

# Bangladesh ranks among riskiest countries for business

London-based Maplecroft releases Civil Unrest Index report

**STAR BUSINESS REPORT**

Bangladesh is one of the top extremely risky countries, susceptible to protests, mass demonstrations and violence, according to rankings by a London-based risk analysis company. The country ranked sixth in the top extremely risky country category in the latest quarterly Civil Unrest Index (CUI), devised by Verisk Maplecroft.

Bangladesh is however in a better place than India, which ranked fourth, and is only ahead of Syria, Yemen, Libya, and Burundi, among a ranking of 198 countries.

Maplecroft has put together a Civil Unrest Index that ranks almost 200 countries in terms of their exposure to protests, mass demonstrations, ethnic or religious violence.

The political risk dataset enables companies to identify and compare risks that impact their global operations, supply chains and investments.

This time, it featured up to five years of data for 43 risk indices covering 198 countries, the company said

MAPLECROFT'S CIVIL UNREST INDEX: COUNTRIES IN EXTREME CATEGORY	
1.	Syria
2.	Yemen
3.	Libya
4.	India
5.	Burundi
6.	Bangladesh
7.	Mexico
8.	Myanmar
9.	Palestinian Territories (P.O.T)
10.	Nigeria

on its website.

Fourteen indices, quantifying regulatory and political violence risks, such as civil unrest, terrorism and resource nationalism risk, are updated on a quarterly basis to enable the identification of trends and emerging developments across dynamic risk issues.

The remaining 29 indices are updated annually and include an assessment of key 'structural risks' such as governance and resource

security challenges, providing companies with insights into the long-term trajectory of a country.

The results are compiled from a survey that assigned scores and importance to a range of different factors.

France ranked 16th -- just behind Argentina and barely in front of Afghanistan; it is the only European country in the top 20 and considered 'high risk'. Greece, which almost got the boot from the euro, came in 25th. Germany and the UK are still considered 'low risk'.

It is notable that civil unrest does not just occur in the 'usual suspects' of high-risk, politically violent countries, such as Syria, Yemen and Libya, according to the report.

The low ranking for Bangladesh came less than a year after the country ranked lowly in the World Bank's last ranking on the 'ease of doing business'.

The country dropped two positions to 174 in the ranking, published in October last year, due to stalled regulatory reforms.

# Cautionary stance on hard loans

REJAUJ KARIM BYRON

The government has taken on a cautionary approach for hard-term external borrowing to mitigate future risks even though there is no longer such condition from the International Monetary Fund.

From now, the government has decided to consider foreign loans with grant element lower than 35 percent to be hard-term ones.

The IMF set the condition in its Extended Credit Facility loan programme that was taken in 2012, but the programme's tenure ended in June last year.

Earlier, the government followed that if the grant element was lower than 25 percent the loan was considered to be hard-term.

A policy was drafted regarding hard loans, which was approved last week by the cabinet committee on economic affairs.

In taking such loans, the government agencies must take approval from the standing committee on non-concessional loans, according to the policy.

As there is no IMF conditionality, the scope for getting the loans reviewed at a higher level has become limited, it said. "As a result, the possibility of taking risky foreign loans will increase."

It seems that following the internationally accepted policy for hard-term loans would be proper, the policy added. Bangladesh's debt to gross

*Many organisations take hard-term borrowing for projects that are not economically viable, putting the country into the risk of plunging into a debt-trap*

domestic product ratio as per international standards is still low, said a finance ministry official.

But the government in recent times has taken on a good number of transformational infrastructure projects, the financing of most of which would not be possible with concessional foreign borrowing.

In case of the \$13 billion Rooppur nuclear power plant project, \$12 billion will be taken from Russia.

The rate of interest on the loan may rise as high as 4 percent and the repayment period is also much less than that of the concessional loan.

A major portion of the \$4 billion

Padma Rail Link project will be provided by China. The terms and conditions of the loan are not of concessional nature.

Besides, there are various projects in the pipeline where the government is going to take non-concessional loans.

Going by the current practice in Bangladesh, the projects may not end on time, and in that case the costs may soar, said the finance ministry official.

In that case, the debt-GDP ratio, especially non-concessional borrowing, is likely to increase, he added.

Many organisations take hard-term borrowing for projects that are not economically viable, putting the country into the risk of plunging into a debt-trap.

For this, the government has been taking these pre-cautionary measures.

Zahid Hussain, lead economist of the World Bank's Dhaka office, said: "Transformative projects are needed to accelerate economic growth. Opportunities for concessional financing need to be used to the fullest in this regard."

Bangladesh has the space to use some non-concessional financing as well, but it has to be careful so that this space is not wasted.

It will be important to address the usual problems of time and cost overruns so that the returns from these projects are realised soon enough to pay for the servicing of non-concessional loans without any unnecessary pressure on the budget.

# Pin Bangladesh on global apps, gaming map: experts

STAR BUSINESS REPORT

Entrepreneurs and experts in the field of mobile apps and software yesterday said they want to represent Bangladesh as a destination for making apps and games.

At a discussion, they said only a single mobile app or game can change the face of a country's economy.

Although there are about 6.32 crore internet connections in Bangladesh at the moment, people mostly browse Facebook, as they do not have local content as an alternative, experts said.

The event, 'World of mobile gaming and Bangladesh's preparation,' was organised by the Information Communication Technology Division at Bangladesh Computer Council auditorium in Dhaka.

Attending the event, State Minister for ICT Zunaid Ahmed Palak said the government targeted ICT as the main tool to becoming a middle-income country by 2021 and here, the mobile app and gaming industry can play an important role.

'Angry Birds' helped brand Finland as a mobile gaming country. Currently, Angry Birds has a market value of about \$7 billion, according to Palak.

"Only six years back, our foreign reserves were less than the Angry Birds market value."

Currently, the global gaming market is worth \$96 billion, which will be \$113 billion in 2018, said Palak. "We want to grab 1 percent of this market in the next few years."

The government recently took up a Tk 281.97 crore project, which will train 8,750 app developers and 2,800 game animators.

The government will invest more than Tk 8,000 crore in 2016-17 to digitise government services and get the real output of digitisation; mobile apps and gaming can give extra mileage to the government for doing their job.

Palak said the government will train around two lakh people and one lakh new

ICT-related jobs will be created in the next five years.

In its presentation, Bangladesh Association of Software and Information Services Senior Vice President Russell T Ahmed said the smartphone market is growing at around 20 percent, which is favourable for mobile apps and gaming.

Md Shofiul Alam, founder and chief executive of Belancer, a gaming company, said local companies can target the 35 crore Bangla-speaking people of the world, before targeting the international market. "After taking control of this market, we can go to compete in the international market."

Mustafa Jabbar, president of BASIS, said 80 percent of the people in West Bengal and Tripura are using Bangladeshi software to write in Bangla. "Similarly, we can also leave a mark in the Bangla content gaming and mobile app market of those areas."

Shameem Ahsan, former president of BASIS, said companies will have to spend 30 percent of their expenditure for content development and 70 percent for marketing and promotion. "But here, our companies have no expenditure for marketing."

Quazi Jamil Azhar, president of the board of trustees of Bangladesh University, said: "We lost the local banking software sector market to foreign companies. We should now focus on the local app and gaming market, so that the foreign companies do not take over."

Under the 'Skills Development for Mobile Game and Application' project, the government is going to establish development institutes across the country. Besides, the ICT division will set up 30 mobile apps laboratory, training and testing points at the district level.

The government also plans to organise international mobile app exhibitions and apps and gaming fairs at the divisional level; and develop an application store where developers can upload their content.

# Suspend drive against commercial units: FBCCI

STAR BUSINESS REPORT

The apex trade body yesterday urged the government to suspend the ongoing eviction drive against commercial structures in residential neighborhoods and sit with the stakeholders to find a permanent solution.

Abdul Matlub Ahmad, president of the Federation of Bangladesh Chambers of Commerce and Industry, made the call at a roundtable at the FBCCI auditorium in Dhaka.

FBCCI will also form a high-powered panel that will help the government find a permanent solution, he said. However, Ahmad, who moderated the roundtable, did not disclose the names of the panel members.

Hotel Guesthouse and Restaurants Owners' Association of Bangladesh (HGROAB) and Tour Operators Association of Bangladesh jointly organised the discussion on the economic impact of the current eviction drive against hospitality establishments and other business entities in Dhaka city and its adverse effect on tourism industry.

Presenting a keynote paper, MH Rahman, adviser of HGROAB, said some 500 boutique and budget hotels, guesthouses and restaurants have been established in the capital with an investment of around Tk 5,000 crore, creating employment for around 1 lakh people.

Some 3,000 foreign guests stay in the hotels and guesthouses and take their meals in the restaurants, he said, adding that the eviction drive will send a negative message to them.

Some rules may have been breached during the construction of the commercial structures, he said.

"But the government should not go for eviction. Steps should be taken by keeping the hotels and restaurants in place."

Rashed Khan Menon, civil aviation minister, said the eviction drive is not a new thing. "The decision was taken at a cabinet meeting last year."

In a meeting in January, the owners of commercial structures agreed that the government's decision will be implemented in phases, he said.

"However, I still believe that it is possible to avoid the conflict between the commercial structure owners and the government. The solution is possible through discussions."

# Millers oppose fresh plan for gas price hike

STAR BUSINESS REPORT

Primary textile millers yesterday urged the government not to hike the gas price afresh as it will erode their competitiveness.

Titas Gas Transmission and Distribution Company proposed Bangladesh Energy Regulatory Commission hike the gas price by 130 percent to Tk 19.26 per cubic metre from Tk 8.36.

"We will lose the competitiveness and lose our markets as well, if the gas price is hiked again within the gap of one year," said Tapan Chowdhury, president of the Bangladesh Textile Mills Association.

The millers made the demand at an inter-ministerial meeting held at the textiles and jute ministry in Dhaka, chaired by Mirza Azam, state minister for textiles and jute.

The proposed 130 percent hike means a 460.77 percent real impact on the industry, as the government doubled the gas price last September to Tk 8.36 per cubic metre from Tk 4.18 per cubic metre, Chowdhury said.

"The garment sector will also face a negative impact if the price is hiked again. It will also face the problem of lead-time as the local apparel exporters will have to depend on imported yarns and fabrics."

The sector has also been facing a downward price pressure of yarn and fabrics thanks to the cheaper raw materials from India and China, volatile cotton markets and the negative impact of the Gulshan terror attack on the garment sector.

Moreover, the Indian government recently announced a package worth \$900 million for employment generation and promotion of export in the textile and apparel sector, according to Chowdhury.

The package, which has been launched to improve labour working conditions, gives a 25 percent investment subsidy and an income tax waiver to garment makers.

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