

# Make best use of renewable energy resources: Mozena

## US envoy talks about Bangladesh's energy potential

STAR BUSINESS REPORT

Bangladesh should focus on importing hydro power from neighbouring countries to meet the growing demand for electricity, US Ambassador Dan Mozena said yesterday.

South Asia has prospects in hydro power, as Nepal is capable of producing 80,000 megawatts and Bhutan 30,000 MW; the Seven Sister states of India also have such potential, he said.

"I encourage Bangladesh to explore these dynamic options," said Mozena at the opening of the first meeting of Bangladesh Sustainable Energy for All Investor Forum at Westin Hotel in Dhaka.

"On renewable energy, there is so much happening in Bangladesh." An American Bangladeshi has already developed solar power optimisers, a key component of solar home systems that increases power voltage, he added.

The device converts 12 volts into 125 volts — the utility level voltage —

allowing consumers to use laptops, televisions, fans, light bulbs and, most importantly, to charge mobile phones, he said.

The earlier versions of the system were unable to do so many tasks, he added.

An American investment is in the pipeline to install a 200 MW solar power plant in the Bangladeshi hill tracts, Mozena said, adding that USAID is also working to promote wind power in different places.

The US Department of State, in collaboration with the World Bank, Asian Development Bank and the German government, has worked with Bangladesh to form the team of investors.

United Nations Secretary General Ban Ki-moon launched the Sustainable Energy for All initiative (SE4ALL) in September 2011 to achieve three inter-related goals by 2030.

The goals are: providing universal access to modern energy services, doubling the global rate of

improvement in energy efficiency, and doubling the share of renewable energy in the global energy mix by 2030.

A lack of sufficient energy is one of the challenges for Bangladesh to become Asia's next economic tiger, Mozena said, adding that the forum is expected to address such challenges.

"This forum is not another talk shop of high-sounding chatter. Rather, this forum is about doing something, effecting great change, especially addressing Bangladesh's energy challenge meaningfully."

"America is deeply engaged here in terms of development assistance as we are the second largest development partner here," Mozena said, adding that the US spends more than \$250 million on different projects in Bangladesh every year.

In Asia, America's largest development programme outside Afghanistan and Pakistan is Bangladesh, he said.

At present, 1.2 billion people worldwide lack access to electricity

and 2.8 billion people do not have clean and safe cooking facilities, said Mohinder Gulati, chief operating officer of SE4ALL.

Transforming the world's energy systems will also open new multi-trillion-dollar investment opportunities, he said.

Gulati said Bangladesh is a shining example of solar home system (SHS) installations.

The programme to install SHSs in Bangladesh has the fastest penetration rate in the world, with the country installing more than 70,000 such units a month, according to World Bank.

As of May, more than 3.1 million SHSs have been installed with support from the World Bank and other development partners, according to the Infrastructure Development Company Ltd (Idcol), the implementing agency.

The total installed capacity of the SHSs is around 140 MW, sufficient to provide clean electricity to 14 million rural people, Idcol said.

"You should be proud of what you have achieved. Now you have to focus on building technical, supply and financial capacity. This is the time to scale up. And that is we are trying to do in the country," Gulati said.

SE4ALL is not a financing organisation or project implementing agency, he said.

It is a global advocacy platform that tries to build partnership among government, private sector, civil society, financial sector and industries, he said.

The forum will help identify bankable projects for sustainable energy and get financial support, said Robert Ichord, deputy assistant secretary for energy transformation in the US Department of State.

"Only donor resources cannot solve the problem. It has to be domestic resource mobilisation, which has to be private sector-driven," Ichord said.

Bangladesh wants to generate more electricity from renewable sources, said Tapos Kumar Roy, chairman of

Sustainable and Renewable Energy Development Authority.

He said the country has set a target to generate 10 percent of total electricity from renewable sources by 2020. "So we need more technical and financial support."

SE4ALL has generated significant momentum since its launch. Many countries -- some developed and over 85 developing -- have partnered with SE4ALL to achieve the three objectives of the forum at the country level.

Mozena also talked about ConocoPhillips at the event.

The US-based oil giant recently threatened to withdraw its exploration work from block 10 and 11 at the Bay of Bengal unless the government increases gas tariff for those blocks.

Energy exploration or production is a business decision, and the company will proceed with whatever makes commercial sense, said Mozena.

"This is just an isolated case here."



**Shahzada Hamid, outgoing president of the Dutch-Bangla Chamber of Commerce & Industry, chairs the chamber's 15th annual general meeting held at The Westin hotel in Dhaka on Monday. The just elected president of the chamber, Md Hassan Khaled, who is also managing director of Kamico Bangladesh, was also present.**

## Janata Jute plans to make green shopping bags

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Huq, who graduated in international relations from Sussex University, said his company would aim for the export market, and may set aside a small amount of its production for the domestic market.

Global demand for shopping bags is estimated to be 500 billion pieces and worth around \$500 billion a year, according to International Jute Study Group.

Bangladesh has the same scope, as India, to produce jute shopping bags, said Huq.

The sector has been unable to make a niche in the local Bangladeshi market for a number of reasons: the country is better at making industrial bags and sacks, rather than shopping bags, as local mills cannot produce decorative shopping bags.

Shopping bags are mainly being produced by young entrepreneurs who are largely inexperienced and not being able to go abroad to explore opportunities for visa

limitations.

Meanwhile, India is doing well as it has set up a hub where fabric suppliers are providing the fabric for somebody involved in processing, laminating and dyeing, before being passed on to shopping bag producers, he added.

Janata Jute has been in talks with Panasonic for the last two years to produce fibre boards from jute for the Japanese electronics giant. The board, made up of 82 percent raw jute and 18 percent phenol resin, will be used in construction and is earthquake-resistant.

The Bangladeshi company would have to invest \$11 million to set up the manufacturing process, if the deal is finalised. A final decision from Panasonic might come in by March next year, said Huq.

Although a law was passed to mandate the use of jute sacks for packaging four years ago, the progress is not encouraging.

"If you want to go for 100 per-

cent implementation, it will be a mistake. You should target 10 or 20 percent or ensure enforceability and make everybody accustomed to it," said Huq.

"Authorities will have to listen to the difficulties of the millers, and understand the industry's ability to supply 100 percent jute-made sacks. If we accept this reality, implementation will be much easier."

However, the government and industry are now working together to implement the law properly, he added.

Huq, also managing director of Sadat Jute, said the export of bags and sacks are lagging for ongoing conflict and tension in markets such as Syria, Sudan, and Thailand, and currency devaluation in India.

Many exporters would have to fold their businesses, if the situation does not improve in the existing export markets, he added.

Fabric exports have been hit by

the prolonged crisis in the European Union, with demand dropping by 40 percent, said Huq.

In the spinning sector, idle capacity is high, while demand is low, which forced spinners to cut the number of workdays a week from six to five; it will come into effect from November 1, he added.

Huq alleged that jute is now in the hands of stockists and hoarders.

Raw jute prices have gone up by about 25 percent since August this year, as both the quality and quantity of the crop was depressing this year, he said.

Huq's two mills exported 47,000 tonnes of yarn, processed fibre, woven and non-woven products last year, bringing home Tk 400 crore.

Last year, the number of countries purchasing goods and products from the two mills was 52. They employ 7,500 workers.

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## JS panel unhappy as no action taken against ex-chairman of BASIC

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A BB investigation report, incorporating specific allegations against the bank's former chairman, was sent to the anti-graft watchdog, central bank officials told the meeting.

Abdur Razzaque said a "wholesale robbery" has taken place in BASIC Bank. The officials of the finance ministry, the central bank and other banks held mainly the former chairman responsible for the irregularities.

The committee has decided to advise the government to give subsidy on the interest of loans for agro-based industries so that banks can offer low-cost funds.

The finance minister told the meeting that the government will consider it, Razzaque said.

The meeting also backed a lending rate up to 12 percent, which is 14-15 percent now. However, bankers said interest rate on deposit needs to be lowered for this.

Bankers also said default loans are a hindrance to lowering the rate of interest on credit. Cases involving around Tk 29,000 crore of default loans are pending with courts, BB officials said. Razzaque said they will request the government to form a separate bench in the High Court for settling cases related to loans.

## IFC, GIZ launch off-grid lighting programme

STAR BUSINESS REPORT

The International Finance Corporation and German International Cooperation Agency GIZ jointly launched a programme in Dhaka yesterday to make green lighting accessible in the country's off-grid areas.

Around 25 lakh people will get access to lighting over the next three years through the 'Lighting Asia-Bangladesh' programme, and help cut back around 74,000 tonnes of carbon emissions.

Lighting Asia-Bangladesh is a chapter of Lighting Global, a platform of the World Bank Group to support sustainable growth of the international off-grid lighting market.

The platform encourages people to switch from traditional light sources, such as candles and kerosene lamps to quality-tested, environment friendly, energy-efficient, cost-effective, healthier and safer options like solar lanterns.

The IFC and GIZ will also work together to support companies that provide such off-grid lighting solutions to enter the

Bangladesh market.

Only half the people in Bangladesh have access to electricity, Tobias Becker, country director of GIZ Bangladesh, said.

"The purpose of the programme is to provide energy efficient and cost effective lighting solutions in Bangladesh."

Speaking at the launch, Nasrul Hamid, state minister for power, energy and mineral resources, said a big portion of Bangladeshi people are still dependant on traditional lighting sources such as kerosene lamps.

"Per capita power consumption increased to 321MW in 2014 from 205MW in 2010," the state minister said, adding that the government plans to produce 19,000MW of power by 2030 by using coal and fuel-based generation systems.

In addition, Hamid said, the government is also encouraging the use of renewable energy in off-grid areas.

Christine Kimes, operations adviser of World Bank Bangladesh, and Mohinder Gulati, chief operating officer of Sustainable Energy for All Initiative, also spoke.

## Business climate looks up, rank slips

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Registering property in the country requires eight procedures, takes 244 days and costs 7.2 percent of the property value.

Subsequently, its ranking out of 189 is 184 in this field, which is way below its neighbouring countries. Pakistan comes in at 114, followed by India at 121 and Sri Lanka 131.

Two types of frameworks can facilitate access to credit and improve its allocation: credit information systems and borrowers and lenders in collateral and bankruptcy laws, it said.

Credit information systems enable lenders' rights to view a potential borrower's financial history (positive or negative) -- valuable information to consider when assessing risk. And they permit borrowers to establish a good credit history that will allow easier access to credit.

Sound collateral laws enable businesses to use their assets, especially movable property, as security to generate capital -- while strong creditors' rights have been associated with higher ratios of private sector credit to GDP, the report said.

The economy has a score of zero on the depth of credit information index and a score of 6 on the strength of legal rights index. Higher scores indicate more credit information and stronger legal rights for borrowers and lenders.

Bangladesh stands at 131 on the ease of getting credit. In contrast, India comes in at 36, Sri Lanka at 189 and Pakistan 131.

Protecting minority investors matters for the ability of companies to raise the capital

they need to grow, innovate, diversify and compete, according to the report.

Effective regulations define related-party transactions precisely, promote clear and efficient disclosure requirements, require shareholder participation in major decisions of the company and set detailed standards of accountability for company insiders.

The economy has a score of 6.1 on the strength of minority investor protection index, with a higher score indicating stronger protections.

Bangladesh stands at 43 in the ranking of 189 economies on the strength of minority investor protection index.

In terms of ease of trading across borders, Bangladesh stands at 140.

Exporting a standard container of goods from Bangladesh requires six documents, takes 28.3 days and costs \$1,281. Importing the same container of goods requires 9 documents, takes 33.6 days and costs \$1,515, the study found.

Contract enforcement, ever so vital for businesses, takes 1,442 days, costs 66.8 percent of the value of the claim and requires 41 procedures in Bangladesh.

Subsequently, it came second from bottom in the rankings for the ease of enforcing contract. A robust bankruptcy system functions as a filter, ensuring the survival of economically efficient companies and reallocating the resources of inefficient ones, the report said. Fast and cheap insolvency proceedings result in the speedy return of businesses to normal operation and increase returns to creditors.

## GP profit falls in third quarter

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"Competition has been intense throughout the period with some adverse externalities, which hampered the growth trajectory in some instances. Moving ahead, our segmented attitude towards the market and on the ground execution will help GP perform even better and create value for shareholders," Vivek Sood, its chief executive officer, said at a press briefing at the Westin Dhaka.

"I am excited to inform our shareholders that GP managed to cross a monumental milestone of five crore subscriber base through its enduring commitment of offering innovative and customer centric products and services," he said. GP acquired 42.5 lakh subscribers between July and September, taking its end-of-quarter subscription base to more than five crore, which is about 42.4 percent of the country's market. The operator invested Tk 929 crore during the period to speed up 3G rollout in all 64 district headquarters and for better 2G coverage, as

well as capacity increase for other services.

GP paid Tk 4,648 crore to the state coffers as taxes, value added taxes, duties and licence fees, comprising 61 percent of the company's total revenue in the nine-month period.

Data revenue is growing faster this year following the commencement of 3G operation in the fourth quarter of 2013, BRAC-EPL said in an analysis.

In the third quarter of 2014, the company had more than 10 million active data users (as defined by minimum 150 KB usage within last 90 days) with an average monthly data ARPU (average revenue per user) of Tk 48, it said.

After few quarters of losing SIM market share, the company started more aggressive subscriber acquisition from earlier this year which helped them grow total service revenue by 6 percent with better margin driven by 60 percent on-net calls, BRAC-EPL said.

## Bangladesh on track after Rana Plaza: EU

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The government also converted the Directorate of Inspection for Factories and Establishment (DIFE) into a standalone department with enhanced mandate, resources and personnel.

The review panel also praised the launch of the project "Improving working conditions in the readymade garment sector in Bangladesh" with support from the Netherlands, Canada and the United Kingdom and the preparations for the International Labour Organisation's Better Work Programme Bangladesh.

It also praised the adoption of a National Occupational Safety and Health policy and the minimal recommendations for factory closure by the engineers of the Accord on Fire and Building Safety in Bangladesh and Alliance for Bangladesh Worker Safety.

Around 2,000 factories were inspected by the two platforms and the government and as of October 15, 29 factories were shut down for safety concerns and parts of 17 factories. Many factories have undertaken remediation efforts to improve safety condition,

another development which was praised by the review panel.

The EU also appreciated the elimination of customs duties and other charges on import of fire resistance doors, sprinkler systems and equipment, emergency light and steel materials for factory buildings to reduce the cost of compliance with fire safety standards.

The launch of a publicly accessible database containing reports of labour, fire and building safety inspections by the ministry of labour and employment was also spoken of in positive light in the review.

"The progresses are quite impressive. But we want to see the implementation of amended labour law. We can work jointly for the success of the garment sector," the official said.

Meanwhile, he said the economic union will allow duty-free access for Bangladeshi products even if the country graduates from the least-developed country bracket.

"The EU will extend GSP plus to Bangladesh whenever it graduates to the middle-income country bracket, so there is nothing to worry about."