Bangladesh: setting a global standard in ending poverty

QIMIAO FAN

THERE is a lot for Bangladesh to celebrate in the latest World Bank research on global poverty and inequality.

The new report, "Poverty and Shared Prosperity 2016: Taking on Inequality", uses revised data to give a more accurate estimate of how many poor people live in Bangladesh. What the report shows is that 18.5 percent of the population was poor in 2010 compared with 44.2 percent in 1991.

This is a major achievement that will receive global recognition on October 17 when the World Bank Group marks End Poverty Day with the Bangladesh people at an event in Dhaka.

This achievement means that 20.5 million Bangladeshis escaped from poverty between 1991 and 2010. It means that Bangladesh beat the deadline by an impressive five years in achieving Millennium Development Goal number 1, an internationally recognised target to cut extreme poverty rates by half by 2015.

It is worth remembering how far Bangladesh has come.

US presidential security adviser Henry Kissinger had dubbed the country a "basket case" at its birth in 1971. Bangladesh emerged from the ashes of a gory War of Independence as the world's second poorest nation. Its population and economy were ravaged and its productive assets -- which once provided the bulk of undivided Pakistan's exports -- were in shambles. Even as well-meaning experts sounded warnings that the fragile state would collapse, Bangladesh increasingly silenced the sceptics by proving resilient against the devastating 1974 famine and a series of crippling cyclones. From 2000 onwards, the economy has been growing consistently at 6 percent a year on average. Development officials from other nations now visit Bangladesh to decipher the secrets of its success.

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Bangladesh has tackled its challenges in remarkable ways. It has overcome meagre resources to make the most of its strong cultural and intellectual tradition and a national will to build a prosperous nation following Independence.

Bangladesh gave the world a revolutionary new micro-financing model to monetise the productivity of the poor and showed that a predominantly Muslim country could unleash the potential of its women, making them a significant partner in progress. Its female stipends programme, widely acclaimed as a model for achieving gender parity of enrolment, has been replicated successfully in several countries. Its vibrant garment sector is giving a whole generation of women jobs that open new opportunities.

Today, Bangladesh is a lower middle-income country with a bright future as a member of the "Next 11", according to US investment bank Goldman Sachs, which had earlier identified the "BRICS". The image of Bangladesh as a country with endemic poverty could soon change as Bangladesh finds new pathways to sustainable and equitable growth and aims to achieve middle-income country status by its 50th birthday in 2021.

The sceptics will say that poverty, regardless of the latest World Bank estimates, is a reality in the lives of too many Bangladeshis. They are right. Bangladesh still had 28 million poor in 2010, the latest year for which a household survey is available for the country. Based on the new estimate, Bangladesh is the 64th poorest out of the 154 countries included in the World Bank's global poverty database.

Much more, therefore, still needs to be done to end poverty in Bangladesh and to increase the prosperity of the bottom 40 percent of the population. These are the goals that the World Bank Group is pursuing with the government of Bangladesh.

As the government has rightly identified, Bangladesh will do well by addressing infrastructure, energy and regulatory bottlenecks to increase productivity, make exports more competitive and attract more domestic as well as foreign investment.

The country can build on its success in human development and improve the quality of education, vocational training, as well as child nutrition and health services. The country can do more to strengthen institutions, including improving governance and strengthening anti-corruption measures. It can improve the policy environment for businesses, manage rapid urbanisation and adapt to climate change impacts.

The World Bank Group will work with the people of Bangladesh to overcome these challenges every step of the way. The World Bank has invested more than $19 billion in support since 1972 to advance Bangladesh's development priorities. Bangladesh is currently the biggest recipient of credits from the International Development Association, the World Bank's fund for the poorest countries.

There is much to be done to complete Bangladesh's development journey and to give all its citizens the opportunities they deserve. But as the World Bank's new report shows, Bangladesh is an inspiring example to the world on how to overcome poverty. Now is the time to build on these successes and end poverty in Bangladesh in our lifetime.

Qimiao Fan is the World Bank country director for Bangladesh, Bhutan and Nepal.

WB says Brexit has little impact on Asia

AFP, Singapore

BRITAIN'S shock decision to leave the European Union will not be as damaging to developing Asia's economies as feared, the World Bank said Wednesday as it increased its growth forecast for the region this year.

Countries in the Mekong region led by Myanmar are projected to expand at the fastest pace in the next three years, the bank said in an updated report on East Asia and the Pacific, though Thailand was projected to be a laggard.

World Bank chief Asia economist Sudhir Shetty said the upgrade for the regional economy came after the group noticed positive early results from the June 23 vote by Britain to leave the EU.

"That has translated also into relative stability in terms of exchange rates and in terms of capital flows, so that has been helpful for this region," he told Asia-based journalists in a video conference from Washington. Global markets went into freefall immediately after the vote as dealers feared a recession in Britain that could hit the global economy. But since then, world markets have rallied and Britain's economy is picking up.

Shetty said based on the bank's initial analysis "the bottom line right now is that there's likely to be very little impact of Brexit" over the short term as the region is "not very connected" to Britain in terms of trade and financial links.

The region's developing economies will grow 5.8 percent this year, the Washington-based institution said, up 0.1 percentage point from its forecast made in April. It also tipped 5.7 percent growth in 2017 and 2018.

The bank, however, warned a hike in US interest rates, widely expected in December, and a potential sharp slowdown in China could impact its forecast.

Myanmar, which has embraced democracy following decades of military rule, will grow 7.8 percent this year, 8.4 percent in 2017 and 8.3 percent in 2018.

Once isolated Myanmar has rapidly transformed itself into one of the world's fastest growing economies since its once brutal junta handed power to a reformist government in 2010, sparking the lifting of most international sanctions and a flood of foreign investment.

The impoverished nation has boasted average growth rates above eight percent the past five years.

However, while the World Bank report noted stronger-than-expected growth in Thailand during the first half of 2016 it added that "a broad-based and self-sustaining recovery has yet to take hold." It projected 3.1 percent expansion for 2016, up from 2.8 percent last year.

Thailand's economy has struggled with years of political instability since the military seized power in 2014.

Oil hits highest since June

REUTERS, London

Oil rose towards $52 a barrel on Wednesday, hitting its highest since June, supported by an industry report that U.S. inventories probably fell for a fifth straight week and Opec's deal to cut supply.

The American Petroleum Institute (API) said on Tuesday that U.S. crude inventories dropped 7.6 million barrels, which would be the fifth straight weekly decline if confirmed by US Energy Information Administration (EIA) data on Wednesday.

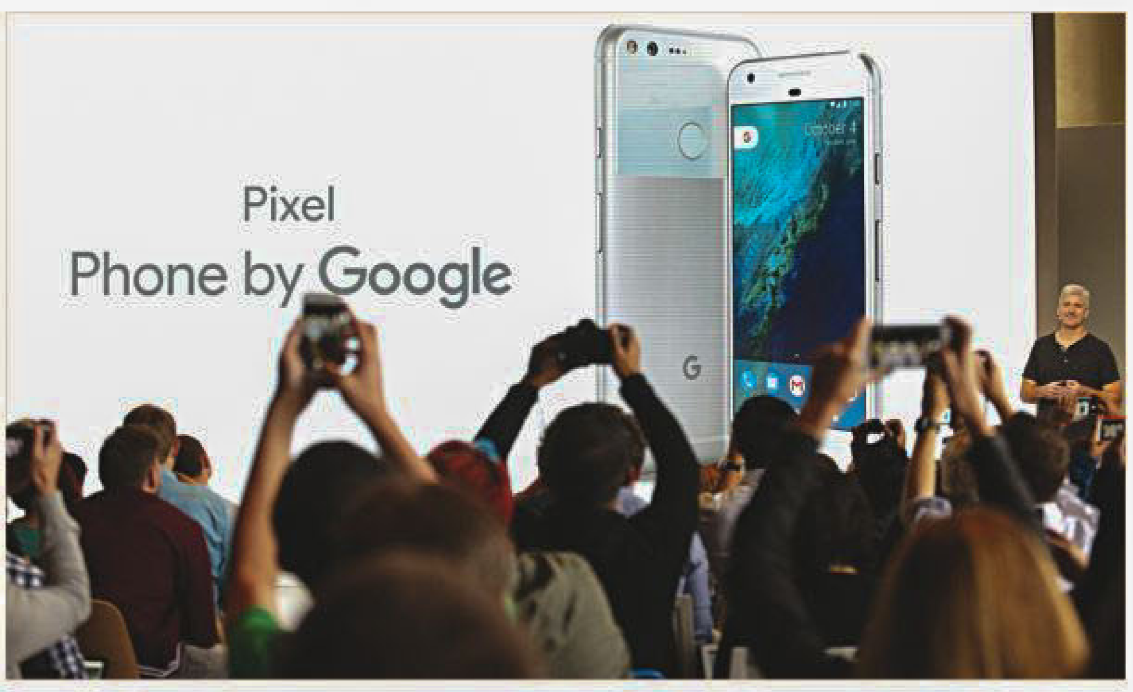
Brent crude was trading at $51.74 a barrel, up 87 cents, at 0948 GMT. The global benchmark touched $51.81 during the session, its highest since June 10. US crude was up 81 cents at $49.50.

Another drop in U.S. crude stocks would reinforce the view that the supply glut that has been weighing on prices since 2014 is easing. The API data, however, does not always tally with the EIA data, which is due at 1430 GMT. Analysts expect a rise in crude stocks of 2.6 million barrels.

"If the (EIA) can confirm the API statistics and help crude oil break away from the resistance of the high of August, then crude oil will have to start targeting the high of June," said Olivier Jakob, analyst at Petromatrix.

Jeffrey Halley, senior market analyst at brokerage OANDA in Singapore, said another confirmed drawdown in crude stocks would likely push US crude above $50.

Google takes on rivals with Pixel phone, new hardware



REUTERS

Rick Osterloh, senior vice president (hardware) at Google, introduces the Pixel phone by Google during the presentation of new Google hardware in San Francisco, US, on Tuesday.

AFP, San Francisco

GOOGLE took on rivals Apple, Samsung and Amazon in a new push into hardware Tuesday, launching premium-priced Pixel smartphones and a slew of other devices showcasing artificial intelligence prowess.

The unveiling of Google's in-house designed phone came as part of an expanded hardware move by the US company, which also revealed details about its new "home assistant" virtual reality headset and Wi-Fi router system.

The San Francisco event marked a shift in strategy for Google, which is undertaking a major drive to make Google Assistant artificial intelligence a futuristic force spanning all kinds of internet-linked devices.

"We are evolving from a mobile-first world to an AI-first world," Google chief executive Sundar Pichai said.

"Our goal is to build a personal Google for each and every user."

Rick Osterloh, head of a new hardware division at the California-based internet giant, added, "We believe that the next big innovation is going to take place at the intersection of hardware and software, with AI at the center."

Pixel will be available with a five- or 5.5-inch display, starting at $649 for US customers, similar to the latest iPhone models. Pre-orders began Tuesday in Australia, Canada, Germany, Britain and the United States. By using its own name on handsets, Google is aiming for a bigger slice of the competitive smartphone market, dominated by Samsung and Apple.

Until now, Google's flagship devices had used the Nexus brand with hardware partners that have included China's Huawei and South Korea's LG. The California group also sought to expand in the smartphone market by purchasing Motorola in 2011, but sold the unit less than three years later.

Unlike past smartphone alliances, Google stressed that it had complete control of Pixel from start to finish, contracting with Taiwan-based HTC to manufacture handsets.

"Google today demonstrated that it's finally serious about hardware," said Jan Dawson at Jackdaw Research. "The Pixel phones are clearly being positioned as peers to the iPhone."

The new Pixel phone is "the first phone made by Google inside and out," said Sabrina Ellis of the Pixel product management team.

By producing both the hardware and Android software, Google is making a more direct assault on Apple and its tightly controlled ecosystem.

Besides being the first smartphone to ship with Google Assistant, it will come with unlimited storage for photos and videos and be compatible with the company's new Daydream virtual reality platform.

Pixel has a "smart" camera for sublime photos, and a program to make it easy for users to switch operating systems, a move aimed at encouraging iPhone users to convert to Android.

However, Google may find it challenging to gain market share, analyst Patrick Moorhead of Moor Insights & Strategy said.

"Aside from the camera, the new Google Pixels are pretty undifferentiated compared to Samsung and iPhone 7th generation phones," he said. "They don't exactly swing anyone around the room."

Gartner analyst Brian Blau said "the most exciting part" of Tuesday's announcement was the assistant, which showcases Google's strength in artificial intelligence.

"It's a different tactic from Google, taking the stance that they want to have that direct relationship with their customers," he said.

"It is clearly a step into Apple's world" of controlling hardware and software and services, he added.

Pixel will be sold through US carrier Verizon and telecom groups, and be available at Google's online shop unlocked. Google also showed off a new Daydream View headset into which compatible smartphones can be slipped to serve as screens for virtual reality experiences.

View headsets are made of soft cloth, purportedly inspired by casual clothes. Daydream View bundled with a controller device will be available in November, priced at $79.

Google added to the coming hardware line-up with a modular Wi-Fi system that lets a set of interconnected mini-modems be spread around homes to make signals strong in all spots.

Rough times for Saudi retail as govt cuts bite

AFP, Riyadh

DIAMONDS glitter in the display cases of Saddam al-Yafae's shop, but the business has lost its sparkle.

He and other retailers in Saudi Arabia say sales were already down -- along with the kingdom's oil revenues -- and cuts to civil service benefits announced last week only add to their gloom.

"In comparison to last year, this period is very weak," says Yafae, a salesman at Al-Abdoul Wahab for Jewellery in central Riyadh.

Sales used to come easily, he says, an array of silver and diamond creations behind him. But this morning there are no customers, and Yafae has time to chat.

"There's a lot less work, especially with these decisions," he says, referring to the government spending cuts.

"It's getting worse and worse."

On September 26 the cabinet imposed a wage freeze on the civil service, which makes up the bulk of the kingdom's workforce.

It eliminated their annual pay hike of three to five percent and capped overtime pay. Other allowances including for hazardous work will be cancelled, amended or suspended.

The highest ranks of government were not spared either as King Salman chopped the salaries of ministers by 20 percent, which the Saudi Gazette said amounts to 10,350 riyals ($2,760) each per month.

Top officials will no longer be given cars, and telephone expenditures will be curbed.

The 150 members of the Shura Council, appointed to advise the cabinet, will see a 15-percent drop in their allowances for housing, furniture and vehicles. That amounts to almost 4,000 riyals monthly per member, Saudi Gazette said.

Since 2014 global oil prices have collapsed by more than half, leaving Saudi Arabia with a record deficit last year. The shortfall in the kingdom's main revenue source had already led to unprecedented subsidy cuts and a slowdown in government projects as the administration tries to diversify the economy.

AFP

Saudi women walk past a jewelry shop at Tiba market in Riyadh on October 3.

Even before the cuts to civil service bonuses, economists had noted a slowdown in consumer spending and economic growth.

"Fiscal austerity has inflicted a lot of pain on the economy," London-based analysts Capital Economics said in early September.

"We are over-stocked because sales are down," says an expatriate rug seller, whose offerings hang from ceiling to floor with price tags of several hundred riyals.

Outside, a customer haggles over a small floor mat. He ends up paying 50 riyals. Next door, a South Asian rug dealer says business was much better three or four years ago.

Further down Olaya Street a merchant selling phone cards, batteries, stereo speakers and cables said "the situation (is) very bad".

He did not want to be named out of concern he could be forced from the country for speaking critically.

Business is down almost 25 percent over the past two years, he said, partly blaming the underground Metro transit line being built outside.

Cuts to government bonuses are adding to the woes, as customers cite the latest austerity for their reluctance to buy.

"No money, my friend," he said they have told him.

Some government workers contacted by AFP declined to talk about the reduction in bonuses. Those who did said they accepted the cuts and would adapt.

"I will redo the family budget," said Musa Mohammed, 41.

Khalid al-Bishi, 35, another civil servant, said it's time to "stand with our country" and reduce spending at home. "We will make do with the basics," he said.

Others see a lot of room for adjustment. "Saudi families weren't saving and leaned towards luxuries," Majdi Damanhori, 45, who works for a private company, said adding that the government has taken a "bold decision".

Hadi al-Osaimi, 39, a teacher, said Saudis should stop splurging on things like parties for weddings and newborn babies.

"Let's not forget the extravagance of travelling overseas, and shopping at high-end outlets," he said.

In a report Monday, the Saudi firm Jadwa Investment said ATM cash withdrawals and point-of-sale transactions "have shown signs of weakness in 2016, and public sector workers' allowance reductions will likely push down consumption patterns in coming months."