

Private firms should team up with NGOs

Geoffrey Dennis, CEO of CARE International UK, says this link will help improve the living standards of the poor

SOHEL PARVEZ

PPRIVATE sector firms should come up and join hands with non-government organisations in development activities to improve the living standards of the poor.

By joining hands, the corporate entities can share their skills and provide other support to help the development organisations in their work. And thus they can reach more consumers and establish better connections with the people at the grassroots level.

Geoffrey Dennis, chief executive officer of CARE International UK, shared the view in an interview with The Daily Star last month.

"I think it's important to get the corporate sector involved in the work we are doing," said Dennis, who came to Dhaka last month to visit some projects run by CARE.

"It's important because they have different skills that we can bring in. We can't afford massive programmes around the world. But we can get the corporate sector involved," said Dennis.

He said the tie-up will benefit the companies as well.

According to Dennis, development organisations like CARE work with the people at the grassroots level. So, if the private sector joins hands, it will enable them to



Geoffrey Dennis

reach that consumer base.

"We make that connection for them. I think we can join and share skills as well," said the official.

CARE, under its rural sales programme, has already teamed up with GlaxosmithKline (GSK), Unilever and Bata Shoe in Bangladesh. Under the scheme, women go out to villages to sell products of these multinational firms.

The engagement has also allowed these companies to reach more consumers, especially at the bottom of the pyramid.

Dennis also stressed the need for private sector involvement to discourage rising rural and urban migration, which he said is a major development challenge for Bangladesh.

Bangladesh forms groups in villages and encourages the group members to save, not only for rainy days but also for investment. It also provides seed capital to help the poor start small businesses or farming.

But he said: "You shouldn't just give them money. You can give them experience. First, they need to be taught on financial and basic business skills and marketing."

Dennis also focused on climate change. He said climate change will be a major development challenge for Bangladesh; some areas of the country have already started to face the impact.

Another major challenge is women empowerment. He said the best way to help the marginalised people is to empower women and girls.

CARE Bangladesh is currently implementing 22 projects in partnership with more than 40 NGOs and 27 private sector partners. It works on improving lives of marginalised women and girls, and the extreme poor.

It also runs projects on HIV/AIDS, sex workers and poor communities vulnerable to climate change, and provides humanitarian emergency assistance.

Founded in 1945, the organisation works across 70 countries to fight global poverty and marginalisation. CARE opened office in Dhaka in 1949.

He said the private sector can be engaged in this area for funding, particularly for development of skills so that people can learn some skills and generate incomes staying at home.

"The sad part is that migration is male-dominated and makes girls back in the rural areas isolated," he said.

Already a lot of people have moved from south either into the centre and other parts of the country, leaving a lot of women, particularly adolescent girls, vulnerable, he said.

"What we are trying to do is keep the people in the rural areas. We are working hard on this area," said Dennis.

Under another scheme, CARE

Modi's Gujarat win doesn't mean he will rule India

ANDY MUKHERJEE

NARENDRA Modi's resounding election victory in Gujarat has made Indian businessmen optimistic. Many see his win, the third in a row, as a sign that the centre-right leader with a reputation for effective administration could be ruling the nation in 2014. But a chequered past, an autocratic personality and the peculiarities of India's coalition politics make Modi less than a shoo-in.

The result of 2014 polls could be dramatically different from what investors are hoping for. A real possibility is that smaller regional parties come together to forge a weak, purposeless centre-left government -- just to keep Modi out.

Modi's ambition to rule India has undoubtedly received a boost: His centre-right Bharatiya Janata Party's winning tally in Gujarat, while falling just short of a two-thirds majority, was a big blow to Sonia Gandhi's Congress party.

The Congress, which has ruled India since BJP's shock defeat eight years ago, will most likely fight the next general election under the leadership of Sonia's 42-year-old son Rahul, who doesn't have a track record in governance. By contrast Modi, who is 62, has run Gujarat for 13 years, and even his detractors grudgingly admit that he hasn't done a bad job in attracting investments to the state, creating jobs and clearing supply-side bottlenecks, especially in power.

But the BJP is reluctant to nominate Modi as its next prime ministerial candidate because of an unproven charge against him of abetting an anti-Muslim pogrom in 2002. That means he won't be acceptable to coalition partners like Nitish Kumar, the chief minister of Bihar, for whom Muslim votes are important. If the coalition breaks up, a non-Congress, non-BJP "third front" of regional parties could emerge. Sup-



Narendra Modi

ported by the communists, the third front could undermine both the BJP and the Congress.

Modi's Gujarat campaign was all about his achievements and his promises. His supporters believe that, as prime minister, he could craft pragmatic, pro-business policies and get them implemented by curmudgeonly bureaucrats. But in national politics, a personality cult is a liability. Modi's autocratic style could render him unsuitable for managing a large, unwieldy coalition, which is what the next government will most likely once again be.

Narendra Modi, the 62-year-old chief minister of Gujarat, snatched his third straight victory in elections for the lower house of the state assembly. Modi's Bharatiya Janata Party won 115 seats in the 182-seat lawmaking body. The main opposition, Sonia Gandhi's Congress party, came in second with 61 seats.

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Euro survives 2012, further tests in store

AFP, Brussels

THE battered euro, written off as a dud many times during a crisis-racked year, appears to have survived 2012, but 2013 could prove just as difficult if the economy continues to struggle.

It finished the year strongly after the 17 eurozone nations earlier this month nailed down a deal to supply long-delayed bailout funds to Greece to keep the country afloat, and the bloc intact.

Athens in turn delivered on its part of the bargain -- more stinging austerity, economic reforms and a tight budget -- all with the aim of cutting its massive debt burden to a more sustainable 124 percent of GDP by 2020.

Then progress towards tighter economic and fiscal coordination in the eurozone, and a key first step towards a shared bank supervision regime, rounded out the gains, leaving the Europe in much better shape than seemed likely at the beginning of the year.

"Many observers felt it was all over for Greece (and its) ... remaining in the eurozone. As year-end approaches, we know that these Casandras were wrong," EU Economics Commissioner Olli Rehn said.

For many months, all analysts could talk about was Greece's likely exit from the eurozone and what it would mean for the bloc's future.

Now, "the likelihood of a member state leaving the eurozone is gone," said Janis Emmanouilidis of the European Policy Centre (EPC) think-tank.

Reflecting the change, Standard and Poor's raised Greece's sovereign debt rating by a massive six notches because of what it termed the "strong determination of ... (eurozone) member states to preserve Greek membership."

Greek Finance Minister Yannis Stournaras said the decision "was a very important one that created a climate of optimism. But we know that the road is still long and hard, the hour is not one for easing up."

Analysts also highlighted agreement on the eurozone's Single Supervisory Mechanism (SSM) to regulate its banks, a first step in ring-fencing lenders who get into trouble and threaten financial disaster.

Perhaps the key breakthrough, giving purpose and backing to the other reforms, was a commitment by European Central Bank head Mario Draghi over the summer months to do anything necessary to save the euro.

In September, Draghi said the ECB would buy up the sovereign debt of any eurozone member state without limit, if that is what it took to keep the financial markets in check.

This pledge of 'Outright Monetary Transactions' meant markets could no longer enjoy a one-way bet against a member state as the ECB could step in on its side.

The immediate result was a sharp easing in borrowing costs, especially for Spain and Italy which had been tipped to follow Greece, Ireland and Portugal in needing a bailout.

War-nostalgia no cure for ailing Vietnam economy

AFP, Hanoi

POSTERS of US bombers crashing in flames festoon Hanoi to mark another anniversary in a long-finished war. But behind the usual propaganda Vietnam's rulers face a modern-day threat -- anger over the economy.

For years the leaders of the one-party state have leant on war-era nostalgia to shore up authority anchored in battlefield victories.

With the state-dominated economy floundering, experts say touting decades-old military successes is no longer enough to shield the regime from growing public frustration.

"The communist party is skating on thin ice," said David Koh, a Vietnam analyst from the Institute of Southeast Asian Studies in Singapore.

"They must expect newer generations to look beyond these great moments of the past in deciding whether their political system is worth supporting."

A key way to strengthen the party's legitimacy would be through serious economic reforms, Koh told AFP.

Despite tight controls over the media and demonstrations there are signs of rising public dissatisfaction -- from a growing chorus of online criticism to daily, if small-scale, protests over corruption and land disputes in Hanoi.

"The government should spend less time and money on celebrating historic events and pay more attention to improving people's lives," retired state official and ex-soldier Tran Van Duong, 65, told AFP.

"Everyone seemed to earn less this year, everyone is complaining. People are not happy with the government's performance," he said, as the city marks the 40th anniversary of the 1972 "Christmas Bombings".

The aerial bombardment saw American B-52s and other aircraft drop 20,000 tons of bombs on or near Hanoi after peace talks with North Vietnam broke down.

Once touted as the next "Asian Tiger", Vietnam's economy has run aground -- its banking system drowning



Motorcyclists ride past a large poster marking the 40th anniversary of the US Christmas bombing campaign over Hanoi at an intersection in downtown Hanoi.

in toxic debts, foreign direct investment down sharply and dozens of major state-owned companies hovering near bankruptcy.

From exorbitant healthcare costs and substandard education to traffic congestion, experts say the deep flaws in Hanoi's version of state-mandated capitalism are surfacing in all areas of daily life.

"The formal political system doesn't work... You can't run a country like this. It is sclerotic," said Adam Fforde, a professional fellow at the Centre for Strategic Economic Studies at Victoria University in Melbourne.

"People have lost confidence in the idea that there is somebody there who can pull levers and make things hap-

pen," he said.

Over the past 20 years, Vietnam has used a Chinese-style mix of free markets and authoritarian governance to achieve rapid growth, but experts say deeper economic as well as political reforms are needed.

The current economic sluggishness is intensifying pressure on the leadership. Around a million young people enter the workforce each year and economists warn job creation and skills training are not keeping pace.

"The state apparatus is in a bit of a stupor," said Jonathan London, an assistant professor in the Department of Asian and International Studies at City University of Hong Kong.

Despite being a one-party state, Vietnam has an "extremely fragmented power structure" within its vast communist apparatus, which means tough decisions are often not taken when needed, he said.

From the World Bank to party economists, there is widespread recognition of what needs to be done to lift competitiveness and boost GDP growth that was this year the weakest since 1999.

Reform the state sector, recapitalise banks and tackle corruption or "the dream of the economic miracle in Vietnam, which seemed like such a sure and palpable thing 10 years ago, will continue to dissipate," London said.

The communist party itself seems aware of the problems -- at a plenum in October mistakes were admitted in the stewardship of the economy but no officials were sanctioned.

Vietnam needs leaders who can stop powerful interest groups -- from the military to the major state-owned enterprises down to provincial officials -- running amok, in order to get the economy back on track, London said.

"It is not clear who is capable of doing such a thing," he added.

Instead, Vietnam is stuck with "a sort of corrupt, patrimonial style of rule that leads to Bentleys and Rolls-Royces on the one hand, and tens of millions of people who aren't doing so well on the other", London said.