

ADB to double lending to Bangladesh

REAZ AHMAD, from Yokohama, Japan

THE Asian Development Bank is upscaling its loan portfolio in Bangladesh to nearly double this year, to keep pace with its economy that is going great guns now.

"This year, we're negotiating with the government to provide loans ranging from \$1.8-\$2 billion, which is almost double the last year's amount. That is because Bangladesh is a different country from the past," said Hun Kim, director general of the South Asia Department at the ADB.

"Bangladesh's economy is growing fast and I would say, Bangladesh is really an emerging economy if you look at its forex reserves," he said.

Kim was speaking to the media on Sunday at the concluding day of the Bank's four-day 50th annual meet at Pacifico Yokohama Conference Centre in Japan. Deputy Director General for ADB's South Asia Department Diwesh N Sharan was also present.

"Last year, the ADB's assistance to Bangladesh amounted to \$1.1 billion and there is going to be a big jump this year with \$1.8 billion." This would be a record in aid commitment to Bangladesh, the DG said.

The ADB would inject \$650 million in a single project on power transmission and distribution in Bangladesh alongside continuing its assistance in the railways and road connectivity.

"As far as we're concerned, Bangladesh is doing right in terms of economic policy and implementation because we're focusing more on manufacturing and export orientation. So that's why we want to improve your logistics domestically and also want to remove energy constraints," Kim said.

Bangladesh should continue its 7 percent GDP growth, potentially scaling it up to 8 percent in the near future, he added.

Kim said there is still a lot of work left in the power and energy sector in Bangladesh alongside boosting road connectivity.

He, however, noted that Bangladesh is



The file photo shows an under-construction flyover in Dhaka. The Asian Development Bank says it can work with the government in building infrastructure.

rather weak in mobilising foreign direct investment (FDI) as the flow is very small to this country; it accounts for less than 1 percent of its total GDP size.

"If you look at East Asia's experiences, it was FDI which drew growth, brought new management skills and technologies. I would say we should knock the private sector and mobilise more FDI that is also applied to Nepal and Sri Lanka," Kim said, adding that the flow of FDI is very low in South Asia, except India.

The ADB South Asia DG said that Bangladesh and Sri Lanka have been the biggest beneficiaries of capital increase over the years and annual lending to Bangladesh used to be around \$1 billion a year.

"But I believe it can easily go up to \$2 billion. So, this year, we're almost approaching that level. Based on the project readiness, we can make that commitment." Kim said they see three major

initiatives in Bangladesh. One is transport logistics and the second is energy security. "The government is working on that."

The last major initiative is to develop the manufacturing growth centre. "If these three things are combined and aligned, I think Bangladesh can continue 7-8 percent growth. I think Bangladesh is close to the East and East Asia's success model at this stage."

Kim stressed the need for stronger policy support and said the manufacturing industry would definitely help accelerate economic growth.

On the labour force potential in Bangladesh, he said upgrading manpower skills could be the ultimate challenge before the country.

"Bangladesh has a high-quality labour force and this is one new area where we're working with the government. We're working on a number of projects like

technical education and IT," he said.

"In upgrading skills and building infrastructure, we can work together and the government is committed in this regard. I can see this government can build infrastructure, but the ultimate challenge is to upgrade people's skills."

Bangladesh joined the ADB in 1973. As of 2016, ADB's cumulative lending to Bangladesh stood at \$18.3 billion for 269 loans, \$252.4 million for 422 technical assistance projects, and \$787.10 million for 35 grants. As of March 31, 2017, the ADB's projects under implementation for Bangladesh comprised 90 loans and grants amounting to \$7.6 billion and 32 technical assistance projects amounting to \$28.58 million.

In 2016, the ADB approved 10 projects for Bangladesh, with loans totalling \$1.1 billion and technical assistance of \$7.85 million

EU finds 'fantastic' progress under Sustainability Compact

UNB, Dhaka

Fantastic progress has been made under the Sustainability Compact, which aims at promoting continuous improvements in labour rights and factory safety in Bangladesh's garment industry, EU Ambassador Pierre Mayaudon said yesterday.

The next review meeting on the Compact will focus on what needs to be done in the days to come, he said.

This is a very important meeting, he said in response to a question from the news agency while highlighting the three dimensions of the Compact.

The third review meeting of the Compact, launched on July 8, 2013, is scheduled to be held on May 18 in Dhaka.

Focusing on labour rights, Mayaudon said a significant attention was devoted to labour rights since the beginning. He mentioned that they consider a 'genuine, sincere and deliverable' social dialogue is the key to ensure safety and security of workers at workplaces.

"It has now become difficult to imagine that another tragedy of the magnitude of Rana Plaza (collapse) would happen. This is a positive side. It has to be continued. This is an asset."

He highlighted the progress made in the areas of building and fire safety in the garment industry.

The ambassador mentioned that there has been absence of 'genuine, sincere and deliverable' social dialogue before the Rana Plaza tragedy.

He said such social dialogue through sitting together is effective to find a solution if any problem arises among workers and owners. He gave credit to all partners of the Sustainability Compact—the government of Bangladesh, the EU, the USA, International Labour Organisation (ILO) and Canada—for the progress made so far.

He hoped the EU delegation will leave Dhaka after the review meeting with a 'sense of satisfaction'.

Some members of the European Parliament visited Bangladesh on March 27-29 and said the garment sector, which was the focus of their visit, has played an important role in Bangladesh's growth. They noted that there have been improvements in buildings and work place safety since the Rana plaza tragedy four years ago.

The EU is a strong partner of Bangladesh, as reflected in robust trade relations underpinned by the Everything But Arms duty-free market access regime.

Empowerment of millions of women in the garment sector has been one of the successes that came through EU's engagement with Bangladesh, he said.

The European Parliament delegation earlier mentioned that the ILO called on Bangladesh to address four issues: full alignment of the EPZ draft law, Bangladesh Labour Act, with the UN core labour convention modalities for establishing trade unions and the right of trade unions to operate freely.

"It's important that these issues are addressed before May 18 review of the Sustainability Compact and the June annual International Labour Conference of the ILO," according to an official document.

Mayaudon said the EU-Bangladesh relations have steadily progressed and there will be further progress if both sides combine and continue their efforts.

Banks planning to move 9,000 jobs from Britain because of Brexit



A man walks past the head office of Standard Chartered bank in London.

REUTERS, London

THE largest global banks in London plan to move about 9,000 jobs to the continent in the next two years, public statements and information from sources shows, as the exodus of finance jobs starts to take shape.

Last week Standard Chartered and JPMorgan were the latest global banks to outline plans for their European operations after Brexit. They are among a growing number of lenders pushing ahead with plans to move operations from London.

Goldman Sachs chief executive Lloyd Blankfein said in an interview on Friday that London's growth as a financial center could "stall" as a result of the upheaval caused by Brexit.

Thirteen major banks including Goldman Sachs, UBS, and Citigroup have given an indication of how they would bulk up their operations in Europe to secure market access to the European Union's single market when Britain leaves the bloc.

Talks with financial authorities in Europe have been underway for several months, but banks are increasingly firming up plans to move staff and operations.

"It's full speed ahead. We are in full motion with our contingency planning," said the head of investment banking at one global bank in London. "There's no waiting."

Although the moves would represent about 2 percent of London's finance jobs, Britain's tax revenues could be hit if it loses rich taxpayers working in financial services.

The Institute for Fiscal Studies - a think tank focused on budget issues - said in a report on Thursday the rest of the population will have to pay more if top earners move.

The exact number of jobs to leave will depend on the deal the British government strikes with the EU. Some politicians say bankers have exaggerated the threat to the economy from Brexit.

The plans of large banks such as Credit Suisse and Bank of America and many smaller banks are still unknown.

Frankfurt and Dublin are emerging as the biggest winners from the relocation plans. Six of the 13 banks favor opening a new office or moving the bulk of their operations to Frankfurt. Three of the banks will look to expand in Dublin.

Deutsche Bank said on Apr. 26 up to 4,000 UK jobs could be moved to Frankfurt and other locations in the EU as a result of Brexit - the largest potential move of any bank.

JPMorgan last week announced plans to move hundreds of roles to three European cities in the next two years. This is still significantly lower than the 4,000 figure JPMorgan CEO Jamie Dimon first estimated before the vote.

Estimates for possible finance-related job losses from Brexit are on a broad range from 4,000 to 232,000, according to separate reports by Oliver Wyman and Ernst & Young. Banks are treading carefully, enacting two-stage contingency plans, to avoid losing nervous London-based staff as they work out how many jobs will have to eventually move.

Is Pakistan's solar power poised to take off amid energy crisis?

REUTERS, Islamabad

SOLAR energy production in Pakistan is poised to take off - just as the South Asian country is ramping up coal production to help plug a crippling power crisis, energy experts say.

New high quality solar maps - essential to securing financing for major solar projects - show Pakistan is one of the world's best countries for producing solar energy because of its arid climate and latitude.

"Pakistan's solar potential is huge," said Jamil Masud, an energy expert who helped draft Pakistan's national renewable energy policy.

"The government is waking up to its potential," said Masud, a director of Hagler Bailly Pakistan, an energy and environmental consulting firm in Islamabad. "With the prices of (photovoltaic panels) falling drastically in the last four years, the switchover to renewables will happen - gradually."

Pakistan's current national power shortfall is estimated to be more than 6,000 megawatts, causing long power outages across the country.

The country is building nearly a dozen coal power plants over the next 15 years with Chinese investment, as part of its attempts to end the crisis.

But Pakistan also has a range of major solar projects in the pipeline, amounting to more than 4,400 megawatts in potential power, said Amjad Awan, chief executive officer of the federal government's Alternative Energy Development Board (AEDB), an autonomous body working under the Ministry of Water and Power.

Until now, the country's lack of detailed solar maps - needed by major investors, especially U.S. companies - has held back development of renewable energy, said Ali Habib, managing partner of Shama Solar, a company based in Lahore.

That changed in March, when Pakistan became one of the few developing countries to produce the maps. They were developed by the AEDB and World Bank, drawing on data from nine solar data stations and 12 wind masts installed across the country.

"This is credible data according to which banks can give funding to potential projects," said Awan. "The government can now do the appropriate zoning and develop solar and wind areas."

The solar maps highlight which regions are most suitable for solar power generation. The southwestern province of Balochistan - a desert area with little cloud cover or air pollution -



The country is one of the world's best places for producing solar energy because of its arid climate and latitude.

has the country's largest solar potential, they show.

"The maps reveal that even areas ... receiving the least average annual irradiation are better than Germany's best regions for solar power generation," said Masud.

Germany is a world leader in producing solar energy, and uses detailed solar maps to assess its own solar resources.

Pakistan's data has been made public as part of the Global Solar Atlas website, giving commercial scale projects ready-to-use seasonal and monthly data.

This means investors do not have to spend significant time and money gathering data for their projects. Instead, "they can instantaneously acquire certified data of 'bankable' quality that should be acceptable to commercial financing institutions", said Masud.

That can substantially lower the costs around projects, which in turn encourages companies to set up large-scale solar power facilities, he said.

Frustrated with constant power cuts, consumers are already installing small-scale rooftop solar systems for their homes and businesses.

"Solar is already taking off in Pakistan - it's going to challenge grid-connected power," said Fariel Salahuddin, an energy specialist based in Karachi.

"Roof-top solar panels are growing organically and as for the grid-connected solar pro-

jects, lots of pieces are coming together like regulation, tariffs, investments and grid capacity," she added.

Pakistan's National Electric Power Regulatory Authority (NEPRA) has issued guidelines for net metering so consumers can now sell excess solar energy they produce back to the grid, Salahuddin said.

One of the first licenses for net metering was issued to Pakistan's parliament building in Islamabad, which switched to solar energy last year. Some banks have started financing home solar systems, which are cropping up across the country.

The Islamabad Electric Supply Company has introduced net metering, and other power companies in large cities such as Lahore and Karachi will be following suit "in a matter of months, not years" said AEDB's Awan.

However, the government still needs to simplify connection rules and procedures for small-scale solar power to be more widely adopted, Masud said.

"There are several procedural and commercial details to be worked out before rooftop photovoltaic panels become a common sight in Pakistan, but it's only a matter of time before it does," said Masud.

Pakistan already has one major solar park - the Quaid-e-Azam Solar Park in Bahawalpur, built with Chinese investment. It produces 400 megawatts with plans to rise to 1,500 megawatts of solar production.