



**TAMING CORONAVIRUS RAMPAGE**

# Technology is a useful servant. Let's harness it for social protection, social distancing and community testing.



**ZAHID HUSSAIN**

The government is hard-pressed in responding to the raging coronavirus pandemic with every resource, instrument, policy and strategy it can get its hands on.

A key lesson from COVID-19 we cannot afford to forget, at least for a while, is that social protection is as important an instrument as social distancing but no less deadly human deprivation.

The virus is destined to stay with us, alive and spreading, until vaccines and treatments are found.

Until then, if not even later, social protection is a two-in-one instrument -- it protects both lives and livelihoods.

It protects lives by obviating the need for seeking work outside the home when harsh measures to contain the virus spread are in place.

It protects livelihoods by supporting millions of hardworking people who have lost self and wage employment with little or no savings to draw from. It helps fight hunger, a non-contagious but no less deadly human deprivation.

The government has decided to expand the existing Old Age and Widow allowance programmes, implemented by social welfare ministry, by Tk 815 crore.

It has also announced an emergency cash transfer programme for households impoverished by coronavirus with a provision of Tk 760 crore. Who in government will implement this programme is yet to be decided.

It is also providing free food to the poor and selling rice under the Open Market Sale (OMS) programme at a highly subsidised price of Tk 10 per kg. The government has further promised housing assistance for homeless people.

How to deliver social protection quickly and efficiently are old questions -- and coronavirus has added a new dimension.

How do you deliver social protection safely when the country is in lockdown and there is a need to protect the poor and the vulnerable population from contracting COVID-19?

Richard Chirchir, director and senior management information specialist for development pathways, in a recent blog titled "7 ways technology can help the social

protection response" provides some useful ideas.

Quick, efficient and safe delivery of social protection is possible by leveraging existing technology solutions without having to build these systems from scratch.

What is critical at this difficult time is to ensure that assistance is delivered to intended beneficiaries on a timely basis.

Technology can play a crucial role in augmenting delivery in several ways, depending on the contextual constraints and opportunities.

A key consideration in the design is the parameters on which information need to

Most Bangladeshis have national identification (NID), access of adults to mobile phone devices is close to 90 per cent, and the MFS system has an established capacity in the use of technology.

People who have access to smartphones can open their accounts instantly as long as they have the NID.

Those who don't have smartphones can go to one of the 60,000 digital KYC centres of the MFS operators across the country with their NIDs, where they would be able to instantly open the MFS accounts.

If the appropriate authority instructs to open accounts, the needy people would be

Without their full engagement, MFS providers are facing severe challenges in cash management and in keeping the agents active.

MFS agents' activities have declined 20 to 30 per cent due to these disruptions, which will go away as and when the banking hours return to normalcy.

Meanwhile, some regulatory tweaking can generate additional ease in the MFS system.

For example, extending the daily and monthly fund transfer limits from bank accounts and cards to MFS accounts could ease the liquidity constraint to some extent. Currently, these limits are Tk 30,000 daily and Tk 2,00,000 monthly.

*I have no doubt our IT, MFS and e-commerce professionals can quickly come up with interoperable systems allowing information exchange and real-time monitoring of last-mile delivery if given a chance.*



**ANISUR RAHMAN**

**Hungry poor wait for food in a neighbourhood of Kamalapur, Dhaka. The photo was taken on April 20. The poor and the vulnerable non-poor were trying to cope with the countywide shutdown since March 26 that has dried up their sources of income by using savings, borrowing and reducing food consumption. By now, many have exhausted those options too and are now reduced to depending on handouts.**

be collected to register the beneficiaries and deliver the assistance.

This is not the time to design restrictive poverty-targeted schemes.

Essential information parameters such as ID numbers, names, addresses, mobile numbers and transaction profile can be collected instead of additional monitoring information such as assets, household composition and socio-economic details.

The accumulated historical transactional database of the mobile financial service (MFS) contains a wealth of information, which, if used smartly, can identify the needy from transaction records.

This database is already linked to the payment service provider systems that are regulated by the Bangladesh Bank (BB). Therefore, financial regulatory supervision can be assured.

This will facilitate direct cash transfers from the government accounts, via the banks, to the accounts of the beneficiaries.

Cashless payment delivery through mobile money accounts should be encouraged to avoid risks of crowding and the spreading of the virus through the handling of cash.

Bangladesh has the capacity to device multiple bank delivery mechanisms under which benefits can be withdrawn from different commercial banks through the MFS system. These banks will receive the appropriate amount of money through BB's Bangladesh Electronic Funds Transfer Network (BFTN).

able to do so without much hassle.

Following a BB notice on April 6 making it a requirement for workers in export-oriented industries to have MFS or bank account, MFS account openings surged from 20,000 per day to 90,000. bKash, Rocket and Nagad have together added 2.6 million new accounts in April.

Liquidity constraints at the agent level pose a challenge that can be handled. Before

Increasing the limits will increase digital liquidity in the MFS system, thus reducing dependency on the physical agent point.

This kind of adjustments can allow customers who have bank accounts to bring more money from their banks to MFS accounts to pay for their groceries, utility bills, domestic helps' monthly salaries and so on.

These are verified customers who do not pose any additional risk. This reform will,

*Let us remake the Bangladesh surprise through a strong and coordinated effort in social protection, health and digital platforms for delivering social assistance, facilitating physical distancing and conducting community testing in urban and rural areas.*

coronavirus, there was no evidence of liquidity constraint at the MFS agent point.

MFS agents are independent entrepreneurs who offer MFS services in exchange for commissions. However, under coronavirus restrictions, banks are understandably open for very limited hours.

The electronic fund flow channels such as BFTN are also operating for limited hours.

therefore, help make the nation's payment systems adapt to physical distancing.

Digital solutions can also be used to manage food-based social assistance.

Monitoring the delivery of food at the last-mile has always been a challenge.

Reach of mobile connectivity and innovation in ICT have enabled real-time data interchange until the last level of service

*Why do people have to line up densely in public places to get the food rations in digital Bangladesh?*

## Beza plans generous incentives to tempt foreign investors

**JAGARAN CHAKMA**

The Bangladesh Economic Zones Authority (Beza) plans to put in place a generous incentive package to perk up the country's investment climate and attract more foreign investors to economic zones in the post-coronavirus era when companies will scope out new destinations to reduce costs.

"We have submitted proposals to the Prime Minister's Office on how we can offer policy support and incentives to the foreign investors," said Paban Chowdhury, executive chairman of Beza.

As the pandemic is wreaking havoc on the global investment scenario and Bangladesh will not remain immune to the fallout, the country should use some innovative tactics to rope in investors, he said.

As per the Beza proposal, foreign companies that will relocate their production to Bangladesh can be allowed to import used machinery to set up their factories in the country.

Industrial units that will be set up in the government economic zones

within 2023 can be offered 100 per cent corporate tax exemption for 10 years.

Like the export-oriented industrial units, local factories should also be entitled to bonded warehouse facility, which allows exporters to import and store their raw materials without payment of customs duties for a certain period until these are used in manufacturing export products.

Beza also called for waiving value-added tax on leasing land by foreign companies for setting up factories as the provision of VAT erodes the competitiveness of the country as a lucrative investment destination.

Like India, the Bangladesh

government should also provide 50 per cent of the cost for establishing central effluent treatment plants in the economic zones, Beza said.

Agro-processing industries operating outside the economic zones receive 20 per cent cash incentive irrespective of their ownership structure, but in the economic zones, only C-type industrial units that have

100 per cent local ownership enjoy 4 per cent cash incentive.

"This stands in the way of attracting foreign direct investment in agro-processing industries in the economic zones. This disparity should no longer exist," Beza said, adding that a flat 20 per cent cash incentive should be given to all investors in economic zones irrespective of their types.

### **INCENTIVES PLANNED**

- Foreign investors may be allowed to import used machinery to set up factories
- They can be offered **100%** corporate tax waiver for **10** years
- VAT waiver on land leasing for foreign companies
- Local industries can be given bonded warehouse facility
- Govt can offer subsidy for setting up CETP

### **BY THE NUMBERS**

- Beza so far received investment proposals worth **\$20.50b**
- About **\$3b** has already been invested
- Some **\$5.78b** will come as FDI
- The rest **\$12.13b** to be invested by **60** local firms
- 151** local and foreign firms expressed interest



Japan, India, Singapore, the UK, Australia, Malaysia and the US.

The rest \$12.13 billion will be invested by 60 local companies, including TK Group, Karmo Foam Industry, Mango Teleservices, BDCOM Online, Bashundhara Group, Siraj Cycle Industries, Abdul Monem, Star Consortium and Ayesha Clothing Co.

The domestic companies want to pour funds in pharmaceuticals, steel, textiles, garment, bicycle, automobile, tyre and tube, electronics and ceramic industries, according to Beza.

**WHY BEZA WANTS TO OFFER THE INCENTIVE?**

In the existing global economic order, China is considered as the factory of the world as it hosts the skeleton of the global value chain, Beza said in the proposal.

But the post-COVID-19 economic order will not be equally interested to rely on the China-centric supply chain.

"Presumably the Japanese plan to relocate its manufacturing facilities from China presages an upcoming manufacturing exodus from the world's

second-largest economy," it said.

If manufacturers decide to get rid of the Chinese dominance from their supply chain, their investments will be more equitably distributed to other countries that could hardly compete with China previously.

Whenever any incentive package is offered to attract investments, a short time compromise with revenue collection is made for a bigger return in future, according to Beza.

"A thorough cost and benefit analysis can justify the proposition of being generous with the investors at the cost of a short-term decline in revenue collection."

Joblessness will be the most serious concern in the coming days and it will not let the country increase the aggregate demand.

Against this backdrop, a prudent macroeconomic response is to be concerned with employment and aggregate demand, as boosting investment has always been a useful instrument in achieving these goals, Beza said in its proposal.

*The writer is an economist*