachauri, the chair of the U.N.'s

Intergovernmental Panel on Climate Change (IPCC), called upon everyone to give up eating meat at least one day a week, giving birth to the global meatless Monday. "If anyone wants to save the planet, all they have to do is just stop eating meat," McCartney famously said.

Perhaps. But since 1960, worldwide production of meat has quadrupled to more than 280 million tons a year. Even if everyone in the rich nations swore off meat today, consumption would continue to soar, driven by the protein-hungry rising middle classes of China, Brazil, and other developing nations. For this reason, serious environmental planners have recently focused not on eliminating the meat industry but on turning it green.

It's a tall order. Making beef, pork, or chicken can be an environmentally devastating process, from felling forests for pastures to the fossil fuel required to

produce fertiliser for feed crops. Compared with tofu production, meat-making gobbles up 17 times as much land, 26 times as much water, 20 times the fossil fuels, and 6 times as many chemicals, according to Plenty magazine. And among animal proteins, beef is the real hog; producing a kilo of beef takes up seven times more farmland than it does to produce a kilo of chicken and 15 times the area needed for a kilo of pork.

Yet scientists, herders, and green groups are convinced they can curb the damage by making adjustments all along the supply chain, changing the way we farm and feed livestock and building a cleaner cow through modern genetics. Suddenly, the search for what food activist and author Michael Pollan calls "green meat" has become a worldwide effort.

The effort starts with the beast itself. When a cow eats, its stomach produces methane as a byproduct. Cows are pretty efficient at eating grass, but the soybeans and corn that most industrial livestock farms feed them make the bovine stomach rumble with excess gas. To fight this, some farms in Vermont and France have begun to roll back the clock.

The owners of the Stonyfield Farm in Vermont found they could improve health and boost milk production in the herds, and reduce methane emissions, by eliminating the soybean and corn-based feed that became popular during the bumper harvests of the Green Revolution. Instead, they give their cows old-

fashioned flax and alfalfa, which are packed with nutrients and benign fatty acids.

This tactic, widely used in France, is now being replicated elsewhere in the U.S. In Canada, where cattle grazing accounts for 72 percent of total greenhouse-gas emissions, scientists are tinkering with the chemistry of feed -- adjusting the balance of key nutrients such as cellulose, ash, fat, sugar, and starch -- as another way of lowering the cow's carbon footprint.

The more ambitious projects involve tinkering with the cow's genetic code. Researchers at the University of Alberta are examining the DNA in cows' four stomachs to identify the genes responsible for making them burp and regulating how much gas they produce. In time, they hope to be able to breed cleaner cows, which could reduce emissions from cows by 25 percent, says Stephen Moore, professor of beef-cattle genomics at Alberta. Researchers at Colorado State University have identified DNA markers that they believe will help them selectively breed animals to digest their food more efficiently and so produce less methane.

Cutting down forests to make room for livestock farms is another big reason meat is environmentally unsound. Brazil has in recent years risen as an agricultural power-house, but it now ranks as the fourth biggest emitter of greenhouse gases, thanks mainly to the destruction of the Amazon rainforest. Though the pace

of felling has dropped, 12,900 square kilometers of rainforest (an area larger than Jamaica) were destroyed last year, releasing 160 million tons of carbon into the atmosphere.

As national leaders prepare to make a new pact in Copenhagen for curbing climate change this December, international green groups have criticised Brasilia for its plans to build roads through the Amazon and for bowing to the farm lobby, which has expanded its frontier to the lip of the rainforest.

Many leaders in business and government are embracing the green agenda. Brazilian meatpackers like Marfrig, food sellers like Wal-Mart, footwear companies such as Timberland, and thousands of ranchers have signed on to a moratorium on using beef from recently deforested areas. "For years, the way to produce cattle was to chop down the forest to plant pastures," says Ocimar Vilela, head of environmental sustainability at Marfrig. "Now customers are demanding we change, and these demands are here to stay."

Still, the livestock industry has a long way to go. Many of the reforms are just getting started and are only being tried at a few farms, and many advances are still in the testing phase. No matter how green the business gets, meat will still weigh heavily on the planet. But going green seems to be the only realistic path. Even if everyone in the rich nations swore off meat today, consumption would con-

tinue to soar, thanks to the burgeoning middle classes of China, Brazil, and other nations.

Brazilians today eat 89 kilos of red meat and poultry a year, nearly triple the per capita consumption of 15 years ago, while the average Chinese citizen consumes close to two and a half times more meat than he did in 1990. Even India is getting a taste for red meat -- its beef consumption jumped 36 percent in the past decade. Overall meat consumption in poorer countries is growing by more than 5 percent a year, twice the world rate, making meat the most coveted agricultural commodity in recent history.

The global recession has surely slowed the trend, but appetites once whetted are hard to blunt. Although meat is a health problem in the West, to many poor nations it's a boon. "Even small additional amounts of meat and milk can provide the same level of nutrients, protein, and calories to the poor that a large and diverse amount of vegetables and cereals could provide," concludes a study by the International Food Policy Research Center in Washington. "Who is going to tell the developing world's new consumers, 'Sorry, you can't eat beef?'" says Paulo Adario, an expert in the livestock industry at Greenpeace. Of course, with green beef, you might not have to.