Funds aplenty for Bangladesh to become greener

Simon Maxwell of London-based Climate and Development Knowledge and Network says in an interview

MD FAZLUR RAHMAN

DEVELOPING countries such as Bangladesh should not worry about financing projects aimed at climate change adaptation and making their industries green as funds are aplenty globally, said a top expert.

"Money is not actually in short supply in the world if you have good projects," Simon Maxwell, executive chair of London-based Climate and Development Knowledge and Network, told The Daily Star in a recent interview in Dhaka.

"In fact, people tell me about the shortages of bankable projects," he said, adding that there are many banks, funds, programmes and initiatives that are providing money.

The intelligent recipients and customers of those funds have to look across the whole range of available finance and maximise the use.

"The Green Climate Fund has been set up to do new things. We will have to make sure that the fund is properly capitalised," he said, adding that Bangladesh has been one of its beneficiaries.

As of now, the fund has $10 billion and the development economist thinks it would certainly get more money.

Maxwell said not so long ago, Bangladesh, regularly hit by natural disasters, was mentioned as a basket case. "Now, Bangladesh has made fantastic progress."

It has taken all the disaster preparedness measures, due to which it is much less vulnerable now. Still, the big risk is that climate change could be a "slap in the face" for Bangladesh.

Maxwell said Bangladesh should be lauded for its active role in the climate debates in Paris in December last year.

"It is exciting that people do take it seriously, and it is amazing to me that Bangladesh is so influential on the world stage."

Bangladesh is at the fore-front of the countries, along with the Maldives and small island states, exposed highly to climate change-induced disasters -- and Bangladesh has put the issue on the agenda.

It is not just a sort of crying for help, but it is actually an intelligent political strategy that is being rolled out by Bangladesh, he said.

Bangladesh contributed immensely in putting the issue of vulnerability on the public stage alongside mitigation and helped to influence the spending priorities of the Green Climate Fund, he added.

Simon Maxwell

"When you come to the negotiation you need to have a strong voice. Bangladesh does that for itself and leads other vulnerable countries."

There are concerns that in the face of a sharp decline in oil prices, there will be a big shift towards diesel-run vehicles, disrupting the country's move toward renewable energies and technology. This is where the role of the government comes in, Maxwell said.

The cost of renewable energy is changing a lot, with the prices of solar having slumped 90 percent. In many cases, solar and onshore wind energies are actually competitive with other sources of energy.

"If you are in a remote area and not connected with the grid network, the grid connection will be very high. In such cases, solar and wind power can deliver the same power much, more cheaply."

He said it would be incorrect to say that spending on renewable energy has collapsed. For instance, in 2014, it was $260 billion around the world, and in 2015 it was $350 billion.

Renewables now account for more than 20 percent of the final energy consumption in the world.

"So, it is growing slowly. The new energy investment is tending toward renewables, because of concerns over oil prices and there are many countries that worry about their energy security," Maxwell said.

If countries shift away from polluting cars, buses, industries, and power stations, they will make a big difference.

Maxwell said Bangladesh has huge potential in the area of renewable energies such as solar and tidal power, and hydroelectricity, possibly in collaboration with the country's neighbours.

He is aware of Bangladesh's success in solar energy and added that developing countries could also consider having a very big solar power plant to supply electricity to the grid.

"We should not assume that solar is an energy resource for people; solar can be a resource for everybody and can be fed into the grid on a very large scale," he said, adding that investment has to be made for energy efficiency.

One of the big challenges for the future of climate change is actually big new cities that will appear around the world because of urbanisation, Maxwell said.

"You need to put houses and work closer together, better transport and green buildings. So, that is the new frontier."

He said growth and climate actions are not incompatible because the new sources of growth are going to be in the green industries.

"There are many examples where green issues are going to give you competitive advantage."

Despite having one of the lowest per capita emissions in the world, Bangladesh, like other countries, will have to get to zero carbon emission by 2070, he said.

So, Bangladesh will have to make sensible decisions now for the future.

In 1970, the United Nations set the annual aid target for rich countries at 0.7 percent of their gross national income. But only a handful of countries have hit the target so far.

Maxwell added: "The rich countries originally agreed that the climate finance will be new and in addition to the aid commitment. But I think it is now accepted most of the climate finances are not new and additional. It is certainly in some cases re-labelling."

And the average for all donors is 0.4 percent of their gross national income, instead of 0.7 percent, he said.

Maxwell, a former director of the Overseas Development Institute, the UK's leading independent think-tank on international development, however said there are some other pressures on aid programmes.

For example, one has to take into account that the big share of aid is now going toward paying for the refugees from Syria and North Africa in Europe. He said there are countries which are way below 0.7 percent, and people need to look a little bit in their mirror.

Donors that are honouring the aid commitment, such as the UK, are making very tough public expenditure decisions: they are giving money to countries such as Bangladesh, instead of spending the money for building new roads and hospitals in their own countries.

"So, that is also a big responsibility for developing countries to make sure that the money is well-spent."

Bangladesh is a lower middle-income country and on its way to becoming a higher middle-income nation, according to Maxwell.

But donors are not turning their backs on Bangladesh, he said, while pointing out that the country receives well over $1-2 billion in official development assistance a year.

fazlur.rahman@thedailystar.net

Japan factory output rises for first time in three months

AFP, *Tokyo*

Japan on Monday posted its first factory output expansion in three months, official data showed, offering some rare good news after a string of weak figures threw cold water on recovery hopes.

The upbeat figures -- a 3.7 percent rise on-month in January -- comes as investors look for clues about the state of the world's number three economy.

Disappointing inflation numbers last week stirred speculation the Bank of Japan will have to unleash more monetary easing to boost prices and growth.

Japanese businesses have remained cautious over investing in their businesses and offering significant wage increases, citing the uncertain outlook.

The once-powerhouse economy shrank in the October-December period, Japan's second quarterly contraction in 2015.

The bad news stretched into January when the country swung back into a trade deficit as exports to key market China plunged, dealing another blow to Prime Minister Shinzo Abe's bid to kick-start the economy.

"It's sign that production is improving, albeit at a slow pace," Hidenobu Tokuda, senior economist of Mizuho Research Institute, said of the industrial production figures.

"But the export trend is still not very strong given the downside risks for the global economy... If the US economy picks up, that will help Japanese exports."

Big economies are ill-equipped for next emergency

PETER THAL LARSEN

THE world's economic powerhouses are poorly equipped to deal with the next emergency. That's the main lesson from the latest confab of leading central bankers and finance ministers in Shanghai. Though fears about an imminent crisis look premature, the outbreak of bickering about fiscal and monetary policy doesn't bode well for the next downturn.

It's been years since a meeting of the Group of Twenty developed and emerging economies led to substantial action. Expectations for the latest G20 gathering were therefore low, and the participants duly delivered. Indeed, the two-day meeting in Shanghai's Pudong district served mainly to highlight deep global divides.

Take monetary policy. The selloff in global markets this year is at least partly based on the concern that ultra-low interest rates have lost their ability to stimulate growth and that central banks – in the latest iteration of the military metaphor – are out of ammunition.

Though central bankers predictably reject this view, there's little sign that they agree on what to do next. The latest weapon to emerge from the arsenal – the shift to negative interest rates – has not only rattled investors, but also exposed tensions in what is normally a tight clique of policymakers.

While in Shanghai, Bank of England Governor Mark Carney warned about negative interest-rate policy that attempts to insulate the domestic banking sector from its effects. This was, he said, designed to drive down the exchange rate, transferring weak demand to other countries, thereby "pulling the global economy closer to a liquidity trap". Though Carney did not say so, he was clearly criticising his Bank of Japan counterpart Haruhiko Kuroda.

The need for more government spending is another source of strain. Before the meeting the International Monetary Fund reiterated its view that countries with relatively low debts could "do more" to boost demand, for example by borrowing to fund infrastructure investment.

AFP

People's Bank of China Governor Zhou Xiaochuan, *front line second left*, greets German Finance Minister Wolfgang Schaeuble, *front line third left*, as they take seats during a "family photo" at the G20 Finance Ministers and Central Bank Governors Meeting in Shanghai on February 27.

But the finance minister of one of those countries, Germany's Wolfgang Schaeuble, dismissed the notion that the world could solve its problems with more leverage. "The debt-financed growth model has reached its limits," he told a conference organised by the Institute for International Finance. "If we continue on this path we will no longer need to watch television. The living dead will overwhelm us."

In the past, the United States might have been able to bully participants into a more meaningful agreement. But with a domestic presidential election campaign dominated by isolationism and downright xenophobia, America is hardly in a position to show global leadership. Host nation China, meanwhile, was more intent on reassuring the world about its ability to manage the economic slowdown at home.

Leaders from the People's Republic used the Shanghai spotlight for a public-relations blitz aimed at countering fears about a further devaluation of the yuan. Premier Li Keqiang promised the currency would remain "basically stable" – a message Zhou Xiaochuan, governor of the People's Bank of China, reiterated at a rare press conference.

The onslaught had some impact: China was notably absent from the worries listed in the G20's final communiqué. However, the outbreak of openness did not offer much more clarity about how China is managing its currency. Investors were audibly exasperated when PBOC Deputy Governor Yi Gang told the IIF conference that the central bank currently monitors three different measures of China's trade-weighted exchange rate.

The consequences of the disunity should not be overstated. As the G20 pointed out, turmoil in financial markets is at odds with a global economy that is still expected to grow by almost 3.5 percent this year.

Nevertheless, the divisions that were on display in Shanghai suggest the world's biggest countries are poorly prepared to deal with the next shock when it inevitably occurs. Perhaps it takes a full-scale crisis for the G20's members to set aside their differences and take some substantial decisions. The rest of the world may find out soon enough.

The author is a Reuters Breakingviews columnist.

Pakistan's untapped resources empowered by e-commerce boom

AFP, *Islamabad*

IN the Hindu Kush mountains craftswomen painstakingly stitch flowing scarves, skilled artisans who were unable to sell their products beyond the remote region until mobile internet came to Pakistan and dropped the market into the palms of millions of previously marginalised people.

The women of northern Chitral are among the unlikely profiteers of an e-commerce boom since 3G and 4G Internet arrived in the deeply conservative Muslim country in 2014, suddenly able to market and sell traditional products without leaving their villages or in some cases even their homes.

"The online platform eliminates the middleman," says Nasrin Samad, the entrepreneur behind the artisan brand Kai, which works with women across the region.

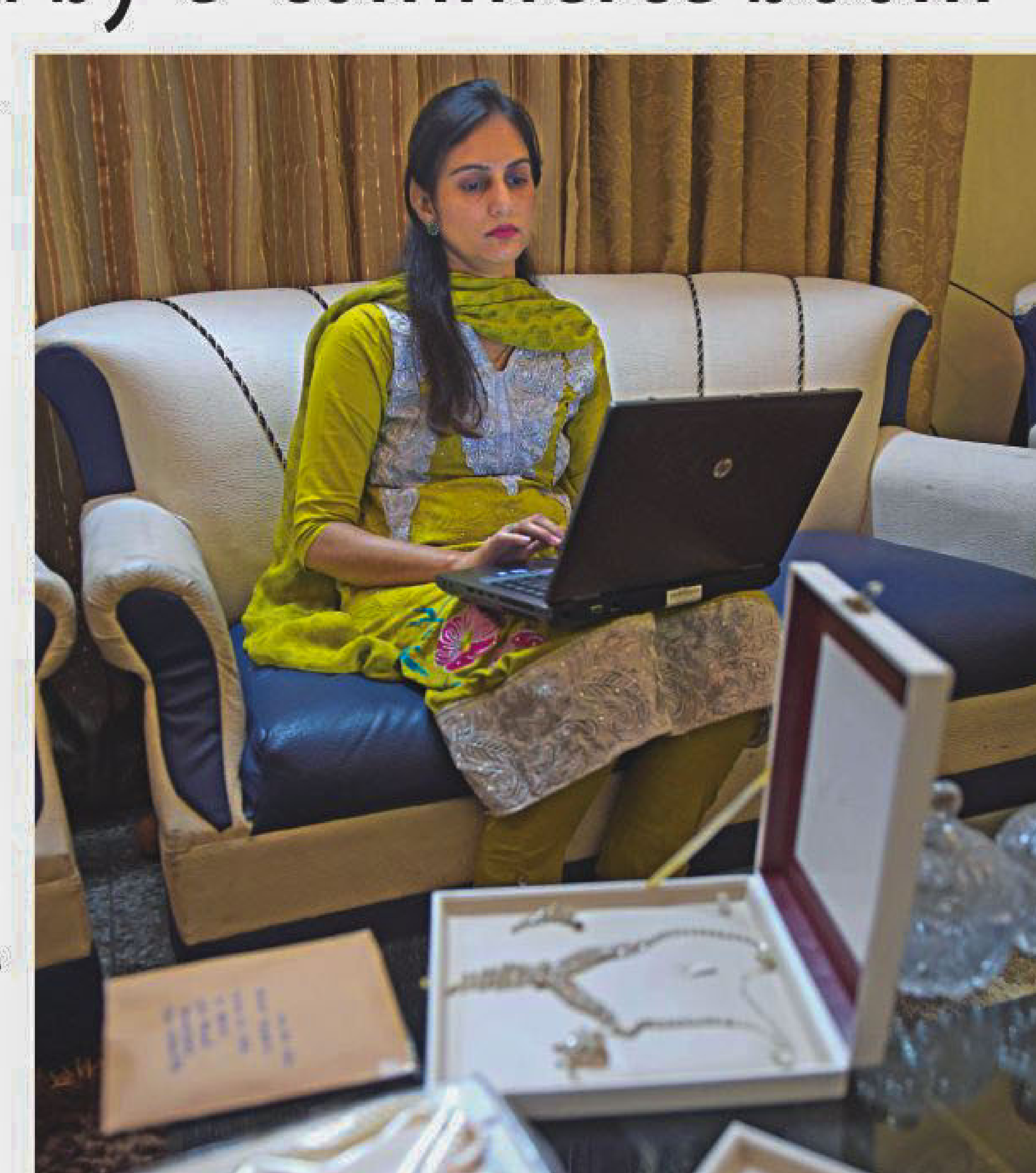
Now, Chitrali women "have access to a global audience," she says. Kai products are sold on polly & other stories (pollyandotherstories.com), which launched late in 2015 to connect traditional artisans like those in Chitral with consumers hungry for "authentic" products.

"Years of working with local community and craft groups had shown us how difficult it was for local small businesses, even the most talented, to access mainstream markets or connect with buyers, both within Pakistan and abroad," founder Amneh Shaikh-Farooqui told AFP.

To bridge the gap, says co-founder Ange Braid, the pair built a website to give "small, creative businesses, many of them led by women or young students, the chance to market and sell".

Opportunities like this in a country like Pakistan are "huge", says Adam Dawood, head of online marketplace Kaymu.pk.

In the first quarter of 2015 smartphone shipments to the country soared by 123 percent, according to the Pakistan Telecommunication Authority's annual report, one of the fastest growth rates in the developing world.



AFP/FILE

Pakistani Nosheen Kashif, an employee of online marketplace company Kaymu, works on a laptop at her residence in Islamabad.

Broadband subscribers have topped 26 million people, the Ministry for Information Technology said in February, with broadband penetration going from three percent to more than 15 percent.

The ministry cited World Bank studies showing that a 10 percent increase in high-speed internet connections can boost Gross Domestic Product (GDP) by 1.38 percent, adding the arrival of broadband in Pakistan is set to have a "very positive impact on economic growth".

Dawood echoed the report's optimism. "There are tremendous opportunities for everyone to start selling and buying instantly and earn money," he said.

Women are seeing the benefits, but e-commerce presents potentially an even greater opportunity for young people in a country where roughly two thirds of the population -- of around 200 million -- are estimated to be under the age of 30.

A recent economic survey by the finance ministry singled out the challenges facing youth in Pakistan, including "limited job search expertise, a mismatch between education, aspirations and employers' requirements and a lack of mobility, among other factors".

Seventeen-year-old Daniyal Admaney says he was able to defy scepticism over his youth to launch his T-shirt design business on Kaymu, however.