

Income generation not the only way to fight poverty

Analysts suggest taking the 'beyond livelihoods' approach

STAR BUSINESS REPORT

INCOME generation is no longer the only way of rooting out extreme poverty; it is a 'beyond livelihoods' approach that can lead Bangladesh out of extreme poverty, analysts said yesterday.

Beyond livelihoods means that the ultra-poor people will have social and political rights, abilities to face natural disasters and the capacity to fight the impacts of climate change, an opportunity to use technology and will have access to health care facilities through proper insurance systems in addition to increased purchasing power capacity.

A decade ago, the government and nongovernmental organisations (NGOs) were focusing mainly on providing income generating activities to the ultra-poor people to help them graduate from the extreme poverty level.

"We are now talking about beyond livelihoods for sustainable graduation from extreme poverty," said Anowarul Haq, director, extreme rural poverty programme at CARE Bangladesh, presenting the findings of a six-year project -- social and economic transformation of the ultra poor (SETU). About 95 percent of households under the project have come out of extreme poverty.

"Economic wellbeing is no more the only focus for fighting extreme poverty. It has to be integrated with the concept of social inclusion and graduation from mental health burden," said Shamim Ahmed, a public health expert and doctoral research fellow at University of Toronto, while moderating a roundtable on 'transforming frontiers of extreme poverty: beyond livelihoods', jointly organised by CARE Bangladesh and The Daily Star.

Addressing the discussion, Planning Secretary Tariq Ul Islam said the government is working with NGOs and donor agencies to fight extreme poverty, the rate of which can be brought down to almost zero by 2025 after achieving the middle-income country status by 2021.

Planning from the root level, increasing budgetary allocation for social safety net and annual development programme (ADP), and the government's efforts in bringing marginalised people to the mainstream will help the country eradicate



Analysts attend a discussion on how to fight extreme poverty at The Daily Star Centre in Dhaka yesterday.

extreme poverty, he added.

The budgetary allocation for social safety net schemes rose to Tk 43,000 crore this fiscal year, from Tk 35,000 crore a year ago, while ADP expenditure has been set at Tk 123,000 crore, up from Tk 93,000 crore, he said.

Although it was being highlighted that one crore people will remain under the extreme poverty level even if the country attains 8 percent GDP growth, the overall situation is gradually improving, he said.

"All the problems in fighting extreme poverty can be overcome, but we have to remain alert on militancy that may destroy all the successes," Islam said.

Jamie Terzi, country director of CARE Bangladesh, said sustainable graduation out of extreme poverty is complex.

"It's not just livelihoods, it's not just about asset transfer, it's about actually taking issues like resilience and also social and political inclusion, making sure that people are included so that they connect to changes that are taking place in society," she said.

Laurent Umans, first secretary, food security of the Netherlands embassy, said, "We need to go for a beyond livelihoods strategy, and we want to see improvements in peoples' livelihoods."

Henrik Width, deputy head of mission of the Norwegian embassy, said his country has contributed 1.3 billion euros to Bangladesh's development over the years. "But this is now scaling down, partly because of the success of Bangladesh in

fighting poverty."

Creating its own income or using the income that has already been created is a challenge for Bangladesh, he said, adding that inequality, poor governance, resources mobilisation and fighting corruption are also other challenges in the coming years.

Mahfuz Anam, editor and publisher of The Daily Star, said in the area of fighting extreme poverty, Bangladesh is a bright spot, as the country has done so well in achieving the millennium development goals.

"The world is praising us. But at the same time, there is so much left to be done."

Md Shahid Uz Zaman, executive director of Eco Social Development Organisation, said creating a level of confidence or self determination among the ultra poor to fight the extreme poverty is a major challenge.

"Apart from building confidence among the beneficiaries, we need to focus on the demand of a target audience while preparing a project or policy."

Asif Sahan, associate professor of development studies at Dhaka University, said as extreme poverty is a multidimensional problem, the involvement of multi-sectoral actors is needed to fight it. "The challenge here will be coordination between the government and NGOs."

Md Aminur Rahman, chairman of 15 No Laxmichap Union Parishad of Nilphamari Sadar, said many families graduated from extreme poverty with the

help of CARE Bangladesh's SETU project.

"Many of them now have more than one cow, their children can go to school, child marriage has stopped, they can drink safe water and most importantly, women get wages equal to men. It's possible because of the diversified income generating activities."

Farida Begum and Md Rustam Ali, two beneficiaries of the SETU project from Gaibandha, shared their experience in fighting extreme poverty and becoming self-employed. Both took assistance from SETU and not only managed to get out of extreme poverty, but also created a position in society and made employment opportunities for a few others.

Both of them now have the confidence to continue their small businesses, even without the help or guidance from SETU or CARE. Ranjan Karmaker, executive director of Steps Towards Development, suggested the government transform the national budget into a district-based budget. "Extreme poverty cannot be addressed by the national budget."

Stressing the need for family planning training, Shahnoor Wahid, special supplements editor of The Daily Star, said without such training, extreme poverty cannot be eradicated.

Other speakers emphasised governance issues, quality education, health insurance, involvement of rural government and long-term planning for sustainable graduation from extreme poverty.

Oil falls towards \$49 on high output, strong dollar

REUTERS, London

Oil fell towards \$49 a barrel on Monday, pressured by high output from Middle East Opec members and as a stronger US dollar weighed on commodities.

Iraq, which has exported more crude from its southern ports in August, will continue ramping up output, its oil minister said on Saturday. Top exporter Saudi Arabia has kept output at around record levels this month.

Brent crude LCOc1 was 62 cents lower at \$49.30 a barrel at 0904 GMT. The global benchmark is down more than 6 percent from its 2016 peak of \$52.86 reached on June 9.

US crude CLc1 was down 60 cents at \$47.04.

The comments about high oil output have dampened expectations that Opec and outside producers such as Russia will agree steps next month to support prices such as a production freeze, following the collapse of a similar effort in April.

"The market is increasingly likely to discount the outcome of the event, given, even in the instance of a freeze being agreed, compliance will be an issue," Barclays said in a report.

Members of the Organization of the Petroleum Exporting Countries are due to meet informally in Algeria on Sept 26-28 on the sidelines of the International Energy Forum. Russia is also expected to attend the IEF.

Oil prices are less than half their level of mid-2014 because of a persistent supply glut. The chief executive of US oil company ConocoPhillips, Ryan Lance, said at an industry conference in Stavanger, Norway, he believed oversupply would extend into 2017.

A strong dollar also weighed on oil, traders said. The US currency rose to a three-week high against the yen on Monday after the Federal Reserve bolstered expectations that it would increase interest rates soon.

Sharp wants to team up with Japan Display in OLED

REUTERS

Japan's Sharp Corp is hoping to team up with its domestic rival Japan Display Inc in organic light-emitting diode (OLED) displays to catch up with South Korean manufacturers, the Nikkei business daily reported on Monday.

"Let's gather all Japanese talents in liquid crystal displays, develop (the OLED technology) and jointly manage," Sharp's new CEO, Tai Jeng-wu, told the Nikkei in an interview on Monday.

Sharp and Japan Display both plan to start mass production of OLED panels in 2018, lagging far behind the likes of Samsung Display, a unit of Samsung Electronics.

Wheels up for China's new aero-engine group



AFF/FILE

Visitors look at a full-size model of an aircraft jet engine made by China Aviation Industry Corporation at the China International Industry Fair in Shanghai.

AFF, Beijing

CHINA officially launched a new multi-billion dollar jet engine conglomerate with almost 100,000 employees at the weekend, as Beijing seeks to become an aerospace power and compete with the likes of Rolls Royce and General Electric.

The Aero Engine Corporation of China (AECC) has registered capital of 50 billion yuan (\$7.5 billion), and previous reports said it would incorporate subsidiaries of a series of state-owned firms, including the Aviation Industrial Corp of China (AVIC).

President Xi Jinping said founding the company was a "strategic move" to make China an aviation power and modernise the military, the official Xinhua news agency reported.

China does not make large commercial jet engines of its own and the country's narrow-body airliner, the C919, is powered by engines from CFM International, a venture between GE of the United States and France's Safran.

The best aircraft in China's air force use engines built in Russia, Xinhua said. Beijing is looking to change that with the creation of a new national champion in the field as it seeks the prestige of

having its own aviation sector.

Leaders have targeted the manufacture of high-technology products such as jet engines as a means to transform the world's second largest economy and make its firms more competitive with advanced foreign rivals in aerospace, biotechnology, alternative energy and other sectors.

Premier Li Keqiang said in written comments that making "breakthroughs" in advanced aircraft engines would have great value in strengthening the military and manufacturing ability of the country.

Xinhua cited him urging indigenous innovation to make AECC a world leader in aero-engines.

The new firm will employ 96,000 employees and be headquartered in the capital, reports said, with China's State Council, or cabinet, and the Beijing city government also investing in it.

But industry executives say it could take years for the firm to develop the engines to power big commercial jets.

Earlier this summer China's home-grown regional jet the ARJ21, made by AECC investor the Commercial Aircraft Corp of China (COMAC), made its first commercial flight after years of delays, though its quality and reliability still have to be established to win over customer and passenger confidence.

US SEC paid \$3.75m to BHP Billiton whistleblower

REUTERS

The US Securities and Exchange Commission paid a BHP Billiton insider \$3.75 million for detailed information in an investigation into alleged bribery of Asian and African officials, the Australian Financial Review reported on Monday.

Citing legal sources, the newspaper report said it was the first time an employee of an Australian company had received a US whistleblower bounty.

BHP last year settled the SEC case, paying \$25 million to resolve charges it violated a US anti-bribery law by failing to properly monitor a program in which it paid for dozens of foreign government officials to attend the 2008 Olympics in Beijing.

The Australian Financial Review said it did not spell out the evidence that the whistleblower disclosed because it wanted to protect the person's identity.

BHP Billiton said on Monday it had fully cooperated with the SEC inquiry and a subsequent investigation by the US Department of Justice (DOJ).

"We are not aware of the involvement of any whistleblower as part of the SEC's or DOJ's investigation," BHP said in an emailed statement to Reuters.

"We respect and fully support protections for all whistleblowers and the importance of providing confidential avenues for reporting," the company said.

Cyber threat grows for bitcoin exchanges

REUTERS

WHEN hackers penetrated a secure authentication system at a bitcoin exchange called Bitfinex earlier this month, they stole about \$70 million worth of the virtual currency.

The cyber theft -- the second largest by an exchange since hackers took roughly \$350 million in bitcoins at Tokyo's MtGox exchange in early 2014 -- is hardly a rare occurrence in the emerging world of crypto-currencies.

New data disclosed to Reuters shows a third of bitcoin trading platforms have been hacked, and nearly half have closed in the half dozen years since they burst on the scene.

This rising risk for bitcoin holders is compounded by the fact there is no depositor's insurance to absorb the loss, even though many exchanges act like virtual banks.

Not only does that approach cast the cyber security risk in stark relief, but it also exposes the fact that bitcoin investors have little choice but to do business with under-capitalized exchanges that may not have the capital buffer to absorb these losses the way a traditional and regulated bank or exchange would.

"There is a general sense in the bitcoin community that any centralized repository is at risk," said a U.S.-based professional trader who lost about \$1,000 in bitcoins when Bitfinex was hacked. He declined to be named for this article.

"So when investing, you always have that expectation at the back of your head. I lost a small amount compared to the others, but I know of traders who lost millions of dollars worth of bitcoins," the trader said.

The security challenge for the bitcoin world does not appear to be letting up, according to experts in the currency.



REUTERS

An illustration photo shows a bitcoin (virtual currency) paper wallet with QR codes and a coin.

any technological silver bullet that's going to solve security breach problems. No technology, crypto-currency, or financial mechanism can be made safe from hacks," said Tyler Moore, assistant professor of cyber security at the University of Tulsa's Tandy School of Computer Science who will soon publish the new research on the vulnerability of bitcoin exchanges.

His study, funded by the U.S. Department of Homeland Security and shared with Reuters, shows that since bitcoin's creation in 2009 to March 2015, 33 percent of all bitcoin exchanges operational during that period were hacked. The figure represents one of the first estimates of the extent of security breaches in the bitcoin world.

In contrast, data from the Privacy Rights Clearinghouse, a non-profit organization, showed that of the 6,000 operational US banks, only 67 banks experienced a publicly-disclosed data breach between 2009 and 2015. That's roughly 1 percent of U.S. banks.

Among the world's stock exchanges, however, security breaches are much higher, with hackers attracted to the large pools

of cash moving in and out of these trading venues. The latest survey of 46 securities exchanges released three years ago by the International Organization of Securities Commissions and World Federation of Exchanges found that more than half had experienced a cyber attack.

Moore collaborated on the research with Nicolas Christin, associate research professor at Carnegie Mellon University and Janos Szurdi, a PhD student also at Carnegie.

In 2013, Moore and Christin wrote a research paper on security risks surrounding bitcoin exchanges when Moore was still a professor at Southern Methodist University. That research entitled "Beware of the Middleman: Empirical Analysis of Bitcoin Exchange Risk" was peer-reviewed and presented at the 17th International Financial Cryptography and Data Security Conference in Okinawa, Japan in 2013.

In the most recent study, the rate of closure for bitcoin exchanges in Moore's research edged up to 48 percent among those operating from 2009 to March 2015. Hacking did not necessarily trigger the closure in each case.