

IGC SOUTH ASIA GROWTH CONFERENCE

Jointly organised by Economic Research Group, Dhaka
July 15-16, 2012; Grand Ball Room, Hotel Pan Pacific Sonargaon Dhaka

Summary of Day 2: Monday 16 July**Session 5 – Poverty and grassroots entrepreneurship**

The Executive Director of Brac, Mahabub Hossain, chaired Session 5 which was opened by Robin Burgess (*LSE and IGC*) asking whether basic entrepreneurship can transform the economic lives of the poor. The results presented suggest that the capital injection of USD140 provided as part of the Brac ultra-poor programme being evaluated made a significant impact on the targeted women, including improved literacy, incomes, food security, as well as improving the lives of the entire villages from which the targeted women came. Adnan Khan (*LSE and IGC*) discussed a flagship programme of the government of Punjab involving livestock and dairy intervention. An important policy lesson from the programme is that productivity differences among farmers are likely due to basic skills and practices, with the research suggesting the possibility of a 40% increase in productivity. Atiur Rahman (*Governor of the Central Bank of Bangladesh*) discussed many initiatives the bank has undertaken to reduce poverty and to promote growth within the country. He argued that central banks can play a catalytic role in the reorientation of goals and objectives of financial institutions and markets towards socially responsible inclusive lending practices. Wahiduddin Mahmud (*IGC Bangladesh*) talked on the subject of seasonal hunger, showing that a third of the population migrates to other regions in order to escape desperate conditions and that seasonal poverty may be seen as a manifestation of overall poverty, as poor people become poorer. Mushfiq Mobarak (*Yale*) presented the results of research looking at seasonal migration, showing that given a one-time incentive to migrate, workers will continue to migrate year on year without further incentive. Mobarak is now working in conjunction with the Agriculture Ministry to roll this programme out further in order to alleviate seasonal hunger. Forhad Shilip (*World Bank*) discussed the impact of microfinance on the trade market in Bangladesh. Using two extensive data sets, one with over 65,000 ultra-poor households, the results indicate the need for a 'third view' as regards the impact of microfinance on moneylenders. Her research showed that microfinance institutions have driven out a significant part of the moneylenders' business, with those still dependent on moneylenders paying higher interest rates.

Session 6 – Regional economic integration

Tony Venables (*Oxford*) opened the session by providing an overview of the main opportunities and challenges from regional integration. While arguing that it was unlikely that South Asia would replicate the experience of the European Union, greater integration would lead to more trade and firm clusters. It would however also require a lot of regulatory reform and associated administrative capacities in each country, rather than just the removal of tariffs. Ijaz Nabi (*Lahore University of Management Sciences and IGC*) argued that for Pakistan to move from being just an east-west transport hub to a major manufacturing centre, governance will have to be improved to include all regions in the Pakistani growth story to make them productive hubs. The special guest, Ambassador Muhammad Zamir (*Chief Information Commissioner, Bangladesh*) remarked on the chances for political stability and increased security should regional integration take place in South Asia. He reiterated the need for 'behind the border' reforms which require transparency and accountability to ensure good governance. Shaibal Gupta (*Centre for Economic Policy and Public Finance and IGC*) argued that the Bengal Presidency should be brought to the centre of the South

Asian agenda. He also contended that the trade policies of Bangladesh and India are focused too heavily on developed countries to the detriment of opportunities closer to home.

Session 7 – Issues in environment and governance

Rema Hanna (Harvard) was the first speaker, presenting surprising findings about the health benefits of improved cooking stoves which have been thought to substantially improve upon the detrimental effects of traditional stoves. Her research found that while there was a 7.5% decline in smoke exposure in year one, but by years three and four, the effect had gone away. This may be partly due to the fact that 40% of people admitted that they did not keep the improved stoves in good condition, thus reducing its efficacy. She argued that more research was needed into the real world settings for cooking stove usage habits as controlled studies have found more encouraging results. Rohini Pande (*Harvard*) presented research on the importance of independent auditors in the environmental audit system in Gujarat. The research found that using an independent, as opposed to company-chosen, auditor reduced false compliance by 23% as well as improving the incidence of water pollution itself. Raymond Guiteras (*University of Maryland*) presented preliminary findings of a study looking at large-scale free distribution of chlorine dispensers in order to reduce the incidence of cholera in Dhaka. Findings will be published in an upcoming research paper. Minhaj Mahmud (Bangladesh Institute of Development Studies) presented research looking at car commuters in Dhaka. In order to induce commuters to switch from using private cars, journey time was seen as the most important factor, followed by comfort and service. Michael Callen (University of California, San Diego) investigated the effects of smartphone monitoring on the government in Punjab. His results indicate that smartphone monitoring is potentially highly cost-effective, as well as being widely scalable and replicable. M. Fouzul Kabir Khan (North South University) concluded the session by presenting research on public-private partnerships (PPPs). The study analyses the impact of the factors behind unsuccessful PPPs under different PPP arrangements. He argued that as well as multiple issues including financial support, dedicated institutions, legal framework, project tender process, access to long-term finance, and the capacity to do due-diligence and monitoring and evaluation, the overriding issue is a need for transparency and competition.