

Tackle energy challenges for future growth

World Bank's Ellen Goldstein suggests long-term investments in energy

STAR BUSINESS REPORT

Bangladesh must show mastery in dealing with energy-sector challenges and bringing long-term investment to energy solutions to become a middle income country by 2021, the World Bank's country director said yesterday.

"Bangladesh's goal of becoming a middle income country by its 50th birthday in 2021 is achievable only if growth accelerates from 6 percent now to 7 percent or more," Ellen Goldstein said.

"This in turn will only be possible through better mastery of energy sector challenges and an increase in long-term investment in energy solutions," she said.

Goldstein spoke at the opening ceremony of a two-day regional seminar on infrastructure at Sonargaon Hotel in Dhaka.

Bangladesh Energy Regulatory Commission (BERC), has organised the event, "Energy Security and Regional Cooperation: Role of Regulators" at Hotel Sonargaon in association with the World Bank and the South Asia Forum for Infrastructure

Regulation (SAFIR).

Around 40 experts from India, Pakistan, Sri Lanka, Nepal, Bhutan, Vietnam, Myanmar and host Bangladesh are taking part in the seminar.

Goldstein said electricity and gas supplies in Bangladesh are not meeting current demand, were only about 49 percent of households have access to electricity.

"Power shortages severely affect industry profitability. The power sector bears the brunt of gas curtailments, exacerbating peak power shortages. Neither gas nor power tariffs cover sector costs, and financial restructuring of the sector has not been completed," she said.

The WB official said most short term power generation solutions are excessively costly. Permanent solutions require large, long-term investments.

"In parallel with immediate investments, a deliberate, coordinated gas and power plan -- accounting for a range of possible scenarios -- is fundamentally important to attaining a robust, least-cost future for Bangladesh's energy sector," she said.

Goldstein said better energy

infrastructure and its maintenance are critical to sustained economic and social progress, poorly-managed and poor-quality services have already cost Bangladeshi enterprises dearly in their efforts to gain and hold on to markets abroad.

She said the World Bank believes overall, the government is proceeding in the right direction, with a mix of short and longer-term solutions. "However, greater urgency is needed to move forward reforms aimed at enhancing efficiency and transparency in the energy sector."

In energy, South Asia has been one of the only regions in the world not to benefit from power pooling across national borders, Goldstein said. "Of course, for power pooling to develop, the countries involved need strong cooperation across energy regulatory agencies on pricing policy and regulatory frameworks."

"A cooperative approach to developing the vast hydropower resources in the Himalayas and the gas resources of Central Asia and Myanmar could greatly alleviate the debilitating energy shortages which have become a

binding constraint to growth in all South Asian countries."

Pramod Deo, chairperson of SAFIR, said India and Pakistan have coal reserves, Bangladesh has gas reserves and Nepal and Bhutan are rich with hydro potential.

"As a result, there are significant opportunities for cooperation and trade in the energy sector, eventually creating one of the world's largest integrated energy market."

"This can lead to energy security and sustainable development of the member countries," he said.

He said the role of regulators is extremely important to achieve energy security in the region through regional cooperation. "The need to strengthen regional organisations, institutions and regulatory institutions cannot be denied."

Muhammad Enamul Huq, state minister for power, energy and mineral resources, said harnessing renewable energy and establishing backbone for the regulatory framework for renewable energy is important.

Obaidul Quader, communications and railway minister, said

the country might be able to fix its power and gas crises next year when the government's mid-term initiatives in the sector would be implemented.

Tawfiq-e-Elahi Chowdhury, the prime minister's energy adviser, and Syed Yusuf Hossain, BERC chairman, also spoke.

At a seminar on "Challenges and Potential -- Regulatory Practices in Developing Countries", Sreenivasa Murthy, chairperson of Karnataka Electricity Regulatory Commission, said energy security in the region could be secured by sharing resources.

Ijaz Hossain, a professor of chemical engineering department of Bangladesh University of Engineering and Technology, while presenting the key speech, said energy is a huge challenge for almost every country in South Asia, where the consumption is increasing, the resources are drying up and there is also concern about greenhouse gas.

He also said without effective regulations governments would not be able to take energy to the people at large. "The Energy Regulatory Commission also



Majedur Rahman, managing director of Premier Bank, poses with the participants of a workshop on legal aspects of securities and documentation, arranged by the bank at its training institute in Dhaka recently. Bishnu Pada Malaker, head of the institute, was also present.

Bourses seek to be respondents in shareholding appeals

STAR BUSINESS REPORT

The Dhaka and Chittagong bourses will appeal to the High Court to make them respondents in the writ petitions that were filed by directors of different companies challenging the minimum shareholding rule.

The twin bourses made the announcement after an emergency meeting with the Securities and Exchange Commission yesterday.

"We were made respondents in the first writ petition, but in the three subsequent petitions we were excluded from the list," Rakibur Rahman, president of the Dhaka Stock Exchange, told reporters after the meeting.

"We should be defendants in all writ petitions for the interest of the market as well as investors, as the petitions were very much connected with the stockmarket," he said.

Earlier on Tuesday, the High Court issued a rule asking the stockmarket regulator to explain within one week why a directive on minimum shareholding by listed companies' directors should not be declared illegal.

Tuesday's petition was the fourth writ petition on the minimum shareholding requirement filed by the directors of different companies with the same High Court bench since April 8.

A bench of Justice Farid Ahmed and Justice Sheikh Hassan Arif issued the rules after hearing the petitions filed by the directors and sponsors of Delta Life Insurance, Phoenix Finance and Investments, Popular Life Insurance and NCC Bank.

Earlier on November 22 last year, the SEC had made it compulsory for sponsors, directors and promoters of listed companies to hold at least 2 percent stakes individually in their own companies.

The commission also made it mandatory for sponsors, directors and promoters of a listed firm to jointly hold a 30 percent stake in the firm.

The SEC set a six-month deadline that ends on May 22 for the sponsors, directors and promoters, who are



Syed Mahbubur Rahman, managing director of BRAC Bank, and Kyle F Kelhofer, IFC country manager, pose with the participants of a workshop on monitoring & evaluation and sustainability reporting, arranged by BRAC Bank and SouthAsia Enterprise Development Facility (SEDF) at the bank's training facility in Dhaka recently. SEDF is managed by IFC with DFID and Norad.



Ali Raihan, national sales manager of corporate and project sales of Transcom Electronics, and Ricky Inn, assistant sales manager of GREE, Zhuhai, China, pose with colleagues after a meeting between the two organisations in GREE's head office in China. Transcom will distribute GREE air conditioners in Bangladesh.

Govt to widen safety nets: minister

STAR BUSINESS REPORT

The government is working to evaluate different social safety net programmes and widen the number according to needs in different parts of the country, said the food minister yesterday.

"We have prioritised the social safety net programmes with an aim to reduce social disparity among people in different regions of the country. For this, we are strengthening the social safety net programme further," said Dr Abdur Razzaque.

"Now, in addition to evaluating the success and failure of these programmes, we are examining the ways we can widen the net further and eliminate poverty from the country," he said.

He was speaking at a pre-budget national seminar on 'Social Safety Net and the Marginalised: Imperatives for Budget 2012-13' jointly organised by Shamunay and Manusher Jonno Foundation at the CIRDAP auditorium in Dhaka.

The minister said the government is now reviewing the different issues concerning the safety net programme and taking insight from the targeted benefi-

ciary groups across the country.

At present, the government has allocated Tk 22,600 crore for social safety net programmes and subsidies in the national budget for 2011-12. The government has 87 such programmes, spending 2.5 percent of the country's total GDP.

Around 77 lakh people are directly benefited from such programmes.

Admitting that there are still some minor weaknesses in these programmes, such as a lack of transparency and accountability in allotting cards under the different programmes, the government is trying to overcome those, said Razzaque.

In addition, the government is working to further strengthen monitoring to affect target group selections and prevent fund leaks in these programmes, he said.

The government will be able to stop 16 percent of fund leaks if it starts better monitoring.

The minister said the government's social protection programmes have achieved some major successes in food security and in battling extreme poverty.

He also said the food ministry

is working to ensure adequate resource mobilisation to get maximum outcomes from the programmes.

He said the government sets its priorities in allocating safety net funds on the basis of a region's population, area and intensity of poverty.

The minister stressed the need to enhance economic activities in the poverty-ridden regions, especially in the northern and southern parts of the country to create large scale employment.

"Increasing economic activities and thus creating employment is the only way out from extreme poverty in those regions," he said. "And for that, we need huge investments from both local and foreign entrepreneurs."

"Simultaneously, we are trying to improve infrastructure, including better communication systems, to increase connectivity," he added.

He said the poor people have reacted well to the open market sales (OMS) programme as food inflation is continuously rising.

Dilruba Yesmin Chowdhury, research fellow of Shamunay, said in her keynote paper that the

government should encourage investment on developing human capital to eradicate poverty.

"The government needs to increase its allocation further for the social safety net programmes and reduce corruption within the system. In addition, it should encourage investment on developing human capital to get maximum outcome from these programme," she said.

She also suggested better coordination to ensure that these programmes are effectively playing a role in phasing out poverty from different parts of the country.

She suggested the government form a database for social safety net programmes to develop a variety of programmes in the field level.

Khondkar Ibrahim Khaled, chairman of Bangladesh Krishi Bank, said the government should create effective pension funds to safeguard the aged people.

He also stressed the need for capacity building of the poor, so they can change their own fate.

MA Mannan, member of parliament, and Mahbuba Nasreen, professor at Dhaka

Transcom gets distributorship of GREE air conditioners

STAR BUSINESS DESK

Transcom Electronics has recently been nominated as the distributor in Bangladesh for industrial air conditioners of global brand GREE.

The decision was recently taken at the head office of GREE in China, Transcom said in a statement yesterday.

Ali Raihan, national sales manager of corporate and project sales for Transcom Electronics, and Ricky Inn, assistant sales manager of GREE, Zhuhai, China, attended the programme.

A delegation from Transcom Electronics' corporate and project business team participated in a four-day training workshop arranged and conducted by GREE in China on April 9.

Transcom Electronics started operating in the industrial air conditioners arena as the original equipment partner of GREE in February 2011.

Minister vows to get alternative funds for Padma bridge

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"We have to start the construction of the bridge during our tenure but it is not possible to get funds from the World Bank within the time due to its lengthy process."

"The WB could transfer the fund to the second Padma bridge or any other project. We will make requests to that effect," Quader said.

He said construction of the much-talked Padma bridge would start in the next nine months.

The minister also said the WB has extended the deadline for the loan effectuation by six months. "The World Bank has done so on its own. Bangladesh has made no such request."

The minister said the WB, Asian Development Bank, Japan International Cooperation Agency and Islamic Development Bank are Bangladesh's development partners in many of the country's projects.

"We have no enmity with any of them."

Wait for Pangaon container terminal stretches further

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"Waterways do not have such problems," said Mohiuddin, adding that it would help entrepreneurs come out of uncertainty and plan properly.

He said the Pangaon ICT will enable exporters to transport goods within 12-14 hours by waterways.

"Our transportation cost will fall to one-fourth of expenses by road," he said.

"We want the ICT to become operational within the shortest possible time," said Mohiuddin.

Fazul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), is also concerned about the growing congestion on the Dhaka-Chittagong highway.

"Trucks or covered vans take more time to reach Chittagong Port due to congestion. And operators of covered vans or trucks charge higher from us," he said.

More than 80 percent of Bangladesh's nearly \$60 billion export-import trade is done through Chittagong Port. Businesses have to use two-lane highway to carry their goods. The government has been trying to make the highway four-lane for the past several years, but is yet to do so.

"It is uncertain when the government will make the highway a four-lane one," said the BGMEA president, "Under the circumstances, making Pangaon ICT operational is urgent now."

According to Dr Rahmatullah, a leading transport sector expert, to carry a tonne of goods a kilometre, it costs Tk 5 on roads, Tk 2.1 in railway



Kazi Akramuddin Ahmed, chairman of Standard Bank, attends the bank's business conference at Purbani Hotel in Dhaka. SA Farooqui, managing director, was also present.

Titas Gas to offload more shares in market

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The company has decided to offload the shares in line with a government decision, according to a posting on the Dhaka Stock Exchange website yesterday.

Although the government decided to offload its stake in different companies in the stockmarket in 2010 when the market was bullish, the Titas Gas shares are going to enter the market after two years when the market is passing a bearish phase following a price debacle in January-February last year.

The state-run gas company joined the

country's bourses under direct listing rules in 2008. Titas, which distributes gas in Dhaka and greater Mymensingh region, was the fifth state-run company that was listed on the stock exchanges under direct listing rules.

Presently, 25 percent shares are available for public trade in the stock exchanges, while the sponsors hold the rest 75 percent shares.

On the Dhaka bourse yesterday, each Titas Gas share traded between Tk 76.10 and Tk 73, before closing at Tk 73.10 after declining 2.25 percent.