

The Daily Star

FOUNDER EDITOR
LATE S. M. ALI

DHAKA THURSDAY APRIL 9, 2020, CHAITRA 26, 1426 BS

Special incentives for health workers commendable

But we must ensure they are adequately protected

IN a speech to public representatives and officials, Prime Minister Sheikh Hasina gave strict guidelines to doctors regarding patient care, reminding them of their duty to provide healthcare, whatever the scenario. In the wake of recent reports of patients being denied care, often with fatal results—as was the case of DU student Suman Chakma, who died after allegedly being denied treatment by several hospital authorities—her strong stance on the issue is a welcome one, as is her promise that the government will lend its full support to healthcare workers who put themselves at risk and provide care at the frontlines of the fight against Covid-19. This involves special incentives to encourage doctors, nurses, health workers and other employees working during the pandemic, as well as health insurance of Tk 5-10 lakh for those who become infected with coronavirus while discharging their duties. All treatment costs will also be borne by the government if a public servant is infected in the line of duty.

While all of these are commendable initiatives that receive our full support, we are worried that it might not have the intended effect of boosting the morale of health workers unless the government can also fully commit to providing them with the necessary personal protective equipment (PPE). We have already seen multiple cases of doctors expressing their concern at the lack of PPE, including the strike by intern doctors at Jalalabad Ragib-Rabeya Medical College Hospital in Sylhet to protest this lack of protection. While there is now a drive to collect this equipment for hospitals, the time is now to make sure all healthcare workers have these resources immediately, since the number of infected are rising every day, especially in the capital. We also urge the government to remember that protective equipment must be given not just to doctors and nurses, but also to cleaners and other class-four employees of government hospitals, who provide crucial services but are often left out of such considerations. We cannot expect these people to put themselves and their families at risk and provide us with the best possible care without ensuring their safety first.

Bangladesh urgently needs to secure ventilators for Covid-19 patients

Demand for the device will only increase in the coming days

AS the number of Covid-19 patients increases every day in the country, with 20 deaths and 218 confirmed cases reported by the IEDCR as of yesterday, the government just has no other option but to be well-prepared to cope with the situation that may arise in the coming days. The global trend of the disease tells us that we have reasons to worry. At a time when the richest and most powerful countries of the world are struggling to provide the necessary support and medical treatment to their patients, it is totally understandable what the situation would be like in Bangladesh, with its weak health system, if the outbreak takes on a more severe form.

Bangladesh does not have the sufficient number of test kits and personal protective equipment (PPE) right now without which providing treatment to the Covid-19 patients is not possible. What is also worrying is that the country does not have enough ventilator machines to provide respiratory support to the critically ill Covid-19 patients. Reportedly, there are 1,769 ventilators in Bangladesh at this moment (some are in the pipeline), which means an average of one ventilator available for every 93,273 persons. Also, most of the country's intensive care beds and ventilators are installed at hospitals in major cities, mostly in Dhaka, meaning that people from remote communities will not be able to access those when they will need them. Also, not all the hospitals with ventilators are providing Covid-19 treatment. Just imagine what would happen to the one million Rohingya refugees living in cramped conditions, if there is an outbreak in the camps. According to Save the Children, the acute scarcity of ventilators in Cox's Bazar district, where around 3.3 million people live, means that lives will be lost when Covid-19 starts to spread more widely in the community.

Therefore, apart from importing test kits and PPEs, another challenge for the government right now is securing ventilators needed to treat the critically ill patients. It's encouraging to learn about the initiative taken by the local tech giant Walton to manufacture ventilators. We hope they will soon start producing and marketing these life-saving devices. However, we also need to import ventilators on an urgent basis given the deteriorating Covid-19 situation in the country. One of the options available to Bangladesh is to bring in the device from China, where the number of Covid-19 cases has dropped, while other options should also be explored. In addition, the government needs to seek international assistance and engage the public and private sectors urgently to secure as many ventilators as possible for Covid-19 patients.

LETTERS TO THE EDITOR

letters@thedailystar.net

An exemplary act

A report published recently in this daily titled "RMG company in Gazipur gives workers two months' wages before closure" was heartening to read. At a time when there is much criticism surrounding the RMG sector for it being operational during the lockdown, SP Group has declared a closure for its nearly 3,300 employees and also paid their salaries and allowances for March and April. I hope other factories would soon follow suit.

Sir Frank Peters, Dhaka



MACRO MIRROR

FAHMIDA KHATUN

As the impact of the coronavirus outbreak on Bangladesh economy is becoming apparent in many ways, Prime Minister Sheikh Hasina announced a second stimulus package for the affected sectors on April 5, 2020. These packages are for the immediate, short and long terms that aim to increase public expenditure, widen social safety net coverage and increase monetary supply. Earlier, on March 25, 2020, the government declared the first stimulus package amounting to Tk 5,000 crore for the export-oriented sectors.

Now the second package covers four areas and amounts to Tk 67,750 crore to overcome the economic losses caused by the coronavirus situation. Thus, the total size of the stimulus packages stands at Tk 72,750 crore, which is about 2.5 percent of Bangladesh's gross domestic product (GDP). This support is deemed to help both local and export-oriented sectors which are facing the heat of Covid-19.

In the new package, Tk 30,000 crore is set aside for big industries and the service sector which will be distributed by commercial banks as working capital loan at 9 percent interest rate. Here, the government will provide 4.5 percent as interest subsidy. Small and medium enterprises (SMEs), including the cottage industries, will receive Tk 20,000 crore as working capital loan at 9 percent interest rate, and the government will give 5 percent interest subsidy. An amount of Tk 12,750 crore has been allocated under the Export Development Fund (EDF) of Bangladesh Bank to facilitate raw materials imports under back-to-back Letter of Credit. The interest rate here has been reduced to 2 percent from 2.73 percent. The fourth component is the allocation of Tk 5,000 crore to facilitate the "Pre-shipment Credit Refinance Scheme" at 7 percent interest rate.

The government has also committed to widen the coverage of the existing social safety net to address the basic needs of people living below the poverty line. These include workers in the informal sector, the daily labourers, old people and destitute women. They will be supported by way of cash transfers, free food and rice at Tk 10 per kilogramme through the open market sale operation. Free housing has been promised to the homeless people. There is no clear indication about the amount of resources allocated for these activities. If these people are to



SELIM RAIHAN

The effects of Covid-19 on the national economies and the global economy are going to be unprecedented. Among immediate concerns are public health and related life safety issues. The global economy is facing "a double crisis" of an unmatched magnitude—the danger to public health due to the pandemic, and a growing risk of global economic recession. It is now commonly agreed that Covid-19's blow to the global economy will be stronger and sharper than the global financial crisis of 2008, and even the Great Depression in the 1930s. To be precise, each part of the aggregate demand—consumption, investment, and exports—is being badly affected in most of the countries. Also, domestic, regional and global supply chains are severely disrupted, and it may take a long time to get back to the normal state.

Countries from South Asia are no exception in the aforementioned scenario. This double crisis at the global level can lead to a widespread national setback in most of the countries in South Asia. Most countries of this region are vulnerable to the Covid-19 outbreak and may have large humanitarian and economic effects if the situation goes out of control. More specifically, a prolonged shutdown—as it is happening in most of these countries—as well as a possible global slowdown would strike all of the region's economies very hard. Major sectors in the economy, both the export and domestic market-oriented, would be affected. Also, the marginalised groups may fall into further deprivation. Even some other sections of people in society may become highly vulnerable.

While national governments in South Asia are in the process of undertaking different policy measures in the wake of this crisis, the situation, however, might and should act as a wake-up call for regional leaders to look beyond narrow national and geopolitical interests. To avert this crisis, countries in South Asia must respond quickly and have

survive throughout the corona period and beyond, there will be a huge requirement for that. Therefore, not only the allocation is required right now, but the upcoming budget for FY 2021 will have to make room for their requirements.

The stimulus package is a timely and much-needed measure. The questions that are echoed all around now are: how this money will be mobilised, and how it will be utilised.

Apparently, it seems that the major responsibility will be on the commercial banks. The banks have to generate the funds to provide working capital loan for business, trade and services. In this respect, a number of issues can be raised.



The typically bustling Mirpur-1 area wears a withdrawn look amid an unofficial lockdown across the country, on April 6, 2020.

PHOTO: AMRAN HOSSAIN

First, one of the important features of Bangladesh's stimulus package is that the lion's share of the package—Tk 67,750 crore—is repayable loan. In other words, this is a liquidity support. Except for the support under EDF of the central bank, the commercial banks will be responsible for the selection of their customers, and thus for absorbing all types of risks attached to the loan, such as management risk, sectoral risk and market risk. The banks will also have to ensure that the loan is paid back to them in due course.

Given the current health of the banking sector, whether it is in a position to perform this huge responsibility is a natural question. The banking sector is now overburdened with huge non-performing loans (NPLs), liquidity shortage, low net profitability, lack of skilled human resources, poor risk management preparation and inadequate

technological skills.

Several banks have lost their reputation due to bad loans and poor management. People have turned away from them and do not want to keep their hard-earned money in these banks. Particularly, the new banks and several non-banking financial institutions are suffering from a serious management crisis that led to loss of confidence of the depositors.

In the current fiscal year, the government has imposed restrictions on further sales of the savings certificate as it was creating a fiscal burden for the government. As a result, bank deposit has increased by about 10 percent in the current fiscal year. However, those

connected people. Banks have had always difficulties both in case of refusing loans to them and in recovering the loans from them. Thus, banks should be hundred percent compliant in disbursing these loans during such a critical time. The central bank has a critical overseeing role to play here.

This is more so because the full responsibility of fund distribution and management will be on the commercial banks. No other organisations will be there for them. Even any irregularity with regard to the distribution of EDF fund will not be the responsibility of the central bank. The Ministry of Finance will provide export support. In case of bank loans, the ministry will pay the interest subsidy on loans which are projected to be Tk 3,000 crore.

Third, how the money will be generated is another issue. As the coronavirus continues to affect the economy, the liquidity crunch will deteriorate further since economic activities will shrink. Bangladesh Bank has undertaken quantitative easing by reducing policy rates. Towards this, the Cash Reserve Ratio (CRR) has been reduced by 0.5 percentage point. This will generate an additional Tk 6,200 crore. If needed, Bangladesh Bank may have to reduce the CRR further and also reduce other rates such as the Statutory Liquidity Ratio (SLR) given the demand for liquidity during the Covid-19 crisis.

Fourth, the transparency and accountability of this stimulus package will be of paramount importance. Who will get the support, on what basis the demand of the applicants will be assessed, and whether there will be non-interference from the powerful groups are issues that are attached to the distribution of the incentive package. Of course, the prime minister herself warned against misappropriation and mismanagement of the stimulus package. One only hopes this message reaches the people at the ground level—and for once at least, the opportunists keep themselves away from grabbing a share from this humanitarian support.

Finally, the government should also explore options for support from the international development agencies and donors. International Monetary Fund, World Bank, Asian Development Bank, Asian Infrastructure Investment Bank, Islamic Development Bank and other agencies have enhanced their support packages during this crisis moment. Bangladesh will have to move fast since there are several countries in line to receive their support to tackle the impact of Covid-19 crisis.

Dr Fahmida Khatun is Executive Director at the Centre for Policy Dialogue.

Case for a united South Asian response to Covid-19

concerted efforts. These countries also need to cooperate with international organisations and key global actors to ensure an effective and sustainable strategy.

What kind of actions are needed at the national level? The monetary policy should include lowering interest rates and credit easing. Countries should ease credit to help households and firms survive the immediate shocks of the outbreak. The fiscal policy should deploy fiscal stimulus, including direct cash disbursements to households and affected firms. Given the size of the economic shock, fiscal deficits in these economies may need to be increased from the levels in usual years.



People in Quetta, Pakistan wait for ration handouts from a charity during a nationwide lockdown amid the outbreak of the coronavirus disease in the country, on March 31, 2020.

PHOTO: REUTERS/NASEER AHMED

How can the regional response in South Asia help? In South Asia, despite significant potentials, regional integration and cooperation processes have been low. Historically, there is a serious lack of mutual trust among most of the nations. However, a common crisis like the one brought by Covid-19 can bring these countries together.

First, public health systems are in an

underdeveloped state in most of the South Asian countries. In such a crisis, the private health system also fails. While there is no denying that countries in the region will have to invest in their public healthcare capacities in the medium to longer terms, during this crisis they can explore the use of the pool of doctors, nurses and medical facilities available in this region to help each other. Under the SAARC process, there is a forum of meeting for SAARC health ministers. One may recall that in the wake of the outbreak of the SARS, an emergency meeting of SAARC Health Ministers was held in Male in April 2003 to develop a regional strategy to deal with the deadly

research. Eventually, a South Asian monitoring centre on Covid-19 can be set up.

Second, South Asian countries need to share their experiences of the national policy measures to combat the crisis. The SAARCFINANCE Forum, which was established in 1998 as a regional network of the SAARC Central Bank Governors and Finance Secretaries, needs to be reactivated. Though the primary function of the network is to conduct a dialogue on macro-economic policies of the region and share experiences and ideas of the member countries, the forum has been suspended since 2014 with the deadlock in the SAARC process. As the prime minister of India, in a video conference with SAARC leaders on March 16, 2020, proposed an emergency Covid-19 fund for SAARC countries, now is the high time to revitalise the SAARCFINANCE Forum to discuss how this emergency fund can be created, expanded and used.

Third, given that the global supply chain is broken for a large number of sectors, South Asian countries should explore the use of regional supply chain as much as possible. The current crisis sends a strong message that heavy reliance on a few countries, both in the cases of exports and imports, is counterproductive. Despite the huge potential of intra-regional trade, South Asian countries have not been able to exploit this potential for a number of reasons including unfavourable economic and trade policies, underdeveloped regional trade logistics, and political conflicts. The current situation underscores the need for a much greater regional integration in South Asia by addressing the aforementioned unfavourable factors with a positive mind-set.

Finally, the SAARC process needs to be rejuvenated. The crisis brought by Covid-19 stresses the importance of a deeper regional cooperation in South Asia. Countries in this region need to comprehend this need and make sincere efforts to put aside their differences which forbid such cooperation.

Dr Selim Raihan is Professor, Department of Economics, University of Dhaka, and Executive Director at the South Asian Network on Economic Modeling (SANEM). Email: selim.raihan@gmail.com