# Govt moves to speed up ADB-funded projects

Star Business Report

The government and Asian Development Bank (ADB) have agreed on short and medium-term roadmaps for 2021-2022 to further accelerate the implementation of ADB-assisted projects.

The decision was taken at a tripartite virtual portfolio review meeting yesterday.

Fatima Yasmin, secretary to Economic Relations Division (ERD), and Manmohan Parkash, ADB country director for Bangladesh, co-chaired the meeting.

Around 300 senior government officials, project directors, and ADB staff members participated in the event, which was the first such review of 2021.

"Post pandemic, we are focusing on accelerated project implementation for faster socioeconomic recovery," said Parkash.

Expediting procurement, accelerating approval, mobilising consultants and contractors early and implementing health safety guidelines were some of the special actions agreed upon.

"We also agreed on the need for engaging good consultants and contractors, effective contract management, efficient land acquisition and resettlement, proper implementation of environmental management plans, and sound financial management," said Parkash.

This is all in addition to ensuring proper readiness before processing projects, he added.

The meeting reviewed the progress of actions agreed on in late 2020 and the readiness status of 2021 pipeline projects.

Meanwhile, specific actions were agreed upon for slow-moving projects to utilise project funds expeditiously.

The ADB's current sovereign portfolio comprises 52 projects of $11.26 billion.

The ADB operates in six sectors in Bangladesh with energy, transport and water being the first.

Urban and municipal infrastructure and services such as education and finance is the second while agriculture, natural resources and rural development is the third.

The cumulative lending of loans and grants to Bangladesh, including co-financing, stands at around $39 billion.


ISLAMI BANK BANGLADESH

**Md Mosharraf Hossain, deputy managing director of Islami Bank Bangladesh, and Md Eaqub Khan, company secretary to Titas Gas Transmission and Distribution Company, signed a memorandum of understanding last Sunday enabling the utility bill payments through the bank.**

# Call drop rate within limit: BTRC survey

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The survey results came at a time when the BTRC received a record number of complaints on the quality of service from subscribers.

The regulator received 4,480 complaints between November 2020 and February 2021. The complaints regarding the quality of service accounted for 33 per cent of all grievances reported, BTRC data showed.

The complaints regarding the problem of SIM block and data speed came second and third, respectively. The highest number of complaints came against Robi and Airtel, followed by Grameenphone, Teletalk and Banglalink.

The survey showed that the customers in Dhaka city were getting a maximum of 5.7 Mbps internet speed although they were paying for 8 Mbps.

The survey verified whether mobile phone operators were serving customers as per the rules issued by the commission in 2016 on the quality of service.

The rules state that the download speed for 4G services must be at least 8 Mbps.

The success rate of a call connecting the receiver was within the benchmark of seven seconds for all the operators, except Teletalk.

The BTRC first conducted the quality of service test in December 2016. Compared to the test results of 2016, the situation of calls getting dropped has improved this year.

But that is not the case when it comes to internet speed.

Operators say the speed of internet does not depend only on the operator. Some other issues, including base transceiver station, fibre optic cable connection and spectrum, also play a part.

In a statement yesterday, Grameenphone said it was working on modernising the network, installing new towers, using additional spectrum, and keeping optical fibre in place.

Shahed Alam, chief corporate and regulatory officer of Robi Axiata, said 3Mbps speed was more than enough to watch a high-definition (HD) quality video on mobile internet or carry out any other work. The

The average speed of 5.6 Mbps was enough to meet the requirements of the customers, he said.

He said there needed to be at least 80 to 100 MHz of radio-frequency.

"Most of our sites are not connected by the fibre network.

In addition, not all customers have a quality device yet, which is very important to get the best experience using internet."

As of December 2020, Bangladesh ranked 135th out of 139 countries in terms of internet speed, according to Okla, a US-based company.

BTRC Deputy Director (Media) Zakir Hossain Khan did not respond to a text message on mobile users' rejection of the survey results.

He earlier said the commission was conducting tests across the country to ensure quality customer service.

"Once the overall picture emerges, the commission will decide what action can be taken against the operators that fail to ensure quality."

# Hospitality industry suffers from fresh wave of pandemic

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Bangladesh's hospitality industry was the first to feel the effects of the ongoing pandemic and is forecasted to be the last to recover even though the economy has reopened.

Hotels and resorts in tourist destinations started their slow recovery in August last year, after the lockdown measures and other restrictions were slowly eased.

"But now we are receiving calls from our clients requesting us to cancel their bookings," said Arifur Rahman, managing director of The Palace Luxury Resort, which is located in a remote village in Habiganj district.

The resort, which has 100 rooms and 32 villas and employs about 390 people, has been witnessing good business since August last year.

"Especially on the weekends, turnover was 75 to 80 per cent in the last few months," Rahman said. "But since last week, some customers are cancelling their bookings while others are delaying their arrival dates."

If this trend continues, business would drop to below 50 per cent, he added.

However, according to Rashed Mahmud, managing director of Grace Cox, which has 70 rooms, the plateau in new cases will not affect the hospitality industry until the start of Ramadan.

"Our occupancy rate is 70 per cent today. If the rise in infections doesn't reach the worst levels, business will only be slightly affected."

Grace Cox is also facing growing requests for booking cancellations.

"10 per cent to 20 per cent bookings are getting cancelled," Mahmud said, adding that the occupancy would have been over 75 per cent till Ramadan had the rate of infections remained low.

Even big hotels like Hotel The Cox Today, which has 272 rooms and regularly hosts corporate events, have already been hit by the new wave of coronavirus.

"Even three week ago, we had to turn off the phones because of a myriad of requests for room and event bookings. But in the last 10 days, over 50 per cent of our bookings have been cancelled," said Abdul Kaium Chowdhury, managing director of Hotel The Cox Today.

If the situation worsens, the government should propose a stimulus package for the hospitality industry in order to help it survive.

"My hotel didn't get anything from the previous stimulus package and to my knowledge no hotel in Cox's Bazar got anything from that but we are one of the worst hit by the pandemic," Chowdhury said.

# No decision yet on lending to private sector from reserves

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However, the rising trend of the country's monthly import expenditure suggests that there is little opportunity left for the government to lend any more money from the reserves to infrastructure projects in this fiscal year.

If the monthly import expenditure of January is taken into consideration, the country currently has foreign exchange reserves of only 5.94 months.

According to Bangladesh Bank, the country's import payment was $7.23 billion in January, up 35.64 per cent year-on-year.

The forex reserves stood at $42.98 billion on March 10.

The cabinet committee on economic affairs in the meeting yesterday approved a proposal of Payra Port Authority to implement capital and maintenance dredging of Rabnabad Channel from the port's own fund.

The port authority will go for direct procurement in place of public-private partnership (PPP).

The finance minister said the committee approved, in principle, the implementation of the dredging project of Payra port from the government fund.

Earlier, the government had planned to execute the project through PPP under a joint venture with a foreign firm, the minister said.

"But a project's cost increases if a foreign firm gets involved. That is why we have decided to implement the project on our own since we have money. And a particular amount will be spent from the forex reserves."

The country had been on an extraordinary growth trajectory in the last 10 years before the Covid-19 outbreak, the minister said.

Bangladesh was the 80th largest economy in the world in 2009. It ranks 41st now, he said.

The gross domestic product of the Four Asian Tigers -- Hong Kong, Singapore, South Korea, and Taiwan -- increased at 6, 7 and 8 per cent in the 30 years to 1990, and Bangladesh has also achieved a similar growth, he said.

If there had been no pandemic and Bangladesh had got five more years, it would have become the Fifth Asian Tiger, he said.

Almost every country has been hit by the pandemic, he said. "We have been hit but not as much as we had assumed."

The minister said he firmly believed that the country would get back to its growth trajectory and become the Fifth Asian Tiger.

# Still a lucrative apparel sourcing hub

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However, data from European and US imports indicate that Vietnam likely overtook Bangladesh in 2020—pushing Bangladesh's readymade garment industry out of its position as the second-largest garment-exporting country in the world after China, it said.

Bangladesh's RMG sector remains a strong exporter to Europe's fashion industry and has grown its market share significantly over the past decade, it said.

However, this trend may not continue because a new preferential trade agreement between the European Union and Vietnam, launched in August 2020, could lead to apparel exports from Vietnam outperforming Bangladesh's.

Among the US apparel importers, Vietnam has outpaced Bangladesh's RMG industry for some time.

In 2020, Vietnamese apparel imports into the US were worth 2.5 times those from Bangladesh. As buyers from the US move sourcing out of China, Vietnam is proving to be the biggest winner.

Bangladesh's garment sector has every prospect of remaining one of the world's largest RMG manufacturers and is continuing its impressive story of growth and improvement.

For managing the growth, Bangladesh will need to rise to the challenges to compete without preferential trade access, meeting decreased demand from traditional customer markets and making a fundamental shift toward a demand-driven and more sustainable sourcing model.

Some of the international buyers the McKinsey spoke to believe the industry is not moving fast enough in this direction.

Others are more positive. They feel that given the resilience and adaptability Bangladesh's manufacturers have shown in the past, the RMG industry will be able to navigate the necessary transformation, though structural changes will be inevitable.

As Bangladesh graduates from the grouping of the least-developed nation to a developing country in the next few years, preferential access to European and other markets is up for negotiation.

Additional tariffs would be seriously disruptive for the RMG sector, but levelling the playing field with competing markets could also trigger a much-needed focus on productivity, as well as investment in digitalisation, automation and sustainability.

Some global executives are reducing sourcing from Bangladesh, as their sourcing volume reaches a tipping point in their dependency and supply-chain risk on the country (which is further heightened by the pandemic), and owing to loss of competitiveness in some product categories.

There is also an increased focus on nearshoring for greater flexibility and speed.

That said, Bangladesh's larger and more advanced suppliers may benefit from advances in flexibility, productivity, digitalisation, environmental sustainability, worker welfare, and innovation.

One sourcing executive said, "Speed is becoming more important, but only a minority of suppliers in Bangladesh understand that."

If they are to remain competitive, many suppliers will need to invest in upskilling, vertical integration, digitalisation and automation to unlock speed and transparency.

Sustainability, too, is becoming ever more important, with increasing consumer demand for environment-friendly products, and concerns about climate change and social justice.

The report also highlighted the garment sector's transformation after the massive reforms with the inspection and remediation by the Accord and Alliance, two foreign platforms for inspection of the garment factories.

Today, Bangladesh's RMG sector is a frontrunner in transparency regarding factory safety and value-chain responsibility, thanks to initiatives launched in the aftermath of disasters.

This includes the Accord on Fire and Building Safety in Bangladesh, the Alliance for Bangladesh Worker Safety, and the RMG Sustainability Council. These measures led to the closure of hundreds of unsafe, bottom-tier factories and the scaling-up of remediation activities in many others.

These steps helped restore Bangladesh's attractiveness in the global apparel-sourcing market, leading to a decade of rapid growth.

Ten years ago, McKinsey forecast a growth of 7-9 per cent. Indeed, RMG exports from Bangladesh more than doubled, from $14.6 billion in 2011 to $33.1 billion in 2019—a compound annual growth rate of 7 per cent.

Several sourcing executives McKinsey spoke to for the report highlighted the progress that Bangladesh's RMG sector was making in diversifying and upgrading its product offerings.

For instance, there is now greater capacity to produce garments made from synthetic fibres, manufacture more complex products such as outerwear, tailored items, and lingerie, and provide new washes, prints and laser finishing.

Entry into these new segments has been supported by the changing rules of origin for preferential trade with the EU, allowing for the use of imported fabrics.

There also has been some increase in vertical integration of the supply chain. As a result, more suppliers are now able to offer lead times below the standard 90 days.

McKinsey said it is worth noting that this growth was within the forecast range of the 2011 report, a collaboration with the Bangladesh German Chamber of Commerce and Industry (BGCCI).

Over this period, Bangladesh's RMG industry increased its share of global garment exports from 4.7 per cent to 6.7 per cent.

This is within the range forecast in the report. However, it also shows that the country has not captured the full potential foreseen 10 years ago.

The value of Bangladesh's RMG exports fell by 17 per cent in the first year of the pandemic, representing revenue losses of up to $5.6 billion.

"We appreciate the report. It indeed portrays a picture of the progress that Bangladesh's RMG industry has made over the past decade," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association.

"It's greatly appreciated that McKinsey has acknowledged the recent progress of the industry and our new initiatives regarding climate change and circularity and that we have advanced the sustainability agenda."

More than 1,500 Bangladeshi companies are certified by the Global Organic Textile Standard, the second-highest in a single country, she said.

The fact that the report also makes reference to the RMG Sustainability Council and says that this has added to Bangladesh RMG sector's credibility "is reassuring, and we remain grateful for the acknowledgement".

She also came up with a few clarifications.

The report analysed the trade data of Bangladesh vis-à-vis competitor countries, particularly with that of Vietnam.

"The pace Vietnam has maintained in terms of export growth in the past 10 years is phenomenal, and we have so much to learn from their success stories."

"Yet, probably this is not the right time to assess country performances since trade, retail and manufacturing are unprecedentedly disrupted."

This may also be noted that the resilience of the RMG industry of Bangladesh is time-tested as it had faced several crossroads in the past, including child labour elimination, quota phase-out, and global recession.

"At this moment, our focus is to deal with the Covid-19-induced crisis while keeping our progress in the area of sustainability continued, and push the agenda of innovation and up-gradation forward," Huq said.

The CPO survey report was initiated in Bangladesh by Daniel Seidl, former BGCCI executive director, and Sk Tanzer Ahmed Siddique, a former senior official of the BGCCI, in 2011.

"The study has put Bangladesh on the map worldwide and provided the recognition the RMG sector of Bangladesh deserves," Seidl told The Daily Star in a WhatsApp message.

# Govt to import 50,000 tonnes of rice from India

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Last month, separate agreements were signed to import 4 lakh tonnes of rice, of which 3 lakh tonnes will be purchased through international tenders while the remainder will be sourced from India under a government-to-government arrangement.

However, some remain sceptical about the success of these efforts.

As of March 22, the government has imported 1.73 lakh tonnes of rice.

According to the food ministry, the country's food stock stood at just 5.33 lakh tonnes till March 22. Of these stocks, 4.56 lakh tonnes were rice and the rest was wheat.

The food ministry considers stocks of around 10 lakh tonnes of rice as safe.

The committee also approved a proposal to purchase 33.6 lakh MMBTUs of liquified natural gas (LNG) from the spot market.

As per the proposal, submitted by Petrobangla, a corporation of the energy and mineral resources division, 33.6 lakh MMBTUs of LNG will be imported from US firm Excelerate Energy LP at a cost of Tk 218.07 crore.

Each MMBTU will cost $6.53.

This is the government's fourth move to buy the fuel from the spot market.

On March 10, the government approved two proposals to purchase 67.2 lakh MMBTUs of LNG from the spot market for Tk 527.24 crore from Singapore and Switzerland.

One of those proposals was to purchase 33.6 lakh MMBTUs of LNG from a Singaporean company, Vitol Asia Pte, at a cost of Tk 248.53 crore.

Each MMBUT will cost $ 7.44.

The other proposal was to buy 33.6 lakh MMBTUs from AOT Trading AG of Switzerland at a cost of Tk 278.70 crore while the fuel is priced at $8.345 per MMBUT.

On February 17, the government approved two proposals to buy 67.2 lakh MMBTUs of LNG from the spot market for Tk 623 crore to meet growing local demand.

At last month's meeting, the cabinet approved the purchase from Vitol Asia.

In September last year, the government moved to the spot market for the first time to purchase the super-chilled fuel at a cheaper rate. At the time, Vitol Asia won the work order to deliver 3,490,200 MMBTUs for Tk 132.93 crore.

With these two, the meeting yesterday approved a total of six proposals involving Tk 1,493.50 crore.

Of this amount, Tk 958.95 crore would be funded by the government while the rest Tk 534.54 crore would come from foreign aid (ADB, AFD and EIB loans).

# Grass that changed luck of thousands of farmers

FROM PAGE B4

The tendency to use chemical fertilisers has reduced as farmers can use cow dung, said Abdul Bari of Sultanpur village.

Md Altaf Hossain, upazila livestock officer, said Napier cultivation increased in Palashbari in the last decade. "It is replacing harmful tobacco cultivation, and farmers are getting more profits from grass cultivation and rearing of cattle."

Md Masudar Rahman Sarkar, Gaibandha district livestock officer, said, "Abdul Gafur was the pioneer in Napier cultivation in the district. Now, it has spread throughout the district."

Napier grass is being grown over 373 hectares of land in Gaibandha.

In recognition of his contribution, Gafur was awarded a silver medal at the Bangabandhu National Agriculture Award-2014.

Gafur said if the local agricultural office advised and trained farmers, it would have a positive impact on grass cultivation.

Palashbari Upazila Agriculture officer Md Azizul Islam, however, said, "Napier is not a crop. And we have no allocation to train farmers on grass cultivation."

# Payment rules eased for Covid drug import

FROM PAGE B1

This timeframe relaxation aims to cushion the enterprises such that they will be able to tackle the dull business situation stemming from the coronavirus pandemic.

Many exporters have imported a good amount of raw materials to produce items meant for export, said a central bank official.

In some cases, they are facing hurdles when attempting to export their products in the wake of decreasing global demand.

In an another instruction, the central bank has extended the timeframe to up to 360 days from 180 days against import of agricultural implements and chemical fertilisers.

The importers will also enjoy the support until June 30.