

Skills development challenge

AFSAN CHOWDHURY

EDUCATION remains a key factor in development now and historically. Studies of institutions show that it's the educational institutions including the universities that have survived and continued over time. The most advanced countries are also those which have the best universities, by logic the best education systems.

Education and skills are both needed in today's world and Bangladesh needs to make adequate investment in this regard. Not only should children complete their education but they should also have the necessary skills to meet the challenges of an increasingly complex future.

The report on education and skills training is not a cause for celebration yet. In the south and the west, over 91 million people aged 15 to 24 have not even completed primary school and don't have the basic skills for employment and prosperity. "This is equivalent to more than a quarter of the region's youth population and the greatest number of unskilled young people of any region in the world. One-half of the population in South and West Asia is under 25 years old. As the effects of the global economic crisis continue to be felt, the severe lack of youth skills is more damaging than ever."

"Few countries in the region are on track to meet the six Education for All goals set in 2000, and some are a long way behind. In South and West Asia, about 13 million are still missing out on primary school and 31 million teenagers are out of secondary school, missing out on vital skills for future employment. There is also a learning crisis: Worldwide, 250 million children of primary school age cannot read or write, whether they are in school or not."

Global Monitoring Report Findings on Skills Training:

- A quarter (27%) of young Bangladeshis never completed primary school and do not have the skills they need for work. That totals over 8 million 15-24 year olds in the country;
- This problem is not going to be solved any time soon;
- There is no data for Bangladesh out of school children, but it is likely to have large numbers;
- There are 250 million children of primary school age who cannot read or count whether they are in school or not. In Bangladesh, for example, less than 50% of teachers are trained;
- There are 44 million illiterates in Bangladesh alone -- the fourth highest rate of any country in the world.

But there is good news as well. Bangladesh is one of only three low income countries where more girls are in secondary school than boys, largely due to the huge success of stipends for girls in school. Alongside other policies and projects, the programme has been very successful in raising female secondary enrolment rates, from just 25% in 1992 to 60% in 2005.

But more must be done particularly in enrolment which is still very low. One way is to encourage young



SHAFIQ ISLAM/ DRIK NEWS

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mothers and pregnant women to return to school -- something particularly relevant in Bangladesh where 30% of 15-29 year olds are pregnant.

Poverty is also a major discourager of education. The poorest 17-22 year olds are over four times more likely to have fewer than 2 years education than the richest

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To achieve the goal of quality education and skill development the government must take the lead to be supported by others. As many as twenty-two ministries and agencies are involved in skills development and a National Skills Development Council was set up in 2008 to bring them all under the leadership of the

prime minister.

Bangladesh also aims to increase female enrolment in technical and vocational education by 60% by 2020.

The country's skills development strategy also strongly targets marginalised groups. Closely linked with other policies, including the second National Strategy for Accelerated Poverty Reduction, it emphasises varied types of training needs and recognises the importance of linking microfinance and skills development for those in rural communities.

With a quarter of young people today in the country who do not have a primary school education, these programmes for skills development must be scaled up and fast.

Brac has independent school programmes but also runs skill development initiatives particularly for the very poor. Brac's Targeting the Ultra Poor -- 20% people of Bangladesh -- project provides poor rural families with an asset, such as a cow, from which to earn a living. It also provides training in microfinance and marketing to improve the profitability of the investment. As a result, income per household member has almost tripled. Building on the success of its programmes in Bangladesh, Brac is expanding them to other parts of the world, including sub-Saharan Africa.

Training for Rural Economic Empowerment (TREE), designed by the ILO, has helped women enter non-traditional trades such as appliance and computer repair. The approach combines technical and business training with training in gender issues and gender sensitisation sessions for trainees' families, communities and partner organisations.

The challenges are clear. Over 91 million young people in South and West Asia need to be given alternative pathways to learn foundation skills. All young people need quality training in relevant foundation skills at lower secondary school. Upper secondary curricula should provide a balance between vocational and technical skills, including IT, and transferable skills such as confidence and communication which are indispensable for the work place. Skills strategies must target the disadvantaged -- particularly young women and urban and rural poor.

The big issue is that \$8 billion is needed to ensure all young people attend lower secondary education where basic foundational skills are to be taught. Everyone, governments or donors or the private sector, must help fill the funding gap.

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SHIFTING IMAGES

The burden of our dreams!



Milia Ali

DURING the critical years of my youth I dreamed of a life where success was defined in terms of modest material achievements but lofty ideological goals. Most of my peers shared similar dreams. I don't want to lay claim to some moral superiority, but

in the '70s and '80s many of us believed that the world was divided along simplistic ideological lines -- where the capitalists concentrated power and wealth within a small segment of society and socialism aimed at providing equal opportunities for every individual. And we knew or thought we knew which side we were on!

It was a time when the vision of a Utopia was still alive for many of us. However, our worldly ambitions were confined to a good education, a stable profession, and a yearning for a "decent life." Our parents, too, didn't aim too high. They didn't persistently push us to obtain a Harvard MBA or Yale law degree; neither was there much talk of making six figure salaries. As a matter of fact, money didn't even have a place in the discussions of the future, at least not in the circles I moved.

To many youths of the modern day it might

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appear that we were afflicted by the disease of mediocrity! But that's far from true. We, too, had aspirations and dreams but these were mostly within our reach. We operated in a social milieu where people were sensitive and compassionate toward the struggles of the less privileged. Also, a high premium was attached to bonding with friends and family who served as our lifeline and support system. This provided a sense of stability that occasionally allowed us to venture into some adventurous terrain.

As the world changed rapidly in the mid-nineties and the bar for what is termed as material success was raised, we recalibrated our ambition to higher targets. Little did we realise that at some point our dreams turned into unrealistic fantasies. Simple living was substituted by the desire for an ostentatious lifestyle. Expectations for our children also leap-frogged -- anything less than an Ivy League school degree or a high-profile, high-paying profession was trashed as mundane. Consequently, many of us suffered some form of stress-related trauma. The consumption of anti-depressants and antacids also shot up among our peers. Another casualty of the "high roller" life style has been that we have no time to do the simple things that make us happy: like enjoying a latte with a friend on a lazy afternoon or finding time to read the book that has been lying on the night stand for the past two months.

While in the midst of these reflections, I happened to watch a documentary on Malala Yusafzai, the teenage Pakistani girl who has captured the hearts of millions through her sheer courage and determination. As many of you know, Malala was shot by the Taliban on her way home from school because she protested against their ban on girls' education. In a dated short video clip shown on CNN, Malala is asked whether she has the right to make decisions about herself since she is not yet an adult. Her response is illuminating -- she says that even though she is only 14, she believes that she should have the right "to sing ..., to play, ..., to educate myself..."

Listening to Malala talk about her aspirations, I was reminded of the fact that all human beings -- whatever their age, colour, sex, race, social strata -- have dreams. The right to sing is an unfulfilled dream that girls like Malala are still fighting to achieve. But for so many of us, singing is an occupation or pastime that we take for granted. While we dream of fairy tale lives, the Malalas are struggling to escape a nightmarish reality. The tragedy is that in our endeavour to climb higher and faster we have left them far behind and forgotten about them.

For me Malala's story served as a rude wake-up call -- a reminder that it's time to travel full circle and go back to the modest dreams of my youth. May be then I can make space in my life to pause and think about the rights of the many Malalas. And, find time to dream their dreams to add momentum to their struggle.

The writer is a former Professor of Finance at IBA, Dhaka University and VC Northern University Bangladesh.

Easy money: Recipe for financial crisis

M. SHAMSUL HAQUE

MONEY in its modern form is needed for various purposes. It is especially needed for economic transactions that drive economic development. However, easy money made available to certain sectors of an economy or to certain groups has caused problems from time to time and put nations in serious financial and economic crises.

Easy money has two characteristics. One is supply and the other is price. Abundant supply at lower prices is the main form of easy money. The sub-prime lending crisis in the housing markets in the US was accompanied by easy supply but with higher interest rates that were not sustainable for most of the borrowers. Credits for mortgage loans flooded the market. Borrowers were enticed to take loans knowing their inability to repay those at such high rates of interest. Finally, defaults occurred and banks were loaded with what is called toxic assets in their balance sheets. The large and famous investment bank Lehman Bros collapsed.

The US government adopted a rescue package to buy those toxic assets at over \$700 billion and injected liquidity to the banking system in 2007 and 2008. Interest rates came down drastically, and the process is still going on in 2012 through what is known as quantitative easing, in other words printing notes to buy back government bonds from the market. Most mortgage loans are being rescheduled at lower payment, making loans affordable to the borrowers. Interest rates on bank deposits have been close to 1% pa in the US since 2010. The US economy is still struggling to grow as high unemployment following the financial crisis is continuing to affect consumers' buying pattern.

Easy money also flowed to some EU countries and allowed governments to incur budget deficits and maintain higher levels of consumption. These nations (Greece, Spain, Portugal and Italy) are affected by recession and rising unemployment. Some of them are being bailed out by ECB and other stronger nations such as Germany. In these countries easy money flowed from the international markets through banks. In both cases banks were held responsible for lending aggressively. Gordon Brown, while he was the PM of Britain said: "Banks should be servants of the people, not their masters" after Barclays Bank was rescued from collapse. Many reform proposals to change the culture in banking are being talked about since then. The recent scandal about fixing of LIBOR by big banks indicates that not much change has taken place in bank management. In Bangladesh, the stock market boom in 2010 was

a case where easy money flooded the rather small stock markets as many banks set up merchant banking subsidiaries. They pushed stock prices higher and higher through injecting cash supplied at lower interest rates by their principals to small investors. They also invested heavily on their own portfolios. Small individual investors got caught up in the spiraling rise in prices and were stuck with bank loans and unsold stocks when the bubble burst and the market crashed. Like in the US, the market needed huge bailout funds to rescue small investors and many half-baked schemes were launched, but with little

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improvement in market confidence.

The crash ended in drying up liquidity in the banking system and banks could not meet genuine demand for investment in the real sectors, including real estate that was also booming alongside the boom in the stock markets. The growth rate in GDP slowed down in 2012, except in the RMG sector that is still growing but at slower pace. In the previous year growth in export earnings exceeded 40% but it came down to under 10% this year.

When the Sonali Bank Hall-Mark scam came out in the press it created a sensation among the people through good press coverage. A blame game began over who did what. BB suggested dissolution of the Board of Directors for their failure to stop lending of over Tk.2,600 crore to a single borrower from a single branch. The MD of Hall-Mark said that he would repay every paisa as he invested the fund in projects worth 20 times the loan. As a professor of finance this statement struck me as surprising made me wonder as to what assets he had acquired in BD to give fantastic return of 2000%. When the bank demanded return of 50% of the amount within 15 days he said he could not repay such a large amount in such a short time. That was expected as no businessmen

could repay loans in that manner unless he borrowed from banks at lower rate of interest and put the money with NBFIs. However, one wonders where he actually invested the huge amount borrowed from Sonali Bank.

Earlier there was report of the company group buying land illegally in Hemayetpur area and violating Rajuk's rule. If that is where he put most of the money then the question arises as to how Sonali loaned money to a single group to speculate on land prices. Now several officers, existing and retired, are being sued and a parliamentary committee has been set up to dig into the matter. The MOF initially questioned the legality of BB to suggest dissolution of Sonali Board and put the blame squarely on BB for its failure to stop the scam at a particular branch of Sonali.

It is now being reported that such scams took place in other state owned banks also. That is what is expected to happen when a government put its chosen people at top position of banks including the BB. Such easy money to selected groups has created shortage of funds for other investors and its ultimate impact will be slowdown in economic growth during this and the next year.

Such is the history of easy money all over the world. In the case of BD its impact will be severe because we already have high unemployment, and slower growth will make it still higher. In a country where governments come and go while economic conditions do not improve people will go hungry and without basic services such as education and health.

The political parties deliberately created uncertainty about holding the next parliamentary election and diverted the attention of the people from the economic crunch emanating from financial crisis of easy money flowing to certain sections in the society through scams in stock markets and the recent shoddy bank loans from state owned banks.

Although the previous CTG turned these banks into PLCs nothing was done by this government to change their policies and operations to conform to company laws.

In this hodgepodge situation, clever people took advantage and made billions out of tax payers' money as the losses will have to be met from budgetary provisions this year and the next. That will curtail funds for investment in the public sector. The promise of higher growth rate in GDP, 7-8% a year will remain a mirage. Let us not create conditions for easy money in the future.

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