

# Poor women use anti-poverty schemes to boost land ownership

REUTERS, Bangkok

Supporting the poorest women by helping them set up small businesses, and giving them livestock and training boosts not only their income but also their prospects of renting or owning land, a study in Bangladesh found on Wednesday.

Only 10 percent of women in an anti-poverty programme put together by Bangladeshi development organisation Brac owned or rented land at the start of the initiative - seven years later, the figure was almost 40 percent, researchers at the London-based International Growth Centre (IGC) found.

The women's annual earnings rose by 37 percent four years into the programme, the IGC evaluation of the programme designed by Brac showed.

Despite progress over the last few decades, about 863 million people, most of them women, still live in extreme poverty, defined as living on less than \$1.90 a day.

Brac's programme, which benefits

1.6 million households, aims to help the very poorest women to move out of low-paid and insecure work like casual farm or domestic labour.

Experts agree that to eradicate extreme poverty by 2030, one of the new development goals agreed by world leaders this year, more efforts need to be made to reach the poorest.

They are often the hardest to reach and interventions such as microfinance do not help them because they cannot pay back loans as all their income goes into sustenance, studies show.

Participants in the Brac programme received livestock with a combined value of \$140, far more than they could have obtained through informal credit, the IGC said in its study.

They were trained for two years in working with livestock and ways to increase the benefits they derive from their assets.

"When you trust the poor with assets and train them with the necessary skills, they do better and better,

year after year," said Oriana Bandiera, professor of economics at the London School of Economics and one of the authors of the study.

The women's transition into more stable work resulted in significant improvements in consumption, savings and lower poverty levels, showing the long-term benefits of a programme designed specifically to benefit the poorest people, the study found.

The value of land owned by participants rose by 220 percent, the value of productive assets tripled and participants became more involved in credit markets.

"Through this programme and the results of our ongoing research, we know this approach works to move the ultra-poor into sustainable livelihoods and help them increase their incomes," said Brac founder Fazle Hasan Abed.

Started in Bangladesh, the programme has been copied in 20 countries in Africa, South Asia and Latin America.

## Germany presses for more robust EU fiscal supervision

REUTERS, Berlin

Political interference by European Union members risks hampering the European Commission's role of overseeing budget rules, the German finance ministry said in a policy paper seen by Reuters on Tuesday.

"The supervision duties must be administered independently of political interests," the ministry wrote in the paper which was submitted to parliament's budget committee.

The commission's role as guardian of European Union treaties should not be compromised by political interests or interference, the paper, entitled "Further development of the Economic and Monetary Union: items for debate," said.



Faruq A Choudhury, chairman of Delta Brac Housing Finance Corporation; Nasir A Choudhury, a director; and Quazi Mohammad Shariful Ala, managing director, attend the company's 19th annual general meeting at Hotel Amari in Dhaka on Tuesday. The company approved 30 percent cash dividend for the year that ended on June 30.

## Volkswagen says CO2 emissions scandal not as bad as feared

REUTERS, Berlin

Volkswagen understated carbon dioxide emissions on many fewer vehicles than initially feared, it said on Wednesday, providing some relief to the automaker as it battles a wider diesel emissions scandal affecting up to 11 million cars. Europe's biggest motor manufacturer said its investigations found it had understated fuel consumption, and so carbon dioxide (CO2) emissions, on only about

36,000 vehicles, compared with its preliminary estimate of around 800,000.

It also said it had found no evidence of unlawful changing of CO2 emissions data.

"We view this as positive and suspect that the previously guided for negative earnings impact of 2 billion euros will in fact end up being materially lower," said Evercore ISI analyst Arndt Ellinghorst, referring to Volkswagen's (VW) initial estimate of the cost of inaccurate CO2 data.



BERGER PAINTS BANGLADESH

Rupali Chowdhury, managing director of Berger Paints Bangladesh, and Abu Sayed M Ahmad, president of the Institute of Architects Bangladesh, pose with the winners of the 7th Berger Award for Excellence in Architecture at the International Convention Centre Bashundhara in Dhaka on Monday.



DHAKA CLUB LIMITED

Nazim Ahmed, member-in-charge of Dhaka Club's finance and accounts, and KA Rahaman, City Bank's chief information officer, sign a deal for online bill payment service for club's members through the bank's Citytouch platform. DCL President Khairul Majid Mahmud and City Bank Chairman Rubel Aziz were also present.

## Japan's SMEs too weak to carry Abe's 'trickle-up' wage plan

REUTERS, Tokyo

Japan's government hopes that raising the minimum wage will 'trickle up' into a broader rise in pay and consumption, but the smaller businesses who account for most Japanese jobs are in no shape to square that virtuous circle.

Since taking office in late 2012 Prime Minister Shinzo Abe has badgered companies to raise wages to help end decades of deflation and stagnant growth, but only the largest employers have responded. Last month he took matters into his own hands, pledging to raise the minimum wage by about 3 percent a year for the next five years or more.

Big companies raised wages an average 1.8 percent in 2013, 2.3 percent in 2014 and 2.5 percent this year, the Keidanren business lobby said.

Government data shows that has not filtered down to the 65 percent of people who work at small and medium-sized enterprises (SMEs), where wages fell 0.4 percent in 2013 and rose only 0.4 percent last year.

Economists say that is because many SMEs are unprofitable "zombies" kept alive by cheap financing.

Around 70 percent of companies that filed taxes in fiscal 2013 booked a loss, according to the most recent data, and profit growth even among SMEs that do make money is slowing.

"Big companies are raising wages, but SMEs are falling behind because they cannot keep up with labour costs," said Hiromasa Matsuura, economist at Mizuho Research Institute.

"It is possible this policy could push up unemployment."

On the face of it, Abe's plans appear

modest; the national average minimum wage is 798 yen per hour - the same as in the United States but around 20 percent less than in Britain and only half as much in France, OECD data show.

He wants to raise it to 1,000 yen in about five years, which implies a 3 percent increase each year.

Only about 3 percent of the employed earned the minimum wage last year, so the number affected initially looks small, but a further 6 percent are hovering 40 yen or less above that level. And as it increases 3 percent every year, still more will be brought within range.

Toshikazu Funakubo, president of Showa Seisakusho Co, a maker of precision parts for cars, turbines and medical devices, says that could make things tough for many companies.

"Eventually, the atmosphere could change, and more companies could start looking for ways to keep their wage bill down," he said from a plant in a gritty factory district on Tokyo's south side.

The initial economic rewards for the policy appear negligible against such risks.

The government estimates a 3 percent minimum wage hike could add 70 to 90 billion yen to wages, but that is at best only a 0.04 percent boost to Japan's total wage bill of around 210 trillion yen.

Economists say that is a sideshow to Japan's real structural obstacles to growth, like its shrinking working-age population, which has been in decline since the mid 1990s.

"Raising the minimum wage is OK, but this is second tier compared to the real issue of demographics," said Masamichi Adachi, senior economist at JP Morgan Securities.

## Trade confidence jumps

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London-based TNS, the world leader in market research, information and business analysis, carried out the survey for HSBC. It is the largest trade confidence survey globally.

A score above the 100 threshold indicates that sentiment is positive regarding the outlook for the next six months, whilst a score below 100 indicates a downturn in confidence.

HSBC said it expects exports to average 10.6 percent growth from 2017-20, helped by infrastructure development, currency competitiveness in Europe and trade liberalisation.

Thirty-seven percent of the respondents considered Europe as the most promising region for business for Bangladesh, nearly twice as many as six months ago.

However, nearly 40 percent of respondents cited unfavourable changes to government regulation as a possible barrier to growing their international business over the next six months.

"A third also raised concerns about higher interest rates, likely reflecting both global uncertainties over the timing of upcoming tightening in the US and also domestic concerns over possible food price pressures," said the report.

More positively though, the report said, almost a third of the respondents expect higher profit margins, up from a quarter six months ago, while more respondents also think exchange rate movements will be favourable for international business, and expect lower costs for logistics, and raw materials.

On the long-term outlook on Bangladesh, the survey expects nearly 7 percent GDP growth in 2015-16.

"Expansionary fiscal policy (and the particular focus on transport and energy infrastructure), improving business senti-

ment, reasonable growth in overseas remittances and continued trade liberalisation should help activity maintain solid momentum in coming years," it said.

Referring to the clothing and apparel industry that is Bangladesh's biggest foreign currency earning sector, HSBC said it expects the sector to contribute three quarters of the increase in exports from 2021-30, while the textiles and wood manufacturers will contribute another 15 percent.

Although textiles and garments accounts for more than 80 percent of its exports, the future is not just in clothing for Bangladesh, it said.

"Exports of raw materials, transport equipment, mineral fuels, machinery and chemicals are set to grow at a double digit pace from 2016-20; the only one growing slower is likely to be agriculture, which largely reflects the economy upgrading."

As Bangladesh's economy is gradually upgrading, industrial machinery exports are expected to grow by 12 percent from 2021-30.

"Upgrading the skills of the workforce and also the use of technology should help Bangladesh gradually move into higher value sectors," it said.

The US, Germany and the UK are Bangladesh's three largest export destinations, and it will remain unchanged out to 2030. China and India, which were Bangladesh's two largest import partners in 2014, will continue to hold their positions in 2030, according to the report.

Public investment into transport and energy infrastructure has risen notably in recent years and this should help attract more foreign investment, encouraging more export diversification, it said.



PDBL

Anis A Khan, chairman of Primary Dealers Bangladesh Ltd, presides over the company's 28th board meeting, hosted by AB Bank at Hotel Purbani International last week. Shakh Hossain, vice-chairman; Md Belayet Hossain, chief executive officer; and Shamim Ahmed Chaudhury, managing director of AB Bank, were also present.



PRIME BANK

Mohammad Sarwar Mahmood, consul general of Bangladesh in Hong Kong; Muhammad Muzahid Hossain, chief executive of PBL Finance (Hong Kong) Ltd, and Habibur Rahman, deputy managing director of Prime Bank, attend a customers' get-together programme in Hong Kong organised by PBL Finance, a fully-owned subsidiary of the bank.

## Eyes on \$1b export earnings from BPO

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Six years ago, there was nothing digital in government services, but now, 70 percent to 80 percent of government services are in a digital format, he said.

Sharing a personal story of his days as a student in Bangalore, Joy said, "There was no outsourcing industry in Bangalore 22 years back, but India has become the number one outsourcing destination in the world. If it is possible in Bangalore, why not in Bangladesh?"

Imran Ahmed, chairman of the parliamentary standing committee on posts, telecom and ICT ministry, said the Philippines earns \$16 billion from BPO a year, which is 12 percent of its gross domestic product.

Santiago Gutierrez, chairman of the World Information Technology and Services Alliance (WITSA), said Bangladesh is surrounded by countries that found success in BPO, so it is a matter of time to get success in this field.

Referring to his own country, Gutierrez said Mexico earned only \$50 million from BPO in 2000 and now that amount reached more than \$6 billion. "I think BPO can do miracles for Bangladesh in the next few years," said Abdul Matlub Ahmad, president of the Federation of Bangladesh Chambers of Commerce and Industry.

ICT Secretary Shyam Sunder Sikder and President of the association Ahmadul Hoq Bobby also spoke. More than 20,000 people including corporate, institutional and individual buyers are expected to attend the two-day summit. There is a facility for on-the-spot recruitment at the summit as well.

## BASIC fires four bankers for scam

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The four officials were involved in approving Tk 49.5 lakh by violating the bank's rules.

The money was meant to be spent to fight a legal battle filed last year by the bank's two aggrieved officials, who alleged that the state bank promoted Alam and Salim to the position of DMD unlawfully. The lawyers' bill was Tk 39.4 lakh, meaning the officials pocketed over Tk 10 lakh.

"As per the service rules of the bank, the board of directors has decided to take punitive measures (dismissal) against these officials," said a letter sent to the dismissed officials.

The bank authority has sent another letter to the heads of all divisions at the headquarters and all branches across the country informing them of the four officials' dismissal. Earlier, Bangladesh Bank investigations detected massive financial irregularities involving around Tk 4,500 crore of loans in three branches of BASIC Bank between 2009 and 2013.

More than 50 percent of the loans have already become bad, throwing the bank into acute capital shortage.

Loan frauds, committed through direct involvement of the previous board headed by Sheikh Abdul Hye Bacchu and some of its top executives, took place in the Dilkusha, Gulshan and Shantinagar branches of the bank.

Of the fired DMDs, Sobhan and Alam were close aides of Bacchu. Alam was promoted to the post of DMD within one year of his joining the bank as a deputy general manager, BASIC Bank officials said.

## UK vows to work for inclusive development

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She said they are really pleased that disability has now been included in the SDGs.

In response to a query, Verma said: "We need to eradicate extreme poverty; we need to make sure that everybody in society has the opportunity to transform their lives." Verma said they want to make sure that no-one is 'discriminated' against because of any disability, ethnicity or religion.

The UK minister described the people at CRP as "wonderful" and expressed her satisfaction for allowing her to see and talk to them. "It demonstrates that we're a really good partnership here and the impact of what we're delivering is obviously having a positive impact on individual life."

Verma, who arrived here on Tuesday, however said there is a lot to do for the persons with disabilities. "I'm hoping that through this visit, I'll be able to channel some messages both to my own team and the Bangladesh government that by working together we can transform people's lives."

## Inflation falls to 10-month low

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As a result, there was no positive impact on non-food inflation. Even in the case of market-determined domestic price, the long-run response to international price change is muted.

"There is a perception that when a price increases in the international market, the price in Bangladesh domestic market increases almost immediately, but not nearly so fast when price declines in the global markets," the report said.