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Pick projects cautiously to save fund for coronavirus jab

PM asks ministries

REJAUL KARIM BYRON and JAGARAN CHAKMA

Prime Minister Sheikh Hasina has directed ministries to undertake new projects cautiously to avoid unnecessary public expenditure as the government will have to spend a considerable amount money to procure Covid-19 vaccines to immunise the whole nation, officials said.

She ordered to drop projects that are not deemed necessary under current circumstances.

The directive for the line ministries came at a virtual meeting of the Executive Committee of the National Economic Council (Ecnec) yesterday.

In June, Finance Minister AHM Mustafa Kamal set aside an additional Tk 10,000 crore for the health sector to meet emergency expenditures amid the

The country may need more money to strengthen the weak health sector, buy safety equipment and Covid-19 vaccines.

According to an estimate of the finance ministry, Bangladesh might need between \$1.65 billion and \$2 billion to vaccinate the nation of 165 million.

The finance ministry is asking for more than \$1.5 billion from the development partners to procure and distribute the

DBL GROUP IS A SUPERBRAND

Consecutively for the second time

Initially, the government is aiming to buy three crore doses of vaccines at \$5 apiece. The finance ministry has so far released Tk 735 crore for the health ministry, a source in the finance ministry said.

In July, the government had decided to put a hold on the implementation of low-priority development projects to free up funds for the productive sectors amid widening revenue shortfalls.

The finance ministry has recently softened the stance on the disbursement of funds from the ADP for the low-priority projects bowing down to pressures from the line ministries and also because of improvements in revenue collection.

The prime minister also directed the ministries to prepare a list of contractors, highlighting ones which implement projects on time and those that don't meet the deadlines, said Planning Secretary Md Asadul Islam, while briefing the reporters after the Ecnec meeting.

The directive is aimed at preventing some contractors from getting too many work orders, allowing new firms to win work orders and ensuring timely implementation.

As contractors cannot complete projects on time, it compels the government to extend deadlines and increase the cost of projects. In Bangladesh, most of the

projects are revised more than twice, delaying the implementation causing cost-overruns.

The meeting discussed that some contractors get more work orders. As a result, they can't finish the works as per the deadline, said a source who was present in the meeting.

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SMEs with access to finance double employee numbers since inception

Finds IDLC-PRI research

STAR BUSINESS REPORT

Small and medium businesses with access to finance have increased the staff size by more than 100 per cent from their starting level, playing a significant role in job creation and making the entire economy vibrant, according to a new research.

IDLC Finance and the Policy Research Institute (PRI) of Bangladesh jointly conducted the research titled "Access to Finance for SME and Impact on Job Creation: Empirical Evidence Based on IDLC Finance Ltd".

The research assessed a total of 782 small and medium enterprises (SMEs) which availed loans from IDLC Finance across the country and covered information from their inception to 2019.

There has been as much as 105.7 per cent growth in the employment generation by the SMEs, according to the study that was disclosed at a webinar jointly organised by the PRI and IDLC Finance yesterday.

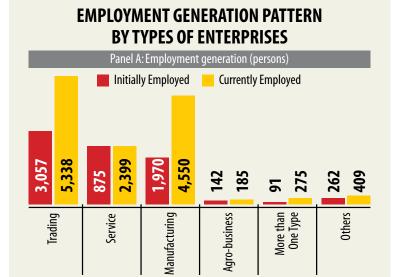
Some 8.4 per cent of the SMEs were owned by females.They informed that they had posted job growth of 146.2 per cent since the inception of their businesses.

The SMEs owned by males, however, registered job growth of 100.5 per cent, meaning that they are lagging behind females when it comes to the expansion of

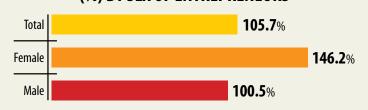
The SMEs, historically, have played a significant role in pushing growth for the developing economies, said Ahsan H Mansur, executive director of the PRI.

South Korea, Japan, China and many other developed countries had earlier managed their economic development by way of giving a boost to the SME sector, he said.

"And Bangladesh is no exception.



EMPLOYMENT GROWTH IN SAMPLE ENTERPRISE (%) BY SEX OF ENTREPRENEURS



The country will have to go forward based on the SME sector," he said. The large industries are highly

dependent on the SME sectors in different nations. But such interdependence is not that strong

Technology adaptation, use of skilled workforce and access to finance are highly important for the expansion of the SME sector.

"But, the SMEs are neglected to a great extent in the country. They

will have to be brought under the global value system from the local one," said Mansur, also a former high official of the International Monetary Fund.

The importance of the sector does not any highlight in national dialogues, which is not expected at all, he said.

SMEs now occupy an important position in the national economy, accounting for about 45 per cent

of manufacturing value addition,

80 per cent of industrial sector employment, 90 per cent of total industrial units and employment of about 25 per cent of the labour

Their total contribution to export earnings hovers in the range of 75 per cent to 80 per cent.

The industrial sector makes up 31 per cent of the country's gross domestic product, most of which is coming from the SMEs.

The country's SME sector has created 15 lakh jobs between 2009 and June 2014.

Business turnover at IDLC has been on the increase, playing an important role in keeping the wheels of the rural economy running as well, said Mansur.

IDLC SME division has been growing by around 21 per cent on an average for the past 10 years. non-bank

institution's SME loans so far amount to 46 per cent of its Tk 8,700 crore outstanding credit as of October this year. The board of directors of many banks have persistently showcased

SME loans, said Mansur, also chairman of Brac Bank. The directors of some banks are taking loans from other banks

a reluctant attitude in disbursing

through mutual understandings, putting an adverse impact on the SME sector, he said. Many lenders are now unable to disburse the loans of the stimulus

for the SME sector, he said. A lack of infrastructure for disbursing the loans is the main

package initiated by the government

roadblock for the lenders, he said.

The central bank should hand over the responsibility of giving out loans to banks which are capable of it. Mansur said.

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Climate risk insurance crucial for | Bangladesh pays industrial victims coping with future disasters

Speakers say at online discussion

STAFF CORRESPONDENT, Chattogram

Climate risk insurance is needed to make it easier for the country's households to recover from extreme weather events and maintain food security, speakers said yesterday.

The virtual programme, styled 'Climate Risk Insurance and Payout of the Flood Insurance Product', was jointly organised by The Daily Star, the World Food Programme (WFP), and the Oxfam.

"Over the last few years, many lives and properties have been lost due to natural disasters," said Md Enamur Rahman, the state minister for disaster management and relief.

In each incident, the people living in coastal areas were badly affected by the loss of crops and fishing. So, in this context, climate insurance would create an opportunity for the victim to overcome their losses caused by a

natural disaster, he added. Bangladesh is very susceptible

to climate change and is made considerably more vulnerable given that about half the population is employed by the agriculture sector, according to Piet Vochten, deputy country director of the WFP. Therefore, most rural households,

including landless farmers that work on leased properties, are most vulnerable to sudden climate changes. "That's why we are working with

Green Delta Insurance and other partners to figure out their problems. We are confident that we are on the right track and look forward to getting feedback from the people," Vochten

Farzanah Chowdhury, managing director and chief executive officer of Green Delta Insurance Company (GDIC), said that during a normal year, approximately 20 to 25 per cent

of the country's total land area gets ooded in the monsoon season.

Besides, greater levels of inundation are not uncommon either. In 2020, the country experienced its largest flood in the last 20 years. But over the past 40 years, the

country has suffered at least seven major floods with particularly damaging events in 1988, 1998, 2004

"Those floods cost our economy a total of \$8.4 billion," she said.

A viable, inclusive and disruptive business model, where all stakeholders operate independently without direct financial aid from donor agencies, is needed to address the issue.

"So, the government should subsidise the premium and claim aspects using a disruptive business model to bring in more partners," Chowdhury added.

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way less than ILO standard

ILO Country Director Tuomo Poutiainen says

The amount of compensation legally payable to victims of industrial incidents in Bangladesh is far below than the provisions of the ILO Convention 121, said Tuomo Poutiainen, country director of the International Labour Organisation.

The convention mainly deals with the victims' future earning losses, he

The 2018 amendment to the Bangladesh labour act doubled the compensation amount in case of death and permanent disability.

But that took the figures to just Tk 2 lakh and Tk 2.5 lakh respectively.

In the existing labour law of Bangladesh, there is no provision for rehabilitation services for workers suffering for long durations as a result of occupational diseases and workplace accidents, said the ILO chief for Bangladesh.

The ILO is currently collaborating with the government, employers' and the workers' organisations to establish a national employment injury (EII) system...," he told The Daily Star said in a brief online interview.

The system would cover prevention, compensation and rehabilitation needs for all industrial accidents and occupational diseases in Bangladesh, Poutiainen said during the meet marking the eighth anniversary of Tazreen Fashions fire.

The Employment Injury Benefits Convention 1964, which is known as ILO Convention 121, determines workers' financial benefits on the basis of losses to future earnings, which is the best practice internationally.

For instance, if any worker dies in an industrial incident at the age of 25, the opportunity is lost for that person to work for another 34 years, considering the fact that the standard period for holding government jobs in Bangladesh is 59 years.

So, the compensation will be determined by counting the monthly earnings of the next 34 years. This includes standard annual

increment, allowances, medical expenses, educational expenses of two children, house rents, medical allowances and some other factors

under the ILO Convention 121.

In case of permanent disability or permanent injuries, the compensation under the ILO Convention 121 is much more, considering the gravity of the fact that a person has to continue living with the loss of limbs.

But here too, the compensation is determined on the basis of future loss

This enables the victims' relatives or family members of the injured person or persons to receive a handsome amount of money.



In both cases of the Tazreen Fashions fire and the Rana Plaza building collapse, the ILO along with IndustriALL, local labour leaders, and retailers and brands formed two bodies under the guidance of ILO Convention 121.

Although the ILO itself did not pay the victims, the compensations were determined following the ILO Convention 121.

However, since Bangladesh is yet to ratify the convention, a few components of it were excluded when the compensations were determined. Despite this, the victims of both tragedies received handsome amounts of money.

"As per our knowledge, Tazreen Claims Administration Trust (TCA) has paid compensation to 582 beneficiaries of Tazreen Fashions fire until now," Poutiainen said.

In addition, the Trust for Injured Workers Medical Care (TIWMC) has organised medical care for 114

workers injured during the Tazreen factory fire.

The amendments to the labour law following the two incidents have made strides in the right direction by reducing membership requirements for the formation of trade unions, an important platform for workers to organise and voice their concerns.

The 2018 amendment incorporates two standard operating procedures (SoPs) on trade union registration and anti-union discrimination.

The adoption of these SOPs has seen an almost 15 per cent increase in the rate of trade union registration.

"The ILO appreciates Bangladesh government's openness to further reduce the trade union registration threshold...'

"...and we stand ready to facilitate a meaningful dialogue between the government, employers' and workers' organisations for further review and amendment of the BLA," Poutiainen

"This is to ensure the rights of all workers are met in line with the international labour standards.'

Regarding workplace safety, he said there has been a noticeable improvement in factory safety in Bangladesh since 2013, principally as a result of three initiatives focused on improving building safety of readymade garment factories in

operation. Thousands of factories have been inspected under the national initiative of the Bangladesh government and the two private initiatives of the Accord and the Alliance.

Many tens of thousands of employers and workers have been educated and trained in occupational safety and health. International buyers also played an important role by opting to do business with factories that have implemented sufficient safety remediation.

To encourage safety remediation works and as part of an escalation process, the government's national initiative instructed the withdrawal of export licences of 401 factories and ordered the closure of 47 factories, said the ILO country director.

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Import of painted bike components allowed again

SOHEL PARVEZ

authority revenue reinstated the opportunity for motorcycle assemblers to import painted completely knocked-down components of two-wheelers. The move from the National Board

after it stopped providing the benefit of importing painted components, termed completely knocked-down (CKD), of motorcycles since June. In its latest decision posted on its website early this week, the NBR

of Revenue comes nearly four months

painted components of motorcycles in CKD form until June 30 next year. "We have reintroduced the benefit amid pleas from the industry," said a senior official of the NBR on condition

extended the benefit for importing

of anonymity. The reinstatement of the scope created mixed reactions among industry operators, who sold 4.5 lakh units last fiscal year.



Companies with a focus on in policymaking. assembling hailed the move. However, firms that have to manufacture factories had to close after the revenue motorcycles by adding some locallymade components termed the NBR's importing painted components. latest decision a reflection of weakness

"The will be beneficial for us. Some authority discontinued the scope of

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