

Devise ways to manage public investment efficiently: WB

REJAUL KARIM BYRON, from Washington DC

BANGLADESH needs to identify the barriers that are preventing the country from better managing public investment and use the \$35 billion in aid that has piled up, according to a World Bank official.

Annette Dixon, vice president of the World Bank for South Asia, said the build-up of \$35 billion in the aid pipeline is indicative of the public sector's absorption capacity and implementation challenges.

"As we have seen in recent times, despite repeated initiatives by top policymakers, Bangladesh has struggled to fully implement the annual development programme," she told The Daily Star in an email interview.

"It is important for policymakers to identify bottlenecks in the public investment management programme and ensure that the pipeline is properly used."

Dixon said recent steps by the government to identify a pool of specialised project directors and teams would help accelerate the use of these funds.

"We also welcome the move by the prime minister to set up a fast-track committee under her supervision that will monitor the implementation of key infrastructure projects. Using these funds will be instrumental in untangling some of the binding constraints to growth."

Bangladesh, however, is not alone when it comes to challenges in implementing public investment projects. Managing public investment is challenging in developed and developing countries alike, according to Dixon.

"We believe that for any government it is important to improve monitoring, strengthen governance, and ensure robust mechanisms for safeguards: these are all key steps to ensure quality and timely completion of projects."

The WB is working with the Central Procurement Technical Unit of the planning ministry to roll out the e-GP system, which is helping public procurement become more efficient and effective.

Dixon is bullish about the country's

future and said Bangladesh can tell the world a remarkable story of development, progress, and aspiration despite formidable challenges.

At its birth, Bangladesh was the second poorest nation in the world. Within a span of just four decades, it has graduated to the status of a lower-middle-income country, and it is now among the 12 fastest-growing developing countries that have a population of over 20 million.

Based on the 2011 purchasing power parity conversion factors and an international poverty line of \$1.90 per person per day, Bangladesh has reduced its poverty rate from 44.2 percent in 1991 to 18.5 percent in 2010.

The country lifted 20.5 million people from poverty during the same period.

"The country is well-poised to be much closer to upper-middle-income status in the next 10 years, if it can achieve faster and more inclusive growth with the right set of policies and timely actions," said the WB official.

Bangladesh aspires to raise the GDP growth rate to over 8 percent. And Dixon said the aspiration is not unrealistic.

"But the country must not become too complacent. It faces daunting challenges, with about 28 million people still living in poverty and a third of its children suffering from malnutrition."

She said the strong economic performance in the last two decades has rapidly increased the demand for energy, transport and urbanisation. Insufficient planning and investment have resulted in increasingly severe infrastructure bottlenecks, she said.

"It is imperative for policymakers to address infrastructure bottlenecks, improve the business and investment climate, build on successes in human development, increase women's participation in the labour force, and raise productivity by becoming better integrated with global value chains."

A citizen of New Zealand, Dixon said the WB will continue to support Bangladesh in removing key bottlenecks to move up to middle-income-country status.

"Our country strategy is anchored in



Annette Dixon

the government's Seventh Five Year Plan."

"We will help the country address its development priorities, including creating more and better jobs, removing growth bottlenecks through investment in power and transportation, improving health and education outcomes, and managing urbanisation."

In recent years, Bangladesh has been the largest recipient of the WB's interest-free credit from the International Development Association (IDA).

The Washington-based lender is Bangladesh's largest development partner and its financing accounts for 25-30 percent of the country's total external development financing annually. The support has more than doubled in the last five years.

"With the latest replenishment of the IDA, we plan to deepen our commitment even further. We look forward to remaining a committed development partner, and continuing our support to help

Bangladesh achieve its development goals."

On rising global protectionism, she said the number of trade restrictions has been steadily increasing across the world, reaching a post-crisis high last year.

Emerging markets and developing economies have engaged in a broad set of restrictive measures, including import tariffs and export taxes. And advanced economies have enacted numerous trade defence measures. The future of trade policies is uncertain.

"However, the prospects for Bangladesh, and South Asia in general, are better than it seems," said Dixon.

"The region also stands to gain from the growth recovery we are seeing in advanced economies, because they are the main markets for its exports. For all these reasons, South Asian countries should continue to strive for a stronger outward orientation."

Japan's Aso: Do not expect G20 to lean toward protectionism

REUTERS, Washington

Japanese Finance Minister Taro Aso said on Friday he does not think the Group of 20 debate will lean toward favouring protectionism over free trade ahead of the group's summit in July, even as the new US administration threatened to impose measures to restrict imports.

Aso also said Japan would not rule out the option of negotiating a Trans-Pacific Partnership (TPP) agreement without the United States, partly on the hope of convincing President Donald Trump to reconsider his decision to abandon the TPP.

Friction over trade has been among the key themes of debate at the Group of 20 finance leaders' meeting as Trump's "America First" platform threatened the group's commitment to resist all forms of protectionism.

Trump on Thursday launched a trade probe against China and other exporters of cheap steel into the US market, raising the possibility of new tariffs and triggering a chance of retaliatory action.

But Aso shrugged off the view that Trump's approach on trade would force G20 nations to change its approach.

"I don't think any country believes the global economy should shift to protectionism from free trade," Aso told a news conference after attending a gathering of Group of 20 finance leaders. "Even the United States isn't saying that protectionism is good. What it's saying is that it will put its national interest first."

G20 nations should not try to solve income inequality by resisting free trade, but instead should deploy fiscal, monetary and structural measures to spur growth, Aso said.

"I don't think the G20 debate will move toward embracing protectionism instead of free trade. If such talks emerge, Japan will defend free trade," he said.

Aso's remarks followed those of Germany's finance minister, who said earlier on Friday that he was optimistic about reaching a "non-confrontational solution" on trade with the United States at the July summit.

On trade negotiations with the United States, Aso reiterated his view that it would be in both the interests of Japan and the United States for Washington to re-join TPP talks instead of pursuing a bilateral free trade agreement.

While it was still desirable for the United States to join the TPP, Japan was open to negotiating a TPP deal with 11 nations excluding the United States, Aso said.

"Some countries are keen to do this and will come up with various ideas. There's no reason to turn this down. Various options are available and (negotiating without the United States) is one of the options," he said.

The Trump administration has signaled its intention to push for a two-way trade deal, while Japan wants to avoid a bilateral free trade agreement for fear of facing direct US pressure to open up highly protected markets like agriculture and beef.

US, global financial leaders skirt trade frictions, tout collaboration



The World Bank headquarters building is seen during the IMF/World Bank spring meetings in the US on Friday.

REUTERS, Washington

GLOBAL economic leaders on Friday continued downplaying possible friction with the Trump administration over currencies, trade and other potentially contentious issues, even while acknowledging that much about the US president's plans remains unclear.

On a day when Donald Trump himself seemed focused on domestic matters - promising a new US tax plan next week and announcing reviews of financial regulations - world officials gathered just blocks from the White House said there was "broad consensus" with the new president's advisers over the need to keep economic borders open and coordinate on global financial regulation.

"Almost everybody underscored the importance of open markets and free market access," German central bank governor Jens Weidmann said following meetings among finance ministers from the world's top 20 economic powers, including US Treasury Secretary Steven Mnuchin. "That was the consensus."

His remarks come as finance and economic officials attending meetings of the International Monetary

Fund and World Bank took heart in an improving world economy, but also spoke of the sudden raft of political issues that could put that progress at risk.

Trump's tough talk on trade and seeming suspicion of "globalist" groups like the IMF cast a shadow over the start of this week's session. Similarly, the French elections on Sunday have been frequently cited as the sort of event that could reverse the euro zone's tentative economic progress.

The Trump risk, at least for now, seems to have diminished.

Germany currently chairs the Group of 20, an organization that under the administration of President Barack Obama had become a central forum for working out economic issues among the world's largest economies.

Officials here this week have said Mnuchin and other administration officials seemed ready to continue work on issues like financial regulation, while avoiding overt clashes on issues like the value of China's currency or Germany's large trade surplus with the United States.

The Trump administration had previously threatened to impose measures to restrict imports, and verbally attacked Germany for run-

ning a large surplus by exploiting a weak euro.

German Finance Minister Wolfgang Schaeuble said earlier on Friday neither topic was discussed in Washington and that he had seen a relaxation in the dispute with the United States over trade.

Steel, of which Germany is a large producer, has become a point of contention.

Speaking at a separate G20 event in Germany, the country's economy minister, Brigitte Zypries, said a Trump-announced US probe into whether imports of foreign-made steel were hurting national security pointed toward "unwelcome protectionist tendencies." She said she would discuss the global steel market with US Commerce Secretary Wilbur Ross by telephone next week.

But Schaeuble overall said he believed a "non-confrontational solution" to economic issues would be reached when financial leaders of the world's 20 top economies meet again in Hamburg in July.

British Chancellor Philip Hammond said he thought the US and U.K. could go further, and strike a bilateral trade deal, while Japanese and other officials said they did not expect any sharp or disruptive moves from Trump.

BERGER
Trusted Worldwide

PROUD TO BE ASSOCIATED WITH WORLD'S TOP 7 GREEN FACTORIES

The US Green Building Council (USGBC) has awarded 7 of our country's factories as the top green buildings in the world. This is a proud milestone for Berger Paints Bangladesh Limited as our brand Breathe Easy is associated with these sites.

Breathe easy
Premium Interior Emulsion

GREEN LABEL SINGAPORE
ODOR FREE