



# BIDS newsletter

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## BIDS Board of Trustees Meeting Held

The 94th meeting of the BIDS Board of Trustees was held in the BIDS Conference Room on 19 November 2014. The Chairman of the BIDS Board of Trustees and Minister for Planning Mr. A. H. M. Mustafa Kamal FCA, MP presided over the meeting. The meeting discussed various issues related to BIDS activities and took several decisions. The Chairperson emphasized the importance of conducting quality research by BIDS on priority issues facing the country and undertaking effective measures for dissemination of research outcomes to the policy makers and other stakeholders. He underscored the need to start post graduate academic programs at BIDS. He also indicated his desire to transform BIDS into a Centre of Excellence for which he asked BIDS to prepare an effective plan of action. The meeting expressed deep sorrow at the sudden demise of famous economist Professor Frances Stewart who was closely associated with BIDS. ■



## BIDS Holds Senior Fellows Meeting

A meeting of the BIDS Senior Fellows was held on 18 December 2014 at the BIDS Conference Room. The BIDS Director General Mustafa Mujeri informed the Senior Fellows about BIDS activities including the progress of implementation of the current year's annual research program. He informed that BIDS has so far initiated 35 research studies of which 16 studies have already been completed while the remaining 19 studies are at different stages of completion. The Senior Fellows appreciated the efforts of BIDS and suggested to undertake more research studies on priority issues in the country's policy agenda including financing aspects of education, policy issues of new agriculture, industrial growth issues, energy pricing policy and renewable energy, tax policy, capital flight, labor market and rural economy issues. The Senior Fellows also emphasized on initiating BIDS academic programs including post-graduate programs. ■



## From the Editor

The year 2014 has been unique for BIDS characterized by diverse research and other activities. During the year, BIDS completed a total of 20 research studies and initiated 28 new studies of which 16 studies remain at different stages of completion at the end of 2014. The research portfolio of the year included both macroeconomic and sectoral priority issues covering a wide range of development challenges facing the country including poverty and vulnerability, macroeconomic policy and regional development, agriculture and food security, education and health, social protection, population dynamics, energy policies, decentralization and governance, climate change impacts and others.

During the year, BIDS organized a number of internal and external seminars, symposiums, and workshops on important issues of development. Publication and dissemination activities also got a boost with the publication of research reports and study series along with other dissemination materials. The BIDS researchers also had to their credit a number of prestigious publications in journals and books that came out during the year.

We are confident our friends and well wishers both at home and abroad will appreciate our efforts to strengthen our contribution to the policy making community and civil society through our research and other professional activities. We hope they will continue to endorse our efforts and extend their support to move forward.

We wish all our friends a very happy 2015. ■

## Study Highlights

### Reform Issues in the Energy Sector: An Agenda for Bangladesh

In Bangladesh, rapidly rising energy consumption of the past decade will intensify further in the coming years as economic growth and development efforts accelerate for achieving the target of becoming a middle-income country by 2021. Energy and power are vital for economic growth and a key ingredient to improving the socioeconomic condition of the people and for reducing poverty. In Bangladesh, electricity is the most widely used form of energy. However, since Independence more than 40 years ago, the country has had trouble generating adequate electricity for meeting national demand. As a result, consumers still do not have access to an uninterrupted, quality supply. In the energy sector, state-owned enterprises suffered from huge and perpetual deficits and the sector failed to attract required private investments due to poor pricing policies and other bottlenecks. This lack of investment is a major ongoing contributing factor to the energy crisis.

The government's commitment is to ensure energy security and provide access to affordable and reliable electricity for all citizens by 2021. At present, only about half of the population has access to electricity, although the supply is hardly reliable even to these people. To improve the situation, the government has adopted a comprehensive energy development strategy for exploring supply-side options along with demand management that conserves energy and discourages its inefficient use.

The thrust of the government's policy is to treat electricity as a private good such that its price reflects the cost of production and a fair return is generated on the electricity investment. The policy maintains that "social objectives like reaching out to the poor and rural community could be achieved through cross-subsidization as well as explicit budget subsidies". As such, a key policy reform for the government is to ensure proper pricing of electricity and power based on international best practices.

The government imports most fossil fuel and petroleum products in the country. The Bangladesh Energy Regulatory Commission (BERC) periodically fixes the prices of these products in the market. Thus, all petroleum products including electricity are sold under an administered price regime which is controlled by the government. As such, energy subsidies in Bangladesh mostly result from setting retail prices for fuel and electricity at lower than their "true market prices".

Although the government periodically adjusts energy prices to bring them closer to the world market prices, subsidies remain substantial due mainly to the government's policy of subsidizing energy to support access to the poor. Energy subsidies are also considered important for several of the country's key production sectors including agriculture (e.g., using subsidized diesel and electricity for irrigation by small and marginal farmers).

### Vulnerability Aspects of Subsidy Reform

The government's policy of subsidizing energy products (diesel, kerosene, furnace oil and electricity) has significant consequences for the economy and for different population groups. The production and outputs of various sectors have different energy intensities and so are affected by energy subsidy reform in different ways. The nature of the inflationary impact of reducing subsidies depends partly on the type of the energy product subsidized. For example, reducing the subsidy on diesel is likely to have a larger impact on the production costs of different goods through its effect on transport and other sectors, whereas reducing kerosene subsidies may not have a significant impact on inflation, but may have greater redistributive impacts through reducing the real incomes of the poorer groups.

Reform in energy subsidies is also likely to change the real incomes of household groups, both directly and indirectly. Similarly, the distributional impact of subsidy reform is likely to be different for various fuel types. For instance, kerosene is mostly used by poor households for cooking and lighting, whereas the richer households are the largest consumers of gasoline.

An analysis using data from the 2010 Household Income and Expenditure Survey (HIES) shows that the share of energy expenditure in total non-food expenditure is lowest for the poor and highest for the rich. For each income group, this share is higher for non-agricultural households than agricultural households. Considering energy expenditure as share of household income, non-agricultural households hold a higher share than agricultural households for each income group. On the other hand, for every occupational group, this share is highest for the poor (3.3 percent for agricultural households, 3.9 percent for non-agricultural and 5.4 percent for other households). One important aspect of these results is that the indirect impacts of energy price increases on food prices are likely to be significant. Moreover, they could be potentially more significant than direct energy cost changes, at least for some household categories.

The energy consumption of both poor and lower-middle agricultural households is overwhelmingly biased towards kerosene (58 percent for poor and 42 percent for lower middle income group). The second major item of energy consumption for these two groups is electricity; poor agricultural and lower-middle agricultural households spend around 36 percent and 40 percent of total energy expenditure on electricity, respectively. On the other hand, rich and upper-middle, non-agricultural households consume more electricity (53 percent for upper middle and 47 percent for rich) and natural gas (26 percent for the upper middle and 30 percent for the rich).

On the other hand, changes in the prices of energy products used as inputs in production processes affect the production costs of outputs in different sectors. This, in turn, has an impact on the profitability and competitiveness of the products in domestic and global markets. However, not all outputs may be affected by the same degree due to changes in energy prices. The impact, to a large extent, depends on the energy intensity of the specific output, both directly and indirectly.

The study also examines the direct energy intensity of production sectors using the 2006-07 Input-Output Table of the Bangladesh economy. The results show that service sectors (e.g. education, public administration and defense, health, housing, and wholesale trade) in general require more electricity inputs to produce outputs, although several manufacturing activities (e.g., printing and publishing, electricity and water generation, power plant building, pharmaceutical manufacturing and paper industry) also fall within the top electricity-intensive sectors.

The analysis on how different occupational groups focus their resources on different forms of energy shows how to best benefit the needy groups, while highlighting where subsidies are only lining the pockets of those who are better off. The share of household expenditure tends to rise with income for gasoline, CNG and LPG, while the share of expenditure on diesel declines with income. The share of expenditure on electricity does not show any uniformity in terms of variation with income, but the share of expenditure on electricity is very low. The broad findings of the study suggest several points for consideration:

- Although the poor benefit more from diesel subsidies, it is not an efficient pro-poor expenditure because it is universal. Given the growing fiscal burden, it may be desirable to reform the diesel subsidy system with the objective of providing more efficient, cost-effective support directed at the poor.
- A significant share of electricity subsidies arises from excessive losses or failure to collect bills, which cannot be economically justified and should be actively reduced.
- Electricity subsidies through generalized under-pricing are likely to be regressive, and much better targeting may be achieved through a carefully designed tariff structure. Volume-differentiated tariffs appear to perform better in this respect than do increasing block tariffs. Cross-subsidies for tariffs and for connection charges between different classes of users can be an important instrument, but are of limited use where overall connection rates are low.
- Social safety nets can provide a more effective way of reaching the poor, but the degree of mistargeting and leakages are critical factors that determine the efficiency and effectiveness of these programs.

As energy subsidies can result in a large fiscal burden, the design of subsidy schemes should include a time-bound phase-out strategy during their inception. Transparency is critical to ensuring the success of any subsidy reform program. There should be full public knowledge and awareness regarding the aims of providing subsidies, which groups benefit, by how much, how much it costs, how long the subsidy will be provided, how it will be phased out, and how the “saved” resources will be spent, such that a proper evaluation of the subsidy reform policies can be made by all concerned. These issues need further consideration in terms of how best to address them in policy contents and implementation designs.

It is true that energy subsidies can have benefits such as support for the poor, job creation, industry protection and providing

the poor greater access through reducing prices. But the fact remains that energy subsidies also carry significant costs that affect all groups, including the poor, by reducing resources available for financing priority investments like education, health, infrastructure and social protection measures for the poor. The policy dilemma therefore is to bring appropriate balance to these costs and benefits by designing a subsidy scheme that achieves the desired benefits with the lowest overall costs.

It is often argued that, even when the net social benefits of energy subsidies are positive for specific consumer groups, such benefits are not likely to be positive for the economy as a whole. Moreover, energy subsidies may not be the most efficient way of achieving social goals in a country like Bangladesh. On the other hand, subsidies to renewable energies may be considered an effective way of overcoming market barriers to their development and deployment and may be promoted in the country in a planned manner.

Similarly, a case can be made for subsidizing clean fossil-fuel technologies, including those that improve the efficiency of fuel consumption. An important policy concern, however, is to recognize that large energy subsidies limit the scope for using scarce resources that could otherwise be used to deliver basic and essential services. Moreover, all energy subsidies are not likely to have perfect efficiency and they are likely to suffer from some “common diseases,” such as problem of capture, creating perverse incentives and gradually declining performance quality over time. More importantly, subsidy reform can help address the power crisis that Bangladesh is presently facing. It can help improve transparency and efficiency of electricity companies and free up resources to invest back into the system, for maintaining and expanding energy infrastructure, deploying renewable energy and undertaking energy efficiency initiatives, along with other development efforts.

### **The Government's Reform Agenda**

The government's reform agenda for the electricity sector primarily intends to mitigate the acute supply-demand gap in electricity for which immediate, short, medium and long term plans are adopted. To ensure electricity for all by 2021, Under the short term plan, a number of power plants have been installed through the quick rental processes to meet the demand for electricity. The use of liquid fuel was also introduced in power generation for bringing energy diversification. This, however, resulted in huge cost escalation in electricity production because of the use of high cost imported liquid fuel. In order to reduce the production cost, policy emphasis now is on installing large power plants based on indigenous and imported coal as the primary fuel.

Under the present plan, 12 large power plants based on natural gas, liquid fuel, dual-fuel and coal having a total capacity of 3,146 MW will be installed in different parts of the country by 2016. The BPDB has also taken initiatives to repair and renovate its 26 power units which are 15-25 years old having a total capacity of generating 1,679 MW of electricity. Steps have been taken to set up sub-stations and transmission lines at different voltage levels to transmit electricity generated in the power plants to the load centers.

As non-renewable energy is limited in Bangladesh, it is critical to ensure energy security by increasing the use of renewable energy. At the same time, as the renewable energy is environment friendly, it is necessary to sustain the environmental balance by expanding the use of renewable energy and lessening the dependency on non-renewable energy. Moreover, the expansion of the use of renewable energy might reduce the import of energy and this would bring a positive impact on the balance of payments and the macro economy. Considering these issues, the government has undertaken several initiatives for the development of renewable energy. As per the Renewable Energy Policy, the government has aimed to produce 800 MW of electricity from renewable energy by 2015. To encourage the people for using renewable energy, the Infrastructure Development Company Limited (IDCOL) has installed a total of 0.2 million solar home system till May 2013. As a result, about 0.8 million people in the rural areas have now access to the solar power facility.

Power generation and supply being a time-consuming and expensive process, ensuring efficient and effective use of power is of critical importance, especially in a power hungry country like Bangladesh. Considering the importance, necessity and benefit of energy conservation, energy efficiency actions need to be fully exploited. The related policies must ensure efficient power management alongside efforts to raise power generation.

#### **Pricing Policy for Electricity**

The existing pricing policy for power and energy in Bangladesh is designed and implemented by the Bangladesh Energy Regulatory Commission (BERC). The BERC is the responsible agency for determining both the bulk and retail tariff rates of electricity, natural gas, petroleum products, coal and other mineral resources considering the government's overall policies in the sector.

The pricing of electricity is the most complex among all energy resources and creates significant public reactions. The pricing of electricity follows two steps:

- a. Fixing the bulk tariff rate which is imposed by the Bangladesh Power Development Board (BPDB) for the distribution companies such as Dhaka Electric Supply Company (DESCO), Dhaka Electric Supply Authority (DESA), West Zone Power Distribution Company (WZPDC), Dhaka Power Distribution Company (DPDC) and the Rural Electrification Board (REB).
- b. Fixing the retail tariff rates which are imposed to the final consumers of electricity by the power distribution companies.

It may be mentioned that there are separate retail tariff rates for five categories of consumers differentiated in terms of usages: domestic, irrigation in agriculture, small industry, non-residential, and commercial. These consumers are charged differently based on the amount of their usage (for domestic consumers) and time of usage such as use at peak and off peak hours.

In setting the electricity prices, BERC follows the pricing principles adopted by the government in January 2004. Under

the guidelines, efforts were taken to codify the process and the principles of tariff adjustment and phase out prevailing distortions in the tariff structure. The policy of reducing subsidies in electricity requires reducing the gap between its selling prices and supply costs. As is practiced, the process of implementation of the subsidy reduction policy needs to follow gradual increases in both the bulk tariff rate and the retail tariff rates.

Increasing the bulk tariff rate will improve the financial condition of the BPDB but at the same time will increase the supply cost of electricity at the retail level. This will necessitate increases in retail tariff rates for the power distribution companies otherwise they will face greater losses. Therefore, increasing the bulk tariff rate needs to be based on comprehensive calculations considering the impact of increased tariff on retail tariff rates paid by the final consumers.

In this context, several specific issues need to be considered while increasing the tariff rates:

- As far as possible, there should be a balanced increase in the bulk and retail tariff rates. This is necessary since a higher increase in the retail tariff compared with the bulk tariff will directly affect the final consumers and may create adverse perceptions. On the other hand, lower increase in retail tariff compared with the bulk tariff will result in higher losses for the distribution companies.
- One of the major reasons of high supply cost of the distribution companies is the prevalence of unacceptable system loss in the supply chain. Reducing these system losses will contribute significantly to lowering the distribution cost and rationalizing the retail tariff rates to the consumers.
- Saving electricity by lessening the wastage of electricity is another way to reduce the huge demand for electricity in the economy.

#### **Some Priority Actions**

Prudent economics requires that the strategy for meeting the electricity demand be based on least cost option. For this, an integrated approach to the power sector is needed since the current power crisis is, to a large extent, the outcome of a fuel crisis caused by delays in decision making regarding power generation and finding a substitute for the depleting domestic gas supply. The shortage of gas increases the cost of power by raising the dependence on imported liquid fuel and lowering the efficiency and capacity of power plants designed to run on gas.

For the future, Bangladesh needs to focus on new capacity procurement based on least cost criteria to minimize the cost of power to the economy to support poverty reduction and improve competitiveness of the economy. In arriving at the desired mix, a combination of several options is necessary to adopt along with supportive policies.

- In the present situation, since the base load power plants like coal fired steam turbines, nuclear power and gas fired combined cycle plants are likely to take either a longer

time to come into generation or are constrained by the availability of natural gas, plans may have to be worked out to make strategic use of the existing rental/quick rental power plants on the basis of appropriate techno-economic feasibility studies. Moreover, the possibility of converting these plants into gas-based plants (with some additional investment) could be explored.

- Optimize existing installed capacity e.g. capacity stalled due to administrative reasons or non-repair/non-overhauling and gas supply constraints.
- Implement programs to reduce transmission and distribution losses and undertake energy efficiency and energy improvement projects including rehabilitation of old plants and improving their efficiencies.
- Adopt measures for demand side management (DSM) such as popularizing the use of CFL; and
- Take quick decisions for accelerating the implementation of Phase 3 (medium term) and Phase 4 (long term) of the government's Power Generation Plan.

Obviously, DSM is by far the cheapest option that increases virtual generation by reducing demand. The DSM measures are therefore more cost effective than creating new capacity and hence DSM opportunities need to be fully exploited. For the liquid fuel based plants, fuel cost far exceeds the capacity cost. The efficiency of these plants is therefore an important parameter. Moreover, the capacity cost of existing plants is a sunk cost and their incremental cost is fuel and variable O&M.

On the other hand, new plants involve capacity cost as well as fuel and variable O&M costs.

In the above context, the IPPs are operating for about a decade with fixed capital cost which is already sunk. Since the IPPs are available for generation at marginal cost (fuel and variable O&M costs), their capacity needs to be utilized to their maximum contracted availability.

The financial constraints of the government as well as the majority of electricity consumers, especially the poorer groups, require that affordability be considered as a major consideration in adopting the appropriate strategy for tackling the problem of electricity shortage. In the short run, a realistic target of the share of the peak demand that could be met needs to be set and additional demand management options implemented. In the existing situation, a target of 100 percent is probably not a viable option. Based on relevant information, an informed decision should be taken to balance between creating additional capacity, load shedding, and affordability. The lower cost options for augmenting supply needs to be fully exploited and the quick rental power plants option should be periodically reviewed in the light of affordability of different options.

The availability of gas is a major parameter in determining the affordability of electricity in the country. The energy sector needs an integrated analysis to maximize the benefit of this scarce resource (gas). In principle, gas should only be used in the efficiency and capacity of power plants designed to run on gas. ■

## Highlights of Recently Completed Research

### **Impact Assessment of Microcredit (Self-Employment) Program of DYD**

This impact assessment of the microcredit (self-employment) program of the Department of Youth Development (DYD) involves examination of the effectiveness and efficiency of various activities implemented under micro-credit/self-employment projects and the impact of the program on the beneficiaries to draw lessons for further development of the micro-credit program. The study used both quantitative and qualitative data.

### **Evaluation of Technical Training Centers/IGA Institutes in the Districts of Bangladesh under Different ADP funded Projects of Various Ministries**

The study examines the issue of providing marketable skills to new entrants by the existing vocational and technical systems in Bangladesh. It is observed that the training centers being operated by different government departments are not adequately equipped with required number of skilled teachers/instructors, equipment/workshops for practical demos, library facilities, and residential facilities for teachers and students. Moreover, training curriculum is not need-based or practicable as per the need of local demand or of international standard. Moreover, due to lack of clear-cut policies, with regard to vocational training and skill development, duplication of efforts as well as low standard of imparted training is not uncommon in these institutions.

### **Impact Evaluation Study of National Agricultural Technology Project-Phase I**

The National Agricultural Technology Project (NATP) aims to support the government's strategy to improve national agricultural productivity and farm income with focus on small and marginal farmers. The study provides an evaluation of the implementation status of major components and their present functional status and examines if the project has been successful in improving research capacities and effectiveness of the National Agricultural Research System (NARS). This also provides an assessment of the impact of the project in increasing productivity, livelihood security and profitability in crop sector, livestock and inland aquaculture.

### **Census and Land Market Survey in the Area Affected by the Padma Multipurpose Bridge Project**

The study provides information related to providing compensation to the households and establishments affected by land acquisition in the areas affected by the Padma Multipurpose Bridge Project.

### **Evaluation of Relative Importance of Different Products in the Transmission of the Impacts of Euro Zone Crisis into the Bangladesh Economy**

The USA and EU together account for around three-fourths of Bangladesh's total exports. Under the Generalized System of Preferences (GSP) provided by the European Union to

Bangladesh, all products from Bangladesh enjoy duty free entry in the EU market. The euro zone crisis which began in 2009 started affecting the country's overall exports with some lag effects since 2011. The study assesses the relative importance of different EU member countries as a destination market for Bangladeshi exports along with the relative importance of main export items as a vehicle to carry the impacts of euro zone crisis into the Bangladesh economy.

#### **Evaluation of the ROSC Project**

The government has undertaken the "Reaching Out of School Children (ROSC) Project" in 2004 to give a chance to be educated to the children who drop-out school or never went to school for primary education. The project blends formal education with non-formal means of delivery to the young learners, providing them with an opportunity to complete grade five leading to transition to secondary education. The study rigorously evaluates the outputs and impact of the project activities along with investigating any major difficulties and flaws that impeded the proper implementation and management of project activities.

#### **Evaluation of the HYSAWA Project**

The Hygienic Promotion, Sanitation and Water Supply (HYSAWA) Project, a project under the water supply and sanitation (WSS) component of the WSSPS-II, promotes Union Parishad (UP) based investments focusing on the poor, un-served and under-served areas to reduce poverty through improved and sustainable public health and environment. The study investigates whether the components of the project are fully implemented, reviews the present functional status of major activities, and assesses the intended effects of project activities. It further assesses the impacts of project activities in increasing awareness of health practices, employment opportunity for women, and sustainability and overall community management of the project.

#### **Second Small Scale Water Resources Development Sector Project**

The broad purpose of the study is to assess the Local Government Engineering Department (LGED) implemented subprojects under the Second Small Scale Water Resources Development Sector Project (SSWRDSP-2) aiming to improve water management, flood management, drainage improvement, water conservation and command area development with a view to increasing production in agriculture and fishery, and generating more income and employment, thereby contributing to the overall reduction in poverty.

#### **Bangladesh Integrated Water Resources Assessment Project**

The study represents a Bangladesh-Australia collaborative research project (CSIRO from Australia and WARPO, BWDB, BIDS, IWM and CEGIS from Bangladesh) providing an integrated water resources assessment and socio-economic impacts of water in Bangladesh. The research developed an integrated water resources/socio-economic study to provide a national overview of the resource and the impacts of development and climate change on both surface and ground water resources. It also assesses the way that impacts the poor

and the vulnerable and the amount of water available for and used by different economic sectors such as agriculture, industry and households in order to promote economic growth and improve livelihoods of the local people.

#### **Workplace Safety and Industrial Relations: Current Status of the Export Oriented Readymade Garment (RMG) Industry in Bangladesh**

The study makes a comprehensive assessment of the current status of the RMG industry with respect to industrial relations and workplace safety covering aspects such as number of factories under production and their size of employment; provisions of the Factory and Labor Act, ILO Conventions and compliance criteria used by the major buyers; level of compliance and the state of industrial relations; factors affecting labor standards and state of workplace safety and security and measures needed to address the challenges.

#### **Professional Assistance during Birth, Public-Private Mix and Socio-Economic Characteristics: Implications for Policy**

The study examines the trend of utilization of maternal health care services by source of use (e.g. public, private, NGOs) and by socioeconomic factors. It also assesses the structural aspects of facility including gaps in service quality and socio-cultural barriers.

#### **Support to Parliamentary Standing Committee on Budget Oversight**

Under the study, research reports on budget analysis have been prepared to provide support to four Parliamentary Standing Committees (PSCs) on oversight of budget implementation. The research reports deal with topics on budget for respective ministries and the national economy so that the Members of Parliament (MPs) may utilize these briefs during the budget session of the Parliament and also in monitoring the implementation of the budget.

#### **Climate Change, Agriculture and Migration: Evidence from Bangladesh**

The study examines how changes in climatic variables such as temperature and rainfall impact migration through agriculture. Using district level data, the results show that about one standard deviation decrease in real per capita revenue increases net out-migration rate by 1.4 to 2.4 percent, controlling for unobserved effects for district and year.

#### **Reform Issues in the Energy Sector of Bangladesh**

The study provides a short policy brief which addresses the key issues in the energy sector including the current status of subsidies and the need for reform, likely impacts of reform and analysis of fiscal impacts, current reform agenda of the government and key barriers, options for progressing reform, and recommendations on how to prioritize the reform agenda.

#### **Land Market Survey for Determining the Current Market Price of Lands in Eight Selected Mouzas of Shibchar Upazila under Madaripur District affected by PMBP**

Under the study, land market surveys have been carried out in eight mouzas in Shibchar upazila in Madaripur district for determining the current market price of the acquired private land for the Padma Multipurpose Bridge Project (PMBP). ■

### **Stakeholder Mapping and Assessment on Social Housing Initiatives**

The Sustainable Social Housing Initiative (SUSHI) is initiated by the United Nations Environment Program (UNEP) in 2009 to promote the use of resource and energy efficient building solutions in social housing programs in developing countries. The study intends to strengthen local capacities for the integration of sustainable solutions in social housing programs. This will also test the SUSHI guidelines and approach in Bangladesh.

### **Is Growth in Aquaculture Benefiting the Poor in Bangladesh?**

The source of fish consumed by the households has dramatically changed, particularly in the last decade. Now more cultured (farmed) fish as against captured (non-farmed) fish are produced and consumed. This transformation has changed the nature of livelihoods based on fisheries. The study examines different aspects of this transformation including the supply of nutrition to the households and the extent to which the poor has benefited from the growth in the production of farmed fishes.

### **Unpacking and Analysis of the Census and Other Data Sets for Evidence led Equity based Policy Analysis and Advocacy on Children and Women in Bangladesh**

The study is being carried out using secondary data, particularly those collected by the Bangladesh Bureau of Statistics (BBS). The data sets that are being considered for the study include, among others, the Population Census, HIES, SVRS and MICS. Relevant other survey data are also used as required and available.

### **Joint MFS-II Evaluation of Selected Dutch Funded Projects in Bangladesh**

The MFS II is the 2011-2015 grant framework of the Dutch Ministry of Foreign Affairs for Dutch NGOs, which is directed to sustainable reduction in poverty. The MFS II-funded organisations support a wide range of development activities of a large number of Southern partner organisations in over 70 countries. The overall purpose of these joint MFS II evaluations is to account for results of MFS II-funded or co-funded development interventions implemented by the Dutch NGOs and/or their Southern partners and to contribute to the improvement of future development interventions.

### **The Stakeholder Consultation for the Annual Program Review (APR) 2012 of Health, Population, and Nutrition Sector Development Program (HPNSDP 2011-2016)**

The objective of health, population and nutrition sector development program (HPNSDP) is to achieve sustainable improvement in health, nutrition, and reproductive health including family planning, particularly of vulnerable groups covering women, children, elderly and the poor. The study monitors the progress of HPNSDP implementation in general and assesses whether and to what extent the benefits are reaching the target beneficiaries, particularly women and the poor.

### **Economic Census 2013: Post Enumeration Check**

The Bangladesh Bureau of Statistics (BBS) conducted the Economic Census 2013 in two phases during March-May

2013 covering the entire country. Under the study, BIDS will conduct an independent evaluation of the coverage of census and quality of enumeration by undertaking a post enumeration check (PEC) survey. The Post Enumeration Check (PEC) involves a complete re-enumeration of a representative sample of the census population followed by matching each responding unit enumerated in the PEC with information obtained from the census enumeration. The results of the comparison are mainly used to measure coverage and content error.

### **A Study of Morbidity and Utilization of Healthcare Among the Slum Dwellers in Dhaka City**

Improving health of individuals, particularly those belonging to socially and economically disadvantaged groups, is a key objective of Bangladesh. Moreover, the government has, at various points in time, embraced the objective of promoting the health of the poor and disadvantaged in its policy statements. The study examines the pattern of morbidity and health care utilization by the urban poor living in the slum areas of Dhaka city. The specific objectives are to assess the levels and patterns of morbidity by age, gender and socio-economic characteristics of slum dwellers in Dhaka city.

### **Baseline Survey of Safe City Program**

The study identifies, articulates and documents the existing sexual/fear of sexual violence situation in public spaces of women and girls in urban and peri-urban areas and access to gender responsive public services so that changes as a result of interventions under the light of "Women: Right to City" can be measured and the process to reach those changes can be tracked for future improvement. The study will adopt a feminist approach to monitoring and evaluation.

### **Size and Growth of the "Middle Class" in Bangladesh during 1990-2010: Implication for Broad-based Growth and Development**

The key objective of the study is to quantitatively capture the emergence and growth of the new middle class, especially in the last two decades of economic reform and growth acceleration. This will help to address the question as to how broad-based has been Bangladesh's economic growth in the past and what additional measures can be undertaken to make such growth process more inclusive in transiting to the middle income status.

### **A Macro-econometric Model for Analyzing Economic Impact of Energy Price Adjustment in Bangladesh**

The study analyzes the impact of energy (fuel and electricity) price changes particularly due to domestic and international price shocks on major macroeconomic variables in Bangladesh with the help of a macro econometric simulation model. Three major channels of transmission namely, external channel, price channel and fiscal channel are explored. The study draws alternative scenarios of deregulation of domestic prices of petroleum products and electricity to estimate the outcomes for growth, inflation, and fiscal and external balances. ■

## New Research Studies Initiated

### Supporting Reforms in the Fossil Fuel Sector

Drawing on a variety of stakeholder interviews and consultations, the study will complement economic modeling in the fossil fuel sector by providing a macro view on the links between fuel subsidy reforms and inflation. Specifically, the study will address three major questions: in what ways are higher fuel costs being passed on through the agricultural value chain; what role in particular is the transport sector playing in raising food prices; and what policies would help reduce transport related costs from raising food prices without introducing new distortions to the economy.

### Aquaculture and the Poor

The study combines Household Income and Expenditure Survey (HIES) data with data collected by World Fish on fish nutrient composition to provide an assessment of the changes in nutrient intakes in Bangladesh associated with changes in fish consumption over time. It will also examine the temporal changes in the consumption of fish, using historical data derived from the HIES.

### Mid-Term Evaluation of Projects funded through the Service Innovation Fund

Under the study, mid-term evaluation is being conducted of projects funded through the Service Innovation Fund

under the Access to Information (A2I) Program of the Prime Minister's Office. The A2I Program plays a catalytic role in simplifying existing services and creating new services of the government so that the citizens can receive public and private services at a minimized cost, time and frequency of visits. The project is also developing capacities of the service providers and creating an enabling environment for delivering e-services through making changes in the relevant government policies. The Service Innovation Fund (SIF) has been launched to promote home-grown initiatives with localized solutions to achieve the slogan of 'Services at Citizen's Doorsteps'.

### Baseline Survey for South Asia WASH Results Program

The study aims to promote and enable the sustained use of hygienic household toilets, and the practice of hand washing with soap. It also aims to provide water supply improvements in several communities.

### Baseline Questionnaire Survey on Upazila Development

The baseline survey is being conducted in 25 upazilas on various aspects of upazilas. The indicators include socio-demographic status of upazilas, annual budget, income of upazilas and Union Parishads, status of donor's fund and donor funded projects in upazilas and unions, status and needs of rural infrastructure and capacity building at the local government level. ■

## Professional Staff Re-joins BIDS

### Mitali Parvin, *Research Associate*

Re-joined BIDS on 23 September 2014 after completion of her Master of Science in Environmental Sanitation (IMENVI) from Ghent University, Belgium. Ms. Parvin, as part of her educational program, also completed internship on Atmospheric dispersion modeling for odour assessment at OLFASCAN nv, Ghent, Belgium. ■

## New BIDS Professional Staff

### Mohammad Mahbubur Rahman, *Research Fellow*

Joined BIDS as Research Fellow in November 2014. He completed his Ph. D. degree in Economics from the University of Manchester, UK. He has contributed to various peer reviewed journals, book chapters and working papers. Prior to joining BIDS, Mr. Rahman worked as a Post-Doctoral Research Fellow at the University of Stirling, Scotland. ■

## MoU Signed by BIDS

### MoU signed between BIDS and A2I Program of the Prime Minister's Office

An MoU between the BIDS and A2I (Access to Information) Program of the Prime Minister's Office has been signed on 16 July 2014 to conduct evaluation of A2I funded innovative projects, and undertake policy research and other research projects on the basis of mutually agreed terms and conditions. The major areas of evaluation would include, among others, comparative analysis of the services in terms of time, cost and number of visit; success of the projects in

resolving intended problems and identify required follow up actions; citizen's perceptions about the projects and indicate how the projects might bring more benefits especially to the underserved citizenry e.g. women, senior citizens, person with disability, and members of ethnic minorities targeted by the projects; document best practices and stories of change; recommend a set of guidelines for the sustainability of the initiatives; and identify potential avenues of scale-ups and replications. ■

## Condolence

### Sirajul Islam Laskar, *Research Fellow*

It is with deep regret we inform that Mr. Sirajul Islam Laskar, Research Fellow of BIDS (who was on post retirement leave) passed away on 26 August 2014 due to massive heart attack at his residence (Inna lillahe wa inna ilaihi raji'un). The BIDS community is deeply saddened at his sudden death and conveys deep sympathy to his family. The BIDS staff prays for eternal peace of his departed soul. ■

## BIDS Seminars

### Monetary Policy Statement: July-December 2014

A seminar on 'Monetary Policy Statement: July-December 2014' was organized by BIDS on 14 August 2014 at 11:00 am at the BIDS Conference Room, which was graced by Dr. Atiur Rahman, Governor of the Bangladesh Bank as the Chief Guest. Dr. Mustafa K. Mujeri, Director General, BIDS chaired the session while Dr. Monzur Hossain, Senior Research Fellow, BIDS presented the keynote paper.



### Development Potentials of Bangladesh and Infrastructure Challenges

BIDS and the vernacular daily, "Banik Barta" jointly organized a seminar on "Development Potentials of Bangladesh and Infrastructure Challenges" on 20 November 2014 at 11.00 am at the CIRDAP International Conference Centre in Dhaka. The seminar was attended by Mr. A. H. M. Mustafa Kamal FCA, MP, Minister for Planning as the Chief Guest while Mr. M. A. Mannan, Hon'ble State Minister for Planning was present as the Special Guest.



### Look East Policy: Bangladesh Perspectives

BIDS, in collaboration with the Japan External Trade Organization (JETRO), organized a round table discussion on "Look East Policy: Bangladesh Perspectives" at the BIDS Conference Room on 1 December 2014 at 11.30 am. Professor Fukunari Kimra, Chief Economist, Economic Research Institute for ASEAN and East Asia (ERIA) in Jakarta, Ambassador Munshi Faiz Ahmad, Chairman, Bangladesh Institute of International and Strategic Studies (BISS), Dr. Ahsan H Mansur, Executive Director, Policy Research Institute (PRI), and Dr. Mohammad Yunus, Senior Research Fellow, BIDS participated in the discussion. Professor Rehman

Sobhan, Chairman, Centre for Policy Dialogue (CPD), chaired the discussion session.



### Symposium on Look East: Asia's Economic Integration and Bangladesh Perspectives

Japan External Trade Organization (JETRO), in collaboration with Economic Research Institute for ASEAN and East Asia (ERIA), Bangladesh Institute of Development Studies (BIDS), Policy Research Institute (PRI) and the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI), organized a Symposium on "Look East: Asia's Economic Integration and Bangladesh Perspectives" on 1 December 2014 at 3.30 pm at Carnival at the Bangabandhu International Conference Centre (BICC) in Dhaka. Mr. Tofail Ahmed, Hon'ble Minister for Commerce inaugurated the Symposium as the Chief Guest while Mr. AHM Mustafa Kamal, Hon'ble Minister for Planning and Dr. Masihur Rahman, Hon'ble Economic Affairs Adviser to the Prime Minister were present as the Special Guests. In the keynote session, the presentation on "Wide Asian Integration—Concepts and Future" was made by Professor Fukunari Kimura, Chief Economist of ERIA which was followed by a Panel Discussion participated by eminent economists and policy makers of the country.

### Reception to Professor Wahiduddin Mahmud

BIDS and the vernacular daily, "Banik Barta" jointly organized a reception in honour of Professor Wahiduddin Mahmud, ex-Professor of Economics at the University of Dhaka for his lifelong contribution to development research and policy making on 10 December 2014 at 7.00 pm at the Ballroom of the Pan Pacific Sonargaon Hotel in Dhaka. On the occasion, two selected entrepreneurs were also rewarded for their wonderful success in production and exports. ■



## BIDS R & P Committee Meeting Held

The BIDS Research and Publication (R&P) Committee met on 23 December 2014 to review the status of research activities and progress of publications of BIDS. The meeting was attended by all BIDS researchers and several decisions were taken to further streamline research and publication activities of the Institute. ■

## Professor Srinivasan Visits BIDS

Emeritus Professor T N Srinivasan of Yale University paid a visit to BIDS on 1 September 2014. On the occasion, BIDS and SANEI organized an informal reception in the BIDS Conference Room. During the visit, Professor Srinivasan discussed recent socioeconomic development issues and challenges facing the South Asia region with BIDS researchers and staff. The Director General of BIDS, Mustafa Mujeri handed out a crest to Professor Srinivasan during the occasion. ■

## Going Abroad on Study Leave

**Badrun Nessa Ahmed**, *Research Associate*

Left BIDS on study leave on 25 September 2014 to pursue her Ph.D. degree at the University of Hannover, Germany.

**Mohammad Golam Nabi Mazumder**, *Research Associate*

Left BIDS on study leave on 15 October 2014 to complete his Ph.D. degree at the University of Pittsburgh, USA.

## BIDS Researchers in International Meetings

**Mustafa K Mujeri**, *Director General*

- Attended a Conference on Accelerating Innovation and Inclusion for a Prosperous Asia in Seoul during 20-21 November 2014 organized by the Korean Development Institute (KDI) and the Asian Development Bank (ADB).
- Attended an Expert Group Meeting on Macroeconomic Prospects, Policy Challenges and Sustainable Development in the Asia-Pacific in Bangkok during 2-4 December 2014 sponsored by the United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP).

**Kazi Ali Toufique**, *Research Director*

- Participated at a Workshop on Most Significant Change Story (MSC) Evaluation in Nepal during 21-23 September 2014 sponsored by the World Fish, Bangladesh.

**Sharifa Begum**, *Senior Research Fellow*

- Attended a Seminar on Health, Gender and Development: Multidisciplinary Perspectives in Lucknow during 21-23 November 2014 sponsored by the Indian Association for Social Sciences and Health.

**Mohammad Yunus**, *Senior Research Fellow*

- Attended the Asia-Pacific Trade Economists' Conference: Trade in the Asian Century: Delivering on the Promise of Economic Prosperity, Aid for Trade and South-South Value Chains and ARNet Introductory Course on CGE Modeling for Trade Policy Analysis in Bangkok during 22-26 September 2014 sponsored by the International Development Research Centre (IDRC).

**Anwara Begum**, *Senior Research Fellow*

- Attended a regional Workshop on Sharing Knowledge on Developing Policies, Action Plans, and Models using LINKS in Manila during 18-20 August 2014 sponsored by UNESCO.
- Attended a Conference on Deltas in Times of Climate Change in Rotterdam during 24-26 September 2014 sponsored by the University of Southampton.

**Monzur Hossain**, *Senior Research Fellow*

- Attended a Workshop on India-Bangladesh Economic Cooperation: Trade and Investment Prospect and Challenges with reference to West Bengal and North-East India in India on 18 July 2014 sponsored by the Maulana Abul Kalam Azad Institute of Asian Studies, Kolkata.

**Wajid Hasan Shah**, *Research Fellow*

- Participated in a Workshop on Global Value Chains – Policy Implications and Opportunities in Florence during 27-29 October 2014 sponsored by the European University Institute (EUI).
- Participated in the Workshop on Small Medium Enterprises and Foreign Direct Investments in Developing Countries in Florence during 29-31 October 2014 sponsored by the European University Institute (EUI).
- Participated in the Economic Policy Forum Think Week on Successful Investment Policy Design–Framing Challenges and Opportunities for Emerging Economies in Beijing during 3-7 November 2014 sponsored by the Economic Policy Forum, GIZ, China.

- Participated in the Seventh South Asian Training Programme on CGE Modeling in Kathmandu, during 20-24 November 2014 sponsored by the South Asia Watch on Trade, Economics and Environment (SAWTEE), South Asian Network on Economic Modeling (SANEM) and the Center for WTO Studies.

**Abul Basher**, *Research Fellow*

- Attended the PARIS21 Informing a Data Revolution (IDR) Project Asia-Pacific Regional Workshop in Bangkok during 17-21 July 2014 sponsored by the PARIS21 Secretariat, OECD.
- Participated in the Workshop on Informing a Data Revolution Country Study Workshop in Paris during 15-16 December 2014 sponsored by the PARIS21 Secretariat, OECD.

- Attended the regional workshop on Cross-Sectional Policies and Institutional Coordination for Achieving the MDGs and Post-2015 Development Agenda in Asian LDCs in Siem Reap during 18-19 December 2014 sponsored by United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP).

**Mitali Parvin, Research Associate**

- Attended a Conference on Better Air Quality (BAQ) 2014 and “Intergovernmental Eighth Regional Environmentally Sustainable Transport (EST) Forum in Asia in Colombo during 19-21 November 2014.

**Moogdho Mim Mahzab, Research Associate**

- Participated in the Seventh South Asian Training Programme on CGE Modeling in Kathmandu during 20-24 November 2014 sponsored by the South Asia Watch on

Trade, Economics and Environment (SAWTEE), South Asian Network on Economic Modeling (SANEM) and the Center for WTO Studies.

**Tahreen Tahrira Chowdhury, Research Associate**

- Participated at a Workshop on Fossil-Fuel Subsidies: Building a Network for Action in London during 1-2 September 2014 sponsored by the International Institute for Sustainable Development (IISD).
- Attended the regional workshop on Cross-Sectional Policies and Institutional Coordination for Achieving the MDGs and Post-2015 Development Agenda in Asian LDCs in Siem Reap during 18-19 December 2014 sponsored by United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP). ■

## SANEI NEWS

### 13th SANEI Annual Conference Held in Dhaka

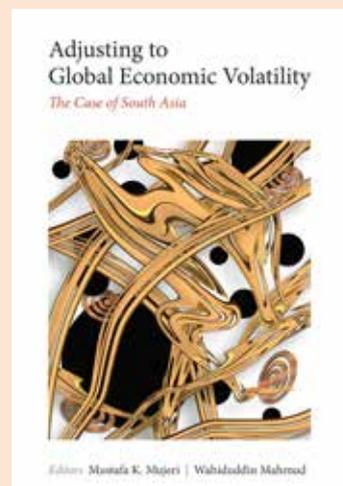
The South Asia Network of Economic Research Institutes (SANEI) organized the 13th SANEI Annual Conference in Dhaka during 30-31 August 2014. The theme of the Conference was Regional Integration in South Asia. The event was attended by eminent policy makers, high government officials, economists, civil society representatives from South Asian countries including eminent South Asian scholars from USA, UK and other countries, and members of international development organizations.



Mr. Abul Maal Abdul Muhith MP, Hon’ble Minister, Ministry of Finance, Government of the People’s Republic of Bangladesh was the Chief Guest and Dr. Mashiur Rahman, Hon’ble Adviser to the Prime Minister for Economic Affairs, Government of the People’s Republic of Bangladesh was present as the Special Guest in the Inaugural Session. The SANEI Secretariat invited twenty international participants including the members of the SANEI Research Advisory Panel, Steering Committee and 15th RRC researchers. The Conference activities included pre-scheduled panel discussions, technical sessions, and SANEI Annual General and Steering Committee meetings.

### Edited Book Published by SANEI

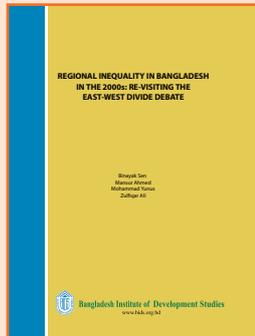
SANEI Secretariat, in association with the Academic Foundation, New Delhi, has published an edited volume on *Adjusting to Global Economic Volatility: The Case of South Asia* containing 12 research studies from SANEI 10th, 11th, and 12th rounds of Regional Research Competition (RRC). The volume was edited by Mustafa K. Mujeri and Wahiduddin Mahmud. The book was launched at the Inauguration Ceremony of the 13th SANEI Annual Conference on 30 August 2014. ■



## Recent BIDS Publications

### BIDS-REF Study Series No. 14-01: Regional Inequality in Bangladesh in the 2000s: Revisiting the East-West Divide Debate

The term “east-west divide” as a way of describing regional disparity in Bangladesh has emerged in the policy discourse in the 2000s. The study highlights several factors that helped to narrow down the regional welfare gap. The declining role of adverse initial conditions is one factor. The heightened role of factors associated with contemporary development dynamics provides other possible explanations. The policy responses to the East-West divide also played an important role in reducing the welfare gap between the two regions. Three key dimensions of the policy response may be highlighted: the first one relates to public investments in physical infrastructure, the second factor relates to public investments in human development, and the third factor pertains to social protection and ecological vulnerability. Several policy suggestions follow from the study. The key idea is to promote further labor and resource mobility between the regions. The study emphasizes fostering growth in the leading (eastern) region as the main centre of gravity for economic activities, while, at the same time, improving labor mobility from the lagging (western) region through measures such as enhanced incentives for skill acquisition, improved connectivity, promoting gainful economic migration and reduced risks and uncertainty.



is that public sector credit limits the availability of credit to private sector. Using an econometric model representing long-run relationship between relevant macro variables, the study evaluates the impact of public borrowing on private investment. The main findings of the study show that instead of driving out, public borrowings in fact drive in more private investment. The results of the structural break test suggest that public borrowings had never drove away private investment in Bangladesh. According to the study, public borrowing in Bangladesh continues promoting private investment in more than one subsequent year. The findings also suggest that public borrowing requires about three years to affect the private investment.



### BIDS-REF Study Series No. 14-02: Crowding In or Out? An Analysis of the Effects of Public Borrowings from Domestic Sources in Bangladesh

Public borrowing has become a central topic of the current policy discourse in Bangladesh. The widely held popular view

### Research Report No. 187: Demographic Dividend and Youth Labour Force Participation in Bangladesh

The paper examines whether a potential demographic dividend exists in Bangladesh and the determinants of youth labor force participation. The determinants of youth labor force participation are observed to play an important role in labor supply situation in the country. The analysis provides inputs for policies for future utilization of the youth labor force. ■



## Call for Journal Articles

Articles are invited for the 'Bangladesh Development Studies' (quarterly journal published in English) and the 'Bangladesh Unnayan Samiksha' (annual journal published in Bangla) from researchers and academics who are interested in development issues of Bangladesh. The topics could cover a wide range of socio-economic development issues such as agriculture, rural development, industry, population, energy, environment, education, international relations, gender and macroeconomic issues. For details on submission procedure and authors' guidelines, please visit the BIDS website ([www.bids.org.bd/publications](http://www.bids.org.bd/publications)). ■

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