

Aid aplenty, but delayed

The country director of Asian Development Bank stresses the need to build capacity in project implementation with donor funds

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WITH payment pressure continuing to strain external balance, the need for a quick release of funds from the \$13 billion in aid committed by donors is felt more than ever before. But two major factors -- delays in project preparation and procurement -- prolong aid disbursement by donors, especially for Asian Development Bank (ADB), said its Country Director Thevakumar Kandiah.

The Manila-based lending institution, one of the major financiers of Bangladesh, has kept \$3.9 billion of funds undisbursed.

"One of main reasons as to why our portfolios are not being disbursed as quickly as it might is what we call start-up delay, project delays. This is something we have to address, going forward," said Kandiah.

Kandiah, who turns 60 today, shared his views with The Daily Star before retirement. He headed the ADB resident mission here for the past two years.

He was upbeat about the prospects of the Bangladesh economy and also talked about the government's bid to purchase power from other countries in the region and its scope to exploit the country's geographical position.

Kandiah, who was involved in direction of country partnership strategy for the next five years, hoped that Bangladesh might be able to attain its vision to become a mid-income country by 2020 by executing the plans laid out in the Sixth Five-Year Plan for 2011-2015.

To attain the economic goals, one of the main requirements is to build facilities through development programmes, he said.

Hence, an increase in the capacities of government officials is important, so that officials can prepare and implement projects in line with the guidelines and policies of donors, he added.

One of the main factors behind the delay in implementation of the development projects is a lack of capacity, which causes slow funds disbursement by donors.

"I think we have to prepare projects and get them ready in such a way that



Thevakumar Kandiah

as soon as it gets approval from ADB or other donor agencies, projects should be ready for implementation," said the economics graduate from University of Wales.

Kandiah said the capacity of the ministry officials in preparing the Development Project Proforma (DPP) based on the guidelines and policies of donor agencies needs to be improved.

"The DPP approval process takes a long time. In some cases, it takes more than a year for DPP approved. Revisions of DPP also take a long time," he said.

But the delays are not just for the planning commission. Sometimes, ministry officials do not have the capacity to understand what is required to prepare or revise a proposal and send information required by the planning commission, according to Kandiah.

He recommended streamlining the practices and procedures relating to preparation and implementation of the projects.

At the same time, there is a need to train more people to execute the development programmes run by the government, to build capacity and

feed the needs of a more than \$100-billion economy, growing at nearly 6 percent a year, he said.

"So you need a lot more capacity," said Kandiah, citing examples from ADB's lending in the pipeline. The regional lender has doubled its funding to Bangladesh to \$1.0 billion in the last five years.

"You need more people to be trained, to be educated, to know how to handle the preparation and implementation of a project," he said. "Capacity building to an extent is never over. It has to continue."

The capacity of the executing agencies or project implementation agencies in understanding ADB guidelines, financial management guidelines, safeguard policies and environmental guidelines is also important.

Another reason for slow disbursement of funds is a delay in procurement because of the time needed to look at all the complaints from bidders who say that they have not been treated fairly in evaluation, he said.

This happens especially in large projects; sometimes, it requires going for re-bidding up to a third round, said Kandiah, citing ADB's loan portfolio in

Bangladesh.

"These will have to be looked at. Our guidelines provide that all representations must be properly treated. The complaints themselves are okay, I think the process provide for it," he said.

"But in Bangladesh, we tend to get a lot of representations," added the ADB official.

On a general note, he said there are more complaints from bidders because the evaluation process cannot be kept confidential, as it should be. "So basically there are leaks," said Kandiah. "So suppliers get information about something going on. And before the evaluation process is completed, they begin writing complaints."

In a way, it is good because it ensures a transparent process, allowing bidders to represent the evaluation process but at the same time, it does slow the process and delays decision, he said.

"The evaluation process should be robust, should be confidential. Confidential information should not be leaked to bidders," said the ADB country chief, suggesting that there should be guidelines for people involved in

the evaluation committee and evaluation process.

"It will, of course, solve the problems in delays in fund disbursements," he said, also expecting that a cut in the time lag will help the government manage pressure on the balance of payments (BoP).

But present challenges, such as high inflation, current account deficits and reserves under pressure, will not be easy to fix because a lot of the problems have been caused by external factors, said the ADB country head.

He said tightened credit and imports by Bangladesh Bank will help tackle the challenges. At the same time, the government needs to find ways to increase revenue, he added.

"That's not easy," he said. "Because, when you increase tariff, it has other implications because it increases inflation."

He however expected that the current problems in the economy are short-term in nature and will be solved in the coming months.

"Bangladesh has fantastic resources, resilient people and a huge domestic market. It has a very good location," he said.

"The benefits of location are tremendous. So, if it takes advantage of its location, resources, resilient people and huge domestic market, there is a lot of potential for Bangladesh."

But there are some challenges -- infrastructure deficit, growing urbanisation, finding the right people and skills, food security, and negative impacts of climate change are some.

These are not easy to manage, but these have to be addressed, he said.

Some of the issues such as a deficit in transportation, energy, urban development, the financial sector and agriculture will be addressed under the Sixth Five Year Plan, which is aligned with the Country Partnership Strategy of donors, according to Kandiah.

"Once that is done and you increase your capacity to implement projects, then I think the government goal of attaining a middle income country by 2021 can be achieved," said Kandiah, who believes that an exciting time lies ahead for Bangladesh.

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"One of main reasons as to why our portfolios are not being disbursed as quickly as it might is what we call start-up delay, project delays. This is something we have to address, going forward," says Thevakumar Kandiah, country director of Manila-based lender Asian Development Bank in Bangladesh

Toymakers aim to buck economic gloom at Asia fair

AFP, Hong Kong

A smartphone-controlled robot that fires foam bullets and a model of a tyrannosaurus with real bones are among the attractions drawing the crowds at Asia's largest toy show this week.

Aiming to shake off the global economic slowdown, about 2,000 exhibitors from 43 countries are displaying their wares at the Hong Kong Toys and Games Fair, the second largest in the world and now in its 38th year.

The 30 centimetre (one foot) plastic "iDroid" robot sports wraparound glasses that light up when controlled by smartphone systems via Bluetooth.

"The concept came about one day when we were thinking how to incorporate the latest technology with something fun for the kids," Eddie Yu, chief marketing officer of the robot's maker, Hong Kong-based Globalactive Technology Ltd, told AFP.

"Everyone has a smartphone these days, so naturally we thought it could be used to control a cool toy," he said, using his phone to make the robot perform Michael Jackson's Moonwalk to the delight of the young audience.

At other times it fires a toy machine gun at giggling toddlers, swivelling its mechanical arms.

Across the hall, Maja von Hohenzollern, a member of Germany's former royal family, was debuting her line of pink princess baby clothing, accessories and furniture.

Decked out in a sparkling bright pink dress suit, the blue-eyed blonde



A man operates the iDroid, the "world's first" smartphone controlled toy robot, using a smartphone at the Hong Kong toys and games fair yesterday.

said: "Every girl deserves to feel like a princess -- a real princess."

"All the items here are based on the things I used as a child," she added.

The fair -- the second biggest after the Spielwarenmesse event in Nuremberg, Germany -- runs until

Wednesday, and while it's all fun and games on the inside, manufacturers are having a tougher time outside.

The toy industry, which heavily relies on Chinese factories, has been hit hard by the sluggish US economy and eurozone debt crisis.

Hundreds of toy factories in China have shut down since the 2008 financial crisis. Rising labour and raw material costs in China have added to pressures on manufacturers.

Chinese company Shantou Qunsheng Toys used to have more than

5,000 factories in Guangdong province. The company, which makes cheap board games and plastic toys, said production plants are closing down one by one.

"Sales have dropped so much -- about 30-40 percent just last year," sales manager Maggie Chen told AFP. "Business just keeps going down. It's pretty bad."

"We need to find new markets, outside the US and Europe. Maybe we can find better opportunities in South Africa, South America, the Middle East or Russia."

For Philippe Rousseau, director of French-based company OJD Magic, rising costs at mainland Chinese factories have cut profitability for his company. "Rising wages and prices of product materials have affected us," he said.

Luckily some buyers still have cash to splash. "People here are willing to spend," said local toymaker Calvin Lam. "We've been experiencing 10-20 percent growth in sales annually."

But not everyone is in a mood to play -- about a dozen demonstrators caused a stir on the first day of the show on Monday, protesting at what they described as a lack of improvement in working conditions at Chinese toy factories.

Waving a giant banner reading "Toy Un-Fair", the protesters accused major Chinese toy suppliers to US firms of violating labour rights.

"Excessive overtime hours, poor work safety standards and the lack of social insurance at these factories are only some of the things US companies are turning a blind eye to," protester Debbie Chan told AFP.

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