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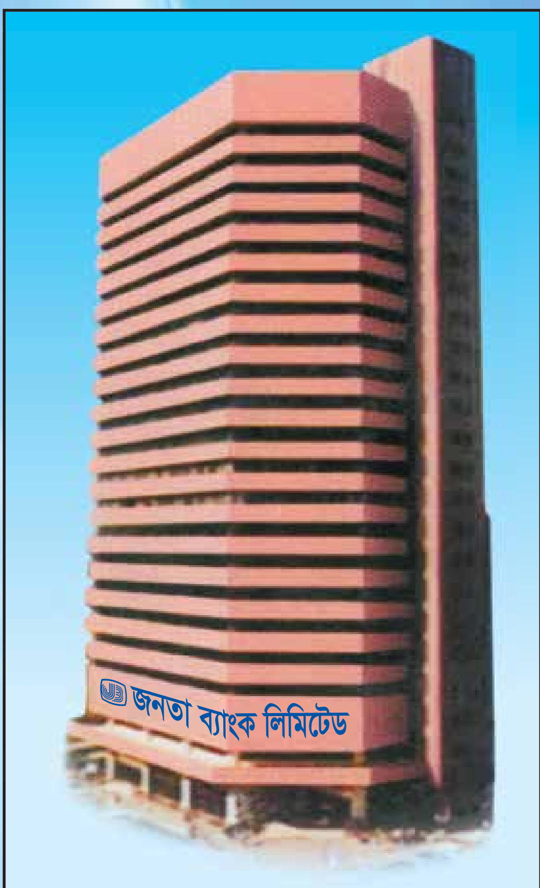
২০১৫ সাল জনতা ব্যাংকের অনলাইন ব্যাংকিং কার্যক্রম বাস্তবায়নের এক অনন্য সফলতার বছর



আপনি কি জানেন ?

- এখন হতে জনতা ব্যাংক লিমিটেড এর **৫০৩ টি** শাখা থেকে অনলাইন ব্যাংকিং সুবিধা পাওয়া যাচ্ছে।
- আজই জনতা ব্যাংক লিমিটেড এর অনলাইন সেবা গ্রহন করুন।
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CHERISHING SDGs BY MDG PERFORMER BANGLADESH

The United Nations Conference on sustainable development came out with an agreement to develop a set of future international development goals called Sustainable Development Goals (SDGs). It was on 25th September of 2015 that leaders of the world's 193 countries unanimously adopted the post-2015 (Post MDGs) international development agenda for the period of 2015-2030. After the terminal year (2015) of the Millennium Development Goals (MDGs) SDGs constitute the framework for global development. The 17 SDGs, its 169 targets& 230 indicators stress upon new agenda including end of poverty, fighting inequality, tackling the adverse effects of climate change and ensure a sustainable future for all. The simple fact is that SDGs contain a much larger number of goals covering a broader set of issues compared to MDGs makes the agenda more challenging. Yet however very vividly there exist a number of significant differences between MDGs & SDGs.

- SDGs are meant for all countries - not just for developing countries;
- In a few instances, e.g., with respect to economic growth and industrialization, quantitative targets are specified for least-developed countries (LDCs).
- In taking on SDGs, Bangladesh will have the opportunity to draw strength from being a star performer of the MDGs. Bangladesh's achievements in the MDG era have been summed up by few to include, interalia the following:
- Bangladesh has made a considerable achievement by reducing the number of people living in extreme poverty
- The issue of gender parity in primary schools has been met
- In terms of reducing the rate of children dying before their 5th birthday by more than half since 1990, Bangladesh has achieved it before 2015
- Maternal mortality has taken a sharp dive while, together with communicable diseases got somewhat halted and consequent deaths averted
- In terms of access to improved drinking water, sanitary latrines, and use of digital media, Bangladesh is on track compared to other developed nations

Bangladesh has fixed 47 targets in various 9 sectors for accomplishing SDGs. The key challenges for Bangladesh in implementing the SDGs are: Integration in the national planning process; Financial and non-financial resources; Institutional mechanism for implementation; Data for Monitoring, Participation and Accountability.

Attainment of the SDGs would require a strong and effective institutional mechanism involving all stakeholders including public representatives across the country, government and the bureaucracy, private sector, civil society, knowledge community, and development partners.

By adoption at the 70th Session of the UN General Assembly on September 25, the SDG,s are agreed upon by as many as 193 UN member states. These countries have got united to boldly commit to work towards implementing the 17 SDGs as part of the 2030 Agenda for reaching the Sustainable Development Goals, within their own countries and at the regional and global levels.

Studies have found that among the 17 SDGs, eight goals (poverty, hunger and nutrition, education, gender equality, water and sanitation, energy, combat climate change, global partnership) are better integrated in the existing national prioritization processes in Bangladesh while the rest are in need of further attention (CPD). Moreover, SDGs' implementation would require added global investment of another $5-7 trillion per year. Of the amount, around $2.5 trillion would fall/short as a deficit.

Thus the challenges for Bangladesh on accomplishing SDGs are many. Lack of good governance in the government and absentee corporate governance even in our private sector are all visible impediments to accomplishment of SDGs. Well apart from these, resource constraints are a persistent problem but then Bangladesh is yet well poised to overcome these. Indeed the ground realities about Bangladesh is its acclaimed image of performing well on MDGs. Bangladesh has earned laurels from the world for its accomplishment of MDGs. We understand Bangladesh has manifested its intrinsic quality overcoming many impediments to cherish SDGs. At least most, if not all of the SDGs are surely going to be in the Bangladesh basket on time. We are foreseeing 2021, the terminal vision - 21 year as cross road for Bangladesh for a paradigm shift. Hopes attract every body but may not satisfy all. Yet Bangladesh has stepped into a new era to quickly transform itself into a SDGs accomplisher.

Many thinkers have well recognized that SDGs are all inter-connected amongst them which are indeed so. One cannot aim to achieve just one goal alone. Rather because of the characterized cycle of 'integration' we have to achieve all of them together. Interconnection and interrelationships of goals and targets are however not simple. Some goals and targets interact with others more strongly than with the rests. Some targets reinforce each other (synergies). Others may conflict with one another (trade-offs). Some may be necessary for others to be achieved (enablers).For instance improvement of Poverty goal will lead to an improvement in performance for goals on Hunger , Health, Education, Water and Sanitation and Inequality goals .For example attainment of SDG 1 for poverty will have incidence of benefits across all SDGs. The improvement of Hunger goal will positively affect Health goal. Education goal will help attain decent employment and Growth goal. The improvement of healthy lives will impact positively on Education goal growth, Employment goal & so on so forth.

The instant flagship of Bangladesh Planning Document is the ongoing 7th Five Year Plan (FY 2015-2020). In compliance with the request of the UN Secretary General, Bangladesh participated in the Post 2015 Development Agenda formulation process. In an inclusive and participatory manner, Bangladesh proposed 11 Goals and 10 of them were finally accepted in the General Assembly. Thus SDGs are not strangers for Bangladesh. We are well convergent with SDGs which were poised out of our thought process like many countries. As we are in the execution process of the 7th FYP, Bangladesh has options to incorporate changes catered for SDGs into the plan. Planning documents' analyses show that 82 per cent global goals are well aligned with our ongoing 7th FYP.

Government is very tuned to SDGs' accomplishment in the backdrop of its MDG performing records. It has formed a 16-member SDG Implementation and Monitoring Committee with Senior Secretaries/Secretaries of the most relevant Ministries as members. The convener will be the Principal Secretary to the Prime Minister for leading this committee. A National Coordinator of SDGs, a new top notch position, has been created in the Prime Minister's Office (PMO) to spearhead this process. This depicts that Bangladesh has seriously devolved into accomplishing SDGs in the backdrop of its acclaimed MDGs' performance.

The Prime Minister in her recent address on her Government's 3rd anniversary on 12th January has devolved into her government's achievements. She is quoted here in the conclusion "Overcoming all obstacles & barriers Bangladesh is now on the highway of development. Bangladesh is now a universal model of development. Bangladesh is one of the fast growing economies. The World Bank is projecting Bangladesh's success in rapid reduction of poverty". The Finance Minister in the aftermath also assured an audience that "Bangladesh has done well on MDGs. It will also be able to reach the SDGs by the year 2024 –long before the targeted 2030". However although Government is relentlessly diving hard to cherish SDGs we have limitations that need to be overcome. These are not insurmountable however. Yet the recurrent private sector driven Bangladesh development would also largely indeed mainly expedite the motion in journey for SDGs. It only needs facilitation from government with good governance.

An impediment could be data shortages for cherishing SDGs by Bangladesh. However now we are in the midst of the long-term Perspective Plan (2010-2021), which envisioned Bangladesh to be MIC by 2021.This means our adaptability to changes in plans for cherishing the SDGs. That this is being implemented during the two successive 6th and 7th Five Year Plan periods may be a blessing in disguise too. The government has also approved National Sustainable Development Strategy (NSDS: 2010-2021) with a view to addressing balance among economic, social and environmental requirements of development. Finally when the government is well attuned in success from its MDG regime, for SDGs as well Bangladesh would in all likelihood emerge as a triumphant by becoming an acclaimed performer.

Harun Mahmud FCA
Editor

Masih Malik Chowdhury FCA
Chairman, Editorial Board
Past President-ICAB

NB: The Articles relating to SDGs are included in the Journal, were written before December 2016.

Partner in Progress!

At the outset, I congratulate everyone involved with the Journal for successfully enriching our intellect and wisdom to convey it to the readers for all the issues of 2016.

Standing at the brim of 2016, I could say my endeavour towards professional excellence will remain as it is. I will be part of any noble initiatives that ICAB asks for.

Dear comrades, soon after my assumption as president, I realized that path towards progress and advancement was not even. We were riddled with many eventualities specially after the promulgation of FRA. We need to give careful thoughts over the issues in the days ahead.

Now looking back at 2016, I would like to mention some of the prominent events. We formed Media & Branding Committee realizing the importance of promoting the institute and the profession. A committee on HR was also formed to address the drawbacks and streamline the HRM activities of the Institute.

We attended a number of promotional programmes at different Universities like DU, JnU, JU, RU to convey the message to the potential students regarding the value of CA as career. We are expecting good response from the students in coming days.

I must draw your attention to the trainings & workshops held in this year. A record number of trainings and workshops particularly training on Advanced Leadership and Communication got huge response. In addition, we organized Training on IFRS, BFRS and BAS for the ICAB Members as well as Academicians of different Universities.

The Institute is working for ICAB Members to acquire CIPFA membership so that our members can work in the Public Sectors/ Govt. Organizations smoothly. In this regard ICAB is going to sign an MoU with CIPFA UK soon.

To open up new windows of opportunities for the members both at home and abroad, ICAB has opened an overseas chapter named Asia Pacific Chapter (ASPAC) located in Australia. We are expecting its success in coming days.

Under the project of World Bank, ICAB signed an MoU with ICAEW for course materials and professional advisory services. Accordingly we received all ICAEW course material for our students which are being

customized by our local consultants to suit our requirements. ICAEW reviewed the academic System of ICAB and has given their recommendations. We hope the activities will be completed by March 2017.

Currently ICAB is developing and implementing a full-fledged integrated information system under ICAB ERP Project covering all operational activities and enabling flow of information among various facets across the organization. Members are expected to login ICAB website and view their profiles and update necessary changes, view CPD credit hours and COP status etc. and can take print out whenever it is needed. A remarkable feature that is likely to get introduced under ERP Project (Phase-1) is Online CPD Program, honorable Members are expected to earn CPD points through this system specially members who are residing abroad and unable to participate in CPD events.

We have taken initiative to introduce CAATT project. Under this project a CA Firm is expected to be digitally equipped by way of establishing an ERP System within the firm to meet the future challenges. As part of total ERP system a CA Firm would initially start with the phases like Implementation of Practice Management Techniques, Implementation of Database Management Techniques and Computer Assisted Auditing Techniques & Tools (CAATT). I thank ICT Ministry for supporting this initiative.

Now over the theme of the Journal, I think that the key challenges for us in achieving SDGs is finance needed for its implementation. Bangladesh will need foreign aid and support to implement the SDGs, as it can mobilize internally 62 per cent of budget and 11 per cent of GDP. Bangladesh is recognized as one of the most vulnerable states to climate change. It is one of the most sufferers despite being least responsible for it.

So SDG and related issues truly matter to us. The implementation is a key factor for us. Lack of Good Governance has always been a huge problem for Bangladesh in achieving desired development. I believe the write ups are going to focus over this issue in greater detail.

Lastly I urge everyone to contribute and come forward with their thoughts and ideas more enthusiastically related to our professional aspects and beyond. Let the Journal be a mouth piece of our professional values and wisdom.

Kamrul Abedin FCA
President-ICAB

A Conversation with DCCI President Hossain Khaled

Mr. Hossain Khaled is a versatile new generation business personality and a strong trade advocate. Educated with a BBA in Accounting from the University of Toledo, Ohio and MBA degree in International Banking from Texas A&M University (TAMU), Texas, USA, Mr. Khaled joined the family conglomerate during the year 2000. Since then he has been holding very successfully many portfolios, among which mentionable are his success as the youngest President of Dhaka Chamber of Commerce & Industry, Managing Director of Anwar Group of Industries, Chairman of Bangladesh Finance & Investment Co. Ltd., and Chairman of City Brokerage Ltd. He is an icon among the young businessmen and his successes are the sources of inspiration to other budding entrepreneurs.

His line of business includes Financial Services (Bank, Financing, Leasing and Insurance), Manufacturing (MS Rod, Angle Bars, Galvanizing Iron Sheet, Cement, Cement Sheet, Textile), Dyeing, Printing & Finishing, Towel, Weaving, Spinning, Jute, Pipes & Fittings, Information Technology, Automobile (Ford & Peugeot), Trading, Furniture, Real Estate and Construction. Recently, The Bangladesh Accountant (TBA) team met with the versatile business icon and had conversations on a wide range of topics relating to country's business, trade and recent development of the economy.

TBA: How will you briefly evaluate the current state of Macro Economy of Bangladesh?

Mr. Hossain Khaled : Economy of Bangladesh is apparently progressing well with the confidence having 7 percent plus GDP, $1466 Per capita income and prudent macro-economic management. Private sector has been proven the lifeline of the economy and private sector investment increase is inevitable aiming to economic graduation of Bangladesh by the year 2021. To achieve this double digit growth led economic graduation, enabling business and investment environment needs to be substantially improved.

TBA: MDGs' attainment in Bangladesh has been quite impressive. Do you think Bangladesh can achieve all the targets of SDG as well within stipulated timeframe?

Mr. Hossain Khaled : Substantial MDG achievement is a great inspiration for Bangladesh and strong basis to achieve shared global agenda of SDG. Experience and learning of MDG achievement will

facilitate to realize the most of goals of SDG. But to achieve all goals, there are many strong, timely, comprehensive and integrated initiatives required by the relevant public and private sector organizations.

TBA: Which factors will be extremely challenging for Bangladesh to achieve SDG?

Mr. Hossain Khaled : The biggest challenge of the SDG achievement will be creating an integrated roadmap. As there are many cross cutting issues and different roles from different organizations in Public sector, a separate co-ordination authority needs to be developed with specific ToR to liaison, guide and coordinate all relevant agencies both in private and public sector to address all goals ahead. Creating an integrated system and shared commitment from all relevant agencies to perform are crucial challenges to achieve the SDG.

TBA: Do you think local Private Investment will play a positive role in achieving SDG? In your opinion, is current private sector investment at a satisfactory level? If not, what are the reasons behind it& how Bangladesh can overcome those?

Mr. Hossain Khaled : Private sector is always inevitable in achieving large scale of development agenda. In MDG, private sector was important too. Private sector alone can't manage the investment required as it is estimated that minimum $450 billion investment is required for Bangladesh in SDG. Mainly Government, ODA, FDI and external source of financing need to take the large financial stake. However private sector has got huge stake too in the SDG. Private sector needs to precisely finance to protect and shield their interests. As a whole, Private sector investment environment is not very encouraging and stimulating due to frail ease of doing business condition though private sector investment is also essential in achieving SDG. In this regard, SDG coordination committee and Government are to work together to improve the private sector business and investment environment to motivate Private sector engagement.

TBA: FDI has not been at expected level for last several years. How more foreign investors can be attracted to Bangladesh?

Mr. Hossain Khaled : The FDI trend was not remarkable over the last several years. Bangladesh needs minimum $10 billion of FDI per year in cross section of Business to graduate into middle income country and $20 billion each year to graduate into 30th largest economy by the year 2030. However, the highest FDI received in Bangladesh was $2.23 Billion in the year 2016. Intensive Investment promotional programme and core investment bottlenecks like energy, power security, infrastructure development, business process

> "THOUGH THE LOWERING PRICE TREND OF LIQUID FUEL CAN GIVE MUCH ECONOMIC DIVIDEND AND RELIEF TO OUR GOVERNMENT BUT THE BENEFIT OF THAT LOW TARIFF IS NOT PASSED ON TO THE BUSINESS AND OTHER KEY STAKEHOLDERS OF THAT FUEL. THIS TARIFF RECONCILIATION MISMATCH EXPOSES THE ENERGY DEPENDENT BUSINESSES TO HARDEST AND CRITICAL CHALLENGES WITH LIKELY ADVERSE IMPACTS ON ECONOMIC GROWTH, SUSTAINABLE INDUSTRIAL DEVELOPMENT, EMPLOYMENT GENERATION AND POVERTY ALLEVIATION AS CORE AGENDA OF SDG 2030."

DCCI

ঢাকা চেম্বার অব কমার্স অ্যান্ড ইন্ডাস্ট্রি

reengineering and simplification need to be substantially addressed in order to ensure FDI in-flight in Bangladesh.

TBA: Do you think Special Economic Zones will be able to motivate foreign investments in Bangladesh?

Mr. Hossain Khaled : Special economic zone is the revolutionary initiative in the industrial landscape of Bangladesh. Our Industry will have transition from scattered to structured industrialization equipped with all modern and state of the art facilities likewise EPZ. Since EPZ has been widely popular and attractive to foreign investors and a successful precedent in Bangladesh, the SEZ will add new dimension in the industrial history of Bangladesh easing the local and foreign investment in a planned industrial hub in the years to come.

TBA: What infrastructures do you think should be built on a priority basis to achieve the targets of SDG?

Mr. Hossain Khaled : Infrastructure is critical to socio economic development of Bangladesh. The vision of economic graduation by the year 2021 and the 30th largest economy by the year 2030 are economic milestone along with SDG 2030. These goals are economic changer of Bangladesh and look very inclusive. To achieve this inclusive global socio economic agenda, we are required to create massive infrastructure development to create economic balance across the country. And, private sector can play more roles in SDG achievements. Private sector can be motivated and facilitated to get more engaged if Infrastructural development strengthens. Thus, private sector led SDG achievement, functional and vibrant economic development may take place.

TBA: Capital flight has been rampant during last several years. Do you think the initiatives of Govt. to stop Illicit Financial Flow are adequate and effective? How this flight is adverse for achieving SDG?

Mr. Hossain Khaled : Capital flight is alarming for our economy in long run. In the wake of low and slump local private investment, the capital outflow is likely to be encouraged. The illicit financial out flow worth of $9 billion reported by Global Financial integrity represents the frustrating business and investment growth across the country resulting limited industrialization and employment generation. Central banks have number of legal instruments including anti money laundering Act 2012 to limit illegal money outflow and overseas investment but we have not seen any effective and noticeable enforcement to prevent the illicit capital out flight yet. Since SDG requires huge amount of investment and sourcing of that investment is a severe challenge for a resource constraint country like Bangladesh, this illicit outflow is literally adverse and threatening for our SDG achievement.

TBA: Is DCCI properly educating its members about the protective measures to capital flight/money laundering?

Mr. Hossain Khaled : DCCI is always aware and serious against unethical business and practices. We always discourage businesses involved in unfair involvement. However, we always do events and seminars on investment and allied area outlining relevant and appropriate means, aspects and challenges of local and foreign investment and fund transfer. And, in those events, we highlight and share the likely negative consequences, implications of business and economy of money laundering and out flights and request investment concentration into Bangladesh to keep alive investment spree in Bangladesh.

TBA: Price of fuel is not reduced while price of Gas is going to be increased by the government. Can

our businesses absorb the hit of this significant price hike of Gas not materially affecting SDG achievements?

Mr. Hossain Khaled : Energy price is important component of manufacturing business and in every avenue of socioeconomic life. The energy tariff has got manifold cascading impacts in every economic activity up and down the country. However, the frequent gas tariff rise will heavily impact our cross section of business and industry decelerating the manufacturing competitiveness of Bangladesh. Though the lowering price trend of liquid fuel can give much economic dividend and relief to our Government but the benefit of that low tariff is not passed on to the business and other key stakeholders of that fuel. This tariff reconciliation mismatch exposes the energy dependent businesses to hardest and critical challenges with likely adverse impacts on economic growth, sustainable industrial development, employment generation and poverty alleviation as core agenda of SDG 2030.

TBA: The cost of doing business in Bangladesh compared to other countries is said to be impediment for welcoming FDI. What do you suggest Bangladesh to make self-competitive in reducing cost of doing business for attracting FDI?

Mr. Hossain Khaled : Cost of doing business is officially and relatively less than other neighboring and competing countries in terms of labor, land, energy which have given robust added advantages to Bangladesh. However, some undeserving factors in macro-economic operation increases the cost of doing business like insufficient transport logistics, energy, power insufficiency, lack of governance, institutional capacity, policy and impoverished regulatory process complexity. These supplemented cost of doing business making us uncompetitive with other countries. The FDI in flight is not enriching and welcoming despite having huge promotion of FDI friendly policy and fiscal and non-fiscal benefits offer. These all undeserving cost of doing business overshadows our privilege of low cost of doing business. We are required to improve in cost of doing business environment addressing the visible policy, process simplification challenges, institutional efficiency as well as infrastructural development bottlenecks to keep Bangladesh literally and realistically competitive to net more FDI.

TBA: Direct and Indirect revenue collection target of Bangladesh is increasing every year. Do you get any concerns from your members as to the harassment by Taxmen in managing increased pressure of target while resources use in ADP is deplorably poor?

Mr. Hossain Khaled : Yes, tax revenue rate and collection is on increase. Since revenue collection procedure is yet to be fully automated, there are incremental hassles and challenges encountered by our members. Since DCCI members are mostly SMEs, they often express concern of struggle and wide-ranging issues in various stages direct and indirect tax payment in terms of Tax, Vat assessment, payment, dual taxation and duty assessment, frequent and unilateral punishment by the Tax officials and conventional tax law with unpleasant experience. The resource allocation in ADP is much lower than required in line with development work pace which affects the massive development plan resulting severe multiplier impacts on business, industrial and socioeconomic activities.

TBA: Financing is important in managing business. Do you think current cost of fund is adverse for creation of new entrepreneurs?

Mr. Hossain Khaled : Yes, cost of fund is a big challenge for new investment irrespective of large and new start up. SME is the lifeline of our economy. But the growth of new SME entrepreneurship is not remarkably progressing due to higher cost of bank borrowing and cost of institutional financing which discourage cross section of promising start up initiatives to large extent. The cost of capital is still hovering around double digit despite innumerable demands and requests from all section of business communities for reduction into single digit in order to reducing cost of doing business.

TBA: SME can be an effective platform & do you think Govt. should make its policies more dynamic to boost SME business?

Mr. Hossain Khaled : SME has been a proven vehicle for economic transformation in many part of the world. SME accounts for 40 percent of GDP, 80 percent of total employment and continuous contribution to economic building. Government has a SME Policy 2005 and SME development institutes working for the SME interest. As this old policy does not cater the manifold needs of SMEs rather create diverse issues and critical challenges subsequently crippling SME growth potential led inclusive economic development.

Therefore, it is the high time to redesign and re-formulate focused and comprehensive SME development friendly policy and relevant and broad based reforms in relevant institutions to better serve the economic lifeline SME interests in the days to come. We also need to follow and replicate some exclusive SME strategy instances like incubation and innovation centre along with better policy support to enable them to be more competitive compared with other countries.

TBA: Can the Capital Market of Bangladesh play a more effective role in financing investments for development especially SDG context?

Mr. Hossain Khaled : Yes, Capital market is inevitable in raising capital in the development activities of our economy. Our capital market remains numb since ages increasing dependence on debt financing and institutional borrowing with higher cost of capital. Dysfunctional capital market doesn't indicate a healthy and sound capital strength and new stock investment. Since enormous investment and fund is required to deal SDGs, we must revive capital market and use it as reliable source of fund in dealing diverse targets in SDG in the years to come.

TBA: As the Leader of a large Trade Body how do you motivate your members to be more compliant with the law of Bangladesh?

Mr. Hossain Khaled : Being the spokesman/representative of one of the largest private sector business chambers, we always do run our operation with full compliance. Our members enlisted are legally incorporated under Companies Act 1994, operational and legally compliant as well as get registered with us under the auspice of trade organization ordinance 1961. Prior to membership, we also check the legitimate company documentations like Memorandum of Association, Article of Association and Tax registration and abide by all state regulation and act to fullest extent. To foster the legitimate and ethical business culture, we never tolerate and entertain any unethical and unfair business practice held and followed. We never raise any demand, point of recommendation for businesses involved in anti-state and subversive engagements. This is how we endeavor to unravel compliant business.

TBA: Govt. has taken massive plans to digitalize Govt. offices. How do you think private sector can be made equipped and educated to synchronize with Govt. agencies?

Mr. Hossain Khaled : Digitization is always welcoming as it saves cost, time and effort and ensures accountability. Bangladesh is in the transition into digital economy backed by gradual digitization of all Government service rendering organizations. Accordingly, all private sector businesses need to be equipped and aligned to access to those services. For instance, ECR in retail businesses for Vat transaction record, BIN for business institutes and on-line banking transaction, business license renewal make those services hassle free and easily accessible for all. Business organizations also have dependence and interaction with those organizations. To meet the need of digital era, businesses are also required to adopt relevant automation of business operation and state of the art technology where required for a futuristic and technologically backed knowledge based developed economy.

TBA: Number of Women entrepreneurs in Bangladesh is increasing and they are becoming a part of main stream of trade and industries. What are the main challenges for Women Entrepreneurs& how DCCI can help them overcome those impediments?

Mr. Hossain Khaled : Women entrepreneurship is important to socially and economically empower Bangladesh. As a principle of equality of opportunity, women should progress and come forward alongside men. Women are playing key roles in entrepreneurship development spree across the country. Women entrepreneurs often face social insecurity and challenge to access to collateral free finance above all market access. DCCI as the largest SME representative chamber also looks into the interest of SMEs irrespective of gender. However, for the women entrepreneurship, we often organize focused events for interaction of women entrepreneurs with local and central bank officials, concerned ministry, Ministry of finance, Industry and commerce to share their needs and challenges and get addressed. In addition, we also include their pressing interests into national budget to bring into the notice of government for feasible solutions including women entrepreneurship fund under central bank, cash incentives, separate Economic zone etc. Alongside, we often arrange global supply chain and international market access exposure training, induction and help participation in exhibitions, road show, fair in home and abroad. These integrated and focused actions largely enabled all women entrepreneurs to accelerate and mobilize their business position.

TBA: Corporate Governance (CG) has been a long cry in Bangladesh. How CG can be practical at large under your leadership in DCCI?

Mr. Hossain Khaled : Corporate governance has not yet become institutionalized as corporate governance is relatively a new dimension in private sector businesses in the context of Bangladesh. The legal framework and relevant laws are gradually developing though CG is a collective effort. Though focused shareholders' interests and rights in a democratic manner within the purview of present legal and working framework is very challenging. Many TNCs and MNCs are operational in Bangladesh and follow corporate governance and local businesses have much to follow and replicating some of the standards of corporate governance in their businesses for a righteous, accountable and win-win situation for business and shareholders. Corporate governance also ensures working friendly and committed working environment for all employees too. In DCCI, we always encourage all listed conglomerate and local businesses to create and stick up to the corporate governance which as a whole create and brand Bangladesh an exemplary and outstanding business environment. We also negotiated and consulted concerned institutes including SEC, ICSB, ICAB, ICMAB and other organizations for efficient ways for enforcement of relevant laws and practice for better and soothing corporate governance culture in Bangladesh in the days to come. This culture can ease and benefit all businesses to enjoy smooth and share holders' interests driven and balanced working ecology leading to socio economic development and diversity. DCCI also efforts to ensure the relevant framework and practice of aspects of corporate governance though very optimistic for a full-fledged and result oriented corporate governance change and enforcement in near future across the business community of Bangladesh.

TBA: Do you think the current overall growths in commerce and industries of the country are satisfactory?

Mr. Hossain Khaled : The current growth in commerce and industry is not sufficient enough to meet the need of inclusive and balanced economic development. Our astounding vision of economic graduation by the year 2021 and graduation into developed economy by the year 2041 need Industry and GDP ratio to 40 percent, trade and business ratio to 50 percent, $350 Billion export earning and double digit growth through extensive business and industrial operation. Therefore, the macro business and industrial ambience needs to be a profoundly changing one, stimulating through appropriate changes in order to be consistently complacent further down the line.

Interviewed by:
Mohammad Zahid Hossain FCA
Assisted by: Abu Taher

Achieving Sustainable Development Goals
-Top-notch Challenges Lie Ahead of Bangladesh

M Jalal Hussain FCA

Introduction

"It is a roadmap to ending global poverty, building a life of dignity for all and leaving no one behind. It is also a clarion call to work in partnership and intensify efforts to share prosperity, empower people's livelihoods, ensure peace and heal our planet for the benefit of this and future generations," says Ban Ki-moon, former United Nations Secretary-General

It's hapless and oppugning that even in the 21st century, a gargantuan number of people around the world have been fumbling in the libidinous cycle of poverty, hunger, illiteracy, unhealthiness, diseases and many more unbridled catastrophes originated from nature and humans. With escalading climate challenges, swelling demand for energy, wars and conflicts, political antagonisms, gender dissimilarity, religious and ethnic xenophobia, malnutrition and child mortality, it has become esoteric for economies of the present world to grow at a sustainable rate. The world organizations like UN, UNESCO, UNDP, IMF, ADB and African Development Bank always come forward with many-sidedgoals, targets and programs for their member countries, to go one-on-one with the basic problems faced by them. United Nations (UN) had launched many clear-cut plans and modus operandi by setting goals and targets for 193 member countries on different times.

The Millennium Development Goals (MDGs) had been established by UN as the 8th international goals following the Millennium Summit held in 2000. All 189 UN member countries and 22 international organizations bequeathed to glean eight MDGs to restructure the friable and giddy economies of lower middle income and middle income countries to productive-economies and bring out millions of poverty-stricken people from the decade-long fleecy-darkness of illiteracy, extreme-poverty and hunger. The MDGs term was for fifteen years- from January 2000 to December 2015, expired with huge successes by the UN member countries including Bangladesh during the period.

After the expiry of MDGs in 2015, the UN has set more goals in the name of Sustainable Development Goals (SDGs) containing 17 goals and 169 targets focusing on five key elements (5ps): people, planet, peace, prosperity and partnership for its 193 member countries to be achieved by 15 years, i.e., from 2016 to 2030. The Sustainable Development Goals (SDGs), officially known as "Transforming our world: the

Source: JakobTrollbäck

2030 Agenda for Sustainable Development", are ageopolitical set of yearning goals. On 25 September 2015, the 193 countries of the UN General Assembly adopted these SDGs. The proposed SDGs put forward axiological improvements over MDGs. The SDGs' framework is more encyclopedic and addresses major methodical obstructions to sustainable development as inequality and contrariety on income, nationally and internationally, sustainable consumption pattern, scrawny international capacity and environmental decadence that MDGs failed to resolve. Bangladesh is one of the 193 member countries that committed to achieve the goals and targets set in the SDGs.

Bangladesh's Achievement of MDGs

The General Economic Division (GED) of Planning Commission of Bangladesh released MDGs' performance report commending on the progress of eradication of poverty and hunger. The country received an extraordinary outcome in poverty decline from 56.7 per cent in 1991-92 to 24.8 per cent in 2015, the report says. Bangladesh made substantial progress and achieved the targets of gender parity in primary and secondary education. Child mortality has also reduced. The under-five mortality rate was 151 per 1000 live births in 1990 and in 2013 the rate was 41 per 1000 live births. Similarly the infant mortality rate was 94 per 1000 live births in 1990 that was reduced to 32 per 1000 live births in 2015.

Great Challenges Lie Ahead of Bangladesh in Achieving SDGs

Despite significant progress made in achieving MDGs over the last 15 years, Bangladesh still comes across large number of challenges in implementing the SDGs targets to be achieved by 2030.The pending note-worthy challenges are:

End Poverty in all its forms Everywhere

SDGs goal number one to end poverty everywhere and in all forms is the most delicate and lengthy goal to achieve. Although the MDGs' implementation period already expired in December 2015, about one billion people still live on less

"ALTHOUGH THE MDGS' IMPLEMENTATION PERIOD ALREADY EXPIRED IN DECEMBER 2015, ABOUT ONE BILLION PEOPLE STILL LIVE ON LESS THAN $ 1.25 PER DAY AND MORE THAN 800 MILLION PEOPLE DON'T HAVE ENOUGH FOOD TO EAT AROUND THE WORLD. BANGLADESH HAS 24.8 PER CENT PEOPLE, I.E. 40.92 MILLION PEOPLE WHO LIVE BELOW THE POVERTY LINE. IMPLEMENTATION OF SDGS ESPECIALLY POVERTY ALLEVIATION NEEDS FAST-TRACK ACTION PLANS SINCE THERE'S NO MAGIC OR ALL-SIZE-FIT SOLUTION."

health coverage for the mass people.

than $ 1.25 per day and more than 800 million people don't have enough food to eat around the world. Bangladesh has 24.8 per cent people, i.e. 40.92 million people who live below the poverty line. Implementation of SDGs especially poverty alleviation needs fast-track action plans since there's no magic or all-size-fit solution.

The state-policy-makers, the public and private stakeholders must endeavor to long term policy and planning for education, food and shelter for all. The prerequisite for implementing SDGs is to intertwine SDGs with national fiscal and monetary policies."We are committed to lead by example again in case of SDGs. In our journey, no one will be left behind as we aspire to build a just, progressive, peaceful and prosperous Bangladesh" says Prime Minister Sheikh Hasina. As Bangladesh's government goes through the process of incorporating the SDGs into national development plans and policies, it is spick-and-span that there's plethora of opportunity for it and other stakeholders to enthrall SDGs.

Ensure Healthy Lives and Promote Wellbeing for all at all Ages

This an important goal of SDGs that provides apposite ingression to quality essential healthcare services, access to safe, effective, quality and affordable needed medicines and vaccines for all. Bangladesh has achieved impressive improvements in population health status by achieving MDG 4.However, some challenges for the health system remain critical. Firstly, lack of synchronization across different ministries for implementing primary health-care service delivery in rural and urban areas; secondly, critical shortage of skilled health providers with appropriate skill-mix in the public sector and pervasive increase in unfettered informal providers for an alternative source of care; thirdly, low annual allocation to health in the government fiscal budget and high out-of-pocket payments by families; and finally, discriminatory access to health services between urban and rural areas including variable health financing instruments, which have decelerated achieving universal health coverage for the mass people.

Bangladesh is among the 57 countries, facing an enigmatic health-human-resources crisis. The official heath workforces as doctors, nurses, dentists are mostly concentrated in urban areas. The doctor to population ratio is 1 per 1,500 people in urban areas and 1 per 15,000 people in rural areas. This shows a glooming picture of health care services in Bangladesh. In addition to these deficiencies, there are oodles of problems that the general people face every day arising from improper governance, mismanagement, corruption and financial constraints while getting health care services from government and private hospitals in the country.

Ensure Inclusive and Equitable Quality Education and Promote Lifelong Learning Opportunities for all

The lower income and lower middle income countries are much behindhand the developed high income countries. The upsetting report of United Nations Educational, Scientific and Cultural Organization (NESCO) says "One in four young people in developing countries are unable to read a sentence, which warns that poor quality education has left a "legacy of illiteracy" more widespread than previously believed". One out of four young people in poor countries - and one of three young women in South and West Asia - are unable to read all or even part of a sentence, according to a recent new report, which estimates 175 million youths in developing countries are illiterate. If current drifts continue, the poorest part of the young female population in middle income countries won't achieve literacy until 2072,

UNESCO said in its annual Education for All Global Monitoring Report.

The present economic and social vignettes of Bangladesh give a crystal-clear picture that the country is far rearward the high income and the upper middle income countries in terms of education, science and technology. Bangladesh is an overpopulated country with 165 million people and has the highest growth rate of population. As a result, the increase of literacy rate can't match up with the population growth. The average literacy rate of Bangladesh is 61.5% (2015). It means that 38.50% of its population that is 63.52 million people of Bangladesh is wallowing in the rancorous circle of illiteracy according to report of Bangladesh Bureau of Statistics (BBS).

It's really unwished-for, repellent and repugnant news that 38.50% people of an independent country that achieved its independence forty-five years back, can't read and write in their mother language in the 21st century when majority of the countries of developed world uphold 100% literacy rate long time back. The literacy rate of Bangladesh is increasing at a snail's pace and the average increase is 1.5% per year. If everything goes well and other things remain the same, if Bangladesh can maintain the present rate of 1.5% increase, it will take more than 30 years to achieve 99% literacy rate. Well-heeled and swift-planning and pragmatic programs including immediate introduction of compulsory education and substantial allocation in the Fiscal Budget are a must to achieve SDGs for education for all within 2030.

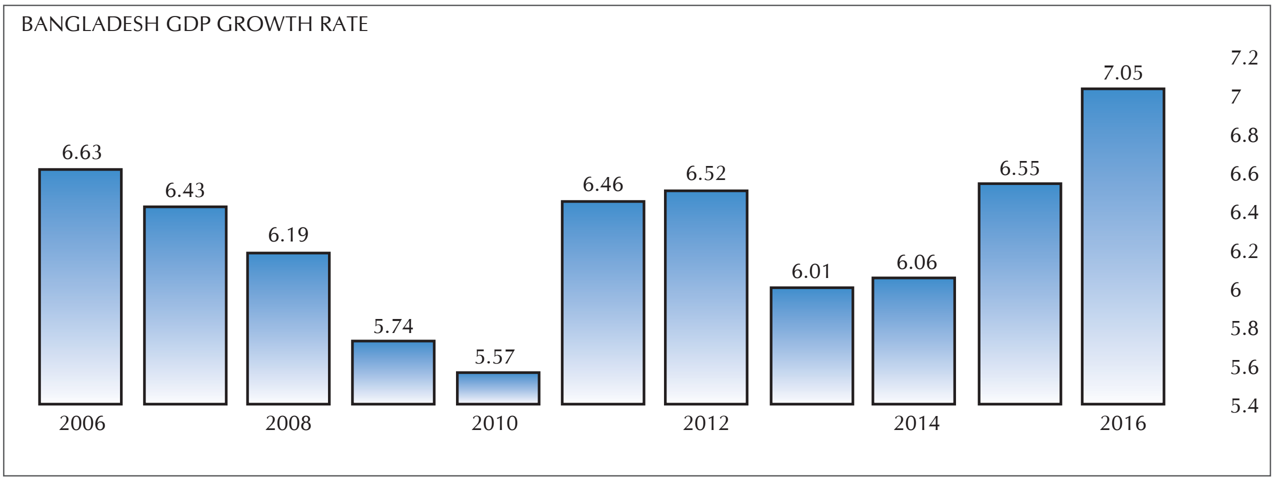
Country	Literacy rate %	Country	Literacy rate %
	FY 2015		FY 2015
Bangladesh	**61.50**	Japan	99.00
India	71.20	USA	99.00
Pakistan	58.20	Switzerland	99.00
Thailand	96.00	South Korea	99.00
Malaysia	94.60	Singapore	96.10
Maldives	99.30	Sri Lanka	92.60

Source: The World Factbook 2015

Promote Sustained, Inclusive and Sustainable Economic Growth, full and Productive Employment, and Decent Work for all

Bangladesh has not been maintaining a stable GDP growth, lots of challenges lie ahead of Bangladesh for achieving SDGs for full and productive employment and decent work for all. Human capital development didn't take place in the country as it should have been due to lack of proper training, lack of technical jobs, and lack of policies for technology transfer and so on. Analysis of manufacturing sector's performance during the last five years gives a picture that investment in private and public manufacturing sector has been declined although GDP has been growing at 6% to 7%. CPD's report on State of the Bangladesh Economy FY 2015-16 reveals: manufacturing and investment is not in line with what has been targeted to achieve in FY 2016 under 7th FYP; growth of private investment could be termed "average"; Investment/GDP is hovering at 22% level for last several years and growth of private investment has decelerated from 18% in FY 2011 to 12.8% in FY 2015, negative growth of industrial term loan (-0.86%) and reduced supply and low pressure of gas.

Productivity progression silhouettes the economy; it supremacies growth, boosts household incomes and improves living standards of people. However, countries those were in the middle of productivity droop due to wrong fiscal and monetary policies failed to unravel significant economic gains. Even the technology boom has failed to improve the economy substantially



Source: Trading Economics: Bangladesh Bank

unless productivity improves. The present low-growth trajectory in the high income economies justifies the essentiality of increasing productivity at private and public sector economies. Productivity is one of the most closely watched indicators of long-term economic prospects. Rising productivity is the key to making possible irrefragable swerve in the standard of living of people of Bangladesh and helps sustain the employment growth.

Many lower middle and middle income countries in Africa, Latin America and Asia are far-derrière in productivity in comparison with upper-middle-income and high income countries. This is mostly because these countries have failed to develop and adopt latest technology and innovations and remain in the last row of the competitive world. Robert Gordon, a renowned economist expressed that slow-down in technology and innovations are the root cause of low-productivity that ends up with economic malaise. Bangladesh must take hands-on and swift-action plans to boost productivity growth in order to achieve sustainable development goals of its economy by 2030.

Take urgent action to combat climate change and its impacts

"Climate change does not respect border; it does not respect who you are - rich and poor, small and big. Therefore, this is what we call 'global challenges,' which require global solidarity" says former UN Secretary General Ban Ki-Moon. Due to geological location of Bangladesh, it's one of the most vulnerable countries to the effects of climate change. The regular and severe natural hazards that already pummeled the country – pyretic cyclones, river despoliation, flood, landslides, drought and aridity – are all set to increase in sapience and prevalence as a result of climate change. Rising sea levels will increasingly submerge Bangladesh's coast and river abrasion will extinguish land and homes. These and many other hostile effects of climate change will have abysmal backlashes for the economy and development of the country.

One of the most climacticsways will be the forced displacement of people throughout Bangladesh as a result of losing their homes, lands, property and livelihoods to the shock-waves of climate change. The vast majority of these people will be dislocated domestically, not across international borders,putting the government with mammoth challenges, particularly when it comes to finding places to live and work for those who have been displaced. Implementation of SDGs' relating to climate change is the crying need for Bangladesh. Preventive, protective and long-term diversified plans are required to be undertaken. Renewable energy plants, in place of fossil-fuel, coal-powered energy plants should be undertaken to save the people and the country from the imminent wrath of climate change.

Conclusion

The long term goals and targets set by UN through framing SDGs and commitment by 193 member countries are really irreprehensive and gnarly. The successful implementation of SDGs depends greatly on the state-of-the-art performance of individual country. The headway of SDGs greatly depends on a number of desiderata. Extensive substratum and adoption of the goals are just few steps and the commitment needs to be kept going. Achieving such striving goals and targets may sound as a daunting-challenge, but not quixotic. Creation of investment friendly environment in the country to attract more local and foreign investment should be the unexpurgated part and parcel of the government fiscal and monetary policy.

For Bangladesh,financing will be a mastodon conundrum to achieve the SDGs within the time frame. More realistic promenades should be taken in devising the specific goals, taking into consideration the erudition from MDGs – both the progress and success and the weakness and lacking. Lots of seminar, planning and inter-governmental dialogue have taken place on SDGs, it's the high time for all countries-MIC or High Income countries - to translate what have been committed and agreed on papers at different times into action. It's an eye-catching and overweening report that the GED of Planning Commission of Government of Bangladesh has incorporated the 17 goals of SDGs in its 7th Five Year Plan (FY16-FY20). Implementation of the ambitious plan is a herculean task and needs all-out support from the stakeholders of SDGs, i.e. private, public, government organizations and the people of the country. Timely implementation of this many-faceted concept may bring world-shattering changes in the lives of millions of people around the world including Bangladesh economically, financially, socially and environmentally.

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Preparing BANGLADESH for SDGs?

M. Idris Ali FCA

Bangladesh has performed wonderful in South Asia region well achieving Millennium Development Goals(MDGs) set by the United Nations Organization. In accordance with a progress report of the UNDP,Dhaka Bangladesh has attained remarkable progress in the areas of:

(1) poverty alleviation, (2) ensuring food security, (3) primary school enrolment, (4) removing gender parity in primary and secondary level education, (5) lowering the infant and under-five mortality rate and maternal mortality ratio, (6) improving immunization coverage; and (7) reducing the incidence of communicable diseases.

UNDP, however opined that the attainments of a few targets of MDGs are associated with several challenges also. Hence (a) existence of poverty pockets,(b) prevalence of unemployment and underemployment among the youth,(c) stunting and wasting among the under five children,(d) reducing the dropout rate and enhancing the quality of education at the primary level,(e) universal access to reproductive health and resource constraints are identified as stumbling blocks in fulfilling all the targets of MDGs in Bangladesh.(Report of UNDP during 2015)

A private research organization opines that Bangladesh continues to be role model in achieving MDGs ,but a major concern in the country is the pervasive underemployment which has prevented the country from fully meeting the MDG 1. The challenge is to ensure pro-poor economic growth that can lead to creation of more jobs, better employment and higher household income. Structural realities and constraints such as limited land for cultivation, high population density and a growing population represent significant challenges. To meet the future demand of a growing population, agricultural productivity growth, especially for rice and other crops are needed to be sustained (Centre for research and information).

Bangladesh is Prepared for SDGs

Bangladesh is quite prepared to start its journey for attainment of Sustainable development Goals (SDGs) set by the UNO in the backdrop of accomplished MDGs. Following the trail of success it is high time now for the country to formulate a comprehensive national strategy towards achieving the Sustainable Development Goals (SDGs). This comprehensive national strategy should be formulated through a participatory process so that all stakeholders can contribute to the

country's journey towards achieving SDGs. (CPD Quarterly, Sept.,2017)

Secondly, what is needed more is to look back at the path holes or stumbling blocks in the way which Bangladesh has crossed through in achieving the MDGs. These faltering bottle necks obstructed us to conquer all the MDGs. Hence it is necessary to overcome the obstacles and start climbing the step ladders of SDGs simultaneously. It may be advisable to constitute a National participatory Forum to steer the combined efforts from the government Ministries, civil society and the private sector institutions under leadership of the Finance or Planning Minister. Bangladesh's success in MDGs such as reducing poverty, hunger, disease, gender inequality, and maternal and child mortality needs to be carried on. Government will need to deal promptly and intently confronting the persistent challenges of poor governance, financial ireglularies , rising inequalities and resource constraints. Or else it will be difficult to achieve the SDGs.

The SDGs are:

1) End poverty in all its forms everywhere

2) End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

3) Ensure healthy lives and promote wellbeing for all at all ages

4) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

5) Achieve gender equality and empower all women and girls

"UNDER THE NEW $1.90 POVERTY LINE BASED ON 2011 PURCHASING POWER, 28 MILLION, OR 18.5 PERCENT OF BANGLADESHIS LIVED IN EXTREME POVERTY IN 2010. MORE THAN 16 MILLION PEOPLE IN BANGLADESH GRADUATED FROM EXTREME POVERTY BETWEEN 2000 AND 2010. ACHIEVING THE GOAL OF REDUCING EXTREME POVERTY TO LESS THAN 3 PERCENT OF BANGLADESHIS BY 2030 WILL REQUIRE ECONOMIC GROWTH BECOMING MORE INCLUSIVE WITH THE POOREST 40 PERCENT OF SOCIETY RECEIVING GREATER BENEFITS FROM DEVELOPMENT."

6) Ensure availability and sustainable management of water and sanitation for all

7) Ensure access to affordable, reliable, sustainable and modern energy for all

8) Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

9) Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

10) Reduce inequality within and among countries

11) Make cities and human settlements inclusive, safe, resilient and sustainable

12) Ensure sustainable consumption and production patterns

13) Take urgent action to combat climate change and its impacts (taking note of agreements made by the UNFCCC forum)

14) Conserve and sustainably use the oceans, seas and marine resources for sustainable development

15) Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss

16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

17) Strengthen the means of implementation and revitalise the global partnership for sustainable development(UN website)

MIC Status will go a Long way to Achieve SDGs

Bangladesh Government has envisioned its vital goal of becoming an Upper middle income country (MIC) by the year 2021. Achievement of this goal will be a significant milestone that will make the country immensely prepared for concurrence of SDGs. The World Bank has defined lower and upper middle income countries in terms of GNP per capita as follows:

Lower Middle Income US$ 1026-4125

Upper Middle Income US$ 4036-12475

According to this classification Bangladesh is under lower middle income group as per capita. Present per capita income of Bangladesh is US$ 1465. In order to reach the target of Upper middle income country by 2021, Bangladesh has to triple its per capita income. This task will not be undemanding. It has to go a long way and attain aggressive growth of GDP continuously in order to pass over in the middle income range. The country's higher income status implies that it will have more opportunities, become a more attractive venue for trade, business and investment. It will have easier access to vast market of commercial loans from global credit markets, foreign direct investment and so on. With all these views ahead, Bangladesh has to strive for further growth and higher income so that it can generate enough resources to continue its development. In particular, it must achieve the capacity to repay foreign loans and generate enough development fund with domestic resources.Bangladesh will need GDP growth to 7.11 to 9 percent per year based on accelerated export and remittance growth. Both public and private investment will need to increase as well. Growth will also need to be more inclusive through creation of productive employment opportunities in the economy and more development to move forward and attain the status of upper middle income country by 2021. Becoming a middle-income country will require efforts on many fronts including maintaining macroeconomic stability; strengthening revenue mobilization; tackling energy and infrastructure deficits; deepening financial-sector and external trade reforms; improving labor skills, economic governance, and urban management;

Bangladesh can become an export powerhouse, with its labor-intensive manufacture and service exports growing at double digits on a sustained basis, if it speeds up government decision-making. The Export target in RMG sector alone of US $50 billion can go beyond by 2021 if Bangladesh can perk up human skill viz. designers, quality assurers, managers etc. Majority mass producers depend upon designs currently supplied by retailers. Presently 20,000 expatriates who are working in the sector are taking away US$ 5 billion in foreign currency which is almost equivalent to net profit earned by the entire sector. If more skilled manpower are created the country can save this big amount of foreign exchange. Moreover Bangladesh is exporting only basic apparel items, it has to further diversify production in all kinds of garments. Bangladesh is the second largest exporter of RMG with only 6% share of $ 450 billion global market while China holds first position with 39% share(Daily Star, 20 December, 2016). China might hold its growth which offers a golden opportunity for Bangladesh to increase its global share of exports by diversifying both products and globalexport market and improving manpower skill, if it fails, Vietnam, Myanmar, India, might capture the vacuum left by China in the market. Some owners of RMG factories are contemplating to extend their production houses in India, Malaysia, Thailand, Vietnam etc when Bangladesh is suffering from investment appetite. It will be unfortunate for the country if it happens. It will also add up to capital flight from the country. The Government should provide incentives & impetus to them to retain back investments at home country.

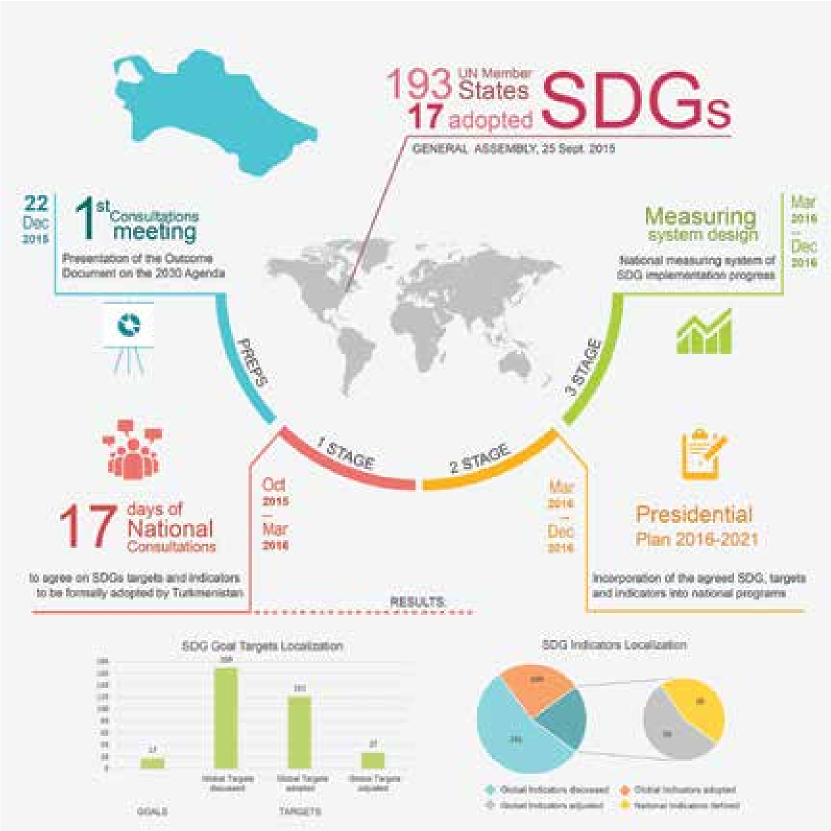
Similarly export prospects of Bangladesh in manpower, leather products , jute products , frozen and dry foods , cement and non-traditional items are enormous, what are needed is improvement of quality,(skill of manpower), diversification of products and destinations that will inflate export earnings and thereby enhancing capability of the country to achieve MDGs and preparedness of the country for SDGs. It is expected that Bangladesh will attain upper middle income status by 2021 and rich country status by 2030 and concur SD goals.

Alleviation of Poverty in all forms

Where there is poverty in a nation, there are hunger, malnutrition, illiteracy, ill health, early death etc. resulting in unemployment, underemployment, less production, less GDP growth, less per capita income etc. Bangladesh has succeeded in enormously reducing its poverty rate.

As per World Bank report Bangladesh's extreme poverty rate has dropped to 12.9 percent of the total population in 2015-16. In its 'Bangladesh Development Update, released in Oct., 2016 the World Bank reported that Bangladesh's extreme poverty rate has come down from 13.8 percent in the previous 2014-15 FY.

WB Dhaka offices explained that they have calculated the rate of extreme poverty based on Bangladesh's 7.1 percent GDP growth in FY 2016."Bangladesh's achievement is better than India, Pakistan and Bhutan, "The World Bank stated that under the new poverty line based on 2011 purchasing power, 28 million, or 18.5 percent of Bangladeshis lived in extreme poverty in 2010. More than 16 million people in Bangladesh graduated from extreme poverty between 2000 and 2010."The success of Bangladesh's development experience in innovations such as conditional cash transfers, gender equity in education, and successful family planning is reflected in its notable reduction of poverty and improvement in the quality of lives of its citizens," the quoted WB Country Director.



(bdnews24.com./economy/2016/10/3/Bangladesh….)

The World Bank reported that Bangladesh has done an impressive job in reducing poverty over the last decade and has the potential to end extreme poverty by 2030 if it takes firm steps to make growth more inclusive to benefit all Bangladeshis.

Under the new $1.90 poverty line based on 2011 purchasing power, 28 million, or 18.5 percent of Bangladeshis lived in extreme poverty in 2010. More than 16 million people in Bangladesh graduated from extreme poverty between 2000 and 2010. Achieving the goal of reducing extreme poverty to less than 3 percent of Bangladeshis by 2030 will require economic growth becoming more inclusive with the poorest 40 percent of society receiving greater benefits from development.

To End Extreme Poverty by 2030, it is Necessary to Tackle Inequality

According to World Bank report Bangladesh is currently the 64th less resourceful out of the 154 countries and it has much remaining to be done. The development update stresses increasing resilience to security, financial, and trade shocks along with weaker than expected global trade and growth. To move to the next level and realise its goals of becoming a middle income country by 2021 and overcoming extreme poverty by 2030, the country needs to sustain its economic and remittances growth, create more and better jobs, focus on energy and transportation infrastructure, and make progress on improving the quality of health and education. Bangladesh out performed a number of countries in the South Asia Region (including India, Bhutan and Pakistan). WE however fell behind neighbors in East Asia such as China, Vietnam and Cambodia, where the income of the poorest people grew even faster than the average. Ending extreme poverty in Bangladesh by 2030 will require faster growth that is far more inclusive. If Bangladesh maintains the average real per capita growth and the pace of poverty reduction observed between 2005 and 2010, the extreme poverty rate in 2030 would fall to six percent. According to a report of Bangladesh Statistical Bureau, Bangladesh achieved GDP rate of 7.11% as on 27.10.2016 for the first time (BBS website). Basing on this rate we may make a projection of GDP growth during the next 5 years with yearly toting up of 0.37 % as shown below:

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Real GDP	**7.11(on 27-10-16)**				
Expected GDP	**7.48**	**7.85**	**8.22**	**8.59**	**9.0**

This is merely an estimated average growth of GDP. If development trend remains steady actual real growth may tantamount to same as indicated above or may vary, but 9.0% GDP is not impossible to be achieved by 2021 or later and once attained, 9.0% may be sustained up to 2030.

All SDGs are Interrelated

Alleviation of poverty, acceleration of GDP growth, per capita income etc involve important correlated factors viz. getting rid of unemployment or underemployment of the productive youths, ensuring food security, providing sanitation, water and health facilities forall, ensuring quality, vocational and technical education for the youths, ensuring equal opportunity of employment for both sexes, ensuring decent work for all, providing energy for both urban and rural people etc. These are essentially part and parcel of the SDGs. Achievement of one may act as supplementary or ancillary to many others and vice versa.

Consequently Bangladesh has to set its economic activities pursuant or attributable to the SDGs which will work as steering wheel. It is therefore, vitally important to ensure the following measures in order to achieve the SDGs:

- Increasing investment through providing infrastructural facilities, special economic zones, forming investment-friendly fiscal policies, ensuring exchange rate flexibility and financial sector discipline and accountability.
- Raising the female labor force participation rate by easing labor market entry barriers for women for mitigating prevalent shrinking work force.
- Increasing returns on education by enhancing the quality and providing technical and technological relevance of education which will boost employment rate.
- Accelerating growth both in agriculture, manufacturing and services, through learning from the experiences of countries with higher productivity.
- Increasing and diversifying both product and markets of labor-intensive exports like RMG.
- Ensuring Political stability.

Conclusion

Bangladesh is geared up and capable of accelerating growth in all sectors and outlets with view to achieving the SDGs just in the same way it performed brilliantly to attain the MDGs.

Reference

World Bank group websites, UNDP websites, CPD journals and websites, Bangladesh statistical Bureau (BBS) websites, Daily Star, BD News, Ministry of Planning and Finance websites etc. (partly)

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Is Bangladesh Ready for Sustainable Development Goals (SDGs)?

Foyed Ahmed ACA

Sustainable Development is Development that meets the present need without compromising the ability of future generations to meet their own needs, according to the United Nations World Commission on Environment and Development's report, 1987. In late 2015, the UN adopted SDGs for the next 15 years to consolidate the developments achieved and make development sustainable. SDGs' main principle is "Leaving None Behind", which means the focus is on the hard-to-reach, hidden, marginalized, and vulnerable population and on geographical disparities.

In the seventieth session of the UN General Assembly on 25 September 2015, the member states have adopted the Sustainable Development Goals (SDGs) with a declaration of "Transforming our world: 2030". The vision was "No Member State to be Left Behind". The 193 member states have committed to work towards the vision. In March 2016, the 47th Session of the United Nations Statistical Commission (UNSC) has agreed 230 Global Indicators to achieve the 17 SDGs discussed below:

Bangladesh has both challenges and opportunities in attaining SDGs. It is found in different studies that 8 goals (Goal-1,2,4,5,6,7,13,17) are well integrated in the national planning process. The 9 others are less integrated in plans and policies. (Source: CPD study published in the Financial Express on December 22, 2016)

Challenges and Opportunities Ahead

The major targets of **SDG-1** are to eradicate extreme poverty (people living on less than $1.25 per day) by 2030, reduce at least half of the people living below poverty line, equal right to economic resources and resilience of the vulnerable poor. etc. Bangladesh has reduced its extreme poverty rate to 12.9 percent in fiscal year 2016 from 18.5 percent in 2010 and from 44.2 percent in 1992. These are the people who live on USD 1.9 per day, according to the World Bank. With 7.1 percent growth of its gross domestic product in 2016 the country is now among the fastest growing nations in the world. Coupled with economic growth has been its progress in human development indicators over the past decades.

However bringing down the current poverty rate of 31.50% (ADB report) to 16% by 2030 would be a big challenge. Equal right to economic resources and resilience of the vulnerable poor is still a

far cry. Public, private and NGOs will have to play key role in achieving the targets.

The major targets of **SDG-2** are ending hunger, malnutrition, sustainable food production system. Attaining this goal is a big challenge for Bangladesh. Adequate social protection for the poor and vulnerable population must be ensured for achieving this goal.

The concerned ministries like food, agriculture, land, fisheries and livestock have to take integrated long term steps to achieve this target.

Major areas of **SDG-3** are to reduce maternal mortality ratio less than 70 per 100 thousands lives, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live birth send the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases, Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

Bangladesh as of now is lagging far behind the target. Current maternal mortality ratio is 176 per 100 thousands lives and neonatal mortality is 12 per 1,000 live births. Ministries concerned, private and NGOs needs to play active and visionary role in realizing the targets.

SDG-4 covers equitable and quality primary and secondary education, access to quality early childhood development, care and preprimary education, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

> "ALIGNMENT AND INTEGRATION OF SDGS IN NATIONAL PLANNING PROCESS IS IMPORTANT IN ACHIEVING THE GOALS. IN THIS REGARD BANGLADESH IS IN TRACK. SO FAR AT LEAST 14 STRATEGIES AND POLICIES ARE IN PLACE LIKE 7TH FIVE YEAR PLAN, NATIONAL SOCIAL SECURITY STRATEGY, FOOD POLICY, HEALTH POLICY, INDUSTRIAL POLICY, NATIONAL SUSTAINABLE DEVELOPMENT POLICY ETC."

The current literacy rate in Bangladesh is around 60%. Realizing the targets is still a big challenge. A long term, inclusive policies, enhancement of budget spending, participation of GOs & NGOs and of course a corruption free system and good governance should be in place to achieve this goal.

SDG-5 includes to eliminate all forms of discrimination against all women and girls, Eliminate all forms of violence against all women and girls, Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation, Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.

Bangladesh has made significant progress in this area yet there is a long way to go to realize the goal in true sense. Integrated socio-economic development will be key role in achieving the target. Government and NGOs also should work together in this regard.

SDG-6 majorly covers universal and equitable access to safe and affordable drinking water for all, adequate and equitable sanitation and hygiene for all, integrated water resources management at all levels.

Bangladesh has made significant progression the area "access to safe drinking water, currently 98.30 percent. The sanitation rate is currently 63.80 percent, far behind the target.

SDG-7 is meant to ensure universal access to affordable, reliable and modern energy services increase substantially the share of renewable energy in the global energy mix, double the global rate of improvement in energy efficiency.

This is one of the most difficult goals to achieve as Bangladesh lags behind natural resources, the transmission and distribution system and the renewable energy program so far not satisfactory at all. Government should take visionary steps to attain the goal.

SDG-8 covers areas like Sustain able per capita economic growth in accordance with national circumstances, higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Political stability, good governance, corruption free administration, infrastructure development, capacity building of administration etc will play key role in achieving the goal.

SDG-9 majorly covers areas like Develop quality, reliable, sustainable and resilient infrastructure, inclusive and sustainable industrialization, sustainable and resilient infrastructure development, access to information and communications technology.

Robust investment from both public and private sector is pre-requisite to actualize the target. Political both national and regional stability is also important.

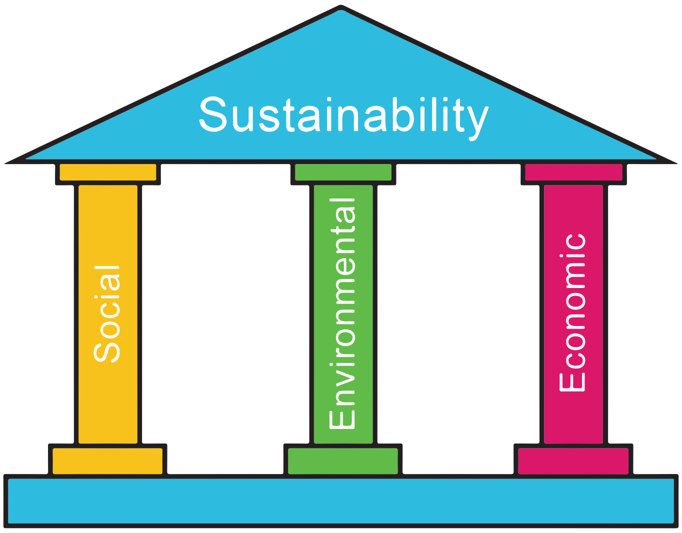
SDG-10 means to progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status, Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

Political stability, reforms of policy making bodies, consistent and inclusive growth economic would be required for attaining the goal.

SDG-11 majorly covers-ensuring access for all to adequate, safe and affordable housing and basic services and upgrade slums, access to safe, affordable, accessible and sustainable transport systems for all, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

This is one of biggest challenging areas for Bangladesh because its unplanned urbanization, overpopulation, heav density in urban areas and the scarcity of the resources. Planned urbanization, de-centralization of administration, employment in rural areas, communication infrastructure can help to realize the target to some extent.

SDG-12 covers-achievement of the sustainable management and efficient use of natural resources, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.



These would require a massive short, medium and visionary plan to achieve with sustainability. Government should play key role in collaboration with private sector and NGOs.

SDG-13 covers-Strengthening resilience and adaptive capacity to climate-related hazards and natural disasters, Integrate climate change measures into national policies, strategies and planning. To address climate change, countries adopted the Paris Agreement at the COP21 in Paris on 12 December 2015. Government bodies like department of envirment, ministry of planning etc should work in line with UN resolution.

Government should also be vocal the development forum to create more pressure on the developed countries to mobilize funds for LDCs.

SDG-14 is meant to prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.

Proper coordination, effective and efficient management of marine resources are required to achieve this goal.

SDG-15 cover areas like-ensuring the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

Government should ensure surveillance, monitoring and adopt/implement national level policy in this regard.

SDG-16 includes-Significantly reducing all forms of violence and related death rates everywhere, End abuse, exploitation, trafficking and all forms of violence against and torture of children, Promote the rule of law at the national and international levels and ensure equal access to justice for all. Significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime, Substantially reduce corruption and bribery in all their forms.

Good governance, democratic practice, rule of law would require to realize the goal.

SDG-17 is to revitalize global partnership for sustainable development. It covers inter alia the area of financial and technological aspects, capacity building, and trade.

Our foreign, trade, planning and finance ministry should work together to implement the goal.

Alignment and Integration of SDGs in national planning process is important in achieving the goals. In this regard Bangladesh is in track. So far at least 14 strategies and policies are in place like 7th Five Year Plan, National Social Security Strategy, Food policy, health policy, industrial policy, National Sustainable Development policy etc. To achieve the SDGs we have to focus on the below key elements and three pillars in formulating national policy and planning:

Key Elements of SDGs

The three Pillars of Sustainability are Economic, Environmental and Social. A consistent and balanced Economic growth protecting our Environment for future generations, and ensuring Social justice, equitable distribution of economic growth are the catalysts of Sustainable Development.

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SDG 5: Gender Equality and Women in Bangladesh

Aleya Ferdous

"Gender equality is not a woman's issue. It is a human issue. It affects us all."

Introduction

SDGs are a plan of actions set for the people and prosperity and for making this universe stronger through eradicating poverty which is an indispensible demand of today's world. The outcome document adopted by the UN is titled as "Transforming our world: the 2030 Agenda for Sustainable Development" which contains 17 goals and 169 targets for Sustainable Development. Each goal has specific targets to be achieved over the next 15 years. They have come into effect on 1 January 2016, replacing the Millennium Development Goals (MDGs) set in 2000. SDGs are based on the MDGs and it aims to finish the unfinished tasks of the MDGs along with more new agenda. The United Nations, through a deliberative process involving its 193 Member States, as well as global civil society on 25 September 2015, the 193 countries of the UN General Assembly adopted the 2030 Development Agenda.

Through SDGs the global leaders can fulfill their commitment to take all the people including men and women with them in the process of development and it will leave "no one behind". To utilize the full potential of human kind, girls and women must enjoy equal access to quality education, economic resources and political participation as well as equal opportunities with men and boys for employment, leadership and decision-making at all levels.

The 17 Sustainable Development Goals adopted by all member states of the United Nations in September 2015 set ambitious objectives across the three dimensions of sustainable development, economic development, social inclusion, and environmental sustainability, underpinned by good governance. Realizing gender equality and the empowerment of women and girls will make a crucial contribution to progress across all the Goals and targets. The achievement of full human potential and of sustainable development is not possible if one half of humanity continues to be denied its full human rights and opportunities. We will work for a significant increase in investments to close the gender gap and strengthen support for institutions in relation to gender equality and the empowerment of women at the global, regional and national levels.

Stepping Towards SDGs from MDGs

Bangladesh has already met several targets of the MDGs. The latest publication of Bangladesh MDGs Progress Report 2015, published by General Economics Division shows that Bangladesh has made remarkable progress in the areas of poverty alleviation, food security, primary school enrollment, gender parity in primary and secondary level education, lower infant and under five mortality rate, maternal mortality rate, improving immunisation coverage and reducing the incidence of communicable diseases. The country's huge success on fulfilling different goals of MDGs has also been recognised by the international organisations and the country has received UN award for this. The successes of MDGs should be transmitted to attain the goals of SDGs. SDG is not the end of MDGs rather it has made the ground for SDGs to finish the unfinished targets of MDGs. The success of Bangladesh in achieving the targets of MDGs is acclaimed globally when we are awarded with 'UN MDG Awards 2010'. Bangladesh was also awarded the South-South Award 'Digital Health for Digital Development' in 2011 for the innovative idea to use the Information and Communication Technology to foster progress of the health of women and children. In addition, in June 2013, Bangladesh received the 'Diploma Award' from Food and Agriculture Organization (FAO) for achieving the MDG-1 target of halving the poverty well ahead of the deadline set by the world community. Besides this Bangladesh was honoured with the 'special recognition' for the outstanding progress in fighting hunger and poverty. In September 2013, we got 'South-South Award' for Government's achievements in alleviating poverty. Bangladesh was also awarded 'UNESCO Peace Tree Award' in 2014 for its commitment to women's empowerment and girls' education. In 2015, Bangladesh was awarded the prestigious Women in Parliaments Global Forum Award, known as WIP award, for its outstanding success in closing gender gap in the political sphere; Bangladesh ranks 10th out of 142 countries. Therefore the success of Bangladesh in achieving MDGs is remarkable and praiseworthy.

If monitoring of 8 MDGs, 20 targets and 60 indicators have faced serious challenges at the national level, then 17 SDGs, 169 targets and over 300 indicators will be a big challenge for a country like Bangladesh. To achieve this target the involvement of women, almost half of the total population is a must in all the sectors. Rapid technological progress

> "ENDING ALL FORMS OF DISCRIMINATION AGAINST WOMEN AND GIRLS IS NOT ONLY A BASIC HUMAN RIGHT, BUT IT IS ALSO CRUCIAL TO ACCELERATING SUSTAINABLE DEVELOPMENT. IT HAS BEEN PROVEN TIME AND AGAIN, THAT EMPOWERING WOMEN AND GIRLS HAS A MULTIPLIER EFFECT, AND HELPS DRIVE UP ECONOMIC GROWTH AND DEVELOPMENT ACROSS THE BOARD."

should be put into effective use. So improvement in governance, delegation of power, and empowerment of the people can help implement the unfinished agenda of MDGs and also the new commitments that will be taking for the next 15 years.

SDG 5: Achieve Gender Equality and Empower all Women and Girls

Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world. Bangladesh has already achieved the targets of gender parity in primary and secondary education at the national level. This positive development has occurred due to some specific public interventions focusing on girl students, such as stipends and exemption of tuition fees for girls in rural areas, and the stipend scheme for girls at the secondary level. The Education Assistance Trust Act, 2012 has been passed and the Education Assistance Trust established to benefit the underprivileged meritorious students.

Providing women and girls with equal access to education, health care and representation in political and economic decision-making processes will fuel sustainable economies and benefit societies and humanity at large. While the world has achieved progress towards gender equality and women's empowerment under the Millennium Development Goals, women and girls continue to suffer discrimination and violence in every part of the world.

Gender Equality and Women in Bangladesh

When women empowerment is discussed, the focus remains on

political, economic and social empowerment of women. In the social and economic arena, there is lot of improvements. Role of microcredit has been a real good factor in empowering women because through microcredit programmes women are becoming entrepreneurs. That is a big success for Bangladesh. There is also an increasing number of women MPs in the National Parliament. Now, 20 percent of total seats in the parliament are occupied by women. A challenge in economic arena is low participation of woman in labour force. Unemployment rate among women is also high compared to their male counterparts. Gender gaps in access to education have narrowed, but disparities remain in all levels of education, particularly for the most excluded and marginalized.

Health

The goal related to maternal health (MDG 5) and the MDG related to promoting gender equality and empowering women (MDG 3) are very obviously interrelated. As is increasingly recognised, gender equality is a prerequisite for the attainment of all SDGs, but it will be virtually impossible to achieve improvements in maternal health without reducing gender inequalities. Poor maternal nutritional status forms an important part of these linkages, and is an area that should receive more attention. Gender inequality can be a cause as well as an effect of hunger and malnutrition. Not surprisingly, higher levels of gender inequality are associated with higher levels of under nutrition, both acute and chronic under nutrition.

Education

More girls are now in school compared to 15 years ago, and most regions have reached gender parity in primary education. We have already achieved the targets of gender parity in primary and secondary education. Women have a critical role to play in all of the SDGs, with many targets specifically recognizing women's equality and empowerment as both the objective, and as part of the solution. Access to secondary and university-level education remains highly unequal. Substantial gains have been made towards closing the gender gap.

Employment

Male versus female dropout is a very important area of concern. In rural labor market the growth rate is increasing fast since the year of 2009. There is a structural break in the agricultural wage rate. As a response to that trend, many poor households are in a dilemma whether to continue in the educational stream or to participate immediately in the labour market for wellbeing. The nature of this trend is that it is welfare-enhancing in the short run, but is initiating poverty trap in the long run. The girls are being educated but they have to be made productive part of the labour force. Although female labour force participation is increasing, most of the increase is in the unpaid family work. Their share in the formal and informal wage work is still very low. It is important to put in place gender-responsive labour market policies that would pave the way for more equitable employment outcomes and decent work for all.

Microcredit

Micro-credit, micro-finance and micro-enterprise are now seen as effective poverty alleviation mechanisms, especially for poor women. Many micro-credit schemes specifically target women as they have proven to be very good credit risks with high repayment ratios even with credit at market rates. Proponents argue Improvements in women's role in the household i.e. through the provision of economic resources; a woman may gain a greater voice in expenditure decisions. Increased confidence for women gained not only through the economic success of their business but also through increased access to community services and collective action with other women. Many aspects of gender inequality cannot be dealt with through micro-credit. These include discriminatory labour practices, violence, unequal

division of domestic responsibilities, and educational biases.

Garments Industry

In the economic sphere, women have played a vital role as well, as evidenced by the importance of the ready-made garment (RMG) sector. While the share of men and women employed in manufacturing is roughly the same, the vast majority of RMG sector workers are women – 80-85 percent. And, Bangladesh's economic success in the last two decades is in large part due to the RMG exports to Europe and North America. Garments Industry has played a vital role in empowering women. This has made them confident and has given a strength and status in their family and society. But this is the scenario in the lower middle class only. Women still enter the labour market on an unequal basis to men, even after accounting for educational background and skills. They are often relegated to vulnerable forms of employment, with little or no financial security or social benefits.

Political Participation

Bangladesh has the eighth lowest gender gap in political empowerment in the world. This is partially due to the fact that it has had a female head of state for longer than any other country in the world. The leader of the opposition party is also a female for a long time and now the speaker of the parliament is a female. In addition, the proportion of seats held by women in the national parliament doubled from 10 percent in 1990 to 20 per cent in 2011. Many women are now members of the local government councils that have important responsibilities for rural and urban development. Women's growing presence in the political sphere has had important implications on the family structure. The political culture based on vengeance, distrust and corruption has ideological, political, religious and institutional dimensions that have depicted a negative impact in the society as a whole.

Table : Evolution of gender Gap Index of Bangladesh, 2006-2014

Year	Overall score (Rank)	Economic participation & Opportunity score (Rank)	Educational attainment score (Rank)	Health and survival sere (Rank)	Political empowerment score (Rank)
1	2	3	4	5	6
	Combined	Sub-index			
2014	0.6973 (68)	0.4774 (127)	0.9402 (111)	0.9663 (122)	0.4055 (10)
2013	0.684 (75)	0.495 (121)	0.884 (115)	0.955 (124)	0.403 (7)
2012	0.668 (86)	0.480	0.858	0.956	0.380
2011	0.681 (69)	0.493	0.917	0.956	0.359
2010	0.670 (82)	0.473	0.914	0.956	0.338
2009	0.653 (93)	0.455	0.911	0.950	0.294
2008	0.653 (90)	0.444	0.909	0.950	0.310
2007	0.631 (100)	0.437	0.871	0.950	0.267
2006	0.627 (91)	0.423	0.868	0.950	0.267

Source: The Global Gender Gap Report 2014, World Economic Forum

Table 1 depicts the Gender Gap Index of Bangladesh from 2006 to 2014. According to the Global Gender Gap Report 2014, Bangladesh ranks 68th out of 142 countries with overall score of 0.6973. Its rank was, however, 76th in 2013. In terms of ranking of sub-index, health and survival (0.9663) comes out top, followed by educational attainment (0.9402), economic participation (0.4774) and political empowerment (0.4055) in 2014.

Discrimination and Violence Against Woman

Despite massive work and voice against violence women, it is a common factor in all over the country, although use made impressive progress in other areas. Women have experienced either physical and/or sexual intimate partner violence or non-partner sexual violence. Bangladeshi woman face barriers and disadvantages in nearly every aspect of their lives, including access to health services, economic opportunity, political participation and control of finances. To address gender-based violence the Government of Bangladesh is keen to support on this issue through the implementation of the Domestic Violence Prevention and Protection Act of 2010 and enforcement of existing human rights laws, including the Domestic Violence Act.

Challenges for Women in Bangladesh

- According to the Human Development Index 2011, 58.7% of women participate in the labour Compared to 82.5% of male. Female participation is also concentrated in lower-level jobs and wages are about half of the male rate;
- Though gender parity has been achieved in primary and secondary education enrollment, dropout rates are higher for girls than boys;
- Maternal mortality rate is comparatively still high-194 per 100,000 live births- and only 24% of births attended by skilled health personnel. An estimated 30% of adult women in Bangladesh are malnourished;
- Bangladesh has the unfortunate distinction of persistent early marriage and early bearing which often contribute to high fertility and maternal mortality;
- A number of Laws exist to prevent violence against women but the enforcement of those laws remains major challenge;
- Discrimination actually starts from the family. In the family from the early age the children are bought up experiencing the discrimination, the girls are treated like they are the burden to the family;
- Women are not allowed in decision making of a family or society where as a joint decision may yield better output.

Recommendation for Future Action

In order to broaden the participation of women, reduce gender-based discrimination, improve the status of women and experience their full range of rights and freedom the following strategies should be adopted:

- Decrease the level of violence against women and nurturing its victims;
- Reduce discrimination and ensuring equal access to services;
- Eradicate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation;
- Prevent Child, early and force marriage;
- Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate;
- Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic, public and family life.
- Ensure universal access to sexual and reproductive health and reproductive rights;
- Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws;
- Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.
- Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.
- Help to ensure that daughters are not withdrawn from school to support family-run enterprises or replace women in domestic functions.
- Say no to the discrimination at the family as the first step;
- Build up awareness program from the grass root level. Media can play a vital role in creating mass awareness;
- Our academic Institutions can play a crucial role and this issue can be included in the syllabus;

Conclusion

Ending all forms of discrimination against women and girls is not only a basic human right, but it is also crucial to accelerating sustainable development. It has been proven time and again, that empowering women and girls has a multiplier effect, and helps drive up economic growth and development across the board. Since 2000, UNDP, together with other UN partners and the rest of the global community, has made gender equality a central point of concentration. We have seen remarkable progress since then. The SDGs aim to build on these achievements to ensure that there is an end to discrimination against women and girls everywhere. There are still huge inequalities in the labour market in some regions; with women systematically denied equal access to jobs. Today there are more women in public office than ever before, but encouraging women leaders will help strengthen policies and legislation for greater gender equality. Inclusion of every single person of the society is equally important. The government has set up a SDG cell. There are also different platforms for SDGs. If we all do not work for that or almost half of our population who are women do not work then the progress is impossible. For our breakthrough we should involve all and work together to achieve the SDGs, this will expedite our journey towards Middle Income Country.

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Sustainable Development Goals and Digitalization, Bangladesh Perspective

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Executive Summary

The United Nations have introduced Sustainable Development Goals officially known as “Transforming our world: the 2030 Agenda for Sustainable Development” which is a set of seventeen aspirational "Global Goals" with 169 targets between them. Now as a part of “Digital Bangladesh”, the government of Bangladesh is distributing Smart National ID Card to citizens which would later be used for identity verification while providing services by different government and non-governmental organizations. Now, this study tries to enlighten the readers about key features & security concerns of the Smart NID Card introduced by the Government of Bangladesh in lights of Goal 16 of Sustainable Development Goals.

Key Words

Millennium Development Goals, Sustainable Development Goals, Sustainability, Identity Theft, Identity Fraud, Money Laundering, Terrorism, Database, Security, PIN Code, Vulnerability, Threat & Hacking.

Introduction

The United Nations have introduced Sustainable Development Goals officially known as “Transforming our world: the 2030 Agenda for Sustainable Development” which is a set of seventeen aspirational "Global Goals" with 169 targets between them. Now, as a part of “Digital Bangladesh”, the government of Bangladesh is distributing Smart National ID Card to citizens which would later be used for identity verification while providing services by different government and non-governmental organizations which will be the fulfillment of the Target of “providing legal identity for all” of Goal 16: Peace, Justice and Strong Institutions introduced by the United Nations. However, in the light of the Bangladesh Bank heist that took place in February 2016 and numerous other fraud activities, Identity Theft and Identity Fraud has become an alarming topic mitigating which also falls under the target of reduction of violence and crime and strengthen of recovery and return of stolen assets of Goal 16: Peace, Justice and Strong Institutions.

Sustainable Development Goals

Sustainability can be defined as the practice of maintaining processes of productivity indefinitely—natural or human made—by replacing resources used with resources of equal or greater value without degrading or endangering natural biotic systems. Sustainable

development is defined as a process of meeting human development goals while sustaining the ability of natural systems to continue to provide the natural resources and ecosystem services upon which the economy and society depends. Sustainable development is the organizing principle for sustaining finite resources necessary to provide for the needs of future generations of life on the planet. It is a process that envisions a desirable future state for human societies in which living conditions and resource-use continue to meet human needs without undermining the "integrity, stability and beauty" of natural biotic systems.

The Sustainable Development Goals (SDGs), officially known as "Transforming our world: the 2030 Agenda for Sustainable Development" is a set of seventeen aspirational "Global Goals" with 169 targets between them. It is a broader intergovernmental agreement that, while acting as the Post 2015 Development Agenda builds on the Principles agreed upon under Resolution A/RES/66/288, popularly known as The Future We Want

The 17 "Aspirational Global Goals" are:

1) End poverty in all its forms everywhere
2) End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3) Ensure healthy lives and promote wellbeing for all at all ages
4) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5) Achieve gender equality and empower all women and girls
6) Ensure availability and sustainable management of water and sanitation for all
7) Ensure access to affordable, reliable, sustainable and modern energy for all
8) Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
9) Build resilient infrastructure, promote inclusive and

"SMART NATIONAL ID CARD IN A MILESTONE TOWARDS ACHIEVING DIGITAL BANGLADESH FOR THE PRESENT GOVERNMENT AS IT WILL EASE THE PROCESS OF GETTING DESIRED SERVICES FROM BOTH GOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS BUT ALSO ACHIEVING THE TARGETS OF GOAL 16 OF THE SUSTAINABLE DEVELOPMENT GOALS INTRODUCED BY THE UNITED NATIONS. HOWEVER, IF PROPER SECURITY SYSTEM IS NOT MAINTAINED TO ENSURE REDUCTION OF CRIME (WHICH IS A TARGET OF THE GOAL 16 OF THE SUSTAINABLE DEVELOPMENT GOALS INTRODUCED BY UNITED NATIONS) MANY CITIZENS CAN FALL VICTIM OF IDENTITY THEFT AND IDENTITY FRAUDS JUST SIMILAR TO THOSE FACED BY THE CITIZENS OF UNITED STATES OF AMERICA."

sustainable industrialization, and foster innovation

10) Reduce inequality within and among countries

11) Make cities and human settlements inclusive, safe, resilient and sustainable

12) Ensure sustainable consumption and production patterns

13) Take urgent action to combat climate change and its impacts (taking note of agreements made by the UNFCCC forum)

14) Conserve and sustainably use the oceans, seas and marine resources for sustainable development

15) Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss

16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

17) Strengthen the means of implementation and revitalise the global partnership for sustainable development (UN website)

Out of the above 17 goals, we would only highlight the Goal 16 (Peace, Justice and Strong Institutions) in this article.

Goal 16: Peace, Justice and Strong Institutions

Goal 16 thrives to achieve peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. The targets of this goal include

- Significantly reduce all forms of violence and related death rates everywhere
- Promote the rule of law at the national and international levels and ensure equal access to justice for all
- By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
- By 2030, provide legal identity for all, including birth registration
- Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
- Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime

From the above list, we can conclude that United Nations has identified that providing legal identity to all the citizens of the country is one of major requirements for building a "Future We Want" by 2030.

Fierce Effects of Identity Theft and Identity Fraud

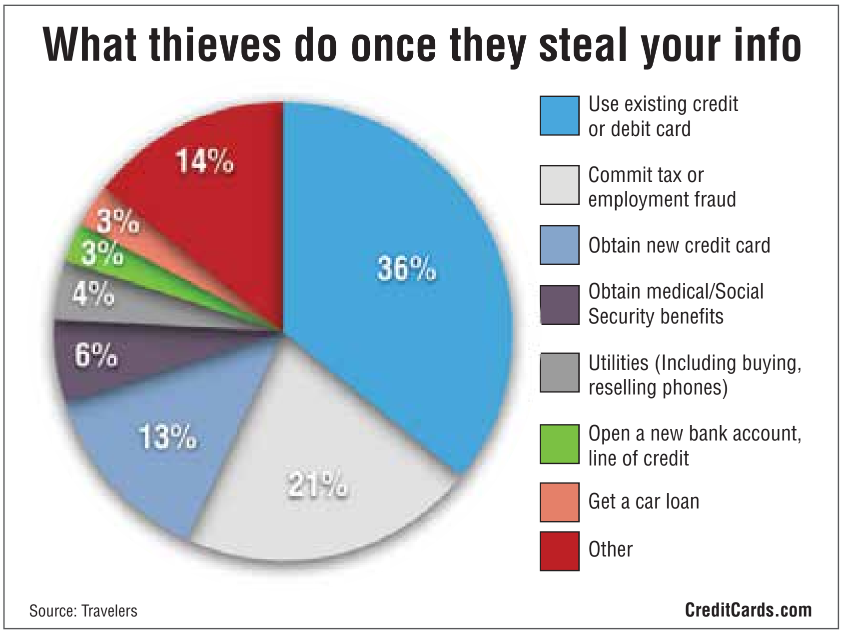
If a perpetrator has gained access to the Smart National ID Card or the data stored in via hacking any key components of the Smart Card system, s/he can then use the data of the citizen to create an artificial person by creating fake bank accounts, BO Accounts, TIN, BIN, Social Network accounts and even company in the name of the seemingly innocent citizen and thereby violate any of the following acts, rules and regulations very easily:

1.1 Under Money Laundering Prevention Act, 2012

1.2 Under Income Tax Ordinance, 1984

1.3 Under Income Tax Ordinance, 1984

1.4 Under Information and



Communication Technology Act, 2013

1.5 Under Penal Code, 1860

1.6 Under Anti-Terrorism Act, 2013

Steps by Government to Prevent Identity Theft and Identity Fraud

Reduction of violence and crime and strengthening of recovery and return of stolen assets is one of the target of Goal 16: Peace, Justice and Strong Institutions. Therefore, the government should take steps to ensure that the probability of Identity theft and Identity Fraud decreases significantly. The following steps can be taken:

1. **Steps to Ensure Database Security**

o Access Controls and Authorization Steps

o Secure Communications

o Application Usage of the Database

o Log and Event Review

o Auditing

2. **Steps to Ensure recovery and return of stolen assets**

The government should take steps to ensure quick recovery and return of stolen assets:

- Forming an expert committee which should include knowledgeable members
- Strict implementation of laws and regulations
- Building good relationship with other countries and their institutions such as ministry, central bank and others
- Forming a good relationship with The Stolen Asset Recovery Initiative (StAR) financed by the World Bank and UNODC

Steps by Citizens to Prevent Identity Theft and Identity Fraud

A citizen should take following preventive steps to protect her/himself from identity theft:

a. Secure Smart National ID Card Number

b. Stop responding to unsolicited requests for personal information

c. Checking and collecting mails on a regular basis

d. Review receipts.

e. Shred receipts, credit offers, account statements, and expired cards

f. Install firewalls and virus-detection software on computer

Measurements for Aggrieved Citizen

a. Call the companies where you know fraud occurred;

b. File a report with your local police department

c. Report identity theft to Bangladesh Bank; and

d. Appoint a lawyer to help him/her to prove that s/he has become a victim of Identity Fraud

e. Obtain new credit cards and destroy the old ones.

Conclusion

For achieving the 17 coveted goals Bangladesh is left with 14 more years which is a good amount of time, but as it has performed excellently in attaining the MDGs it is very hopeful that Bangladesh will achieve the SDGs as well by way of deployment of numerous economic methods and ensuring utilization of its limited resources viz. land, human capital, cash and loans/grants capital, energy, and administrative machineries without corruption and political disturbances. Digitalization of Bangladesh will eradicate a lot of financial and administrative corruption and expedite development by boosting GDP and per capita income and ensuring equal distribution of national income and wealth thereby eradicating poverty totally. Smart National ID Card in a milestone towards achieving Digital Bangladesh for the present Government as it will ease the process of getting desired services from both governmental and non-governmental organizations but also achieving the targets of Goal 16 of the Sustainable Development Goals introduced by the United Nations. However, if proper security system is not maintained to ensure reduction of crime (which is a target of the Goal 16 of the Sustainable Development Goals introduced by United Nations) many citizens can fall victim of Identity Theft and Identity Frauds just similar to those faced by the Citizens of United States of America. Therefore, security steps should be taken at both institutional stage and also at personal stage to get the full benefit of the Smart National ID Card in order to enjoy the full benefit of the card.

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Climate Change: Risking SDGs

Mohammad Zahid Hossain FCA

"We are the first generation to be able to end poverty, and the last generation that can take steps to avoid the worst impacts of climate change. Future generations will judge us harshly if we fail to uphold our moral and historical responsibilities."

-Ban Ki-moon

(Born: June 13, 1944)

Secretary-General, United Nations

"Climate Change" and "Global Warming" are two critical and interrelated issues which are posing severe threat for the human civilization of this globe. Changing of average temperate of the world will rigorously affect environment and put billions of people across the globe at severe risk. This will impact the global economic stability and improvement of socio economic condition of this planet. 17 points under Sustainable Development Goals (SDG) set by United Nations will not be possible to achieve by 2030 if all the countries cannot deal collectively with the Climate Change issue.

Human activities have released large amounts of gases such as carbon dioxide and methane into the atmosphere. The vast majority of these gases have come from the burning of fossil fuels, industrial processes and deforestation. As a consequence of it, snow and rainfall patterns are shifting, heat waves and heavy rainstorms etc. are already taking place. Projections for the 21st century show that global warming will accelerate with predictions of the average increase in global temperature ranging from 1.8°C to 4°C. The planet's oceans and glaciers have also experienced changes: oceans are warming and becoming more acidic, ice caps are melting, and sea levels are rising. Global sea level has risen approximately 7.5 inches, on average, over the period since 1870. This rise has already put coastal communities and infrastructure at risk, including water supply and energy infrastructure, evacuation routes, ports, tourism, and fishing sites, communities and ecosystems. By the year 2100, sea level is projected to rise another one to four feet. Rising seas and more frequent coastal storms make the associated storm surge and flooding events more destructive.

According to the Climate Change Vulnerability Index (CCVI), 67 countries whose estimated combined output of $44 trillion (58% of global GDP) will come under increasing threat from the physical impacts of more frequent and extreme

climate-related events. Direct effect of climate changes on nature are mainly severe storms, flooding or drought. Climate Change Vulnerability Index (CCVI) also reveals that the economic impacts of climate change will be most keenly experienced by Bangladesh (1stand most at risk). A research reveals that business as usual emissions throughout the 21st century will decrease per capita GDP by 23% below what it would otherwise be, with the possibility of a much larger impact. Countries with an average yearly temperature greater than 13°C (55°F) will see decreased economic growth as temperatures rise.

Experts are constantly focused on the consequence of climate change and estimating its economic loss if the collective effort fails to stop the ongoing trend of climate change. The major causes responsible for significant losses are as follows:

- Sea-level rise, floods, droughts, wildfires, and extreme storms require extensive repair of essential infrastructure such as homes, roads, bridges, railroad tracks, airport runways, power lines, dams, levees, and seawalls.

- Climate Change causes the distortion of biodiversity which has ultimate implications for production, food security and food safety particularly in developing countries. Crop production is extremely susceptible to climate change. It has been estimated that climate changes are likely to reduce 5–15% yields of crops as currently grown although, notably, effects are expected to differ widely in different parts of the world. If developing countries are required to import food stuffs, their usual economic development will be sluggish. Moreover, production of animal and fish will also be directly and indirectly affected by climate change. In Bangladesh, Agriculture is a key economic driver which accounts for nearly 19 percent of the GDP and 51 percent of the labor force. Since economy of many countries including Bangladesh is largely dependent on agriculture,

> "GLOBAL WARMING IS LIKELY TO INCREASE THE NUMBER OF "CLIMATE REFUGEES"—PEOPLE WHO ARE FORCED TO LEAVE THEIR HOMES BECAUSE OF DROUGHT, FLOODING, OR OTHER CLIMATE-RELATED DISASTERS. MASS MOVEMENTS OF PEOPLE AND SOCIAL DISRUPTION MAY LEAD TO CIVIL UNREST AND OTHER UNINTENDED CONSEQUENCES. BIODIVERSITY WOULD BE REDUCED IN SOME OF THE MOST FRAGILE ENVIRONMENTS (LIKE SUNDARBANS) IN BANGLADESH WHICH WILL FORCE MANY PEOPLE TO MIGRATE TO OTHER PLACES."

reduction of agricultural production amid the increasing demand of food will shrink their economy. An emerging environmental health threat is the decline in global freshwater resources caused mostly by increasing rates of water extraction and contamination. Some African countries including Sudan are experiencing the serious effect of Climate change. More intense droughts and failed rains have ruined harvests and also affected livestock. The cows that used to grow big and strong are skinny and often farmers are forced to sell them off!

- Disruptions in daily life related to climate change can mean lost work and school days and harm trade, transportation, energy production, and tourism. Severe rainfall events and snowstorms can cause power outages, snarl traffic, delay air travel, and otherwise make it difficult for people to go about their daily business. Climate-related health risks also reduce productivity, such as when extreme heat curtails construction, or when more potent allergies and more air pollution lead to lost work and school days.

- Global warming is likely to increase the number of "climate refugees"—people who are forced to leave their homes because of drought, flooding, or other climate-related disasters. Mass movements of people and social disruption may lead to civil unrest and other unintended consequences. Biodiversity would be reduced in some of the most fragile environments (like Sundarbans) in Bangladesh which will force many people to migrate to other places.

The below initiatives can be effective to reduce the level of damage with regard to Climate Change:

- Educating people on the vulnerability of Climate Change issue
- Introduction of law and strict enforcement thereof
- Research, development and deployment of environment friendly new technologies
- Conservation of environment by all means
- Efficient use of energy
- Using of renewable energy
- Transportation causes greenhouse gas emissions. So habit of walking or cycling to be developed
- Garbage buried in landfills produces methane, a potent greenhouse gas. Keeping stuff out of landfills by composting kitchen scraps and garden trimmings, and recycling paper, plastic, metal and glass.

In Bangladesh, alleged reckless business decisions of Corporates are injuring the environment in many ways. Waste Management process in RMG & dyeing factories, Tanneries, hospitals etc. are not meeting international standards which has been creating fatal pollution to the environment. Such corporates are not realizing the importance of renewable energy. In decision making process of procurement of commercial vehicles, estimated amount of carbon to be emitted is ignored. Professional Accountants of Bangladesh can flag the serious consequence of mishandling of environment to the Board of Directors of the Corporates. They can also assist Government and Statutory bodies in formulating pro-business laws to protect the environment. CFOs should ensure that only "Green" Business Plans are forwarded to the Board for approval. Every single business action should be checked by CFO as to if it spoils the biodiversity.

We may wonder that individual's tiny carbon footprint never impacts the large frame of climate change. An individual might feel like his lifestyle is insignificant compared to things like oil extraction or vehicle emissions. Yet the choices we make in our day-to-day life — how we handle waste, what we eat, how we live — play a major role in slowing climate change. Collective tiny efforts of billions of people can save this beloved planet for us as well as our next generations.

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Convergence-Divergence of Accounting Standards
-An Inference from the Extant Literatures

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Abstract

As epitomized by the long delay, harmonization of financial accounting standards for external reporting purposes has always been an issue of simultaneous desire and debate. Thanks to the Norwalk Agreement, the convergence process is in a rigorous stage now making remarkable progress. Proponents of a uniform single set of standards are overwhelmingly satiated with the process, anticipating more comparable, reliable and relevant financial information that plays the catalytic role for advanced capital markets. On the contrary, grey areas of convergence are also in existence in parallel with the positive effects as evidenced by a plethora of research works and scholarly notes. Inevitably, more in-depth and focused research is the prerequisite to reach to a conclusion to this convergence-divergence controversy. This paper aims to ponder and look into various issues of this dispute based on different erudite studies to this end.

Keywords

Accounting Standard, Convergence, Divergence, Comparability.

Introduction

In line with the business and regulatory setting, every country had its own national accounting standards though business is a global phenomenon intertwined with another country in international setting; worthy running of which necessitates accounting as the information provider. That diverge accounting standards reduce the quality and the relevance of accounting information was strongly advocated by the proponents of convergence of standards (Leventi, 2009). Backed by all these arguments in mind, these protagonists of harmonized international standards claimed that if all firms follow the same set of accounting standards, external financial reports of firms will provide more uniform disclosures and more useful accounting information (Purvis et al, 1991). Obviously this uniformity will be practiced by upholding the idiosyncrasies of each national accounting system. Moreover, easier accounting control will be ensured through this process (Leventi, 2009). Leveraging the above arguments, advanced capital markets were in a pressing need for the harmonization of accounting standards. The result was: many countries of the world adopted

International Accounting Standards (IASs) in their accounting system. But the big leap came in September, 2002, when the FASB and the IASB signed the Norwalk Agreement, just couple of months before the passage of the Sarbanes Oxley Act, 2003, which obliged them to work on convergence of their accounting standards. Currently the project is in full swing and progress is being made. But questions remain: Does harmonization bring all good? Or, are divergent accounting standards all bad? To be succinct: there is no clear cut answer to this end as we can see a great deal of works on advocating divergent accounting standards. Hopefully, this article is going to shed light on this convergence-divergence controversy based on extant literatures.

Backdrop of Convergence of Accounting Standard

Attempt towards a single set of accounting standards was first made in late 1950s (Ambily, 2013) when economic activities around the world increased significantly. International trade and foreign investments throughout the globe took sharp up-turn after the World War II which ultimately made many companies to establish their business beyond national boundaries. Such cross border business activities rendered the need for single set of accounting standards leading to meaningful comparisons of financial information over different economies. The primary aim of having a uniform accounting standards was to reduce the differences among accounting principles so that major bourses around the world can have comparable accounting information. However, during 1990s impetus for single set of accounting standards gain momentum where only one set of standards would be used in all of major capital markets. Thus, it can be inferred that before 1990s harmonization of accounting principles was emphasized more rather than having a single accounting standards.

Currently, the two major accounting standards in the world are IFRS and US GAAP. IFRS are issued by IASB and for US GAAP two organizations, FASB and SEC, are primarily responsible. The principal reason for shedding light on these two standards is a large number of countries now follow IFRS and being the largest economy of the world

> JUDGMENT IS THE HALLMARK OF PROFESSION (JAMAL ET AL, 2008). THUS, ACCOUNTING PRACTICE IS INHERENTLY BETTER SERVED BY A MIX OF CONCEPTS AND EXPEDIENT CONVENTIONS AND DESIGN AND EVOLUTION (SEE DOPUCHAD, SUNDER, 1980). AGAIN, IT IS NOT POSSIBLE TO MAKE RULE FOR EACH AND EVERYTHING BECAUSE IN MOST OF THE CASES RULES REFLECT THE PAST EVENTS NOT THE FUTURE. WHEN IT IS NOT POSSIBLE TO WRITE A RULE THAT WILL IMPROVE THE STATE OF AFFAIRS COMPARED TO A JUDGMENT BASED SYSTEM, THE LAW TENDS TO LEAVE THE JUDGMENT IN PLACE.

compliance with US GAAP is of high interest by many multinational companies. The following discussions will briefly highlight the attempts taken by IASB and FASB towards common accounting standards.

Attempts by IASB for Convergence

The International Accounting Standards Committee (IASC), the predecessor to the International Accounting Standards Board (IASB), was established in 1973 with the goal of developing accounting standards and promoting them internationally and by 1987 the IASC had issued 25 standards. Besides, Ajibade (2011) argue that in1973, the International Accounting Standard Committee (IASC), the professional accounting bodies of major countries comprising UK, Ireland, United States (US), Australia, Canada, France, Germany, Japan, Mexico, Netherlands agreed to develop a uniform set of accounting principles that would be applicable globally.

Membership of IASC expanded to 140 professional bodies including the International Federation of Accountants (IFAC). Because of globalization and to address comparability issues, IASC was restructured leading to the creation of International Accounting Standard Board (IASB) that issues IFRSs. In 2002, the European Union (EU) became the first major capital market to require IFRS with their adopted legislation requiring all listed companies to prepare their financial statements using IFRS starting in 2005.

Attempts by FASB for Convergence

During the 1990s, the FASB developed its first strategic plan for international activities and significantly expanded the scope of its collaboration with other standard setters ("A Brief History"). In 1991, the FASB issued its first formal plan for international activities. The plan described the ultimate goal of internationalization as abody of superior international accounting standards that all countries accepted as GAAP for external financial report. The US Congress and the Securities Exchange Commission (SEC) also became involved in the issue of international accounting standards in the 1990s. In 1966, the US Congress passed the National Securities Markets Improvement Act of 1996 and section 509 of the law dealt with promoting the global preeminence of American Securities Markets.

Joint Effort by IASB and FASB Towards Convergence

In September 2002, the FASB and IASB met and agreed to work together to improve and converge US GAAP and IFRS which eventually resulted in the "Norwalk Agreement". "The Norwalk Agreement set out the shared goal of developing compatible, high-quality accounting standards that could be used for both domestic and cross-border financial reporting.

The IASB and FASB signed a memorandum of understanding in 2006 which laid guidelines on their convergence projects and set short-term goals such as to issue converged standards on business combinations by 2008 (FASB, 2006). Work towards the goals was reviewed in 2008, and a progress report published that also set out subsequent steps for each convergence topic. The FASB and IASB met again in 2009 and agreed to "intensify their efforts" in working towards the goals of the memorandum of understanding, while laying down future plans and targets.

Rationale of Convergence

The convergence of accounting standards was of very great benefit in bringing a common platform of evaluation for international investment. The most important point was that by adopting common decision-making criteria and providing investors and creditors and others with the information they require for making forecasts and judgments about the future, the efficiency of markets is improved. If accounting information is more reflective of economic reality, and more transparent, the risk in investment is reduced and the returned required is reduced also, to the benefit not only of the company but of society as a whole.

The implementation of common accounting standards reduces the information asymmetry between informed and uninformed investors (Bushman and Smith, 2001). This smooths the communication between managers and other related interested parties and as a result reduces the related agency costs that might otherwise arise (Bushman and Smith, 2001; Healy and Palepu, 2001). Lower information asymmetry also leads to lower costs in issuing equity capital (Glosten and Milgrom, 1985; Diamond and Verrechia, 1991) and debt (Clarkson et al, 1996; Sengupta, 1998; Botosan and Plumlee, 2002). The practice of international accounting standards provides national and international decision makers with a relatively homogenous information product that is comparable and reliable. Also, this process is expected to improve the quality and credibility of accounting information and improve the flow of capital and investment, resulting in economic development (Zeghal and Mhedhbi, 2006). From convergence, the following benefits can be derived-

- Comparability: Financial statements should allow a user to make predictions of future cash flow, make comparisons with other companies and evaluate management performance. In order to make inter-company comparisons, as performance, progress and trends, investment decision-makers must be supplied with relevant and reliable data that has been standardized. Comparisons would be valueless if companies were permitted to select accounting policies at random, or to “cherry pick” policies with the intension of disguising changes in performance and trends;

- Credibility: Uniformity of subjective treatment is essential if financial reports are to disclose a true and fair view;

- Influence: The process of formulating standards should facilitate a constructive appraisal of the policies being proposed for individual reporting problems, thereby stimulating the further development of the conceptual framework; and

- Discipline: Mandatory standards encourage a systematic ongoing regulation, that acts as a credible framework for those who rely on the annual accounts when making credit, loan and investment decisions.

Why the Standards should not be Converged?

A great deal of works has been done on convergence of accounting standards globally; mostly on IFRS & US GAAP. On the contrary, arguments opposing convergence rather advocating diverse accounting standard and thus dreaming a competitive regime of standard setting, are very few. Most of the repartees on this issue have come out from the scholarly sentences of Shyam Sunder, followed by Karim Jamal and others. Precisely, their works highlighted the issues described henceforth in support of diverse accounting standards.

Accounting Literacy of the Users

The inception of accounting is the outcome of social need. But not all the stakeholder possess the desired/same level of accounting intellect. People expect an unambiguous score for corporations, just as they do in a soccer game. Attempts to explain the ambiguity of scores are perceived as prevarication, incompetence, chicanery or worse. Beliefs in unidimensionality and uniqueness of corporate performance are widespread. Accountants should educate the public instead of pardoning to ignorance and misunderstanding (see Sunder, 2002). Hence it’s of no value, whether uniform or diverse accounting standards are in

practice, if the users of accounting are not literate enough to understand accounting numbers.

Diverse Business Environment

Just put forward a question-standard is for the business, or the business drives the standards? Very naturally, Business comes first not the standard. The meaning and import of accounting numbers depends on the economic environment in which a firm operates. Environments of business vary not only across countries but also within economics and industries. Forcing uniformity on firms in different environments focuses on form instead of substance of financial reporting (Sunder, 2002). But, substance is more important than its legal form, which will again be attested by the auditors- already in a competitive regime. Internationally, countries compete for attracting industry, banking and maritime registration through a choice of regulatory framework attractive to business firms, banks and shipping business (See Esty and Geradin, 2001; Kane, 2000). A single standard for banks, environment and ships can be less efficient than competitive standards (Sunder, 2002). A similar argument is applicable to financial reporting (Betta, 2001).

Which Standard is the Best One?

Sunder (2002), argues that no standard setting body has information to confidently assess the consequences and relative merits of accounting standards. Experimentation with alternatives in a competitive regulatory environment generates data to help identify desirable accounting standard. Standard setters face an information barrier in identifying efficient standard (Sunder, 2002). But a competitive standards regime can integrate the relevant information from various sources and use it to set standards in an efficient and incentive – compatible fashion. In spite of that which one is the best standard will remain inconclusive. A single set of standard and the authority to write that set being given to a single regulatory body run the risk of getting stuck with a bad standard. Here, before we enforce a single set of standards everywhere, we should ensure that it is the best standard. But, is it possible? The answer is emphatic, "No". For example, value relevance studies (e.g. Alfred et. al. 1993; Pope and Walker, 1999) have found that countries with similar accounting standards (the Anglo-Saxon countries) have similar market correlation with reported accounting numbers.

Less than Quality Standard

Convergence will lead to rise of monopoly, in fact super monopoly, in standard setting. A monopoly standard setting regime will result into less efficient and low quality standards. For example, since the rules promulgated by the FASB and the SEC are the only game in the town for all publicly traded firms in the US, the rule making bodies come under heavy lobbing pressure from various interest groups. (Sunder, 2002). As the only setter of accounting standards, the FASB tries to satisfy all its constituencies', but it is not always possible to do so. (Sunder, 2002). The only available alternative is:

compromise with quality. And compromise with the negotiations of the standards often leads to a "lowest common denominator" approach (Obazee, 2008). Moreover, a monopoly regime will be less responsive to market demand. Moreover, competition is the best known catalyst for efficiency, innovation and keeping things simple (Stella et al, 2007). Also, there is significant evidence that competing standards does not mean no standard and a great deal of pertinent analysis and evidence on the economic efficiency of competitive regulatory regime is already available in accounting economics, environment, finance and legal scholarship. (Sunder, 2002).

Impact on Financials

The ultimate goal of financial reporting is to maximize shareholders value. If properly adapted, standard can lower cost of capital of the firm and increase the value of the firm. But a monopoly standard setter is unable to use the cost of capital criterion to choose standards, because, the monopolist does not have the opportunity to observe and compare the cost of capital consequences of alternative proposals (Sunder, 2002). Leug (2001), Botosan (1997) and Botosan and Plumlee (2000) did several works on the impact on the cost of capital due to the choice of accounting standard. These estimates suggest that the cost of capital related to differences in disclosure policy chosen by the firms with US GAAP is within the range of 0.2-0.5%. Hail (2010) found even stronger results for Swiss companies. Bhattacharya et al. (2002) find that in their analysis of panel data from 34 countries, and increase in earnings capacity from 25 to 75 percentile rank is associated with an increase of about 30% in the cost of capital. These studies suggest that the relationship between financial reporting and cost of capital may be complicated (Sunder, 2002). Keeping these in view, Sunder (2002) suggested experimentation with a variety of reporting systems to identify efficient standards backed by the argument that competitive interactions among standard- setters, business firms and investors across the globe will lead us to better accounting practices and standards to lower cost of capital. Even Ball et.al (2000) and Ball et.al (2003) have reported evidence suggesting that quality of accounting numbers varies significantly among countries that have adopted IFRSs.

Consequences on Higher Education

Theory abstracts the reality. Here academic discipline should take into cognizance the practice in a bid to flourish academic research to have new knowledge. For example, the entities which are not keeping accounts in accordance with the standard cannot be discerned that they are far out of the goal of financial reporting. But, single standard allegiance will ignore this very nourishing ground of having better standard by limiting the research in academic area. Because accounting is a social science, evolving over time commensurate with need of the society. Ironically, a large part of what is being written today in accounting books and research journals concerns the action of standard setters and increasingly our thought processes about accounting are centered on what regulation and standard writers do (Sunder, 2007). Echoing the devastating consequences on higher education, Jamal et.al (2008), concerned--"Accounting has largely become a service activity in M.B.A. programs and it is now rare for an MBA student to major in accounting. An increased focus on asserting authority (e.g., a GAAP hierarchy) as the basis of applying and understanding accounting standards reduces the intellectual stimulation of accounting education and drives talented students to other fields." In a prescient paper published in 1953, Professor, Baxter anticipated that one consequence of the increased standardization of accounting and deference to authority would be diminishment not only on professional judgment but also of accounting education. (Baxter, 1953).

Credibility as a Profession

Judgment is the hallmark of profession (Jamal et al, 2008). Thus, accounting practice is inherently better served by a mix of concepts and expedient conventions and design and evolution (see Dopuchad, Sunder, 1980). Again, it is not possible to make rule for each and everything because in most of the cases rules reflect the past events not the future. When it is not possible to write a rule that will improve the state of affairs compared to a judgment based system, the law tends to leave the judgment in place. Beside that in order for something to be a social norm it, it must have consensus, not just majority support (Sunder, 2007). Even every Act contains one Para- "Notwithstanding anything contained." This simply exemplifies the reasonable doubt indeed. In fine, Accountants can expect to be considered professionals as long as they, like physicians and lawyers, must use judgment to make decisions. (Sunder, 2007).

Challenges of Convergence

Apart from a plethora of ripostes supporting the prevalence of divergent accounting standards, different other factors lie in the path of convergence of accounting standards. These include, but not confined to, as the researches have revealed, presence of cultural diversity embedded with resistance to change and costs of transition from older standards to newly adopted converged standards.

We know, culture is the basic values that and individual may hold, plays a large part in determining institutional form and practices that lead to standards (Hofstede, 1980). According to findings, as some countries may have differing auditing cultures, firms in some countries with more lax auditing cultures may be more willing to depart from a unique set of standards (Haster Lam, 2015). More crucial is, standard areas that require a large amount of judgment will largely be inconsistent with differing cultures.

Due to convergence, the standard setting bodies in parallel with the adopting business entities have to incur additional costs, both one-off and recurring, to adapt with the new standard in lieu of old standard. For example, the switch from US GAAP to IFRS will likely cause US investors five trillion dollars related to switching costs, training and education as well as resulting value of market capitalization according to David Albrecht in 2008 (Massoud, 2009). Finally with different standards, institutions and organizations must reevaluate their internal controls and change them so that they comply with IFRS instead of their old standards (Hail et al, 2010).

Other impending factors might include, political will, level of nationalism, regulatory framework, governance system, functioning of capital market etc.

Conclusion

In fact, no conclusive evidence is available to certify whether harmonization is all good or all bad. In the short run, it seems to usher a new era in financial reporting, but the ultimate judgment should be left with the long run. Cultures, the nature of business ownership, the level of accounting education etc. in different countries are set to obstruct the convergence of the standards (Chand et al, 2008). Besides, strong and pertinent views and research findings promoting diverse accounting standards deserve not be rejected outright. The only solution is: more and more research to this end.

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Rationality and Status of Corporate Sustainability Reporting Through Compliance with the UN Global Compact

-Bangladesh Steps Towards the Achievement of SDGs

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Abstract

Corporate sustainability is imperative for business today and it is essential to long-term corporate success. In a growing trend, countries have begun requiring companies to report their environmental, social, and governance performance. This paper highlights the universally accepted framework for sustainability reporting - the UN Global Compact, its main features and its compliance status. The research combines both the scenario of International participants and the participants from Bangladesh. We found that in line with the International arena, Bangladesh is also trying to keep pace with the UN Global Compact framework, as a means to the achievement of Sustainable Development Goals. A considerable number of companies both from the business and non-business sectors are coming under the umbrella of UN Global Compact framework, preparing sustainability reports and assisting in the accomplishment of SDGS.

Key Words

Corporate Sustainability, UN Global Compact, Sustainable Development Goals (SDGs), Communication on Progress (COP), Communication on Engagement (COE), Business participants, Non-business participants, Global Compact Local Network.

Introduction to Corporate Sustainability and UN Global Compact

In general, corporate sustainability is a business process that creates long-term consumer and employee value by forming a "green" strategy aimed toward the natural environment and considers every dimension of social, cultural and economic environment where a business operates. It is basically the advanced level of traditional phrases describing ethical corporate practice that is Corporate Social Responsibility (CSR).

The United Nations Global Compact is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. These principles are

derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

The UN Global Compact was announced by then UN Secretary-General Kofi Annan in an address to the World Economic Forum on January 31, 1999 and was officially launched at UN Headquarters in New York on July 26, 2000. On 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development — adopted by world leaders in September 2015 at an historic UN Summit — officially came into force.

Literature Review

A considerable number of works have been done in the area of sustainable business, sustainability reporting and sustainable development goals. Research has been done about the needs, rationalities and practices of sustainability reporting and the discussion and the compliance of some guidelines such as UN Global Compact, GRI and some local frameworks.

Ans Kolk (2003) analysed to what extent and in what form the trend towards non-financial reporting, which started in the 1990s, has continued in the 21st century. He presented both trend and panel data of the Fortune Global 250, a renowned multinationals company, in 1998 and 2001, showing a continued and significant rise of sustainability reporting. He also concluded that in Europe and Japan, the 'sustained' nature of sustainability reporting is accompanied by regulatory requirements and government encouragements.

Irja vormedal & Audun Ruud (2006) explored the influence of societal, political and regulatory characteristics and developments in the quality of corporate sustainability disclosures in Norway. The paper presented an assessment both of mandatory reporting under the Norwegian Accounting Act, and of voluntary reporting in annual and separate non-financial reports, by the 100 largest firms in Norway.

"BANGLADESH LOCAL NETWORK AND ITS PARTICIPANTS ARE CONTRIBUTING TO ACHIEVEMENT OF SDGS BY INCREASINGLY PUBLISHING SEPARATE SUSTAINABILITY REPORTS, ARRANGING AND PARTICIPATING IN DISCUSSIONS COVERING SDGS IN THE AGENDA AND FACILITATING PARTNERSHIPS. ALL THESE SUGGEST THAT BANGLADESH IS MOVING TOWARDS BECOMING A COUNTRY THAT VALUES ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS. THIS ALSO MAKES OUR BUSINESSES MORE TRANSPARENT TO THEIR STAKEHOLDERS."

Luis A. Perez-Batres, Van V. Miller, Michael J. Pisaniwe (2009) explored the 'causal' mechanisms of institutionalization and their influence on Sustainable Development initiatives. They studied the registration patterns of 394 large corporations from 12 Western European and Latin American countries into the United Nations Global Compact.

Andreas Rasche (2009), said that UN Global Compact represents the world's largest network-based voluntary corporate citizenship initiative. The term 'corporate citizenship' is adopted here from the literature as a descriptor for a voluntary change of business practices to meet the responsibilities imposed on firms by their stakeholders. In a more radical way, Sethi argues that the Compact provides a venue for opportunistic companies to make grandiose statements of corporate citizenship without worrying about being called to account for their actions'.

Hens Runhaa & Helene Lafferty (2009) concluded that a differentiation of norms for GC members is expected to enhance the contribution of the GC to CSR strategy employment, not only for frontrunner companies but as well for other categories of companies. Ans Kolk, Pan Hong, Willemijn van Dolen (2008), emphasized on the study and research of sustainability reporting in the Chinese context.

John Dumay, James Guthri & Federica Farneti (2010) This article provides a critique of the Global Reporting Initiatives (GRI) guidelines, sustainability reporting (SR) guidelines and also examines their applicability to public and third sector organizations.

F. Birkin, A. Cashman, S.C.L. Koh, Z. Liu (2007) explored the need to establish new sustainable business models in China and uses multiple objectives to examine in a sample of Chinese companies the reality of the level of sustainable development, environmental awareness and performance, community responsibility, performance barriers and drivers and other sustainability issues.

Rudiger Hahn & Michael Kuhnen (2013) provided a review of 178 articles dating from 1999 to 2011 from journals related to business, management, and accounting. They identified what determinants of sustainability reporting are and the inconsistencies, gaps, and opportunities for future research. They specifically illuminated factors influencing the adoption, the extent, and the quality of reporting. They found an otherwise often missing link to theory (especially legitimacy, stakeholder, signaling, and institutional theory).

In recent times more research is coming in the field of sustainability based on many frameworks.

1.2 Objectives of the Study

The aim of this paper is to have an insight into one of the most common framework for sustainability reporting - the UN Global Compact, detail the main attributes of the Compact and provide a picture of how the countries are responding to it through participation. We also explored the efforts of some Bangladeshi participants from different sectors in the implementation of the UN Global Compact as a means to meeting the end - the achievement of Sustainable Development Goals.

1.3 Methodology of the Study

We analyzed the UN Global Compact on an empirical basis. This is mainly a qualitative study and also a quantitative one to some extent. It delivers insights into principles, benefits and non-financial reporting practice of the participants of the Compact for shaping a sustainable future. To depict the global status, figures from the UN Global Compact website and their literary works have been used. To portray the Bangladesh perspective, information has been collected from content of participants' public communication related to the Global Compact principles and their implementation published in the UN Global Compact website. MS Excel has been used to prepare the graphical representations using this information.

The Ten Principles of the UN Global Compact

With the objective of catalyzing actions in support of broader UN goals, such as the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs), the UN Global Compact introduced the Ten Principles and urged its participants to support them.

Human Rights	Businesses should - Principle 1: support and respect the protection of internationally proclaimed human rights; and	
	Principle 2: make sure that they are not complicit in human rights abuses.	
Labour	Businesses should - Principle 3: uphold the freedom of association and the effective recognition of the right to collective bargaining;	
	Principle 4: the elimination of all forms of forced and compulsory labour;	
	Principle 5: the effective abolition of child labour; and	
	Principle 6: the elimination of discrimination in respect of employment and occupation.	
Environment	Businesses should - Principle 7: support a precautionary approach to environmental challenges;	
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	

Progress Reports

Business and Non-Business participants in the Global Compact make a commitment to integrate the ten principles in their strategies and operations and to communicate on the progress made in implementation. The Communication on Progress (COP) for businesses and the Communication on Engagement (COE) for non-businesses are like progress reports that are shared with stakeholders and submitted to the UN Global Compact annually by businesses and every two years by non-businesses.

Each COP or COE Must Contain Three Elements -

1. A statement by the chief executive expressing continued support for the Global Compact;

2. A description of practical actions that the company has taken in each of the four issue areas (human rights, labour, environment, anti-corruption);

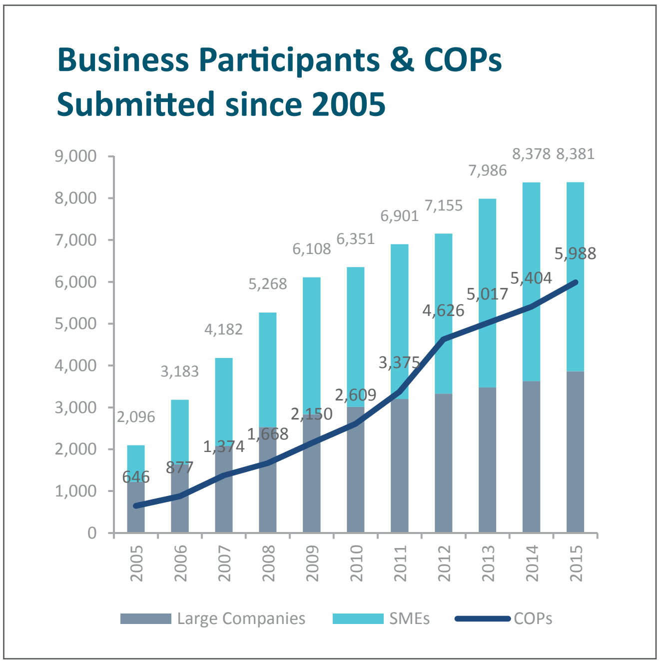
3. A measurement of outcomes against performance indicators.

Based on a company's self-assessment, COPs are categorized as GC Learner, GC Active or GC Advanced, depending on the depth of their disclosure. A COP that contains the three elements above will be considered GC Active. If the COP does not contain one or more of the three elements, the company will be placed in the Learner Platform and given a one-time, 12-month "Learner" grace period to submit a new COP that meets all requirements. Companies that seek to be considered as GC Advanced must meet additional advanced criteria. In case a company fails to meet its initial COP submission deadline, it will be marked as "non-communicating" on the Global Compact website. If a non-communicating participant fails to submit a COP that meets all COP requirements within a year of becoming non-communicating, it will be expelled from the Global Compact.

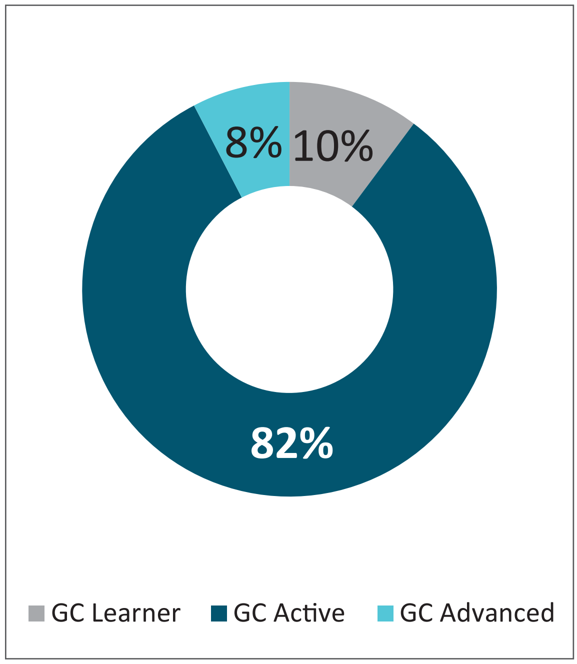
Global Status

COP policy was first introduced in 2004 and COE policy in 2013. From 2004 to 2015, the non-businesses made voluntary disclosures. Due to lack of reporting requirement, 65% of the non-businesses have become Non-communicating. Since 2004 to 2015, total number of COPs received is 33,901. Till 2016, total number of COPs received worldwide was 33,901 including 167 COPs submitted in 2004. Total number of COEs received till 2016 was 1,920.

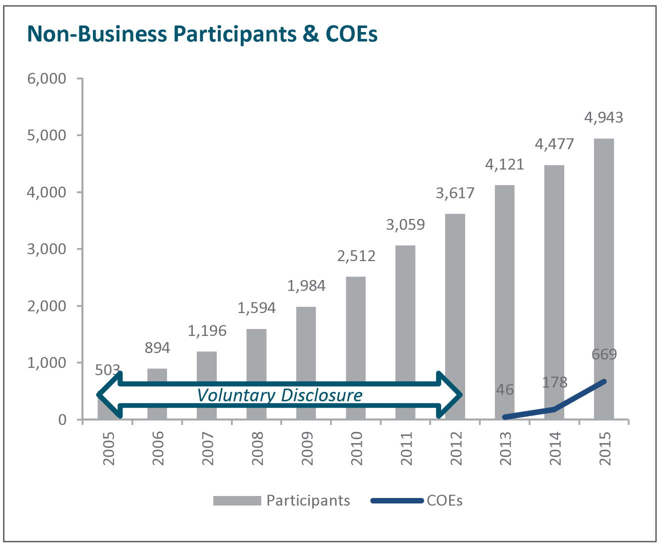
The COP 2015 key facts shows that till 2015, 65% of the COPs received were of GC Active level, 10% were of GC Learner level and only 8% was of GC Advanced level. So clearly there's considerable scope for improvement in the quality of COP disclosures worldwide. The COE 2015 key facts shows that till 2015, 65% of the non-business participants were non-communicating.



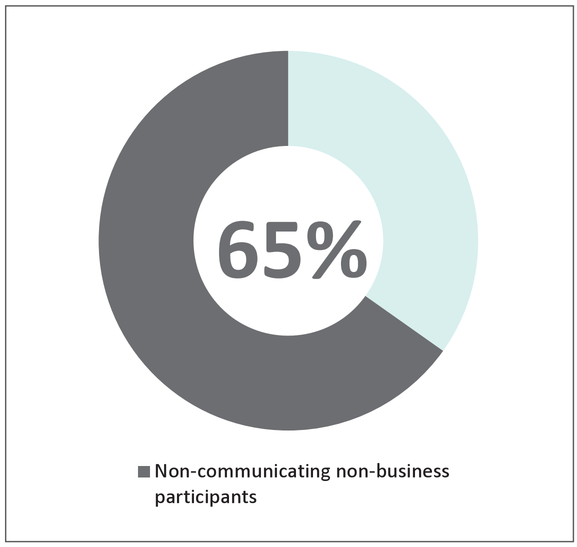
[1]**Figure 1:** Business Participants & COPs Submitted



[1]**Figure 2:** COP Differentiation Levels



[2]**Figure 3:** Non-business Participants & COEs Submitted



[2]**Figure 4:** Non-Communicating

Why Participate in UN Global Compact

For businesses to succeed, its surrounding, where it operates, must be stable and favorable. Because businesses take their ingredients, i.e., men, money, material, machine from the surrounding environment, they do have a responsibility for its conservation and progression - for their own good, if nothing else. For example, healthy, skilled and educated workers and their families; stable economies; eco-friendly resources; advanced and solution oriented technologies and ideas – all these ensure favorable environment for business operation. And business itself offers solutions to challenges in these areas in order to create a better world.

[1] Source: COP 2015 Key Facts
[2] Source: COE 2015 key facts

One way of addressing the challenges is aligning business goals with the Sustainable Development Goals (SDGs) by forming partnerships with suppliers, government, financiers etc. in order to measure their impact and to report on it. The SDGs provide a roadmap for the world we want, and the UN Global Compact provides the tools to help business get us there.

Through UN Global Compact, the participants – both business and non-business – are helping alleviate extreme poverty, address labour issues, reduce environmental risks around the globe, and more. Many companies have prioritised specific SDGs that lie outside of their direct concerns, and this broadens the horizons of business' potential impact.

What the Global Compact wants from its Participants

Five things –

1. Operate a Principled Business with integrity and by respecting the ten principles; not just to declare compliance, but because they provide common ground for partners, a moral code for employees, an accountability measure for critics.
2. Strengthen the society by matching company's core business activities, philanthropy and advocacy campaigns with the UN goals and issues, such as corruption, climate change and discrimination.
3. A public commitment by the chief executive, with support of the Board of Directors that will send a strong signal throughout the organization that sustainability counts, and all responsibilities are important.
4. Non-financial reporting, besides a strategic report showing measurable gains and losses, in order to find ways to better measure sustainability impacts.
5. Local action with the help of Global Compact Local Networks in approximately 85 countries to foster learning, reporting, networking, partnerships and advocacy advancing sustainability understanding and performance country by country.

What the Participants want from the Global Compact

Three things -

1. Good practice examples
2. Tools and guidance
3. Trainings.

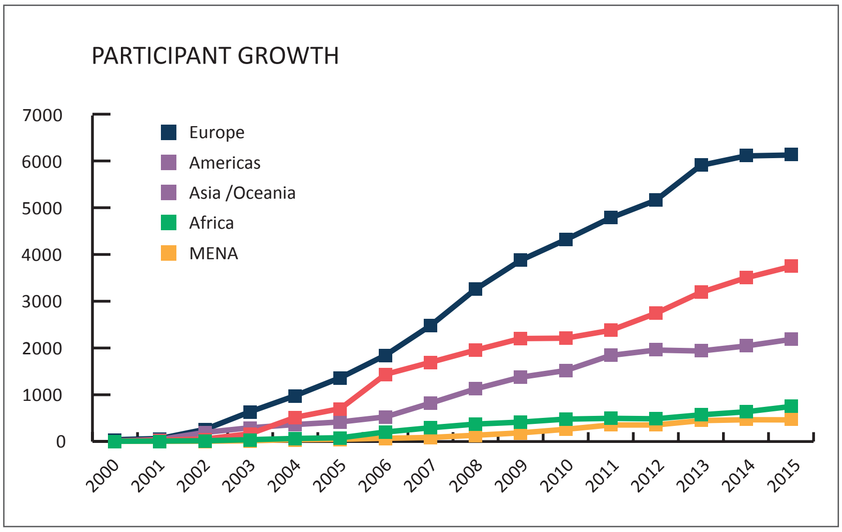
Because Sustainability Matters

The UN Global Compact-Accenture CEO Study found that –

- 93% CEOs agree that sustainability is important to future growth of their business;
- 80% think that sustainability is a route to competitive advantage in the industry;
- 78% see sustainability as an opportunity for growth and innovation.

UN Global Compact Participants

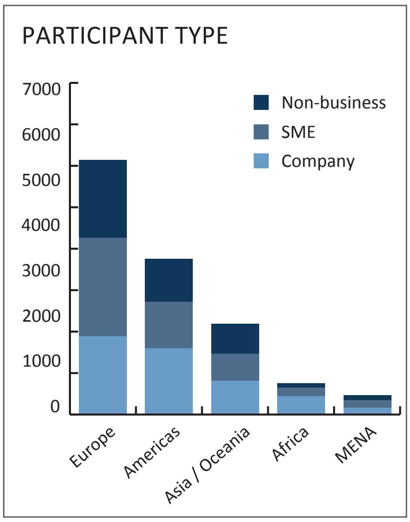
The UN Global Compact is the world's largest corporate sustainability initiative with participants in over 170 countries. The number of Global Compact participants worldwide increased to 13,324 in 2015 from 12,808 in 2014, marking a 4 per cent increase. However, as of 30 November, 2016, number of business participants was 9,253 and non-business participants 2,952, totaling to 12,205 and indicating an 8% decrease. This is due to expulsion of 6,605 non-communicating business participants.



[3]**Figure 5:** UNGC Participant Growth

[3] Source: Global Compact Local Network Report 2015

Business participants make up 63 per cent of the overall Global Compact participant pool with non-business participants making up the remaining 37 per cent. Of this, total number of business signatories was 8,381 and non-business signatories was 4,943 in 2015. However, as of 30 November 2016, the proportions changed to 76% for business participants and 24% for non-business participants.



[3]**Figure 6:** UNGC Participant Type

Global Compact Local Network

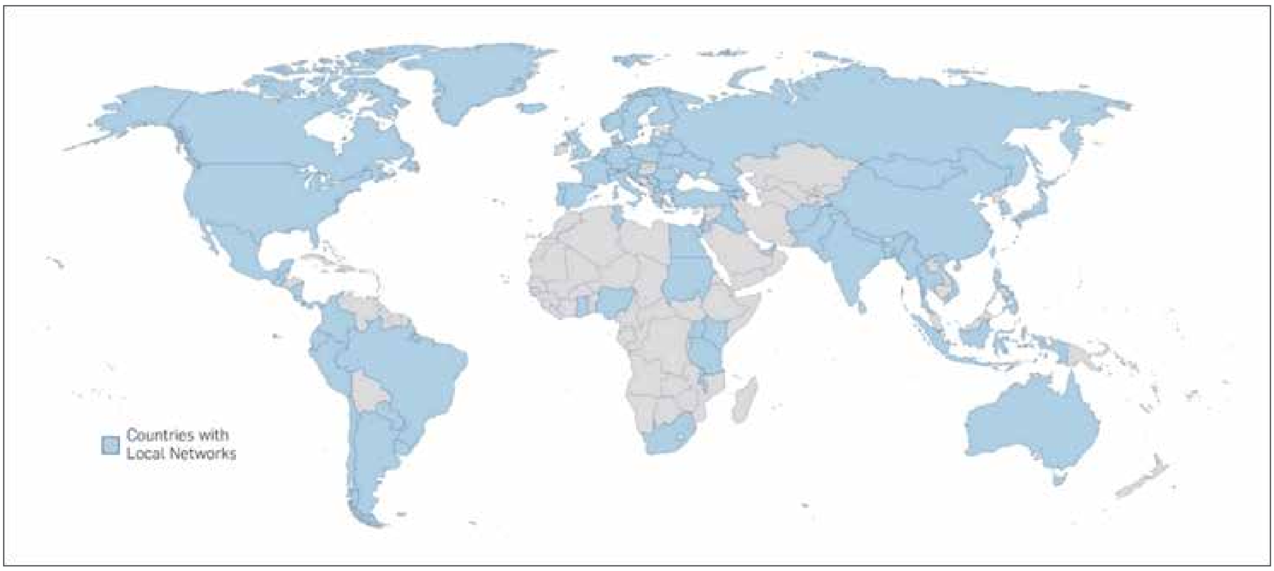
Global Compact Local Networks are the implementation arm of the Global Compact on the ground. The Local Networks are independent, self-governed and self-managed entities. They work closely with the UN Global Compact in New York and act as a point of contact for UN Global Compact signatories in a country.

On the ground, companies face unique challenges to operating responsibly and have different opportunities to make a positive impact. Global Compact Local Networks help companies understand what responsible business means within different national, cultural and language contexts and facilitate outreach, learning, policy dialogue, collective action and partnerships. Through these networks in over 85 countries, companies can make local connections – with other businesses and stakeholders from NGOs, government and academia – and receive guidance to put their sustainability commitments into action.

Bangladesh in UN Global Compact

The Global Compact Network Bangladesh was launched on 26 January 2009 by the CSR Centre (CSRC) and the Bangladesh Enterprise Institute (BEI). BEI and CSRC have been designated as representatives of the Bangladesh Network.

As of January 2016, the Bangladesh Network comprised of 57 signatories of the UN Global Compact. These participating members are committed to implementing the Ten Principles and to achieving long-term corporate excellence while setting a standard for socially responsible business practices in Bangladesh.



[4]**Figure 7:** Countries with Local Networks

[3] Source: Global Compact Local Network Report 2015
[4] UN Global Compact website

The Bangladesh network conducts following activities –

- Annual corporate responsibility conferences
- Training sessions on Communication on Progress (COP) and the Global Reporting Initiative (GRI)
- Publication of CSR report for Bangladesh
- Multi-stakeholder engagement events

Benefits of Becoming a Member

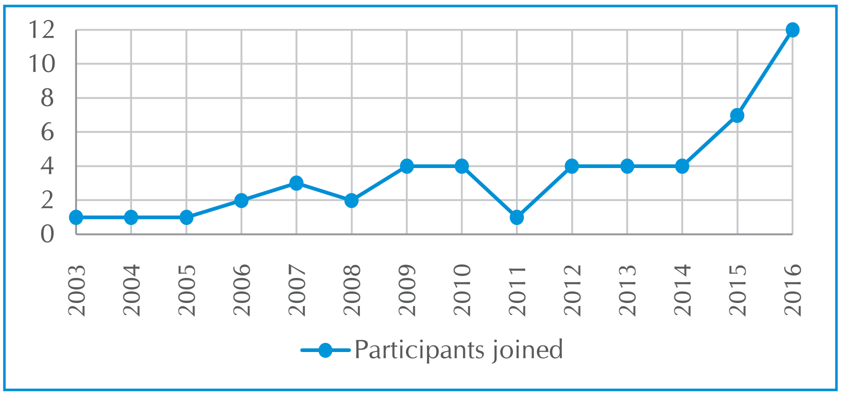
Currently the members are enjoying the following benefits at zero membership fee –

- Yearly CSR Centre (CSRC) newsletter;
- Invitation to seminars, workshops and capacity-building training focused on implementing the UN Global Compact's ten principles;
- Opportunities to participate in youth leadership events, national and international dialogues, regional conferences;
- Access to a knowledge-sharing hub where corporate responsibility best practices are shared by stakeholders;
- Access to corporate responsibility advisory services for sustainable growth in the private sector;
- Recognition of network members at global and regional forums through sharing of success stories and experiences;
- Opportunities for public-private partnerships through regular engagement with governments, business and other stakeholders.

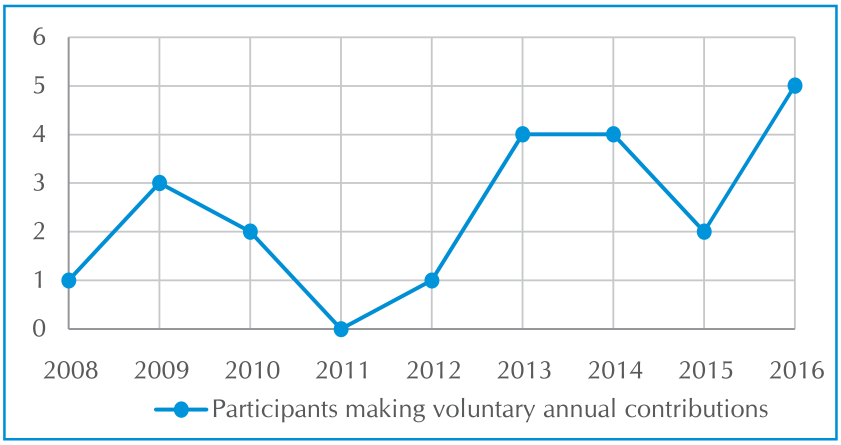
Status of Bangladeshi Participants

Although the Bangladesh network started its operation in 2009, entities had started joining the Global Compact since 2003. There has been an increasing trend from 2014 till 2016 in the number of participants joining the Compact. 22% representing 12 of the total 54 participants joined in 2016 alone, which is 3 times higher than the number of participants joining in 2014. Of the 12 newly joined participants of 2016, 3 are Company, 2 are Academic, 5 are SME, 1 is NGO global and 1 is NGO local. Overall, there has been a steady growth in the number of participants joining the Compact.

Companies are encouraged to contribute to the Foundation for the Global Compact to help sustain and grow the initiative. Bangladeshi participants are not lagging behind in this respect also. In 2016, 5 companies made contributions to the Global Compact Foundation.



[5]**Figure 8:** Trend of participants joining over the years



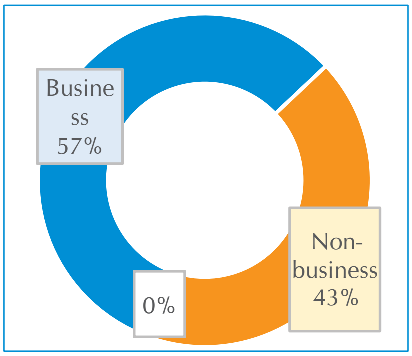
[5]**Figure 9:** Participants making voluntary annual contributions

[5] Authors' own compilation work

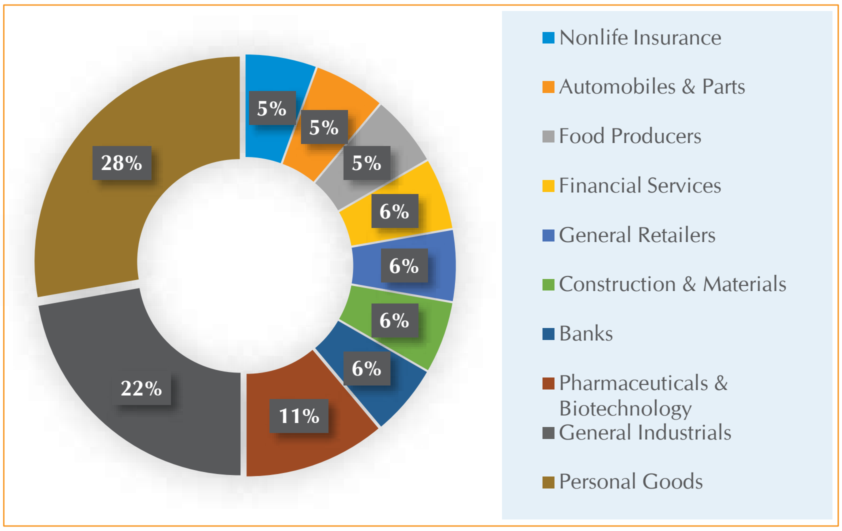
Up to 2016, a total of 54 participants of various types and operating in various sectors had been registered as members of the UN Global Compact in Bangladesh. Among these, 31 are businesses and 23 are non-businesses. Business participants include Company and SME whereas Non-business participants include NGO, Academic, Foundation, Business association and Public sector organization. The maximum number of participants are Company comprising of 33% followed by SME and NGO local in second and third positions comprising of 22% and 20% respectively in terms of total number of participants.

Out of the 54 participants, a total of 50 are Active representing 93% and 4 are Non-Communicating representing 7%. The top three types of Active participants comprising of 36%, 24% and 22% are Company, NGO local and SME respectively. All of the Company and NGO local participants are Active whereas only 1 SME participant is Non-Communicating. The other 3 Non-Communicating participants are Public sector organization, Foundation and NGO global, one of each type.

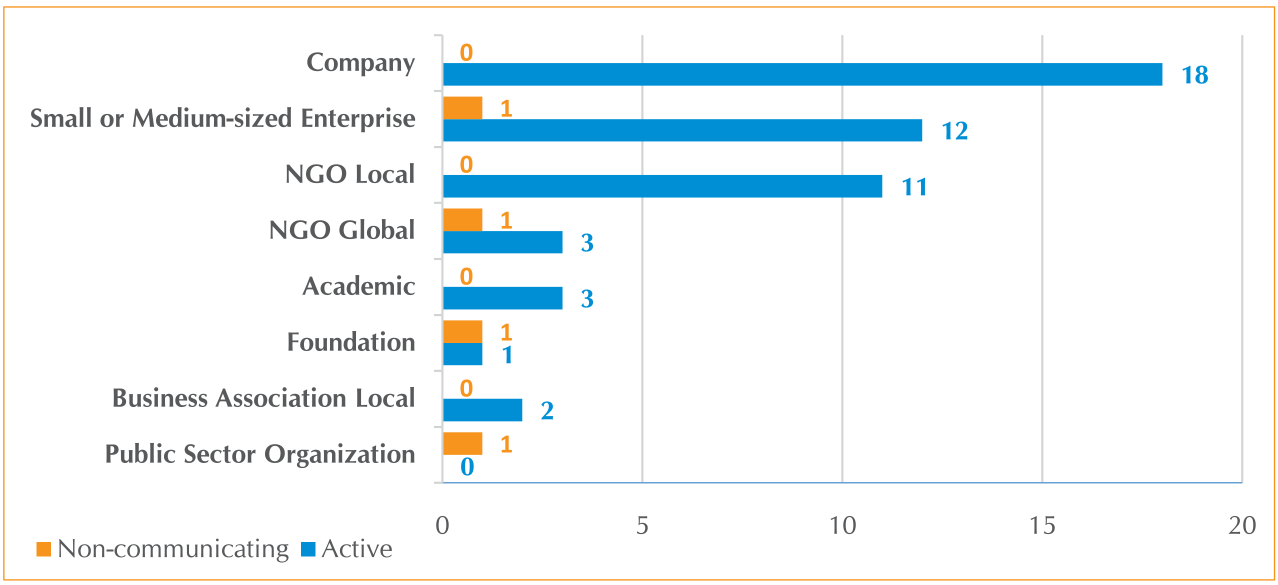
The maximum number of Company participants belong to Personal goods sector where 5 members are Active. General Industrials and Pharmaceuticals & Biotechnology sectors with 4 and 2 members occupy the second and third positions respectively in terms of Active members. Other sectors include Banks, Construction & Materials, Food Producers etc. which are represented by 1 member each.



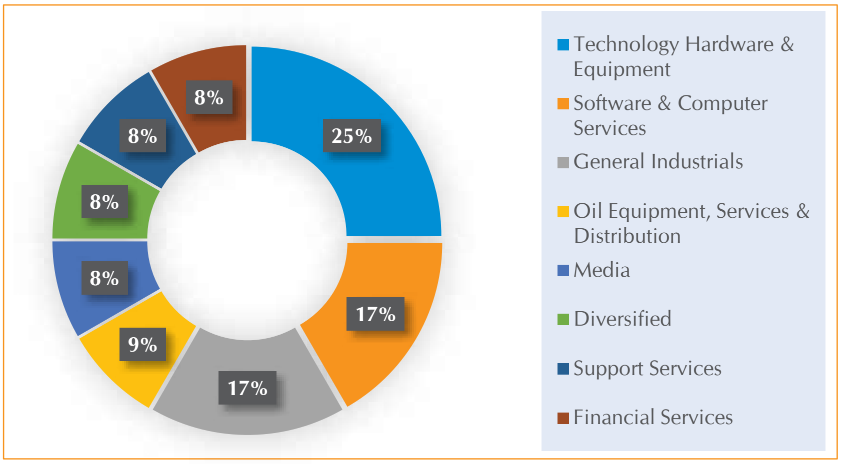
[5]**Figure 10**: Participantsof Bangladesh



[5]**Figure 12:** Sector wise distribution of Active Company participants

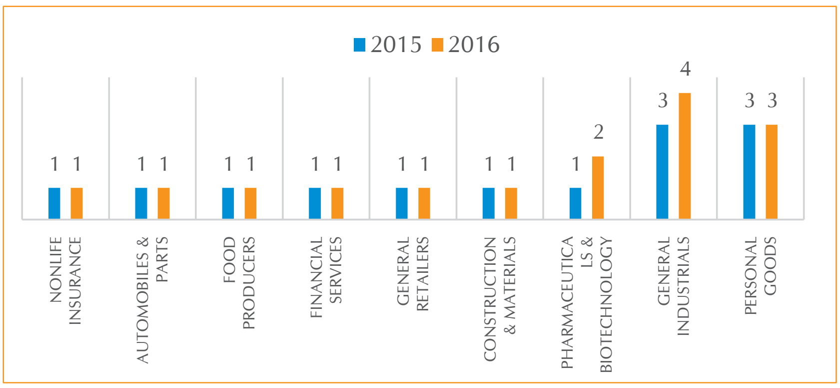


[5]**Figure 11:** Status of participants

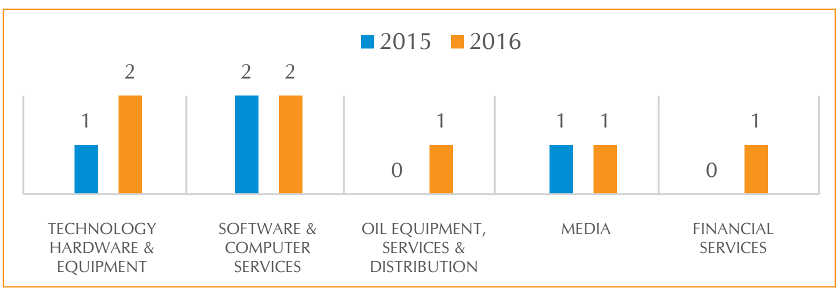


[5]**Figure 13:** Sector wise distribution of Active SME participants

[5]**Figure 12:** Types of non-business participants & COEs



[5]**Figure 13:** Sector wise Company participants & COPs



[5]**Figure 14:** Sector wise SME participants & COPs

Trend in COP & COE Submission

In 2015 total 6 COEs were submitted by 3 types of non-business participants. This number increased by 17% in 2016 when 4 types of non-business participants submitted COEs.

Total 22 COPs were submitted by business participants in 2016 against 17 COPs in 2015. Of this, 68% was submitted by Company participants which is a decline from 76% submission in 2015. On the other hand, COP submission by SMEs increased from 24% in 2015 to 32% in 2016. General Industrials was the highest COP submitting sector among Company participants in 2016. Software & Computer Services sector submitted the highest COPs among SME participants both in 2015 and 2016.

COP differentiation levels

Except for 1 Company in Pharmaceuticals & Bio-technology (Advanced Chemical Industries Ltd – ACI) and 1 in General Industrials (Dutch-Bangla Pack Ltd.) sectors which submitted GC Advanced level COP, all other business participants submitted GC Active level COPs in 2016. Before 2016 no business participant had submitted GC Advanced level COP from Bangladesh. Only 9% of the COPs submitted in 2016 are GC Advanced level and therefore, there is large scope for improvement in this area in the coming years.

Conclusion

Today's business is characterized by a manifold risks and opportunities. Even a slight change in a remote factor at the other end of the world can disrupt the target market. Business leaders and investors nowadays understand that it is not enough for companies to concern themselves only with short-term profits because natural disasters, social unrest or economic disparity can damage long-term prosperity. Businesses that understand the obligation to act sustainably and to report on it, will be a step ahead.

Global Compact helps a company, whether it is a beginner or a recognized company, to meet its commitments to operate responsibly and support society. In comparison to other Asian countries, Bangladesh joined the Global Compact lately, but it has made considerable progress in this respect. As the trend shows, more and more business and non-business participants are joining the Global Compact and the level of their compliance with the ten principles and the quality of actions and disclosures on those actions are also demonstrating significant advancements.

Bangladesh local network and its participants are contributing to achievement of SDGs by increasingly publishing separate Sustainability Reports, arranging and participating in discussions covering SDGs in the agenda and facilitating partnerships. All these suggest that Bangladesh is moving towards becoming a country that values environmental, social and governance (ESG) factors. This also makes our businesses more transparent to their stakeholders.

Once only a voluntary activity, there is a trend towards mandatory non-financial reporting. Complying with the Global Compact's COP reporting framework serves as a good starting point for Bangladeshi participants for accomplishing SDGs.

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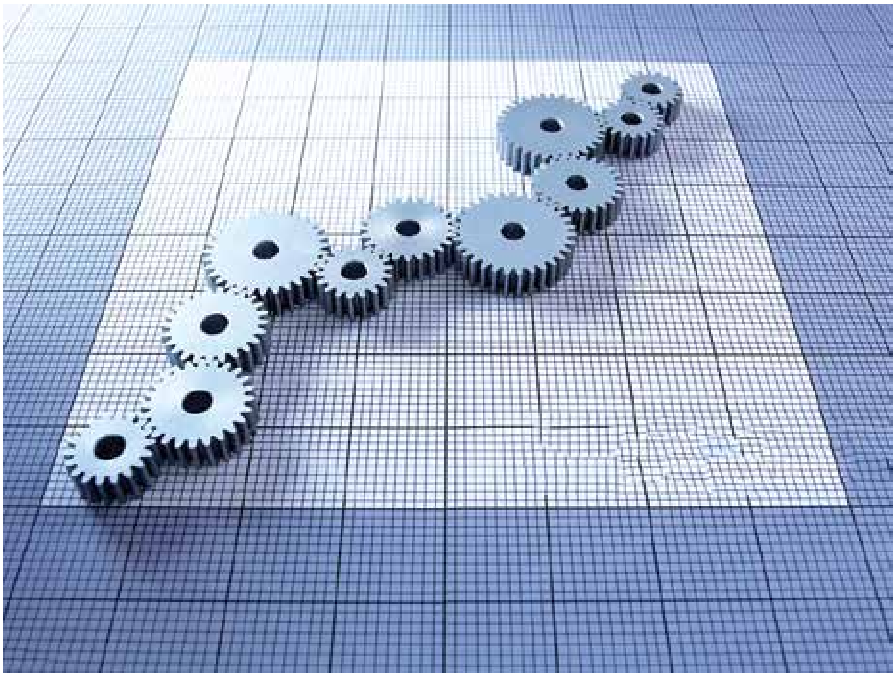
Economic Transformation of Bangladesh Through Development of Commercial Capital

M. Shaifur Rahman Mazumdar FCA

The port city Chittagong has eminent importance not only in the economy of Bangladesh but also in the regional economic co-operation and development. It has paramount importance in regional connectivity. Chittagong is considered as the crossroads of the Indian subcontinent and Southeast Asia due to its strategic location and beautiful seaside. Chittagong has every potential to transform itself as one of the global financial centers and regional transshipment hub across Northeast India, Myanmar, Nepal, Bhutan and Southeast China. Considering geopolitical and economic alignment specially restructuring in Chinese and Indian economy, rearrangement in the EU zone (such as Brexit) consequential trade rearrangement after U.S. presidential election etc. and in the backdrop of domestic macro-economic achievements and set goals to become middle income country by year 2021 and a developed country by 2041, its highly important to set strategic planning to develop Chittagong region in a planned way to accelerate economic growth.

Presently, Chittagong generates 40% of industrial output, 80% of international trade and 50% of the revenue of the government. For last hundreds of years or more Chittagong has been an inevitable part of the economy of this region. But Chittagong could not be developed, even over hundreds years of contribution in the economy like other commercial hubs of the world. The reason behind might be hundred years colonial British and Pakistani regime and after liberation the country did not get the opportunity to be administered with due care and political willingness over a decade.

Present government and political leaders have a vision to develop Chittagong. In line with this vision many infrastructure development projects are underway. But planned investment is needed for the development of Chittagong with a view to transform it as a commercial hub of the region and ultimately to make it the commercial capital of the country with political and administrative support. It should be considered as a strategic move regarding national investment to expedite economic growth of the country. Our national economic and administrative structure is designed in such a way that the capital city Dhaka and its surrounding cities are over saturated in the context of population, administration, industrialization, communication etc. Most probably, the reason behind is long



and gradual political and administrative centralization. Our administrative centralization forced commercial centralization towards the capital city Dhaka. But in many countries of the world including our neighboring countries, commercial centralization was settled on the basis of its strategic, geographical and other commercial advantages and at the same time administrative structure and centralization does not affect commercial centralization. This is urgent and important for balanced, uninterrupted and rapid economic growth as well as for a sound and effective political administrative system. At this perspective, it is high time to utilize strategic advantages of Chittagong for regional economic co-operation with a view to expedite national economic growth and it is need of time to move gradually, towards segregation of commercial capital from administrative capital. For this, a well-planned, systematic and coordinated national investment is important in Chittagong region along with political administrative restructuring rather than traditional need based national investment. Specialized segment in the development budget with different implementation module may be considered by our political leaders.

It is obvious that to start this journey, political leaders and policy makers may consider following natural advantages of Chittagong region-

1. One of the hundred top listed sea ports of the world;

2. Geographically advantageous location to establish regional economic corridor;

3. Huge potentials to establish deep sea ports

4. Huge potentials of river connectivity in the long coastal belt;

5. Huge potentials to expand small, light, medium and heavy industries;

6. Huge options to flourish tourism industries through utilization of longest sea belt, hills, mountains, rivers and other scenic natural beauties;

"PRESENTLY, CHITTAGONG GENERATES 40% OF INDUSTRIAL OUTPUT, 80% OF INTERNATIONAL TRADE AND 50% OF THE REVENUE OF THE GOVERNMENT. FOR LAST HUNDREDS OF YEARS OR MORE CHITTAGONG HAS BEEN AN INEVITABLE PART OF THE ECONOMY OF THIS REGION. BUT CHITTAGONG COULD NOT BE DEVELOPED, EVEN OVER HUNDREDS YEARS OF CONTRIBUTION IN THE ECONOMY LIKE OTHER COMMERCIAL HUBS OF THE WORLD."

7. Opportunities for unique blending of economic importance of a region and tourism facility;

8. Potentials to explore untapped blue economy;

9. Opportunity to produce sufficient power and energy;

10. Apart from this, all other amenities for economic growth like population, education, culture, language and heritage of Chittagong are also suitable for economic activities;

Massive infrastructure development in an organized and scientific way is required to utilize above features. We all know our country is at the developing stage and all the macro-economic indicators are encouraging. Size of our national budget is being increased every year. Accordingly size of ADP also been increased. For a popular and democratic government it is important to ensure balanced development for the welfare of all parts of the country. But at the same time it is equally important for the government to expedite economic growth and for this purpose strategic planning and investment decision is required. It is also for the overall development of the country. To face the challenges and competition of regional and global trade and economic issues, it is also needed to consider economic return on national investment. The development of port city Chittagong in a planned way may be considered as a strategic national investment. This is not for the regional development. Rather, this is directly linked to the national interest and development.

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Plunging Oil Prices and Its Impacts on Global Economies

A. Wahab FCA

Introduction

A declining trend in oil prices across the globe was observed during the period from June 2014 to June 2016. In the middle of June of 2014 the price of oil was $115 per barrel and subsequently the price started falling with $65 per barrel in November 2014, $45 in May 2015 and then it started at $30 per barrel in January 2016 and thereafter it dropped to $28 per barrel in February 2016 being the lowest in 13 years in the world market. Plunging of oil prices in this way has affected the global economy tremendously with the oil producing and exporting countries, suffering the most.

In fact this trend of downward oil prices started in March 2013 when the major producers including the OPEC countries had decided to flood the market with crude oil resulting in the surplus of 2 million barrel a day. At that time it was seriously realized that if something is not done to check the downward trend of price and upward trend of supply through some mechanism of curtailment of over production, this downward pressures on oil prices may dominate the oil market for some years beyond the 2016.

This volatility in oil prices across the globe has some mixed effects on different economies as some countries gain from lower oil prices while some other end up losing because of its activities depending wholly on oil revenue for its budget targets as in Russia and social network programs in the G.C.C countries of the Middle East.

Some economic thinkers are of opinion that Saudi Arabia and the G.C.C nations who are oil producing countries with the connivance of the U.S. are engaged in oil-war in the global geo-political game as the Saudis foresee a weakened Russia with a pipe line through Syria which is a part of its long drawn out oil war against Russia and its Middle East allies like Syria and others.

This act of Saudi Arabia and its G.C.C allies are considered by another group of economists and some oil tycoon of America like T. Boone Pickens as misguided attempts of Saudis and its allies to destroy America's Shale oil and gas industry. In recent past America had suffered a lot and had to shut down thousands of rigs and shed 2,00,000 jobs. New investment in the industry is found to be non-existent. Nations around the world particularly in the Middle East and Central America whose economies are wholly dependent on oil exports are in the brisk of collapse.

The lower prices of commodities like oil, iron ores coal and copper in different countries of the globe, have resulted in gain of $160 billion as bonus on imports of China in the year 2015. Had there been no price fall for these 4 commodities particularly oil the import of China on these items would have cost $160.5 billion more in terms of 2014 price. Overall China's import price declined by 11.6% on average in 2015 while prices of exports edged down by just 1%. The overall balance of payments was favorable to China. For the full year of 2015, China's imports slumped by 14.1% in value of 2014 to $1.68 trillion while exports were down by 2.8% to $2.28 trillion in values.

While the global oil market was struggling for its revival, the 4 oil exporting countries namely, Saudi Arabia, Qatar and Venezuela of OPEC members and Russia a non-OPEC country agreed to meet in mid February of 2016 in Doha, Capital of Qatar to keep the oil-production at the January 2016 level but they could not come to any understanding on the issue until December 2016.

Causes of Oil Price Decline

i. Excess supply of oil in International market than demand for it and towards the end of 2015 the position of global oil market was so alarming due to vigorous pumping of OPEC members that the weaker oil producing members were afraid of price falling further below $20 per barrel.

ii. Slowness in economic activities across the nations including China which is the 2nd largest consumer of oil is also responsible for less consumption of oil.

iii. Uncertainly in the global economy, more particularly in the emerging nations, were responsible for the slow pace of the development works using fuel across the world.

iv. In addition, high supplies of oil and the arrival in the market of oil extracted from North American shale rock was also responsible for the decline of oil prices.

"THE LOW OIL PRICES HAVE AFFECTED THE REMITTANCE POSITION OF BANGLADESH AND OTHER COUNTRIES SERIOUSLY. THE DISMAL POSITION OF INWARD REMITTANCE TO BANGLADESH AMOUNTING TO $1.19 BILLION IN APRIL 2016 WITH A FALL OF 7.75% YEAR ON YEAR BASIS DUE TO PRICE FALL INDICATES AN ALARMING POSITION FOR THE ECONOMY OF BANGLADESH."

v. Despite this deteriorating market position and down ward oil price plunging more than 60% to 70% in the 24 months between June 2014 and June 2016 OPEC countries under the leadership of Saudi Arabia have been defying the calls to reduce output and control the supply in the market which has been a yearlong strategy of attempting to preserve market share from non-OPEC and other world leading producers like Russia and The United States.

vi. OPEC's policy to maintain high oil production risks further heaping more down ward oil prices, especially with the potential entrance of the Iranian crude oil in the market after the lift of sanctions on it imposed by the western powers.

vii. The slump in the oil market was triggered by booming U.S. shale output without consulting other exporting nations and to counter it the Saudi Arabia and other OPEC gulf allies have decided to raise production to fight for its market share and drive higher cost products of US out of the market.

viii. Saudi Arabia has long insisted it would reduce supply if other OPEC and non-OPEC members agree to it but at that stage Russia the 2nd largest oil producing country in the world could not decide as its Siberian fields were discovered with huge reserves of oil.

Oil Prices Decline and its Effect on Middle East Economies

With the drop of oil prices the entire situation of economic programs and social net work activities have changed throughout the whole of Middle East and the G. C.C countries. This fall in oil prices has compelled Saudi Arabia to cut subsidies and introduce other key economic reforms. Analysts say after decades of using its vast oil resources to subsidise domestic prices and pay generous salaries and benefits, the declining oil prices has hit all the activities of Saudi Authorities. It is believed by many that the Saudi Arabia is on the verge of exiting the status of welfare state. In Saudi Arabia for years, 90% of the state revenue came from export of crude oil and high the prices thereof allowed the govt. to be generous and to carry on various social safety programs for the people both within and outside the country. But the plunge of oil prices causing a budget deficit of $90 billion for 2015 and the projected shortfall of $87 billion for the current year, left public finance reeling with consequent effect on all state activities including subsidy cut and cut of cabinet minister's salaries and delay in the implementation of projects.

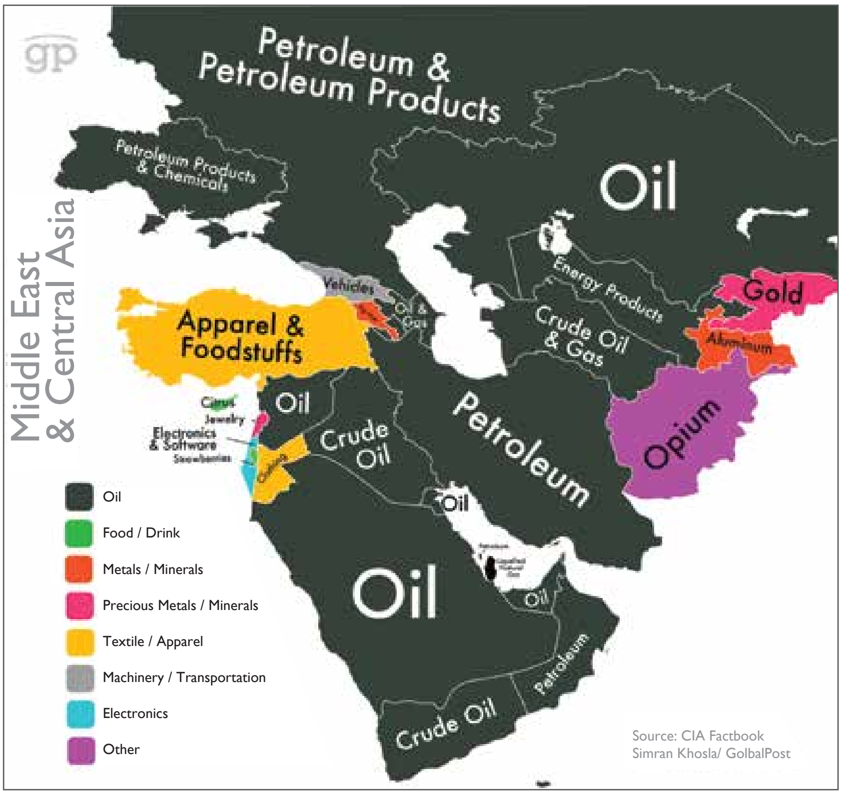
Among the measure to cover the fiscal gap, Riyadh has drawn its foreign reserves and issued domestic bonds. Official figures show the kingdom's reserve declined to $562 billion in August 2016 from a fatty reserve of $732 billion at the end of 2014.

Due to oil price slump the economy of KSA thrown into turmoil with thousands of poor migrant laborers stranded. The giant company like the Saudi Oger which at one time had 50,000 workers on its pay roll was hit by a drop in income for its core construction business after Saudi Arabia delayed or cancelled the projects in the face of plummeting oil revenues. Some sources in March 2016 told AFP that delayed receipt from govt. whose oil revenues have slumped over the past two years has left, employees of the kingdom's construction sector struggling for their survival.

Due to the corporate financial difficulties of KSA because of fall in oil price, the hospital staff of Eastern Saudi Arabia, remained unpaid for several months and hence the nurses and other medical staff of SAAD Special Hospital in the Gulf Coast City of Al-Khabar went on strike. Due to oil price slump globally the banking sector of the G.C.C countries have been hard hit by the squeeze of liquidity resulting from oil price having dropped by about 70% since June 2014 and affecting revenue of the G.C.C states and Govt. related entities where 80% to 90% of public revenue generates from oil prices. A sustainable loss on oil revenue is likely to reduce the govt. deposits and govt. related deposits in banks and could eventually reduce state support for the banking sector. The squeeze in liquidity is already pushing the banks to compete more aggressively for deposits and tap public markets and thereby increasing the funding costs and impacting profitability.

Due to this squeeze of the govt. deposits in the bank resulting a sharp slowdown in public spending will also negatively impact loan growth and corporate earnings. As a result in the past few years the G.C.C governments have shown a consistent record of intervention to avoid losses to creditors and depositors through direct capital injections and official guarantees.

As the low oil prices have slowed the Saudi economy and put a strain on its budget the govt. has decided to restrict employment opportunities for expatriate



workers and push Saudis into Jobs previously held by the foreigners. Further, lay offers have been concentrated in the construction sector which provides about 45% employments to foreigners. In this disappointing situation of the employment of the expatriates in the Middle Eastern countries a top executive of Saudi Company told Reuter in January 2016 that he would not be surprised if one million foreigners had to leave Saudi Arabia by the end of 2016.

The low oil prices have affected the remittance position of Bangladesh and other countries seriously. The dismal position of Inward remittance to Bangladesh amounting to $1.19 billion in April 2016 with a fall of 7.75% year on year basis due to price fall indicates an alarming position for the economy of Bangladesh.

With the decline of oil prices since Mid June 2014, Saudi Arabia the largest exporter of oil across the Globe has been taking efforts to minimize its dependence on oil revenue and adopting plans to transform the kingdom's economy on alternative source of revenue to wean its economy off oil. As a part of that plan Saudi Arabia is going to make an aggressive investment drive and accordingly entered into deal with UBER a Sanfrancisco based smart app that connects passengers and drivers around the world. The fund from Saudi Arabia's Public Investment Fund (PIF) would help UBER'S global expansion. The fund to include proceeds from sale of state owned real estate and other property as well as roughly $ 100 billion from share offer for less than 5% of state owned oil firm Saudi Aramco. Profit of the Investment Fund would help economic diversification and provide an alternate to oil revenues which are on decline for the last two years resulting in oil revenue fallen by about 50% and thereby causing budget deficit of $98 billion for 2015 and a projected short fall of $ 87 billion for the current year.

The oil price decline has also affected the economic activities of the Middle East and G.C.0 nations like UAE and others but in different degrees. The sharp fall in oil prices which is the life blood of the gulf economies has compelled the Gulf States to introduce economic reforms in the energy rich region and under that situation the authorities have taken decision to end subsidies on other products and services including electricity. The state authorities are also thinking of its exiting from the status of the welfare state.

Among the nations Kuwait is well positioned despite lower oil prices. The country continues to benefit from a healthy banking system, rising public spending on new infrastructure and foreign direct investment with improved investment in flows.

Position of Oman and Bahrain are a bit deteriorating due to oil price decline. These two states are weak as compared with other G.C.0 nations and are expecting to continue to struggle posting a deficit of 14.60% and 11.90% respectively this year which is a huge gap in relation to the size of their economies.

Impacts on Economy of U.S.A

Saudi oil minister Ali-Al-Naimi was blamed for the 70% price collapse in the last 2 years since mid June of 2014 due to oversupply of oil by Saudi Arabia for which the US shale products were struggling for survival the worst price crash in years.

OPEC members under the leadership of KSA instead of cutting the production they increased production which is responsible for the present situation across the globe. As a result of OPEC's shock decision towards the end of 2014 to keep heavily by pumping oil even though mounting over supply was already sending prices into free fall. On the other hand Naimi argued that his decision was an effort to protect the kingdom's market share against fast growing higher cost producer like the US shale, a new oil frontier in the world and it is not an attempt to target any specified countries or companies.

As a result of oil price collapse, the Shale oil producer namely, Swift Energy based in Houston, USA had suffered a lot resulting in filing of bankruptcy late last year In USA the Texas state lost nearly 60,000 oil and gas jobs between November 2014 and November 2015 according to the Texas Alliances most recent data. In the state only 236 rigs are actively drilling wells down from more than 900 in late 2014.

Financial distresses have deepened among the US producers due to price collapse as a result of which more than 40 US energy companies have declared bankruptcy since the start of 2015 with more looming as lenders are set to cut value of companies reserves often used as collateral for credit. As a result of the financial distress Anardarko Petroleum Corporation and their rival ConocoPhillips both cut their dividends in February 2016 which was unusual moves for long years of their operation.

Oil Price Decline and its Effect on the Economy of Russia

Due to fall in oil price which was 70% in the past 2 years, Russia's economy contracted by 3.70% in 2015. Retail sales plunged by 10% and capital investment fell by 8.4% in the worst performance of Russian economy since 2009. Together with fall in oil price the sanctions imposed by the west after Russia annexed Crimea of Ukraine in 2014, have also had an impact on its economy. As a result of fall in price of oil, it may happen that the Russia's 2016 budget could be revised.

President Vladimir Putin said in December 2015 that the budget had been calculated based on oil price at $ 50 a barrel which have ultimately came down to around $ 30 a barrel causing serious gap in its budget. It is well know a fact that Russia's economy is heavily reliant on the energy exports. Taxes from oil and gas generate about 50% of Russian Govt.'s revenues. Due to oil price fall in the world market, all the calculation in the estimate of the budget provisions have been seriously upset resulting in a heaving deficit in the budget of the country. Russian govt. did not think of bad days in the event of fall in oil price and therefore did not make any effort to diversify the economy for which Russia is now paying the prices heavily with huge gaps in the budget. Because of fall in oil prices especially the latest fall and the consequent drop in the value of Rouble to the record lowest against U.S. dollar took place in the last 2 years.

The economic condition being stated as above, the Unemployment was however steady at 5.8% in last December meaning that 4.4 million Russian were out of work and real wages fell by 10%. The Russian Central Bank had declared measures to keep the economy stable and the Russian Central bank Authorities had decided to hold the interest rate at 11%.

Oil Price Decline and its Impacts on the Economies of South & South East Asian Nations

The oil princes decline have mixed impacts on the economy of nations of South & South East Asia like

India, Pakistan, Bangladesh and Philippines as the workers of these countries are engaged in the various sectors of oil rich countries of the Middle East. Any fall in the price level of the products is bound to influence the life style of people working in the region.

Because of price decline of oil globally the economy of India and Bangladesh was seriously affected as some 7 millions Indian Work in oil rich countries of whom 2.5 million belong to one Single state of Kerala a Southeast State of India and about 1.5 million Bangladesh work in Saudi Arab and another 1 million work in other Middle East countries and the gulf states. These expatriate workers from different countries are engaged in various sectors of the oil rich countries in the real estate, construction and other infrastructure sections, banking etc. With the economic pressure created on the revenue of the oil producing countries due to decline in price the expatriate workers mostly low income group working in construction, hotel and restaurant are affected in terms of wage cuts, layoffs and the terms of employment being unfavorable and growing service insecurity simultaneously.

The Indians working in the Middle East and Gulf States annually send staggering US $ 40 billion back home and so the Bangladeshi and the Philippino Workers also send billions of dollars to build up the foreign exchange reserves of these countries. Any decline in the price of oil therefore upsets the reserves position of the concerned countries.

It may be mentioned here that due to price decline the revenue of the 6 G.C.0 countries has posted a small surplus of only $ 24 billion down from $ 182 billion in the previous year according to IMF. IMF projected a result to drop $ 275 billion in G.C.0 revenues in 2015 which will naturally affect its reserve position.

The latest position of oil market and the understanding among the OPEC & Non-OPEC member:

OPEC, the organization of the oil producing and exporting countries play an important role in controlling the price of oil in the global market. The organization might still agree an oil output limiting deal later this year as the economic problem of its de-facto leader, the Saudi Arabia forced Riyadh to cede more grounds to its arch-rival Iran. Accordingly Iran, Nigeria and Libya would be allowed to produce" at maximum levels that make sense" as part of any output limits which could be set as early as the next OPEC meeting in November/December 2016.

OPEC sources said Saudi Arabia agreed to reduce production from summer peaks of 10.7 million barrel per day to around 7.2 million barrel per day if Iran agrees to freeze production at around current levels of 3.6-3.7 million barrel per day.

The latest price of oil hovering around $ 55 per barrel towards the end of 2016 was possible because of understanding among the OPEC members like Saudi Arabia, UAE, Venezuela, Iran, Iraq, Kuwait, Niger, Algeria, Qatar, Angola, Ecuador, Gabon and Libya who produce approximately 40% of the global oil and non-OPEC countries like Russia, Mexico, Malaysia, Sudan and South Sudan etc. having agreed to reduce their daily production by 5.58 lac barrels. This understanding among the OPEC & Non-OPEC countries which is a rare event among them in 15 years would be expected to serve as a good sign in controlling the fair price of oil in the global market in the future.

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SDGs: Bangladesh Perspectives -The Actions and Challenges

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Executive Summary

The success stories of Bangladesh on achieving the MDGs are being discussed over and over again. However, that does not mean we should sit back and relax, because the work to sustain the developments that have already been achieved is going to be much harder. Like the MDGs, SDGs also aim to achieve the goals and targets in the next 15 years, starting from 2016. In taking on SDGs, Bangladesh will have the opportunity to draw strength because of a star performer of the MDGs. SDGs cover much further than the previous goals of MDGs, because they address the root cause of poverty and pledge to leave none behind, including vulnerable groups. Because of its bottom-up approach, these goals also emphasize the need to tackle climate change urgently and protect the environment through a shift to sustainable consumption and production. Unlike the MDGs, these goals are intended to be universal, applying to all countries rather than just a formality for the developed world and a target to achieve for the developing world. And lastly, to some extent, these goals recognize the key role of the private sector in pursuing and financing sustainable development, in partnership with governments and the civil society. However, attainment of the SDGs would require a strong and effective institutional mechanism involving all stakeholders including public representatives across the country, government and the bureaucracy, private sector, civil society, knowledge community, and development partners.

Key Words

Sustainable Development Goals (SDGs), Millennium Development Goals (MDGs), Key elements of the SDGs, UN member states, Least-Developed Countries (LDCs), Five Year Plan (FYP), Monitoring & Evaluation (M&E), United Nations Development Group (UNDG), United Nations Development Programme (UNDP).

Preface

Sustainable Development Goals (SDGs) refers to an agreement of the United Nations Conference on sustainable development to develop a set of future international development goals. The Sustainable are a new universal set of goals, Development Goals (SDGs) targets, and indications that will be expected to be used by UN member states to frame their agenda and political policies over the next 15 years. On 25th September of 2015 leaders of 193 countries of the world

unanimously adopted the post 2015 international development agenda for the period of 2015-2030. SDGs is the framework for global development after the terminal year (2015) of the Millennium Development Goals (MDGs). With 17 goals and 169 targets SDGs represents a bold new agenda to end poverty, fight inequality, tackle the adverse effects of climate change and ensure a sustainable future for all. It is a unique tool designed primarily for negotiators, technical support teams and other actors engaged in defining a universal, integrated and transformational set of global goals and targets for sustainable development and the political declaration on the post 2015 development agenda.

Key Elements of the SDGs

The United Nations Summit for the adoption of the post 2015 Development Agenda washeld from September 25-27, 2015 in New York. SDGs will become applicable from January 2016. The expected deadline for the SDGs is 2030. On 2nd of August 2015, 193 countries agreed to the following 17 goals:

1. End poverty in all its forms everywhere.
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
3. Ensure healthy lives and promote well-being for all at all ages.
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure availability and sustainable management of water and sanitation for all.
7. Secure access to affordable, reliable, lasting and modern energy for all.
8. Promote sustainable economic growth, full and productive employment and decent work for all.
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

"THE PROPOSED SUSTAINABLE DEVELOPMENT GOALS OFFER SIGNIFICANT IMPROVEMENTS ON THE MILLENNIUM DEVELOPMENT GOALS (MDGS). THE SDGS FRAMEWORK ADDRESSES MAJOR SYSTEMIC BARRIERS TO SUSTAINABLE DEVELOPMENT SUCH AS INEQUALITY, UNSUSTAINABLE CONSUMPTION PATTERNS, WEAK INSTITUTIONAL CAPACITY AND ENVIRONMENTAL DEGRADATION THAT THE MDGS NEGLECTED. THE SDGS FRAMEWORK WOULD BENEFIT FROM AN OVERALL NARRATIVE ARTICULATION HOW THE GOALS WILL LEAD TO BROADER OUTCOMES FOR PEOPLE AND THE PLANET."

10. Reduce inequality within and among countries.

11. Make cities and human settlements Safe and Sustainable.

12. Ensure Sustainable consumption and production patterns.

13. Take urgent action to combat climate change and its impacts.

14. Conserve and sustainably use the Oceans, Seas and marine resources for Sustainable development.

15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

The SDGs Targets

Out of 169 targets, 49 (29%) are considered well developed, 91 goals (54%) could be strengthened by being more specific, and 29 (17%) require significant work. The success of the SDGs is partly dependent on aligning targets and goals with existing international agreements and processes. Many of the targets may also contribute to several goals, and some goals and targets may conflict. Action to meet one target could have unintended consequences on others if they are pursued separately. Research suggests that most goal areas are interlinked, that many targets might contribute to several goals and that there are important trade-offs among several targets and objectives. By tackling objectives in an integrated way, the desired results can be achieved for many targets.

MDGs Vs SDGs

Apart from the simple fact that SDGs contain a much larger number of goals covering a broader set of issues compared to MDGs and hence make the agenda more challenging, there are a number of significant differences between the two.

- SDGs are meant for all countries -- not just for developing countries;
- A look at some of the goals and targets of SDGs -- especially those relating to growth, employment, education, health, indicates an emphasis on qualitative aspects of development;
- As for fighting poverty, in addition to the income dimension, non-income dimensions are also emphasized;
- In a few instances, e.g., with respect to economic growth and industrialization, quantitative targets are specified for least-developed countries (LDCs).

The proposed Sustainable Development Goals offer significant improvements on the Millennium Development Goals (MDGs). The SDGs framework addresses major systemic barriers to sustainable development such as inequality, unsustainable consumption patterns, weak institutional capacity and environmental degradation that the MDGs neglected. The SDGs framework would benefit from an overall narrative articulation how the goals will lead to broader outcomes for people and the planet. The current SDGs framework does not identify the wide range of social groups that will need to be mobilized to deliver on the goals as agents of change alongside governments.

Sustainable Development Goals in Bangladesh

According to a report on the 2015 progress report on MDGs, Bangladesh progressed in poverty alleviation, food security, primary school enrolment, gender parity in primary and secondary education, immunization coverage, and reductions in infant, under-five and maternal mortality, and prevalence of communicable diseases. However, existence of poverty pockets, unemployment among the youth, stunting and wasting among the under five children, high dropout rate, and improving quality of primary education, universal access to reproductive health and resource remain as major challenges.

The United Nations hopes Bangladesh would emerge as a leader in the sustainable development goals, repeating its success in pulling off the millennium development goals. Bangladesh has become a role model in South Asia and in the world in achieving the MDGs. The Governance Innovation Unit (GIU) of the PMO organized the discussion styled “Achieving sustainable development goals: key policy priorities and implementation challenges for

South Asia and Bangladesh". Despite their economic dynamism and remarkable MDG achievements, South Asian countries account for 37 percent of the world's poor, and nearly half the world's malnourished children.

Among some policy recommendations, the UN official said rapid economic growth is necessary through sustainable industrialization. The economic growth in the region for a while but this growth is not creating enough jobs. This is not a healthy situation. Bangladesh also has to create jobs. It needs reorientation of the development administration and the approach has to be people-centric.

Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue, raised the question whether regional cooperation could play any role in achieving the SDGs, as there was no regional approach in the MDGs. He, however, said the region could develop infrastructure using money, time and intellect. He also stressed good governance, law and order, human rights and equity and justice in accomplishing the SDGs. Resources are available but it has to be looked into whether the countries are able to maximise whatever foreign assistance is being received. In Bangladesh, there is institutional framework in place that can take the job creation agenda forward.

Despite significant economic progress over the last 15 years and achievements in areas such as poverty alleviation, health and education, Bangladesh still faces a number of developmental challenges related to violence, lack of access to justice, and limited citizen inclusion in decision-making processes. The 2030 Agenda for Sustainable Development provides an opportunity for Bangladesh to focus attention on many of these challenges, especially with the Agenda's inclusion of Goal 16 on peaceful and inclusive societies. This report explores three specific targets in Goal 16, which are highly relevant to the development challenges faced in Bangladesh today.

Challenges to Implement SDGs

Bangladesh is undergoing substantial economic and social change, and this will intensify in the coming decades. Fundamental forces are at play, involving rapid industrialization, structural change in the economy, and substantial rural-urban migration. These processes bring a host of developmental pressures, and a range of potential inequities. As the country moves to middle-income status, the differences in income and living conditions have tended to widen. This is a by-product of the growth process, Bangladesh's centralized economic model, and its difficult geography. It is vital these inequalities are addressed if poverty is to be further reduced, and a host of future problems associated with social exclusion avoided.

Environmental pressures, exacerbated by climate change, remain significant and could easily worsen if remedial actions are not taken at the local and global level. While the population is expected to stabilize at around 200 million, growing wealth and migration will place further strain on ecosystems and the living environment.

The key challenges for Bangladesh for implementing the SDGs as

1. Integration in the national planning process
2. Financial and non-financial resources
3. Institutional mechanism for implementation
4. Data for Monitoring
5. Participation and accountability

Actions Taken for Attainment of the SDGs

In order to ensure proper implementation of the Sustainable Development Goals (SDGs) leaving no citizen behind, action plans are being developed by the government for each target of the SDGs related to poverty, hunger and inequality and other targets.

The strength is that the development approach of

Bangladesh underlying the 7th Five Year Plan (FYP) i.e. 2016-20 is prepared integrating the targets of SDGs. The plan strives for just, equitable and inclusive economic growth with appropriate measures for protection of the environment. At the behest of the Prime Minister, her office has created an inter-ministerial committee, "SDG Monitoring and Implementation Committee" which includes 16 key implementing ministries including Planning Commission (GED). Bangladesh has already done the mapping of Ministries/Divisions by SDGs targets (who to do what in terms of targets) which includes directly linked 49 Ministries/Divisions containing Prime Minister's Office and Cabinet Division also. Preparation of the SDGs Implementation Action Plan in a phased manner for coming one decade and a half by Ministries is under process in Planning Commission of Bangladesh.

As the 7th FYP is the means of implementation of SDG targets in Bangladesh in the first quinquennial of SDGs, Ministries/Divisions are to identify the Actions/Activities/Interventions to achieve the SDG targets in accordance with 7th FYP for the next five years. Further, Ministries/Divisions will comply with the Action Plans by preparing possible actions/interventions during and beyond 7th FYP till 2030. Action Plan will be finalized by consulting with all the relevant Ministries/Divisions. Additional resources required to implement the action plans by the Ministries/Divisions have been estimated and final report will come out by next December.

Action Plan for SDGs implementation will be followed by preparing a Monitoring and Evaluation (M&E) Framework. A preliminary data gap analysis for monitoring SDGs has already been conducted by the General Economics Division (GED) of the Planning Commission. Existing survey, MIS, Census, national accounts and data generating system of several statistical organisations, including Bangladesh Bureau of Statistics (BBS), are reviewed in the light of UN proposed indicators. Data gaps have been identified. GED will report on the performance assessment by the SDGs indicators. The General Economics Division (GED), Planning Commission in collaboration with United Nations Resident Coordinator (UNRC) in Bangladesh has organised dialogues with the NGOs, CSOs, Development Partners and Media to ensure private sector involvement in SDGs implementation. Development Partners of Bangladesh also have been requested to align their Country Strategies within the framework of the SDG targets relevant for Bangladesh. Thematic and goal-wise consultation with stakeholders from private sector along with development partners at a large-scale will also be carried out regarding action plan and monitoring framework. It is highlighted that the SDGs and its associated targets should be reflected in ministries' annual work plan as well as in Annual Performance Agreement (APA).

The government needs to bring forth greater coordination between their relevant authorities and private sector institutions like the-Bangladesh Employers Federation (BEF), the FBCCI, and other important Chambers of Commerce. This will enable the examination of new business opportunities and that will facilitate at the end of the day necessary growth within the matrix of achieving the SDGs. Sustainable development needs to be inclusive, integrated and integral.

UNDP's Role with the Global Goals

UNDP can support, and is already supporting, countries in three different ways, through the MAPS approach: mainstreaming, acceleration and policy support.

UNDP Helps us by

- Providing support to governments to reflect the new global agenda in national development plans and policies. This work is already underway in many countries at national request;
- Supporting countries to accelerate progress on SDG

targets. In this, we will make use of our extensive experience over the past five years with the MDG Acceleration Framework; and

- Making the UN's policy expertise on sustainable development and governance available to governments at all stages of implementation.

Collectively, all partners can support communication of the new agenda, strengthening partnerships for implementation, and filling in the gaps in available data for monitoring and review. As Co-Chair of the United Nations Development Group (UNDG) Sustainable Development Working Group, UNDP will lead the preparation of Guidelines for National SDG Reports which are relevant and appropriate for the countries in which we work.

UNDP is deeply involved in all processes around the SDG roll out. The guidance and tools being developed will be shared as they become available.

Conclusion and Recommendation

SDGs were adopted to facilitate actions at different levels for people, planet and prosperity of humanity. It seeks to transform the society towards an economically growing, social responsive as well as environmentally sound. Bangladesh has adopted SDGs to promote inclusive social and economic development, environmental sustainability, ensure equity and human right.

Attainment of SDGs will require a strong and effective institutional mechanism involving all stakeholders including public representatives (central and local), government (executive and bureaucracy), private sector, civil society, knowledge community (academic and nonacademic), and development partners. Institutional mechanism for implementation SDGs related development programs need to be in place with clear mandates of its activities and auditing systems. The national budgetary process needs to be reformed in line with the SDGs and resources allocation need to be made judiciously across different sectors. Adoption of a common conceptual framework in line with international standards, integration of environment statistics within the national statistical system requires a systems-wide approach to align the statistical production process for different sectoral statistics, and reconcile institutional arrangements for the production of an integrated information sets also necessary tools. Moreover, the civil society can play a key role in implementing SDGs and giving critical input for monitoring and evaluation; developing institutional mechanism and promoting good governance.

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IMF Sees Subdued Global Growth, Warns Economic Stagnation Could Fuel Protectionist Calls

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Executive Summary

Global growth is projected to slow to 3.1 percent in 2016 before recovering to 3.4 percent in 2017. The forecast, revised down by 0.1 percentage point for 2016 and 2017 relative to April, reflects a more subdued outlook for advanced economies following the June U.K. vote in favor of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer. Although the market reaction to the Brexit shock was reassuringly orderly, the ultimate impact remains very unclear, as the fate of institutional and trade arrangements between the United Kingdom and the European Union is uncertain. Financial market sentiment toward emerging market economies has improved with expectations of lower interest rates in advanced economies, reduced concern about China's near-term prospects following policy support to growth, and some firming of commodity prices. But prospects differ sharply across countries and regions, with emerging Asia in general and India in particular showing robust growth and sub-Saharan Africa experiencing a sharp slowdown. In advanced economies, a subdued outlook subject to sizable uncertainty and downside risks may fuel further political discontent, with anti-integration policy platforms gaining more traction. Several emerging market and developing economies still face daunting policy challenges in adjusting to weaker commodity prices. These worrisome prospects make the need for a broad-based policy response to raise growth and manage vulnerabilities more urgent than ever

Global economic growth will remain subdued this year following a slowdown in the United States and Britain's vote to leave the European Union, the IMF said in its October 2016 World Economic Outlook.

"Taken as a whole, the world economy has moved sideways," said IMF chief economist and economic counselor, Maurice Obstfeld. "We have slightly marked down 2016 growth prospects for advanced economies while marking up those in the rest of the world," he said.

The report highlighted the precarious nature of the recovery eight years after the global financial crisis. It raised the specter that persistent stagnation, particularly in advanced economies, could further fuel populist calls for restrictions on trade and immigration. Obstfeld said such

restrictions would hamper productivity, growth, and innovation.

"It is vitally important to defend the prospects for increasing trade integration,'' Obstfeld, said. "Turning back the clock on trade can only deepen and prolong the world economy's current doldrums."

To support growth in the near term, the central banks in advanced economies should maintain easy monetary policies, the IMF said. But monetary policy alone won't restore vigor to economies dogged by slowing productivity growth and aging populations, according to the new report. Where possible, governments should spend more on education, technology, and infrastructure to expand productive capacity while taking steps to alleviate inequality. Many countries also need to counteract waning potential growth through structural reforms to boost labor force participation, better match skills to jobs, and reduce barriers to market entry.

The world economy will expand 3.1 percent this year, the IMF said, unchanged from its July projection.

Next year, growth will increase slightly to 3.4 percent on the back of recoveries in major emerging market nations, including Russia and Brazil (see table).

Advanced Economies: U.S. Slowdown, Brexit

Advanced economies will expand just 1.6 percent in 2016, less than last year's 2.1 percent pace and down from the July forecast of 1.8 percent.

The IMF marked down its forecast for the United States this year to 1.6 percent, from 2.2 percent in July, following a disappointing first half caused by weak business investment and diminishing pace of stockpiles of goods. U.S. growth is likely to pick up to 2.2 percent next year as the drag from lower energy prices and dollar strength fades.

Further increases in the Federal Reserve's policy rate "should be gradual and tied to clear signs that wages and prices are firming durably," the IMF said.

Uncertainty following the "Brexit'' referendum in June will take a toll on the confidence of investors. U.K.

"GLOBAL ECONOMIC GROWTH WILL REMAIN SUBDUED THIS YEAR FOLLOWING A SLOWDOWN IN THE UNITED STATES AND BRITAIN'S VOTE TO LEAVE THE EUROPEAN UNION, THE IMF SAID IN ITS OCTOBER 2016 WORLD ECONOMIC OUTLOOK. "TAKEN AS A WHOLE, THE WORLD ECONOMY HAS MOVED SIDEWAYS," SAID IMF CHIEF ECONOMIST AND ECONOMIC COUNSELOR, MAURICE OBSTFELD. "WE HAVE SLIGHTLY MARKED DOWN 2016 GROWTH PROSPECTS FOR ADVANCED ECONOMIES WHILE MARKING UP THOSE IN THE REST OF THE WORLD," HE SAID."

growth is predicted to slow to 1.8 percent this year and to 1.1 percent in 2017, down from 2.2 percent last year.

The euro area will expand 1.7 percent this year and 1.5 percent next year, compared with 2 percent growth in 2015.

"The European Central Bank should maintain its current appropriately accommodative stance," the IMF said. "Additional easing through expanded asset purchases may be needed if inflation fails to pick up."

Growth in Japan, the world's number 3 economy, is expected to remain subdued at 0.5 percent this year and 0.6 percent in 2017. In the near term, government spending and easy monetary policy will support growth; in the medium term, Japan's economy will be hampered by a shrinking population.

Emerging Market Growth Expected to Accelerate

In emerging market and developing economies, growth will accelerate for the first time in six years, to 4.2 percent, slightly higher than the July forecast of 4.1 percent. Next year, emerging economies are expected to grow 4.6 percent. However, prospects differ sharply across countries and regions. In China, policymakers will continue to shift the economy away from its reliance on investment and industry toward consumption and services, a policy that is expected to slow growth in the short term while building the foundations for a more sustainable long-term expansion. Still, China's government should take steps to rein in credit that is "increasing at a dangerous pace'' and cut off support to unviable state-owned enterprises, "accepting the associated slower GDP growth," the IMF said.

China's economy, the world's second largest, is forecast to expand 6.6 percent this year and 6.2 percent in 2017, down from growth of 6.9 percent last year.

"External financial conditions and the outlook for emerging market and developing economies will continue to be shaped to a significant extent by market perceptions of China's prospects for successfully restructuring and rebalancing its economy,'' the IMF said.

Growth in emerging Asia, and especially India, continues to be resilient. India's gross domestic product is projected to expand 7.6 percent this year and next, the fastest pace among the world's major economies. The IMF urged India to continue reform of its tax system and eliminate subsidies to provide more resources for investments in infrastructure, education, and health care.

Sub-Saharan Africa's largest economies continue to struggle with lower commodity revenues, weighing on growth in the region. Nigeria's economy is forecast to shrink 1.7 percent in 2016, and South Africa's will barely expand. By contrast, several of the region's non-commodity exporters, including Côte d'Ivoire, Ethiopia, Kenya, and Senegal, are expected to continue to grow at a robust pace of more than 5 percent this year.

Economic activity slowed in Latin America, as several countries are mired in recession, with recovery expected to take hold in 2017. Venezuela's output is forecast to plunge 10 percent this year and shrink another 4.5 percent in 2017. Brazilwill see a contraction of 3.3 percent this year, but is expected to grow at 0.5 percent in 2017, on the assumption of declining political and policy uncertainty and the waning effects of past economic shocks. Countries in the Middle East are still confronting challenging conditions from subdued oil prices, as well as civil conflict and terrorism.

A Partial Recovery in Commodity Prices

The IMF's Primary Commodities Price Index has increased by 22 percent since February 2016—that is, between the reference periods for the April 2016 and the current WEO report (Figure 1.3). The strongest price increases were for fuels, in particular for oil and Coal:

- After hitting a 10-year low in January 2016, oilprices rallied by 50 percent, to $45 in August, mostly due to involuntary production outages that brought balance to the oil market.

- Natural gas prices are declining—the average pricefor Europe, Japan, and the United States is down by 6 percent since February 2016. The previous decline in oil prices, abundant natural gas production in Russia, and weak demand in Asia (particularly in Japan) have contributed to that decline. In the United States, natural gas prices have instead edged higher on account of stronger demand from the power sector, reflecting warmer-than-expected weather.

- Coal prices have rebounded, with the average ofAustralian and South African prices 32 percent higher than levels in February 2016. Nonfuel commodity prices have also increased, with metals and agricultural commodity prices rising by 12 percent and 9 percent, respectively.

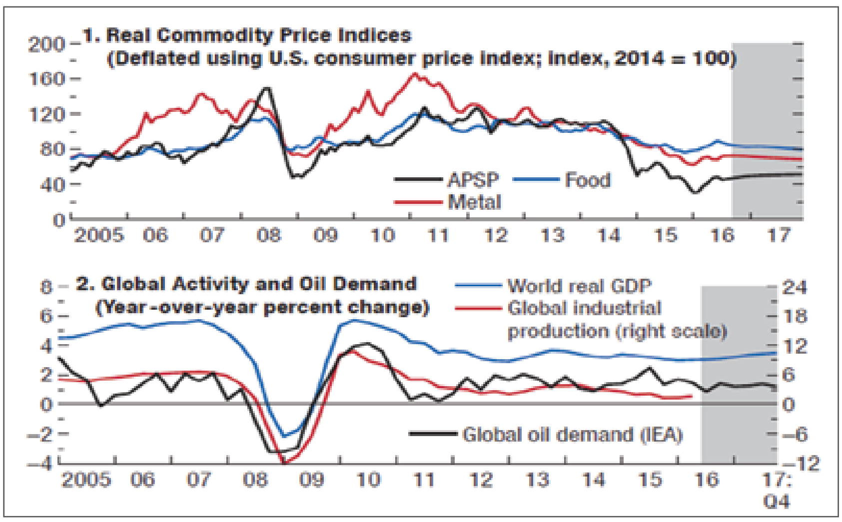
- Metal prices had been gradually declining because ofa slowdown in and a shift away from commodity- intensive investment in China, but the recent stimulus has provided some support to prices.

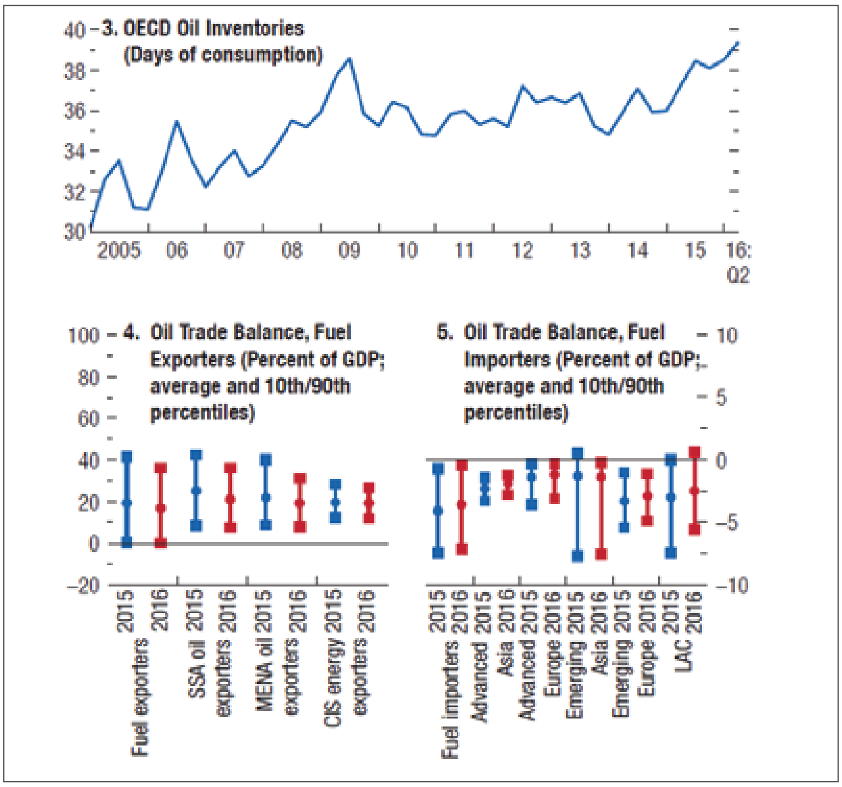
Oil prices have rebounded from the 10-year low recorded in January 2016, due in large part to involuntary production shutdowns. Metal prices increased modestly in the first half of 2016 with slightly stronger demand from emerging market and developing economies, while food prices ticked up for most items, in large part due to adverse weather shocks.

Exchange Rates and Capital Flows

Relative to the spring, the dollar and the euro remain broadly unchanged in real effective terms (Figure 1.4, first panel). The largest movements across the currencies of advanced economies as of the end of mid-September 2016 were the depreciation of the pound following Brexit (about 9 percent since the spring and over 10 percent since the June 23 referendum) and the appreciation of the Japanese yen (around 10

Figure 1: Commodity and Oil Markets





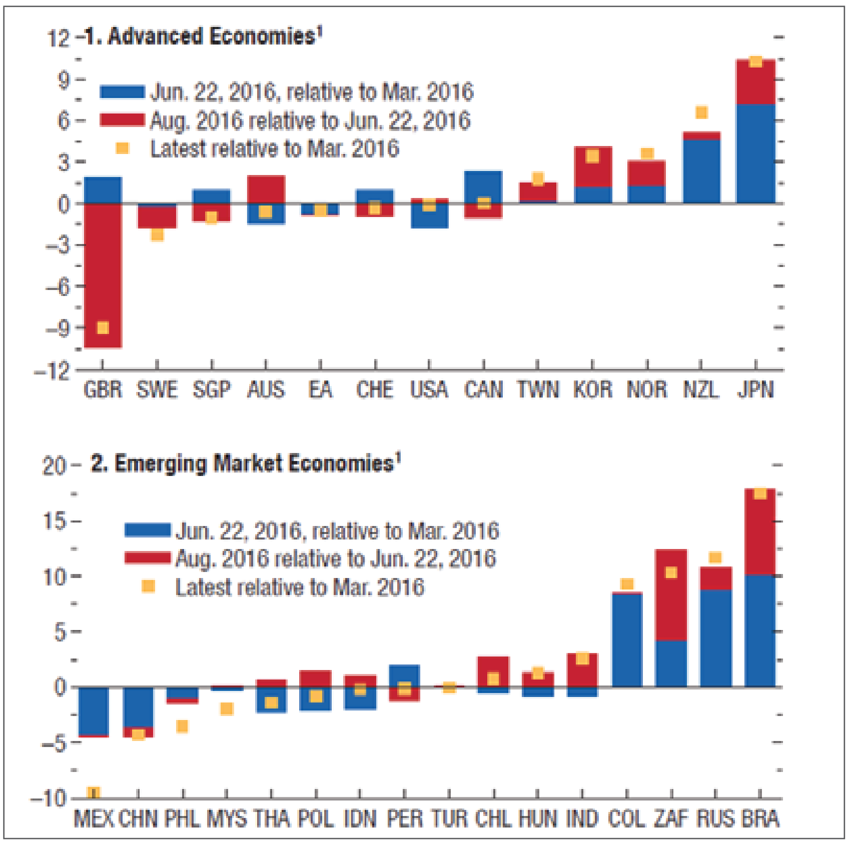
Data from the few countries that have released full balance of payments data for the second quarter confirm an increase in capital inflows, especially in portfolio instruments. China has continued to experience capital outflows and some loss in foreign exchange reserves, but at a much more modest pace than in the second half of 2015 and early 2016.

Since March 2016 advanced economy currencies have remained mostly stable, or appreciated modestly, with the exception of the British pound (which depreciated sharply after the June 23 U.K. referendum vote to leave the European Union) and the Japanese yen (which has appreciated close to 10 percent). Currencies of commodity exporters

percent). Across emerging market currencies, the Chinese renminbi continued to depreciate gradually, by over 4 percent (Figure 1.4, panel 2). The currencies of commodity exporters—including the Brazilian real, the Russian ruble, and the South African rand—have generally appreciated, reflecting some recovery in commodity prices and a more general strengthening of financial market sentiment vis-à-vis emerging market economies, related in part to expectations of even lower interest rates in advanced economies.

Capital flows to emerging market economies have recovered after the sharp downturn in the second half of 2015 and a weak start to 2016, on the back of the same factors supporting exchange rate valuations (Figure 1.5). In particular, purchases of shares in funds specializing in emerging market portfolio instruments have picked up (Figure 1.5, panel 1).

Figure 2: Real Effective Exchange Rate Changes
March 2016–September 2016



have generally appreciated with the recovery in commodity prices.

Monetary Policy and Financial Conditions

Asset prices and risk sentiment have generallyrecovered after the declines in the aftermath of the U.K. referendum (Figure 1.6). Equity prices reachedrecord highs in the United States in August andpicked up in other advanced economies as well. A notable exception are bank stocks, reflecting expectations of weakened future bank profitability, as interest rates are now expected to stay very low even longer, as well as balance sheet concerns in some countries with more vulnerable banking systems, such as Italy and Portugal.

In response to persistently weak inflation and lackluster data on economic activity, markets expect central banks in major advanced economies to remain dovish for longer than previously thought (Figure 1.6, panels 1 and 2). In particular, markets now expect only one further rate increase in the United States during 2016.The shift in expectations was particularly notable in the United Kingdom, where the Bank of England cut the policy rate, boosted quantitative easing, and undertook a number of other initiatives to support sentiment following the referendum. Term premiums have also compressed further, with long-term interest rates in advanced economies declining again (Figure 1.6, panel 3). As of late August, yields on 10-year U.S. and German government bonds had declined by 25 to 30 basis points since March while the yields on U.K 10-year gilts had declined by 90 basis points. Yields have increased modestly in September. A large stock of advanced economy sovereign bonds is now trading at negative yields, as discussed in the October 2016 Global Financial Stability Report(GFSR). Meanwhile, credit to nonfinancial firms and households continue to expand (albeit at a decelerating pace) in the United States, and in the euro area as a whole(Figure 1.7).

Sentiment toward emerging market economies has generally improved, with a compression in spreads, declining long-term real interest rates, and a recovery in equity valuations (Figures 1.8 and 1.9). A number of emerging markets have eased monetary policy rates since the spring, including several economies in Asia where inflation has been muted (notably Indonesia and Malaysia)as well as Russia and Turkey. Exceptions to this trend are Mexico, where the policy rate was raised by 50basis points after the exchange rate came under pressure immediately following the Brexit vote, and Colombia and South Africa, where policy rates were raised in order to keep inflation expectations around target.

Latest growth projections
Growth in 2016 is projected to remain modest, with a pick-up in 2017, primarily driven by emerging markets
(Percent change)

		Projections	
	2015	2016	2017
World Output	**3.2**	**3.1**	**3.4**
Advanced Economies	**2.1**	**1.6**	**1.8**
United States	2.6	1.6	2.2
Euro Area	2.0	1.7	1.5
Germany	1.5	1.7	1.4
France	1.3	1.3	1.3
Italy	0.8	0.8	0.9
Spain	3.2	3.1	2.2
Japan	0.5	0.5	0.6
United Kingdom	2.2	1.8	1.1
Canada	1.1	1.2	1.9
Other Advanced Economies 1/	2.0	2.0	2.3
Emerging Market and Developing Economies	**4.0**	**4.2**	**4.6**
Commonwealth of Independent States	−2.8	−0.3	1.4
Russia	−3.7	−0.8	1.1
Excluding Russia	−0.5	0.9	2.3
Emerging and Developing Asia	6.6	6.5	6.3
China	6.9	6.6	6.2
India 2/	7.6	7.6	7.6
ASEAN-5 3/	4.8	4.8	5.1
Emerging and Developing Europe	3.6	3.3	3.1
Latin America and the Caribbean	0.0	−0.6	1.6
Brazil	−3.8	−3.3	0.5
Mexico	2.5	2.1	2.3
Middle East, North Africa, Afghanistan, and Pakistan	2.3	3.4	3.4
Saudi Arabia	3.5	1.2	2.0
Sub-Saharan Africa	3.4	1.4	2.9
Nigeria	2.7	−1.7	0.6
South Africa	1.3	0.1	0.8
Low-Income Developing Countries	4.6	3.7	4.9

Source: IMF, October 2016 *World Economic Outlook*.
1/ Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.
2/ For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY2011/12 as a base year.
3/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.

Overarching policy Challenge

Given the still weak and precarious nature of the global recovery, and the threats it faces, the IMF underscored the urgent need for a comprehensive, consistent, and coordinated policy approach to reinvigorate growth, ensure it is distributed more evenly, and make it durable. "By using monetary, fiscal, and structural policies in concert—within countries, consistent over time, and across countries—the whole can be greater than the sum of its parts," Obstfeld concluded.

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The Practice of Historical Cost Accounting and Fair Value Accounting in Financial Reporting -Is the Coexistence the Ultimate Solution?

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Abstract

The project of Generally Accepted Accounting Principle (GAAP) and International Financial Reporting Standards (IFRS) convergence had created the controversial use of fair value and historical cost and their coexistence. This paper has presented a comparative discussion of the historical cost and fair value. The benefits and criticism of two principles, recognition criteria of assets and liabilities according to International Accounting Standards (IAS) disclosures and the effect on the financial statements are also discussed. The findings can contribute for the policymakers to decide whether these two principles should coexist as they have been all these years or there should be a new converged principle with the benefits of both these methods aside from their limitations.

Key Word

Historical cost, fair value, IFRS, IAS.

Introduction

After the convergence project between GAAP and IFRS got cancelled in early 2014, the choice between historical cost accounting and fair value accounting still continues to be the subject of controversy among accounting academics and regulators. The historical cost and fair value are seen to be used simultaneously by the organizations to report and evaluate their assets and liabilities.

Initially historical cost principle has been used to report and elaborate financial performance and condition of financial and non-financial organizations. This principle is popular for its reliability as it is objectively measurable, factual and verifiable. It is also said to be relevant because it represents the price paid and the asset sacrificed. But eventually this principle was criticized to be irrelevant as well. After acquisition, the arguments goes, the cost of an asset is not equivalent to market value or current value. (Weygandt, Kimmel, Kieso; Accounting Principles, ed 7). Later the concept of Fair value evolved, to be more relevant than Historical cost.

Fair value principle on the other hand, focuses more on relevance than reliability. In reality, every economy suffers price fluctuation which should be reflected on the value of assets and liabilities in the financial statements. But if historical cost principle is applied it ignores all kinds of changes in price. Hence, fair value is proved to be the most effective way to represent current market conditions and economic realities. Fair value

measurements enable financial statements to be revealing how financial instruments are being affected by current market conditions, resulting in increased transparency to investors and others. (Nally, Dennis, 2008).

As much as fair value is relevant and shows the real situation, it is not free from its drawbacks. Without a perfect market, application of fair value is less feasible. It also introduces volatility in financial statements, making the earnings less predictable. This raises a question whether there should be an 'ideal' principle replacing these two existing principles.

Objectives and Methodology

The objectives of this paper are to:

- State the comparative analysis of historical cost and fair value along with their underlying advantages.
- Explain the criticism of historical cost and fair value.
- Show the application of historical cost and fair value for assets and liabilities in initial and subsequent recognition.
- Explain the effects of historical cost and fair value on the financial statements.
- Suggest an issue of initiating a 'new principle'.

The paper is focused on the secondary data, mainly from the rigorous study of different literatures and IASs. Different articles were collected from journals using internet. In addition, annual reports of different financial and non-financial institutions, e.g. pharmaceutical, ceramic, footwear, bank,were analyzed to study the present practice of reporting assets and liabilities and their recognition criteria.

Literature Review

The preferable method between fair value and cost principle is a subject of debate that goes back in 1930s (Paton 1932, pp.739-747, Fabricant 1936). This debate goes on throughout the years of 2005 (Schipper), 2006 (Ball & Shivakumer), 2009 (Laux Leuz),

"AS MUCH AS FAIR VALUE IS RELEVANT AND SHOWS THE REAL SITUATION, IT IS NOT FREE FROM ITS DRAWBACKS. WITHOUT A PERFECT MARKET, APPLICATION OF FAIR VALUE IS LESS FEASIBLE. IT ALSO INTRODUCES VOLATILITY IN FINANCIAL STATEMENTS, MAKING THE EARNINGS LESS PREDICTABLE. THIS RAISES A QUESTION WHETHER THERE SHOULD BE AN 'IDEAL' PRINCIPLE REPLACING THESE TWO EXISTING PRINCIPLES."

2010(Hail, Leuz & Wysocki) and it is still ongoing. What we found from our study is that, there is no specific rule that binds an organization to use either fair value or historical cost. Both of these methods are used according to the need of the organization.

One can define historical cost as the origin cost evaluated, measured, and registered when assets come in and debts are created (Man & Liana, 2011). It is possible to apply fair value if the market is perfect. But in reality as the market is anything but perfect, historical cost is more in use compared to fair value. Fair value first appeared in 1953, in the publications of the Accounting Research Bulletins and later it was introduced in IASB in 1998. According to IASB, 'fair value represents the amount at which an asset can be transacted or a date settled, or mutual agreement, between parts familiar with the circumstances, on the occasion of a transaction where price is objectively determined.'

Costa & Guzzo (2009) in their article 'Fair Value Accounting versus Historical Cost Accounting: a theoretical framework for judgment in financial crisis' discussed that the fair value is mainly preferred for the 'relevance, where historical cost for 'reliability'.

Altogether the literature on fair value indicates that it provides more relevant information to investors and creditors than historical cost, the latter is considered more objective and reliable than fair value. (Rodriguez-Perez et al., 2011, pp.61-62).

Considered to be the best estimation of market value, the organism of international accounting standardization have extensively validated the practice of fair value evaluation that tends to embrace most balance sheet assets (Man & Liana, 2011).

According to Christensen & Nikolaev (2008), UK and Germany has the largest financial market in Europe. German GAAP follows only historical cost where, UK allows historical cost for PPE and fair value for investment property. But since 2005, all listed companies in UK and Germany are required to prepare statements according to IFRS and in IFRS both fair value and historical cost are allowed for PPE and investment property. They have also examined the post IFRS choices of companies and concluded 44% of the companies switched to Historical cost accounting upon IFRS adoption.

During the inflationist periods, historical cost accountancy provides a distorted representation of economic reality; this fact negatively influences the company's performance which cannot be adequately evaluated as a result of company's profit over evaluation (Man & Liana, 2011). Bignon et al. (2009) stated that the use of fair value is restricted by the presence of asymmetric information, complementarities and specificities. Moreover fair value compromises the reliability of accounts and incorporates risk of financial volatility. In addition, fair value may not provide correct information to shareholders.

Historical Cost and Fair Value Accounting: The Concept

Historical cost is the method in which the assets and liabilities of the organization is recorded at the original acquisition value in the balance sheet and continued to be recorded in such manner throughout its useful life. Historical cost is a GAAP standard developed by Financial Accounting Standard Board (FASB). As such, this standard suggests that assets and liabilities are recorded on the balance sheet at original cost, even if the value may change over time. This is sometimes referred to as the exchange price. The cost principle (or historical cost principle) dictates that companies record assets at their cost. This is true not only at the time the asset is purchased, but also over the time the asset is held. (Weygandt, Kimmel, Kieso; Accounting Principles, pp.459,ed 10).

Accounting is concerned with past events and which necessitates consistency and comparability. So it requires accounting transactions to be recorded at their historical cost. This principle also states that the assets should be reported at its original cost at the time of exchange transaction and it should incorporate all related expenditure necessary to acquire the asset and make it ready to be used.

The most commonly known advantage of historical cost is that, this principle justifies the use of 'Going Concern Assumption' under GAAP. According to Vernon Kam (1986, 1990. P.177), 'The supposition is that the life of the firm is indefinite, so that normal expectations concerning the nonmonetary items will be fulfilled. Inventories can be expected to be sold and fixed assets to be fully employed in the business; therefore the historical cost of the assets, or an allocated portion of it, is the appropriate amount to match with the revenue.' Yet another advantage of historical cost is that, this principle is more objective and reliable. As historical cost is more objective, it is less likely to be manipulated. Managers need to make decisions regarding the future operation of the business based on data of past transaction. As a result they entail valid and reliable documents of past transaction which can be used as an evidence of their activities for any future purposes e.g. if required by the auditors. Cost is relevant because it represents the price paid, the assets sacrificed or the commitment made at date of the acquisition. Cost is reliable because it is objectively measurable, factual and verifiable. (Weygandt, Kimmel, Kieso; Accounting Principle, p. 499, ed. 7)

For example, a company has purchased equipment for Tk.750000 in 2014. It incurred a freight cost of Tk10000 and installation fee of Tk.7000. The equipment has a useful life of 25 years. According to the historical cost principle the cost of the equipment purchased will be reported as Tk.767000 i.e. (750000 + 10000 + 7000), including the freight and installation fee, in the balance sheet of 2014. This equipment will be reported at the cost of Tk.767000 throughout its useful life of 25 years.

On the contrary, fair value is another approach to measure the assets, developed by International Accounting Standard Board (IASB). It defines fair value as, '…an amount at which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction'. Under US GAAP (FAS 157), fair value is the amount at which the asset could be bought or sold in a current transaction between willing parties, or transferred to an equivalent party, other than in a liquidation sale.

Fair value is the best available method to measure and report financial assets. Fair value is based on market measures or, in limited cases, estimates of them. Some have contended that current market valuations of some complicated securities do not reflect eventual long term reality- for example, in cases where the market for this instrument has become illiquid. (Nally, Dennis, 2008)

On a daily basis, managers are using personal judgment and prudence to measure and report financial assets and liabilities. As a result they will naturally prefer IFRS and fair value accounting as financial standards. In addition, in the times of rising asset prices, if the gain is calculated based on fair value, it certainly benefits the managers more than the historical cost principle does. Consequently this increase in gain will lead to an increase in the reported profit as well as the bonus of the managers.

Fair value is also frequently used as the re-measured value of assets and liabilities, reflecting changes in the current market value which produces a more updated balance sheet and income statement for the investors and other stakeholders.

Continued from the previous example, the equipment which had a cost of Tk. 767,000 was purchased in 2014, suppose in 2016 the market value of the equipment is Tk. 800,000. So if fair value is applied the equipment will be shown in the balance sheet of 2016 at the market value of Tk. 800,000.

Criticism

In spite of the numerous advantages and rigorous practice, historical cost is still criticized by many. It is argued that historical cost should only be a 'history'. On the other hand, though fair value is said to be relevant and objective, it has also been accused to be unreliable and not verifiable. Below, some of the criticisms are summarized:

Why People think that Historical Cost should be a History Only?

Irrelevant Information in Times of Inflation

In the times of inflation or rising price, historical cost accounting is unable to provide useful information regarding the valuation of asset which creates a problem of relevance of the information. An implicit and troublesome assumption in the historical cost model is that the monetary unit is fixed and constant over time. However there are three components of the modern economy that make this assumption less valid than it was at the time the model was developed. (Eliot, 1986, p.33). According to his (Eliot) findings, these three components are: a) specific price level change, induced by technological advancement or changes in demand, b) general price level change i.e. inflation and c) fluctuation in exchange rate.

Failure to Show the Current Value

Historical cost accounting fails to show the updated current value of assets in the financial statements as it reports the assets on the fixed original acquisition price, removing the uncertainty. Historical cost accounting is generally easier to follow since it is based on fixed and certain inputs. While this eliminates uncertainty from the initial valuation decision, it creates uncertainty in future periods about the true value of assets. (Meunier, 2012)

Additivity Problem

Historical cost creates an Additivity problem. While preparing Balance sheet under historical cost accounting, the purchase of a new asset is adjusted by adding it with the same category asset already used by the business for several years. But these two assets were purchased at different times, with different purchasing power.

For example: Erica Inc. has a machine shown in the balance sheet as Tk.500,000 which was purchased back in 2001. The company purchased another machine in 2015 for Tk.75,000 and now the balance of machine in the balance sheet shows Tk.575,000 by adding both machines together. But in reality adding these two machines create the additivity problem. These two machines cost different and the purchasing power of year 2001 and 2015 is obviously not the same.

Reporting Holding Gain

Holding an asset for years gives a huge amount of benefit in the times of selling such asset because throughout the period the asset was held the price has increased. A gain is earned while selling it and that gain is reported on the year it is sold. But the price of the asset did not increase only in the year it was sold.

For example: Erica Inc. has a land bought in 2001 for Tk.900,000. The price of the land increased to Tk.1,200,000 in 2005, Tk.1,500,000 in 2010 and again Tk.1,800,000 in 2015. If the company wants to sell the land in 2016, the company will receive Tk.2,200,000. So the gain of Tk.1,300,000 from the selling of the land will be reported in 2016 income statement. But the gain on sale was the result of gradual increase in the price of the land from 2001 to 2016 not only in 2016. So the holding gain should be reported in the same manner.

Effect on Profitability:

Historical cost accounting also raises a flag in case of comparing return on asset of two competitive companies. For example, a same machine cost Tk.50,000 to one company and Tk.75,000 to another company due to rising price. The first company gets a return of Tk.7,000 and the second one gets Tk.10,000. If we calculate the return from this asset, the first company will have a 14% return (Tk.7,000 / Tk.50,000) and the second company will have a 13.33% return (Tk.10,000 / Tk.75,000). As a result the second company will appear less efficient according to historical cost accounting.

Is Fair Value Accounting Really Fair?

Possibility of Manipulation

Fair value accounting does not qualify as a reliable way to measure the value of the assets. In fair value accounting, it is very difficult to ascertain the exact fair value of an asset or liability. (American Bankers Association, 2011). It lacks in terms of documents and evidence needed to evaluate the asset. As a result the fair value of the asset relies on the individual prudence of the managers which creates scopes for manipulation and misinterpretation.

Dependence on Perfect Market

Fair value is useful when there exists a perfect market. A market is perfect when:

a. There are large number of participants in terms of seller and buyer.

b. There is no restriction to enter or exit from such a market.

c. Homogeneous or non-differentiated products are to be produced and sold.

d. Complete information is available about prices, product quality, and production techniques to all the participants including individual and organizational buyer and seller.

In reality a perfect market seldom exists, so the usefulness of fair value is immaterial.

Unnecessary Consideration of Current Market Price

When the asset is still in use, considering the changes in prices in the current market is irrelevant as the asset is not going to be sold. So to evaluate the asset in market value under the fair value accounting is neither necessary nor relevant.

Findings

In case of initial recognition as well as subsequent recognition of different assets and liabilities, both historical cost and fair value are found in practice. By analyzing the financial statements of different companies belonging to different industries such as: pharmaceutical, footwear, ceramic, banks etc., we have summarized the following practices in general:

Components	IAS	Initial Recognition	Subsequent Recognition
ASSETS:			
Non-current asset:			
Property, plant and equipment (PPE)	IAS 16	Cost	Carrying value
Investment property: Leased asset	IAS 40	Cost	Cost model or Fair value model
Long term investment- Held to maturity	IAS 39	Fair value	Amortized cost
Long term investment- Held for trading	IAS 39	Fair value	Fair value
Intangible asset	IAS 38	Cost	Amortized cost
Current asset:			
Inventories	IAS 2	Cost	Lower of Cost or Net realizable value
Loans and receivable	IAS 39	Fair value	Amortized cost
Cash and equivalents	IAS 39	Fair value	Fair value
LIABILITIES:			
Non-current liabilities:			
Long term borrowings	IAS 39	Fair value	Amortized cost
Deferred tax liability	IAS 39	Fair value	Amortized cost
Provisions and Contingent liabilities	IAS 37	Fair value	Amortized cost
Current liabilities:			
Short term borrowings	IAS 39	Fair value	Amortized cost
Current maturity of long-term debt	IAS 39	Fair value	Amortized cost
Provision	IAS 37	Fair value	Amortized cost
Trade creditors	IAS 39	Fair value	Amortized cost
Liabilities for expenses	IAS 39	Fair value	Amortized cost
Deferred revenue	IAS 39	Fair value	Amortized cost

Effects on Financial Statements

Balance sheet is considered to be the most important statement, as this statement reflects the present financial position of the company. When historical cost is applied, the components i.e. assets and liabilities reported, tend to have lower rate of fluctuation from the original cost, making the presentation less volatile. But if fair value is applied the rate of fluctuation becomes higher, making the presentation of components more volatile. For example, Property, Plant and Equipment (PPE) is reported at cost and the amount tends to be reported unchanged throughout its useful life. As a result the presentation is similar from time to time, giving the stakeholders stronger grounds to take decisions. On the contrary, investment held for trading are reported in fair value that will show different amounts in different accounting periods as it will be updated according to the current market value. So for the stakeholders this fluctuation might create confusion.

Income statement on the other hand, reflects the financial performance of the company. Whether the cost or fair value in applied, the effect on the balance sheet will have a continuing impact on the income statement. Continuing from the above stated example, when the cost of the asset is the same in the balance sheet every year, it will produce a similar amount of depreciation expense reported in the income statement in consecutive years. Then again, according to IAS 16,the revaluation surplus of PPE will be recognized directly to equity and transferred to retained earnings, without effecting profit or loss.

On the contrary, when fair value is applied, the change in the fair value from one year to another will be reported in the income statement. The increase will be reported as gain, where reduction will be reported as loss.

Cash flow statement shows the changes in the balance of cash for a given accounting period. Application of fair value or cost does not directly impact this statement and the result is often similar.

From the discussion above a mixed application of both cost and fair value is seen, in case of recognition as well as reporting in the financial statements. By judging the set of advantages and criticisms of these two methods, and the level of application, it can be said that fair value is superior to cost.

Conclusion

From this discussion, it can be said that both of the principles have their own contribution in the financial reporting but at the same time, they are not free from their flaws. Deciding which method to choose can be very difficult as these two methods involve several merits and demerits. Here a descriptive study of historical cost with fair value is presented, where it is seen that historical cost is more reliable and less likely to be manipulated due to objectivity but at the same time criticized to be irrelevant. On the contrary, fair value is more relevant but is more prone to manipulation due to subjectivity.

Under this circumstance, as the transparency, comparability and reliability of financial reporting should be enhanced, professional bodies and policy making authorities should come up with an ‘idea’ to merge the merits of both these principles, free from their demerits. They should think about formulating a ‘New Principle’ for evaluation of the assets and liabilities that will make the financial reporting more relevant, reliable, transparent and objective at the same time. So, finally this issue provides several dimensions for future research.

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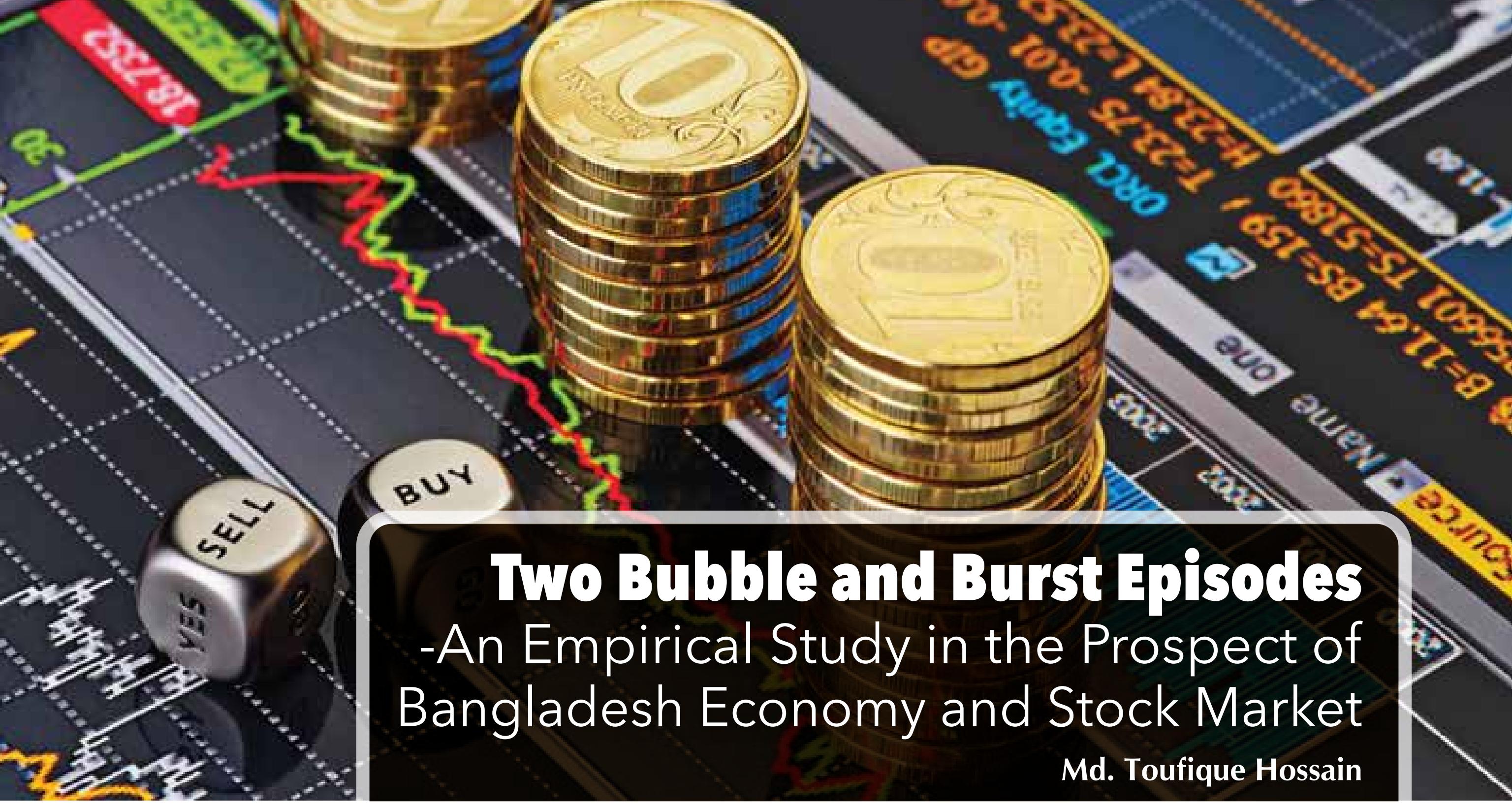


Two Bubble and Burst Episodes
-An Empirical Study in the Prospect of Bangladesh Economy and Stock Market

Md. Toufique Hossain

Abstract

In the last two decades Bangladesh stock market experienced two different bubble-burst episodes respectively in 1996 and 2010. On both the occasions, the bubbles have made stock market crash in the history of Bangladesh Capital market. The stock market crashes not only hurt the economy but also ruined the socio-economic structure. During 2010 bubble burst episode many small investors lost the last penny they saved, as around 3.3 million small investors were affected when the market crashed in 2010-11. In the previous market crash in 1996 in Bangladesh about 3.0 million investors were affected. It is important to note that the market crash hit the livelihood of around 10 million Bangladeshis who were dependent on them. Those affected families were absolutely left paupers.

The capital market is one of the important players in an economy. It acts as an intermediary between savers and companies seeking additional funds for business expansion.

This paper intended to show how economic indicators and the stock market were interlinked during the two bubble-and-burst episodes in 1996 and 2010-11.

Key Words

Bubble-burst, Capital market, Stock market, Socio-economic structure, Economy

Introduction

Patrick Tooher and Tom Stevenson, the independent was quoted "Asset bubbles threaten not only financial loss and share price volatility but also sharp swings in the economy." It is very relevant for Bangladesh's stock market that is worst economic scenarios, which is associated with some risks in the stock market sustainability.

Many think there is not much impact of a stock market on the economy. But it is not true. The devastating Wall Street meltdown in 1929 caused the great depression in the economy of the US. In countries like Bangladesh we already observed its worst economic fallout.

On the other hand, relaxed and flexible monetary policy, improved liquidity, the interest rate and rules about merchant banks' loans for investors in the capital market are very crucial macroeconomic factors that come into play in ensuring a stable capital market environment. Obviously the capital market and the

economy are closely linked. So a vibrant capital market supports growth of an economy.

Objectives of the Study

The study has the following objectives-

1. To discuss what stock market bubble is and the factors leading to stock market crash in Bangladesh

2. To explain the nature and formation of these two types of market bubbles

3. To figure out the impact of stock market bubble in the Bangladesh Economy

4. To draw a conclusion based on the findings

Methodologies of the Study

Mainly my study consists of Secondary data.

Secondary Source: The secondary data has been collected from the Several International Journals, Publications, Reports as well as different websites including DSE website. To clarify different conceptual matters different articles have been collected from: Journals, Internet, etc.

Review of Literature

Rahman (2011) has termed that "Incredulous investors and an irresponsible Securities and Exchange Commission played major roles in blowing the bubble. But the market participants and their regulators didn't operate in a vacuum. The bubble was possible because we were in an 'easy money' environment Bangladesh Bank had been pursuing an expansionary monetary policy, and there were too much money chasing too few shares. And the political realities impeded a 'soft landing' – even after the bubble became clearly identifiable, policymakers lacked the willpower to act lest 1996 was repeated."

An extensive cause of stock bubble was given by Islam (2014). He showed some causes like Adverse selection, Moral Hazard and other irregularities were playing pivotal role to make bubble in Bangladesh stock market. Along with the above

> "THE BOTTOM-LINE IS THAT A STOCK MARKET BUBBLE ARTIFICIALLY CREATES SHORT-TERM FLUCTUATIONS INSIDE THE MARKET TERRITORY. A FINANCIAL BUBBLE IS VERY IMPORTANT FACTOR IN A STOCK MARKET CRASH. SO, PROPER INVESTMENT PLANS AND GOALS ARE THE KEY HERE TO KEEP THE BALANCE BETWEEN MARKET SWINGS AND A BUBBLE AS WELL."

mentioned type he added, market manipulation has also been cited a cause of instability.

Amit.S (2016) claim that during 1996, the sharp increase in the general index was the obvious indicator of bubble formation. In fact, in developing countries like Bangladesh, the formation of bubbles is usually more easily discernible, and can be judged from anomalies in index trends alone. Weak correlation between underlying fundamentals of companies and the prices of their stocks are usually sufficient to determine bubbles. However, a leading indicator for the bubble in the market was the increasing BO accounts. The number of registered BO accounts with the CDBL increased from 1.79 million in end-December 2009 to 1.90 million in January 2010. As of June 2010, the number of BO accounts stood at 2.5 million thereby indicating that around one hundred twenty six thousand new retail investors took to the market every month in FY 2010.

There are a number of ways to define a bubble. A very straightforward definition is that a bubble is a deviation of the market price from the asset's fundamental value. Value investors specialize in finding and investing in undervalued assets. In contrast, short sellers, who search the market for overvalued assets in order to sell them short, are routinely vilified by governments, the popular press, and, not surprisingly, by the overvalued firms themselves as told by Scherbina, A. (2013).

Hossain, M(2011) revealed the fact that the recent crash(2010-11) in the stock market in Bangladesh is also associated with some policies of the central bank. The aim of this article is to analyse the following two aspects: (a) whether the monetary policy response was appropriate to the rise and the recent collapse of the bubble, and (b) whether the behaviour of financial institutions was optimal to the policy response.

Komaromi, G.(2006) claim that the bubble in the literary economist's interpretation is a broader economic phenomenon where the continuous rise of share prices is fueled by the investors' expectations of further increase.

Siegel, J. J. (2003) pointed that a speculative bubble exists when the price of something does not equal its market fundamentals for some period of time for reason other than random shocks.

Macro Economy, Bubble Trouble and Share Market[1]

In the present financial world, a bubble is a crucial factor in the stock market. But whether it is a blessing or a curse is a matter of much debate now. In general, it creates a detrimental effect on a stock market. Basically, stock market bubbles begin when sudden and unexpected favorable developments cause stock market participants to become more optimistic about the future returns from purchasing stock. Bubbles have occurred many times in the world financial markets (for instance, Tulip Mania, South Sea Company etc.)[2]

Moreover, a stock market bubble is an economic phenomenon, in which the stock market participants push up stock prices above their value which is measured on some yardsticks of valuation. Economists often use the term 'stock market bubble' in their market analysis. It is a professional jargon, one of the colorful and emotionally-charged expressions used in economics.

But What is Exactly a Bubble?

A bubble is a well-known empirical phenomenon in the stock market. Stock market bubbles occur when stock prices head higher in a parabolic fashion without any pullback effect. A common phrase that better describes this type of market movement is irrational exuberance. During the formation of a bubble, stock markets see the price/ earnings (P/E) ratio stay above 100. But the general investors often overlook this security perspective and continue to chase the 'high growth stocks.'

1 Expanding broad money (M2) by more than 20% last fiscal year(2009) and once again 2010, fueled by inflow of workers' remittances and the budgetary provision to allow whitening of undisclosed money into the stock market is also playing an important role in flooding the market with liquidity.(Ahsan Mansur and Nurul Hoque of Policy Research Institute).

2 Basically a bubble is used to describe a stock that is trading at a price above its fundamental value. A bubble (1633–37) in Netherlands during which contracts for bulbs of tulips reached extraordinarily high prices, and suddenly collapsed Affected early European stock markets, during early days of chartered joint stock companies also known as South see company bubble.

3 Anatomy of stock market bubble by Csontos L., Király J. and László G. (1999. p.586).

George Soros, business magnate, investor and philanthropist and chairman of Soros Fund Management, says “Stock market bubbles don't grow out of thin air. They have a solid basis in reality, but reality as distorted by a misconception.”

Charles Kindleberger defined the term ‘bubble’ in his popular book ‘Manias, Panics and Crashes’ as "an upward price movement over an extended range that then implodes.” At the same time it is also true that the sharp rise in a share price is not an indicator of a stock market bubble.[4]

Two different types of stock market bubbles happened in Bangladesh’s share market. One is speculative bubble that happened in 1996 and another is the asset price bubble that happened in 2010-11. Different events during both the periods led to formation of bubbles in the capital market.

The Table 1 shows seven important indicators during stock market crash period that is 1996 the Gross Domestic Product, the Gross fixed Investment, the national savings, Government budget revenue, Expenditures, overall deficit and the ratio of market capitalization to Gross domestic product during the period from 1994 to 2000. It presents the scenario before the market crash in 1996. Majority of indicators increased during the period.

Concept and Formation of Stock Market Bubble

Bangladesh capital market had experienced two stock market debacles in 1996 and 2010-11 where we saw formation of bubbles and the impacts were general rather than specific to Bangladesh.

Initially a stock market bubble offers a revolutionary and unlimited path to grow with the clear and continuous rise in share prices. Basically, two important things are used as a trap for bubble formation. First, it is easy to see that new supply of lower priced offerings occur from rising prices

Table 1: Economic SCENARIO (1994-2000)[5]
(The figures are shown in percentage of fiscal year-wise GDP)

	1994	1995	1996	1997	1998	1999	2000
GDP (growth rate)	4.8	5.2	5.7	6.3	6.7	7.0	7.3
Gross Fixed Investment	13.8	15.4	17	18.1	18.7	19.2	19.3
National Savings	12	12.9	13.9	14.3	14.4	14.4	14.5
Government budget Revenue	12.1	12.4	12.6	12.8	13.0	13.3	13.7
Expenditure	-17.1	-17.7	-17.9	-18.3	-18.6	-18.9	-19.2
Overall deficit	-5.0	-5.3	-5.3	-5.5	-5.6	-5.6	-5.5
Ratio of market capitalization to GDP	0.051	0.189	0.069	0.046	0.037	0.051	0.048

[4] Manias, Panics, and Crashes, is an engaging and entertaining account of the way that mismanagement of money and credit has led to financial explosions over the centuries. Covering such topics as the history and anatomy of crises, speculative manias, and the lender of last resort so on.

[5] MEDIUM TERM GROWTH SCENARIOS: KEY INDICATORS(Percent of GDP, Fiscal Year) adopted from the World Bank, 1994

and IPO's (initial public offering) get bigger and bigger and as a result prices fluctuate from a traditional level to an overvalued level. Secondly, lack of relevant information causes noise trading.

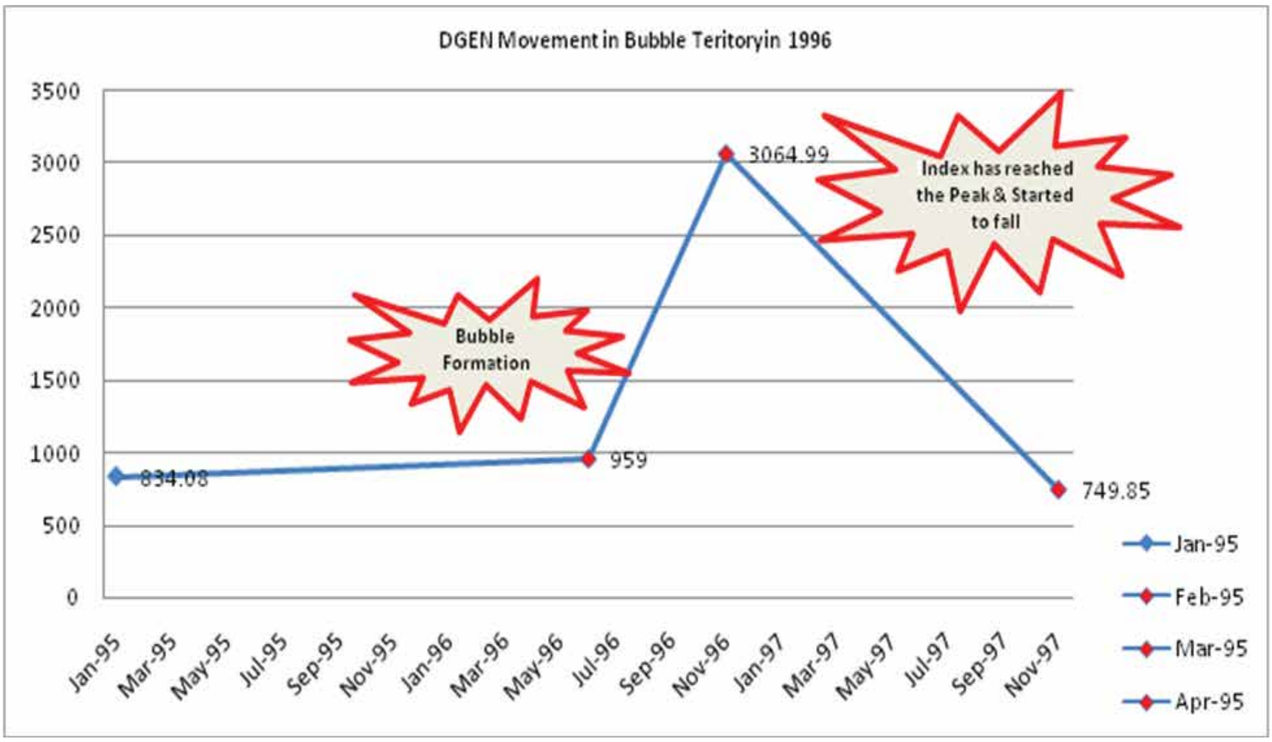
Finally, at the preliminary stage stock market seems to give a positive outlook due to the growth of particular sectors like industries and companies. The ultimate result is price collapse and everyone heads for the exit at the same time. With no more buyers, prices hit free fall. Because, history has shown again and again that market bubbles always burst.

The Bubble Trouble in 1996

Our share market's size was as small as 201 listed securities were there till of May 1996. During that time the monetary policy had its less impact on the stock market. Other macroeconomic factors were also not so influential to create such a bubble. Actually the bubble that formed that time was speculative and attributed to 'irrational exuberance'[6] that means, according to Investopedia, unsustainable investor enthusiasm that drives asset prices up to levels that aren't supported by fundamentals. The "irrational exuberance" was a very important factor in the stock market crash in 1996. Trading was then held on the wild kerb market and some black sheep in the market took this opportunity to cheat thousands of general investors who entered the market for the first time with little or no knowledge. Moreover, excessive rumors and speculations also led to formation of the speculative bubble in the stock market.

In the graph 1 we see the general index rose at a normal pace during the period from January 1995 to June 1996 before the bubble formation and the inevitable burst of it. In January 1995 the general index stood at 834.08 points while in June 1996 it reached at 959. Then the index started rising at a faster pace on artificial demand and in November 1996 it reached the peak at 3064.99. The index then started falling and finally crash landed at 749.85 points in November 1997.

Graph 1: The picture of the 1996 share market bubble[7]



[6] The irrational exuberance and its demise in 1996 happened at the cost of thousands of investors who came to participate in the market for the first time having little or no knowledge about the market fundamentals.

[7] The graphs in this article prepared from various issues of Bangladesh Economic Review, Statistical Year Book of Bangladesh, Dhaka Stock Exchange monthly Review and Securities and exchange commission (Annual report and quarterly review) by the author.

The Bubble Trouble in 2010-2011

After the above mentioned discussed speculative bubble, now let us take note of the asset price bubble that burst in 2010-11. Below are presented some scenarios during, before and after the bubble burst in 2010-11.

What the asset bubble meant for Bangladesh?

In the graph 2 we see in early July, 2009 the DGEN index was at 2914 points while it almost doubled in April, 2010. In November 2010 the index stood at 8,602.44 points. It reached its peak on December 5, 2010 when the index stood at 8,918 points. The index then started falling and reached 7,654 points in the same year.

The Table 2 presents that the overall stock market performance in terms of Market capitalization and ratio of market capitalization. We see the Market capitalization has increased sharply right before the 2010 market crash.

Findings of the Study

Of course, the initial impact of bubbles influences future outlook in a positive way, generating expectations of further rise. Obviously, stock market crash is not triggered by fundamental news or by a certain level of share overvaluation. Instead, it happens because of a drastic change in the behaviour of market players. So, dear investors don't be misled by bubble predictions--a sharp price fall happens due to a bubble burst caused by bad news.

The bottom-line is that a stock market bubble artificially creates short-term fluctuations inside the market territory. A financial bubble is very important factor in a stock market crash. So, proper investment plans and goals are the key here to keep the balance between market swings and a bubble as well.

Graph 2: Bangladesh Share Market Bubble in 2010-11

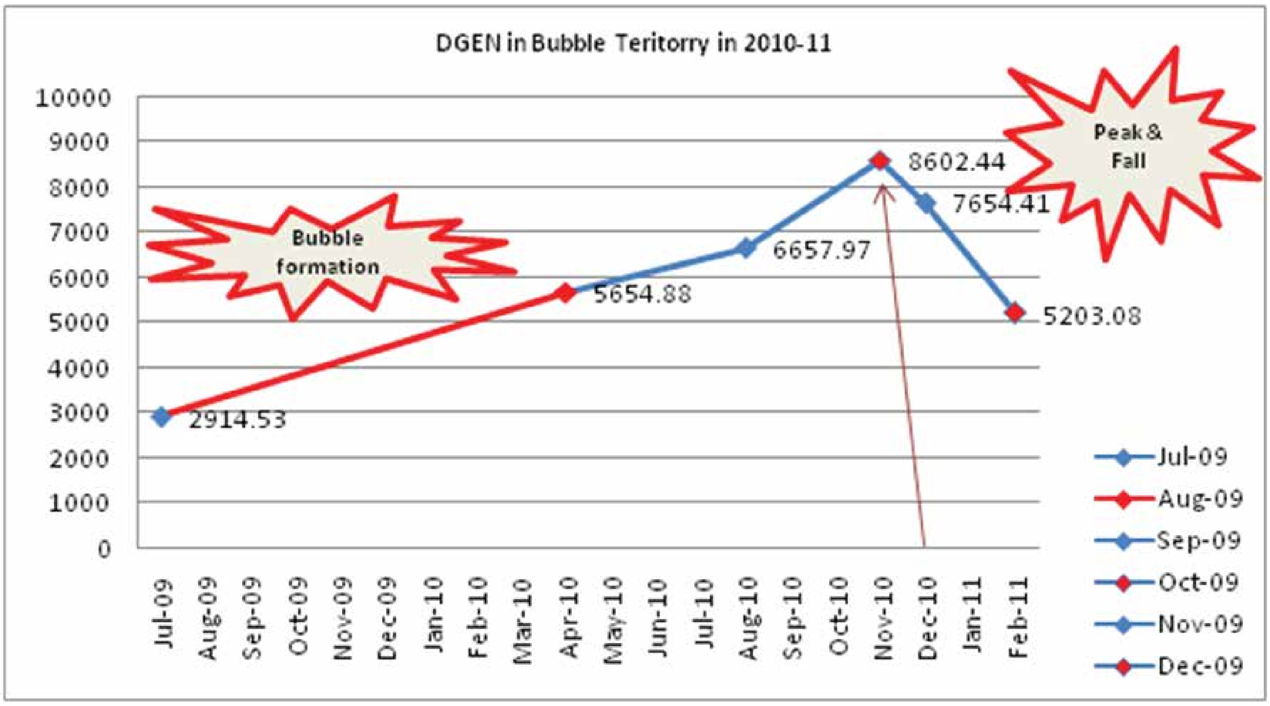


Table 2: Stock market performance over five years

Sl No.	Capital Market	2006	2007	2008	2009	2010	2011	2012
1	Market Capitalization (in million USD)	4,506	10,914	15,127	27,188	50,114	31969.83	30137.72
2	Ratio of market capitalization to GDP (%)	10.18	17.18	20.19	43	50.80	28.60	26.27

However, not only the lax monetary policy of the government, but also skeptical attitude of investors and the fickle role of Bangladesh Securities and Exchange Commission (BSEC) caused formation of the asset price bubble. The BB (Bangladesh Bank) had adopted a contractionary monetary policy which has been compressed which has distressed the capitalization process of the share market by decreasing the rate of investment in the share market. By and large, the contractionary monetary policy may cause a negative impact on turnover and liquidity of share market.[8]

As part of the financial market, definitely the capital market is very important for an economy. The countries that have achieved prosperity by the way of developing their economies have very strong and structured capital markets. Investing in the capital market can generate an excess amount of capital and the unemployment problem can be solved. Moreover, a dynamic capital market can provide equities for government projects or for infrastructure development.

Conclusions

To summarize, the stock market is a very significant part of the economy. There is no doubt that the stock market is being affected due to the money market crisis. After a decade, investors have shown their trust in the market, and it is everyone's duty to ensure that the investor trust prevails. Hence, we strongly urge the government and the economic advisor to lend their full support to Security Exchange Commission (SEC) and the stock exchanges to meet the demands and needs of investors.

Exhibit 1: Nature two bubble bust episodes (At a glance)

	Nature of Bubble in 1996	Nature of Bubble in 2010-11
1.	The bubble of 1996 formed and collapsed within a period of approximately one year from June 1996 to July 1997	The bubble of 2010-11, which actually started to form in mid-2009, lasted a longer time.
2.	Excessive trading on the kerb market	Excessive placement business.
3.	The 1996 stock market bubble was a "speculative bubble".[9]	The 2010-11 stock market bubble was an" asset price bubble". [10]
4.	During the crash, the index lost 233 points	It saw the biggest fall of 660 points or 9.25%

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[8] Monetary policy should be expansionary and not contractionary. The BB Governor raised the CRR and SLR level and used reverse repo to decrease money supply in the economy, citing that this method would help reduce inflation. But, to its loss, inflation still increased as per recent records. A contractionary monetary policy will only result in higher deposit rates and, in turn, higher loan rates, eventually resulting higher price of already skyrocketing prices of essentials. When the world economy is going through higher than average inflation, why should we try to contain such by contractionary monetary policy which in the long run decreases industrialization and increases unemployment? (CPD)

[9] Speculative bubble occurs if market price and fundamental value diverge "too much" and there can realistically be no dividend income that may support current market price (Gilles and LeRoy 1992; Brunnermeier 2001).

[10] According to Financial times When the prices of securities or other assets rise so sharply and at such a sustained rate that they exceed valuations justified by fundamentals, making a sudden collapse likely - at which point the bubble "bursts".

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Dividend Announcements in Percentage of Face Value of Shares
– How Justified is it?

Zakir Hossain FCA

"HOLD YOUR BREATH SHAREHOLDERS! BRILLIANT BANK HAS DECLARED AN INTERIM DIVIDEND OF 9000%!! YES, YOU READ IT RIGHT.......!"

– goes the headline. As an existing shareholder you are excited, fantasizing what a wise decision it was, purchasing the stock of this company! As a potential shareholder you look for fund from all sources, no matter at what cost- you must buy it before the price goes through roof closer to the record date!! 9000% dividend, WOW!!

While this sounds GREAT! remember that the 9000% is based on face value of the share, which in today's world has no meaning.

Let's assume, some years back I had created a company with Taka 1,000,000. I issued 100,000 shares at "face value" of Taka 10 each. I had 100 shareholders, each of whom owned 1,000 shares. Over the years, the 100,000 shares changed hands through public trading at the prevailing Market price. We grew the company, organically and in few years it became a gigantic company with over Taka 50 million in average profits (after tax) per year. We now have Taka 80 million in the bank. We decided to issue Taka 20 million as dividend. How much is that?

As a percentage of company's cash balance it is 25%. As a percentage of company's profit, it is 40%.

Now, remember the face value of the share is still Taka 10, and the total number of shares is still 100,000. So on a "per share" basis, the dividend is Taka 20 million / 100,000 shares = Taka 200 per share. As a percentage of the face value, that is 2000%!

If my hypothetical company were trading at a Price Earnings (P/E) ratio of say 20, then the company would be valued at (50 million profit x 20 P/E) = 1,000 million (1 billion). Then the price per share would be Taka 10,000.

As a percentage of that price, the dividend of Taka 200 per share is just 2%!

One might argue- "well, for the new shareholders (who bought the shares at a much higher price than the Taka 10 per share) it probably does not make sense, but for the original shareholders (who invested only Taka 10 per share), the '2000%' does make sense". The fact of the matter is that, even for the original shareholders, the Taka 10 per share is worth much more now (even the net asset

value per share as of now would be much higher than the original Taka 10). So, even the original shareholder should look at it in relation to current market price.

Assume, you are one of these latest shareholders and you bought 1 share at latest market price Taka 8,000. You got a dividend of Taka 200. Would you say I have earned 2000% or 2.5%?

The “percentage of face value” dividend is thus completely misleading! The dividend matters only as a percentage of the share price, not the face value.

Most people related with stock market would insist — and some say there is a rule for it — on providing dividends as a percentage of face value. But for all the reasons mentioned above, for listed companies, a better way to represent dividend is the “yield” — or the percentage of the stock price.

But there is a practical problem- the dividend is proposed and announced as a number per share, by the board, approved at a general shareholder meeting a couple months later and then, it takes another few weeks to actually pay out the money. During this time, the share price could have moved substantially away from the time when it was first announced. A Taka 10 dividend on a stock priced at Taka 500 (at the time of dividend announcement) is a 2% yield, but if the price moves down to Taka 200 due to a global crisis or for any negative speculation before the dividend is paid, the yield is actually 5%.

Some companies issue bonus shares, a process of converting retained earnings into share capital. So a 1:1 bonus will effectively double the number of shares in existence (each shareholder gets to double his holding). But since it’s the same company whose profit is now being distributed over a larger number of shares, the market price per share will go to half. If the company paid “100% of face value” as dividend earlier, it might only pay “50% of face value” today — yet, a shareholder will get the same amount!

The simplest way to represent a dividend is to state what percentage of profit is being paid out. A company making Taka 10 per share as a profit (after tax) could pay out

> “THE SIMPLEST WAY TO REPRESENT A DIVIDEND IS TO STATE WHAT PERCENTAGE OF PROFIT IS BEING PAID OUT. A COMPANY MAKING TAKA 10 PER SHARE AS A PROFIT (AFTER TAX) COULD PAY OUT TAKA 2 AS DIVIDEND — THE DIVIDEND DISTRIBUTION PERCENTAGE / DIVIDEND PAYOUT RATIO IS THUS 20%. EVEN THIS HAS A DISADVANTAGE; SINCE A COMPANY CAN PAY DIVIDEND FROM BOTH CURRENT AND PAST PROFITS, IT MIGHT JUST TURN OUT THAT SOME COMPANIES PAY OUT MORE THAN 100% OF THEIR ANNUAL PROFITS, WHICH MIGHT CONFUSE INVESTORS (HOW CAN YOU PAY OUT MORE THAN YOU EARN?) BUT IT IS SUBSTANTIALLY BETTER THAN THE CURRENT “OF-FACE-VALUE” METHOD.”

Taka 2 as dividend — the dividend distribution percentage / dividend payout ratio is thus 20%. Even this has a disadvantage; since a company can pay dividend from both current and past profits, it might just turn out that some companies pay out more than 100% of their annual profits, which might confuse investors (How can you pay out more than you earn?) But it is substantially better than the current "of-face-value" method.

After 1996 and 2010 capital market crash, Bangladesh Government has taken numerous initiatives to stabilize the market and educate the investors. But meaningless indices like this still mislead mass investors, frustration grows in them when they discover being fooled by the illusive indices and eventually lose confidence in stock market! Bangladesh Securities and Exchange Commission and the relevant policy/ rule makers should immediately intervene and, make rules so as to compel listed companies publish meaningful indices like "dividend payout" and more importantly NOT publish meaningless indices like "dividend as % of face value" while disclosing price sensitive information like dividend.

However, no better alternative for disclosing net profit and declared dividend other than based on face value of shares has been found to be more vibrant. For example, If due to long term booming business a company earns net profit (after tax) of Tk 1,000,000 against its paid up capital of Tk 100,000 (divided into 10,000 shares of Tk 10), then earning per share is Tk 100 per share of Tk 10 and if it declares dividend of 50% of net profit (Tk 500,000), the percentage is 500% based on paid up capital or Tk 50 per share of Tk 10. It is a matter of clarification by the company in the Price sensitive information published .The shareholders should be able to understand if explained properly. In the Financial statements as well as in Price sensitive information published, both Earning per share and Dividend (declared) per share should be mentioned so that the shareholders are able to differentiate. More effectively, BSEC may make rule or law compelling a company whose net profit exceeds , say 1000% of its paid up capital to capitalize at least half or 500% by issuing bonus shares instead of paying cash dividend. This will rationalize or harmonize the profit/dividend and prevent making a Dream Company.

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An Empirical Study on Usage Level of Mobile Banking Service in Bangladesh

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Abstract

As a driving force of modern economic development, bank is extending its distribution channels with the level of efficiency and productivity. At present banking industry is expanding its activities from traditional banking toward customer oriented services and experiencing ever-increasing interest in Mobile Banking (M-banking) as a new dimension of retail world. The aim of this paper is to focus on the usage level of mobile banking service in Bangladesh. Regarding this, a total of 250 responses have been collected on a structured questionnaire using Likert's 5 point scale from the divergent stakeholders of the banking system. This research has revealed the relative twelve significance factors to show the harmonization level in upholding the mobile banking. Then four components have been extracted from the survey as simplicity, infrastructural, societal and service. These four components can be explained 93.667% of the total variability in usage level of mobile banking. The findings of this paper would create the awareness about the usage of mobile banking.

Keywords

Mobile banking, Mobile Phone, Retail Product, Component Matrix

Research Area: Banking

Introduction

The banking sector contributes a dynamic role toward the global economy. As the faith of the consumer is the capital of bank, they are trying to deliver a well tailored set of products and services through expanded distribution channels with the level of efficiency and productivity. For the past two decades, the banking sector has chosen a new service channel based on the progress of information technology – internet to respond to the changes in customer preferences and needs, increasing competition from non-banks, changes in demographic and social trends, and government deregulations of the financial service sector (Byers and Lederer, 2001). At present banking industry is expanding its activities from traditional banking toward customer oriented services and experiencing ever-increasing interest in Mobile Banking (M-banking) as a new dimension of retail world. Electronic means of delivering banking services have been widely used by banks as an alternative service/sales channel to traditional banking (Nath et al., 2001). A more recent e-banking development is wireless internet applications of banking sometimes called m-banking (Choi et al.,

2006; Scornavacca and Hoehle, 2007). With the combination of two most recent technological advancements – internet and mobile phone, a new service (mobile data service) is thus enabled and the first such wireless internet commercial transaction is performed by the banking industry (Barnes and Corbitt, 2003).Most retail banks in Bangladesh provide online banking as add-on services to existing branch activities while mobile banking is in the initial stage of implementation. M-banking is the latest approach used by financial institutions for the provision of financial services through information and communication technology (ICT).

Related Literature

What is Mobile Banking

According to Jonathan Donner,2008,The terms m-banking, m-payments, m-transfers, m-payments, and m-finance refer collectively to a set of applications that enable people to use their mobile telephones to manipulate their bank accounts, store value in an account linked to their handsets, transfer funds, or even access credit or insurance products. M-banking is the latest approach used by financial institutions for the provision of financial services through Information and Communication Technology (ICT). M-banking is a service whereby customers use a mobile phone or mobile device to access banking services and perform financial transactions. M-banking is a service whereby customers use a mobile phone or mobile device to access banking services and perform financial transactions (Anderson, 2010). Goswami and Raghavendran (2009) argue that the broad aim of m-banking is to fit a financial institution on a mobile phone. Crosman (2011) reinforces this by asserting that m-banking enables users to have a bank branch in their pocket and to be able to bank "anytime and anywhere". Laukkanen and Kiviniemi (2010) define m-banking as an interaction through which a customer is connected to a bank via a mobile device.

The interaction does not necessarily involve performing transactions such as paying bills and transferring money but can, in its simplest form, be the sending of an SMS (Short Message System) for account balance inquiry. Steadman (2011) advocates that technology is the enabling factor

> "MOST OF THE RESPONDENTS (60%) ARE USING MOBILE BANKING AND BKASH FOR THEIR MOBILE TRANSACTIONS. MOBILE MONEY, SURE CASH, HELLO, PAY, SURE CASH ARE NOT WELL PROMOTED TO THE CUSTOMERS. AND RESPONDENTS ARE FEELING REASONABLE TO USE GRAMEEN PHONE AND BANGLALINK FOR THIS BANKING SERVICE."

that allowed m-banking to emerge. The "always-on" connectivity demand by customers coupled with the fact the internet has evolved from fixed wired through wireless to mobile connection, meant that financial institutions had to pursue alternative channels to provide their services in order to meet customers' expectations (Puschelet al, 2010).

M-Banking and Its Emergence

Banking through mobile phone has been common in developed countries for years. It is believed that mobile banking will provide another new channel for banking services, especially to people who are unable to open a bank account in both urban and rural areas. The aim of the service is to bring those people under the umbrella of banking service that is away from banking facilities. Through Mobile banking one can avail various services i.e.; utility bill payment, fund transfer, shopping, cash withdrawn from selected ATM or cash point and many more exciting facilities. Like in many other countries, people in Bangladesh started believing in mobile banking, whichwas introduced on 15th May, 2011 by Dutch Bangla Bank Ltd (DBBL). BRAC Bank introduced the service on July 21(year to be mentioned). Mercantile Bank and Trust Bank are also introduced mobile banking throughout the country with the help of the government union information centers. A total of14 banks are providing mobile banking services. It was possible for approval from Bangladesh Bank and the telecommunication operators have also come forward to help the banks.

There is a convergence of ideas that the main driver of m-banking is the widespread proliferation, availability and acceptance of mobile or smart phones and devices (Halime, 2010). Skeldon (2011) affirms that the general and widespread acceptance of mobile applications, the increasing use of mobile phones as a tool and means for paying bills, and lifestyle are the factors driving the adoption of m-banking. Coelho and Easingwood (2003) assert that the fact that customers now-a-days are less willing to visit traditional branches, they are more and more receptive to new electronic channels and demand better service quality.

Regulatory Guidelines for Mobile Financial Services (MFS) in Bangladesh

Rapid countrywide expansion of Mobile phone networks and Bangladesh Bank led modernization of the country's Payments system and financial sector IT infrastructure have opened up opportunities for innovating mobile phone based cost efficient modes of off-branch financial service delivery to the underserved population segments. Bangladesh Bank (BB) is issuing these regulatory guidelines for Mobile phone based Financial Service (MFS) platforms in Bangladesh with a view to providing an orderly, enabling and competitive environment for utilizing this new window of opportunity of innovatively extending the outreach of financial services.

BB is issuing these Guidelines on July 2015, in terms of Article 7A (e) of Bangladesh Bank Order, 1972 and Section 5 of Bangladesh Payment and Settlement Systems Regulations, 2014.

The purpose of these Guidelines is to: I. Provide regulatory framework for Mobile phone based Financial Services [MFS] providing an enabling environment for innovations in cost efficient off branch financial services delivery; II. Reduce use of cash and its associated hazard; III. Put in place compliance drills required by Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) laws and regulations; IV. Promote access to formal financial services at affordable cost especially for the poor and unbanked population segments. These Guidelines shall apply to provision of Mobile phone based Financial Services (MFS) in Bangladesh by scheduled commercial bank-led MFS platforms in Bangladesh.

BB shall permit delivery of the following broad categories of financial services by scheduled commercial bank-led Mobile phone based Financial Service (MFS) platforms in Bangladesh:

- Disbursement of inward foreign remittances,
- Cash in/cash out into Mobile Accounts through agents/bank branches/ATMs/Mobile Network Operator (MNO) outlets.
- Person to Business payments - e.g. Utility bill payments, merchant payments, deposits into savings accounts/schemes with banks, loan repayments to banks/ Nonbank Financial Institutions(NBFIs)/ Micro-Finance Institutions (MFIs), insurance premium payments to insurance companies, and so forth.
- Business to Person payments e.g. salary disbursements, dividend/refund warrant payments,
- Loan disbursements to borrowers, vendor payments, etc.

- Government to Person payments e.g. pension payments, old age allowances, freedom-fighter allowances, input subsidy payments to farmers, and so forth.
- Person to Government payments e.g. tax, fee, levy payments etc.
- Person to Person payments (from one Mobile Account to another Mobile Account).

Prior Research

Toe and Pok (2003), cited Sangle and Awasthi, (2011) purport that people having a busy life and being constantly on move rather than having a sedentary life are more prone to adopt and use mobile banking. Sangle and Awasthi (2011) claim that internet banking users usually take less time to use and adopt m-banking. Koenig-Lewis et al. (2010) assert that young people are more predisposed to adopt m-banking as it fits their lifestyle, so do Howcroftet al. (2002). Suoranta (2003) ascertains that the convenience, privacy, time and effort savings together with the location-free access that m-banking offers encourage its adoption and use, whereas Lee et al. (2003) state that self-prestige is a key factor. Delport (2010) affirms that awareness is a key factor in m-banking adoption and use. Despite the numerous advantages it offers, m-banking is still in an "infancy stage" (Laukkanen and Kiviniemi, 2010). Kim et al. (2009), argue that m-banking subscription has been well below industry expectations

Suoranta and Matila (2004), argue that m-banking allows users to check account balance, make transaction history inquiries, transfer funds, pay bills, trade stock and manage portfolio of assets. SMS banking, thin-client applications and access to online banking are the main ways through which banks offer m-banking services (Cruz et al, 2010). Crosman (2011) argues that downloadable applications such ATM locator which enables customers to find the nearest ATM from where the customer is located, enables bank to provide distinctive and beyond standard services. However, Wilcox (2009) predicts that the range of m-banking services is likely to increase in the future. Cruz et al. (2010) assert that m-banking services are either transactional or non transactional based. "Monitoring recent transactions, access to loan and card statements, alerts on account activity or the passing of set thresholds, the status of cheques among others" are examples of non-transactional based transactions (Cruz et al., 2010). Non-transaction based m-banking services are mostly used for informational purposes but may be essential for conducting transactions (Cruz et al., 2010). For example, checking the balance of an account is important before making transfers. Nevertheless, Skeldon (2010) claims that m-banking is used mostly for viewing account balances and that SMS is the most popular medium for the delivery of m-banking services. Tavan (2011) asserts that use of transactional-based m-banking services is quite low.

Ubiquitous access, convenience and mobility are the main benefits that m-banking confers to customers (Laforet and Li, 2005). Delport (2010) points out that with m-banking customers no longer need to use scarce time and resources to travel to bank branches. There are around160 million people in Bangladesh, of which only 13% have bank accounts whereas more than 95% are mobile phone users (Islam, 2013). Banks can now offer the banking services to rural and unbanked population through mobile phone. If the banks can reach out to the unbanked people, the dream of more people having bank accounts can be fulfilled.

S.M. Sohel Ahmed (2011) conducted a survey on 120 respondents and found that, 61 % respondents think it saves time than traditional banking, the highest number of respondents use mobile banking for 'Air-time top-up' service, that is 21%, out of 120 respondents 56% replied it is less costlier than traditional banking, 100% respondents did agree that it is speedy, and 38% respondents are upper class. He concluded that, although this concept is new in Bangladesh but its potentiality is high.

Using the data of 38 schedule banks operated in Bangladesh, Farhana Zaman and Priyabrata Chowdhury (2012) found that, the ForeignCommercial Banks and a few Private Commercial Banks are playing a significant role in providing technology driven banking services. They also suggested that, without this type of banking it will not be possible for the Bangladeshi banks' to survive in competitive global business environment.

Md. Zahangir Alam, Monzur Morshed Patwary and Muhammad Abdur Rahim (2013) have studied the Mobile Money System in Bangladesh and found that 94% respondents think that it saves time than traditional banking, the highest number of respondents use Mobile Banking for „Air-time top-up service, out of 50 respondents 92% have replied it is less costlier than traditional banking, 100% respondents have agreed that it is speedy, and 100% respondents have opined any type of set can be used for Mobile Banking. Besides, 64% respondents have mentioned that DBBL plays a significant role in mobile baking sector, whereas 28% respondents have agreed that Bkash performs a vital role.

The authors have selected the banking sector in this study, as it is the leading sector in the corporate world. Due to the enhancement of the e-banking in retail arena, most of the banking organization have already took initiative to adopt with the concept of m-banking. Regarding this the authors have tried to emphasize on usage level of mobile banking service in Bangladesh. This study has been outlined as follows: firstly, the author has reviewed the related literature. This is followed to set the objectives to be explained. Next section focuses on the methodology. Then analysis and discussions are given. And finally conclusion has been drawn.

Research Objectives

i. To focus on the demographic patterns of the sample unit using mobile banking;

ii. To highlight the current status of mobile banking usage ;

iii. To aim the harmonization level in upholding the mobile banking; and

iv. To identify the motivating factros enhancing mobile banking services.

Research Methodology

This study is an empirical research. Target population for this study is the divergent stakeholders of bank.

Table 1: Sample distribution

Stakeholder group	No of survey	No of respondents	% of respondents
Business	60	50	83.33%
Student	60	45	75.00%
Employee/Labor	60	55	91.67%
Banker	60	45	75.00%
Housewife	60	55	91.67%
Total	300	250	83.33%

Sample Selection

The sample has been categorized into five groups (Table - 01) for quick response. A sample of 250 has been responded which is 83.33% of the total survey.

Data Collection

The authors have obtained the necessary data from the primary sources and the secondary sources as follows:

The Primary Sources

A structured survey questionnaire based on 5 point Likert measurement scale (where 1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree and 5 = strongly disagree) questionnaire has been prepared and distributed among the respondent groups (Table-01) as sample unit for the study purpose.

The Secondary Sources

This has been obtained through reviewing scientific researches, university books and dissertations, reports, magazines and articles in order to build the theoretical framework for the research and fulfill its objectives. Bangladesh Bank Circular ?

Survey Period

Primary data of this study have been collected within the period from April 2015 to October 2015.

Data Analysis

Data has been analyzed by using the SPSS statistical package for the social sciences.

Analysis and Discussion

Demographic Analysis

The authors have considered four significant issues as gender, age, educational status and monthly income for demographic analysis to identify the mobile banking usage. Appendix – I shows the demographic status of the respondents. Though most of the respondents (68%) are male, response rate of female is not so lower i.e. 32%. The study has found that middle age (30 to 40) of the both male (29.40%) and female respondents (18.75%) are very frequently using the mobile banking service. Though most of female respondents (37.50%) are behind in education of status, some of them are using this service for small business purpose. Another important issue is monthly income of the respondents. 31.25% of the female respondents have monthly income TK 20,000 to 30,000 which is coming in most of the cases from abroad through foreign remittances. On the other hand 32.35% of male respondents having monthly income below 20,000, transfer their income to their family.

Current Status of Mobile Banking Usage

Now the authors have tried to focus on the current status of mobile banking (Appendix – II) service. Now a day's mobile banking service is accepted retail product of the modern banking arena. The respondents are using this service for various purpose like as business, salary disbursement, foreign remittance, utility payment, fund transfer, customer registration etc. About 34% respondents have experience these services for more than one year. And most of the mobile banking services are still urbanized. Almost fourteen private commercial banks (Appendix – III) are offering this service in eleven different notations. Most of the respondents (60%) are using Mobile Banking and bKash for their mobile transactions. Mobile money, Sure cash, Hello, Pay, Sure cash are not well promoted to the customers. And respondents are feeling reasonable to use Grameen Phone and Banglalink for this banking service.

Harmonization Level in Upholding the Mobile Banking

This research has revealed the relative significance of twelve factors (Table: 02) to show the harmonization level in upholding the mobile banking. Because of the average value less than 2.00, eight factors are harmonic factors among those twelve factors. These eight factors are appealing advertisement, easy banking, enlarge customer agent, self mobile phone, time effectiveness purchase capacity, networking system and cost affordable.

Table 2: Average score in the harmonization level of mobile banking

Factors to show harmonization	Average score
Appealing advertisement	1.037
Easy banking	1.212
Enlarge customer agent	1.327
Self mobile phone	1.314
Time effectiveness	1.567
Purchase capacity	1.582
Networking system	1.949
Cost affordable	1.999
Prompt support	2.337
Availability of ATM service	2.367
Integrity	2.896
Security	2.939

Table 3: Variance level in consensus

Components	% of Variance explained	Cumulative %
Simplicity	49.547%	49.547%
Infrastructural	26.419%	75.966%
Societal	11.238%	87.204%
Service	6.463%	93.667%

Factors to motivate usage level of mobile banking

Now this research would try to identify the factors to motivate the respondents to cope more with mobile banking service rather than traditional online banking system. Regarding this, firstly variance level (Table - 03) of the respondents has been shown by using rotated component matrix. Here the authors have categorized the four components extracted from the survey as simplicity, infrastructural, societal and service. These four components can be explained 93.667% of the total variability in usage level of mobile banking.

Secondly, this research has recognized twelve motivating factors (Table - 04) to enhance the usage level of mobile banking service. Using rotated component matrix the authors have taken those factors loading eigen values is more than four. The first component Simplicity shows alone 49.547% of the total variability in consensus. This component has loaded easy banking, time effectiveness and cost affordable. The second component Infrastructural exhibits loadings also on three factors as networking system, availability of ATM service and security. This component explains 26.419%. The next component Societal shows four factors as appealing advertisement, self mobile phone, purchase capacity, appealing advertisement and integrity which enlighten 11.238% of the total variability. And the last component Service has weighted only two factors as enlarge customer agent and prompt support. This can explain 6.463% of the total variability of the agreement.

Table 4: Motivating factors enhancing mobile banking service

Factors	Simplicity	Infrastructural	Societal	Service
Easy banking	.895			
Time effectiveness	.877			
Cost affordable	.813			
Networking system		.838		
Availability of ATM service		.785		
Security		.738		
Appealing advertisement			.914	
Self mobile phone			.879	
Purchase capacity			.848	
Integrity			.752	
Enlarge customer agent				.886
Prompt support				.812
Note: Only the loadings above 0.4 are presented in the factors				

Conclusive Remark

The study identified twelve significant factors i.e. availability of service points, cost of service, social influence, income level and security of service having positive influence on attitude toward the usage of mobile banking. Demographic factors gender, age and educational status of users are also found to impact attitude significantly on attitude. More studies may provide us knowledge on how different factors influence user attitude towards the usage of mobile in banking service and thus boost up the economic condition of the country as well as ensure higher living standard. Since many people are using the mobile banking services are not well educated they are not aware of the threat of using it. On the other hand they are not concerned about the ethics of using the services. This paper would create the awareness about the usage of mobile banking. Further, the authors will try to research on the ethical aspect of usage of mobile banking service.

Appendices

Appendix–I

Demographic Status

Gender		Male 170	Female 80
		68%	**32%**
Age	Below 25 yours	5.88%	12.5%
	25-30 years	14.72%	25.00%
	30-35 years	29.40%	18.75%
	35-40 years	29.40%	18.75%
	45-50 years	14.72%	12.5%
	Above 50 years	5.88%	12.5%
Education status	Below SSC	11.76%	37.5%
	SSC	20.59%	25%
	HSC	23.53%	18.75%
	Graduates	23.53%	12.5%
	Post graduates	20.59%	6.25%
Monthly income	Below 20,000	32.35%	25%
	20,000 to 30,000	29.41%	31.25%
	30,000 to 40,000	23.53%	25%
	Above 40,000	14.71%	18.75%

Appendix –II

Current Status of mobile banking usage

		% of respondents
Purpose	Business	10%
	Salary disbursement	10%
	Foreign remittance	30%
	Utility payment	20%
	Fund transfer	20%
	Customer registration	5%
	Others	5%
Mobile banking experience	Very recently	14%
	Below 6 months	22%
	Below 1 year	30%
	Above 1 year	34%
Area	Rural	40%
	Urban	60%
Mobile banking service	Mobile Banking	30%
	bKash	30%
	EasyCash	10%
	mCash	10%
	Mobile money	-
	UCash	3%
	SureCash	2%
	Hello	-
	MyCash	-
	First pay Sure cash	-
	SMS banking	15%
Mobile operator	Grameen Phone	40%
	Banglalink	35%
	City cell	5%
	Airtel	5%
	Teletalk	10%
	Robi	5%

Appendix –III

Different notations of mobile banking services

Sl#	Bank name	Notations of mobile banking services
1.	Duch-Bangla Bank Limited.	Mobile-Banking
2.	BRAC Bank Limited.	bKash
3.	Prime Bank Limited.	EasyCash
4.	Islami Bank Bangladesh Limited.	mCash
5.	Trust Bank	Mobile Money
6.	National Credit and Commerce Bank Limited	SureCash
7.	Bank Asia Limited.	Mobile Banking
8.	Dhaka Bank	SMS Banking
9.	Mercantile Bank	Mobile Banking
10.	AB Bank	SMS Banking
11.	South East Bank	SMS Banking
12.	First Security Islami Bank	SureCash
13.	Bangladesh Commerce Bank	SureCash
14.	United Commerce Bank	SMS Banking

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Organizational Change Management

Md. Mamunur Rashid ACA

Organizations have no choice but to change. The world is moving and shifting fast. September'11 is the most dramatic example which caused countless organizations, and even industries such as airlines and travel, to change. The recent financial crisis inevitably created many changes in the financial services industry as organizations attempted to survive. Without change, businesses would likely to lose their competitive edge and fail to meet the needs of a growing base of loyal customers. Organizations that refuse to embrace change may disappear. Organizational change refers to any significant change made to an organization such as, restructuring or reengineering an organization and/or there is a significant change in the way business is being operated. The question is, of course, what is significant relevant to a given organization.

Change is difficult because it involves modifying people's behavior. Resistance may come from employees who are generally skeptical of change initiatives, especially if they have lived through botched implementations in the past. Successful organizational change requires top management leadership and a clear explanation of how the contemplated changes can help employees in doing their jobs more efficiently.

Drivers of Organizational Change

Organizations change for a number of different reasons, so they can either react to these reasons or be ahead of them. These reasons include:

Technology

Identification of new technology and more efficient and economical methods to perform work may lead to the change. Change that results from the adoption of new technology is common in most organizations and while it can be disruptive at first, ultimately the change tends to increase productivity and service. Technology also has affected how we communicate. No longer do business people dial a rotary phone, get a busy signal, and try again and again and again until they get through- now a days there are many easy & effective voice and data communication tools/apps available. Today's burgeoning communication technology represents changes that allow organizations to learn more quickly than ever before.

Desire for Growth

Businesses that want to attain growth might need to change their method of operations. Growth is something for

which all organizations strive, regardless of their size. Small firms want to get big, big firms want to get bigger. Indeed, organizations have to grow every year in order to ensure the accretion in the value of shares for the stakeholders.

Identification of Opportunities

Opportunities are identified in the market place that the organization needs to explore in order to increase its competitiveness. Organization identifies potential opportunities for improvement at a high level and provides an understanding of the process before change occurs. It is a methodical evaluation of the current state of the business and what can be expected in the future state. Typical areas that are evaluated to identify opportunities include the company's current culture, market expectations, customer satisfaction, employee skills requirements, readiness to change, and other areas that may be identified by management. Ultimately, any area can be evaluated.

Economy

A strong economy and increasing demand for products and services will mean that companies must consider expansion that might involve the addition of staff and new facilities. These changes offer opportunities for staff, but also invite new challenges. A weak economy can create even more problems as companies find themselves needing to make difficult decisions that can impact employees' financially and even threaten their jobs.

Reaction to Internal & External Pressure

Management and employees, particularly Trade unions often exert pressure against change. External pressures come from many areas, including customers, competition, changing government regulations, shareholders, financial markets, and other factors in the organization's external environment.

"CHANGE MANAGEMENT IS NO LONGER A TERM THAT DENOTES ONLY OPERATIONAL IMPROVEMENTS, COST EFFICIENCIES AND PROCESS RE-ENGINEERING. CHANGE MANAGEMENT HAS BECOME A MUCH BIGGER, MORE INTERWOVEN PART OF THE OVERALL BUSINESS FABRIC – AN EMBEDDED LEADERSHIP REQUIREMENT THAT PLAYS INTO EVERYTHING."

Mergers & Acquisitions

Mergers and acquisitions create change in a number of areas often negatively impacting employees when two organizations are merged and employees in duel functions are made redundant.

Planned Abandonment

Changes as a result of abandoning of declining products, markets, or subsidiaries and allocating those resources to new opportunities.

What Organizations can Change

Mission, Vision & Strategy

Organizations should continually ask themselves, "What is our business and what should it be?" Answers to these questions can lead to changes in the organization's mission (the purpose of its business), its vision for the future (what the organization should look like), and its competitive strategy.

Technology

Organizations can change their technology (for example the way they produce whatever they sell) in order to increase efficiency and value of the Firm.

Human-Behavioral Changes

Training can be provided to managers and employees to provide new knowledge and skills, or people can be replaced or team can be downsized. The way work is performed in the organization can be changed with new procedures and methods for better execution of plan.

Organizational Structure

Organizations can change the way they are structured in order to be more responsive to change requirements (centralized or decentralized decision making structure).

Organizational Culture

Entities can attempt to change their culture, including management and leadership styles, values and beliefs. Of all the things organizations can change, this is by far the most difficult to undertake.

These are the major elements that organizations can change. It is important to note that changes in one of these elements will usually have an impact on another element. As an example, changing technology may require changes in the human-behavioral area (new knowledge and skills on how to use the technology).

Barriers & Challenges to Successful Change Implementation

Change management is no longer a term that denotes only operational improvements, cost efficiencies and process re-engineering. Change management has become a much bigger, more interwoven part of the overall business fabric – an embedded leadership requirement that plays into everything. But the reality is that today's organizations were simply never designed to change proactively and deeply – they were built for discipline and efficiency, enforced through hierarchy and routinization. As a result, there's a mismatch between the pace of change in the external environment and the quick change inside the organizations to keep pace with the external need. Change efforts fail because:

A. management behavior and sponsorship does not support changes

- o Inactive or invisible sponsors
- o Sponsors not at the right level (not high enough in the organization)
- o Poor alignment among key stakeholders resulting in a weak sponsor coalition
- o Wavering sponsor commitment (especially on longer projects)
- o Conflicts of interest between key business leaders (managers' objectives were not aligned with the change)

B. employee resistance to change

- o Lack of understanding of why the change is happening
- o Long-tenured employees unwilling to support the change
- o Loss of control and ownership of work processes
- o Fear of the future state, including concerns over job security

C. Inadequate resources or budget

- o Lack of change management resources and planning included insufficient resources available to conduct the necessary planning and implementation,
- o lack of a formal change management approach and
- o lack of change management knowledge within the team.

D. Other obstacles: varies from organization to organization depending on the nature and size of the business and the nature of sought changes.

How to Overcome Obstacles and Implement Changes Successfully

Communicating the Change

Vested Team should create effective ways to communicate with potentially affected people about new initiatives and its progress. Key management provide employees with regular updates at team meetings, mails, discussion etc. in a structured and systematic way. When there is poor communication and the rumor, panic starts spreading against the change, it can create resistance to the change. Proactive communications can minimize resistance and make employees feel like they are part of the process.

Set Short-term Goals and Work Plan

It is much easier to focus on goals and tasks that can be achieved in the immediate future than the far-fetched result. Introduce change in bite-size chunks that are achievable and manageable which helps to create confidence.

Start at the Top and Ensure Management Support for Change

Employees will look at CXO-level (CEO, CFO, COO, CTO etc.) for support and direction. Ensure leadership buy-in and make sure they are a unified front. It is critical that management shows support for changes and demonstrates that support when communicating and interacting with staff. Employees develop a comfort level when they see management supporting the process.

Market the new Business Strategy to Each Group

Make time to talk to the people on the ground to understand how they feel, their needs, concerns, and fears to successfully implement something new. Explain the new plan in simple language that help each group to understand how the new strategy will make their own jobs better or easier. Everyone in the organization must understand the goal of the new business strategy.

Employee Involvement

Whether it is changing a work process, improving customer satisfaction or finding ways to reduce costs, employees having experiences should be involved in the change process that can eventually benefit the change planning and implementation thereof. Since employees are typically part of the process, it is important that they understand the "why" behind a change and enthusiastically participate in creating new process. Steering Team should Invite team member from each functional group to participate in meetings or provide seminars for each group to market the strategy. Select a group of change agents from key positions to help in management of planning and implementation. Find one person having solid leadership skill from each group who has strong communication skills, good knowledge on current process and clear understanding as to what and why management needs to change. Selection of people from non-management positions is important as well.

Removing Barriers

Sometimes employees encounter barriers when implementing changes. Barriers can be resulted from other employees, other departments, inadequate training, lacking equipment or supply needs. Sometimes Core Team also needs to deal with resistant or difficult employees. It is Top management's responsibility to ensure that employees can implement change without obstacles and resistance.

Make Follow up and give Frequent Feedback

Whenever a change is made it is always good to follow-up after implementation and assess how the change is working and if the change delivered the results that were anticipated. Sometimes changes exceed target expectations but there are occasions that changes don't work as planned. When this is the case, Core Team should acknowledge that it didn't work and promptly make adjustments until the processes start to move towards desired direction.

Celebrate Success

It is important to celebrate successes along the way as soon as changes are made and tie successful implementation to monetary and non-monetary compensation. Perpetual reporting on performance and publicly rewarding of winning people or groups will motivate other employees to participate effectively and efficiently in the whole process.

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Environmental and Economic Implications for Adopting Carbon Tax Policy

-Some Experiences from the Global Context and Lesson for Bangladesh

[1]Shamsun Arefin | [2]Zoinul Abedin Sakil

Abstract

The paper deals with the carbon tax as an instrument of environmental pollution control and prevention of Carbon dioxide (CO2) emissions that cause global warming. The research begins by outlining the theoretical background of carbon tax as part of market based incentive to reduce the pollution. In this study, the impact of imposing carbon tax on economy and environment of an individual country is analyzed on the basis of cost benefit trade-off in global context. Our research is made to explore the impact of carbon taxes scheme on households and the overall economy in Bangladesh.

Key-Words

Carbon Tax, CO2, Global Warming, Market based Incentive, Household and Tradeoff.

Introduction

Atmosphere is a global public good and all nations around the globe dump pollution in the atmosphere at zero cost. As a result, the Greenhouse Gas (GHG) has been increasing in the atmosphere. In targeting GHG emission, main focus is given to CO2 since it constitutes a large share (other three are methane, nitrous oxide and fluorinated gases) of the GHG. In the last decade, Bangladesh has made significant progress in terms of reducing population growth, increasing economic growth and significantly reduced the number of people living in extreme poverty. Despite this, the country faces huge challenges which poses serious question in growth, environment sustainability. Studies have revealed that annually about 4% of GDP is lost and 22% of diseases are due to environmental degradation most of the case because of human alterations and pollution (BCPEIR, 2014).

Climate change is predicted to raise average sea levels by around 30 cm by 2050, and could make an additional 14% of the country extremely vulnerable to floods by 2030.Therefore, timely and effective response to climate change is crucial to maintain the development progresses that facilitate adaptation to climate change. Although Bangladesh has low GHG emission, the vulnerability of Bangladesh for climate change demands interventions to reduce GHG emission from her own end. There may be different policy intervention instruments for reducing GHG emission like market based incentives (emission tax and trading scheme), different forms of regulation,

subsidies etc. When taking any policy, it is important to evaluate the policy under certain standards like environmental effectiveness, cost effectiveness, distributional impacts and institutional feasibilities.

Definition of Carbon Tax

Simply, a carbon tax is an environmental fee levied by governments on the production, distribution or use of fossil fuels such as oil, coal and natural gas. The amount of the tax depends on how much CO2 each type of fuel emits when it is used to run factories or power plants, provide heat and electricity to homes and businesses, drive vehicles and so on. A carbon tax- also known as a CO2tax.The tax creates a cost for emitting GHG into the atmosphere and in doing so provides a financial incentive for reducing GHG emissions. A carbon tax policy may also include tax credits for activities that remove GHG from the atmosphere. It is a form of explicit carbon pricing; it refers to a tax directly linked to the level ofCO2 emissions.

Carbon Tax Versus Cap and Trade Policy

Though both policy approaches are market-based and create a carbon price that provides the financial incentive to reduce GHG emissions, the fundamental difference between the two approaches is as carbon tax imposes a direct fee (the carbon price) on fuels based on the amount of GHG they emit, but does not set a limit on GHG emissions. On the other hand, cap-and-trade establishes a limit on GHG emissions, but the price for emission allowances is determined by the supply and demand in the emission trading market. There are also a number of additional trade-offs advantage over one another as such:

“CARBON TAXES CAN BE INTRODUCED AS AN INDEPENDENT INSTRUMENT OR ALONGSIDE OTHER CARBON PRICING INSTRUMENT, SUCH AS AN ENERGY TAX. WHILE THE EXPERIENCE WITH DIRECT CARBON TAX IMPLEMENTATION IS RELATIVELY NEW, SUCH INSTRUMENTS ARE BEING INTRODUCED AT A FAST PACE TO ACHIEVE A COST-EFFECTIVE REDUCTION IN EMISSIONS, MAKING DIRTY FUELS (OIL AND COAL) MORE EXPENSIVE AND ENCOURAGING BUSINESSES AND INDIVIDUALS TO REDUCE ENERGY CONSUMPTION AND INCREASE ENERGY EFFICIENCY.”

Policy	Price Certainty	Emission Certainty	Simplicity	Transparency	Security	International Linkage
Carbon Trade		X				X
Carbon Tax	X		X	X	X	

Note: X denotes a relative advantage

Objectives of the Study

The objective of the study is to explore the adoption of carbon tax policy in the globe and scope to implement this policy into Bangladesh to promote environmental sustainability activities. The objectives can be specified as: i) to identify the countries those have introduced carbon tax policy in what rate ii) to explore the economic effects and reducing GHG level for adopting tax policy in those countries.

Global Context Review

According to Stern, N. (2007) climate change is a result of the greatest market failure that the world has seen. Specifically, it is a negative externality, a market failure, in which prices do not reflect the full costs of producing a product or service.

There is growing concern around the world about the impact of GHG on the environment and economy. GHG are primarily responsible for global warming. GHG emissions (especially CO2 emissions) are closely linked to economic growth. Since fossil fuels are the primary source of energy, the consumption of fossil fuels inevitably lead to GHG emissions. Countries have not been able to de-link the association between the use of fossil fuels and economic growth till now (Narain et al, 2009).

Carbon taxes can be introduced as an independent instrument or alongside other carbon pricing instrument, such as an energy tax. While the experience with direct carbon tax implementation is relatively new, such instruments are being introduced at a fast pace to achieve a cost-effective reduction in emissions, making dirty fuels (oil and coal) more expensive and encouraging businesses and individuals to reduce energy consumption and increase energy efficiency. A carbon tax also makes clean, renewable energy from sources such as wind and solar more cost-competitive with fossil fuels. According to Nordhaus, W. (2013) raising the market price of carbon provides strong incentives to reduce carbon emissions through three mechanisms: i) provides signals to consumers about what goods and services produce high carbon emissions and should be used more sparingly, ii) provides signals to producers about which inputs use more carbon, and which inputs use less or none that induces producers to move to low carbon technologies and iii) high carbon prices provide market signals and financial incentives to inventors and innovators to develop and introduce low carbon products and processes for replacing carbon-intensive technologies.

Beginning in the 1990s, Sweden, Finland, the Netherlands, and Norway implemented carbon taxes as part of efforts to reduce GHG emissions. Later on similar policies were introduced by other countries in Europe, South- East Asia, Australia and South Africa. The Table 1 below provides an overview of top ten CO2 emitting nations whether they have introduced a direct carbon tax and which rate.

Table 1: Top Ten CO_2 Emitting National and sub national jurisdictions having a carbon tax

Name of Countries		Year Adopted	Overview	Tax Rate
Brazil		2009	Develops voluntary emission reduction target in 15th Conference in Copenhagen. In 2012, Brazil adopts national targets for individual industrial sectors for participating in a voluntary Emissions Trading Scheme(ETS) simulation and 23 companies from diverse sectors of the Brazilian economy took part in this exercise.	Commitment to 37% reduction by 2020 and by 2030 indicative contribution of 43% reduction from 2005 GHG levels.
Canada	British Columbia	2008	The carbon tax applies to the purchase or use of fuels within the province. The carbon tax is revenue neutral.	CAD30 per tCO2e (2012)
	Quebec	2007	Began collecting a carbon tax on "hydrocarbons" (petroleum, natural gas and coal).Became 1st inNorth American state or province to charge a carbon tax.	The petroleum tax rate 3.1 cents (U.S.) per gallon of gasoline and 3.6 cents for diesel (2008)
	Alberta	2007	Responsible for one third of Canada's total volume of GHG emissions. The province introduced a baseline and credit ETS in July 2007 that covers approximately 100 sites emitting sources.	12 per cent reduction in emissions intensity relative to the baseline intensity.
China		2012	The design of carbon tax rate should be based on China's national circumstances which means it should neither over affect the international competitiveness of Chinese products nor over reduce the standard of living of the low-income people.	USD 5Per tCO2e (2012)
Germany		2003	The German ecological tax reform was adopted in 1999. After that, amended in 2000 and 2003 and implemented considering European Union GHGETS.	Rate €4 to €30 per tCO2e.Targetto reduce by 2, 4%, which is 20 million tons of CO2.
India		2010	Introduced a nationwide carbon tax of coal both produced and imported into India to meet their voluntary target to reduce the amount of CO2 released per unit of gross domestic product by 25% from 2005 levels by 2020.	USD1 each ton of coal produced in and imported to India (2010) USD60 in case of petrol and USD40 for diesel per tCO2e (2014)
Japan		2012	Tax for Climate Change Mitigation covers the use of all fossil fuels such as oil, natural gas, and coal, depending on their CO2 emissions.	USD2 per tCO2e (2014)

Name of Countries		Year Adopted	Overview	Tax Rate
Russia, Iran			Still do not have any direct policy, regulation to control GHG emission.	
South Korea		2016	The law proposes the imposition of carbon tax on 11 items as recommended by Kyoto Protocol including gasoline, diesel, kerosene, heavy oil, propane, butane, natural gas, briquette, bituminous, electricity and oil-by-products.	USD 8.42 per tCO_2(2015-2020). Target to CO_2 reduction more than 1.8 million tone.
United Kingdom		2013	Carbon price floor (CPF) is a tax on fossil fuels used to generate electricity. It came into effect in 2013 and changed the previously existing Climate Change Levy (CCL) regime, by applying carbon price support (CPS) rates of CCL to gas, solid fuels, and liquefied petroleum gas (LPG) used in electricity generation.	USD15.75 per tCO_2e (2014)
United States	California, Washington, Colorado, Maryland Massachusetts, Rhode Island Vermont New York	2006 2015 2006 2010 2008 2013 2016 2012	There is no federal carbon taxing at the *state* level. The California program (2014) is part of a broader state policy with the goal of reducing carbon emissions levels by 2020 as it is the second largest carbon market in the world after the EU ETS.	USD13.67 per tCO_2 (2013) and both a price ceiling (US$40/ton) and a price floor (US$10/ton) in 2014.

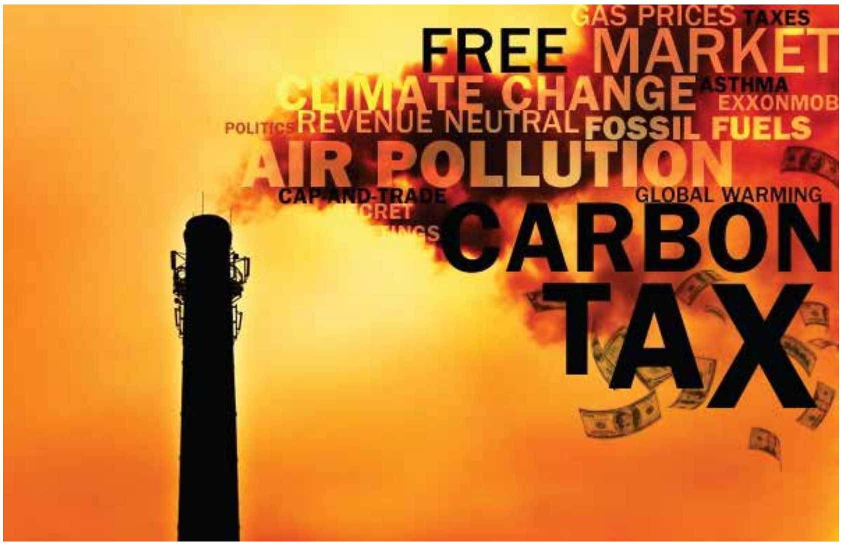
Environmental and Economic Effects for adopting Carbon Tax policy

The relationship between economic growth and the environment has attracted considerable attention in the literature. Numerous studies have been conducted to analyze the impact of market based instruments on the environment as well as the economy in general. Pioneering work has been done by Grossman and Krueger (1995) who have found no evidence of deterioration in environmental quality with economic growth. They have reported that most environmental indicators bring economic growth in initial phase of deterioration followed by a subsequent phase of improvement. Carbon taxes which form one of the environmental taxes pillars are an effective tool to reduce CO_2 and also other GHG in Russia (Orlov (2013); Timilsina(2011)). Their results revealed introducing carbon taxes in Russia can provide large economic and environmental benefits by stemming from the use of energy commodities, optimizing the use of existing plant, substituting lower emission energy source for higher emission sources and adopting passive energy saving technologies. Garbaccio et al (1998) have examined the use of carbon taxes to reduce CO_2 emissions in China. The authors found that after initial declines GDP and consumption exceeded baseline levels and the revenue neutral carbon tax serves to transfer income from consumers to producers and then into increased investment.

How does a carbon tax impact other businesses and individuals?

Companies and individuals pay higher prices for GHG-intensive energy as the costs of a carbon tax are passed down to consumers. The extent to which these higher energy prices impact the overall income of companies and individuals depends on how the tax revenues are used. The overall impact on a company also depends on how much fossil fuel-based energy it uses, how higher energy prices affect their business, and a company's ability to either minimize or avoid increasing costs and/or pass along costs to its customers.

In Australia, according to the Australian Competition and Consumer Commission (ACCC), 2014 approximately 75,000 businesses directly paid the carbon tax or paid an equivalent carbon tax through changes to duties and rebates. The introduction of the



carbon tax from 2012 (at $23 per tonne in 2012-13) was estimated to have increased the cost of living of households by around $9.90 per week on average, and increased the Consumer Price Index by 0.7 per cent (at $25.40 per tonne in2014-15). For many businesses the carbon tax accounts for a larger proportion of their final electricity bills.

The formulation of a 35-sector general equilibrium model of the Australian economy which was particularly designed for singling out the impact of carbon tax policies in a counterfactual framework in short run the model projected that there would be a 2.65 per cent decline in energy consumption in the economy according to Siriwardana, M. et.al (2011). That results to be viewed as an alternative to Treasury modeling outcomes which have been used by the government for designing the carbon tax legislation.

According to Martin, et al. (2014), in UK there is little empirical evidence on the impacts of large-scale regulations of industrial GHG emissions using market-based instruments only. In this paper they have provided the first micro-econometric evaluation of a carbon tax on the manufacturing sector. Unlike simulation-based evaluations, they don't require making assumptions about counterfactual or baseline trends in the outcome variable of interest. They found the robust evidence that the price incentive provided by the Climate Change Levy (CCL)led to larger reductions in energy intensity and electricity use than the energy efficiency or consumption targets agreed under the Climate Change Agreement (CCA).

In Canada, (Charis, M. (2014) if the goal was to reduce global warming pollution, then the British Colombia (BC) carbon tax totally works. Since its passage, gasoline use in British Columbia has plummeted, declining seven times as much as might be expected from an equivalent rise in the market price of gas. It has also helped change the culture of energy use in BC. It made climate action plan to save lot of money of the people. That is because the tax is designed to be revenue neutral—the money it raises goes right back to citizens in the form of tax breaks.

How high does a carbon tax have to be to effectively reduce GHG emissions?

It is difficult to determine the exact impact of carbon tax is expected to have on GHG emissions. Achieving the necessary GHG emission reductions depends on whether a carbon tax raises prices to a point that significantly curbs consumer demand for fuels and products that emit GHG and spurs development and deployment of low-GHG technologies. Market responses to higher prices, however, can vary for different goods and services.

In India, a research run by Pradhan and Ghosh(2015)seven simulations were taken for the purpose of their paper. They found that there is approximately a 29 percent fall in CO2 emission intensity of GDP between 2005 and 2020 in the baseline scenario, and a 77 percent decline between 2005 and 2050. In the climate policy regimes the fall in emission intensity was found to be 32 and 88 percent for 2005-20 and 2005-50, respectively. The fall in emission intensity of GDP is due to the growth in energy efficiency over time and the gradual replacement of fossils fuels by renewable energy that can play a significant role in bringing down the climate change and other initiatives to stabilize/ reduce the level of emissions.

In USA, a carbon tax is also a cheaper and often more efficient way to reduce carbon emissions than subsidies for alternative fuels. Other subsidies, like the production tax credit, have been successful at ramping up research, development and deployment of alternative energy technologies in recent years. Such subsidies would be even more effective in combination with a carbon tax that would make fossil fuels less price-competitive and would stimulate research on renewable and energy-saving technologies by Laura, et al.(2013).

How does carbon tax impact lower-income consumers?

The overall impact of a carbon tax on lower-income consumers depends on how the tax revenues are handled. A basic carbon tax, like most consumption taxes, is regressive and lower-income consumers pay a relatively higher percentage of their total income for goods and services affected by the tax. Carbontax programs seek to address revenue neutral as revenue generated will be returned to consumers through tax credit, rebates and lowering corporate and personal income tax. Thus carbon tax may yield double dividend - one by reducing emission and another by financing the reductions of incentives.

In USA, the poor tend to spend a higher proportion of their earnings on energy, particularly utilities and transportation they use more fossil-fuel energy than others because of driv¬ing distances; geographically less temperate weather. A carbon tax would disproportionately hit these families, whose behavior is difficult to change in the short run said by Oak, R. (2011).

In China, studied by Zhixin, Z. and Ya, L. (2011) taking two parts in China (poor and rich region) found that the energy consumption and CO_2 emissions are various in Chinese regions because of different economic structures. So the effect of imposing carbon tax on regional economy is different. Poor provinces with abundant natural resources produce primary products and high-carbon products. Therefore, carbon tax will directly increase the production costs of local firms, not conducive to economic development. However, provinces in eastern region are engaged in deep processing and high tech industries with less CO_2 emission. So, it has just little impact on economy to impose carbon tax.

How does carbon tax affect international competitiveness of country's industries?

Impacts to an industry largely depend on the level of the tax, how tax revenues are recycled, how much energy the industry uses, and the industry's competitive position in domestic and international markets. The overall affect on competitiveness will therefore differ by sector, and by firm, as the tax could adversely affect some individual industries and have limited impacts on other sectors. Some argue a tax would disadvantage domestic manufacturers by creating a significant cost penalty for doing business, but others argue a carbon tax encourages new innovations and efficiencies that benefit long-term competitiveness.

In USA, according to Congressional Budget Office (2013) and Laura, et al. (2013) policies that impose a price on GHG emissions would affect the competitiveness of some producers of services and goods. Their reports focus on goods, which are generally more emission-intensive than services. In addition, international trade agreements regarding services differ from those involving goods and services. The switch to foreign emission-intensive products by U.S. and foreign consumers would cause foreign production and, foreign GHG emissions to increase.

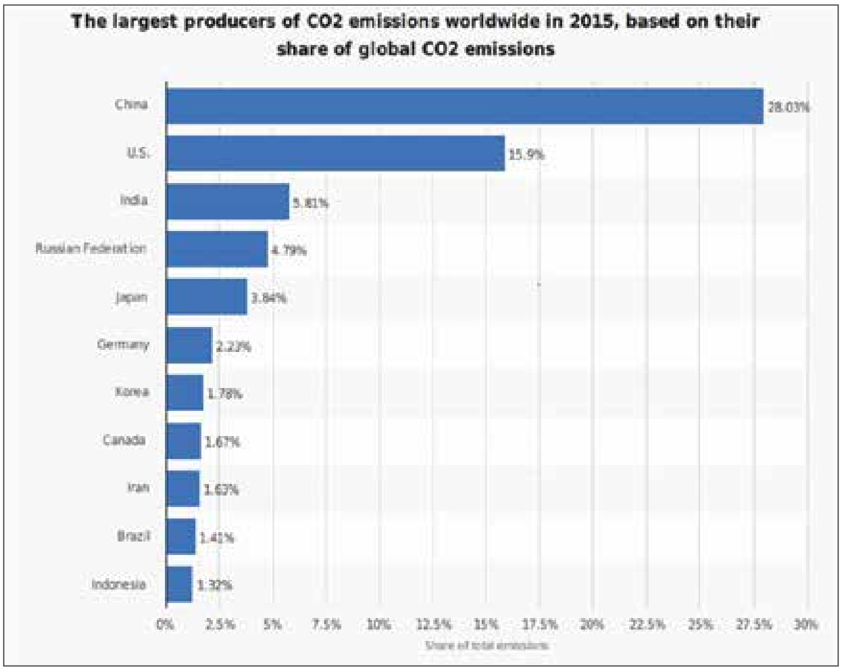
In UK, Martin, et al.(2014) found that the Climate Change Agreement (CCA) plants has been justified as a means of preventing energy intensive firms from losing competitiveness in international product markets due to the unilateral implementation of the tax and to the lack of international harmonization. They also found no discernible impact on employment, gross output or productivity across groups. This result showed that the introduction of a moderate tax on energy encourages electricity conservation and helps to reduce energy intensity in the manufacturing sector.

Environment and Carbon Taxes

One of the key problems of today´s world is global warming caused by GHG which include especially CO_2. As Fu and Kelly (2012) state global warming brings negative results for the mankind and is a threat for the entire world. CO_2 emissions increase is caused by the consumption of fossil fuels. From the global perspective it is therefore essential to reduce CO_2 emissions. Figure 1 shows the top CO_2emissions countries in 2015.

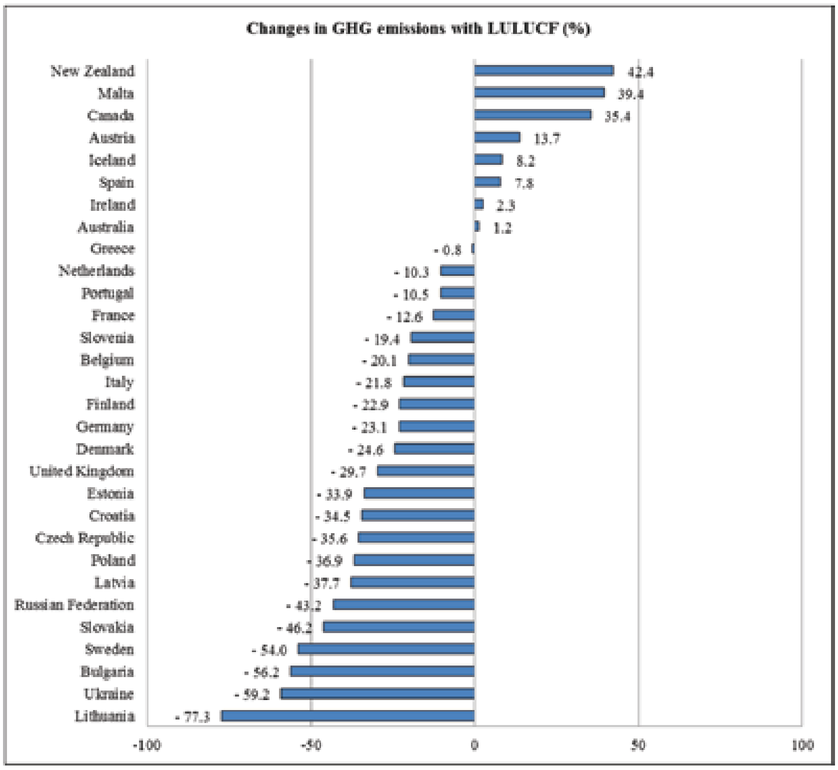
Climate change is a global issue and therefore requires a high level of international cooperation to tackle it. International negotiations have been launched to address the issue of climate change. The UN Framework Convention on Climate Change (also known as the Kyoto Protocol) came into effect in 1997, with the purpose of limiting the release of GHG into the atmosphere. Under this Protocol the industrialized countries agreed to cut their emissions by 5.2 percent of 1990 levels, by 2008-12. However, this target has not been met by a significant margin due to inability of many countries to implement carbon tax policy immediately (like Russia, US and China).

Figure1: The Top CO2 Emission Countries in 2015



Source: Germanwatch Statista 2015

Figure 2: Changes in total aggregate GHG emissions of individual Annex I Parties, 1990–2013



Abbreviations: LULUCF = land use, land-use change and forestry.
Source: United Nations, FCCC/SBI/2015/21

Tol (2013) stated that poorer countries pay for the climate changes more because larger part of their economic activities is in agriculture where the production depends on the weather. United Nation (Framework Contentions on Climate Change, subsidiary body) has implemented inventory reporting guidelines to monitor the countries to implement GHG level, Parties should report on national GHG inventory data annually, where necessary, conduct recalculations in order to improve the quality of their emission estimates and ensure the consistency of the time series data is analyzed by this body.Figure2shows the changes in total aggregate GHG emissions over the period 1990–2013 for the 30 reporting countries.

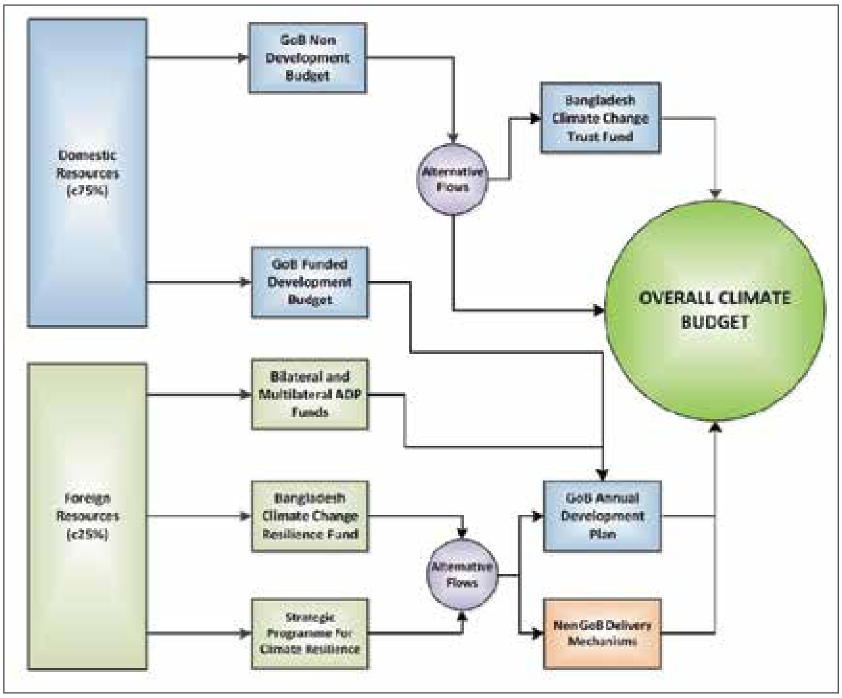
China's role in emitting GHG can hardly be overstated. From 2000–2008, its emissions doubled from 3.4 gross tons (Gt) to 7 Gt of CO2. By contrast U.S. CO2 emissions remained about 5.7 Gt in 2000 and 2008.China overwhelmingly relies on coal for electricity generation—accounting for about half of the world's annual coal consumption. For those who lament an increase in global GHG emissions, China's carbon-footprint increase in the past few decades has been a disaster, but the Chinese people have seen a nearly six fold increase in per capita gross domestic product (GDP) from 1990 to 2011. It is important to remember that environmental policy must ultimately be good for people, any country's most important resource. Moreover, eco¬nomic growth also creates the wealth necessary for countries to make real environmental improvements in the long run (Lieberrman, 2011).

Bangladesh Context Review

The effects of climate change are likely to be severe for developing countries because of geographic disadvantage than developed countries, heavily dependent on agriculture, the most climate-sensitive of all economic sectors, low incomes and vulnerabilities to make adaptation to climate change founded by Stern (2007). Bangladesh is highly vulnerable to climate change impacts. Therefore, timely and effective response to climate change is crucial to maintain the development progress so far, facilitate adaptation to climate change as well as transition to low-carbon development as such.

The 1992 Environment Policy of Bangladesh recognized the need for a comprehensive approach to address climate change and the environment. The Bangladesh Environment Conservation Act (ECA) of 1995 was passed for conservation and improvement of environmental standards later was amended further in 2010 and in 2011 to protect and improve the environment and to preserve the natural resources, biodiversity, wetlands, forests and wildlife for the present and future citizens. A National Action Plan for Short Lived Climate Pollutants was published in January 2014. This plan, focusing on black carbon, methane, ozone and some hydro

Figure 3: Existing Climate Finance Flows through the Government of Bangladesh (GoB)



Source: Bangladesh CPEIR (2012)

fluorocarbons, identifies the Climate Change Trust Fund as a potential funding source for initiatives to reduce these pollutants and to ensure that the funds are effective, sustainable and transparent in the long-term. Bangladesh is examining the possibility of a carbon tax since 2010 in conjunction with more traditional pollution charges. While the green tax (carbon tax) for pollution was enacted as part of the 2014-15 budgets, carbon pricing is not yet come in a reality.

The Climate Public Expenditure and Institutional Review(CPEIR) and the CFF of Bangladesh measure two figures of climate expenditures: i) climate dimension expenditures: the total sum of expenditures of any program that include climate elements and ii) climate-relevant expenditures: weighted average climate dimension expenditures, adjusted based on the level of relevance to climate change of each programme. These climate expenditure data from 2009-2014 are summarized in the table below.

Table 2: Climate Expenditures in Bangladesh (FY2009-2014)

Million USD)	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Climate Dimension Expenditures	**3,875**	**4,508**	**3,915**	**5,938**	**6,170**
Split by Source					
Government	76.56%	81.16%	84.07%	82.23%	80.49%
Donor	23.44%	18.84%	15.93%	17.77%	19.51%
% of Total Government Budget	23.61%	24.15%	18.01%	25.67%	21.66%
% of GDP	4.35%	3.99%	3.17%	4.68%	4.05%
Climate-Relevant Expenditures	**1,082**	**1,272**	**1,154**	**1,734**	**1,813**
% of Total Government Budget	6.59%	6.81%	5.31%	7.50%	6.36%
% of GDP	1.22%	1.12%	0.94%	1.37%	1.19%

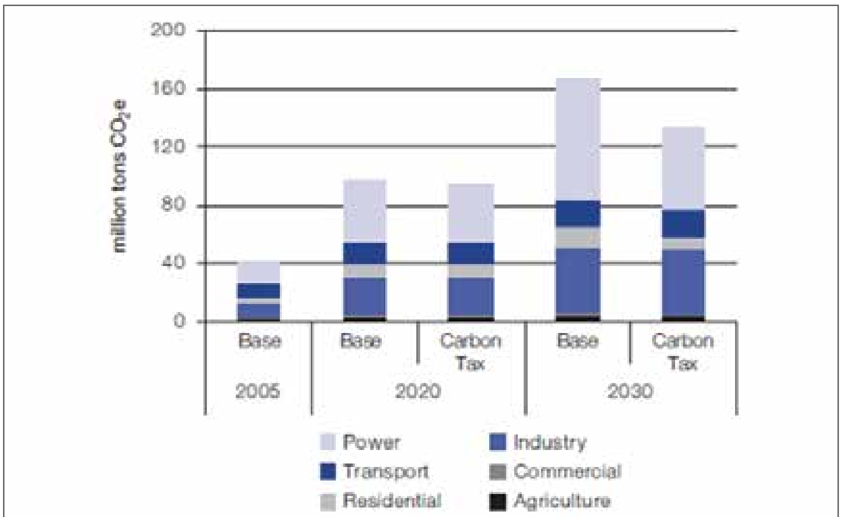
Source: Bangladesh CPEIR (2012), Bangladesh Climate Fiscal Framework (2014)

Climate dimension expenditures and climate-relevant expenditures in Bangladesh amount up to USD24.4bn and USD7bn respectively over 5 years (2009-2014), averaging USD4.88bn and USD1.41bn per year. Notably, Bangladesh climate expenditures have increased over the years. As shown in Table 2, the government is the main funder of the climate expenditures in the Bangladesh budget system, financing 80% of the total climate expenditures on average, with the rest coming from foreign sources. As a small emitter of GHG, Bangladesh spends the majority of its expenditures on adaptation to climate change.

Continuing increase in the emission of GHG that are responsible for global climate change, energy consumption and use of fossil fuels in South Asian Developing countries are growing rapidly. In 2030, the total primary energy use in Bangladesh, Bhutan, the Maldives, Nepal, and Sri Lanka could be 2.4 times that in 2005.In India, total commercial energy consumption in 2031 could be 5.4 times that in 2006, although there are large variations in estimates of future energy growth across studies. The countries need a new look at their resource and energy options in order to develop a low-carbon path that can provide sustained high economic growth and simultaneously abate GHG emissions. Figure 4 shows the sectoral GHG emission under the Base case and Carbon Tax Scenario in Bangladesh.

In a carbon tax regime it is necessary to stabilize GHG concentration at 550 parts per million by volume of CO2e, the primary energy mix of the South Asian countries would move toward aggressive use of cleaner resources, i.e., natural gas, hydropower, biomass, municipal solid waste, wind, and nuclear energy. The total consumption of coal and petroleum in 2030 would be 68.0% and 2.1% lower than that in the base case, respectively. At the country level, the carbon tax would reduce cumulative GHG emissions by 9.4% in Bangladesh and 21.8% in Sri Lanka; however, its effect would be minimal if the country could not implement major renewable energy sources (biomass, wind, and hydropower) immediately.

Figure 4: Sectoral GHG emission under the Base case and Carbon Tax Scenario in Bangladesh



CO_2e = carbon dioxide equivalent, GHG = greenhouse gas.

Source: Regional Economics of Climate Change in South Asia (Part I: Study of Cleaner Technologies and Options) [RECCSA1] – The Case of Bangladesh (unpublished country report).

The Five Year Plan (2011- 2015) produced by the Ministry of Planning (Bangladesh) focusing on accelerating growth and reducing poverty contains numerous policy initiatives that relate to climate changes.

A target to increase energy efficiency by 10%,improving railways and waterways as energy efficient multi-modal transport system to reducing carbon emissions and optimizing domestic production of primary energy resources including renewable energy and a target of 500 metre-wide permanent green belt established and protected along the coast, to increase productive forest coverage by 2 percentage points and integrated project design, budgetary allocations and implementation process of environment, climate change and disaster risk reduction for environment sustainability.

Renewable Energy Policy (REP -2008)-Published by the Power Division of the Ministry of Power, Energy and Mineral Resources. REP has numerous objectives to promote renewable energy and includes the target of developing renewable energy resources to meet 5% of the total power demand by 2015 and 10% by 2020.

Such Regulation policies can be imposed by considering the particular circumstances of a firm or industry. It is possible to set a renewable energy target for a firm consuming more energy after a limit. The connection between regulations and GHG emission outcome is more direct. So the outcome of regulation on GHG emission can be predicted with some degree of certainty.

Conclusion

Most APEC (Asia Pacific Economic Cooperation) economies, especially the developing economies, have established ambitious targets to cap and reduce GHG emissions. However, these targets will not be achieved unless the full range of policies are considered and implemented. It is needed to be complemented by broader reforms to liberalize financial and energy markets and strengthening technological advantage and new sources of energy growth opportunity.

Although Bangladesh is attaining persistent economic growth, per capita energy consumption is still very low. So in future there will be increase in total energy production and consumption which in turn will increase the amount of carbon emission. A key way to transform into low carbon economy is imposing regulations on renewable energy target which can create two-fold benefits for Bangladesh-environmental and energy sufficiency. Moreover, it will reduce the potential demand and supply gap of power and help to attain energy sufficiency. Elasticity of the products should be considered in setting the carbon tax because tax imposed on carbon passes to buyers and the share that will pass on depends on relative elasticity.

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